

RLB | Rider Levett Bucknall

USA
REPORT

QUARTERLY
CONSTRUCTION
COST REPORT

FIRST QUARTER 2012





AT A GLANCE

At last, the economic news seems to reflect some momentum in the recovery. U.S. GDP grew by 2.8% in the fourth quarter of 2011; consumer confidence, although a little tepid, is in positive territory; the various stock market indices have recovered from the “summer of declining confidence”; the stock of foreclosed homes is decreasing; and, in a few markets, house prices are even recovering.

While there remains ongoing concern about difficult employment prospects, instability in North Africa and the Middle East, and the European Debt Crisis, American consumers, companies and institutions appear to be facing forward again.

Reflecting the general positive trend, recent construction spending statistics indicate that construction activity has hit bottom. Reinforcing this view is news that the American Institute of Architects’ Architectural Billing Index (ABI) posted consecutive gains in November and December 2011 while the New Projects Inquiry Index for December was also up dramatically.

Assuming no new hits to the health of the broader economy, we should (finally) see some increased construction activity in 2012.

WESTFIELD UNIVERSITY TOWNE CENTRE SAN DIEGO, CALIFORNIA

Westfield’s University Towne Centre (UTC) in San Diego, California is currently undergoing an extensive renovation, addition and modernization. Phase 1 includes an update to the mall’s appearance with taller store façades, a fourteen-screen ArcLight premium cinema, an expanded 24-Hour Fitness Super Sport Club (triple the size of the current gym), an organic produce restaurant, Tender Greens, a remodeled dining terrace and food court, additional public seating throughout the mall, and a new family lounge and children’s play area. Future phases include an additional 750,000 square feet of retail space added to the current 1 million square feet, with more than a dozen new shops and restaurants.

Rider Levett Bucknall is currently providing Owner’s Representative services on behalf of Westfield for all phases.

Renderings courtesy of Westfield..

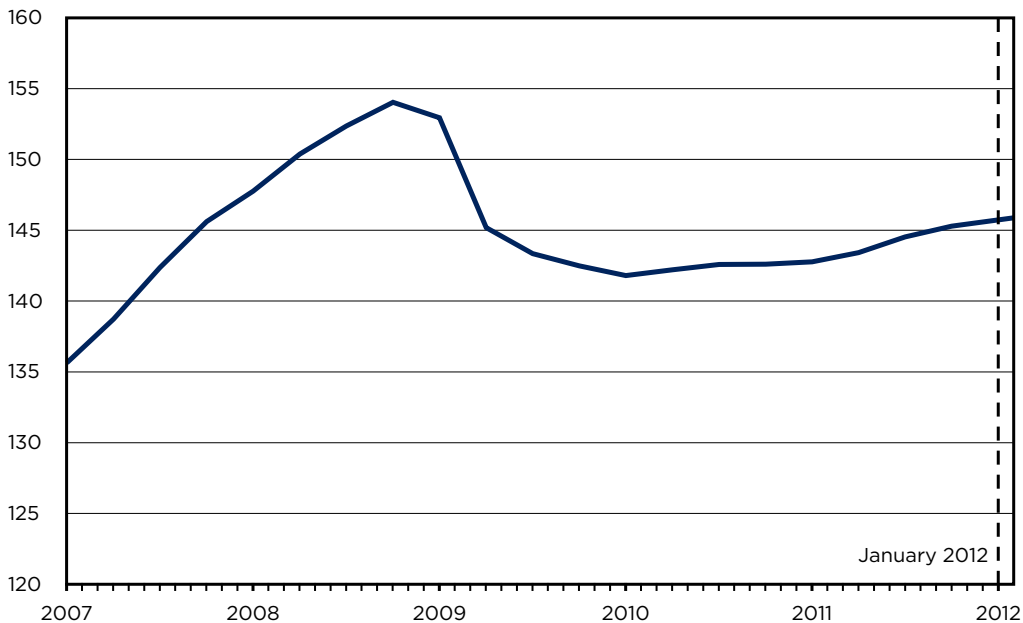
NATIONAL CONSTRUCTION COST INDEX

The National Construction Cost Index shows the changing cost of construction between October 2006 and October 2011, relative to a base of 100 at April 2001. Index recalibrated as of April 2011.

