



The Northwest Construction Environment: What's HOT & What's NOT

*David Bentley
Construction Consultant
Ernst & Young LLP*

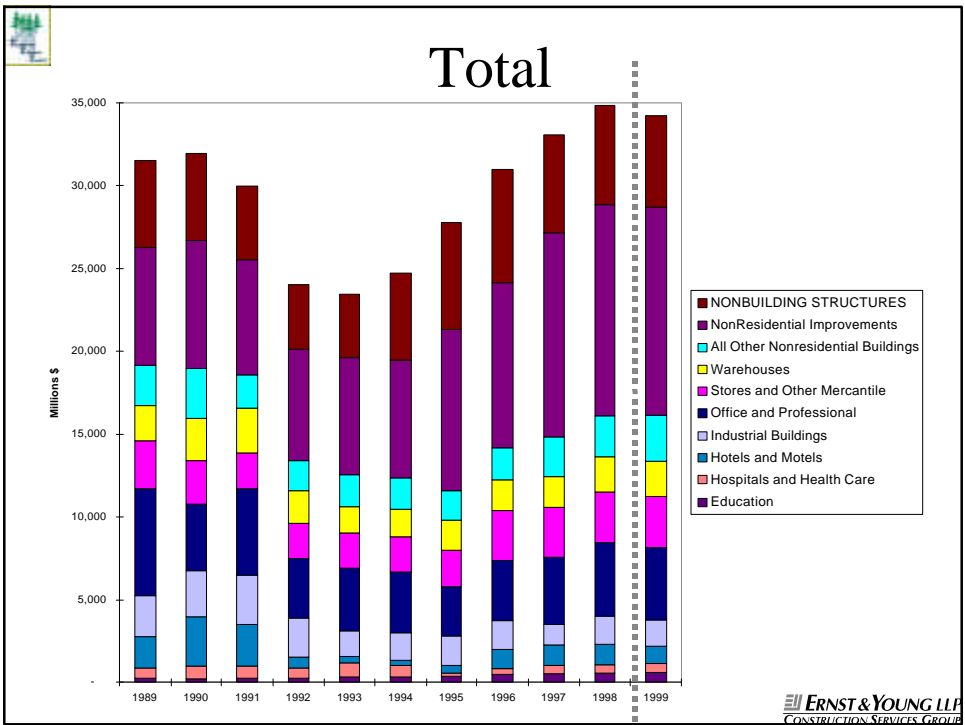
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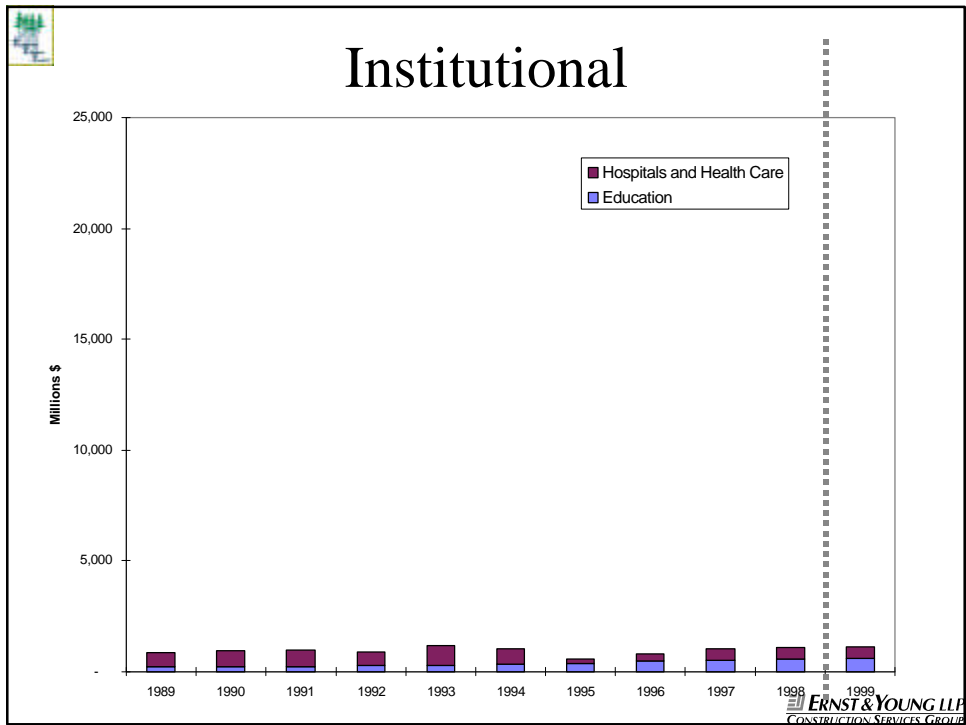
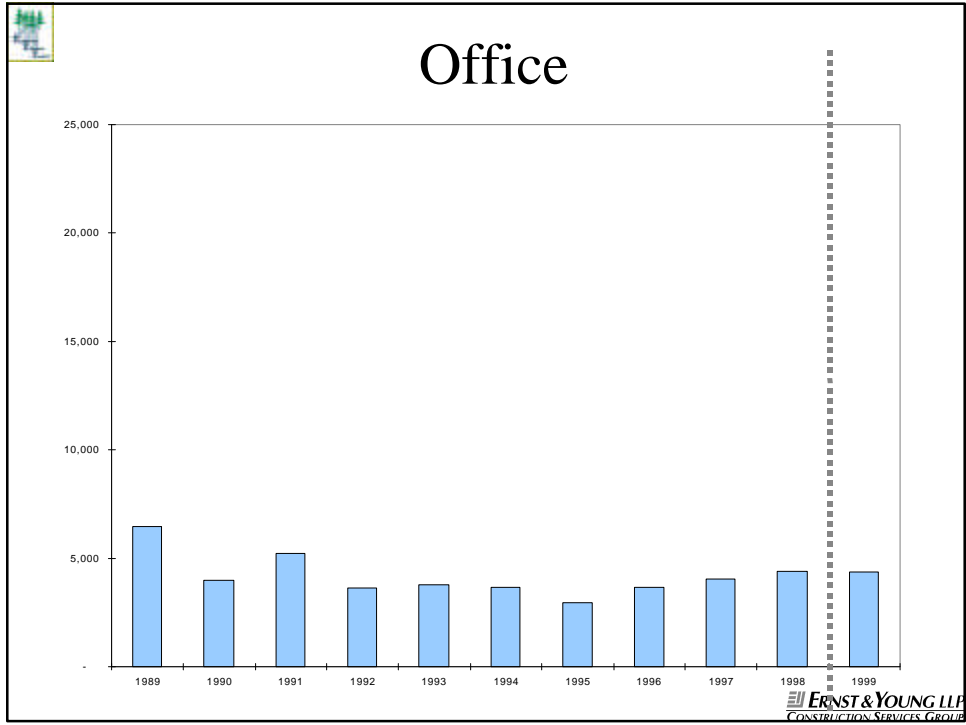


