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## World, national events reverberate in building industry in Vermont

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April 30, 2006

It sounds like a trick question: What do a building boom in China, a hurricane in New Orleans and record-high gas prices have to do with construction in Vermont?

The answer is: A lot.

Just ask builder Chuck Reiss, who feels the effects of world and national events on a daily basis. All of these events, however distant, have had a dramatic effect on the cost of building houses.

For example, steel has gotten so expensive, he rarely puts a metal roof on a house anymore, a big change from a few years ago. Metal for a roof costs roughly \$4.50 a square foot compared to \$1.50 a square foot for asphalt shingles, he said.

Prices on everything used in building have been on the rise, from PVC pipe to steel. Lumber products seem to be stable -- for the moment -- but higher gas prices could affect lumber and everything else due to increased transportation costs.

The effect is felt by everyone from small builders such as Reiss, who builds a few homes a year, all the way up to the biggest developers such as the University of Vermont where \$180 million to \$200 million in projects is under way.

Even those with no ties to the building industry aren't immune. Homeowners face having to buy more insurance for their homes to cover the higher cost of rebuilding should something happen.

"I'm hard-pressed to think of another time when we've seen this type of price escalation," said Sam Levin, president of Blodgett Supply Co., a plumbing and heating supply business in Williston.  
Katrina effect

Fluctuating prices have made estimating the cost of a project especially challenging. Reiss estimates the price of a house and then refigures the cost of materials closer to when construction starts to determine a final price. He also has a 30-day guarantee on prices from the lumber yard he uses, which helps when a project gets under way.

At UVM, nailing down project costs ahead of time is important for budgeting, but the process has gotten tougher lately, said Bob Vaughn, director of capital planning and management at the university.

He recently called a window manufacturer for a price quote. The manufacturer refused unless he placed an order. Window prices are rising so rapidly -- a phenomenon known as the Katrina effect -- that manufacturers are reluctant to offer prices.

Demand for building materials in the hurricane-ravaged areas of Mississippi and New Orleans has driven up prices.

"That's just the state of the market in windows systems. Last year it was steel and before that it was concrete,"

Vaughan said.

Copper has been going up so fast that price changes are released weekly instead of monthly, Levin said.

Copper prices have ticked up 22 percent since January and 93 percent since last year, citing demand from China as a factor in rising prices, Levin said. That affects pricing for tubing used in plumbing and heating, and the price of fixtures that contain copper.

"The problem is anybody looking for a price to do a project, we're not able to give you a firm price because these prices are changing so rapidly," Levin said.

Hurricane Katrina was to blame for this winter's price spike for PVC. The plastic material used in tubing is petroleum-based and the factories that make PVC were in the Gulf area hit hard by the hurricane.

Since January PVC prices have dropped 11 percent, but the price is still 17 percent higher than compared to a year ago, Levin said. A typical house has about \$2,000 worth of PVC and copper piping in it at today's prices.

"It's a fairly small number in the overall cost of building a single-family farmhouse," Levin said.

Still, the median sales price for a new home jumped 22 percent from \$195,000 in 2003 to \$237,300 in 2005, according to data collected by trade publication Engineering News-Record. Wild card

Increased petroleum prices are the latest wild card in the mix, and Levin believes prices will go up even more. Fuel prices will also likely affect transportation costs for everything, Levin said.

"People are still saying, as expensive as it may seem today, a year from now this will probably look good," Levin said.

Reiss, meanwhile is developing a subdivision in Hinesburg that seems well-timed for the new realities in home construction. The six homes priced in the \$400,000 range are just 1,600 square feet. That compares to the median home size of 2,140 square feet nationally, according to data tracked by Engineering News-Record.

The homes are solar. Four of the six lots have sold, Reiss said.

"We are trying to get people to readjust to what size house you need and they seem to be responding," he said.

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