



Industry Focus. Powerful Results.™



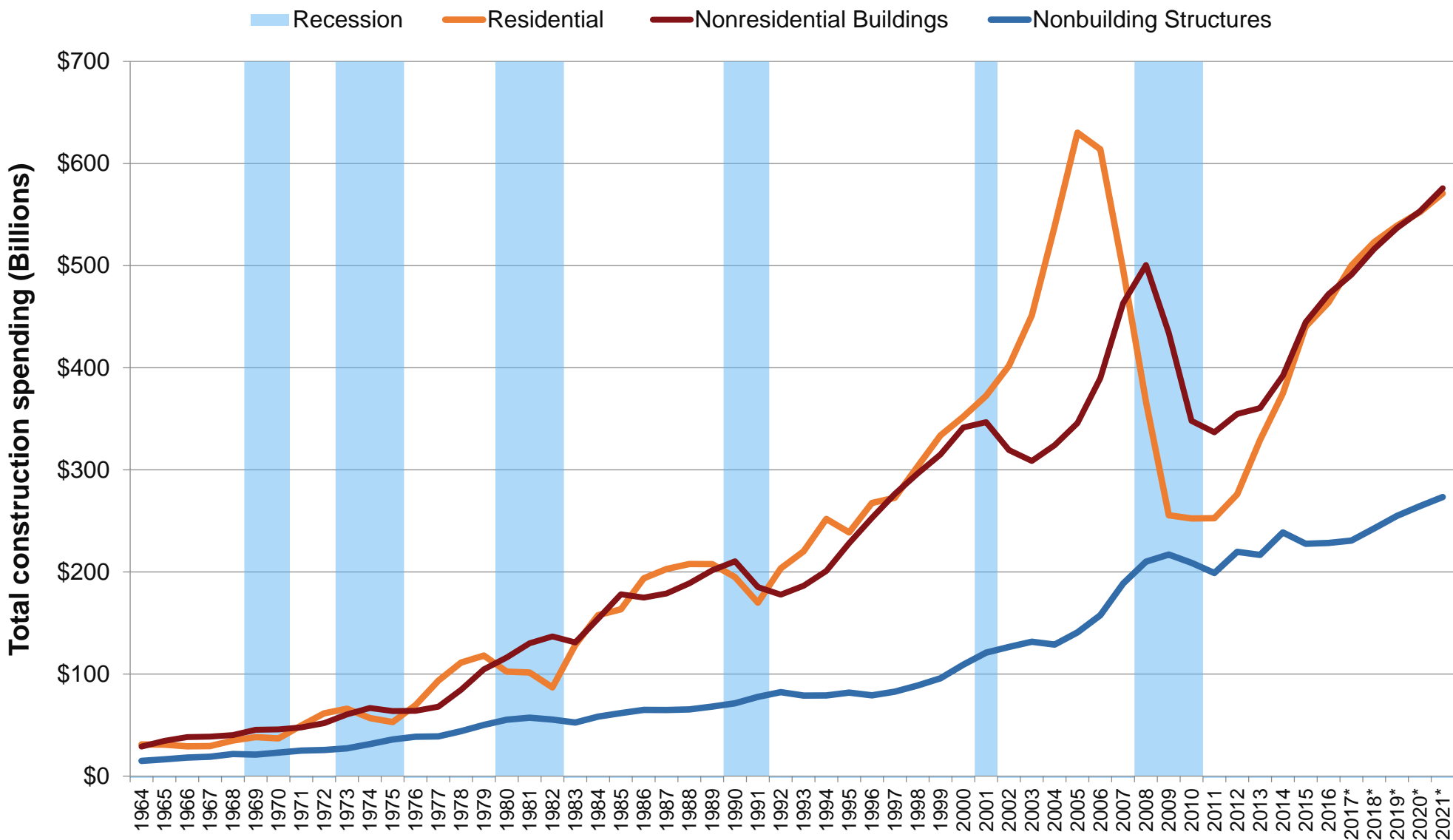
Construction Industry Trends

Rocky Mountain Region Overview



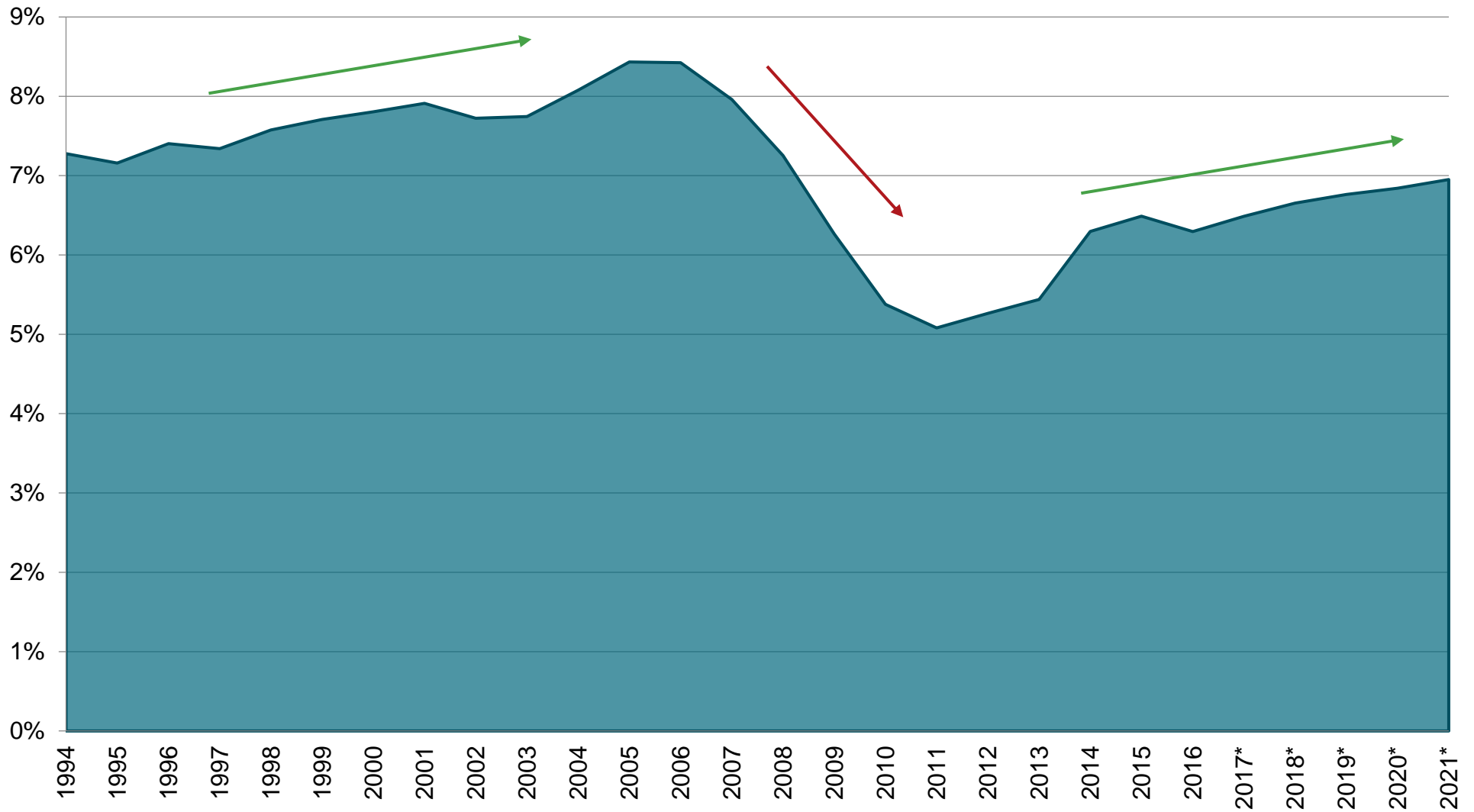
Total Construction Spending has consistently increased since the great recession.

