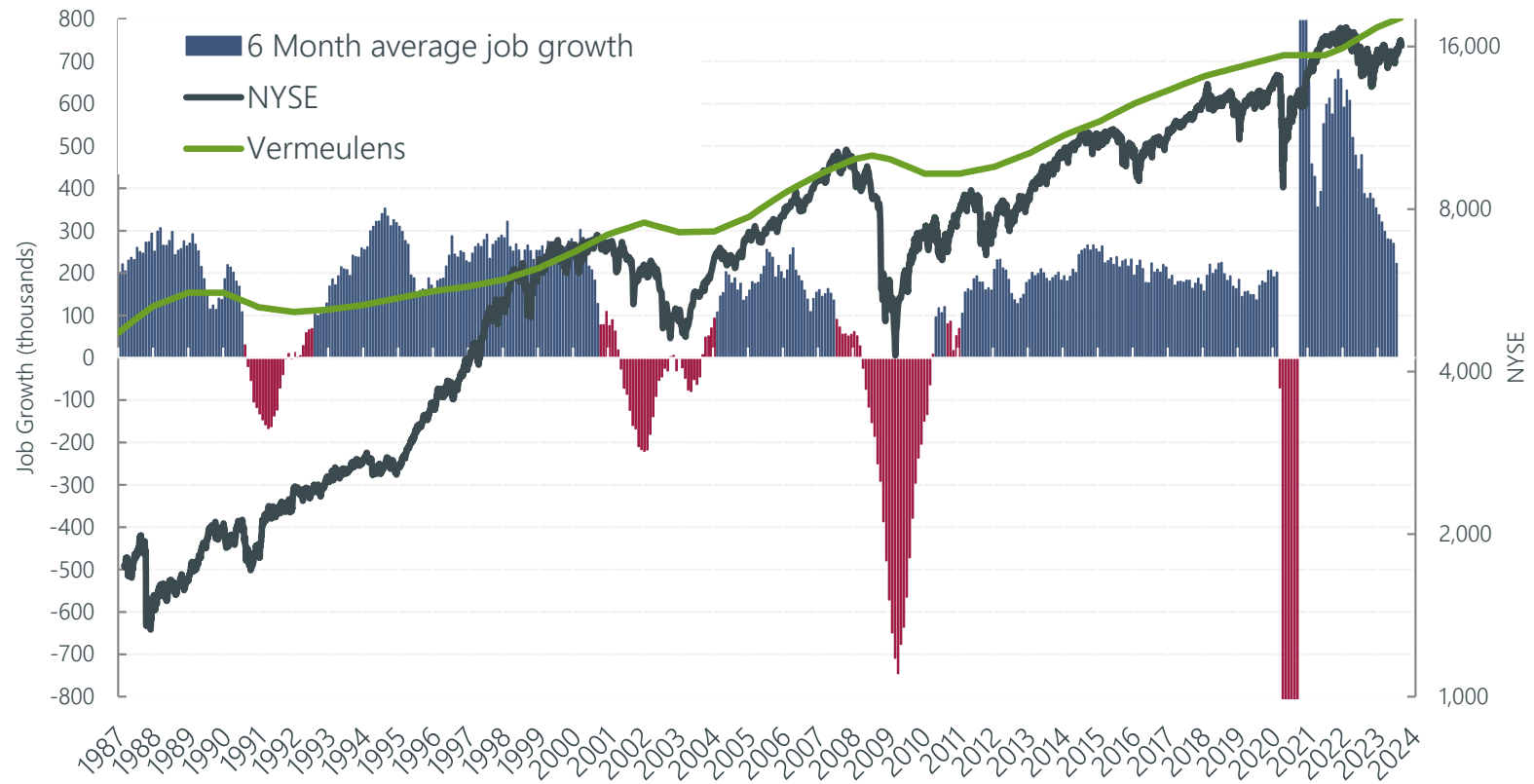


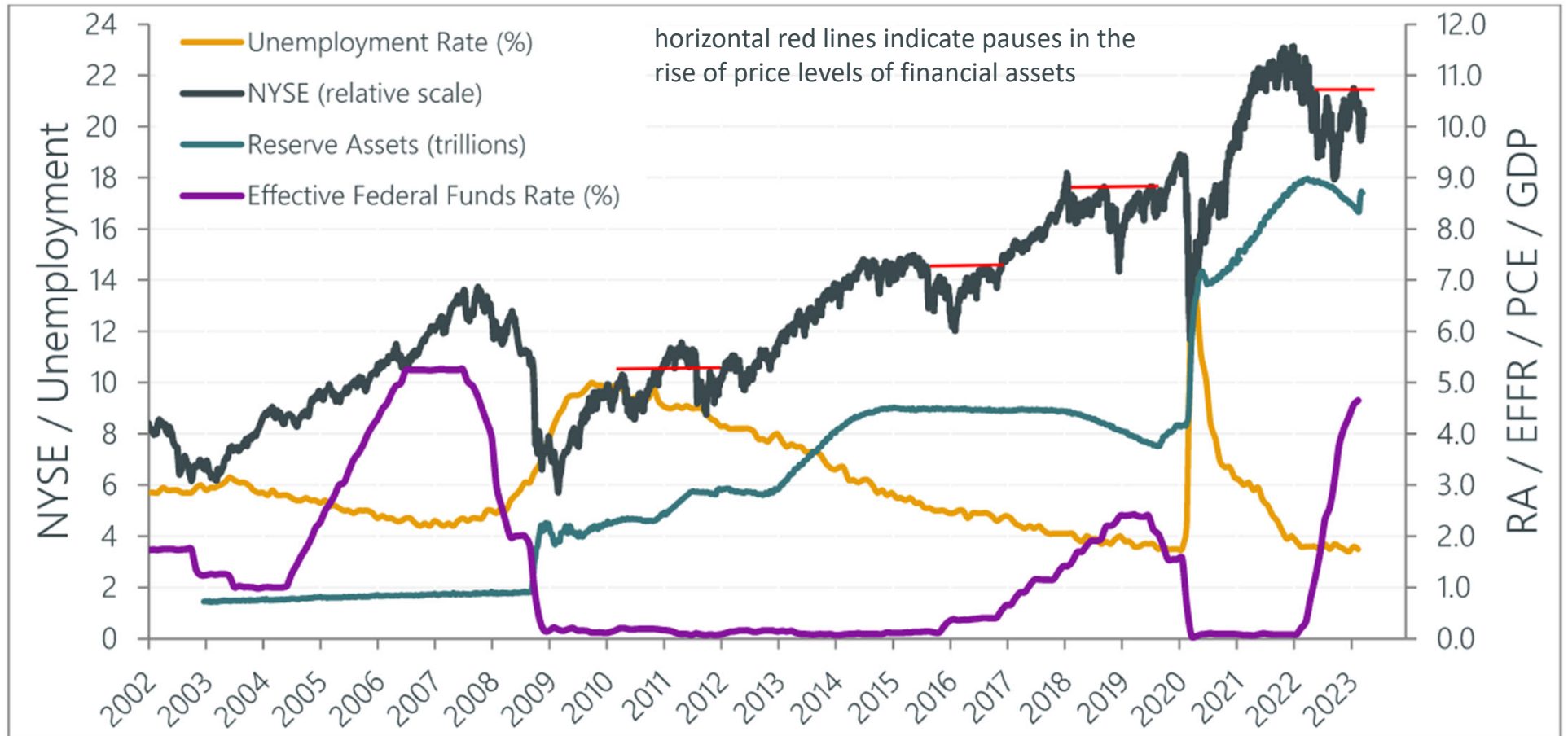


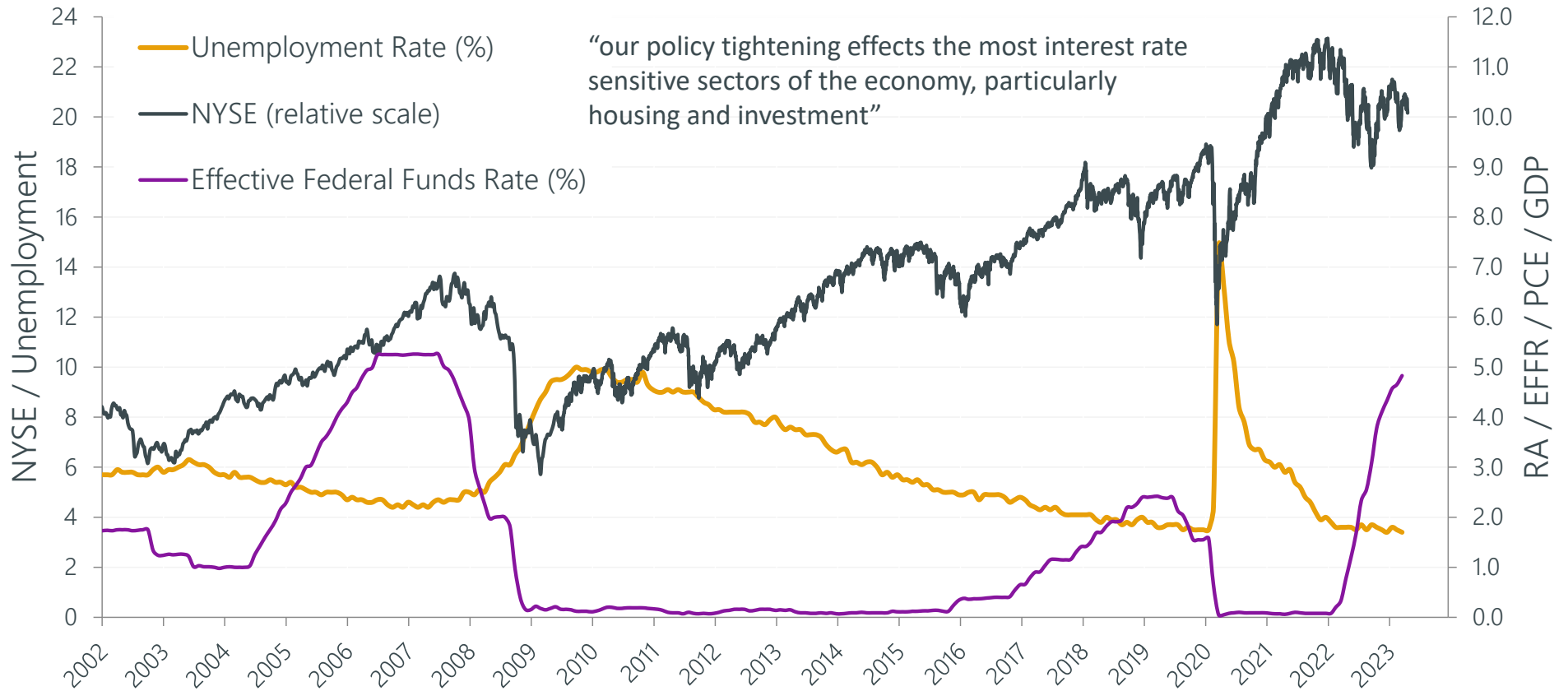
## Another Growth Recession

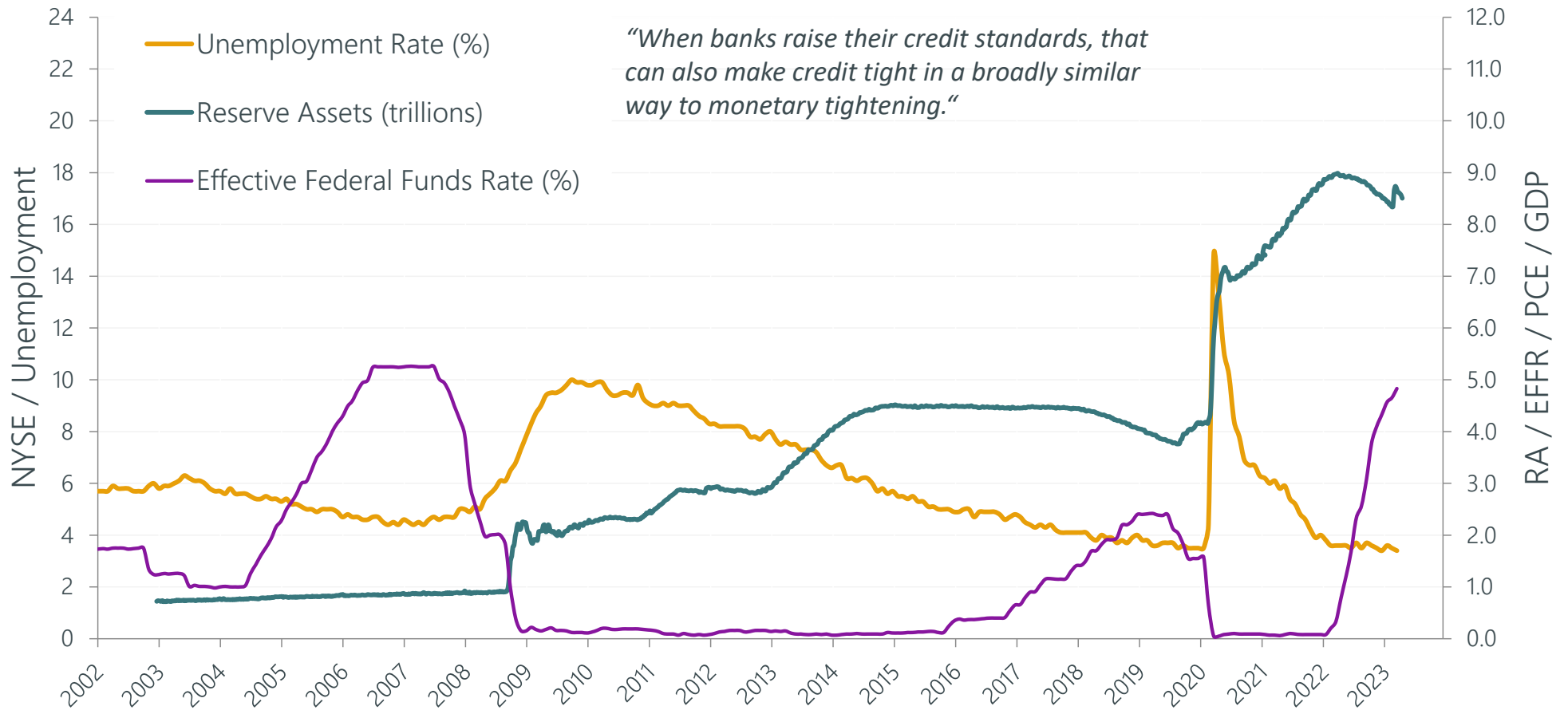
Richard Vermeulen

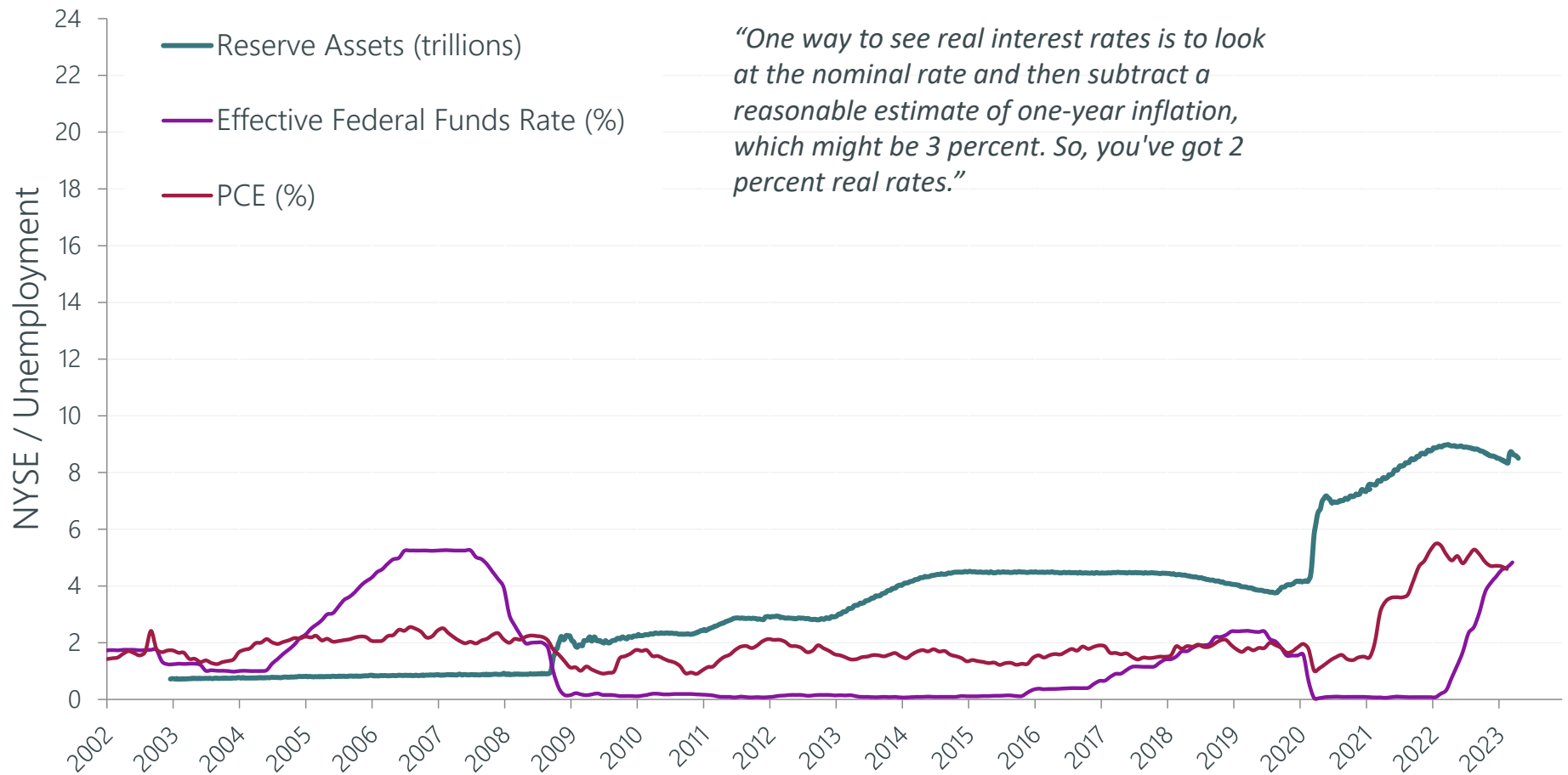
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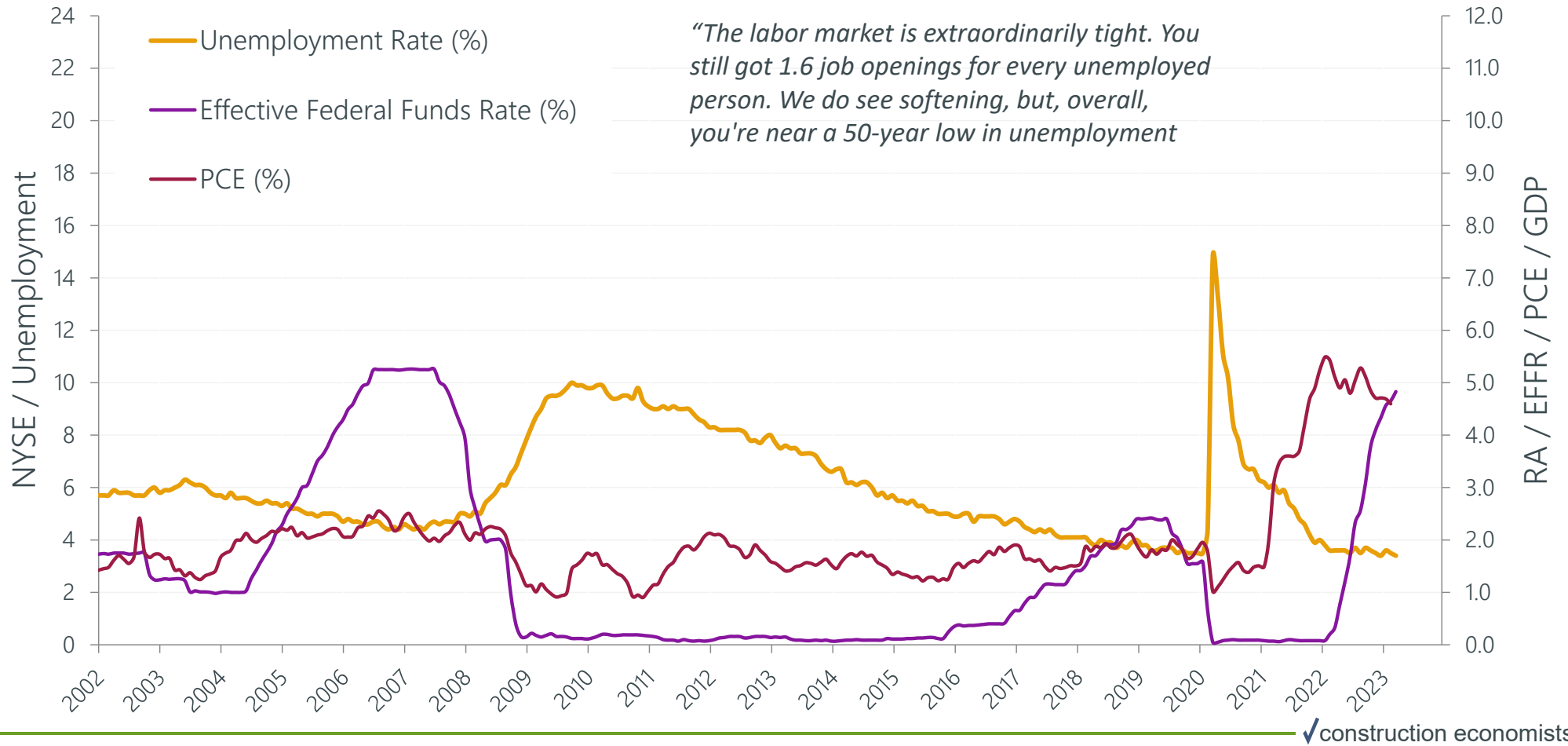


