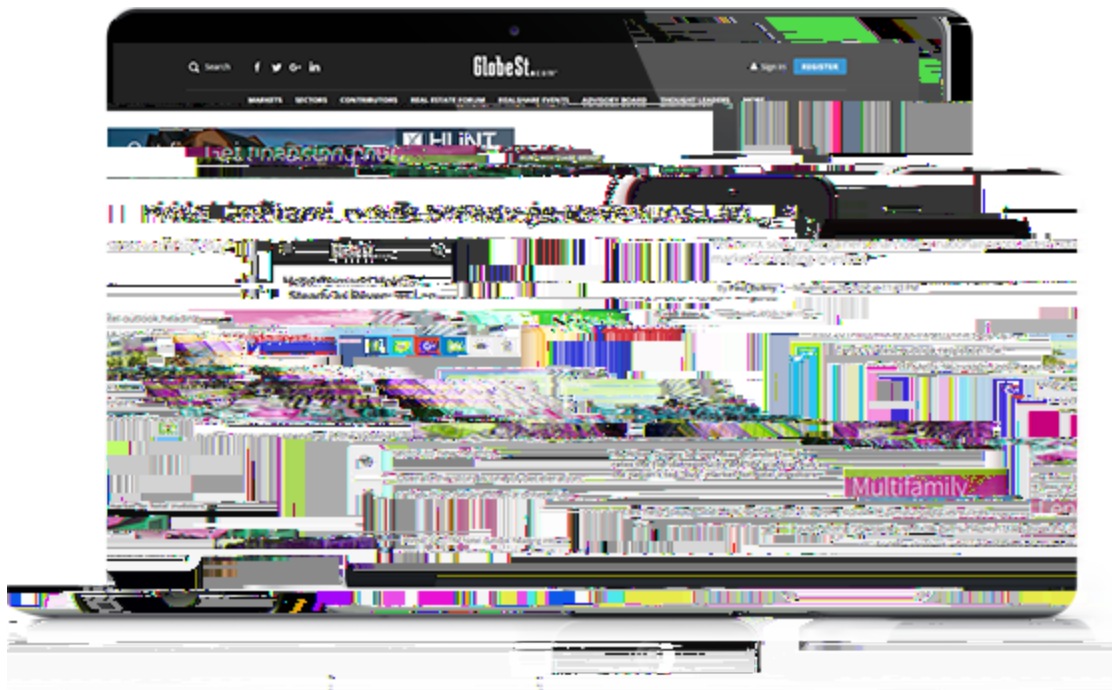


# Steel Prices May Be Heading Higher in the Near Future

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## Features

**A combination of demand and lower global production is the reason.**

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By Erik Sherman | November 23, 2021 at 07:30 AM

Global steel prices may be on the rise again, which is bad news for construction and commercial real estate, especially in such asset classes as industrial, retail, and larger

GlobeSt.com. "This has caused an escalation in project level costs which has been exacerbated by the supply chain issues we have seen. The bottom line is project returns are getting increasingly thin until inflation hits actual rents."

Data from the U.S. Bureau of Labor Statistics shows a sharp increase in cold rolled steel and strip prices from 2018 highs of \$252 to almost \$702 in October 2021. According to Associated Builders and Contractors, "Steel mill product prices have increased 141.6% since October 2020, while iron and steel prices are up 101.5%."

China was a major driver of lower steel prices for years. In the past, the country provided at 30% subsidy through free land, free power, and loans that didn't have to be repaid, Usha Haley, a professor of management and director of the Center for International Business Advancement at Wichita State University and co-author of \_\_\_\_\_, told \_\_\_\_\_ in 2019.

Haley, who had closely studied China's steel production, said the country annually added the equivalent of Japan's production, which was the second largest producer. The Department of Commerce has accused China of steel dumping multiple times.

But China's steel exports have been trending down since 2016, according to the US International Trade Administration. They have dropped by more than half and will likely continue to fall as China tries to focus on reducing carbon emissions.

Demand is increasing throughout the world, including North America, according to the World Steel Association, where use was up 13.7% from 2020 to 2021 and is projected to jump another 5.4% in 2022.

Rising prices have made some wonder whether there was a market bubble. But JLL chief economist Ryan Severino told GlobeSt.com in October that things didn't feel like a bubble. "This feels like a case of demand running up faster than supply which is a widespread issue right now," Severino said. "Demand for inputs and final goods has come racing back faster than supply—not just bringing back old capacity but investing in new capacity."

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