

# QUARTERLY **MARKET FORECAST** REPORT



**Report Period:** Q2 | 2019 (April 2019-June 2019)

**Report Date:** August 5, 2019

# About PSMJ's Quarterly Market Forecast Reports

A number of A/E/C industry associations and publishers track market trends in this industry on a regular basis. They report billings, backlog, and proposal opportunities for the industry as a whole. But, which of these indicators is most meaningful when it comes to planning for your firm's future? What types of projects offer the greatest opportunities?

When market trends change (either positively or negatively), this is observed first as a change in the number of available proposal opportunities. These changes in proposal opportunities later become changes in backlog, revenues and cash flow – as shown on the following illustration:



In PSMJ's *Quarterly Market Forecast* survey, we track these indicators and present them to you in this quarterly update. Strategic and business planning requires you to set your strategies not for where the markets are today but where you believe they will be heading in one to five years. We therefore focus most on the trends (either positive or negative) in proposal opportunities since they are the most leading indicator.

As well as providing an overview of the entire A/E/C market, only PSMJ's *Quarterly Market Forecast* Report details conditions in seven geographic regions, 12 major markets, and (annually) 52 submarkets (See *Appendix A* for details).

## Let Us Help You!

PSMJ's *Quarterly Market Forecast* Reports are only as good as the data that goes into them! To learn more about participating in the next *Quarterly Market Forecast* survey, visit:

<https://www.psmj.com/surveys/quarterly-market-forecast>

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## **APPENDIX A – Region and Market/Submarket Definitions**

### **ABOUT PSMJ RESOURCES, INC.**



# I. INTERPRETING THE DATA

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Since 2003, PSMJ has been conducting quarterly surveys to assess the strength of all the major A/E/C markets. These surveys are conducted during the months of March, June, September, and December. In the surveys, we ask the following questions comparing the current quarter to the previous quarter:

- Did your firm's revenues increase or decrease? If so, were the increases/decreases more than 5% or less than 5%?
- Did your firm's backlog increase or decrease? If so, were the increases/decreases more than 5% or less than 5%?
- Did the number of proposal opportunities increase or decrease?
- What are your expectations for next quarter's revenues? Do you expect them to increase or decrease? By more than 5% or less than 5%?

We also ask questions about the respondents' markets, submarkets, and geographic regions. The responses we receive allow us to compute a Net Plus/Minus Index (NPMI) by subtracting the number of respondents who responded negatively from the number who responded positively. If the same number responded positively and negatively, the plus-minus index would be 0. If more responded positively, the index would be positive. And if more responded negatively, the index would be negative. The higher the positive or negative value of the index, the stronger the positive or negative response.

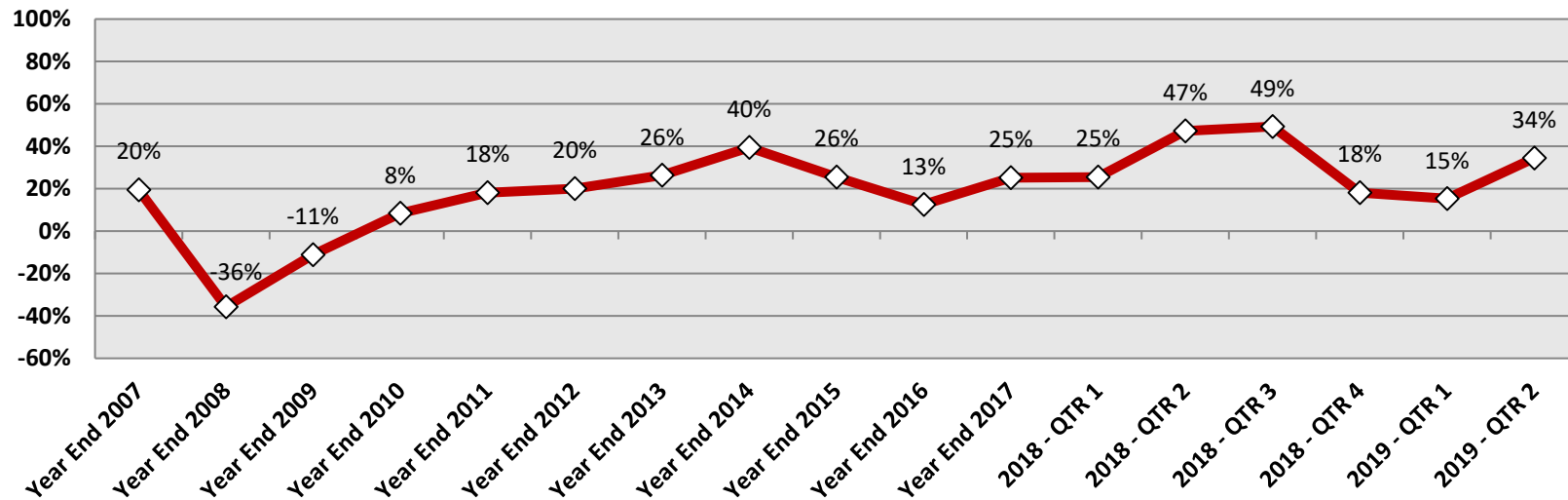
## II. OVERVIEW OF Q2, 2019

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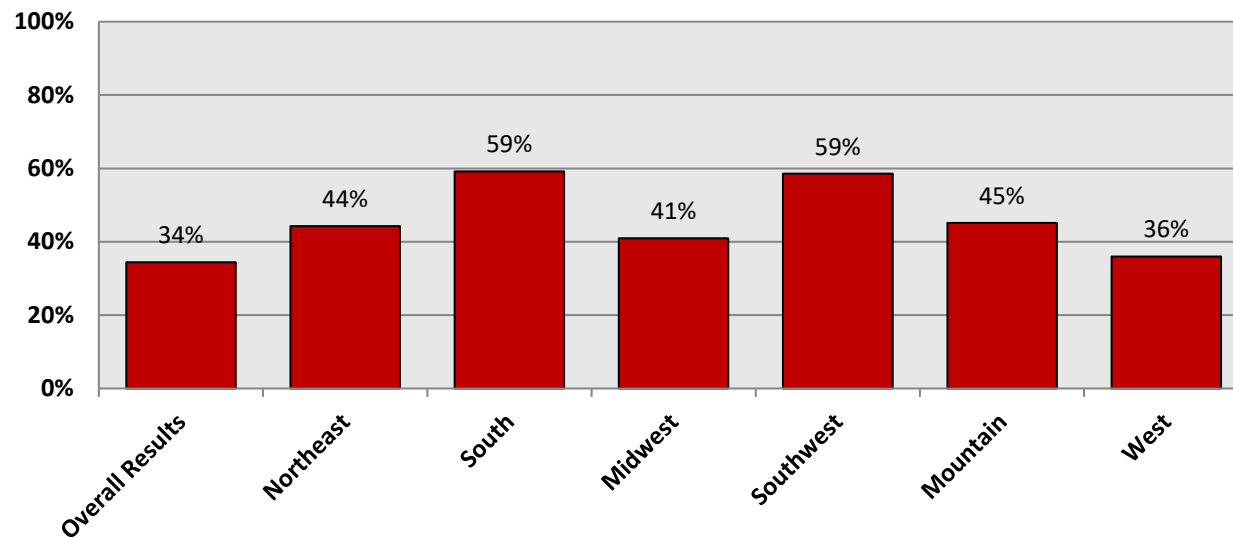
The following charts outline key trends in the overall data set. Throughout this report, trends are articulated using a Net Plus/Minus Index (NPMI). The NPMI value is calculated by subtracting the number of respondents who responded negatively from the number who responded positively. If the same number responded positively and negatively, the NPMI value would be 0. If more responded positively, the NPMI value would be positive.

## A. REVENUE TO PRIOR QUARTER – NPMI TRENDS

### Long-Term Historical Trends

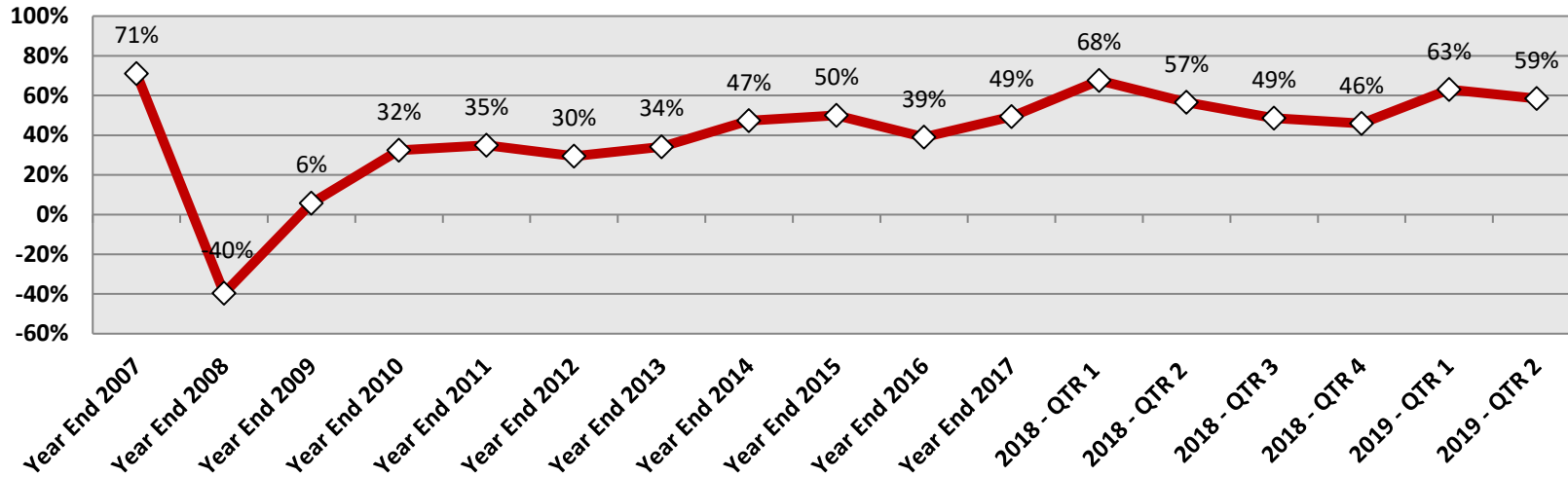


### Latest Quarter by Region

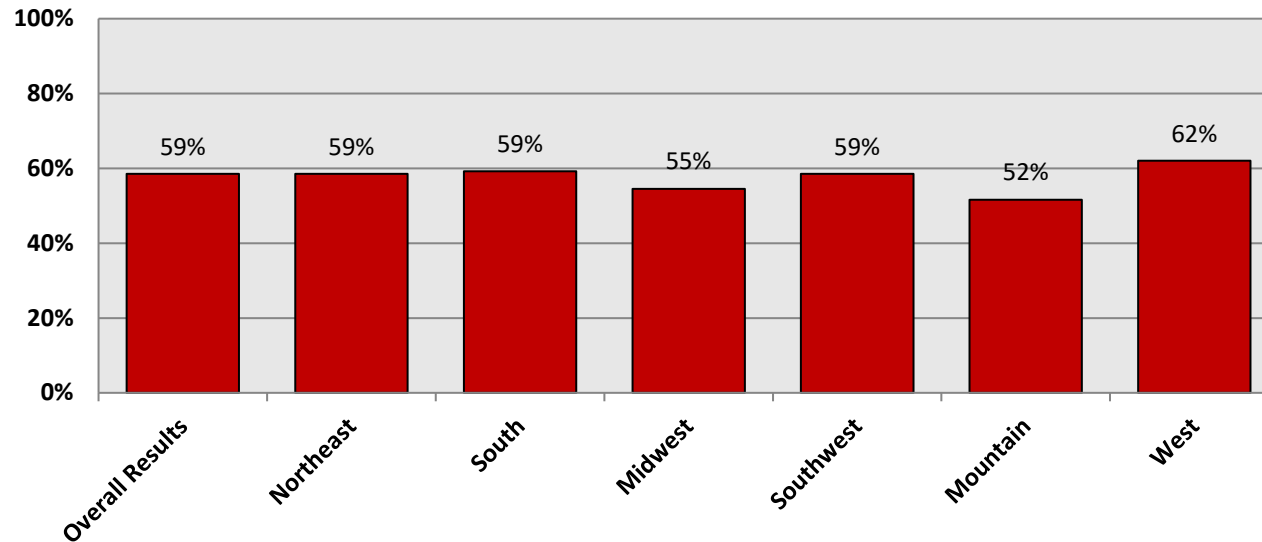


## B. PROJECTED REVENUE TO CURRENT QUARTER – NPMI TRENDS

### Long-Term Historical Trends

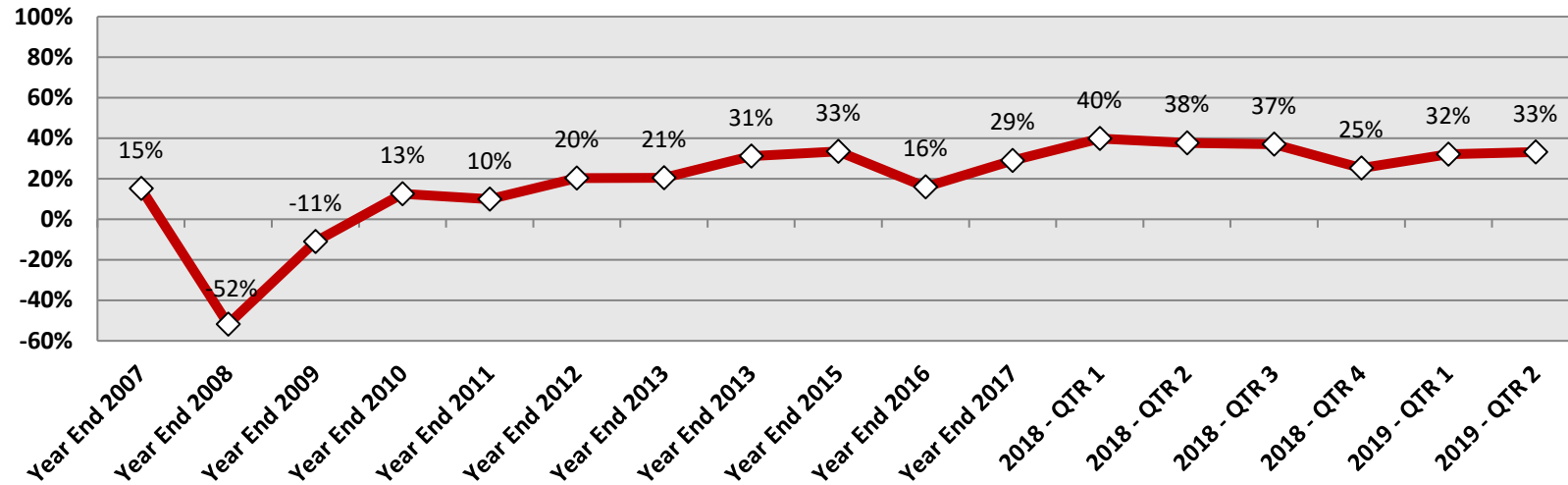


### Latest Quarter by Region

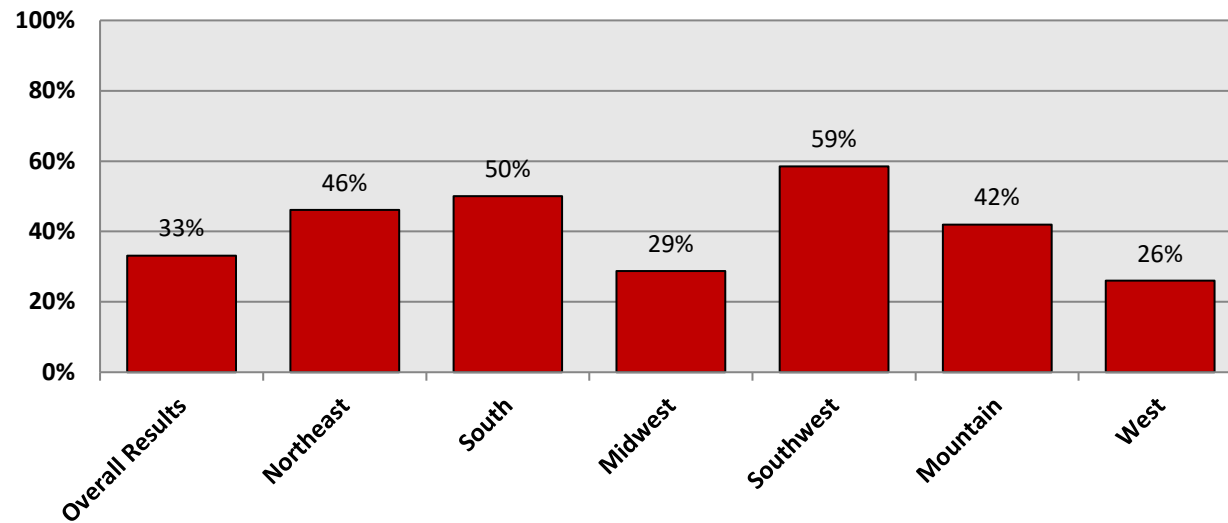


### C. BACKLOG TO PRIOR QUARTER – NPMI TRENDS

#### Long-Term Historical Trends

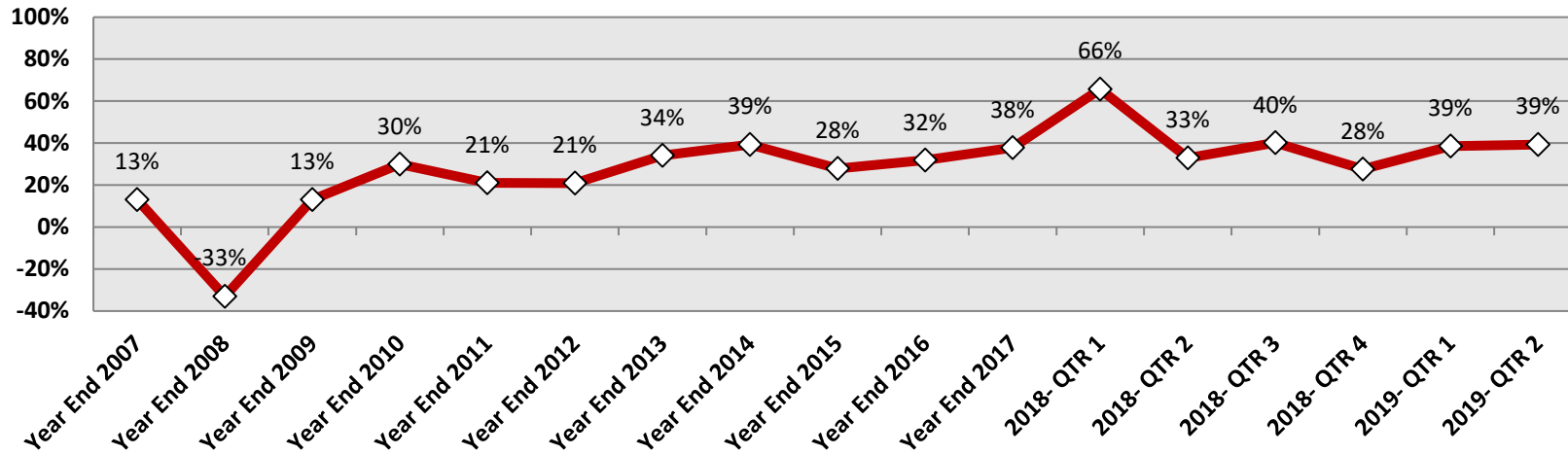


#### Latest Quarter by Region

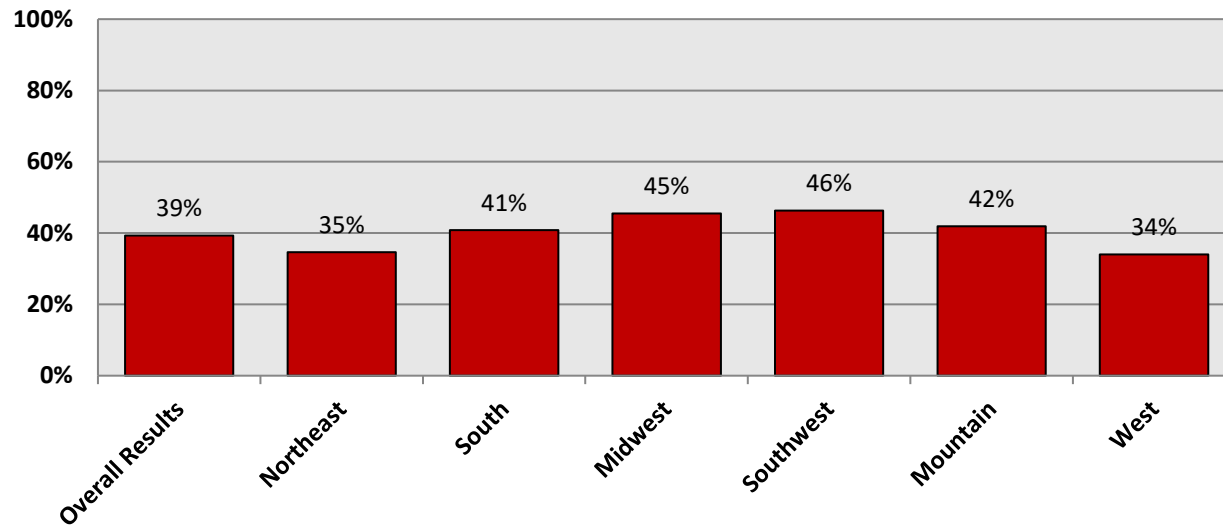


## D. PROPOSAL OPPORTUNITIES TO PRIOR QUARTER – NPMI TRENDS

### Long-Term Historical Trends



### Latest Quarter by Region



# IV. MARKET DETAILS

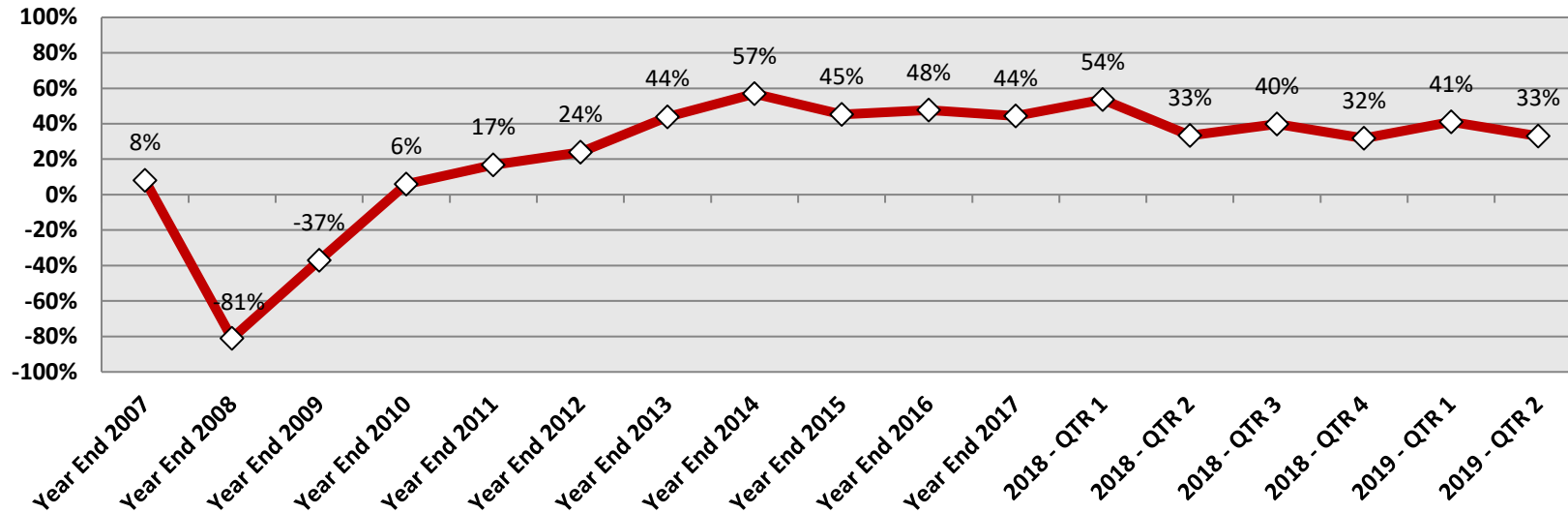
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The following charts drill down into key trends in the major markets and submarkets that comprise the A/E/C industry. Throughout this report, trends are articulated using the NPMI. The NPMI is calculated by subtracting the number of respondents who responded negatively from the number who responded positively. If the same number responded positively and negatively, the NPMI value would be 0. If more responded positively, the NPMI value would be positive.