Total construction spending



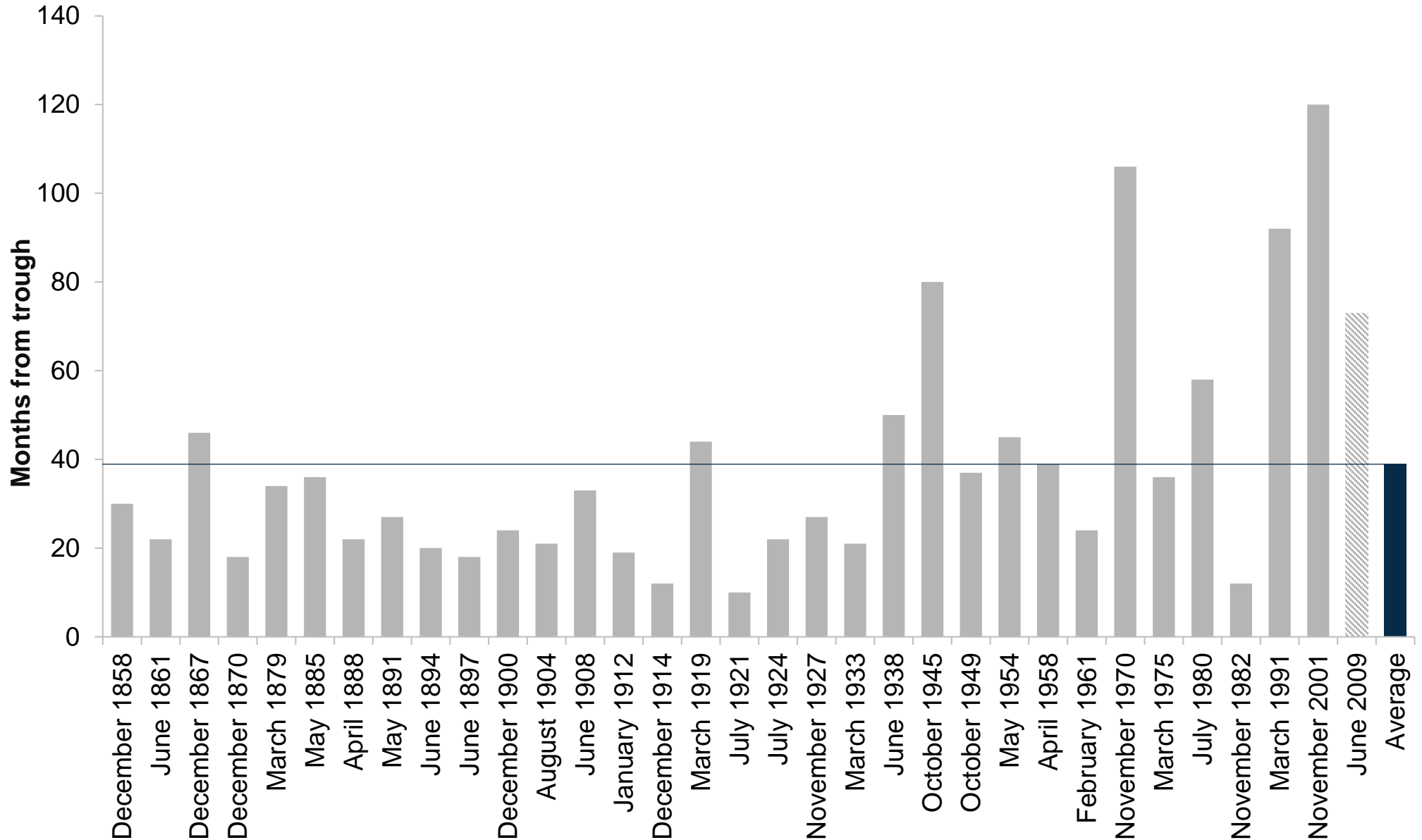
Construction spending continues to grow as a percentage of GDP.

Construction as a percentage of GDP



The average economic expansion in the US since 1858 has been a little more than three years.

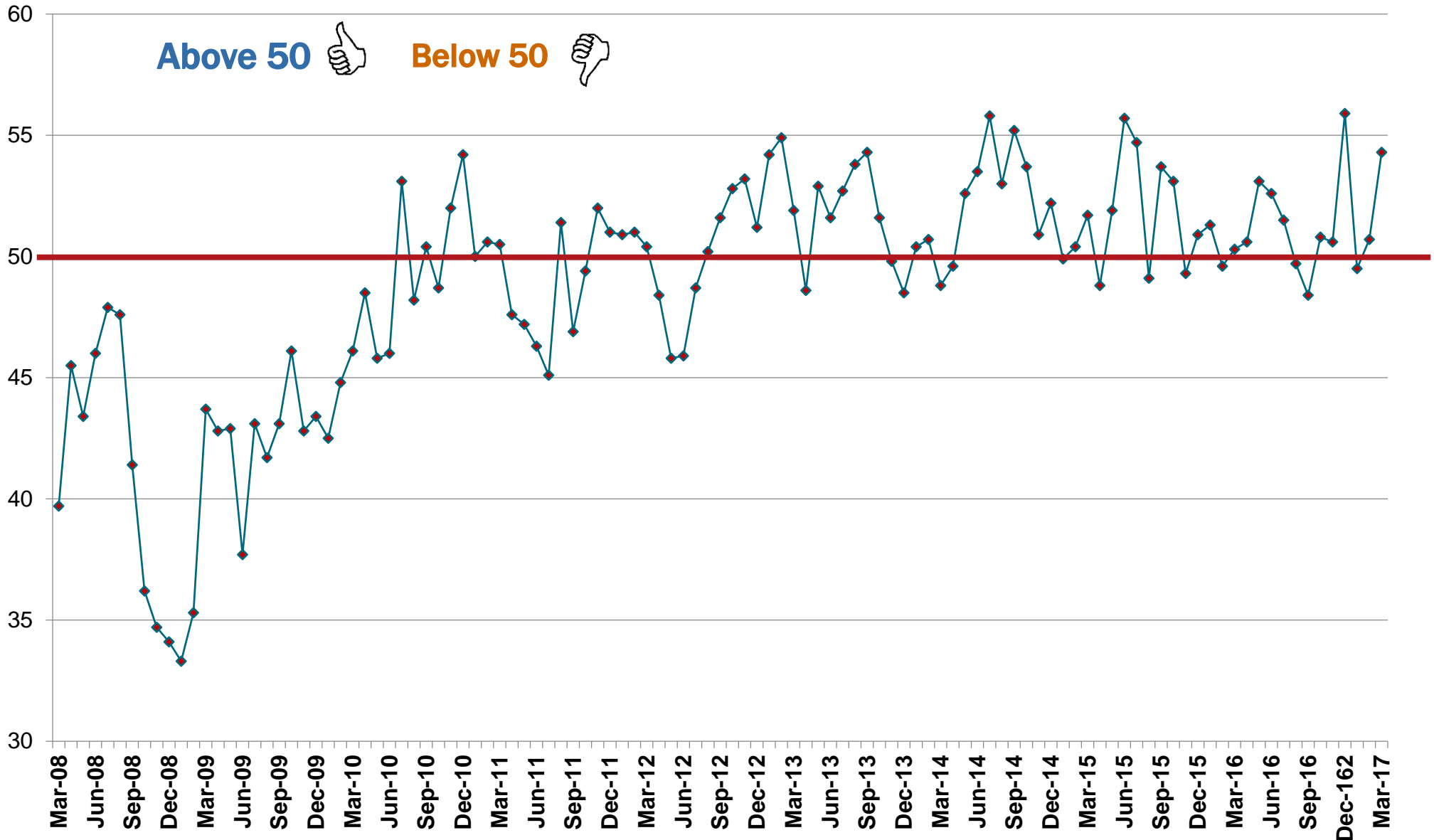
Duration of US economic expansions



SOURCE: National Bureau of Economic Research

Since 2012, the Architectural Billing Index has consistently been above 50.

