

Rio West Quarterly

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Construction Market Forecast 2014

The McGraw Hill Construction forecast for 2014 is certainly on the bright side, calling for a 9% increase in construction starts next year. It also predicts strong double-digit growth in the dollar value of single-family housing, multi-family housing and commercial buildings. MHC also is forecasting that a three-year decline in institutional buildings will be checked in 2014 with a modest 2% gain next year. Manufacturing work is forecast to increase 8% next year, following a 6% increase this year. MHC expects public works to fall another 5% next year, while the power market drops 33%.

"Our outlook is positive, with a few caveats," says Robert Murray, MHC chief economist. "This is another step on the way to a more full-fledged expansion," he adds. "Because this is a measured expansion, there is a very good chance this forecast will play out."



Murray cautions the industry not to get too excited about percent changes. While MHC is seeing good growth in the residential and commercial markets and many non-residential building markets are starting to turn the corner, most are still below peak levels, Murray says.

Murray puts himself in the "slow-and- steady is not a bad thing" camp. "The way the recovery is unfolding is beneficial for two reasons: It

lessens the chance of another boom-then-bust cycle, and it allows for labor constraints to be not as severe," he says.



U.S. Construction Unemployment

According to the U.S. Bureau of Labor Statistics, national construction industry unemployment is moving in the right direction after hitting the peak in 2011. With unemployment in 2006 at approximately 7% it peaked in 2011 at

nearly 23%. At the end of 2013 the indications are that construction unemployment has fallen to approximately 8.6%. Construction employers added approximately 17,000 jobs in November that put employment at its highest

levels in many years coupled with construction spending at a 4 year high according to the Association of General Contractors.

City of Tucson Road Repairs Coming!!!!

Drivers are going to see major construction across Tucson to fix potholes.

In November 2012, City of Tucson voters approved Proposition 409, a property tax that will put \$100 million into the roads. The measure passed by fewer than 1,000 votes, which is less than 1 percent.

The proposition requires \$20 million in construction each year for 5 years. It officially began in Fiscal Year 2014, which started July 1, 2013.

With about 6 months to go this fiscal year, the city has probably spent less than \$2 million, according to Director of Transportation, Daryl Cole.

"You're going to see lots of barricades, lots of orange barrels, and a whole bunch of work," Cole said. "Most of the work, we hope to do in the evenings or at night. But there is going to be some daytime work".

A citizen group of volunteers is watching the money to make sure it is spent

appropriately. The vast majority is being spent on major arteries through the city, with \$3 million per yearspent in residential areas.

"You're going to see lots of barricades, lots of orange barrels, and a whole bunch of work."

Solar Employment Increases 20%

Across the country, it was a great year for workers in the solar industry, with hiring jumping to 143K for 2013, an increase of 24K jobs from 2012. The nearly 20 percent boost in solar jobs compares with a less than 2 percent rise in total U.S. employment, reports the Solar Foundation in its 2013 Solar Jobs Census.

Arizona numbers for 2013 will be released by the Solar Foundation in mid-February, and although the state is still

expected to be a top-10 solar employer, according to a Foundation spokesman, Arizona's #1 rank from lastFebruary's census might slip because of a troubled year in the field. In the 2012 census, Arizona posted nearly 10K increase in solar-related jobs—second in the nation, but first in solar jobs per capita. The state garnered an "A" for its net metering policy—which helped fuel hiring in nearly 300 solar companies.

"Experience the power of integrity".

Intel Plant in Chandler Put on Hold

The use of Intel's most heralded factory is being put on hold indefinitely. The company's "Fab 42" manufacturing plant in Chandler, Ariz., which was slated to make high-tech microchips, will not be opening up for shop anytime soon, according to Reuters.

"The new construction is going to be left vacant for now and it will be targeted at future technologies," Intel spokesman Chuck Mulloy told Reuters.

Intel began construction on Fab 42 in 2011. The plant was expected to produce Intel's next generation of

processors built on its 14-nanometer technology. At the start of construction, the company said it was investing more than \$5 billion in the facility.

