

Market Outlook Construction Forum

Summary

as of July 10, 2020

Presenters

- Richard Vermeulen, Lead Economist, Vermeulens

Construction Market Data to End of June

- Bids **tracking at March 2020 rates** with some instances of price declines
- Monetary stimulus continuing to underpin capital and employment markets
- **Bounce back economy wide and in construction employment numbers**

Covid Timelines and Re Opening

- Comparison of **flattening the curve mitigation measures versus containment measures**
- Effect of re-opening in contained and/or mitigated countries and states

Intro to Integrated Design for a Covid Ready World

- **Low cost/high efficiency cost** models for transportation, green infrastructure, home, work, and institutional uses
- Integrated design processes as they iterate for a variety of different scenarios

Look Ahead to Office, Work, and Social

- Taking the long view on our built environment
- **Gathering and measuring data for home, work, and social scenarios**

Future Agenda

- July 24, 2020
 - Lord Aeck Sargent: Work from Home: How will this reshape the world we live/work in along with Survey Results
- August 7, 2020
 - Stantec: Getting Back to Social



Since 1972




Design & Construction Market Outlook

Richard Vermeulen – Co-CEO
Blair Tennant – Associate Principal


North America's Construction Economist
vermeulens.com

Boston New York Toronto San Antonio Denver Los Angeles

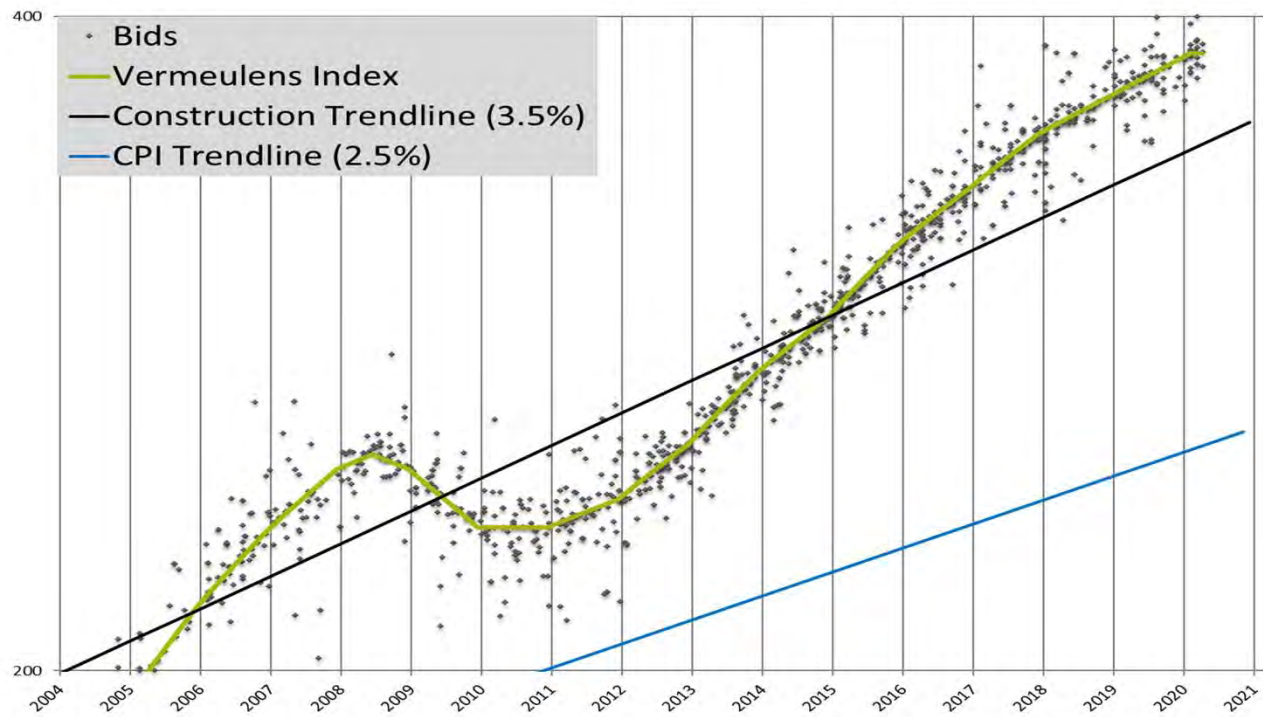
- Please **mute** mics except for those speaking
 - Please keep **camera** function **off**
 - Interim **questions** and comments via **chat**
 - **Bi-Weekly:** “Situation Report”, slide deck, reminder, sign up
 - Webcast **audio** available with reminder link
 - **Bi-Weekly – July 24th** next session
- 



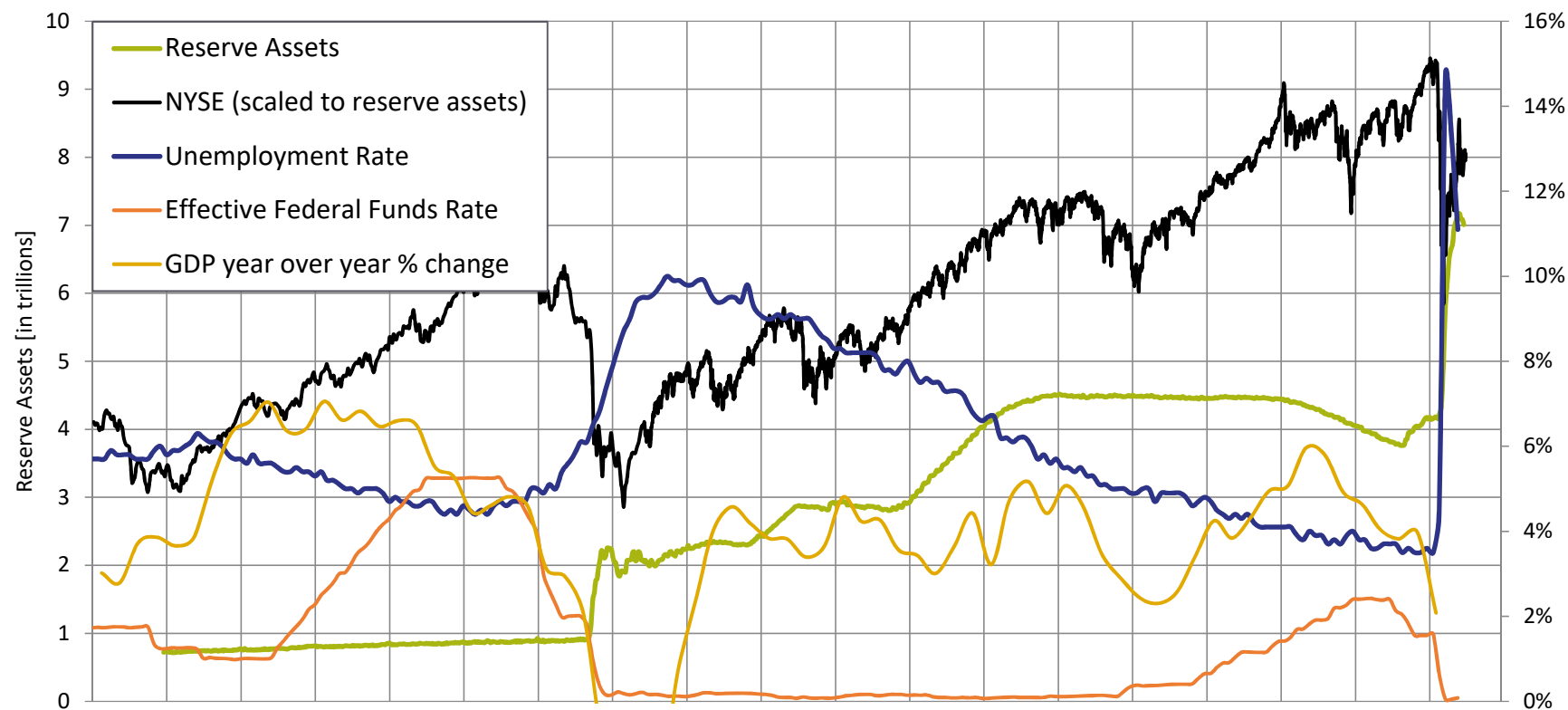
Agenda

- Construction Market Data to End of June
 - Covid Timelines and Re Opening
 - Intro to Integrated Design for a Covid Ready World
 - Look Ahead to Office Work and Social
- 