Date	Cost Index
January 2007	135.63
April 2007	138.74
July 2007	142.38
October 2007	145.63
January 2008	147.78
April 2008	150.40
July 2008	152.36
October 2008	154.04
January 2009	152.95
April 2009	145.19
July 2009	143.35
October 2009	142.48
January 2010	141.80
April 2010	142.21
July 2010	142.58
October 2010	142.60
January 2011	142.77
April 2011	143.42
July 2011	144.53
October 2011	145.29
January 2012	145.73

Welcome to the first quarter 2012 issue of our series of Rider Levett Bucknall Quarterly Cost Reports! This issue contains data current to January 1, 2012.

According to the U.S. Department of Commerce, construction put in place during December 2011 was estimated at a seasonally adjusted annual rate of \$816.4 billion, which is 1.5% above the revised November estimate of \$804.0 billion. The December 2011 figure is 4.3% above the December 2010 estimate. The value of construction in 2011 was \$787.4 billion, 2.0% below the same period in 2010.



KEY UNITED STATES STATISTICS

	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Gross Domestic Product (GDP)	0.4%	1.3%	1.8%	2.8%
Consumer Price Index (CPI)	223.5	225.7	226.9	225.7
Inflation	1.9%	1.0%	0.5%	-0.5%
Architectural Billings Index (ABI)	50.5	46.3	46.9	52.0
Construction Put in Place	\$762.6	\$772.3	\$787.2	\$816.4
Unemployment	9.0%	9.1%	9.1%	8.7%
Construction Unemployment	20.0%	15.6%	13.3%	16.0%

GDP represented in percent change from the preceding quarter, seasonally adjusted at annual rates. CPI quarterly figures represent the monthly value at the end of the quarter. Inflation rates represent the total price of inflation from the previous quarter, based on the change in the Consumer Price Index. ABI is derived from a monthly American Institute of Architects survey of architectural firms of their work on the boards, reported at the end of the period. Construction Put in Place figures represent total value of construction dollars in billions spent at a seasonally adjusted annual rate taken at the end of each quarter. General Unemployment rates are based on the total population 16 years and older. Construction Unemployment rates represent only the percent of experienced private wage and salary workers in the construction industry 16 years and older. Unemployment rates are seasonally adjusted, reported at the end of the period.

Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, American Institute of Architects

INDICATIVE CONSTRUCTION COSTS

The data in the chart below represents estimates of current building costs in each respective market. Costs may vary as a consequence of factors such as site conditions, climatic conditions, standards of specification, market conditions, etc. Values represent hard construction costs based on U.S. dollars per square foot of gross floor area.

LOCATION	OFFICES				RETAIL SHOPPING				HOTELS				HOSPITAL		INDUSTRIAL		PARKING				RESIDENTIAL				EDUCATION						
	PRIME		SECONDARY		CENTER		STRIP		5 STAR		3 STAR		GENERAL		WAREHOUSE		GROUND		BASEMENT		MULTIFAMILY		SINGLE FAMILY		ELEMENTARY		HIGH SCHOOL		UNIVERSITY		
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Boston	200	280	175	245	120	210	90	145	250	400	160	250	375	550	70	100	60	90	80	110	135	220	165	325	220	300	240	350	275	400	
Denver	140	225	100	150	80	130	65	125	185	280	105	165	330	385	65	110	40	70	60	95	70	185	60	350	115	150	140	210	170	285	
Honolulu	210	385	170	290	145	360	120	315	375	545	235	395	345	555	100	160	65	100	95	190	135	325	205	555	245	345	295	445	325	525	
Las Vegas	140	285	105	190	115	475	65	145	325	460	120	225	285	450	50	100	50	85	60	150	70	400	90	350	180	315	200	450	235	450	
Los Angeles	180	280	120	195	110	195	80	140	250	390	170	245	350	550	70	120	60	95	85	130	135	215	120	280	250	350	280	410	295	430	
New York	205	350	180	270	140	250	115	160	320	475	185	265	450	600	90	130	65	105	85	125	140	250	175	350	190	340	220	375	275	400	
Phoenix	120	230	95	155	105	165	70	125	210	330	100	160	290	420	55	100	40	65	60	100	80	185	100	300	140	200	170	240	210	360	
Portland	165	210	115	160	110	195	90	130	175	265	130	170	320	435	75	110	65	85	85	125	110	195	100	250	180	235	190	250	235	340	
San Francisco	195	300	140	220	120	220	110	165	265	410	190	260	360	570	80	130	70	100	90	140	145	230	140	300	260	360	290	420	310	440	
Seattle	165	205	115	160	115	200	95	135	185	275	140	180	320	435	75	110	65	85	85	125	120	235	100	235	205	250	230	300	265	395	
Washington, DC	175	240	130	185	95	190	75	135	230	375	150	230	350	500	70	100	55	80	75	100	100	185	120	250	190	250	220	275	250	375	

RLB INTELLIGENCE APP

In an industry first, Rider Levett Bucknall has launched a free construction cost Smartphone app and a corresponding desktop application. Both enable users to access updated global construction cost research data from anywhere in the world, instantly and without subscription or purchase fees.