National Architectural Billing Index (ABI)

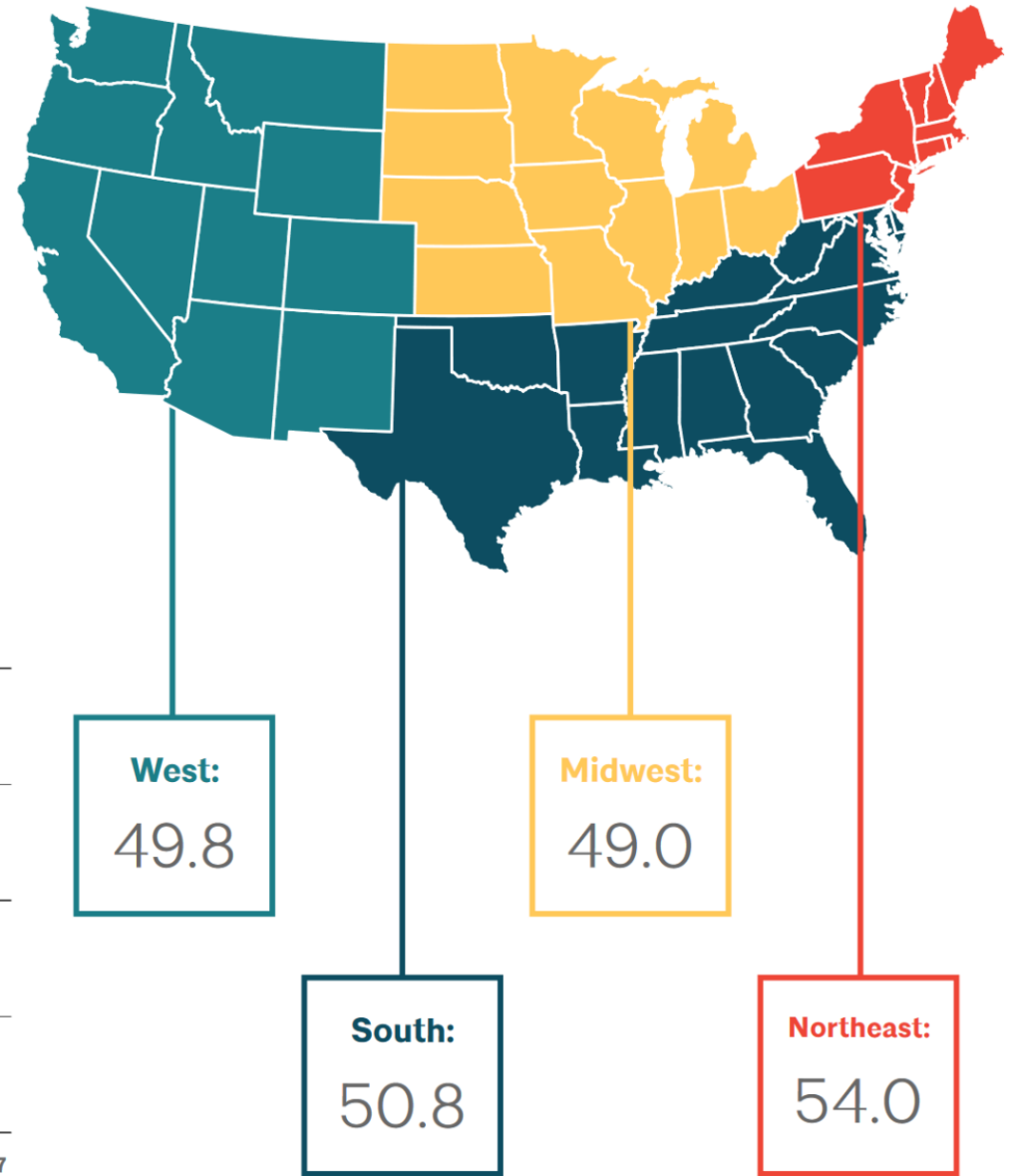
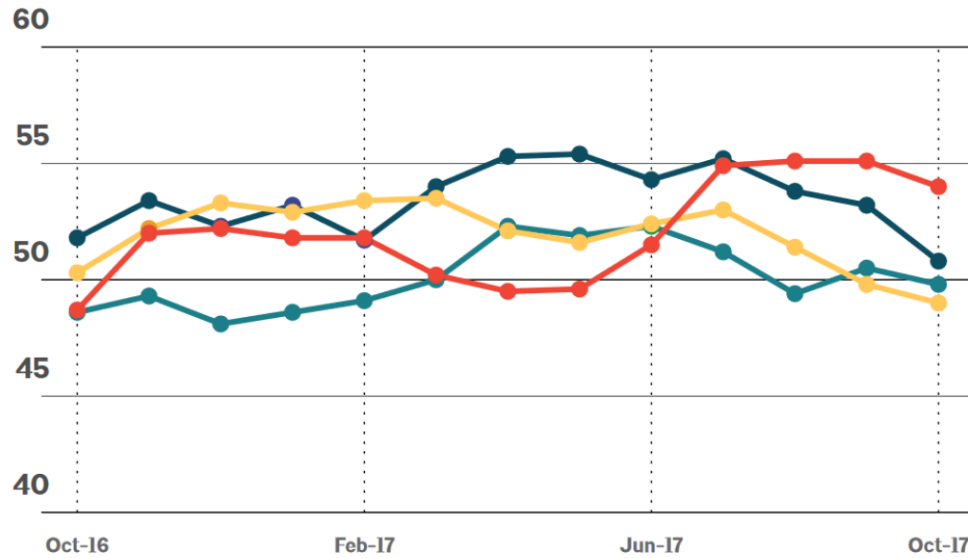


The West Architectural Billing Index was slightly below 50 for October.

Regional Architectural Billing Index (ABI)

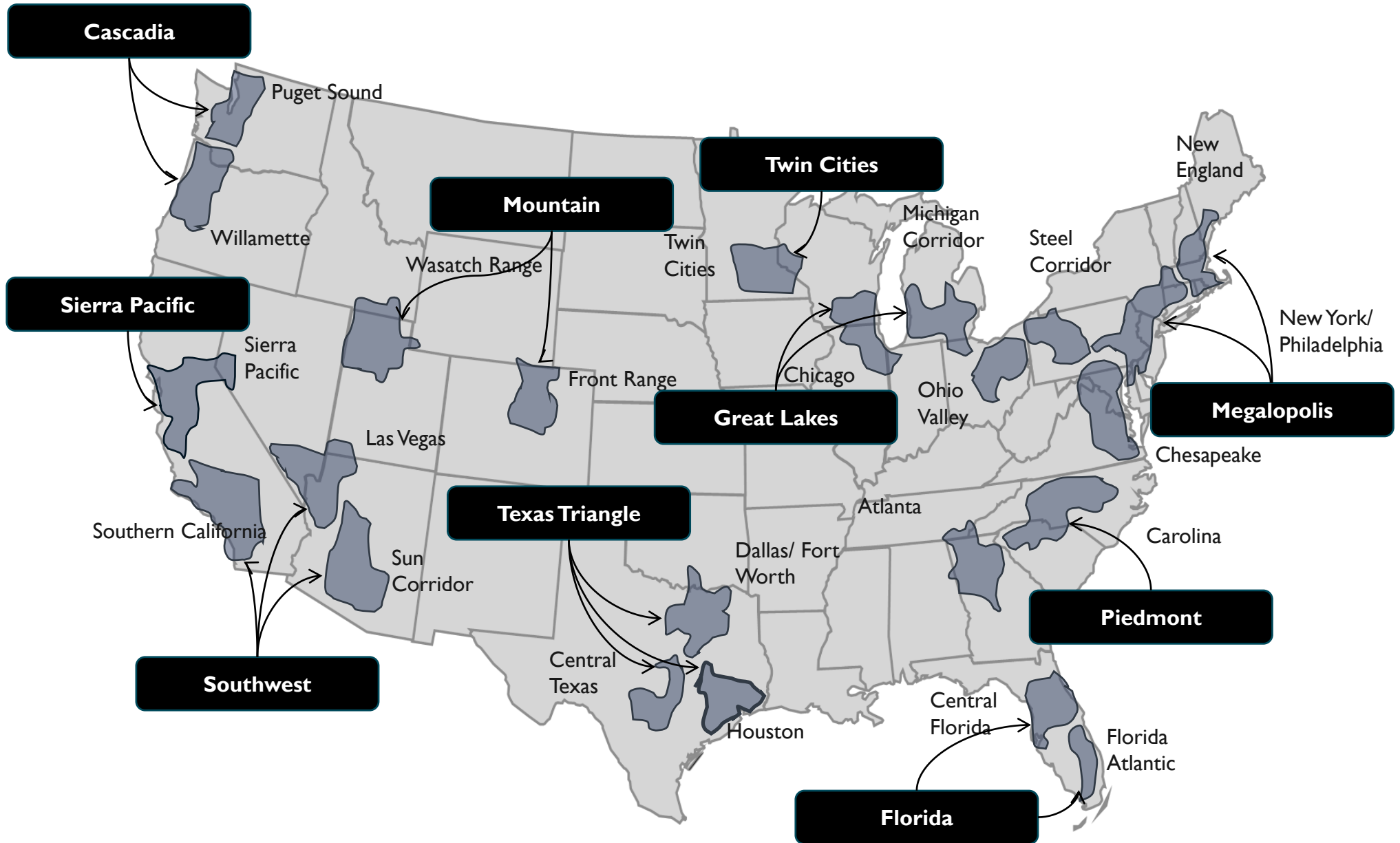
Regional business trends beginning to diverge

