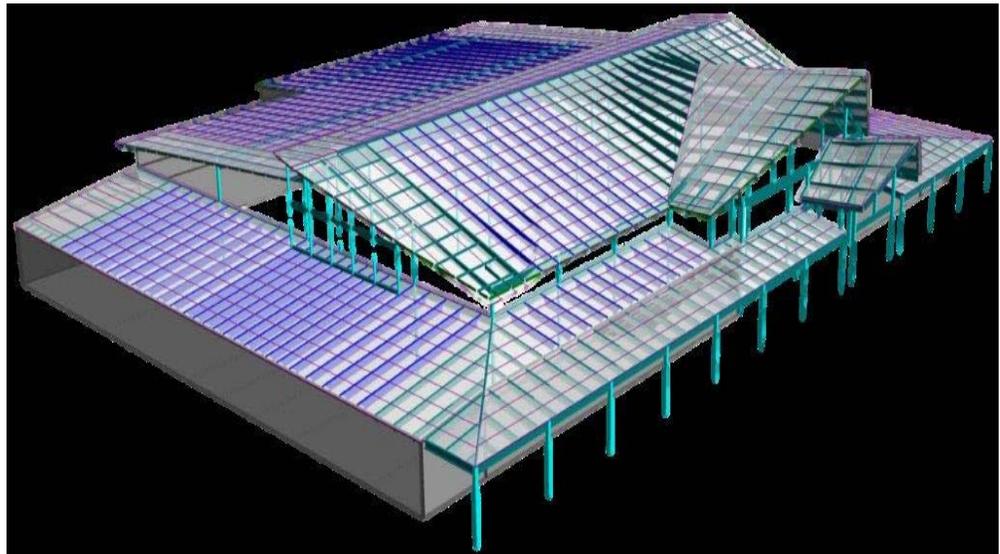


# Rio West Quarterly

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## Rio West Providing Conventional Steel Solutions



Have a need for a building that requires a conventional steel solution? Rio West and their relationship with Varco Pruden, gives you a team that's focused on providing conventionally framed, design-build projects covering a broad range of size and complexity. When a project cannot have a pre-engineered solution due to design requirements or local covenants, conventional steel makes a great alternative. Rio West and Varco Pruden will work together to provide a design / build solution that meets your project needs, on time and on budget. With a design/ build approach, you will benefit from lower engineering and drawing costs, quicker delivery and building schedules and single-source accountability from Rio West. Completed building projects can range from medium-rise office and retail buildings to heavy manufacturing facilities with crane loads in excess of 50 tons. Contact Rio West today for your conventional design-build project!



## Construction Market Data (CMD): Dec. starts down 6.9%, near seasonal decline

The value of December nonresidential construction starts fell 6.9% from November to \$22.2 billion, a slightly steeper decline than the typical, seasonal November-December decline of 5%, according to a CMD report. Nonresidential starts were down 7% from December 2014, but they were up 9.2% on a five-year December average. For the year ending 2015, starts increased 1.9% from the same period ending 2014. Month-to-month, total jobs in architectural and engineering services were up 3%, and year-over-year, they were up 2.5%. Full year 2015 starts saw gains in the engineering (10.9%) and industrial (32.8%) categories but declines in commercial (-4.2%) and institutional (-7%). CMD noted that the latest Employment Situation Report from the Bureau of Labor Statistics

***“According to the BLS, year-over-year employment construction was up 4.2% for 2015, ahead of all major employment sub-categories.”***

## **CMD cont.**

(BLS) reported a 45,000-job increase in the total number of construction jobs in December. Following October and November, this was the third straight month of five-figure employment increases in the industry. According to the BLS, year-over-year employment in construction was up 4.2% for 2015, ahead of all major employment sub-categories. In comparison, the total national employment increase was 1.9%.

Despite the strong employment numbers, an Associated General

Contractors of America (AGC) survey found that construction industry employers are less optimistic about their hiring prospects this year than at the beginning of 2015. In the survey, 71% of respondents said they plan to increase the number of personnel in 2016, down from 80% in January 2015. According to the AGC, this decrease is because of the labor shortage, increased competition, additional government regulations and higher healthcare costs.

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## **10 Construction Industry Trends to Watch In 2016**

Now that 2015 has come and gone, construction professionals are focusing attention on the year ahead. Analysts predict 2016 will be a strong year for the industry, as Dodge Data & Analytics' 2016 Construction Outlook report predicted 6% growth, with the value of construction starts reaching an estimated \$712 billion.

Dodge Data spoke with experts from various sectors of the construction industry to find out their predictions for 2016. Their answers varied from new technology trends, to workforce concerns, to homebuyer preferences. But one common thread connected all of the experts: They have high hopes that 2016 will bring strong demand and booming business.

Here are the top 10 trends to watch in 2016, according to the experts:

1. Skilled labor shortage will continue to plague construction companies
2. Prefab/offsite construction methods will become more popular
3. Construction companies will be more cautious about project selection
4. BIM will become a necessity, and owner interest in the technology will grow
5. Green building will grow in commercial and residential sectors
6. Jobsite accidents and criminal indictments on the rise
7. Booming multifamily sector will slow down as single-family sector picks up steam
8. Laser scanning technology will gain popularity
9. Remodeling will have a strong year, especially in the luxury market
10. Homebuyers will seek out simple, walkable communities

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## **ENR Survey: Construction companies to offer more raises in 2016**

The Engineering News-Record's Construction Industry Confidence Index fourth-quarter survey found that among the respondents who provided 2016 pay raise details, the average pay increase will be 4.63%. ENR said 223 of the 253 construction industry executives surveyed provided payment detail, with eight indicating they would raise pay between 15%-30%. Discounting those outlier firms, the average estimated pay increase would be 4.18%. The overall median increase was 4%.

