



**PSMJ** | Resources, Inc.®

## Economic Trends in the A&E Industry

---

Gregory Hart  
President  
PSMJ Resources,  
Inc.

## **THIS TIME LAST YEAR...**

**“Buckle in for a brutal free-fall in home prices and US housing is in a massive bubble.”**

**“Goldman Sachs sees stocks enduring 'less pain but also no gain' in 2023.”**

**“A Quick End to the Fed’s Rate Hikes Looks Unlikely.”**

**“Fed Staff Warn Chance of Recession in Next Year Is Now Near 50%.”**

## **NOW THIS YEAR...**

**“Tight supply and still-strong demand have kept pressure on home prices, which not only continue to hit new highs but appear to be accelerating in their gains.”**

**“The U.S. economy’s resilience has fueled an emerging consensus that the Federal Reserve will achieve its desired “soft landing,”**

**“Dow rises to close at fresh record, S&P 500 hits all-time high.”**

**“U.S. job growth continued at a steady pace in the final quarter of 2023, and the unemployment rate ended the year just slightly higher than its 50-year low.”**





**PSMJ** | Resources, Inc. •

**A/E/C  
QUARTERLY  
MARKET  
FORECAST**

— • REPORT

The  
forward-looking  
business opportunity report  
based on architecture and  
engineering firm proposal activity.