Graphs represent data from October 2016–October 2017 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Economic activity is becoming increasingly concentrated in a limited number of markets.

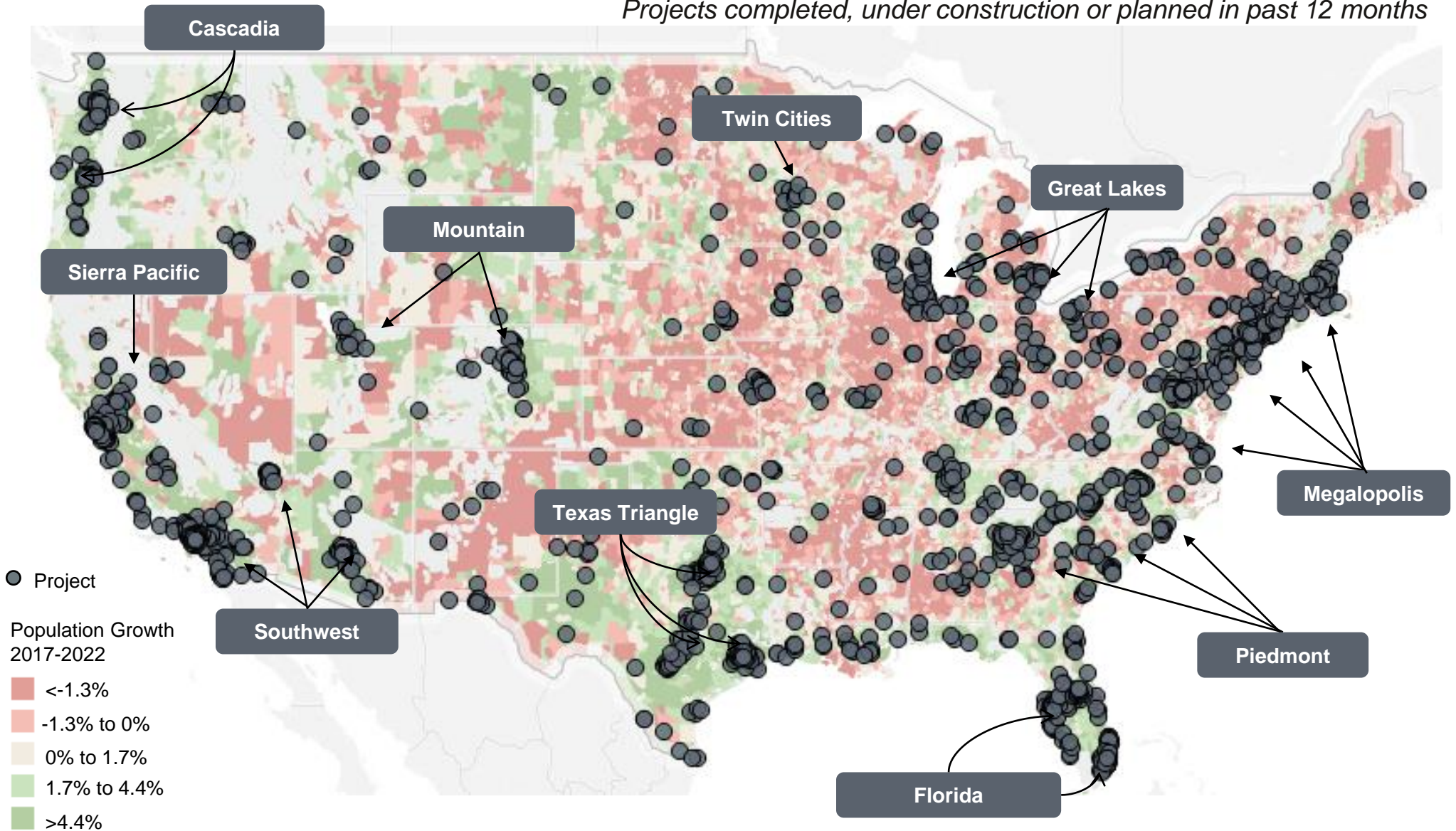
US Megapolitans



Recent nonresidential projects continue to cluster in US megapolitans.

