

## CURRENT CIRT SUMMARY



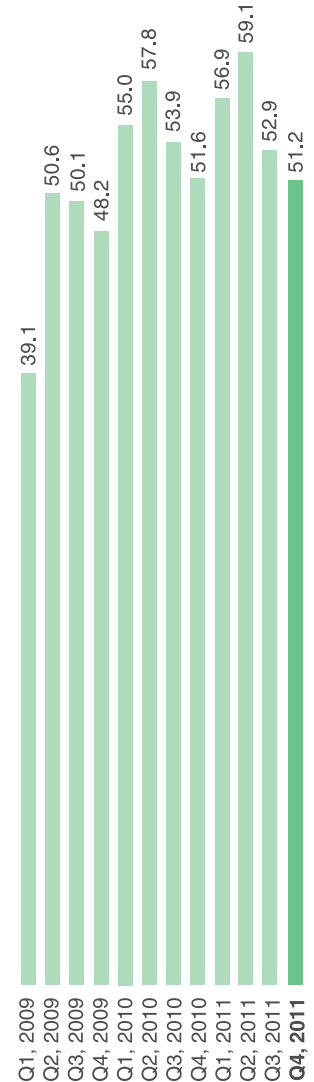
## CIRT FOURTH QUARTER 2011 SENTIMENT INDEX REPORT

After a brief period of exuberance in the second quarter, the CIRT Sentiment Index retreated to within two-tenths of where we ended the year in 2010. Fortunately, that brief period of growth may have been enough to help keep backlogs from falling. Even though the expectation for increasing backlogs in the next quarter is lower than last quarter, CIRT panelists as a group have maintained a median 12 months in backlog for the past two years. However, that statistic hides the fact that, for a few, backlogs are two years or more, while about 25 percent have backlogs lower than nine months. With only half of the markets we track expected to improve in the next quarter, those figures are sure to keep prices low and competition high.

“Moderation in all things,” said Aristotle, but then he lived before the rise of capitalism and the modern stock market. A later, wiser author restated that concept to “All things in moderation, including moderation.” While the stock market continues its gyrations in tune with the approval/disapproval/approval/ “OK, we’ve got a deal”/ “No, wait, maybe not/ “I quit” political news surrounding the future of the Euro countries, the CIRT Sentiment Index has managed to chug along in a narrow range, averaging 55.0 for the year.

Moderate growth does not mean there are not great changes going on in the industry. We have reported in past issues panelists’ expectations and views on the increasing use of new methods and technologies, like BIM, prefabrication, modularization, integrated project delivery, sustainable construction, as well as improved management of productivity and business development. Most design/construction industry firms are better prepared to deal with those challenges than with abrupt changes in the economy.

This quarter we look at a not-so-new problem that has been eating away at businesses for years—how to pay for rising health care insurance costs. The issue is made more current due to the introduction of the Patient Protection and Affordable Care Act, aka



NEW	CURRENT CIRT SENTIMENT INDEX READING Q4-2011	51.2
	CURRENT CIRT DESIGN INDEX READING Q4-2011	55.0

PREVIOUS SENTIMENT INDEX READING: 52.9

EXHIBIT 1

**CIRT Sentiment Index**  
Scores Since Inception: Q1, 2009 to Q4, 2011

(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 President's 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 quarterly 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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## CIRT FOURTH QUARTER 2011 SENTIMENT INDEX REPORT continued

Obama Care. The majority of CIRT panelists recognize they will have to share the skyrocketing costs of health care with employees. Just one percent of CIRT panelists said, if President Obama's health care legislation is not repealed, they will drop their company health care policies, pay the penalties and let employees fend for themselves in the market. Only 11 percent of panelists have yet to fully examine their options and make decisions. Regulatory and tax changes that contractors don't need to be too concerned about are the potential effects of a new jobs stimulus as proposed in the American Jobs Act (AJA). Panelists overwhelmingly do not expect the AJA to pass. While that means billions of dollars will not be added to the national deficit or to public construction budgets, few panelists expected the AJA, if passed, would have significantly increased their backlogs any time soon, if at all. Sentiments for the passing of a National Infrastructure Bill are more favorable, yet tentative.

Bottom line, it appears CIRT Sentiment Index panelists foresee little to moderate growth, for now, but that doesn't mean little to moderate change in the challenges facing the construction industry.

### CIRT Sentiment Index Fourth Quarter 2011 Highlights

**Overall Economy:** CIRT panelists have revised their opinions on the overall economy with a drop of 30 points since the high of 71.9 in the second quarter. Now at 41.9, the largest drop came in the second quarter with this component dropping just 6.1 points from third to fourth quarters.

**Overall Economy Where Panelists Do Business:** The economies in the regions that panelists' firms work is slightly better than the overall economy, but the component index dropped from a positive 51.0 last quarter to signal contraction at 44.1 this quarter.

### CIRT Design Index Components

**Consulting Planning:** The Design Index component for consulting planning improved in the fourth quarter from 66.7 to 68.2.

**Pre-design work:** Pre-design work also improved this quarter to 69.6 from 66.7 last quarter. Along with consulting planning, it is hoped that this is an early sign of more construction activity in 2012.

**Commercial:** Like most of the construction markets, design for commercial construction projects fell again this quarter to a neutral 50.0 from 57.5 last quarter.

**Residential:** Signs of a pickup in residential construction continue to show weakness as the design component for this sector dropped significantly from a positive outlook of 69.2 to a weak 32.4.

