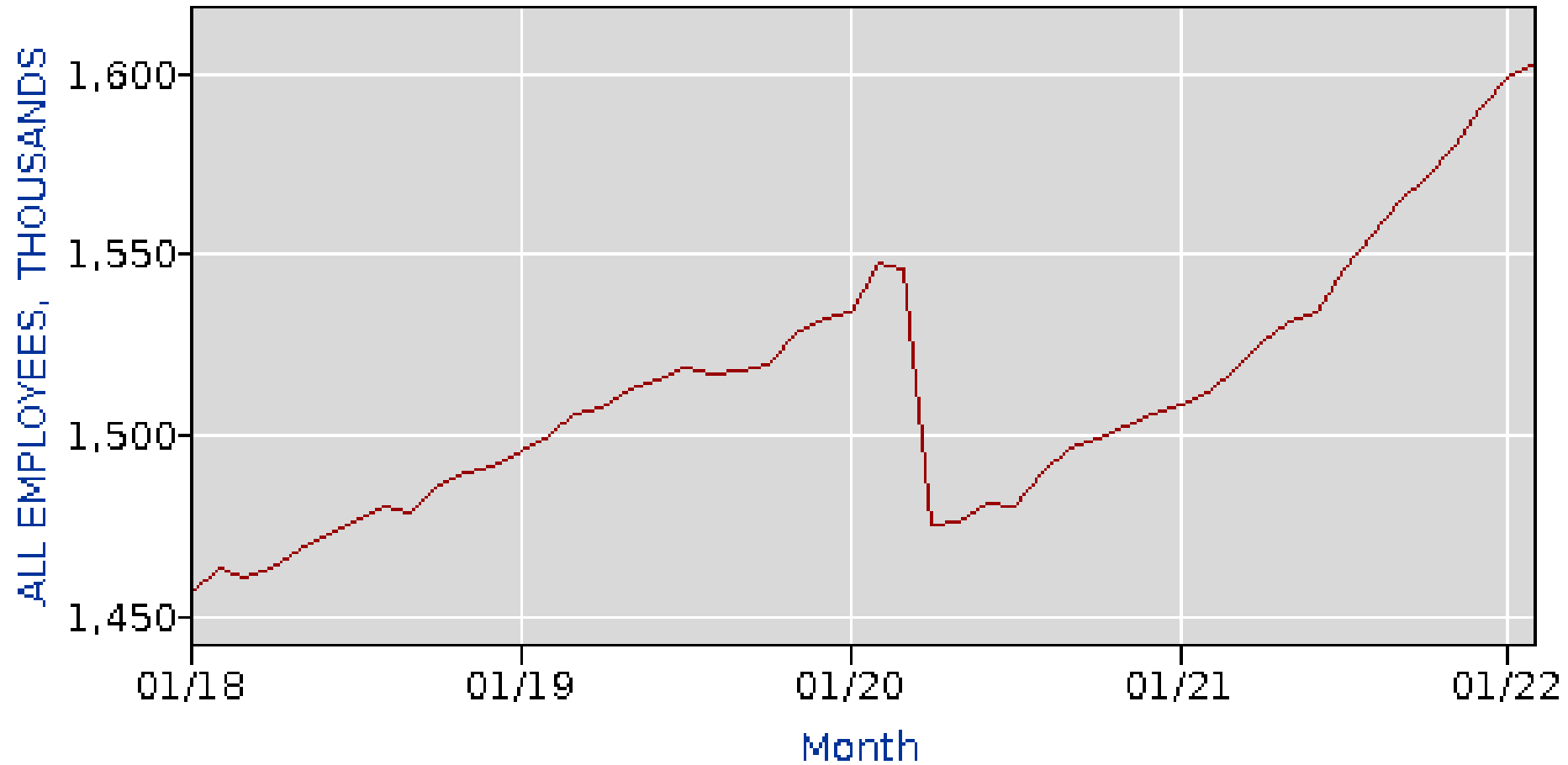


How Does the Future Look for the A/E Industry?

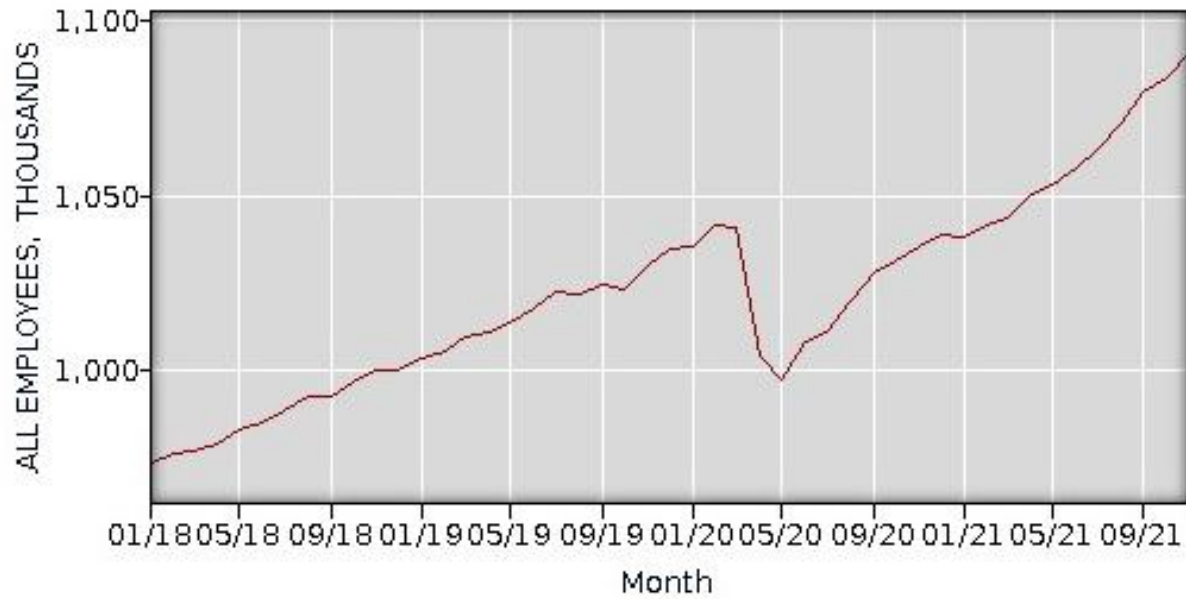


A/E employment is now well above pre-COVID levels



Source: U.S. Bureau of Labor Statistics thru January, 2022 (P)

Engineering firms are really growing!

