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Post-Election Outlook for Design and Construction

Moderator



Laura Marlow

Senior Director, Strategic Partnerships
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- 27 years marketing and IT experience within the healthcare, telecom and construction industries
- Responsible for Corporate Social Responsibility and Sustainability initiatives
- Serves on the Board of Directors for Design Futures Council; executive director of AEC Cares

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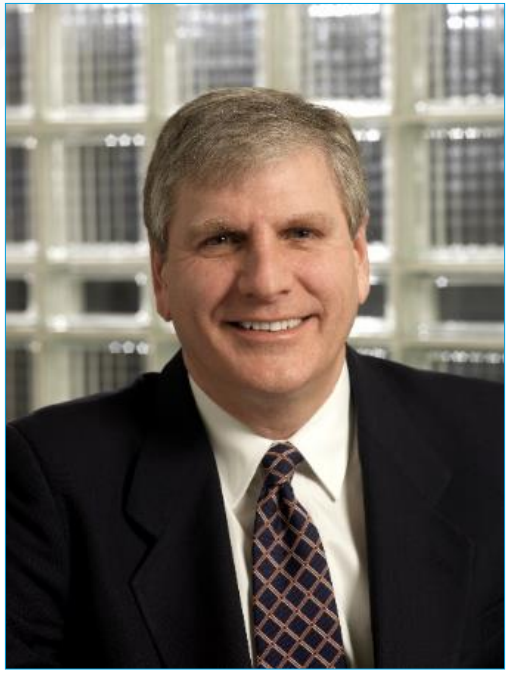
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Learning objectives

- Provide outlook for the 2017 U.S. economy, including employment, interest rates, materials, foreign trade and construction starts
- Understand and discuss historical data and key construction forecasts for all segments of the industry
- Anticipate business opportunities, target growth markets, compare sales performance against market performance and create more informed and successful sales and business plans
- Understand the impact of current market conditions and how those will impact the performance of various construction sectors





Kermit Baker

Chief Economist,
American Institute of Architects

- Originated AIA's Architecture Billings Index and AIA Consensus Construction Forecast Panel
- Honorary member of the AIA
- Master's degree in urban planning from Harvard University; Ph.D. from Massachusetts Institute of Technology

Post Election Outlook for Design and Construction

November 17, 2016

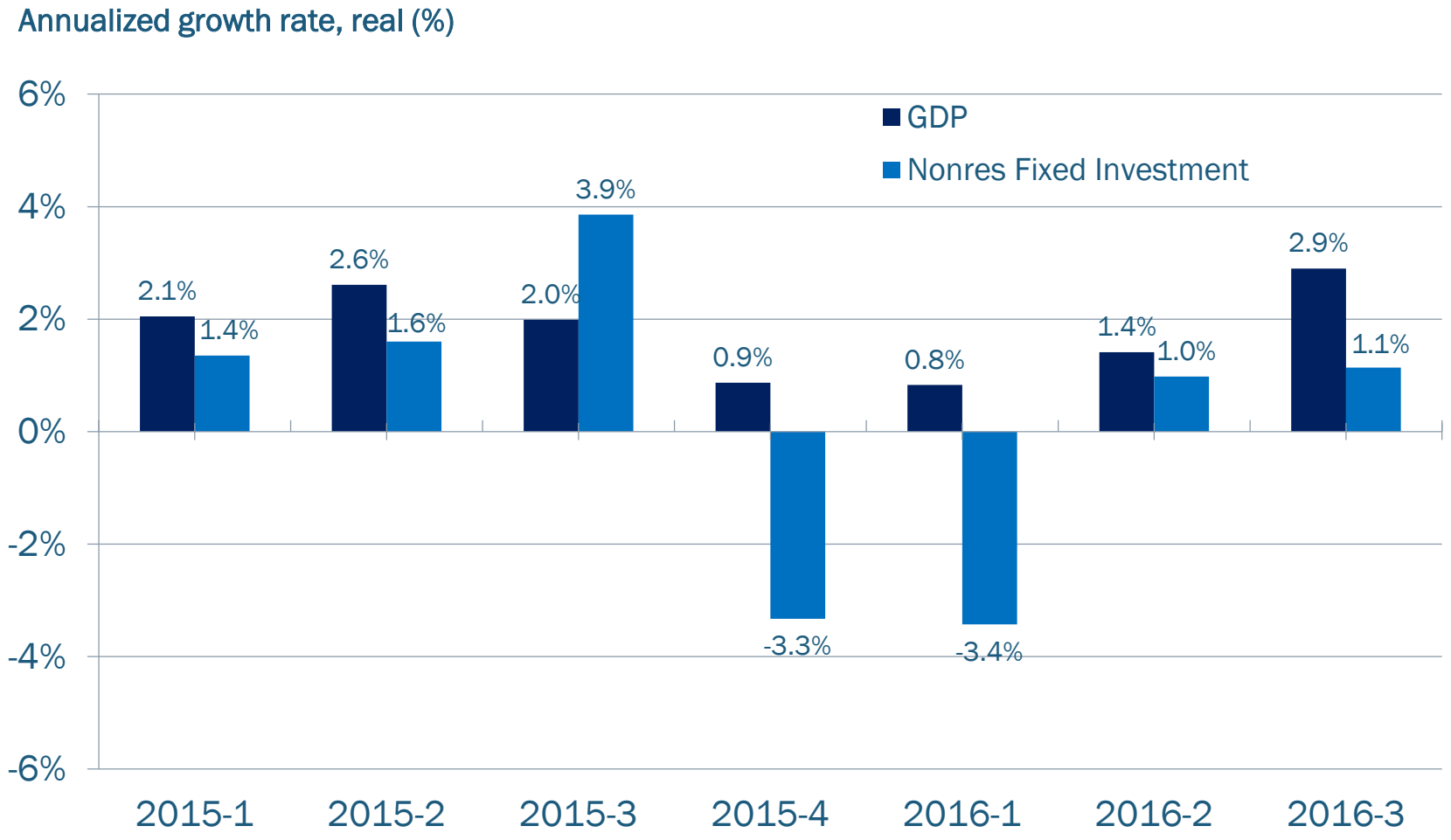


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Topics

- Trends in the major nonresidential building sectors
- Construction labor issues
- The Architecture Billings Index and the construction outlook
- Election issues for construction

Recent Weakness in the Economy Seems Largely Caused by Disappointing Investment Levels

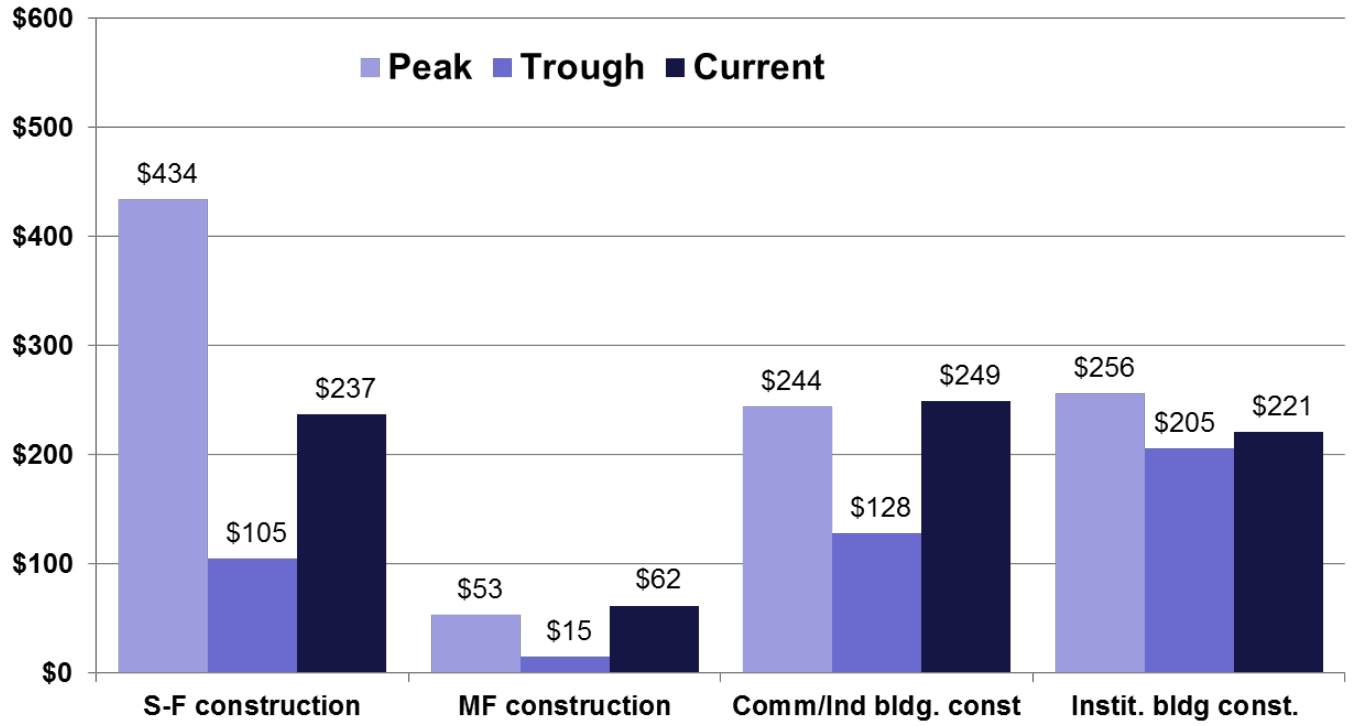


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Source: Bureau of Economic Analysis

Construction Recovery Continues to Plod Along, Particularly for Single-Family Residential

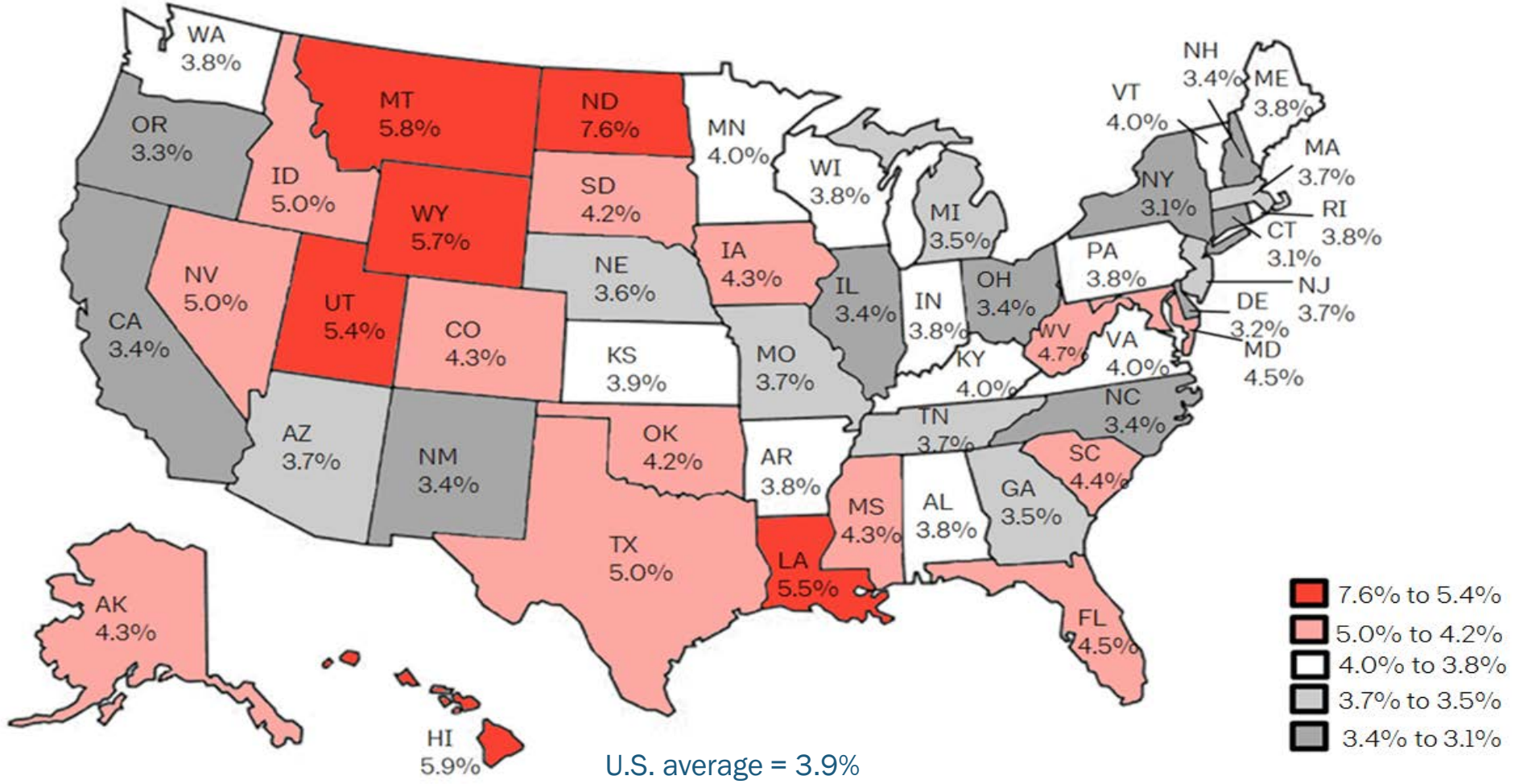
Spending at various points in the past construction cycle ($Billions)



Note: Current as of Sept., 2016;
Source: U.S. Census Bureau Construction Spending Put-in-Place

Construction as Share of a State's Economy Tends to be Higher in Mountain and South Regions

Construction share of gross state product, 2015



U.S. average = 3.9%

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Note: Figures measure value added to construction in state, not total cost of construction.
Source: Bureau of Economic Analysis, U.S. Commerce Department as compiled by Associated Builders and Contractors.

