

Fall 2004

Hanscomb

NEWS UPDATE

Escalation Watch

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Statistics Canada
Non-Residential
Construction Cost
Indices for 7 Cities

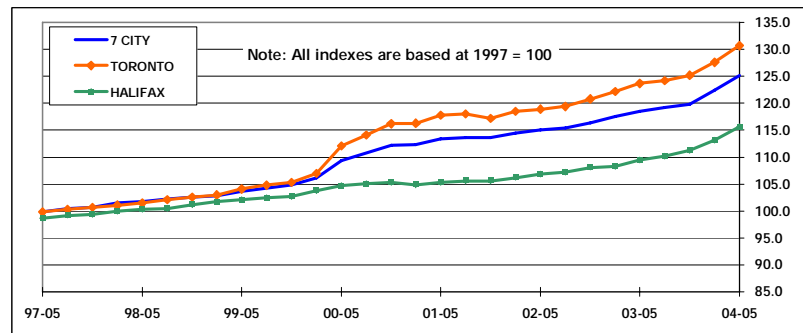
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The 'mid-May 2004' Non-Residential Construction Price Indices are now available from Statistics Canada. Indices for the third quarter of 2004 should be available in mid-November.

Nationally, the composite price index has advanced from 118.5 to 125.2 or 5.7% over the same period last year with a majority of the growth occurring in the first and second quarters of 2004. Each of the seven cities surveyed by Statscan experienced similar growth patterns, led by Vancouver which, after several years of relative stagnation, reported a 7.8% gain over the previous year compared to Montreal and Ottawa which reported more moderate annual increases of 4.5% and 4.6% respectively. The charts and graphs on the following page summarize Statistics Canada's latest results.



Statistics Canada, catalogue 62-007-XPB, Table 5.1 – Non-residential Building Construction Price Indices.

More information about this and other construction related indices published by Statistics Canada is also available on line at www.statcan.ca.

In addition to the cities reported by Statscan, other regions of the country are being watched for potential cost increases over the next 12 months. Specifically, St. John's, Winnipeg and, in the far north, Yellowknife are experiencing higher volumes of building activity. When combined with material cost increases and labour shortages, these centres may feel relatively more pressure than surrounding areas.

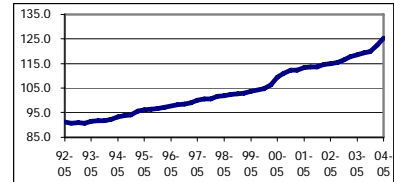
The majority of upward pressure on costs in the early months of 2004 is probably related to sudden and largely unexpected increases in the price of materials – particularly steel and steel products – that have taken hold not just in Canada but globally.

Looking forward, increased industrial building activity in the Alberta oil patch and continued strong commercial volumes may drive construction costs in the region up by as much as 8% to 10% in the next 12 months. In Vancouver, the 2010 Winter Olympic Games will spur building activity. Although most venue and related construction will not begin in earnest for 12 to 24 months, annual increases in the 10% range – or higher – can be expected in the foreseeable future.

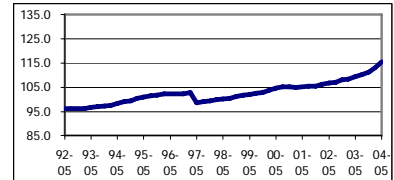
We believe that high construction volumes, residual material price volatility and systemic skilled labour shortages will continue to push average construction prices up in 2005, to the upper end of the 4% to 6% range annually.