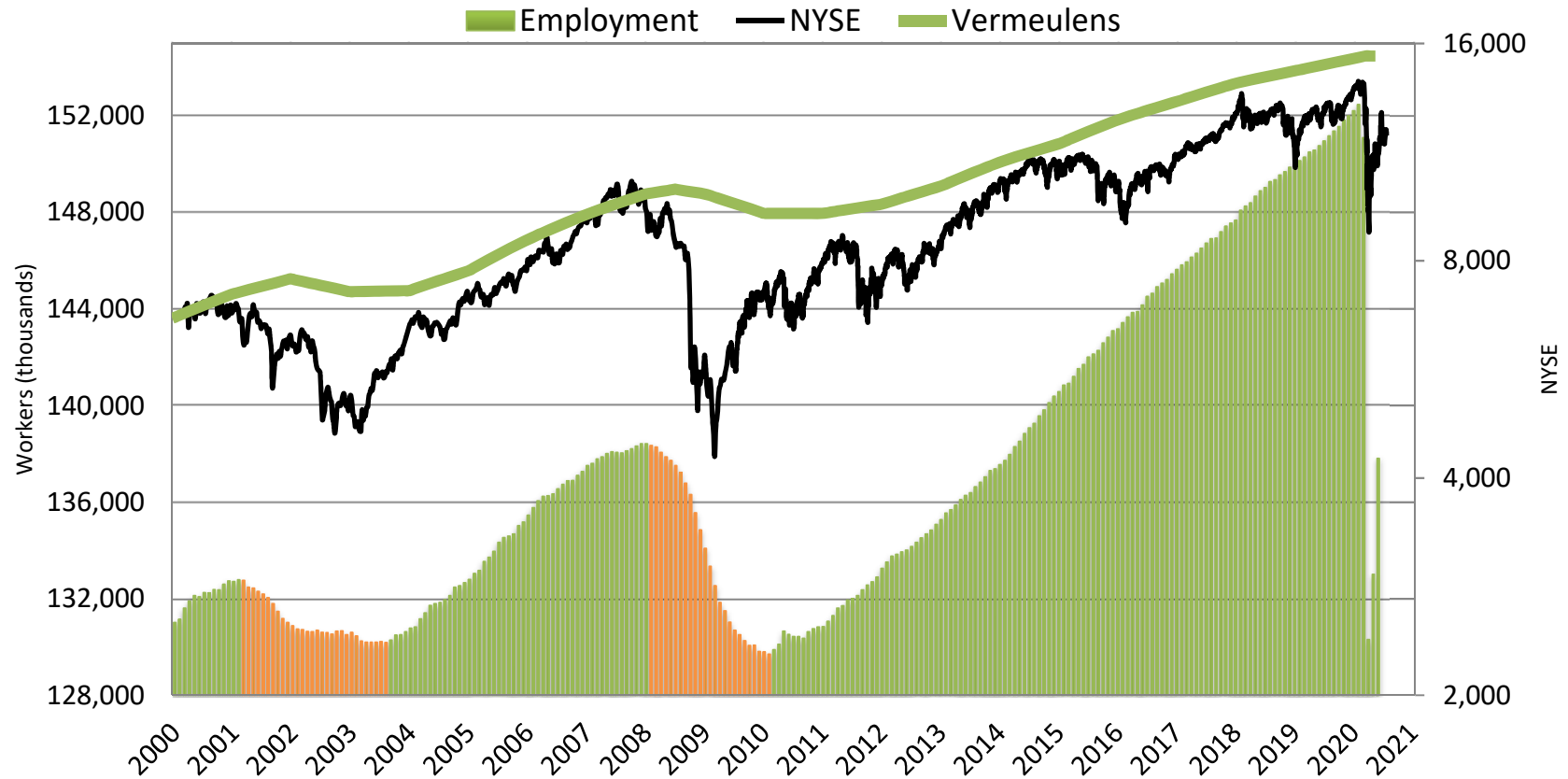
Macro to Micro - Index



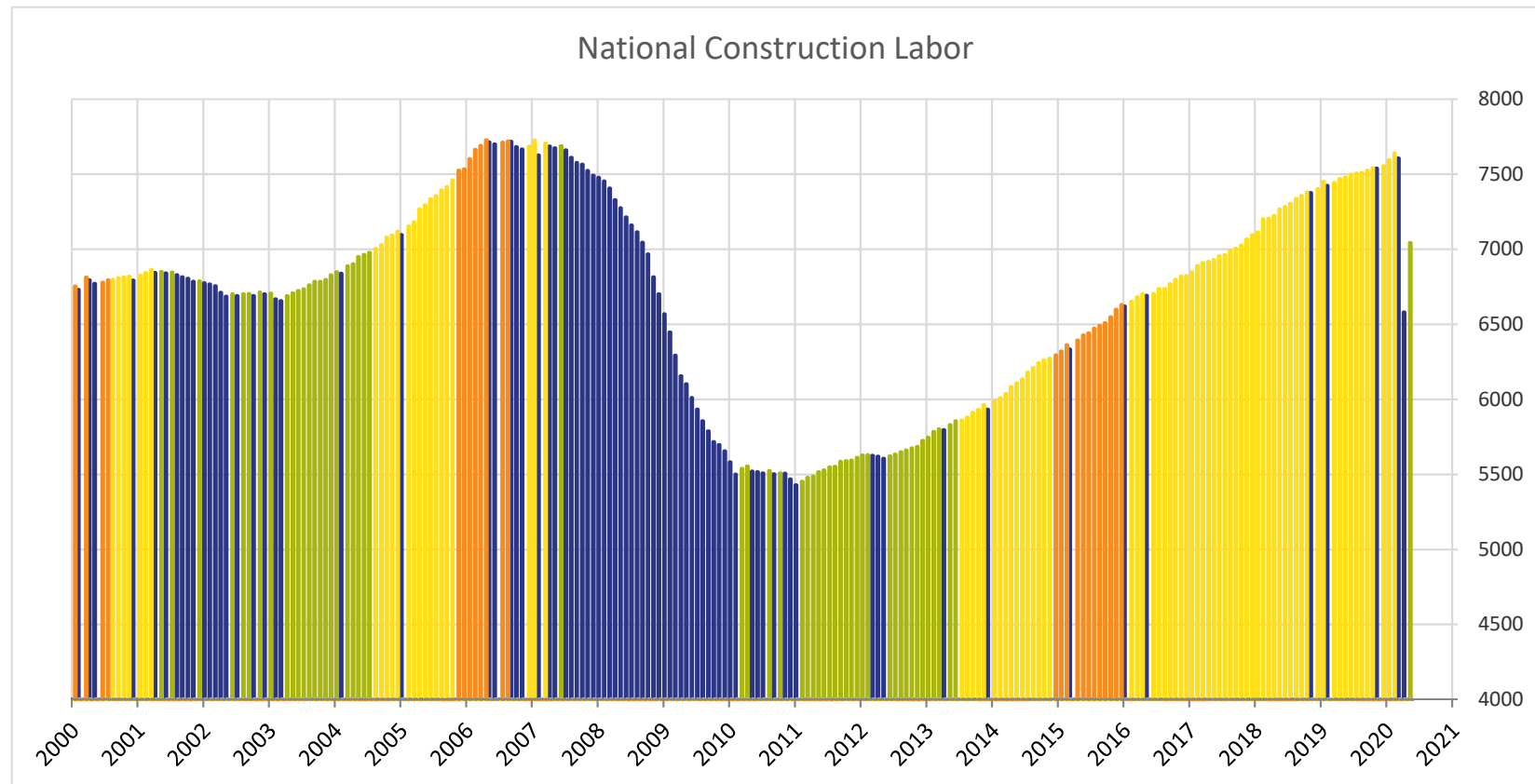
Macro to Micro – Fed Watch



Macro to Micro - US Unemployment




Macro to Micro – Construction Labor

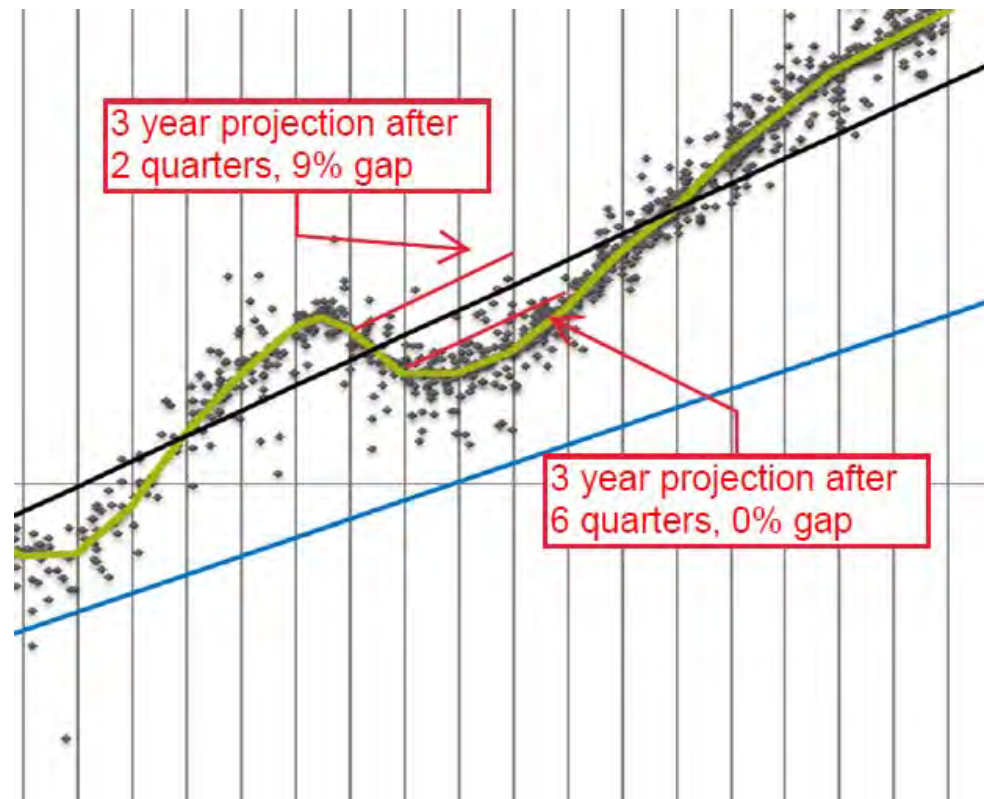




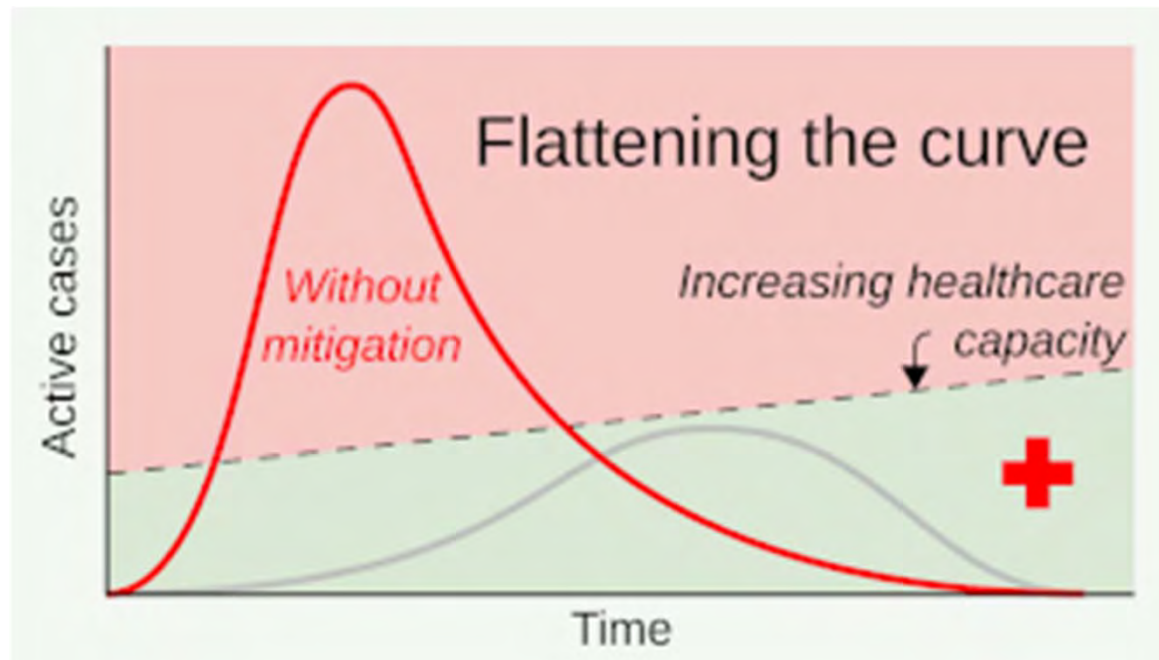
Macro to Micro - Escalation Position

- Reconciled escalation **rates maintained** at or past the Design Development stage
 - **3%-4%** escalation below the line for **projects** with long time horizons
 - Line item unit rates will be **held at March 2020 values** until bid data is substantial
 - **No reliable data** or history on how long or deep this downturn will be
 - Potential **offsetting cost increase** for COVID measures and construction efficiency
 - Vermeulens **bid data** show rates stable or declining depending on project size
 - Consider **design add alternates** in the 10% of cost range
- 

Macro to Micro – Great Recession



Macro to Micro – Macro Flattening?



Macro to Micro – Herd Immunity?



