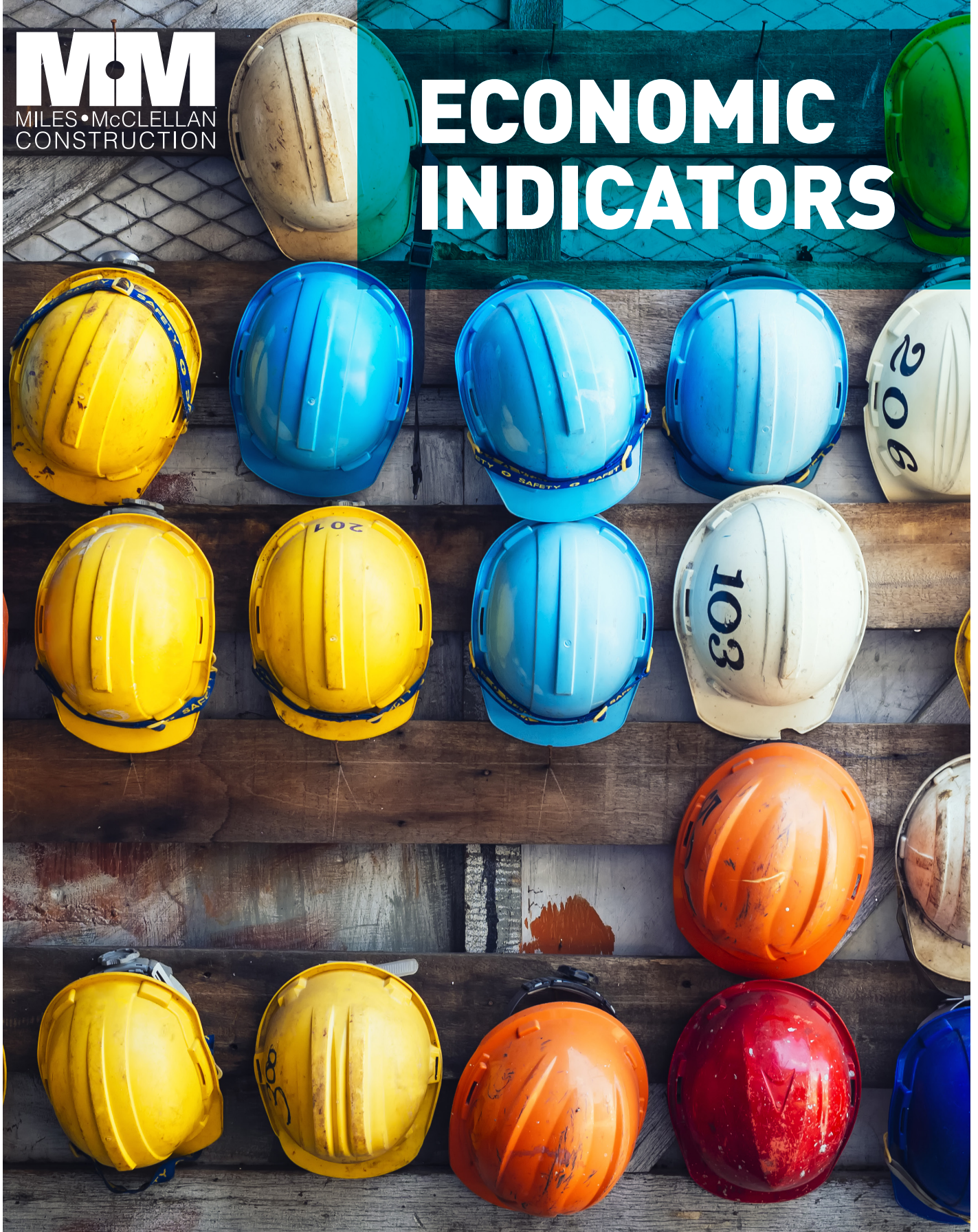


3ND QUARTER 2021

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ECONOMIC INDICATORS





12-MONTH PERFORMANCE SUMMARY

	ABC Backlog	AIA ABI	FMI NRCI	Dodge Momentum Index
October 2020	7.7	47.5		126.5
November 2020	7.2	46.3		123.3
December 2020	7.3	42.6	47.1 Q1 2021	134.6
January 2021	7.5	44.9		139.1
February 2021	8.2	53.3		148.8
March 2021	7.8	56.9	54.4 Q2 2021	151.4
April 2021	7.9	57.9		163.2
May 2021	8	58.5		175.1
June 2021	8.5	57.1	59.7 Q3 2021	165.8
July 2021	8.5	54.6		154.0
August 2021	7.7	55.6		148.0
September 2021	7.6	56.6	53.8 Q4 2021	164.9

DEFINITIONS AND BASE STANDARDS

ABC Construction Backlog

Amount of commercial construction to be performed in coming months

AIA Architectural Billing Index - 50 or above indicates growth

FMI Non-Residential Construction Index - 50 or above indicates growth

Dodge Momentum Index - a unique 12-month leading indicator of construction spending for nonresidential building. Base measurement = 100

Performance Key:

Good ■

Average ■

Poor ■

These projections are based on assumptions of fact which may not occur, and are speculative in nature. These projections have not been reviewed or approved by independent accountants or legal counsel or other advisors. Such assumptions are subject to variations that may arise in the future and which may be beyond the control of the corporation. Any change or variation in any of the assumptions would change the projected financial statements and analysis. No representation or warranty, express or implied, is intended as to the reasonableness or accuracy of these projections.



ABC's Construction Backlog Indicator Inches Lower in September; Contractor Confidence Down for Second Consecutive Month

"Nonresidential construction backlog declined for a second consecutive month as skills and input shortages hammer the industry," said ABC Chief Economist Anirban Basu. "A growing number of contractors are indicating shortages of materials such as copper and PVC pipes.