2016 Y-T-D Results Show Moderating Growth Nonresidential Building Spending

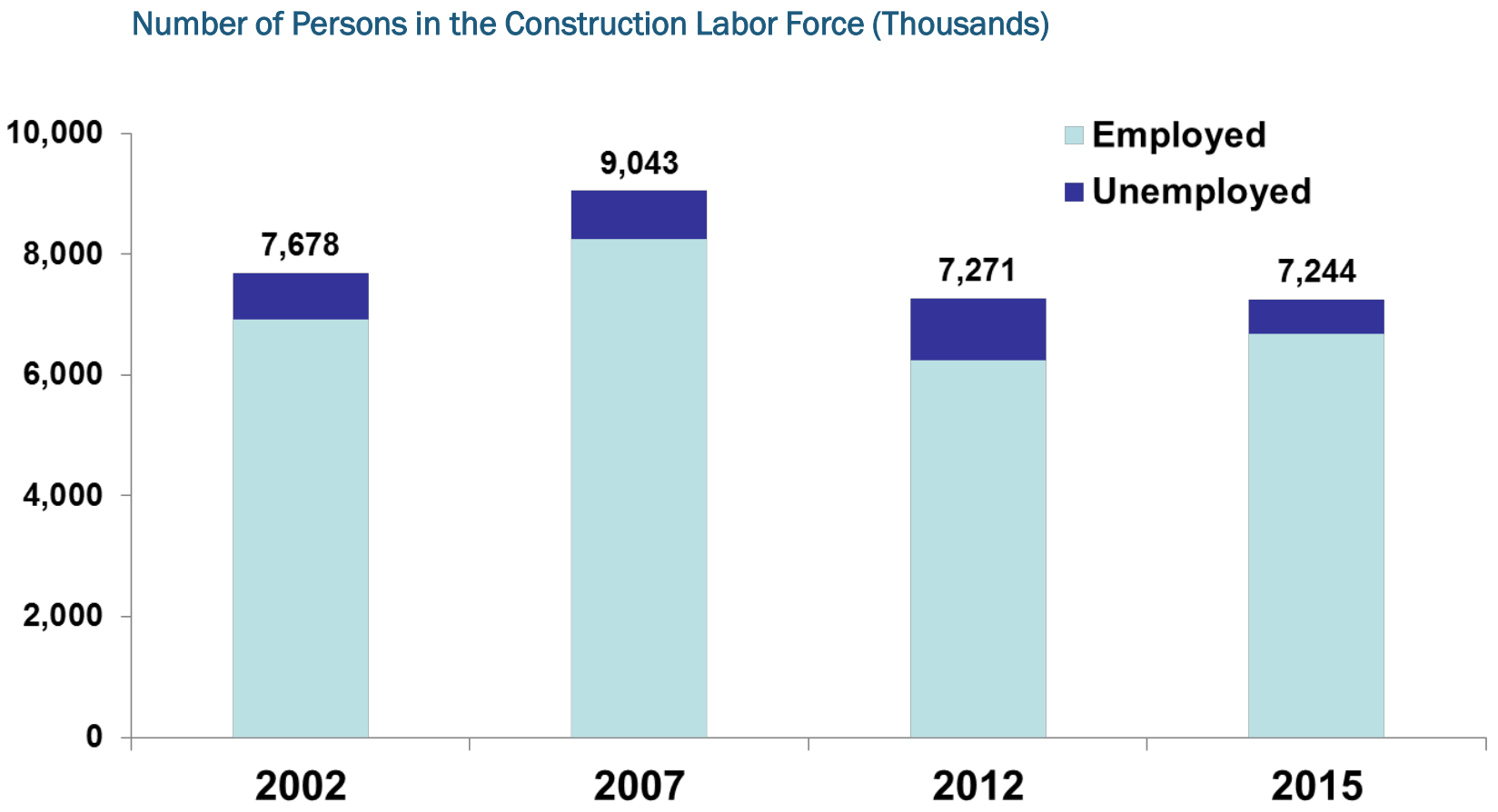
Billions of $, NSA, January - September totals

	2016	2015	% change
Total Nonres. Bldg. Construction	**$348.3**	**$329.9**	**5.6%**
Commercial/Industrial	**179.9**	**163.5**	**10.1%**
Lodging	20.1	15.9	26.3%
Office	49.5	40.4	22.3%
Commercial (retail and other)	54.0	49.4	9.3%
Manufacturing	56.3	57.7	-2.4%
Institutional	**168.4**	**166.5**	**1.2%**
Health care	30.4	30.3	0.3%
Educational	67.2	64.0	5.1%
Religious	2.9	2.7	5.0%
Public safety	6.0	6.5	-8.1%
Amusement and recreation	16.1	14.8	8.7%
Transportation	31.9	33.6	-5.0%
Communication	14.0	14.5	-4.0%

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Source: U.S. Census Bureau, Value of Construction Put in Place

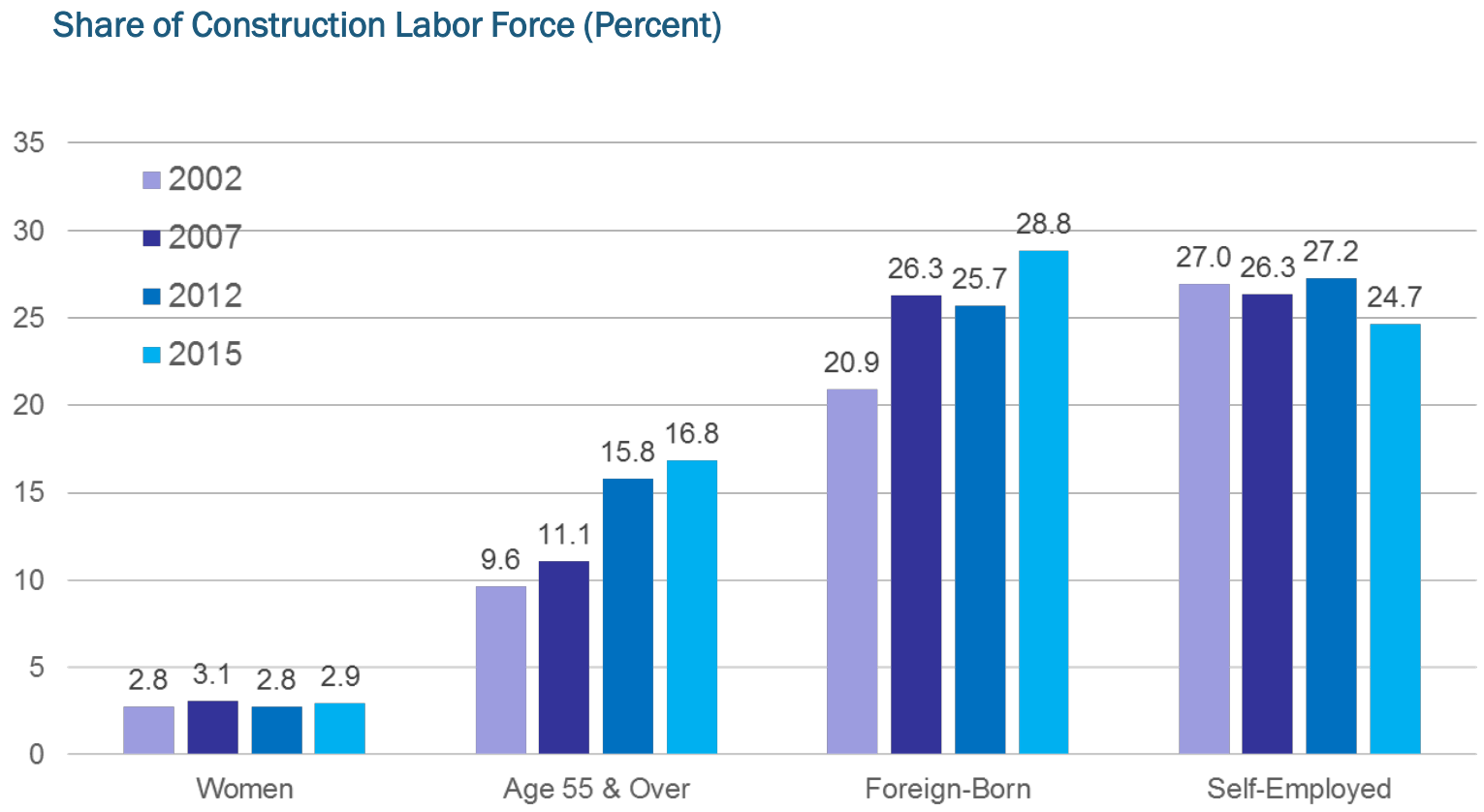
The Construction Labor Force Shrank by 1.8 Million Workers Since Peak and Didn't Increase with Upturn



Notes: Data include workers age 16 and over housed in non-group quarters. The construction labor force includes workers with construction management and trade occupations in the construction industry.
Source: JCHS tabulations of US Census Bureau, American Community Survey.

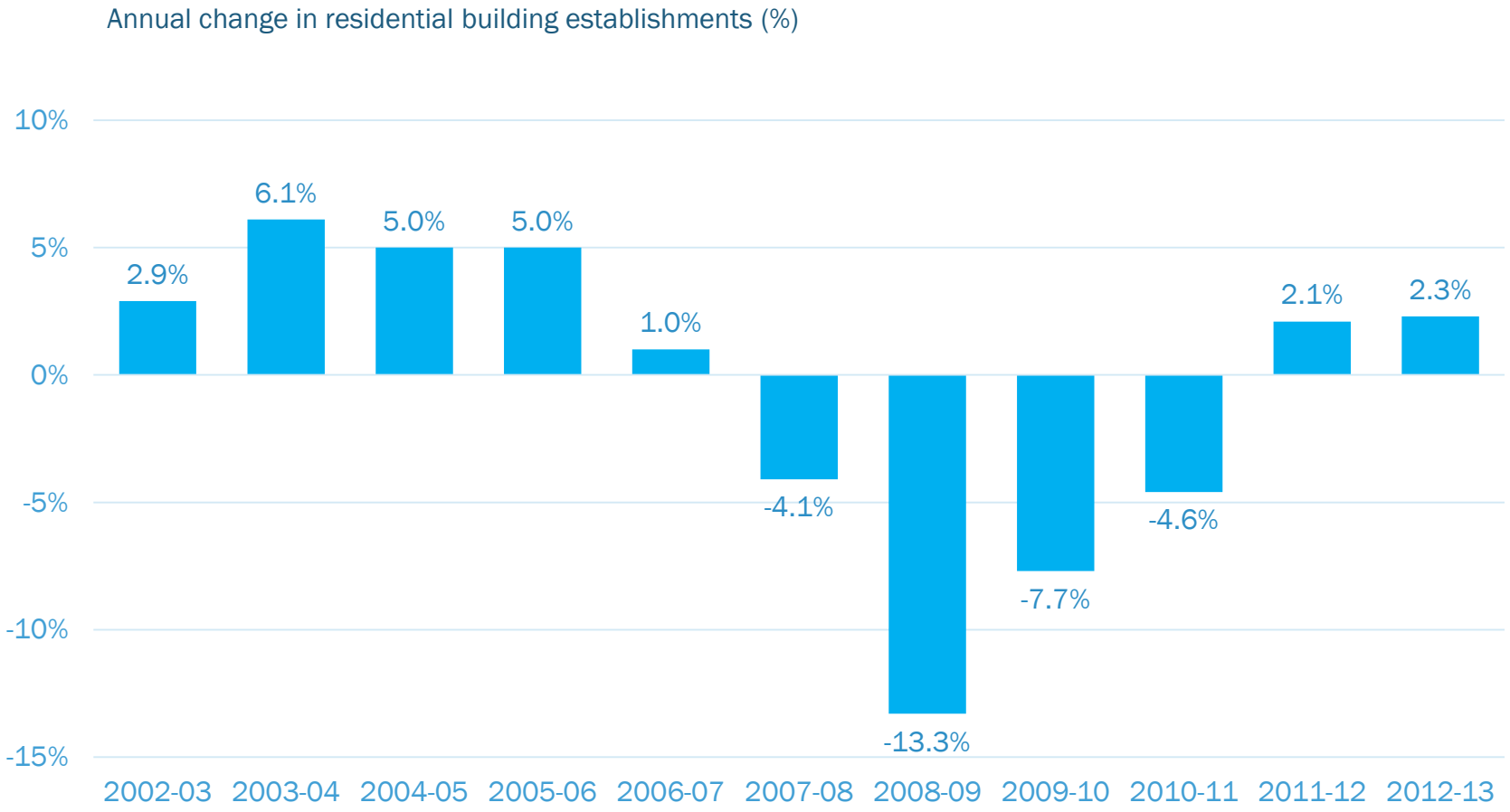
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Construction Labor force Continues to Age, Rely on Foreign Workers and Suffer From Firm Fragmentation



Notes: The construction labor force includes workers with construction management and trades occupations in the construction industry.
Source: JCHS tabulations of US Census Bureau, American Community Surveys.

