

COMMERCIAL CONSTRUCTION OUTLOOK

Idaho Associated General Contractors
Mark Dunham, Executive Director
January 3, 2008



BASIS FOR THIS PRESENTATION

- ✘ Questions posed in instructions will be addressed as much as possible
- ✘ In some cases, it is difficult to differentiate residential construction from commercial construction
- ✘ Construction data is not as readily quantifiable and available as in other industries such as real estate
- ✘ The question “What policies should Idaho follow to promote economic growth and higher wages” (in construction) will lead me to some of our legislative priorities

ABOUT THE IDAHO AGC

- ✘ Founded in 1934
- ✘ Over 1,100 members throughout Idaho– largest number in our history
- ✘ Of that, 110 are “General Contractors” and the rest are specialty contractors and associate members
- ✘ Four offices in Idaho: Boise, Coeur d’Alene, Idaho Falls, and Twin Falls
- ✘ The Idaho AGC does NOT represent the residential construction industry...we are commercial contractors

COMMERCIAL CONSTRUCTION DEFINED:

“NON-RESIDENTIAL” INCLUDES:

- × Schools & university buildings
- × Retail & warehouse
- × Highways & local roads
- × Office
- × Healthcare
- × Sewer, water & public works
- × Religious

NATIONAL NONRESIDENTIAL '06 TOTALS, SHARES, '07 YTD CHANGE:

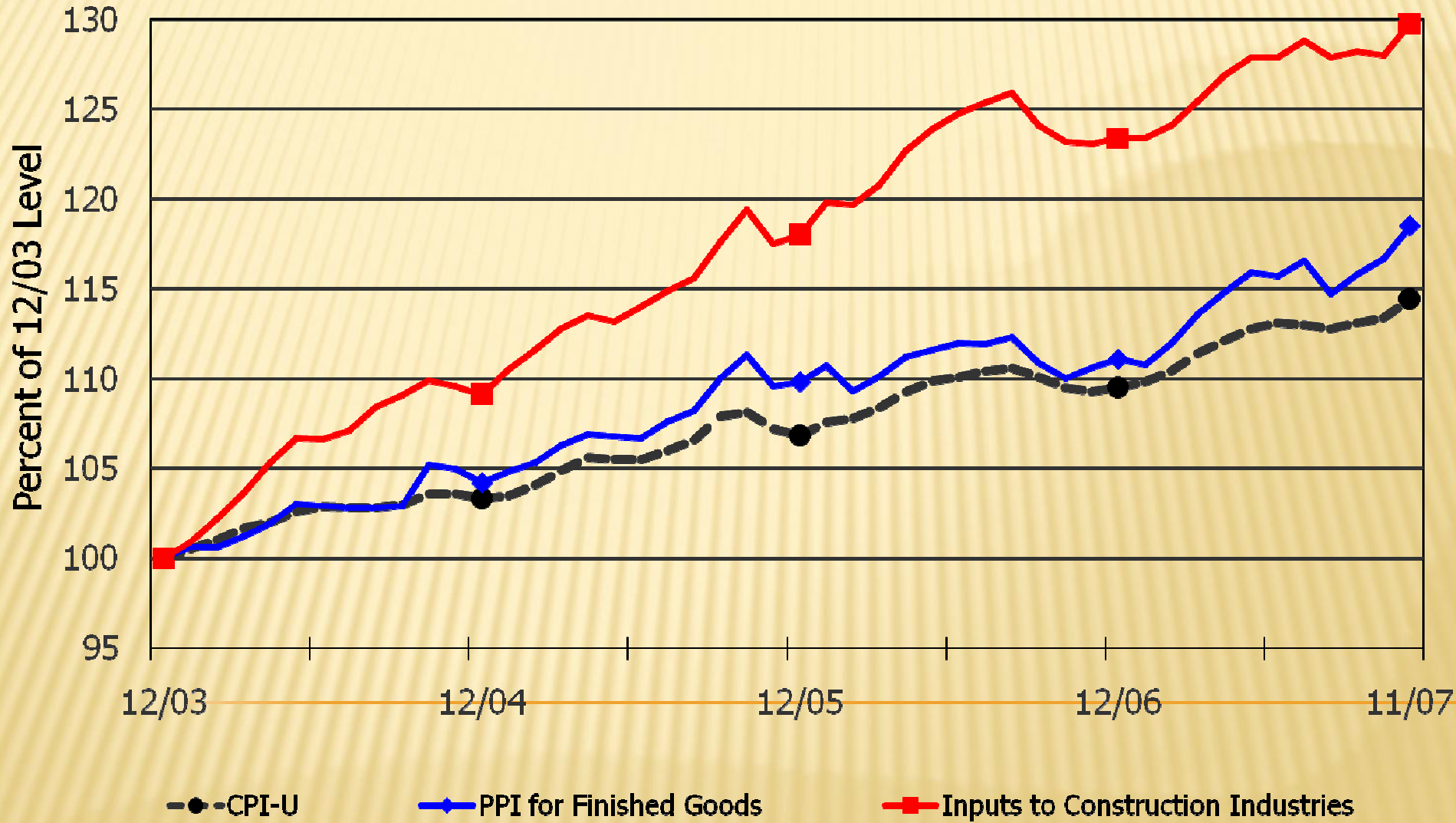
<u>Nonresidential total</u>	<u>\$545 billion</u>	<u>100%</u>	+15%
Educational	\$86 billion	16%	+14%
Commercial	\$76 billion	14%	+15%
Highway & street	\$72 billion	13%	+ 5%
Office	\$55 billion	10%	+20%
Healthcare	\$40 billion	7%	+14%
Power	\$39 billion	7%	+23%
Manufacturing	\$34 billion	6%	+ 6%
Transportation	\$27 billion	5%	+14%
Sewage & waste disposal	\$23 billion	4%	+ 7%
Communication	\$21 billion	4%	+20%
Amusement & recreation	\$18 billion	3%	+12%
Lodging	\$18 billion	3%	+65%
Other	7% (water; public safety; religious; conservation)		