**Education:** The education design market continues to remain in positive territory, registering 55.0 this quarter.

**Health care:** One of the strongest markets throughout the recession, the health care design component fell slightly from 62.9 to 61.1 this quarter.

**Industrial:** The industrial market, which had shown some good signs of improvement last quarter at 63.2, fell to just 54.8 this quarter.

## CIRT Design Index Components continued

**Transportation:** Despite public calls for more infrastructure construction, the design component for transportation slipped from a weak 38.9 to just 37.0 this quarter. This reflects the expected cutbacks in spending for public projects.

**Heavy/Civil:** Essentially, there was little change in the heavy/civil sector, adding just 0.6 points to 44.7 this quarter. Like transportation, this sector suffers from political wrangling and weak state and federal budgets.

**International:** In slow markets, more firms are looking offshore for work as the design index component for international projects indicates, moving up 7.1 points to 77.1 this quarter.

## Construction:

**Panelists' Construction Business:** Indicating some momentum carried over from a stronger second quarter economy, this component improved four points to 58.0 in the fourth quarter.

**Private-Sector Construction Business:** As public construction slows due to budget concerns, it has been hoped that private-sector business would pick up. CIRT Sentiment Index components for private work, unfortunately, indicate continued weakness in most private construction business. The strongest markets over the next three months are expected to be health care (64.0) and manufacturing (56.9). While manufacturing construction showed signs of growth earlier in the year, that component has been slipping in the last two quarters. Education construction, which is tied both the weaknesses in the public sector and residential housing, doesn't show signs of growth again until 2014. Commercial and office construction are expected to improve next year, but remain weak along with lodging construction with no signs of growth in the near future.

**Cost of Materials:** Material costs continue to rise, but at a slower pace, as the index climbed to 37.1 this quarter. A rising component for materials indicates lower prices and therefore good for construction.

**Cost of Labor:** Along with material costs, labor inputs continued to rise but at a slower pace than last quarter with the index component now at 39.2.

**Productivity:** As the largest inputs of construction—labor and materials—rise, companies look to productivity gains to offset some of the increases. Productivity does continue to improve, according to panelists, but slipped from 59.4 last quarter to 56.9. That means the majority of panelists are seeing improved productivity, but a few companies still struggle with both higher costs and lower productivity.

## Current Issues Summary:

**Delays and Cancellations:** Project cancellations are down from the highs in the fourth quarter of 2009, because fewer projects are getting started unless full financing is in place. Overall, cancellations and delays began to improve in the first quarter of 2010. Although still historically high by what panelists consider normal rates, financing is less the problem compared with the early part of the recession. Now delays are most often due to obtaining funding, permitting and approvals in a normal time frame. As banks and government agencies operate with fewer personnel, these problems could worsen when business picks up.

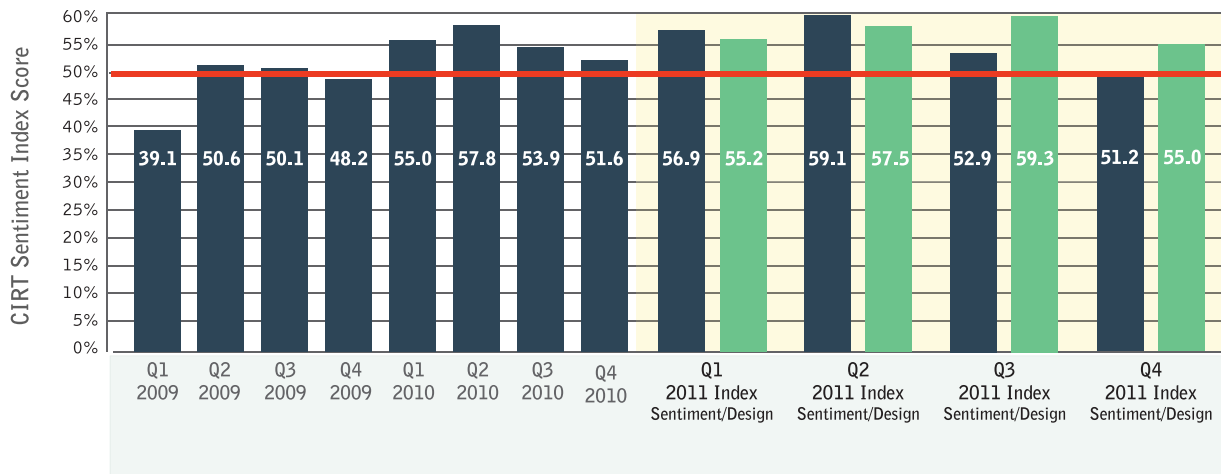
## Current Issues Summary continued

**American Jobs Act (AJA):** Sixty-seven percent of the CIRT panelists do not think the AJA bill will pass Congress compared with only 10 percent who think it will, while 18 percent said they don't know at this point. Even if the AJA bill does pass, 52 percent of panelists said it would mean very little, if any, more work for their companies.

**National Infrastructure Bank (NIB):** Panelists' expectations of passing the bill for a National Infrastructure Bank, which is proposed as part of the AJA and in a separate bill, were more positive than for the AJA, but 13 percent said they did not think it would work, and 18 percent said that we don't need more government involvement in business. Only 19 percent of panelists were supportive and said a National Infrastructure Bank would help jump-start infrastructure projects.

