



Trends & Drivers: Shaping the Future of Restoration

ICRI 2013 Spring Convention
St. Pete Beach, Florida

“If **you** don't know
where you are **going**,
any **road** will do.”

- Author unknown



We are here.....

Restoration Industry

- \$400 billion industry
 - 5.2 million commercial buildings in US/CAN
 - 60,000 parking garages
 - 600,000 bridges
- Broad and diverse discipline
- Restoration accounts for 1/3 of total construction spending
- Industry projected to grow over next 5 years

Restoration is a Vital Part of Urban Development

25th Anniversary

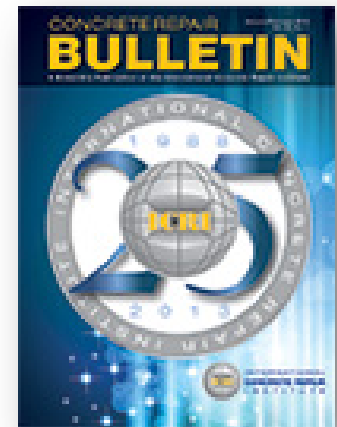
International Concrete Repair Institute

Improving the quality of concrete restoration, repair and protection

- Education
- Communication
- Fellowship
- Influence

Vision 2020
A Vision for the Concrete Repair, Protection
and Strengthening Industry

2020
VISION



Driving the quality of repair for 25 years

We Are Not Alone



Global Trends Are Shaping Our Industry

Trends & Drivers

Shaping the Future of Restoration

Global Mega Trends Impact Restoration

- Global trends manifest locally
- Trends combine with local drivers
- Change impacts entire industry
- Impact will be felt by all of us



“If you don’t know where you are going, any road will do.”



Global Trends

Shaping the Future of Restoration

mega trend \ 'me-gə'trend\

1a. large, social, economic or technologic change that is slow to form

Demographic
Shifts

Political
Conditions

Science &
Technology

Economic
Developments

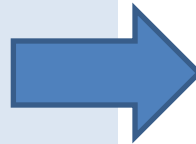
Social &
Cultural
Shifts

Megatrends

Characteristics and Impact

Demographic Shifts

- Aging Population
- Immigration/diversity
- Population growth
- Urbanization

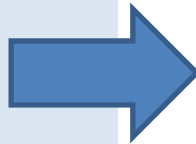


Impact

- Buying habits, elder care, workforce gaps
- Government provision, capacity to fill gaps
- Effects on land, climate, water, resource
- Climate, water supply, inventory, resources

Changes in Political Conditions

- Election issues
- Federalism
- Participatory democracy
- Privatization/outsourcing

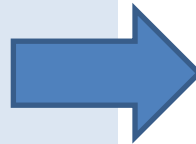


Impact

- Campaign finance reform, redistricting
- Distribution authority, trade agreements
- Voting systems, referendums, initiatives
- Private companies providing local services

Science & Technological Developments

- Bioengineering
- Energy sources
- Privacy and security issues
- Electronic delivery of goods and services



Impact

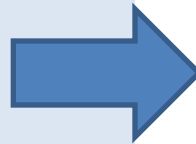
- DNA, stem cell, cloning, genetic engineering
- Alternative energy sources
- Identity theft, cyber terrorism, tracking
- E-Commerce, E-Government

Megatrends

Characteristics

Economic Dynamics

- Globalization of trade
- Energy supply
- Intellectual property
- Retirement issues

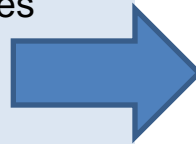


Impact

- Outsourcing, offshoring, free trade
- Price increases, availability, volatility
- Standardization of regulations
- Pension shortfall, Soc. Security, Lost Decade

Social and Cultural Shifts

- Government involvement in social issues
- Redefinition of family
- Spirituality
- Assimilation



