



NARI-MN INSIDER

May 2021

IN THIS ISSUE

- Message from the Marketing Committee
 - 2021 Event Schedule
 - Live & In-Person Schedule
- 2021 National CotY Winners
 - 2021 Golf Event
- Sponsorship Opportunities
- 2021 Guildmaster Award Winners
 - Brewhaha 2.0
 - Industry Article
- Member Resources

Message From the Marketing Committee

Dear NARI Members -

Hello and happy May from the Marketing Committee! We wanted to get in front of you and let you know that May is National Improvement Month! With the NHIM Promotional Kit provided to you by NARI National, we encourage you help us to promote NHIM on your social networks. By sharing tips and tricks, important information, and step by step guides, we'll be able to provide homeowners with helpful information for their next project.

The committee has been busy creating exciting and informative content to go along with the Promotional Kit that we'll be sharing all month long on our social channels. We encourage you to follow along, like, and share our content on your own pages. Let's let homeowners know the importance of hiring a NARI Contractor!

Some content we'll be sharing will include:

- What to expect during a remodel
- 10 steps to prepare for a remodel
- The importance of hiring a NARI contractor
- Aspects of Universal Design
- And much more!

Please contact the NARI office if you have any questions. Happy posting!

- The Marketing Committee



— MAY IS —
NATIONAL
HOME
IMPROVEMENT
MONTH

ENVISION YOUR “AFTER”

WE CAN HELP

MAY

- 11 Monthly Meeting
Strategies for Running More Profitably
5:30 PM - 7:00 PM
Via Zoom

JUNE

- 9 LunchBox Hour
"How to Start and Run a Roundtable"
12:00 PM - 1:00 PM
Via Zoom
- 22 Brewhaha 2.0
Wicked Wort Brewery, Robbinsdale
5:30 PM - 8:30 PM
*** First In - Person Event!***
- 23 LunchBox Hour
"Home Tour Magic - Pro Tips"
12:00 PM - 1:00 PM
Via Zoom

JULY

- 14 LunchBox Hour
Fireside Hearth & Home
12:00 PM - 1:00 PM
Via Zoom
- 20 Golf Event
Prestwick Golf Club, Woodbury
12:30 PM Shotgun Start

AUGUST

- 17 Saints Paul Saints Game
CHS Field, St. Paul
5:30 PM

Save the Date!

SEPTEMBER

- 14 Firm Night
Modern Design Cabinetry
5:30 PM - 8:30 PM
- 10 CotY Submissions Due

OCTOBER

- 12 Chapter's Annual Meeting
IMS Building
5:30 PM - 8:30 PM
- 22 LunchBox Hour
Fireside Hearth & Home
12:00 PM - 1:00 PM
Via Zoom

NOVEMBER

- 9 CotY Gala
A'Bulae, St. Paul
5:00 PM - 10:00 PM

DECEMBER

- 14 Firm Night
Daltille, Plymouth
5:30 PM - 8:30 PM

*** All events are subject to change. Click [HERE](#) to visit events page**

Upcoming In-Person Events!

We're back and extremely excited to announce that in June we'll be having our first live and in-person event! We can't wait to see everyone again! Be sure to mark these dates down on your calendar and join us!

JUNE

22

BREWHAHA 2.0

Wicked Wort Brewery
4165 W Broadway Ave
Robbinsdale, MN 55422
5:30 PM - 8:30 PM



JULY

20

GOLF EVENT

Prestwick Golf Course
9555 WedgeWood Drive
Woodbury, MN 55125
Shotgun start at 12:30 PM

Sponsored By:



AUG.

17

ST. PAUL SAINTS GAME

CHS Field
360 N Broadway Street
St. Paul, MN 55101
Event begins at 5:30 PM

Sponsored By:



SEPT.

14

FIRM NIGHT

Modern Design Cabinetry
209 Paul Ave S
Cologne, MN 55322
5:30 PM - 8:30 PM

Sponsored By:



National CotY Award Winners

NARI CotY[™] 2021 AWARDS

MINNESOTA

Congratulations to the
Minnesota chapter's 2021
National CotY Award winners!