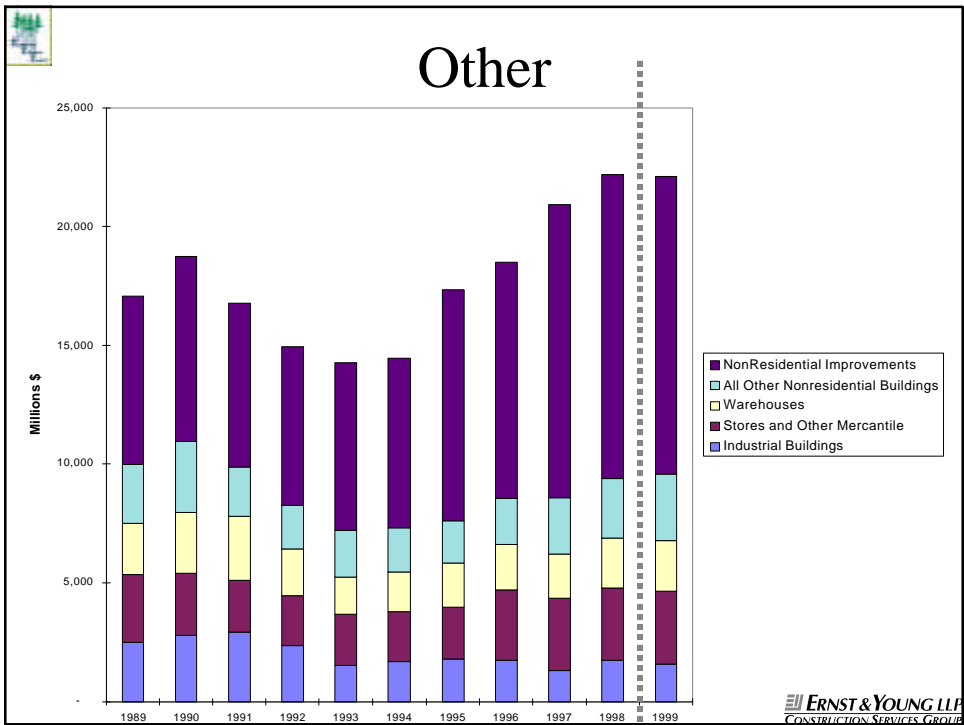
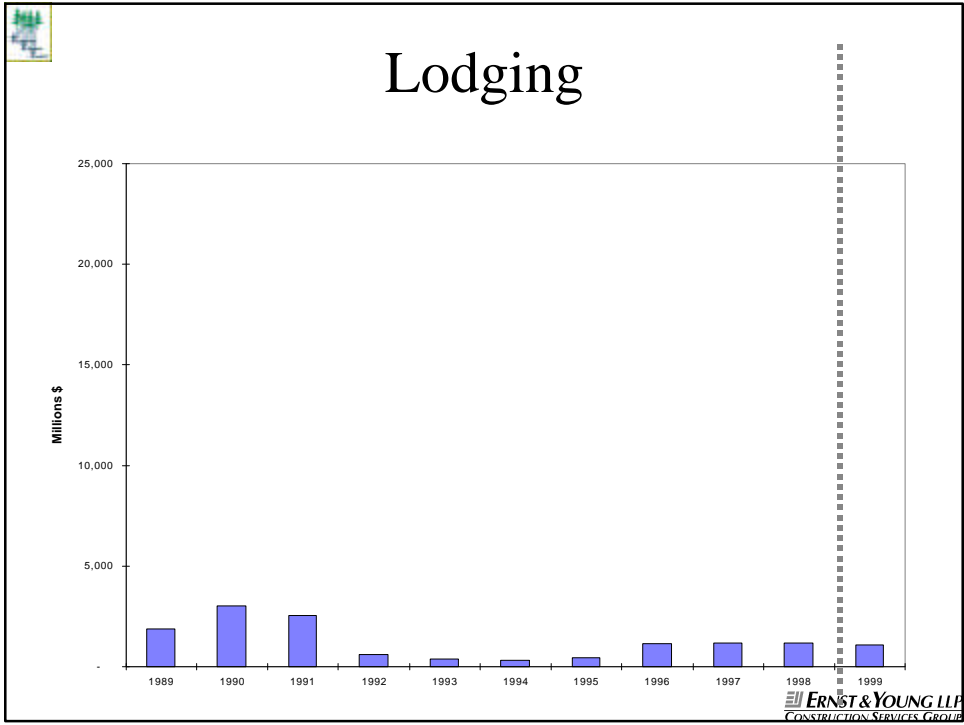
Outline