Impact

- Gay marriage, abortion, church vs. state
- Single-headed households, unmarried homes
- Alternative medicine, diversity
- Acculturation vs. ethnicity

Population Growth Aging Building Stock Energy Efficiency

Search for Value Litigation Adaptive Reuse **Labor Shortage** **Generation Y**

Immigration **Individualism** **Financial Crisis** **Cluster Cities** Increasing Regulations Housing

Crisis The Lost Decade **Expanding Asset Base** Talent Migration

Technology Make People Closer **Life Safety** **Demographic Shift**

Poor Quality Construction Speed and Ease of Use **Aging Population**

Validated Performance **Seismic Retrofit** **Climate Change** Return on Investment

Sustainability Transportation Oriented Development **Globalization** **Scarce Resources**

Urbanization **Era of Less China** Cyber Security

Arab Spring and Self-determination Pandemic Outbreak **Terrorism**

Sovereign Debt **Water Piracy** Regional Governments Health Care **Labor Shortage**

Genetic Modification Alternative Energy Sources **Censorship** Assimilation

Ethnic Diversity **Free Trade** **Micro Economies** **Middle Class** *Digital*

Decreasing Mortality Rate **Acceleration** **Less Office Demand**

Trends and Drivers Impact the Restoration Industry



Demographic Shift

Shaping the Future of Restoration

Demographic Shift

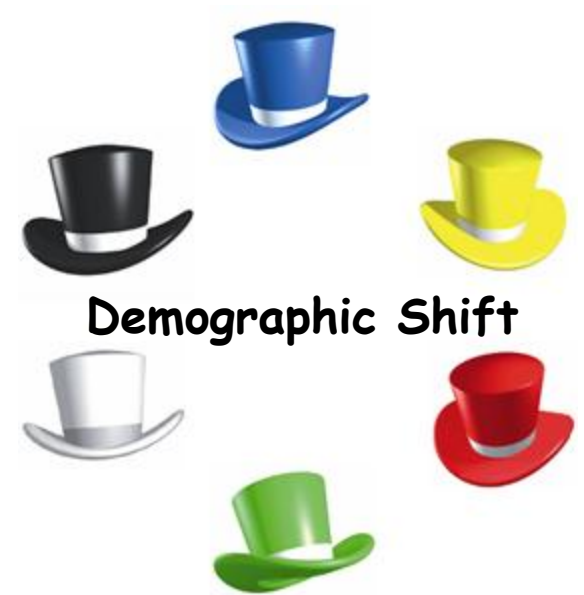
Implications for Restoration

Global Trend: Demographic Shift

- What is it?
- What is driving it?
- What does it look like?

Implications for Restoration

- What will it look like?
- Where will it be?
- Who will be doing it?
- How will they be doing it?
- When will they be doing it?
- Why will they be doing it?



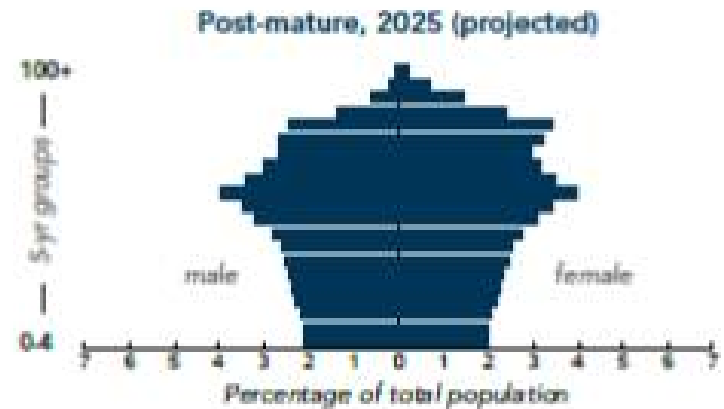
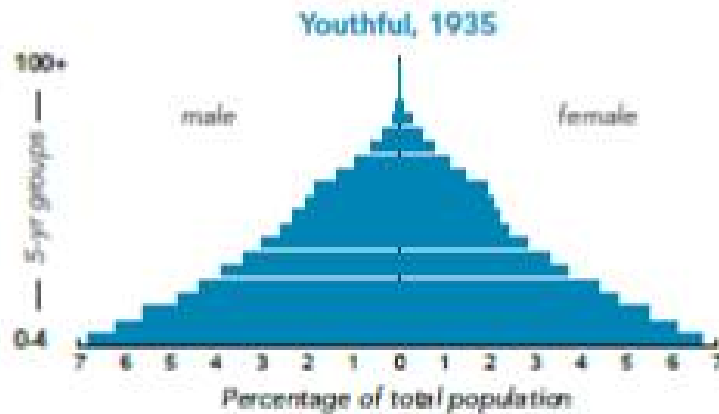
Six Thinking Hats

