



for the Built Environment



Looking Ahead: Markets Beyond Pandemic & Shutdowns

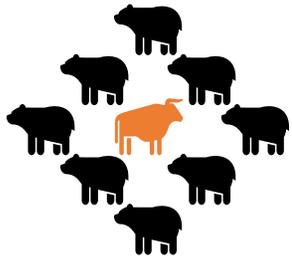
July 21, 2021

Three questions to consider



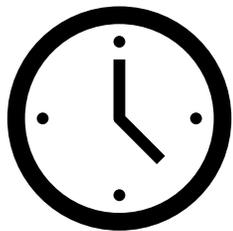
1. Durable or fragile?

A two-year recovery in two quarters



2. Expansion or contraction?

Winners and losers over the next five years



3. Permanent or temporary?

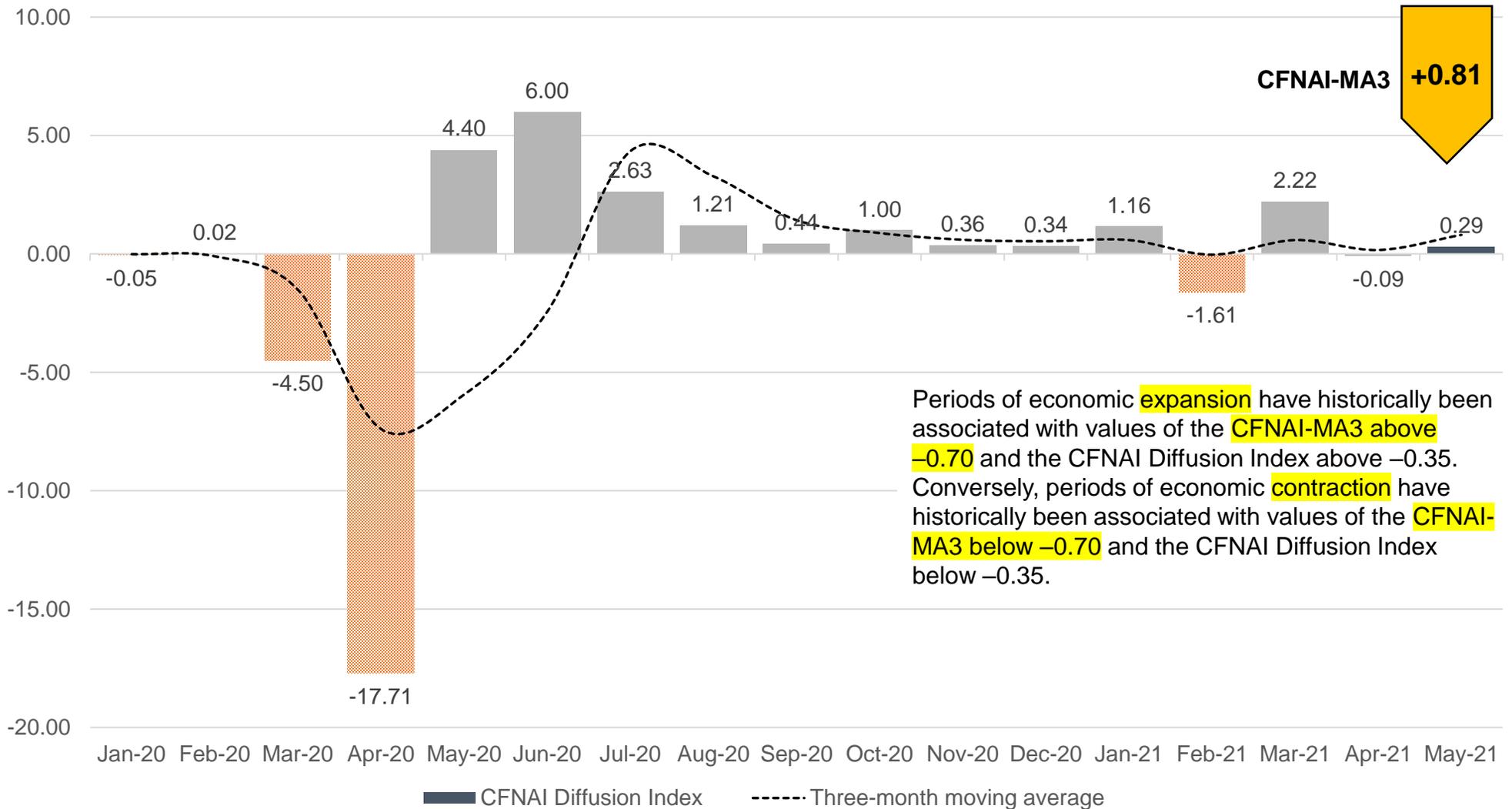
Change is unavoidable

Can we sustain current momentum?