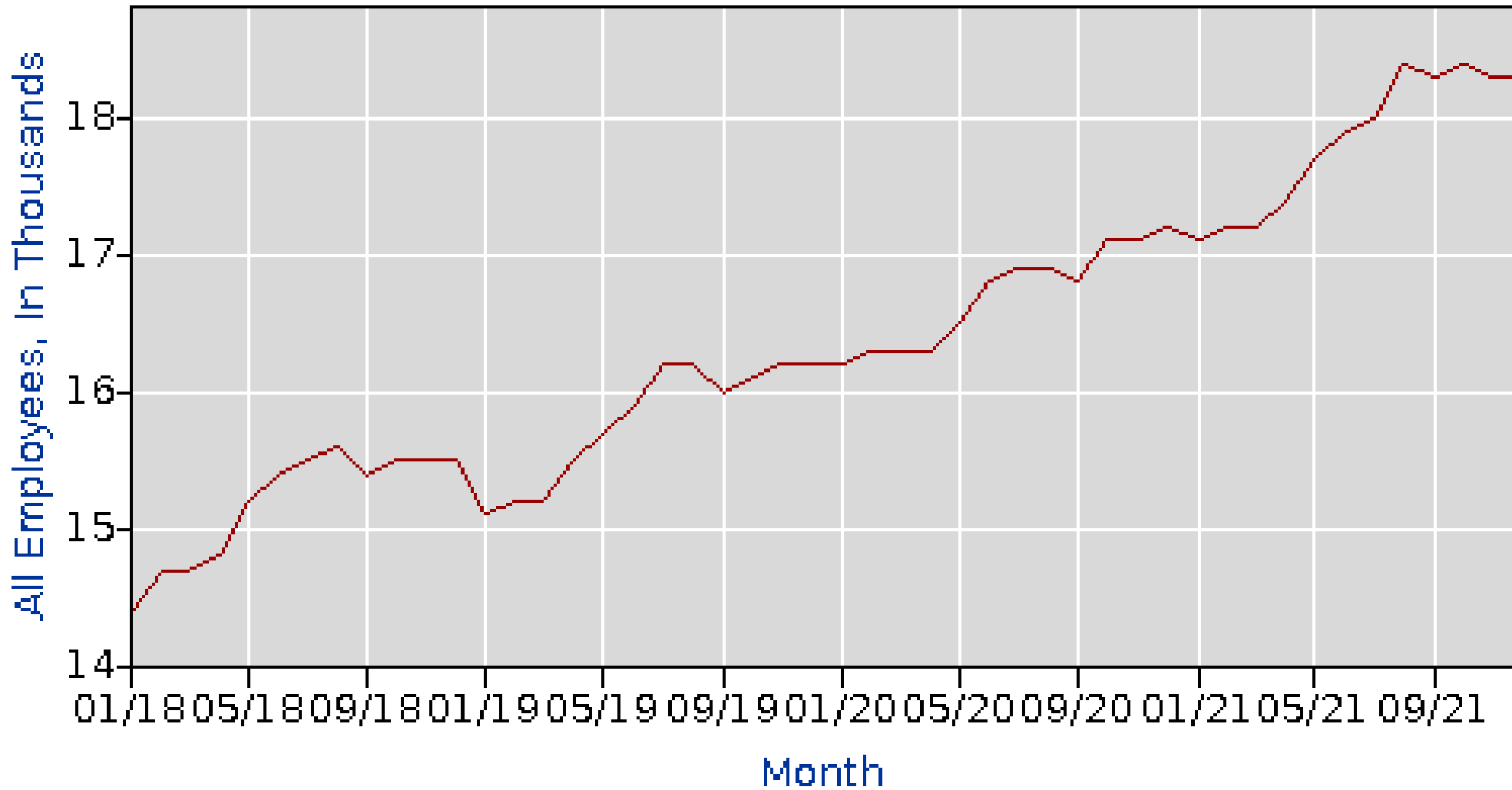


Not quite so much for architecture firms



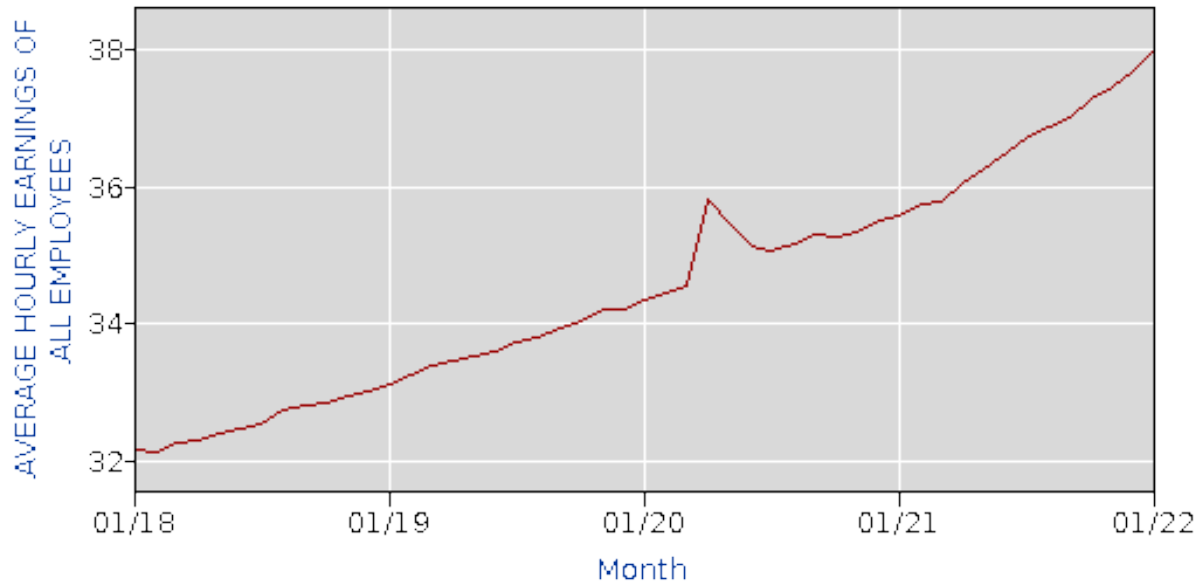
Source: U.S. Bureau of Labor Statistics

The A/E industry in Utah never saw a COVID dip

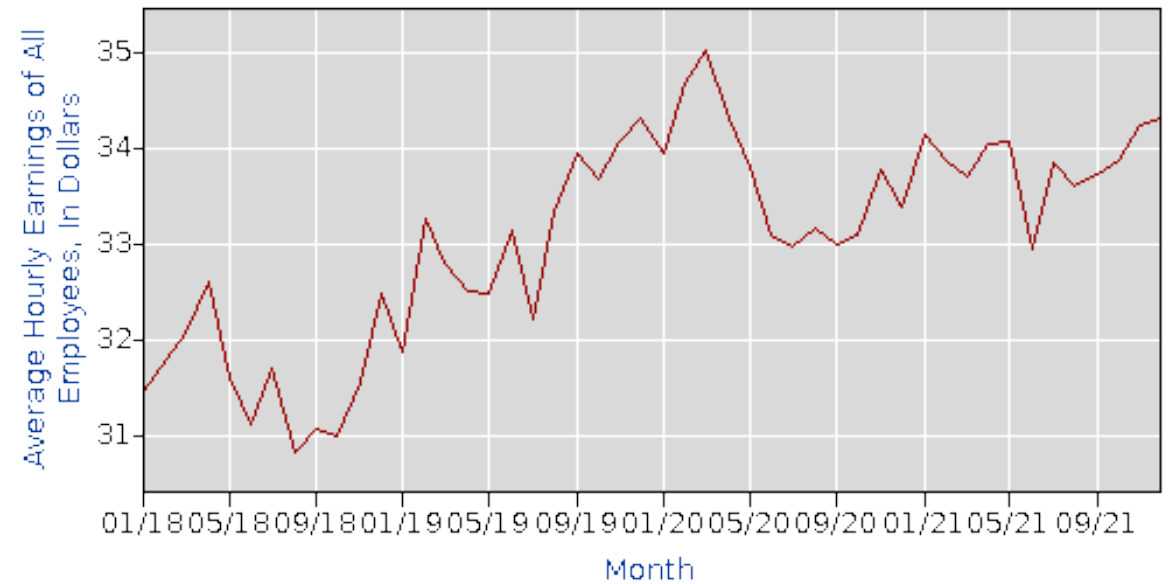


Source: U.S. Bureau of Labor Statistics thru January, 2022 (P)

