

Market Outlook Construction Forum

Summary

as of November 6, 2020

Presenters

- Laura Sachtleben, Senior Principal, Stantec
- Tom Oehler, Vice President, Stantec
- Peter Capone, Director of Purchasing, Consigli
- Jared Lachapelle, Chief Estimator, Consigli

Getting Back to School, Stantec

- **Why School Facilities will continue to be necessary**
 - schools offer more than reading, writing and arithmetic
 - schools teach soft academic skills like leadership, time management, and social skills
 - full economic recovery will be difficult without the return of schools
 - 1 in 5 children are in a food-insecure household, schools provide food for most of these families
 - mental health services are provided through school
 - families are often not capable of taking responsibility for their children's learning at home
- **Post COVID design Considerations**
 - outdoor learning spaces are paying off during this pandemic
 - designs targeting mental health support are being assessed; providing a smooth transition back to school
 - providing a flexible learning environment mode e.g. (Collaborative spaces, Socializing Spaces) will be important
 - clients are looking to utilize the most up to date air quality filtration technologies as well as upgrading their existing air filters
 - hand washing systems will be approached as both an infrastructure issue as well as a behavioral one
 - health checkpoints throughout new schools are being assessed e.g. (wellness kiosks, shoe sanitation stations)
- **K-12 Economic Influences**
 - record housing starts in some markets
 - most schools transitioned to face to face or hybrid models
 - undue estimate inflation due to uncertainty, some material price increases, and bond delays may lead to a bubble

Market Outlook: Latest in Construction Material Pricing, Consigli

- **May-June Industry Concerns (based on subcontractor feedback)**
 - experienced supply chain issues due to shortages/ shutdowns
 - work backlog was used to fill short term gaps
 - safety provisions were in the range of 2-5%
- **Q3 Feedback (predicting Q4 and 2021)**
 - no dramatic cost increases apart from HVAC and Electrical (high risk)
 - 56% of subcontractors are not reporting material delays with remaining experiencing delays in the 1-4 week range for the following materials: PVC, electrical switchgear, lumber, copper, and flooring
 - 60% of subcontractors are looking for backlog for 2021 and 2022, receiving very good bid coverage for 80% of trades
 - more competitive pricing compared to 2019 and early 2020

Future Agenda

- Cushman Wakefield: COVID 19, How is Retail adapting to the New Normal?
- AEI: Engineering perspective
- DIRT: Modular and furniture solutions
- Subcontractor feedback



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**
- Thank You: slide deck, audio link
- “Situation Report” (Summary) Along with a Reminder
- Next session **Monthly – December 4th (First Friday)**
- **Special Interim Forum – 11/20 – invite coming soon**



Getting Back to School: Future of K-12

Stantec – Laura Sachtleben & Tom Oehler

Market Outlook: Latest in Construction Material Pricing

Consigli – Peter Capone & Jared Lachapelle



GETTING BACK TO SCHOOL

PONDERING THE FUTURE OF THE K-12 MARKET

Tom Oehler, AIA and Laura Flannery Sachtleben, AIA
Stantec



AGENDA

WHY SCHOOL FACILITIES WILL
CONTINUE TO BE NECESSARY

POST-COVID DESIGN
CONSIDERATIONS

K-12 ECONOMIC INFLUENCES



WHY SCHOOL FACILITIES ARE STILL NECESSARY



SCHOOLS OFFER MORE THAN READING, WRITING & ARITHMETIC



Full economic recovery will remain out of reach until schools can safely instruct students in person, as parents have to be able to participate fully in the economy -- as consumers and as employees.

- Gallup

Learning in an interactive setting as opposed to a passive one is conducive to the mix of **soft and academic skills** we're looking to develop in our kids

- Madeline Levine



1 in 5 children in the United States are living in a food-insecure household.

