



# ConstructConnect Corporate Overview

PRESENTED BY

**Paul Hart**

Vice President, Economic Content

MEET OUR TEAM



# Hello.

MEET OUR TEAM



**Michael Guckes**  
Chief Economist



**Marshall Benveniste**  
Senior Manager, Economic Content



**Paul Hart**  
VP, Economic Content

## From Acquisition to Innovation

For over 100 years, ConstructConnect's keen insights and market intelligence have empowered commercial construction firms to make data-driven decisions.



## Who is ConstructConnect?

The leading pre-construction network and provider of cloud-based, non-residential construction project data and collaboration and estimating solutions to 60,000+ customers across the US and Canada.

**400,000**

Non-residential Commercial  
Construction Projects in the  
US and Canada

**100,000**

Users

**800**

Employees

**Roper**  
TECHNOLOGIES

Part of Roper Technologies  
Group of high performing  
companies (55B Market Cap).



Offices in North America  
(Cincinnati, Atlanta, Markam).

### Our three main lines of business include:



Project Data



Takeoff + Estimating



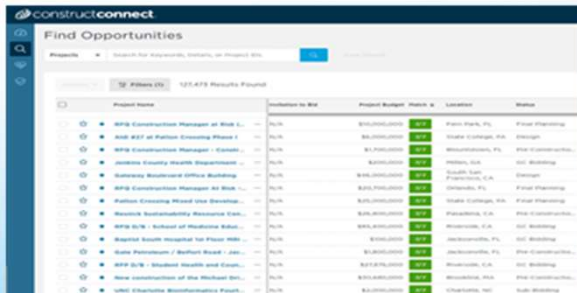
Bid + Risk Management

# Construction Process



# What does ConstructConnect do?

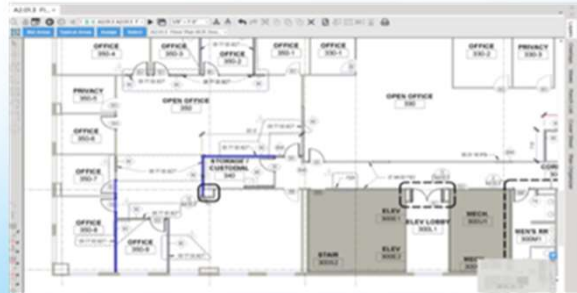
## Project Data



**Identify the best opportunities for your business and understand the competition.**

SaaS application to manage project opportunities and ITBs with access to a database of non-residential construction project and lead data curated by ConstructConnect. Market share analytics, construction starts, and forecasts also available.

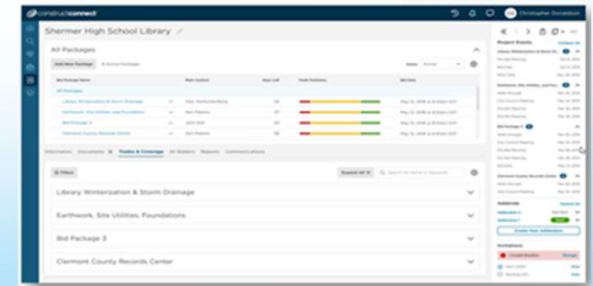
## Takeoff + Estimating



**Create an accurate, digital takeoff and estimate to put your best bid forward.**

Software to scope material and labor needed for a project to create the foundation for a bid. AI-assisted takeoff for interior finishes, walls, and areas.

## Bid + Risk Management



**Find the right subcontractors to hire for a project.**

Software to connect with qualified subcontractors and invite them to bid on upcoming projects.

## | Our Mission

**To help the **construction industry**  
start every project on a **solid foundation.****



# Get Started Today!



Scan Me

<https://www.constructconnect.com/try-today>





# Building Beyond Today

A special presentation for CSI Atlanta

PRESENTED BY

**Michael Guckes**

Chief Economist

## | Construction Strategy:

There are four primary categories which will impact every construction firm's success:

1. Macroeconomic Environment  
the "terrain"
2. Labor
3. Finance
4. Entrepreneurship / Strategy  
*(What is possible by bringing the lenses together)*

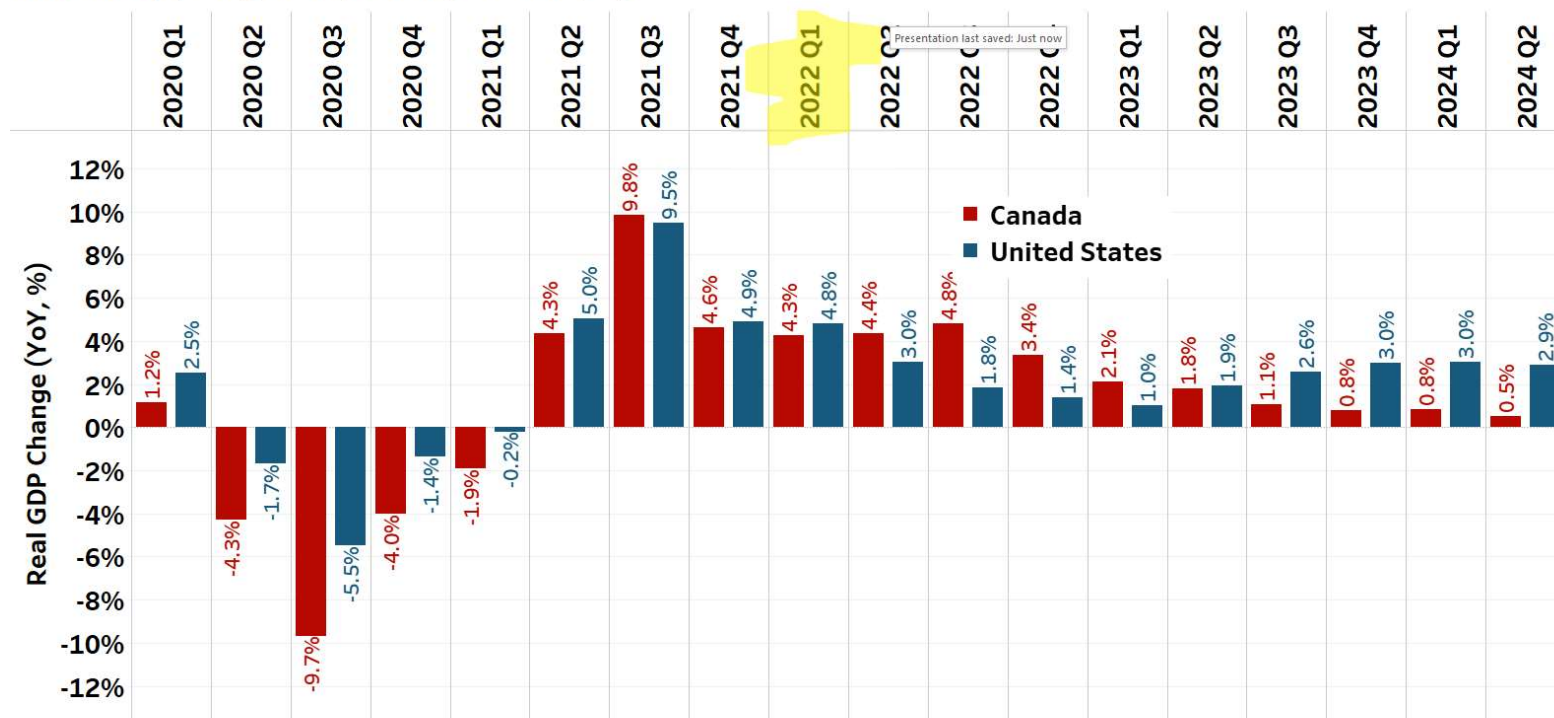


## | **Macroeconomic Environment or, “Economic Terrain”**

- The economy’s “terrain” varies by:
  - Verticals
  - New/Renovation
  - Sector (private/public)
  - Geography
- To some degree you can “select” your path through this terrain.
- Then through shrewd decision-making you can customize your company’s ability to travel the selected path & terrain.

# Macroeconomic Terrain

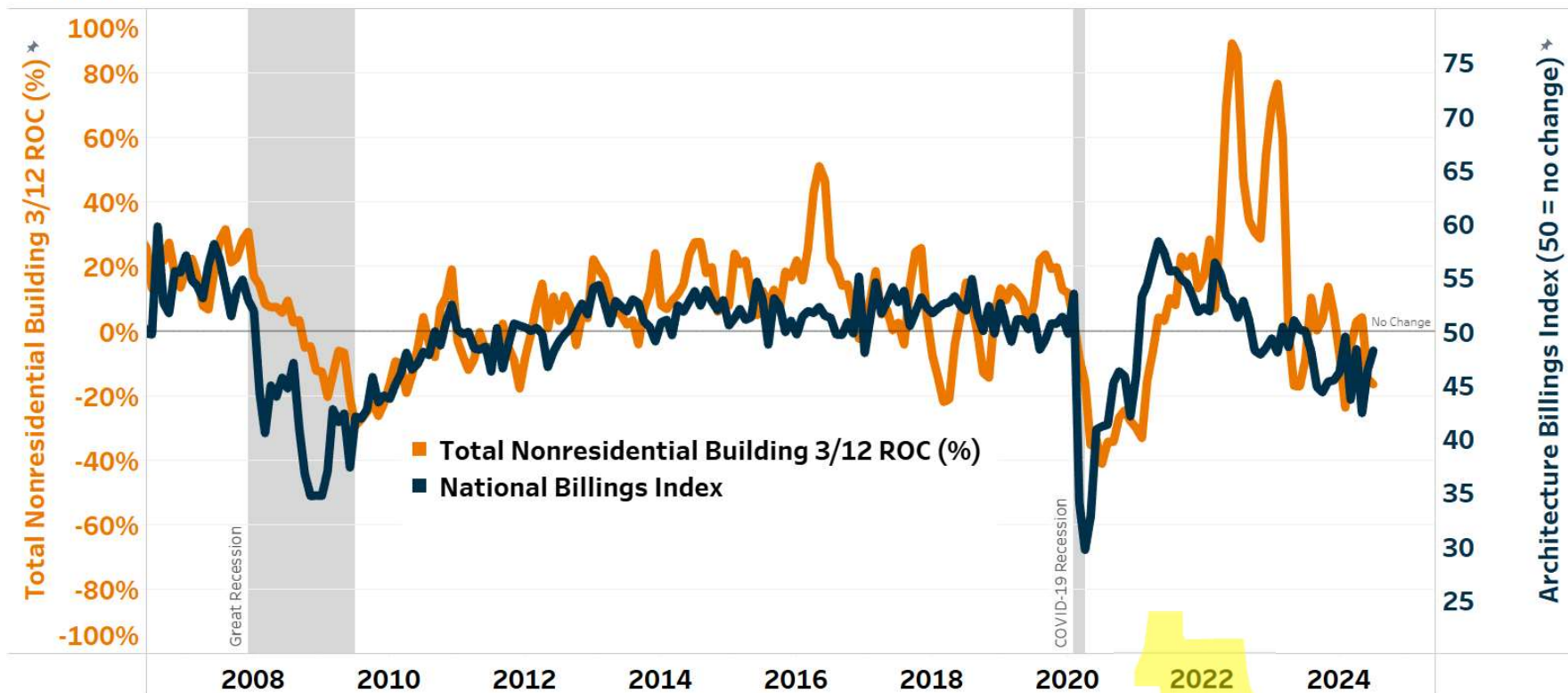
Higher Interest Rates Are Having a Slowing Effect on Economic Growth Across North America, (GDP growth year-on-year "YoY", %)