**Proposals**



**Backlog**



**Revenue**



**Cash Flow**



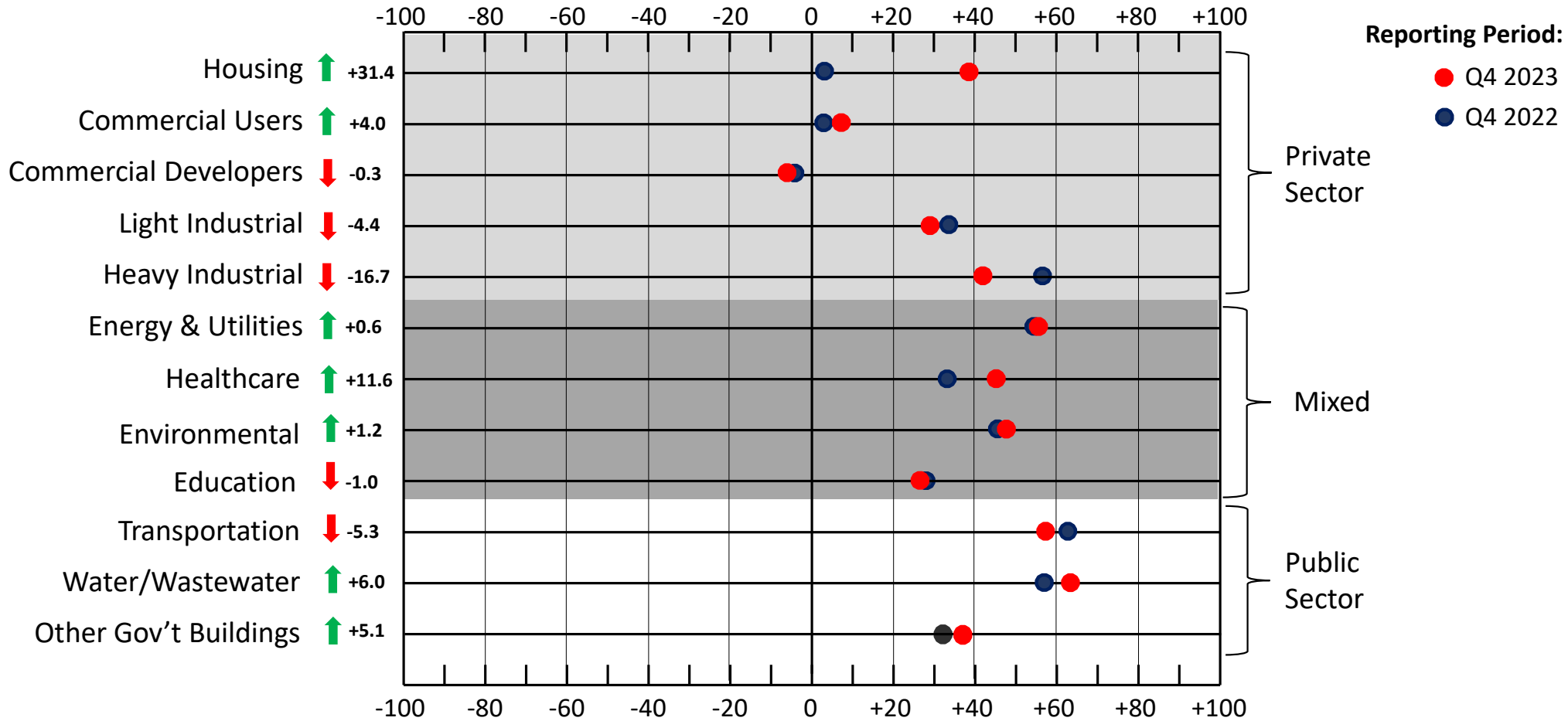
3-6 months

6-12 months

2-4 months



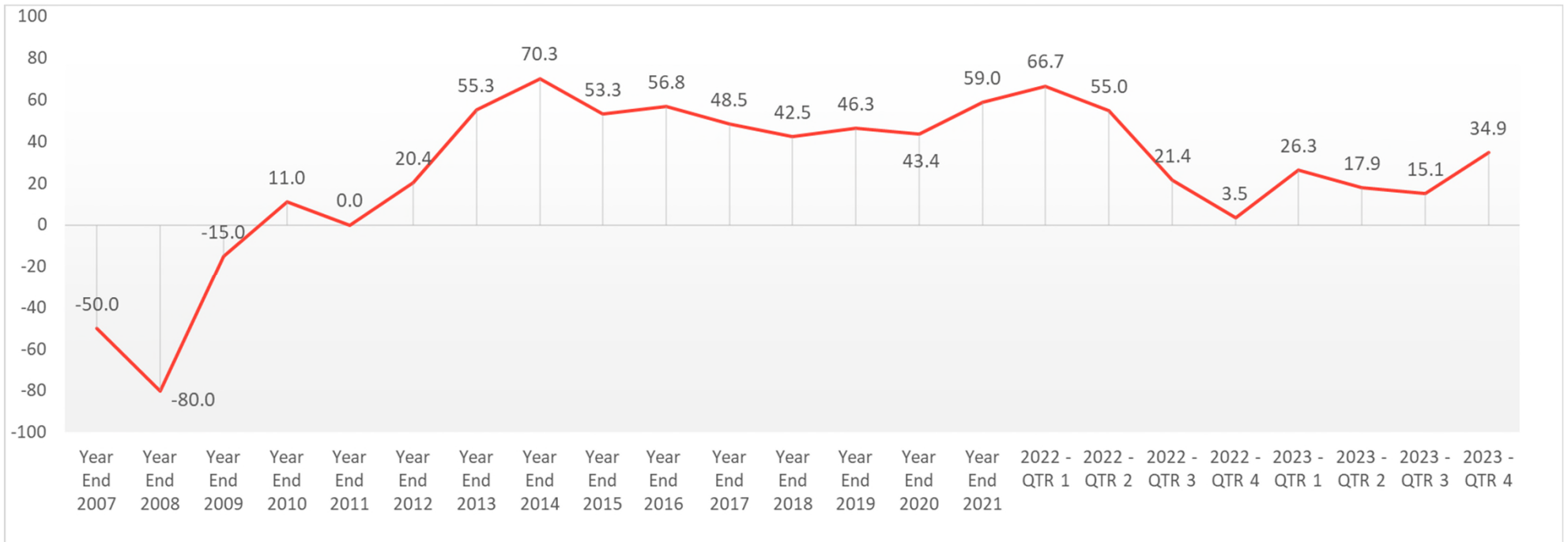
# Quarterly Market Forecast NPMI Year-over-Year Comparison