- The National School Lunch Program

Research demonstrates that students who receive social-emotional and mental health support achieve better academically. **1 in 5 children and adolescents** experience a mental health problem during their school years

- NASP (National Association of School Psychologists)





POST-COVID DESIGN CONSIDERATIONS



DESIGNING FOR THE FUTURE

CONNECTED



AGILE

OUTDOOR LEARNING



SAFE / INVITING BALANCE



COMMUNAL



HOME AWAY FROM HOME



FLEXIBLE



STUDENT-FOCUSED



VARIETY OF SETTINGS





MENTAL HEALTH DESIGN SUPPORT

AS WE COME OUT OF OUR VIRTUAL-HOME SCHOOL SITUATIONS AND PHYSICAL DISTANCING, HARNESSING THE POWER OF DESIGN TO HEAL GIVES US AN INCREDIBLE OPPORTUNITY TO AID IN PSYCHOLOGICAL RECOVERY





LEARNING ENVIRONMENT MODES



COLLABORATE

Working with one or more people to achieve a goal, such as collectively creating content, brainstorming, etc.

Flex Learning Areas

Small Group Rooms



FOCUS

Uninterrupted time to concentrate and attend to 'heads-down' work

Workstations/Offices

Quiet Rooms

Outdoor Learning



SOCIALIZE

Informal opportunities to come together and share knowledge

Café

Library

Outdoor Terrace



LEARN

Building knowledge, whether in a classroom or a structured conversation with peers