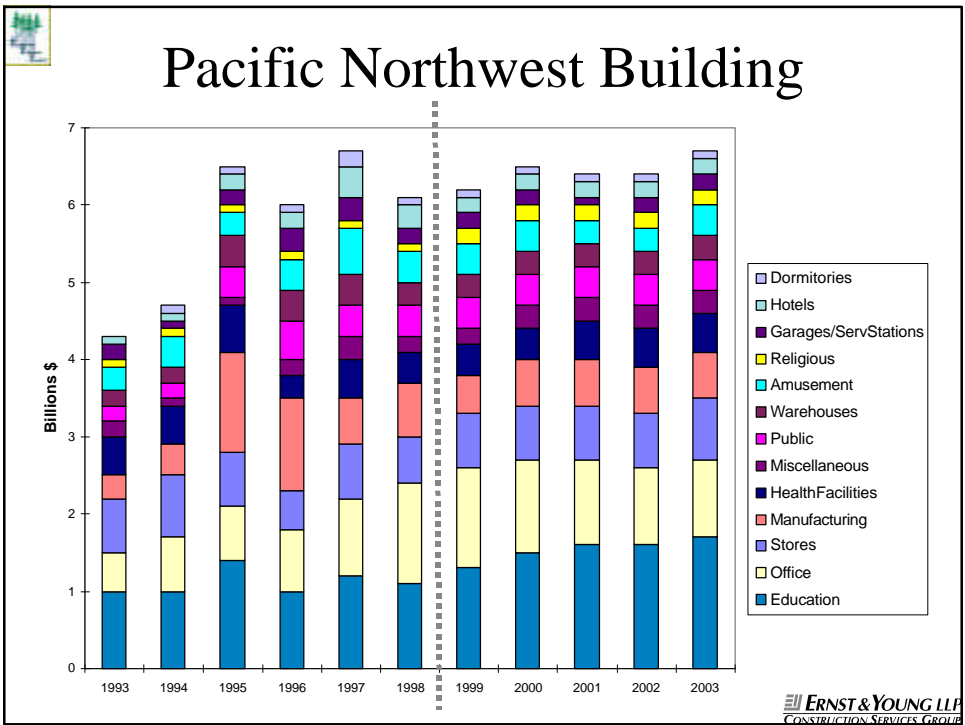
- Regional Outlook & Forecast
 - FMI
 - FW Dodge
- Industry Outlook
- Labor
- West Coast Trends