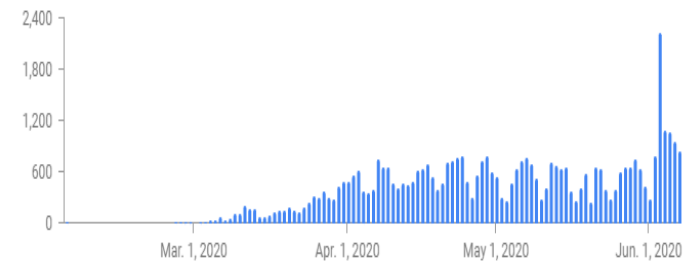
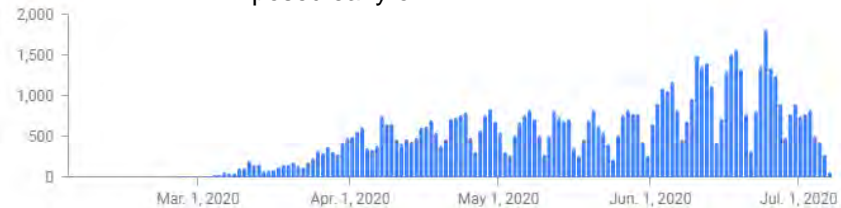
antibodies were only found in 6.1 per cent of the samples collected nationwide in the week ending May 24

Cases over time

Sweden

New

Total



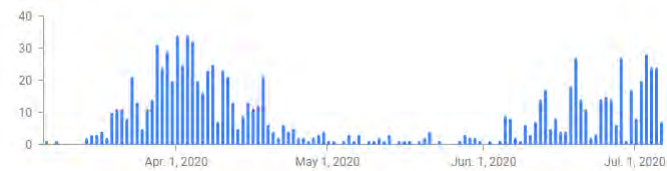
social distancing requirements in Sweden are now stricter than in many other countries because places like Denmark and Norway have rolled back the severe lockdowns they imposed early on

Macro to Micro – Containment Sawtooth?

Cases over time

Hawaii

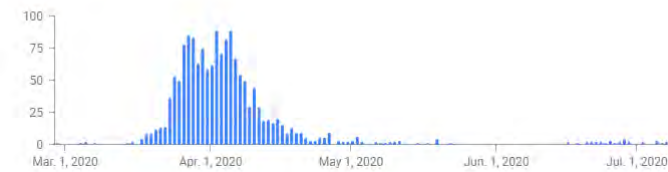
New Total



Cases over time

New Zealand

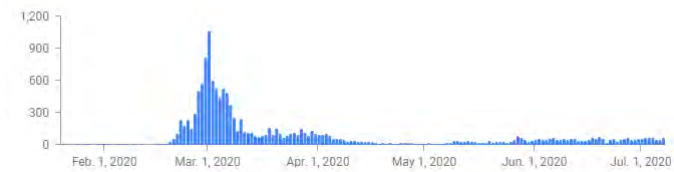
New Total



Cases over time

South Korea

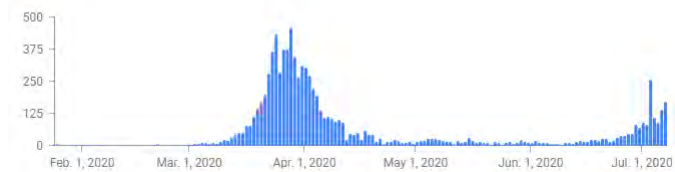
New Total



Cases over time

Australia

New Total



Macro to Micro – Macro Flattening vs Micro Containment

United States







Confirmed
2,064,092

Recovered
621,646

Deaths
115,487

Updated less than 1 hour ago • Source: [Wikipedia](#)

Cases

Location	Confirmed ↓	Cases per 1 million people	Recovered	Deaths	New cases (last 60 days)
 Worldwide	7,273,958	935	—	413,372	
 United States	2,064,092	6,263	621,646	115,487	
New York	380,892	19,531	68,211	24,442	
New Jersey	165,816	18,798	28,376	12,443	
California	133,489	3,542	—	4,697	
Illinois	130,603	10,148	117,536	6,185	
Massachusetts	104,156	15,811	78,108	7,454	
Texas	81,583	2,946	52,449	1,920	
Pennsylvania	77,313	6,067	55,665	6,113	
Michigan	64,998	6,581	42,041	5,943	

United States









Confirmed
3,048,072

Recovered
918,298

Deaths
133,322

Updated less than 1 hour ago • Source: [Wikipedia](#)

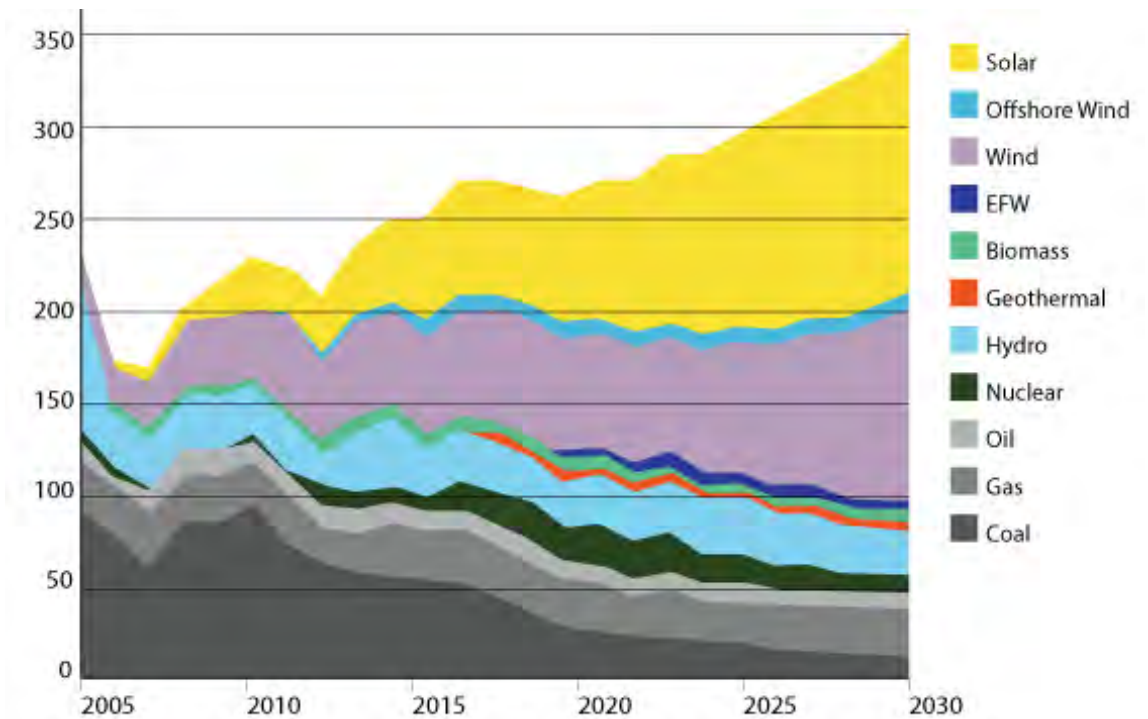
Cases

Location	Confirmed ↓	New cases (last 60 days)	Cases per 1 million people	Recovered	Deaths
 Worldwide	11,797,213		1,517	6,415,379	543,595
 United States	3,048,072		9,249	918,298	133,322
New York	402,928		20,661	71,040	31,934
California	287,766		7,636	No data	6,563
Texas	219,164		7,913	108,485	2,816
Florida	213,786		11,218	No data	3,840
New Jersey	175,734		19,922	30,729	15,281
Illinois	150,110		11,664	93,157	7,281
Massachusetts	110,338		16,750	93,157	8,213
Arizona	105,159		16,222	12,260	1,933

