

STAFDA Regional Market Report (6/2017)

Region 7: Tom Leahy, Border Construction Specialties, Phoenix, AZ (Operating in Phx, Tucson, Flagstaff, Yuma, Las Vegas and El Paso) 6 Concrete Accessories Branches, 6-Marvel Masonry Branches, Government Division and Safety Division (part of CSG)

The National **AIA Architecture Billing Index** finished April at 50.9 Nationally; three months in a row of increases rate. (West = 48.6) Slightly behind the US average.

FW Dodge value of construction awards compared to prior year/YTD (May 2017):

Total Construction: Flat to LY/YT

Residential: +9% to LY; Apartments continue to show strength? Can this continue?

Non Residential : +17%/LY; Education and Commercial leading the downturn. (Big year last year)

Non Building: -41% !!!!; All categories down other than Bridges. (Electric/power the big \$ one)

Unemployment rates; Nationally =4.7% ending April; Guess which state has the lowest unemployment rate? _____ at 2.3%. California=5.2%, Arizona =5.1% and New Mexico =6.6%

The construction industry added 11,000 jobs during May. The Bureau of Labor Statistics showed that construction's jobless rate fell to 5.3% in May from April's 6.3%. Gains came from every segment but led by heavy and civil construction. Non-residential was the only segment to lose jobs last month (-6,300)

This is a continued concern for our industry and a RISK to current momentum; who is going to do the work? Trade positions are not attracting the masses!

Discussion Points

- Inflation of goods; commodities (tariffs)?
- Fuel cost increasing
- Labor shortage
- Benefit Reviews/Creativity

Top Projects:

- Intel
- Several WTP (Water treatment plants)
- Raytheon
- Civil jobs
- Columbus Port of Entry
- Texas Tech
- Resort World (Vegas)
- Raiders Stadium (Vegas)

STAFDA Touch Points

I have enjoyed an opportunity to tour a number of Board member's businesses; not to my surprise, all are doing well, providing unique differentiating value propositions for their customer bases. Little to NO inventory concerns (amount), clean, neat, organized, and engaged STAFF!! I recently understood from a seminar that only 30% of America's employees are engaged. I certainly did not see that and don't see that within the STAFDA members I have visited. Think about that; 70% NOT engaged? Sometimes we are hard on ourselves and that might be good, but this is a staggering statistic. I would not think any of us believe this applies to us; but it might! Measuring this is tough; specific traditional tactics might help (surveys, turnover rate...) but spending one on one time with the staff might be the best tool available (hard to do with scale). Activities such as a "day in the life" programs are always popular and fun. Does this push us to over-compensate? Over-benefit?

Most STAFDA members in my region are optimistic, continue to hire sales staff (when they can), improve inventory levels, and attempting to improve margin rates (good for everyone). Pressure is on to ride the wave of a slightly improved economy!