Chicago Fed National Activity Index

Diffusion Index and three-month moving average

Source: Federal Reserve Bank of Chicago

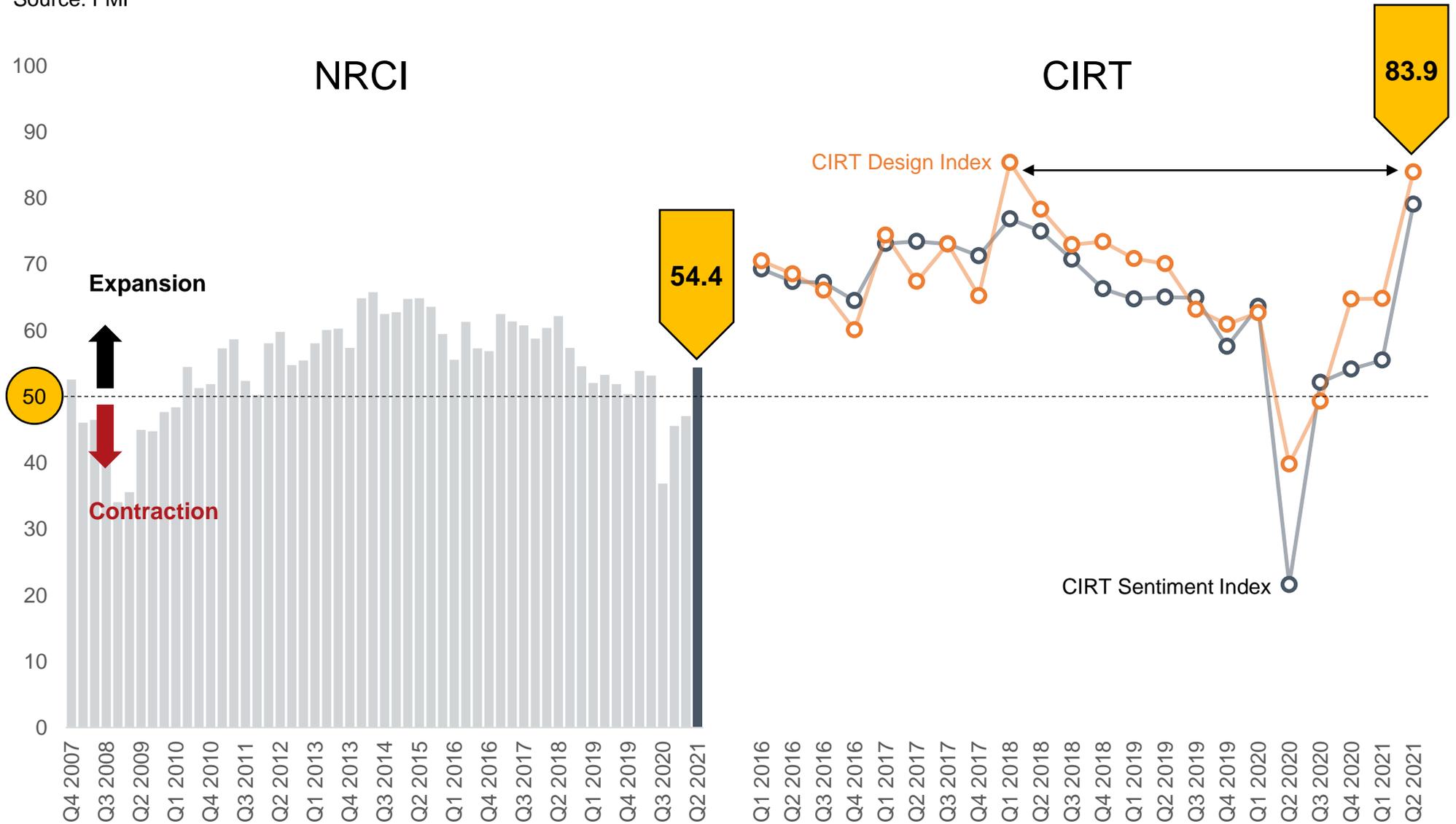


Periods of economic **expansion** have historically been associated with values of the **CFNAI-MA3 above -0.70** and the CFNAI Diffusion Index above **-0.35**. Conversely, periods of economic **contraction** have historically been associated with values of the **CFNAI-MA3 below -0.70** and the CFNAI Diffusion Index below **-0.35**.