Sources: [Wikipedia](#), [The New York Times](#), [The COVID Tracking Project](#)

Macro to Micro – Ecology Wellness Economy in a Covid Ready World

Green at No Cost Integrated Design



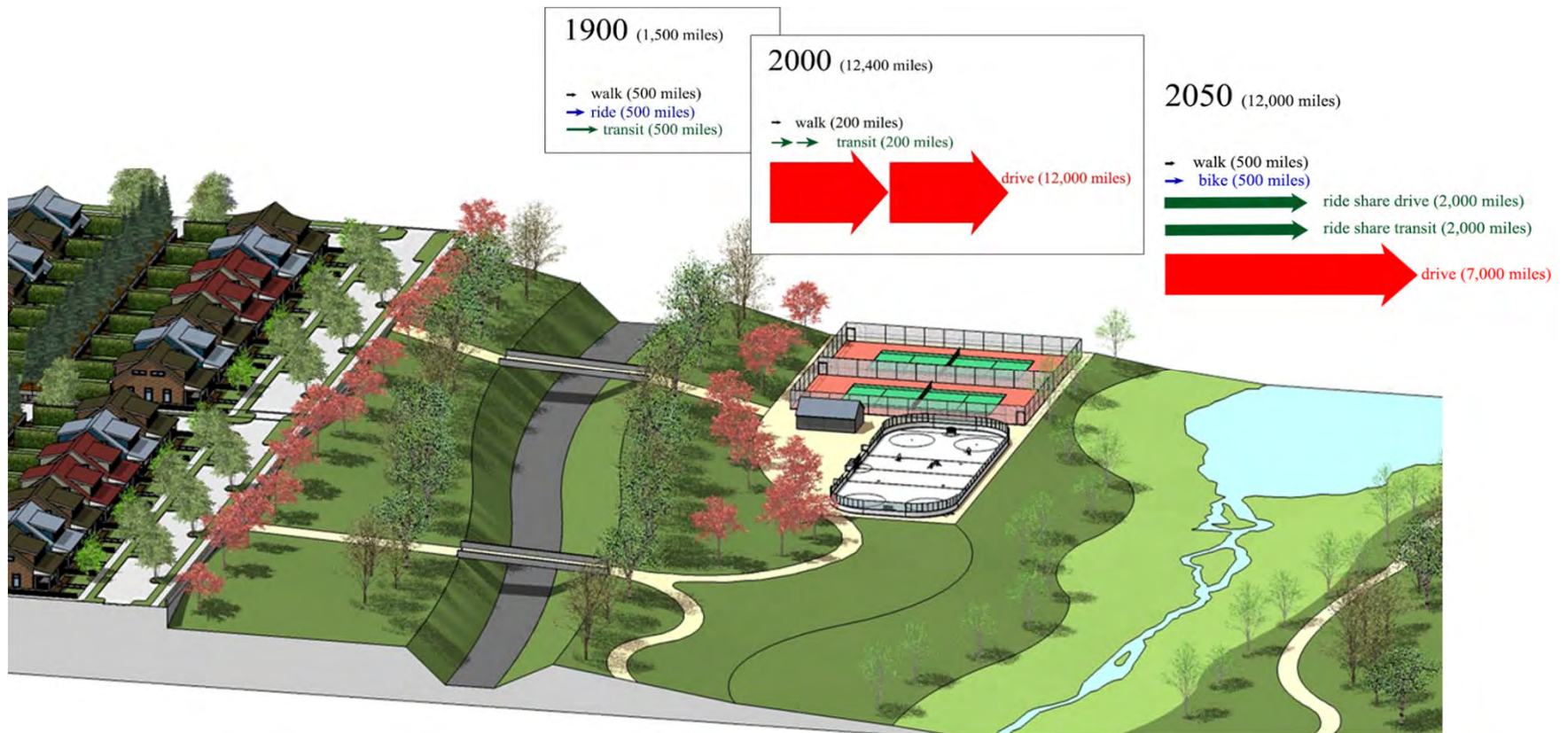
Macro to Micro – Covid Ready Transportation



Macro to Micro – Covid Ready Green Infrastructure



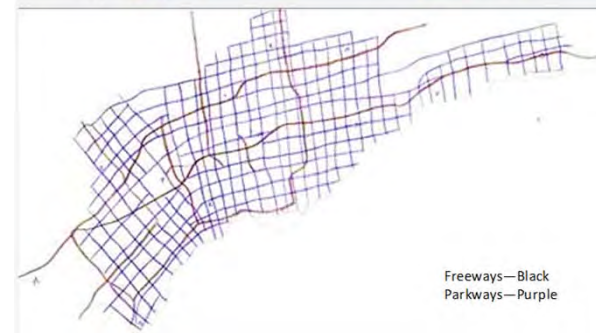
Macro to Micro – Green Infrastructure Access and Mobility



Macro to Micro – 19th and 21st Century Networks



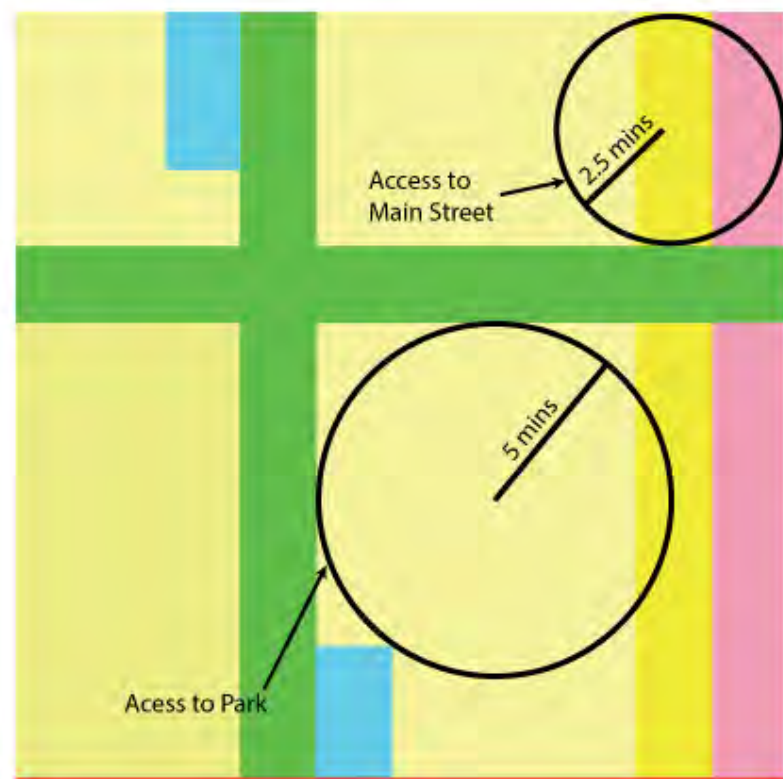
200 miles of rapid rail
200 miles of street rail
40 hubs