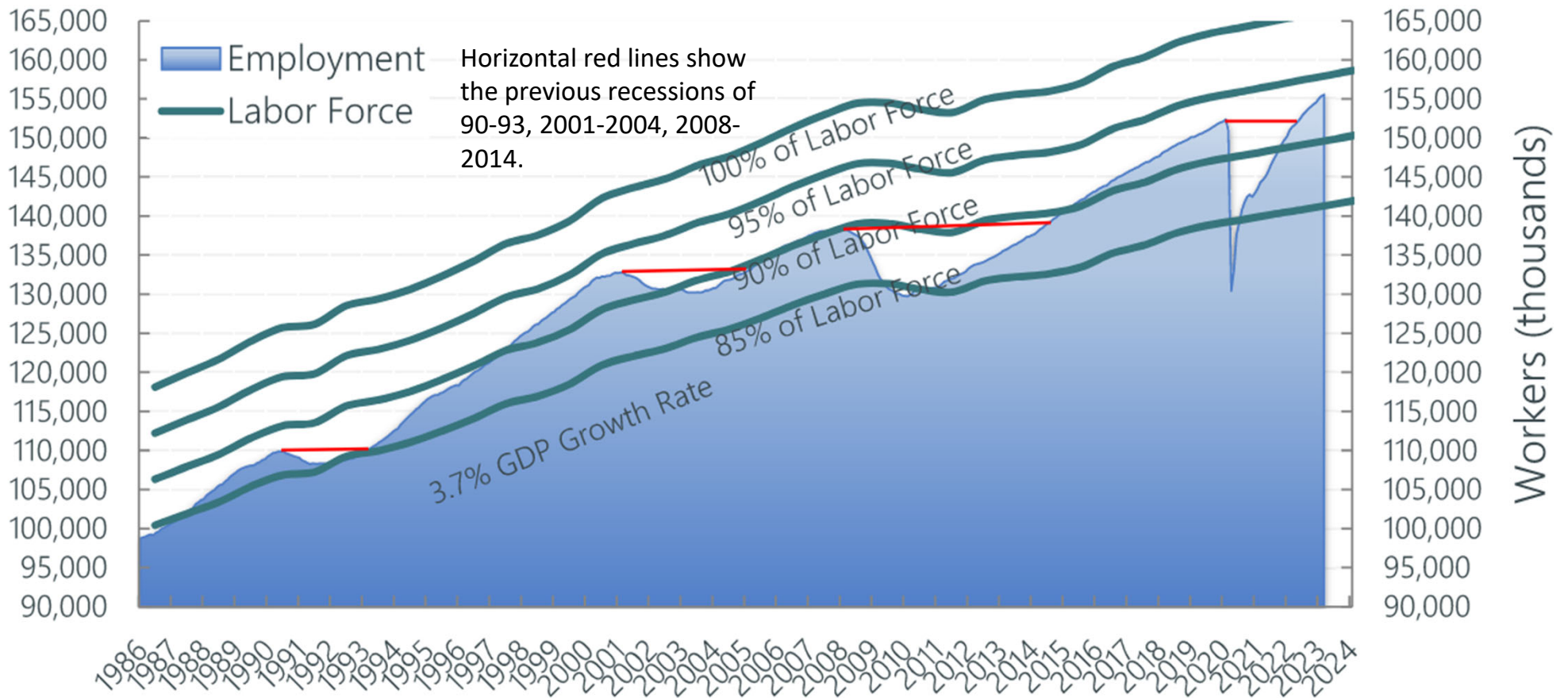




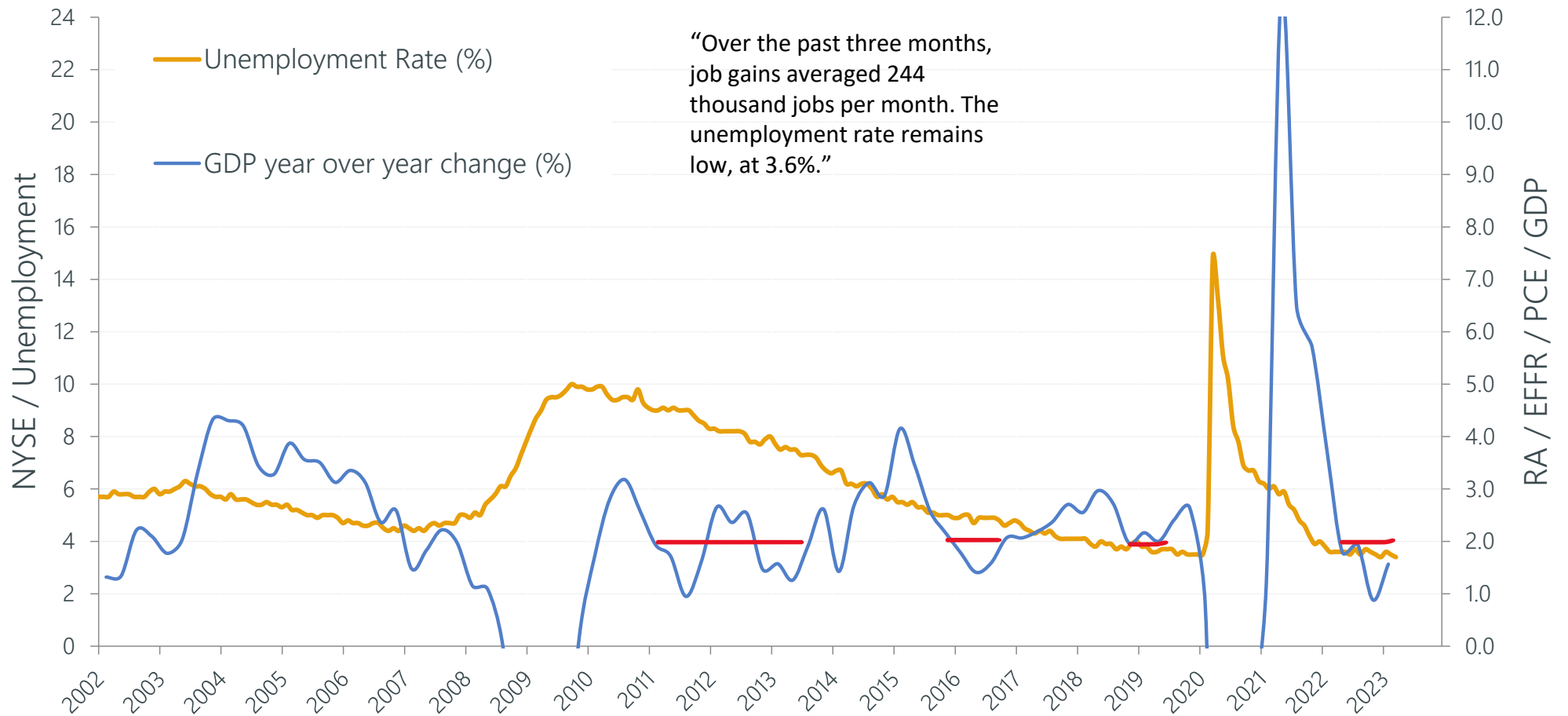




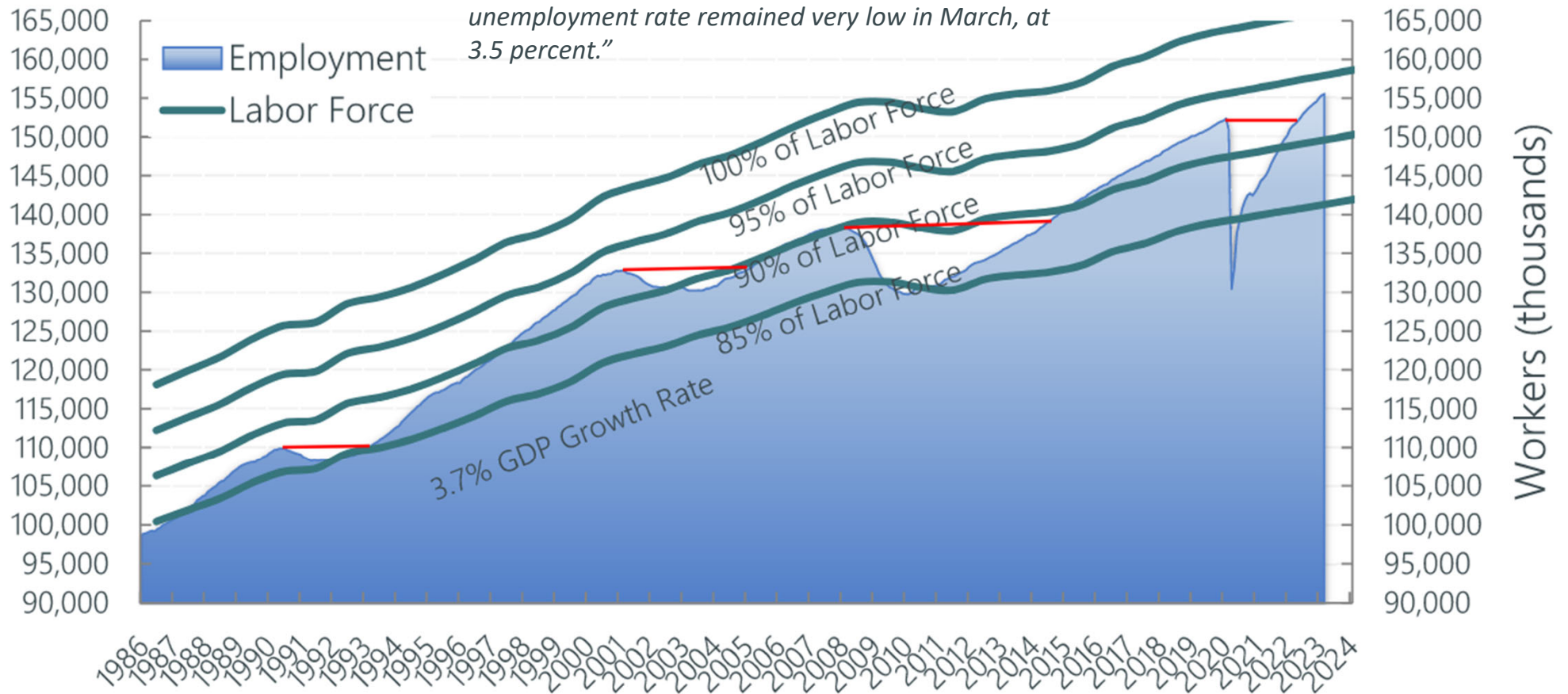


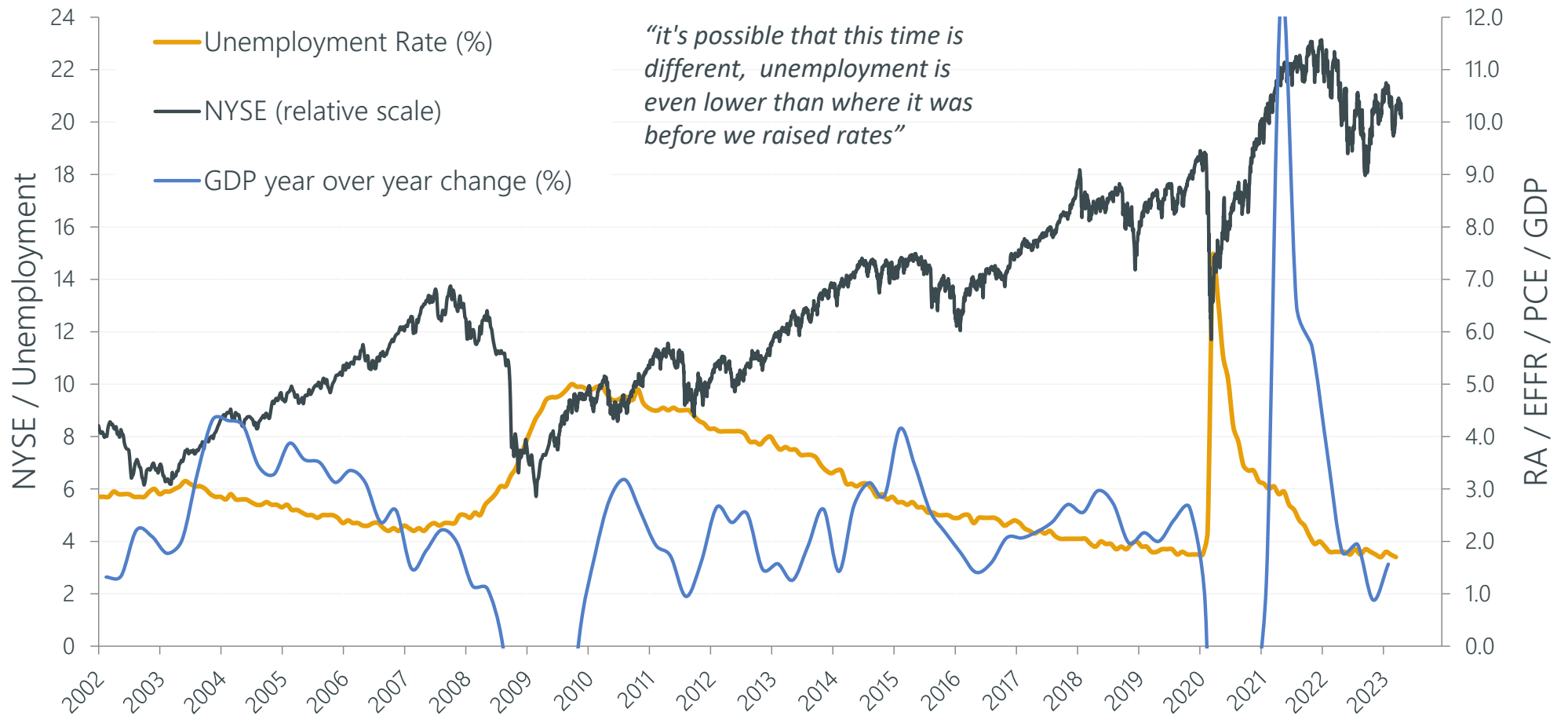






*"Over the first three months of the year, job gains averaged 345 thousand jobs per month. The unemployment rate remained very low in March, at 3.5 percent."*