Source: Bureau of Economic Analysis

## Architecture Billings Index Leading Nonresidential Building Lower

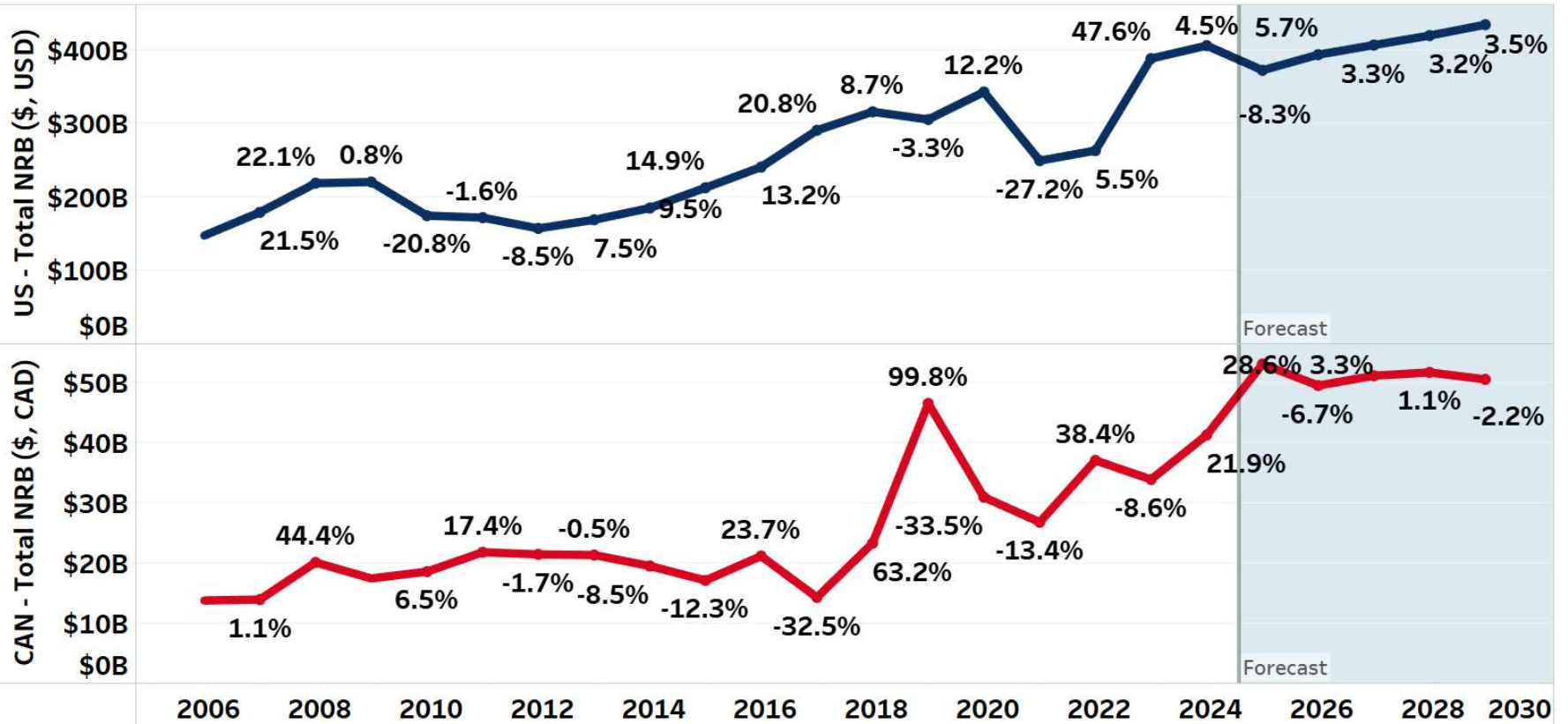
The ABI and ConstructConnect's latest actuals through YTD-2024 both point to challenging Nonresidential Building market conditions



Source: Architecture Billings Index, American Institute of Architects; Total Nonresidential Building Starts Spending, ConstructConnect

## Canadian & U.S. Nonresidential Building Historic Starts and Forecast

(Billions of \$ in native currency, NSA)



Source: ConstructConnect Starts Forecast, 3Q2024 Release

## U.S. Mega Projects Are Providing Substantial Support to the Industry

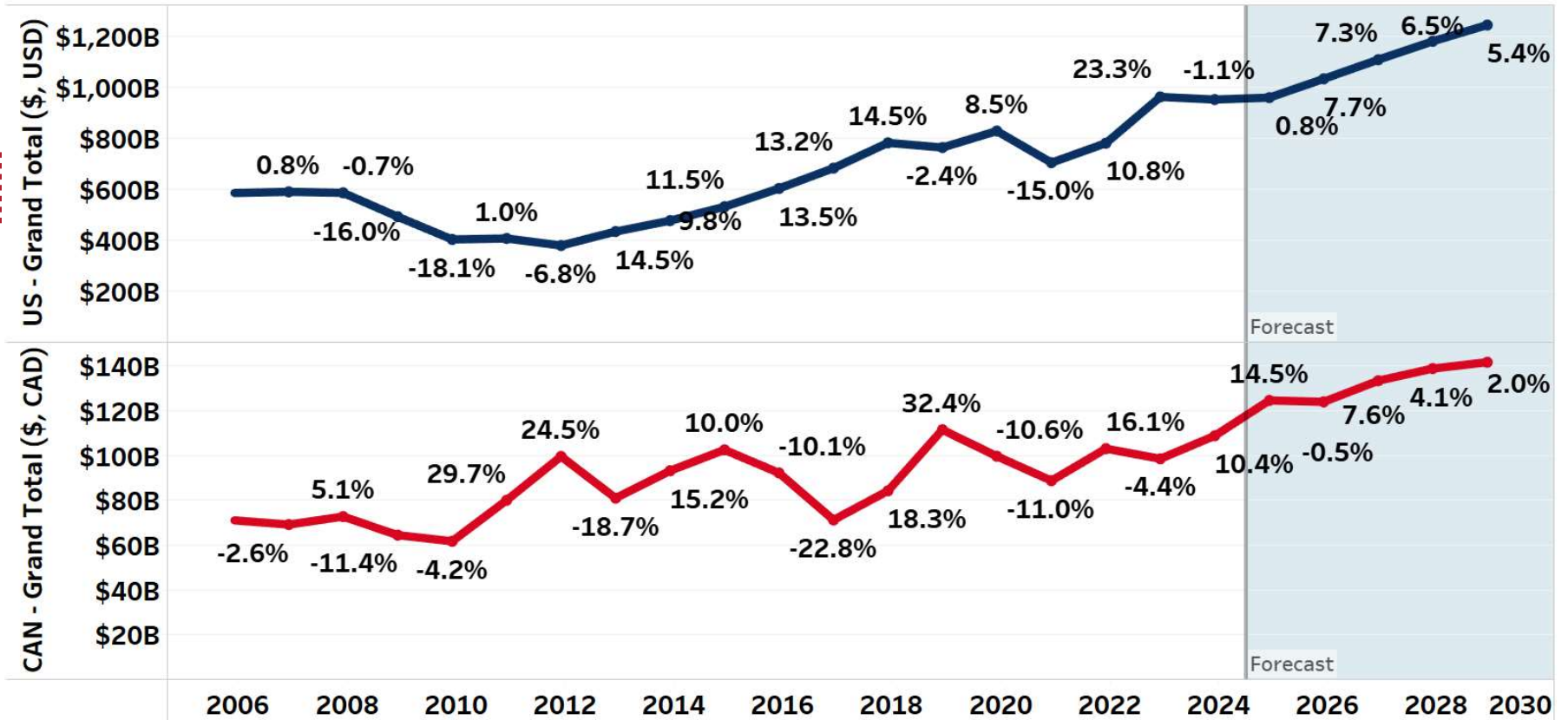
(Value of Mega Projects, \$ Millions, 12-month moving average)



Source: ConstructConnect Insight Leads Database

## Canadian & U.S. Grand Total Historic Starts and Forecast

(Billions of \$ in native currency, NSA)



Source: ConstructConnect Starts Forecast, 3Q2024 Release





## U.S. Type-of-Structure Construction 'Starts' Forecasts

(\$, Billions USD)

|                            | Actuals |        | Forecasts |         |         |         |         |
|----------------------------|---------|--------|-----------|---------|---------|---------|---------|
|                            | 2022    | 2023   | 2024      | 2025    | 2026    | 2027    | 2028    |
| <b>Main Categories</b>     |         |        |           |         |         |         |         |
| Residential                | 373.7   | 317.8  | 316.5     | 359.2   | 405.9   | 450.8   | 487.9   |
| <i>(Yr/yr % change)</i>    | 3.1%    | -15.0% | -0.4%     | 13.5%   | 13.0%   | 11.1%   | 8.2%    |
| Commercial                 | 130.9   | 139.7  | 134.0     | 146.2   | 155.6   | 163.7   | 171.7   |
| <i>(Yr/yr % change)</i>    | 14.8%   | 6.7%   | -4.1%     | 9.1%    | 6.4%    | 5.2%    | 4.9%    |
| Industrial (Manufacturing) | 115.4   | 103.3  | 70.1      | 72.8    | 70.0    | 68.3    | 69.3    |
| <i>(Yr/yr % change)</i>    | 229.0%  | -10.5% | -32.1%    | 3.8%    | -3.9%   | -2.3%   | 1.4%    |
| TOTAL NON-RES BUILDING     | 388.2   | 405.9  | 372.3     | 393.5   | 406.6   | 419.5   | 434.3   |
| <i>(Yr/yr % change)</i>    | 47.6%   | 4.5%   | -8.3%     | 5.7%    | 3.3%    | 3.2%    | 3.5%    |
| Engineering                | 202.0   | 229.9  | 272.4     | 282.2   | 297.8   | 312.0   | 324.2   |
| <i>(Yr/yr % change)</i>    | 29.1%   | 13.8%  | 18.5%     | 3.6%    | 5.5%    | 4.8%    | 3.9%    |
| GRAND TOTAL                | 963.9   | 953.6  | 961.1     | 1,034.9 | 1,110.2 | 1,182.3 | 1,246.4 |
| <i>(Yr/yr % change)</i>    | 23.3%   | -1.1%  | 0.8%      | 7.7%    | 7.3%    | 6.5%    | 5.4%    |

Source of actuals: ConstructConnect "Insight" / Forecasts: Oxford Economics and ConstructConnect



## U.S. Type-of-Structure Construction 'Starts' Forecasts

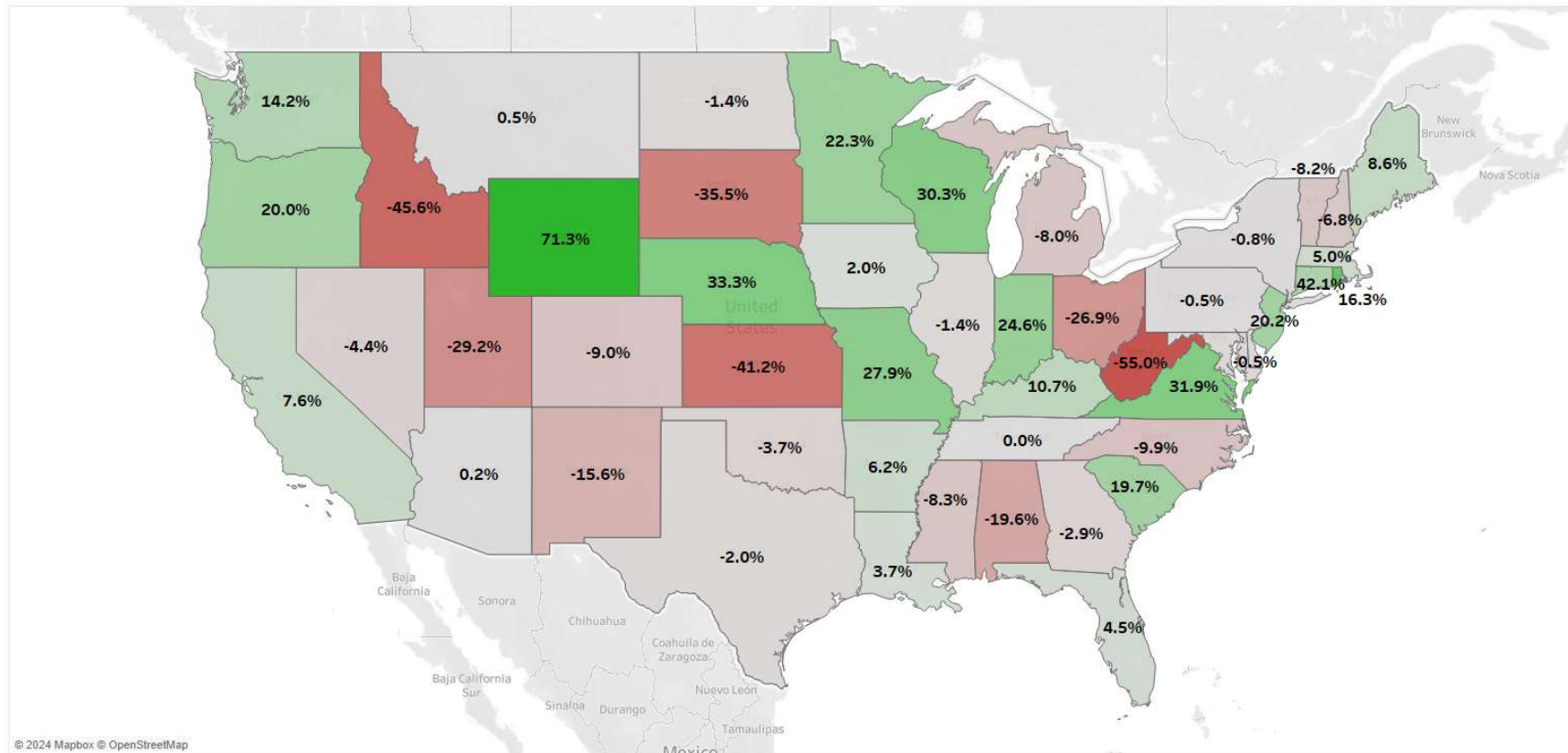
(\$, Billions USD)