Wages in U.S. Professional & Business Services have really taken off



But not quite so much in Utah



Source: U.S. Bureau of Labor Statistics

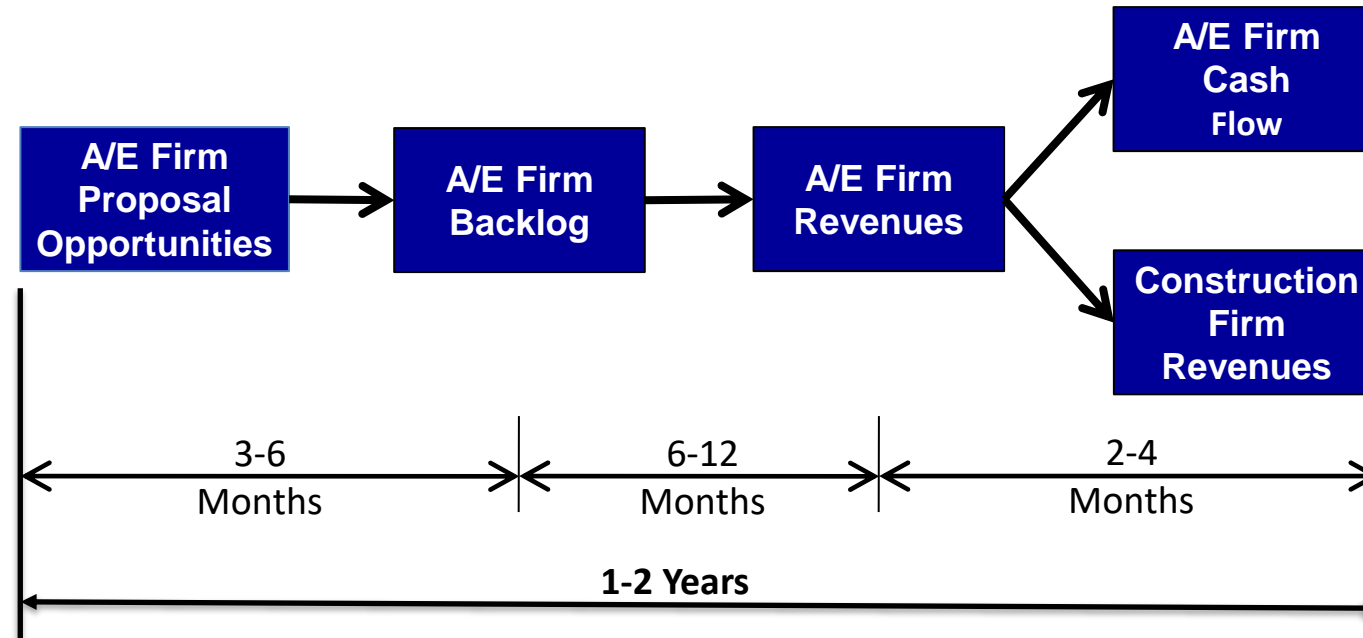


**“Don’t skate to where
the puck is. Skate to
where it’s going to be.”**

**- WAYNE GRETZKY's
father and first coach**

**WHEN PLANNING
YOUR FIRM’S STRATEGY...**

A/E Proposal Opportunities Are the Most Leading Indicator



PSMJ's Quarterly Market Surveys

January	February	March PSMJ Survey
April	May	June PSMJ Survey
July	August	September PSMJ Survey
October	November	December PSMJ Survey

- PSMJ conducts quarterly market surveys as a free service to the industry.
- Input is restricted to A/E firms.
- 200-500 people respond to these surveys.
- We use this data to chart trends using a “Plus/Minus Index”.

How We Compute the “Plus/Minus Index”

Sample Question: Are revenues in the transportation sector increasing or decreasing compared to last quarter?

Sample Calculation:

Total firms reporting = 185

Firms reporting an increase = 60 firms x 1 points = +60

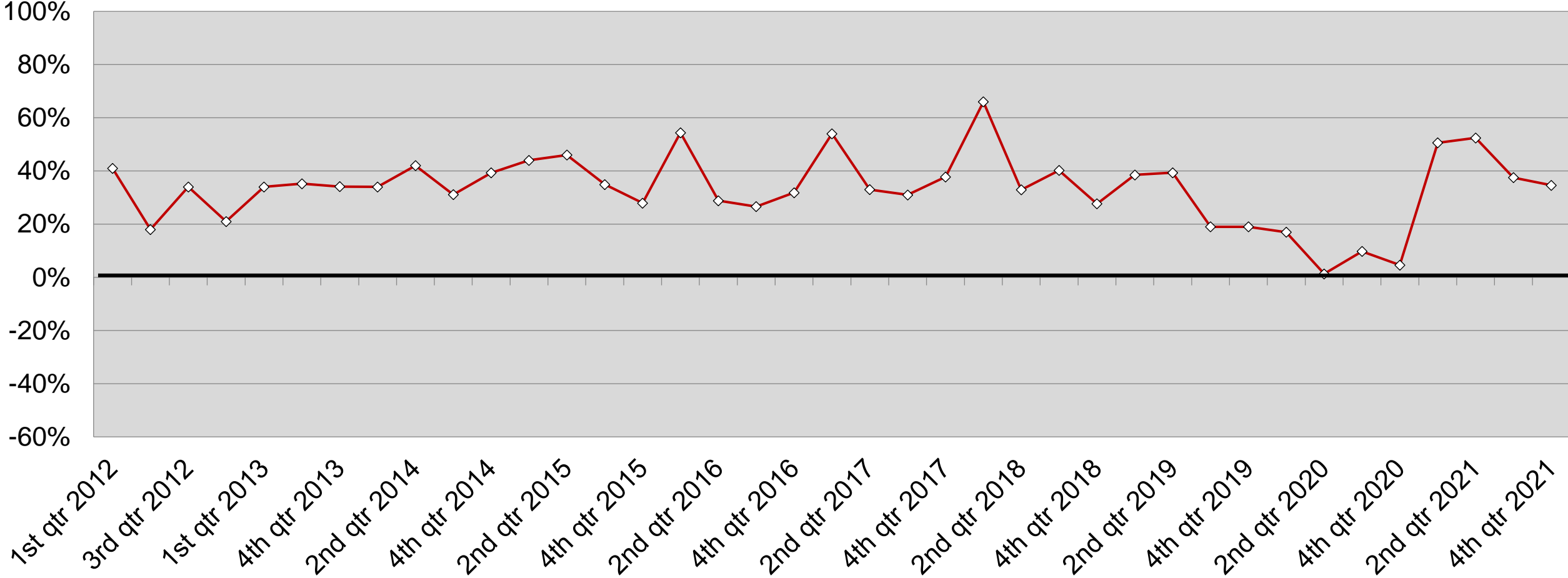
Firms reporting no change = 80 firms x 0 points = 0