There was a Significant Decline in Residential Contracting Businesses During the Last Recession…

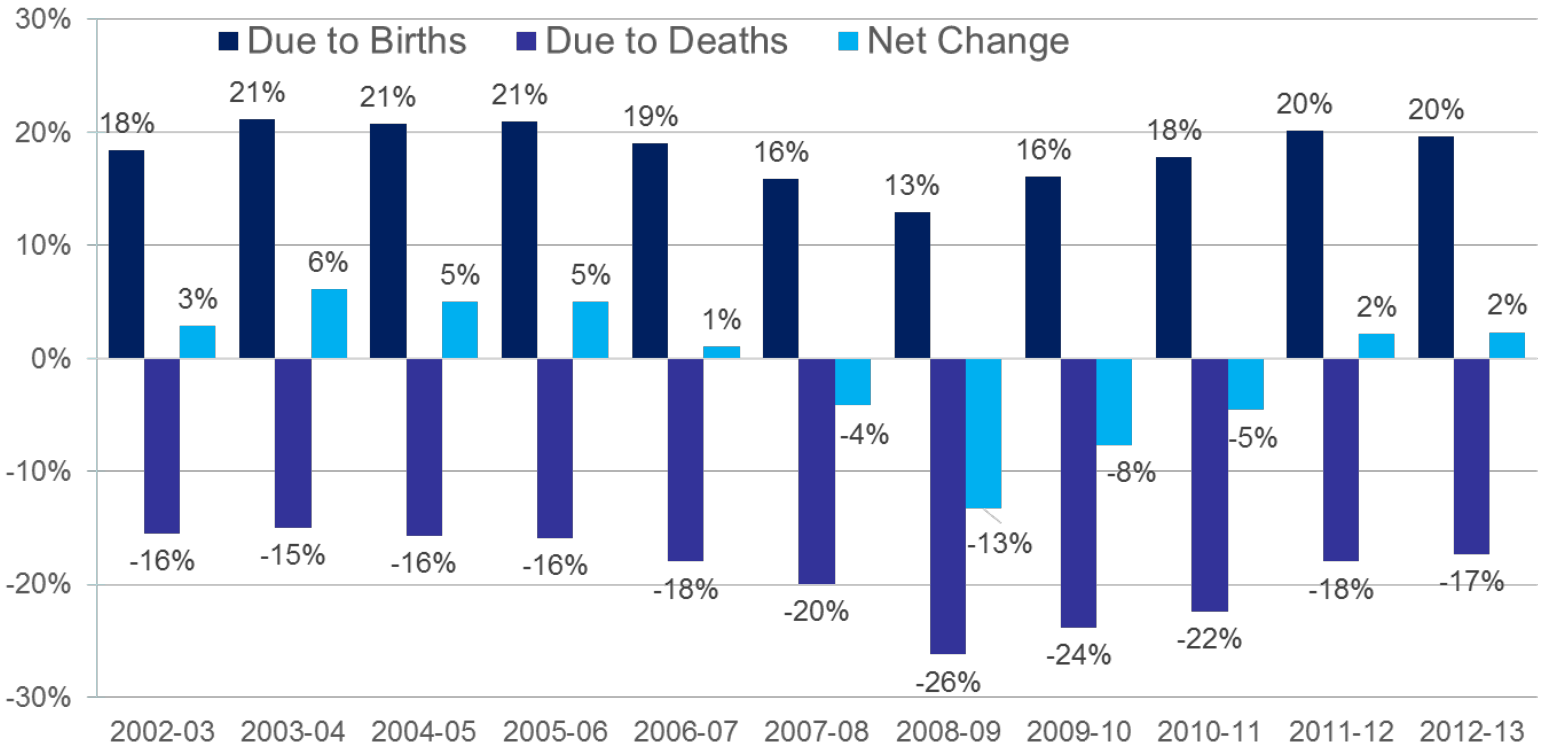


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Source: JCHS tabulations of U.S. Census Bureau, 1989-2013 Business Information Tracking Series.

...However, Change in the Number of Businesses Masks Significantly More Churn in Births and Deaths

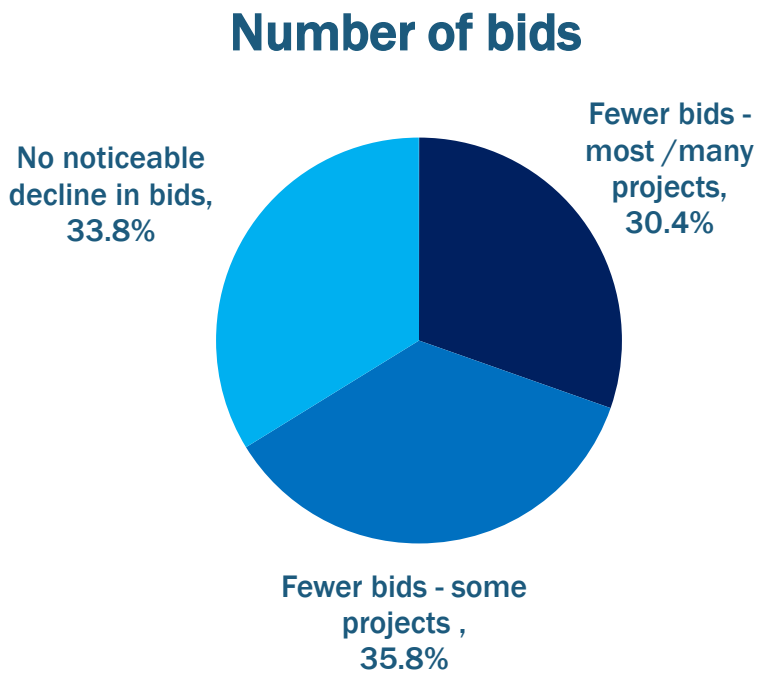
Annual change in residential building establishments (%)

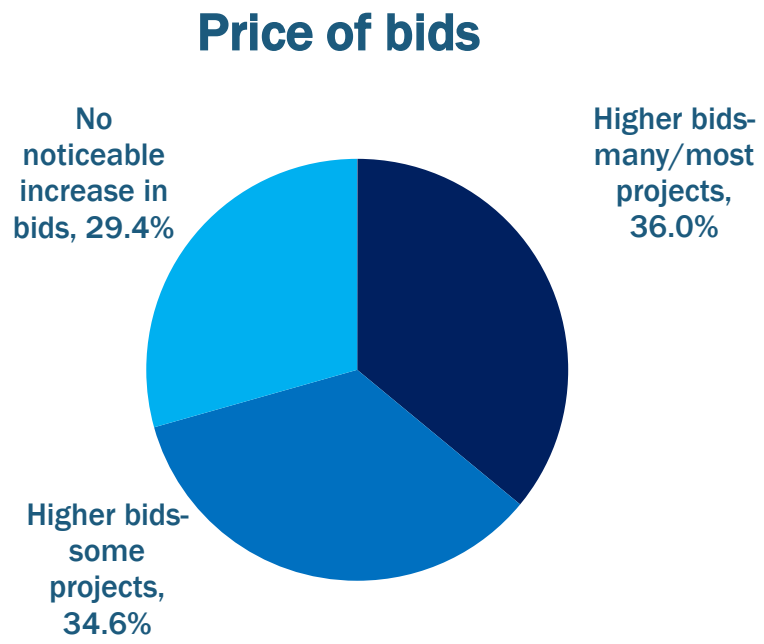


Source: JCHS tabulations of U.S. Census Bureau, 1989-2013 Business Information Tracking Series.

With Ongoing Labor Shortage, Architecture Firms Report Fewer/Higher Bids From Contractors

Share of architecture firms



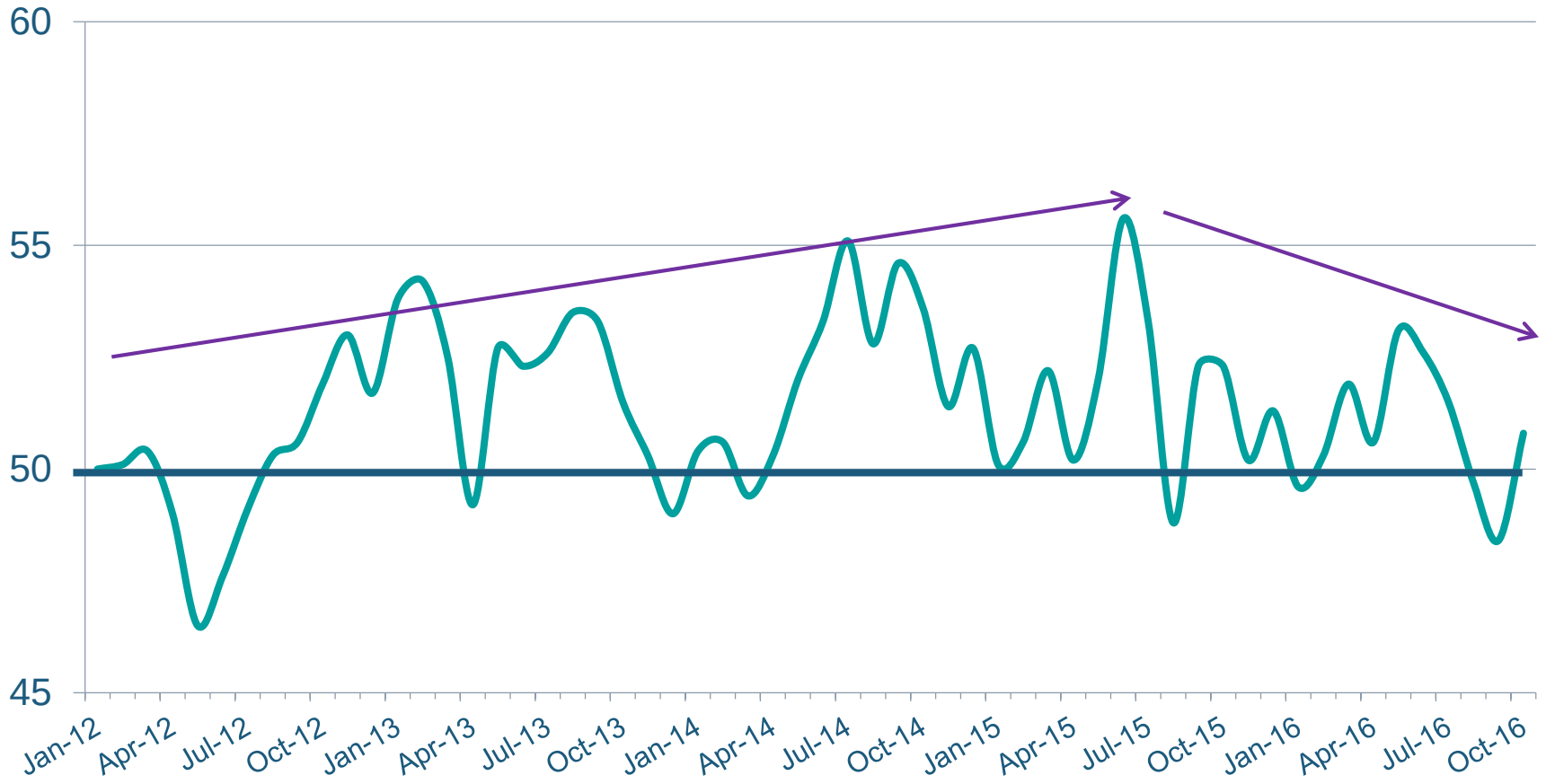


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Source: AIA Architecture Billings Index, September, 2016

