



Post-Covid 19 Price Increases, Supply Chain Problems, Reduced Labor Force, Lower Inventories, and Inflation Impacts Bluebook First Quarter 2022 Report

Material Pricing: While the world has been dealing with the Covid-19 for the past 3 years, changes are happening all over. Retail prices across the board have been increasing or have been sporadic at best. Supply issues have caused major delays in many industries. Inflation is once again across multiple industries as well. Some reasons for these increases range from labor shortages in domestic manufacturing, shortages and extended delivery times on imported goods, raw material shortages and increased cost of domestic manufacturing along with notable reasons. We have been tracking these changes, we are diligently balancing these increases and costs to be reflected in our data in the most strategic and consistent way possible. One thing is for sure, the cost of doing business is changing rapidly and we have listed a few standouts that have and will impact the construction industry but particularly in the mortgage, real estate, remodel, reconstruction, and property preservation industries. Those material costs with the most significant fluctuations over the past 12 months include:

- Lumber, particularly sheet goods
- Paint & Drywall related materials, with the higher end materials being the more heavily impacted
- Water Heaters, Appliances, and Mechanical goods, with many of the most significant increases seen in the economy and basic models
- Roofing, with wood, shake & metal roofing having the largest increases

Labor Pricing: In the past couple of years there has been a steady decrease in willing and available labor. Also, there are higher increases in the need for more physically intense and demanding trades like masonry, roofing, framing and general labor. Along with the demand for skilled construction labor getting higher and higher, the new labor entering these fields decreasing and the amount of new labor entering the industry decreasing. The contractors are being forced to increase labor costs due to having to pay higher wages and with the lack of available contractors to do the work the consumers are paying the higher costs. All this combined is driving construction and reconstruction costs to climb. Here are a few of the standout areas of labor cost increases (trades) seen in the past year:

- Skilled Trades: Electrician, Plumbers, HVAC
- Carpenters, Framers, Roofers
- General Labor

Labor, Materials, and the overall effects on the Market: With the growth of the retail construction, reconstruction, remodeling and maintenance markets over the past few years, Material and Labor pricing moving erratically coupled with the onset of Covid19 in the past 36 months, the mortgage servicing,

construction, reconstruction, and remodeling industries are seeing some big differences in how business is being done as a whole. The industry is seeing overall price increases and demand at levels rarely seen before. Also costs across the board increasing in slightly unpredictable and unusual ways has really put the industry on notice that staying current with pricing and job costing is more vital than ever. Couple this with the inflation trends and we see that these changes will more than likely be here for a while. But rest assured. Just as we have for the past 58 years, we will continue to research, dissect, distribute, and support all our customers in the most transparent way possible. So as our data updates come out starting first quarter 2022 and continue you can have faith that we have diligently factored in every known bit information that we can when we provide you with a price for your estimating purposes.

Now for the Property Preservation industry, taking all the previously stated material and labor cost impacts and add on the struggles of extended foreclosure times creating an even smaller inventory pool, the result is an even more competitive market. The industry is seeing adjustments to long accepted practices such as maximum property allowable prices to reduce the need for over allowable CE's, technology advancements in communication, photo practices and property knowledge data just to name a few. So, overall, the industry is changing, prices are changing, and technology is catching up, and if a contractor in the industry remains flexible and adapts with the times, they will be able to still thrive in the mortgage servicing and property preservation industries for years to come.

As always, we are 100% supportive and available for all our customers so, please feel free to contact us for any comment, questions or concerns you may have.

Sincerely,

Bluebook International