NATIONAL OUTLOOK

- ✘ Commercial in 2007 was in good shape
- ✘ Commercial up 15% in first 10 months of 07
- ✘ National Prediction is a 4% increase in 2008
- ✘ Housing and mortgage slowdown hasn't directly affected commercial
- ✘ Construction materials will increase 6-8% next year vs. 2-4% for inflation
- ✘ Construction materials increases will challenge state building & highway budgets
- ✘ Source: AGC America Chief Economist Ken Simonsen

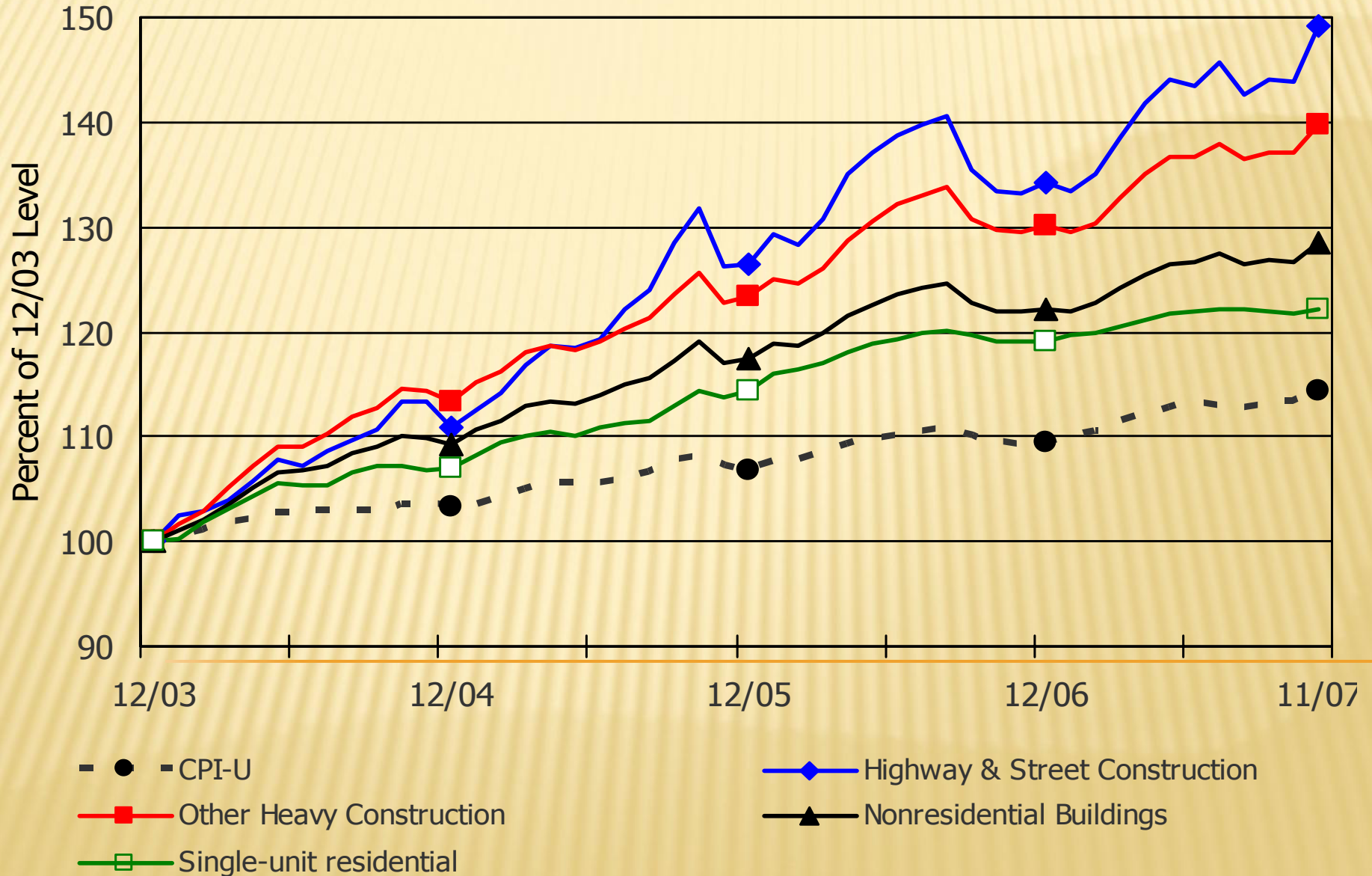
National Cumulative Change in Consumer, Producer & Construction Prices