Demographic Shift

Implications for Restoration

What is “Demographic Shift”?

- Changes to aspects of the population
- Age distribution, size of cohorts
- Racial and ethnic makeup
- Birth and mortality rates
- Geographic distribution



Implications for the Built Environment

Demographic Shift

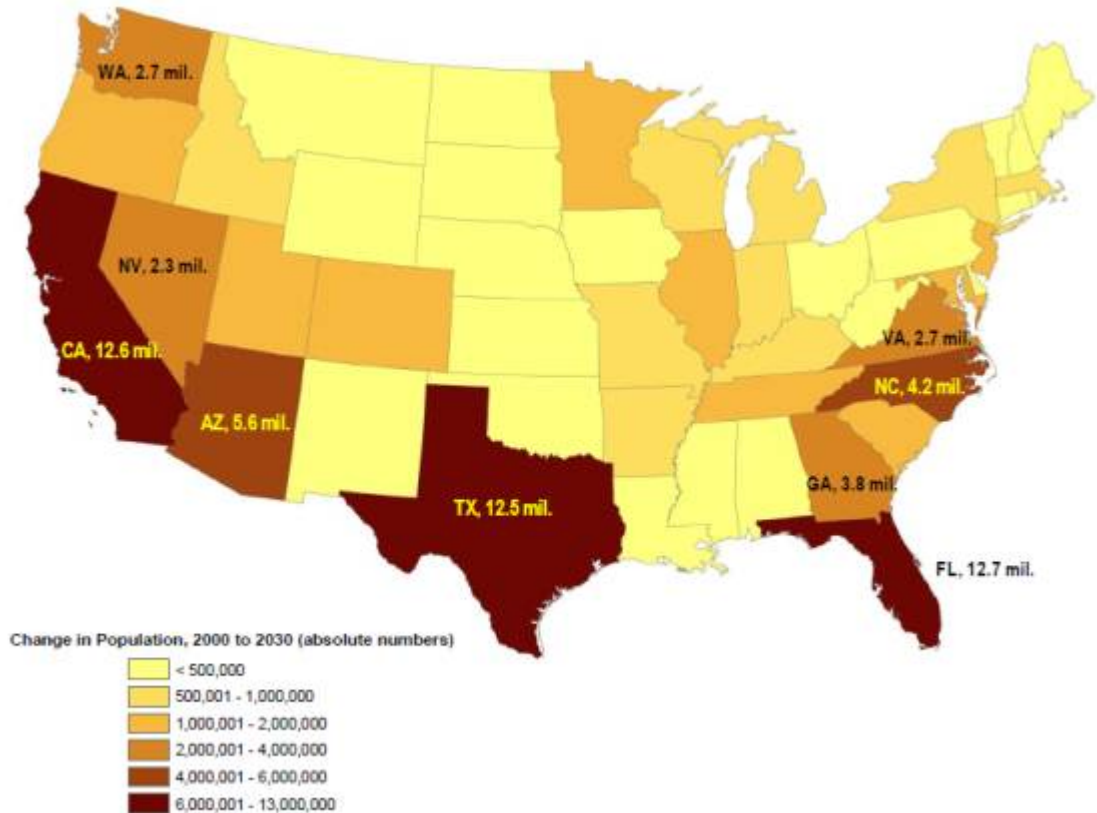
Implications for Restoration

What is driving it?