Classrooms

Flex Learning Areas



REJUVENATE

Downtime for your brain and body to refresh and recharge

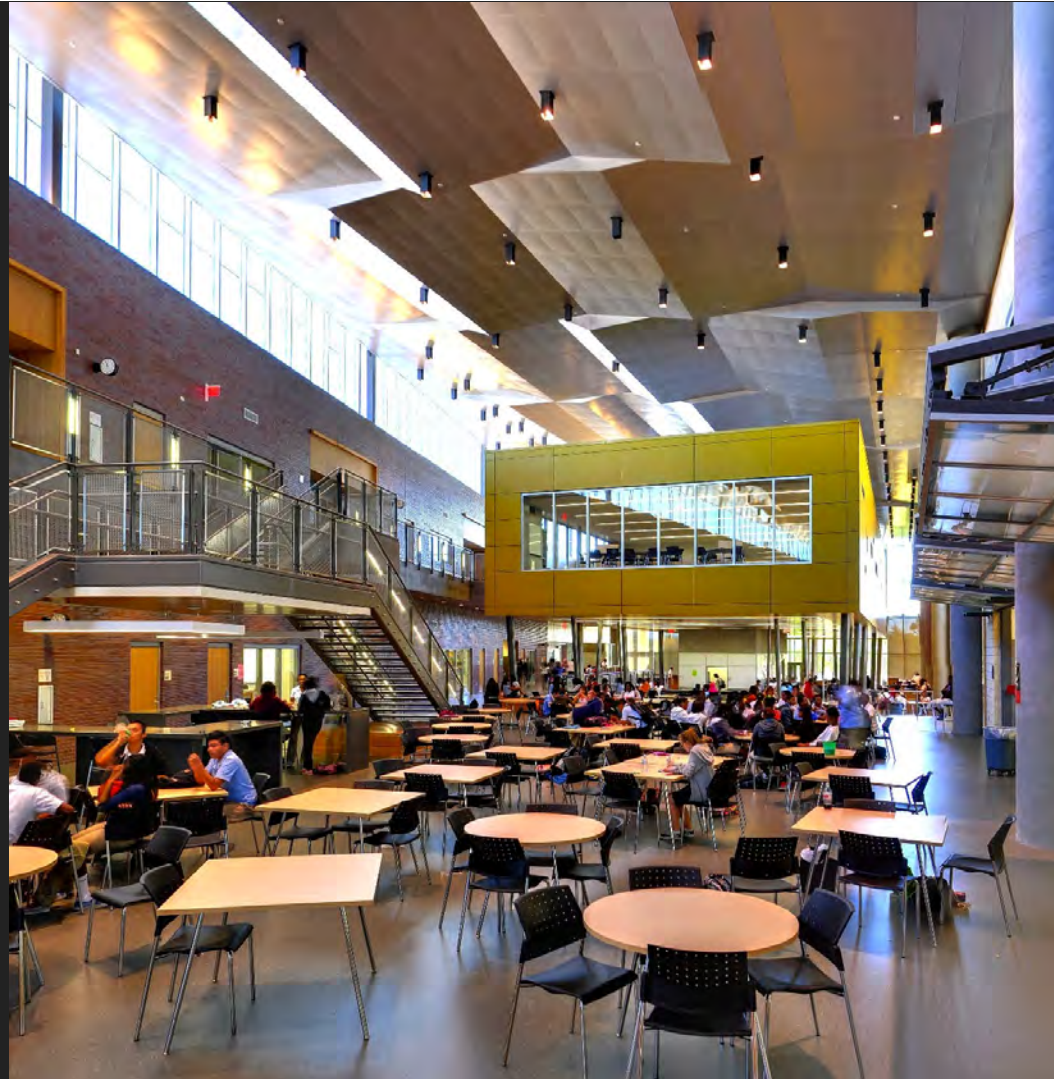
Meditation/Privacy Areas

Exercise/Fitness Areas



INDOOR AIR QUALITY

Well-designed, installed, and monitored mechanical and plumbing systems
Produce healthy indoor environments
where pathogens are filtered, diluted, and
removed from the occupant breathing
zone.





RESPONSE TO COVID-19: INDOOR AIR QUALITY

HVAC

- Increase Ventilation
- High-Efficiency Particulate Air (HEPA) filtration
- Electrostatic filters
- Ultraviolet Germicidal Irradiation
- Bipolar Ionization
- Photocatalytic Oxidation (PCO)
- Indoor humidity management





HAND-WASHING / TOUCH FREE INFRASTRUCTURE

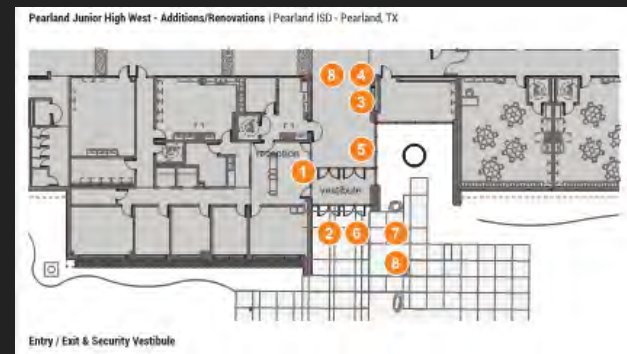
Hand washing must be approached as both an infrastructure issue as well as behavioral one.





HEALTH CHECK-POINTS

- Automated building entrances
- Directional signage/graphics
- Wellness Kiosks with wellness ambassadors
- Temperature Stations
- Shoe sanitation at entrances





K-12 ECONOMIC INFLUENCES



POSITIVE SIGNS

- Record housing starts in some markets
- Most schools transitioned to F2F or hybrid models
- November bond elections





OTHER OBSERVATIONS & TRENDS

- Undue estimate inflation due to uncertainty
- Some material price increases
- Hunger in the construction market
- Negotiated prices vs CSP pricing
- Bond delays may lead to bubble





THANK YOU



CONSIGLI
Est. 1905

Market Outlook

Peter Capone & Jared Lachapelle

Consigli at a Glance



HISTORY & LEADERSHIP

Established in
1905

4TH
Generation
Family-Led

ANTHONY CONSIGLI
Chief Executive Officer
MATTHEW CONSIGLI
President

FINANCIAL STRENGTH

\$1.9B
2019 Revenue

\$2.5B
Aggregate
Bonding Limit

\$450M
Single Project
Bonding Limit

KEY MARKETS

- › Academic
- › Corporate
- › Government
- › Healthcare
- › Hotels & Hospitality
- › Landmark Restoration
- › Libraries
- › Life Sciences
- › Multi-family Residential
- › Museums & Cultural
- › Non-profit
- › Special Projects