(All PPIs = 100 in 12/03)



National Cumulative Change in PPIs for Construction Types

(All PPIs = 100 in 12/03)



IDAHO COMMERCIAL CONSTRUCTION

- ✘ *Difficult to distinguish between res & non-res because of cross-over*
- ✘ 57,439 employed in construction (both res. & non-res thru June 07)
- ✘ 55,315 in same period of 06
- ✘ 6.7% of Gross State Product
- ✘ ALL construction annual wages average \$17,906 in 07 vs. \$16,930 at the same time in 06
- ✘ New Non-Residential Value as of 9/30/07 is \$746.4 million vs. \$683.6 million as of 9/30/06
- ✘ 19,215 registered and active contractors as of 12/08/07
- ✘ 2,976 Public Works Contractors as of 1/2/08

✘ Source: AGC America, Idaho Dept. of Labor, Idaho State Contractors Board, Div. of Public Works, LBO

IDAHO OUTLOOK

- ✘ Total construction value down 16.6% through August 2007 v. August 2006
- ✘ Residential value down 35.2% (8/07 vs. 8/06)
- ✘ Commercial construction value up 9.2% (8/07 vs. 8/06)
- ✘ Alterations & Repairs value up 25.6% (8/07 vs. 8/06)
 - + Source: Wells Fargo Idaho Construction Report
- ✘ Future Planning jobs are down a bit in the AGC Bid Information System (235 in 06 ytd vs. 207 this year)
- ✘ Idaho prediction is a 0-2% increase in commercial construction in 2008
- ✘ Beyond that? Depends on GARVEE, Transportation Funding and other legislative action

FUTURE GROWTH IN COMMERCIAL? IT DEPENDS: FY 07 INVESTMENT IN GARVEE PAYS DIVIDENDS:

<u>PROJECT</u>	<u>CONTRACTOR</u>	<u>AWARDED</u>	<u>UNDER CONSTRUCTION</u>
US-95 Worley North	MA Deatley	\$ 39.7 Million	
I-84 Eagle Off-Ramp	WF Construction	\$ 2.4 Million	
I-84 Garrity to Meridian, Mill & Widen	Central Paving Co.	\$ 1.2 Million	
I-84 Broadway to Eisenman	Western Construction	\$ 12.0 Million	
US-30 Topaz to Lava Hot Springs	Western Construction	\$ 18.3 Million	
TOTAL CONSTRUCTION CONTRACTS TO DATE		\$ 73.6 Million	All Under Construction