# Housing pulled out of the 2022 freefall...



# Mortgage delinquencies still near all-time low.

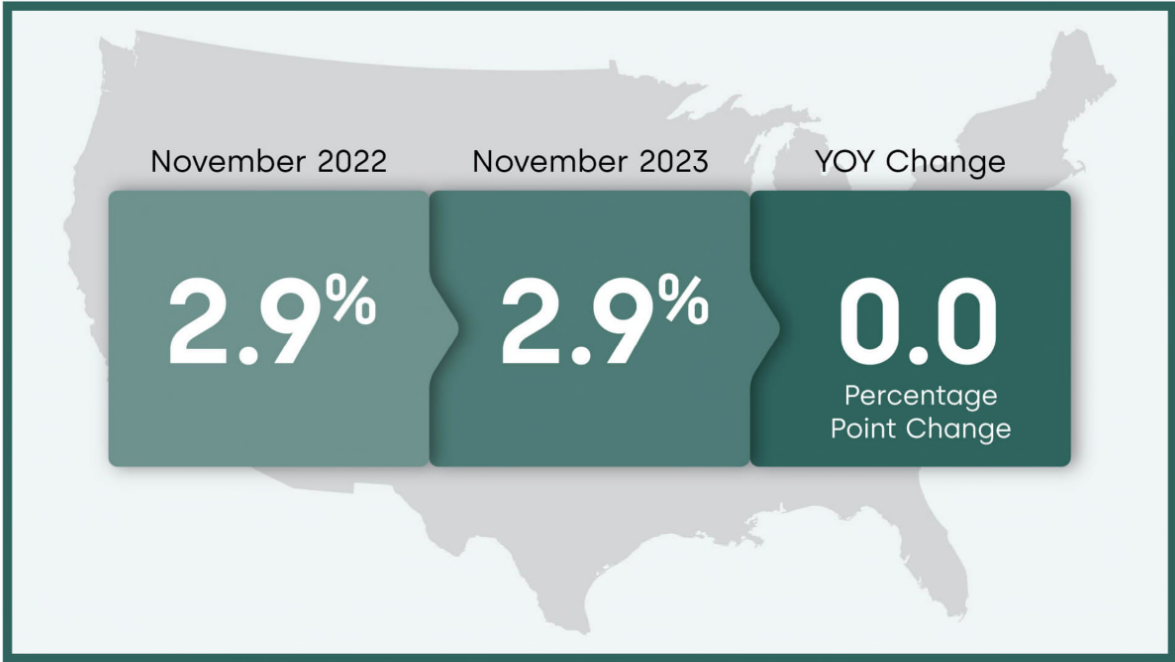
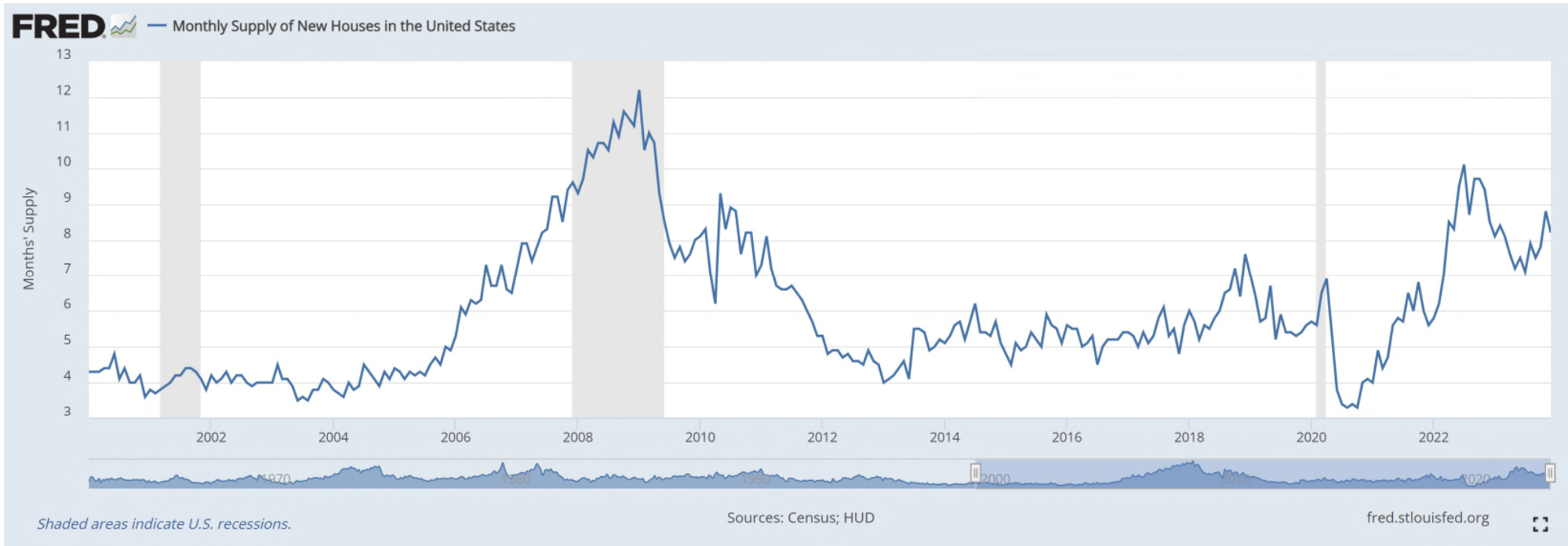