Nonresidential project locations across US megapolitans

Projects completed, under construction or planned in past 12 months



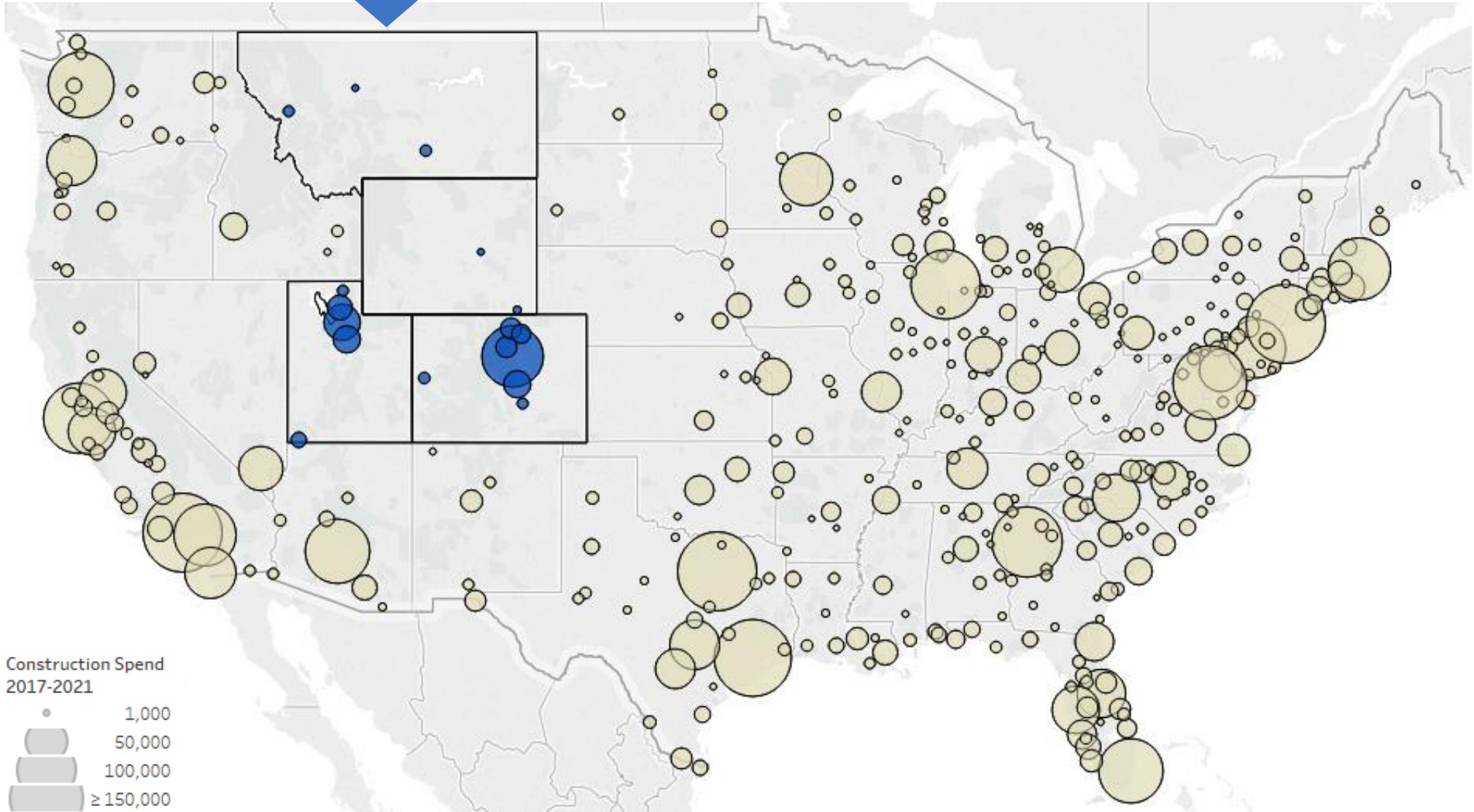
.....

Rocky Mountain Region

DBIA Rocky Mountain Region construction spending remains concentrated in Colorado and Utah.

Construction spending across metropolitan areas

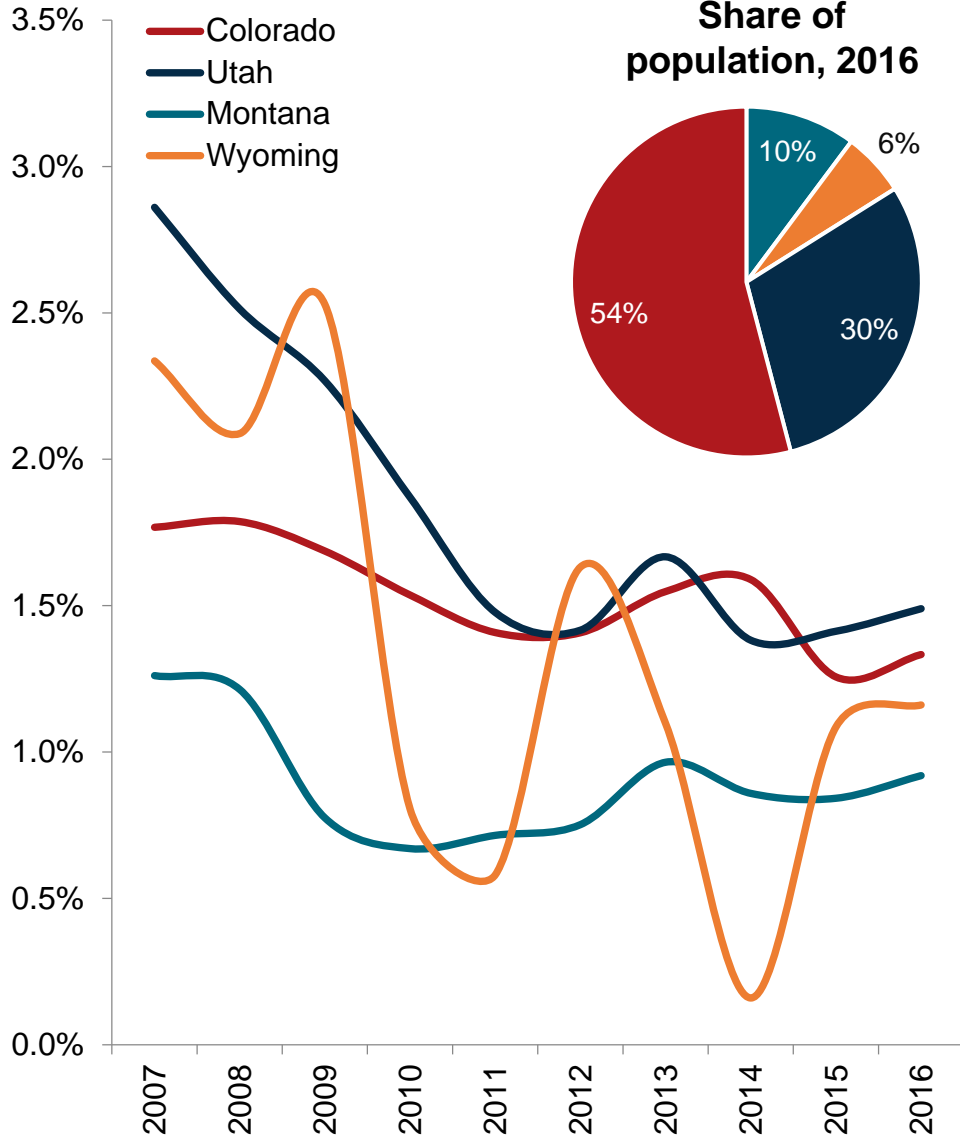
DBIA Rocky Mountain Region



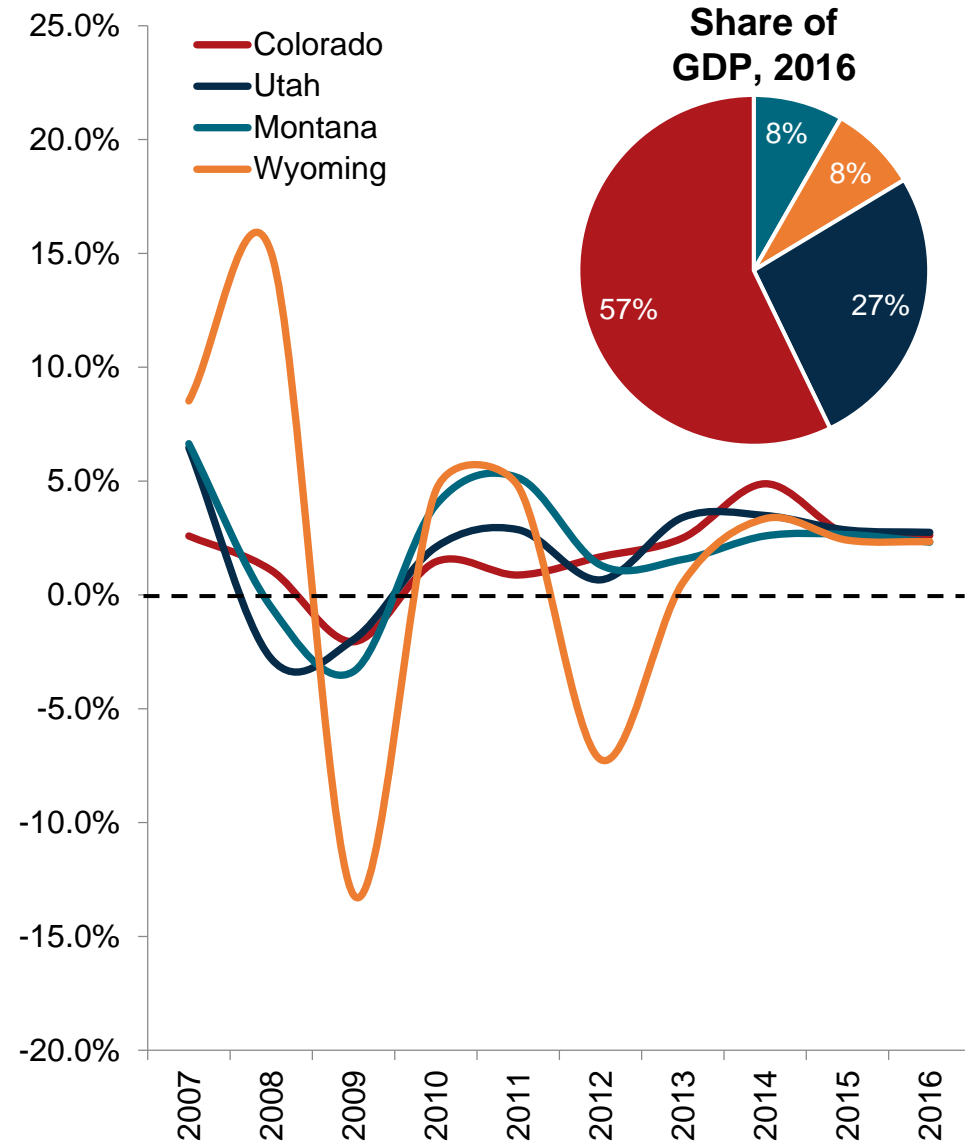
Economic growth across the Rocky Mountain Region has consistently varied across states.

