

Market Outlook Construction Forum

Summary

as of June 12, 2020

Session Presenters

- Richard Vermeulen, Lead Economist, Vermeulens
- Stephen Carbery, Facilities Vice President, Yale New Haven Health
- Charles Griffin, Senior Director of Healthcare, EYP Architecture & Engineering

Macro to Micro Analysis Richard Vermeulen – Lead Economist, Vermeulens

- Overlay of Vermeulens current pricing recommendations on previous recession
- Comparison of COVID timelines extrapolated from real time data across several global jurisdictions
- Implications for these timelines on depth and duration of current recession

Healthcare Facilities Insight Stephen Carbery – Facilities Vice President, Yale New Haven Health

- Managing the transition from large scale capital projects spending program to COVID readiness
- Using E-builder (project management software) has been critical regarding project reporting
- Expectations for a coordinated system restart as beds become available and potential return business normalcy

Healthcare Design Insight Charles Griffin – Senior Director for Healthcare, EYP Architecture & Engineering

- Several major design projects have been put on hold or cancelled
- Adapting to a virtual environment for design startup on major healthcare projects
- Staffing impacts and prospects for re-start of design

All – How could we do better?

Future Agenda

- State by State Construction Employment
- Texas A&M University Systems Update
- Contractor Feedback Big State Electric
- Multi-Family and Student Housing Construction Market
- COVID-19 Cost Checklist



