

SALT LAKE CITY, UT

Utah's construction industry has felt the sting of the coronavirus pandemic, which has fundamentally altered job sites, but a bigger challenge looms. Experts predict a lengthy downturn in demand for new buildings as the state's economy sags. Construction activity is down severely compared to last year. Utah had the benefit of going into the outbreak with both its residential and commercial real estate markets thriving, though it is unclear how long that cushion will last, even as the economy starts to reopen. Construction has been deemed an essential business in state and county health orders. That

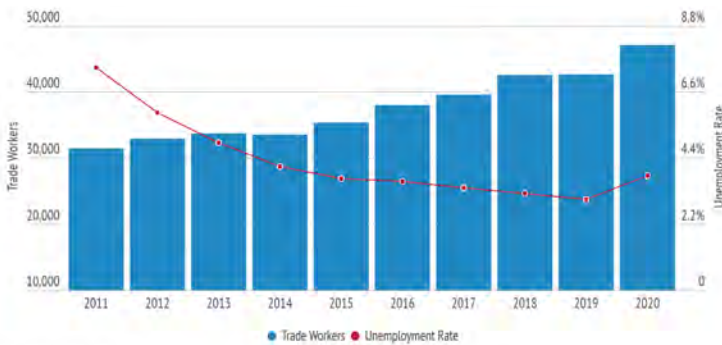
means work has continued, but it has also required changes at building sites, including daily employee questionnaires, segregated chemical toilets, and new hand-washing stations. Utah's residential sector — long its largest construction market — has been increasing continuously year-on-year. However, we are now predicting that this will drop off over the next few years to pre-2016 levels. Across all sectors, we are forecasting an average 10% drop in construction volume. Despite this, the major renovation at SLC Airport has used the significant reduction in traffic to their advantage and actually increased construction activity to the point where they have reduced their construction finish by two years and potentially saved \$300 million.

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

Sector	2015	2016	2017	2018	2019	2020	2021	2022
Total (x \$1m)	5,589	6,524	7,076	7,261	7,135	6,412	6,260	6,456
Residential	2,389	3,089	3,559	3,637	3,599	3,145	3,090	3,257
Commercial	591	730	759	799	759	686	640	634
Manufacturing	343	352	291	278	279	255	254	253
Healthcare	130	136	149	146	144	141	143	149
Education	404	443	468	456	438	411	423	465
Other Struct*	350	376	413	415	410	384	377	371
Infrastructure	1,382	1,418	1,437	1,529	1,506	1,392	1,354	1,327
Total Increase	Y-O-Y %	16.7%	8.5%	2.6%	-1.7%	-10.1%	-2.4%	3.1%
Residential	Y-O-Y %	29.3%	15.2%	2.2%	-1.0%	-12.6%	-1.8%	5.4%
Commercial	Y-O-Y %	23.5%	4.0%	5.2%	-5.0%	-9.6%	-6.7%	-0.9%
Manufacturing	Y-O-Y %	-3.3%	-12.5%	-4.5%	0.5%	-8.7%	-0.1%	-0.7%
Healthcare	Y-O-Y %	4.8%	10.1%	-2.0%	-1.7%	-2.3%	1.9%	4.4%
Education	Y-O-Y %	9.6%	5.6%	-2.5%	-3.9%	-6.2%	2.9%	9.8%
Other Struct*	Y-O-Y %	7.3%	9.8%	0.6%	-1.2%	-6.5%	-1.8%	-1.5%
Infrastructure	Y-O-Y %	2.6%	1.3%	6.4%	-1.6%	-7.6%	-4.2%	-0.5%

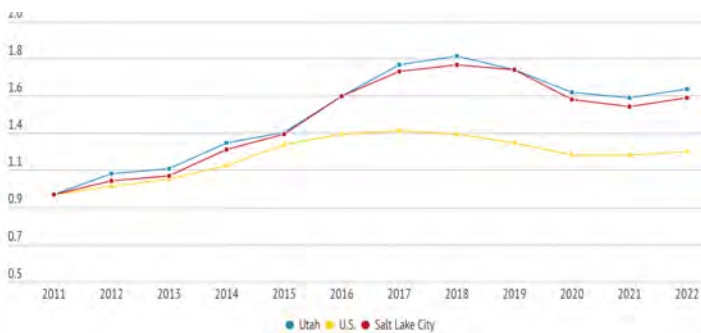
SOURCE: IHS-Markit * This includes religious buildings, amusement, government communications and public recreation projects.

Regional Construction Employment



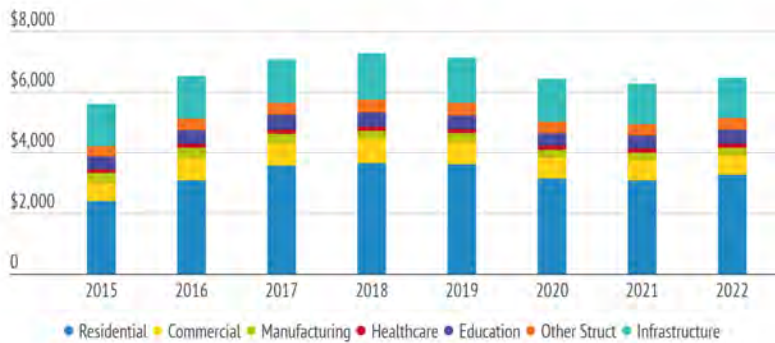
SOURCE: U.S. Bureau of Labor Statistics

Construction Volume vs Labor - Annual Increase/Decrease



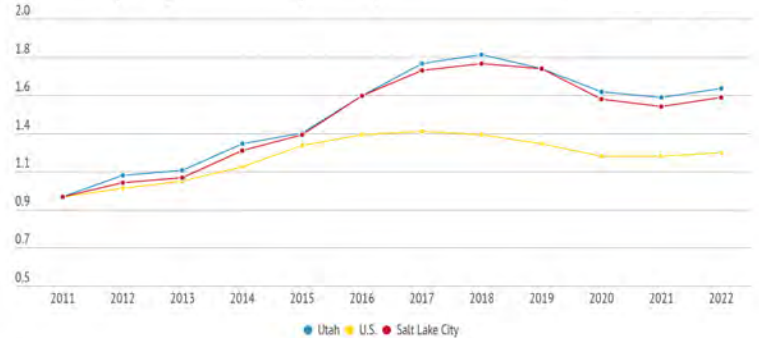
SOURCE: IHS-Markit

Annual Volume (x\$1m, 2012\$)



SOURCE: IHS-Markit

Construction Spending Index 2010-2021 (2010=1.0)



SOURCE: IHS-Markit

Top Regional Projects Sorted by Construction Value

Project	Location	Value
Utah State Prison Remaining Phases	Draper	\$860m
SLC Airport North Concourse	Salt Lake City	\$737m
ARA Industrial Center - Building D	West Valley City	\$450m
The Lake Park Commerce Center	West Valley City	\$425m
Oquirrh Mountain Resort	West Jordan	\$371m
Crossroads Paper Mill	Salt Lake City	\$320m
ARA Industrial Center - Building E	West Valley City	\$280m
Holladay Hills - Cottonwood Mall	Holladay Cottonwood	\$250m
Post District / Gale Street Apartments	Salt Lake City	\$227m
Bangerter Highway Improvement	West Jordan	\$222m

SOURCE: FreeConnect