"Input prices also continue to increase as global supply chain disruptions persist," said Basu. "Rising shipping and trucking costs are further exacerbating the situation by placing additional upward pressure on input prices. Working in conjunction with skills shortages and attendant higher wages, rising input prices are resulting in lofty bids, inducing certain project owners to delay work and even cancel projects altogether in some instances.

"The good news is that demand for construction services remains elevated," said Basu. "Many projects, whether those in health care, public education or data management, must move forward, and the data indicate that this is disproportionately benefiting larger contractors. For the most part, recent declines in backlog have been registered among smaller construction firms. Low interest rates and abundant liquidity have created the capacity for many investors to deploy substantial capital, and that helps support investment in real estate and construction projects.

"Despite all the challenges facing the nonresidential construction industry, contractors collectively expect sales, staffing and profit margins to expand over the next six months, though the level of confidence has been diminished in recent months," said Basu."

Construction Backlog Indicator

	Sept. 2021	August 2021	Sept. 2020	1-Month Net Change	12-Month Net Change
Total	7.6	7.7	7.5	-0.1	0.1
Industry					
Commercial & Institutional	7.8	7.8	7.4	0.0	0.4
Heavy Industrial	7.5	5.4	8.4	2.1	-0.9
Infrastructure	7.4	7.7	7.4	-0.3	0.0
Region					
Middle States	6.7	7.4	6.7	-0.7	0.0
Northeast	6.6	7.4	7.4	-0.8	-0.8
South	10.3	8.9	9.5	1.4	0.8
West	6.3	7.4	6.3	-1.1	0.0
Company Size					
<\$30 Million	6.8	7.4	6.9	-0.6	-0.1
\$30-\$50 Million	7.8	7.5	10.3	0.3	-2.5
\$50-\$100 Million	11.1	10.9	7.2	0.2	3.9
>\$100 Million	10.6	10.4	10.1	0.2	0.5

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Construction Confidence Index