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

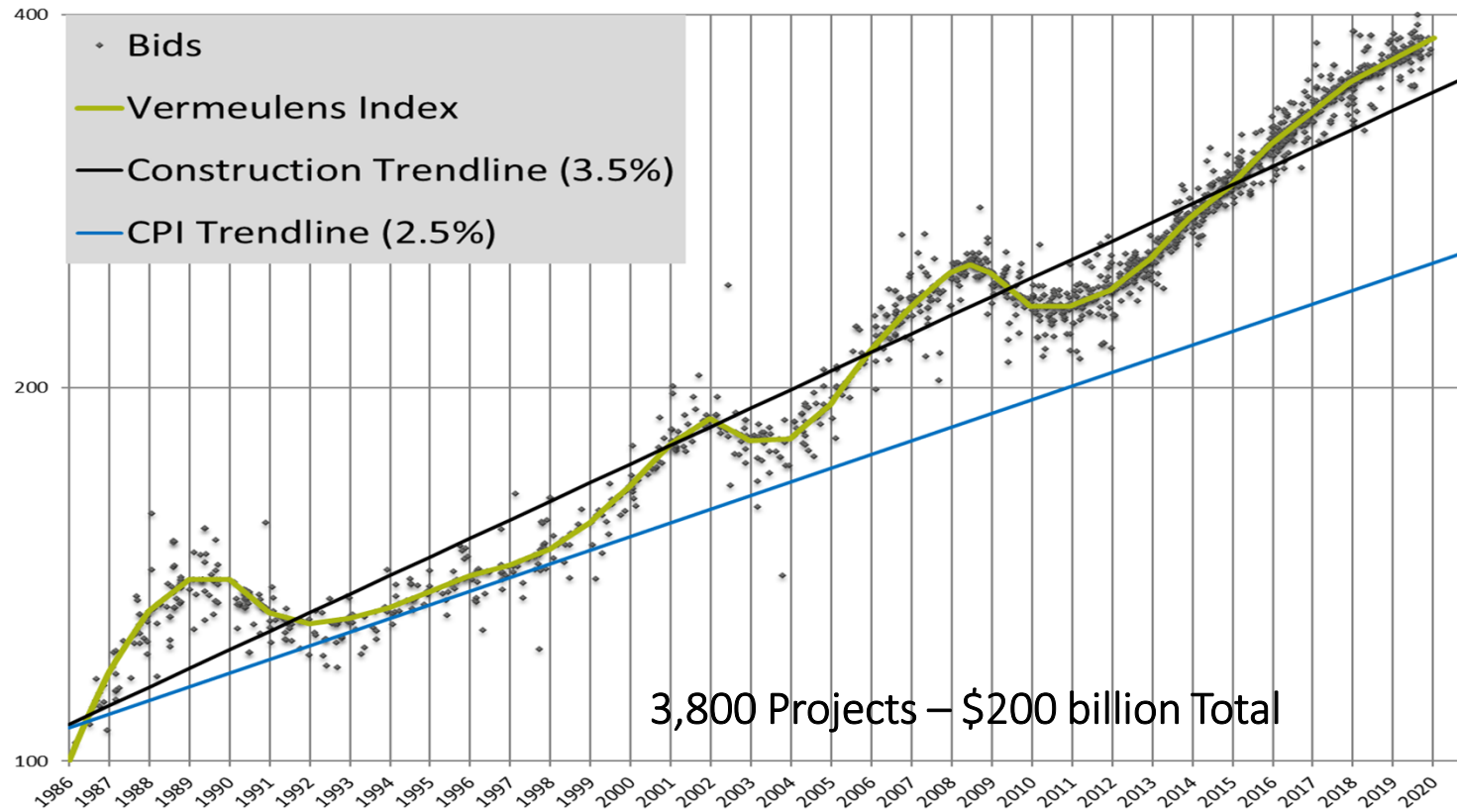
- Please **mute** mics except for those speaking
 - Please keep **camera** function **off**
 - Interim **questions** and comments via **chat**