[View All 2021 Winners](#)



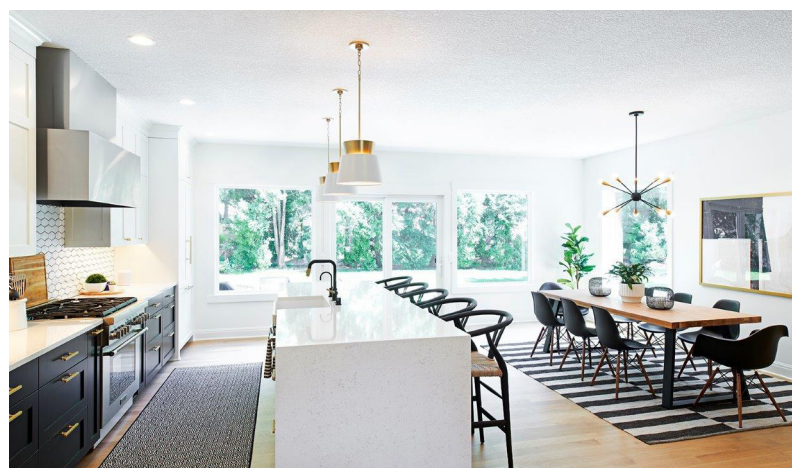
Residential Landscape Design/Outdoor
Living \$100,000 - \$250,000
[Livit Site + Structure](#)



Residential Addition
\$100,000 - \$250,000
[Ben Quie & Sons](#)



Residential Exterior Over \$200,000
[Mom's Design Build](#)



Entire House \$250,000 - \$500,000
[Lake Country Builders](#)

2021 Golf Event



Let's Golf!

COST:
GOLFERS - \$150 for each Golfer
(Includes dinner)

FIX-IT PACKAGE:
\$20 for the team (one use each)

Don't want to golf? Games on the Grass is back!

COST:
\$50 per person (Includes dinner)

RAFFLES:
\$5 for each ticket

COMBO PACKAGE:
One golfer, one team mulligan, 8 raffle tickets
- \$200

Each additional golfer can register for golf
(\$150) and purchase their own raffle tickets

Thank you to our Eagle Sponsor!



[REGISTER HERE](#)



Interested in Sponsorship?



2021 SPONSORSHIP OPPORTUNITIES

www.narimn.org
NARI-MN Sponsorships
Support the Organization that
Supports OUR INDUSTRY

Want to be a NARI sponsor?

As always, we continue to serve our industry by providing excellent programs and educational offerings, connecting members with colleagues to share best practices, and creating new opportunities that will help our members and their businesses grow and thrive. We hope you will consider making the commitment to be a NARI-MN sponsor! We look forward to connecting with you to explore ways to work together to maximize value. **Contact the office today!**



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2021 Guildmaster Award Winners

The annual Guildmaster Award recognizes businesses within the community of quality who consistently deliver exceptional customer experiences.

In order to receive the award, a Guildmember must, at a minimum, achieve both a 90% recommendation rate and a 50% customer response rate.



Congratulations to the NARI-MN members who are 2021 winners!





BUILT WITH YOUR REPUTATION IN MIND

Why should you install crafted Marvin windows and doors? Because customer satisfaction is important, not only to your peace of mind but to your bottom line as well. Marvin understands and supports the way contractors work, which is why Marvin products are only sold by industry experts who understand the project needs. For over 100 years, contractors like you have been trusting Marvin with the most valuable asset they own, their reputation.

To find your local dealer and remodeling solutions, visit [Marvin.com](https://www.marvin.com).



Brewhaha 2.0

We're doing it again! Brewhaha 2.0!



**Tuesday, June 22nd
5:30 PM - 8:30 PM
Wicked Wort Brewery
4165 W Broadway Ave
Robbinsdale, MN 55422**

Register [HERE](#)



EAT DRINK & be NARI®

Thank you to our sponsor!



Join us for our first
in-person event of 2021!
Get together with your
NARI friends, have a few
beers, and listen to the
band the NARI Tones
play!

NARITones



Soaring Material Prices, Supply Chain Delays Spook Owners & Developers

article from: [constructiondive.com](https://www.constructiondive.com)

The rising cost of many materials and increased sourcing headaches have project owners rethinking their return to normalcy and threaten to derail construction's expected resurgence. The road to recovery may be longer than you think.

As the second quarter of 2021 kicks off, contractor confidence is high, with plenty of optimism that the coming resurgence of re-started projects will lift construction firms from the abyss of COVID-19 to go even beyond their pre-pandemic heights. Just look at the Associated Builders and Contractors' Confidence Index, which is now positive for sales, profit and staffing level expectations for the next six months.

The only problem is, to build things, contractors need willing owners to finance them. They may become more scarce in the coming months, as continued kinks in the global supply chain drive material prices higher, extend delivery times and make already anxious developers more skittish.

"People are starting to become a lot more buoyant and confident around things," said Chris Bailey, senior vice president of integrated solutions at San Francisco Bay Area-based general contractor XL Construction, who recently authored a report to clients about supply chain hurdles. "But there needs to be some degree of caution as to how we re-engage with all of this, because we can't just do what we did in 2019. Product is not coming online as quickly as projects are."