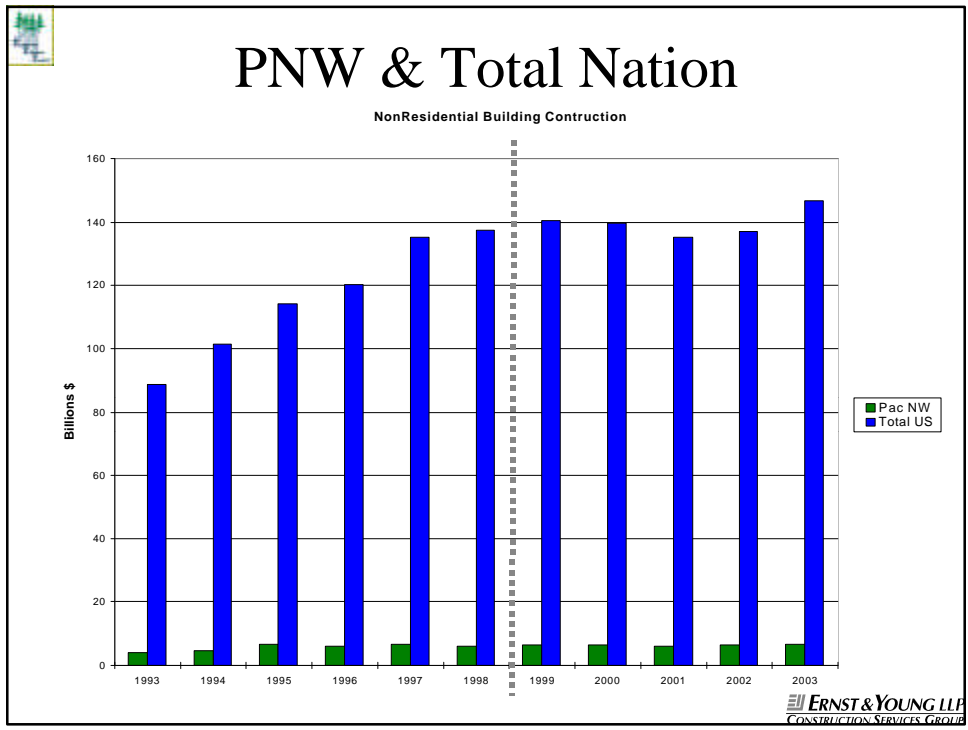
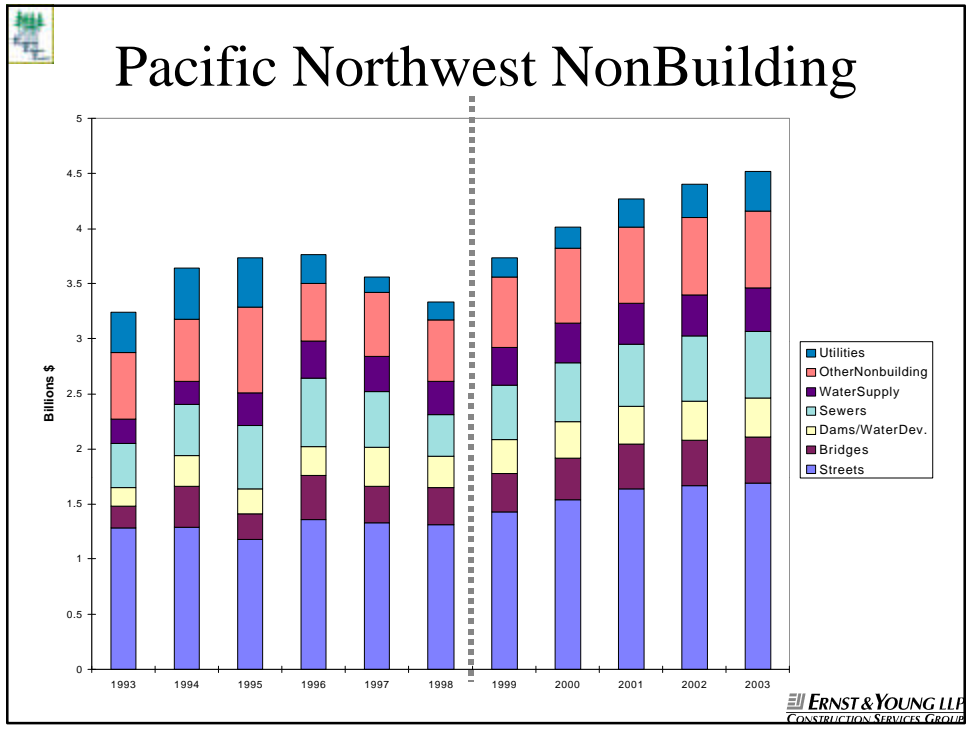
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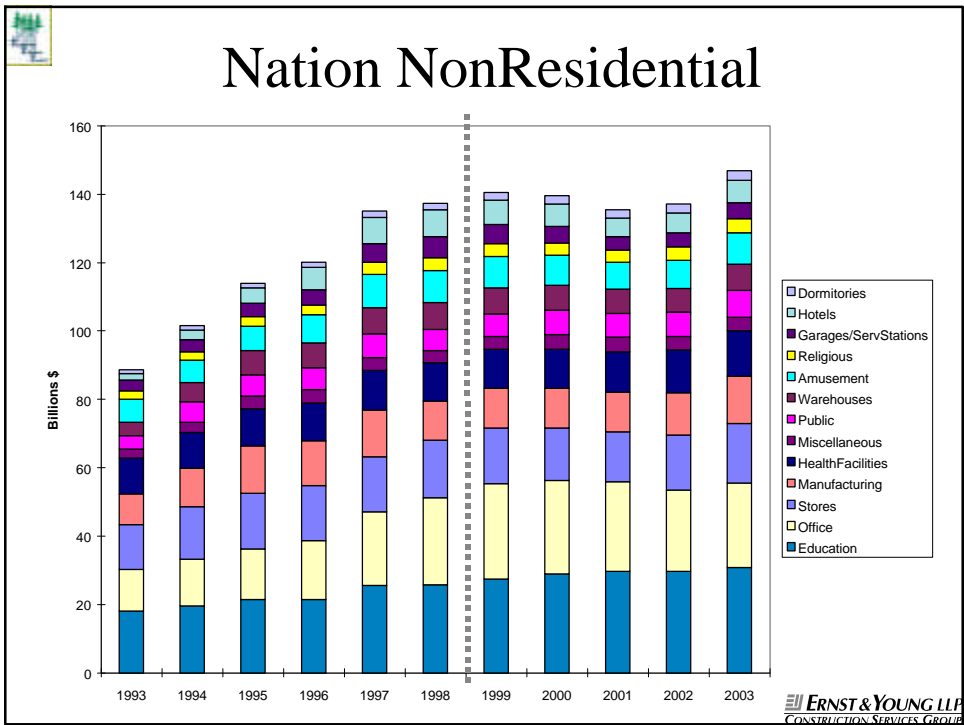
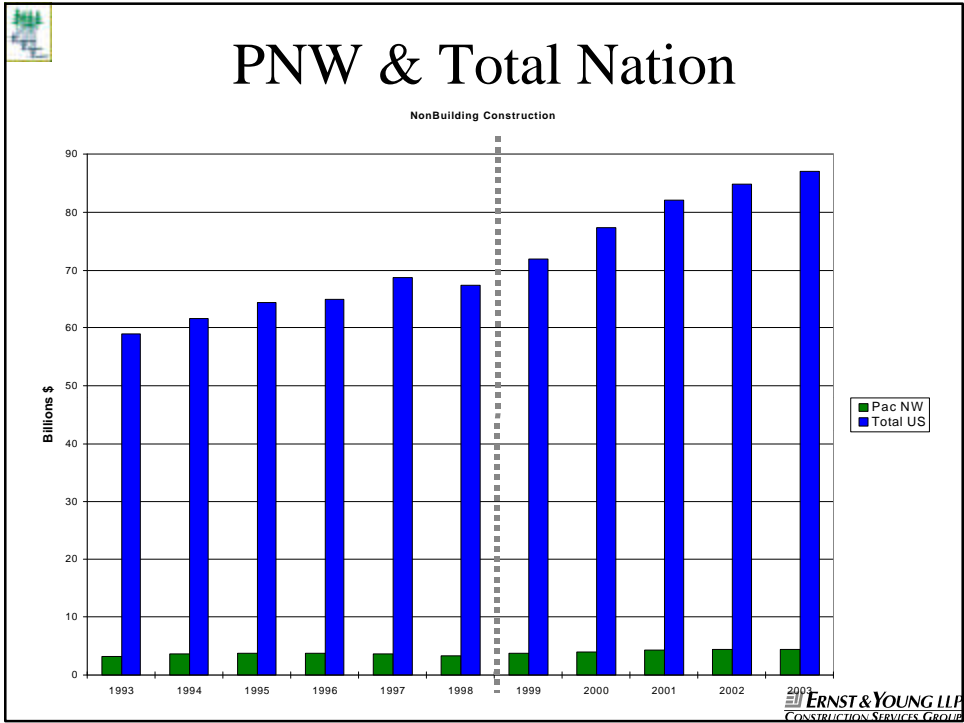