Firms reporting a decrease = 45 firms x -1 points = -45

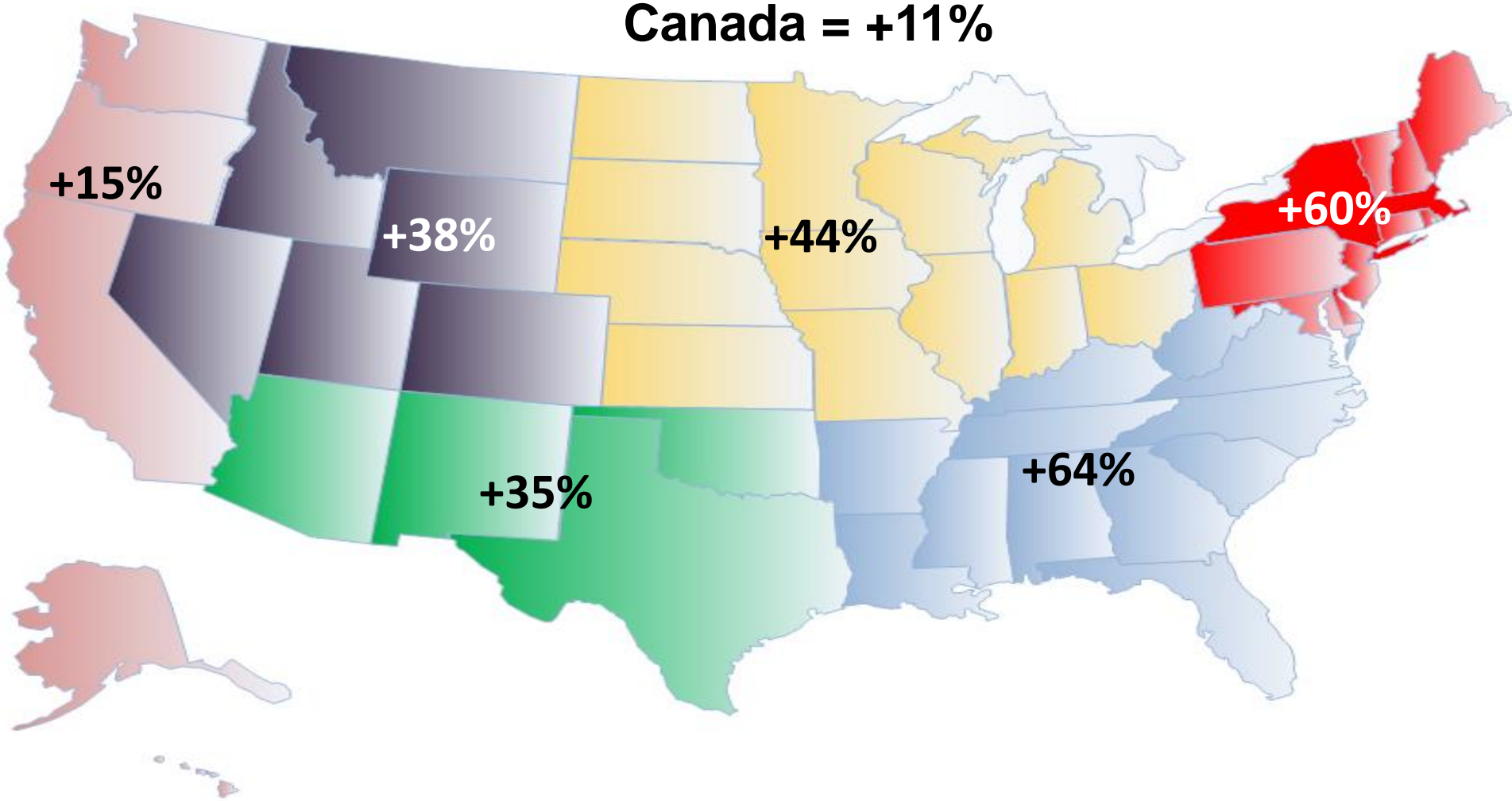
Total “points” = +15

Index = $15 \div 185 = +8\%$

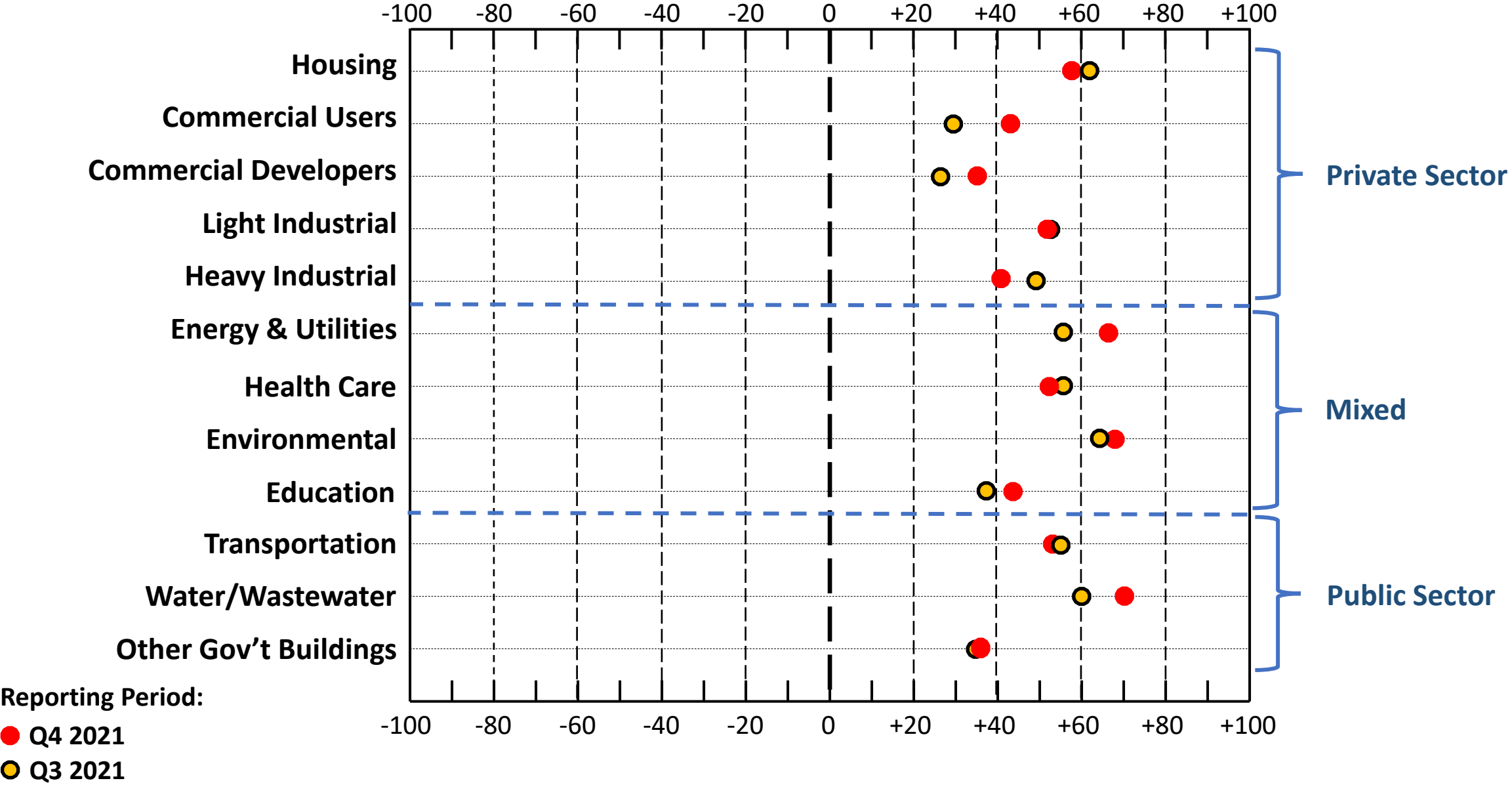
Proposal Activity is Still Very Strong



Utah is in a strong region



Every Major Market is Red Hot!



Lots of “Green”. Not Much “Red”.