Cold feet, again

That juxtaposition is causing owners who want to get back to work to reconsider if now is the best time to do so. At Fort Worth, Texas-based Century Mechanical Contractors, secretary and treasurer Diane Mills said the recent explosion in materials costs is inducing sticker shock in her clients, especially those who priced their projects before the pandemic, but then hit the pause button at its outset. As those owners re-enter the market, they've had to adjust their expectations or re-consider their projects all over again, she said. "Owners are coming back and saying they want to build, but they set their budgets two years ago," Mills said. "What might have cost \$100,000 if they started last June is now probably closer to \$160,000. So they're even having to pull back again and rethink what they're doing, because it's out of budget."

Finance professionals are also witnessing a second round of cold feet among developers trying to resuscitate deals in the current environment.

"I had a developer come back to the table with a deal he mothballed last year, but now it was going to cost him 20% more," said Jake Clopton, founder of Chicago-based commercial mortgage broker Clopton Capital. "He said he couldn't do it, that it didn't make sense to build right now. I mean, in the end, it's really all just a math problem." Clopton said he's had several developers with land carrying costs approach him to kickstart projects, but with old GC bids. When they've re-priced them, and evaluated the current state of the lending market, where bank loans can be non-existent for some project sectors and private money loans can have 10% interest rates, their deals are no longer penciling out. "They're just uneconomical at these levels," Clopton said.

There's even evidence that a recent increase in construction spending above pre-pandemic levels isn't due to more projects coming online, as much as it is the need to absorb higher costs. Construction spending climbed 5.3% from February 2020 to a seasonally adjusted annual rate of \$1.52 trillion, the Census Bureau reported April 1.

But prices for goods used in construction jumped 3.5% from February to March and 12.9% since March 2020, representing the highest monthly and yearly increases in the 35-year history of tracking that data, according to the Associated General Contractors of America.

"These material cost increases—steep as they are—tell only part of the story," said Ken Simonson, AGC's chief economist, in a statement on Friday. "They are based on prices the government collected a month ago, and they fail to capture the notices contractors are receiving daily about longer lead times, shipments held to a fraction of previous orders, and other challenges."

Projects aplenty

That said, projects are waiting in the wings.

“Here comes the tsunami of economic and employment growth across America,” said Anirban Basu, chief economist for Associated Builders and Contractors, in a statement last week about the March jobs report, which included 110,000 new construction jobs, with 73,100 of them in the beleaguered nonresidential segment. “With more stimulus on the way, the United States may end up growing faster than China this year, which would be the first time that occurred in decades.”

Contractors have been adding workers as they’ve been building up their backlog of new work, much of which they cannibalized in 2020 simply to stay in business. Indeed, overall backlog rose to 8.1 months in February, just 0.7 months shy of iBut the new question is how many of those projects will get derailed again, before they can be re-started, due to skyrocketing material prices. The global supply chain has been stretched thin after nearly a year of dormancy, and hasn’t been able to achieve anywhere near its pre-pandemic, just-in-time efficiency.

“During this shutdown, a lot of shipping was taken out of commission because there was nothing to transport,” said Bailey. “People weren’t willing to put money into maintaining shipping and transportation equipment when there was no revenue at the other end of it, so things have fallen into a state of disrepair. What we’re seeing now is that even when product is ready to leave, the transportation market is trying to catch up.”

The fact that the mammoth Ever Given container ship blocked the Suez Canal, one of the world's business cargo routes, for six days in March can't help. "That will just provide more delay on top of everything that was already delayed," Bailey said.

Longer lead times

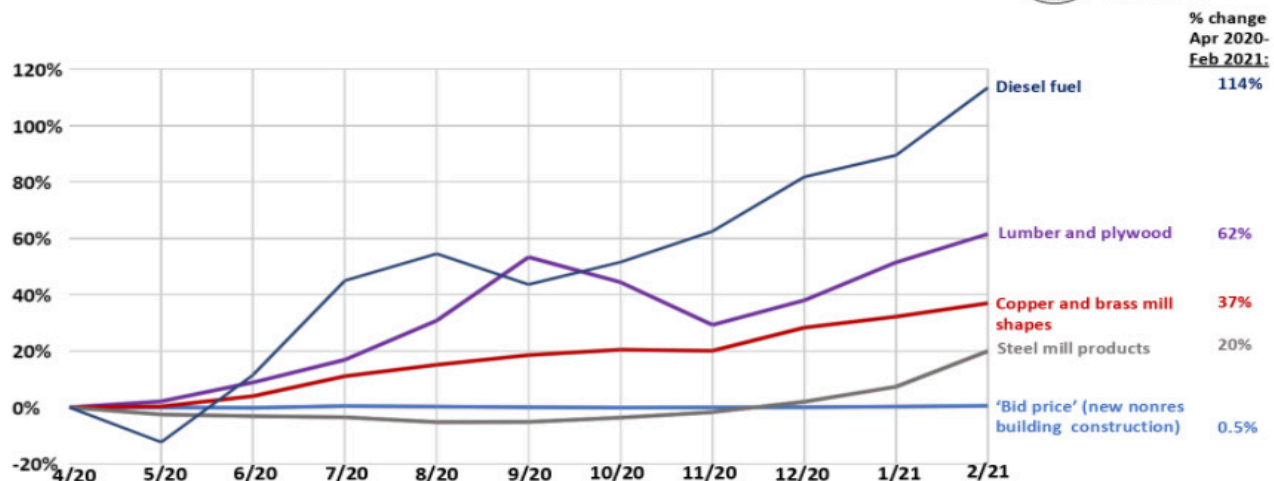
No matter the reason behind the delays, contractors say longer delivery times are having a severe impact on construction schedules.