 - **Bi-Weekly:** “Situation Report”, slide deck, reminder, sign up
 - Webcast **audio** available with reminder link
 - Shifting to **Bi-Weekly – June 12th** next session
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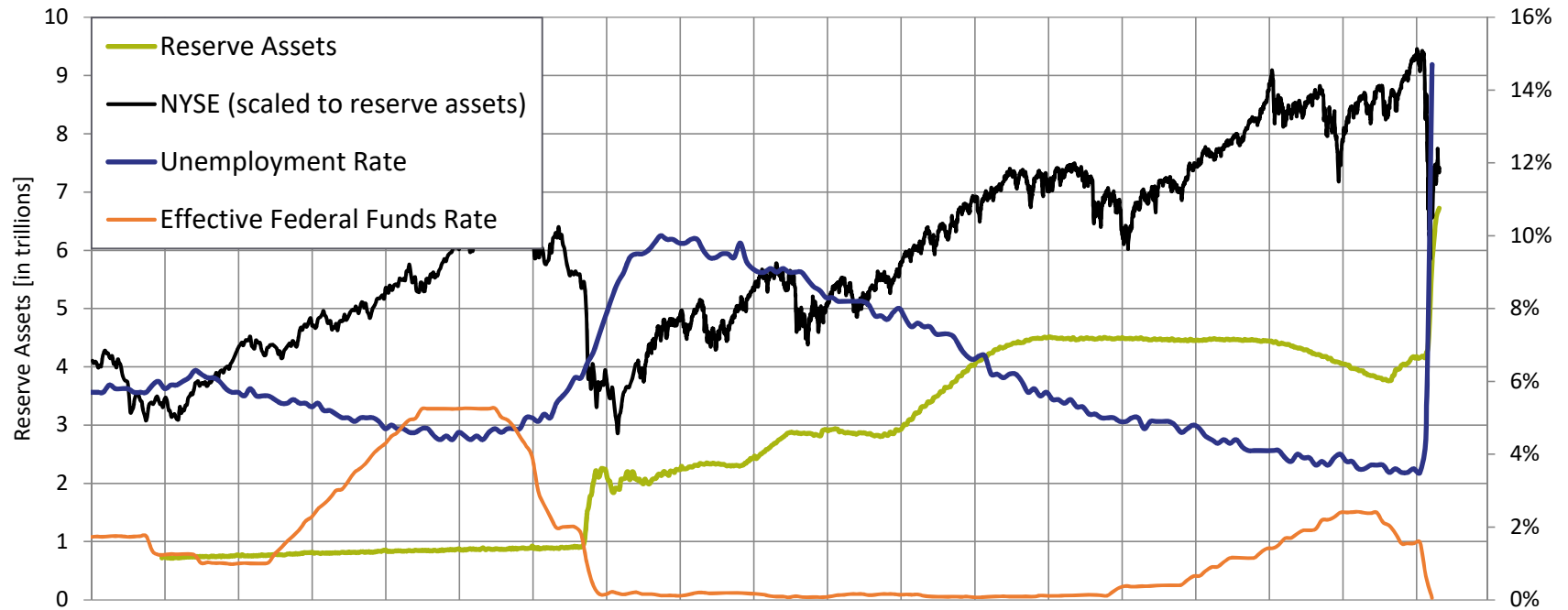
Agenda