Response	September 2021	August 2021	September 2020
CCI Reading			
Sales	60.7	61.3	51.3
Profit Margins	51.6	52.2	44.0
Staffing	58.9	60.1	54.4
Sales Expectations			
Up Big	6.8%	8.9%	6.8%
Up Small	49.4%	46.6%	35.1%
No Change	25.3%	27.5%	22.4%
Down Small	16.9%	14.8%	27.8%
Down Big	1.7%	2.1%	7.8%
Profit Margins Expectations			
Up Big	2.5%	3.8%	1.0%
Up Small	33.3%	30.5%	22.4%
No Change	36.7%	39.8%	36.1%
Down Small	22.8%	22.5%	32.7%
Down Big	4.6%	3.4%	7.8%
Staffing Level Expectations			
Up Big	3.4%	4.2%	1.5%
Up Small	43.0%	42.4%	37.6%
No Change	40.9%	44.9%	39.5%
Down Small	11.0%	6.4%	20.0%
Down Big	1.7%	2.1%	1.5%

© Associated Builders and Contractors, Construction Confidence Index

Associated Builders and Contractors. (2021, October 12). *ABC's Construction Backlog Indicator Inches Lower in September*. Retrieved from abc.org: <https://www.abc.org/News-Media/News-Releases/entryid/19038/abc-s-construction-backlog-indicator-inches-lower-in-september-contractor-confidence-down-for-second-consecutive-month>





Q4 2021: North American Engineering and Construction Outlook

U.S. Key Takeaways

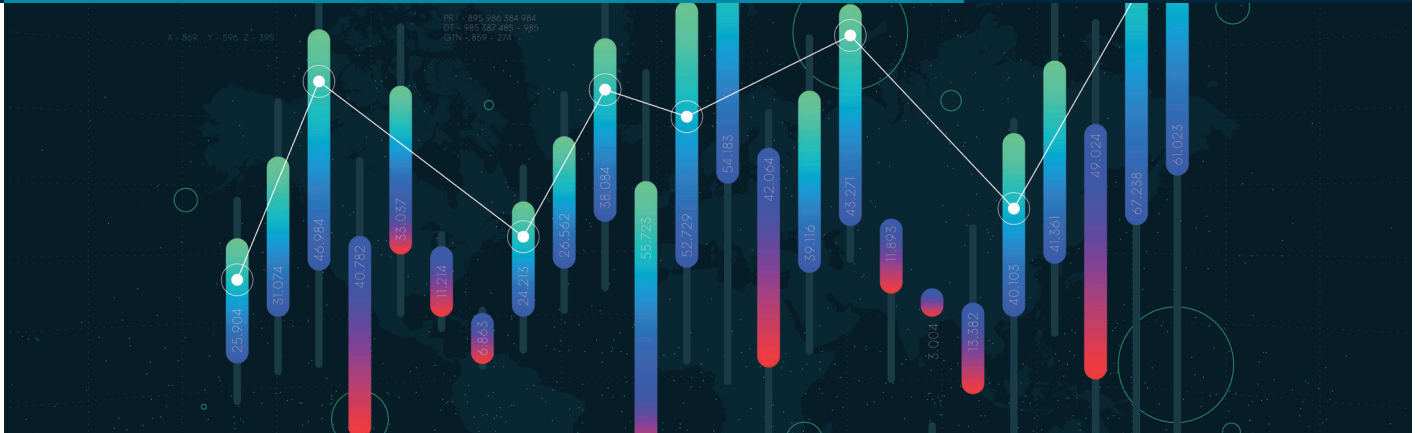
- Total engineering and construction spending for the U.S. is forecast to end 2021 up 3%, compared to up 6% in 2020.
- Strong growth across the residential sector, especially within single-family and improvements, will continue to uphold industry spending levels in 2021. No segments within nonresidential building or nonbuilding structures are expected to realize spending growth exceeding 4% this year.
- Declines in 2021 will be led by nonresidential building investment. Significant double-digit decline will be realized in lodging, religious, public safety, and amusement and recreation. Additional moderate declines will be realized across office, educational, transportation, communication, power, highway and street, and conservation and development.
- Commercial, health care, manufacturing, sewage and waste disposal, and water supply are all expected to end the year with low growth, between 0% and 4%. While these low growth rates are considered stable, they are now meeting or slightly below anticipated inflationary levels for 2021.
- The latest Nonresidential Construction Index (NRCI) feedback suggests ongoing, albeit challenged, optimism heading into the fourth quarter of 2021, at 53.8, down from 59.7 in the quarter prior. The NRCI reflects short-term weakening economic and industry sentiment but remains expansionary and suggests increased opportunities ahead.

