Construction Cost Indices and Forecast

Source >>	IHS[1]	IHS[1]	UCLA[3]	IHS[5]	UCLA[3]	IHS[7]	UCLA[3]	IHS[8]	UCLA[3]	DOF[4]	DES-OE[9]		DES-Structures-OE	
Average Annual Indices, Rates of Changes, & Prices	Highway & Street Construction Cost Index % change	Non-residential Construction Cost Index % change	CPI % change	CPI All Urban % change	PPI Finished Goods % change	PPI Finished Goods % change	US Housing Starts % change	Crude Oil Price ($/bbl)	CPI % change	CPI Urban % change	Historic California Highway Construc-tion Cost Index	% change	Historic Bridge Construc-tion Cost Index	% change
Year	National	National	National		National		National	National	California		California		California	
2008	7.7	8.3	3.8	3.8	9.8	7.4	-32.9	100	3.4	3.4	95.0	-5.0	99.8	-0.2
2009	-2.6	-4.3	-0.3	-0.3	-8.8	-3.8	-38.4	62	-0.3	-0.3	78.4	-17.5	78.3	-21.5
2010	3.7	3.7	1.6	1.6	6.8	5.5	5.8	79	1.3	1.3	76.8	-2.0	73.7	-5.9
2011	5.0	6.1	3.1	3.1	8.8	7.6	4.4	95	2.6	2.6	84.0	9.4	75.6	2.6
2012	2.1	1.8	2.1	2.1	0.5	2.0	28.1	94	2.2	2.2	79.2	-5.7	93.7	24.0
2013	0.6	1.0	1.5	1.5	0.6	1.4	18.4	98	1.5	1.5	97.1	22.6	110.1	17.5
2014	0.8	0.9	1.6	1.6	0.9	2.1	7.9	93	1.8	1.8	108.3	11.6	110.1	0.0
2015	-1.9	-3.1	0.1	0.1	-7.2	-4.8	10.6	49	1.5	1.5	122.0	12.6	109.2	-0.9
2016*	0.1	-0.5	1.2	1.2	-2.8	*-1.8*	*10.9*	*44*	*2.5*	*2.2*	124.3	1.9	103.6	-5.1
2017F	*2.9*	*2.7*	*2.9*	*2.4*	3.7	*3.7*	*15.3*	*50*	*3.3*	*2.8*				
2018F	*3.0*	*2.8*	*3.0*	*2.4*	3.7	*2.4*		*57*	*3.2*	*2.6*				
2019F	*3.3*	*3.4*		*2.4*		*2.3*		*66*	*0.0*					
2020F	*3.0*	*3.4*		*2.6*		*2.8*		*77*	*0.0*					
2021F	*2.8*	*3.2*		*2.7*		*3.0*		*86*	*0.0*					
2022F	*2.5*	*2.7*		*2.5*		*2.8*		*94*						
2023F	*2.5*	*2.7*		*2.5*		*2.8*		*101*						
2024F	*2.6*	*2.8*		*2.5*		*2.7*		*111*						
2025F	*2.4*	*2.6*		*2.4*		*2.3*		*116*						
2026F	*1.9*	*2.1*		*2.3*		*1.9*		*119*						

Note: All cost indices are normalized to 2007 and are cumulative from the base year. *F: Forecast numbers are italicized.*

*Current year indices are based on the previous quarter or past 12 month data were available, and are updated every quarter if and when updated by the source.

Last updated: 7/28/2016

(1) IHS Global Insight
(3) UCLA Anderson Forecast, Economic Outlook - The UCLA Anderson Forecast is a unit of The UCLA Anderson School of Management,
(4) California Department of Finance (DOF) - Consumer Price Index. DOF also publishes Economic Outlook report once annually as part of May Revision.
(5) IHS Global Insight - Consumer Price Index - All Urban, Source: BLS
(7) IHS Global Insight - Producer Price Index - Finished Consumer Goods, Source: BLS
(8) IHS Global Insight - United States West Texas Intermediate - Average Annual Crude Oil Spot Price Source: IHS Units: $/Barrel
(9) Division of Engineering Services (DES) Office Engineer (OE) - Only provides historic index, does not forecaste.

According to Bureau of Labor Statistics (BLS):

Consumer Price Index (CPI)

A consumer price index is a measure of the average price of consumer goods and services purchased by households. A consumer price index measures a price change for a constant market basket of goods and services from one period to the next within the same area (city, region, or nation). The percent change in the CPI is a measure of inflation.

Producer Price Index (PPI)

A producer price index is a family of indexes that measure the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. This contrasts with other measures that measure price change from the purchaser's perspective, such as the Consumer Price Index (CPI). Sellers' and purchasers' prices may differ due to government subsidies, sales and excise taxes, and distribution costs.

Contract Escalation

Producer Price Index (PPI) data are commonly used in escalating purchase and sales contracts. These contracts typically specify dollar amounts to be paid at some point in the future. It is often desirable to include an escalation clause that accounts for changes in input prices. For example, a long-term contract for bread may be escalated for changes in wheat prices by applying the percent change in the PPI for wheat to the contracted price for bread. Consumer Price Index (CPI) data can also be used in escalation. For example, the CPI may be used to escalate lease payments or child support payments.