



The Concord Group
Construction Consultants

Quarterly Newsletter

Fall 2010, Vol. 1, No. 1



Dear Edward,

Welcome to the first issue of our periodic newsletter. Our objective is to share interesting news and information with you. We hope that you find it useful and enjoyable.

Billing Trends

The American Institute of Architects announced at the end of September that the Architecture Billing Index had risen for the third month in a row. This index tends to predict trends in actual construction activity anywhere from 8 to 12 months out. The August index or score was 48.2 which is up slightly from July's index of 47.9. While this is good news the index is still below 50. Any number above 50 indicates growth in billings which should translate to an increase in the number of projects coming on line.

AIA Chief Economist Kermit Baker stated "*Project cancellations, regardless of when they happen in the design phase, continue to be the main road block to recovery for the construction sector.*" [Link to article.](#)

Recent Midwest Bid Indicators

By Eamon Ryan, Vice President/Principal

The most recent bid data we have received indicates that construction pricing during 2010 has continued to stay flat and will continue to stay extremely competitive through the end of 2010. Construction spending for 2010 is expected to be down by 10% overall compared to 2009. Construction starts for 2010, in the area of public safety are expected to end 2010 up 3% in comparison to 2009. Construction starts for education projects are expected to end 2010 down -16% over 2009. These trends have a direct impact on construction costs as the amount of projects and capital available for these types of projects results in extreme competition in the bidding environment. During 2010 material and labor prices have remained somewhat stable with increases in some raw material prices. However, these have not yet had a major impact on bid costs as the market conditions that currently exist have offset these costs.



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OF ARCHITECTS**

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Recent Projects

University of Illinois

Armory Renovation

Champagne/Urbana, IL

Cost Estimating Services

Medical College of Wisconsin

New Curriculum and Technology Revitalization Program

Milwaukee, WI

Owner's Representation
Services

Loyola University

Medical Center

New Data Center

Potential Increase in Construction Spending

Current data indicates that construction spending will increase by about 5% during 2011 and potentially up to 12 % in 2012. The latest material price trends in copper, steel and petroleum products also indicate price increases as inventories are consumed and global demand picks up. We are expecting to see an approximate 6-8% increase in material pricing and a 2.5% increase in labor during 2011, which amounts to an approximate 4% escalation rate. Any project being budgeted for construction during 2011 should include a 4% escalation factor. If the expected recovery continues into 2012, we expect to see continued material/labor price increases along with more construction spending/starts which will return the market to a more "normal" bidding environment.

UW Madison - School of Nursing Madison, WI

The Concord Group is providing cost consulting services to Kahler Slater

Architects for this project. The building includes a total square footage of 161,000 SF providing class rooms, clinical teaching spaces, administrative and support functions. Total construction cost of \$52 Million.



Roosevelt University Athletic Facility Chicago, IL

A new two story, 28,000 SF field house planned for NCAA basketball and volleyball games with seating for 500 spectators. This new facility is located in downtown Chicago, IL. We are providing Owner's Representation services to Roosevelt University.



Wisconsin Institutes Of Medical Research Madison, WI

The Concord Group has provided conceptual cost consulting services for the new Wisconsin Institutes of Medical Research. This project includes a total square footage of 300,000 SF providing class rooms, clinical teaching spaces, administrative and support functions. Total construction cost of \$102 Million. We are providing these services to Zimmerman Architectural Studios.

Chicago, IL
Cost Estimating Services

**Chicago Public
Building Commission
New Jones High School**
Chicago, IL
Cost Estimating Services

**University of Wisconsin
Eau Claire
New Education Facility**
Eau Claire, WI
Cost Estimating Services

**University of Wisconsin
Madison
Residence Hall**
Madison, WI
Cost Estimating Services

New Staff Members

Steve Van Slyke, PE
Regional Vice President
Grand Rapids Office

Randy Jardine, LEED, AP
Senior Cost Estimator
Chicago Office

Matt Bakke
Intern
Milwaukee Office

Natalie Villegas
Intern
Milwaukee Office



Cost Segregation Services

The Concord Group is pleased to now be providing Cost Segregation services to help clients accelerate project depreciation and improve cash flow. Contact any of our offices for more information or go to our website to learn more about this service and download a copy of our brochure. [Link To Our Website.](#)

This is the first of our quarterly newsletters and we hope that you have enjoyed it. We welcome your suggestions on topics or issues that you might find interesting in future editions. We look forward to working with you in the future.

Sincerely,

Ed Stritch
Chairman and CEO
The Concord Group

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