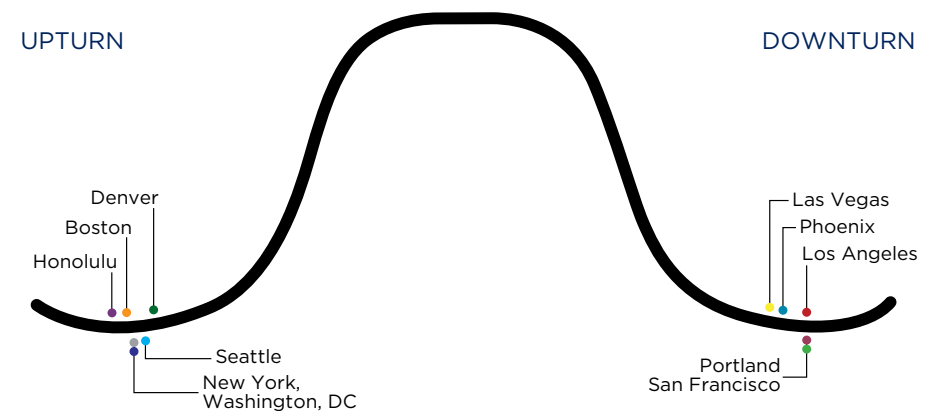


The Smartphone and desktop applications use the firm's regularly updated, location-specific construction cost data to provide a range of current expected building costs for specified building types across the world.

Additional features include a library of the firm's historical bid price index figures enabling users to compare construction cost differentials between two locations at a specified date or between dates in one particular location.

The app is available on iPhone, Android, Blackberry and Windows Phone 7 Operating Systems and can be downloaded free of charge from various app stores by searching for 'RLB' or 'Rider Levett Bucknall' or by visiting www.rlb.com/app.

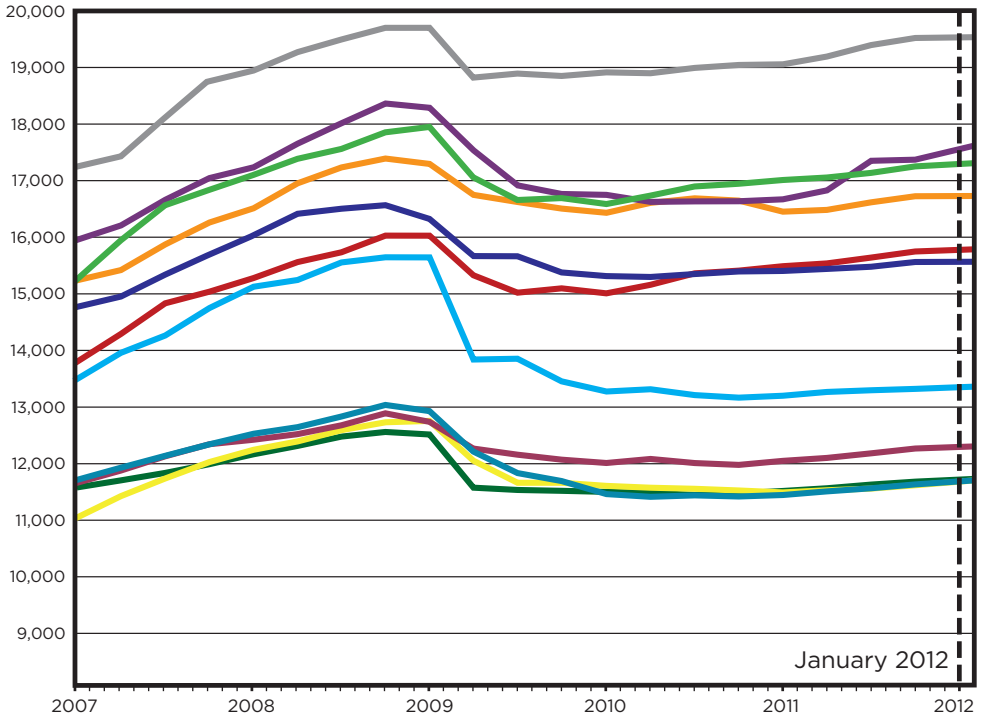
CONSTRUCTION ACTIVITY CYCLE



The chart above depicts the position of each city in a theoretical construction industry business cycle. The aim of the chart is to provide an overview of the relative performance of each city in the context of its own economy. Each city has its own industry business cycle and as such,

cities' cycles are not directly comparable with each other. As the amplitude and frequency of the cycle(s) are not expressed in this chart, there is no direct parameter of extent of the cycle or of its time period.

