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The Concord Group
Construction Consultants

The Concord Group

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New Projects

Cost Estimating Services for . .

Public Building Commission
Durkin Park Annex
Onahan Annex
Stevenson Anex
Peck School Renovation
Henderson School
Ping Tom Park Field House

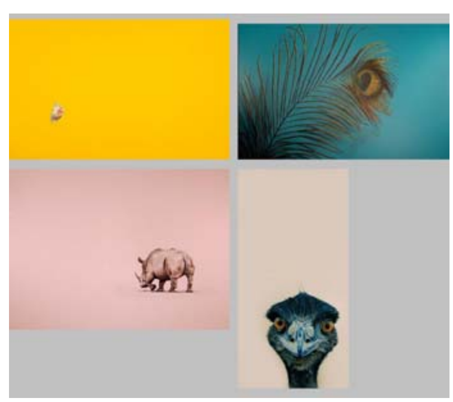
Dear Edward,
Welcome to the most recent issue of our newsletter. This is an opportunity for us to share information about what's going on with our firm and staff.

We are pleased to announce that our new website for Cost Management and Owner's Representation services is up and running. We believe that it has valuable information about how we work with our clients.

A big part of this is the change of our web address to www.concord-cc.com. Please take a look at our new site.

We will be transitioning our email addresses over time to the new address as well. We'll let you know when that update is complete.

Celebrating 15 Years in Business



We are also pleased to let you all know that this year we celebrate 15 years in business.

We owe our success to the trust that our clients have placed in us and to our staff who have demonstrated that they have the skills and

Dunbar High School

University of Illinois
Culture, Ethic and Gender Studies
DKH Window Repair

University of Chicago
Child Care Center East
Hinds Lab Renovation

University of Wisconsin
Madison - Hospital Parking Study

Veterans Administration
Madison - Ground Floor Renovation

GSA
450 S. Federal Garage
USDA Metcalf 20th Floor
National contract with UGL Equis for multiple locations

Wheaton Franciscan Health
Emergency Department Renovation

Spectrumn Health System
Data Center

Northwestern University
Technical Institute

dedication to meet our clients' needs.

In celebration of this we have secured the rights to four original pieces of artwork by Adam Umbach. Adam is a classically trained painter who has had numerous exhibitions of his work throughout the Midwest.

Adam states that, ". . . *in this reproduction series - Peacock Feather; Rhino; Goldfish and Ostrich are both adjectives and nouns - they describe the color that drives the painting, as well as image that it describes. What emerges is a working of color that shapes the canvas, something that was not first intended by the paint maker.*"

The AIA Billing Index Update

THE AMERICAN INSTITUTE OF ARCHITECTS

The most recent billing index published by The American Institute of Architects continues to show a decline in business conditions for architectural firms. The Midwest had the weakest score of all regions with a 44.9 (A score of 50 indicates no change in activity from the prior month. A score of 50+ indicates improvement whereas a score of less than 50 indicates a decline.) Despite this news, employment at architectural firms rose to its highest point of the year (app. 153,200 - nation wide).

The one bright spot in all of this is that inquiries for new work do remain on the plus side with a score of 53.7. Clients are at least thinking and planning on new projects but the pattern of delays in starting these continues.

Construction activity does appear to have improved with residential rental construction increasing in various markets around the United States including Chicago. The AIA publication also noted that there is a heightened demand for industrial projects in the Chicago area.

Gift of Paintings for Resurrection Hospital

Ed and Sarah Stritch have commissioned two pieces of artwork for the pediatrics unit of Norwegian American Hospital where Ed serves on the hospital Foundation Board. 100 copies of each of the two paintings have been made and will be used for fund raising efforts for the hospital.

These works were created by Adam Umbach who created the artwork being used to recognize the firm's 15 year celebration. This artwork will brighten the patient care units where they will be placed.

Market Update

The general construction market continues to remain stagnant throughout the country. Recent data indicates that the slow rate of construction starts continue to remain in effect, leading to a continued depressed construction market. Unemployment in the sector continues to remain high. As expected there has been very little growth in the industry as 2011 has progressed. Bid costs continue to remain relatively stable and we continue to see healthy competition in the bid environment. We are expecting to see construction costs generally remain relatively stable for the remainder of 2011. The ongoing state and local government budget difficulties as well as the current federal financial crisis continues to have a major impact on the industry as projects continue to be put on hold due to lack of funding. Locally, as we have seen for the last 3 years or so, we are seeing the bidding environment remain competitive with many (average of 6 plus) contractors bidding on most projects.

As for material price increases, recent data has shown that petroleum based materials have increased significantly in the last number of months. Asphalt, for example is up 5% since May 2010 and diesel fuel is up almost 40% since the same time in 2010. Even though there was a significant price spike in fabricated steel early in the year, this price increase has now for the most part been absorbed and has started to level off, there has been an increase of 7% in the price of rebar since March of this year. The price of copper pipe continues to fluctuate. The price of lumber and plywood in particular has dropped and is down 16% from a year ago. The effect of these price fluctuations has been seen in recent local bids, but due to continued competition in the subcontractor environment the true effect of these price increases has not been felt substantially and has been offset by the market conditions that currently exist.

If the hoped for recovery takes hold in 2012, we expect to see significant material/labor price increases along with more construction spending/starts. Therefore, we recommend carrying an annual escalation factor of approximately 4-6% for projects scheduled to begin construction in 2012 or after. In recent conversations with local Construction Management and General Contracting companies, they indicated that they are expecting a gradual increase in construction spending and demand for new construction and that bid pricing will reflect that gradual increase. They are not anticipating an immediate major price spike in the construction market if and when the economy finally starts to show signs of significant sustained recovery.

We hope that you have found our newsletter both enjoyable and helpful. We look forward to seeing you in the near future.

Sincerely,

Ed Stritch
The Concord Group