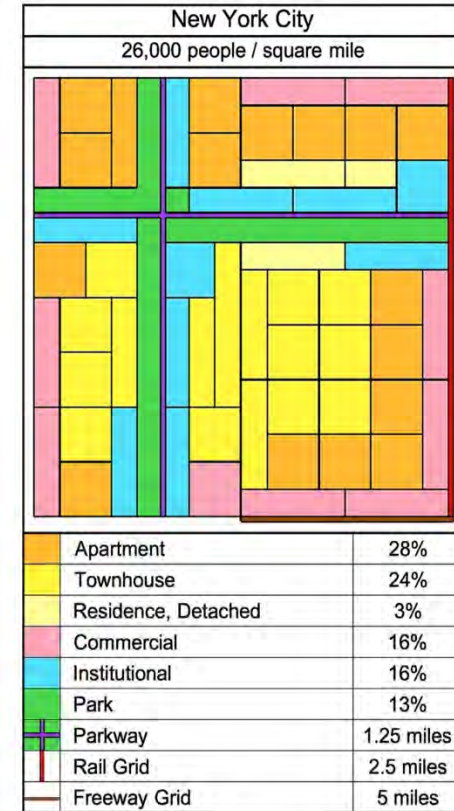
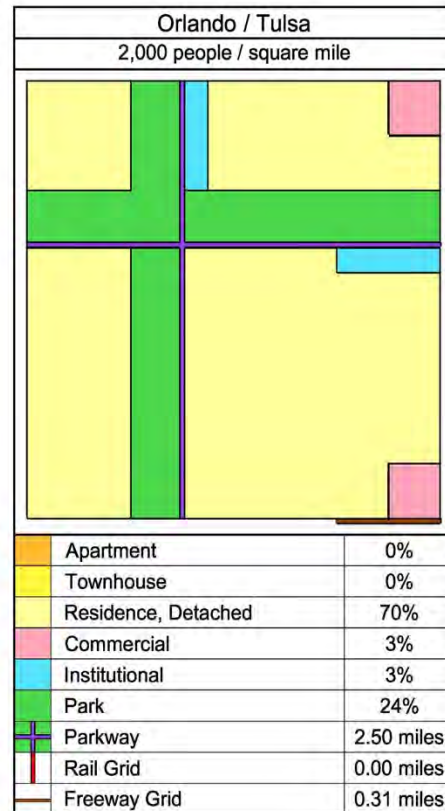
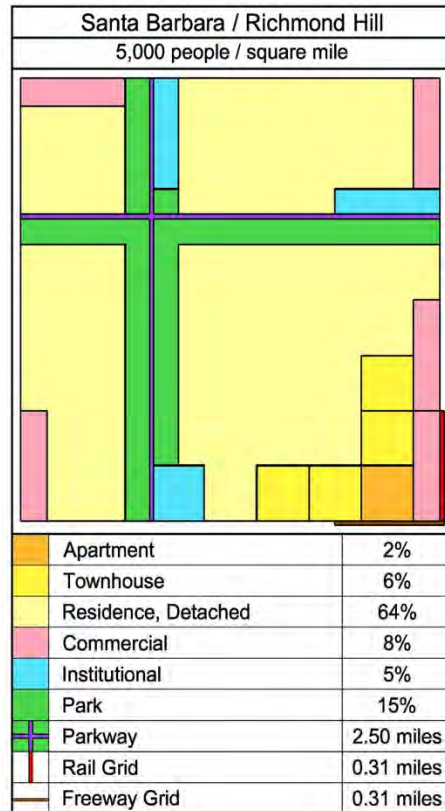
825 miles of parkway
825 miles of bikeway
2,500 miles of through road
2,500 miles of bike path
330 parkway hubs
660 main street hubs