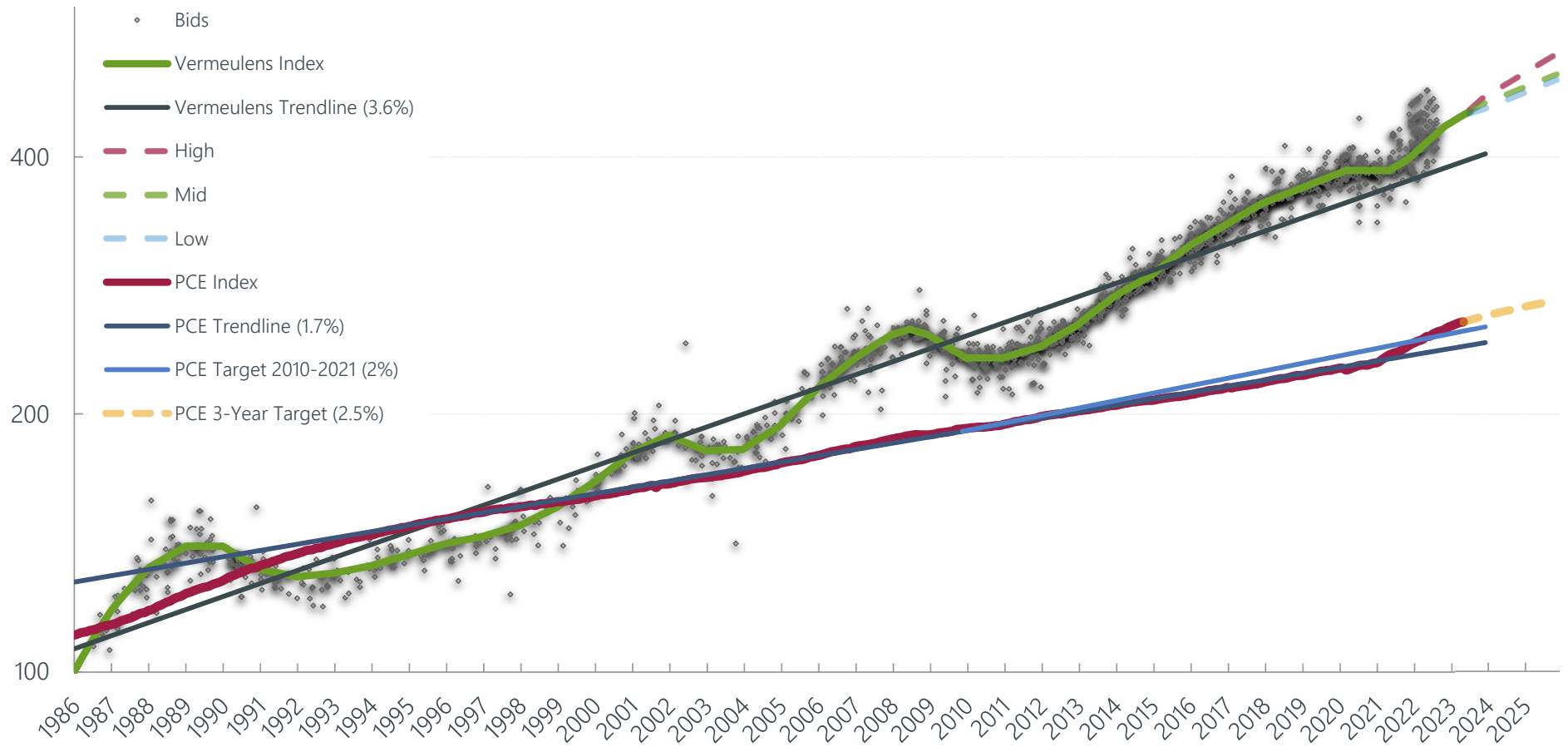




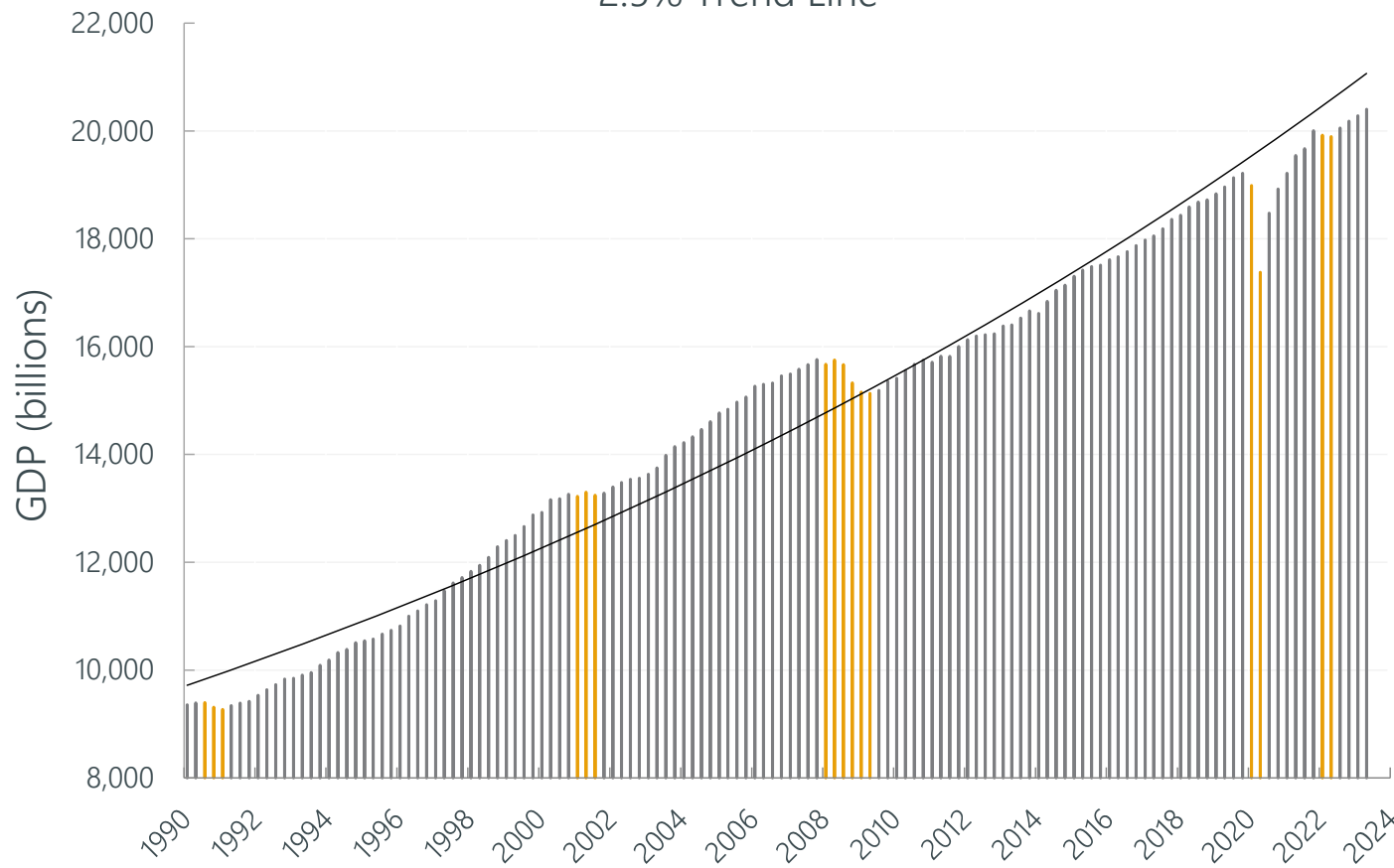
## Market Outlook – July 2023

James Vermeulen

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2.5% Trend Line

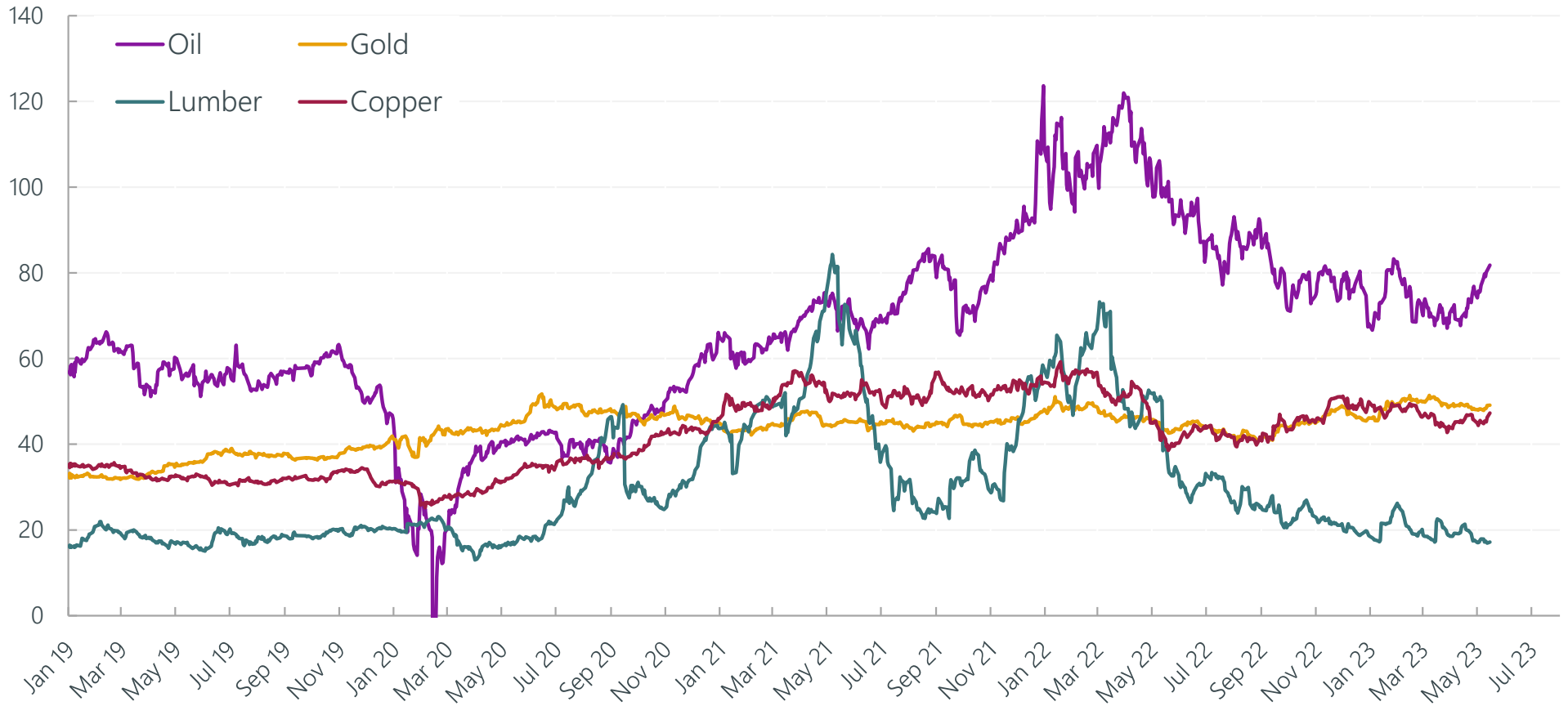


2009 to 2019  
+25.6%

2019 to Current  
+6.2%

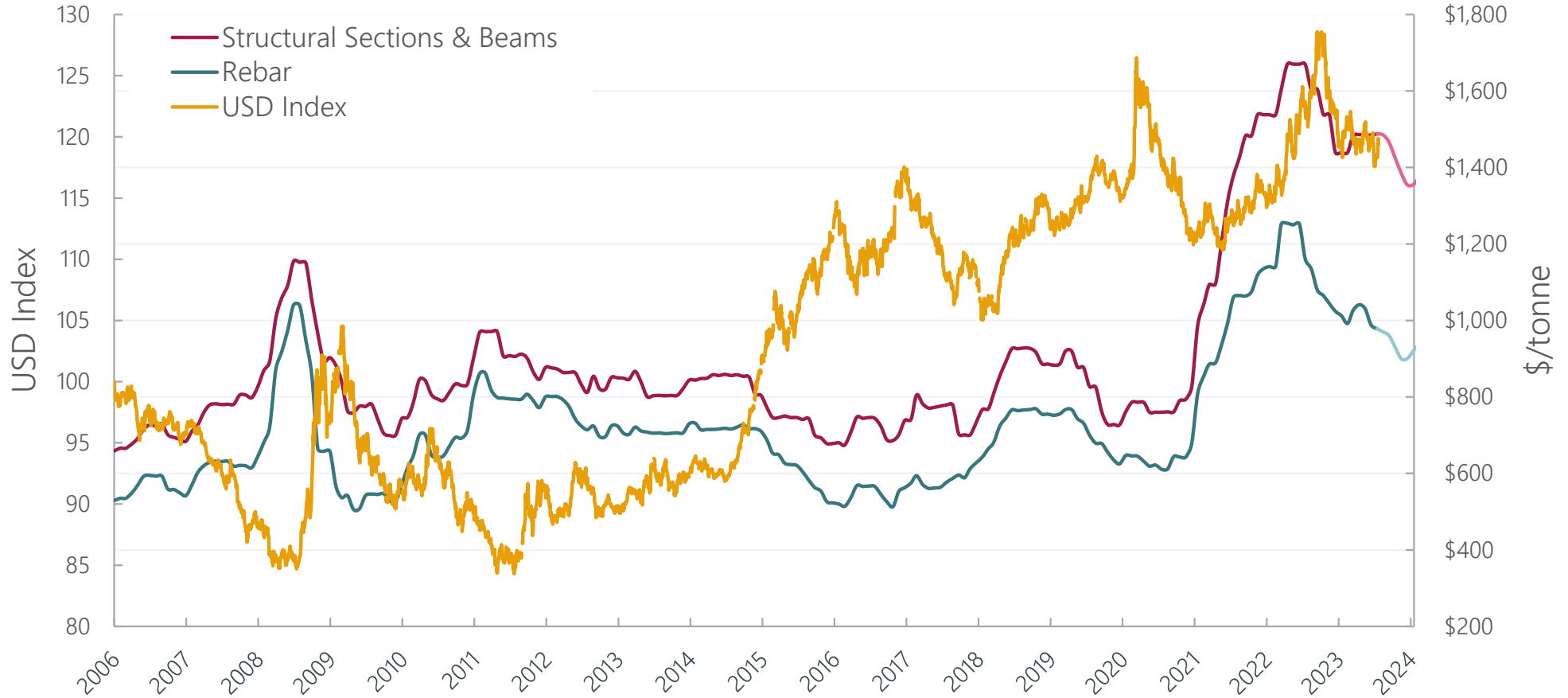


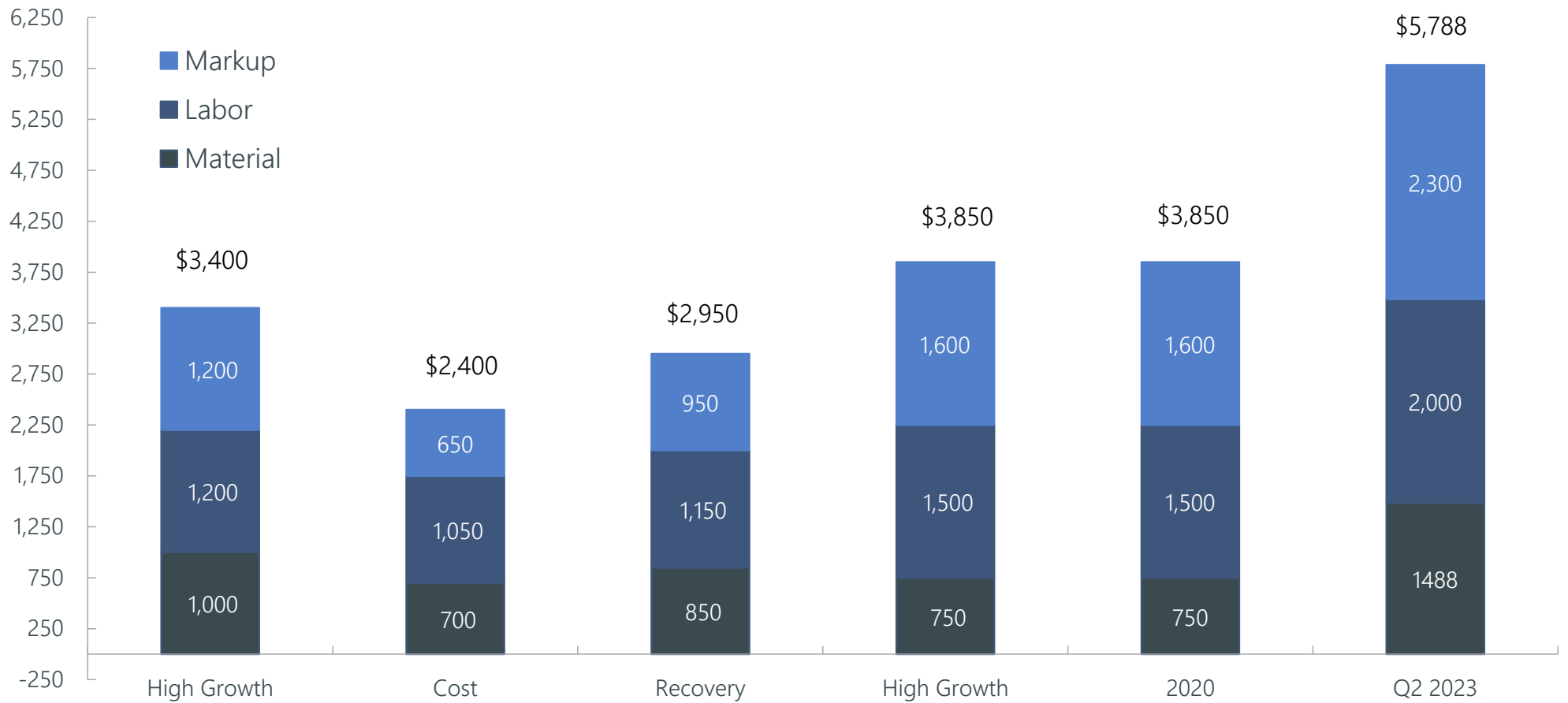
Commodities

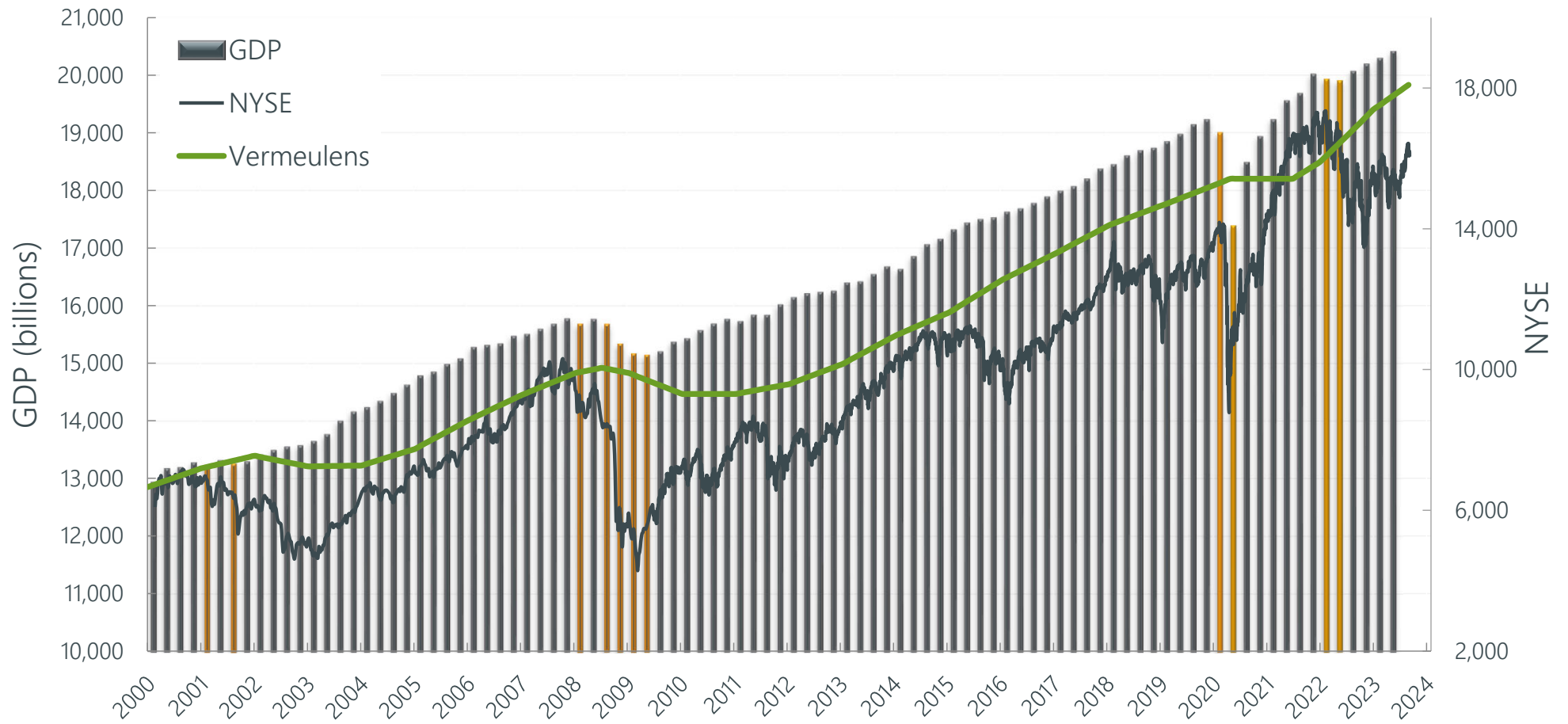


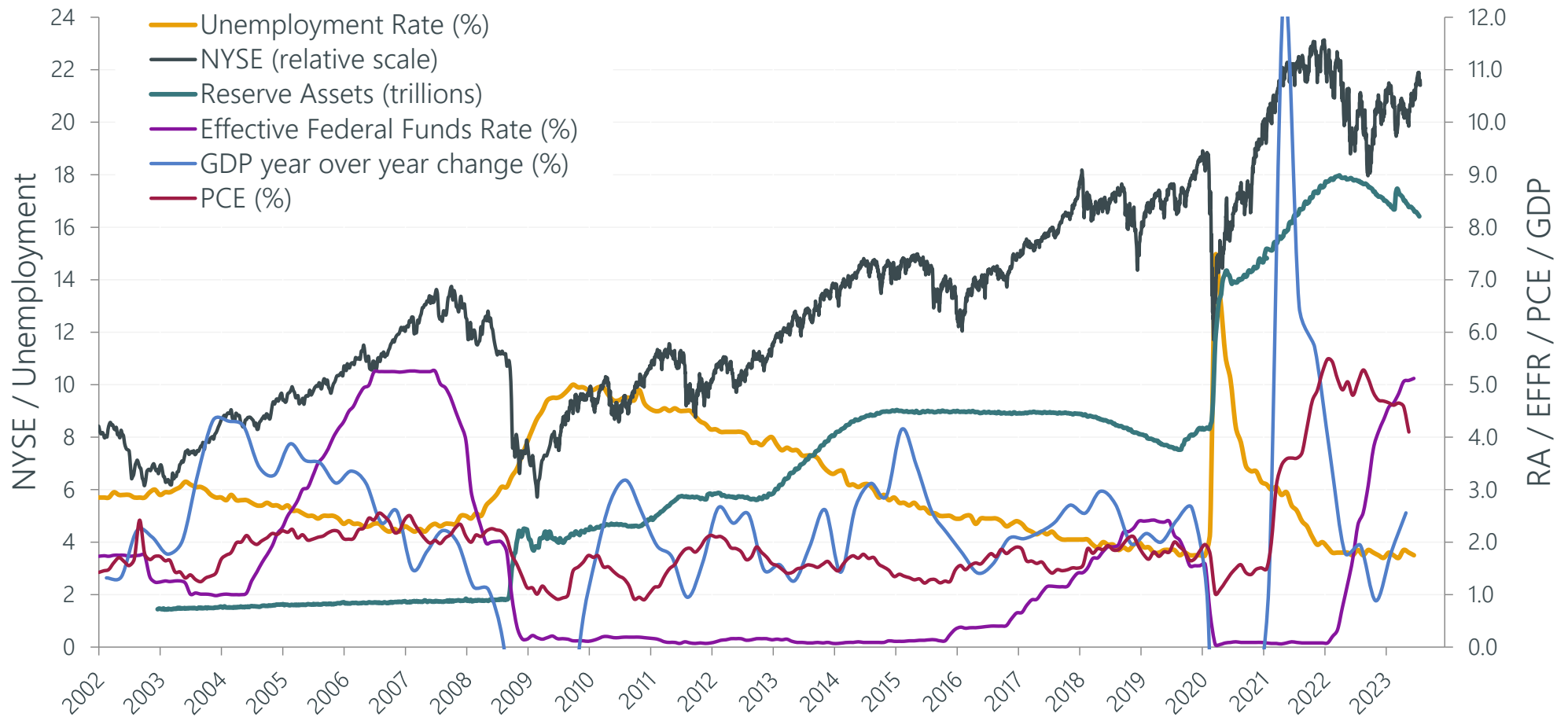


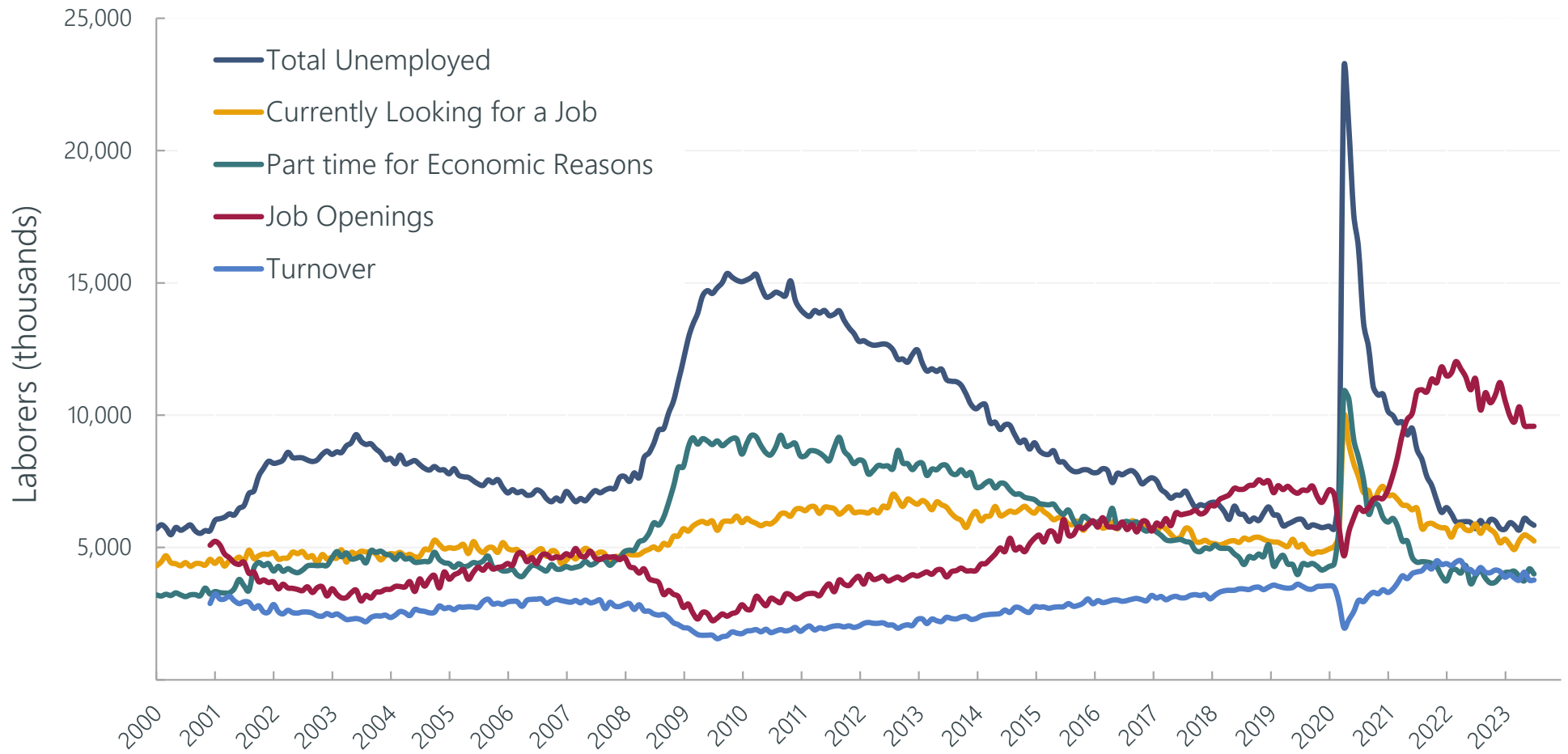