Rio West becomes a VP Authorized Builder

In 2013 Rio West became an authorized VP Builder. Rio West is now one of the 1,000 Authorized Builders in the VP network that runs throughout the US and Canada.

Founded in 1968 in Pine Bluff Arkansas, Varco Pruden Buildings is a world leader in the pre-engineered steel systems construction industry.

Each year they manufacture approximately 6,000 buildings ranging in size from 1,200 to 1 million square feet

under roof.

Headquartered now in Memphis, the company operates 6 strategically located manufacturing plants & service centers located coast to coast.

Steel systems can be used for a wide variety of buildings including: agricultural, aviation, automotive, churches, schools, retail and office buildings and a wide variety of industrial applications.

If you have a job or project that you feel might be served using a steel structure please contact us and we will be happy to visit with you.



Pinal County Rail Yard Moving Forward

Negotiations regarding the sale of state trust land in Pinal County for the construction of a Union Pacific Railroad classification yard progressed with the recent hiring of consultants.

The Arizona State Land Department and Union Pacific announced the retention of engineering consultants, who will examine the technical issues surrounding the Red Rock project, according to a release from the Arizona

State Senate, ASLD has hired RBF, a national planning, design and construction firm, and UPRR also hired an outside firm to assist with the analysis.

“We are happy that this phase of the proposed project is moving forward,” Vanessa Hickman, ASLD commissioner, said in a statement. “We are confident that the expertise of the parties involved will lead to a full understanding of the issues being studied.”

State Sen. Bob Worley (R-Mesa) brought stakeholders together for negotiations at the urging of state Sen. Al Melvin (R-Oro Valley).

“The State Land Department and Union Pacific deserve great credit for their efforts to find common ground on this important project, which has the potential to be a significant job creator for central Pinal County,” Worley said in a statement.

Rail Yard continued...

The Union Pacific rail classification center proposed for Pinal County corridor provides an opportunity to collect and transfer cargo quickly from the west coast to Midwest and Northeast markets. Moving freight through Arizona is crucial for the state’s long-term economic growth.



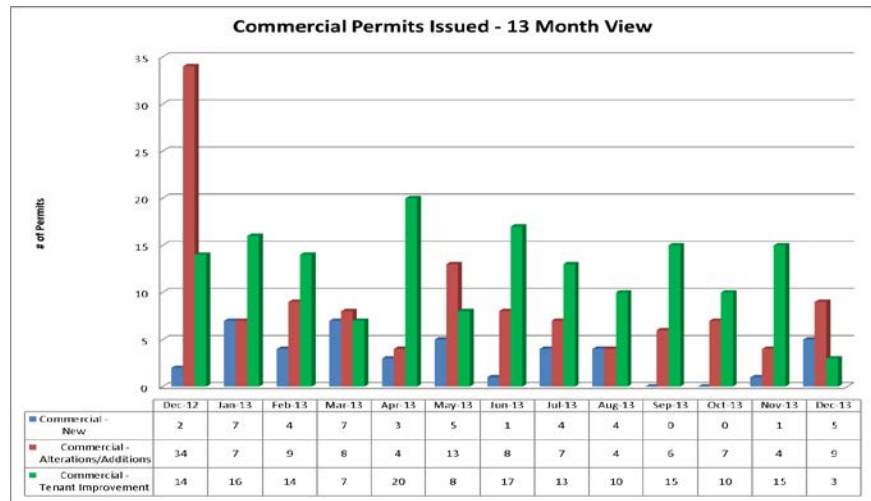
“We are happy that this phase of the proposed project is moving forward,”

Just the Facts!

This chart reflects the commercial building permit activity within Pima County over the last 13 months ending December 31, 2013. During this period 43 new

commercial building permits were issued. By comparison the 13 months ending December 31, 2012, 68 commercial permits were issued. The balance of the

chart reflects additions & tenant improvement activity.



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We're on the Web!
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Founded in August 1994 by brothers Brad & Walter Hoge, Rio West will be celebrating its 20 year anniversary this year. Over the course of the last 20 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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