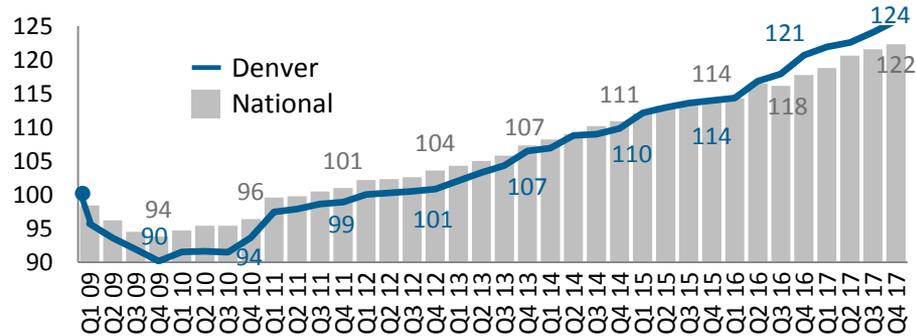
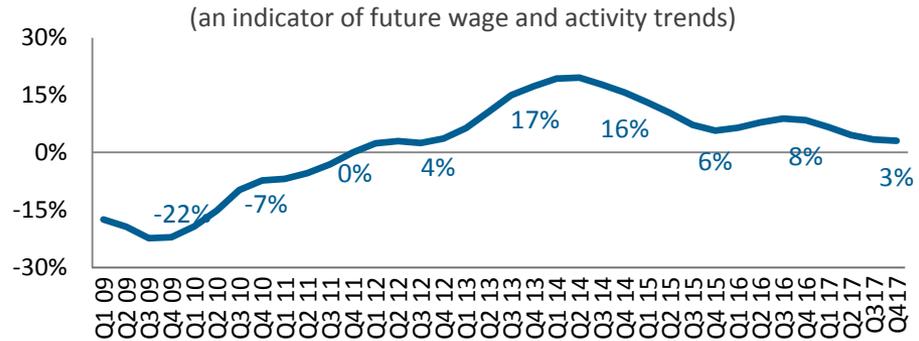


### Overall Construction Cost Index (January 2009 = 100)



Denver construction costs have continued to show relatively strong growth. Our Denver index was up 1.4% in Q4-2017 compared to the previous quarter. Over the last four quarters, the index is up 4.2%, which is slightly higher than the 3.9% growth we saw at the national level.

### Denver Construction Employment (Year-Over-Year Growth)



After showing strong double digit growth a few years back, construction employment in Denver has been gradually returning to more modest growth. This may help take pressure off of construction wage growth moving forward – and help contain overall construction cost growth as well.

### Denver Building Component Trends (Q4 2017 vs. Q3 2017)

<b>Highest Growth</b>	<ul style="list-style-type: none"> <li>Asphalt Paving (16.6%)</li> <li>Site Concrete (8.6%)</li> <li>Reinforcing Steel (3.3%)</li> </ul>	<ul style="list-style-type: none"> <li>Traction Elevators (3.0%)</li> <li>Electrical Systems (2.9%)</li> <li>Site Utilities (2.3%)</li> </ul>
<b>Slight Growth</b>	<ul style="list-style-type: none"> <li>Earthwork (1.9%)</li> <li>Plumbing Systems (1.8%)</li> <li>HVAC Systems (1.7%)</li> </ul>	<ul style="list-style-type: none"> <li>Gypsum Board (1.2%)</li> <li>Deck Formwork (1.0%)</li> </ul>
<b>Flat</b>	<ul style="list-style-type: none"> <li>Aluminum Entrances</li> <li>Cast-in-Place Concrete</li> <li>Painting/Wall Covering</li> <li>Structural Steel/Decking</li> </ul>	<ul style="list-style-type: none"> <li>Finish Carpentry</li> <li>Fire Protection Systems</li> <li>Steel Framing/Stairs</li> <li>Unit Masonry</li> </ul>
Note: All other components (15% of the index) increased 0%.		

Asphalt Paving (+16.6%), Site Concrete (+8.6%), Reinforcing Steel (+3.3%), Traction Elevators (+3.0%), and Electrical Systems (+2.9%) all experienced healthy cost growth in the most recent quarter.

### Advice for Building Owners

Growth in the Denver Cost Index persisted throughout 2017 and reflects an active market. Construction employment is steady but modest, which should help mitigate any acceleration of overall construction cost growth. **We recommend owners plan on a 4.0%-4.5% increase during 2018.**

**About this report:** The Mortenson Construction cost index is calculated quarterly by pricing a representative non-residential construction project in Denver and other geographies throughout the country. Local employment figures are from the Bureau of Labor Statistics.

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