|                           | Actuals      |               | Forecasts     |              |              |              |             |
|---------------------------|--------------|---------------|---------------|--------------|--------------|--------------|-------------|
|                           | 2022         | 2023          | 2024          | 2025         | 2026         | 2027         | 2028        |
| <b>Sub-categories</b>     |              |               |               |              |              |              |             |
| Shopping/Retail           | 15.4         | 14.5          | 14.8          | 17.7         | 20.0         | 22.0         | 23.4        |
| <i>(Yr/yr % change)</i>   | <i>19.4%</i> | <i>-5.8%</i>  | <i>1.9%</i>   | <i>19.9%</i> | <i>12.9%</i> | <i>10.3%</i> | <i>6.4%</i> |
| Private Offices           | 24.6         | 32.3          | 27.6          | 30.0         | 30.9         | 32.1         | 34.2        |
| <i>(Yr/yr % change)</i>   | <i>17.4%</i> | <i>31.4%</i>  | <i>-14.6%</i> | <i>8.7%</i>  | <i>2.9%</i>  | <i>4.1%</i>  | <i>6.4%</i> |
| Warehouses                | 30.5         | 22.5          | 21.0          | 23.8         | 25.3         | 26.4         | 27.5        |
| <i>(Yr/yr % change)</i>   | <i>7.9%</i>  | <i>-26.1%</i> | <i>-6.9%</i>  | <i>13.6%</i> | <i>6.4%</i>  | <i>4.5%</i>  | <i>4.1%</i> |
| Hospitals/Clinics         | 25.8         | 21.7          | 22.3          | 24.6         | 26.1         | 27.5         | 28.6        |
| <i>(Yr/yr % change)</i>   | <i>38.0%</i> | <i>-16.1%</i> | <i>2.7%</i>   | <i>10.4%</i> | <i>6.2%</i>  | <i>5.3%</i>  | <i>4.2%</i> |
| Educational Facilities    | 74.5         | 92.0          | 97.3          | 98.5         | 101.6        | 104.8        | 107.8       |
| <i>(Yr/yr % change)</i>   | <i>24.5%</i> | <i>23.5%</i>  | <i>5.7%</i>   | <i>1.3%</i>  | <i>3.1%</i>  | <i>3.2%</i>  | <i>2.8%</i> |
| Roads                     | 84.5         | 95.3          | 104.4         | 109.0        | 114.7        | 120.3        | 125.6       |
| <i>(Yr/yr % change)</i>   | <i>25.4%</i> | <i>12.8%</i>  | <i>9.5%</i>   | <i>4.4%</i>  | <i>5.2%</i>  | <i>4.9%</i>  | <i>4.4%</i> |
| Water & Sewage Treatments | 43.4         | 47.8          | 55.9          | 56.4         | 58.9         | 61.3         | 63.8        |
| <i>(Yr/yr % change)</i>   | <i>28.2%</i> | <i>10.1%</i>  | <i>17.1%</i>  | <i>0.9%</i>  | <i>4.4%</i>  | <i>4.1%</i>  | <i>4.1%</i> |
| Misc Civil (Power, etc.)  | 29.4         | 40.4          | 59.0          | 61.8         | 65.4         | 68.9         | 71.2        |
| <i>(Yr/yr % change)</i>   | <i>25.0%</i> | <i>37.5%</i>  | <i>46.1%</i>  | <i>4.7%</i>  | <i>5.9%</i>  | <i>5.2%</i>  | <i>3.4%</i> |

Source of actuals: ConstructConnect "Insight" / Forecasts: Oxford Economics and ConstructConnect

## 2024 Year-End Starts Forecast by State

Total Construction Starts, Dollar Change from Prior Year, (YoY, %)

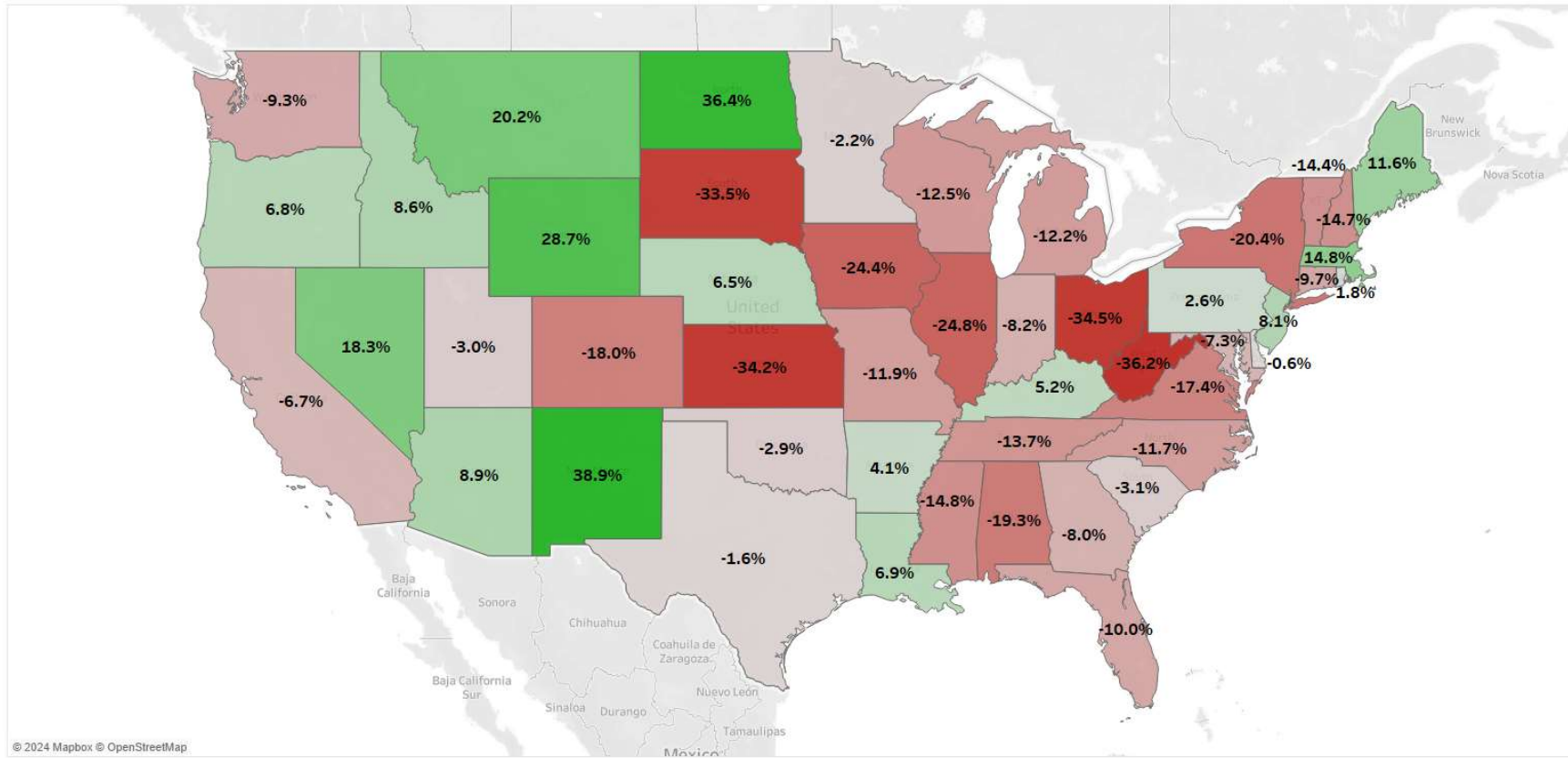


© 2024 Mapbox © OpenStreetMap

Source: ConstructConnect Insight

## 2024 Year-End Starts Forecast by State

Total Construction Starts, **Square Foot** Change from Prior Year, (YoY, %)

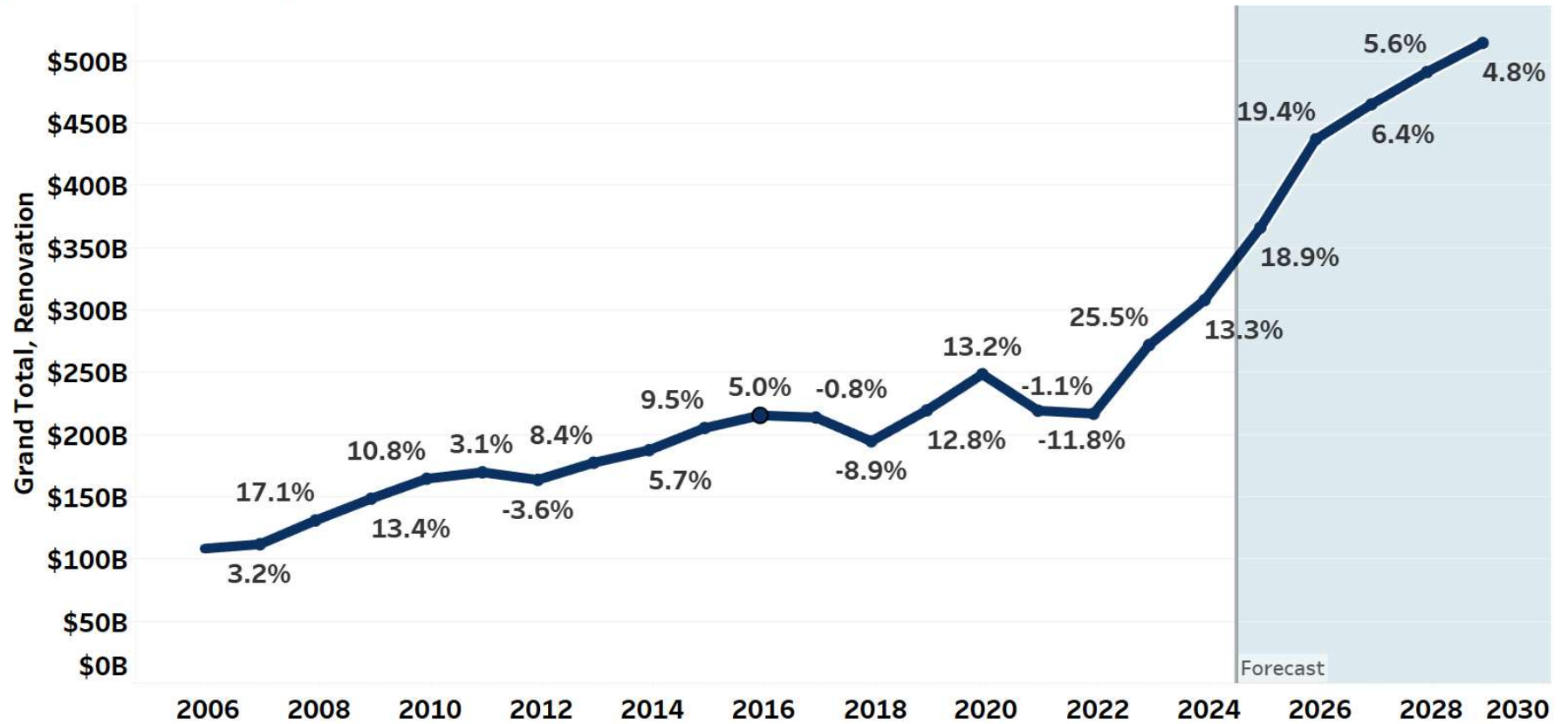


© 2024 Mapbox © OpenStreetMap

Source: ConstructConnect Insight

## U.S. Renovation Starts and Forecast

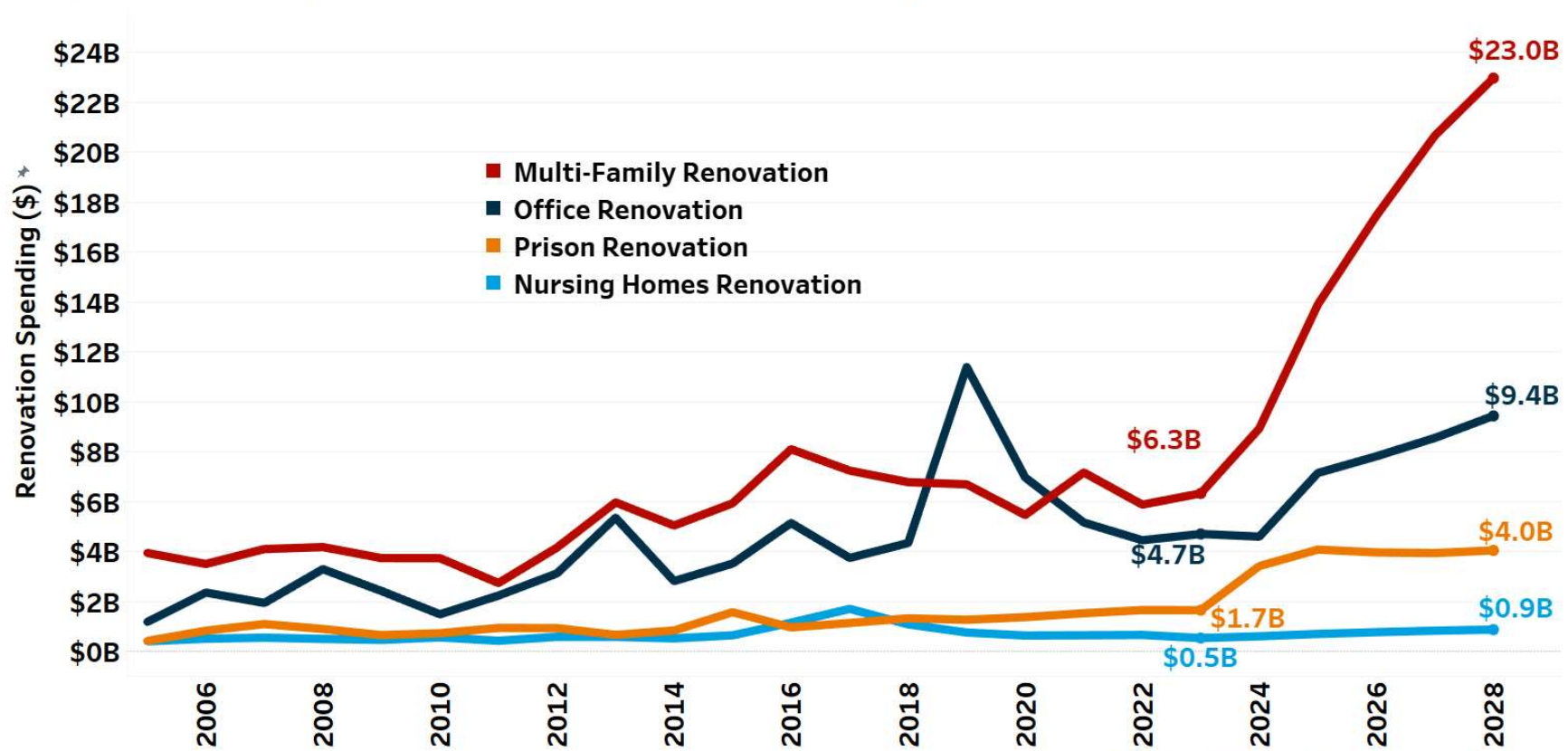
(Billions of \$ USD, NSA)