Though Remaining Volatile, Pace of Growth in Architecture Billings Continues to Trend Down

Diffusion index: 50 = no change from previous month, seasonally adjusted

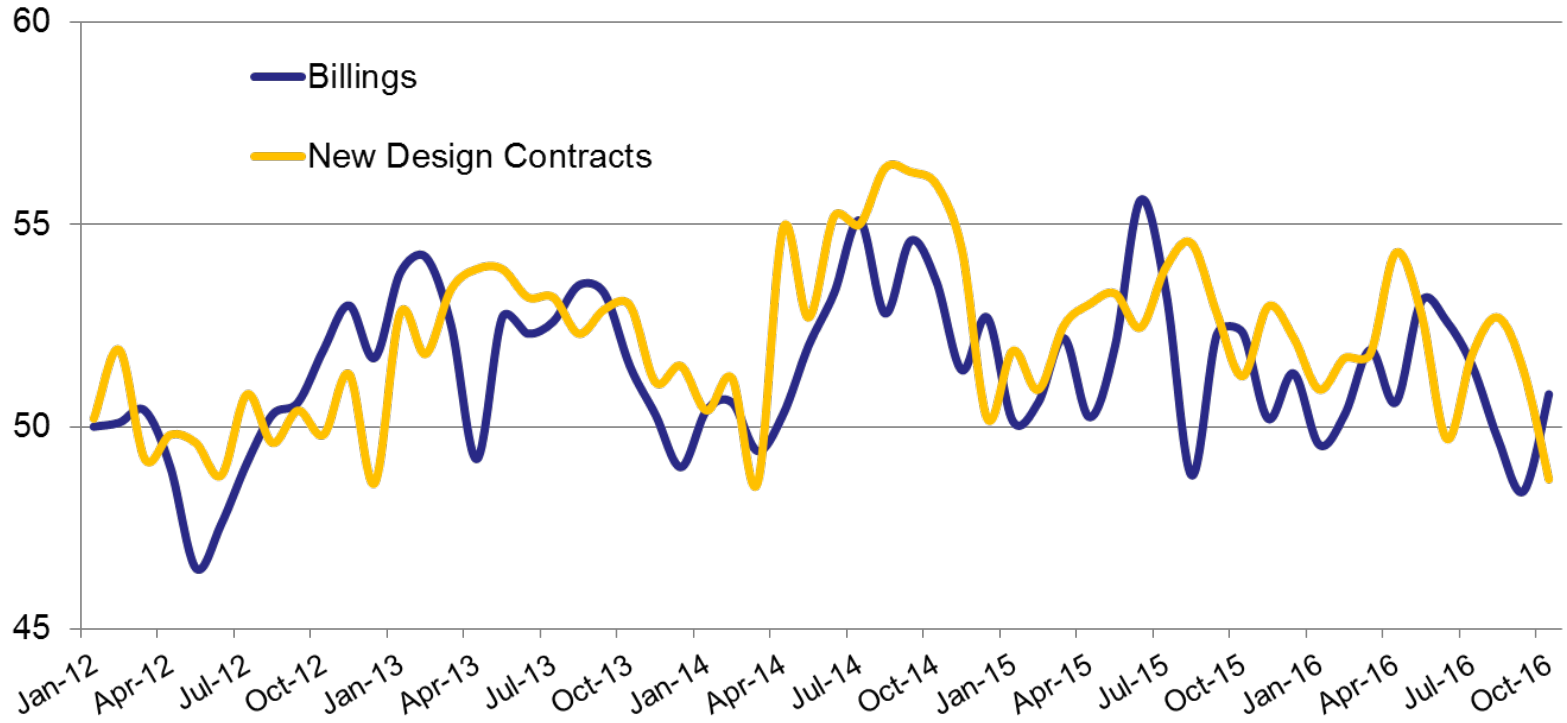


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Source: AIA Architecture Billings Index

Trends in New Design Contracts Also Suggests Further – Although More Moderate – Growth

Diffusion index: 50 = no change from previous month, seasonally adjusted

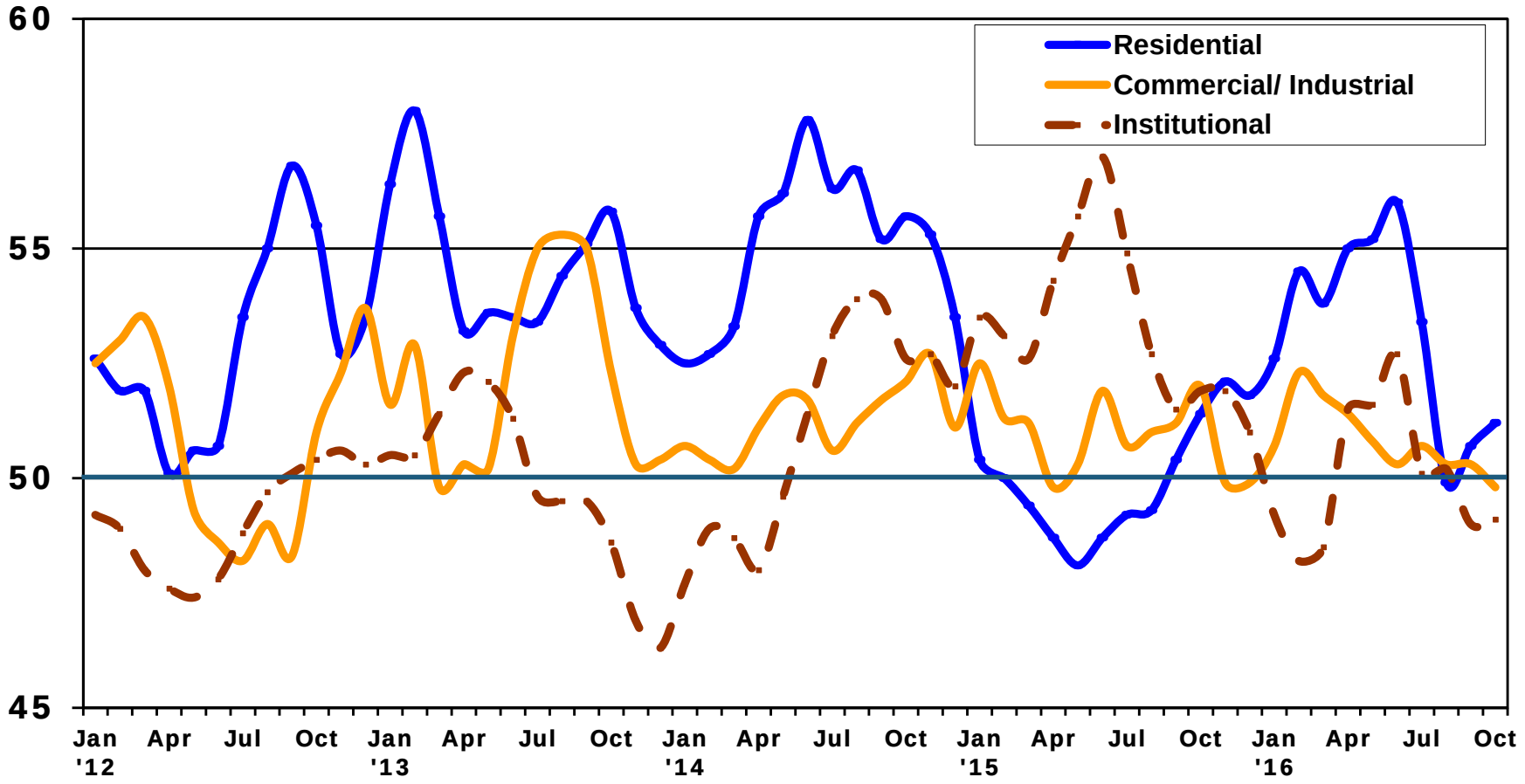


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Source: AIA Architecture Billings Index

No Major Construction Sector Seeing Strong Growth Rates at Present

Billings scores since 2012; index: 50 = no change from previous month

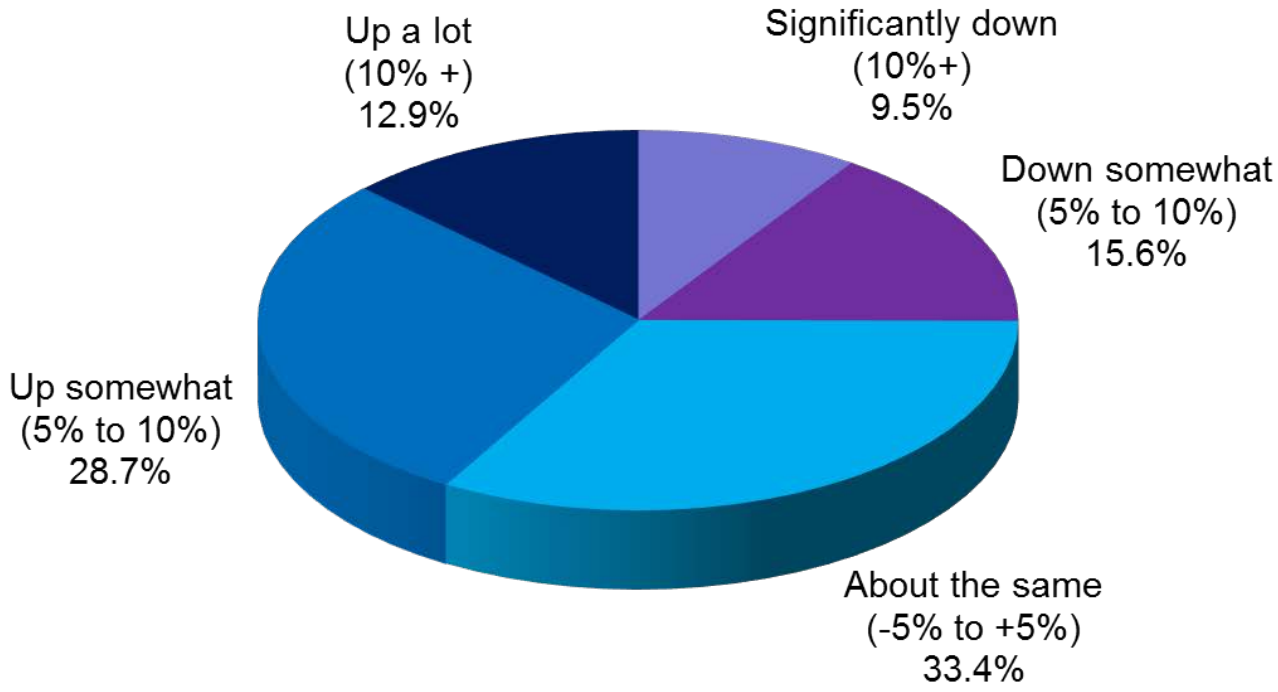


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Source: AIA Architecture Billings Index