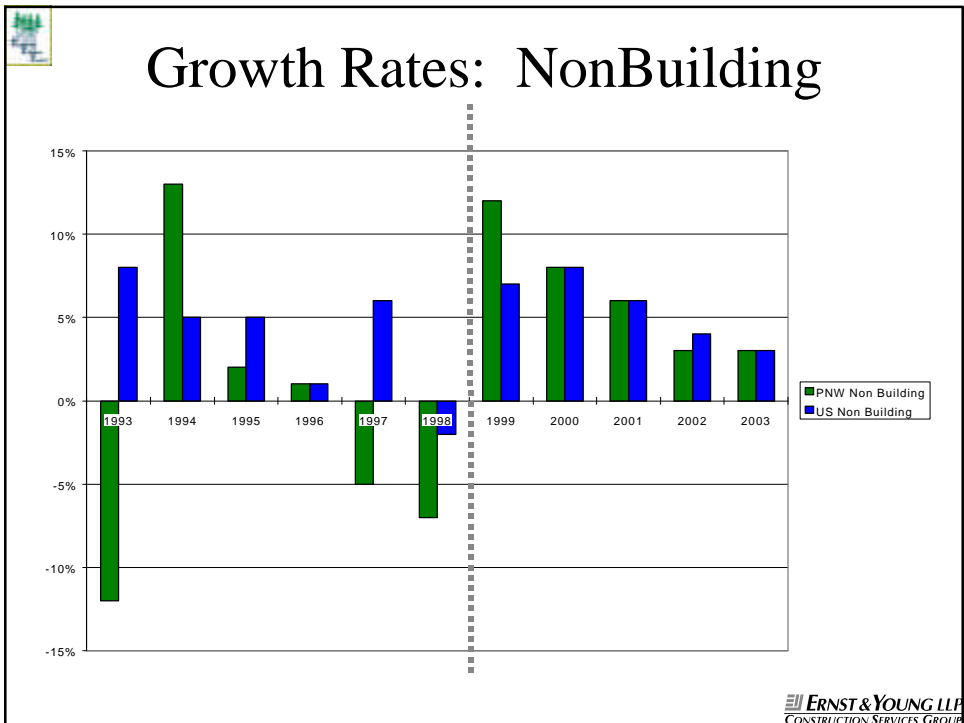
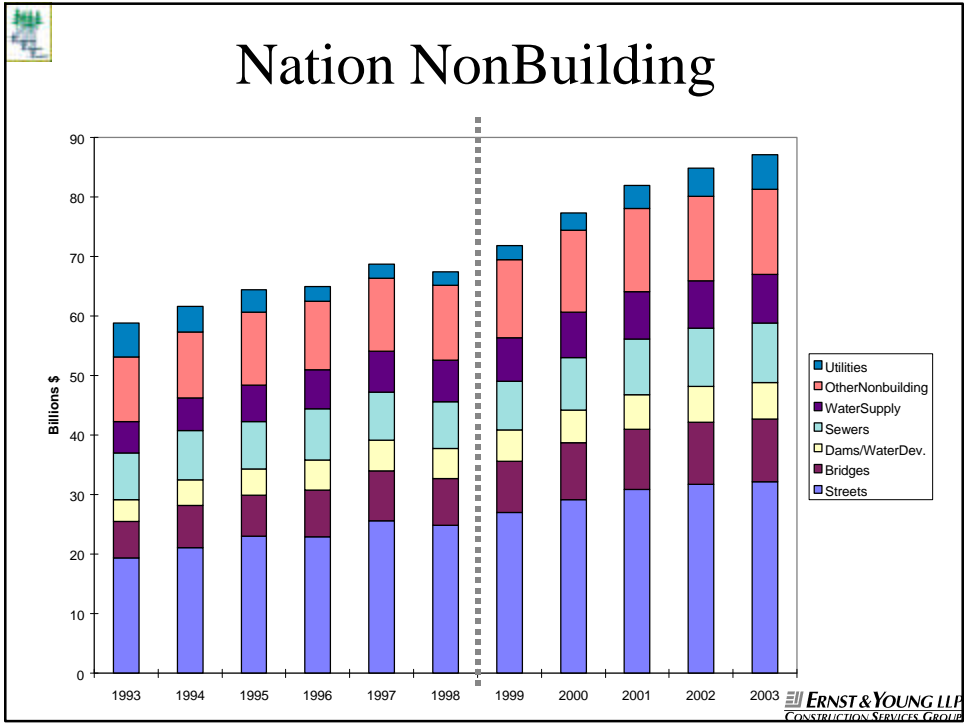