Source: ConstructConnect Starts Forecast, 3Q2024 Release

## Office and Multifamily Renovation Work Expected to Surge Through 2028

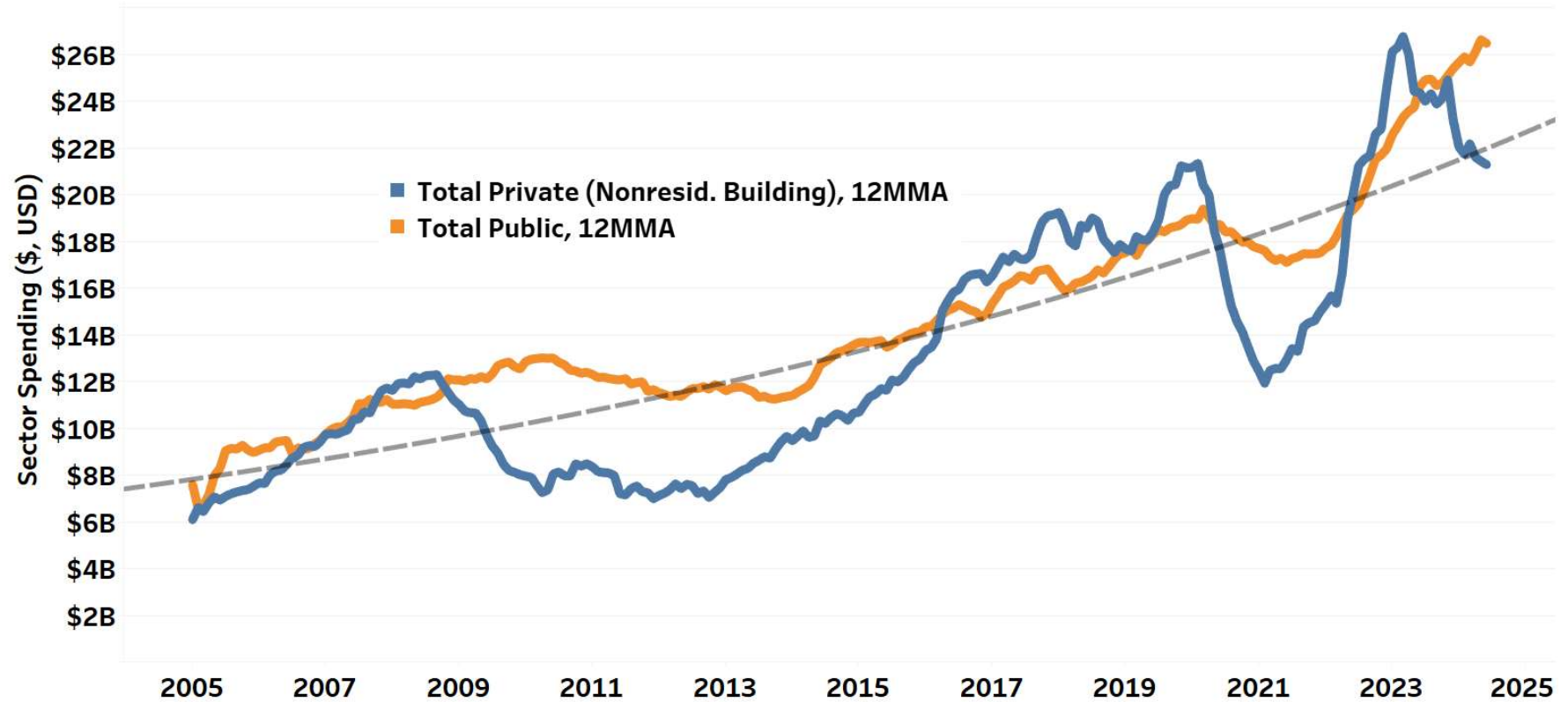
Steep decline in Existing CRE will make renovation an attractive value option.



Source: ConstructConnect Insight

## U.S. Total Private & Public Construction Spending Trends Diverging

12-month moving average

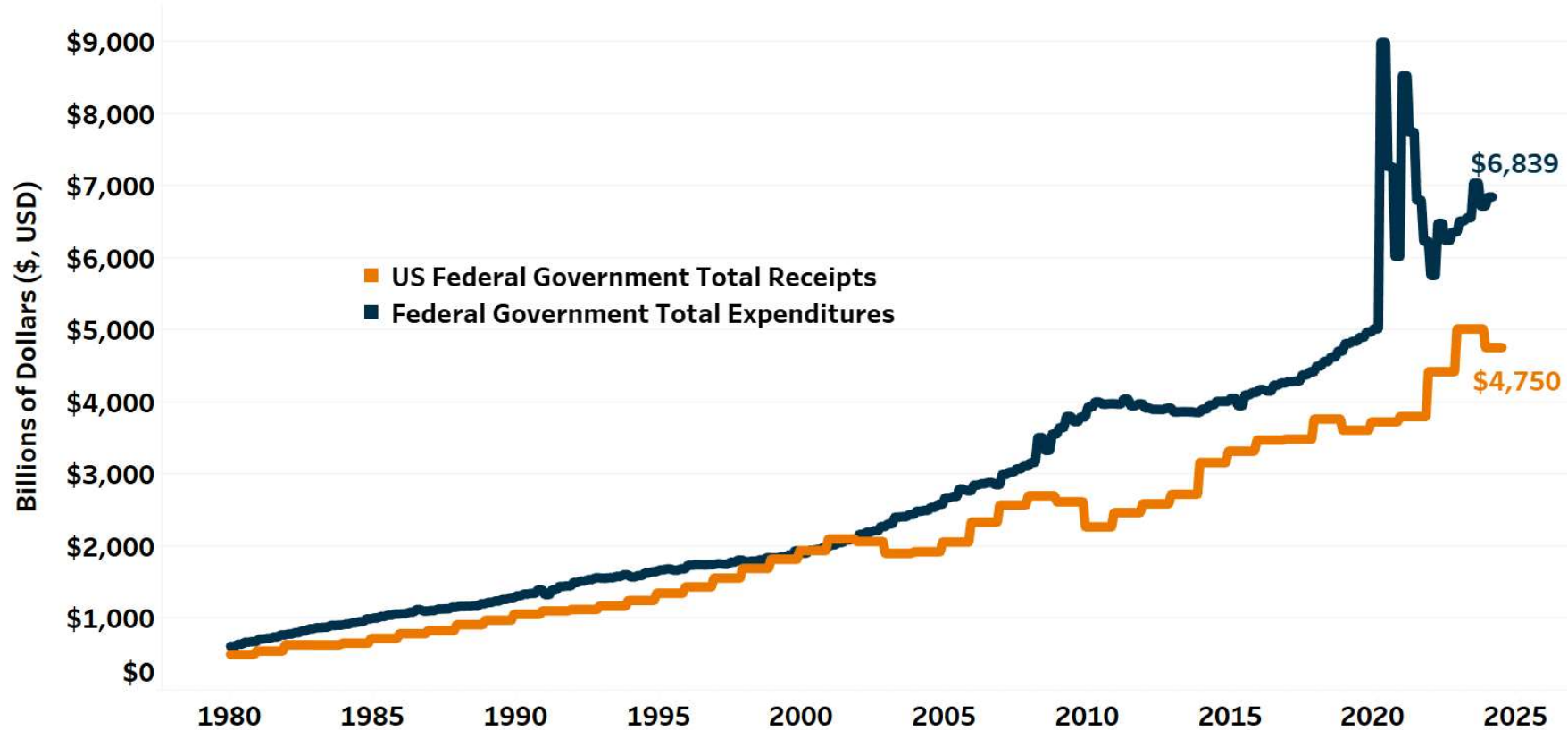


Source: ConstructConnect Industry Snapshot

Note: Dashed line represents the collective trend of private and public spending.

## Total Federal Spending is Over 140% of Total Government Receipts

Balancing the budget would require a 30% reduction in federal spending



Source: Bureau of Economic Analysis, Total Expenditures is different by \$300B (4.4%) from the sum of the previously shown parts due to forecasting



# Many of the above resources are FREELY available

- <https://www.constructconnect.com/economic-resources>

## Economic Insights

Access the latest construction economic news, forecasts, and webinars.

Reporting
Project Stress Index
Economic Brief
Expansion Index
Economic Webcast
News
Media Kit
Contact

## Construction Economy Reporting

Resource data may be used in publications with attribution to ConstructConnect and, where applicable, the ConstructConnect economist.



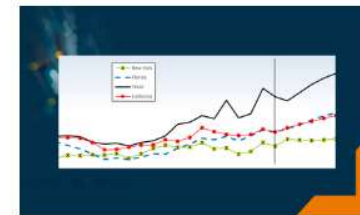
### Construction Economy Snapshot

Monthly Construction starts include the total estimated dollar value and square footage of all nonresidential projects on which ground is broken.



### Construction Starts Forecast

Quarterly A 5-year forecast of construction starts by type of structure and by state as well as drivers influencing each building sector.



### Put-in-Place Forecast

Quarterly A 5-year forecast of work-in-progress payments, created in partnership with Oxford Economics, and covers 18 types of construction across residential, commercial/industrial, and infrastructure.

# Georgia Considerations & Challenges

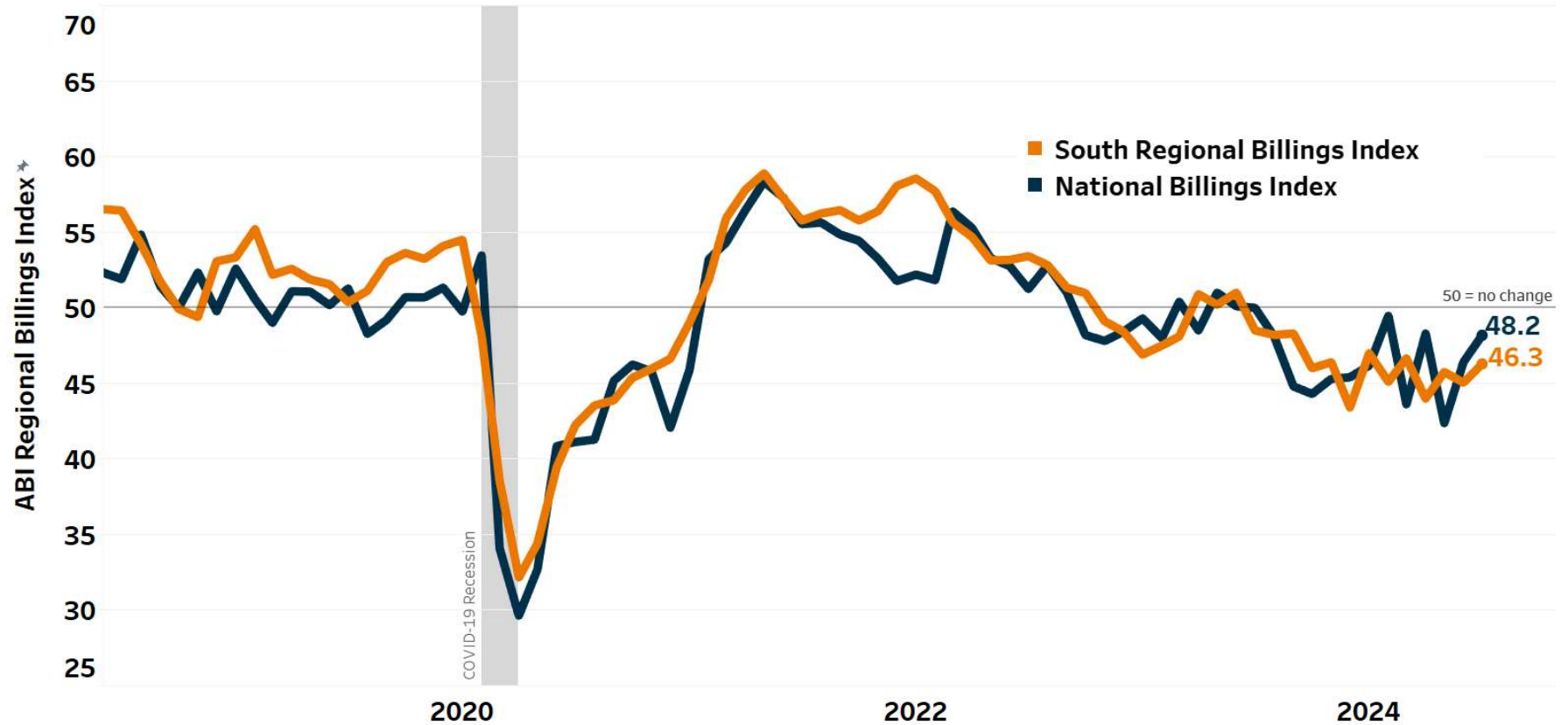
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## | Georgia Economy Review:

- Unemployment rate: +3.4%
  - US unemployment rate: 4.3%
- Real GDP Growth: +2.6% (1q2024)
  - US Real GDP: 3.0%
- Resident Population (2023): +1.3% *Fastest since 1965!*
  - Total US: +0.5%
    - California: -0.2%
    - New York: -0.5%
    - Florida: 1.6%

## South Architecture Billings Underperforms Other Regions

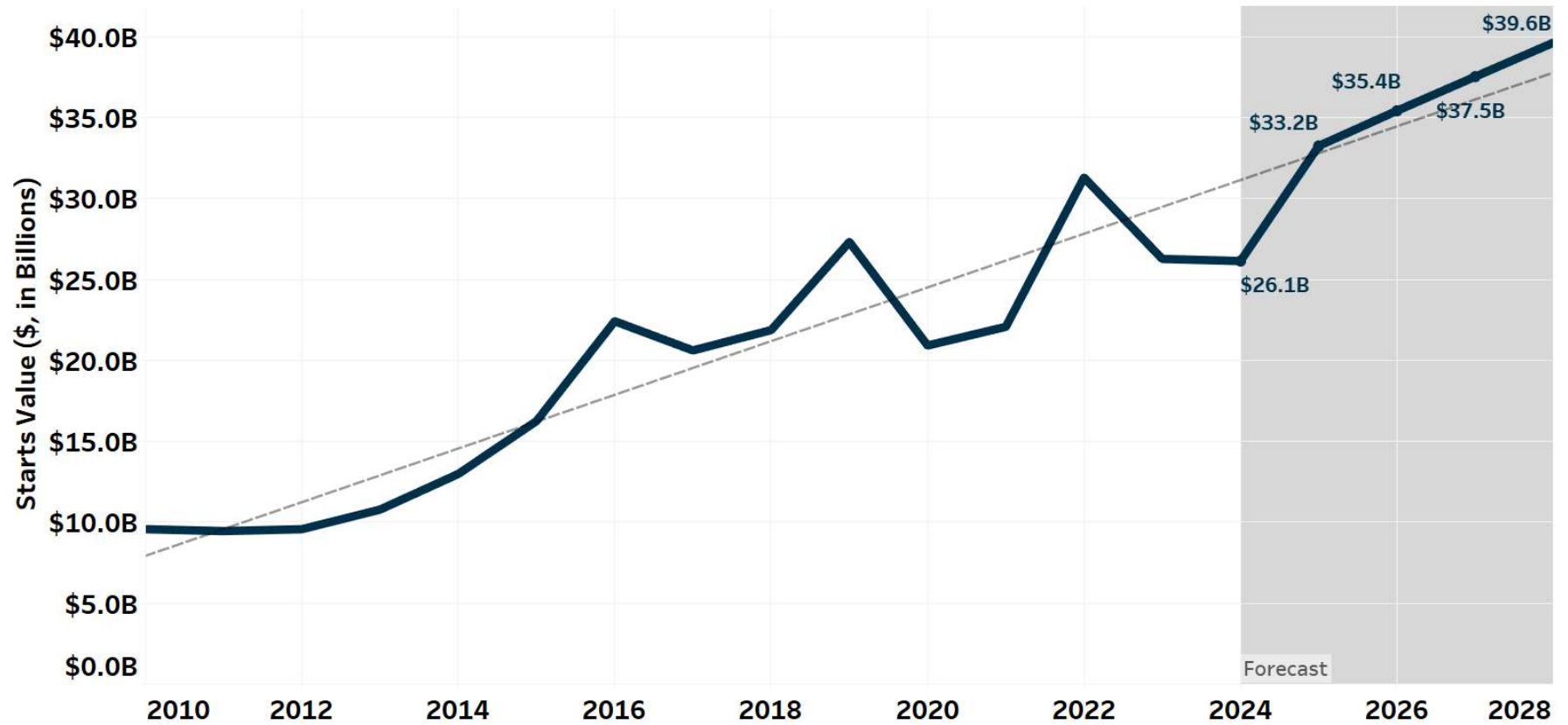
July's southern region architectural billings were well below the national level.



Source: Architecture Billings Index, American Institute of Architects

## Georgia: Total Nonresidential Spending Forecast

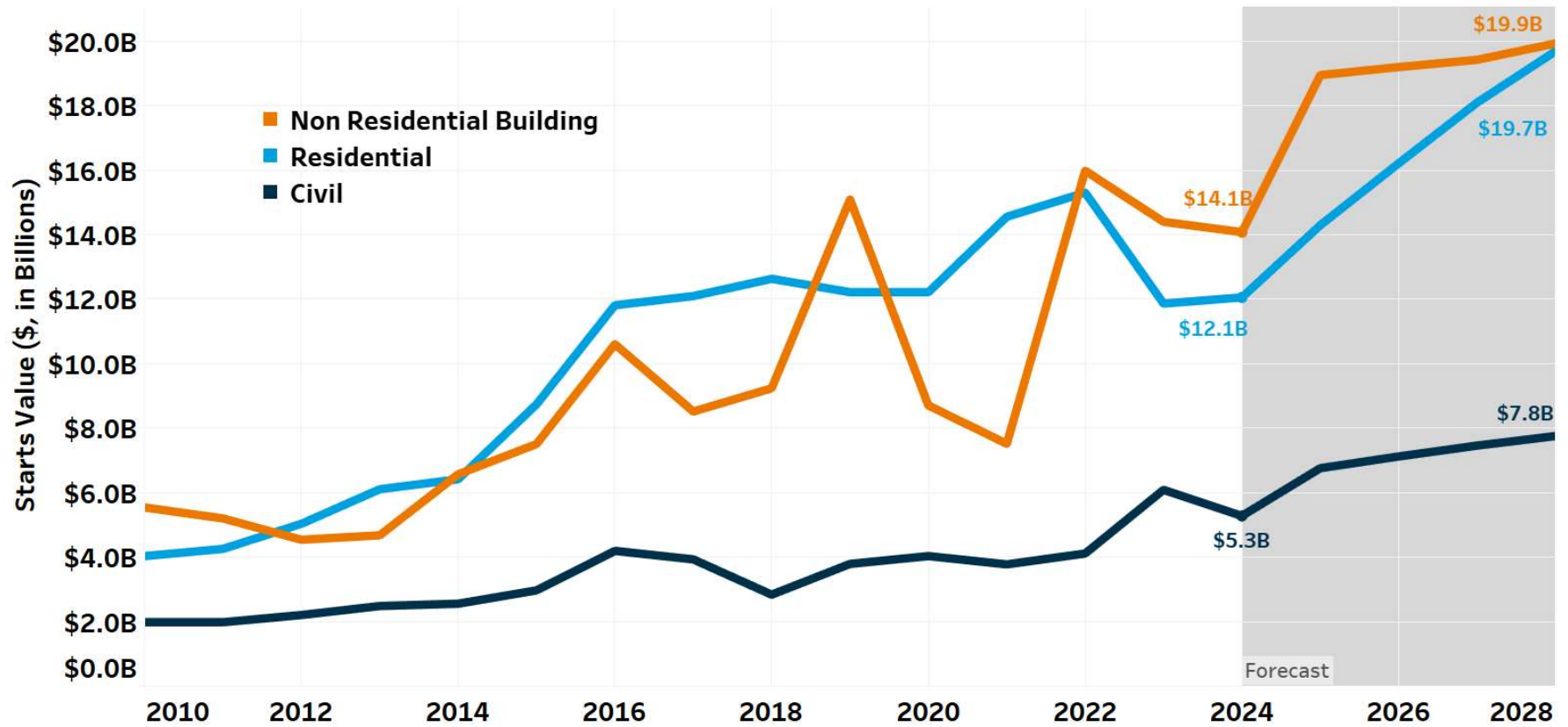
Total nonresidential spend to see 11.0% CAGR in 2025 - 2028



Source: ConstructConnect Starts Forecast

## Georgia: Type of Structure Forecast

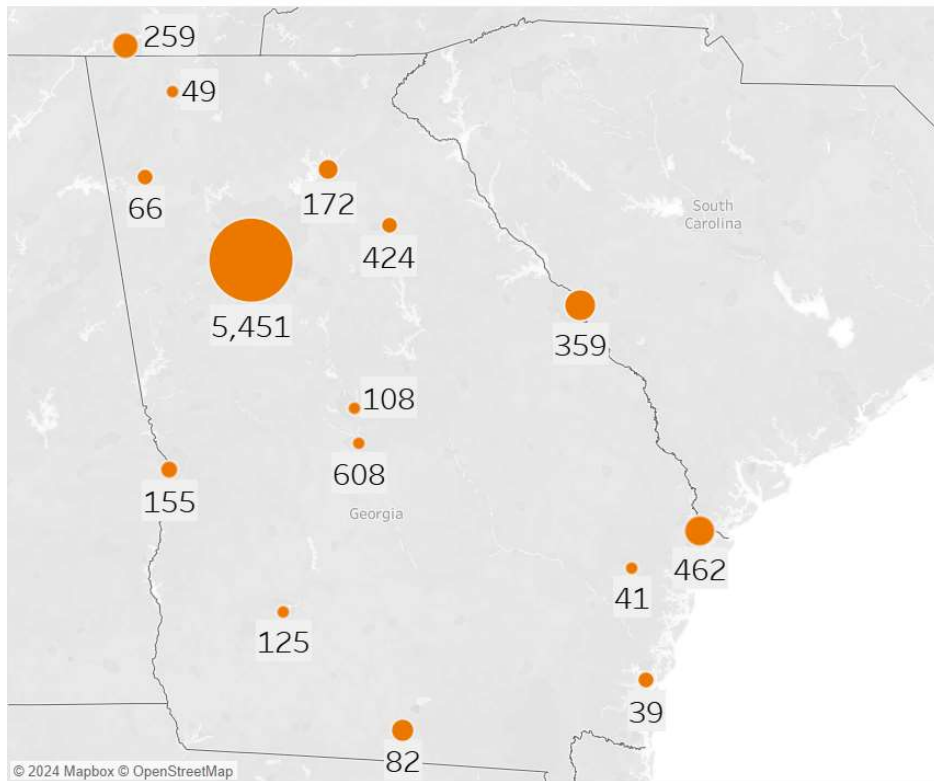
All areas expect to see strong 2025 rebound



Source: ConstructConnect Starts Forecast

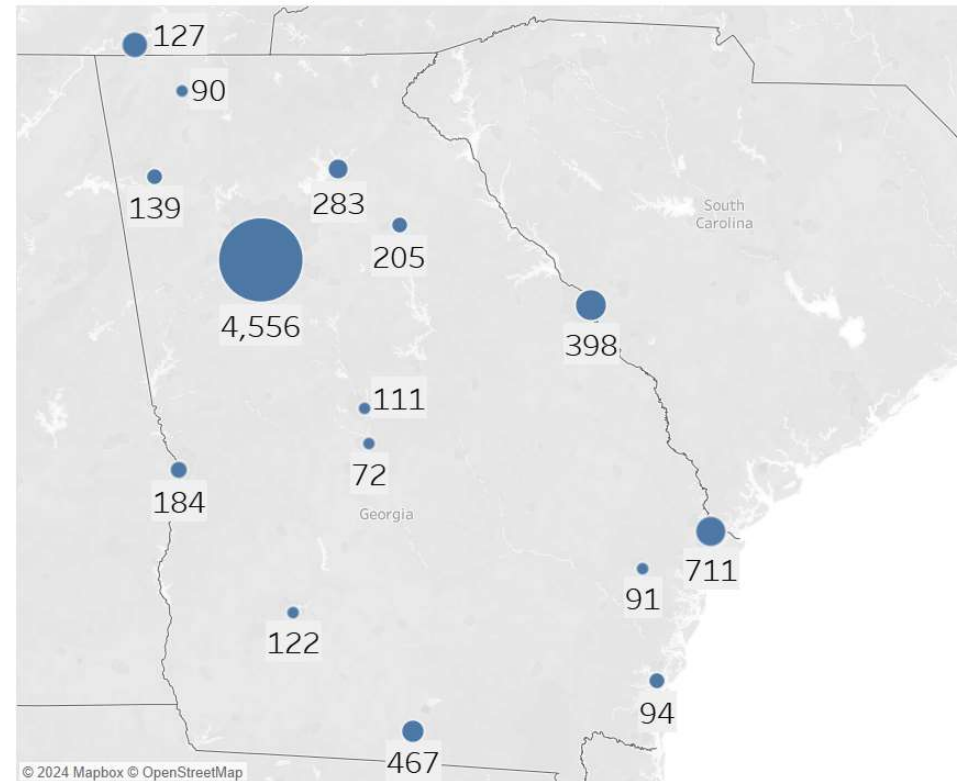
## 2023 YTD Nonresidential Building Starts by MSA

