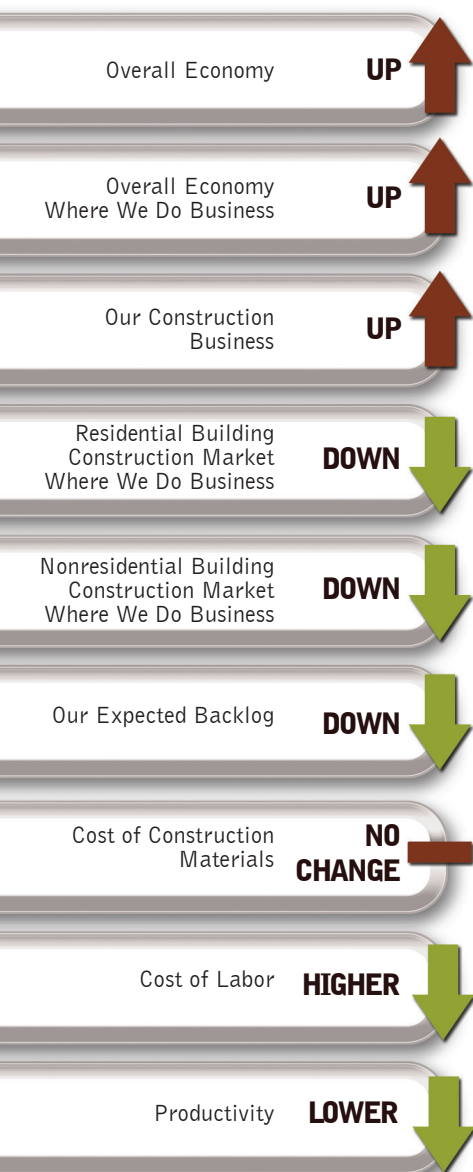


**CURRENT CIRT  
SUMMARY**

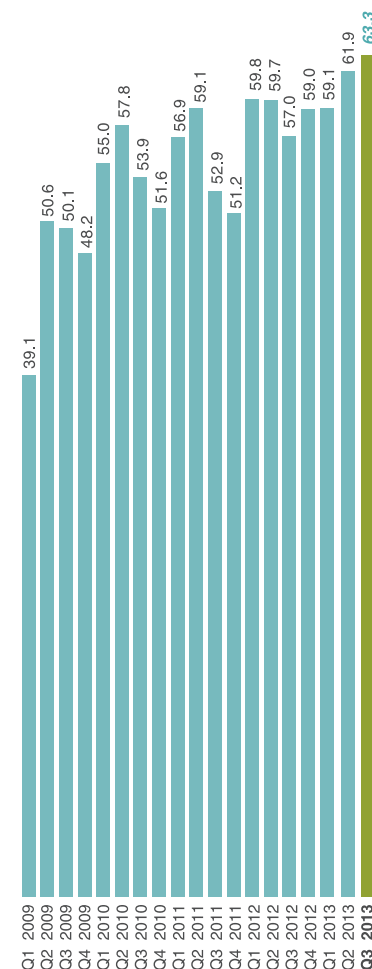


**CIRT SENTIMENT INDEX  
THIRD QUARTER 2013 EXECUTIVE SUMMARY**

With the exception of a couple of “current issues” questions this period, the third quarter 2013 report would look very much like the second quarter. The CIRT Sentiment Index score moved up 1.4 points, so no great cheers, but always good to see some improvement. Three components continue to hold down a more substantial or meaningful rise in the Index—the cost of construction materials, cost of labor and productivity. All three components are in line with national trends for other industries. One problem may be that businesses, construction included, aren’t investing enough in technology, equipment and training that would improve productivity. Instead, businesses are relying more on working harder than working smarter. Alternatively, just maybe, we are seeing the impact of employing two workers instead of one because of the dictates of the ACA (otherwise known as “Obamacare”) and its perverse impact on hiring decisions. Understandably, businesses are reluctant to make any large investments in an uncertain economy; yet it is exactly those types of investments that are needed to get the economy off dead center and on the move.

So what is causing all this uncertainty that keeps coming up? We hit on some items in our current issues section this quarter. Before discussing any results, let’s start by listing, and you can check your blood pressure before and after you read this. (1) The immigration/labor bill. (2) The impact of delays in the implementation of “ObamaCare.” (3) And the influence of residential growth on nonresidential construction.

It is clear in the response to questions about these issues that we pressed a couple of hot buttons. Confusion, uncertainty and delay are three words we don’t like to hear in business. However, these are issues our panelists, along with the rest of the nation, are dealing with. The last one, the connection between residential and nonresidential construction, is less of a hot-button problem than it is a market-forecasting problem. If a close connection between the



NEW	CURRENT CIRT SENTIMENT INDEX READING Q3 2013	63.3
	CURRENT CIRT DESIGN INDEX READING Q3 2013	67.5
PREVIOUS SENTIMENT INDEX READING: 61.9		

**EXHIBIT 1**

**CIRT Sentiment Index**

Scores Since Inception: Q1 2009 to Q3 2013

(Scores above 50 indicate expansion, below 50 indicate contraction)

# ABOUT THE CONSTRUCTION INDUSTRY ROUND TABLE (CIRT)

The Construction Industry Round Table (CIRT) is composed exclusively of approximately 100 CEOs from the leading architectural, engineering and construction firms doing business in the United States.