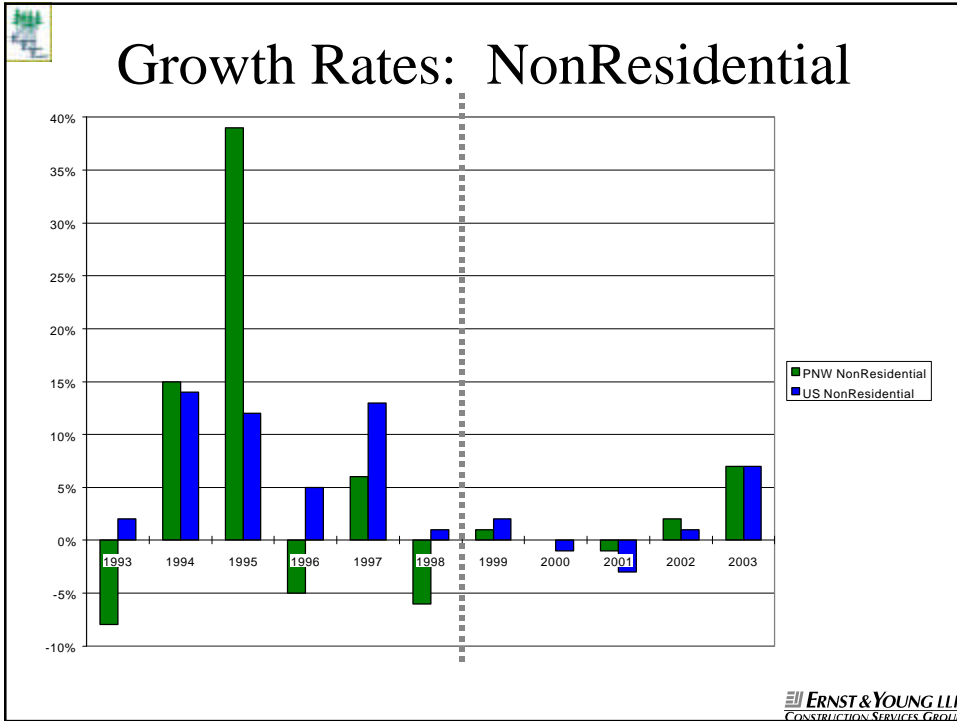












Developer's Outlooks

“with extremely tight supply markets, there’s also enough demand to support new construction however the front-line battle will be in the capital markets”

**Walt Ingram, CFO
Wright Wrunstad**

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Developer's Outlooks

“some clouds on the horizon, different from the eighties: we're 3-4 years into a growth phase and yet still have only 1-2% vacancy rates; in the eighties there were 20% vacancies and buildings were still going up”

Wayne Ulman
Quadrant

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Labor's Outlook

“have been able to meet the demand with some degree of difficulty. 1999 shaping up to be another excellent year with the public construction from Referendum #49 and the RTA”

Wayne Errington
Carpenters Union
Loc. 1797

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Labor's Outlook

“it is unreal the amount of work that we foresee over the two year horizon with Referendum #49, the RTA, and the stadiums”

“it has been difficult meeting the demands for our members”

Paul McNeil
Laborers Union
Washington/N. Idaho District Council

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Industry's Outlook

“not a huge amount of expected building and still selling off a significant number of assets”

“while Boeing will contribute significantly to the economy in '99 however production rates decreasing and layoff's announced”

Paul Gifford
Boeing Co.

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West Coast: Contract Strategies

- design-build increasing
- public/private partnerships increasing
- preconstruction services for GC's increasing
- GMP contracts increasing, cost-plus declining
- program management increasing

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West Coast Building Trends

- “smart” buildings
 - high speed internet access,
 - networking options
- employee amenities
 - employee training rooms,
 - fitness centers
 - cafeterias,
 - daycare
- "open" offices
 - use of cubicles rather than enclosed offices
- telecommuting.

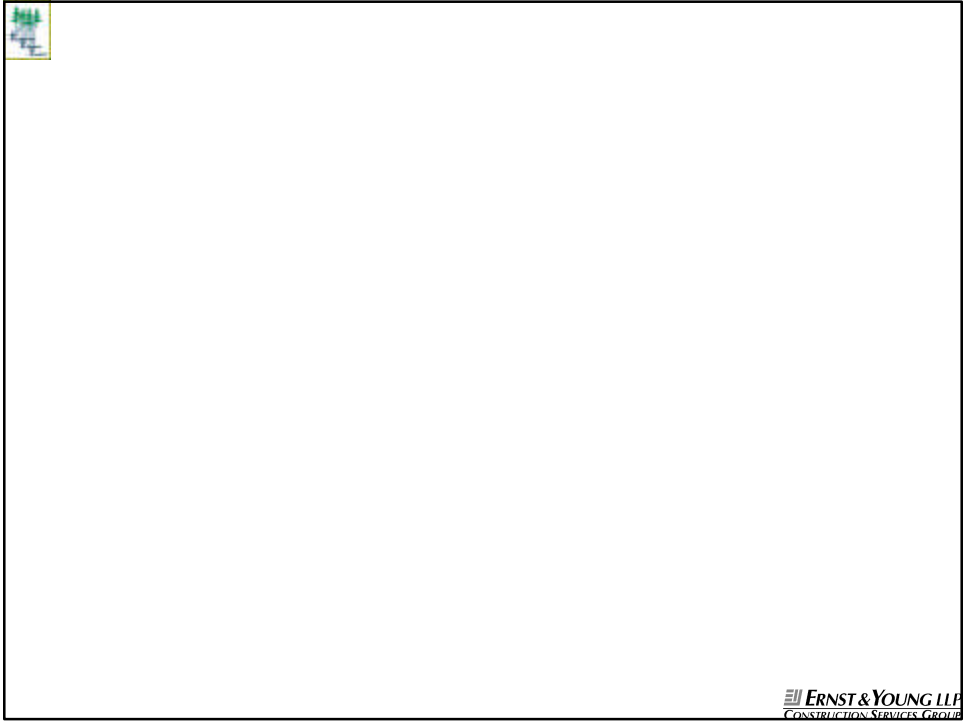
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Delivery Trends