The industry is bullish on expansion

FMI Nonresidential Construction Index (NRCI) and CIRT Sentiment Index

Source: FMI

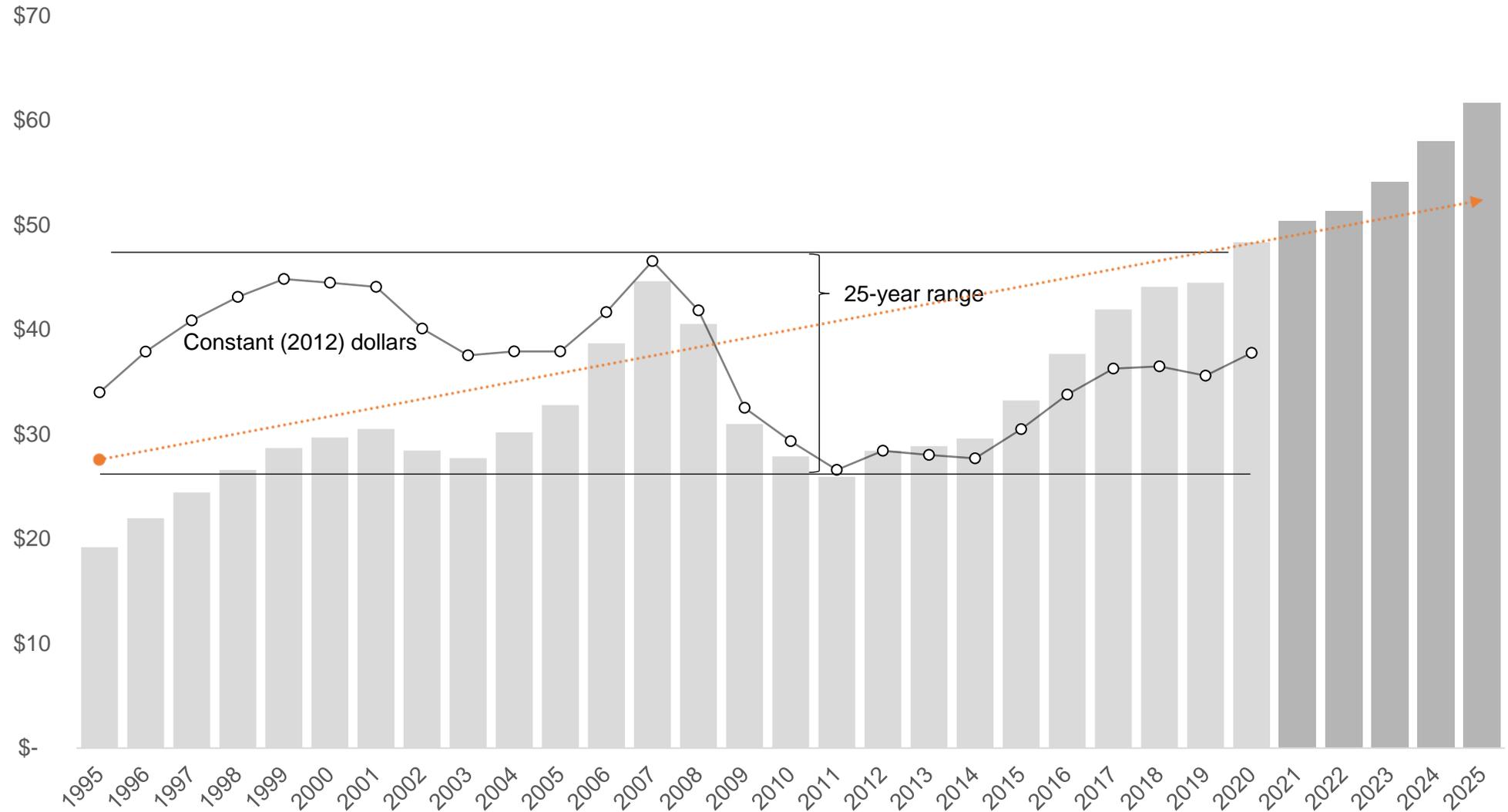


Spending is forecast to exceed the 25-year growth trend

Construction spending put in place (North Carolina)