CIRT is the only organization that is uniquely situated as a single voice representing the richly diverse and dynamic design/construction community. First organized in 1987 as the Construction Industry Presidents' Forum, the Forum has since been incorporated as a not-for-profit association with the mission "to be a leading force for positive change in the design/construction industry while helping members improve the overall performance of their individual companies."

The Round Table strives to create one voice to meet the interests and needs of the design/construction community. CIRT supports its members by actively representing the industry on public policy issues, by improving the image and presence of its leading members, and by providing a forum for enhancing and developing strong management approaches through networking and peer interaction.

The Round Table's member CEOs serve as prime sources of information, news and background on the design/construction industry and its activities. If you are interested in obtaining more information about the Construction Industry Round Table, please call 202-466-6777 or contact us by email at [cirt@cirt.org](mailto:cirt@cirt.org).

## CIRT SENTIMENT INDEX

The CIRT Sentiment Index is a survey of members of the Construction Industry Round Table conducted quarterly by FMI Research, Raleigh, N.C. For press contact or questions about the CIRT Sentiment Index, contact Mark Casso at [mcasso@cirt.org](mailto:mcasso@cirt.org) and/or Phil Warner, research consultant with FMI Corporation, at [pwarner@fminet.com](mailto:pwarner@fminet.com) or call 919-785-9357.



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### CONFIDENTIALITY

All individual responses to this survey will be confidential and shared outside of FMI only in the aggregate.  
All names of individuals responding to this survey will remain confidential to FMI.

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## Executive Summary ... continued

two existed in the past—say a lag of 16 months after residential picks up, nonresidential is sure to grow—this is not true today, according to the opinions of the majority of our panelists. Then again, it doesn't hurt, except maybe to help keep materials costs high and take some good workers away from nonresidential construction.

The immigration bill that directly affects labor availability and costs is a more volatile issue for some, especially those who depend on finding large numbers of skilled or semiskilled labor. It is also just another demonstration of how our politicians are unable to get anything done without making a mess of it. Take Obamacare—please, to paraphrase one of Henny Youngman's most famous one-liners. If there were a magician in the audience, most panelists would like him or her to make this issue disappear. If, and that's a big if, there ever were some good ideas and intent in Obamacare, they have long ago been lost in red tape, broken promises and cost overruns. We have printed many of the comments received below, so one can get the full flavor of the panelists' opinions and views on the topic.

### CIRT Sentiment Index Third Quarter 2013 Highlights

**Overall Economy:** Panelists for the CIRT Sentiment Index improved their outlook for the overall economy by a solid 7.7 points to 73.7 this quarter.

**Overall Economy Where Panelists Do Business:** The economy where panelists work improved by 4.6 points to 70.3. While these economic components do not always equate to more business right away, an improving economy creates an environment where more growth is possible.

### CIRT Design Index Components

**Consulting Planning:** Consulting planning work improved from 65.9 last quarter to 73.3 this quarter, looking more like a harbinger of work to come.

**Pre-design work:** Pre-design work was essentially unchanged, moving up just 0.1 this quarter to a still strong 70.6.

**Commercial:** Design work for commercial construction dropped 3.5 points to 61.5, still in positive territory, but waiting, along with the rest of the construction industry, for more positive news in this large design and construction sector.

**Residential:** Although there has been a long-awaited improvement in residential design and construction, this

index component was unchanged this quarter at 66.7. After what looked like the beginning of another period of strong growth, this sector has leveled off as interest rates start to rise.

**Education:** Design for education projects was the weakest link in this quarter's Index score, now just 50.0; the component dropped 8.3 points reflecting state and local budget cuts.

**Health Care:** The Design Index component for health care work slipped from 58.8 to 54.5 this quarter reflecting the uncertainty in this sector due to health care changes and other financing factors.

**Industrial:** Industrial design work lost 2.8 points this quarter, but is still a strong market at 75.0.

**Transportation:** The transportation market came in stronger this quarter at 73.1, an increase of 7.3 points.

**Heavy/Civil:** Another good sign for infrastructure work, the heavy/civil design market improved 12.6 points to 68.2 this quarter.

**International:** Saving the best for last, the international market for design moved into the solid growth area to reach 82.1 this quarter.

## Construction:

**Panelists' Construction Business:** At 70.2 this quarter, panelists' expectations for their own business is in line with their expectations for the markets they work in, which sounds like very realistic expectations. Nonetheless, they also expect backlogs to decrease somewhat in the next quarter, and current backlogs are slightly lower than last quarter at a median of 14 months, compared with 15 last quarter.

**Private Sector Construction Business:** Among the reasons that growth in the Index continues to be slow is the uncertain growth in the markets. For instance, industrial/petrochemical markets have been strong and are still expected to remain strong, but dipped from 81 for the three-month outlook last quarter to just 70.0 this quarter. However, most expect continued strong growth in the coming one to three years. The outlooks for commercial, education and office work improved slightly with office being the strongest of the three at this time. Health care construction slowed, but it is expected to recover in the next one to three years, once the patient heals the head wound that has been the health care bill and financing for large projects.

**Cost of Materials:** The cost of materials remains high but only slightly higher than last quarter. The majority of panelists have seen no change for the third quarter. For our index, rising material costs are considered a drag on the index score.

**Cost of Labor:** Like the cost of materials, labor costs are only slightly higher than last quarter, but this is an ongoing trend for the cost of construction inputs.