“If you had a project that was ready to buy structural steel and precast wall panels for a new distribution facility, if you got in line today, it would be nine or 10 months before you got that material,” said Scott Higgins, senior vice president at Chicago-based Pepper Construction Company. “The impact is going to be very simple: higher prices and longer schedules.” Back in Fort Worth, Mills said opportunity for jobs is there, but material suppliers can’t keep up with orders. “We could do the work,” Mills said. “We just can’t get the equipment in many cases.”

She pointed to a recent quote for air handling units for schools, which usually require a lead time of six to 12 weeks. Her suppliers recently told her they would take four to six months instead.

PPIs for construction and selected inputs

cumulative change in PPIs, Apr 2020 -Feb 2021 (not seasonally adjusted)



“Well, if you have a summer project that you need to start June 1 and you’re bidding it today, you’re probably not going to get your equipment in time to get it done,” she said. At the same time, she says pressure in her local bid environment has heated up. “There’s a lot of work being bid here,” Mills said. “But there are also a lot of people needing work to fill their backlog again, so it’s very competitive. Even though the pricing is higher, the margins are lower.”

High prices headed higher

Construction material prices have risen so sharply in 2021 that the Associated General Contractors of America last week issued a rare Construction Inflation Alert, a move the group hasn’t taken since 2008, citing a 12.8% jump of input costs for projects since the pandemic began.

While that double-digit rise is notable in itself, some foundational materials for contractors have spiked even more, with lumber and plywood gaining 62%, and steel mill products recording a 20% jump since April 2020, according to AGC’s analysis. Diesel fuel, the lifeblood of the heavy equipment needed to build major projects, has surged 114%.

But while those costs have been leaping upwards, contractors looking to rebuild their depleted backlogs haven’t been able to lift their bid prices by anywhere near the same amount, eking out just a 0.5% gain over the same period, according to AGC.

“Contractors should become even more vigilant about changes in materials costs and expected delivery dates and should communicate the information promptly to current and prospective clients,” read the alert from AGC, which is hosting a webinar on rising costs and strategies for dealing with them this week.

A recovery coming off the tracks?

With higher prices, longer lead times and skittish developers, the real question then becomes whether these issues, which have emerged as contractors desperately try to put the impacts of the pandemic behind them, can actually derail the coming recovery.

“I think to a degree, yes,” said Mills. Clopton feels confident that supply chain issues will eventually work themselves out, especially given the enormous amount of pent-up demand from previously sidelined projects coming back online, coupled with the \$1.9 trillion in funding from the American Rescue Plan, and a proposed \$2 trillion infrastructure funding package.

“You’ve got an enormous amount of liquidity in the system that’s looking to do projects and get the economy moving,” Clopton said. “And while demand [for materials] is way outpacing the increase in supply, I think everybody expects that to be transitory.”

Indeed, Basu, the ABC’s chief economist, voiced a similar view Friday after the most recent price jumps emerged.

“While we will likely see further materials price increases going forward, the pace of increase may not be as rapid,” Basu said in a statement. “As the COVID-19 pandemic fades, suppliers will be better positioned to respond to demand. That will help moderate price increases at some point, though in the very near-term, contractors should anticipate additional cost escalations.”

The last fly in the ointment that gives construction market observers pause is how long the current impacts of the pandemic took to actually materialize on jobsites.

While an absence of toilet paper and PPE were hallmarks early in the pandemic, the more recent economic pains bearing down on materials and the supply chain now weren’t felt until six to nine months after the pandemic began. With a quarter of 2021 already in the rearview mirror, it could take just as long for them to unwind themselves.

Member Resources - Did You Know?

Rapid Compliance Solutions (RCS)

- \$20/month savings (40% off retail) + (7) days free usage of the software package. If you work in homes built before 1978, you need to comply with the Federal Lead laws. Avoid fines, fees, and project documentation issues with RCS lead documentation platform.

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NARI of Minnesota's Mission:

To be the primary remodeling resource for professionals and consumers by elevating the professionalism of the remodeling industry through expanding knowledge, building relationships, and recognition of industry excellence.