



LUMBER COST EXAMPLES | 2019 VERSUS 2020 IN SAN DIEGO COUNTY

2019 LUMBER COSTS | 2,200 SQUARE FOOT CUSTOM HOME

Freeman’s Construction Inc built a 2,226 square foot home that had a 576 square foot garage and about 500 square foot porch. The lumber package, which includes all the lumber plus the trusses, was roughly \$27,000 to build the home.

SEPTEMBER 2020 LUMBER COSTS | 1,200 SQUARE FOOT ADU

In September 2020 we finished a bid package on a 1,200 square foot ADU with a roughly 650 square foot garage and 300 square foot porch in El Cajon, which is the San Diego market that we’re talking about. The lumber package for the ADU was \$37,000.

The garages and porches were very similar, but the house was about 1,000 square feet smaller. The lumber package was \$10,000 more than the 2,200 square foot home that we built about a year ago, which is a significant increase.

APRIL 2020 LUMBER COSTS | 1,200 SQUARE FOOT ADU

If we would have bid out the lumber package in April for this exact ADU that we’re talking about, numbers would have come back about \$17,000 to \$18,000.

So the September numbers are \$20,000 more for the same lumber package.



WHY ARE LUMBER PRICES INCREASING IN SAN DIEGO COUNTY?

Why is this happening? Unfortunately, there isn’t just one answer. The Covid-19 Pandemic has caused a slow production of lumber so the supply is low. We also have more people at home who are doing remodeling projects. It’s more of a priority for them now to get these done because everybody’s at home. The interest rates are also dropping significantly from the Fed reducing them and has now created a boom in the building market. So the low-interest rates cause more affordability and in return drives up demand, which then pushes up the need for lumber.



THIRD COMPONENT IN INCREASING LUMBER COSTS

There’s actually a third component to the increasing lumber prices the National Association of Home Builders is talking about. There is a 20% tariff

that has been put on the lumber being imported from Canada, so that’s an additional stressor on the prices of the lumber market.

HOW FREEMAN’S CONSTRUCTION INC IS HELPING HOME PROJECT COSTS

There is a definite increase in the lumber market and it’s moving every day, but we’re keeping a close eye on it.

In order to help our clients with this volatile number, we have decided to take the lumber line item, which includes the trusses and lumber package, and leave that as an allowance. That will allow for adjustments in the price of the package to come up or down based on current pricing.

We are also buying the lumber directly from the supplier, so it is not getting marked up by the subcontractor. That way we can pass on the savings to our clients.



THE TEAM

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"You will be enriched in every way to be generous on every occasion, so that through us your giving will produce thanksgiving to God."

2 CORINTHIANS 9:11

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"We hired Freeman's Construction to remodel and add additional rooms to our newly purchased, over 100 year old Victorian style home in the San Diego downtown area. My husband and I were very impressed with the quality of their work. The owner, Bill Freeman, is a very experienced contractor and builder and Brian Freeman is one of the most detailed people I have ever met. Their office manager Missy is also very organized and responsive. The subs that Freeman's Construction used were amazing, fairly priced and professional. We are thrilled with how our house turned out. It's absolutely beautiful and like new!"

Jing Bourgeois

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NOVEMBER NEWS 2020

SERVICES OFFERED

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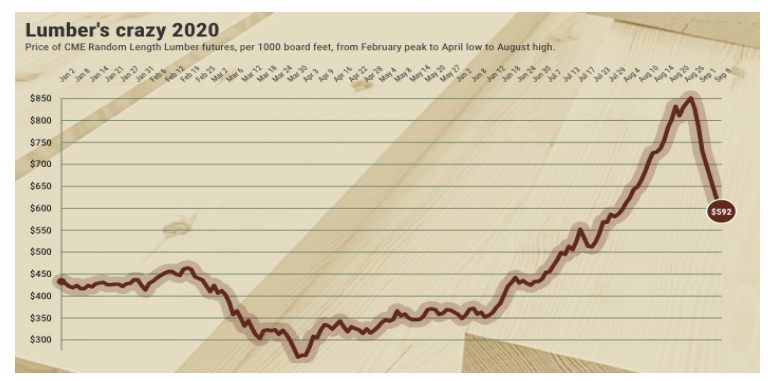


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LUMBER COSTS IN SAN DIEGO COUNTY

If you're getting ready to build a custom home, an ADU, or you want to remodel your home, you may be interested in the fact that lumber has tripled in price since April of 2020. In the following we will cover:

- How Much It Has Gone Up
- How Much It is Going to Increase the Cost of Your Project
- Why the Lumber Costs Are Increasing

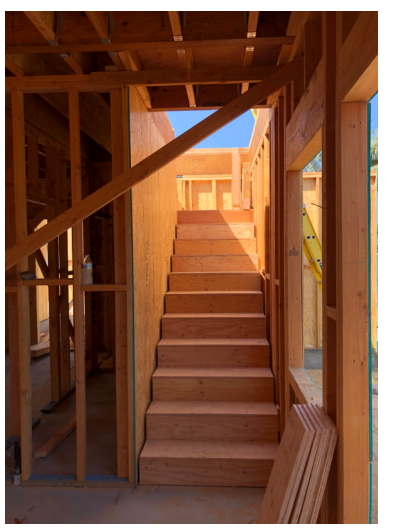


LUMBER COSTS IN SAN DIEGO COUNTY

Lumber Costs in 2020:

- April: \$260 per thousand feet of board
- August: \$850 per thousand feet of board
- September: \$592 per thousand feet of board

So as you can see the numbers have come down a little bit since their peak in August but what does that mean for your home project?



(CONTINUED INSIDE)