**Health Care Issues:** We asked several questions concerning the challenges of health care in the face of rising costs and changing regulations. While only one percent of panelists said they will consider dropping their plans and let employees go into the market for coverage if President Obama's health care legislation isn't repealed, most panelists said they expect to modify their plans to share more costs with employees, for instance, by increasing employee contributions (65%) and/or increasing deductibles (52%). Surprisingly, 11 percent of panelists said they have not yet made a full assessment of how their health care plans will be affected by the Patient Protection and Affordable Care Act.

**CIRT Sentiment Index Scores Since Inception: Q1, 2009 to Q4, 2011**  
(Scores above 50 indicate expansion, below 50 indicate contraction.)



### EXHIBIT 2

RESULTS OF THE  
FOURTH QUARTER  
CIRT SENTIMENT INDEX

FOURTH  
QUARTER 2011 **51.2**

PREVIOUS  
READING: **52.9**

## Current Issues

### Project Cancellations and Delays

Project cancellations are down, because fewer projects are getting started unless full financing is in place. Overall, cancellations and delays began to improve in the second quarter of 2010. Although still historically high by what panelists consider normal rates, financing is less the problem compared with the early part of the recession. Now most delays are caused by the red tape and the mechanics of getting funding, permitting and approvals in a normal period. This problem may have worsened since banks and government have downsized their workforce at the same time paperwork for loan approvals and regulations have increased.

#### EXHIBIT 3

#### CIRT Sentiment Index, Q4, 2011

	Percentage of project delays due to owner financing problems	Percentage of project cancellations due to owner financing problems	Estimated normal rate of project delays as a percentage of annual projects	Estimated normal rate of cancellations as a percentage of annual projects
Q1, 2009	15%	5%	5%	1%
Q2, 2009	15%	10%	5%	2%
Q3, 2009	15%	10%	5%	2%
Q4, 2009	15%	10%	5%	2%
Q1, 2010	10%	5%	5%	2%
Q2, 2010	10%	5%	5%	2%
Q3, 2010	10%	5%	5%	3%
Q4, 2010	10%	5%	5%	2%
Q3, 2011	10%	5%	5%	2%
Q4, 2011	10%	5%	5%	2%

Note: Not reported for Q1 and Q2, 2011

### The American Jobs Act (AJA)

President Obama introduced his American Jobs Act (AJA) to Congress on September 8; however, despite the urgency of the jobless situation in the country, the AJA, appears to be dead in the water. The AJA is a stimulus plan that focuses more on infrastructure and putting people to work in construction with \$105 billion to be invested in construction and construction jobs. The highlights of the AJA for construction are:

- \$50 billion in immediate investments for highways, transit, rail and aviation.
- \$25 billion investment in school infrastructure that will modernize at least 35,000 public schools – investments that will create jobs, while improving classrooms and upgrading our schools to meet 21st century needs.
- \$5 billion investment in modernizing community colleges (including tribal colleges), bolstering their infrastructure in this time of need while ensuring their ability to serve future generations of students and communities.
- National Infrastructure Bank capitalized with \$10 billion.
- \$15 billion is targeted for a new “Project Rebuild, rehabilitating homes, businesses and communities.”

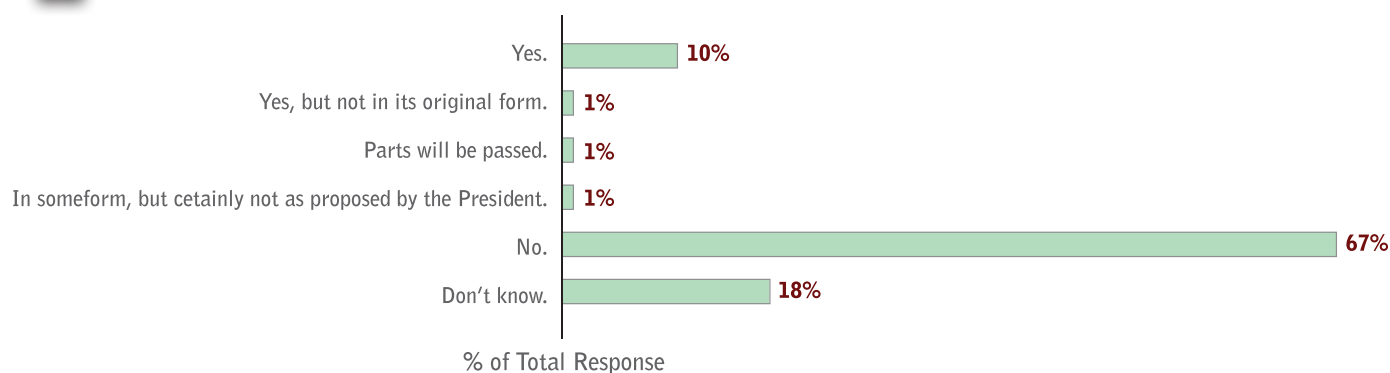
Construction industry employment has taken a bigger hit than most other industries, and the AJA does appear to attempt to save or create more jobs for construction workers and construction companies. However, the massive ARRA is still fresh in our political minds and perceived by most as less than successful, as it created fewer jobs than proposed as well as adding greatly to the national debt. And it is an election year.

