

YOUR AVIATION EXPERTS RIDER LEVETT BUCKNALL

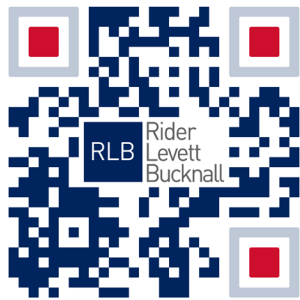
At Rider Levett Bucknall (RLB), our approach allows us to deliver successful outcomes to property and construction projects by tailoring our services to match client goals and needs. Our team specializes in creating, evaluating, and managing project controls that address the critical issues of time, cost, scope, and quality in the built environment.

Let's connect!

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RLB.com

DON'T MISS OUT ON FUTURE INSIGHTS!



SCAN TO SUBSCRIBE

AVIATION OUTLOOK THINGS TO WATCH OUT FOR



LABOR & MATERIALS

Construction unemployment rate is at 3.5%¹ meaning contractors will likely struggle to find enough workers as demand for construction outpaces the availability of the workforce. In one of the most challenging work environments, aviation construction demands skilled labor, and finding the right team can be vital to project success. With today's labor shortages – at all levels – finding that team requires an understanding of your local market to identify the right timing for your project and to thoroughly vet your contractor and subcontractor pools.

Lead times continue to be a moving target, particularly for those trades that are driving airport schedules and costs (major mechanical and electrical equipment, curtain wall, roofing) – and thought needs to be given to alternative procurement approaches such as bulk-buying, early-release packages, and pre-purchasing.



STATE OF THE MARKET

The latest Architectural Billings Index² of 53.2 represents a decline for the third straight month after a burst of growth in early 2022. A score above 50 still indicates moderately strong conditions overall, with the Northeast being the only region reporting under 50. The ABC Construction Backlog Indicator³ showed a slight decline in July, and whilst lower than its peak in May of 2022, it remains higher than at any point from March 2020 to March 2022. Despite these positive indicators, there is waning confidence in the industry amid fears of a recession and rising borrowing costs, which may lead to a slowing of construction activity generally. This could mean further improvement in supply chain bottlenecks and an easing of commodity prices and materials escalation. While we expect inflation rates to soften going into 2023, we anticipate a slow process. For now, demand for aviation construction remains strong as we also observe the rollout of the IJIA and we continue to see projects compete for resources.



TRENDING

ESG, Automation, Flexibility, Futureproofing, and Passenger Experience. These key principles are shaping the way we currently think about airport design and construction. Often, they are competing for the spotlight as we see conflicting interests in terms of need, want, cost, schedule, and return on investment. Stakeholder management is key: those who may not want to pay for it, advocates who may not be able to afford it, and public perception – among others. Strategies need to be priced and analyzed in detail to provide a full lifecycle picture to inform educated decision making. The roll-out of the IJIA continues to make headlines, however give thought to the impact inflation may have on its value if it continues at its current pace.

1. Bureau of Labor Statistics
2. American Institute of Architects
3. Associated Builders and Contractors

HOW THE BIPARTISAN INFRASTRUCTURE LAW WILL BE PUT TO USE



\$5B
Air Traffic Facilities



\$15B
Airport Infrastructure

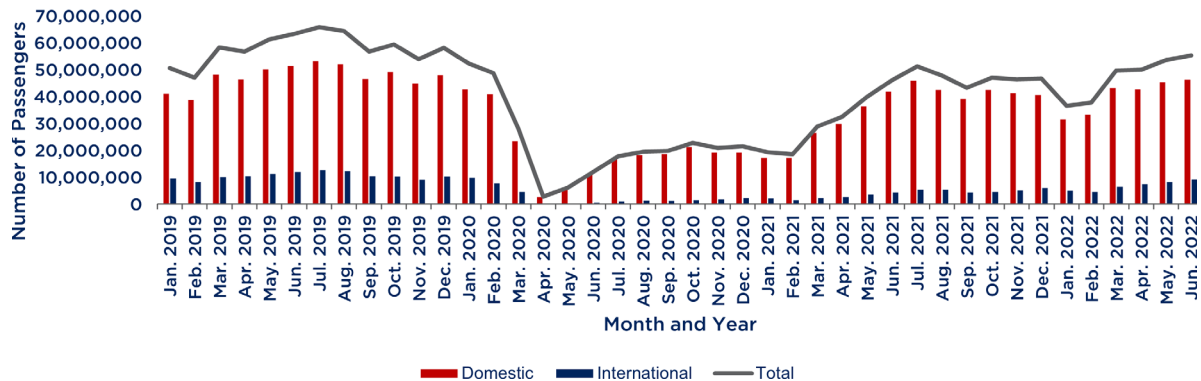


\$5B
Airport Terminals

PASSENGER TRAFFIC DATA 2019-CURRENT

ABOUT THE CHART

This chart represents passenger traffic for 10 of North America's leading airports, from 2019 to present.



WHAT THIS MEANS FOR THE AVIATION SECTOR

With a dramatic downturn in passenger traffic in early-to-mid 2020, the industry has observed a steady return of activity close to pre-pandemic figures. With a strong return in passenger count and a renewed focus on ESG, Automation, Futureproofing, and Passenger Experience, interest continues in aviation-related construction at all levels; from smaller refurbishments and infrastructure repairs to large-scale expansions. While great for both the aviation and construction industries, this demand creates challenges in terms of competition for resources. Thoroughly understanding those challenges and identifying potential solutions will go a long way to ensuring your project takes-off and lands smoothly.

AVIATION CONSTRUCTION COST DRIVERS

7.50%

National YOY Escalation Rate

SELECT MATERIALS	APPROX. CHANGE FROM Q1 2022
Structural Steel	▲ 0.2%
Aluminum/Glass	▲ 2.7%
Lumber	▲ 41.6%
Copper	▲ 4.5%
Diesel	▲ 44.3%