STATISTICS CANADA NON-RESIDENTIAL CONSTRUCTION COST INDICES, IN EACH CITY 1997 = 100 (Cat. No. 62-007-XPB)

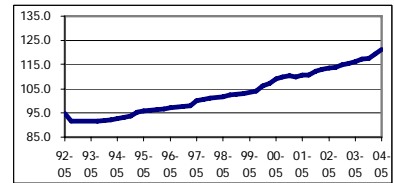
COMPOSITE 7 CITY	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	114.5	115.0	115.4	116.4	117.6	118.5	119.2	119.8	122.4	125.2
Year / Year					2.7%	3.0%	3.3%	2.9%	4.1%	5.7%
Quarterly		0.4%	0.3%	0.9%	1.0%	0.8%	0.6%	0.5%	2.2%	2.3%
Q. Cumulative	0.0%	0.4%	0.8%	1.7%	2.7%	3.5%	4.1%	4.6%	6.9%	9.3%



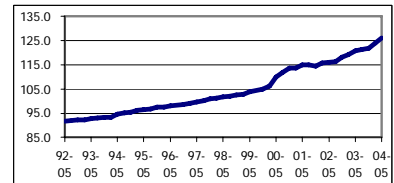
HALIFAX	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	106.2	106.8	107.2	108.1	108.3	109.5	110.2	111.2	113.2	115.6
Year / Year					2.0%	2.5%	2.8%	2.9%	4.5%	5.6%
Quarterly		0.6%	0.4%	0.8%	0.2%	1.1%	0.6%	0.9%	1.8%	2.1%
Q. Cumulative	0.0%	0.6%	0.9%	1.8%	2.0%	3.1%	3.8%	4.7%	6.6%	8.9%



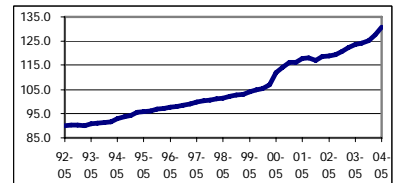
MONTREAL	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	112.9	113.4	113.7	114.9	115.4	116.1	117.3	117.4	119.4	121.3
Year / Year					2.2%	2.4%	3.2%	2.2%	3.5%	4.5%
Quarterly		0.4%	0.3%	1.1%	0.4%	0.6%	1.0%	0.1%	1.7%	1.6%
Q. Cumulative	0.0%	0.4%	0.7%	1.8%	2.2%	2.8%	3.9%	4.0%	5.8%	7.4%



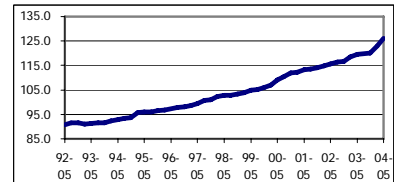
OTTAWA	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	115.9	116.1	116.4	118.1	119.4	120.7	121.3	121.8	124.0	126.3
Year / Year					3.0%	4.0%	4.2%	3.1%	3.9%	4.6%
Quarterly		0.2%	0.3%	1.5%	1.1%	1.1%	0.5%	0.4%	1.8%	1.9%
Q. Cumulative	0.0%	0.2%	0.4%	1.9%	3.0%	4.1%	4.7%	5.1%	7.0%	9.0%



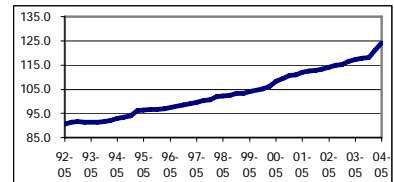
TORONTO	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	118.5	118.9	119.4	120.8	122.2	123.7	124.2	125.2	127.6	130.7
Year / Year					3.1%	4.0%	4.0%	3.6%	4.4%	5.7%
Quarterly		0.3%	0.4%	1.2%	1.2%	1.2%	0.4%	0.8%	1.9%	2.4%
Q. Cumulative	0.0%	0.3%	0.8%	1.9%	3.1%	4.4%	4.8%	5.7%	7.7%	10.3%