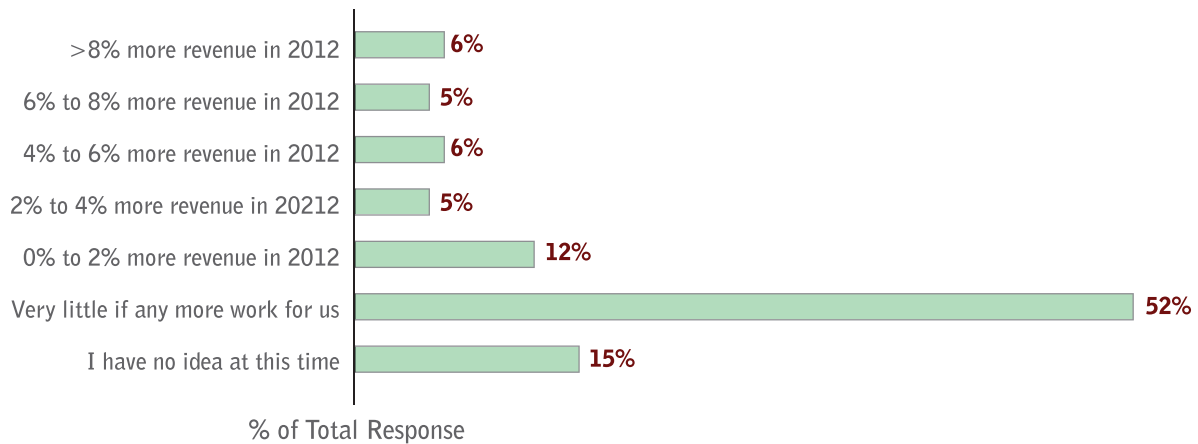
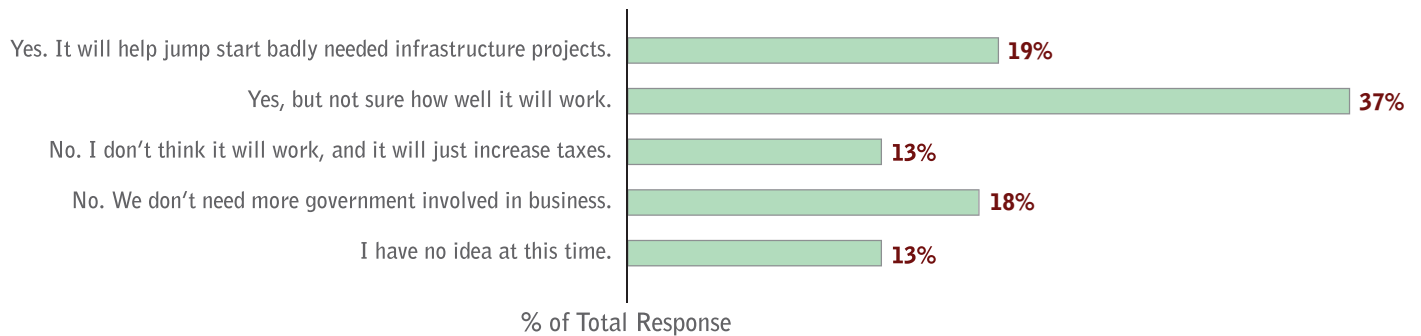
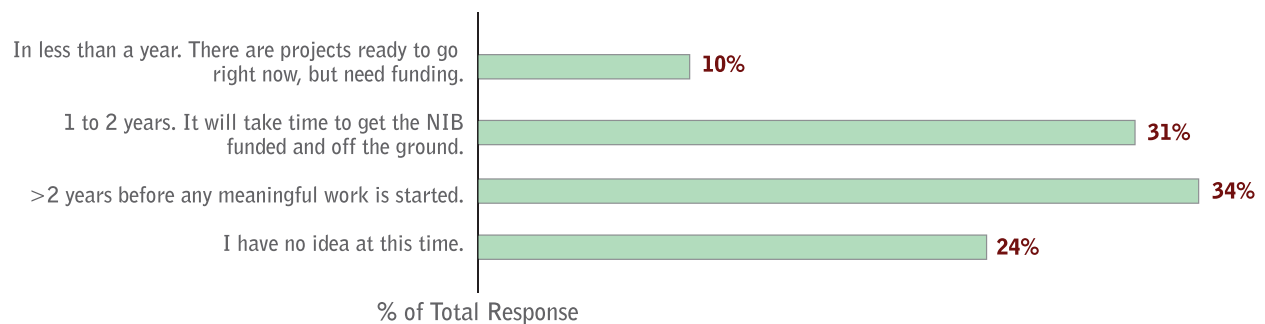
We asked CIRT panelists their opinions on whether or not the AJA and National Infrastructure bill will pass Congress and, if so, what is the expected outcome for their construction business? On the AJA, the results were clear, as 67 percent of panelists said “no,” the bill will not pass. That’s a landslide defeat. Among the many reasons they may have for this expectation is the fact that 52 percent expect that if the AJA did pass, it would mean very little additional work for their companies. At this time, it looks like the CIRT panelists reflect the opinions in Congress, as the AJA, even with modifications, is finding few votes and supporters.

