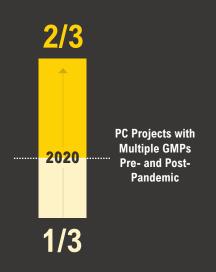
## **PC Construction Industry Analysis**

January 2023



## **Managing Risk and Using Multiple GMPs**

In the wake of the turbulence caused by the pandemic and fluctuating market conditions, many projects are facing cost escalation and extended material lead times. Project teams are seeking all options to control these risk factors. One common approach is to use multiple Guaranteed Maximum Price (GMP) contracts to lock in early pricing and "start the clock" on the longest lead-time items. Since the pandemic, we have seen a 33% increase in projects that utilize multiple GMPs or owner-requested GMP scope adjustments (essentially a strategic scope revision to the GMP that was submitted).



66%

In our recent experience, two out of three projects valued at \$40 million and greater have utilized multiple GMPs or owner-requested GMP scope adjustments, often resulting in tremendous benefit to budget and overall construction duration.

## **New Construction Cost**

New Construction Type	1 Month	6 Months	12 Months	Since Feb. 2020	
Non-Residential Building	0.16%	9.78%	19.85%	35.29%	FRED of a section of the section of
Industrial Building	0.21%	10.38%	21.56%	39.49%	FRED at 1 households from the total form the total form to the tot
Warehouse Building	0.28%	8.24%	21.27%	45.07%	FRED = - was to a few and the second
Office Building	0.23%	9.65%	21.03%	36.91%	FRED = - baseline leads listed that the first has

## **Construction Commodities**

Commodity	Lumber	Copper and Brass Mill Shapes	Steel Mill Products	Plastic Construction Products	Gypsum Building Materials	Cold Rolled Sheet Steel (Metal Studs)	Ready-Mix Concrete	Diesel Fuel
1 Month	-3.08%	5.38%	-2.97%	-0.50%	0.44%	-3.28%	1.13%	-3.36%
6 Months	-31.02%	-9.33%	-22.93%	0.92%	4.65%	-42.69%	7.67%	-0.47%
12 Months	-8.95%	-7.84%	-26.60%	11.25%	18.03%	-49.95%	12.29%	59.57%
Since Feb. 2020	26.53%	48.06%	75.76%	55.61%	47.00%	68.00%	20.52%	202.73%
	FRED — trace tending over given the trace as a second of the trace as a second over given to the trace of the trac	FRED all a services and the base that have been as a service and the base that the base that a service and the base that the base that a service and the base that a servi	FRED all "hand-hands made hand at land hand at land at	FRED at the second seco	FRED at the analysis of the second se	FRED at a baseline and a baseline an	FRED of the control o	PRED at 1 manufacture law and the state of the law and the law

	Year	Escalation
	2023	_
Ш	2022	19.8%
	2021	34.4%
	2020	36.4%
8	2019	41.6%
Ę	2018	49.2%
	2017	53.8%
30	2016	54.7%
Ш	2015	58.0%
	2014	61.4%
	2013	66.5%