Housing

- Condominiums
- Multifamily housing
- Single family development (subdivisions)
- Single family property (individual houses)
- Senior & assisted living (independent living)

Commercial (Developers and Users)

- Office buildings
- Retail buildings
- Warehouse distribution
- Call centers & data facilities
- Hotels/motels
- Restaurants

Industry (Light and Heavy)

- Component assembly facilities
- Repair facilities
- Warehouse distribution facilities
- Oil drilling and mining
- Petroleum facilities
- Chemical plants
- Primary metals manufacturing
- Product manufacturing
- Pharmaceutical manufacturing

Energy and Utilities

- Renewable energy
- Power plants
- Utility distribution
- Telecom/cable
- Pipelines

Transportation

- Roads
- Bridges
- Rail
- Airports
- Transportation planning
- Traffic

Education

- K-12 schools
- Higher education facilities
- Laboratories
- Support facilities (gyms, dorms, libraries, etc.)

Other Government Buildings

- Justice facilities
- Public safety facilities (fire stations, police, etc.)
- Public recreation
- Sports facilities

Water and Wastewater

- Water supply
- Water distribution
- Wastewater collection
- Wastewater treatment
- Wastewater reuse
- Water treatment

Environmental

- Solid waste disposal
- Waste cleanup
- Site characterization
- Resource management
- Wetlands delineation
- Environmental permitting
- Air pollution

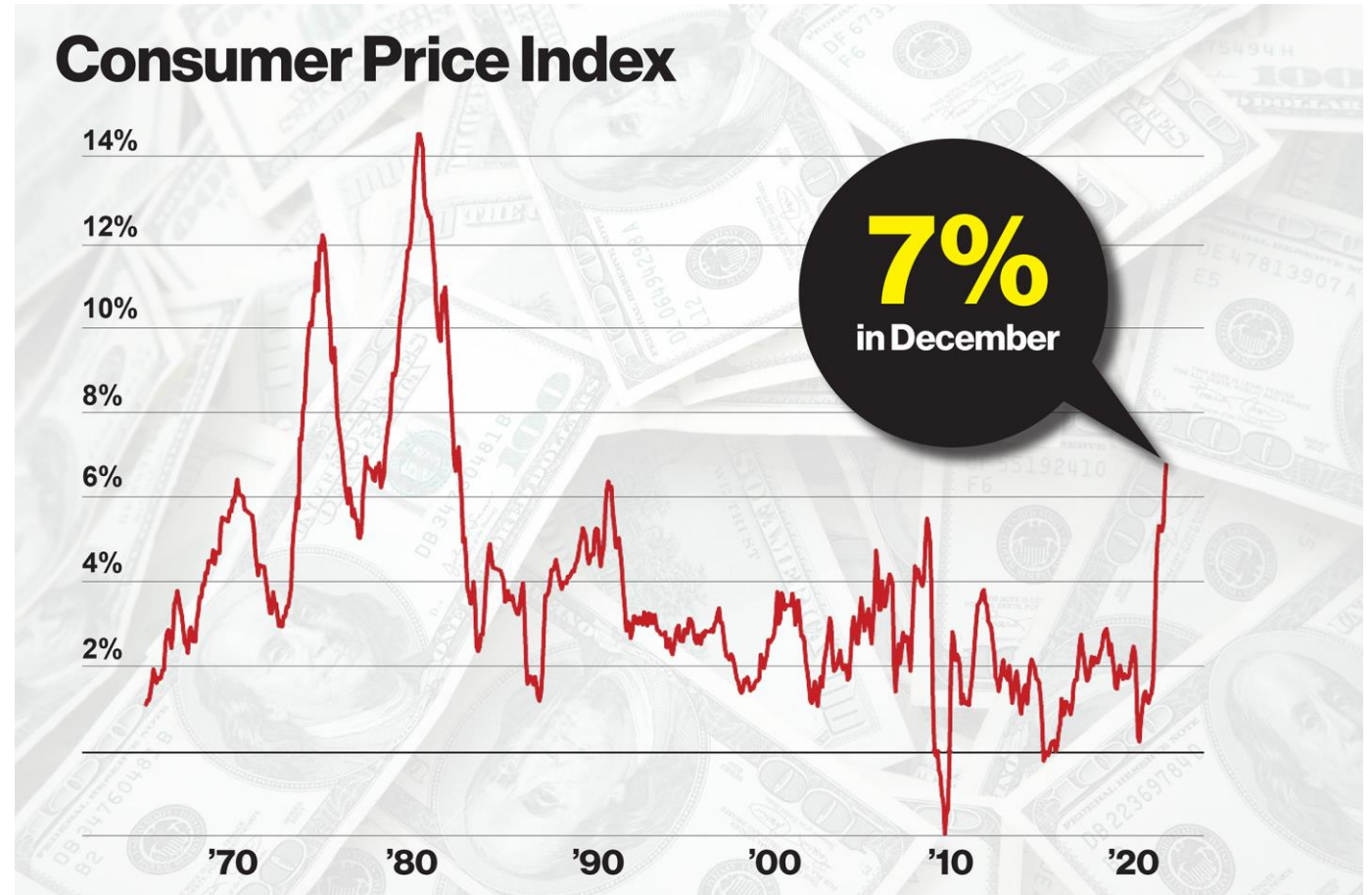
Health Care

- Hospitals
- Continuing care facilities
- Medical offices
- Medical laboratories

How Does the Long Term Look?