CIRT panelists’ opinions on whether or not the bill for a National Infrastructure Bank will pass are similar to their opinions of the AJA. Only 19 percent said, “Yes, it will help jump-start badly needed infrastructure projects,” and 37 percent said “yes” but weren’t sure how well it would work. While the majority of CIRT panelists are in favor, at least tentatively, of a NIB, it is clear that there needs to be more work done upfront to be more convincing that a National Infrastructure Bank will deliver on its promise of funding more needed infrastructure projects. While there are infrastructure banks in some states now, the NIB is a new approach, and, in today’s political climate, anything that appears to add to the deficit or the size of government is suspect. One of the things that weaken support for the NIB is the lack of perceived immediacy for work creation; only 10 percent of panelists think it would stimulate more work within a year of being created. Twenty-four percent of panelists have no idea when it might start to show progress by getting projects off the ground. While the NIB may be a good idea—in an area where there aren’t enough new ideas—it shouldn’t be thought of as a way to jump-start hiring. However, it might be one good approach to increased funding using public/private partnerships.

#### EXHIBIT 4

#### Do you think the American Jobs Act will be passed?



**EXHIBIT 5****If passed, how much do you expect the AJA will help your business?****EXHIBIT 6****Do you agree that the U.S. should have a National Infrastructure Bank (NIB)?****EXHIBIT 7****If a National Infrastructure Bank was in fact formed in 2011, how long before new investments would increase construction activity?**



## Health Care Plans

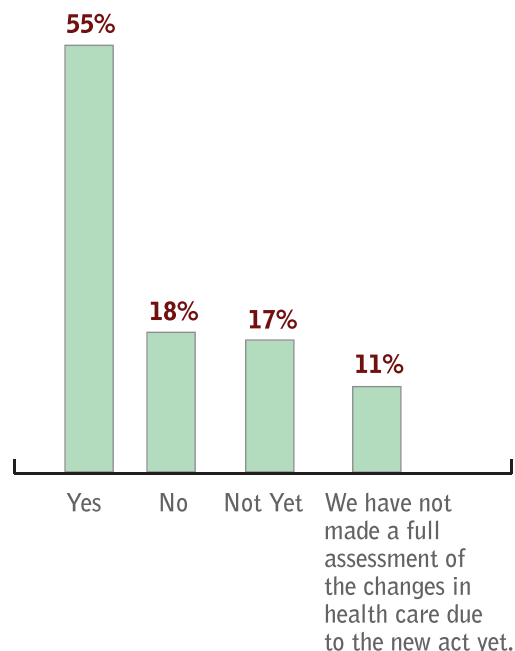
According to the S&P Health care Economic Commercial Index, the costs for health care services rose 5.73 percent in the last year ending August 2011. At the same time, the cost for health care insurance has gone up nine percent, according to a study by the Kaiser Family Foundation (New York Times, September 27, 2011). With employers paying an average of \$15,073 in 2011 and employees taking on more of that cost in the way of deductibles and contributions, health care costs are increasingly a burden on companies and employees as well as becoming a larger part of the nation's GDP—16.2 percent of GDP in 2008. Although the rate of increase for health care services has gone down during the recession—people putting off needed services is one reason for this—forecasters expect costs to continue to rise much faster than wages.

Although contractors have been struggling to deal with rising health care costs, the changes due to the new laws coming at a time when contractors are struggling to make a profit can be particularly challenging. We asked CIRT panelists several questions about how they were dealing with the new laws and what changes they expected they will make as the full effects of the Affordable Care Act come into play.

Comments were mixed as to whether the new law will increase the cost of health care—and the national deficit—or help to decrease the constant and unsustainable rise in health care costs. While only one percent of panelists said they will consider dropping their plans and let employees go into the market for coverage if the Affordable Care Act isn't repealed after the elections, 31 percent of panelists said they expect to modify their plans to share more costs with employees, for instance, by increasing employee contributions (65%) and/or increasing deductibles (52%). Reducing coverage was a solution expected by only 18 percent of panelists and 13 percent expect to change to an HSA-type plan. Surprisingly, 11 percent of panelists said they have not yet made a full assessment of how their health care plans will be affected by President Obama's health care legislation.

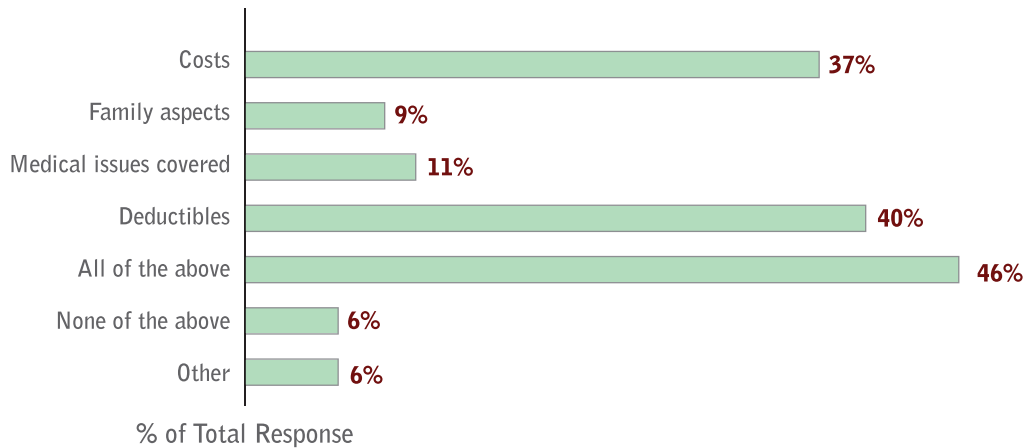
### EXHIBIT 8

Have you had to reconsider your health care coverage or plans your firm offers with the passage of the Patient Protection and Affordable Care Act? (aka Obama Care)