Consigli at a Glance



OFFICE LOCATIONS & PEOPLE

1,200

Employees

350

Self-perform
Craftspeople

9

Regional Office
Locations



COVID-19: Points of Focus

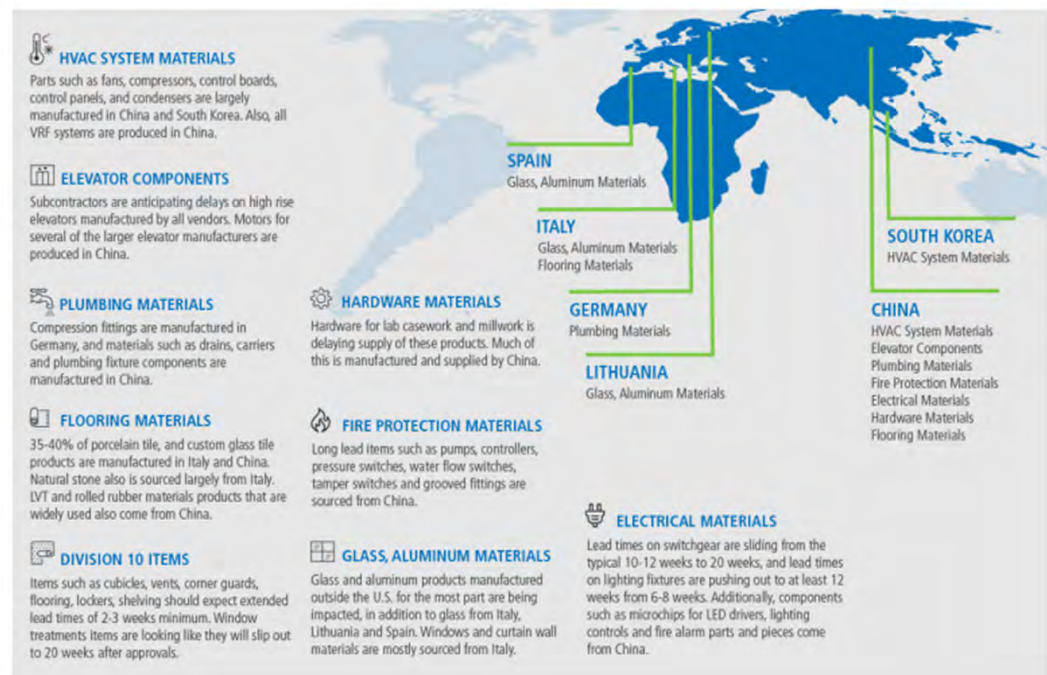


- National Emergency: March 13th
- Immediate subcontractor outreach – collect “real time” information
- Broad solicitations: MA, CT, ME, NY, CT, DC
- Analyze & report – client notifications, in-house project teams
- Continued solicitations



Q1-Q2: Initial Industry Concerns

- “Global” material supply chain (China, Europe, Canada)
- Shipping – port of call restrictions
- SAFETY (PPE & distancing): How to manage?