* I-84 Garrity to Meridian, Ten Mile Creek to bid on December 11, 2007

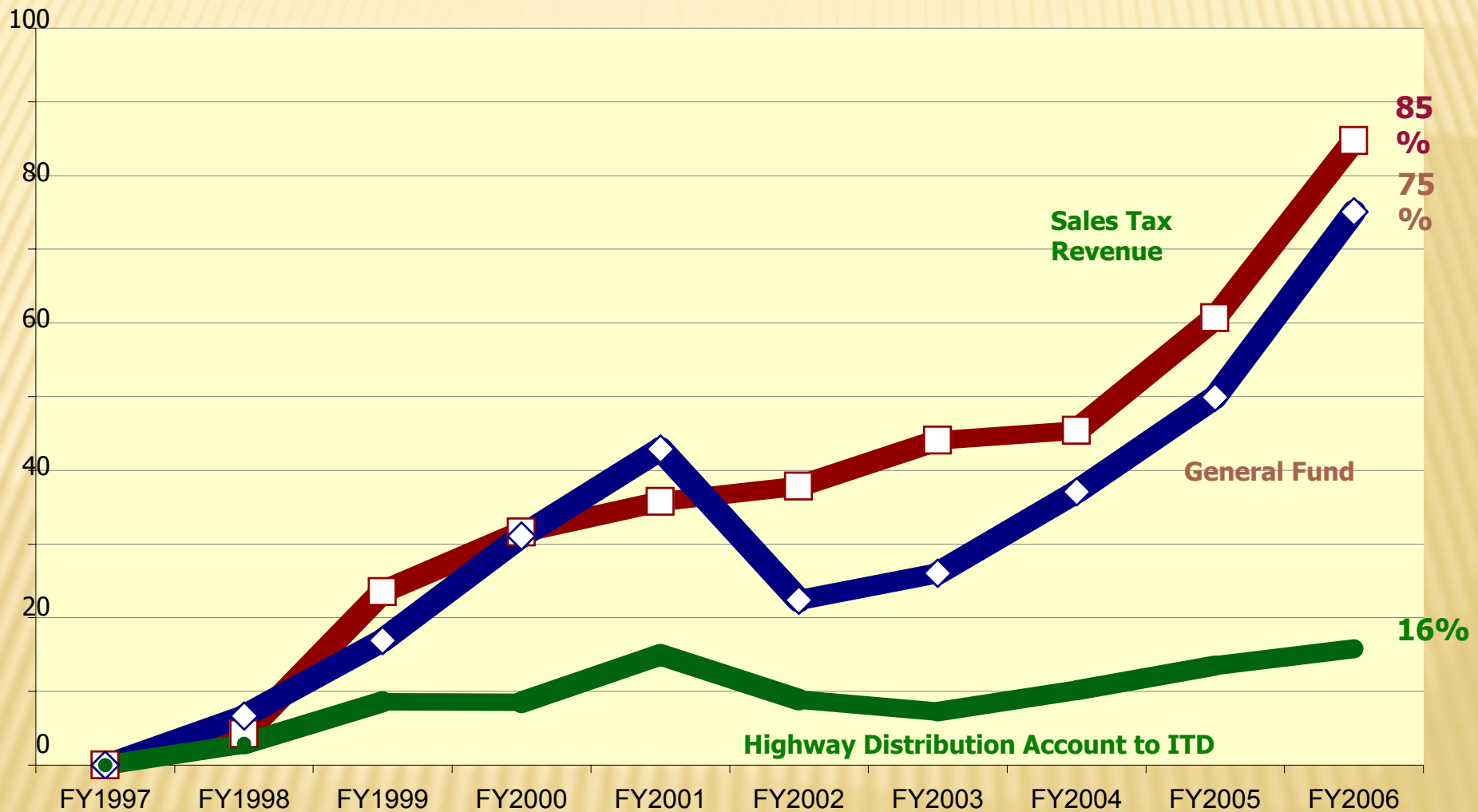
FY 08 GARVEE AUTHORIZATION'S RESULTING CONSTRUCTION PROJECTS IMPACTS ECONOMIC ACTIVITY AND REVENUE TO THE STATE:

<u>PROJECT</u>	<u>SCHEDULED</u>	<u>ESTIMATE</u>
US-95 Idaho 53 to Ohio Match Rd	Spring 2008	\$ 22.6 Million
I-84 Garrity to Meridian (multiple packages)	Spring 2008	\$113.7 Million
I-84 Franklin Blvd. Bridge	Summer 2008	\$ 12.9 Million
I-84 Cole to Orchard Sound Walls	Adv. Jan 2008	\$ 13.8 Million
US-30 Portneuf River Bridges	Summer 2008	\$ 20.0 million
US-30 12th St to Crystal Springs Rd	Summer 2008	\$ 21.5 Million
TOTAL CONSTRUCTION TO BE AWARDED IN 2008		\$204.5 Million

WHAT WILL THE \$134 MILLION REQUESTED IN FY 09 INVEST INTO CONSTRUCTION AND IDAHO'S ECONOMY?

- × I-84, Caldwell to Meridian \$61 Million
- × Ten Mile Interchange Construction
- × I-84, Orchard to Isaac's Canyon \$47 Million
- × Orchard Interchange Construction
- × Orchard Interchange Right-of-Way
- × Vista Interchange Right-of-Way
- × US-30, McCammon to Soda Springs \$26 Million
- × Topaz Bridge Construction

THE ROAD TO ECONOMIC GROWTH: CUMULATIVE CHANGE IN REVENUE: GENERAL FUND / SALES TAX / HIGHWAY FUND



Sales Tax excludes short term sales tax increase of 1% for fiscal years 2004 and 2005.

Idaho Transportation Department JFAC Presentation, February 8, 2007

THE ROAD TO ECONOMIC GROWTH?

- × Short Run

Approve 3rd GARVEE Bond at \$134 million

- × Long Run

Additional transportation funding

(Idaho has not raised road funding in 13 years)

QUESTIONS?



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Idaho AGC

Executive Director