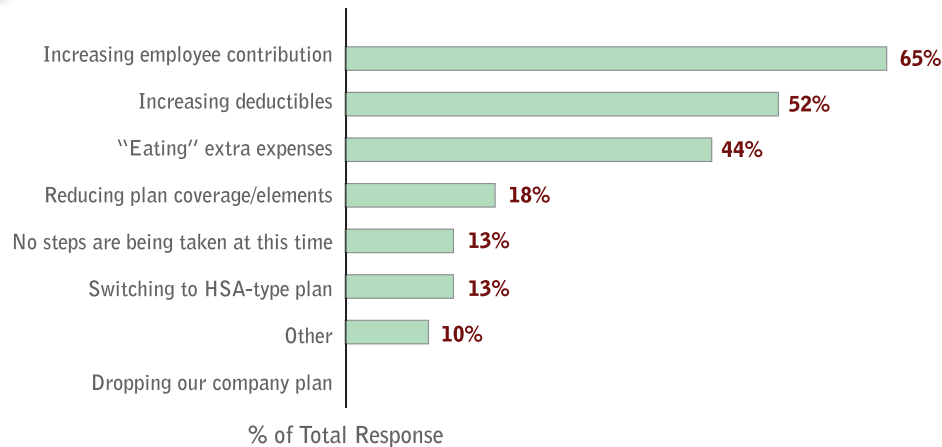


**EXHIBIT 9**

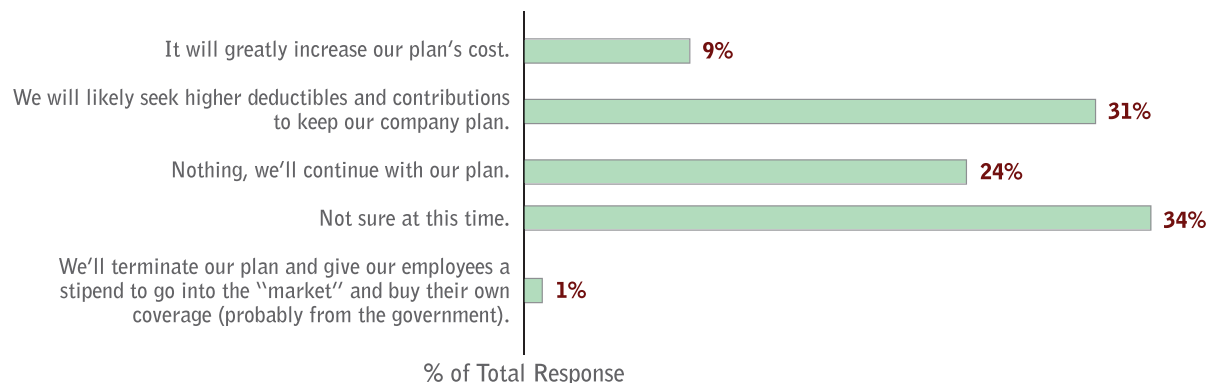
If yes to Exhibit 8, what aspects of your current (or former) plans have you needed to change? (check all that apply)

**EXHIBIT 10**

If insurance costs are rising, how are you responding to the increased costs? (Check all that apply).

**EXHIBIT 11**

If the Patient Protection and Affordable Care Act (Obama Care) is not repealed or struck down by the Supreme Court before its full implementation, what do you predict it will mean in terms of your firm's insurance coverage/plan?



**EXHIBIT 12****CIRT Sentiment Index Component Detail by Market Sector**

	Overall Quarter 3, 2011				Overall Quarter 4, 2011			
	Improving over last quarter	Remains the same as last quarter	Worse compared with last quarter	CIRT Sentiment Index Component Results for Q3, 2011	Improving over last quarter	Remains the same as last quarter	Worse compared with last quarter	CIRT Sentiment Index Component Results for Q4, 2011
<i>Business Outlook - Three Months</i>								
Commercial	11.1%	70.4%	18.5%	46.3	13.9%	61.1%	25.0%	44.4
Education	2.9%	70.6%	26.5%	38.2	15.9%	65.9%	18.2%	48.9
Health Care	23.5%	70.6%	5.9%	58.8	32.6%	62.8%	4.7%	64.0
Lodging	10.3%	75.9%	13.8%	48.3	12.2%	65.9%	22.0%	45.1
Manufacturing	22.7%	72.7%	4.5%	59.1	27.6%	58.6%	13.8%	56.9
Office	8.6%	71.4%	20.0%	44.3	16.3%	60.5%	23.3%	46.5
Industrial / Petro Chemical	31.8%	63.6%	4.5%	63.6	31.8%	50.0%	18.2%	56.8
Transportation Related	0.0%	73.1%	26.9%	36.5	8.1%	62.2%	29.7%	39.2
Public Works / Heavy Civil	3.4%	72.4%	24.1%	39.7	5.3%	73.7%	21.1%	42.1
Other	25.0%	75.0%	0.0%	62.5	25.0%	50.0%	25.0%	50.0
<i>Business Outlook - One Year</i>								
Commercial	37.0%	59.3%	3.7%	66.7	25.0%	55.6%	19.4%	52.8
Education	12.1%	69.7%	18.2%	47.0	18.2%	56.8%	25.0%	46.6
Health Care	30.3%	66.7%	3.0%	63.6	34.9%	53.5%	11.6%	61.6
Lodging	25.0%	71.4%	3.6%	60.7	24.4%	56.1%	19.5%	52.4
Manufacturing	36.4%	50.0%	13.6%	61.4	27.6%	55.2%	17.2%	55.2
Office	22.9%	62.9%	14.3%	54.3	16.7%	59.5%	23.8%	46.4
Industrial / Petro Chemical	50.0%	40.9%	9.1%	70.5	40.9%	40.9%	18.2%	61.4
Transportation Related	11.5%	57.7%	30.8%	40.4	18.9%	56.8%	24.3%	47.3
Public Works / Heavy Civil	13.8%	51.7%	34.5%	39.7	13.2%	60.5%	26.3%	43.4
Other	75.0%	0.0%	25.0%	75.0	37.5%	37.5%	25.0%	56.3
<i>Business Outlook - Three Years</i>								
Commercial	77.8%	18.5%	3.7%	87.0	72.2%	16.7%	11.1%	80.6
Education	54.5%	36.4%	9.1%	72.7	52.3%	31.8%	15.9%	68.2
Health Care	63.6%	30.3%	6.1%	78.8	56.1%	41.5%	2.4%	76.8
Lodging	50.0%	42.9%	7.1%	71.4	50.0%	42.5%	7.5%	71.3
Manufacturing	47.6%	38.1%	14.3%	66.7	51.7%	37.9%	10.3%	70.7
Office	50.0%	50.0%	0.0%	75.0	41.9%	51.2%	7.0%	67.4
Industrial / Petro Chemical	68.2%	22.7%	9.1%	79.5	45.5%	45.5%	9.1%	68.2
Transportation Related	53.8%	23.1%	23.1%	65.4	51.4%	45.9%	2.7%	74.3
Public Works / Heavy Civil	53.6%	25.0%	21.4%	66.1	47.4%	44.7%	7.9%	69.7
Other	75.0%	0.0%	25.0%	75.0	62.5%	12.5%	25.0%	68.8