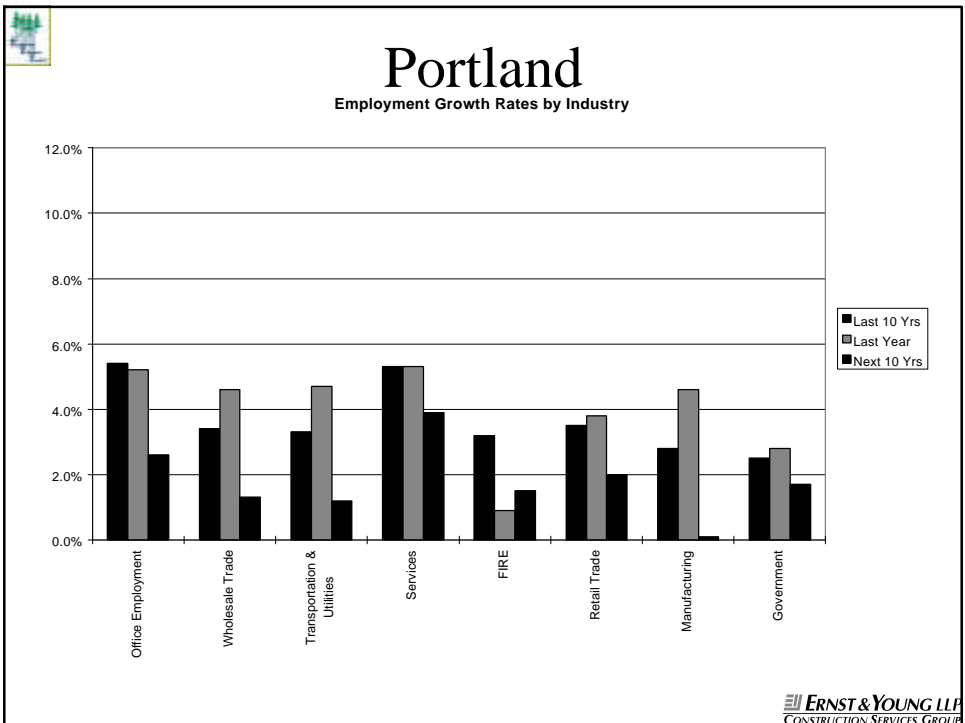
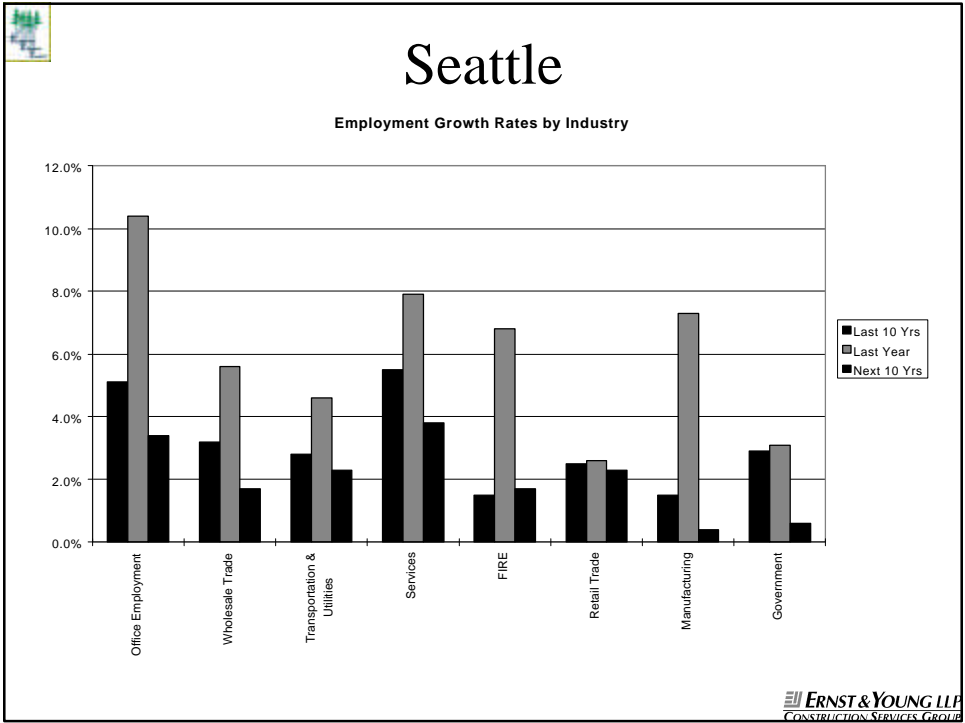
- schedules tightening
- increased budget management
- standardized procurement specifications
- stringent owner change control
- consultant performance-based clauses
- project management audits