**Productivity:** The decrease in the productivity score from 54.9 last quarter to 43.8 this quarter exacerbates the concerns with rising material and labor costs. If productivity continues to slip, it will be more difficult to keep prices in line in an already tough construction market.

## CURRENT ISSUES:

### Immigration/Labor Bill:

The majority of panelists believe that the proposed immigration/labor bill (S. 744, Border Security, Economic Opportunity and Immigration Modernization Act of 2013) should be passed (51% yes and 33% yes with some amendment). However, if not passed, 32% of panelists expect no appreciable change in the regions they work in, and 24% said that they are not dependent on immigrant labor.

### Residential Growth Impact on Nonresidential Construction:

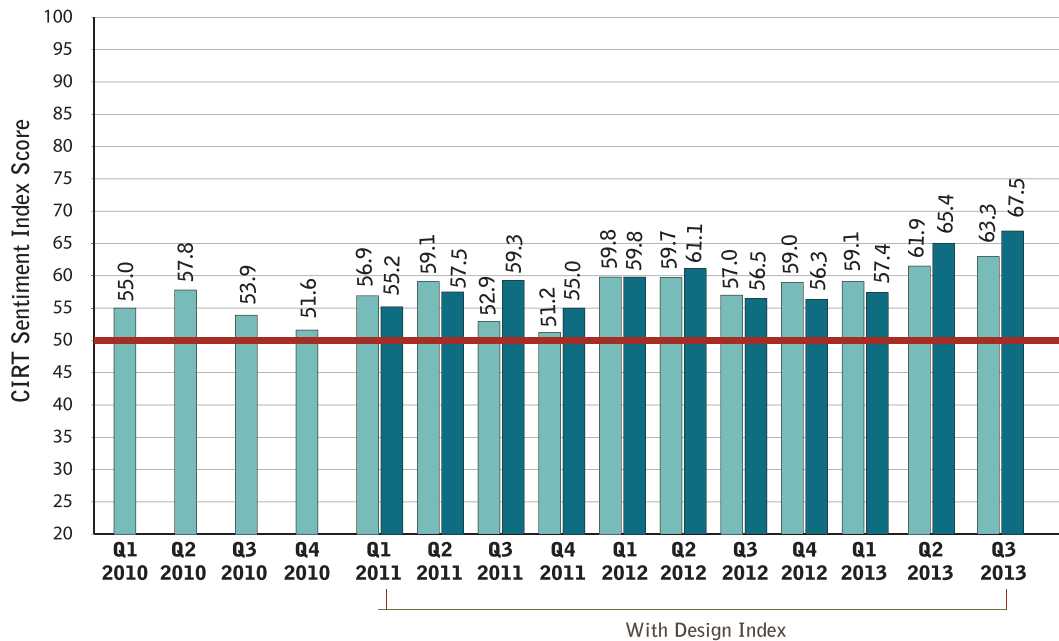
Headlines about the growth in residential housing sales and new construction can sometimes make one think all construction is improving; however, 39% of panelists have not seen any noticeable change in their markets at this point. Thirty-three percent of panelists think it is helping, but not sure how much. Others (24%) think it is helping add 1% to 3% to nonresidential construction. This data appears to underscore the paradigm shift, which once believed or held that the connection between residential and nonresidential construction was accepted as closely linked. Now, that link may be more indirect and tenuous or, at a minimum, less certain.

### "Obamacare" Implementation Delay Impact:

The recent announcement that the employer mandate portion of the ACA, "Obamacare," law will be delayed is for many another sign that the law is deeply and irretrievably flawed. Sixty-one percent of panelists do not expect the delayed mandate to accelerate hiring decisions and economic activity in the following year, compared with only 8% who think it will help. Many comments indicate that this is all political. Beyond the obvious constitutional crisis brought on by the president's unilateral actions, most agree, whether they support the law or not, that it is causing more market uncertainty than helping health care.

## EXHIBIT 2

### CIRT Sentiment Index Scores : Q1 2010 to Q3 2013 (Scores above 50 indicate expansion, below 50 indicate contraction.)



## CURRENT ISSUES:

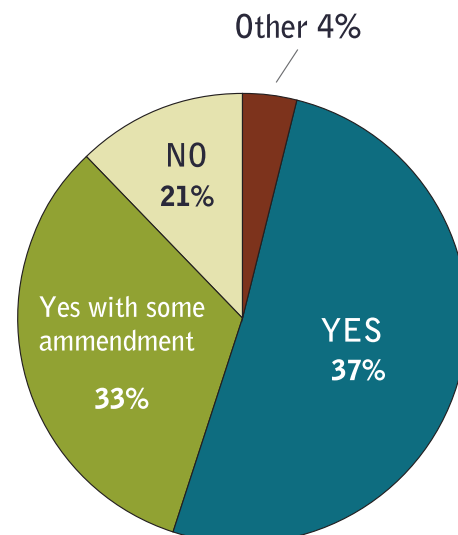
### Immigration/Labor Bill:

We refer to the Border Security, Economic Opportunity and Immigration Modernization Act of 2013, (S. 744), as a labor bill when looked at from the viewpoint of business in the construction industry—and the agricultural industry—because most of the bill is directed at labor immigration and the status of illegal workers and work visas, etc.