Value in millions of dollars



## 2024 YTD Nonresidential Building Starts by MSA

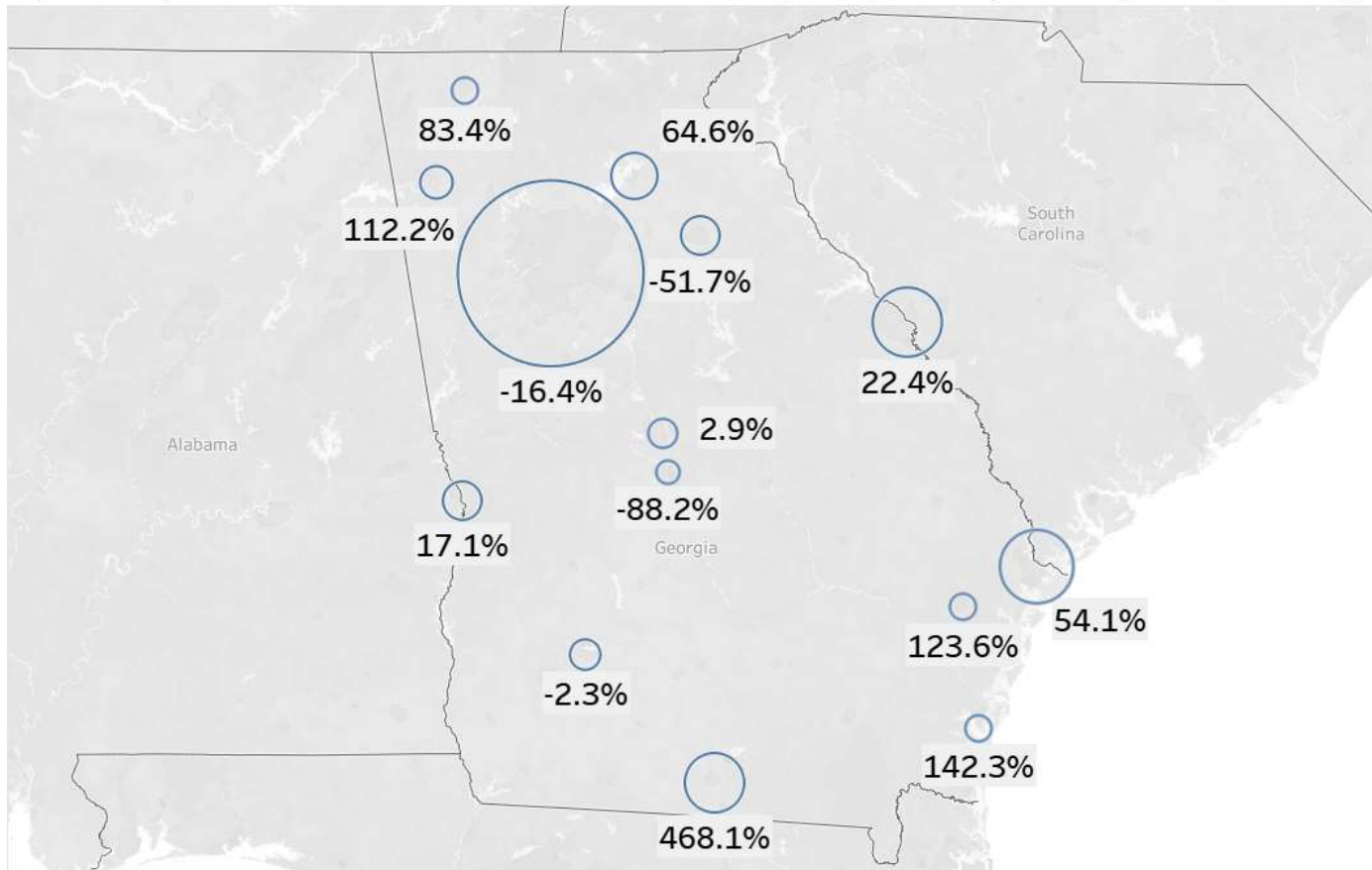
Value in millions of dollars



Source: ConstructConnect Insight, historical monthly values

## 2024 Year-to-Date Change in Nonresidential Building Starts

By metropolitan statistical area, results through July 2024 (% change in spending)

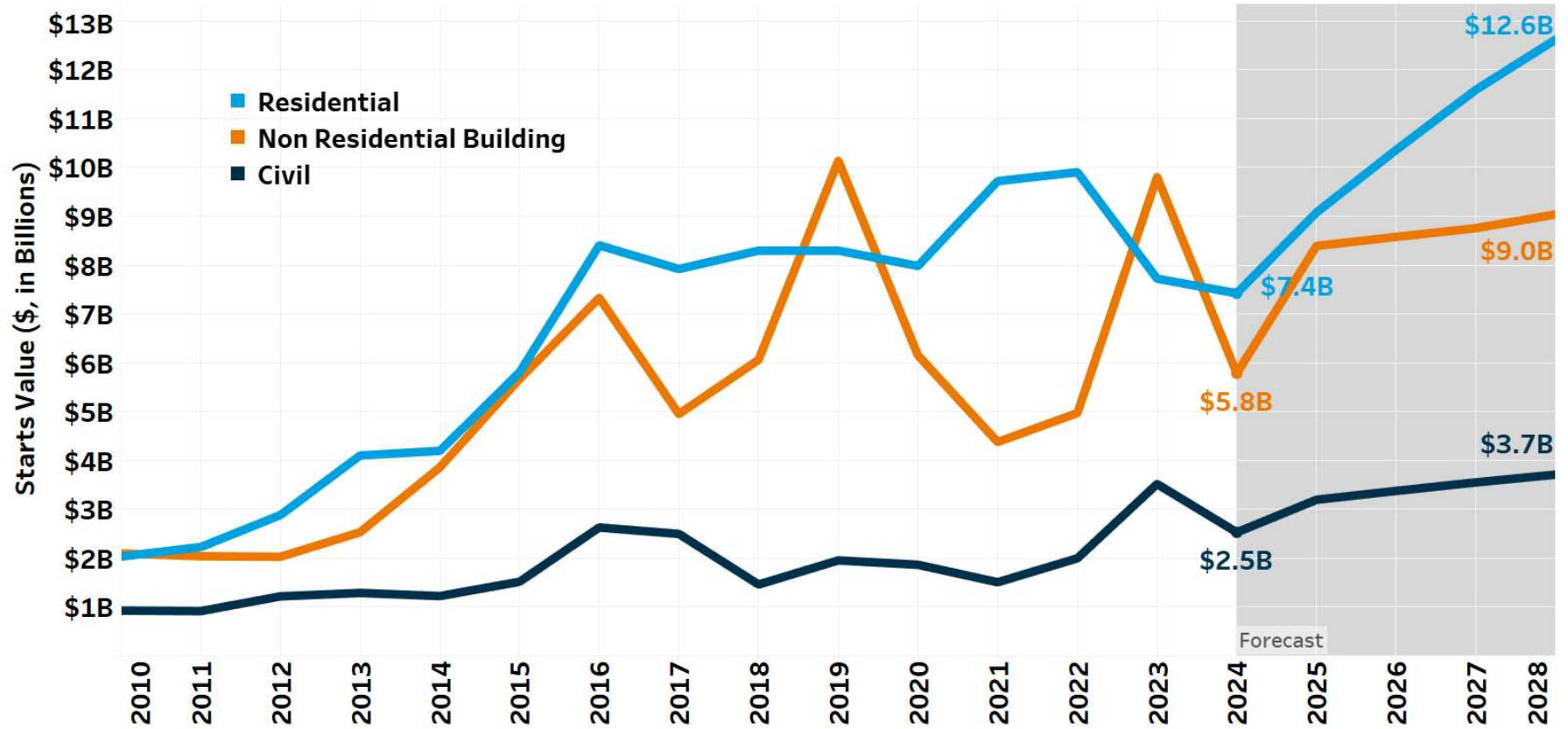


Source: ConstructConnect Starts Forecast



## Atlanta: Type of Structure Forecast

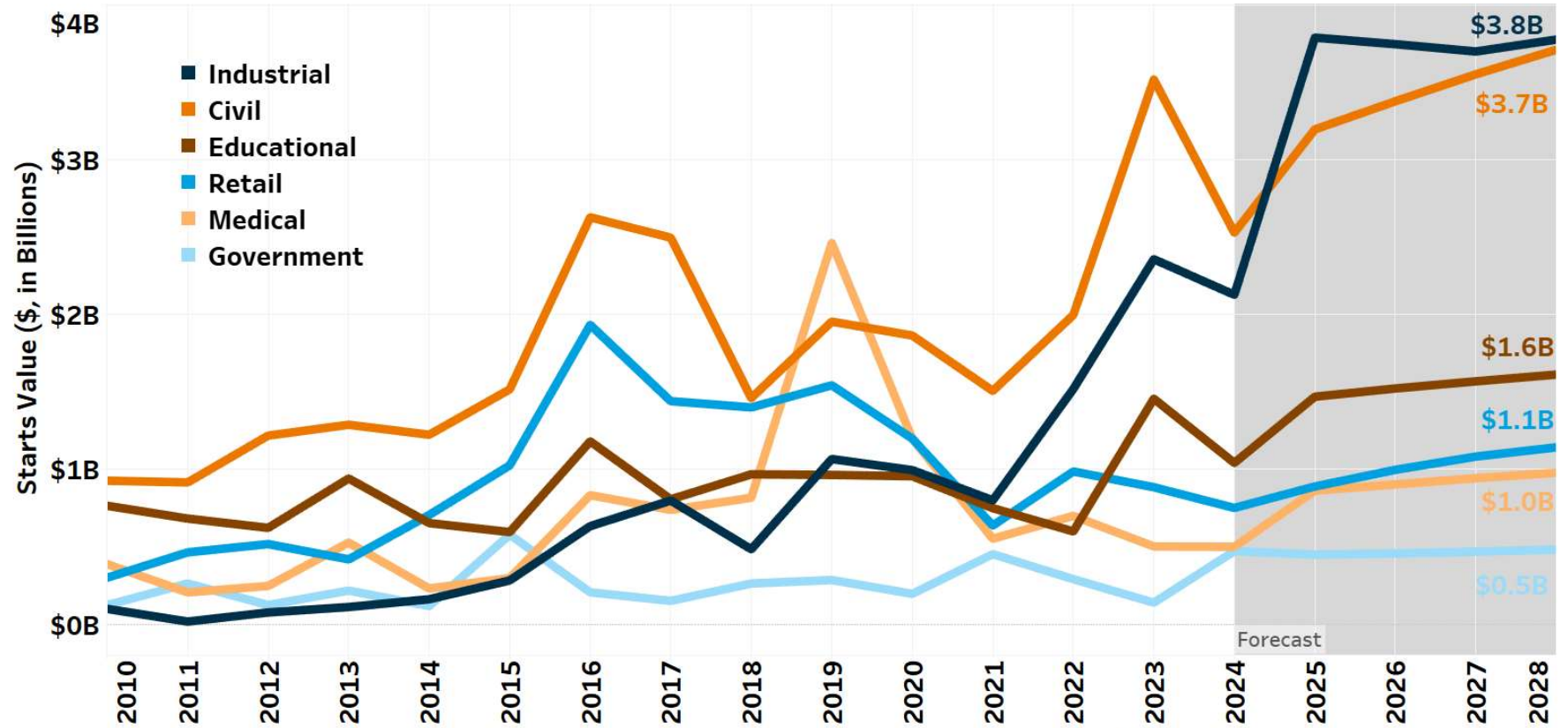
Construction starts values in \$, Billions



Source: ConstructConnect Starts Forecast

## Atlanta: Forecast of Top Six Verticals by 2024 Spending

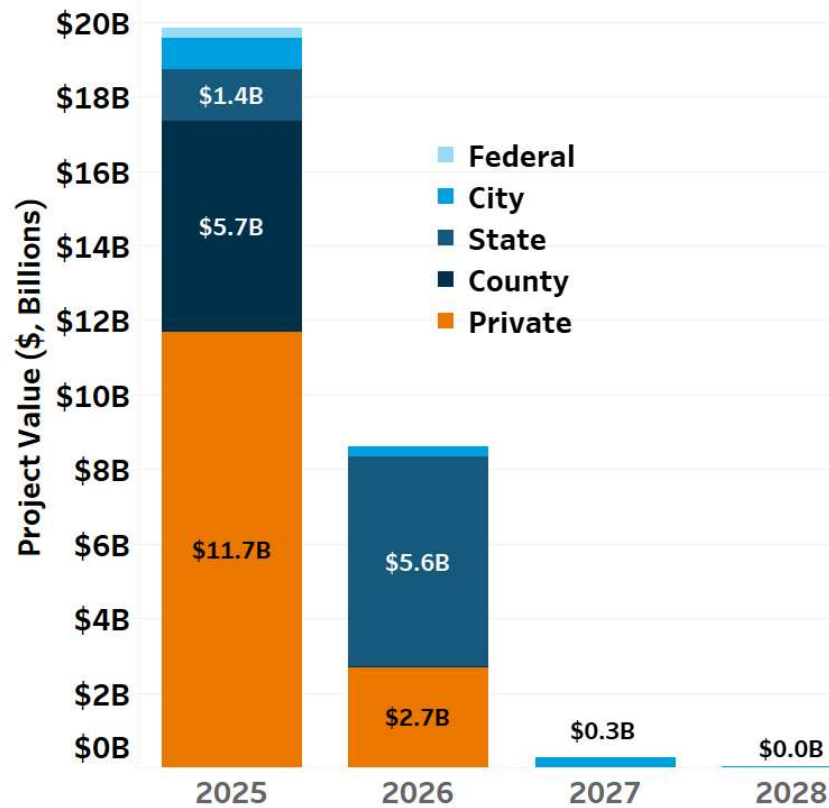
Construction starts values in \$, Billions