COMPARATIVE COST INDEX





Each quarter we look at the comparative cost of construction in 11 U.S. cities, indexing them to show how costs are changing in each city in particular, and against the costs in the other 10 locations. This Comparative Cost Index tracks the true bid cost of construction, which includes, in addition to costs of labor and materials, general contractor and subcontractor overhead costs and fees (profit). The index also includes applicable sales/use taxes that standard construction contracts attract.

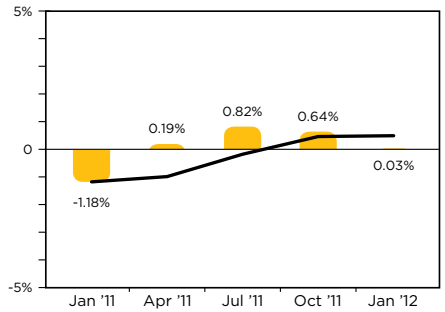
City	January 2011	January 2012	% Change
Boston	16,450	16,728	1.69%
Denver	11,517	11,720	1.77%
Honolulu	16,669	17,556	5.33%
Las Vegas	11,492	11,684	1.67%
Los Angeles	15,488	15,777	1.87%
New York	19,056	19,528	2.48%
Phoenix	11,446	11,686	2.10%
Portland	12,050	12,297	2.05%
San Francisco	17,001	17,294	1.72%
Seattle	13,200	13,348	1.12%
Washington, DC	15,404	15,566	1.05%

Our research suggests that between January 1, 2011 and January 1, 2012, the national average increase in construction cost was approximately 2.1%. Most offices saw between 1.0% and 2.5% inflation for the year, with Honolulu as the outlier at 5.3%. A change in Hawaii legislation in July 2011 made it so that both contractors and subcontractor fees were subject to sales tax; thus contractor's bids increased to cover the added expense.

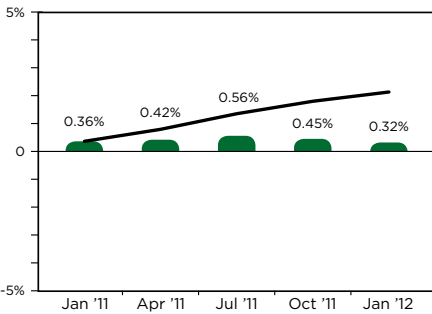
The following escalation charts track changes in the cost of construction each quarter in many of the cities where Rider Levett Bucknall offices are located. Each chart graphs the percentage change per period and the cumulative percentage change throughout the charted timeline.

-  Percentage change per quarter
-  Cumulative percentage change for the period shown