The bill also calls for more than \$60 billion in spending to beef up border security with new barriers as well as border patrol personnel. While there is a good deal of bipartisan support for the bill, there is no shortage of controversy and amendments. Our panelists have varying viewpoints and some strong opinions on this bill. The majority of panelists believe that the current immigration/labor bill (as they understand its balance) should be passed (51% yes and 33% yes with some amendment). However, if not passed, 32% of panelists expect no appreciable change in the regions they work in, and 24% said that they are not dependent on immigrant labor. Primary concerns are that, without the passage of the bill, labor costs might go up appreciably, and labor may be hard to find as the economy and work improve in the next few years.

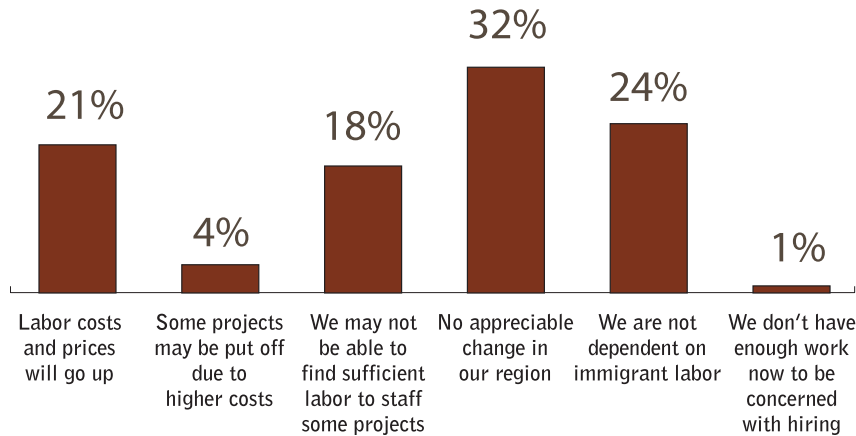
## EXHIBIT 3

Do you think the current labor bill (S. 744, Border Security, Economic Opportunity and Immigration Modernization Act of 2013) should be passed?



**EXHIBIT 4**

If the current labor bill — or something similar with amendments — is not passed, how will that affect your ability to get and perform work in the next one to three years?

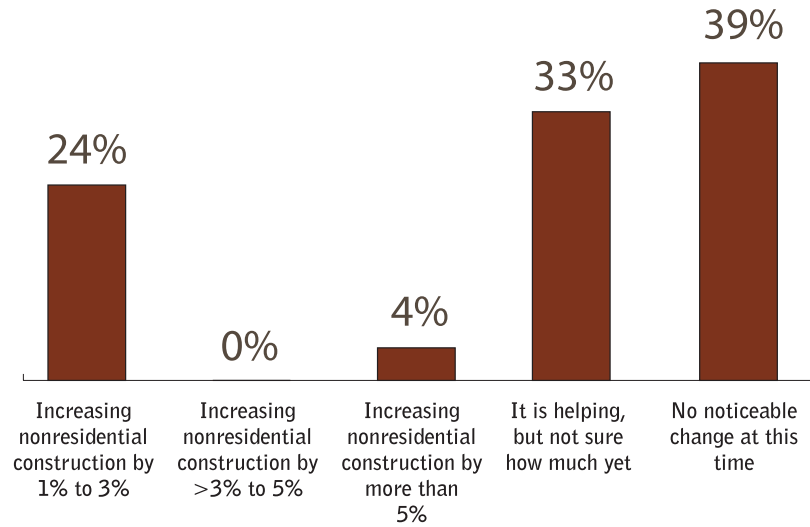
**Residential Growth Impact on Nonresidential Construction:**

Headlines about the growth in residential housing sales and new construction can sometimes make one think all construction is improving; however, nearly 40% of panelists have not seen any noticeable change in their markets at this point. Thirty percent of panelists think it is helping, but are not sure how much. Others (23%) think it is helping add 1% to 3% to nonresidential construction.

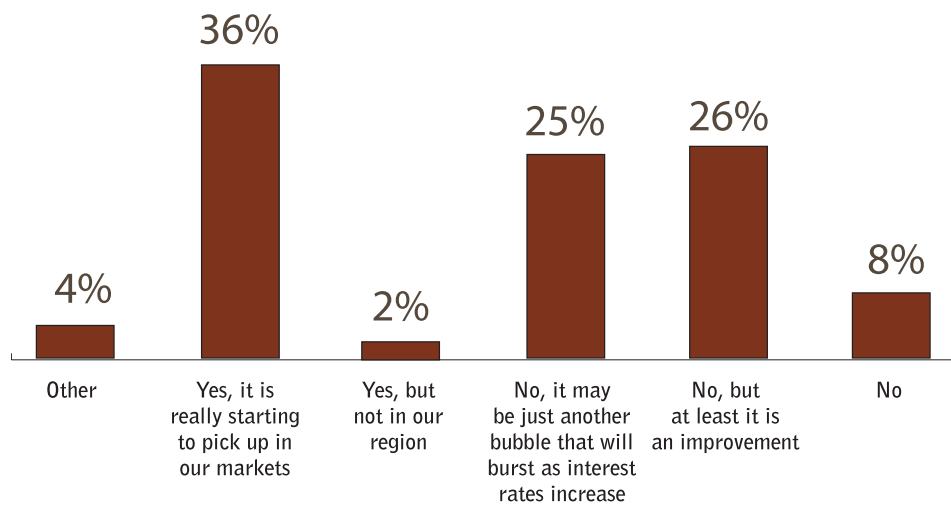
Where once the connection between residential and nonresidential construction was accepted as a given, that link may be more indirect or tenuous at best these days. If there is any link, it appears to be more an emotional link. If residential construction continues to grow, it will help the feeling that the economy is getting back on track and that owners in the nonresidential construction sector should consider getting on the bandwagon, so to speak. So far, we haven't forgotten the last building bubble, and interest rates are showing signs of creeping higher. Bottom line, it is good that residential construction is growing; and if it is sustainable, we can use any help we can get to keep nonresidential construction growing as well.