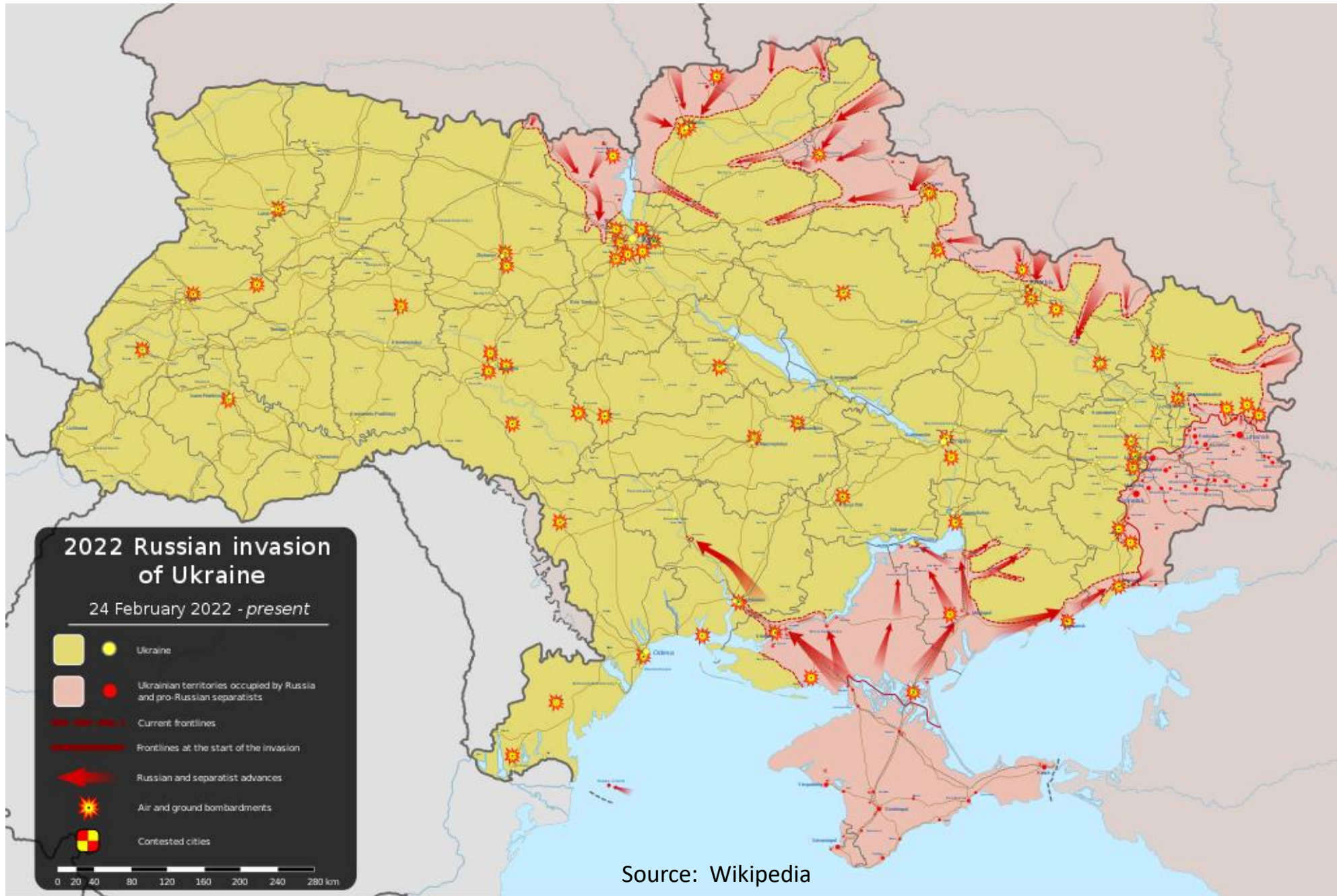


Persistent inflation may cause the Fed to raise interest rates to the point that it hurts private developers