Source: ConstructConnect Starts Forecast

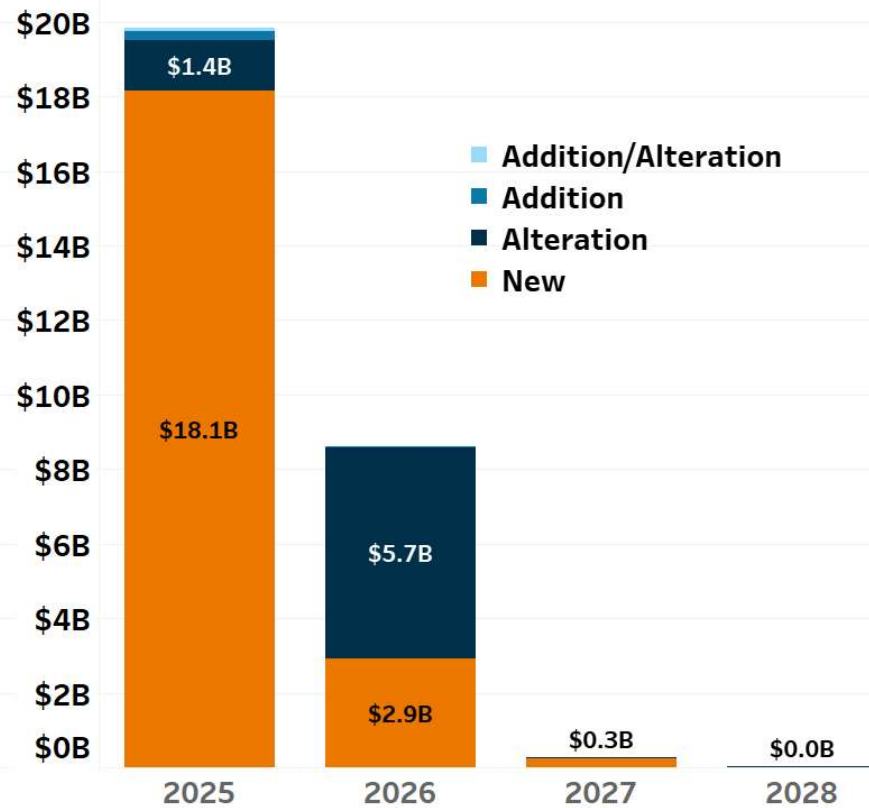
### Atlanta Future Projects by Owner Type

(\$, Billions)



### Atlanta Future Projects by Owner Type

(\$, Billions)



Source: ConstructConnect Insight Leads

# Operational Considerations in the Construction Space

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## | The Remaining Actionable Pieces of the Puzzle:

**Labor:** How you find and build-up your labor resources?

**Finance:** How will you use & access capital?

**Strategy:** How will use this knowledge to make smart and profitable decisions for your firm?



## Eroding Existing CRE Prices May Temper New Build Demand

|                        | Index Value | Change in Commercial Property Values |             |             |
|------------------------|-------------|--------------------------------------|-------------|-------------|
|                        |             | Past Month                           | Past 12 Mos | Recent Peak |
| All Property           | 123.6       | 0.0%                                 | -5%         | -20%        |
| Core Sector            | 123.6       | 0.0%                                 |             |             |
| Apartment              | 147.9       | 0.0%                                 |             |             |
| Industrial             | 210.0       | 0.0%                                 |             |             |
| Mall                   | 84.3        | 0.0%                                 |             |             |
| Office                 | 71.2        | 0.0%                                 |             |             |
| Strip Retail           | 111.0       | 0.0%                                 |             |             |
| Data Center            | 107.0       | 0.0%                                 |             |             |
| Health Care            | 120.6       | 0.0%                                 |             |             |
| Lodging                | 106.4       | 0.0%                                 |             |             |
| Manufactured Home Park | 269.4       | 0.0%                                 |             |             |
| Net Lease              | 94.3        | 0.0%                                 |             |             |
| Self-Storage           | 242.4       | 0.0%                                 |             |             |

### Allstate Sells Chicago Office Building at Fraction of Purchase Cost

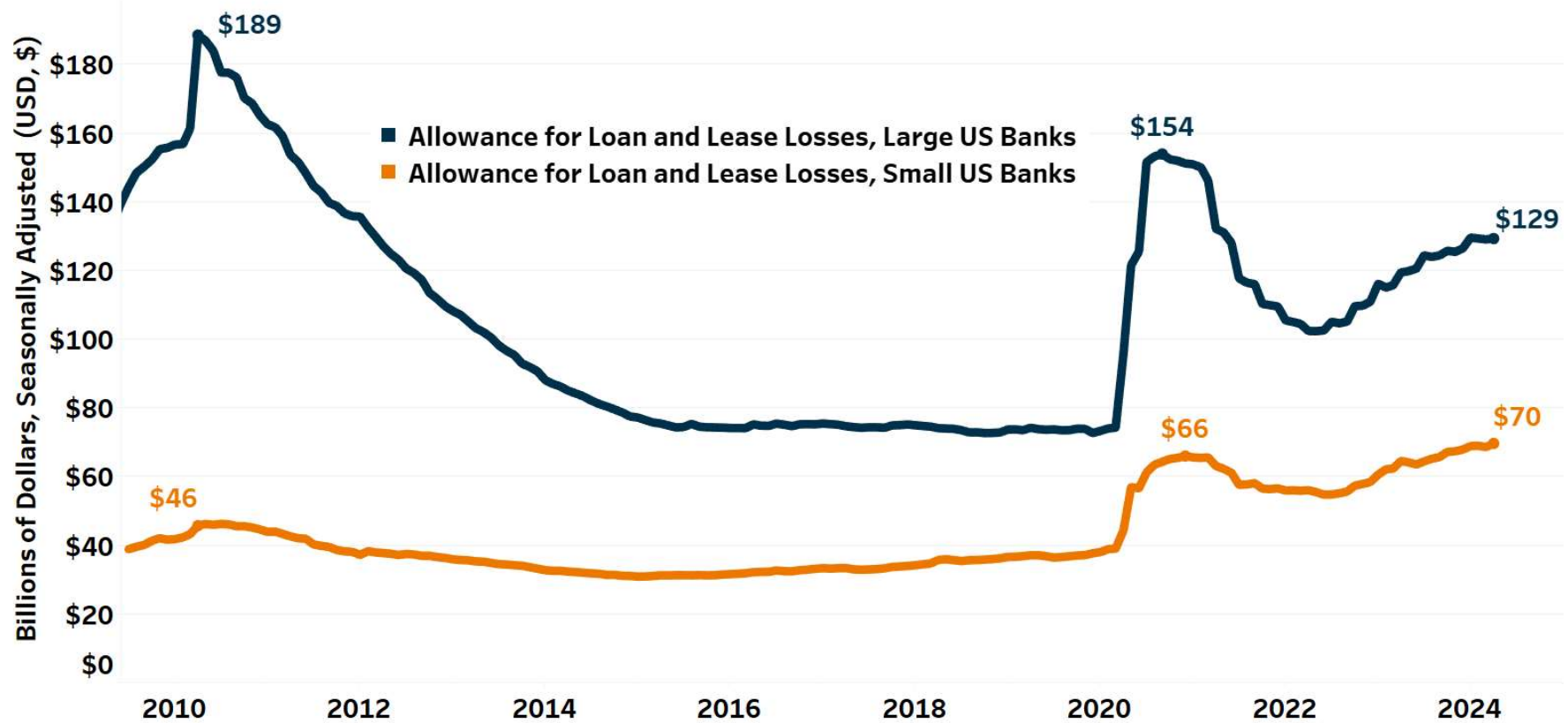
Local Investor Buys 10-Story 29 N. Wacker Drive for Just Over \$11 Million



Source: Green Street Commercial Property Price Index, used with permission

## Banks Have Been Quietly Preparing a \$200B "Parachute" Against Bad Debts

Allowance for bad debts is up 76% since late-2019

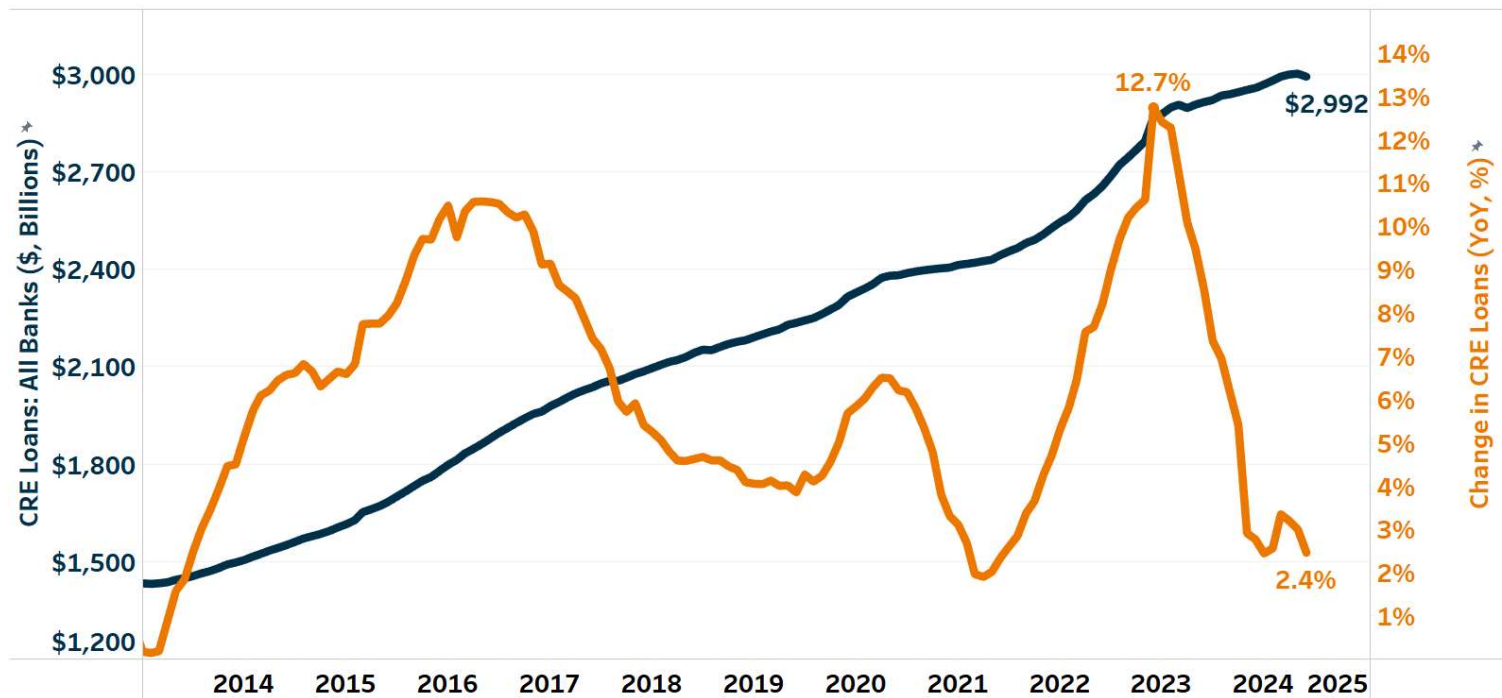


Source: Board of Governors of the Federal Reserve System, Release H.8

## Banks Are Correcting As They Move Into Self-Preservation Mode

- Latest “boom” peaked at 12.7% YoY CRE loan growth for all banks & all CRE types.
- Recent CRE growth was the highest since 2006.