- Aging Baby Boomers
- Decreasing mortality rate
- Migration
- Immigration
- Population growth
- Shift from West to East

Disruptors:

9/11
Housing Crisis
Sandy



Critical Trends Driving the AEC Industry - FMI Corporation

Demographics Are Destiny

Demographic Shift

Implications for Restoration

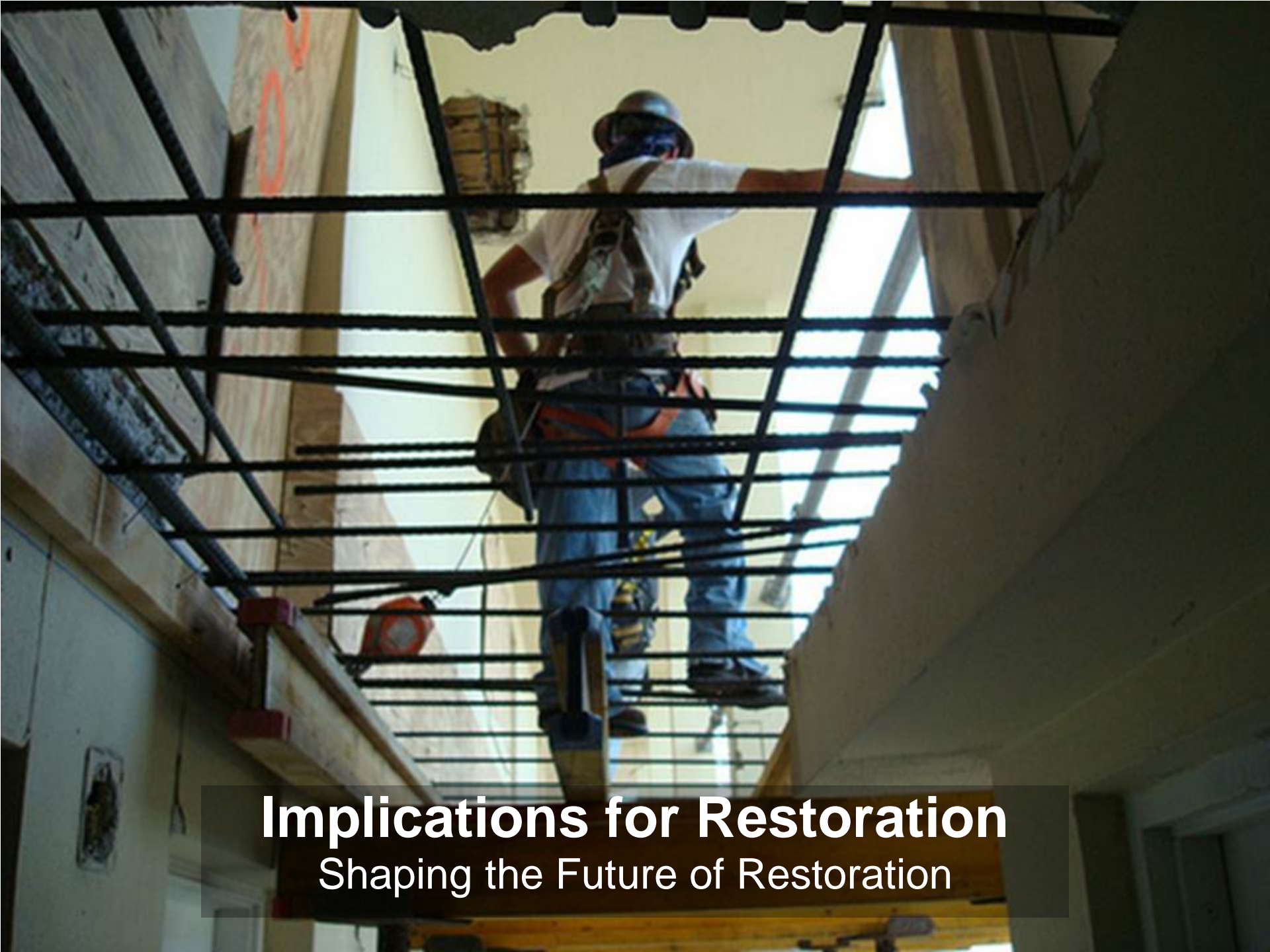
What does it look like?