1. Richard Vermeulen – Vermeulens
 2. Stephen Carbery – Yale New Haven Health
 3. Charles Griffin – EYP Architecture and Engineering
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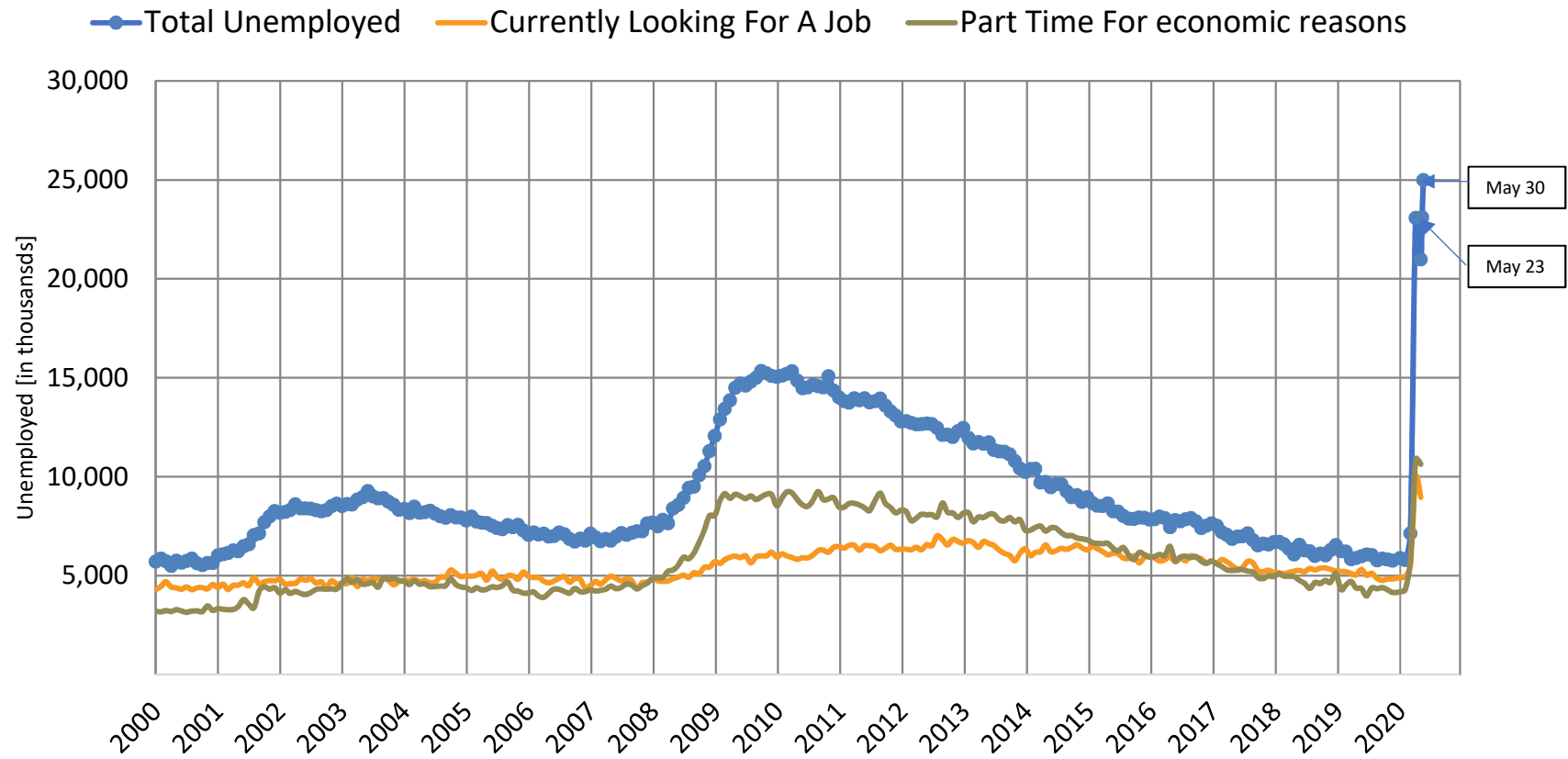
Macro to Micro - Index