The ENR survey found specialty trade contractor employees are in line for the highest average pay hike, 4.25%, while general contractors plan to raise pay by only 3.94%. Design firms plan to raise wages by an average of 4.13%.

## ENR Survey cont.

Of the 246 executives that answered the question of whether they will add staff in 2016, 72% responded yes, 18.3% said no, and 9.8% were unsure. ENR also found that out of 166 respondents, 65 said project managers were the most sought after, followed by 55 looking for engineers. 29 firms said they are looking for estimators, and 21 reported they need superintendents. Craft labor is also in demand, with 37 firms reporting that they wanted to hire workers over a broad range of

categories, including field laborers, journeymen, lead tradesmen and skilled equipment operators. The construction industry has been in the throes of a skilled labor shortage over the past few years, with unemployment hitting a low rate of 6.2%. From the Tucson perspective, we are beginning to see the impact of a thinned out subcontractor market that is showing major signs of performance related delays.



## Startup BioMason Creates Coral-Like Bricks from Sand and Bacteria

Building material startup BioMason has developed a method to "grow" bricks by injecting microorganisms into sand, initiating a four-day process similar to the one that creates coral, Inc.com reported. BioMason says the bricks' "biological cement" makes them strong enough to use in houses, commercial buildings and other structures. Co-founder and BioMason CEO Ginger Krieg Dosier came up with the idea for the environmentally friendly

brick by combining a research assignment on green building materials with a love for coral. BioMason, which should start selling to consumers by 2017, recently received a \$1.5 million investment from Acorn Innovestments as part of a \$3 million fund-raising round, in addition to \$2.8 million raised through seed funding, grants and awards in 2013, Inc.com reported. According to estimates from Dosier and the

EPA, brick manufacturing accounts for approximately 8% of all global carbon emissions, Inc.com reported, and, as world pressure increased to come up with more sustainable options, the opportunity for products like Dosier's grows. Sustainable building materials, according to market researcher IBISWorld, are a \$36.1 billion industry and that number is expected to grow by 10.6% annually until 2020.

## Trending Upward.

After years of limited growth, hotel construction is surging. As the industry moves head long into 2016, the latest Commerce Department data on construction spending shows that nonresidential lodging construction is trending upward. A 41% increase through August marks the fourth consecutive month that annual pace of lodging construction has surpassed 39 percent. Separate data by PricewaterhouseCoopers (PwC) shows that the supply of rooms may rise 1.8% this year, the first growth above 1% since 2009. The surge comes amid strengthening demand. Lodging occupancy is forecast to hit the strongest rate since 1981, says PwC. Industry analyst cite the rise of no frills hotels as the catalyst. The design of today's hotel is much more efficient and takes into consideration consumer feedback. For example, hotels such as Courtyard, Aloft or Hilton Garden Inn often times will not have a restaurant on site, or if there is a restaurant on site, it will be operated by another company.

***"A 41% increase through August marks the fourth consecutive month that annual pace of lodging construction has surpassed 39%."***

“Experience the power of integrity.”

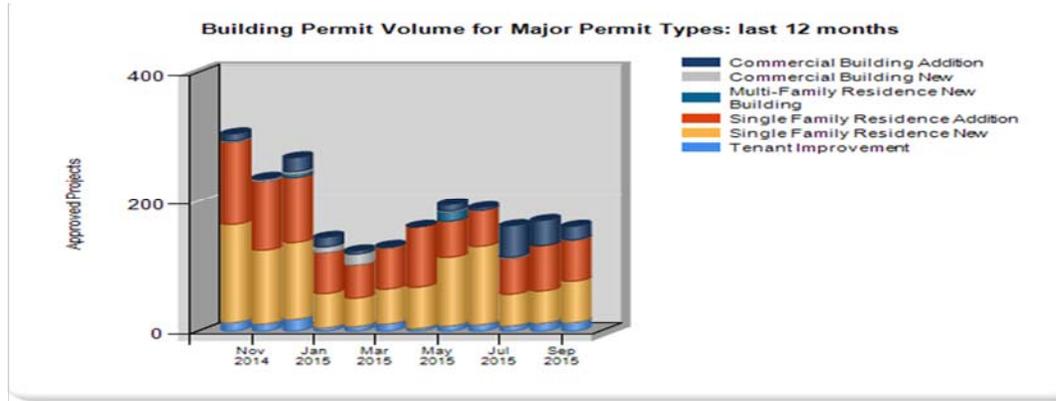


## Jet Car Wash



Jet Car Wash (a Tommy Car Wash System) is the latest car wash system to arrive in Tucson. Soon to be completed, this fully automatic passenger friendly system will add a new concept to our marketplace. Located in Southeast Tucson at 4657 E. Valencia.

## Pima County Statistics:



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Rio West Development & Construction was founded in August 1994 by brothers Brad & Walter Hoge. Over the course of the last 20 plus years, we have constructed or developed projects in all jurisdictions in Pima County that include; medical buildings, office buildings, retail centers, industrial buildings, schools, assisted living facilities and other specialty type buildings. Our work experience includes:

- Pre-Construction Services
- Design Build
- CM@ Risk
- Building Inspection Services
- Development
- Solar Installations

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