Architecture Firms Projecting Very Modest Revenue Growth in 2017

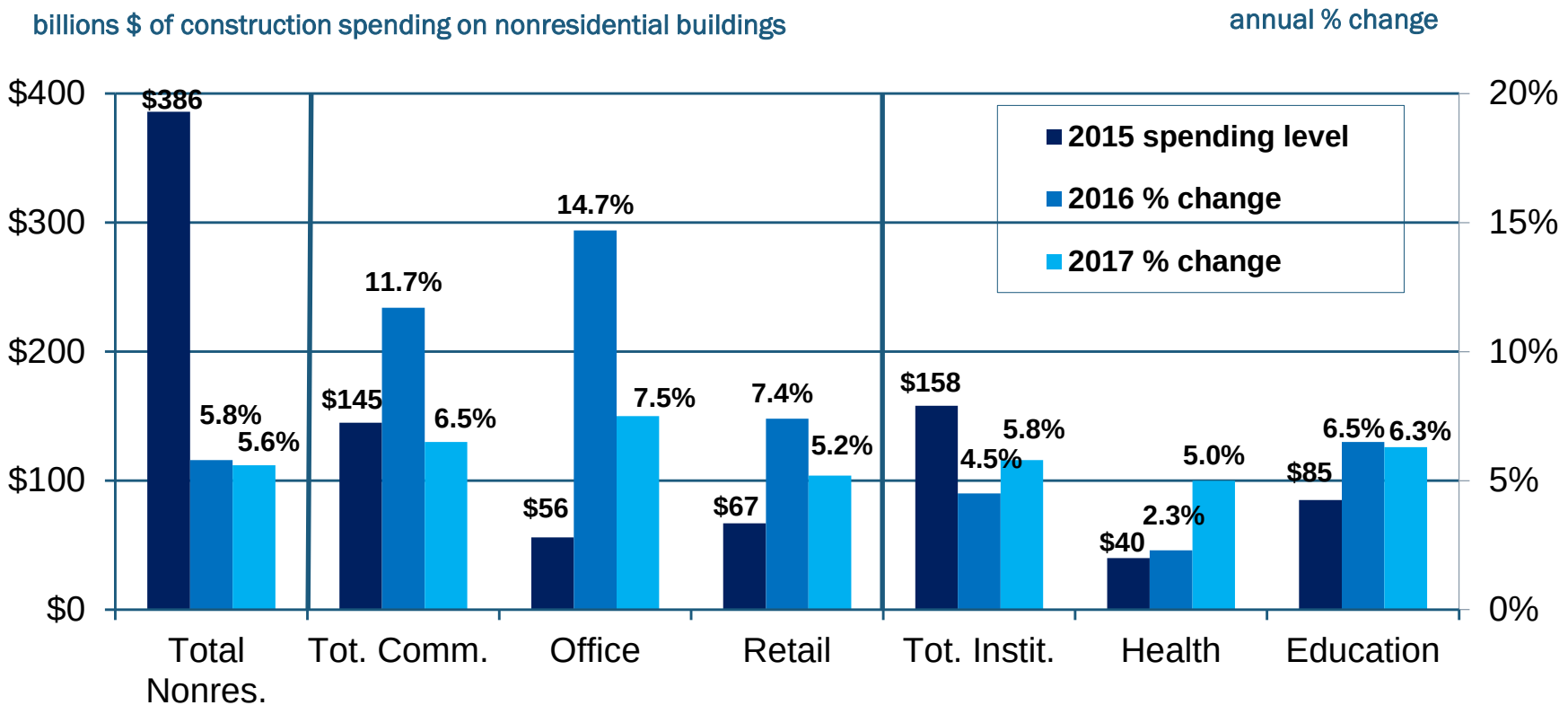
Projected revenue change for 2017 vs. 2016



Average projected growth = 2.0%

Source: The American Institute of Architects ABI survey, November, 2016

Commercial Gains Projected to Moderate as Growth Swings Over to Institutional Categories



Source: AIA Consensus Construction Forecast Panel, June, 2016

Election Issues for Construction and the Economy

Unusually high levels of uncertainty continuing

- Trade: construction materials prices
- Immigration: workforce issues
- Tax reform: increased business investment
- Infrastructure: $1 trillion proposal
- Regulations: speed up construction; reduce costs
- Finance: secondary mortgage market reform

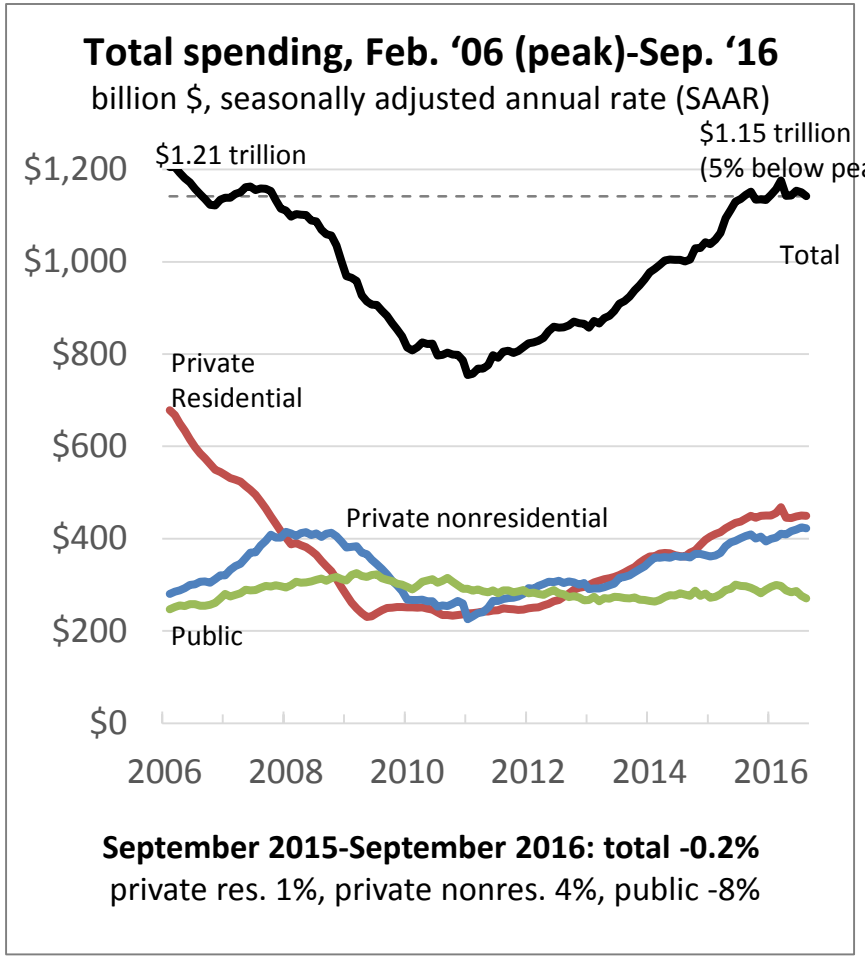


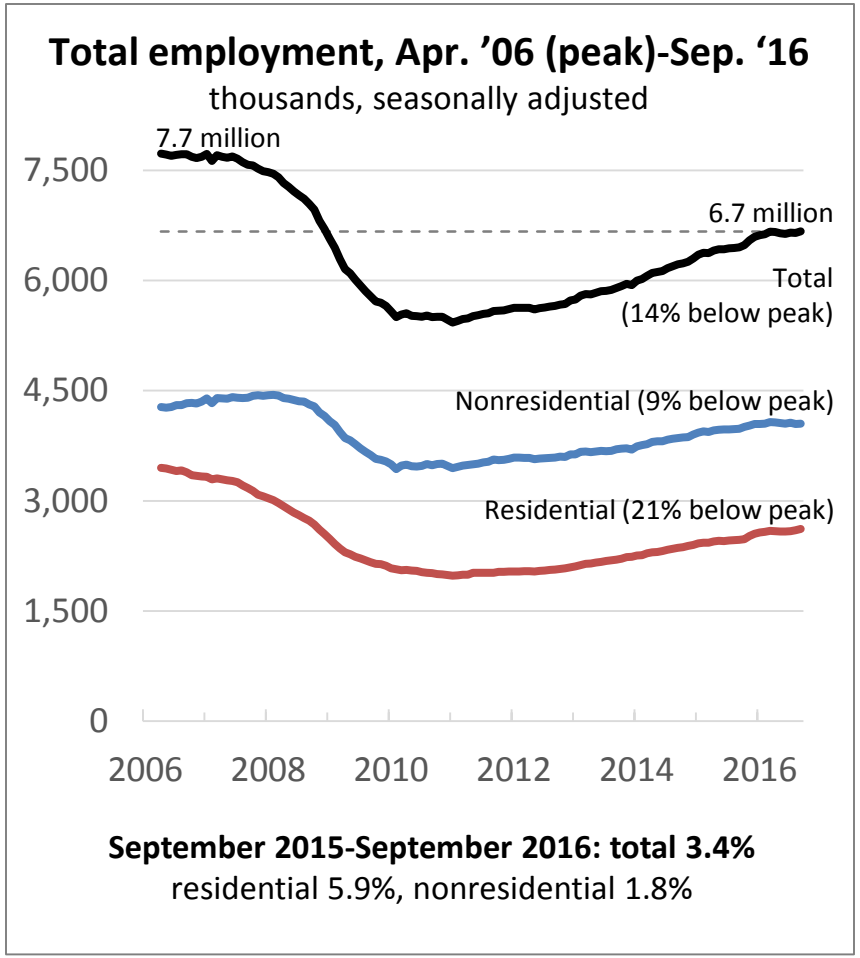
Ken Simonson

Chief Economist,
AGC of America

- AGC Chief Economist since 2001; AGC Chief Economist since 2001; Fellow and past president
- Writes *The Data DIGest* weekly construction economics bulletin with 47,000 subscribers
- BA in economics from the University of Chicago and MA in economics from Northwestern University

Construction spending & employment, 2006-16





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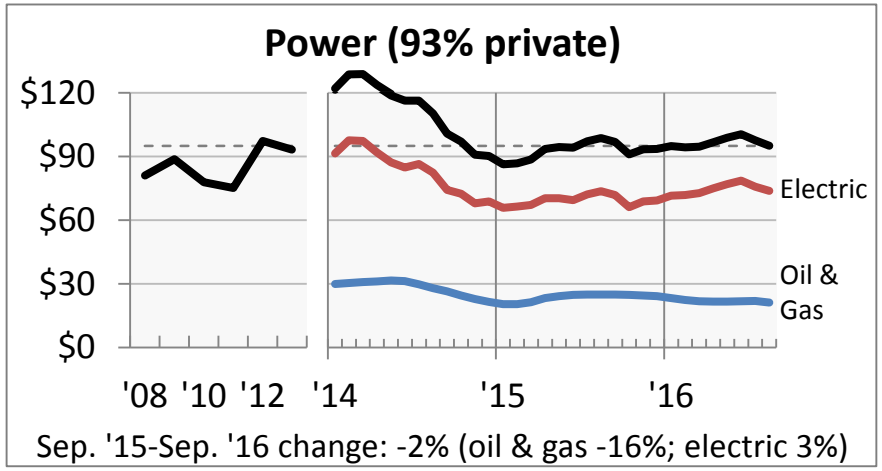
Nonresidential segments: 2014-15 change, 2016-17 forecast

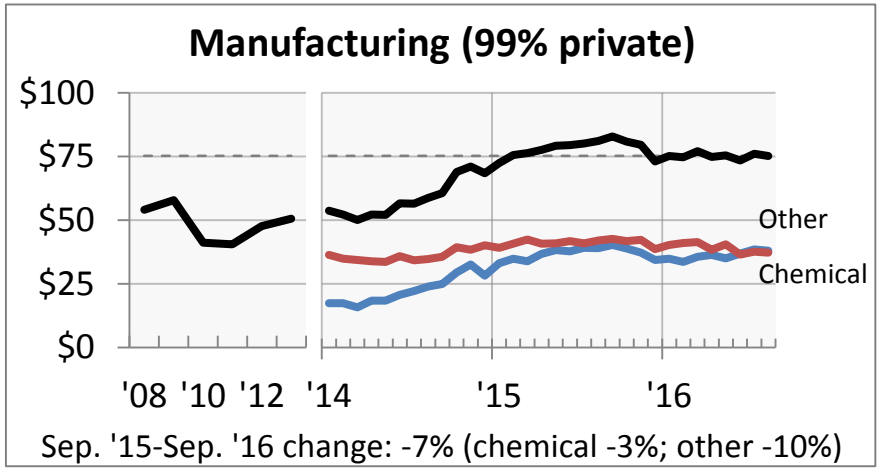
	2015 vs. 2014	Jan.-Sep. '16 vs. '15	2016 forecast	2017 forecast
Nonresidential total (public+private)	7%	4%	3-6%	2-6%
Power (incl. oil & gas field structures, pipelines)	-16	4	3-6	5-10
Highway and street	6	-1	-2 to 1	2-5
Educational	5	5	3-6	3-7
Manufacturing	33	-2	-5 to -2	<0
Commercial (retail, warehouse, farm)	6	9	7-10	0-5
Office	18	22	19-22	5-15
Transportation	8	-5	-6 to -3	0-5
Health care	5	0	0-3	3-8
Sewage and waste disposal	5	-8	-9 to -6	
Lodging	30	26	22-25	~0
Other--amusement; communication; religious; public safety; conservation; water: 10% of total	9	-2	-8 to -5	