### North American Steel Prices

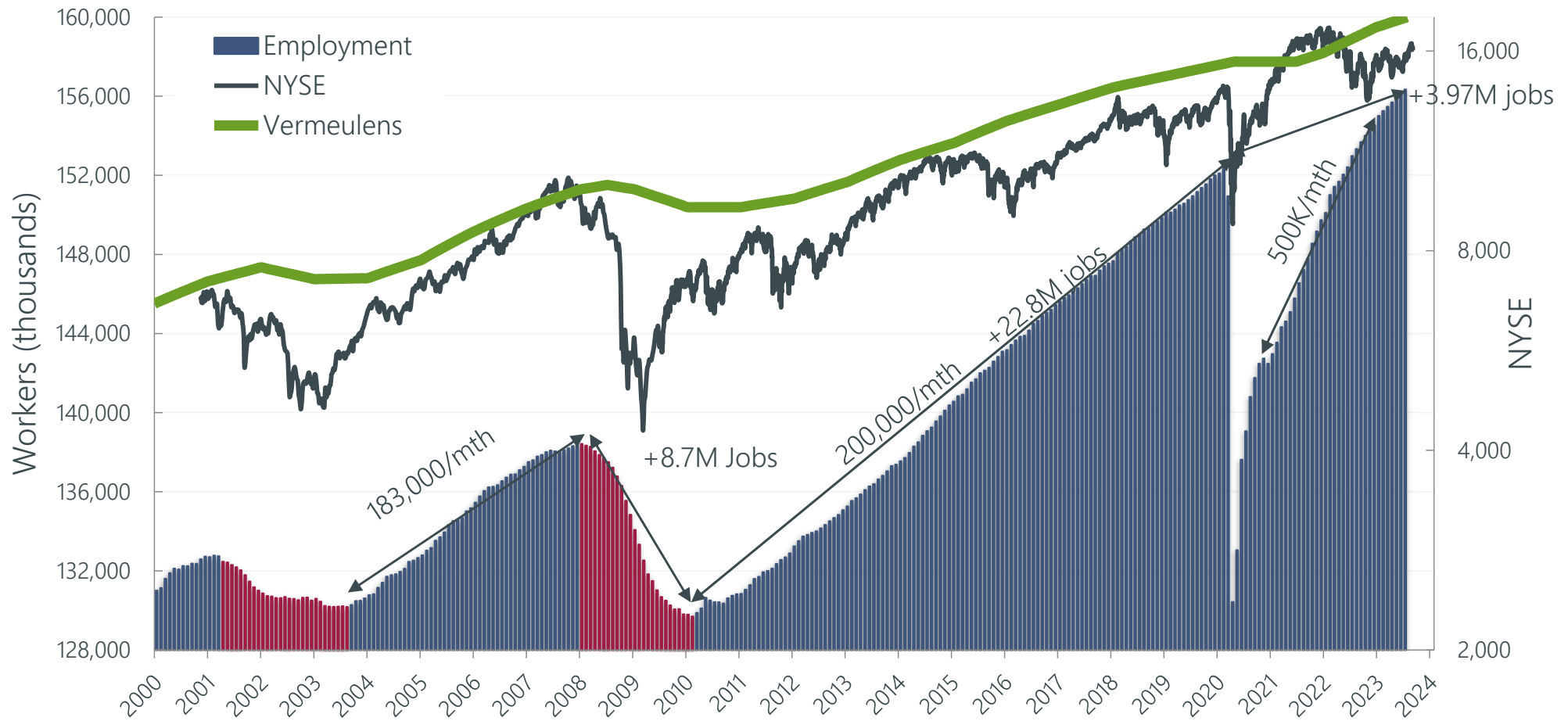








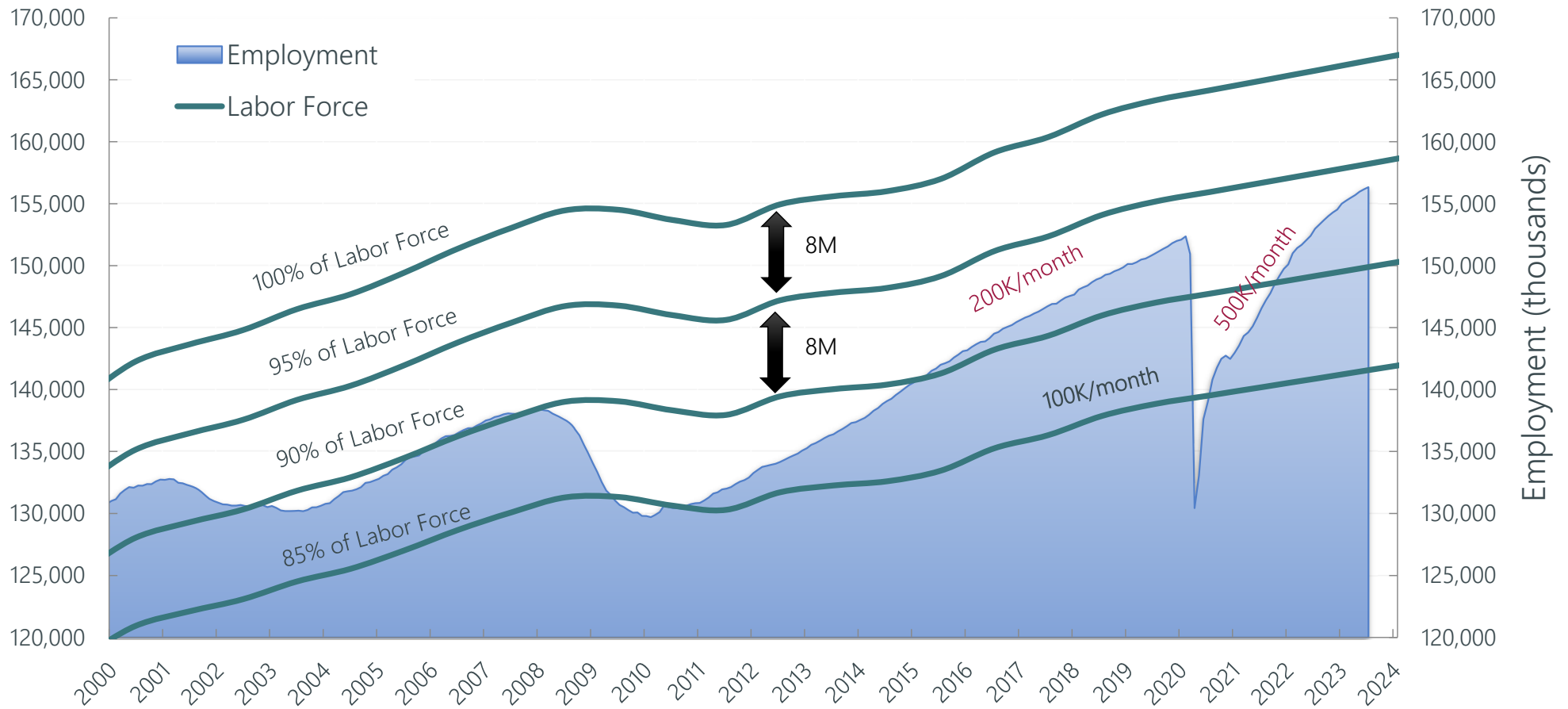




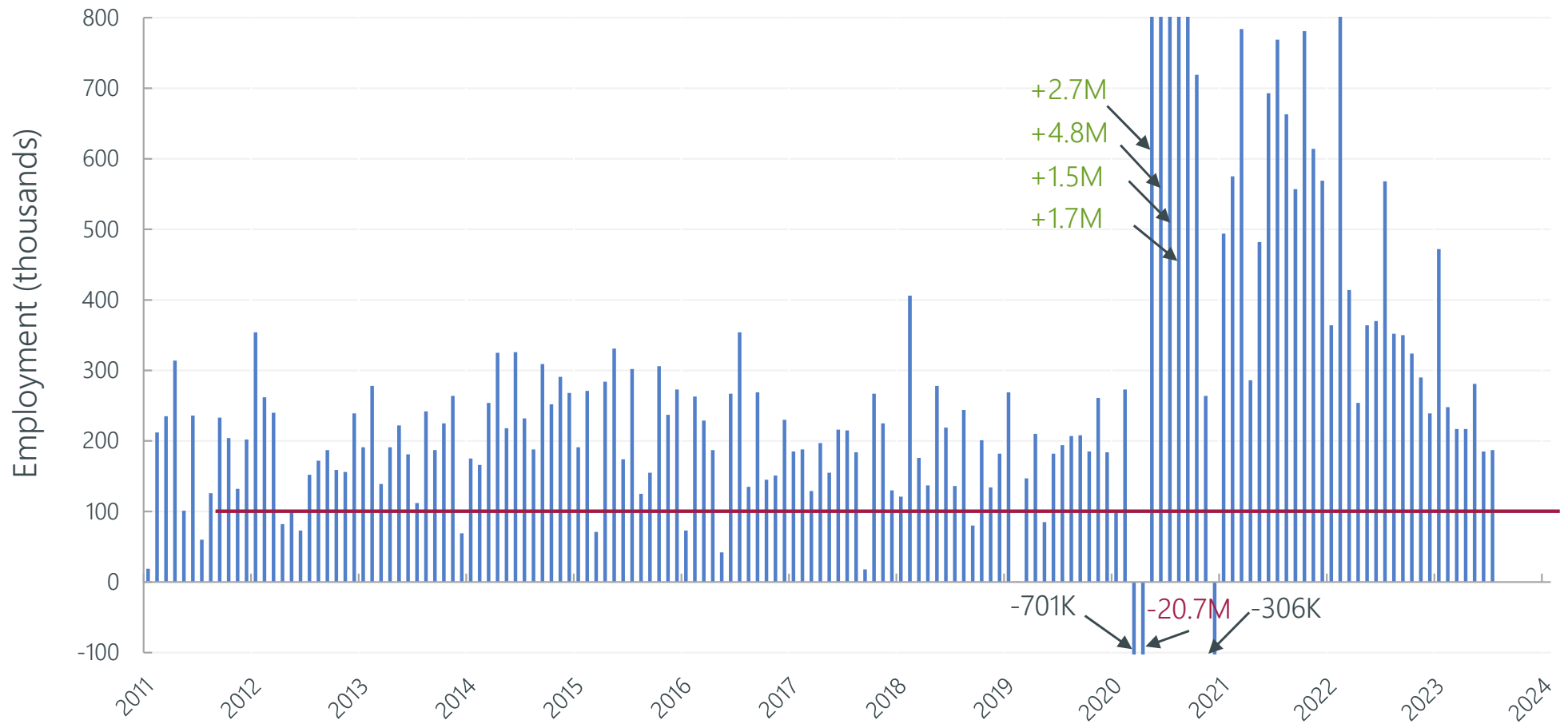
## US Employment (millions)

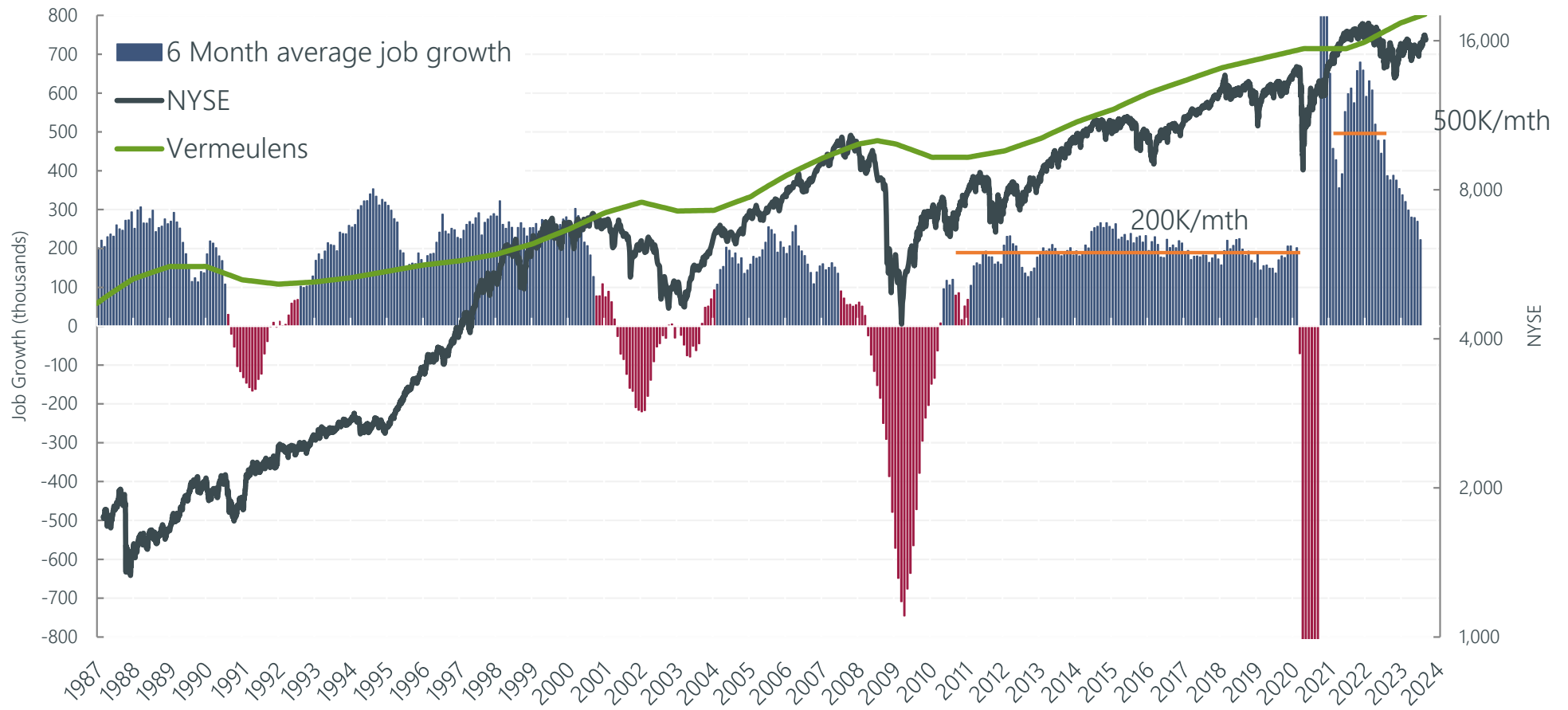
	Jan 08	Feb 10	Feb 10 to Feb 20	Feb 20	Apr 20	July 23	Feb 20 to July 23
Total nonfarm	138.4	129.7	22.8	152.4	130.4	156.3	+3.9
→ Total private	116.0	107.3	22.4	129.5	108.5	133.6	+4.1
> Goods-producing	21.9	17.6	3.5	21.1	18.6	21.6	+0.5
- Mining and logging	0.7	0.7	0.0	0.7	0.6	0.6	-0.1
- Construction	7.48	5.50	2.12	7.61	6.53	7.97	+0.36
- Manufacturing	13.7	11.5	1.4	12.8	11.4	13.0	+0.2
→ Private service-providing	94.1	89.6	19	108.4	89.9	112	+3.6
> Trade, transportation, and utilities	26.7	24.5	3.4	27.7	24.6	28.9	+1.2
> Business	29.3	27.0	6.3	33.2	30.4	35.3	+2.1
> Education and health services	19.0	19.8	4.8	24.6	21.8	25.4	+0.8
> Leisure and hospitality	13.5	12.9	4.0	16.9	8.7	16.6	-0.3
> Other services	5.5	5.3	0.6	5.9	4.5	5.9	+0.0
→ Government	22.4	22.5	0.3	22.9	21.9	22.7	-0.2

