

# An Analysis of the Cost Impacts Experienced by Drywall Subcontractors During Covid-19

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Covid-19 has presented issues in many forms for the drywall tenant improvement (TI) industry due to regulations and restrictions instilled in the Bay Area, California. This report details appropriate implementation of force majeure clause in contracts, stay-at-home orders with regard to construction and updated OSHA requirements. It then goes into analysis on cost impacts observed by various drywall companies operating in the Bay Area and how they are created and controlled. This analysis is supported by interviews conducted with representatives from six different drywall subcontractors who are involved in the estimating and bidding process. Interviews consisted of eight open ended questions regarding cost alterations and mitigation due to Covid-19's impact on areas concerning material procurement, jobsite productivity, initial bidding changes and future expectations. Every company has its own way of alleviating costs associated with Covid-19, however, in the TI sector, many smaller costs associated with Covid-19 are being forgiven to keep good relations. The future looks promising for the construction economy as the Covid-19 vaccine may be available in the coming months, however, upcoming tenant improvement designs may evolve as company work structures have changed due to the pandemic.

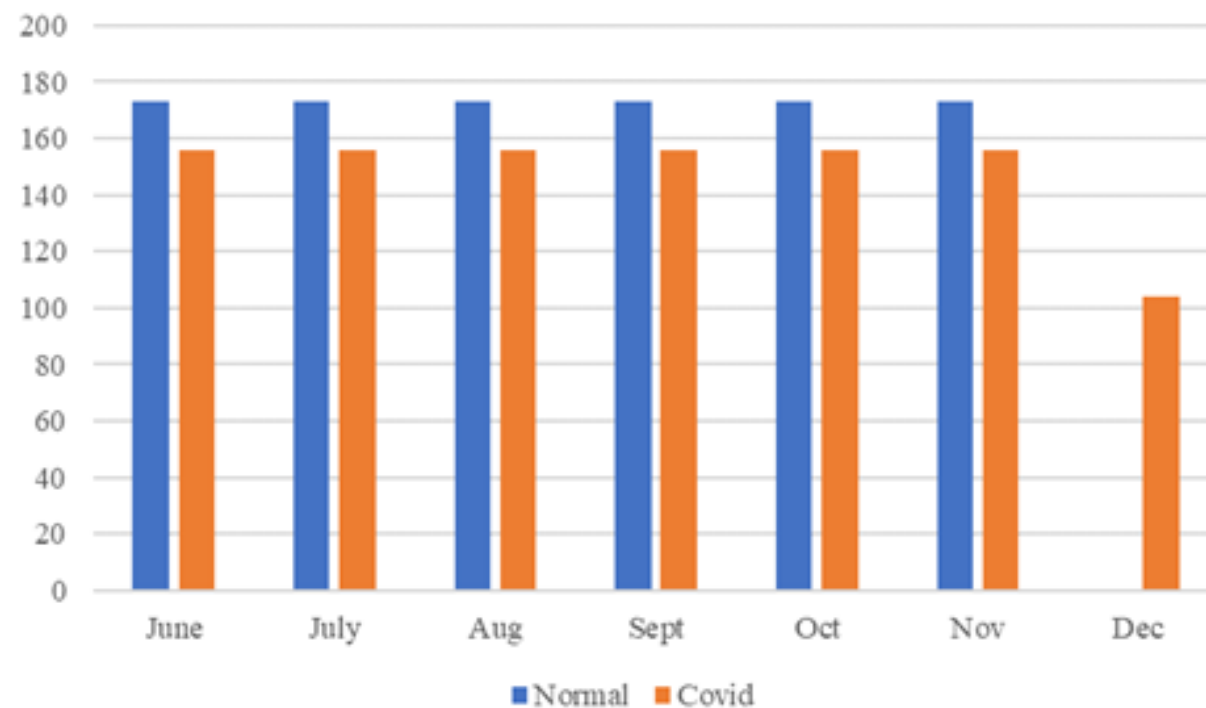
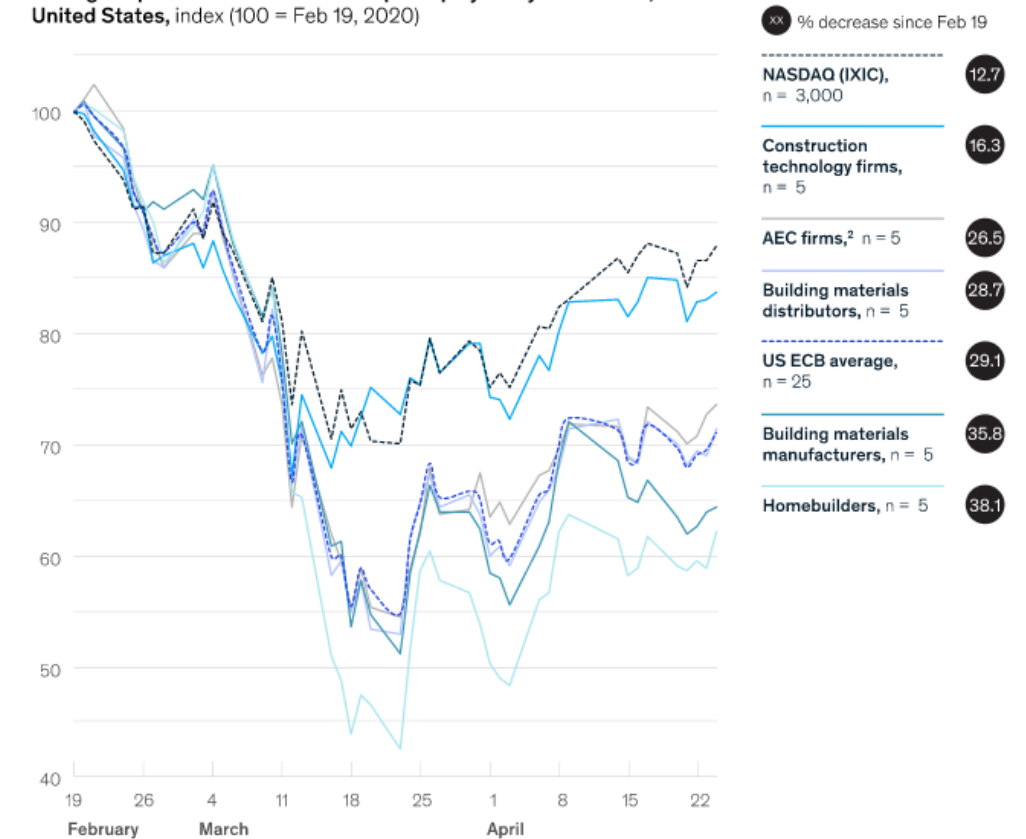


Figure. 1 Productivity Comparison



Engineering, construction, and building materials (ECB) companies have experienced larger stock price declines than the reference index.

Average capitalization variation of top five players by asset class,<sup>1</sup> United States, index (100 = Feb 19, 2020)



<sup>1</sup> Subsegmentation includes aggregate daily averages for closing prices for top five companies from each subsegment.  
<sup>2</sup> Architecture, engineering, and construction.  
 Source: S&P Capital IQ

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