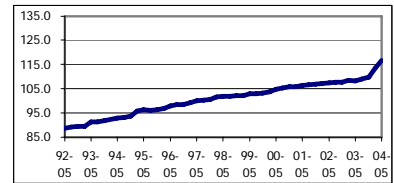
CALGARY	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	114.7	115.6	116.3	116.7	118.5	119.5	119.7	119.9	123.0	126.1
Year / Year					3.3%	3.4%	2.9%	2.7%	3.8%	5.5%
Quarterly		0.8%	0.6%	0.3%	1.5%	0.8%	0.2%	0.2%	2.6%	2.5%
Q. Cumulative	0.0%	0.8%	1.4%	1.7%	3.3%	4.2%	4.4%	4.5%	7.2%	9.9%



EDMONTON	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	113.4	114.1	115.0	115.2	116.6	117.4	117.7	118.3	121.3	124.2
Year / Year					2.8%	2.9%	2.3%	2.7%	4.0%	5.8%
Quarterly		0.6%	0.8%	0.2%	1.2%	0.7%	0.3%	0.5%	2.5%	2.4%
Q. Cumulative	0.0%	0.6%	1.4%	1.6%	2.8%	3.5%	3.8%	4.3%	7.0%	9.5%



VANCOUVER	2002				2003				2004	
	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May	Mid-Aug	Mid-Nov	Mid-Feb	Mid-May
Index	107.1	107.4	107.7	107.6	108.4	108.3	108.9	109.7	113.5	116.8
Year / Year					1.2%	0.8%	1.1%	2.0%	4.7%	7.8%
Quarterly		0.3%	0.3%	(0.1%)	0.7%	(0.1%)	0.6%	0.7%	3.5%	2.9%
Q. Cumulative	0.0%	0.3%	0.6%	0.5%	1.2%	1.1%	1.7%	2.4%	6.0%	9.1%



FOCUS ON ONTARIO HOSPITALS



Architectural rendering of the R. S. McLaughlin Durham Regional Cancer Centre

supporting buildings will have been renovated and a new patient care tower, central utilities plant, and cancer centre will have been added as part the hospital's redevelopment.

Hanscomb is providing Cost Planning and Value Management Facilitation to Lakeridge's redevelopment and the firm is continuing to work closely with the Hospital providing Risk Analysis services to aid in the management of the hospital's budget.

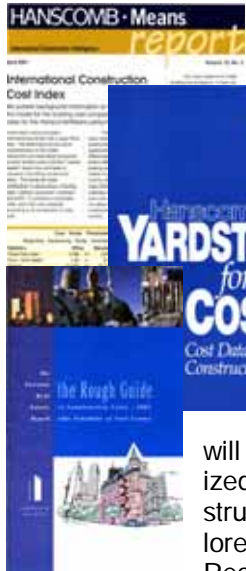
In addition to the Oshawa campus, the Lakeridge Health Corporation delivers health care services to the various communities of Durham region from its four other sites which are also in various stages of redevelopment.

Lakeridge Health Corporation

The Oshawa campus of the Lakeridge Health Corporation is currently well into its five phase redevelopment. When complete, most of the existing facilities and

Representative Ontario Hospitals

- Algoma Cancer Centre
- Bancroft Hospital and Long Term Care Centre
- Belleville General Hospital
- Brockville Psychiatric Facility
- Cornwall General Hospital
- Grand River Hospital
- Haliburton Highlands Health Services
- Halton Healthcare Services Corporation
- Hamilton Health Sciences Corporation
- Hôpital Montfort Hospital
- Hospital for Sick Children
- Hôtel-Dieu Kingston
- Humber River Regional Hospital
- Kingston General Hospital
- Kingston Regional Cancer Centre
- Lake of the Woods District Hospital
- Lakeridge Health Corporation
- Lennox & Addington County General Hospital
- London General Hospital
- Markham Stouffville Hospital
- McMaster University Medical Centre
- Milton District Hospital
- Norfolk General Hospital
- North York General
- Orillia General Hospital
- Peterborough Regional Health Centre
- Sault Area Hospitals
- Scarborough General Hospital
- Southlake Regional Health Centre
- St. Joseph's Health Centre
- St. Michael's Hospital
- Sudbury General Hospital
- Sunnybrook and Women's College Health Sciences Centre
- The Children's Hospital of Eastern Ontario
- The Royal Ottawa Hospital
- Timmins & District Hospital
- University Health Network
- West Park Memorial Hospital
- William Osler Health Centre
- *and more...*