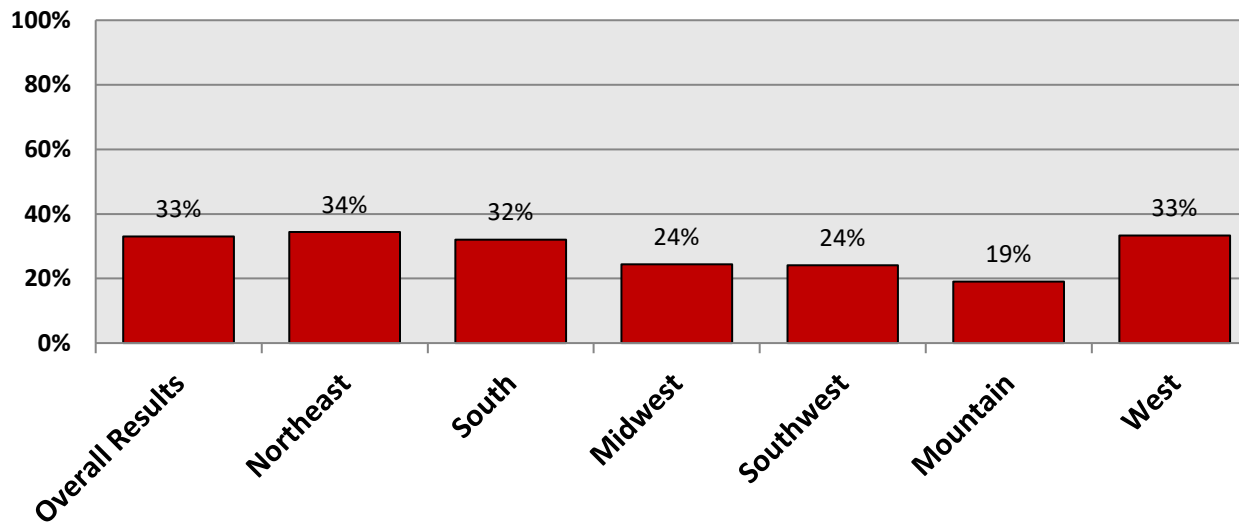


## A. PROPOSAL ACTIVITY FOR COMMERCIAL DEVELOPERS – NPMI TRENDS

### Historical Trends (Overall Market)

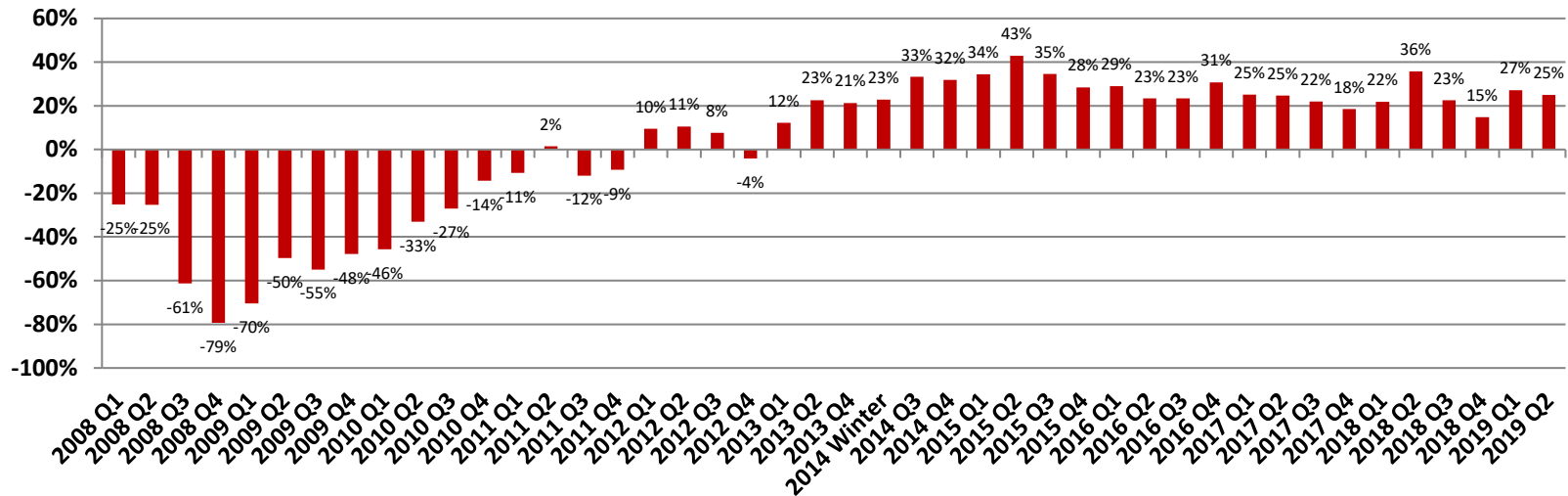


### Latest Quarter by Region

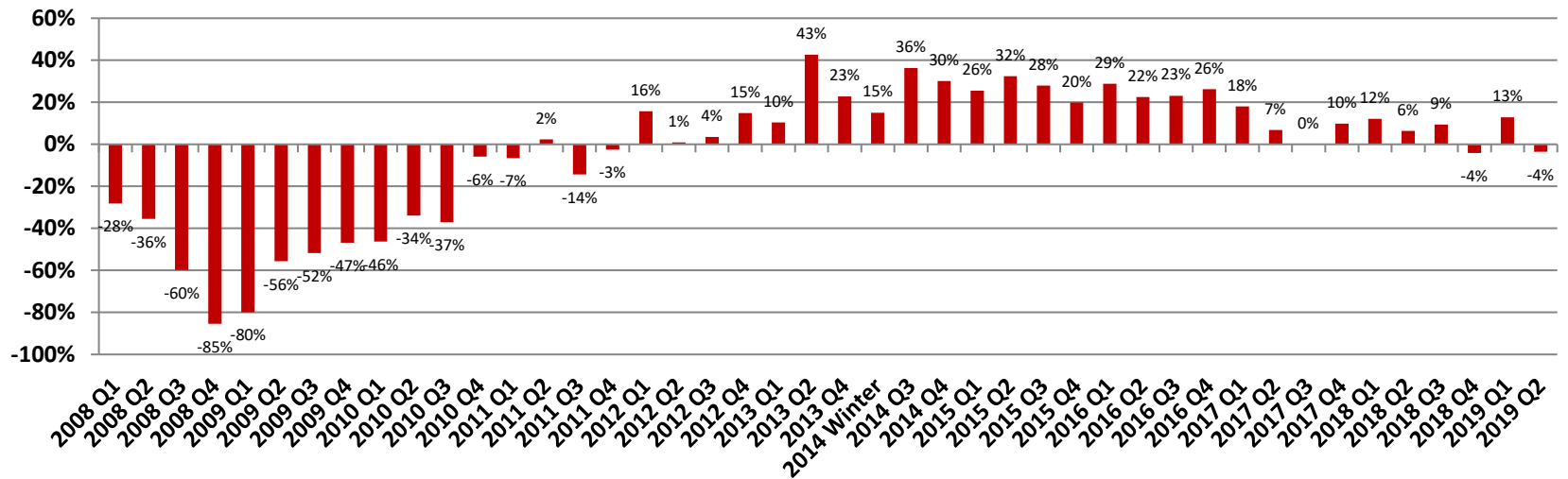


## Submarket Trends

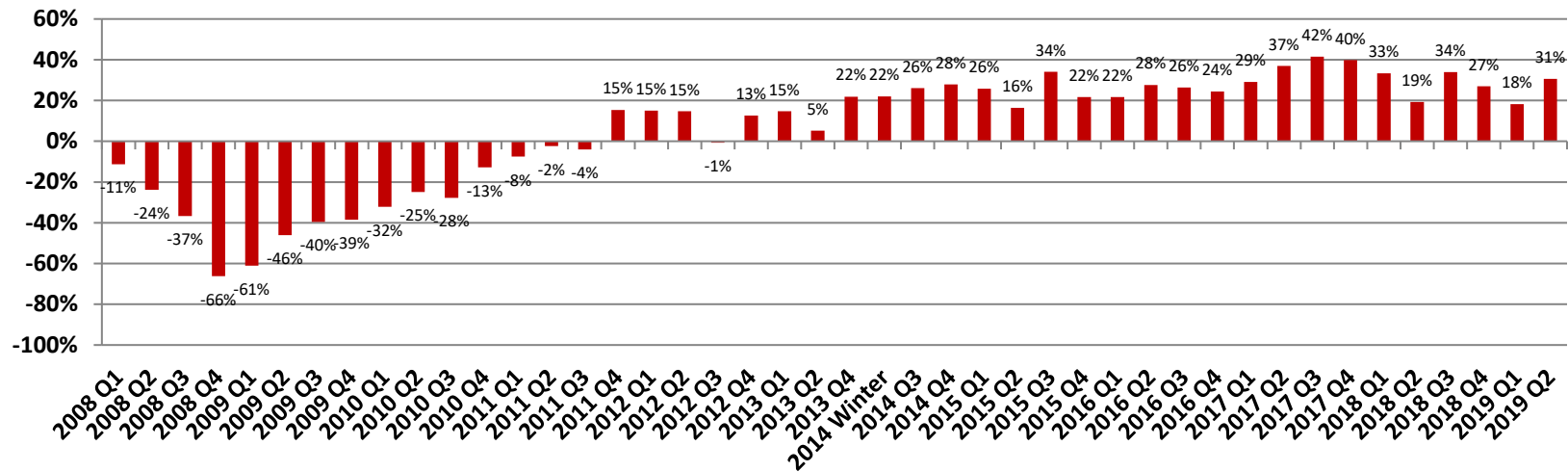
### Office Buildings (For Lease Facilities)



