2020 Q4 Market Conditions Recap

- Escalation in 2020 was generally flat
- In 2020, profit margins offset increases in materials, labor and construction inefficiency
- Many suppliers were still being affected by pandemic related shut-downs or reduced production with many open questions about what to expect in Q1 of 2021
- Significant amount of owner uncertainty with many institutional projects on hold
2021 Q1 Current Conditions

- Owner increase in releasing projects that were on hold as of Q3 and Q4 of 2020
- Rapid increase in demand and shortages of supply from lingering decreases in production, long lead times
- Robust construction labor force (currently only 300,000 construction jobs (4%) below pre-pandemic levels Nationally)
- Construction jobs expected to return to pre-pandemic levels Nationally by this summer/fall

Markets returning to escalation, regionally dependent.

Connecticut:
- For long range capital planning use 3.5%-4.0% per year to mid-point of construction
- For projects in design use 0.5% per month (6% per year) from current pricing to the anticipated procurement date

Structural Steel Pricing, $/Ton
North American Steel Prices

Data Source: MEPS Ltd.
Vermeulens Construction Cost Index

- Vermeulens Index
- Construction Trendline (3.5%)
- PCE
- PCE Trendline (1.7%)
- PCE Trendline 2010-2021 (2.0%)
- PCE 3-year projection