U.S. 2021 Segment Performance

2021/2020 Comparison

 UP 5% or more	 STABLE 0% to 4%	 DOWN Under 0%
Single-family Multifamily Improvements	Commercial Health Care Manufacturing Sewage and Waste Disposal Water Supply	Lodging Office Educational Religious Public Safety Amusement and Recreation Transportation Communication Power Highway and Street Conservation and Development

Bowman, J., Strawberry, B., & Beardall, E. (2021). *2021 North American Engineering and Construction Outlook Fourth Quarter Edition*. Retrieved from https://email.fmicorp.com/e3t/Btc/UA+113/c-2XM04/VWGGRL4Nvn9bW2cSYNI3lf4n5W1YzZHS4zv5fNN1CRs-J5Vfh3V3Zsc37CgQF2W82m26b31Z2JyW5m2sw97ntCK-W5CDNv38FmzH8W1Lxm8r2SV7hwW6KTqMZ2BTxrmW8Xq_3y6Wyn5mW3znM1X4hSITMN918f6gLf-gxW99tcsT79lyt-W1pYnmS6tX2r0W6tgYbH6tkpbrW4



Dodge Momentum Index Recovers in September

“The Dodge Momentum Index gained 11% in September to 164.9 (2000=100) from the revised August reading of 148.0. The Momentum Index, issued by Dodge Construction Network, is a monthly measure of the initial report for nonresidential building projects in planning, which have been shown to lead construction spending for nonresidential buildings by a full year. The commercial planning component increased by 13% in September, while the institutional component rose 8%.

“Nonresidential building projects entering planning staged a solid recovery in early 2021, as the economy began to awaken from its pandemic-induced slumber. Entering summer, those gains turned to losses as higher material prices and shortages of labor and goods weighed on the construction sector. The strength in projects entering planning was widespread during the month, with most sectors moving higher. Excluding healthcare, which experienced a downshift in the dollar value of planning projects in recent months. On a year-over-year basis, the Momentum Index was 30% higher than September 2020; the commercial component was up 32%, while institutional planning was 25% higher.

“A total of 17 projects with a value of \$100 million or more entered planning during September. The leading commercial projects were the \$500 million “The Star” office building in Los Angeles, CA, and a \$250 million office project in Cambridge, MA. The leading institutional projects were the first and third phases of a lab facility in Boston, MA, valued at \$450 million and \$225 million respectively.

“The gain in the Momentum Index and its components in September is certainly good news and a sign that owners and developers are looking past the current concerns over pricing, Delta, and politics and are moving forward with projects to meet demand. This does not mean there are no problems ahead for the sector. Month-to-month volatility in the data is likely to remain for some time.”