**And the
Chinese Debt
Crisis May
Create a
Global
Problem**





Source: Wikipedia

Assuming That Doesn't Happen, New Housing Will Drive Most of Our Markets



Commercial
Users

Commercial
Developers

Transportation

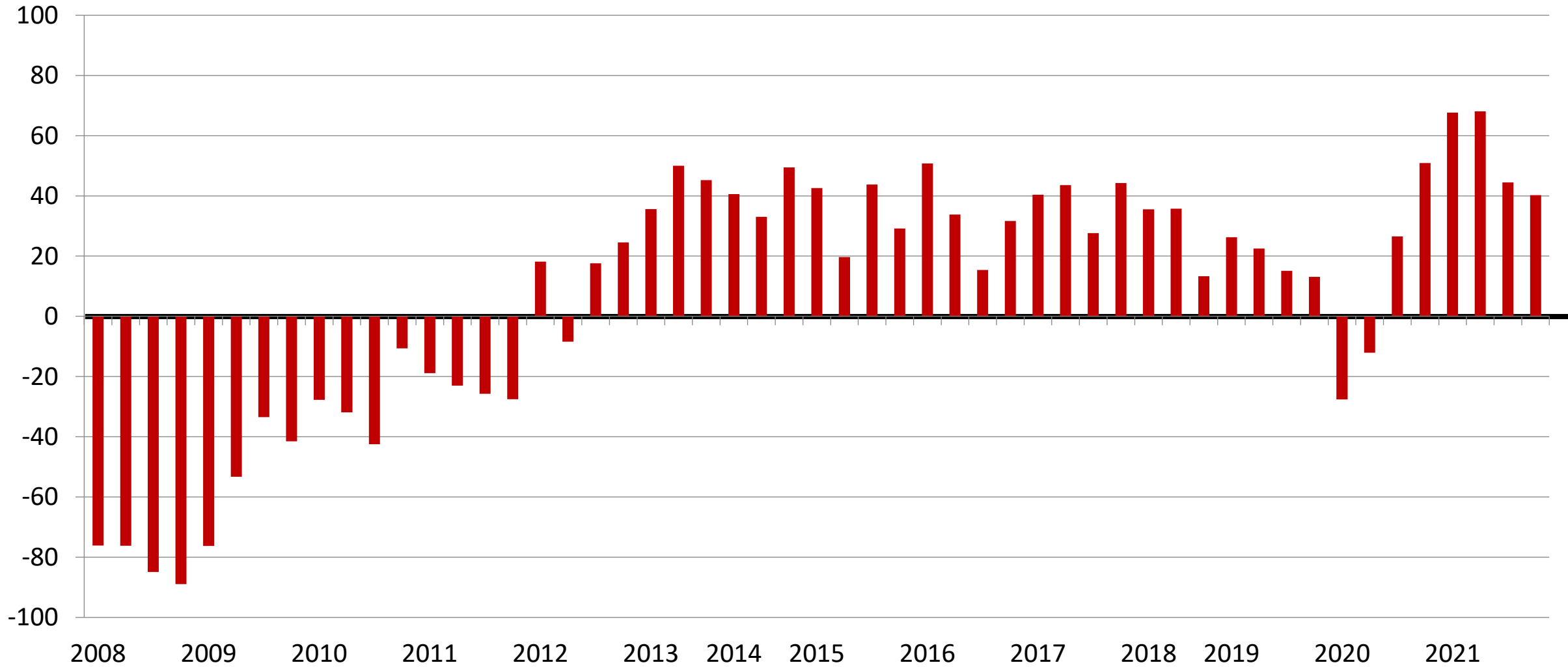
Water &
Wastewater

Education

Energy &
Utilities

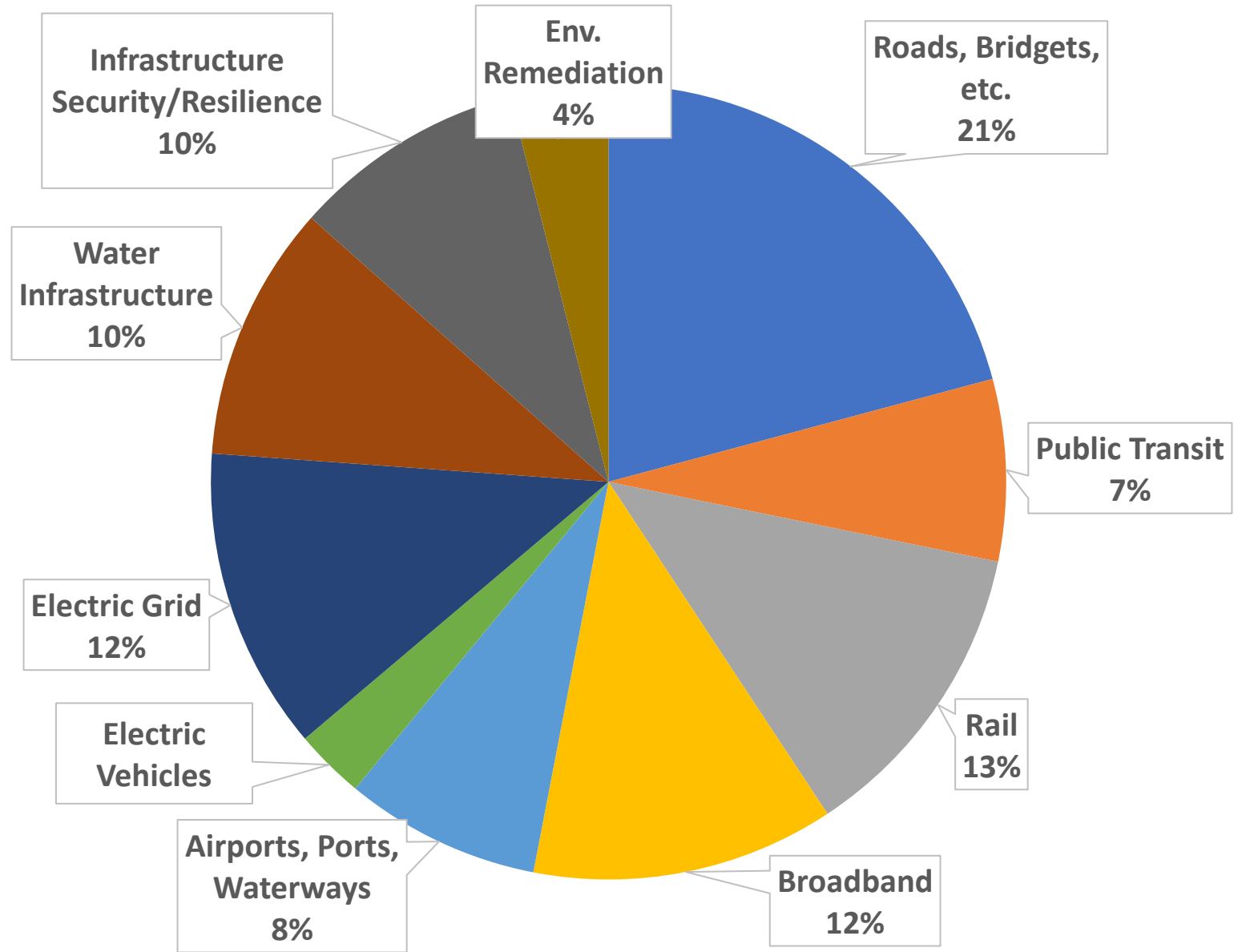
Government
Buildings

Our Subdivision Proposal Index Looks Good

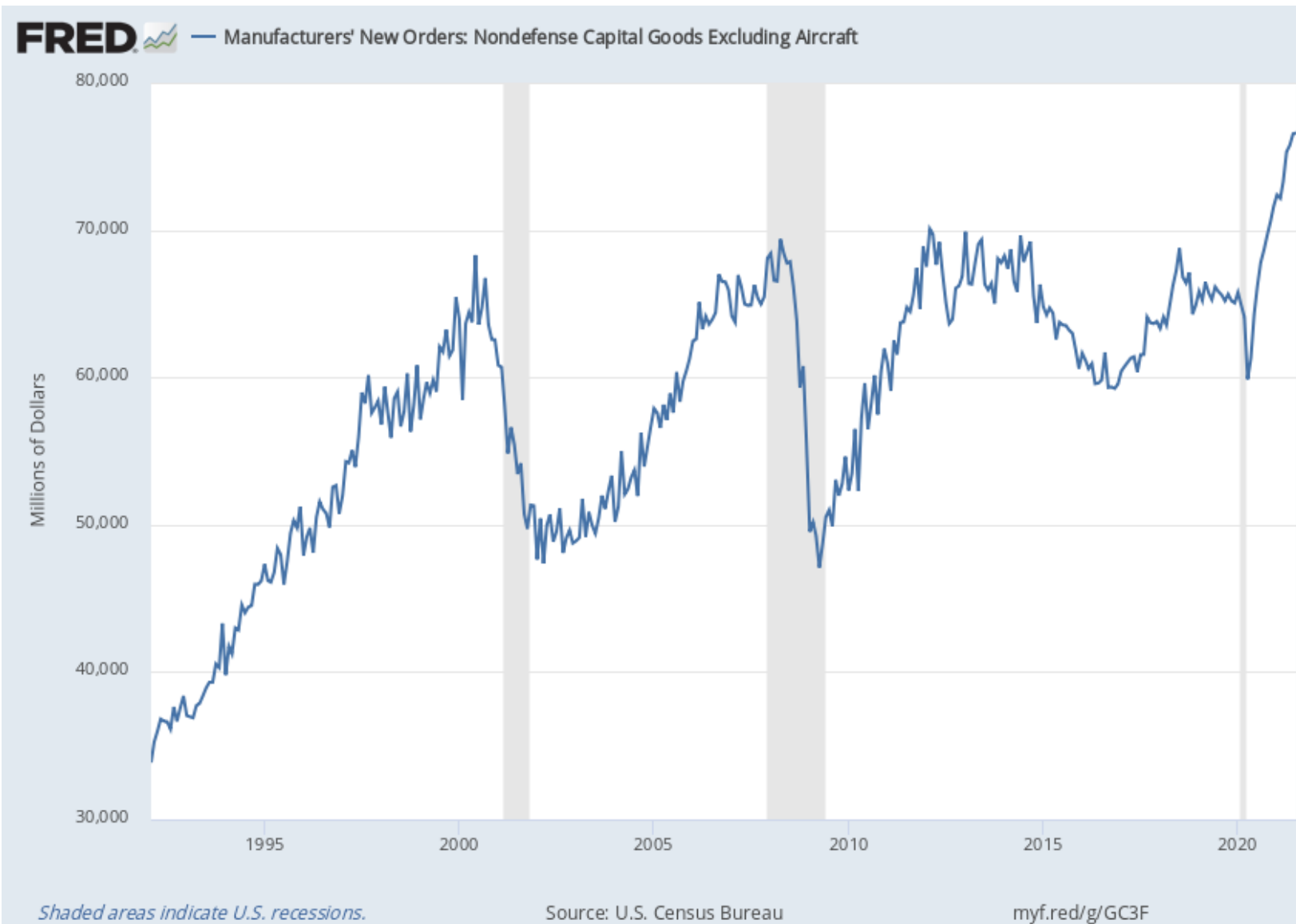


The \$550B Infrastructure Bill Will Boost Many A/E Markets

Source: CNN



Manufacturing Continues to Boom



The Stock Market is Still Bullish on Health Care



Source: Vanguard Health Care Index Fund

Based on Recent Trends, Renewables Still Look Very Strong

US fossil fuel consumption is at its lowest in 30 years.