### Retail Buildings (For Lease Facilities)

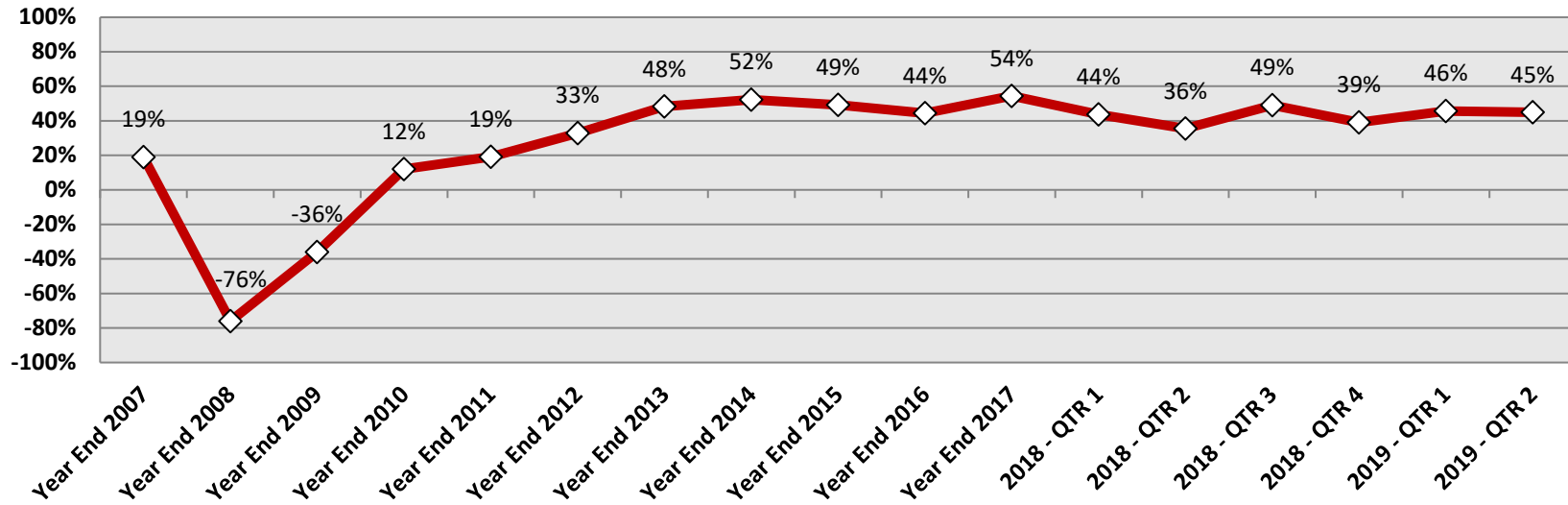


## Warehouse Distribution (For Lease Facilities)

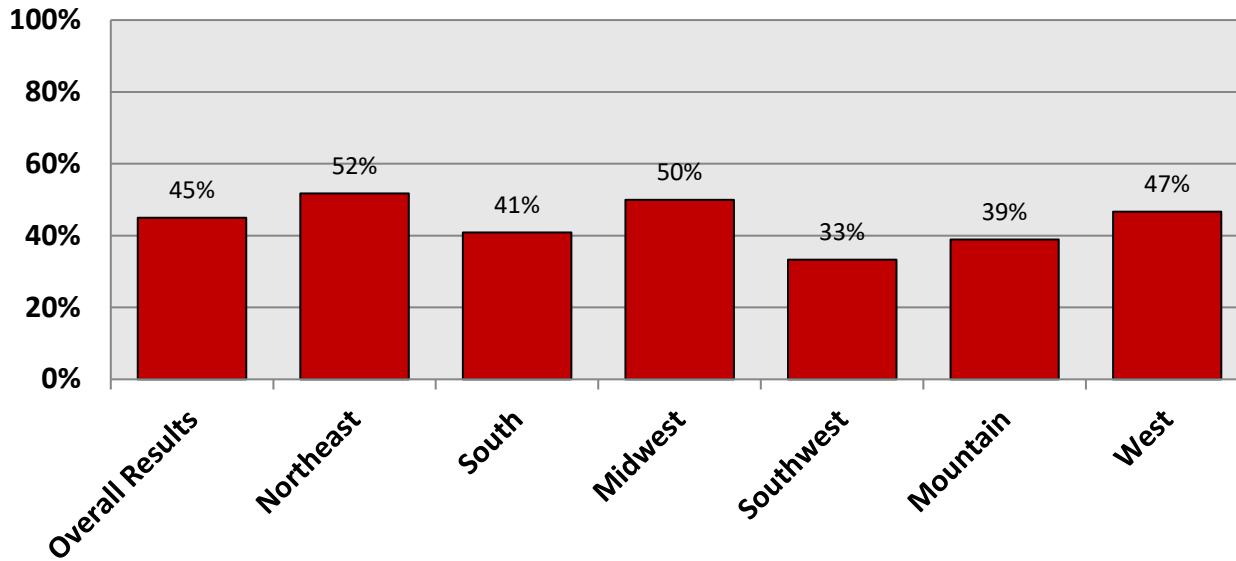


## B. PROPOSAL ACTIVITY FOR COMMERCIAL USERS – NPMI TRENDS

### Historical Trends (Overall Market)

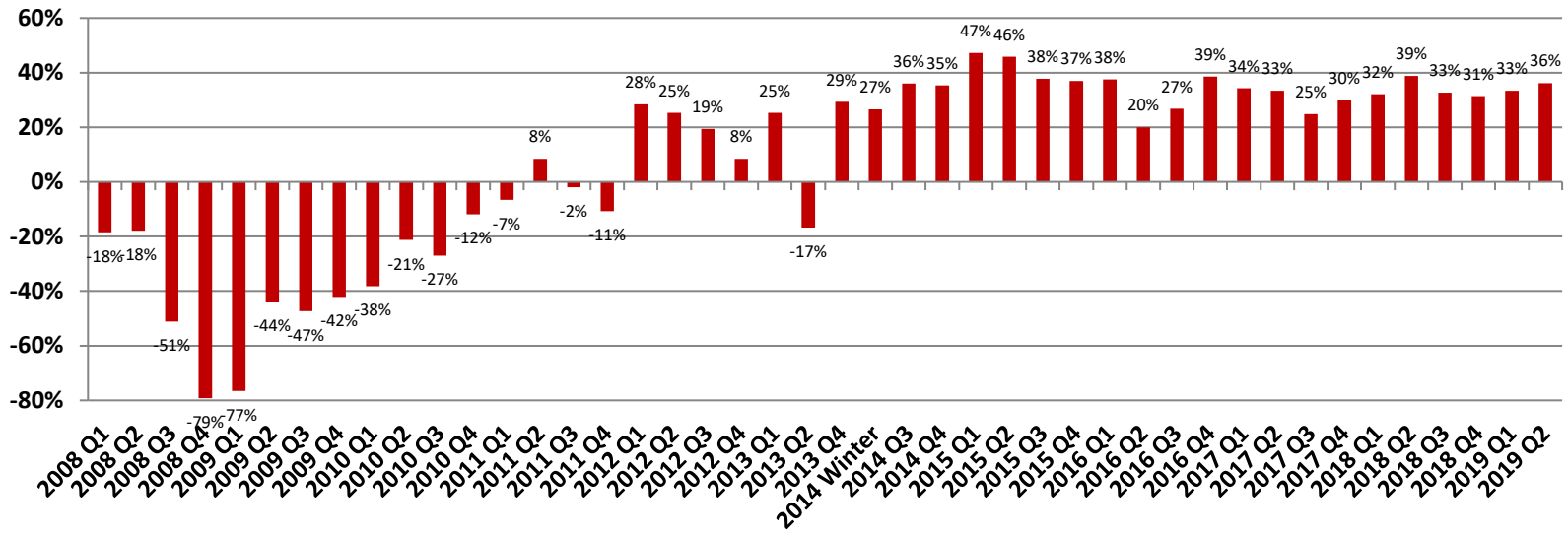


### Latest Quarter by Region

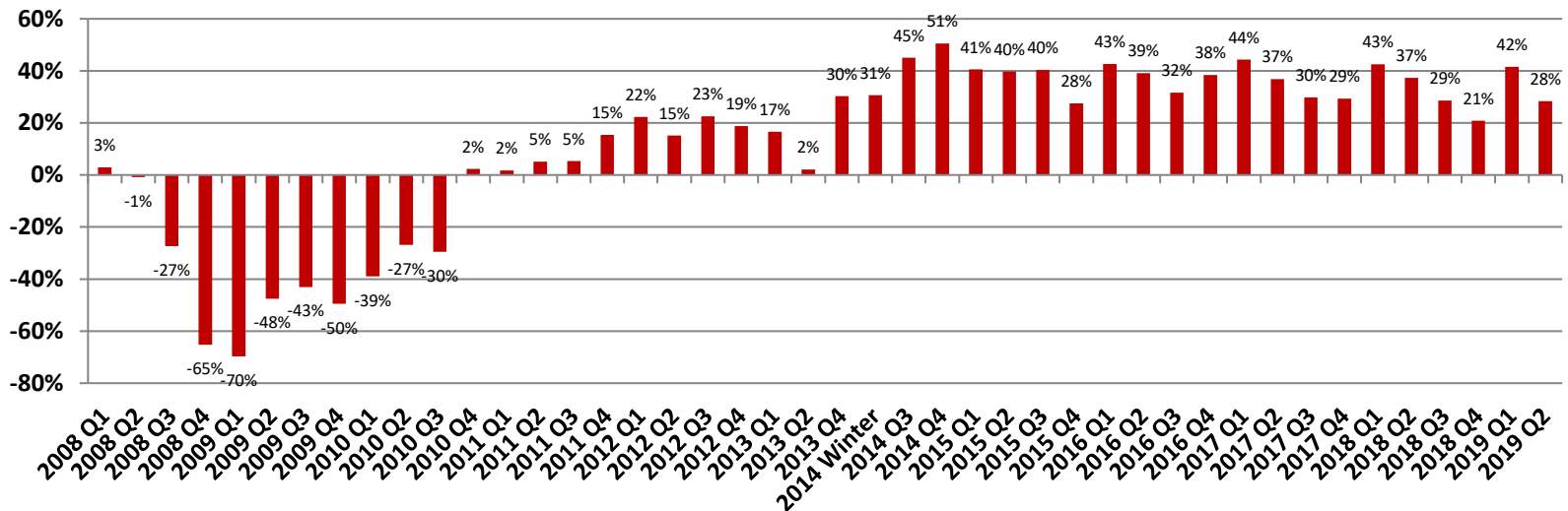


## Submarket Trends

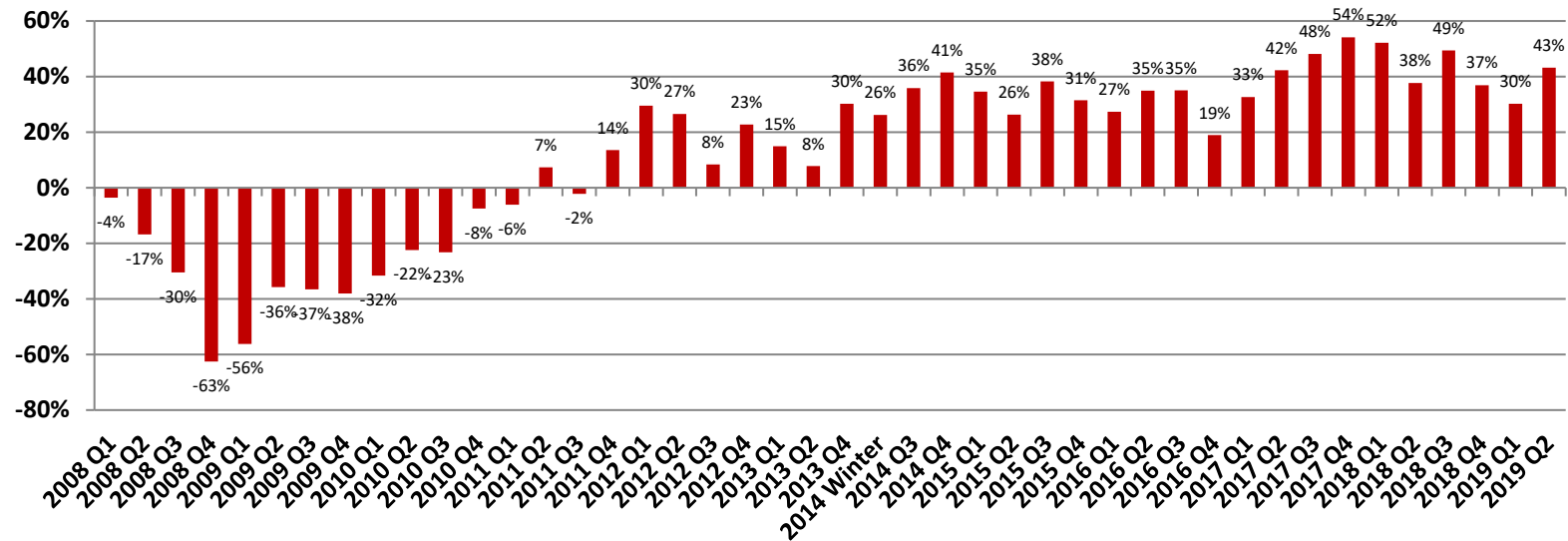
### Office Buildings



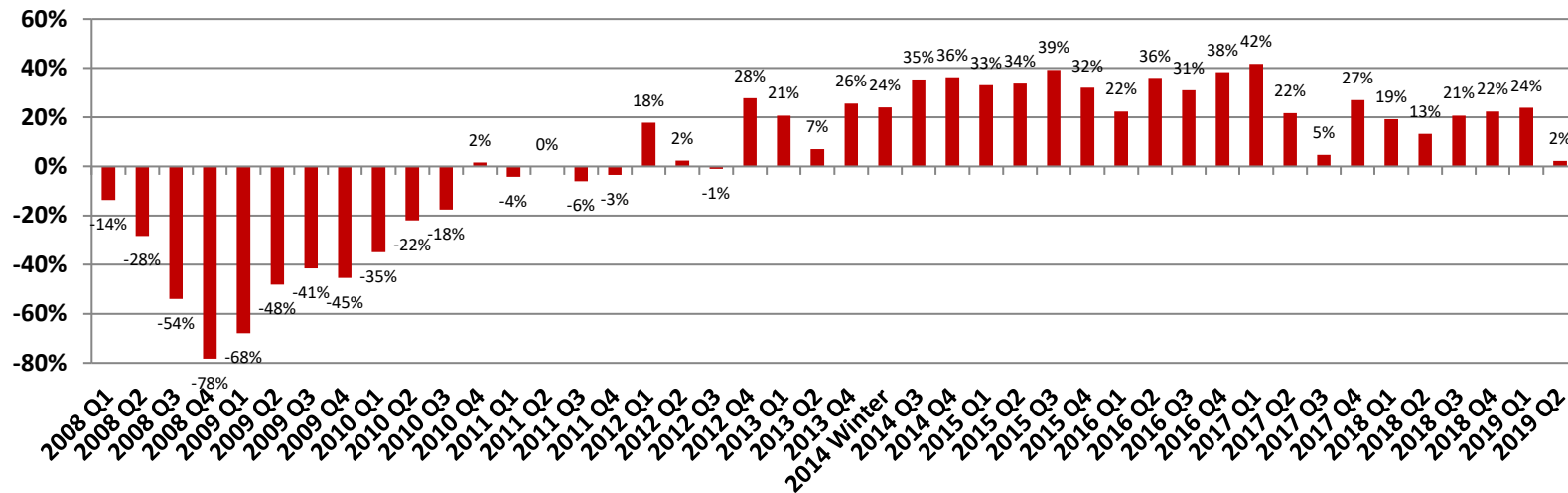
### Hotels/Motels



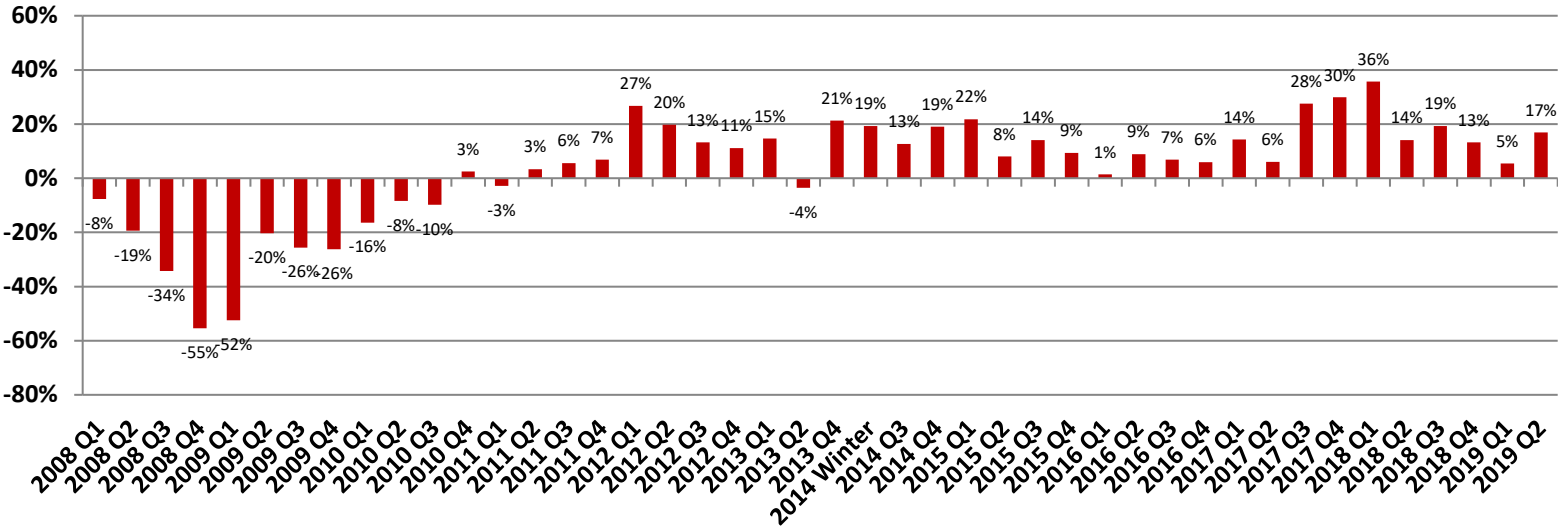
## Warehouse/Distribution Facilities



## Restaurants



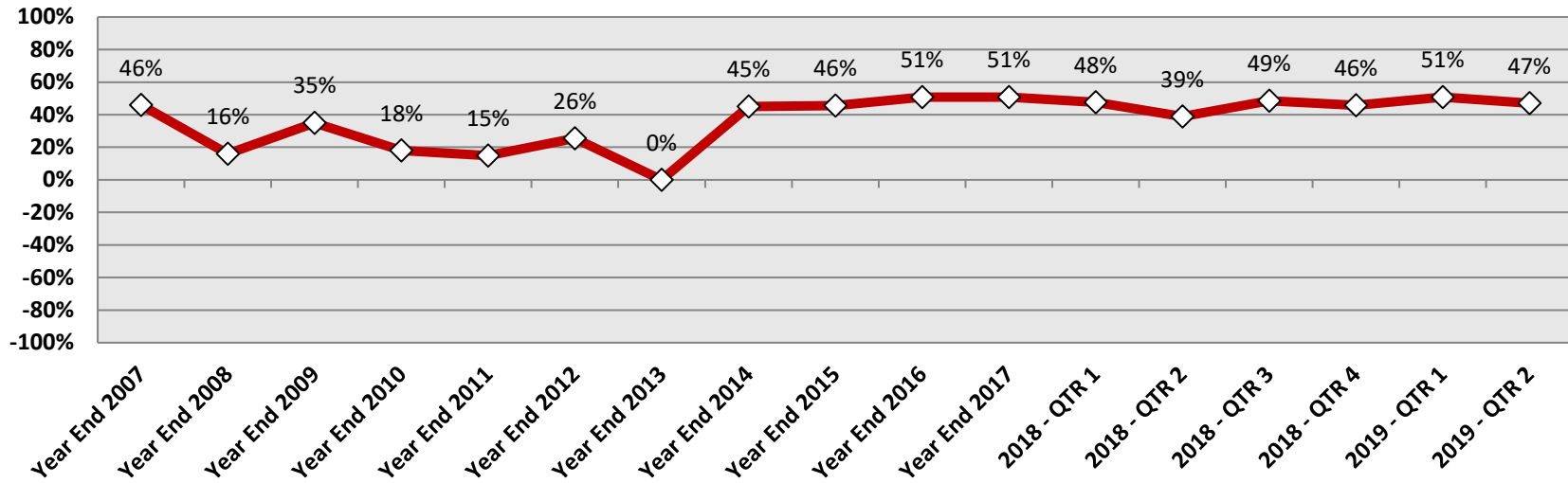
Call Centers/Data Facilities



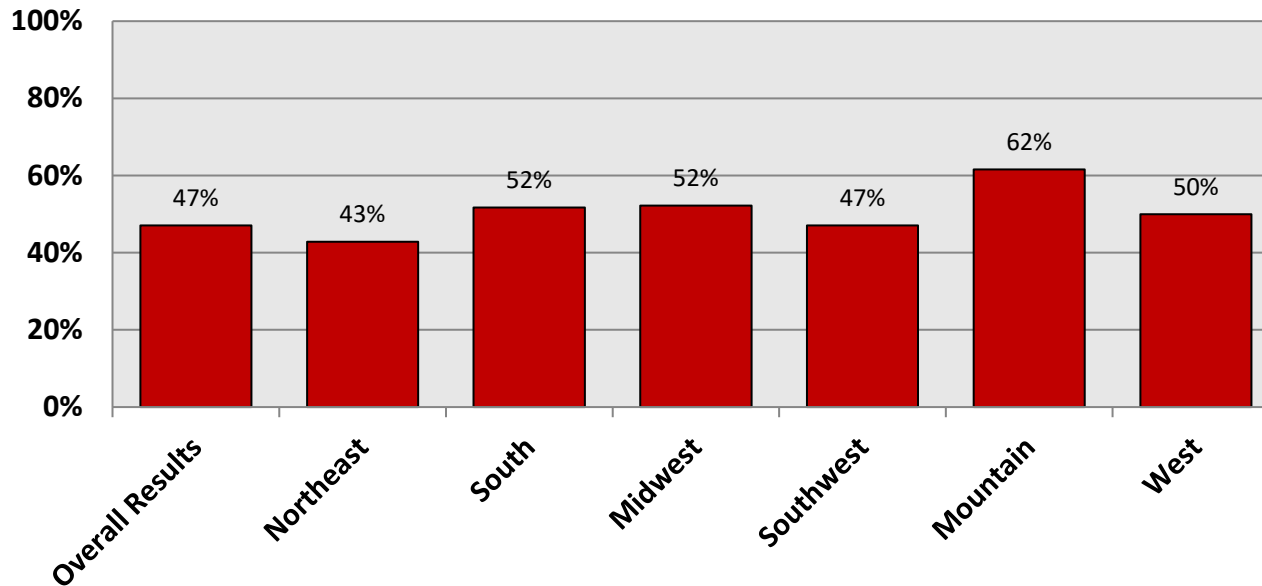


### C. PROPOSAL ACTIVITY FOR TRANSPORTATION – NPMI TRENDS

#### Historical Trends (Overall Market)

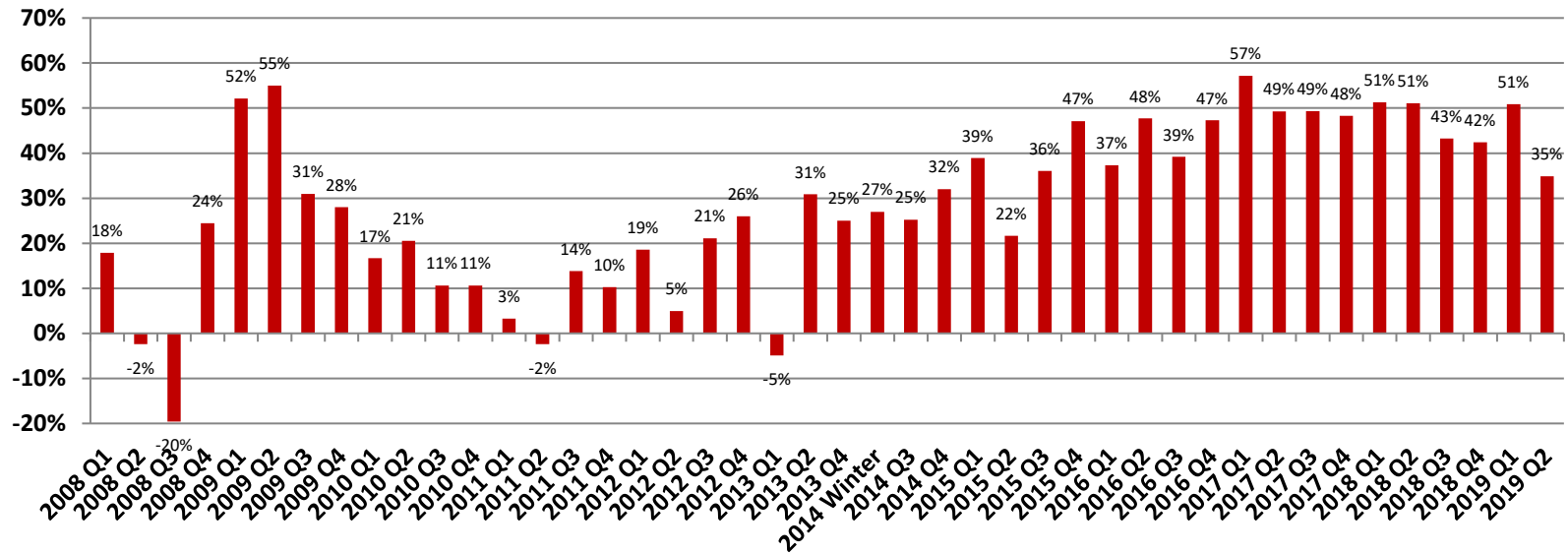


#### Latest Quarter by Region

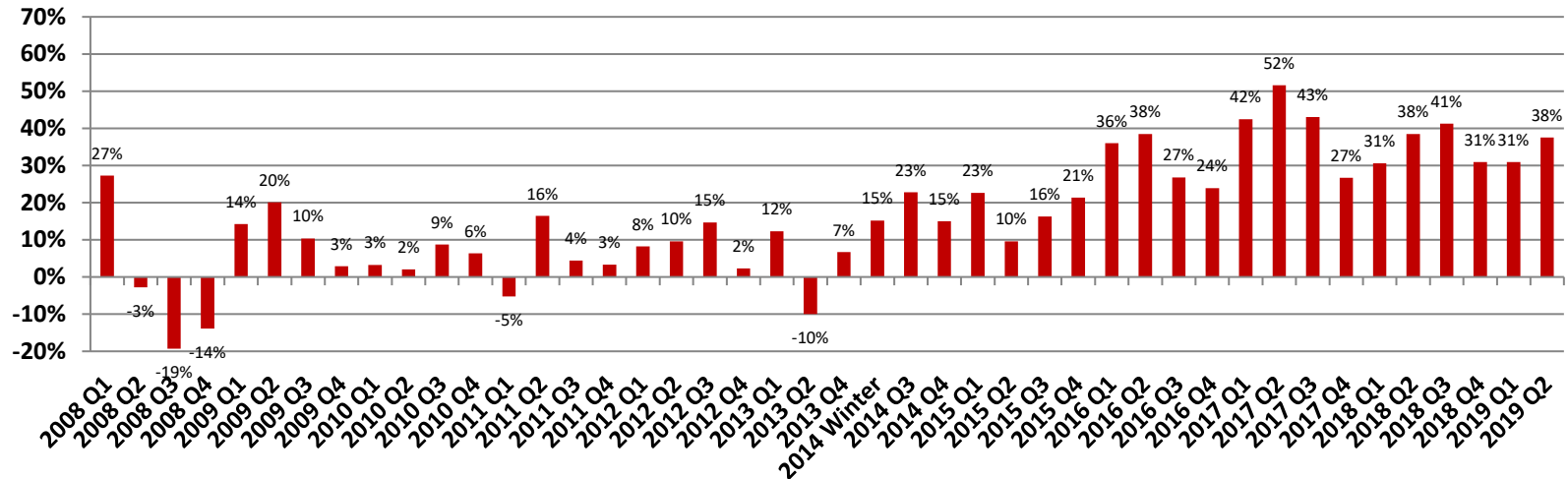


## Submarket Trends

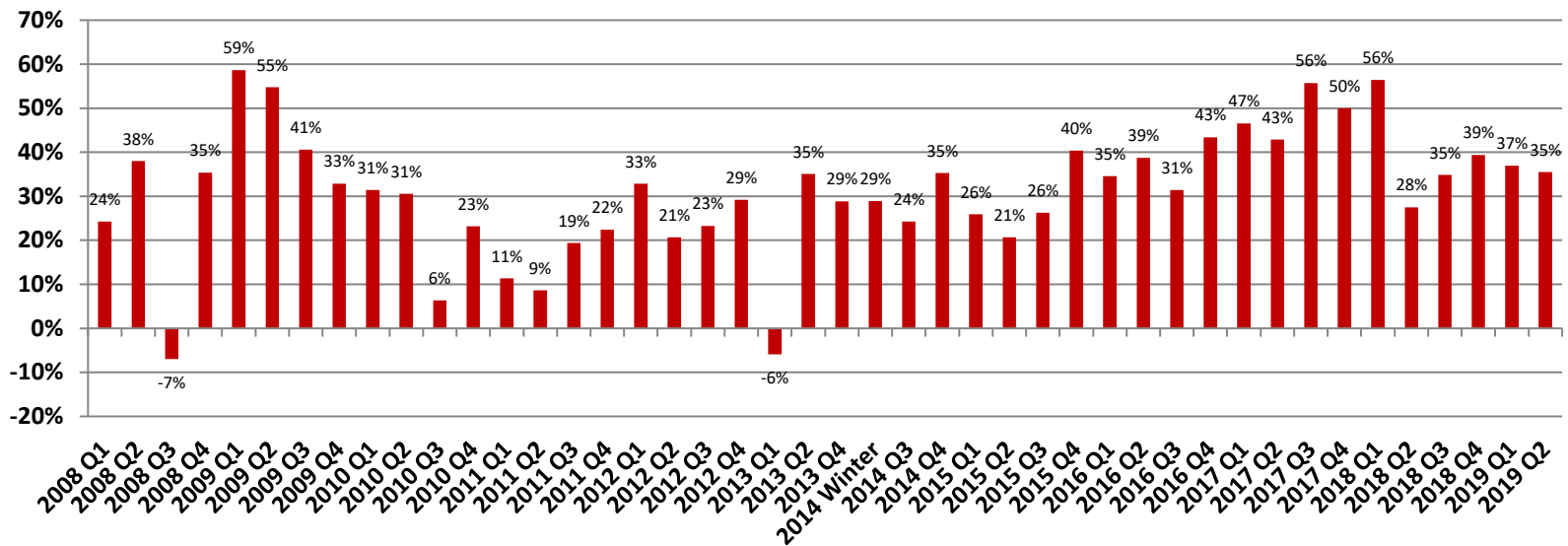
### Roads



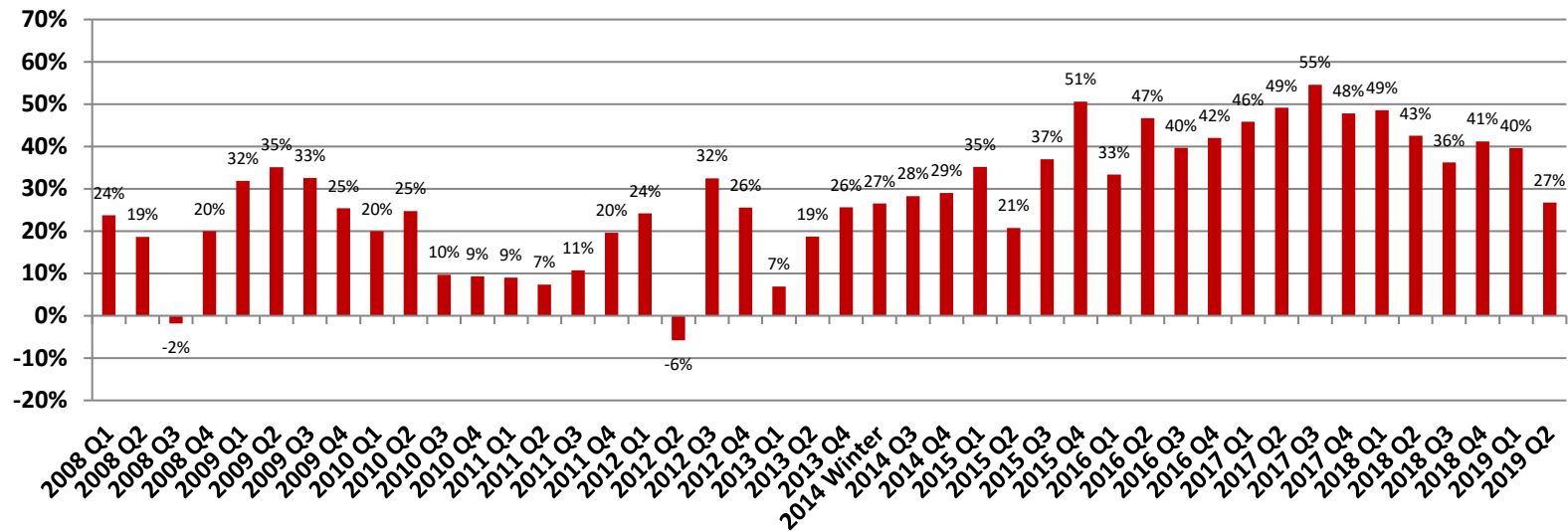
### Airports



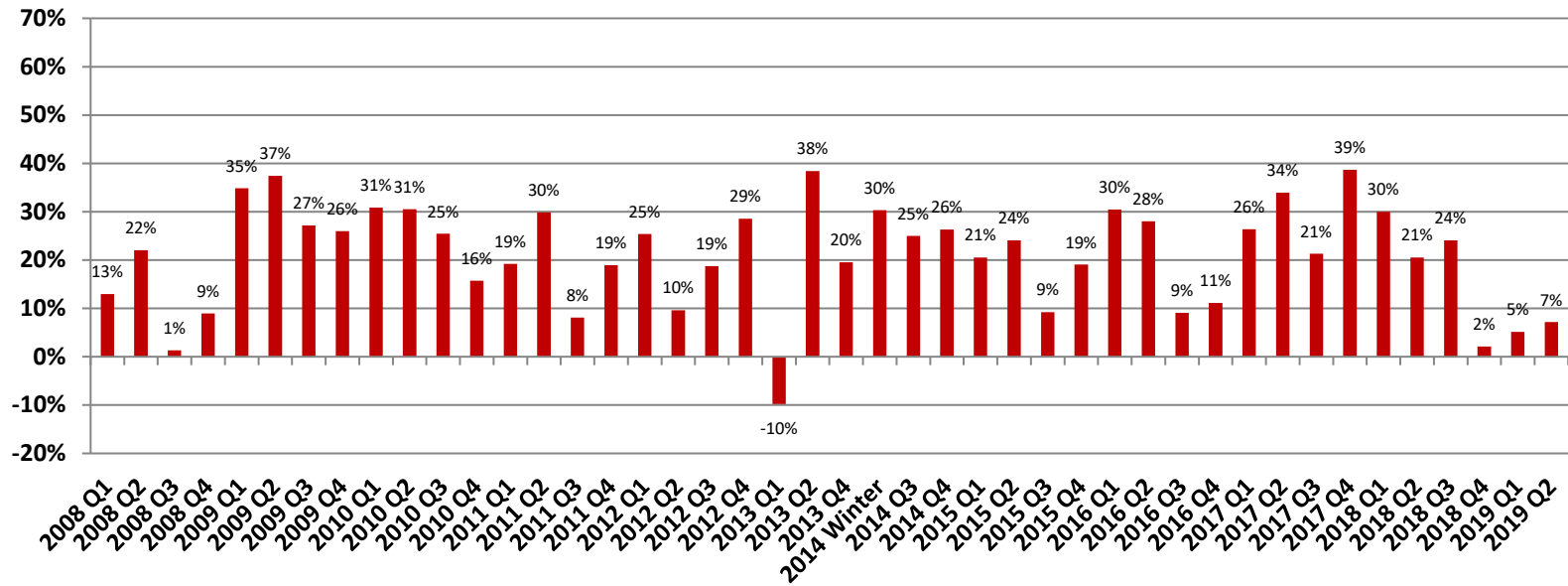
## Bridges



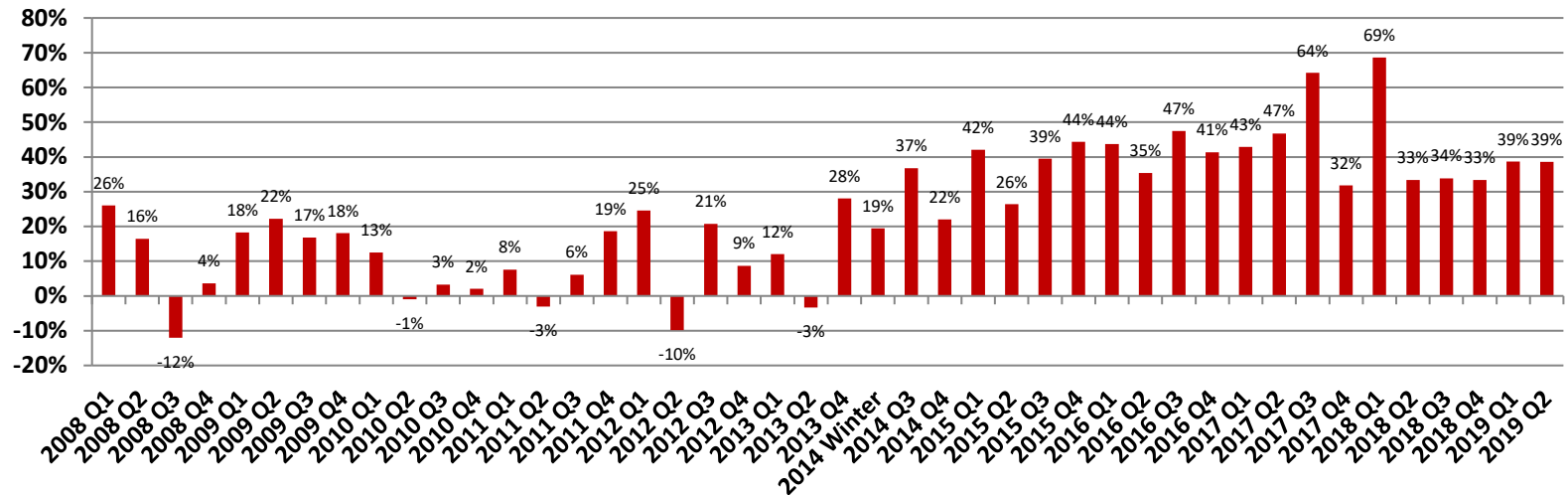
## Transportation Planning (Includes ITS)