**EXHIBIT 5**

How much is the improvement in housing construction helping nonresidential construction?

**EXHIBIT 6**

In your opinion, is the current improvement in residential construction sustainable?



### Comments on the relationship between the residential market and nonresidential construction:

- Certain cities will be heavily impacted by growth.
- Historically, there has been a direct relationship between the two. It does not appear to me that history is repeating itself. It may be too early to tell, however. Low interest rates are a difference-maker.
- I do not think there is a real link other than low interest rates are good for making an investment in residential or nonresidential construction. Unfortunately, if fed stops QE, rates will go up, and with low federal spending due to sequestration, economy could fall into tailspin.
- More demand for labor in residential will make it a bit harder to source that labor for other kinds of construction. Higher demand for some materials could result in price increases. General effect on economy and unemployment is positive.
- Only works if interest rates are stable.
- Residential largely drives new retail, education, health care construction.
- The residential construction increase reflects overall improvements in the economy and presages increased demand for construction material and labor. The increase should also encourage delayed non-residential projects that rely on consumer spending to increase as well as those infrastructure markets that reflect increased residential, such as water, health care, etc. I don't see any near term impacts of the residential market on depressed state and local budgets and spending on infrastructure. The Detroit bankruptcy, although very specific to the circumstances, underscores the pervasive weakness in state and local government finances, which have heavy and enduring pension liabilities that will continue to be a drag and risk.
- The residential market is artificially sustained by a large inventory of housing that should be in foreclosure, but is currently off the market because the banks are hesitant to foreclose due to legal issues. My bank tells me this is starting to work through the system, but it tells me the residential market is artificially high but getting better.

## Impact of the “Obamacare” Implementation Delay

We asked panelists to give us their opinions to the question: “Do you believe delaying the implementation of the employer mandate portion of ACA (aka “Obamacare”) will likely accelerate, improve or positively change hiring decisions and economic activity over the one-year extension?”

Sixty-one percent of panelists said they do not expect the delayed mandate to accelerate hiring decisions and economic activity in the following year, compared with only 8% that do think it will help. More telling of opinion in this response is that 31% weren't sure what would happen. Many comments indicate that this is all political. Most agree, whether they support the bill or not, that it is causing more market uncertainty than helping health care. The complexity, uncertainty and no lack of strong opinions on both sides are the real underlying problems to implementing this law, as reflected in one comment we received:

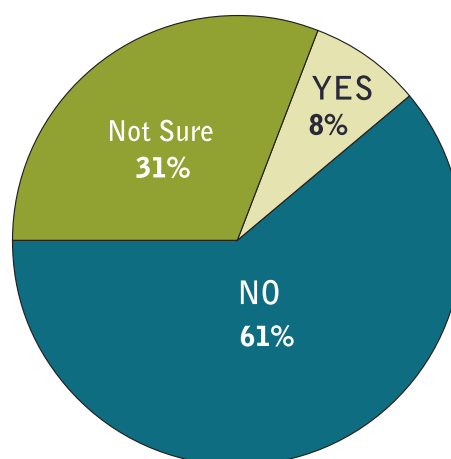
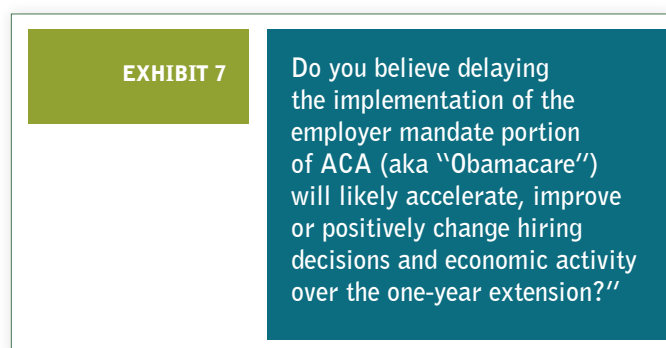
First, the ambiguity surrounding Obamacare erodes the general confidence in our government's ability to make correct decisions to aid and assist business. Second, the delay, while it may improve short-term business, impedes the ability for medium-term (six to 12 months) planning and recruitment. Finally, union negotiations will increase in difficulty due to the large issue of health care benefits and the ability to remain competitive.



We offer all of the comments received with only slight editing below to show the range of opinion and strong feelings of our panelists on this issue.