Billions of current dollars

Source: FMI Q2 2021 forecast



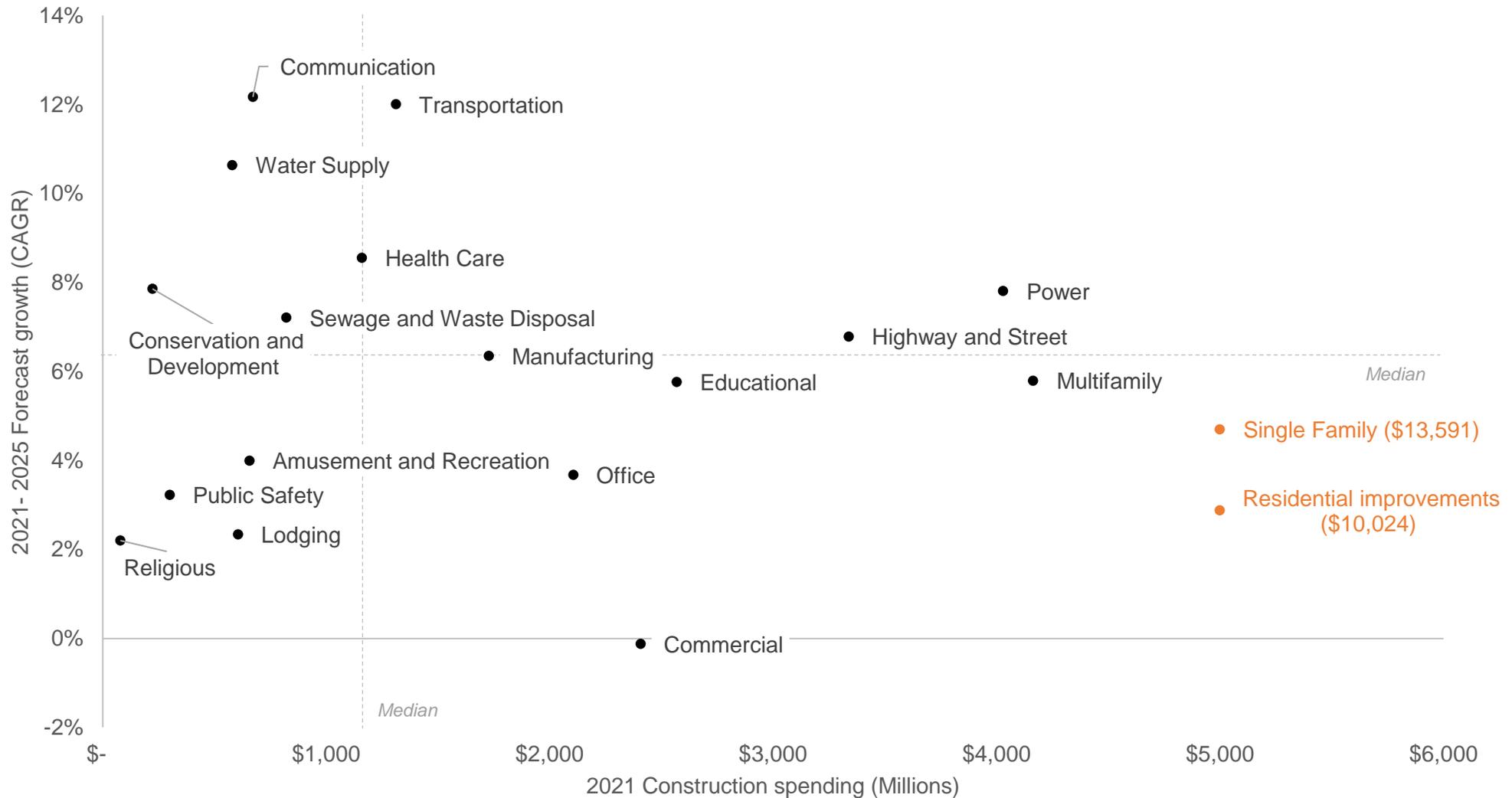


Significant growth across multiple segments

Construction spending put in place (North Carolina)