Source: World Economic Forum

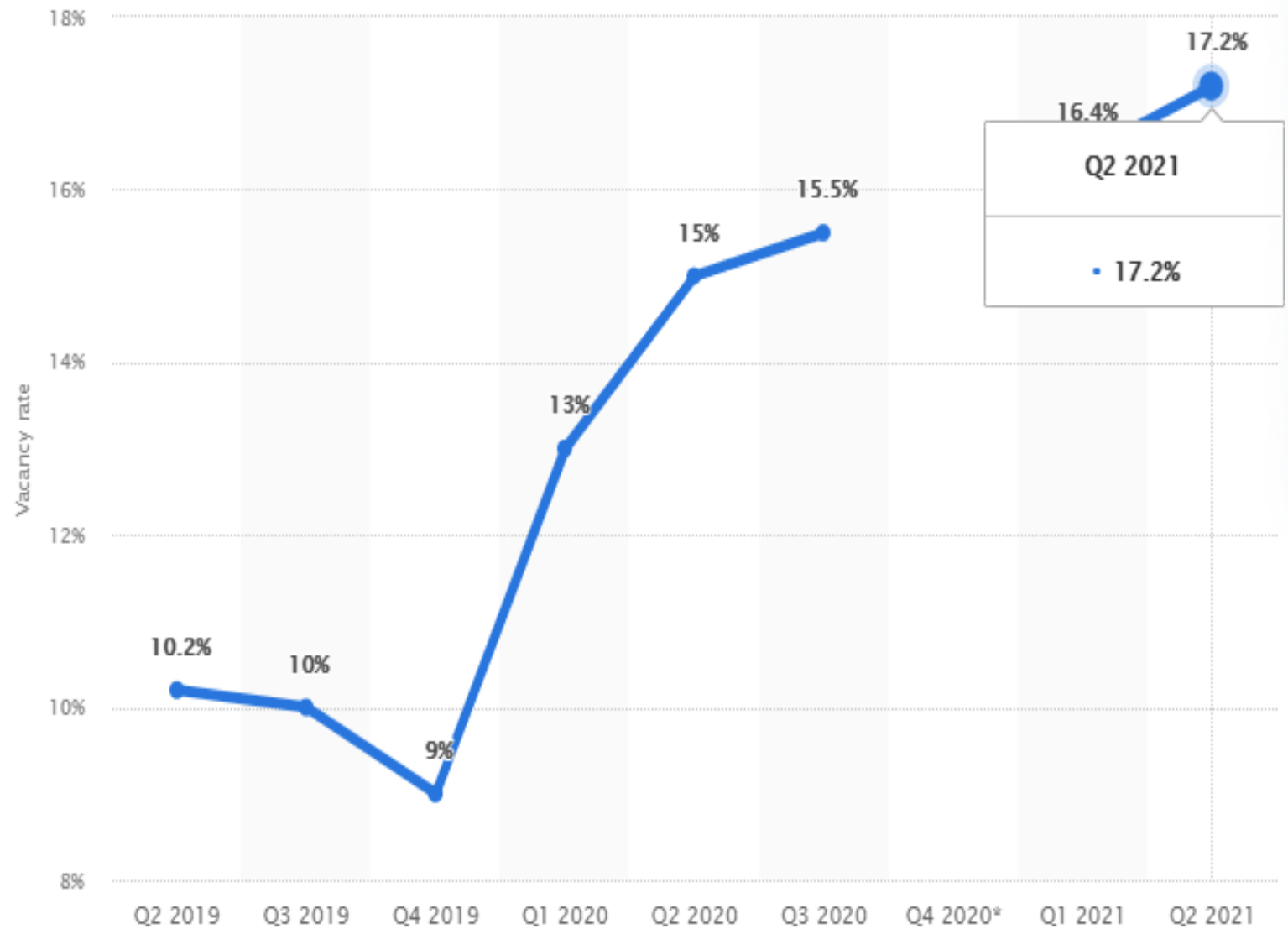
Renewables top coal as US energy source for first time

Three charts show how your state stacks up against Iowa (yep) and others in production and use of renewables



Source: Energy Information Administration

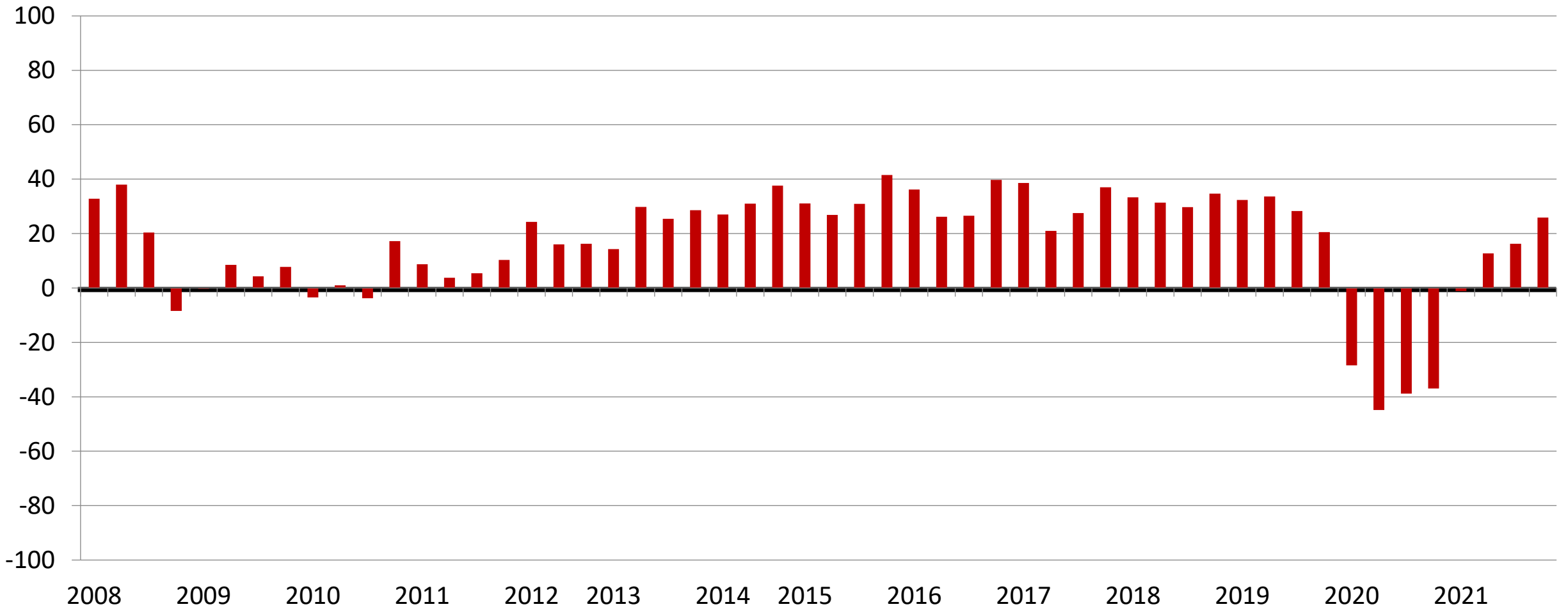
Vacancy Rates Continue to Depress the Office Building Market



The Retail Apocalypse May Have Bottomed Out



Our Plus/Minus Index for Higher Ed is Looking Up. But...



Our Latest Market Prioritization

Markets	Short-Term Prospects (-2 to +2)	Long-Term Prospects (-2 to +2)	Historic Profitability (-2 to +2)	Total Points (-6 to +6)
Housing	+2.0	+1.0	+1.5	+4.5
Health Care	+1.5	+1.5	+1.0	+4.0
Education	+1.0	+1.0	+1.5	+3.5
Water/Wastewater	+1.5	+1.5	-	+3.0
Industrial	1.0	+1.5	+0.5	+3.0
Commercial	+1.0	+1.0	+1.0	+3.0
Govt. Buildings	+0.5	+1.0	-	+2.0
Transportation	+1.0	+1.5	-0.5	+2.0
Energy/Utilities	+1.0	+1.5	-1.0	+1.5
Environmental	+1.5	+1.0	-1.0	+1.5

7 Suggestions Based on What We're Seeing



1. Make sure your compensation structure is keeping up with recent increases.
2. Watch future PSMJ market surveys to see what's happening in each of your markets – and adjust accordingly.
3. All markets are hot now. So be picky about who you work for. Now's a great time to raise prices (more than you raise wages).
4. If you're seeing a drop in project profitability, invest in improving project management.
5. Reinvigorate your efforts to recruit top-notch talent. Hire easier-to-find non-technical staff to do some of the work.
6. Get serious about leadership development and succession planning.
7. Invite your best people become owners (so they don't become your toughest competitors).

3 Ways to Get PSMJ's Quarterly Market Forecasts

1. Buy them for \$247 per quarter
2. Become a member of PSMJ for \$597 per year (plus you get a lot of other great stuff)
3. Take 5 minutes to participate in the survey and get the results for free

Sign up to be notified of our next survey here...

www.psmj.com/surveys/quarterly-market-forecast



Questions or Comments???



Jared Jamison, P.E.
PSMJ Resources, Inc.
jjamison@psmj.com
804-387-4042