#### Comment on Obamacare Delay:

- All political. The president did not want the issue to be substantial in next election after people seeing the effect on them.
- Due to our size, the delay will not have any impact.
- Economy in the design and construction industry remains unstable.
- Health care will continue to be cautious moving forward, which will slow construction spending.
- If anything, it gives large companies one more year to figure out how to minimize their employee base and/or get out of the mandates by using part-time workers, getting an exemption, etc.
- It needed to be delayed. The plan was long on rhetoric and low on real implementation tactics. Let's hope that it is not only delayed, but also it becomes more realistic over the next 18 months.
- Minimal impact on us. We will continue with the implementation of our approach.
- Obamacare delay will not affect us nor will it affect any company that already offers competitive health insurance for their employees. This delay affects only 3% of the companies that are small businesses that rely on minimum-wage workers and do not have health insurance for them.
- Strictly political.
- They need to change the law significantly or it will have a negative impact on business
- Too much uncertainty all around. We have not seen any direct impact in our markets or in hiring. Labor availability remains tight.
- Too little, too late.
- Typical gutless politicians.
- Very costly, not sure it helps and too intrusive.



# CIRT Sentiment Index Component Detail by Market Sector

EXHIBIT 8

Dangerously Low

Very Low / Significant Drop

Low

Positive Growth Indicator

Very Positive Growth Indicator

	Overall Quarter 2 for 2013				Overall Quarter 3 for 2013			
	Improving over last quarter	Remains the same as last quarter	Worse compared with last quarter	CIRT Sentiment Index Component Results for Q2 2013	Improving over last quarter	Remains the same as last quarter	Worse compared with last quarter	CIRT Sentiment Index Component Results for Q3 2013
<i>Business Outlook - Three Months</i>								
Commercial	18.2%	81.8%	0.0%	59.1	25.9%	66.7%	7.4%	59.3
Education	6.9%	82.8%	10.3%	48.3	15.2%	72.7%	12.1%	51.5
Health Care	31.0%	62.1%	6.9%	62.1	22.6%	67.7%	9.7%	56.5
Lodging	21.7%	65.2%	13.0%	54.3	25.9%	63.0%	11.1%	57.4
Manufacturing	24.0%	72.0%	4.0%	60.0	47.4%	52.6%	0.0%	73.7
Office	16.0%	72.0%	12.0%	52.0	26.7%	70.0%	3.3%	61.7
Industrial / Petro Chemical	66.7%	28.6%	4.8%	81.0	40.0%	60.0%	0.0%	70.0
Transportation Related	9.1%	81.8%	9.1%	50.0	28.6%	62.9%	8.6%	60.0
Public Works / Heavy Civil	12.5%	75.0%	12.5%	50.0	16.1%	71.0%	12.9%	51.6
Other	40.0%	40.0%	20.0%	60.0	16.7%	83.3%	0.0%	58.3
<i>Business Outlook - One Year</i>								
Commercial	40.9%	54.5%	4.5%	68.2	44.4%	51.9%	3.7%	70.4
Education	20.7%	75.9%	3.4%	58.6	30.3%	57.6%	12.1%	59.1
Health Care	41.4%	48.3%	10.3%	65.5	41.9%	51.6%	6.5%	67.7
Lodging	39.1%	43.5%	17.4%	60.9	37.0%	55.6%	7.4%	64.8
Manufacturing	44.0%	56.0%	0.0%	72.0	68.4%	31.6%	0.0%	84.2
Office	40.0%	36.0%	24.0%	58.0	26.7%	66.7%	6.7%	60.0
Industrial / Petro Chemical	81.0%	9.5%	9.5%	85.7	70.0%	30.0%	0.0%	85.0
Transportation Related	39.4%	54.5%	6.1%	66.7	45.7%	48.6%	5.7%	70.0
Public Works / Heavy Civil	34.4%	62.5%	3.1%	65.6	32.3%	54.8%	12.9%	59.7
Other	60.0%	20.0%	20.0%	70.0	66.7%	33.3%	0.0%	83.3
<i>Business Outlook - Three Years</i>								
Commercial	61.9%	33.3%	4.8%	78.6	74.1%	18.5%	7.4%	83.3
Education	42.9%	50.0%	7.1%	67.9	51.5%	33.3%	15.2%	68.2
Health Care	59.3%	29.6%	11.1%	74.1	74.2%	22.6%	3.2%	85.5
Lodging	42.9%	52.4%	4.8%	69.0	44.4%	48.1%	7.4%	68.5
Manufacturing	52.0%	40.0%	8.0%	72.0	66.7%	33.3%	0.0%	83.3
Office	60.0%	28.0%	12.0%	74.0	53.3%	40.0%	6.7%	73.3
Industrial / Petro Chemical	85.7%	4.8%	9.5%	88.1	85.0%	15.0%	0.0%	92.5
Transportation Related	69.7%	21.2%	9.1%	80.3	74.3%	25.7%	0.0%	87.1
Public Works / Heavy Civil	62.5%	31.3%	6.3%	78.1	64.5%	32.3%	3.2%	80.6
Other	80.0%	0.0%	20.0%	80.0	83.3%	16.7%	0.0%	91.7

## CIRT Index Scores

> 50 indicates growth (better)  
< 50 indicates slowing (worse)

\* A note on the use of the diffusion index: Do not interpret diffusion index values in the same manner as averages, because a simple increase or decrease in a diffusion index does not necessarily imply an improving or declining result. For example, if a diffusion index moves from 31 last quarter to 35 this quarter, it does not imply the market has improved. A reading greater than 50 indicates improving or expansion, 50 indicates remaining the same, and lower than 50 indicates worse or contracting. Therefore, if a reading goes from 31 to 35, then the result still implies a decline from the previous quarter because 35 is lower than 50; but the decline is not as great as the previous decline because 35 is greater than 31. As another example, if the diffusion index changes from 31 to 65, it implies improvement over the previous quarter, not because 65 is greater than 31, but because 65 is greater than 50.