- Urbanization
- Mega Regions
- Emergence of Generation Y
- Less is more
- Workforce mobility
- Labor gaps



Critical Trends Driving the AEC Industry - FMI Corporation

90% of Population Will Live in a Metro Areas by 2030



Implications for Restoration

Shaping the Future of Restoration

Demographic Shift

Implications for Restoration

What will **Restoration** look like?

- Multi-disciplined profession
- More complex assemblies
- Increase of design-build repairs
- More regulated: materials and practices
- Holistic repairs
- Validated performance
- Industry will look younger, more diverse

Multipliers:
Urbanization
Sustainability
Resources
Energy



Industry Change is Incremental

Demographic Shift

Implications for Restoration

Where will we be **Restoring** structures?

- Global, gateway cities
- Micro-economies: “Eds, Meds & Feds”
- Cluster Cities
- Mega regions
- Energy + Technology hubs

Multipliers:
Sustainability
Urbanization
Resources
Migration



Money Flows to Attractive Markets

Demographic Shift

Implications for Restoration

Who will be **Restoring** structures?

- Institutional owners
- REITs with Class A property
- Multi-residential
- Sustainability minded companies
- Healthcare facilities
- Department/Ministry of Transportation

Multipliers:
Aging
Sustainability
Housing Crisis



Asset Strategy Drive Spending Decisions

Demographic Shift

Implications for Restoration

How will we **Restore** structures?

- More collaboration
- Different materials
- Innovation through chemistry
- Proactive repairs
- More communication
- Long term approach

Multipliers:
Sustainability
Regulation
Labor gap



Market Demands Outpacing Innovation

Demographic Shift

Implications for Restoration

When will **Restoration** grow as an industry?

- Strong historical performance
- Counter cyclical
- Current upswing in spending
- Slow recovery favors restoration

Multipliers:
Acceleration
Housing
Natural
Disasters



Need for Restoration Outstrips Capacity to Restore

Demographic Shift

Implications for Restoration

Why will owners **Restore** structures?

- Consumer demand
- Regulation
- Return on investment
- Existing inventory
- Access to services
- Corporate values

Multipliers:
Sustainability
Urbanization
Inventory
Access



Restoration is a Vital Part of Urban Development

“...the idea of the **future** being different from the **present** is so repugnant to our conventional modes of thought and behavior that we, most of us, offer great **resistance** to acting on it in practice.”

- John Maynard Keynes, 1937

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Understand • Prepare • Change

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A photograph of a construction site on a balcony. Two workers in safety gear are visible. One worker stands in the center, facing away from the camera, wearing a white shirt, blue jeans, a white hard hat, and a yellow safety harness. He is holding a tool. Another worker is kneeling on the right side, wearing a dark blue shirt, blue jeans, a white hard hat, and a yellow safety harness. The balcony has a white railing and large glass doors. In the background, a beach and the ocean are visible through the glass. A blue vertical bar is on the left side of the image, containing the BASF logo and text. A semi-transparent dark grey box is at the bottom, containing the worker's name and contact information.

Christopher Perego

Industry Sector Manager

BASF Corporation

Christopher.perego@basf.com