## Rail

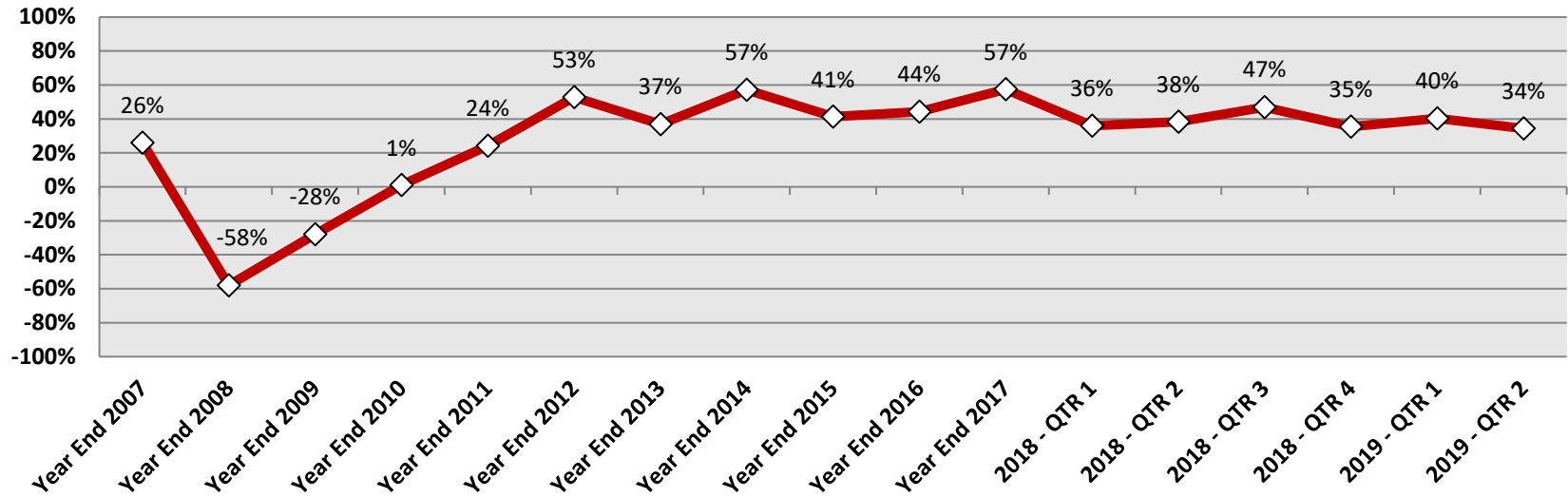


## Traffic

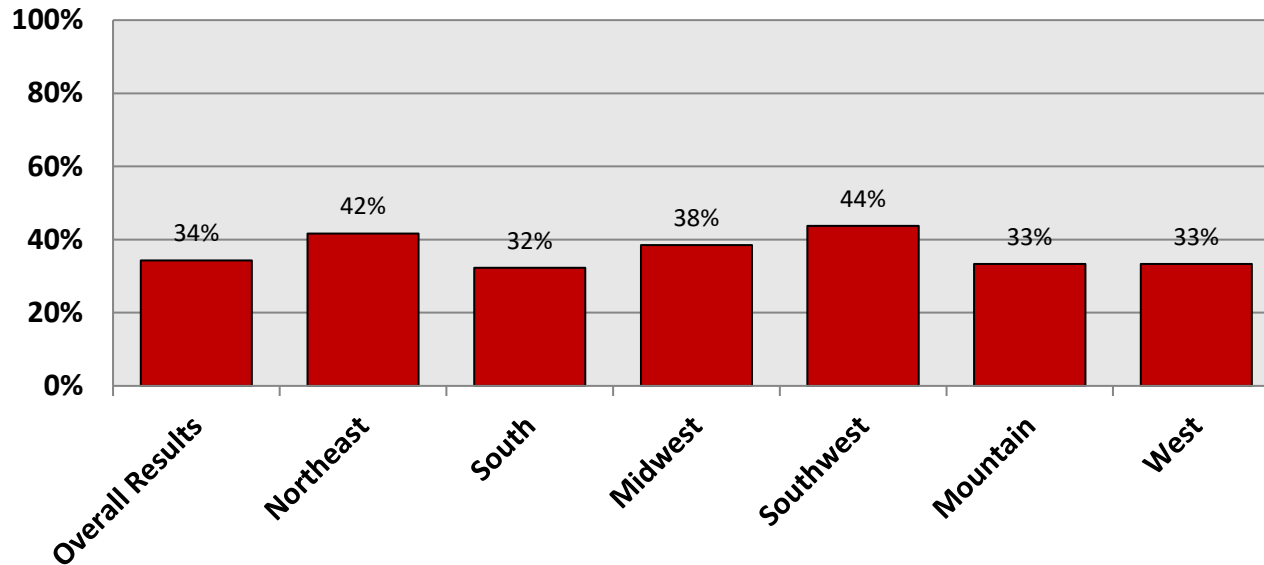


## D. PROPOSAL ACTIVITY FOR LIGHT INDUSTRY – NPMI TRENDS

### Historical Trends (Overall Market)

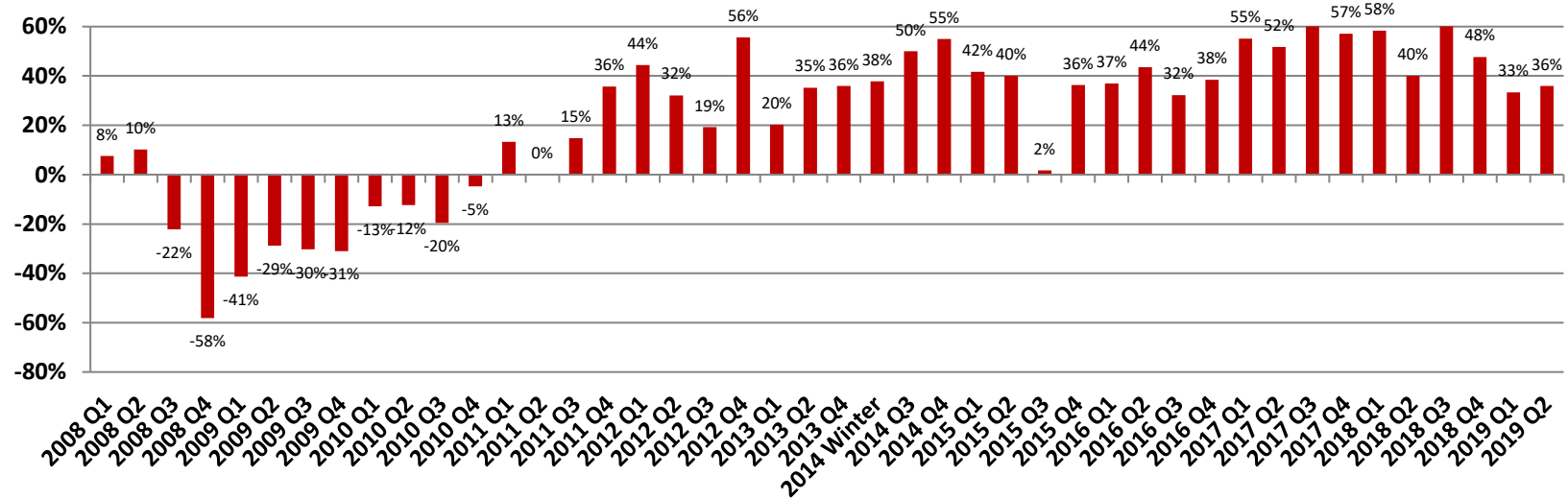


### Latest Quarter by Region

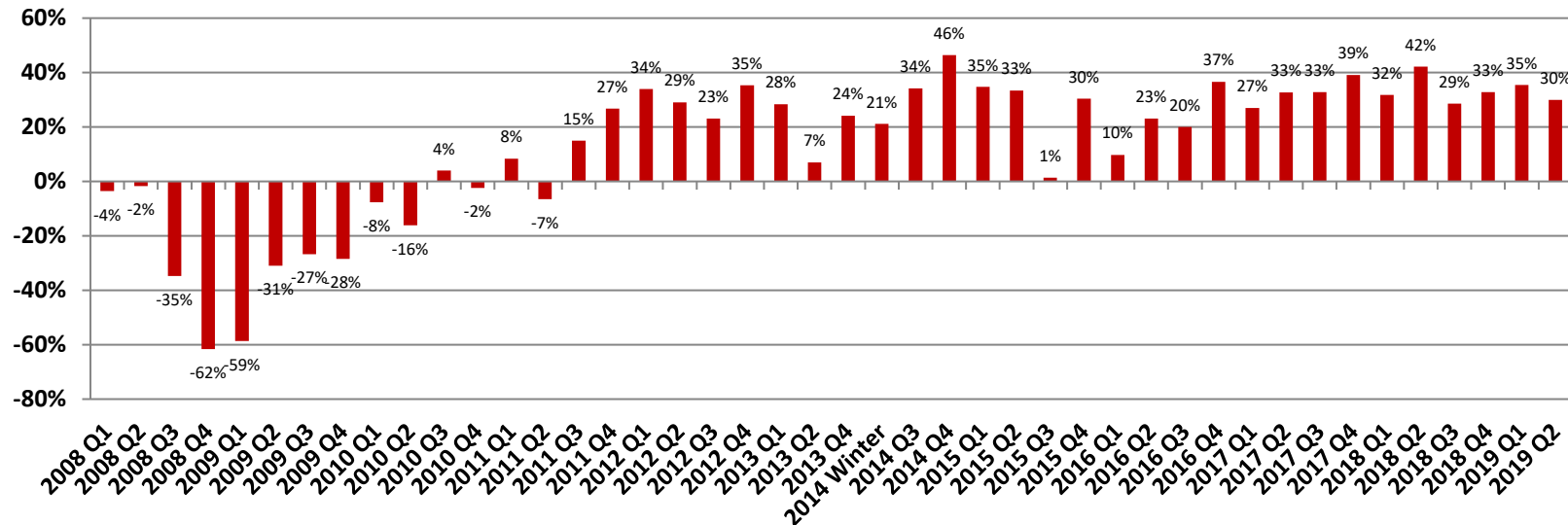


## Submarket Trends

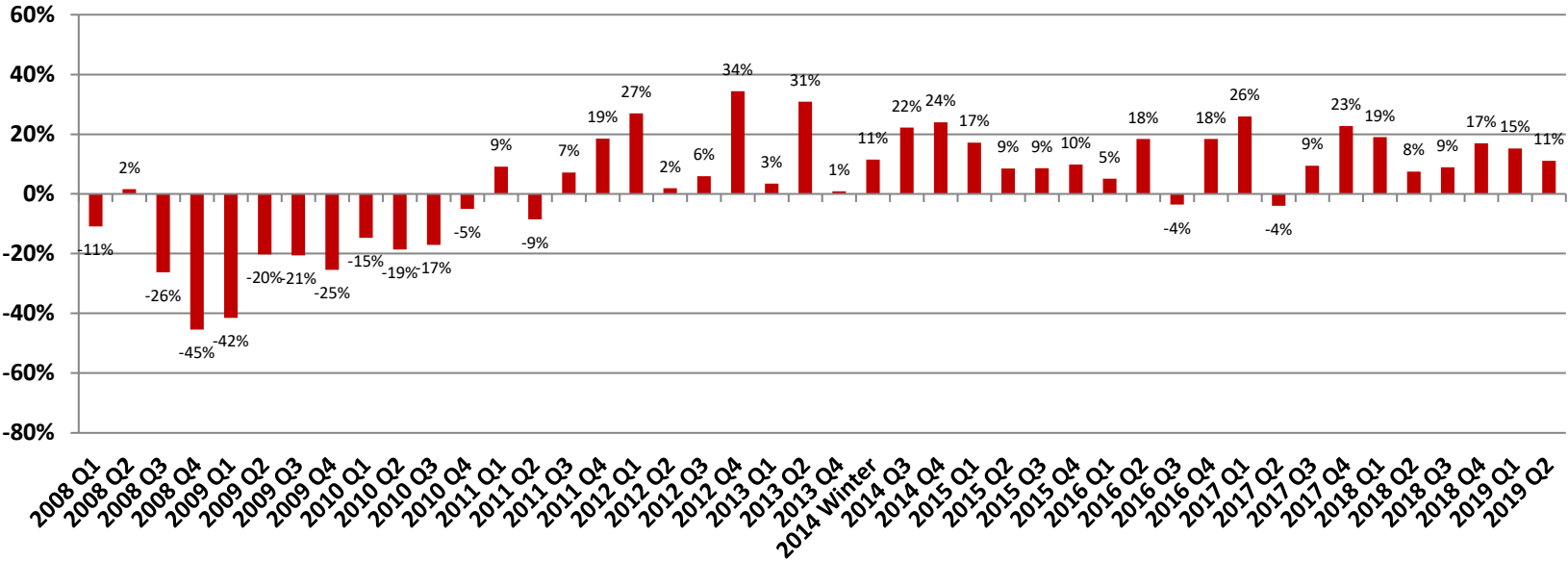
### Warehouse/Distribution Facilities



### Component Assembly/Facilities (Telecom and Consumer Goods)



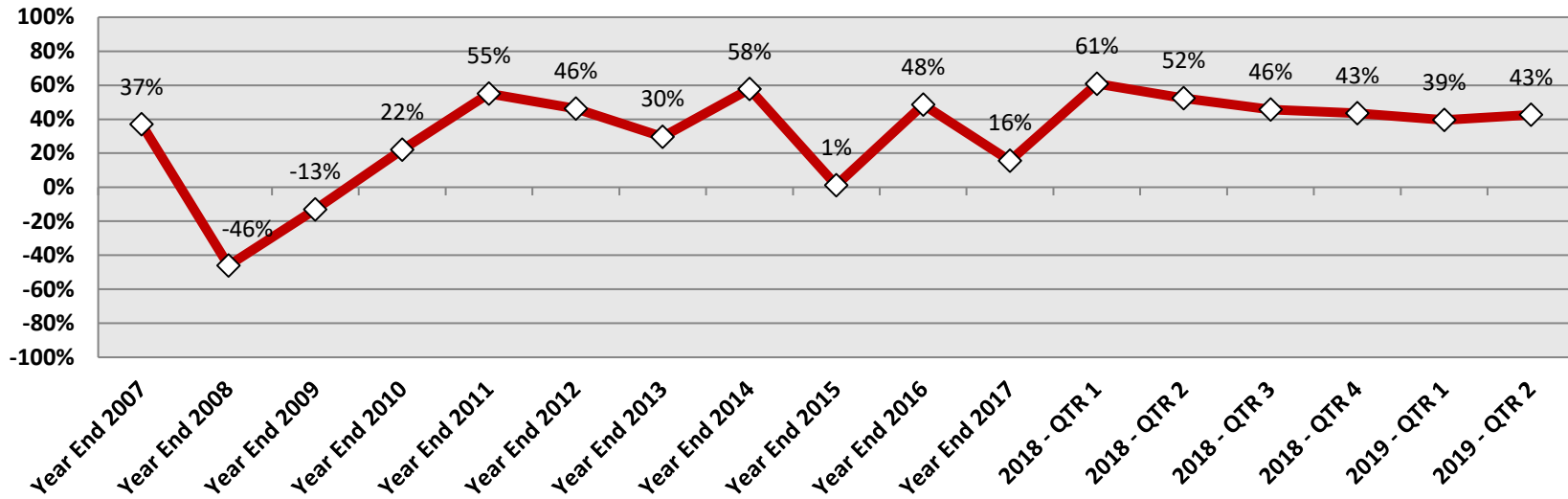
Repair Service Facilities



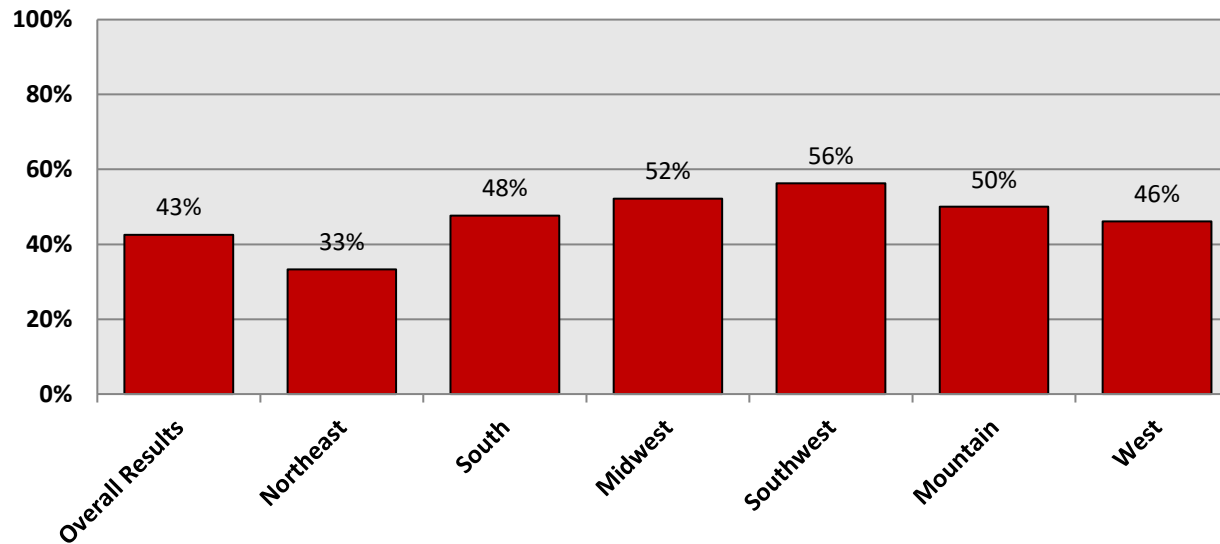


## E. PROPOSAL ACTIVITY FOR HEAVY INDUSTRY – NPMI TRENDS

### Historical Trends (Overall Market)

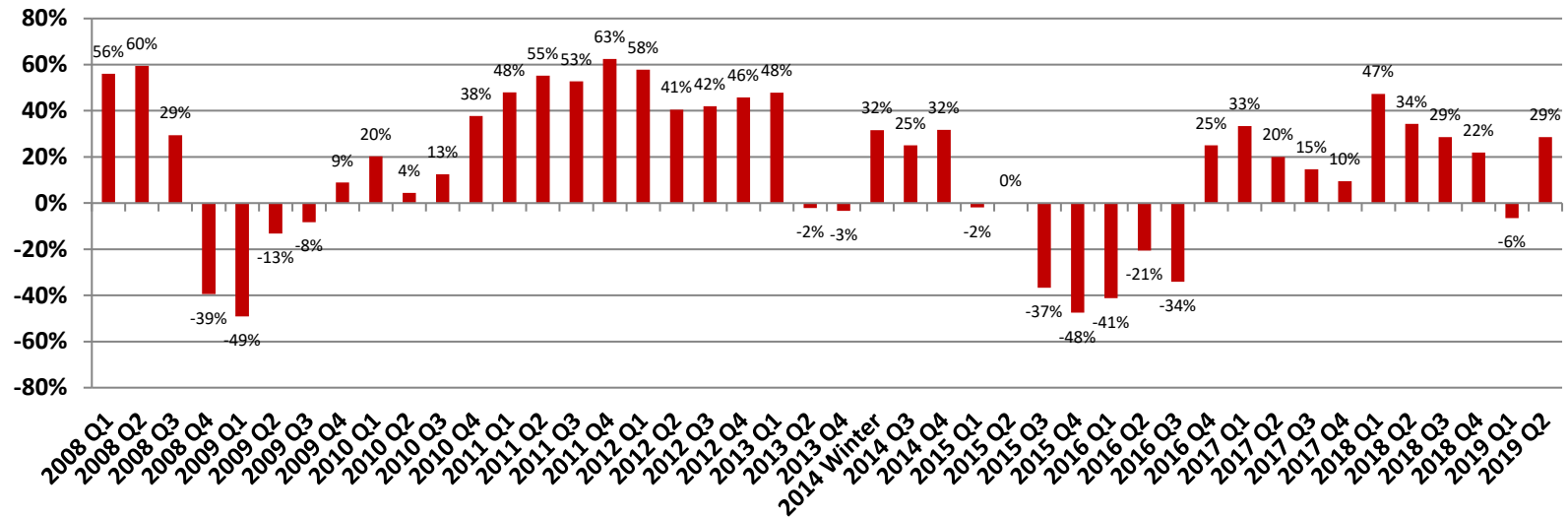


### Latest Quarter by Region

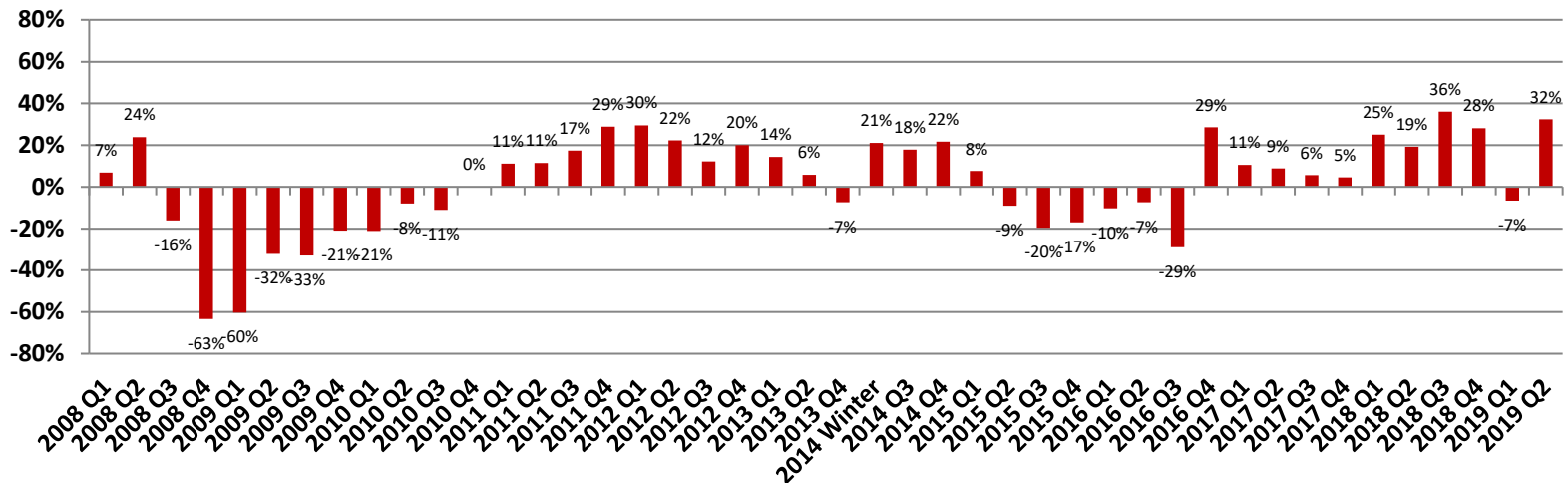


## Submarket Trends

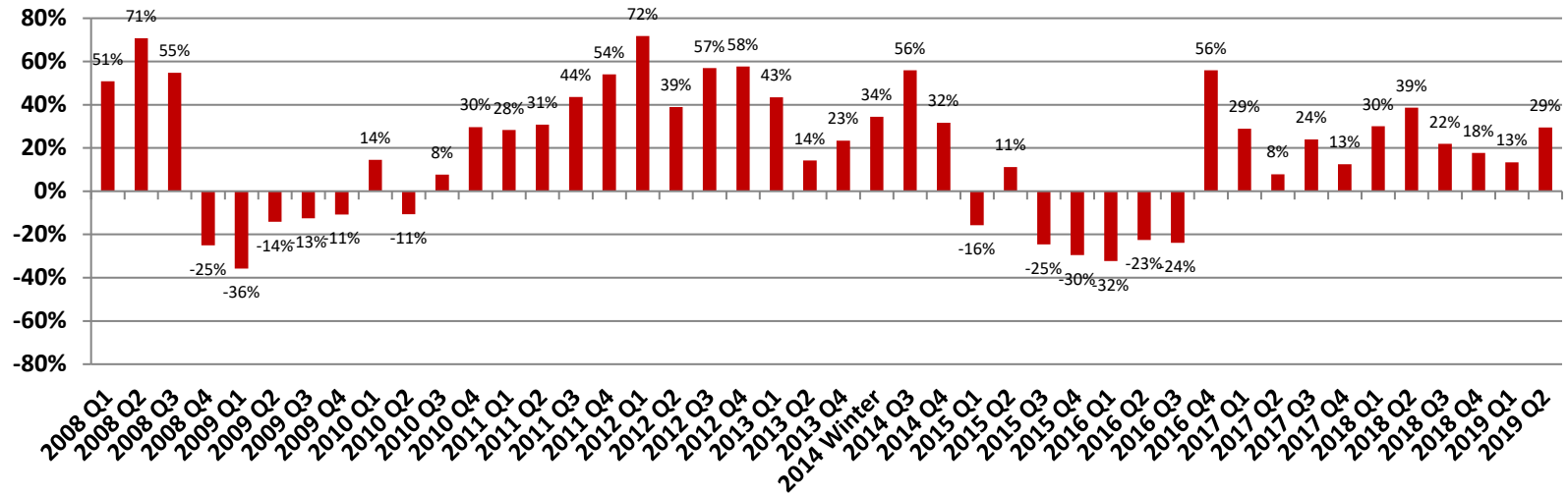
Mining/Resource Extraction (Includes Oil Drilling)



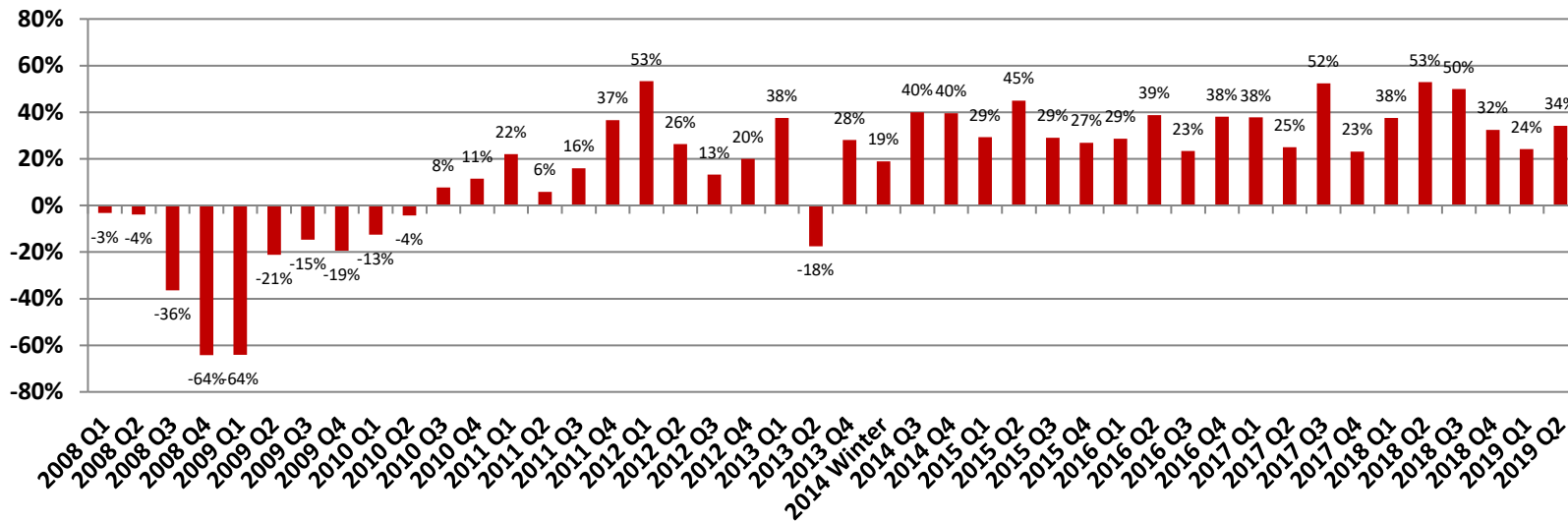
Primary Materials Manufacturing (Steel Mills, Refineries, Etc.)



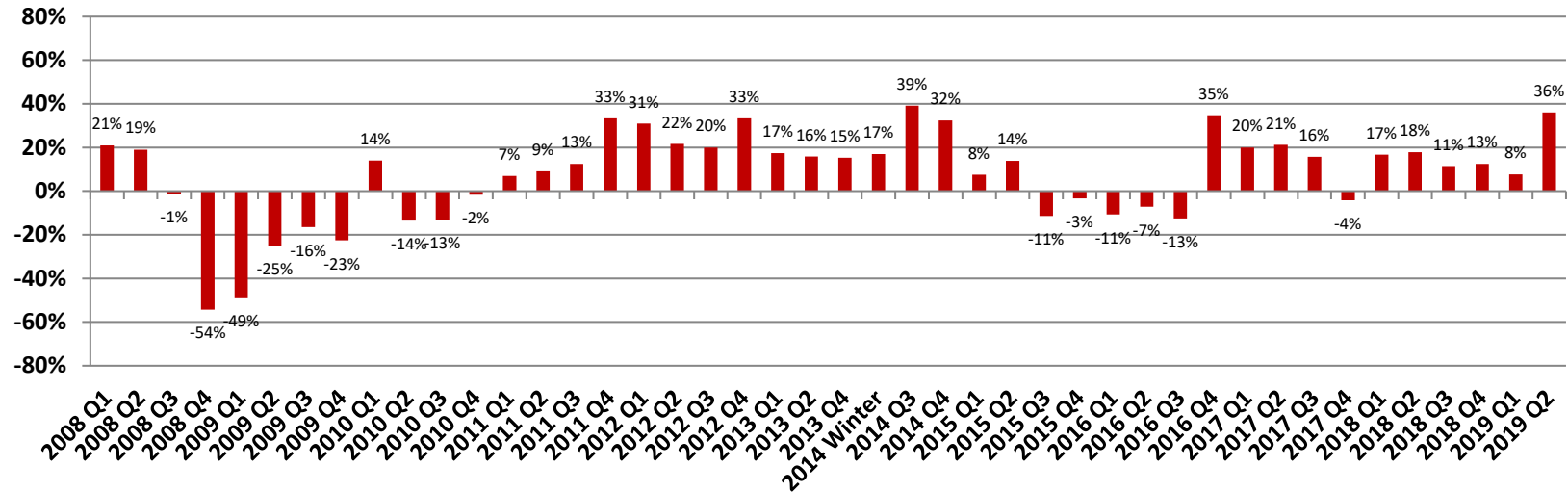
## Petroleum Facilities



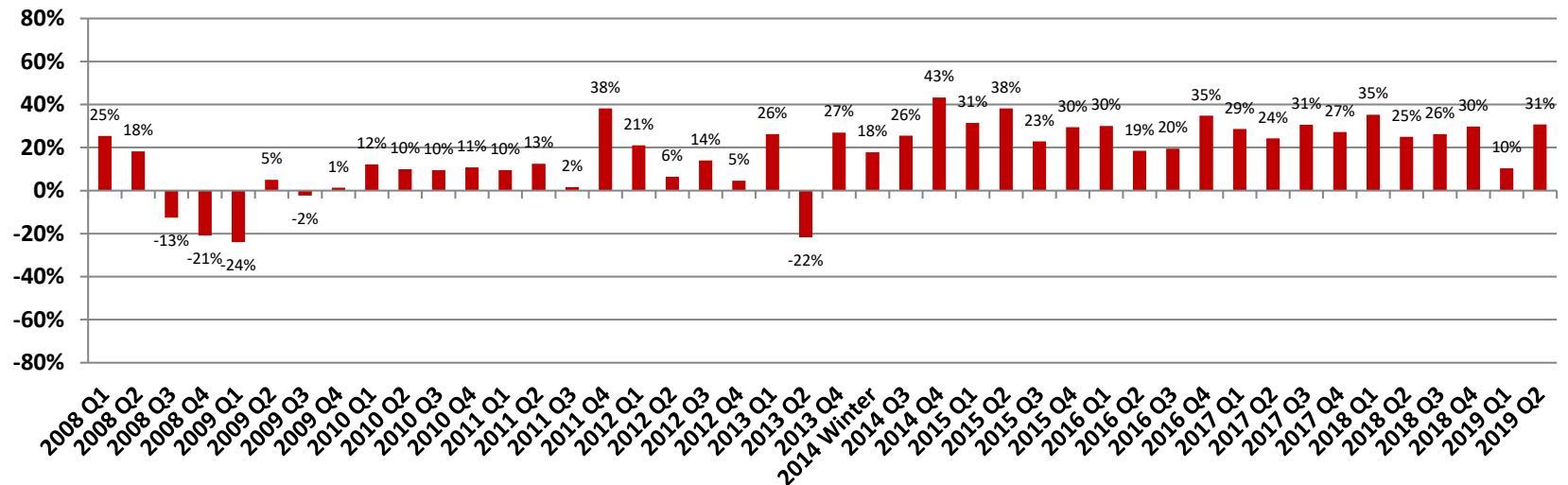
## Product Manufacturing (Food, Auto, Etc.)



## Chemical Plants

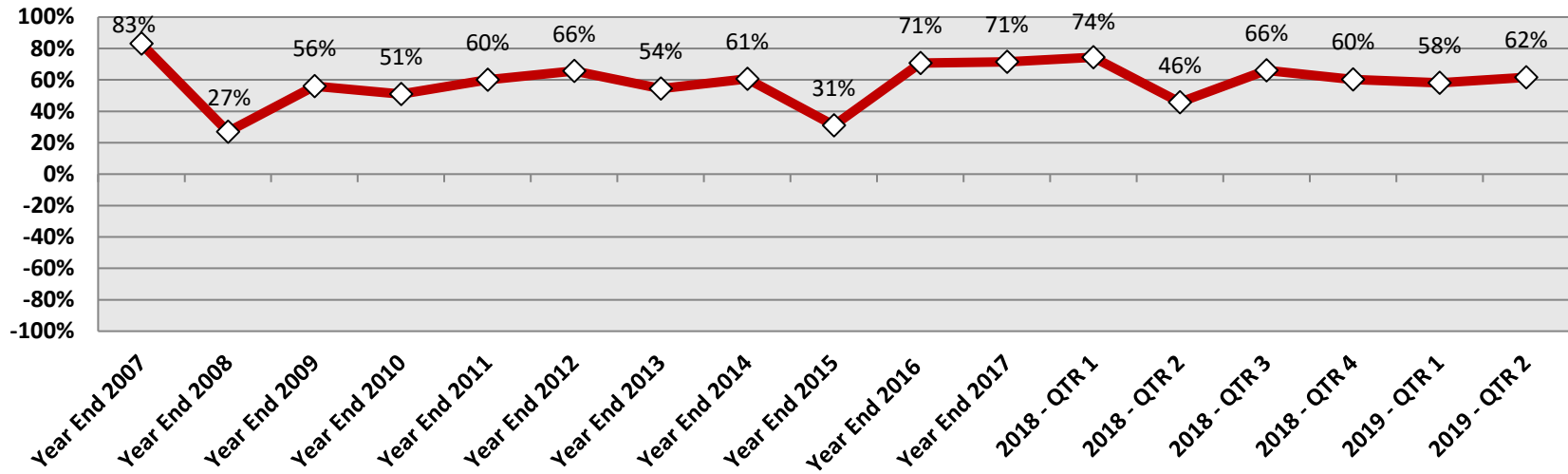


## Pharmaceutical Production

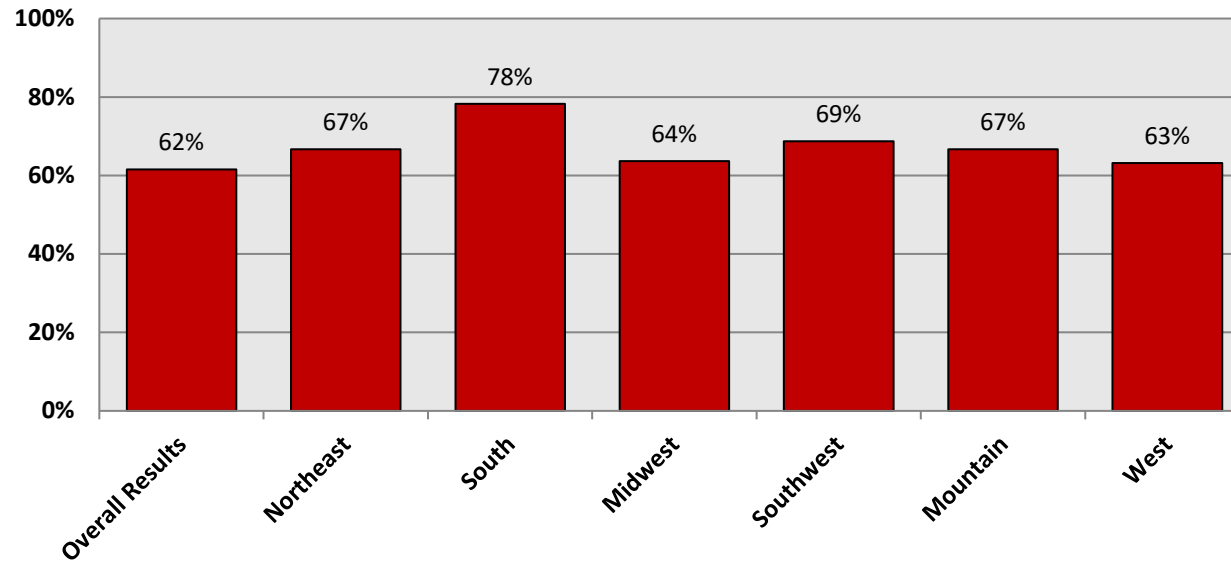


## F. PROPOSAL ACTIVITY FOR ENERGY/UTILITIES – NPMI TRENDS

### Historical Trends (Overall Market)

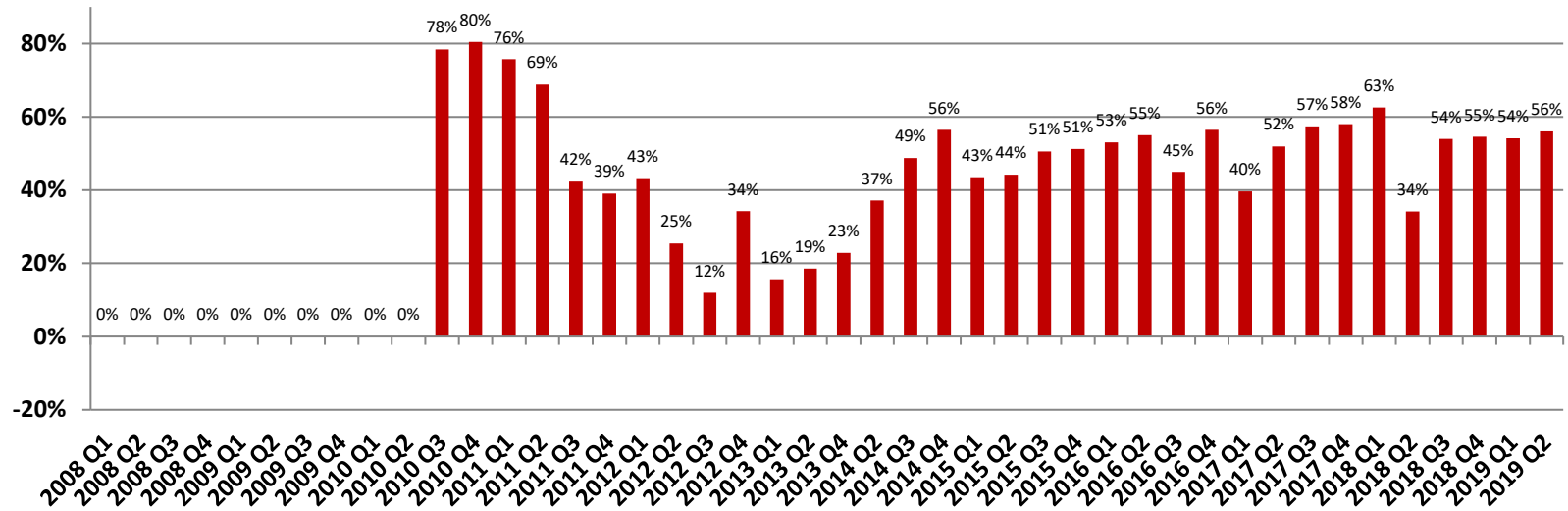


### Latest Quarter by Region

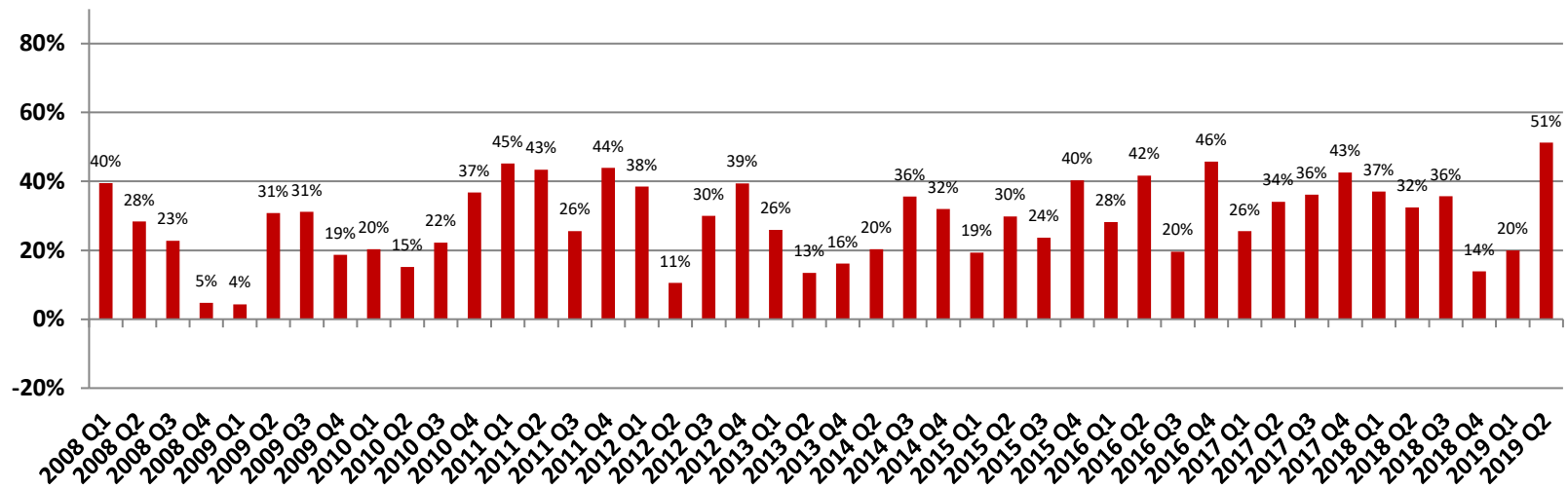


## Submarket Trends

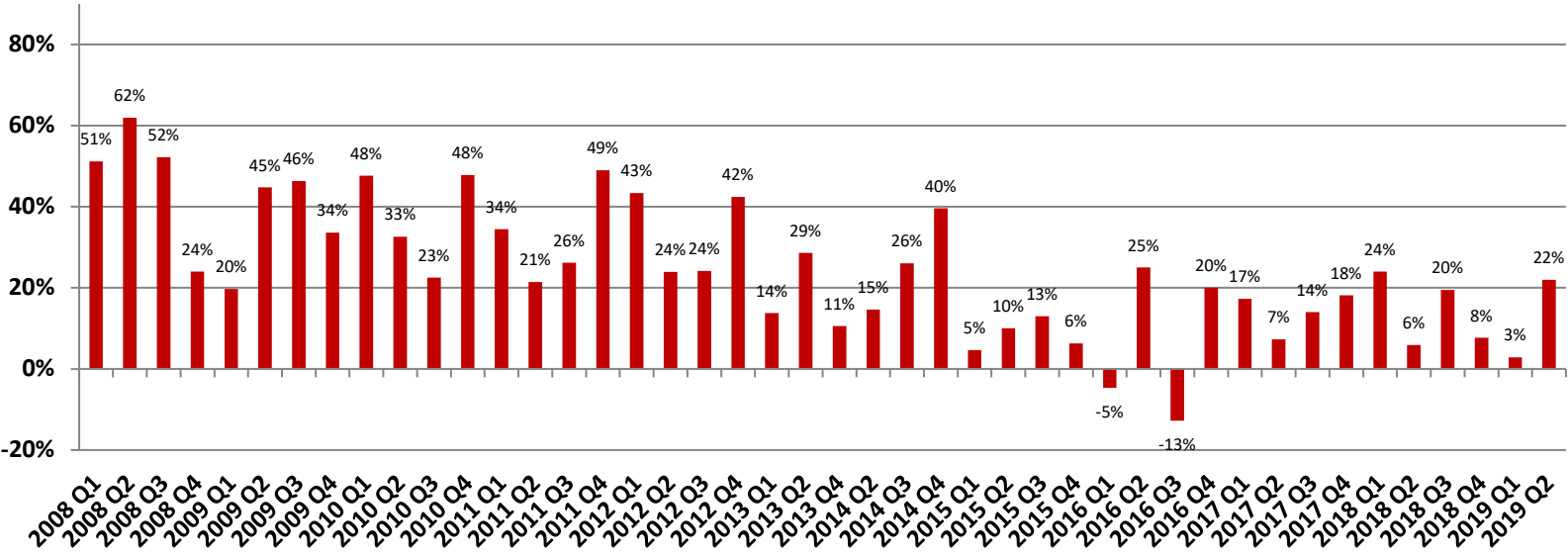
Renewable Energy (Wind, Solar, Hydroelectric, Wave)