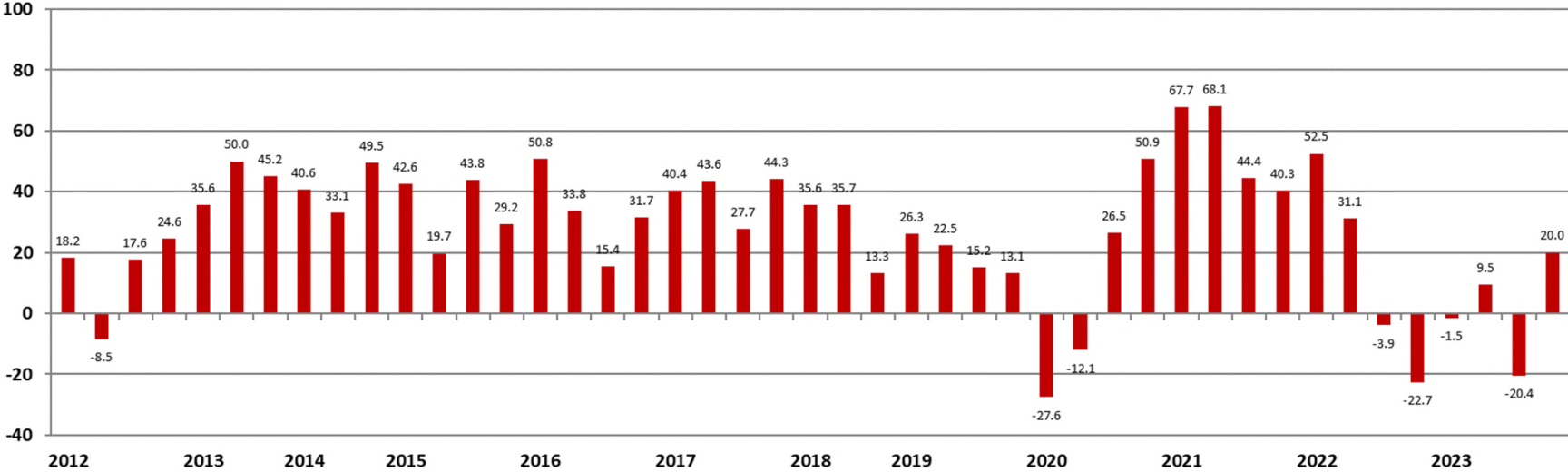
Chart 1: Overall U.S. mortgage delinquency rate and year-over-year change, November 2023

