

# Welcome & Introductions



**Stephen Porterfield**  
Capital Associates



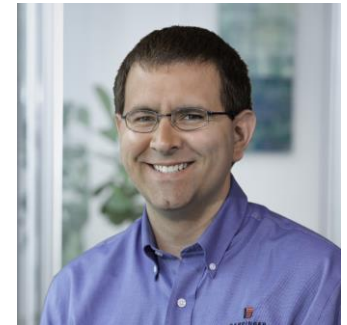
**Ernie Munoz**  
Gensler



**Steve Hepler**  
LS3P



**Vic O'Janpa**  
Brasfield & Gorrie

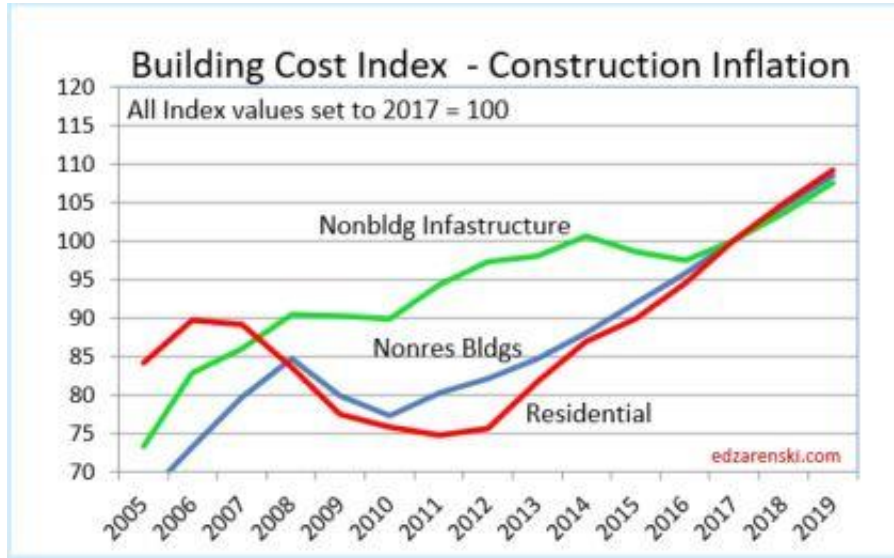


**Kevin Mertens**  
Barringer Construction

# Midrise Office – 10 Year Trend

| 2006                            |            | 2018        |                                                                                         |
|---------------------------------|------------|-------------|-----------------------------------------------------------------------------------------|
| Building 1                      | \$74.26/SF | \$129.40/SF |  74% |
| Building 2                      | \$76.99/SF | \$116.35/SF |  51% |
| Building 3                      | \$80.56/SF | \$103/SF    |  28% |
| Building 4                      | \$126/SF   | \$153/SF    |  21% |
| Average = 43.5% ~ 3.6% per year |            |             |                                                                                         |

# Escalation Trends



# Contributors To Cost Escalation

## Market Conditions/Inputs

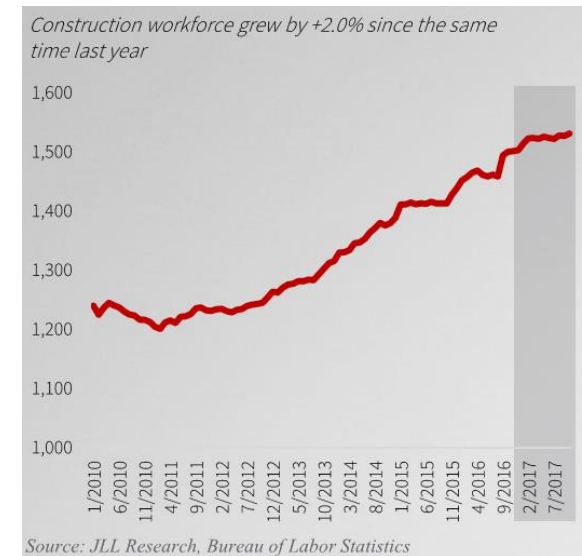
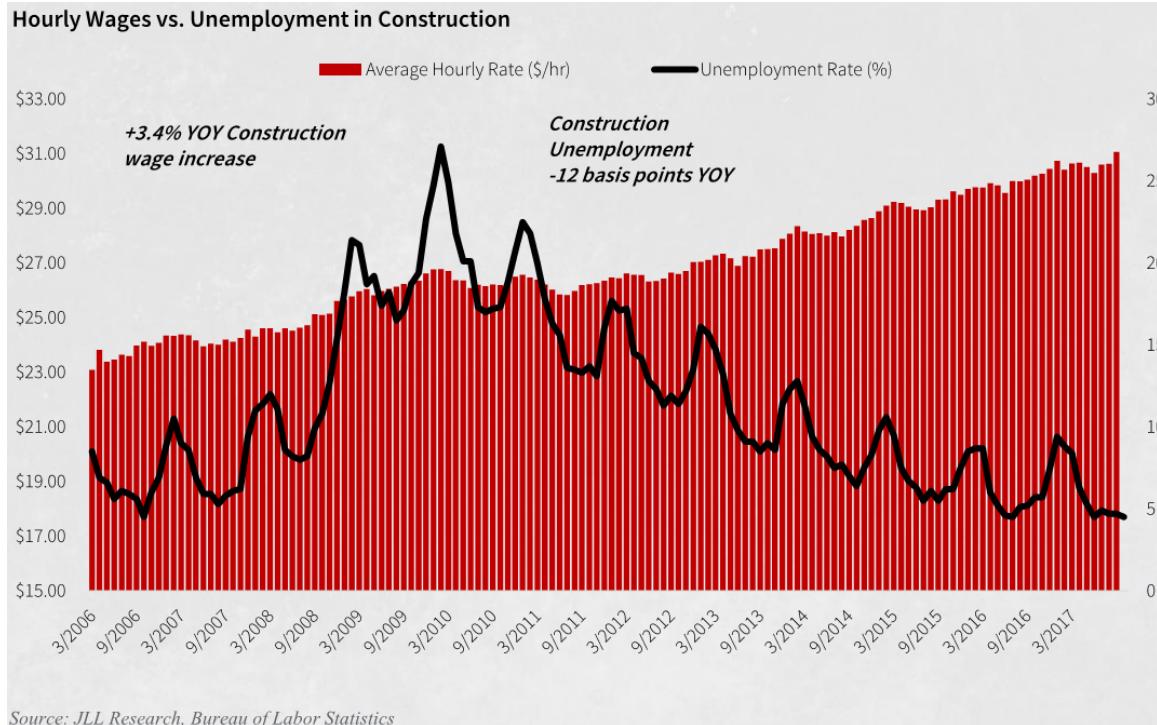
- Labor costs
- Material/ Commodity increases
- Sub coverage (Supply/Demand)
- Risk aversion