Design Index Components: Compared with last quarter, what are your expectations for projects in the following markets for design services in the next year?

EXHIBIT 9

	Quarter 2 for 2013				Quarter 3 for 2013			
	Improving Over Last Quarter	Remains the Same as Last Quarter	Worse than Last Quarter	Overall Component Score Q2 2013	Improving Over Last Quarter	Remains the Same as Last Quarter	Worse than Last Quarter	Overall Component Score Q3 2013
Consulting Planning	40.9%	50.0%	9.1%	65.9	53.3%	40.0%	6.7%	73.3
Pre-Design Work	45.5%	50.0%	4.5%	70.5	47.1%	47.1%	5.9%	70.6
Commercial	40.0%	50.0%	10.0%	65.0	30.8%	61.5%	7.7%	61.5
Residential	50.0%	33.3%	16.7%	66.7	33.3%	66.7%	0.0%	66.7
Education	22.2%	72.2%	5.6%	58.3	15.4%	69.2%	15.4%	50.0
Health Care	23.5%	70.6%	5.9%	58.8	18.2%	72.7%	9.1%	54.5
Industrial	55.6%	44.4%	0.0%	77.8	57.1%	35.7%	7.1%	75.0
Transportation	42.1%	47.4%	10.5%	65.8	46.2%	53.8%	0.0%	73.1
Heavy/Civil	22.2%	66.7%	11.1%	55.6	36.4%	63.6%	0.0%	68.2
International	45.0%	50.0%	5.0%	70.0	64.3%	35.7%	0.0%	82.1
Design Firms Index				65.4				67.5

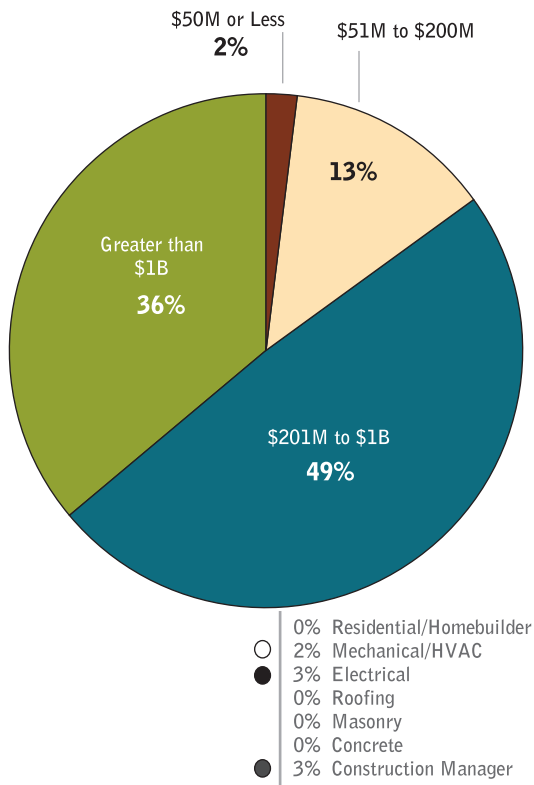
CIRT Sentiment Indexes — Comparison of Results: Q4 of 2012 to Q3 of 2013

EXHIBIT 10

**CIRT Scores**

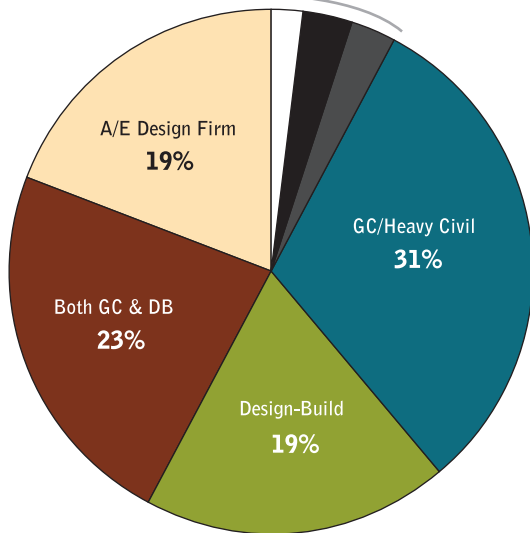
> 50 indicates growth (better)  
< 50 indicates slowing (worse)

	CIRT Sentiment Index Components Q4 for 2012	CIRT Sentiment Index Components Q1 for 2013	CIRT Sentiment Index Components Q2 for 2013	CIRT Sentiment Index Components Q3 for 2013
The Overall Economy	53.4	66.7	66.0	73.7
The Overall Economy Where Panelists Do Business	53.4	69.5	65.7	70.3
Panelists' Construction Business	57.8	70.0	68.5	70.2
The Residential Building Construction Market Where Panelists Do Business	69.2	66.3	78.6	77.4
The Nonresidential Building Construction Market Where Panelists Do Business	50.9	66.4	66.3	64.0
Cost of Construction Materials	41.8	25.4	27.6	27.2
Cost of Labor	29.1	27.2	27.5	25.4
Productivity	52.8	52.7	54.9	43.8
Expected Change in Backlog	66.1	59.2	67.0	64.7
Approximate Current Signed Backlog in Months	14.0	12.0	15.0	14.0