Macro to Micro – Fed Watch



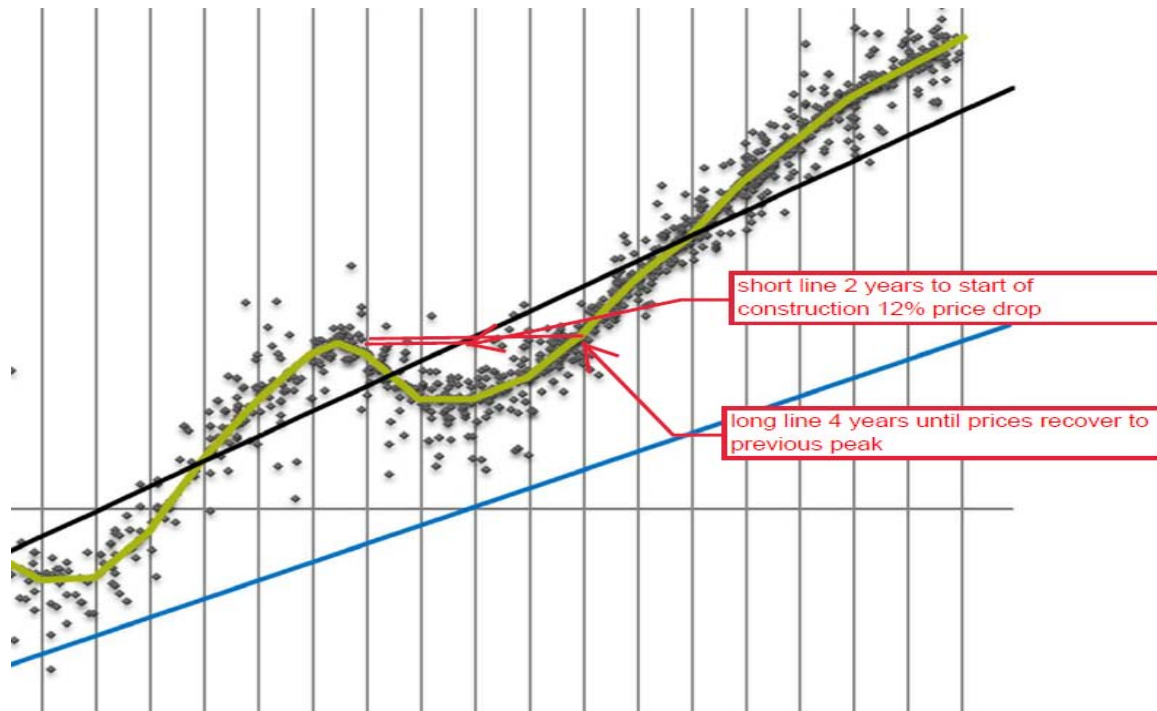
Macro to Micro - US Unemployment



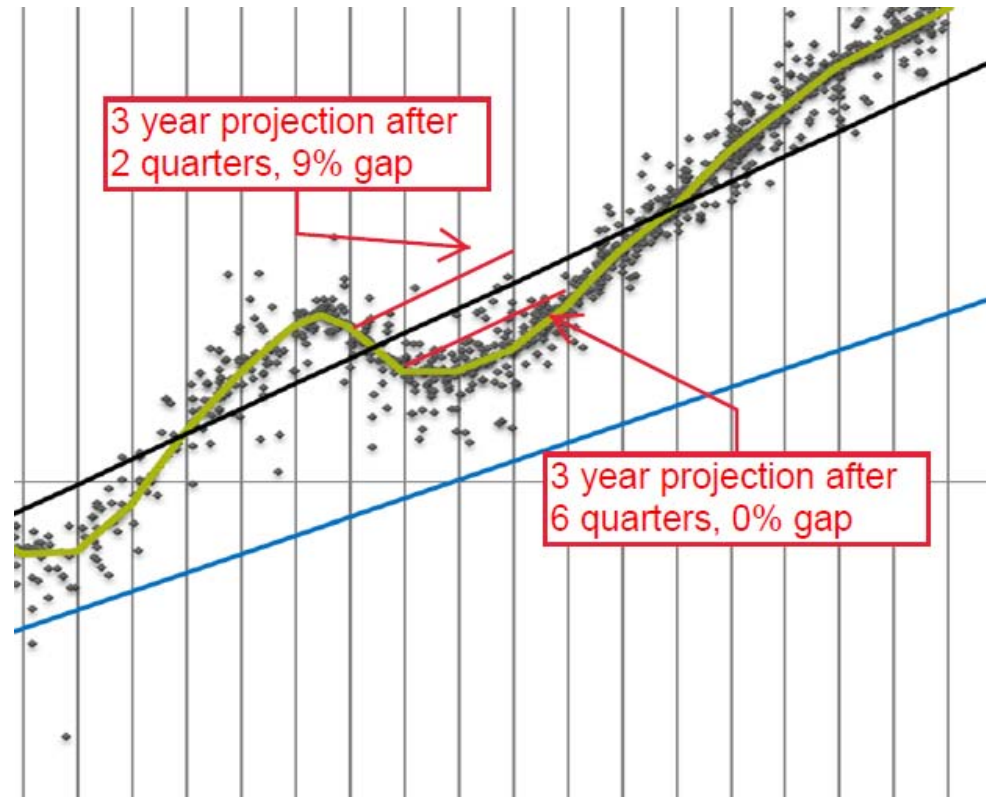
Macro to Micro - Escalation Position

- 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

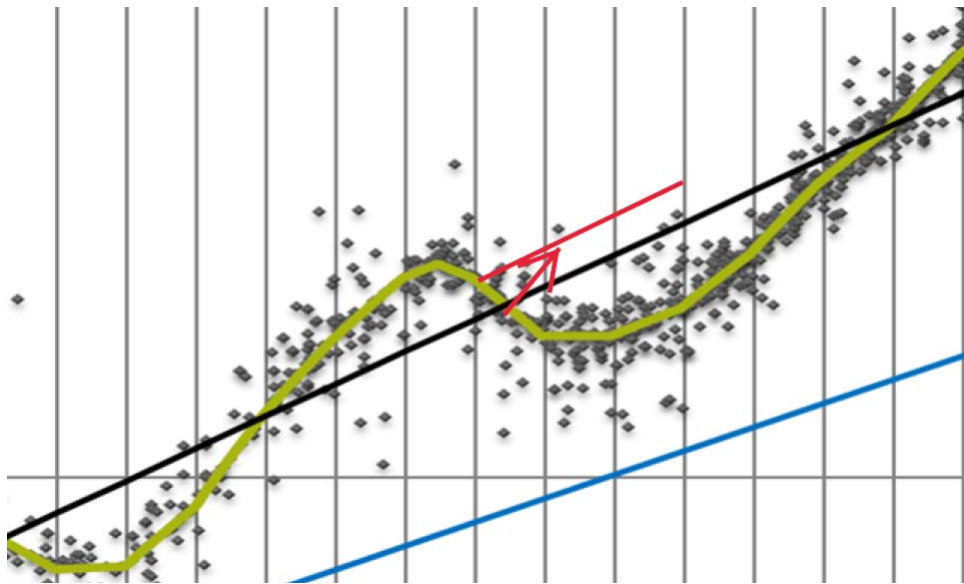
Macro to Micro – Great Recession



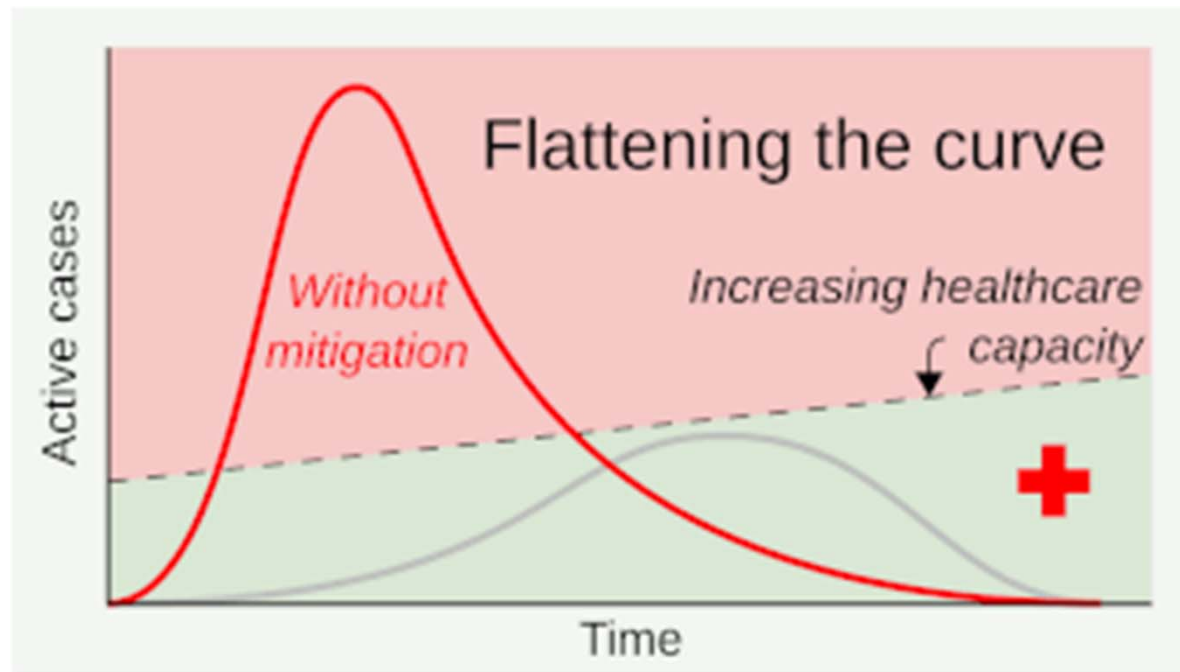
Macro to Micro – Great Recession



Macro to Micro – Great Recession



Macro to Micro – Macro Flattening?



Macro to Micro – Herd Immunity?



New cases over time

Sweden



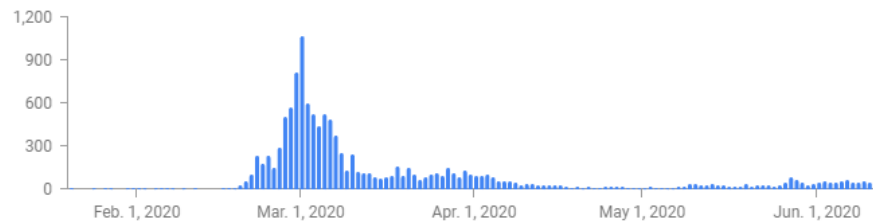
Macro to Micro – Micro Sawtooth?

Cases

Location	Confirmed	Cases per 1 million people	Recovered	Deaths	New cases (last 60 days)
 Worldwide	7,273,958	935	—	413,372	
 New Zealand	1,154	232	1,132	22	