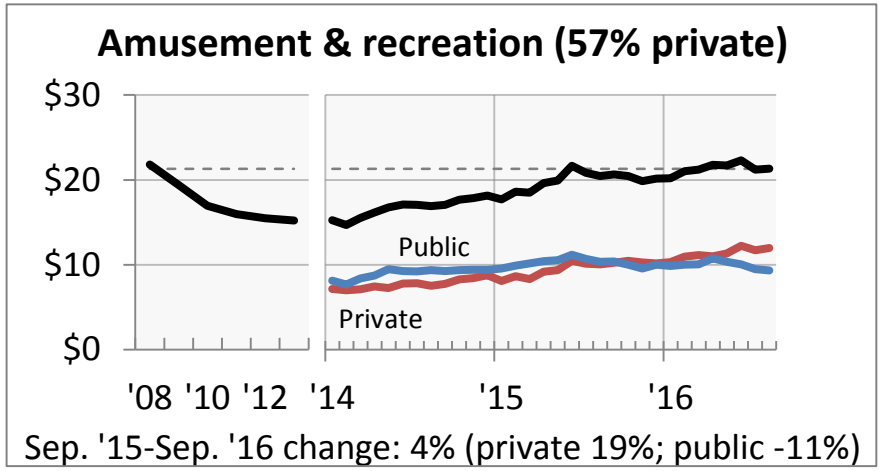
Source: U.S. Census Bureau construction spending report; Author's forecast

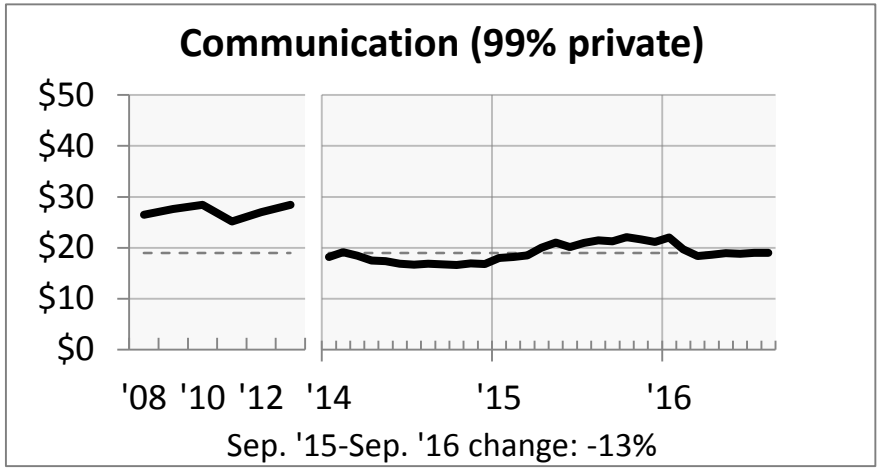
Construction spending: industrial, heavy

annual total, 2008-13; monthly, SAAR, 1/14-9/16; billion $









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Source: U.S. Census Bureau construction spending report

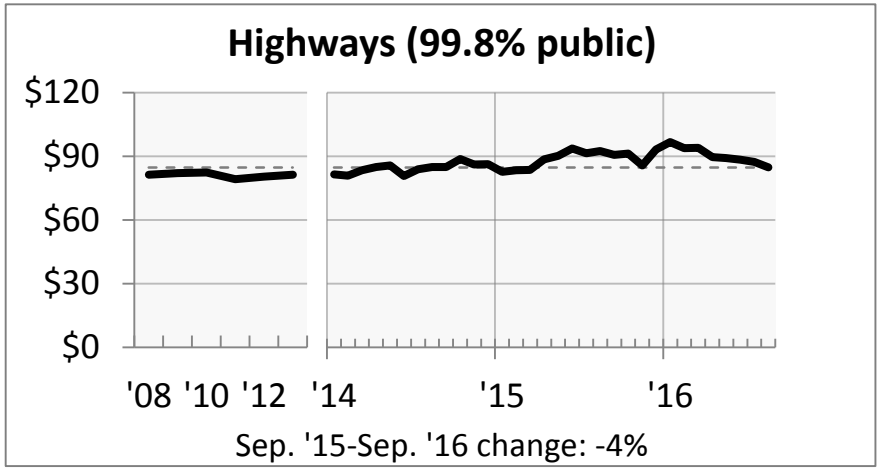
Key points: power, mfg., recreation

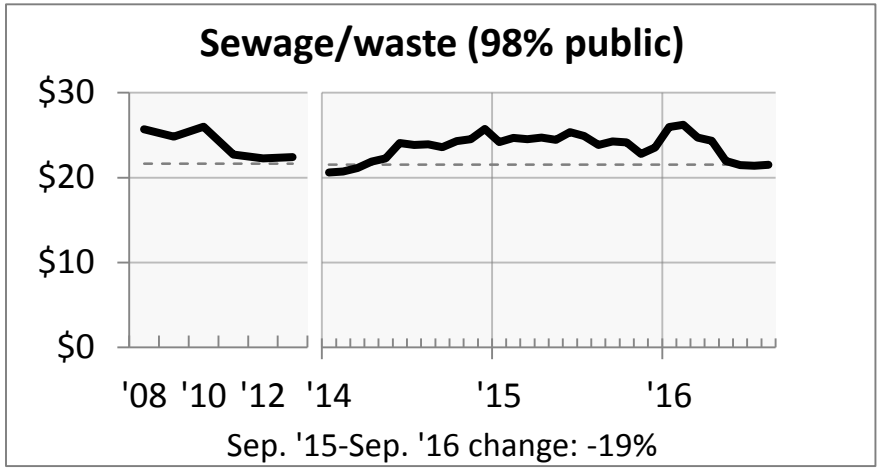
- Solar, wind power are growing again; expect more gas-fired plants, natural gas pipelines into ‘18
- Mfg decline led by completion/delay of chemical plants (ethane crackers, petrochemicals, LNG) and transportation equipment (cars, trucks, jets, railcars)
- Amusement & recreation spending is very “lumpy”—a few big stadiums at irregular intervals; but funding for local, state, federal parks keeps eroding

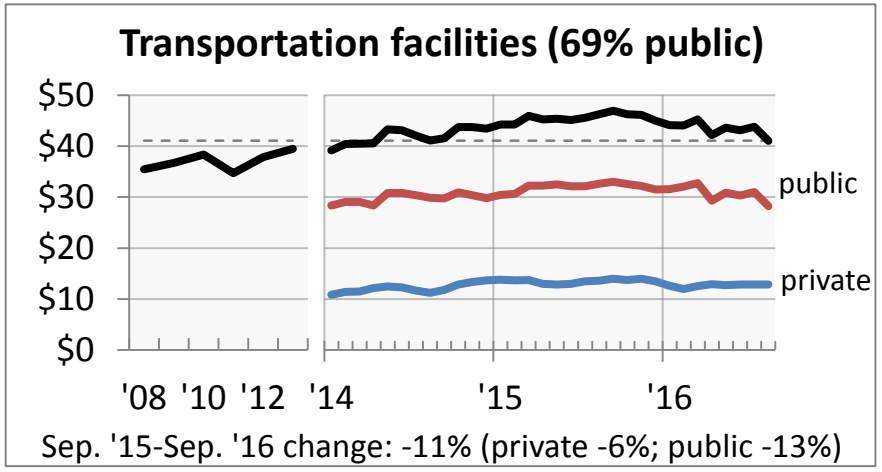
Source: Author

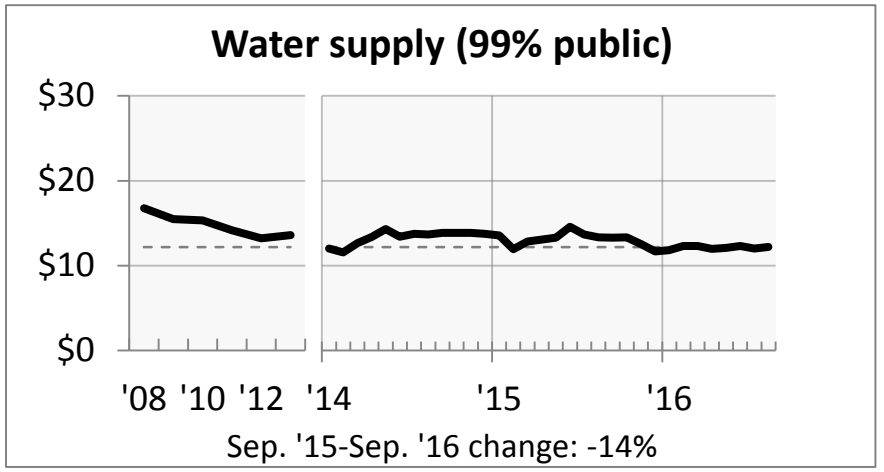
Construction spending: public works

annual total, 2008-13; monthly, SAAR, 1/14-9/16; billion $









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Source: U.S. Census Bureau construction spending report

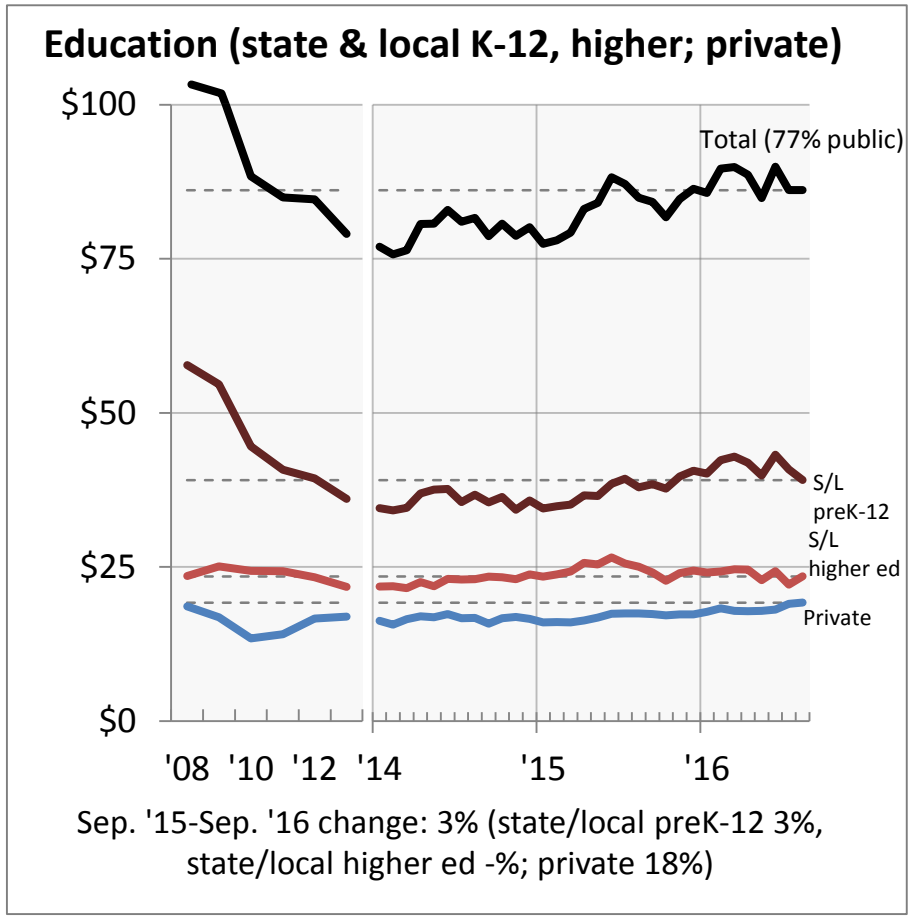
Key points: roads, transportation, sewer/water