## Other Influences

- 2012 Energy Code
- Sustainability
- Design trends
- Well/Amenity based spaces
- Market maturity

| CONSTRUCTION COST INDEX                          |        |        |        |        |        | QUARTER  | YEAR %  |
|--------------------------------------------------|--------|--------|--------|--------|--------|----------|---------|
| SOURCE                                           | Apr-17 | Jul-17 | Dec-17 | Mar-18 | Jun-18 | % CHANGE | CHANGE  |
| Rider Levett Bucknall<br>(Latest Data Available) | 182.16 | 183.99 | 185.87 | 187.58 | 189.80 | + 1.18%  | + 4.19% |

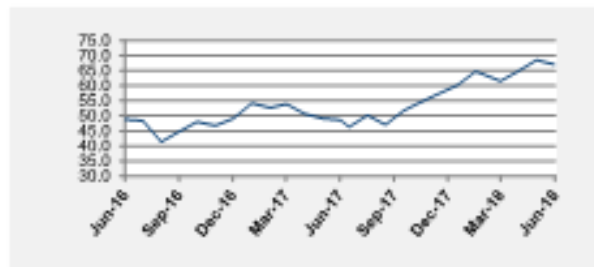
# Labor Statistics



**Over the past three years, workforce has grown by 15%  
hovered near full employment (5% unemployment)**

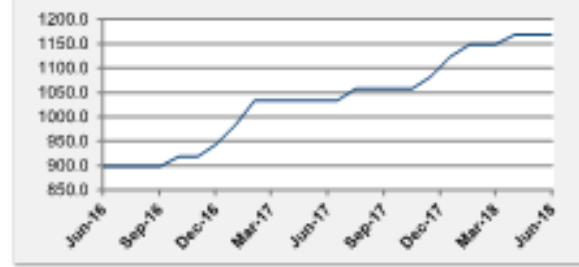
# Material Pricing

## LIGHT CRUDE OIL COMMODITY



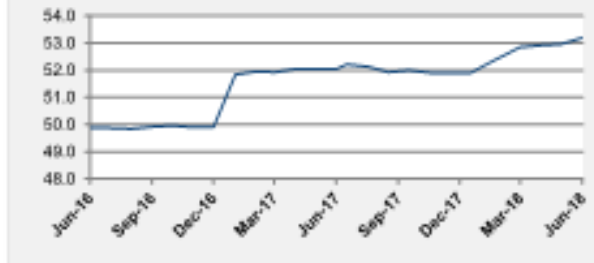
Light Crude Oil Commodity closed the end of **Jun 2018** at **\$67.07**, up **37.92%** from the **Jun 2017** close. Asphalt prices from multiple DOT's increased by **26.12%** since the close of **Jun 2017**.

## REINFORCING BARS



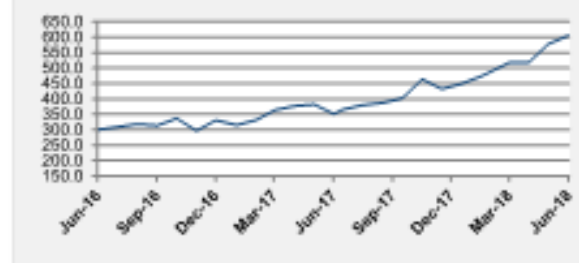
Pricing for Nucor Steel has increased since **Q2 2017**. From **Jun 2017** to close of **Jun 2018**, raw rebar material has increased **13.07%**.

## STRUCTURAL STEEL



Structural steel **increased by 2.17%** from the close of **Jun 2017**. Data is based on ENR 20-City Average.

## LUMBER COMMODITY



The Lumber Commodity closed the end of **Jun 2018** at **\$604.86**, up **72.31%** from the **Jun 2017** close.

## COPPER COMMODITY



The Copper Commodity closed the end of **Jun 2018** at **\$3.86**, resulting in a **18.69% increase** from the **Jun 2017** close.

# Tariffs

| Announced Increases                                                                 |         |
|-------------------------------------------------------------------------------------|---------|
| Ceiling Grid                                                                        | 11%     |
| Rebar                                                                               | \$50/TN |
| Gypsum Board                                                                        | TBD     |
| Curtainwall Framing                                                                 | TBD     |
| Metal Studs                                                                         | 70-80%  |
| Structural Steel                                                                    | \$75/TN |
| Mechanical Equipment                                                                | 5-10%   |
|  |         |
| 3%-5% of total construction cost                                                    |         |