Freeways—Black
Parkways—Purple

Macro to Micro – Planning Framework Walkability



Macro to Micro – Planning Framework Adaptability



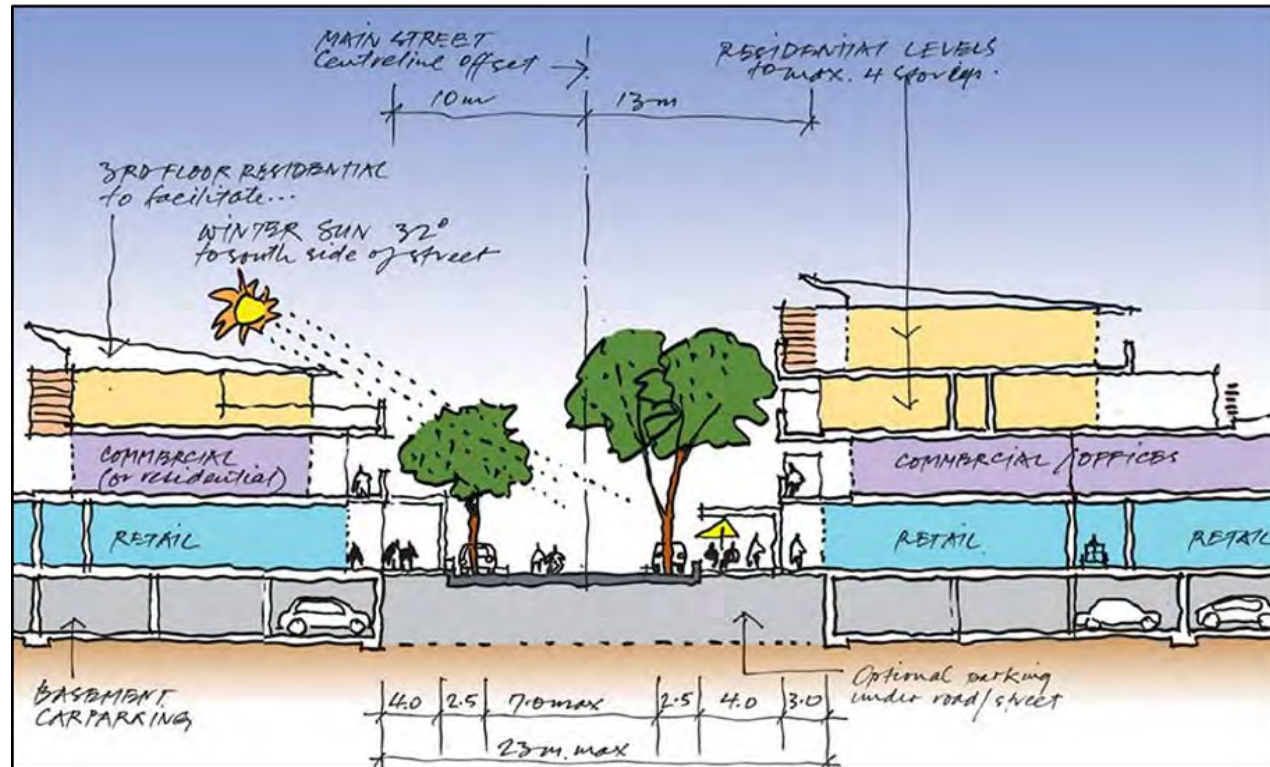
Macro to Micro – Live Work Private Yard



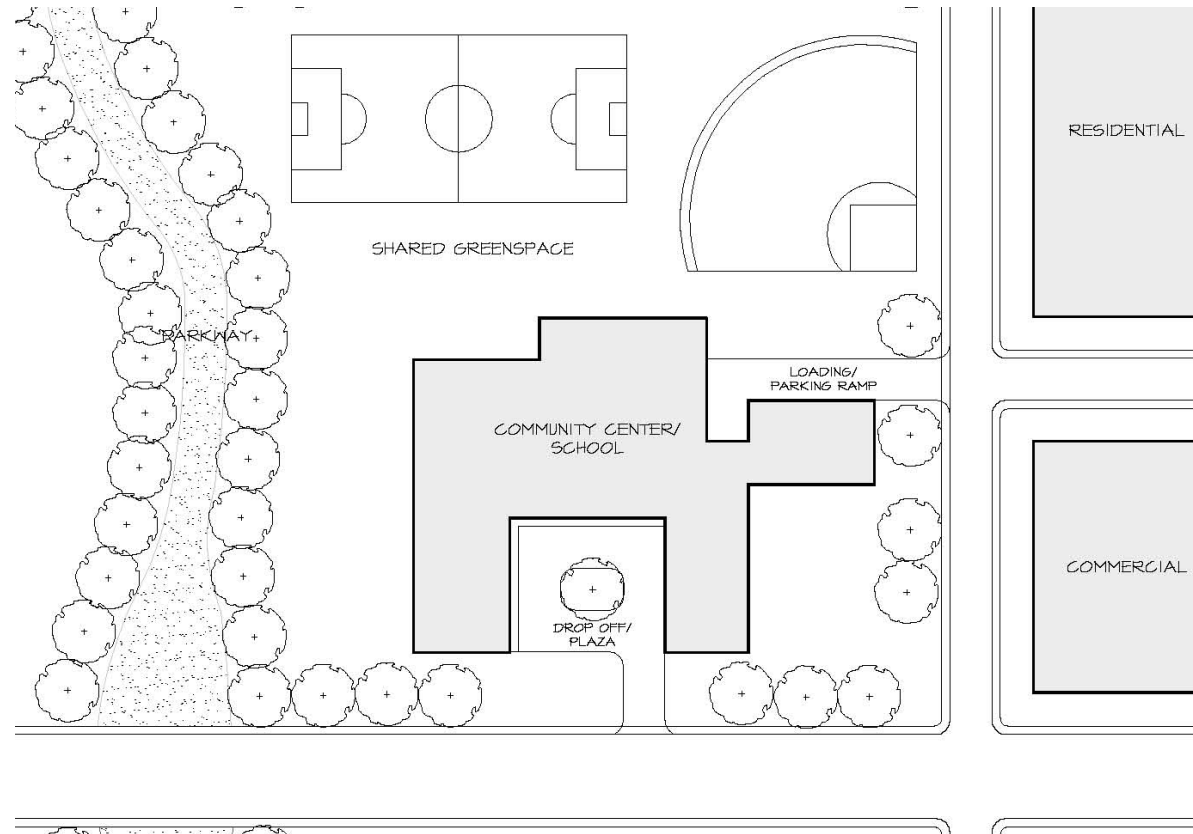
Macro to Micro – Live Work Multi Family



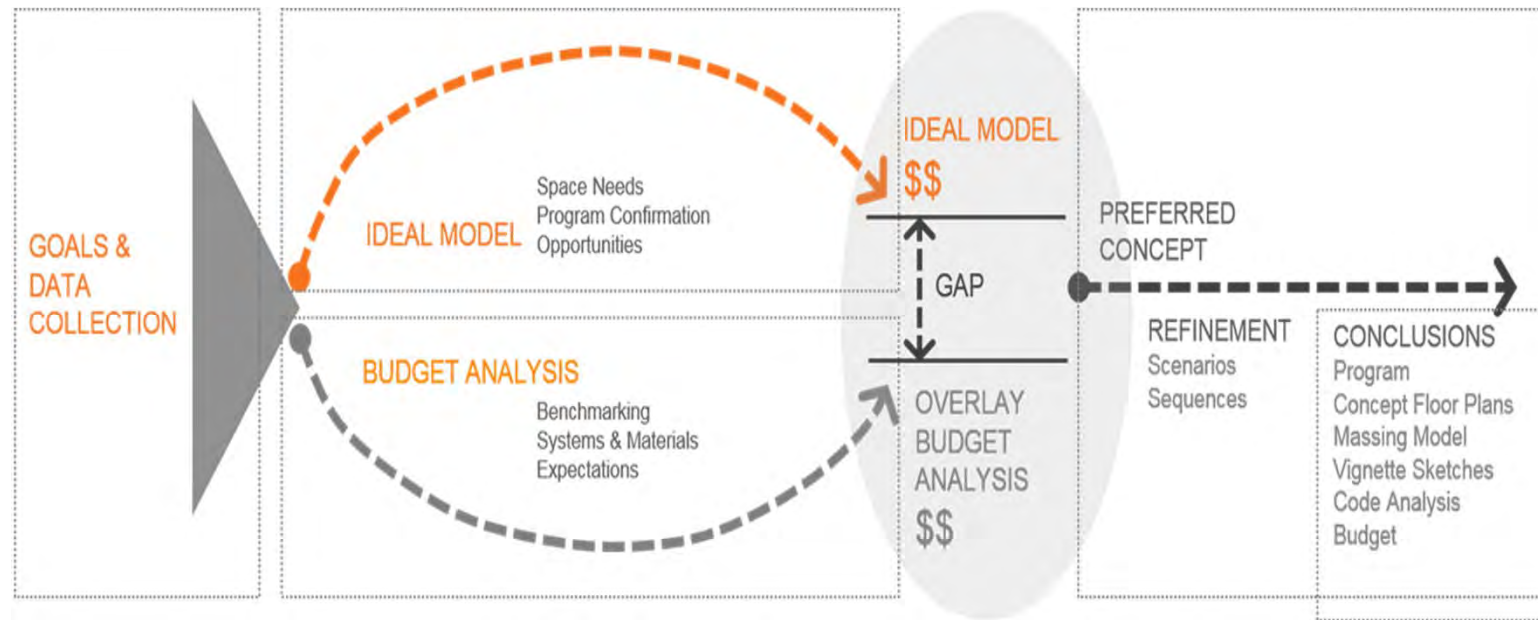
Macro to Micro – Live Work Mixed Use



Macro to Micro – Social and Educational



Macro to Micro – Cost Models and Integrated Design



Macro to Micro – Think Big with Lord Aeck Sargent



STONE
AGE



CLASSICAL
ANTIQUITY



MIDDLE
AGES
&
RENAISSANCE



MACHINE
&
INDUSTRIAL
AGE



INFORMATION
AGE



DIGITAL
AGE

Macro to Micro – Covid Ready Design

Google office design after coronavirus

Q All News Images Shopping Videos More

About 5,450,000,000 results (0.5 seconds)

Google post covid university design

© JOHN SCHNEIDER 2020
NOT FOR DISTRIBUTION

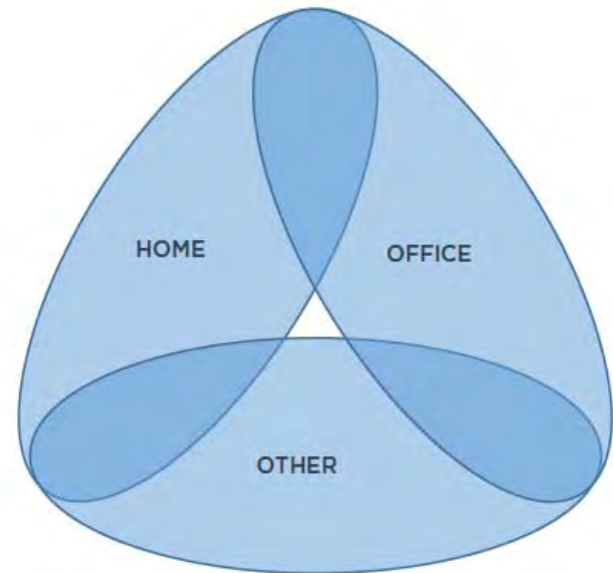
Q All Images Shopping Maps News More

About 1,390,000,000 results (0.66 seconds)