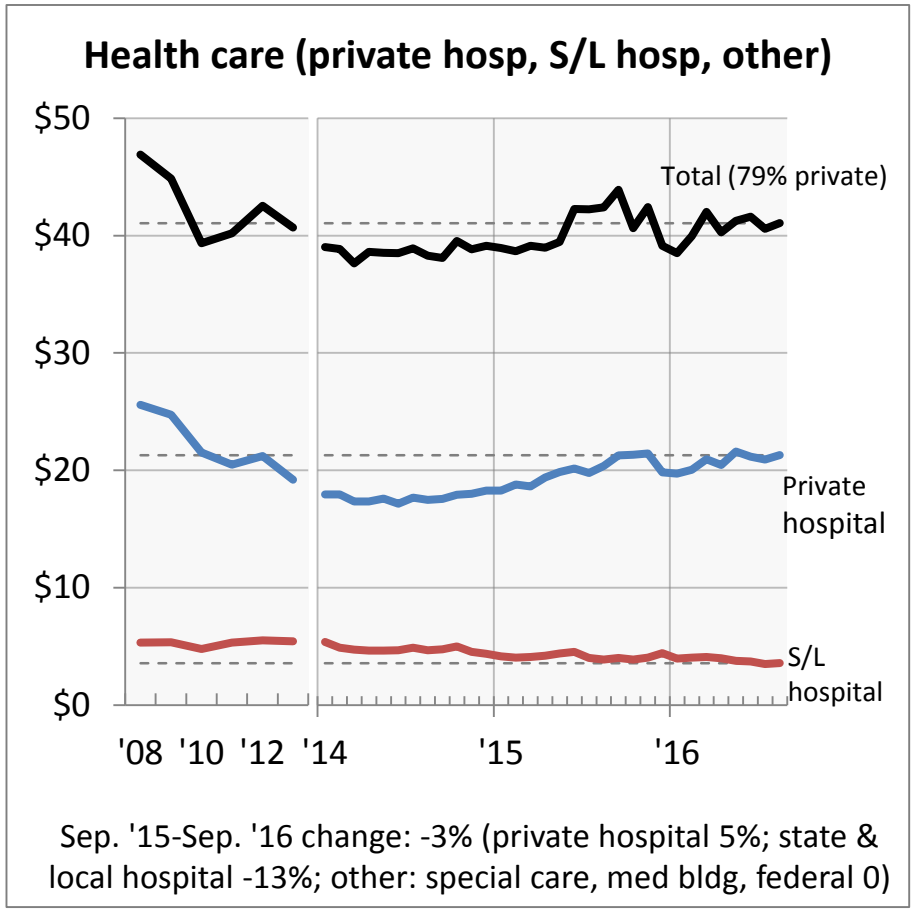
- Highway funds benefit from more travel, hence fuel purchases; gradual pick-up in state funding & P3s; little likelihood of higher federal funding
- Railroads slashing investment; pickup in airport projects but no increase likely in port, transit construction funding
- Eastern & Midwestern cities under orders to make long-term upgrades to sewer systems that should boost spending; water utilities hurt by drought, conservation but may get money for lead abatement

Source: Author

Construction spending: institutional (private + state/local)

annual total, 2008-13; monthly, SAAR, 1/14-9/16; billion $





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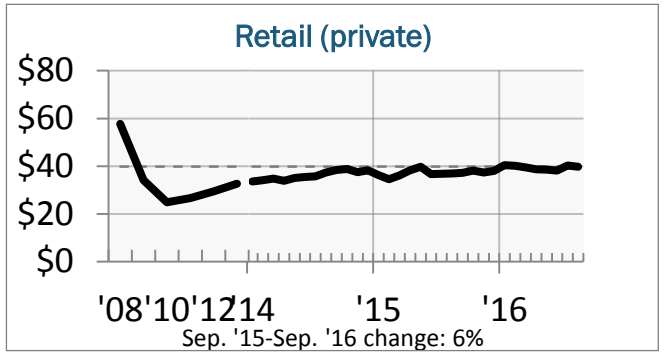
Source: U.S. Census Bureau construction spending report

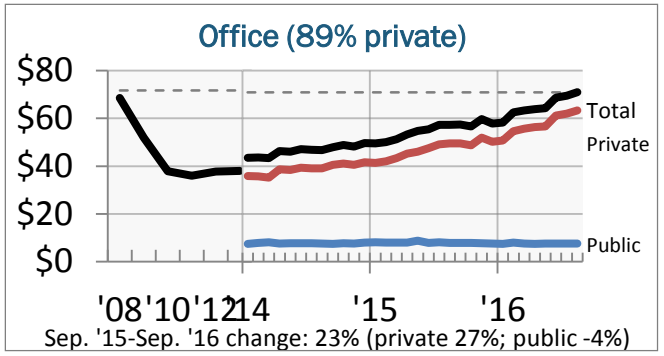
Key points: education & health care

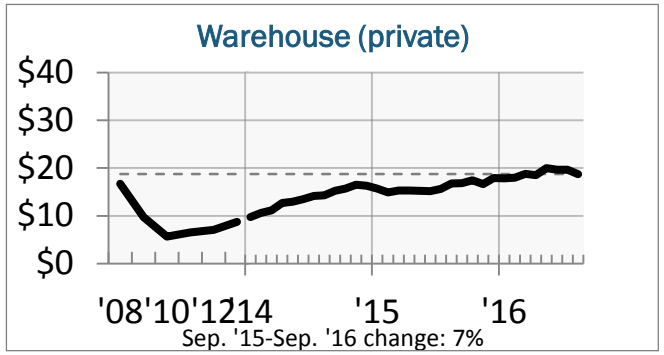
- Bond issues should boost funding in some districts but preK-12 enrollment nationally is flat; more children staying in cities and filling underused or charter schools, so construction no longer matches population growth
- Higher-ed enrollment is shrinking, so colleges need fewer dorms & classrooms; apts. (multifamily) replacing dorms (educational construction)
- Hospitals face more competition from standalone urgent care, outpatient surgery, clinics in stores; more investment in small facilities, short stays

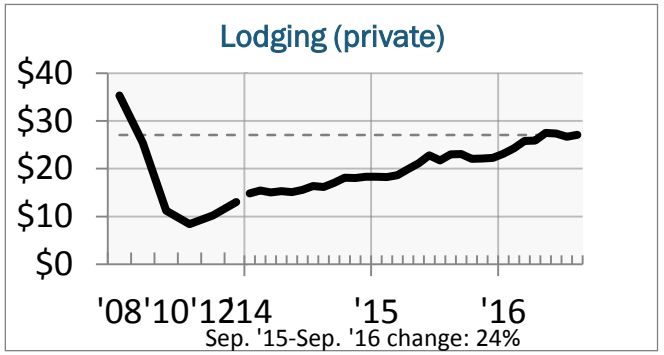
Source: Author

Construction spending: developer-financed annual total, 2008-13; monthly, SAAR, 1/14-9/16; billion $









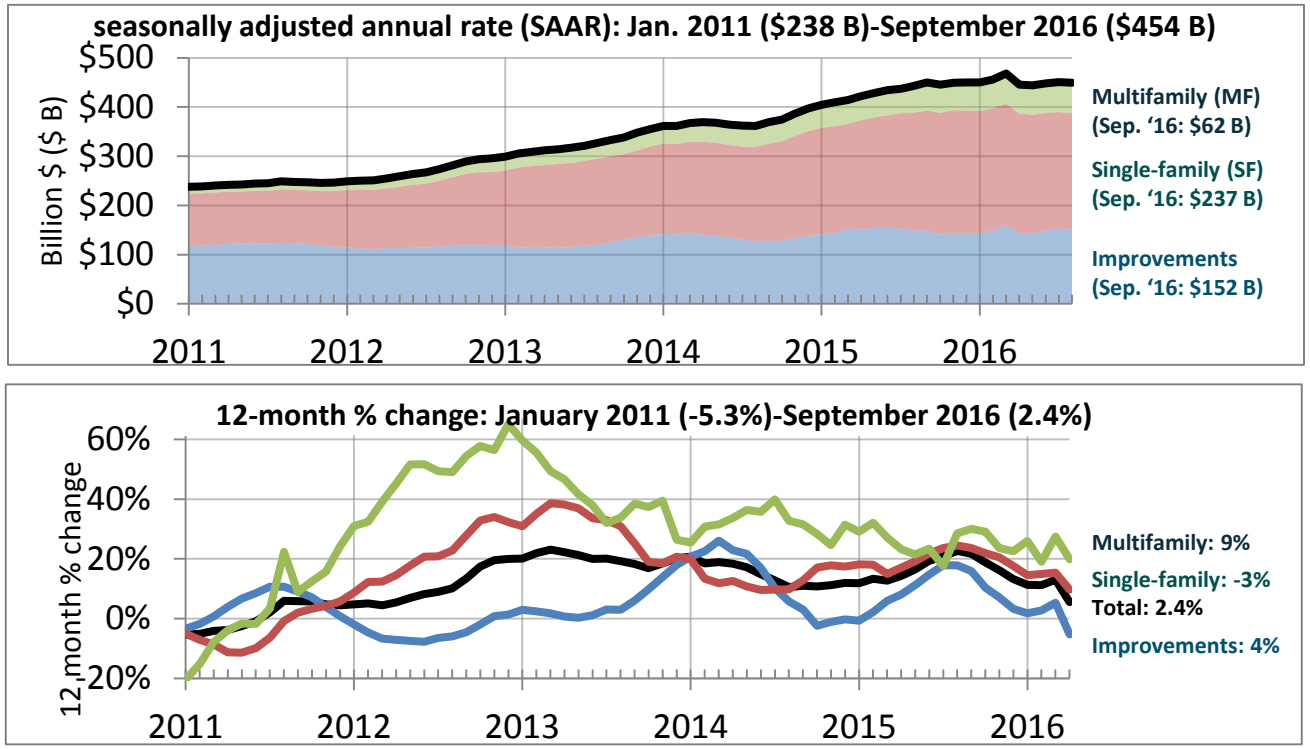
Source: U.S. Census Bureau construction spending report

Key points: retail, warehouse, office, hotel, data centers

- Retail now tied to mixed-use buildings & renovations, not standalone stores or shopping centers
- Warehouse market still benefiting from e-commerce; more local than huge regional distribution centers likely in future
- Employment sets records each month but office space per employee keeps shrinking; growth mainly in cities & renovations, not suburban office parks
- Hotel construction likely to drop as revenue per available room slows
- Data centers remain a strong niche but no data available on how strong

Source: Author

Private residential spending: MF continues to outpace SF



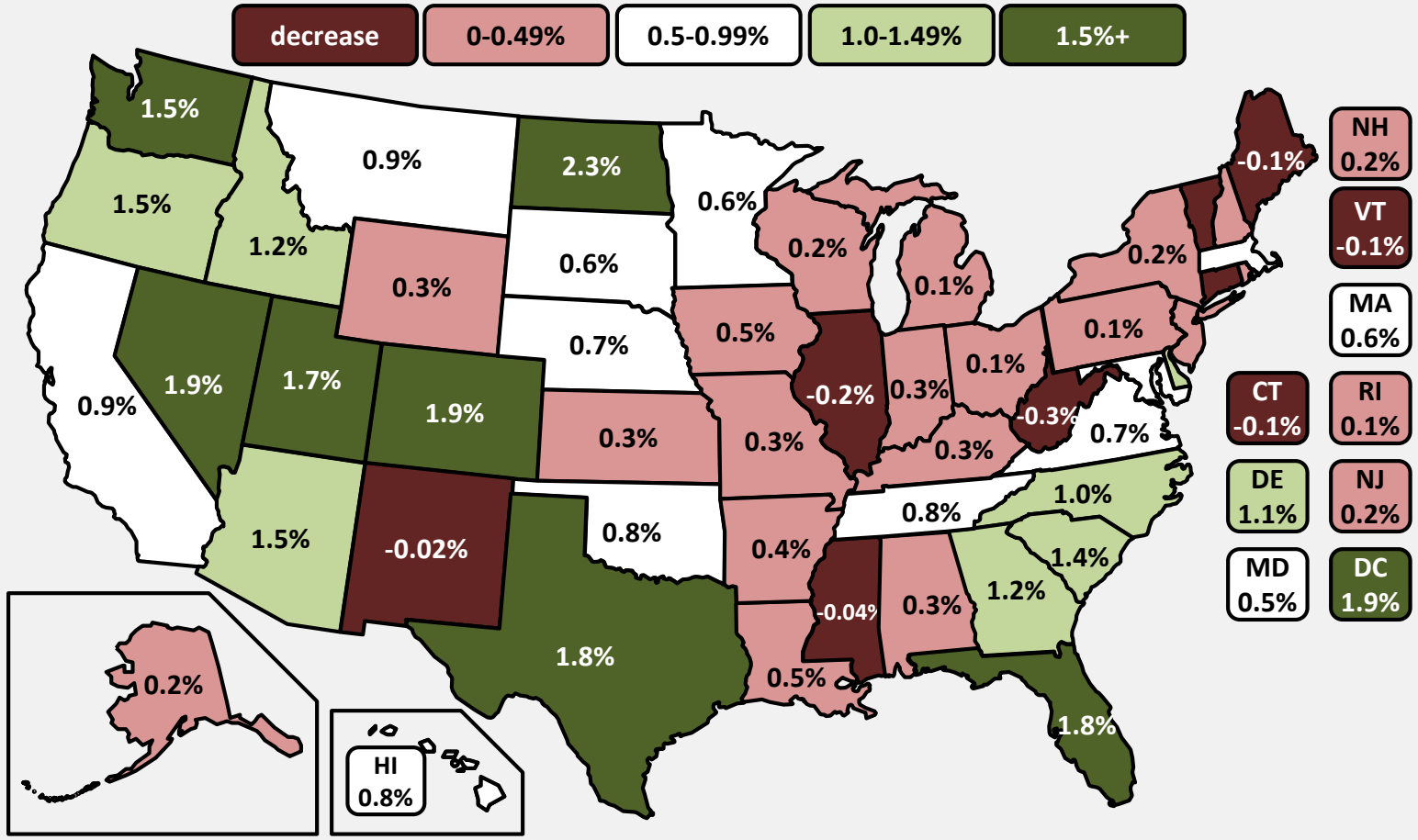
Source: U.S. Census Bureau construction spending reports

