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Texas State University Matthews Street Deck - San Marcos, TX

Parking Structure Cost Outlook for 2013

By Gary Cudney, P.E. - President/CEO



**National Median
Parking Structure
Construction Cost 2013**
\$17,533 per space
\$52.51 per square foot

As we celebrate our 30th anniversary, our annual parking structure cost report will look ahead as well as look back over the years. Every year we prepare a statistical

analysis of parking structure construction costs and provide a market forecast for the remainder of the year.

Carl Walker, Inc. specializes in parking structure design, structural engineering, parking studies, parking operations consulting, and restoration of parking structures, plazas, facades, and other buildings. Understanding the construction cost of new parking structures and what drives the cost is an important expertise we provide to clients. Thus, we maintain a database of completed projects and developed a methodology to analyze the historical cost information.

Our construction cost database contains hundreds of completed parking structures of varying sizes and scopes in a wide range of geographic areas. The cost data is assigned a factor based on time of bidding and

location. The time factor is based on the Building Cost Index (BCI) published by Engineering News-Record (ENR). The location factor is taken from the yearly edition of the RS Means Building Construction Cost Data. Applying these two factors to actual construction cost data adjusts the cost to a current national basis and from that we determine the national median, which can then be re-adjusted to reflect a median construction cost in almost every American city.

Our statistical data for this year indicates that the median construction cost for a new parking structure is \$17,533 per space and \$52.51 per square foot. This represents just over a 2% increase from 2012 when the median cost of a parking structure was \$17,072. This relatively minor increase is reflective of the quiet year in construction during which material prices were stable, fuel costs were low, labor rates were level, and a very competitive market place continued. Interestingly, 30 years ago when *Carl Walker, Inc.* was founded our cost database estimates the median new parking structure would have cost about \$7,900 per space. The table below lists the 2013 median cost in various U.S. cities.

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Median Parking Structure Construction Costs 2013

City	Index	Cost/Space	Cost/SF
Atlanta	88.0	\$15,429	\$46.21
Baltimore	93.0	\$16,305	\$48.84
Boston	118.1	\$20,706	\$62.02
Charlotte	80.1	\$14,044	\$42.06
Chicago	116.5	\$20,426	\$61.18
Cleveland	99.3	\$17,410	\$52.14
Denver	93.6	\$16,411	\$49.15
Dallas	85.0	\$14,903	\$44.63
Detroit	103.4	\$18,129	\$54.30
Houston	86.5	\$15,166	\$45.42
Indianapolis	92.6	\$16,235	\$48.63
Kansas City	104.0	\$18,234	\$54.61
Los Angeles	107.2	\$18,795	\$56.29
Miami	89.3	\$15,657	\$46.89
Minneapolis	110.5	\$19,374	\$58.02
Nashville	86.8	\$15,218	\$45.58
New York	131.9	\$23,126	\$69.26
Philadelphia	113.7	\$19,935	\$59.71
Phoenix	88.4	\$15,499	\$46.42
Pittsburgh	101.8	\$17,848	\$53.46
Portland	99.6	\$17,463	\$52.30
Richmond	86.9	\$15,236	\$45.63
St. Louis	102.7	\$18,006	\$53.93
San Diego	103.3	\$18,111	\$54.24
San Francisco	122.5	\$21,477	\$64.33
Seattle	103.8	\$18,199	\$54.51
Washington, D.C.	97.3	\$17,059	\$51.09
National Average	100	\$17,533	\$52.51

PARKING INDUSTRY CONSTRUCTION ECONOMIC FORECAST

According to McGraw Hill Construction's 2013 forecast, "the construction industry will continue its slow climb out of a long and deep recession, but the recovery is unsteady and remains vulnerable to factors such as the cloudy federal fiscal picture."⁽¹⁾ Further, it is reported that while the total U.S construction industry is "down about 50% below the 2005 peak when viewed on a constant dollar basis, the total U.S. construction starts for 2013 are predicted to rise 6% and commercial buildings will rise 12%, but Public Works will slide 1%."⁽²⁾

The construction industry recovery has received much attention in industry publications. Unfortunately, economists' past predictions of recovery were proven false considering construction spending grew just 2% in 2010, 1% in 2011, and a somewhat improved 5% in 2012, but that was mostly fueled by double digit increases in single family and multi-family housing. Current predictions by industry experts include the following:

- The American Institute of Architects (AIA) chief economist Kermit Baker, PhD, suggests that "prospects remain for continued steady growth in the wider economy and in the construction industry for the remainder of 2013. A rising stock market points to profitable U.S. businesses, which should encourage more capital spending as the year progresses." Baker further reports that the AIA Architectural Billings Index (ABI) is showing the strongest growth since the downturn began in early 2008.⁽³⁾
- The AIA also compiles a Consensus Construction Forecast based on predictions of seven leading non-residential construction forecasters in the U.S., which indicates the non-residential construction industry is expected to see solid increases this year at 5% growth followed by 7.2% growth in 2014. According to AIA chief economist Kermit Baker, PhD, "...there is a much stronger sense that we have entered a recovery phase and the industry is positioned to see continued economic improvement in 2013 and 2014." Remarking on what could undermine this forecast, Baker added, "We can't truly think the design and construction industry is completely out of the woods until the continued uncertainty over federal budget and debt issues is resolved."⁽⁴⁾

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- Gilbane Building Company, in their Market Conditions in Construction report, predicts an upturn in non-residential spending starting in May 2013 with total 2013 construction spending increasing 7+%, but driven almost entirely by a 20% increase in residential spending. As spending continues to increase, construction cost escalation will be higher than normal labor and material cost growth and in the range of 4-6% for 2013 and 5-7% for 2014. Gilbane also reported that the “construction workforce has shrunk by 2.25 million workers (29%). It will be many years before the entire workforce grows back to its previous level. As workload expands in the next few years, a shortage of skilled workers may have a detrimental effect on cost, productivity and the ability to readily increase construction volume.”⁽⁵⁾
- Turner Construction’s Turner Building Cost Index rose 3.4% from the first quarter of 2012 until the first quarter of 2013. Their 2013 First Quarter Forecast states that “the increase in private non-residential construction spending over the past year, material and equipment prices continuing to inch upwards, and a slight increase in labor rates has led to a boost in construction costs.”⁽⁶⁾
- McGraw-Hill Construction predicts the total non-residential construction industry will grow 2.3% in 2013 and 8.2% in 2014, citing double digit growth in commercial, office, retail, hotel and residential construction. However, they predict declines in 2013 for the institutional sector followed by low single digit gains for 2014.⁽⁷⁾
- The Engineering News-Record (ENR) recently reported the their first quarter 2013 Construction Industry Confidence Index (CICI) “surged to a record 64 points on a scale of 100, which represents a growing market. The vast majority of the 376 executives of large construction and design firms responding to the survey believe the market has stabilized.”⁽⁸⁾ The ENR also reported “there is a growing sense in the industry that the demand for new work is there and that the market will show real gains this year”⁽⁸⁾ due in part to the improved availability of bank financing on private projects and in spite of public budget constraints. Lastly, ENR stated that “things are in place for a meaningful



recovery this year, but there still is time for Washington to mess things up”⁽⁸⁾ if they don’t work together on the federal budget and debt ceiling limits.

- Dale Denda, Director of Research at the Parking Market Research Company, presented “Return of a Normalized Market or Just the New Normal?” at the Parking Industry Exhibition (PIE) in March 2013. Denda predicts a 4% gain in new construction starts of parking structures with approximately 265 garages starting construction and the average size garage increasing 9% over the prior year to 685 spaces. The private sector will lead the market with 35% of the total projects, followed by municipal and university with about 20% each.⁽⁹⁾

SUMMARY

The increasing architectural firm backlog reported by the Architectural Billings Index (ABI) and the record high CICI are positive signs for the construction and parking industries. In absence of any major economic event or federal government budget/debt ceiling fiasco, construction activity should be at the highest levels since the market collapse.

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With the improved construction activity, project costs are expected to escalate to a greater level than the small projected increase in material and labor costs would indicate. Further, shortages of construction workers could restrain market growth and raise costs. Thus, it is anticipated that a bubble of pent up demand could spring loose as owners seek to have their projects bid ahead of the "competition".

Our parking professionals at *Carl Walker* will be happy to assist with budgeting for your next parking structure. If you have questions or would like specific cost information for your area, contact Gary Cudney at gcudney@carlwalker.com or 800-FYI-PARK (800-394-7275).