# US Total Employment (thousands) vs Labor Force

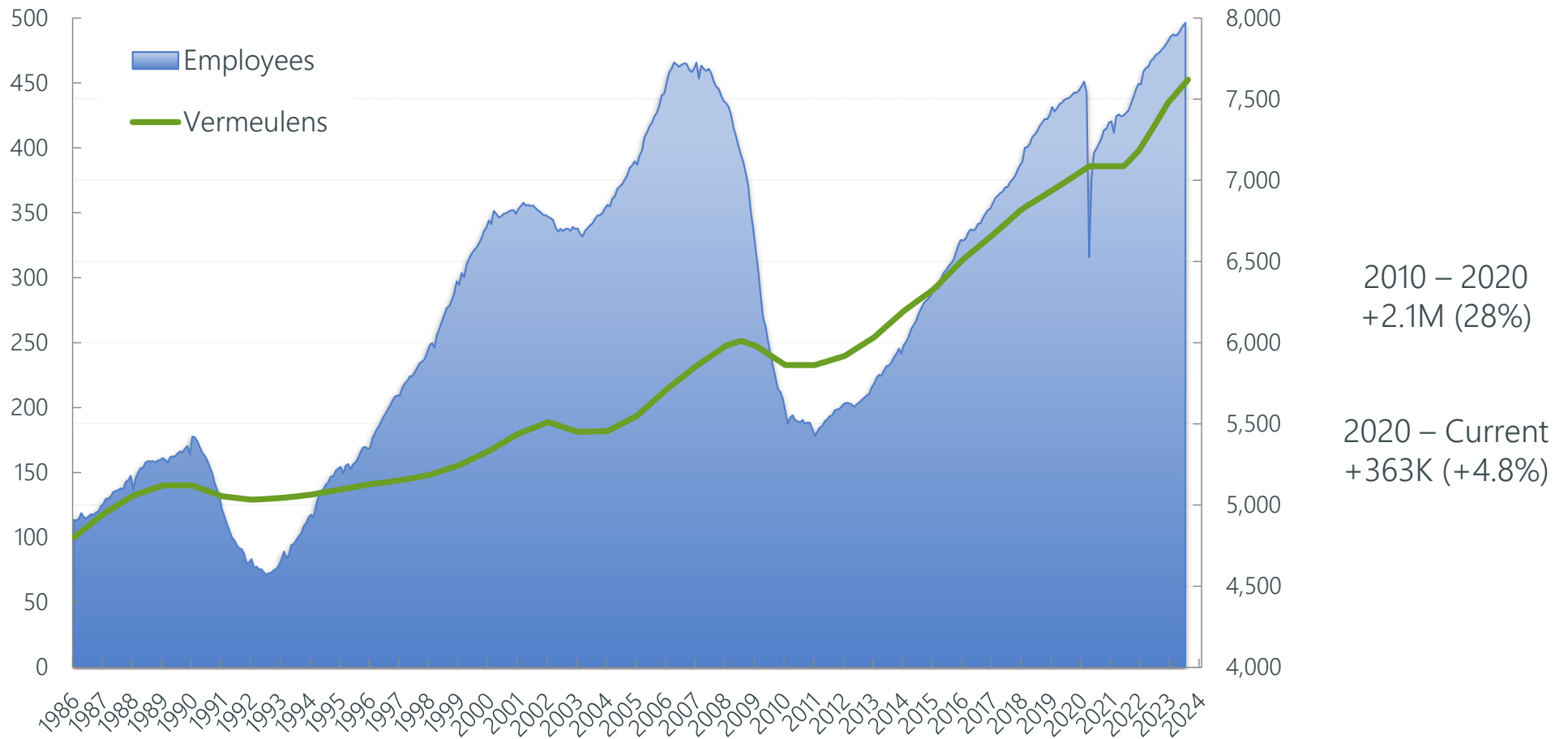




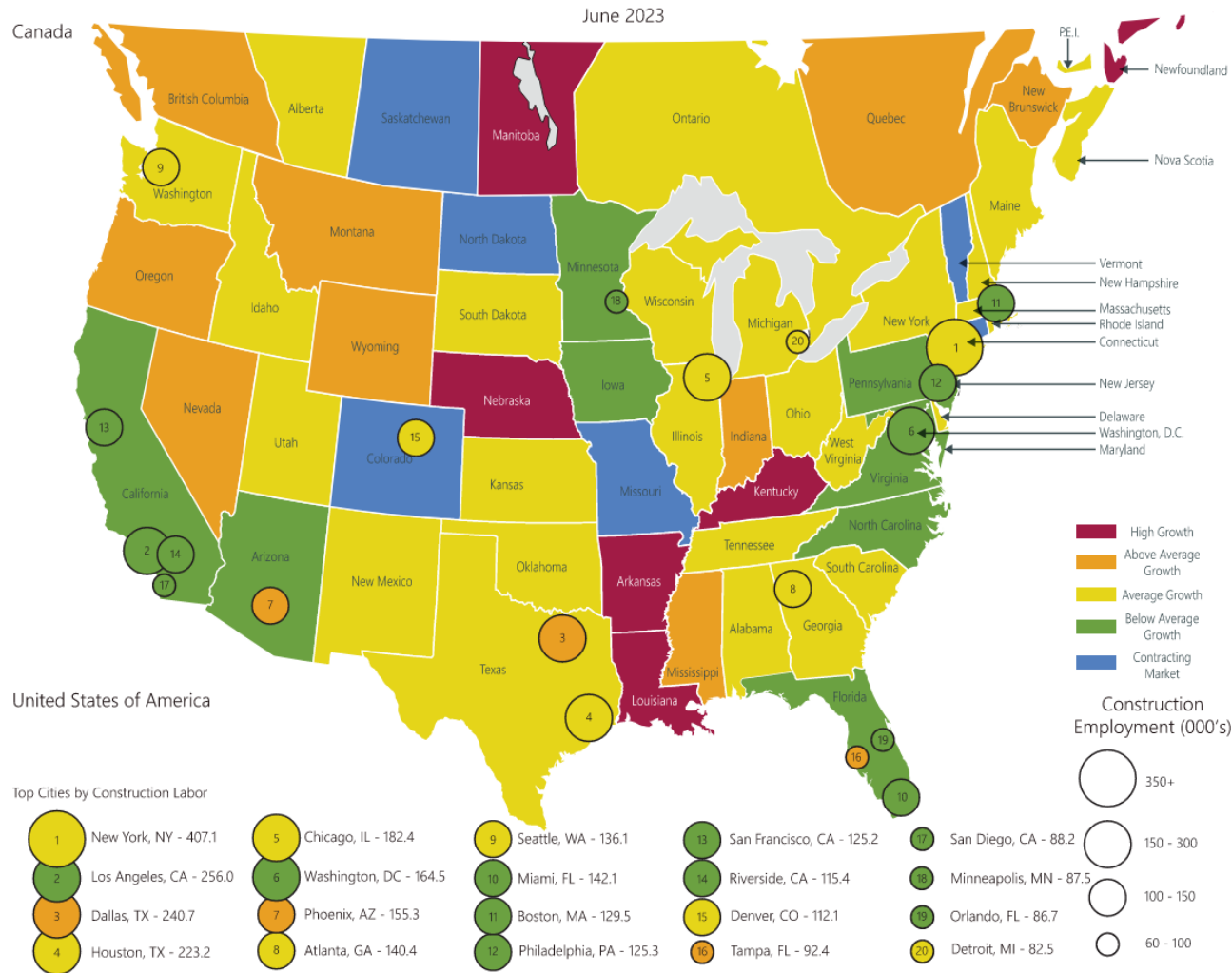


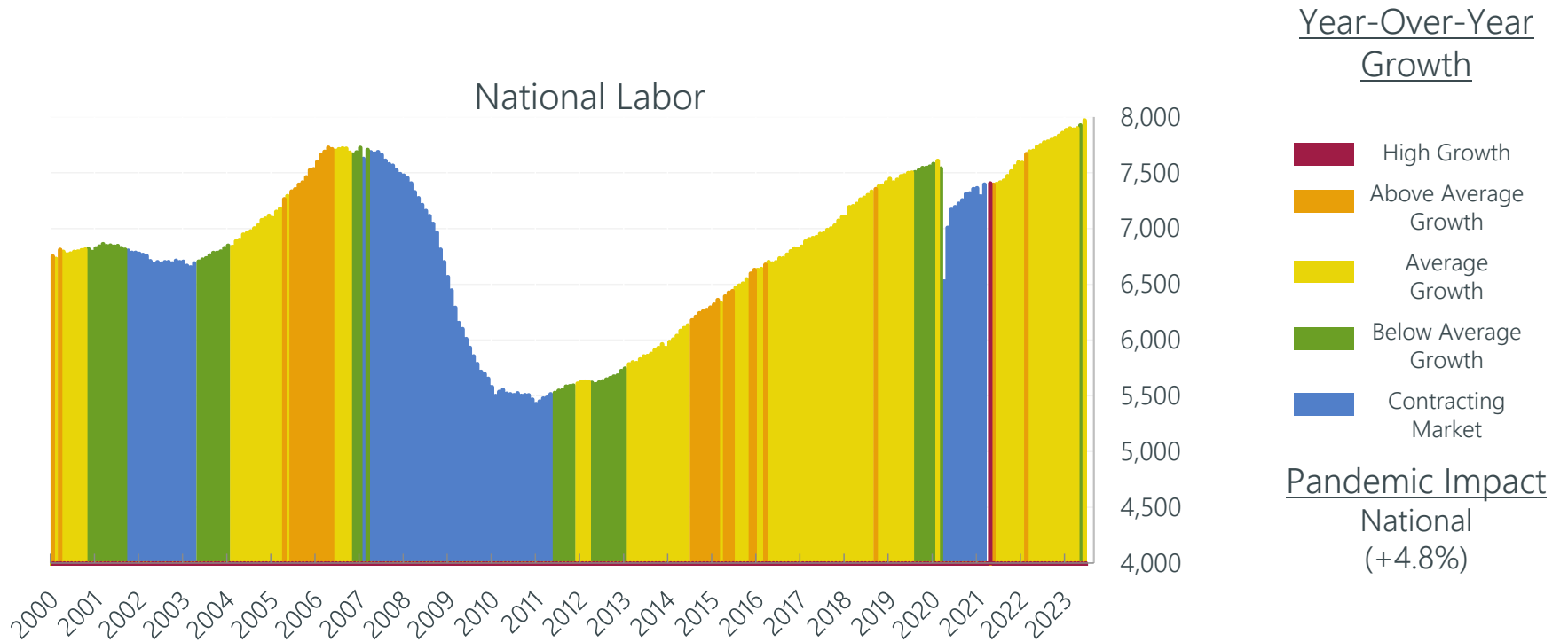


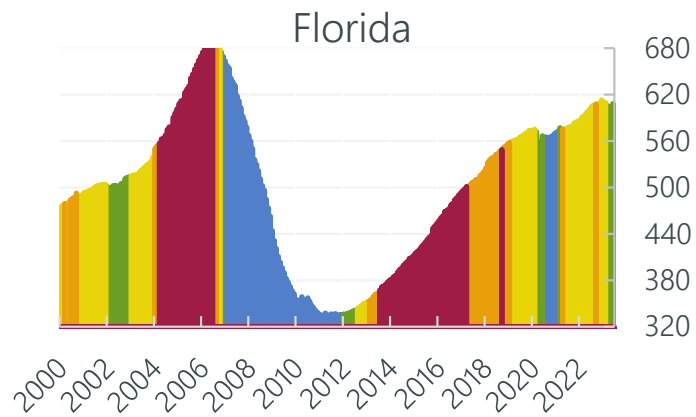
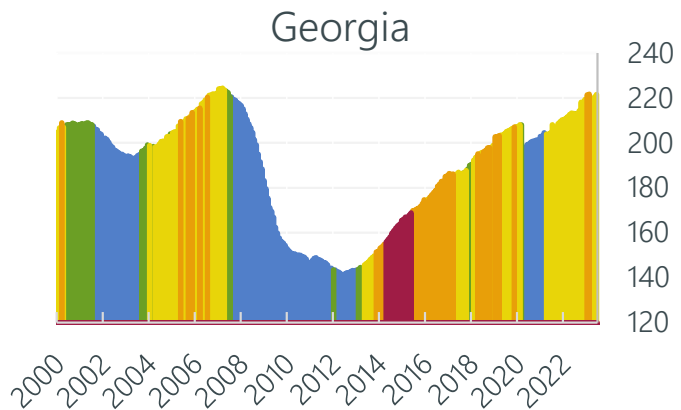
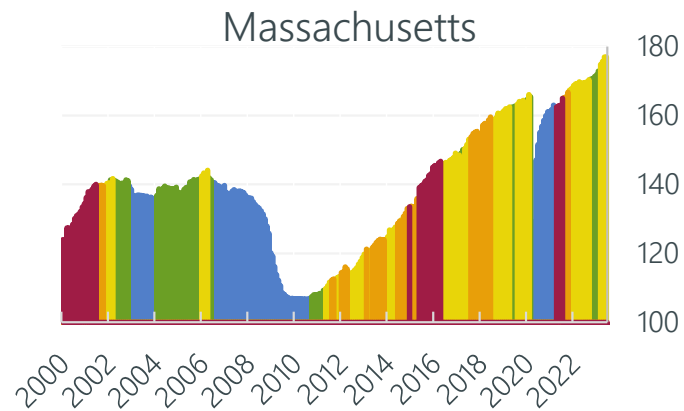
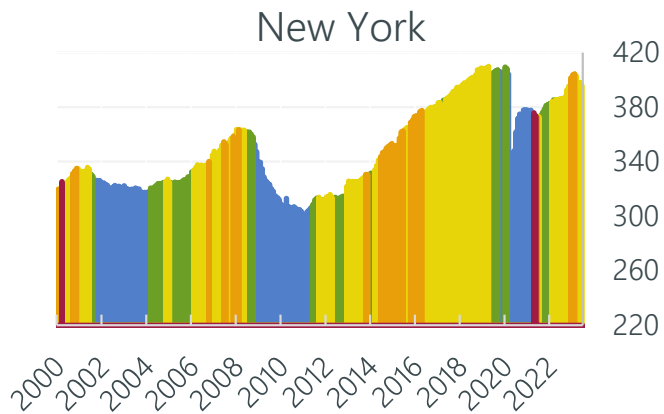
## US Construction Employment (thousands)



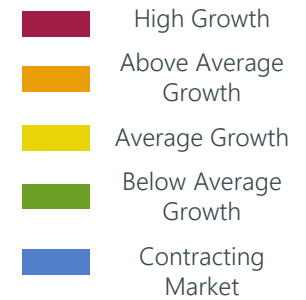
# Year-Over-Year Construction Labor Growth