**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.

**EXHIBIT 13**

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

	Quarter 3, 2011				Quarter 4, 2011			
	Improving Over Last Quarter	Remains the Same as Last Quarter	Worse than Last Quarter	Overall Component Score Q3, 2011	Improving Over Last Quarter	Remains the Same as Last Quarter	Worse than Last Quarter	Overall Component Score Q4, 2011
Consulting Planning	37.5%	58.3%	4.2%	66.7	45.5%	45.5%	9.1%	68.2
Pre-Design Work	41.7%	50.0%	8.3%	66.7	47.8%	43.5%	8.7%	69.6
Commercial	20.0%	75.0%	5.0%	57.5	20.8%	58.3%	20.8%	50.0
Residential	69.2%	0.0%	30.8%	69.2	5.9%	52.9%	41.2%	32.4
Education	10.5%	84.2%	5.3%	52.6	25.0%	60.0%	15.0%	55.0
Health Care	33.3%	61.1%	5.6%	63.9	33.3%	55.6%	11.1%	61.1
Industrial	31.6%	63.2%	5.3%	63.2	28.6%	52.4%	19.0%	54.8
Transportation	5.6%	66.7%	27.8%	38.9	4.3%	65.2%	30.4%	37.0
Heavy/Civil	11.8%	64.7%	23.5%	44.1	5.3%	78.9%	15.8%	44.7
International	45.0%	50.0%	5.0%	70.0	58.3%	37.5%	4.2%	77.1
Design Firms Index				59.3				55.0