DODGE MOMENTUM INDEX

(2000=100, Seasonally Adjusted)

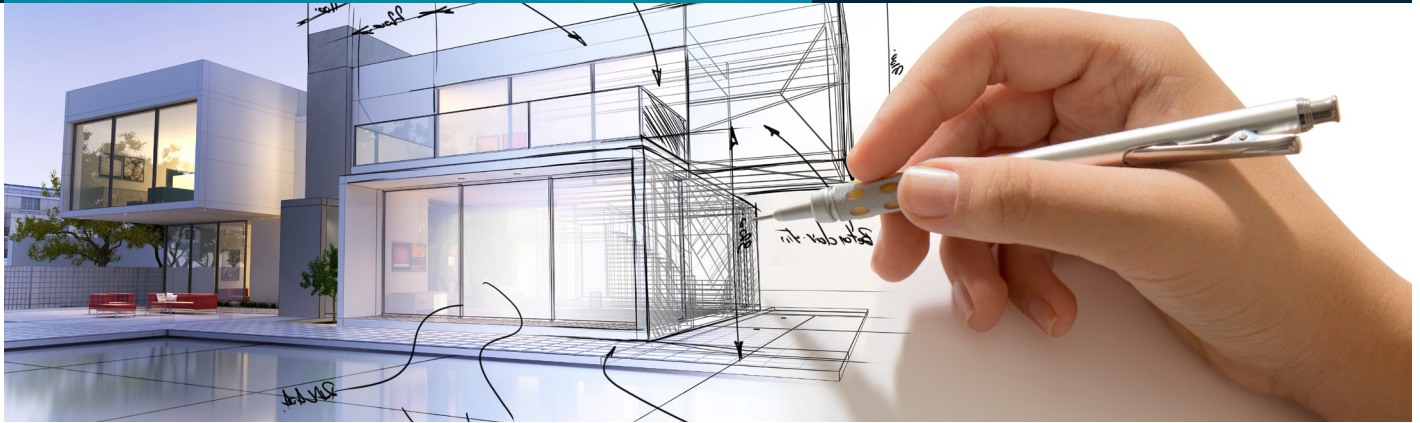
	Sep-21	Aug-21	% Change
Dodge Momentum Index	164.9	148.0	11.4%
Commercial Building	200.4	177.0	13.2%
Institutional Building	121.1	112.2	8.0%

Source: Dodge Data & Analytics

DODGE MOMENTUM INDEX

(2000=100, Seasonally Adjusted)





Architecture Firm Billings End the Summer on A Strong Note.

“The ABI scores over the last eight months continue to be among the highest ever seen in the immediate post-recession periods that have been captured throughout the index’s history, underscoring just how strong the bounce back has been this year following the abrupt downturn in 2020. Firms continue to report plenty of work in the pipeline as well, with inquiries into new projects and the value of new design contracts remaining strong. In addition, backlogs at architecture firms reached a new high since we started collecting the data on a quarterly basis in late 2010, now averaging 6.6 months.

“Firm billings remained strongest at firms located in the Midwest in September, and business conditions also strengthened further at firms located in the South. Billings growth continued to soften at firms located in the Northeast, but remained positive overall. Firms with a commercial/industrial specialization reported the strongest billings for the eighth consecutive month, although business conditions remain robust at firms with multifamily residential and institutional specializations as well.

“However, there remain concerns about inflation, which has continued to rise in recent months. The latest Consumer Price Index (CPI) data shows that inflation rose by 0.4% in September, and is now up by 5.4% from September 2020. This month’s increase was led by rising costs for many consumer basics, such as energy, food at and away from home, and housing. And energy prices in particular are expected to continue increasing over the coming months, as is inflation in general, as supply chain and inventory issues linger.”

Key September ABI highlights:

- **Project Inquiries Index:** 62.0
- **Design Contracts Index:** 54.7
- **Regional Averages:**
 - South - 57.0
 - Northeast - 51.5
 - West - 56.0
 - Midwest - 57.7
- **Sector Index Breakdown:**
 - Multi-Family Residential - 56.1
 - Commercial/Industrial - 58.1
 - Institutional - 53.5

The regional and sector categories are calculated as a 3-month moving average, whereas the national index, design contracts and inquiries are monthly numbers.

American Institution of Architecture. (2021, October). ABI September 2021: *Architecture Firm Billings End the Summer on A Strong Note*. Retrieved from aia.org: <https://www.aia.org/pages/6444946-architecture-firm-billings-end-the-summer->



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