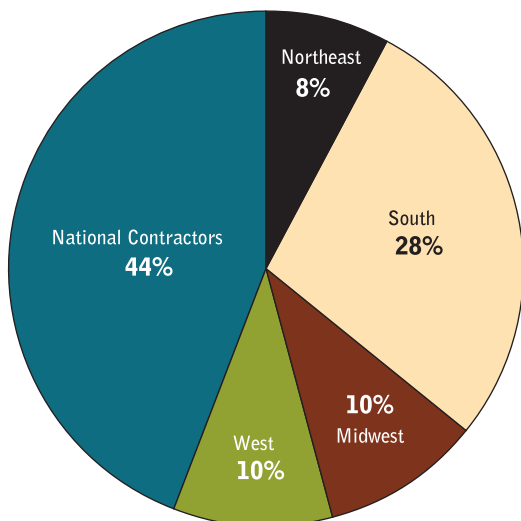
## EXHIBIT 11

Size of the Organization in Annual Revenue



## EXHIBIT 12

Type of Contracting Business



## EXHIBIT 13

Primary Region in Which Panelists Work

Dangerously Low

Very Low / Significant Drop

Low

Positive Growth Indicator

Very Positive Growth Indicator

## CIRT Sentiment Index Results: Q2 of 2013 and Q3 of 2013

## EXHIBIT 14

	CIRT Sentiment Index, Quarter 2 of 2013				CIRT Sentiment Index, Quarter 3 of 2013			
	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	CIRT Q2 2013	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	CIRT Q3 2013
Overall Economy	34.0%	64.2%	1.9%	66.0	49.2%	49.2%	1.7%	73.7
Overall Economy Where Panelists Do Business	37.0%	57.4%	5.6%	65.7	42.4%	55.9%	1.7%	70.3
Panelists' Construction Business	46.3%	44.4%	9.3%	68.5	45.6%	49.1%	5.3%	70.2
Residential Building Construction Market Where Panelists Do Business	61.9%	33.3%	4.8%	78.6	59.5%	35.7%	4.8%	77.4
Nonresidential Building Construction Market Where Panelists Do Business	34.6%	63.5%	1.9%	66.3	36.8%	54.4%	8.8%	64.0
Backlog in Months	High	Median	Low		High	Median	Low	
Approximate Current Signed Backlog	36.0	15.0	3.0		36.0	14.0	6.0	
	Grow faster than last quarter	Stay about same as last quarter	Shrink compared to last quarter		Grow faster than last quarter	Stay about same as last quarter	Shrink compared to last quarter	
Expected Change in Backlog	43%	47%	9%	67.0	40%	50%	10%	64.7
	Higher than last quarter	Same as last quarter	Lower than last quarter		Higher than last quarter	Same as last quarter	Lower than last quarter	
Cost of Construction Materials	45%	55%	0%	27.6	46%	54%	0%	27.2
Cost of Labor	45%	55%	0%	27.5	49%	51%	0%	25.4
	Improving over last quarter	Same as last quarter	Declining compared to last quarter		Improving over last quarter	Same as last quarter	Declining compared to last quarter	
Productivity	10%	90%	0%	54.9	0%	88%	13%	43.8

CIRT Sentiment Index Components: Q4 of 2012 to Q3 of 2013  
Business Outlook Summary by Market Sector

## EXHIBIT 15

## CIRT Scores

> 50 indicates growth (better)  
< 50 indicates slowing (worse)

Sector	Results Q1 of 2013			Results Q2 of 2013			Results Q3 of 2013		
	3 Months	1 Year	3 Years	3 Months	1 Year	3 Years	3 Months	1 Year	3 Years
Commercial	53.2	66.1	85.5	59.1	68.2	78.6	59.3	70.4	83.3
Education	47.4	63.2	76.3	48.3	58.6	67.9	51.5	59.1	68.2
Health Care	60.0	75.7	75.7	62.1	65.5	74.1	56.5	67.7	85.5
Lodging	58.6	69.0	77.6	54.3	60.9	69.0	57.4	64.8	68.5
Manufacturing	66.1	76.8	78.6	60.0	72.0	72.0	73.7	84.2	83.3
Office	50.0	64.1	78.1	52.0	58.0	74.0	61.7	60.0	73.3
Industrial / Petro Chemical	71.7	83.3	86.7	81.0	85.7	88.1	70.0	85.0	92.5
Transportation Related	50.0	59.1	81.8	50.0	66.7	80.3	60.0	70.0	87.1
Public Works / Heavy Civil	51.4	56.9	77.8	50.0	65.6	78.1	51.6	59.7	80.6
Other	50.0	60.0	80.0	60.0	70.0	80.0	58.3	83.3	91.7

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# About FMI

FMI is a leading provider of management consulting, investment banking† and research to the engineering and construction industry. We work in all segments of the industry providing clients with value-added business solutions, including:

- Strategic Advisory
- Market Research and Business Development
- Leadership and Talent Development
- Project and Process Improvement
- Mergers, Acquisitions and Financial Consulting†
- Compensation Benchmarking and Consulting
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Founded by Dr. Emol A. Fails in 1953, FMI has professionals in offices across the U.S. We deliver innovative, customized solutions to contractors, construction materials producers, manufacturers and suppliers of building materials and equipment, owners and developers, engineers and architects, utilities and construction industry trade associations. FMI is an advisor you can count on to build and maintain a successful business, from your leadership to your site managers.

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