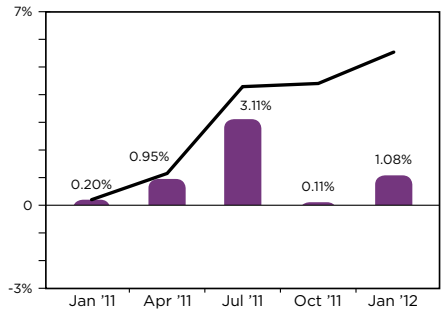
COST INDEX Boston



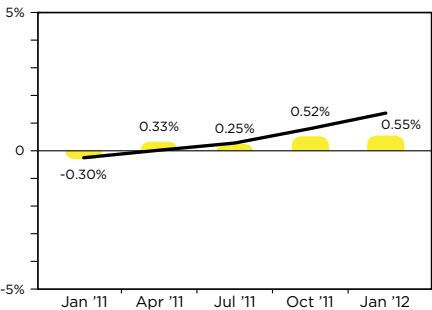
COST INDEX Denver



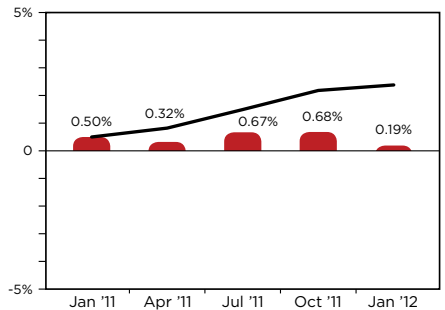
COST INDEX Honolulu



COST INDEX Las Vegas

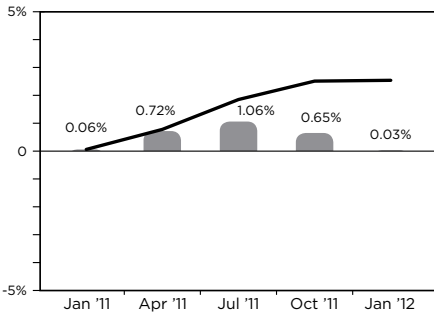


COST INDEX Los Angeles

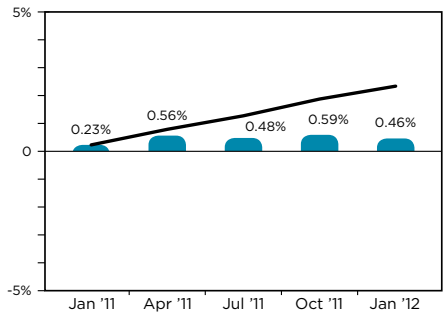


USA REPORT

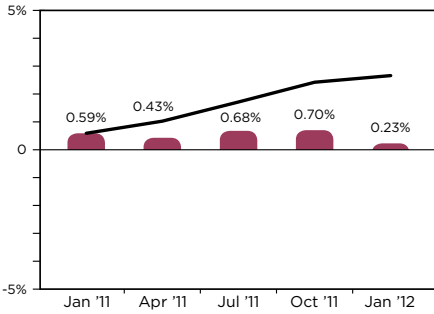
COST INDEX New York



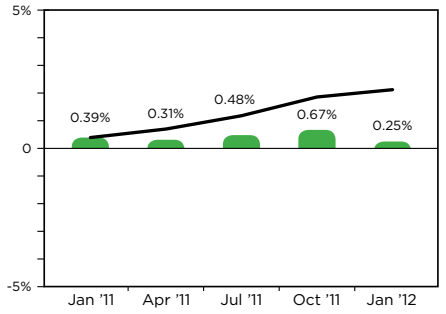
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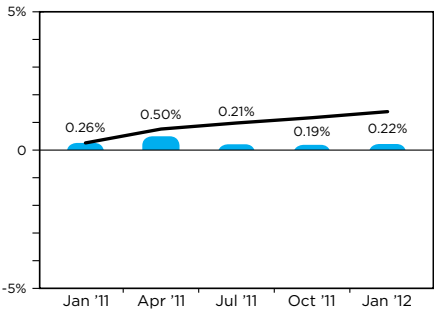
COST INDEX Portland



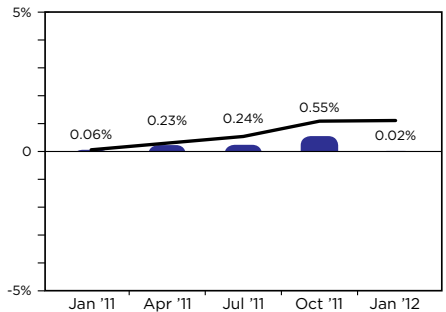
COST INDEX San Francisco



COST INDEX Seattle



COST INDEX Washington, DC



While the information in this publication is believed to be correct, no responsibility is accepted for its accuracy. Persons desiring to utilize any information appearing in this publication should verify its applicability to their specific circumstances.

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A map of North America, including the United States, Canada, and Mexico, is shown in a light gray color against a dark blue background. Numerous small white dots are scattered across the map, representing various office locations. The dots are concentrated in the United States, with a few in Canada and Mexico. The dots are distributed across the continent, from the West Coast to the East Coast, and from the northern to the southern regions.

LOCATIONS

RIDER LEVETT BUCKNALL

Barbados | Boise | Boston | Calgary | Chicago
Cayman Islands | Denver | Guam | Hilo | Honolulu
Kennewick | Las Vegas | Los Angeles | Monroe
New York | Phoenix | Portland | San Francisco
Seattle | Tucson | Waikoloa | Washington, DC

CONVENTIONAL WISDOM

Orlando

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