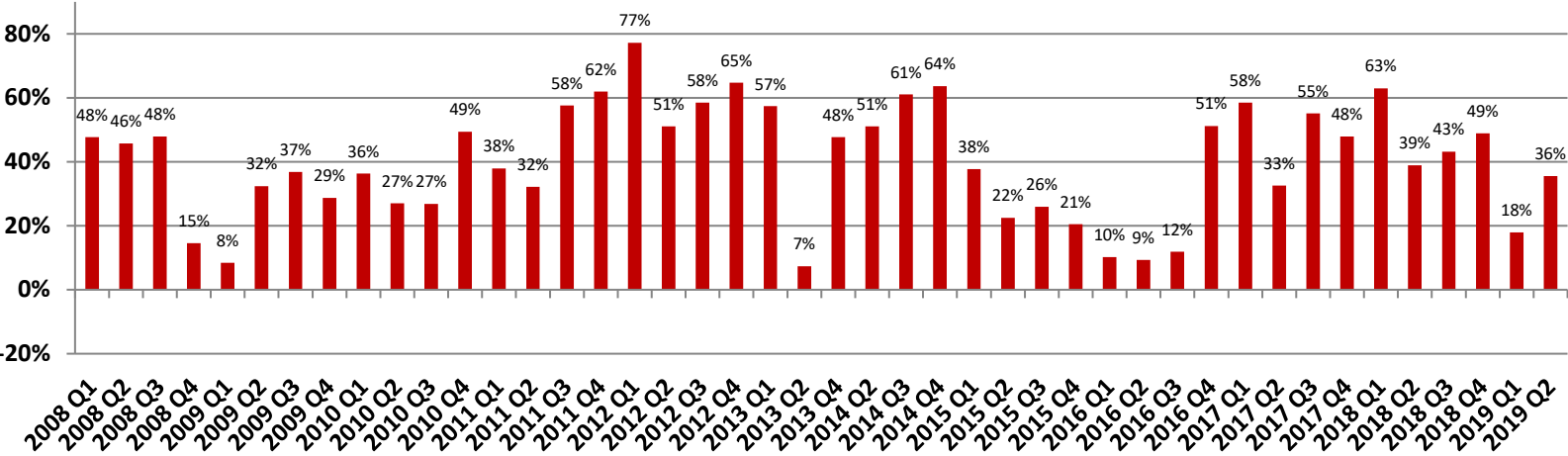
## Telecom/Cable



Power Plants

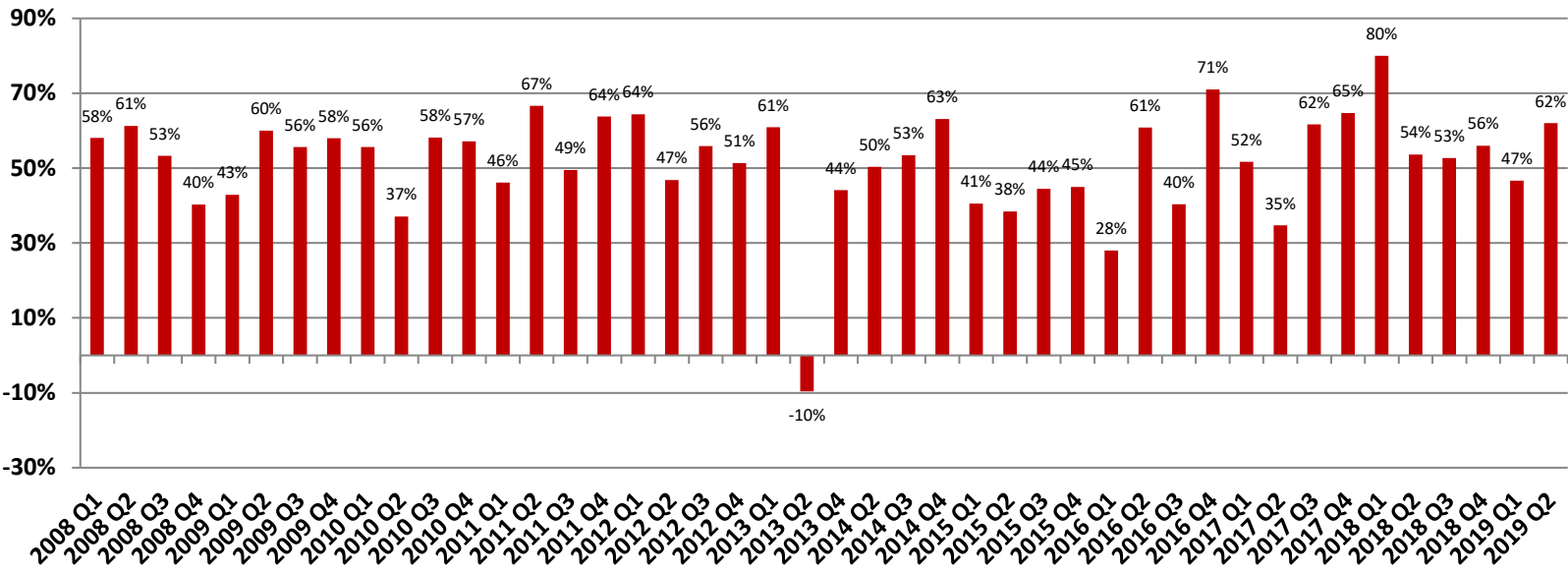


Pipelines



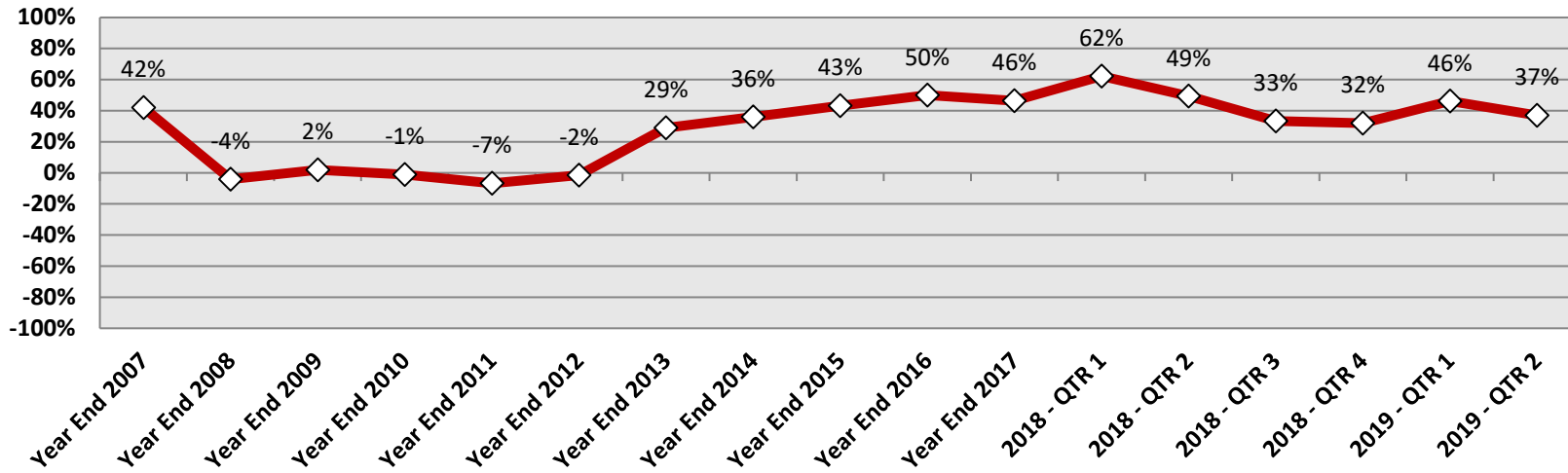


Utility Distribution

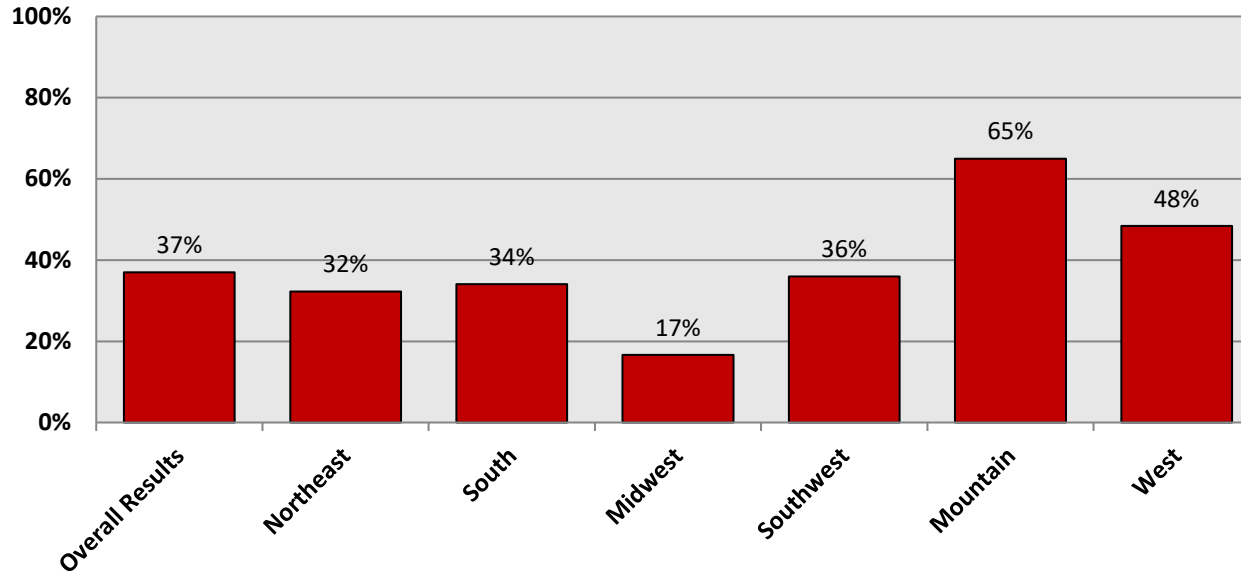


## G. PROPOSAL ACTIVITY FOR EDUCATION – NPMI TRENDS

### Historical Trends (Overall Market)

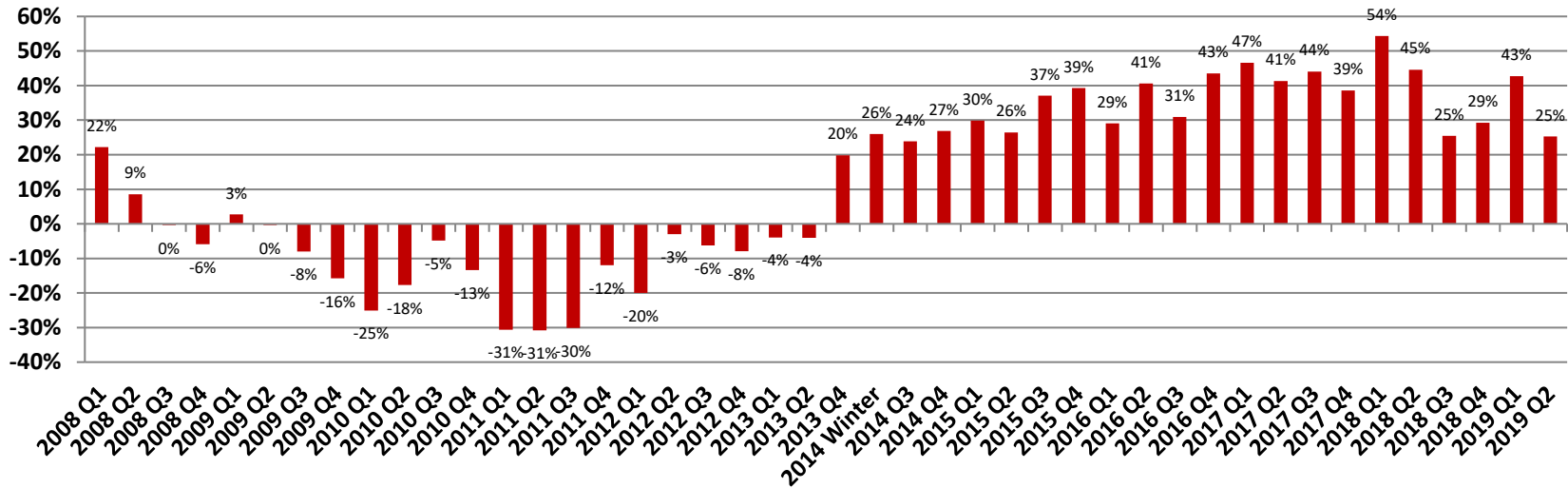


### Latest Quarter by Region

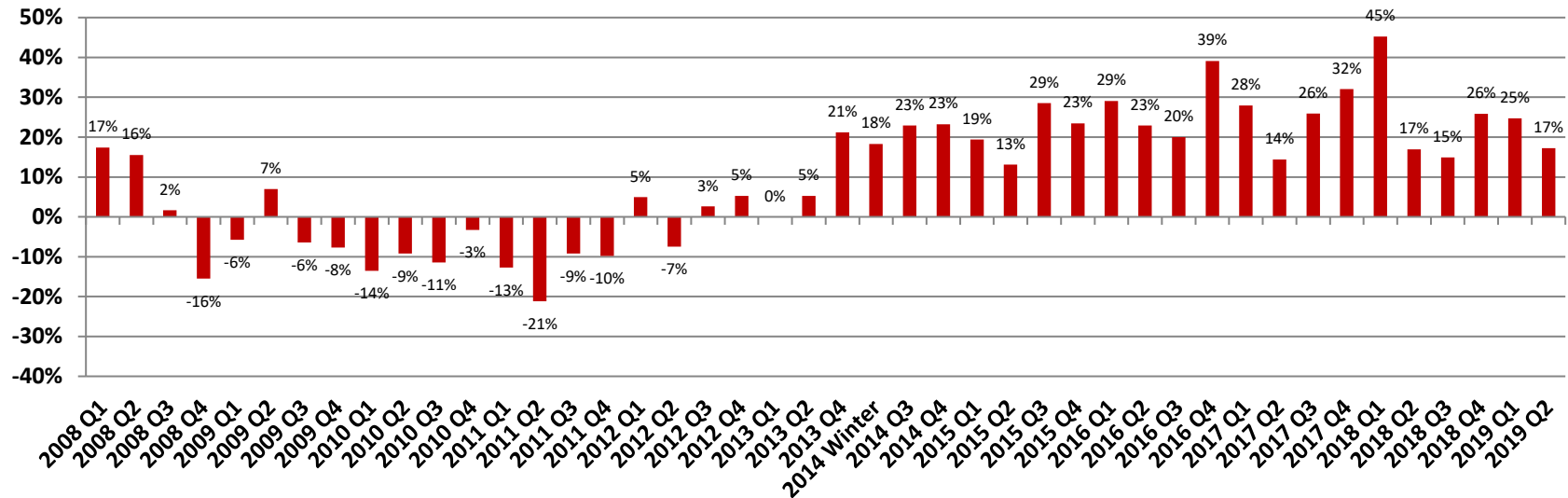


## Submarket Trends

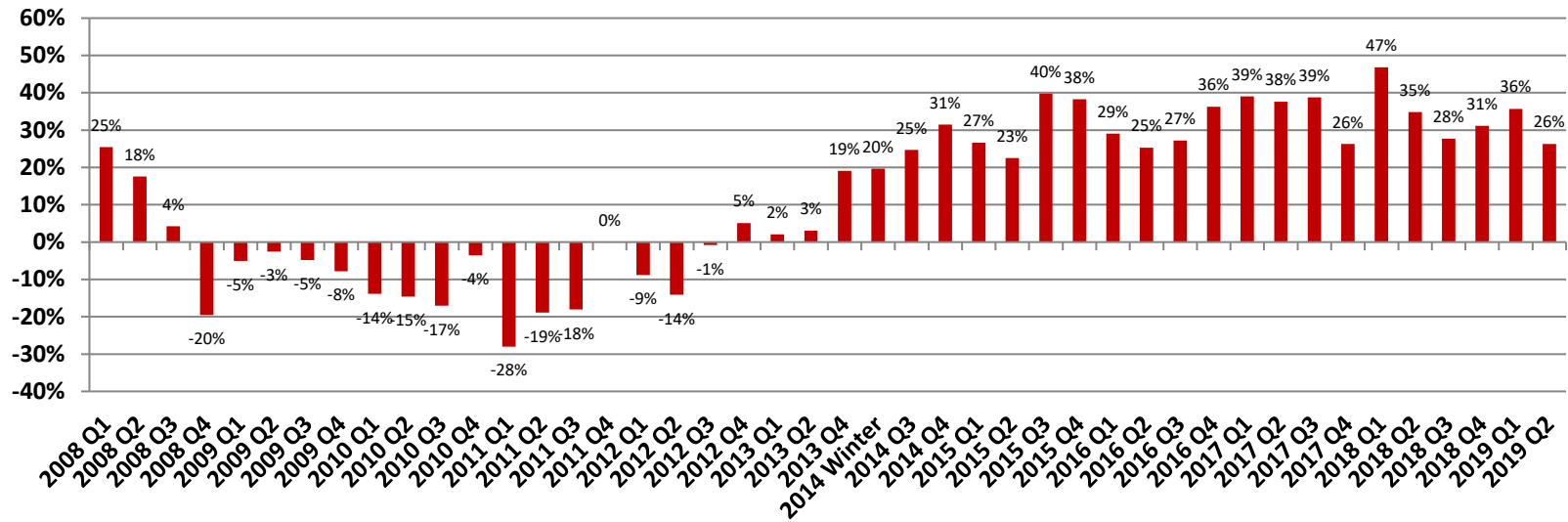
### K-12 Schools



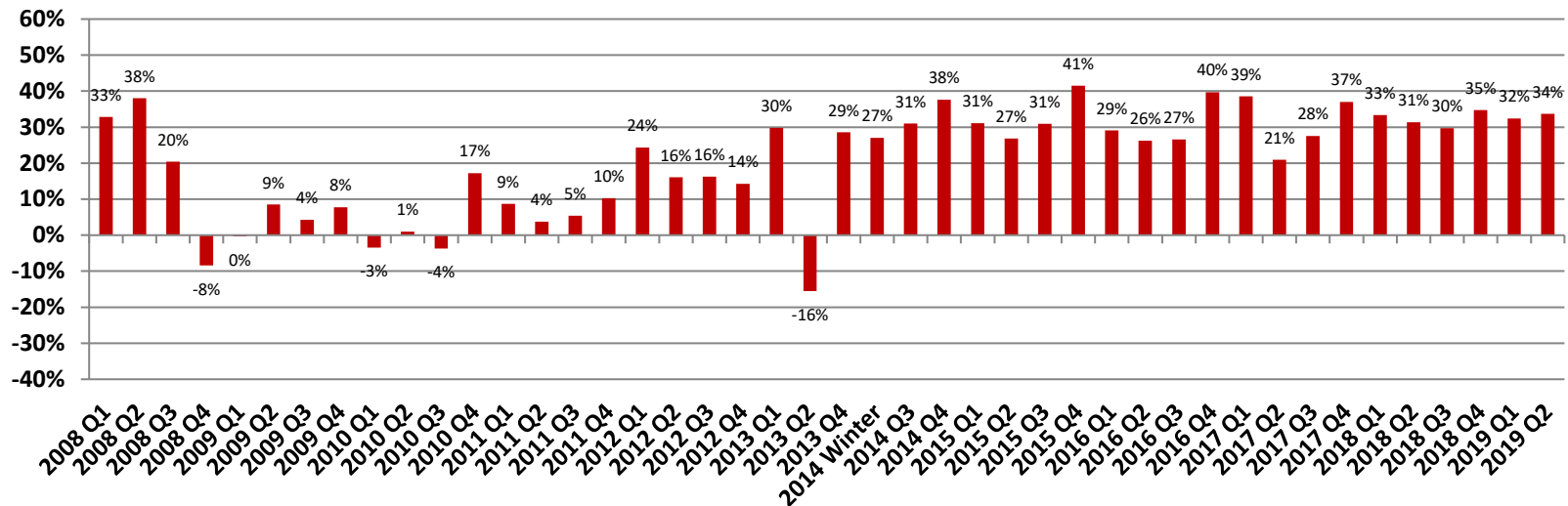
### Laboratories



### Support Facilities (Gyms, Dormitories, Libraries, Etc.)

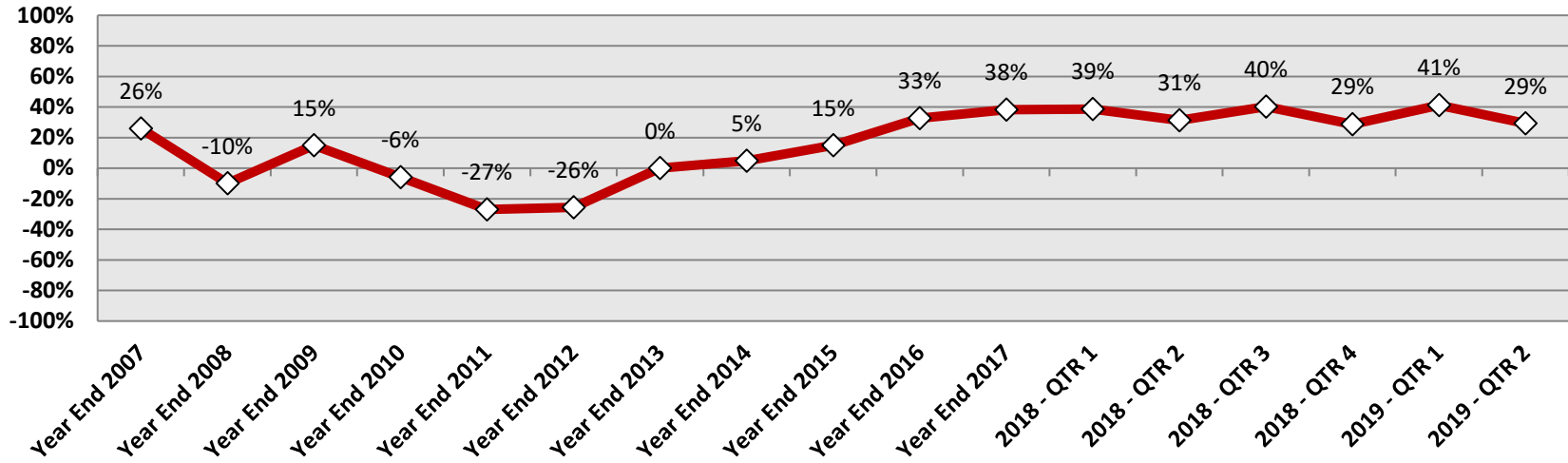


### Higher Education Facilities

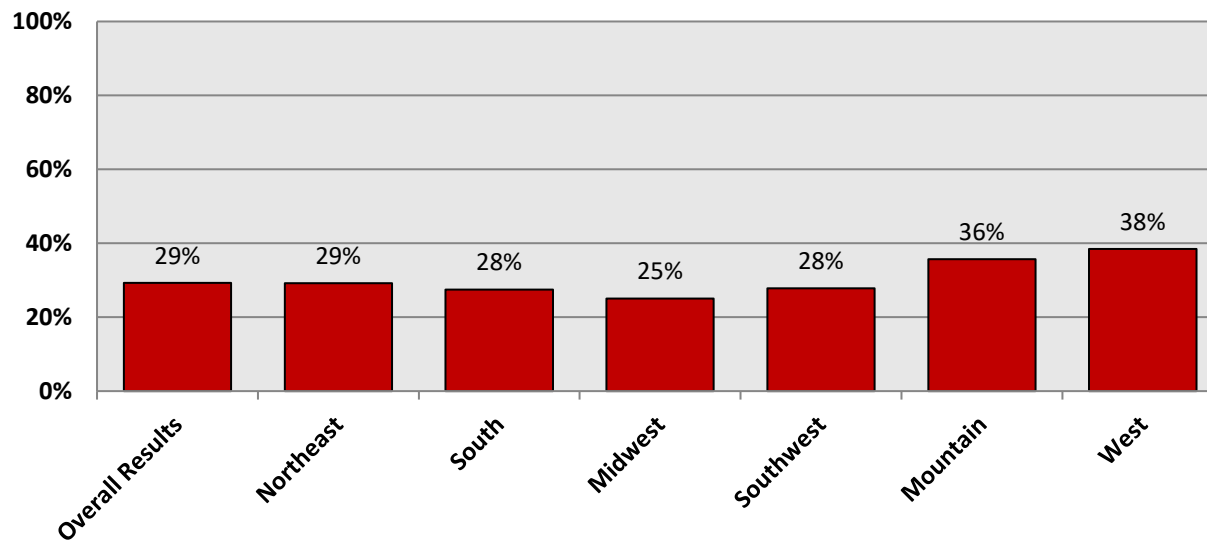


## H. PROPOSAL ACTIVITY FOR OTHER GOVERNMENT BUILDINGS – NPMI TRENDS

### Historical Trends (Overall Market)

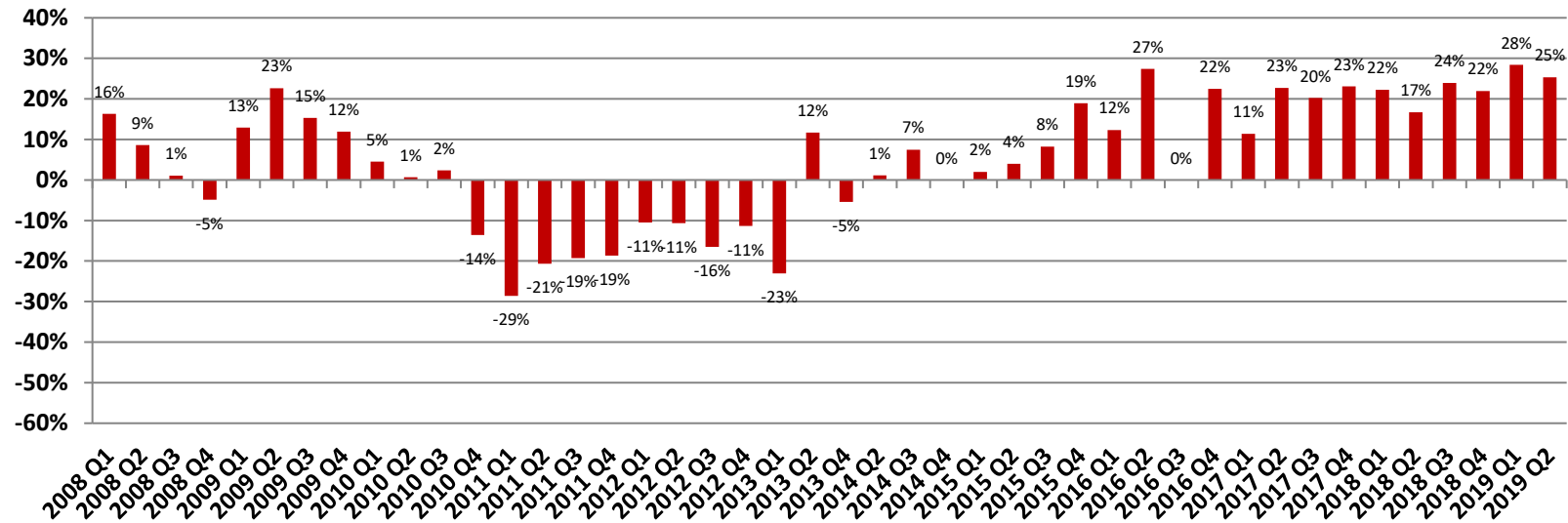


### Latest Quarter by Region

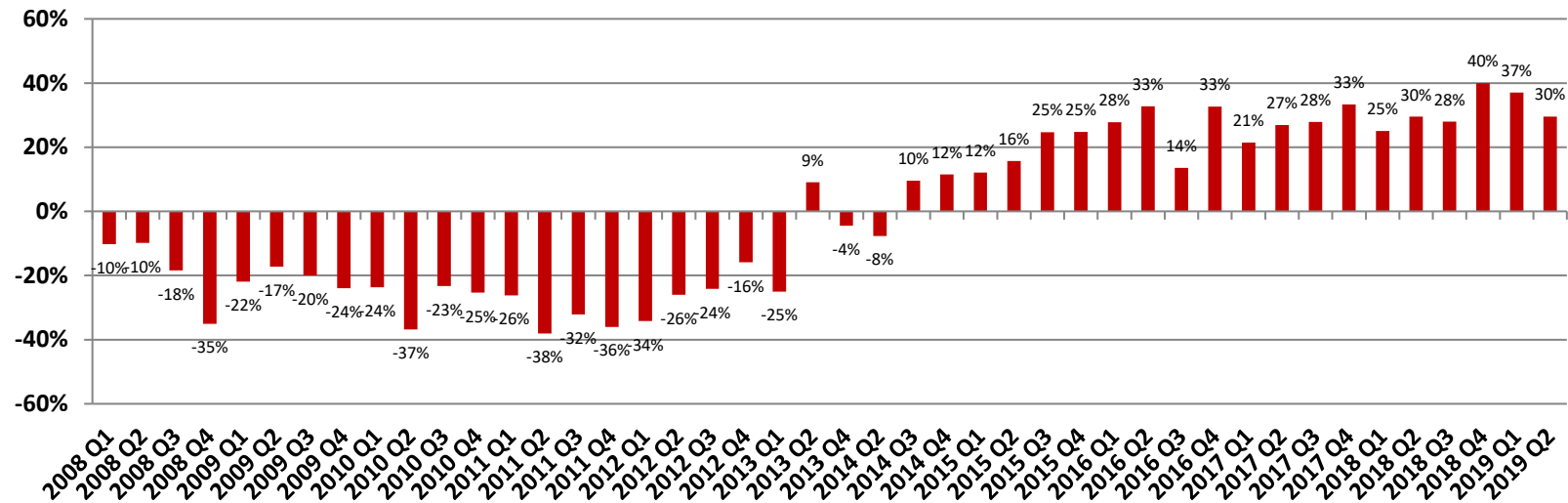