References:

1. "McGraw-Hill Forecasts 6% Construction Increase in 2013", by Tim Grogan, Engineering News – Record.
2. "Modest Growth Predicted for Construction Industry in 2013", McGraw-Hill Construction 2013 Dodge Construction Outlook, October 14, 2012, McGraw-Hill Companies.
3. "Billings and Inquiries Strongest Since Early 2008", by Kermit Baker, PhD, The American Institute of Architects
4. "Incremental Increase in Nonresidential Construction Spending Expected for 2013", by Kermit Baker, PhD, The American Institute of Architects.
5. "Market Conditions in Construction – March 2013", by Gilbane Building Company.
6. "Turner Building Cost Index – 2013 First Quarter Forecast", Turner Construction Company.
7. "Steady Increase in U.S. Construction Activity Projected Through 2014", by Kermit Baker, PhD, The American Institute of Architects and the "AIA Consensus Construction Forecast 2013", The American Institute of Architects.
8. "ENR Confidence Index Rises Dramatically", by Gary J. Tulacz, Engineering News – Record.
9. "Return of a Normalized Market or Just the New Normal?", by Dale F. Denda, Director of Research, Parking Market Research Company, Parking Industry Exhibition (PIE) – March, 2013.

PROJECT HIGHLIGHTS

City of Burlington, Ontario Sustainable Financial Strategy for Downtown

Carl Walker recently completed a financial sustainability study for Burlington. The project involved reviewing current management and operational conditions to develop recommended improvements. The financial implications of potential program changes were also assessed and a preliminary improvement action plan was developed.



City of Fayetteville, Arkansas Entertainment District Parking Deck & Walton Arts Center Administration Building

After completing the site selection study last year, *Carl Walker* is now working on the structural and functional design of a parking structure to be located in the entertainment district downtown. The parking structure will include a 3,000-square-foot streetfront liner building for city use and a 9,000-square-foot administration building that coincides with current expansion plans for the adjacent Walton Performing Arts Center. The parking structure will provide special event parking for the arts center and busy Dickson Street entertainment district nearby. Construction is scheduled to begin in the fall of 2013.

10 & 120 South Riverside Plaza Chicago, Illinois

Carl Walker completed an extensive evaluation of the facility that included the plazas at 10 South Riverside and 120 South Riverside as well as the docks, sidewalks and plenum space above the railroad tracks below. *Carl Walker* designed and implemented the first two phases of this project with the remaining repairs to be performed in 2013. The work required careful phasing to maintain pedestrian traffic flow to and around the building during construction.



Employee News

Carl Walker, Inc. announces recent promotions within the company. These staff members were recognized for their dedication and commitment to the firm.

PAT MARTIN, P.E., promoted to Vice President of Restoration, has led our restoration sector since September 2010.

RUSS RANDALL, P.E., a former project manager, was recently promoted to Principal in the Kalamazoo, Mich. office.

RAY SMITH, P.E., the former Managing Principal of the Indianapolis office, has been promoted to Vice President of Structural Engineering & Design. He will lead

the structural group and be responsible for maintaining and updating design standards, including structural engineering guidelines, standard details, master specifications and more.

RAY MULVANEY was promoted to Manager of BIM/CAD Design. He will assign structural work to appropriate staff, coordinate with the project manager, schedule staffing, and coordinate the QA/QC review.

DOUG GANNON, P.E., S.E., has been promoted to Manager of Structural Engineering. He will be responsible for assigning structural work to appropriate staff, coordinating with the project manager, scheduling staffing, and coordinating the QA/QC review.



April 2013 Issue

MESSAGE FROM THE PRESIDENT

Writing the construction cost feature article this month and assessing current market conditions

for the construction industry was certainly more encouraging than in recent years. As we celebrate our 30th anniversary, we are thankful that incremental improvements in the economy these past few years have finally led the way for the construction industry to recover. We look forward to connecting with many former clients, new clients, teaming partners, and contractors on new projects.

Hopefully, you will find the cost information useful in planning for your parking expansion needs. Note that the median national parking structure cost of \$17,533 per space is based on average national construction costs and will vary depending on geographic location and project features. Projects in the median cost range typically include many amenities and features desired by owners and users. However, if more enhancements are used, such as more comfortable parking geometrics,

aesthetic façade treatments, LED lights, extended service life durability additions, interior painting of ceilings, underground construction, advanced sustainability features (solar panels, storm water detention, computerized lighting controls, green roofs, etc.), parking space guidance, or other enhancements that are becoming more common in state-of-the-art parking structures, then costs may exceed the median. However, many project budgets dictate a more economical solution with costs below the median.

In either case, we welcome the opportunity to assist you in evaluating plans for parking development and how to achieve project objectives, including the best balance between function, aesthetics, and cost!

Gary Cudney, P.E.