Google multi-family after coronavirus

Q All News Images Shopping Videos More

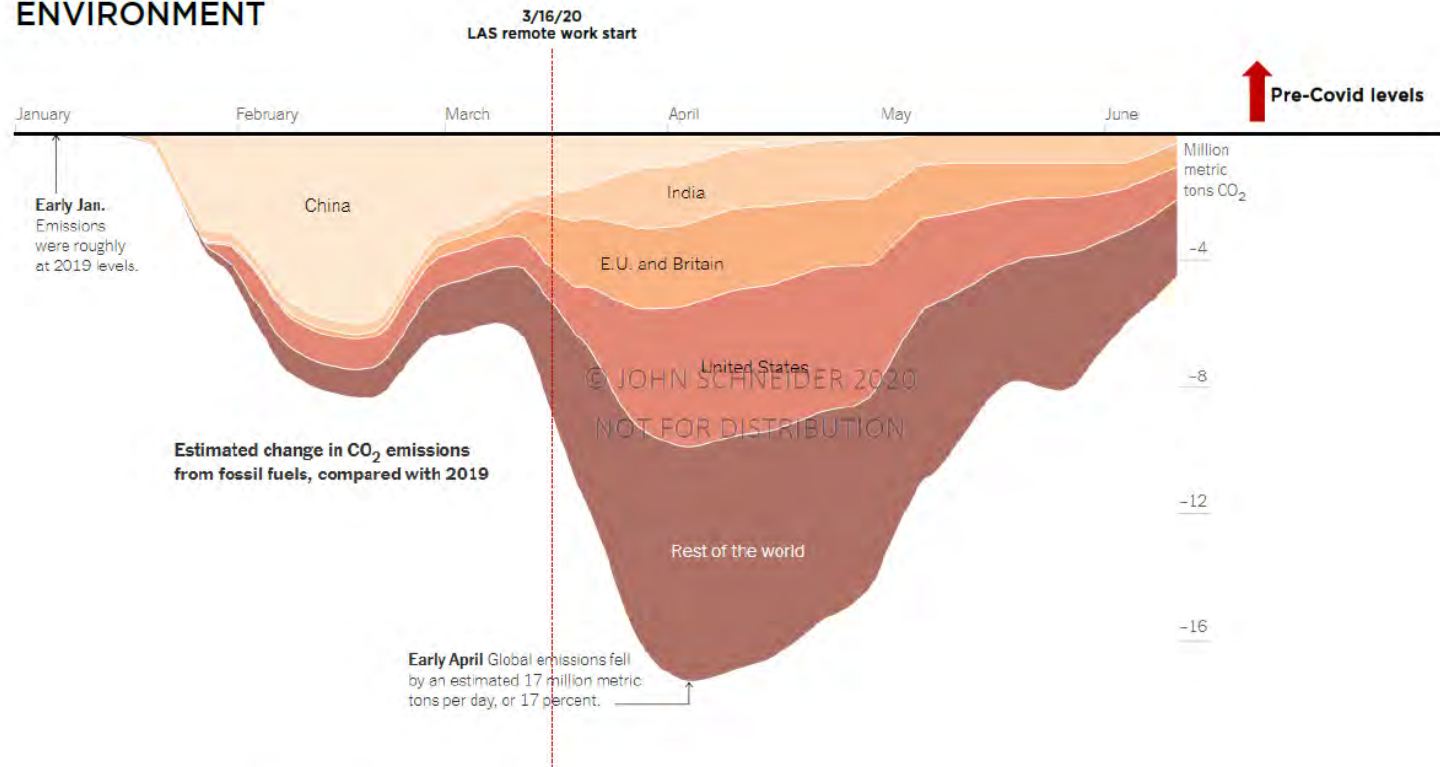
About 2,560,000,000 results (0.56 seconds)



5/25/20

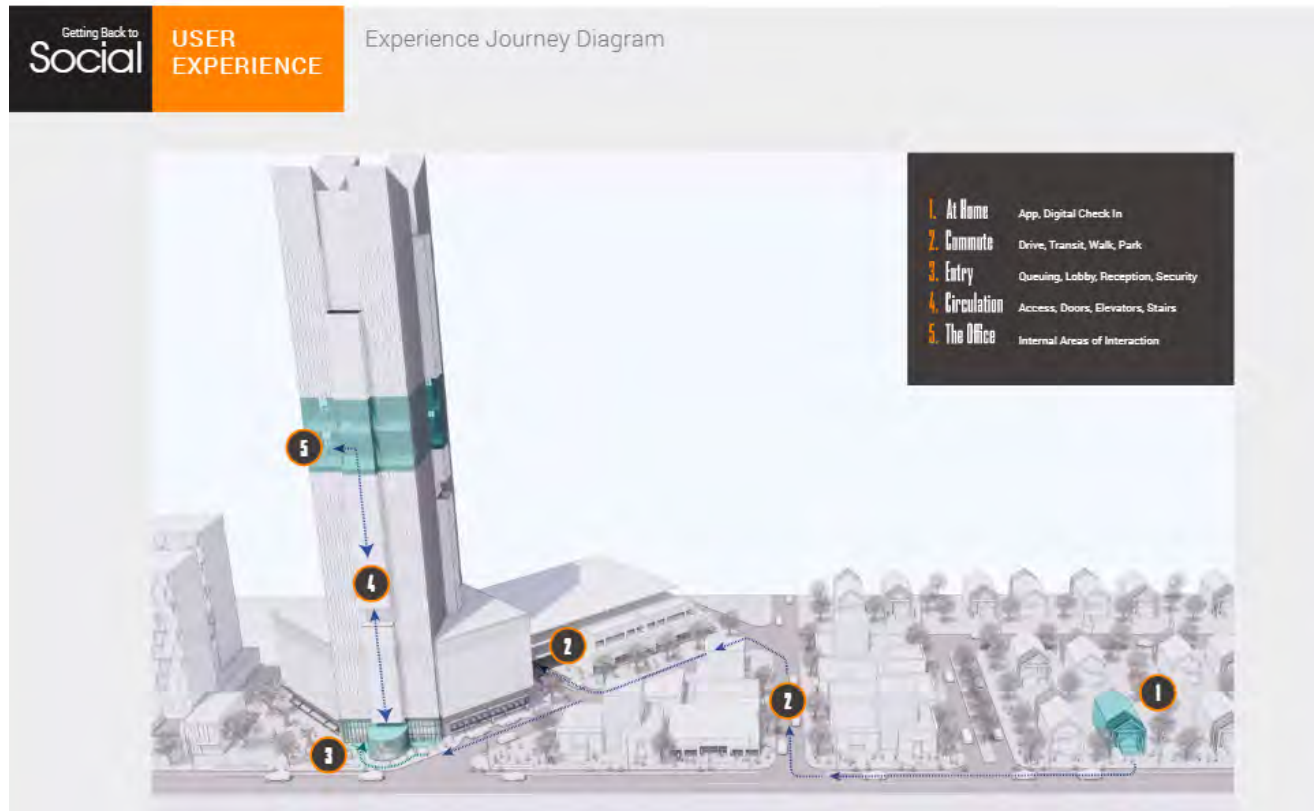
Macro to Micro – Emissions Redux

ENVIRONMENT



Source: New York Times / Nature Climate Change and Global Carbon Project

Macro to Micro – Covid Ready Social with Stantec





Future Agenda

July 24th

- Lord Aeck Sargent: Work From Home: How will this reshape the world we live/work in along with Survey Results

August 7th

- Stantec: Getting Back to Social
- 