

COVID-19 East Construction Round Table Situation Report

Summary

as of April 8, 2020

Session Presenters

- James Vermeulen, Vermeulens
- Jonathan Desmond, Cox Engineering
- Bill Weber, Jr, Gaston Electrical
- Dave Slomsky, Suffolk
- Jared Lachapelle and Peter Capone, Consigli Construction

Subcontractor/Supply Chain Input

- **Field staff cut dramatically** to accommodate ongoing projects only – will staff be comfortable going back to work?
- **Office staff is currently maintained** – challenge of overhead costs with dramatic reduction in revenue
- For current projects – What are the added costs due to lost time and inefficiencies?
- For future projects – How will people and material be moved safely on a job site and what are the effects on cost?
- **Utilizing prefabrication** wherever possible to streamline jobsite process
- **Manufacturing considered essential** – despite safety precautions, workers requesting layoffs
- **Ability to meet future schedules reliant on the duration** of current state

Construction Manager Pricing

- **Estimating continues** – projects continuing through preconstruction and other projects actively bidding
- Currently, **bid coverage is as expected with no identifiable swings in pricing**
- Developing unease in the subcontractor market which may lead to **increased competition and better coverage**
- Current thinking with respect to pricing
 - Some at or below cost to ‘keep teams moving’
 - Some are thinking there will be a 2-3% premium for safety and jobsite protocols

Construction Economics

- US Jobs
 - March 2020: **loss of 10.7M jobs equating to a 10.5% unemployment rate**
 - Over the last decade, 22.8M jobs were created
 - New data coming every Thursday from the US Department of Labor Statistics
- Federal Reserve
 - **Interest rates reduced to all-time lows**
 - **Quantitative easing: \$2 trillion** spent to provide liquidity
- Equities
 - **Stock market currently 30% lower** than most recent highs
 - Financial crisis had a 60% reduction to the market
- Gross Domestic Product
 - Slight reduction in Q1
 - **Substantial decline expected for Q2**
- Congress
 - Providing financial aid for unemployed