Dangerously Low

Very Low / Significant Drop

Low

Positive Growth Indicator

Very Positive Growth Indicator

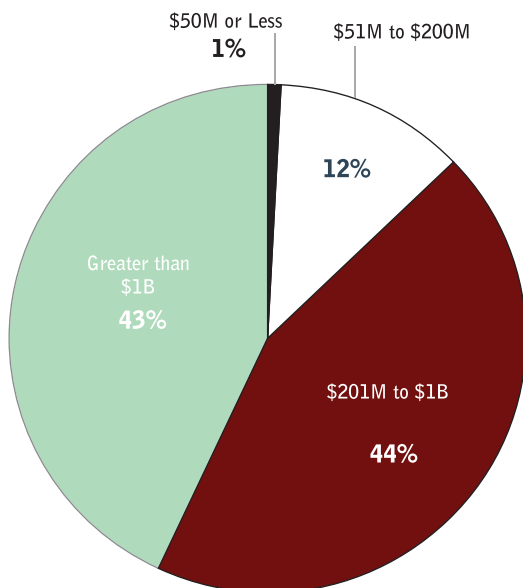
**EXHIBIT 14**

CIRT Sentiment Indexes — Comparison of Results: Q4, 2010 to Q4, 2011

**CIRT Scores**

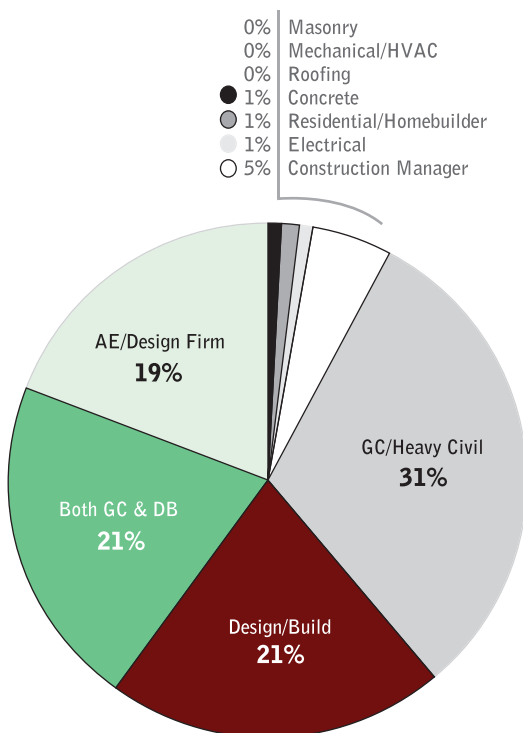
> 50 indicates growth (better)  
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	CIRT Sentiment Index Components Q1, 2011	CIRT Sentiment Index Components Q2, 2011	CIRT Sentiment Index Components Q3, 2011	CIRT Sentiment Index Components Q4, 2011
The Overall Economy	64.6	71.9	48.0	41.9
The Overall Economy Where Panelists Do Business	64.6	71.9	51.0	44.1
Panelists' Construction business	58.8	60.3	54.8	58.8
The Residential Building Construction Market Where Panelists Do Business	42.6	54.4	45.6	47.8
The Nonresidential Building Construction Market Where Panelists Do Bbusiness	53.7	59.3	50.0	51.5
Cost of Construction Materials	21.4	10.2	30.2	37.1
Cost of labor	43.2	38.4	35.7	39.2
Productivity	61.1	56.3	59.4	56.9
Expected Change in Backlog	67.5	62.9	60.6	56.0
Approximate Current Signed Backlog in Months	12.0	12.0	12.0	12.0



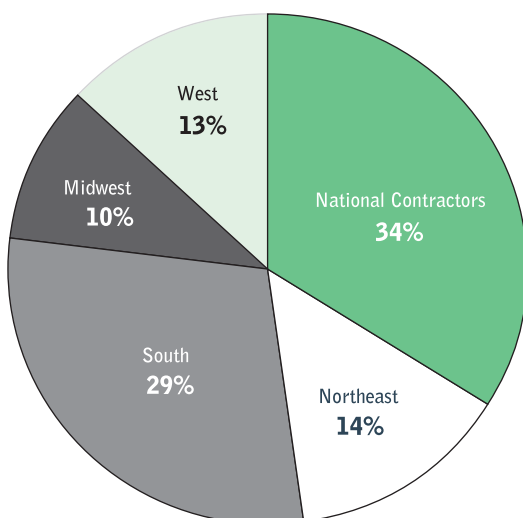
## EXHIBIT 15

Size of the Organization in Annual Revenue



## EXHIBIT 16

Type of Contracting Business



## EXHIBIT 17

Primary Region in Which Panelists Work

**EXHIBIT 18****CIRT Sentiment Index Results: Q3, 2011 and Q4, 2011**

	CIRT Sentiment Index, Quarter 3, 2011				CIRT Sentiment Index, Quarter 4, 2011			
	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	CIRT Q3 2011	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	CIRT Q4 2011
Overall Economy	13.7%	68.6%	17.6%	48.0	14.7%	54.4%	30.9%	41.9
Overall Economy Where Panelists Do Business	17.3%	67.3%	15.4%	51.0	13.2%	61.8%	25.0%	44.1
Panelists' Construction Business	28.8%	51.9%	19.2%	54.8	33.8%	50.0%	16.2%	58.8
Residential Building Construction Market Where Panelists Do Business	14.7%	61.8%	23.5%	45.6	15.2%	65.2%	19.6%	47.8
Nonresidential Building Construction Market Where Panelists Do Business	18.4%	63.3%	18.4%	50.0	19.7%	63.6%	16.7%	51.5
Backlog in Months	High	Median	Low		High	Median	Low	
Approximate Current Signed Backlog	26.0	12.0	5.0		50.0	12.0	3.0	
	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	33%	56%	12%	60.6	31%	49%	19%	56.0
	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	42%	56%	2%	30.2	32%	61%	6%	37.1
Cost of Labor	31%	67%	2%	35.7	25%	72%	3%	39.2
	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	19%	81%	0%	59.4	15%	83%	2%	56.9

**EXHIBIT 19****CIRT Sentiment Index Components: Q2, 2011 to Q4, 2011  
Business Outlook Summary by Market Sector**

Sector	Overall Q2, 2011			Overall Q3, 2011			Overall Q4, 2011		
	3 Months	1 Year	3 Years	3 Months	1 Year	3 Years	3 Months	1 Year	3 Years
Commercial	52.9	62.5	84.3	46.3	66.7	87.0	44.4	52.8	80.6
Education	48.6	59.2	78.4	38.2	47.0	72.7	48.9	46.6	68.2
Health Care	59.7	83.8	84.7	58.8	63.6	78.8	64.0	61.6	76.8
Lodging	54.8	59.4	75.8	48.3	60.7	71.4	45.1	52.4	71.3
Manufacturing	68.5	76.8	83.3	59.1	61.4	66.7	56.9	55.2	70.7
Office	37.1	45.8	75.7	44.3	54.3	75.0	46.5	46.4	67.4
Industrial / Petro Chemical	73.8	77.5	80.0	63.6	70.5	79.5	56.8	61.4	68.2
Transportation Related	35.0	55.0	88.3	36.5	40.4	65.4	39.2	47.3	74.3
Public Works / Heavy Civil	42.4	57.4	87.9	39.7	39.7	66.1	42.1	43.4	69.7
Other	60.0	83.3	83.3	62.5	75.0	75.0	50.0	56.3	68.8

**CIRT Scores**

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

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## ABOUT FMI

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