The Applied Research Group

Hanscomb is pleased to announce the formation of the *Applied Research Group*. The new division

will serve clients with customized costing models and construction cost information tailored to their requirements. Recently, the Applied Research

Group completed detailed cost information database and models used by the Municipal Property Assessment Corporation (formerly OPAC) to support their evaluation of property taxes for commercial and industrial facilities in the province of Ontario. The group's recent initiative was the development of detailed functional area cost models for use in hospitals redevelopment budgeting.

Risk Management

In October, Paul Westbrook, Hanscomb Chair and Executive VP, addressed a group of government healthcare officials, facility executives and design professionals attending the Murphy Hilgers Knowledge Exchange Roundtable. The roundtable theme was Development Anxiety. Mr. Westbrook spoke about Hanscomb's recent initiatives in the field of Risk Management and it's application to the health-care facility budgeting process.

In addition to the traditionally recognized cost estimating risks, Hanscomb's approach includes investigation of a range of other project risks including scope, schedule and funding issues.

There are significant cost risks associated with any capital project. Understanding the nature and potential impact of these risks is the foundation of an effective Risk Management strategy.

HANSCOMB ANNOUNCEMENTS

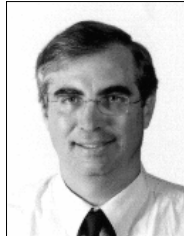
Appointments



Jason Gallant,
Applied Research Group



Dale Panday,
Production Manager, Toronto



Peter Moore,
Manager, Vancouver

Hanscomb is pleased to announce the appointment of Dale Panday as Production Manager for Hanscomb's Toronto Office, Jason Gallant as Manager of Hanscomb's Applied Research Group, and Peter Moore as Manager of the practice's Vancouver Office.

Mr. Panday joined Hanscomb in 1994 as a Cost Consultant. As Toronto's Production Manager, he will be responsible for coordinating the delivery of our Project Control Services.

Mr. Gallant will lead Hanscomb's Applied Research Group. Services will include the preparation of customized facility costing models, and construction cost data collection, trending and analysis.

Mr. Moore recently joined the firm in January 2004 and brings with him over 25 years of international experience in the construction industry. Mr. Moore will be responsible for the coordination and delivery the firm's Project Control Services in British Columbia.



Hanscomb Now In Winnipeg

Hanscomb is pleased to announce the opening of an office in Winnipeg Manitoba.

Currently, the Winnipeg office is providing a variety of services including Design Stage Scheduling, Cost Planning and Control, Value Engineering, and Risk Management Analysis to the Winnipeg Airports Authority's Airport Infrastructure Redevelopment Plan and Manitoba Hydro's Office Complex.

To speak with someone regarding the Winnipeg Office, please do not hesitate to contact Art Maw at 204-775-3389 or any of the individuals listed below.

Hanscomb World Wide Office Contacts

Peter Moore	Vancouver	604-685-1241
David Crane	Edmonton	780-426-7980
David Crane	Calgary	403-234-9490
Art Maw	Winnipeg	204-775-3389
Susan Neil	Toronto	416-487-3811
Grant Mercer	Ottawa	613-234-8089
Raymond Murray	Halifax	902-422-3620
Wayne Fitzpatrick	St. John's	709-722-0505
David Hancox	Abu Dhabi	9712-6262461
Stephen Keigwin	Dubai	9714-3244557
Steve Bale	Muscat	968-601664
Ron Butler	Doha	974-4673808

Services

Cost Planning & Control

Scheduling

Value Management

Construction Economics

Feasibility Studies

Master Plan Costing

Applied Research

Project Loan Monitoring

Litigation Support

Design/Build Compliance Monitoring

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