Rocky Mountain Region Economic Indicators

Population Growth

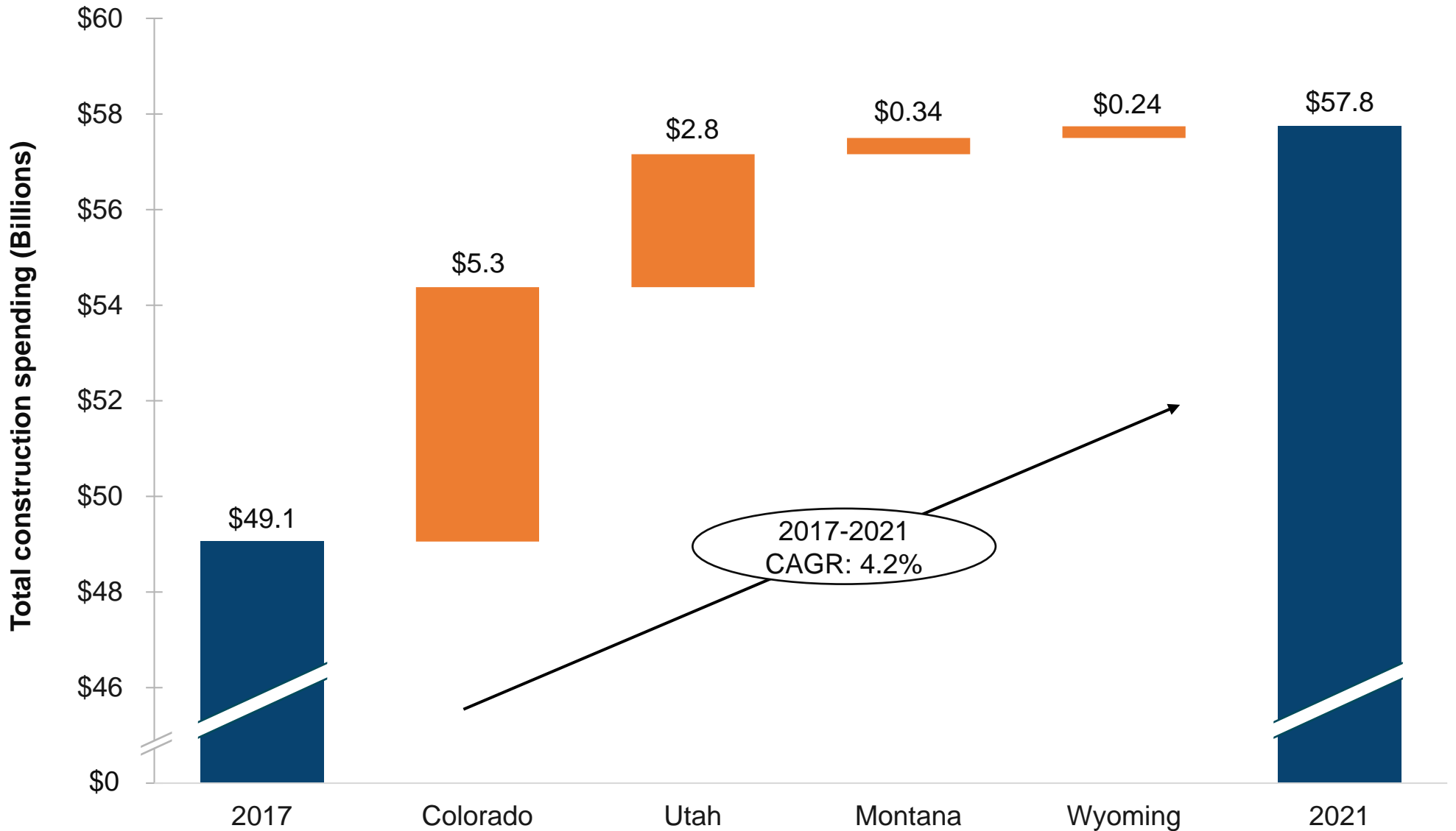


Gross Domestic Product Growth



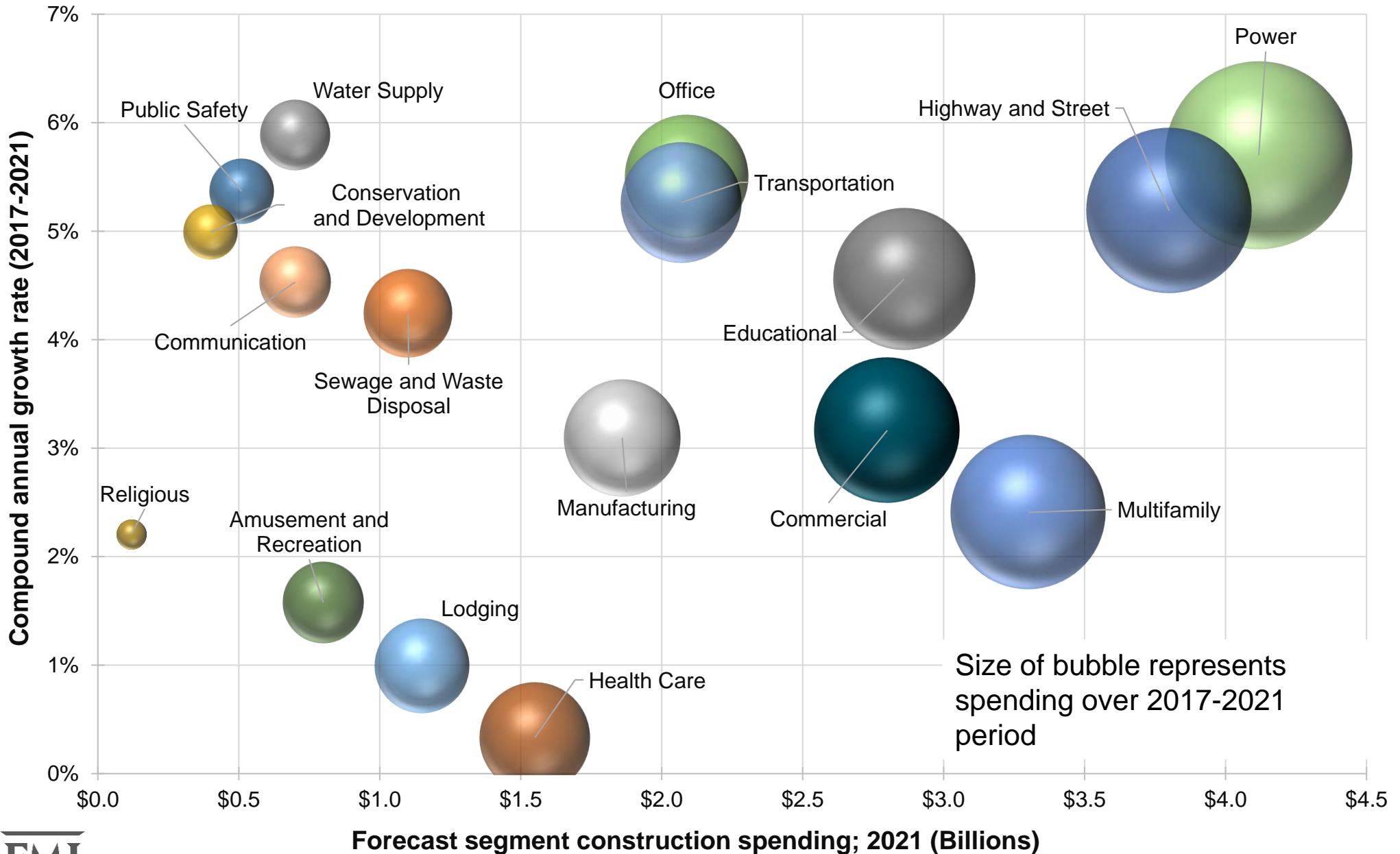
Construction spending in the Rocky Mountain Region is anticipated to yield a **4.2% compound annual growth rate (CAGR)** over the **2017-2021** period.

