

Concrete Products Lead Building Materials Prices Higher



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After four consecutive declines, the producer price index (PPI) for inputs to residential construction less energy (i.e., building materials) rose 0.3% in February (not seasonally adjusted) following a 1.1% increase in January (revised), according to the latest PPI report.

Price growth of goods inputs to residential construction, including energy, gained 0.4% over the month. Prices have increased 2.9% over the past 12 months.

Ready-mix concrete (RMC) prices continued their historic pace as the index increased 0.8% in February after gaining 0.7% in January (revised). RMC prices have increased in all but two months since January 2021. The monthly increase in the national data was broad-based geographically but was primarily driven by a 4.2% increase in the Northeast. Prices rose 0.8% in the West and 0.5% in the South, and were unchanged in the Midwest.

The months-long concrete price increases are partially due to the closure of a large limestone quarry in Mexico. And the concrete shortage isn't limited to the United States — it's a global shortage being driven by the dearth of one of concrete's main ingredients: cement mix. This has resulted in price increases across the board, and there does not appear to be any relief on the horizon.

Prices for gypsum building materials and steel mill products also rose 0.5% and 2.6%, respectively, following price declines the previous month. Gypsum products prices are 12.5% higher than they were a year ago but began stabilizing in August 2022. This was the first monthly price increase for steel mill products since May 2022, but prices have dropped 26% since then and are down 21.2% over the past 12 months.

Softwood lumber prices fell 0.8% in February — the seventh consecutive monthly decline. Since peaking in March 2022, the index has fallen by 47.1% but is still nearly 20% above the January 2020 level.

David Logan, NAHB's director of tax and trade policy analysis, provides more in [this Eye on Housing post](#).