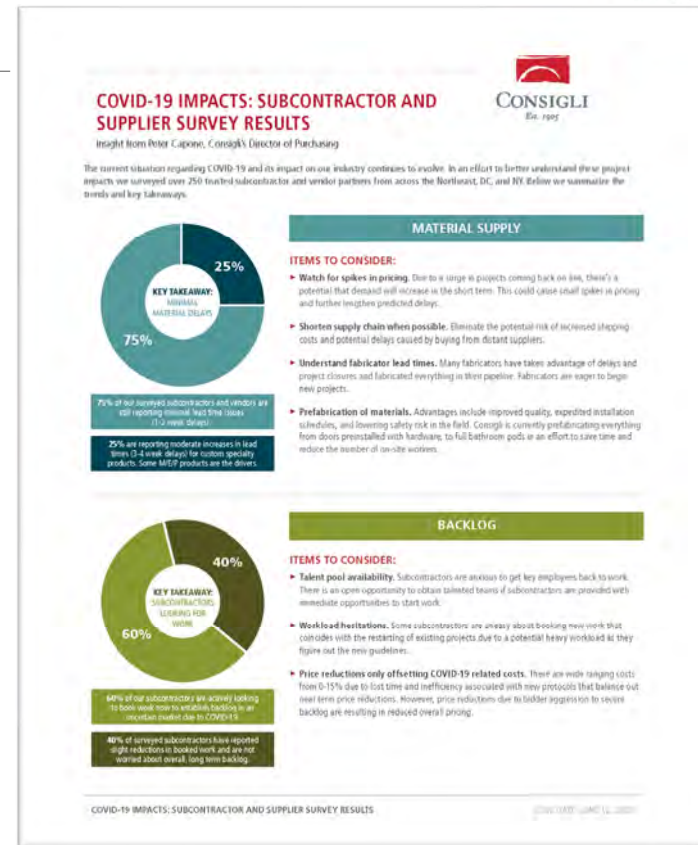


Q2 Subcontractor Feedback



MAY/JUNE INDUSTRY CONCERNS

- **National Supply Chain Issues (assemble parts & pieces)**
- Pricing increases due to supply shortages / shut-downs
- **Work backlog – fill short term gaps**
- Manpower availability – get people back to work
- SAFETY (PPE & distancing) – cost uncertainty (2-5%)



Q3 Subcontractor Feedback



PRICING CONCERNS

- Material pricing – generally stable
- Copper
- PVC
- Switchgear
- Lumber
- Flooring

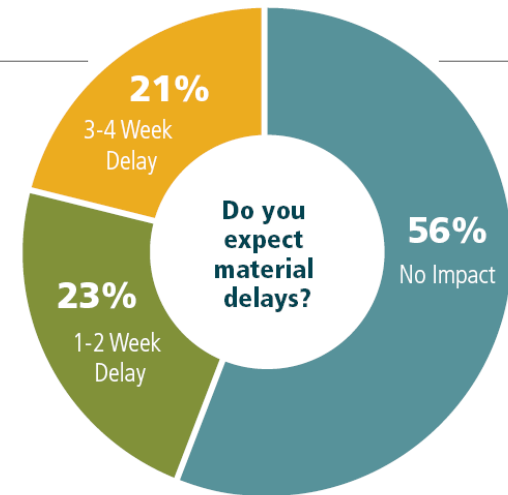
Trade	Predicted Cost Increase Of Materials	Predicted Cost Increase Of Labor	Trade Percentage of Overall Project*	Risk Level
HVAC	3%	2%	16%	high
Electrical	6%	4%	12%	high
Sitework	2%	2%	9%	moderate
Drywall	2%	2%	8%	moderate
Concrete	1%	2%	8%	moderate
Steel/Misc	1%	2%	7%	moderate
Aluminum & Glass	2%	2%	6%	moderate
Plumbing	3%	2%	6%	moderate
Flooring	7%	2%	3%	moderate
Lumber/Carpentry	5%	2%	3%	moderate
Specialties 10,11,12	2%	2%	3%	moderate
Demo/Abatement	0%	2%	3%	low

Q3 Subcontractor Feedback



MATERIAL SUPPLY CONCERNS

- PVC – unplanned production disruptions
- Electrical Switchgear – manufacturer's slowdown
- Lumber – residential demand
- Copper – shortages rumored
- Flooring – overseas supply



56% of the respondents noted that they're not seeing, nor do they expect any notable extensions in lead times

23% noted one to two week delays on top of typical lead times

21% noted three to four week delays on top of typical lead times

Takeaways for Q4



1

**60% of subs
looking for backlog
for 2021 & 2022.**



2

**Receiving very
good bid coverage
for 80% of trades.**



3

**More competitive
pricing compared to
2019 & early 2020.**

Visit www.consigli.com/covid-19-management-plan/ to learn more.

Upcoming Forums



- Cushman Wakefield - Future of Retail
- AEI – Engineering Perspective
- DIRT – Modular and Furniture Solutions
- Subcontractor Feedback