

# 3 Reasons



*to Stay Current on*

**Construction Cost Data**

# Table of Contents

-  Introduction
-  Reason 1: Construction Costs are Constantly Changing
-  Reason 2: Small Cost Variations Compound into Big Budget Gaps
-  Reason 3: Using Current Costs Protects Client Relationships
-  Not All Data is Alike
-  About Gordian

# Introduction

**When it comes to the planning of a construction project, accurate data is essential.**

While reflecting on past experiences is often a solid foundation for planning, old construction cost data is often outdated and inaccurate.

The reality is that material and labor markets are always shifting, and the costs of doing business change along with them. The prices of raw materials, supply and demand, shipping fees, market maturity, time of year, energy rates and industry trends all influence construction prices.

Continuing to create estimates with outdated data is unsustainable. This is why comprehensive, current construction cost data should always serve as a check to your historical records.

Here are three reasons why keeping your construction costs up to date is a best practice for architects, engineers, construction professionals and project owners alike.

# 1 Construction Costs are Constantly Changing



It's impossible for the data of yesterday to give a reliable vantage point for tomorrow's project. In the average year, over 90% of construction costs in Gordian's RSMeans database get updated. **In other words, nearly all construction costs experience some sort of change year-over-year in North America.** Some of those changes are incremental, but others are significant enough to wreck a budget. And as you increase the stretch of time between old data and current data, even incremental differences will compound into serious issues.

**While periods of two, three or even five years can seem short, the factors that influence costs can change exponentially over that time.** Just think of how many new technologies you learned about this year or the number of major geopolitical events you read about in the news. None of the materials you use for construction projects exist in a vacuum, and chances are high that the supply chains for those materials are affected by these or other outside forces at least once a year.

If the costs you're using to estimate are out of date, then you can be sure that your estimates will be inaccurate. And that's our second reason why up-to-date costs are important.

# 2

## Small Cost Variations Compound into Big Budget Gaps



Every phase of the building lifecycle requires pristine accuracy - from planning to building - and the whole process begins with making sure your budget estimate is accurate. **But inaccurate cost data inevitably leads to inaccurate estimates, inaccurate estimates lead to cost overruns and cost overruns can shut down a project altogether.** You've undoubtedly heard about at least one project that was halted or possibly never finished because it was started with a skewed budget. Don't let stagnant data derail your projects.

From 2020 to 2021, 57% of construction material costs increased in price. Multiply that increase, whether it's 0.5% or 5%, by the number of times you need a certain material, and the difference between 2020 costs and 2021 costs adds up quickly. **Estimates are like blueprints in this way: Even small variances in measurements can create major gaps in the end product.** And those gaps don't just disappear. Be it the contractor or the client, someone will pay extra at the expense of an inaccurate estimate. And that leads to our third reason to stay current on costs.

**57%** of construction material costs increased in price from 2020 to 2021

# 3

## Using Current Costs Protects Client Relationships



Successful projects require trusting, cooperative relationships between construction professionals and their clients. Architects and engineers are trusted to plan designs that maximize the client's budget while remaining realistic. Contractors and construction managers are trusted to deliver the promised design within budget and on time. Clients' finance and facilities teams depend on receiving an end product that meets their needs without exhausting their funding. All this means that budget surprises quickly and significantly degrade trust across the entire construction process. **On the other hand, accurate project plans, designs, estimates and bids lay the foundation for trusting, long-term relationships.**

At the end of the day, this is arguably the most important reason to have accurate cost data. Not all tension and disagreements are avoidable on a construction site, but beginning the project with reliable information can mitigate some unnecessary conflicts and barriers. **It's an investment that acknowledges both your reputation and your clients' reputations are worth protecting.** Keeping up with costs is better for you and everyone involved, and your work is too important to risk a loss of trust with your clients and peers.

To sum it all up, inaccurate cost data leads to issues in budgeting and building, which in turn lead to strained relationships across the building lifecycle. Whether you're involved in the planning, design, construction or are an end-user, current construction cost data is essential to a successful project.



# Not All Data is Alike

Gordian invests more than 22,000+ hours annually in exhaustive cost research to develop RSMeans data. The outcome of this effort is comprehensive data pooled from 970+ local markets, which in turn is validated through sophisticated algorithms. This detailed exactitude and ranging breadth allow for an approach unmatched in the industry.

Multiple price sources for each of the 55,000+ distinct materials researched annually are obtained continuously nationwide. Site-specific factors are further applied to ensure greater accuracy.

Couple this validated, researched construction cost data with your historical information, and you can feel confident your project estimates are grounded and correct.

**22,000+**

Research Hours



**85,000+**

Line Item Costs



**970+**

Local Markets





# About Gordian

Gordian is the world's leading provider of facility and construction cost data, software and services for all phases of the building lifecycle. A pioneer of Job Order Contracting (JOC), Gordian's solutions also include our proprietary RSMeans data and facility benchmarking and analysis. From planning to design, procurement, construction and operations, Gordian's solutions help clients maximize efficiency, optimize cost savings and increase building quality.

**For more information, visit [gordian.com](http://gordian.com)**



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