



Founded 1889

United Association of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of the United States and Canada

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April 8, 2019

TO: ALL LOCAL UNION AND DISTRICT COUNCIL BUSINESS MANAGERS

Re: Prefabrication Market Assessment Study

Dear Brothers and Sisters:

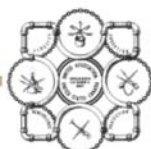
In an effort to better understand how prefabrication and modularization are impacting the construction industry, the United Association, in partnership with MCAA and Pipe Fabrication Institute contractors, has commissioned a Prefabrication Market Assessment Study. To our knowledge, this is the most comprehensive study about prefabrication that has ever been done. The study was performed by FMI and funded by the United Association Labor Management Cooperation Fund (UALMCF). FMI is a very well-respected management, consulting and research firm with 65 years of experience in the construction industry. The UALMCF is part of the UA Yellow Label Agreement and is funded by a contribution of five cents per hour worked.

The study covers both the U.S. and Canada and captures markets including residential (5 stories and up), manufacturing, commercial and institutional, oil and gas, heavy industrial and power, and the semiconductor and bio-pharma sectors. In addition to secondary market research, FMI conducted interviews and surveys with various industry stakeholders, thirty percent of which came directly from owners or owner representatives. These efforts were focused to better understand the current state of prefabrication, purchasing behavior, delivery system drivers, market conditions, market size and growth and emerging market trends. Specific questions were asked related to preferences for union vs nonunion fabrication and foreign vs domestic.

Upon completion and review of the initial study, FMI was again hired to develop condensed regional assessments. The U.S. was divided into four regions – Northeast, Midwest, South and West – with Canada divided into two regions – East and West. An additional 120 owner surveys were collected to further clarify information revealed in the initial study.

Each regional assessment contains:

- An explanation of the project background
- A North American fabrication market summary
- A regional overview including key takeaways and potential market strategies
- A regional segment breakout by industry sectors





A separate Market Planning Workbook has also been provided to help UA affiliates and respective contractor groups develop a strategic plan to leverage strengths, address weaknesses, and attain overall market goals.

According to the study, the construction industry is predicted to grow at a 4.1% Compound Annual Growth Rate (CAGR) through 2020, with prefabrication growth predicted at 11.8% CAGR. This reflects an increase of \$80 billion (USD) in prefabrication spending from 2016 to 2020. The UA and our signatory contractor partners have historically been the construction industry leaders in prefabrication. By utilizing the information contained in these market assessment studies, I strongly believe we can increase our market share in not only prefabrication, but on-site work as well.

Whether at a regional, provincial, state or local level, I encourage you to take these study findings and work with your respective contractor partners and develop a strategic plan to capture more prefabrication in all market sectors. These reports and the Market Planning Workbook will be shared with all MCAA and PFI contractors.

The Market Assessment Studies and the Market Planning Workbook are available at <https://uanet.org> under Quick Links – Prefabrication Market Assessments. Please note that these market assessments are the sole property of the UALMC and are for the exclusive use of the UA and signatory contractors. Should you have any questions or wish to discuss this in more detail, please contact Mark Buss, Administrative Assistant to the General President.

Fraternally,

Mark McManus
General President

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cc: General Officers, International Representatives, and Special Representatives