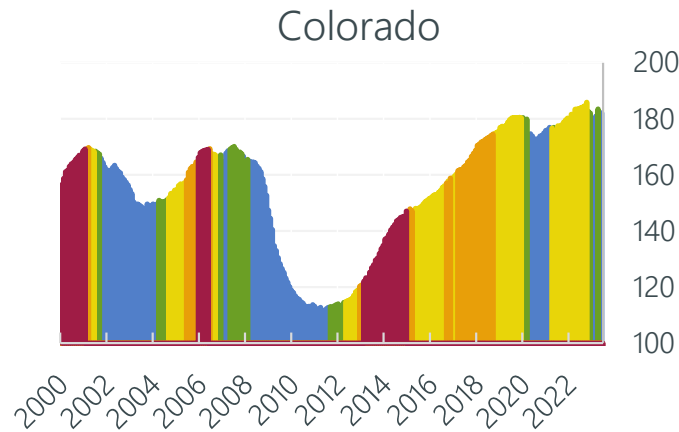
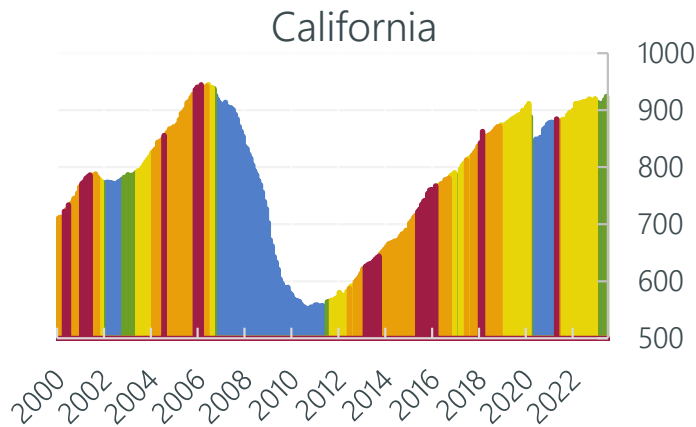
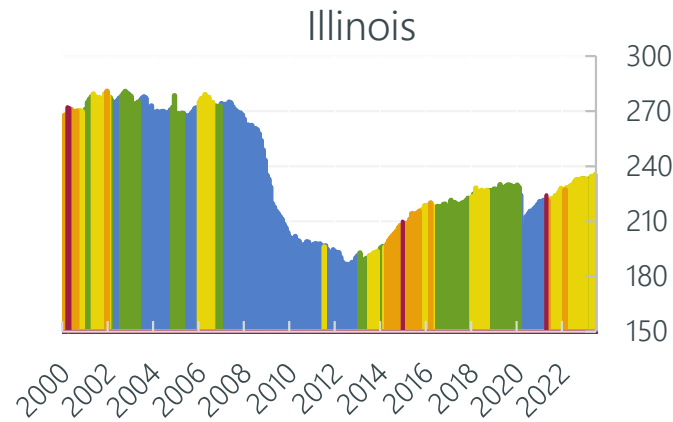
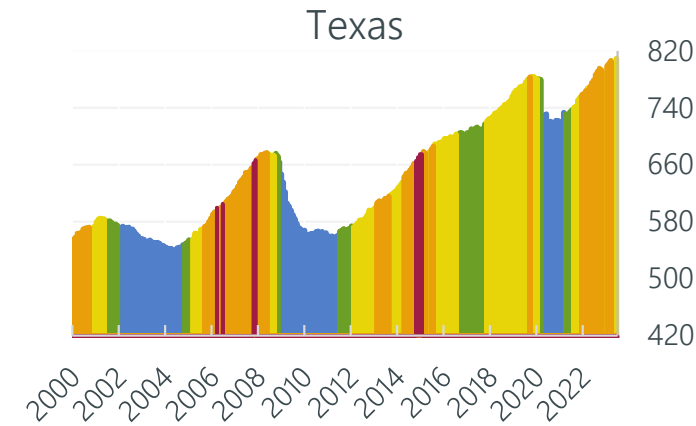


#### Year-Over-Year Growth

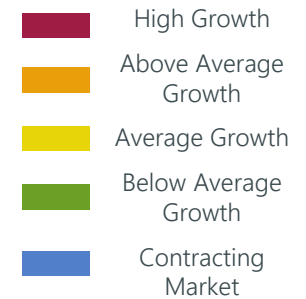


#### Pandemic Impact

New York (-3.4%)  
 Massachusetts (+6.6%)  
 Georgia (+6.4%)  
 Florida (+5.8%)  
 National (+4.8%)

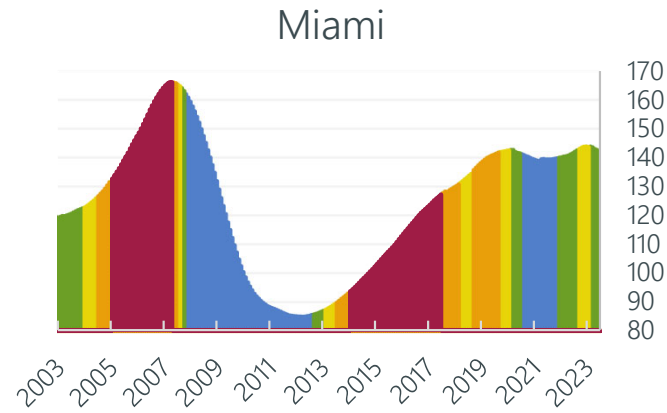
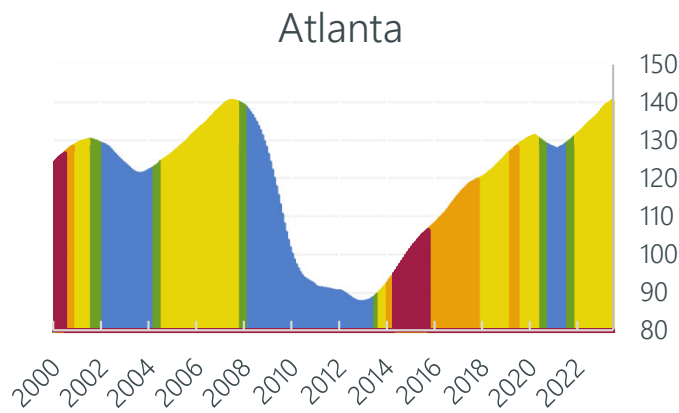
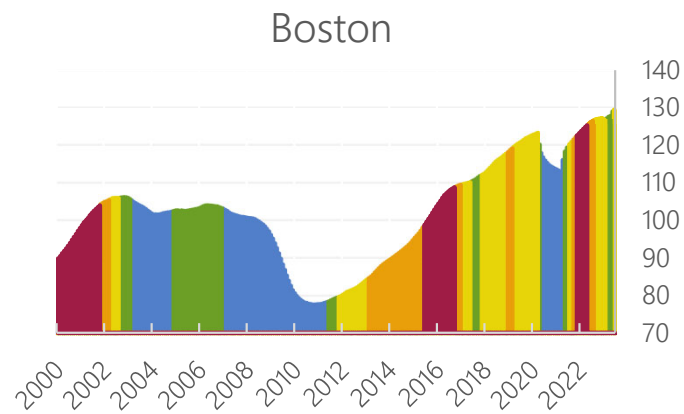
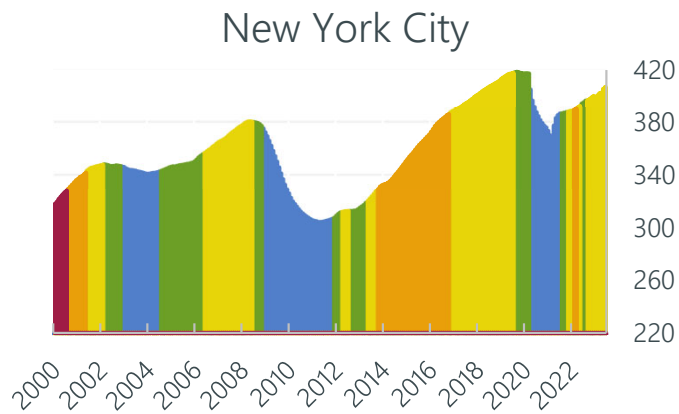


#### Year-Over-Year Growth

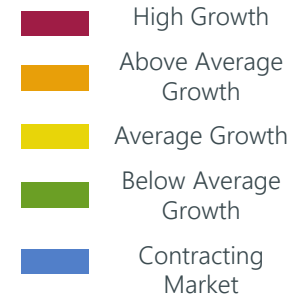


#### Pandemic Impact

Texas (+3.2%)  
 Illinois (+2.4%)  
 California (+1.4%)  
 Colorado (+0.9%)  
 National (+4.8%)



#### Year-Over-Year Growth

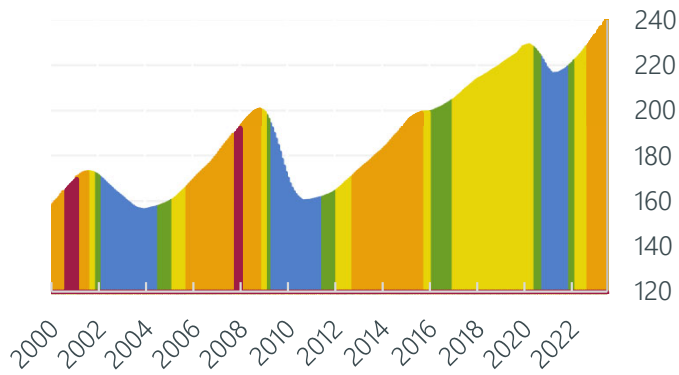


#### Pandemic Impact

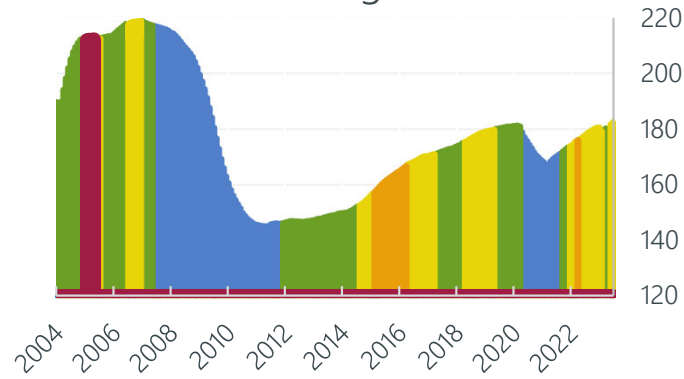
New York City (-2.0%)  
 Boston (+7.3%)  
 Atlanta (+9.3%)  
 Miami (-4.5%)  
 National (+4.8%)



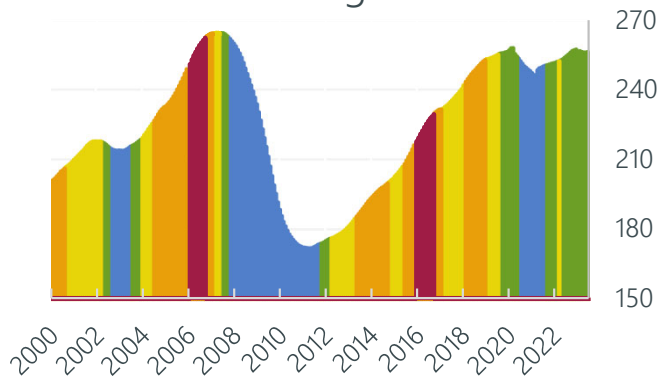
Dallas/Fort Worth



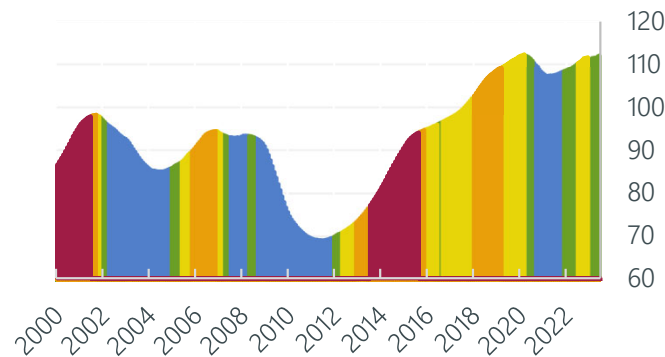
Chicago



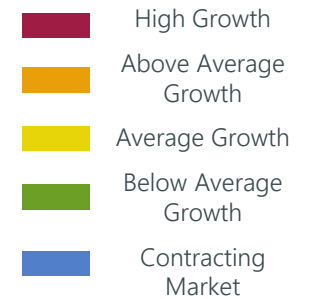
Los Angeles



Denver



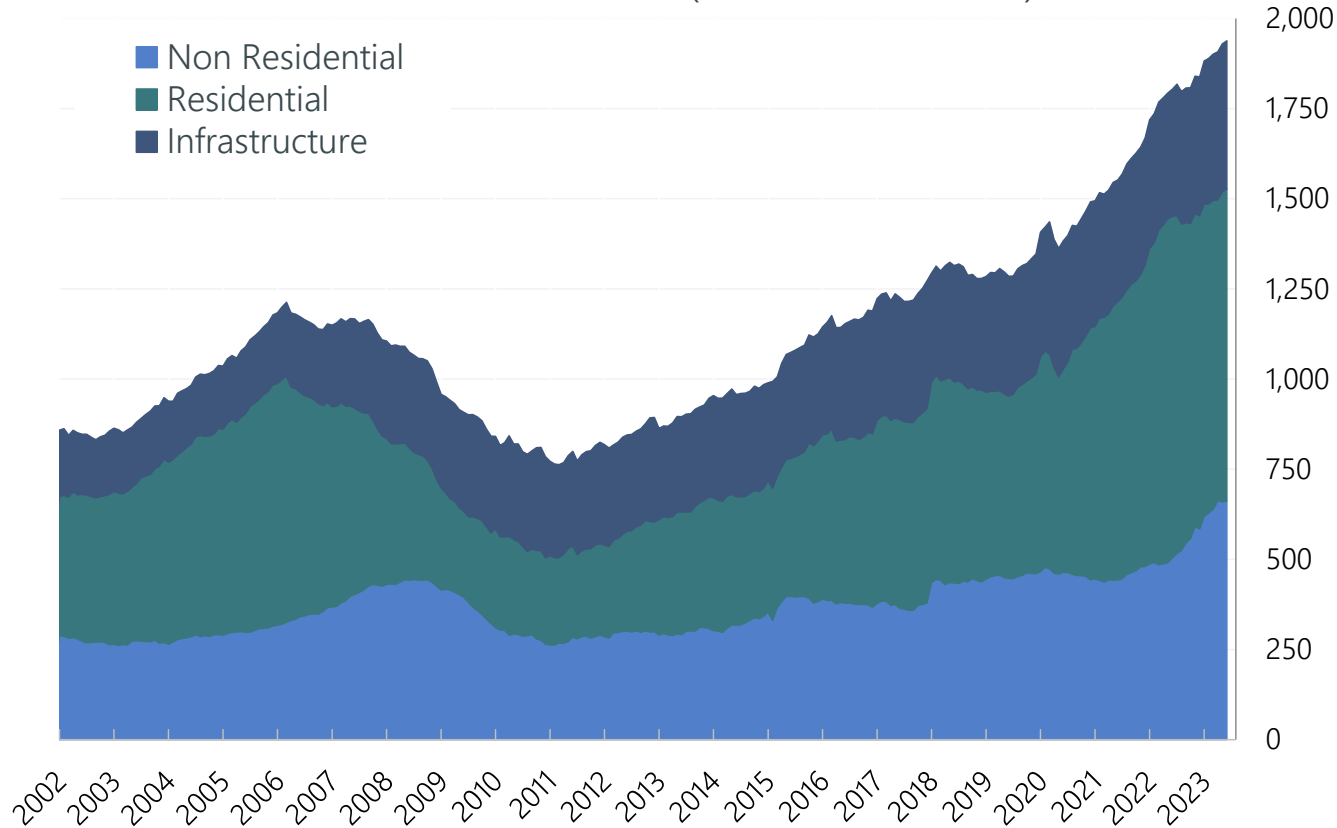
### Year-Over-Year Growth



### Pandemic Impact

Dallas  
(+8.1%)  
Chicago  
(+1.6%)  
Los Angeles  
(-0.7%)  
Denver  
(-0.3%)  
National  
(+4.8%)

Put In Place Construction (annualized billions)