Rocky Mountain Region total construction spending



The power, highway/street and educational construction segments are anticipated to yield strong growth and spending.

Rocky Mountain Region construction spending by segment (excluding single family)





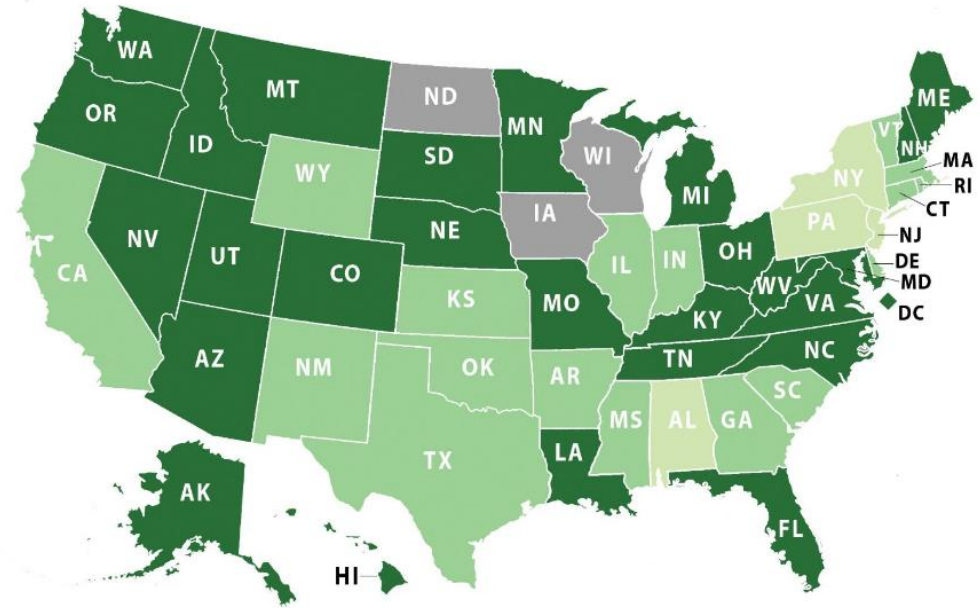
.....

Design-Build Trends

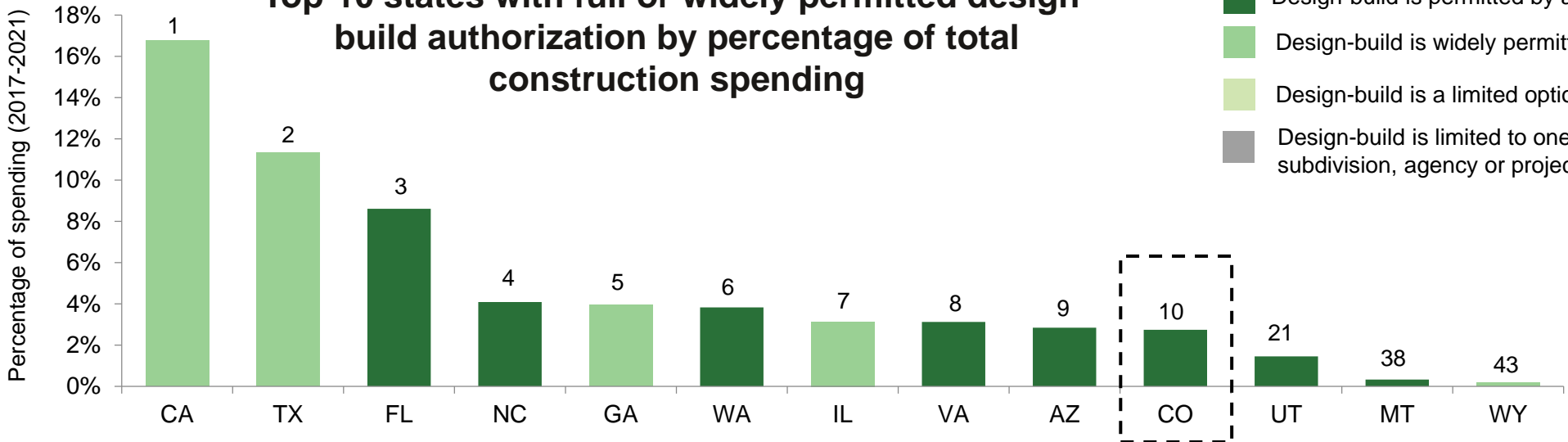
Forty-three states have full or widely permitted authorization to utilize design-build for public agency projects.

Design-build authorization and construction spending

- Forecast construction spending through 2021 is concentrated in states permitted to utilize design-build.
- Colorado is among the top-10 states with full or widely permitted design-build authorization by percentage of construction spending.