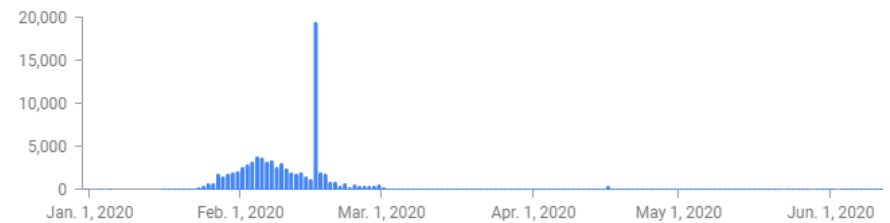
New cases over time

South Korea



New cases over time

Mainland China



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	

Macro to Micro – Macro Flattening vs Micro Containment NASHP

Map

Model

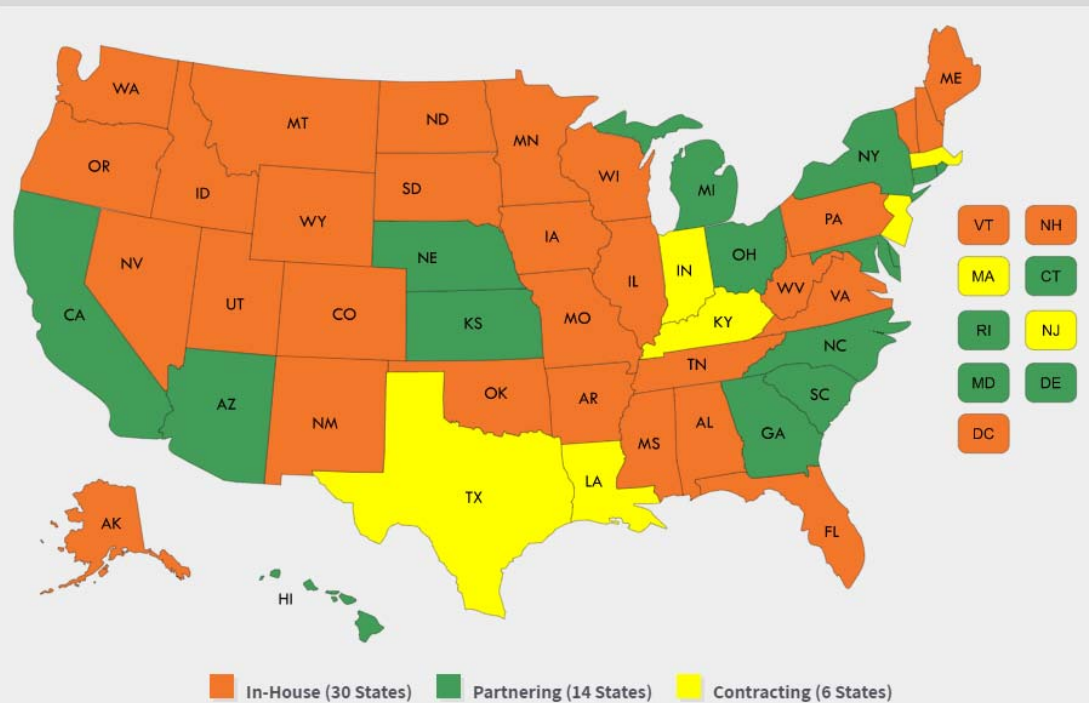
Centralized/Decentralized Approach

Workforce and Training

Technology

Funding Allocated by State

To contain the spread of COVID-19, states are rapidly ramping up their contact tracing efforts. Click on a state to learn about its contact tracing program model, workforce, lead agencies, funding, and technology, or use the tabs on the left to view states' approaches by category.



Macro to Micro – State by State approach NASHP

Map	Centralized/Decentralized	
Model		
Centralized/Decentralized Approach		
Workforce and Training		
Technology		
Funding Allocated by State		
	State	Centralized/ Decentralized Approach
	AL	Both. The Alabama Department of Public Health conducts this tracing statewide; Mobile and Jefferson County health departments perform follow-up in their counties.
	AK	Both: The Alaska Department of Health and Social Services is leading, with the local health department in Anchorage handling local cases.
	AZ	Both, the Arizona Department of Health Services is working to develop a statewide contact tracing process; local health departments are also performing contact tracing.
	AR	Centralized, the Arkansas Department of Health is leading the effort.
	CA	Decentralized, the state's effort is county-led with state support from the California Department of Public Health.
	CO	Decentralized, the Colorado Department of Public Health and Environment supports local governments by supplementing staff.
	CT	Both, the Connecticut Department of Public Health and local health departments are providing staff; the state provided a statewide platform.
	DC	DC Health is leading.
	DE	Centralized, in the Delaware Division of Public Health.

Macro to Micro – Containment Funding NASHP

Funding Allocated by State

AL	Not found
AK	Not found
AZ	Not found
AR	The governor requested the state's Coronavirus Aid, Relief and Economic Security (CARES) Act Steering Committee to allocate \$20 million of \$1.25 billion in federal relief funds received for contact tracing personnel.
CA	Sacramento County budgeted \$400,000 for response staff for activities including, but not limited to, contact tracing. The county expects to be reimbursed by federal dollars from the Coronavirus Aid, Relief and Economic Security (CARES) Act. Tulare County spent \$288,160 on 33 contact tracers. The state awarded an \$8.7 million contract to the University of California, San Francisco, for training.
CO	The state is creating a COVID Response Corps of at least 2,000 people for disease surveillance and services for sick people at an estimated cost of \$30 to \$100 million. State officials are hoping for federal assistance. Kaiser Permanente Colorado contributed \$1 million for suppression of COVID-19 among homeless individuals in Denver.
CT	Not found
DC	The mayor directed \$2.3 million from the district's Contingency Cash Reserve Fund for initial hires.
DE	Not found

Yale New Haven Health System

Stephen Carbery



Charles Griffin





Future Agenda

- State Construction Employment
 - TAMU Systems Update
 - Contractor Feedback Big State Electric
 - Multi Family and Student Housing Construction Market
 - Covid Cost Checklist
 - Others?
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