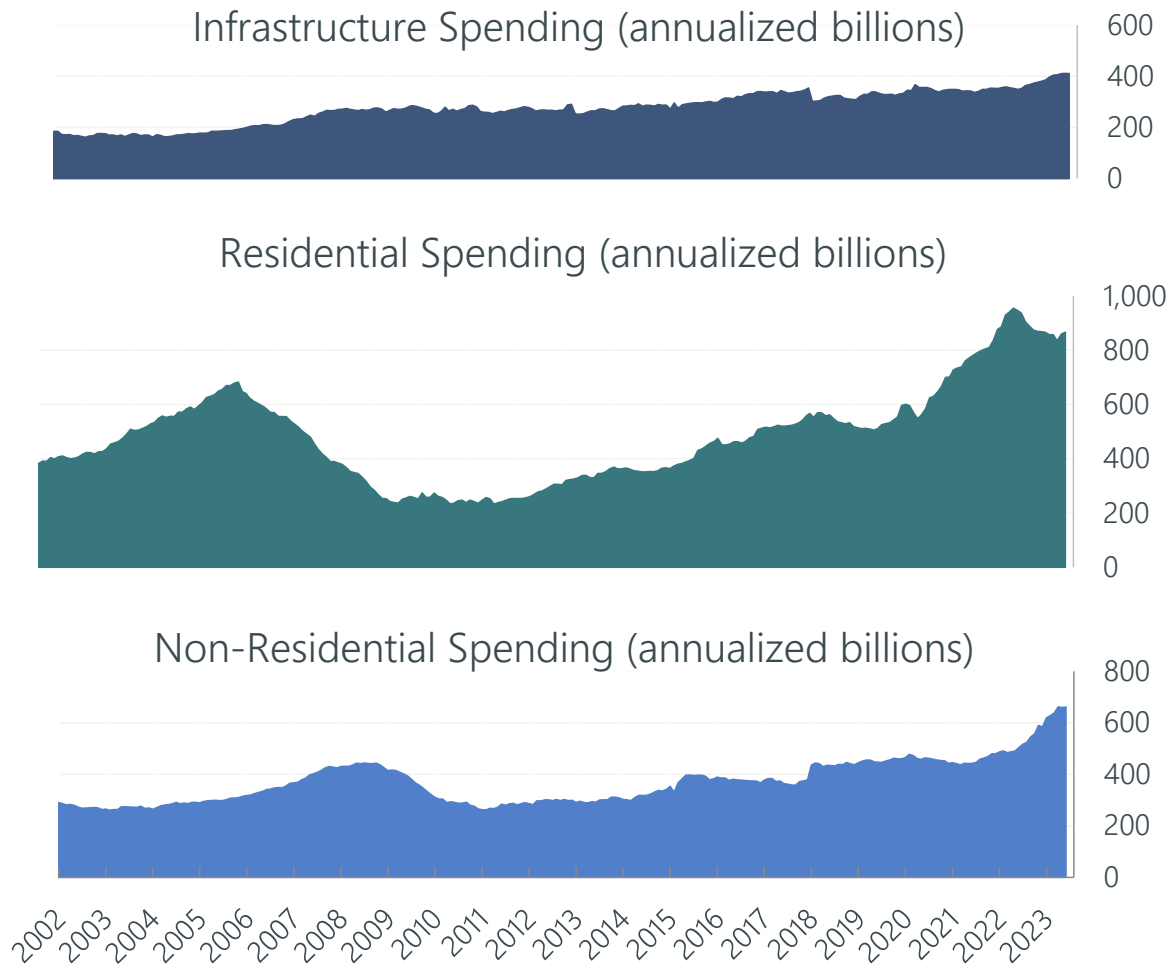


## 2011 to 2020

Total	+71%
Infra	+43%
Res	+119%
Non Res	+54%

## 2020 to Current

Total	+35%
Infra	+12%
Res	+44%
Non Res	+38%



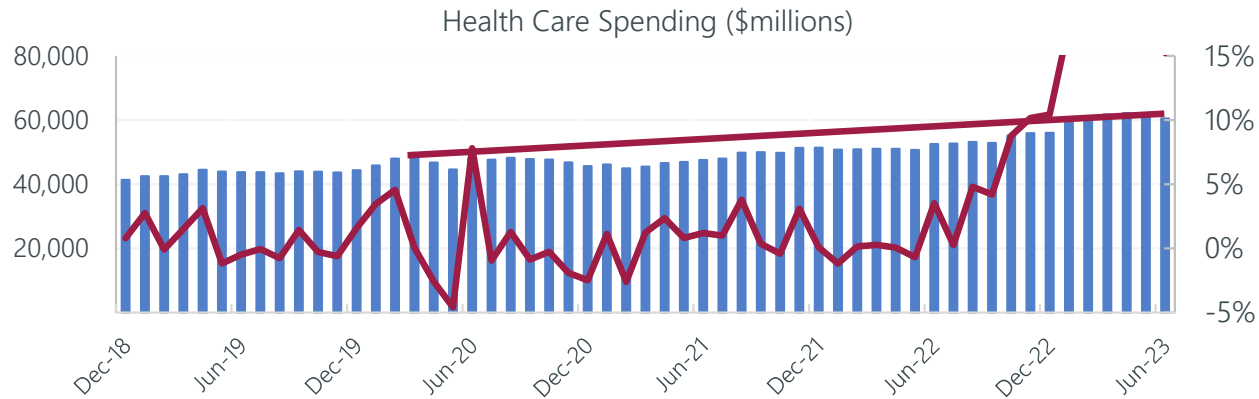
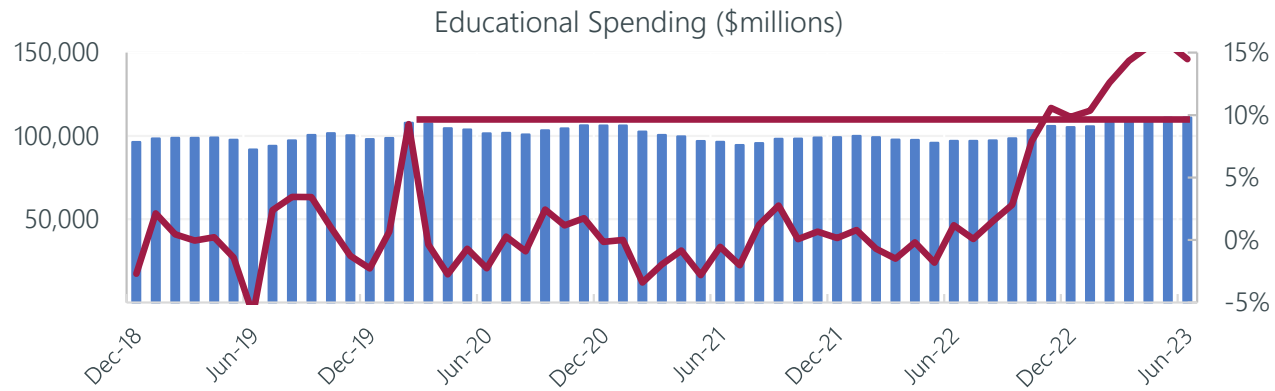
2011 to 2020

Total	+71%
Infra	+43%
Res	+119%
Non Res	+54%

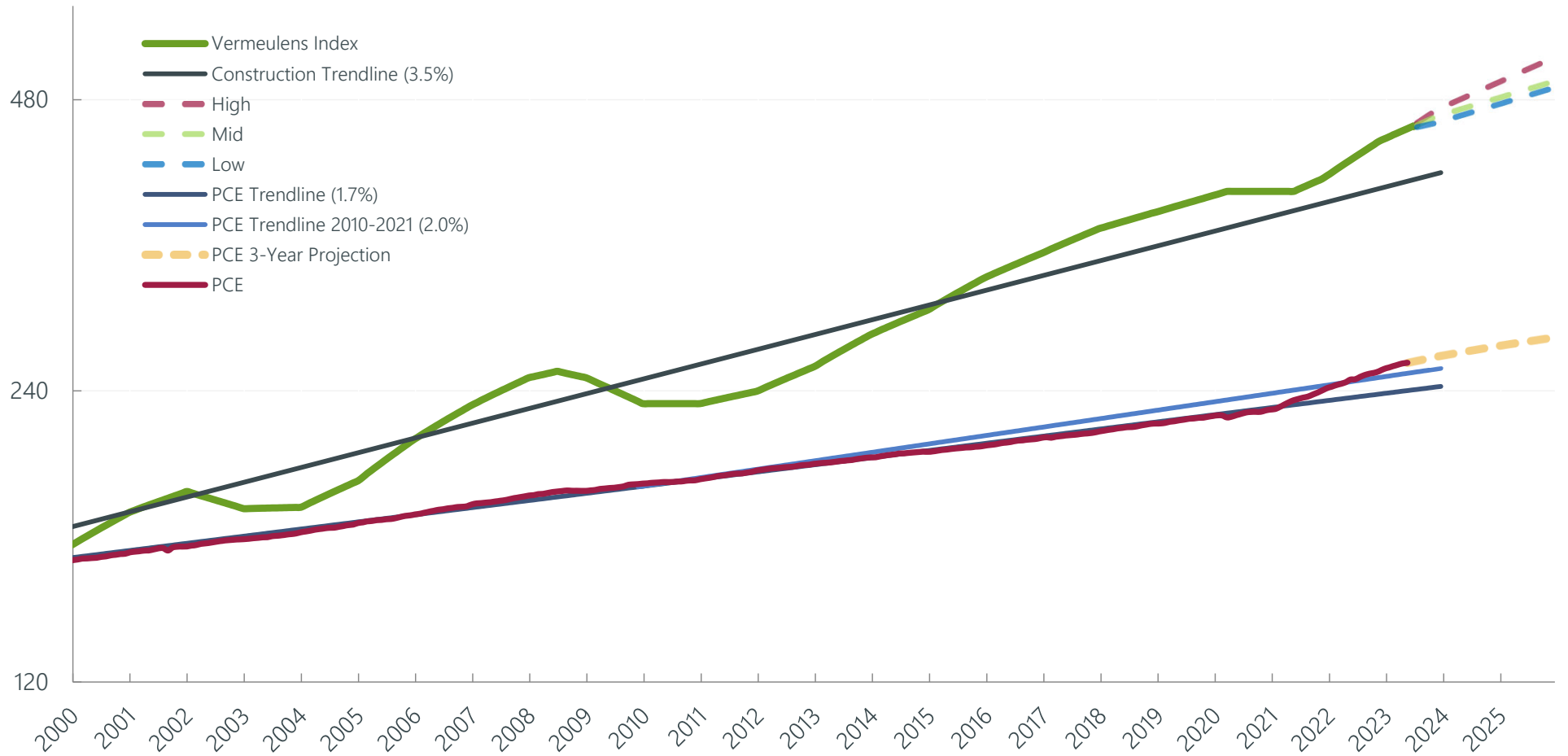
2020 to Current

Total	+35%
Infra	+12%
Res	+44%
Non Res	+38%

## US Construction Volume – Non Residential Spending



Indicator	Status
NYSE	+13.2% from peak - increasing
GDP Growth	+6.2% from peak - increasing
Federal Funds Rate	5.12% - levelling
Reserve Assets	\$8.21 T - decreasing \$5.90 T - target
PCE: Personal Consumption Expenditures	4.10% - decreasing 2% inflation target
Unemployment Rate	3.9% - levelling
Total Employment	+3.97M from peak - increasing
Construction Jobs	+363K from peak - increasing

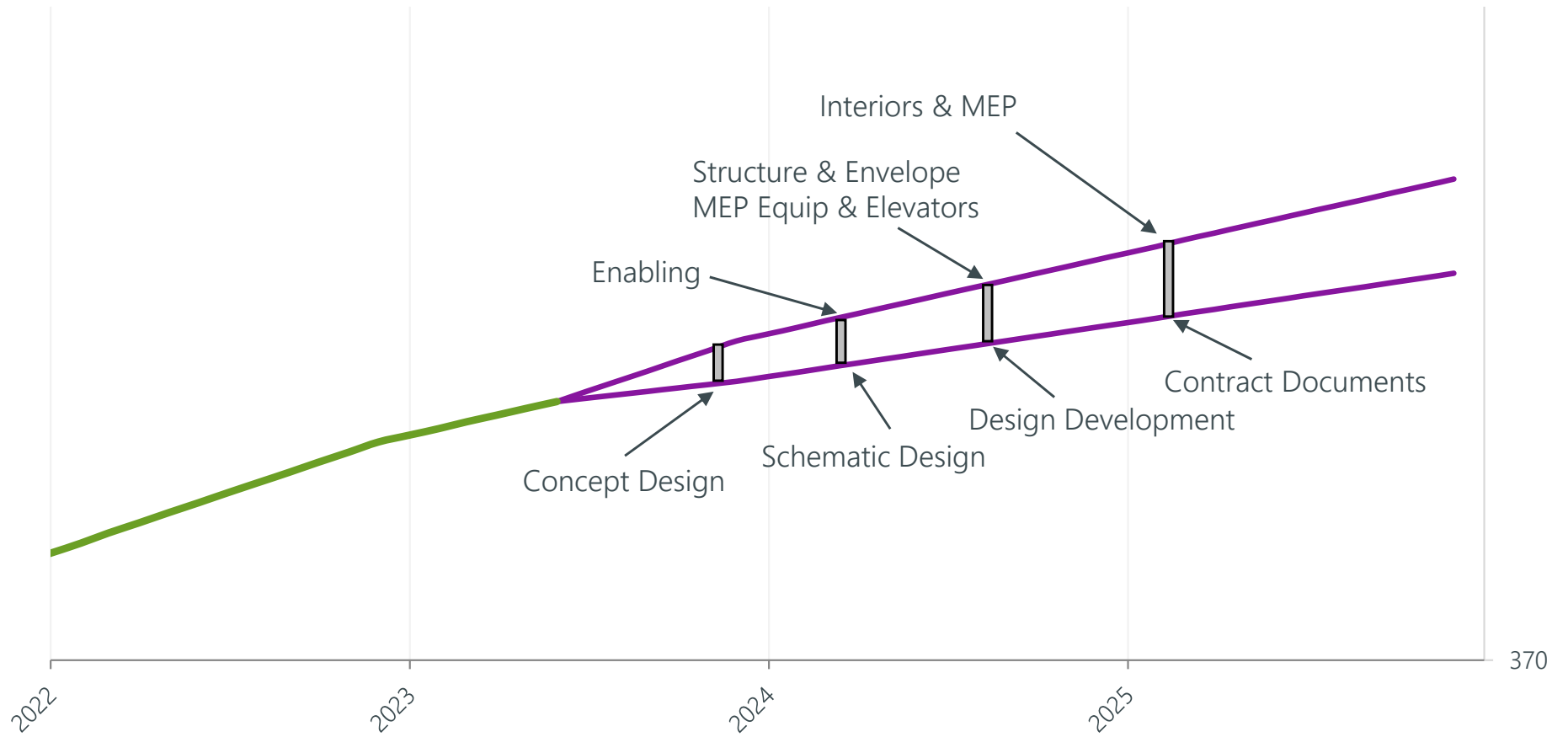


## Construction Escalation Forecast

2024 Economic Performance Scenarios	2024 Jobs Creation Economy	2024 Jobs Creation Construction	Bidding Contingency	2023 Escalation	2024 Escalation	2025 Escalation	2026 Escalation	Total Bidding & Escalation
Modest Growth	+2 Million	+100K	+10%	+8%	+8%	+8%	+8%	+42%
Minimal Growth	+1 Million	Zero	+5%	+6%	+6%	+6%	+6%	+29%
Soft Landing	Zero	-50K	0%	+4%	+4%	+4%	+4%	+16%
Minimal Recession	-1 Million	-100K	0%	+4%	+0%	+4%	+4%	+12%
Mild Recession	-2 Million	-200K	0%	+4%	-5%	+4%	+4%	+7%
Moderate Recession (e.g. .com Bomb)	-4 Million	-400K	0%	+4%	-10%	+3%	+3%	0%
Deep Recession (e.g. Financial Crisis)	-9 Million	-2 Million	0%	+4%	-15%	+2%	+2%	-7%

- 2021 had high volatility – effectively 2 years of escalation has all occurred in 2021
- 2022/2023 volatility remains high as we are building nationally at 4.8% above previous all-time highs
- Supply chains continue to be stressed with construction demand at all-time highs
- Carry 4% - 8% annual escalation to procurement in 2023, 2024, and beyond
- Carry 0% - 10% bidding contingency until volatility reduces to more normal levels
- Continue to monitor Fed policies (interest rates) designed to reduce demand
- Design add/deduct alternates in the 10% of construction cost range
- Continue design and get shovel ready
- Supply chain – preorder materials and warehouse close to site





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Thank you

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