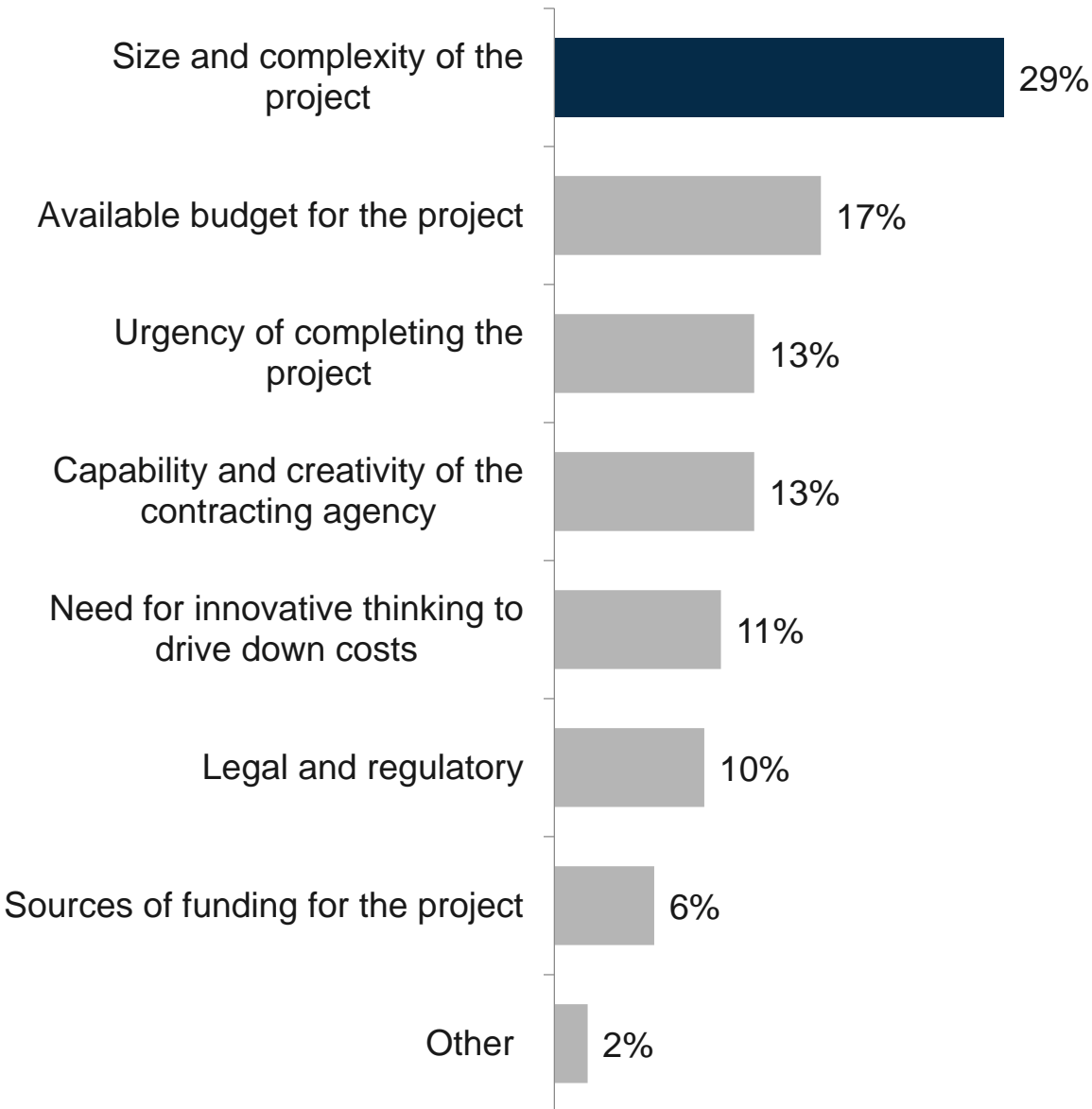
Top-10 states with full or widely permitted design-build authorization by percentage of total construction spending



- Design-build is permitted by all agencies
- Design-build is widely permitted
- Design-build is a limited option
- Design-build is limited to one political subdivision, agency or project

Design-build is perceived to address the increasing size and complexity of projects compared to traditional delivery methods.

Greatest Influences for employing design-build as a project delivery method



FMI's investigation of publicly available data and information revealed several sources that indicated "size and complexity of the project" as the primary influence on the decision to employ design-build as the project delivery method. Similarly, schedule acceleration ranks among the primary influences.

Industry stakeholders interviewed by FMI also frequently referenced project size and/or complexity as their reason for employing design-build.

"New construction for design-build is more challenging and requires greater risk. They tend to be bigger cost projects."

"Design-build projects are typically larger and more complex, which requires risk management."

"Acceleration is one of the more governing factors for selecting design-build. We want to get the work out on the street fast and create jobs."

.....

Five factors were identified as being important when assessing a design-build project partner.

Factors of importance in selecting a design-build partner



Key personnel

- Continuously stated by design-build market participants was the importance of key individuals and the availability of these individuals.

Project experience

- Proven past experience successfully delivering design-build projects and understanding of the design-build process.

Local knowledge

- Understanding and alignment with the local community and project stakeholders.

Owner relationship

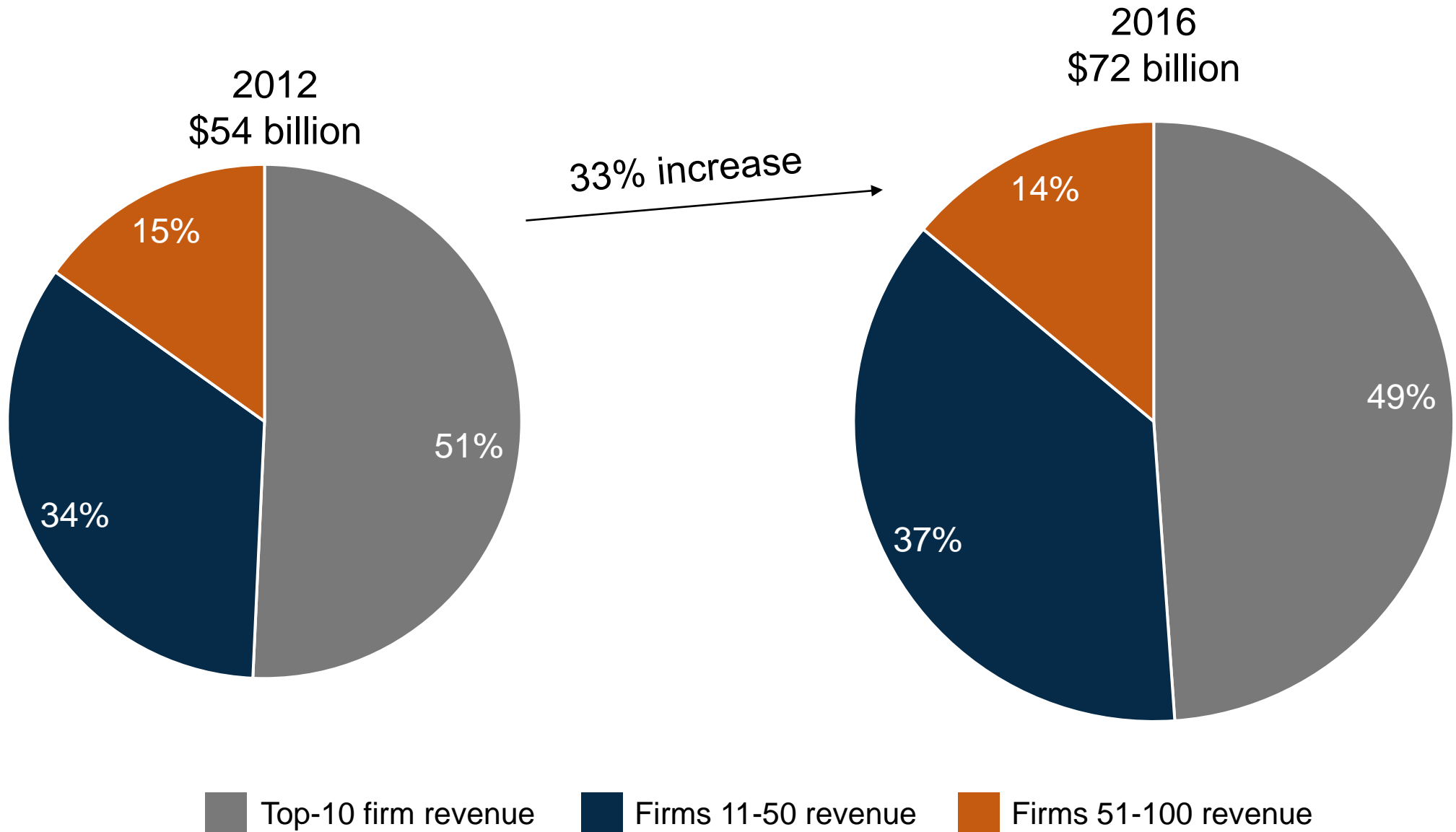
- Past experience and understanding of a particular owner can provide tremendous value.

Prior partnership

- Participants prefer to team with partners they have a high level of comfort with and feel there is a symbiotic relationship that offers complimentary skills.

Top-100 design-build firm revenue increased 33% from 2012 to 2016.

ENR top-100 firm domestic design-build revenue





To receive a copy of this presentation:

- Dustin Bass, Director – dbass@fminet.com
- Paul Trombitas, Consultant – ptrombitas@fminet.com