Source: CoreLogic Loan Performance Insights – January 2024

# ...but supply is creeping back up.

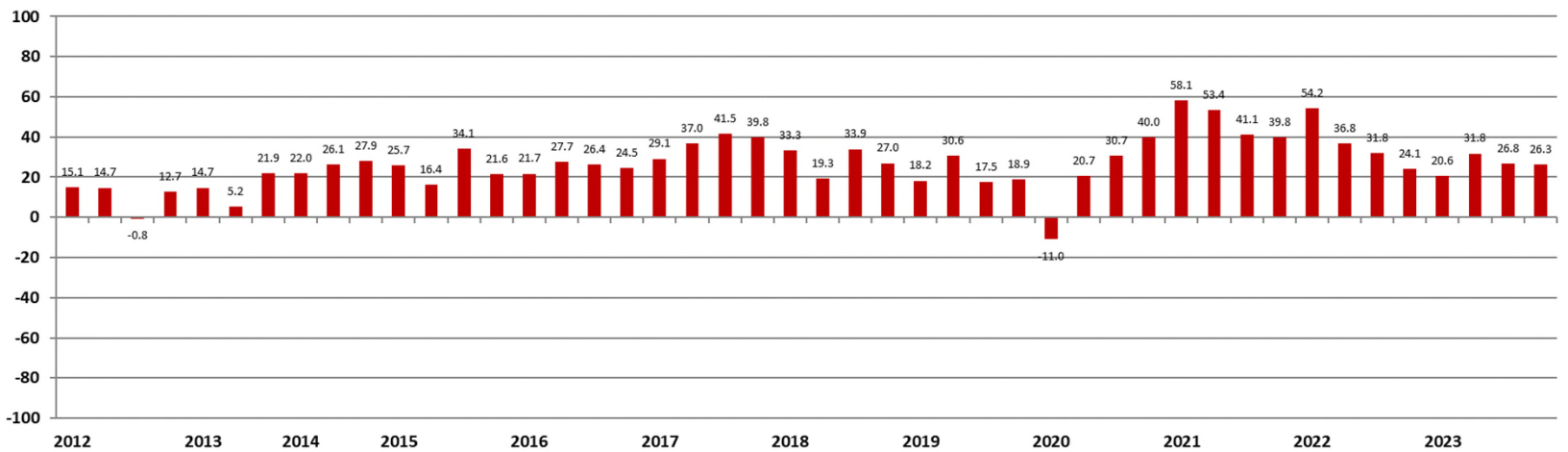
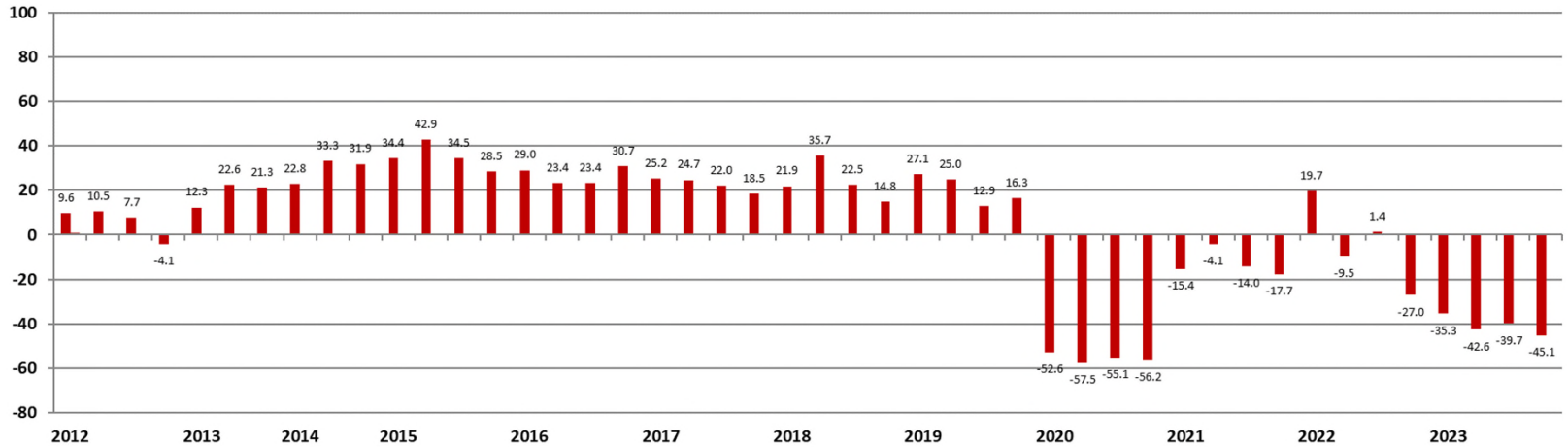


