

The latest news on Texas construction trends impacting your projects.

Q4 2020 Summary: We continue to see delays in materials manufactured overseas due to pandemic-induced factory shutdowns. The pandemic continues to result in favorable market conditions like an increase in trade contractor bid participation.

Increased Trade Contractor Participation Equals Buy-Out Savings

Market conditions continue to be favorable for bidding “shovel ready” projects. As expected, we have seen a huge influx of trade contractors bidding on projects to build their backlog for 2021 and beyond. As a result of the increased competition, Owners are enjoying buyout savings, which gives them the ability to incorporate wisely-planned alternates into their projects. We predict these favorable market conditions will continue through the end of 2020, but not much longer unless another pandemic-induced shutdown occurs.

In last quarter’s advisory, we stated Owners who purchase now, plan for potential buyout savings, and prepare for possible stimulus funds will see the best cost advantages. We continue to anticipate the following cost implications stated last quarter:

- No cost estimate adjustments to major work categories for work beginning in 2021 as we expect prices to return to pre-COVID levels quickly.
- We continue recommending three to four percent escalation for projects starting in 2021.
- Alternates are an easy way to incorporate any savings realized on your project.
- Owners with “shovel ready” projects, executed through the preconstruction stage, stand a higher chance of obtaining stimulus funds appropriated on the state or federal level.



Plan B to Avoid Delays on Custom Finishes Manufactured Overseas

The shutdowns of overseas factories due to the pandemic leave a lot of uncertainty regarding the timeline for receiving custom finish materials like tile. To account for these shortcomings, we recommend sourcing domestically produced tile and other finishes when possible to reduce the risks of schedule delays. The difference can be as much as three months.



Tile installation at the Texas Facilities Commission, North Austin Complex Phase One project

Hiring Quality Trade Contractors in a Competitive Market

With more trade contractors actively bidding on projects during the economic slowdown, it can be harder to distinguish the best firms. The Construction Career Collaborative (C3) alliance promotes financial security and robust training necessary for craft workers' career advancement. C3 not only benefits the craft workers receiving the advanced training, it benefits your project as well. Having a skilled workforce safeguards the quality of construction on your project, reducing future facility maintenance and operating costs. A C3-designated project also protects you by ensuring all workers are paid fairly and receive either OSHA-10 or OSHA-30 certification. To find more information on the C3 alliance and the benefits of designating your project as a C3 project, please visit www.c3.org.



University of Houston, College of Medicine is a designated C3 Project

About Vaughn Construction

Vaughn Construction is a Texas-based construction company that specializes in new construction, renovations and additions to civic, healthcare, education and research facilities. The privately-held company has offices in Austin, Bryan/College Station, Dallas/Fort Worth, El Paso, Galveston, Houston, Lubbock, San Antonio, and the Texas Medical Center (Houston).

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