## Submarket Trends

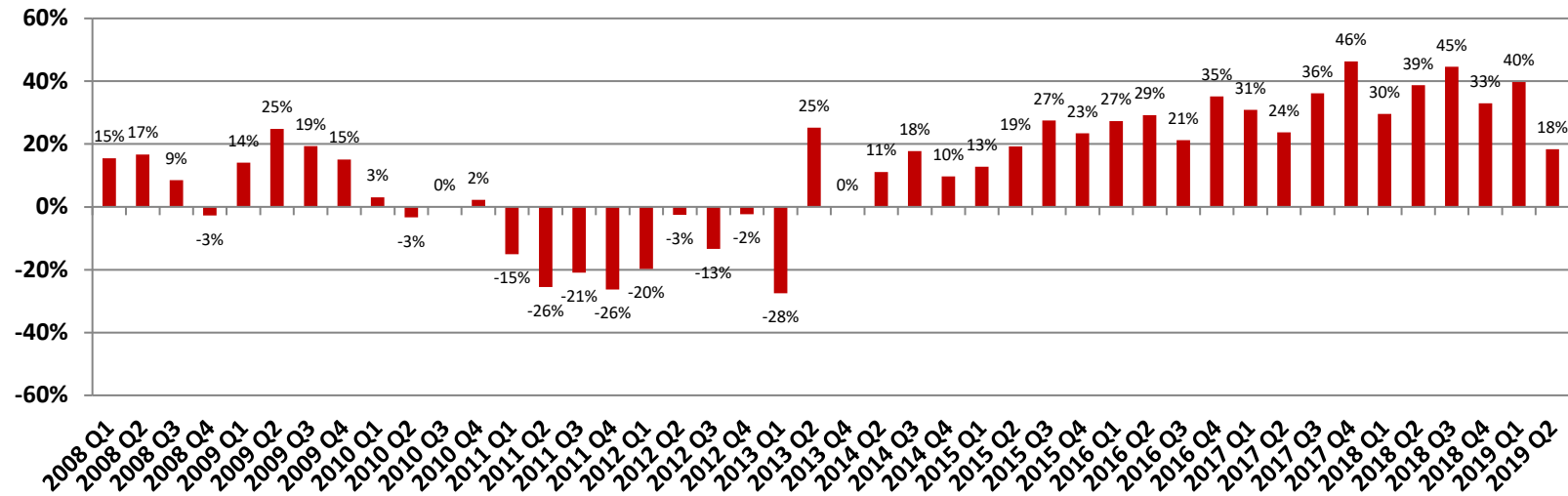
### Justice Facilities (Courts, Jails, Etc.)



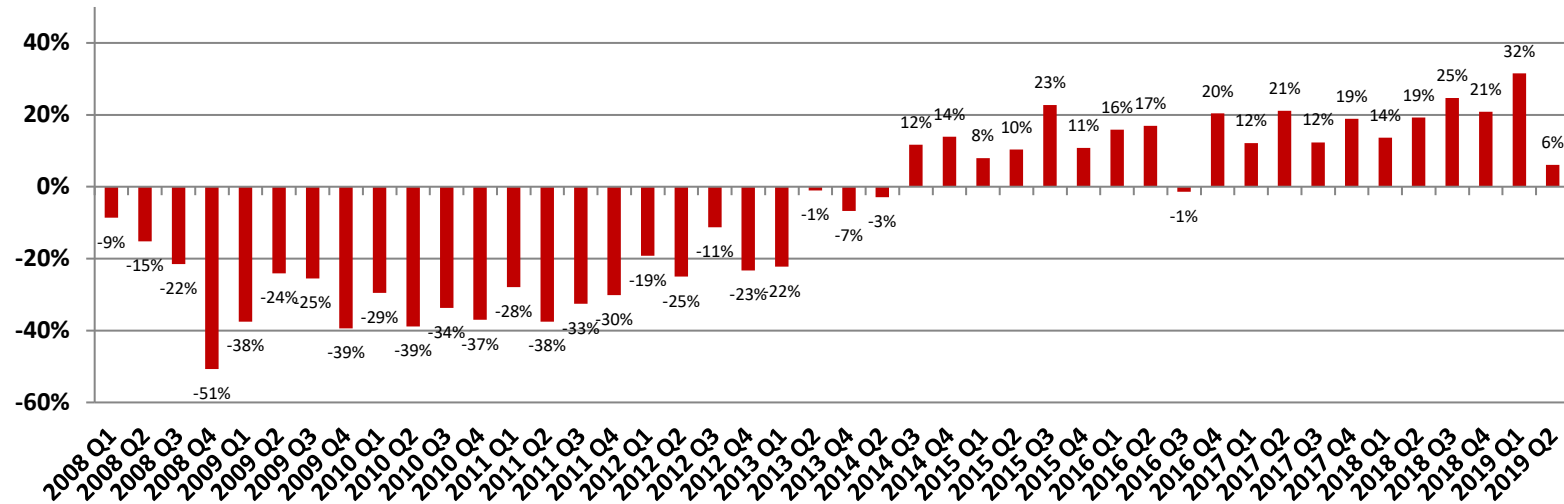
### Public Recreation (Parks, Golf Courses, Athletic Fields, Etc.)



Public Safety (Fire Stations, Police Stations, Etc.)

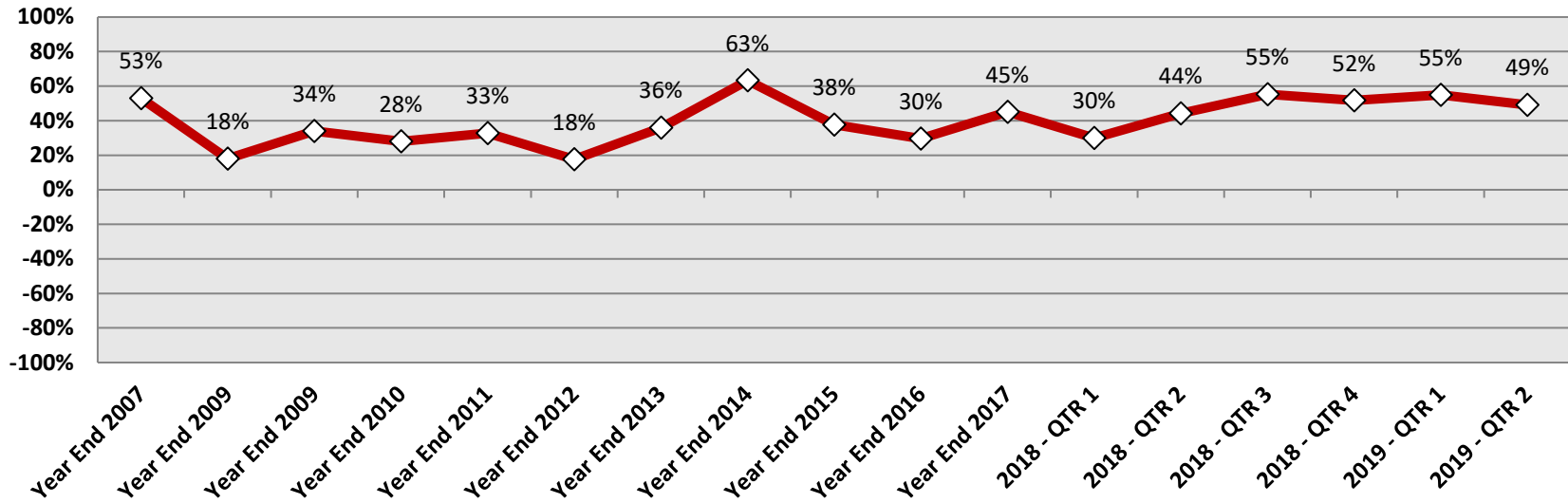


Sports Facilities (Arenas, Stadiums, Etc.)

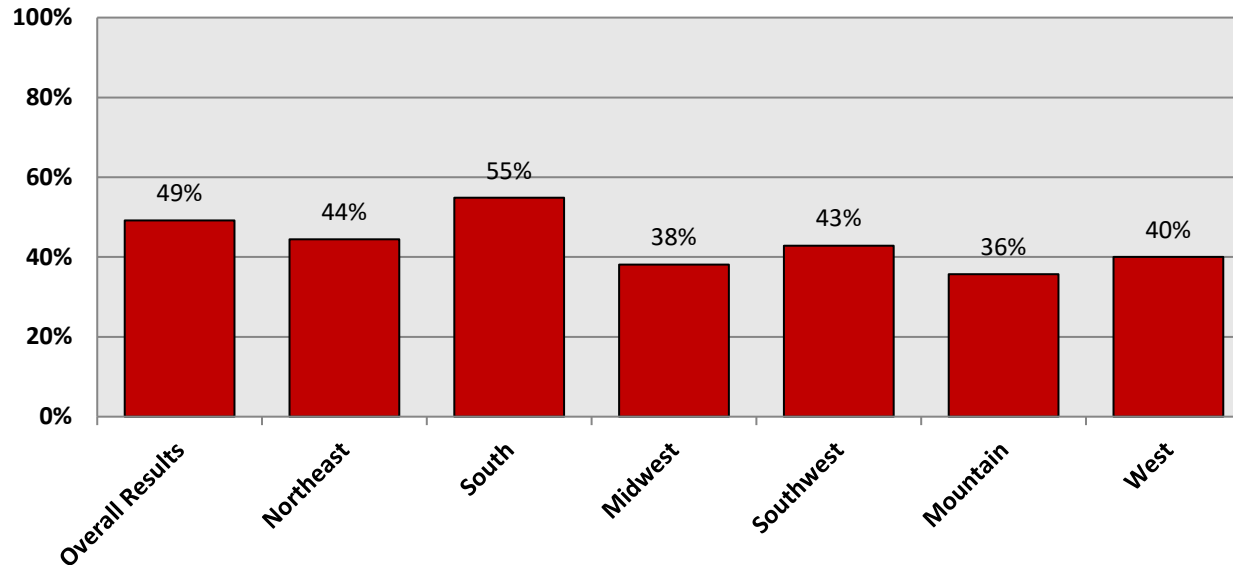


## I. PROPOSAL ACTIVITY FOR ENVIRONMENTAL – NPMI TRENDS

### Historical Trends (Overall Market)



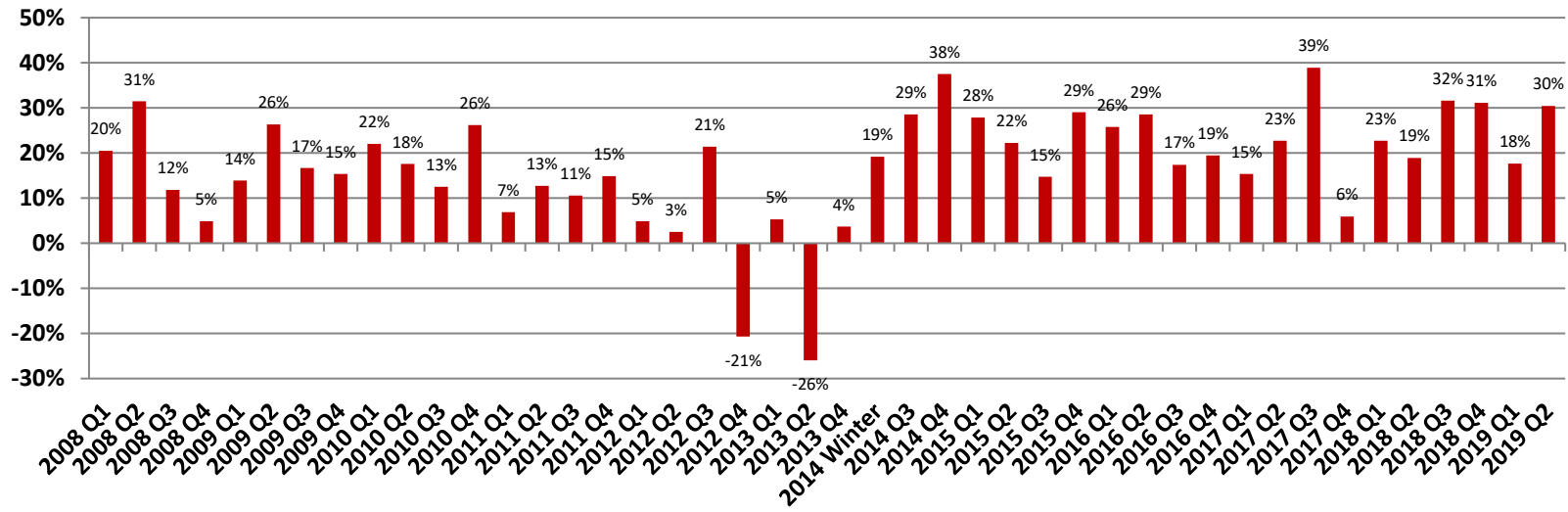
### Latest Quarter by Region



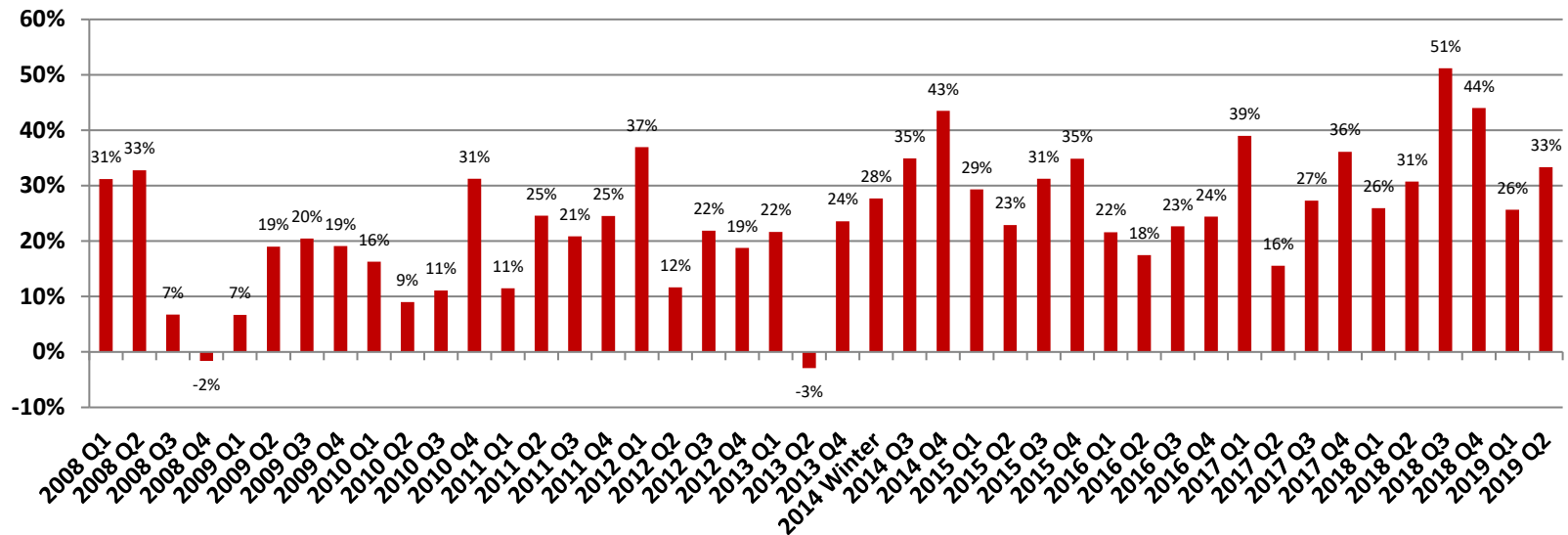


## Submarket Trends

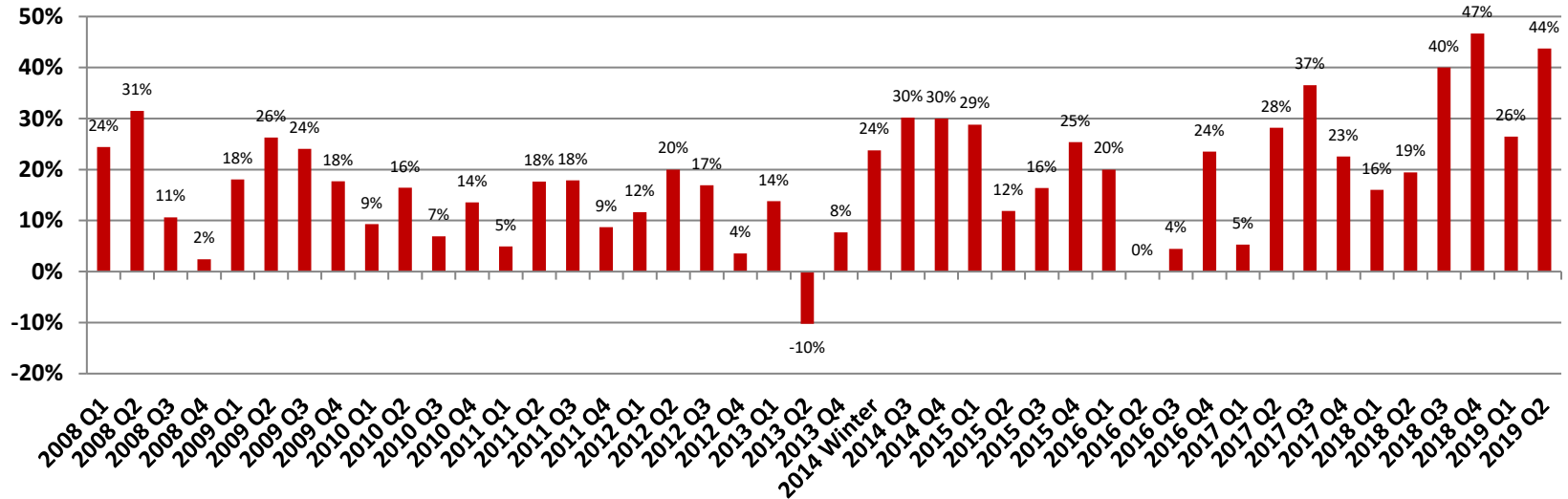
Waste Disposal (Landfills, Etc.)



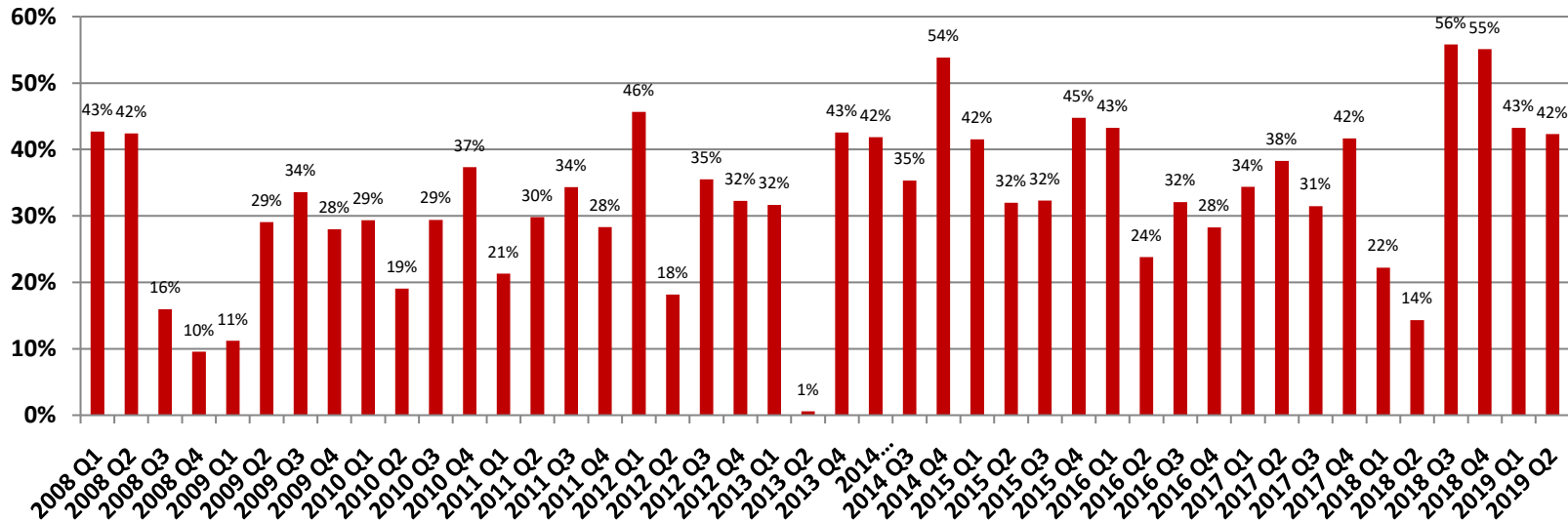
## Wetlands Delineation



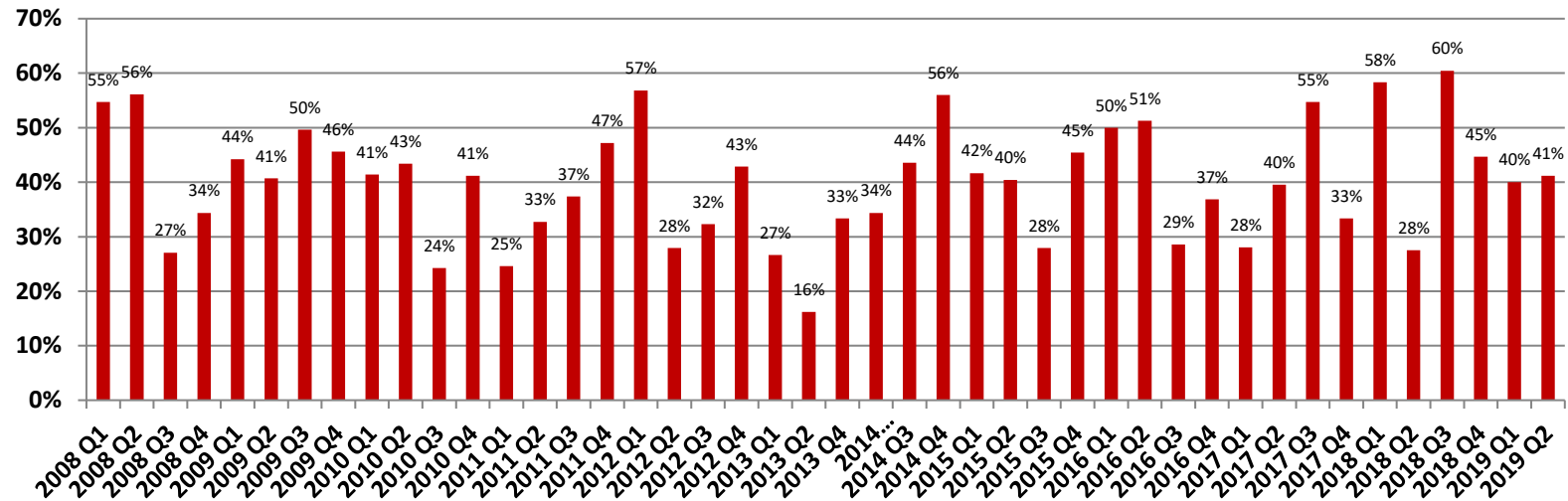
Site Clean-Up (Grayfields, Site Remediation, Nuclear, Etc.)



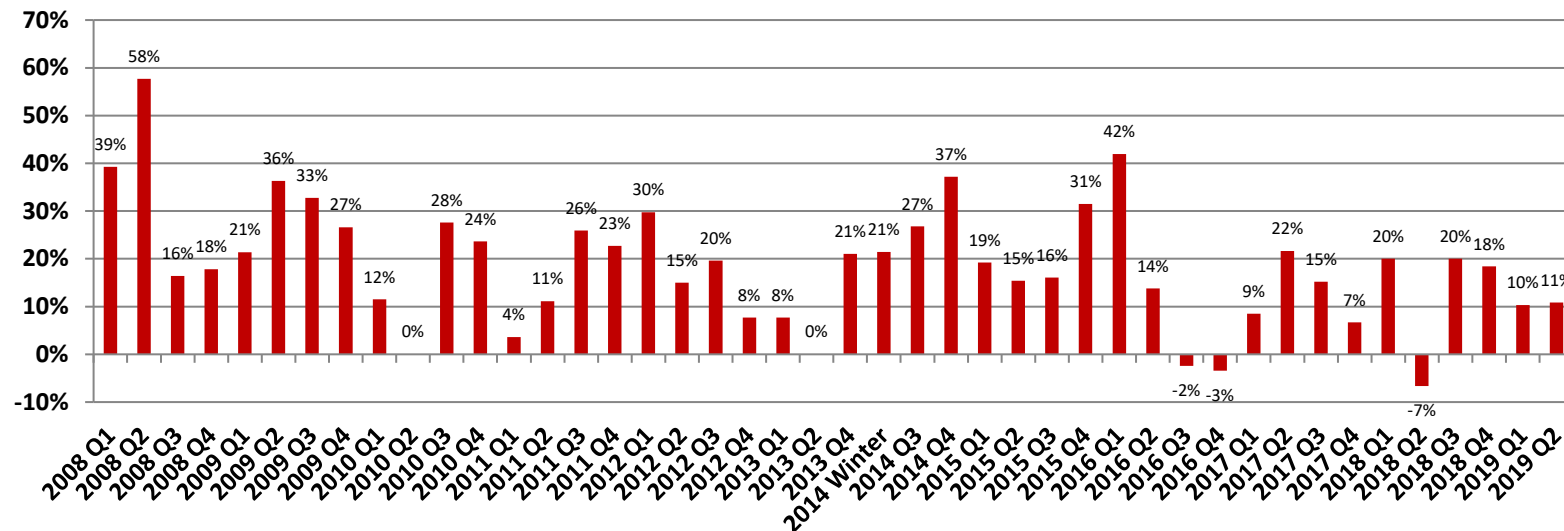
Environmental Permitting (EIS, EIA, Etc.)