# Housing still has volatility in it.





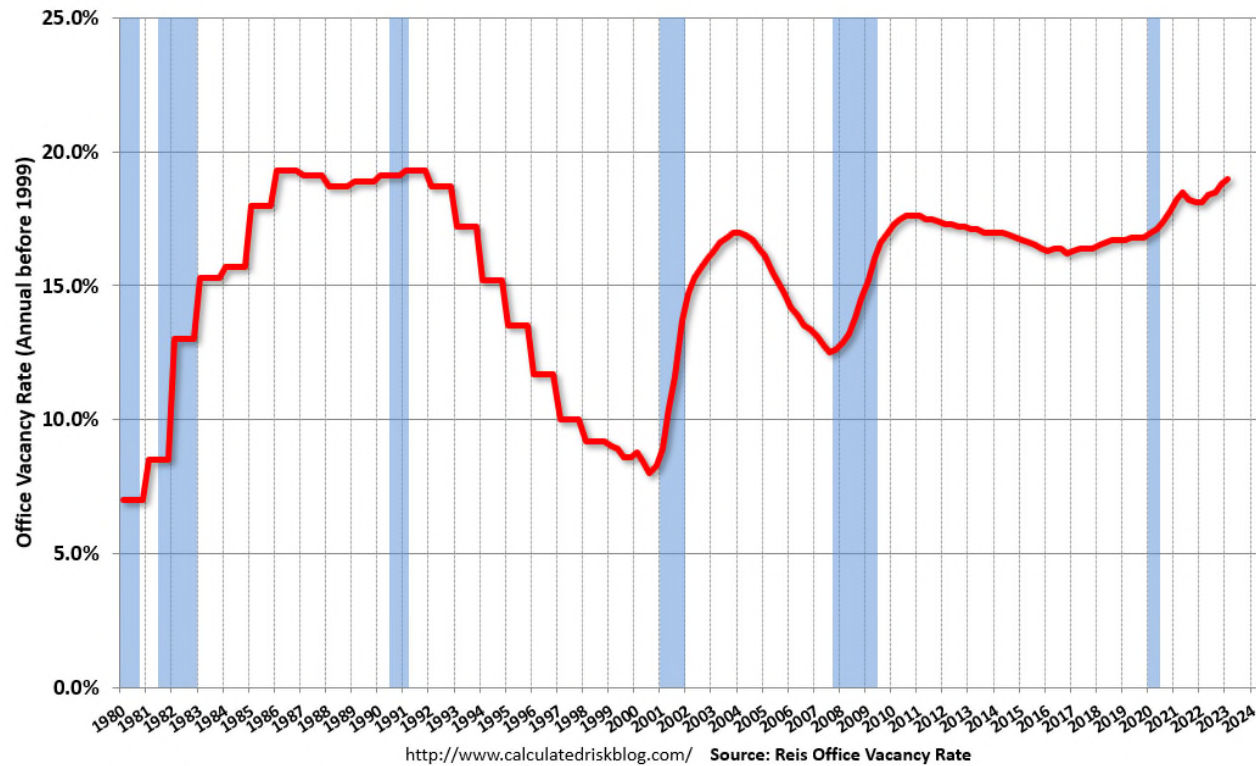
# But it is more complicated than that.