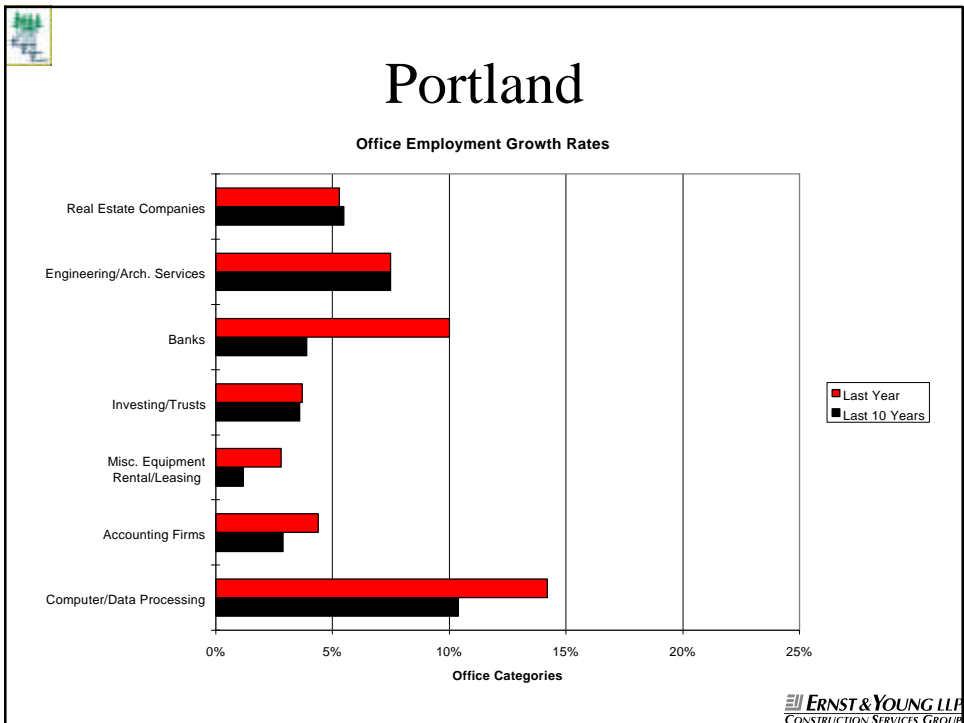
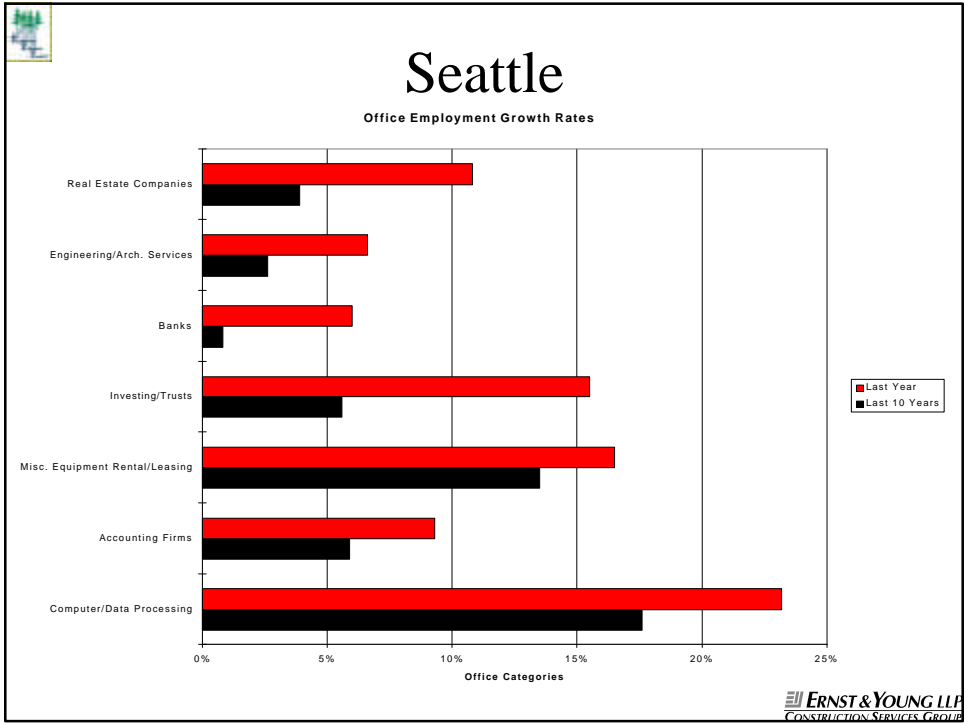




	Seattle	Portland
• Total Employment Rank: <i>(out of 54 market areas)</i>		
– Current Rank:	14th	28th
– Growth Last 10 Yrs:	9th	6th
– Growth Last Yr:	3rd	18th
– Growth Next 10 Yrs:	13th	14th









Northwest

- Positives
 - Infrastructure spending
 - Sound Transit, Referendum 49
- Uncertainties:
 - Major Corporations (Boeing, Intel, Nike)
 - Asian flu
 - Microsoft DOJ trial
 - National Slowdown
 - Y2K



Northwest Overall

1999 still holding solid,
2000 too early to tell.