

STAFDA REGION 9 (CA, NV, HI) 2017 Mid-Year Report

STAFDA served markets have remained strong through mid-year 2017 and it appears this will continue for 18-24 months. A long, extreme winter in CA and NV has delayed some projects but has boosted potential infrastructure work near term. The premiere example of this is the rebuild of the Oroville Dam spillways, a \$275M project that is underway and must be completed by Nov 1, 2017. Longer term, an additional \$.12 gal fuel tax is to go into effect 11/1/17 in CA to raise \$52B over 10 years and is intended to fund transportation rebuild and deferred maintenance work. LAX, LA Metro, and LA DWP also have major expansion/rework projects underway or planned, although DWP recently put on hold \$2.2B of long term power plant re-builds to study 'alternatives'. Other major future projects include new sports arenas/stadiums in SF and LA, rebuild of the BART Transbay tube and LA-SF high speed rail. San Diego currently has more construction underway than in the past 30 years.

Nevada and Hawaii are also in growth mode. Airport expansions are underway in Hawaii and building authorizations are up significantly over 2016 in both the public and private sectors. Multi-family and commercial construction remains strong. Las Vegas is poised for \$3+B in new work for the NFL Raiders stadium and a major expansion of the Wynn properties among others. A small commercial boom is underway in Reno due to what is locally referred to as the 'Tesla' effect.

Design and construction employment and revenues are up significantly across the region. Design firms are reporting revenues up 33% over 3 years. Much of this is driven by increased capital TI and retrofit work in new and existing buildings as new projects are completed. Specialty and urgent health care center work remains strong and a 2030 deadline is driving hospital seismic upgrades.

All of this activity continues the growing demand for skilled supervision and labor, with significant shortages anticipated throughout the region for the foreseeable future. The construction industry is still seen as plagued by inefficiencies and the lack of technology adoption. Some hopeful signs emerged, however, at the recently concluded ENR FutureTech Conference in SF, which was sold out. Systems for sharing and managing data as well as forced collaboration are improving design/build/operate projects. Further, GC's are increasing usage of real time tracking of people, equipment, materials, and tools with RFID and GPS systems. DeWalt announced a pilot Wi-Fi jobsite product line due in Q4 2017 at the conference.

All of this points to continued growth and prosperity throughout the region for the near term and hopefully for the long term.