

Title:

Construction Projects and Gas Prices: Plan your budget accordingly

Word Count:

543

Summary:

If you have a construction project planned, you may want to adjust your projections to include the impact that will be felt from rising gasoline prices.

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Article Body:

If you have a construction project planned, you may want to adjust your projections to include the impact that will be felt from rising gasoline prices. As the price of motor fuel goes up, so does the price of goods and services that have to be transported to your job site, and that translates into higher prices for construction.

Almost everything related to building projects runs on gasoline. If it costs more this year to fly business passengers across the country in jets that run on gasoline, that also means it will cost more for you to have your construction workers drive back and forth to the construction site each day. Next time you pass one of these gigantic dual-wheel extended cab pickup trucks with the tool box mounted on the back, consider how many construction workers drive commute to and from building sites in those big gas guzzlers. Those workers have to pay for their gas, and if they are getting hit hard in the wallet, they will have no other reasonable option than to pass the higher cost along to you, in the form of higher hourly wages. But not only labor costs more when gas prices spike. In fact, relative to the cost of raw construction materials, labor costs are affected very little. The real impact on your budget will be felt when you go to the lumberyard or home improvement store to buy supplies.

Many of the supplies used to build homes have to be shipped all the way across the country. And many of those supplies are made in factories or manufacturing plants that operate heavy machinery using - you guessed it - gas and oil. So if you are ordering, for example, power tools or generators that run on gasoline, and those are made in a plant that uses gas to fuel its machinery and then ships the heavy tools to you by truck, you are paying for gasoline several times over. It begins to add up a penny and a dime at a time, and can soon send you over

your budget. Truckloads of concrete blocks, sheet rock, lumber, and fencing - whatever materials you need to build your house, they are probably coming to you thanks to gasoline-powered transportation. And they may have built-in gas costs even before they are loaded on the truck.

If you have construction plans, don't wait for prices to stabilize. You are better off breaking ground now, while the potential spike in cost per square foot is still a topic of armchair speculation. By the time gasoline hits four dollars a gallon, it will be too late to reconsider your options. But plan ahead, and add another 25-30 percent to your overall budget, to make sure that you leave yourself a comfortable margin of error, in case the costs you listed suddenly go higher. And try to lock in contract agreements for prices of labor and materials now, so that they can't fluctuate with the price swings that might happen between now and your completion date. That way, if gas prices stabilize, you will be way ahead of the game and might end up with some surplus capital to invest in upgrades or other amenities you didn't think you could afford.