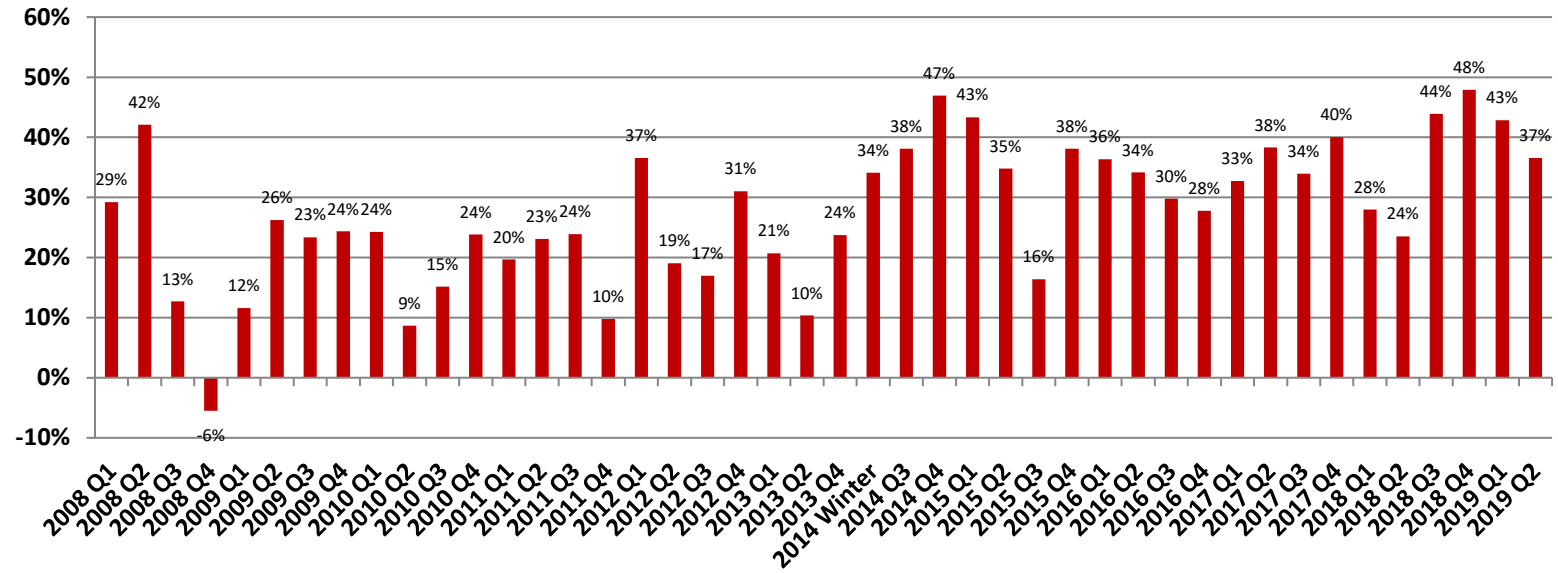
## Resource Management (Water Conservation, Dams, Etc.)



## Air Pollution

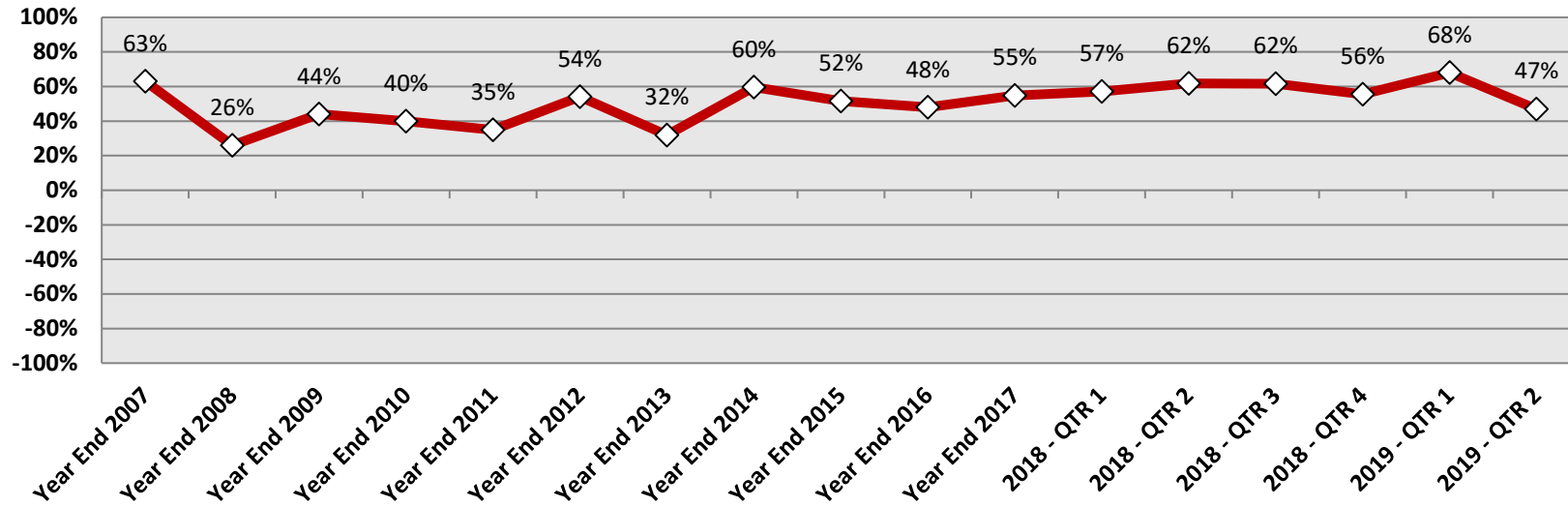


## Site Characterization

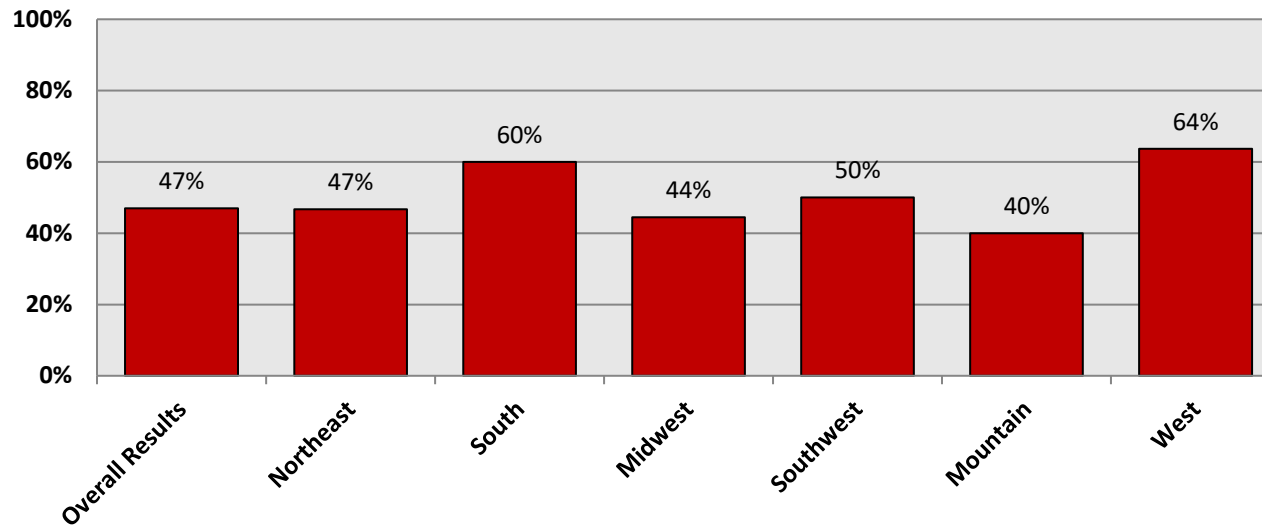


## J. PROPOSAL ACTIVITY FOR WATER/WASTEWATER – NPMI TRENDS

### Historical Trends (Overall Market)

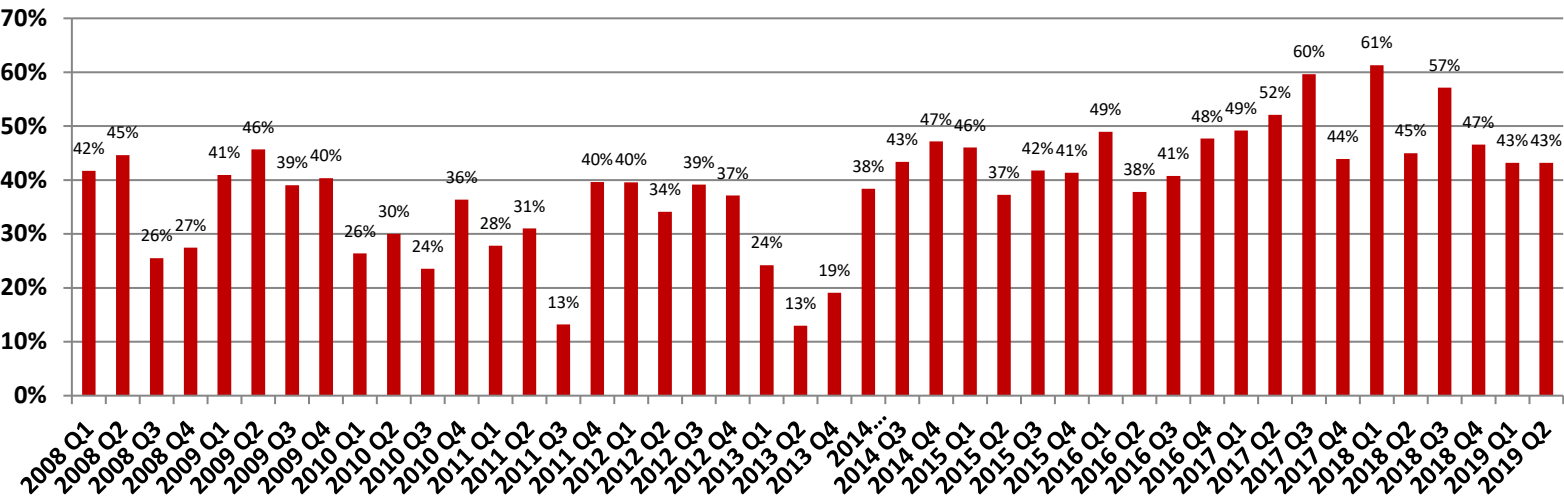


### Latest Quarter by Region

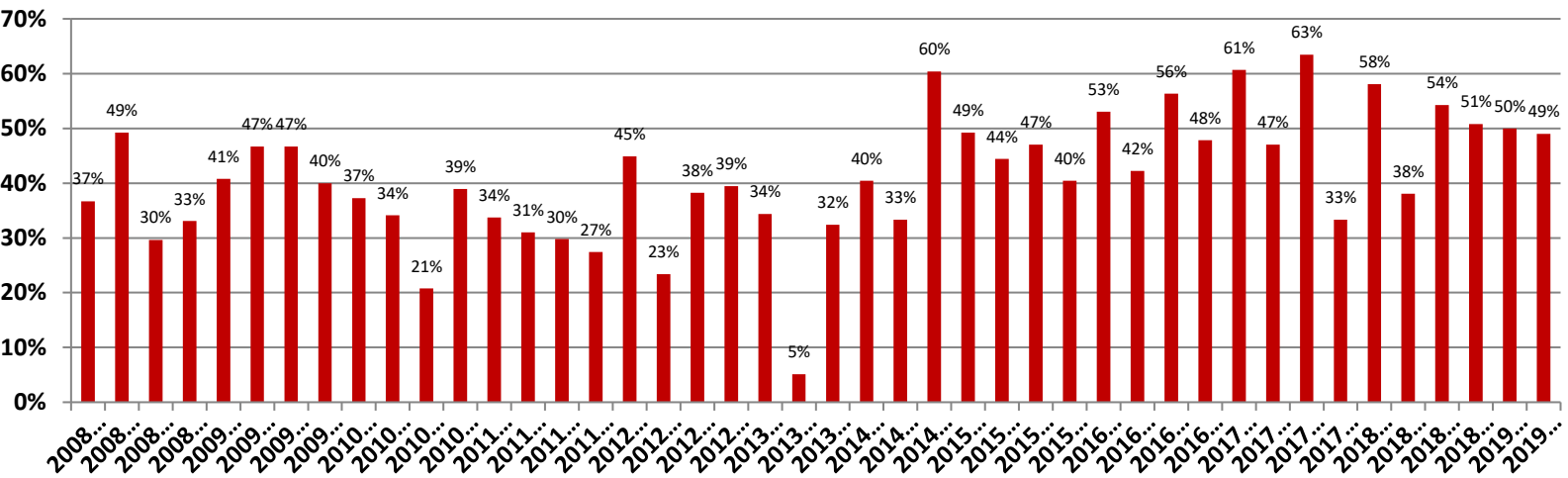


**Submarket Trends**

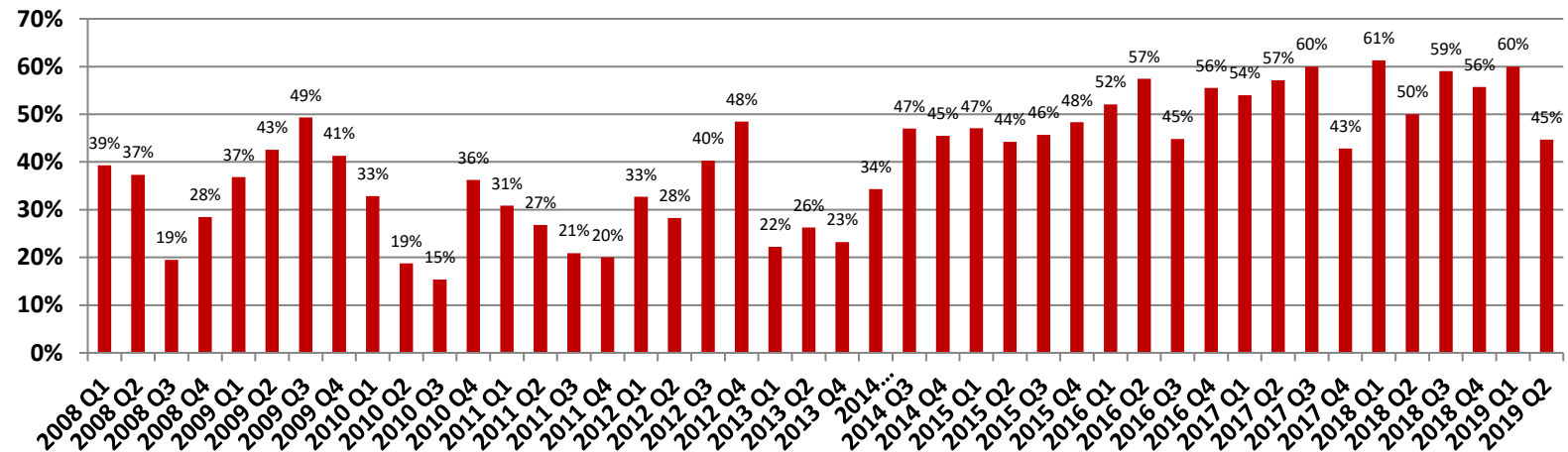
*Water Supply*



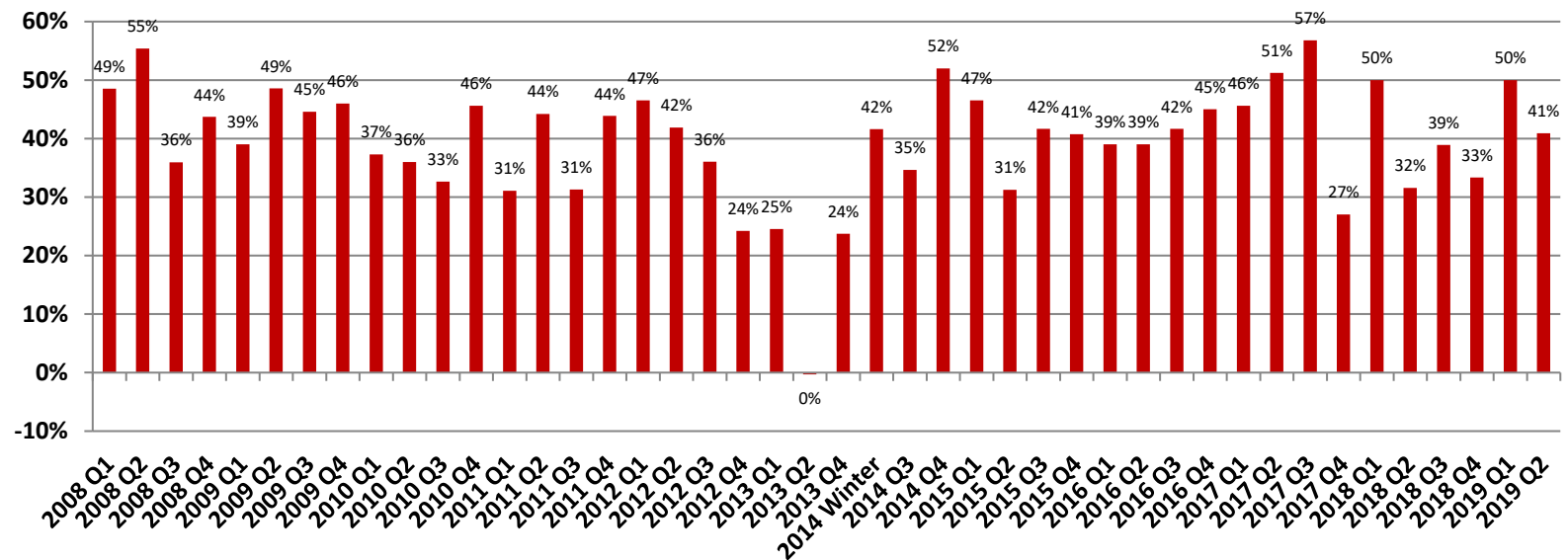
*Wastewater Treatment*



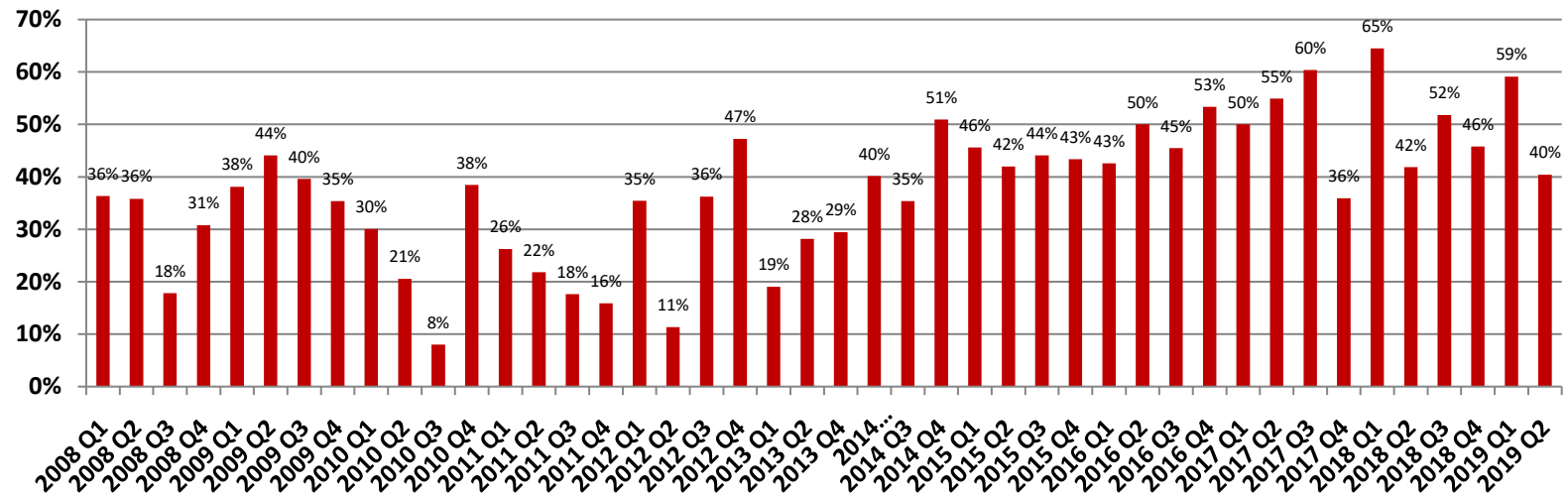
## Water Distribution



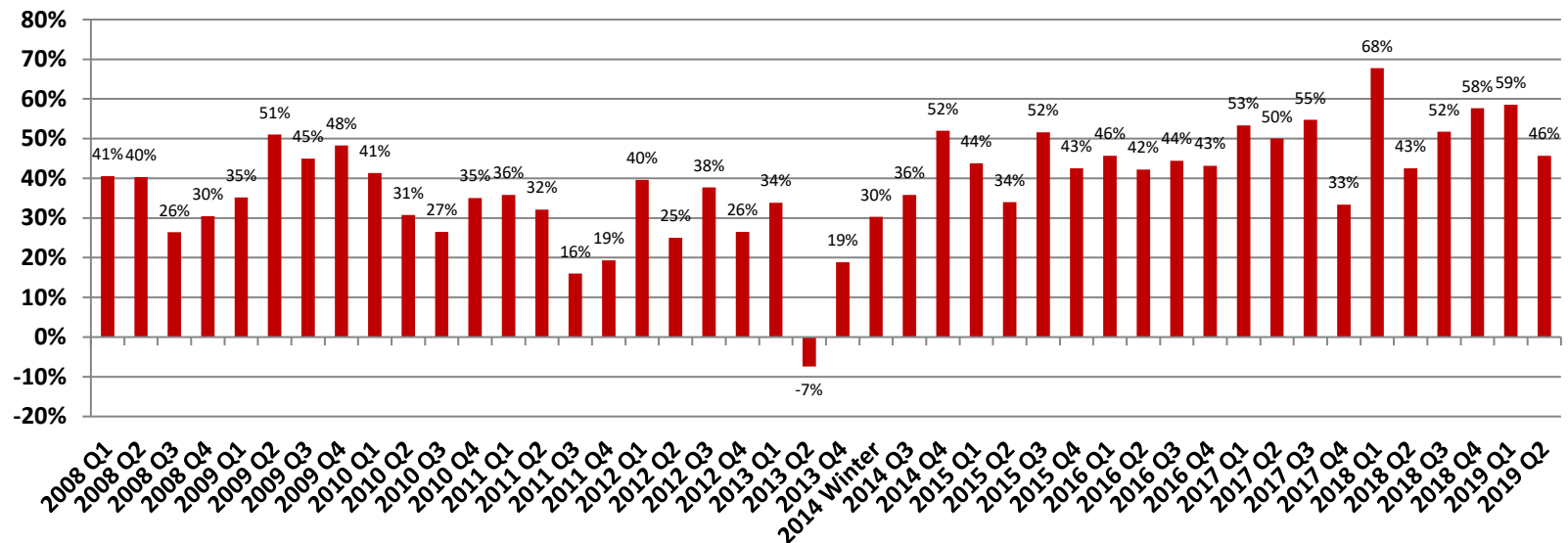
## Wastewater Reuse



## Wastewater Collection



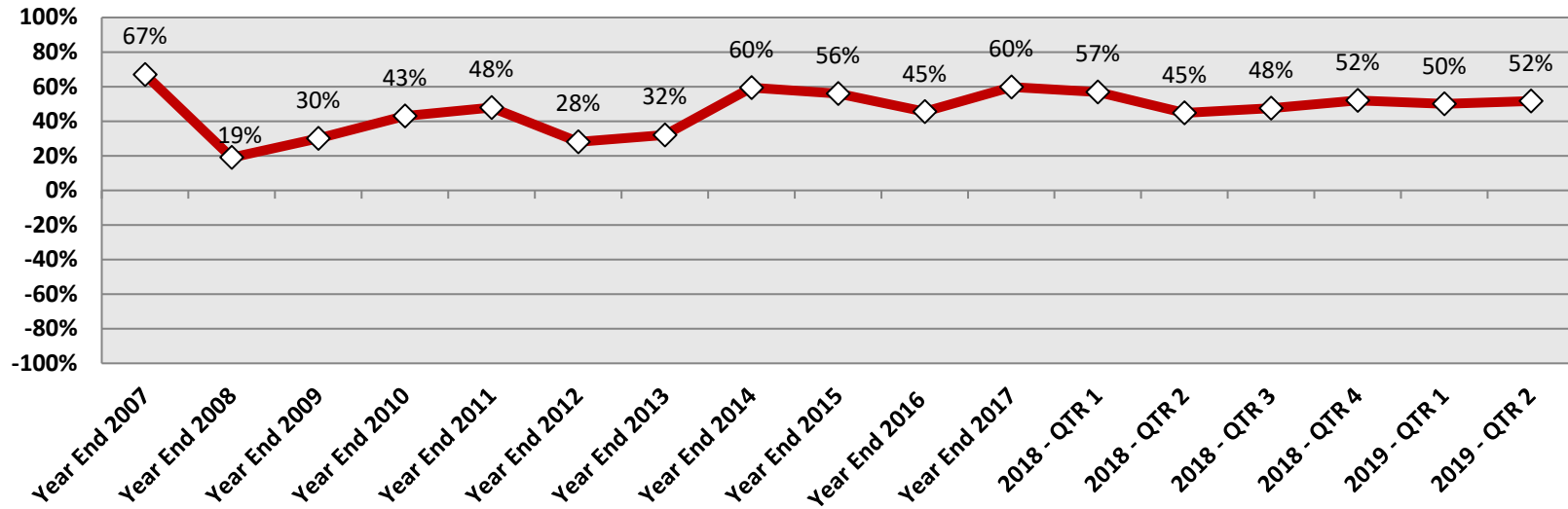
## Water Treatment



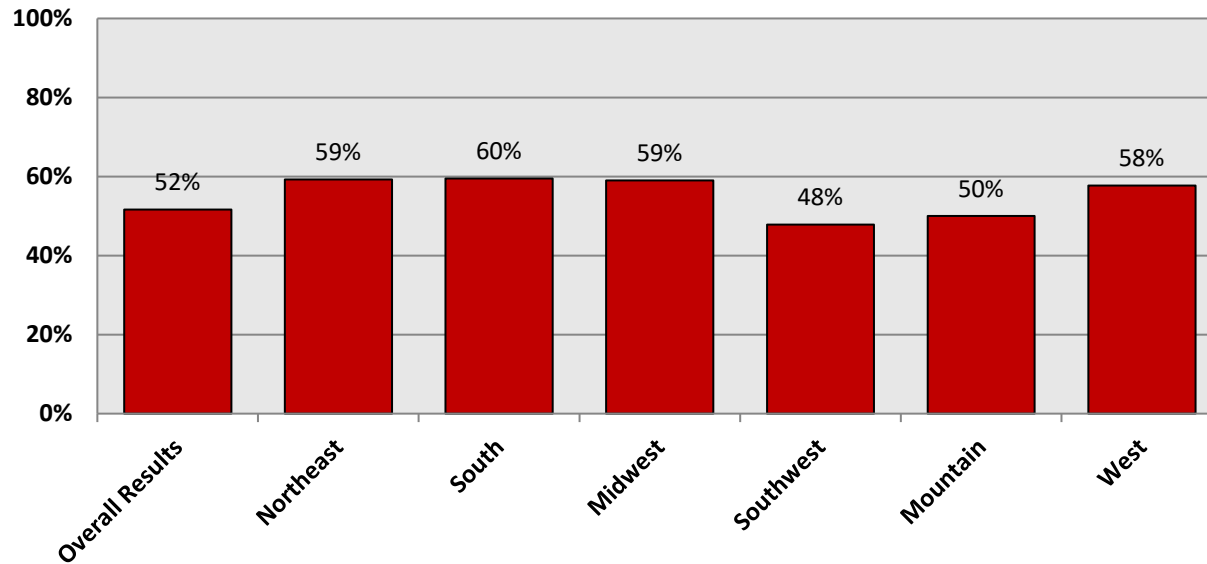


## K. PROPOSAL ACTIVITY FOR HEALTHCARE – NPMI TRENDS

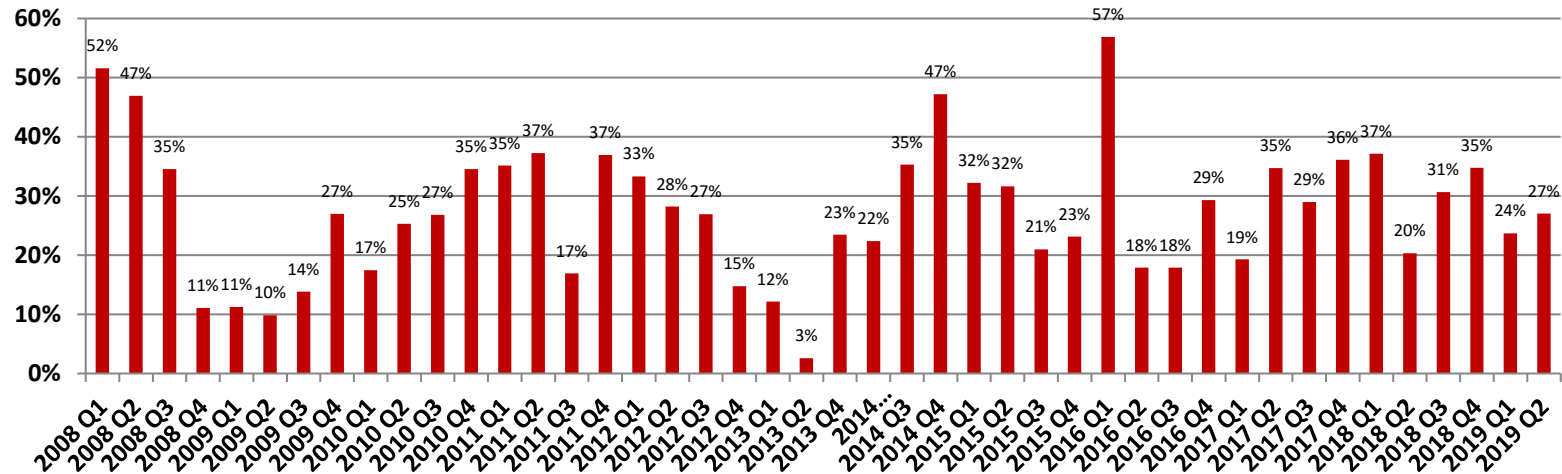
### Historical Trends (Overall Market)