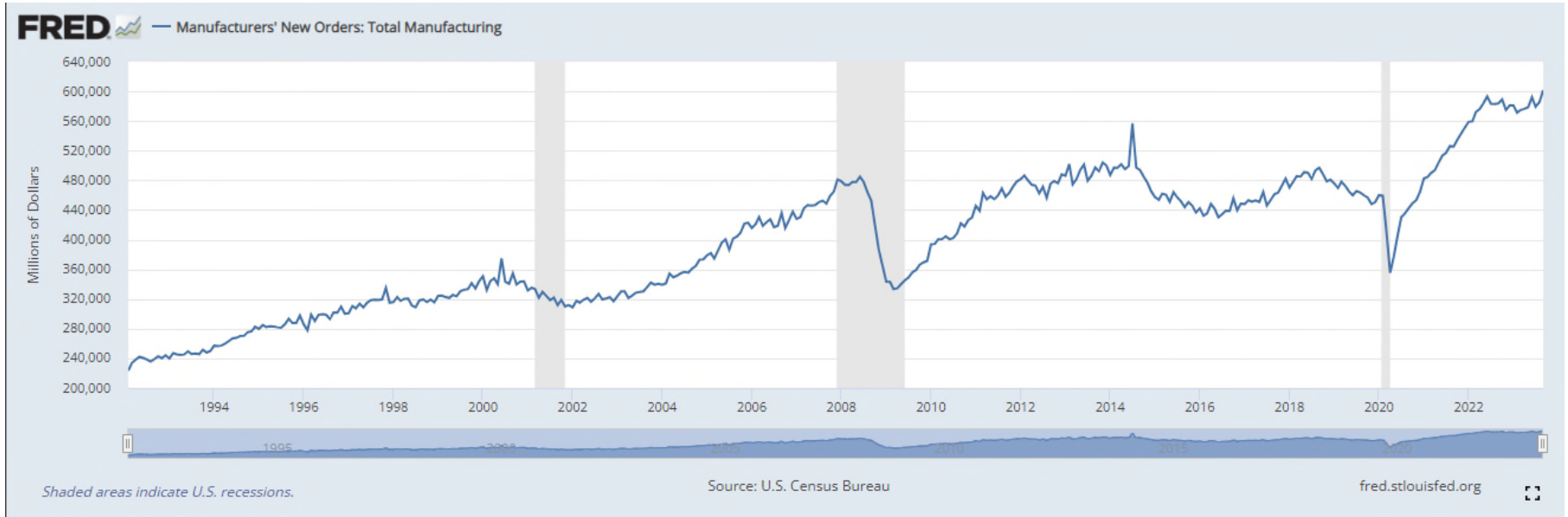




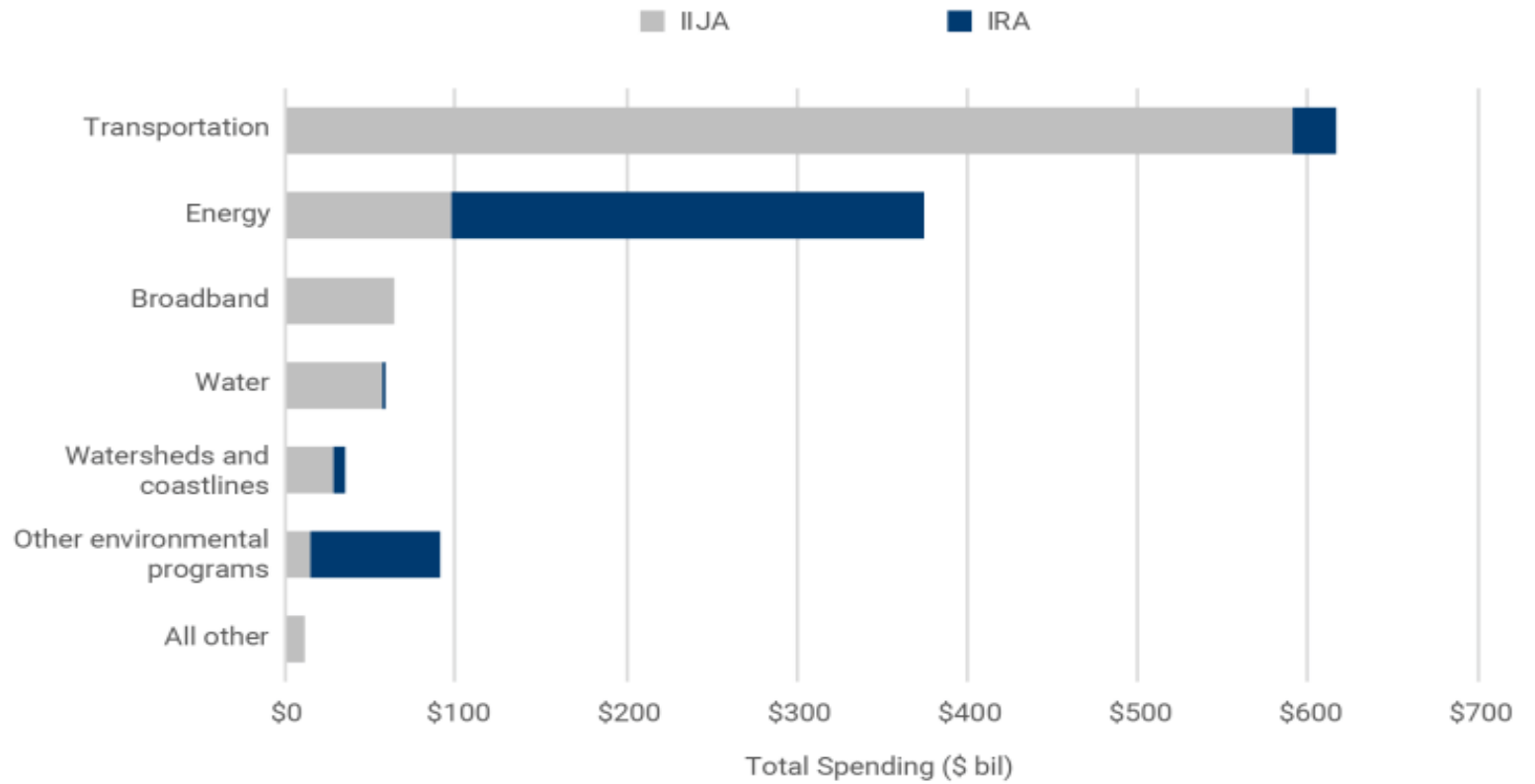
# Office vacancy rates are climbing.



# The Warehouse market is strong.



## Projected federal spending from IIJA and IRA





# The Hottest Markets

## Expect:

- ✓ More competition
- ✓ Tougher recruiting
- ✓ More consolidation

- 1. Water/Wastewater: 63.2**
- 2. Transportation: 57.5**
- 3. Energy/Utilities: 55.8**
- 4. Environmental: 47.4**
- 5. Healthcare: 43.6**



# The Coldest Markets

## Expect:

- ✓ Fewer new projects
- ✓ “Easier” recruiting
- ✓ Less consolidation

- 1. Comm. Develop.: -7.2**
- 2. Comm. Users: 7.9**
- 3. Education: 24.5**
- 4. Light Industry: 28.1**
- 5. Housing: 34.9**





**Take a hard look at  
your fees in strong  
markets.**



**Have a contingency plan if the strong markets cool in 3-5 years.**





**Play the long game in soft markets. Make strategic hires. Get closer to strategic clients.**

**Gregory Hart**

President

PSMJ Resources, Inc.

[ghart@psmj.com](mailto:ghart@psmj.com)

[www.psmj.com](http://www.psmj.com)

THANK YOU

**PSMJ** | Resources, Inc.®