Billions of current dollars

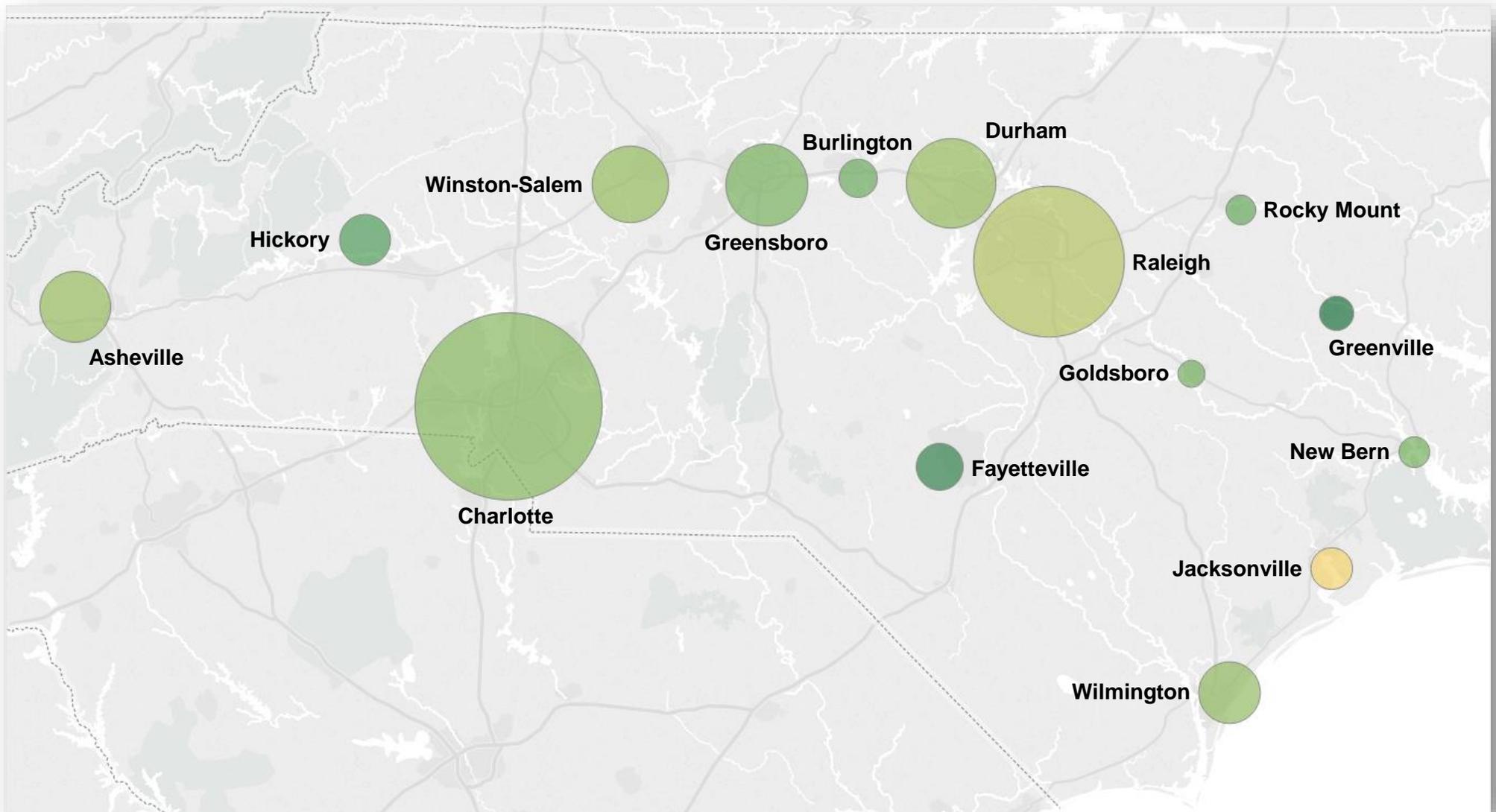
Source: FMI Q2 2021 forecast



Where will growth concentrate in the next up cycle?

Comparable construction spending and growth by MSA (2021- 2025)

Source: FMI



How do owners of traditional facilities and infrastructure adapt?

“Our goal is to be the number one health-care provider in the industry. And the more we broaden our assortment, the more we broaden our offering, the more we educate the customer Walmart is a great place to create a one-stop shop.”

Labeed Diab
Senior Vice President and President of
Health & Wellness
Walmart



What else should we be considering?

1. The Impact of Minimum Wage Increase
2. The Skilled Labor Shortage
3. Vaccination of Employees and Subcontractors
4. Succession Planning
5. Contractual Risk Shifting by Owners
6. Cryptocurrency and Blockchain
7. Autonomous Vehicles
8. Distributed Energy Resources
9. Stimulus and Other Infrastructure Spending
10. Diversity, Equity and Inclusion



One lesson learned from the Great Recession recovery....

If you want above average outcomes,
you must say no to average opportunities.