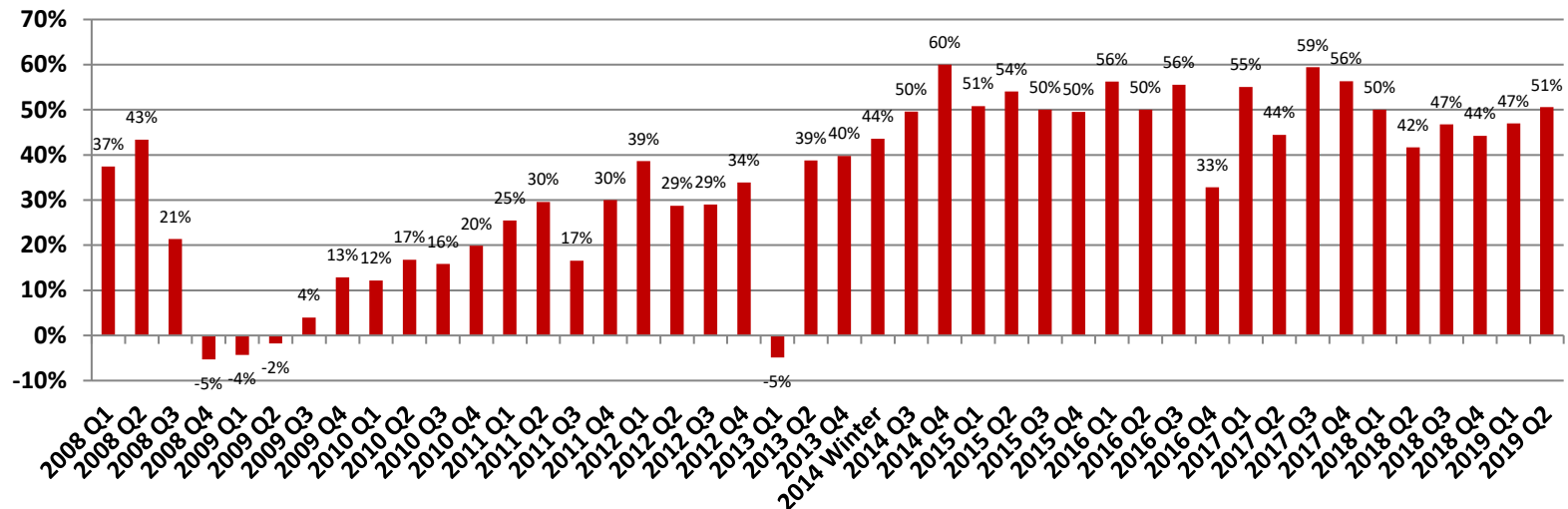
### Latest Quarter by Region



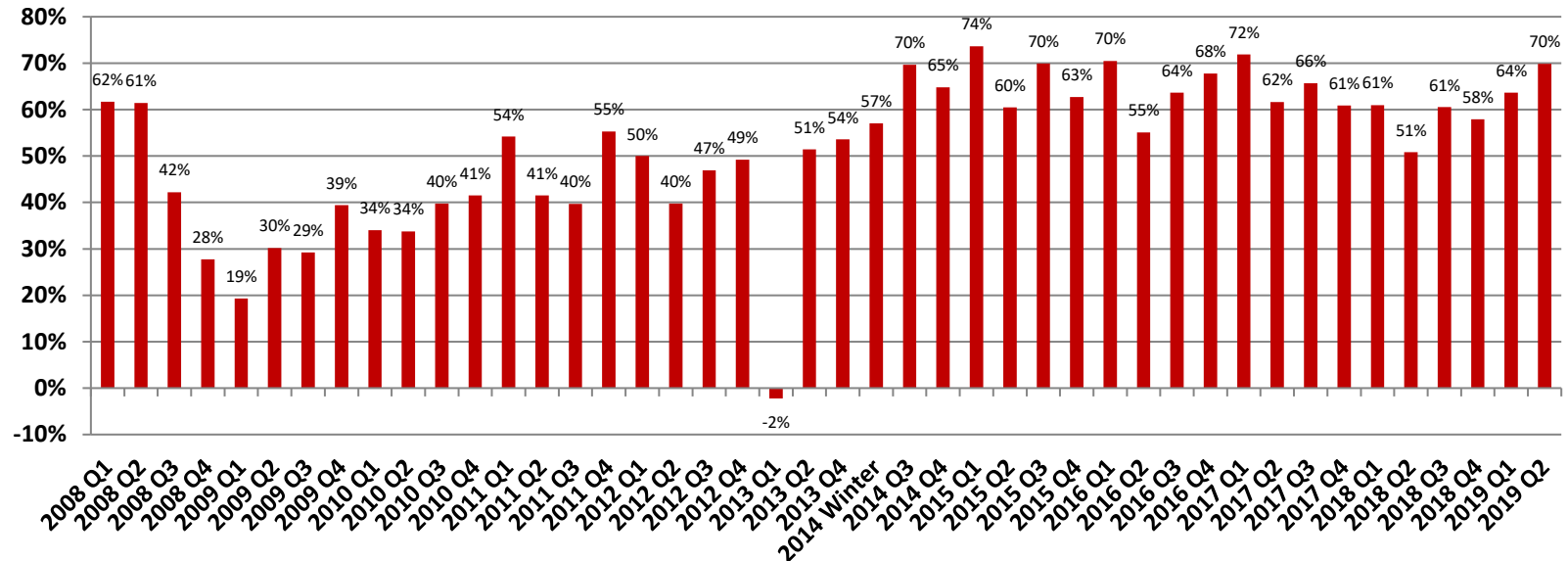
## Submarket Trends Hospitals



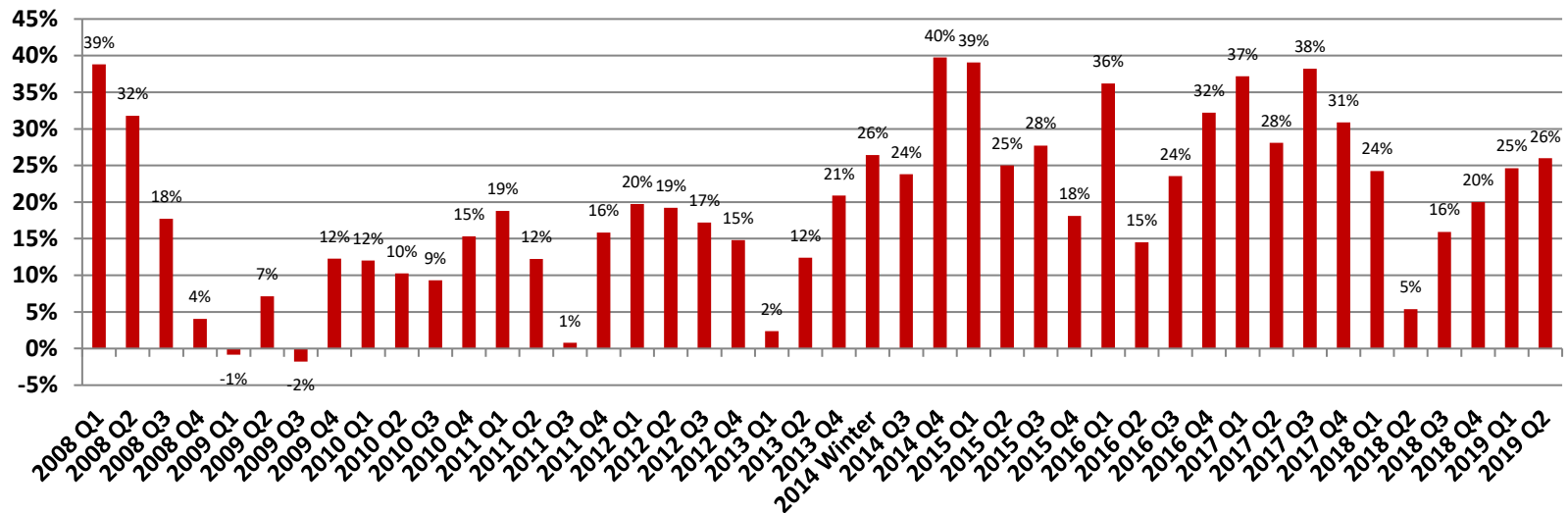
## Medical Offices



### Continuing Care Facilities (Treatment Centers, Nursing Homes, Etc.)

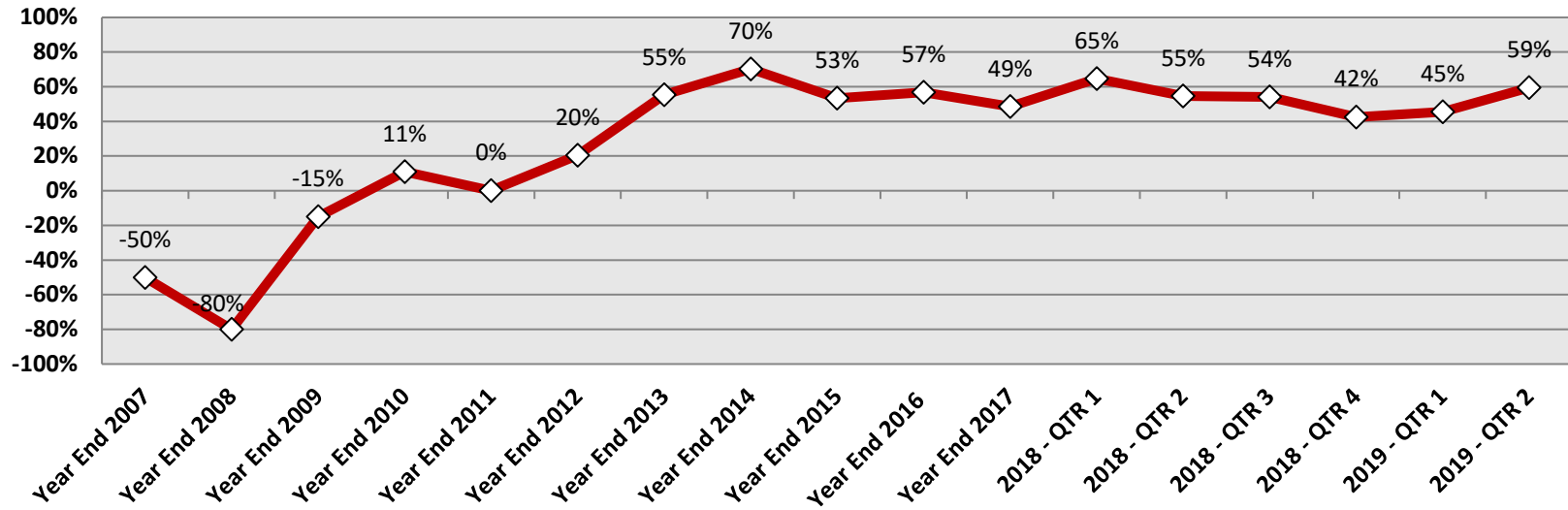


### Medical Laboratories

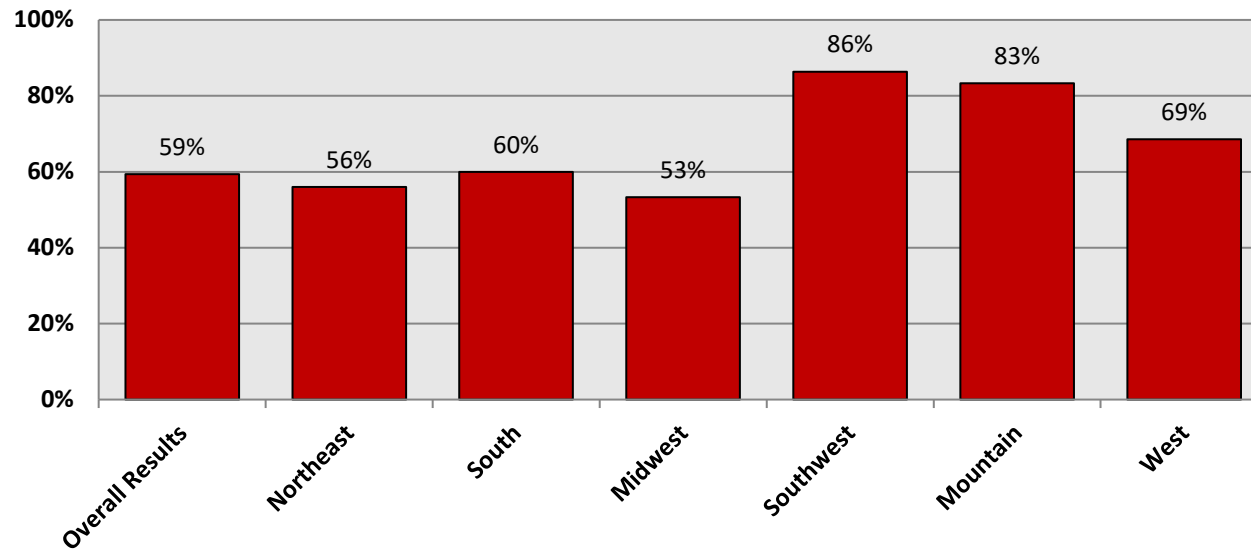


## L. PROPOSAL ACTIVITY FOR HOUSING – NPMI TRENDS

### Historical Trends (Overall Market)

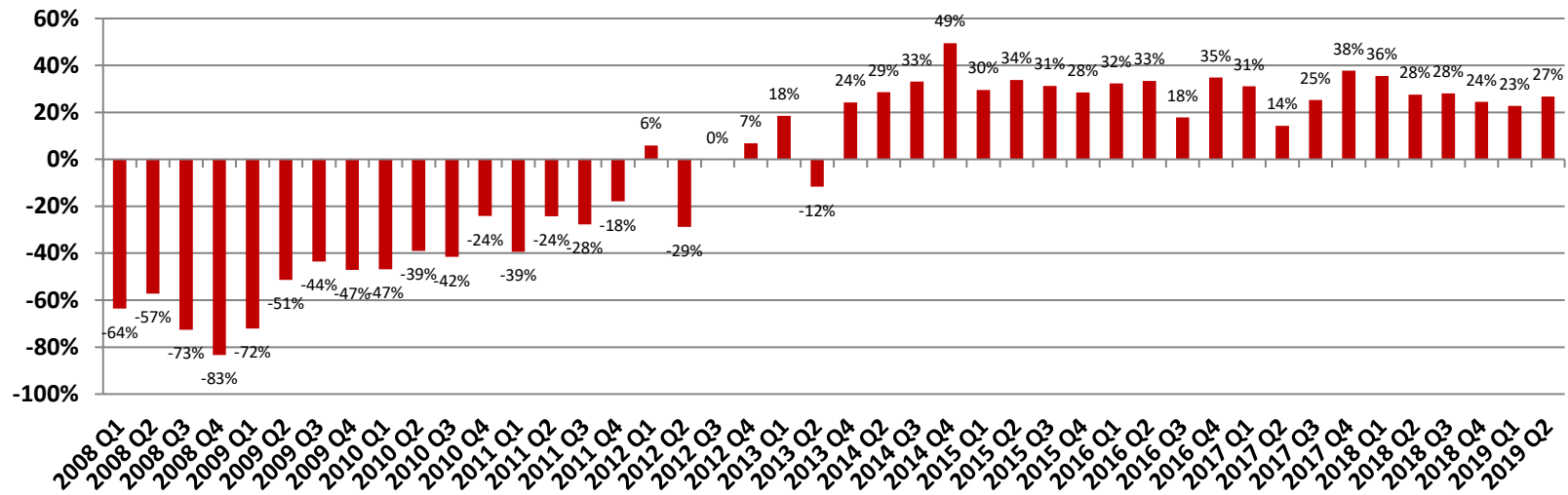


### Latest Quarter by Region

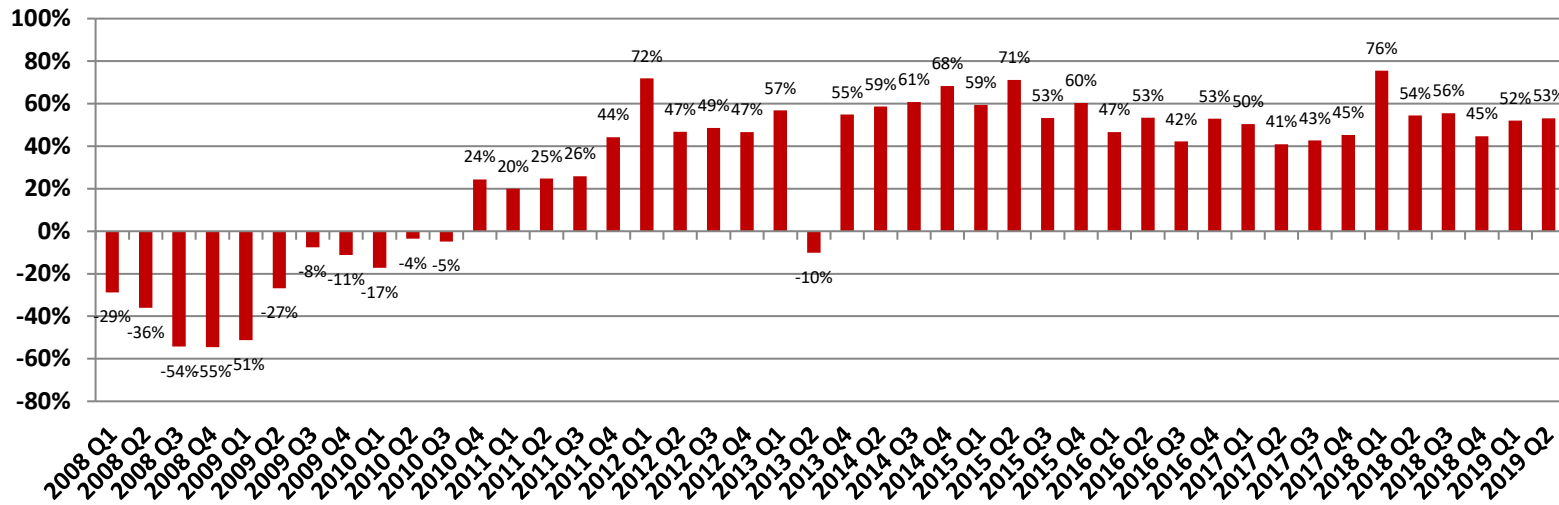


## Submarket Trends

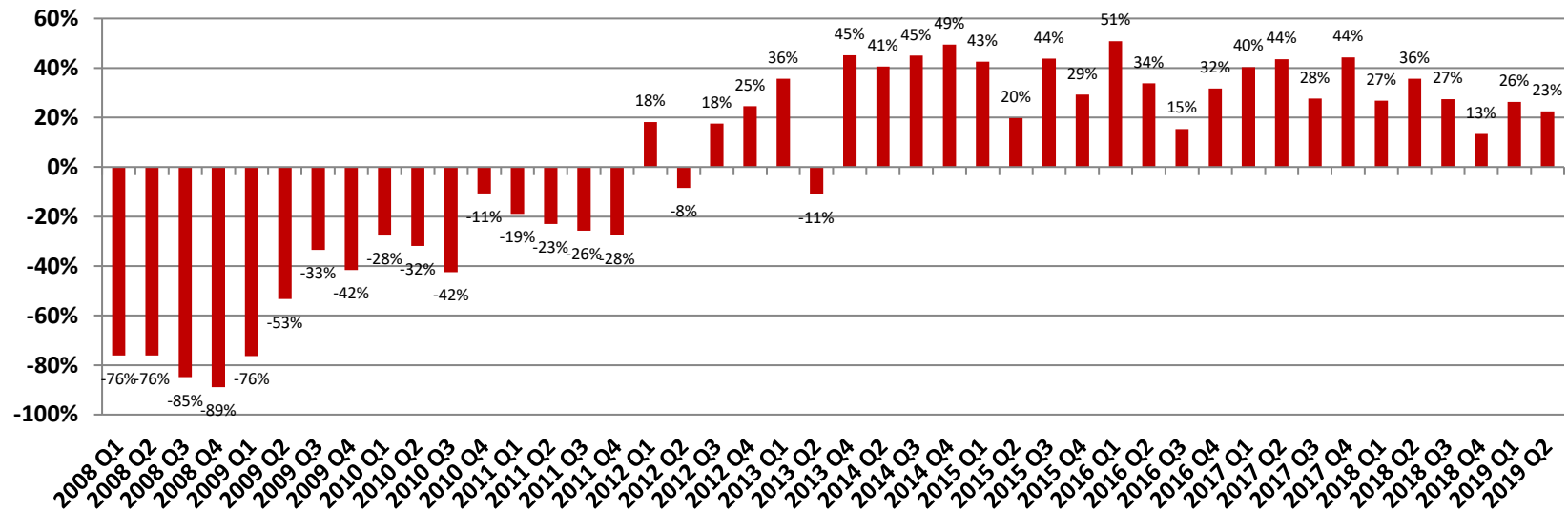
### Condominiums



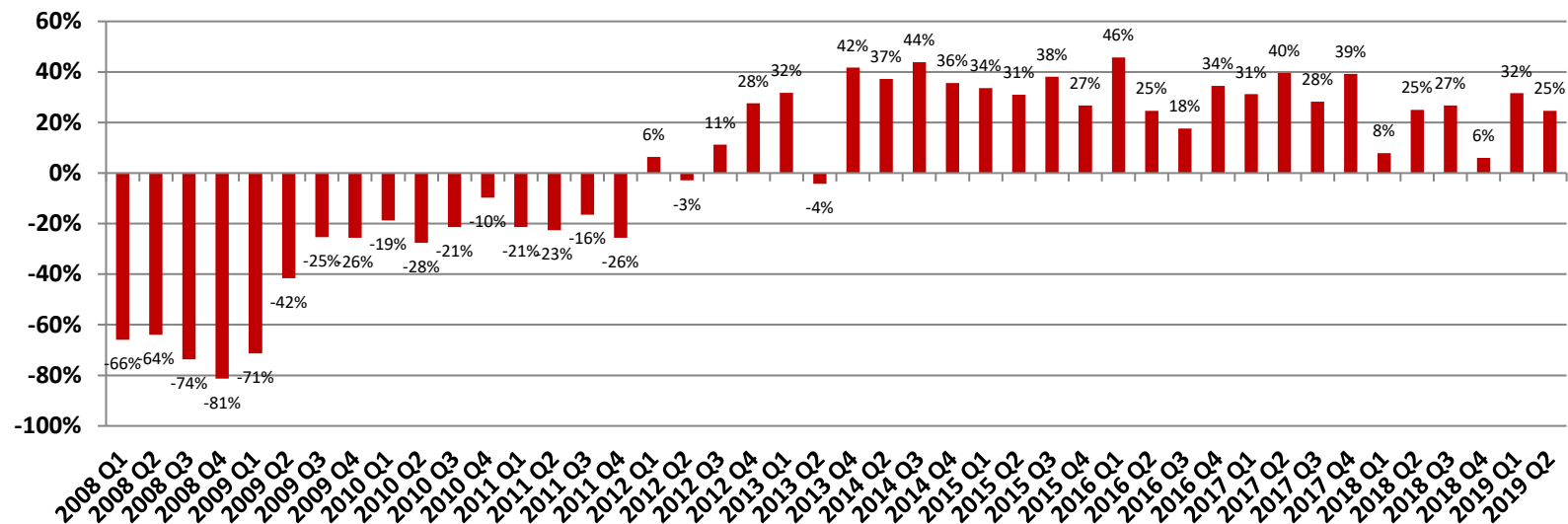
### Multi-Family Housing



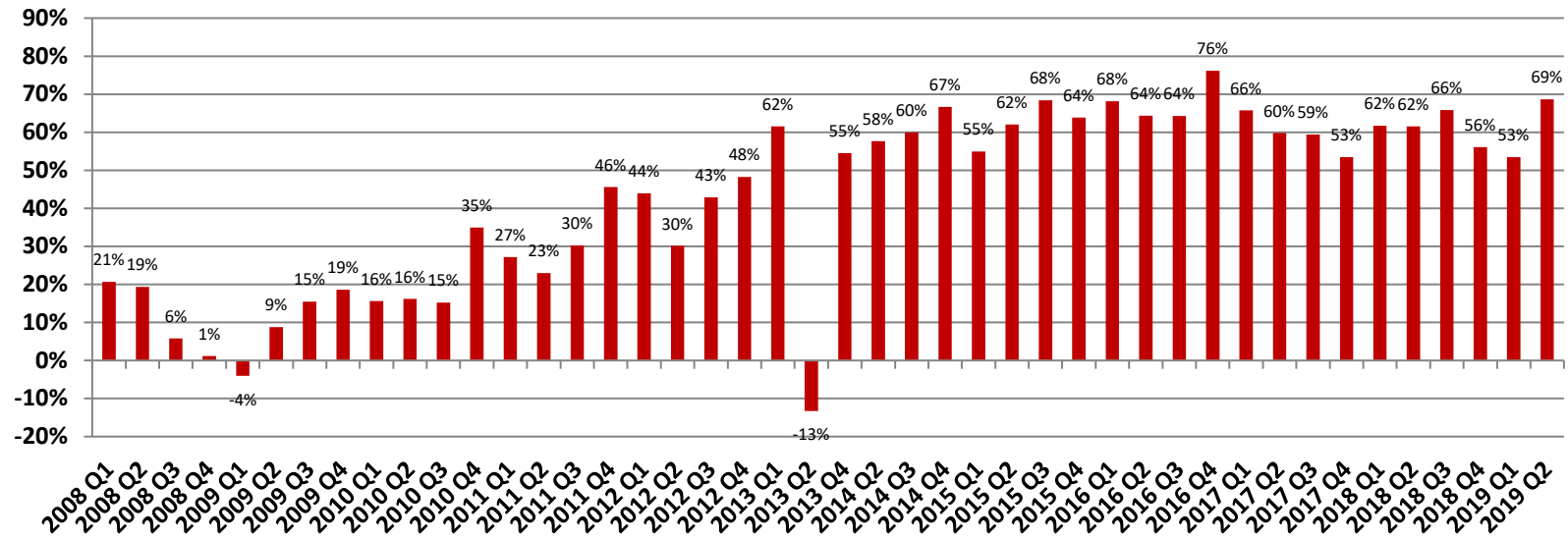
### Single Family Development (Subdivisions)



### Single Family Property (Individual Houses)



Senior and Assisted Living (Independent Living)



## IV. “HOT FIVE” MARKET SUMMARY

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This section is designed to illustrate the top five “hot” markets in terms of the highest Net Plus/Minus Index (NPMI) values on proposal activity. Increasing proposal activity generally indicates a good growth market, and thus the greatest opportunity for firms looking to grow.

Based on the data collected for this report, the “hot” market segments represent the areas that have the strongest “net” growth in proposal activity.

For this report, the “Hot Five” markets are:

Market	NPMI Value (Q2, 2019)
Energy/Utilities	62%
Housing	59%
Healthcare	52%
Environmental	49%
Transportation	47%

When reviewing this important information, remember many other markets are also reporting positive growth of proposals. This chart only reflects the five market segments with the strongest “net” proposal activity and thus the apparent high level of future projects.



# APPENDIX A

## Region and Market/Submarket Definitions

### Geographic Regions

Northeast	South	Midwest	Southwest	Mountain	West	Canada
Connecticut	Alabama	Illinois	Arizona	Colorado	Alaska	All Provinces and Territories
Delaware	Arkansas	Indiana	N. Mexico	Idaho	California	
Maine	Dist. of Columbia	Iowa	Oklahoma	Montana	Hawaii	
Maryland	Florida	Kansas	Texas	Nevada	Oregon	
Massachusetts	Georgia	Michigan		Wyoming	Washington	
New Hampshire	Kentucky	Minnesota		Utah		
New Jersey	Louisiana	Missouri				
New York	Mississippi	Nebraska				
Pennsylvania	N.Carolina	N. Dakota				
Rhode Island	S. Carolina	Ohio				
Vermont	Tennessee	S. Dakota				
	Virginia	Wisconsin				
	W. Virginia					

## Markets and Submarkets

Market	Submarkets		
Commercial Developers	Offices	Retail	Warehouse (lease)
Commercial Users	Offices Warehouses	Hotels/Motels Restaurants	Call/Data Centers
Transportation	Roads Bridges	Airports Rail	Planning Traffic
Light Industry	Component Assembly	Repair Maintenance	Warehouse
Heavy Industry	Mining Resources Petroleum Facilities Chemical Plants	Primary Materials Product Manufacturing	Pharmaceutical
Energy/Utilities	Power Plants Telecom/Cable	Utility Distribution	Pipelines
Education	K-12 Laboratories	Support Facilities	Higher Education
Other Government Buildings	Justice Facilities Recreation/Parks	Public Safety	Sports Facilities
Environmental	Waste Disposal Site Cleanup Resource Management	Environmental Permitting Air Pollution	Site Characterization Wetlands
Water/Wastewater	Water Supply Water Distribution	Wastewater Collection Wastewater Treatment	Wastewater Reuse Water Treatment
Healthcare	Hospitals Continuing Care	Medical Offices	Medical Laboratories
Housing	Condominiums Multifamily Housing	Single-Family Residences Senior/Assisted Living	Single-Family Subdivisions

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