**Banks Have Severely Throttled Back on CRE Lending**  
Banks have been quietly preparing for rough times ahead



Source: Board of Governors of the Federal Reserve System



## Banks Have Over \$3T in CRE They Need to Refinance by 2029, yet nearly \$1T of that is due this year.

Commercial Mortgage Maturities by Lender Type (\$ Billion)

| Year      | Total Due | Banks     | CMBS    | Life Cos | GSE     | Other   |
|-----------|-----------|-----------|---------|----------|---------|---------|
| 2024      | \$602.6   | \$277.6   | \$138.3 | \$48.2   | \$68.9  | \$69.5  |
| 2025      | \$598.0   | \$286.6   | \$112.6 | \$50.8   | \$82.3  | \$65.6  |
| 2026      | \$599.2   | \$304.5   | \$69.6  | \$54.4   | \$102.3 | \$68.3  |
| 2027      | \$628.7   | \$322.1   | \$55.5  | \$58.3   | \$120.6 | \$72.1  |
| 2028      | \$620.8   | \$320.0   | \$56.7  | \$60.9   | \$114.7 | \$68.6  |
| 2029      | \$595.1   | \$294.0   | \$66.7  | \$58.1   | \$118.1 | \$58.2  |
| 2025-2029 | \$3,041.8 | \$1,527.3 | \$361.1 | \$282.6  | \$538.0 | \$332.9 |

Source: Trepp Inc., based on Federal Reserve Flow of Funds Data

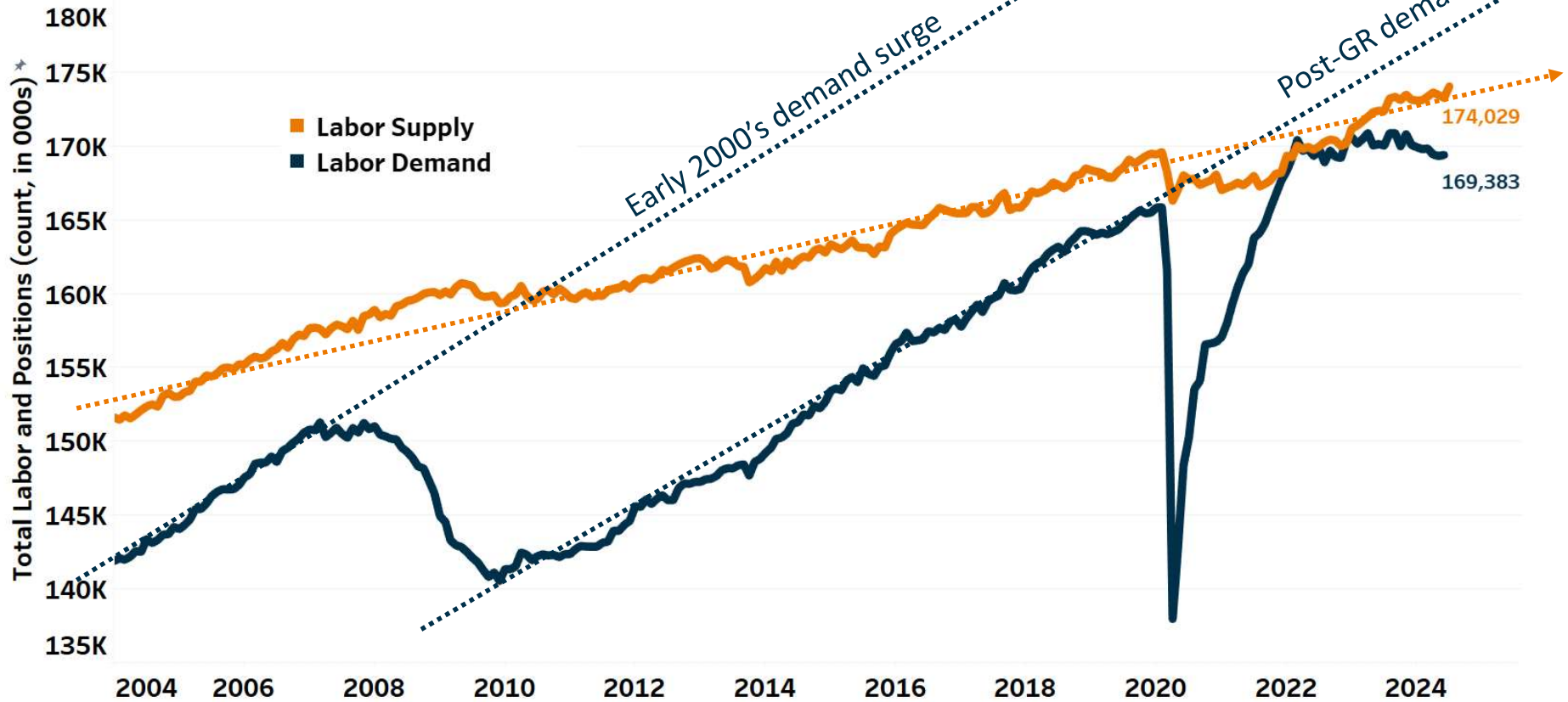
**CRE Loans Coming Due in 2024 Balloon by 41%, to \$929 Billion, as Loans that Matured in 2023 Weren't Paid Off but Extended**

by Wolf Richter • Feb 12, 2024 • 92 Comments

## | Labor



## The Forces of Supply and Demand Operate Very Differently, Leading to Wage Surges and Lulls



Source: Bureau of Labor Statistics

## The Ratio of Construction Openings to Experienced Job Seekers Stuck Near Parity

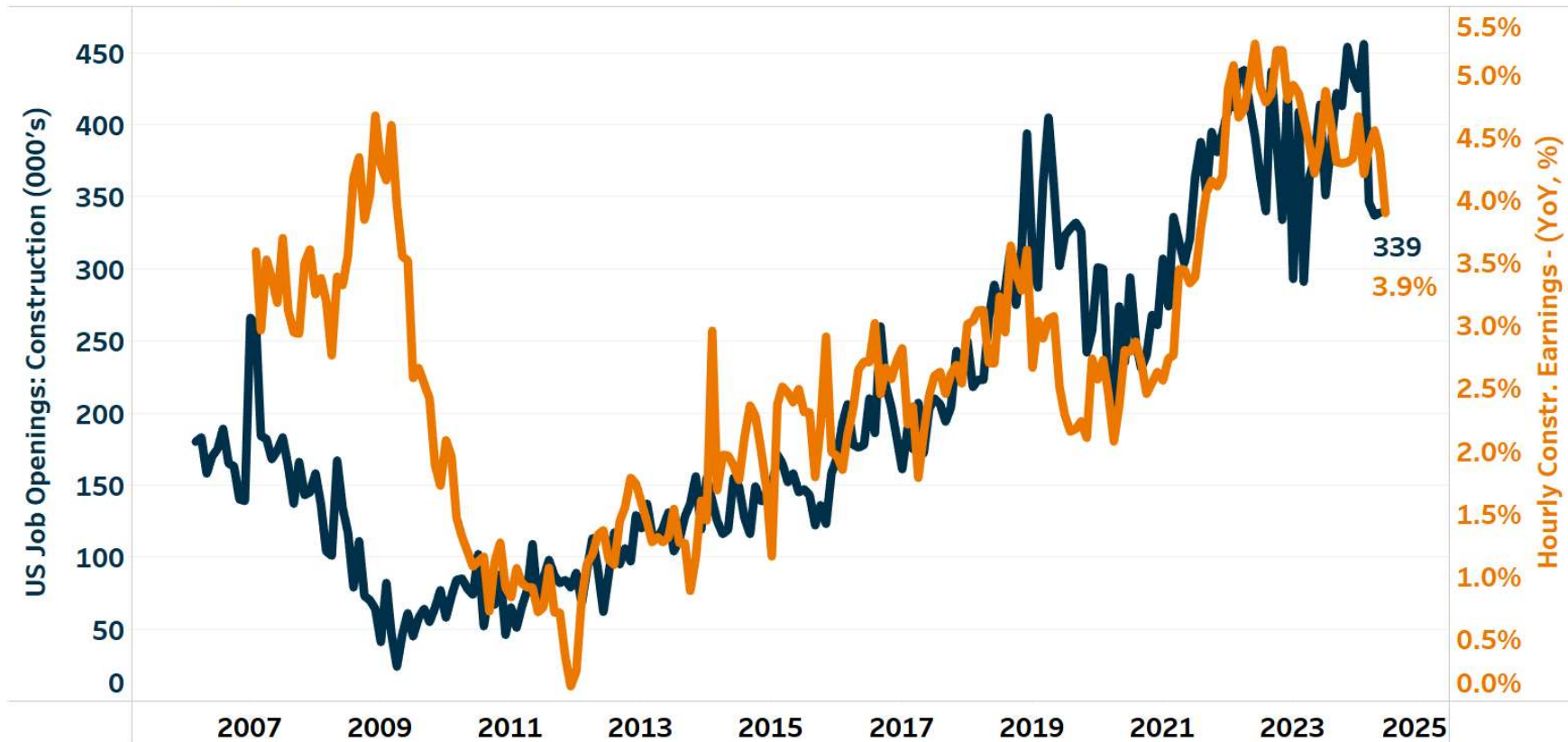
Since 2022 there have frequently been more construction openings than there are job-seeking laborers with construction experience.



Source: Bureau of Labor Statistics

## Construction Wage Growth Outpaces the Broader Private Sector

Construction wages growth has fallen below 4% for the first time since COVID rebound.

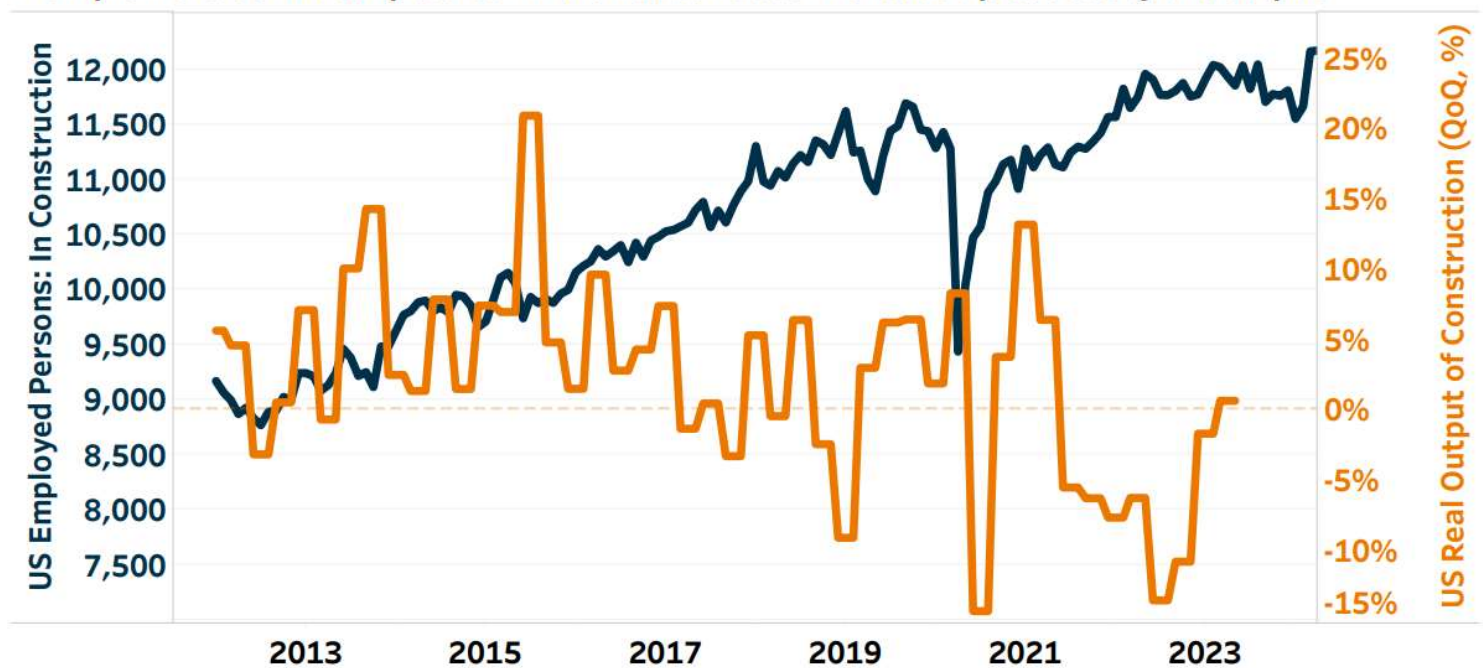


Source: U.S. Bureau of Labor Statistics

## Labor Training is a MUST:

- How will you prepare for the future: “AI is not going to take your job, someone using AI is”.
- The desperation for labor diluted the productivity of the average laborer.

**US Real Construction Output Trend Contrasts with Labor Levels**  
 A simple increase in labor post-COVID did not correlate with added productivity and output



Source: U.S. Bureau of Economic Analysis

## Bringing It All Together: Strategy

**Strategy:** How you use your market knowledge (*macroeconomics*) along with the resources available to you (*Labor, Finance*) to create outsized returns for your business.



## | Strategy: Macroeconomic Conditions

- 1) Firms need to fine tune their economic “sensors” to account for geographic differences.
  - National headlines and Texas’ economic conditions are quite different.
- 2) Strategically build a diversified Client/Project Portfolio
- 3) Diversifying your sources of funding:
  - Building relationships with multiple regional banks, also consider creating private equity/private capital relationships.



## | Strategy: Finance

- Banks are highly aware of their precarious situation. They won't help the industry at their expense.
- The Federal Reserve has repeatedly called out the CRE situation as being dangerous to the industry.
- Banks really have no option but to “Pretend and Extend”
  - Banks will attempt to “hold on” long enough to refinance distressed debt at lower rates that allow a return of existing investments to profitability.
- Public funding will be a great source of opportunity... while it lasts.

## | Strategy: Labor

- Accept that today's labor challenges are structural and require firms to take a refreshed, long-run approach to one's labor strategy.
  - The ability to rehire former labor is –and will remain- a greater challenge than in the past.
- You can't force people to stay, but you can work hard to **create steady paychecks, and training program that get them to stay.**
- *“The worst thing that can happen is NOT that you train someone and they leave, but that you DON'T train them and they stay.”*

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# Question & Answer

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THANK YOU

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