Residential spending forecast: 2016: 5-8%; 2017: 5-10%

- SF: 6-9%; ongoing job gains add to demand; student debt, fears of lock-in, limited supply will cap growth
- MF: 13-17%; growth slowing but should last till 2018
  - low vacancies, high rent growth encourage investors
  - millennials show continued preference for cities
  - nearly all MF construction is rental, not condo
- Improvements: 0-10%; Census data is not reliable and shows only a loose relationship to SF spending
- 2017: SF 6-11%; MF 5-10%; improvements 0-10%

Source: Author

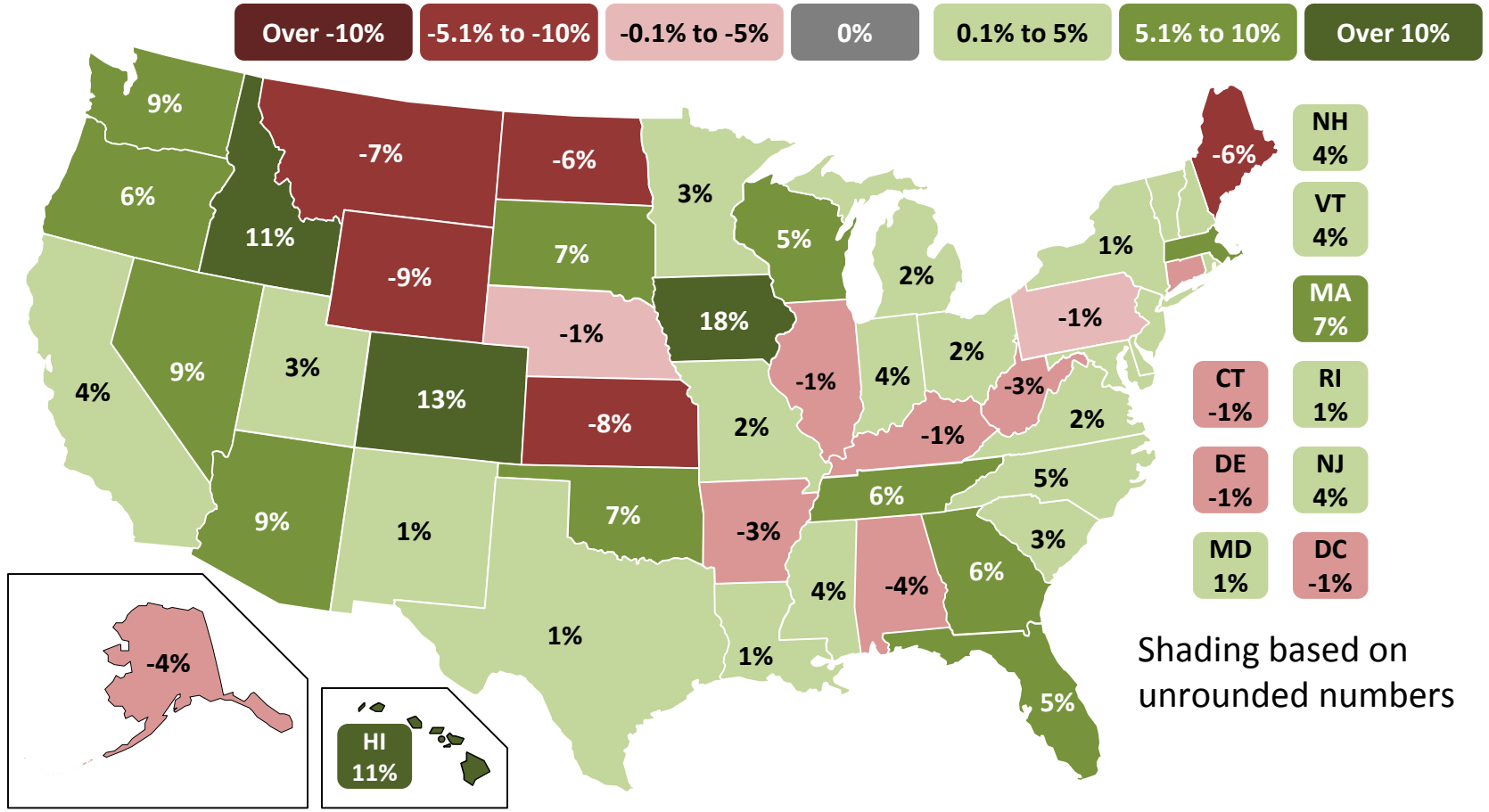
Population change by state, July 2014-July 2015 (U.S.: 0.79%)



Source: U.S. Census Bureau

State construction employment change (U.S.: 3.4%)

9/15 to 9/16: **35** states up, **15 + DC** down

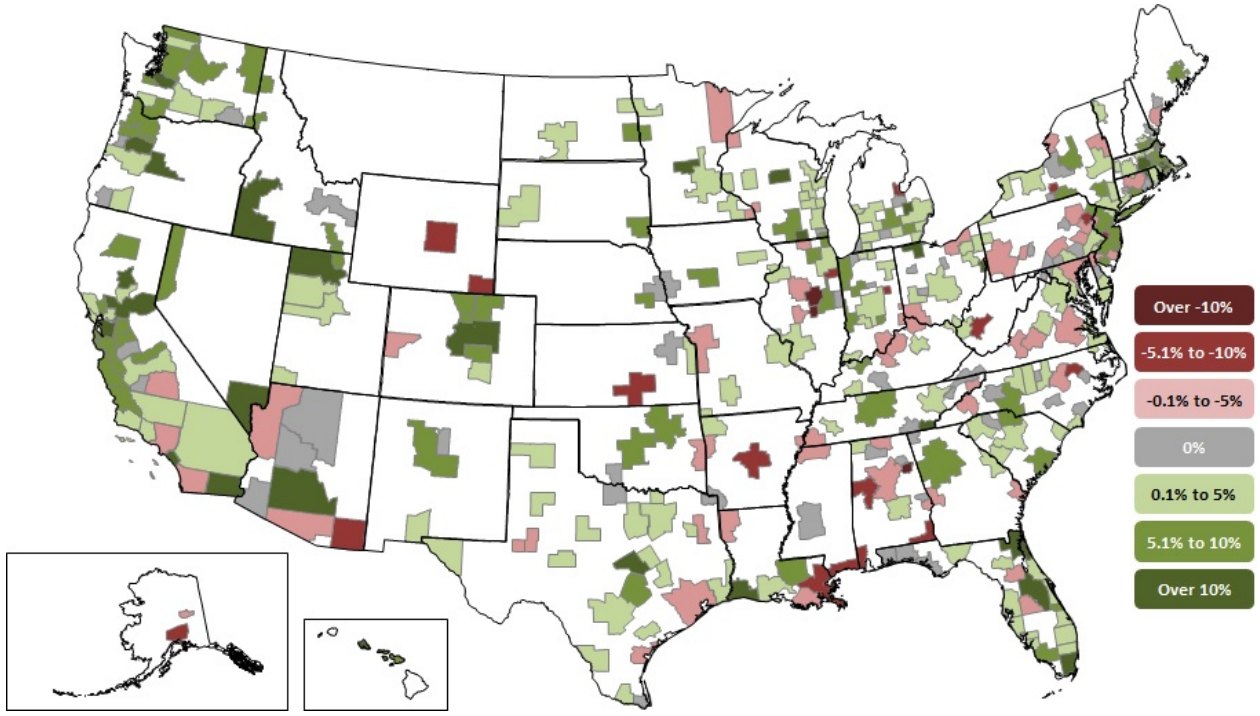


Shading based on unrounded numbers

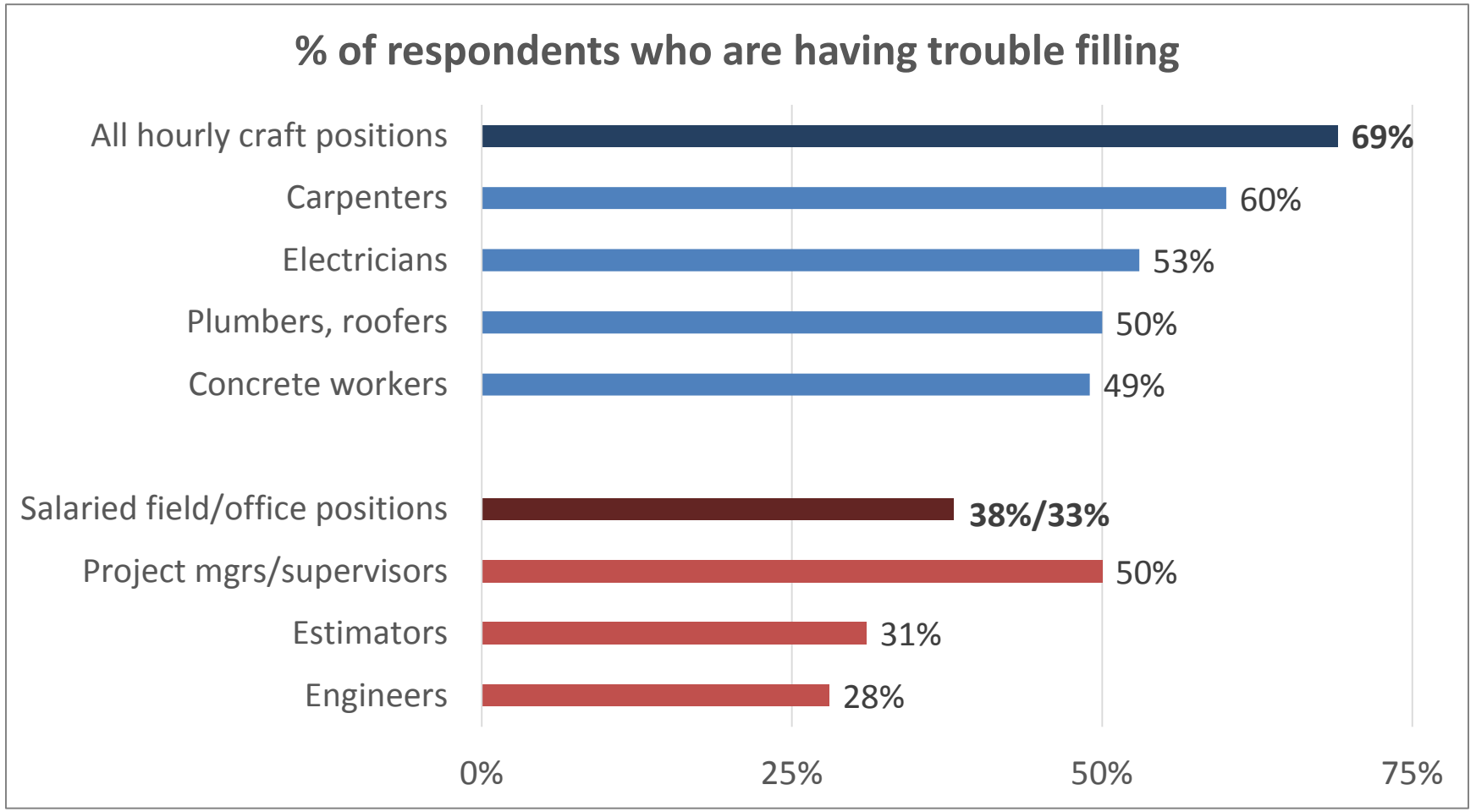
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Source: U.S. BLS state and regional employment report

Metro construction employment change
9/15 to 9/16: 226 metros up, 58 unchanged, 74 down

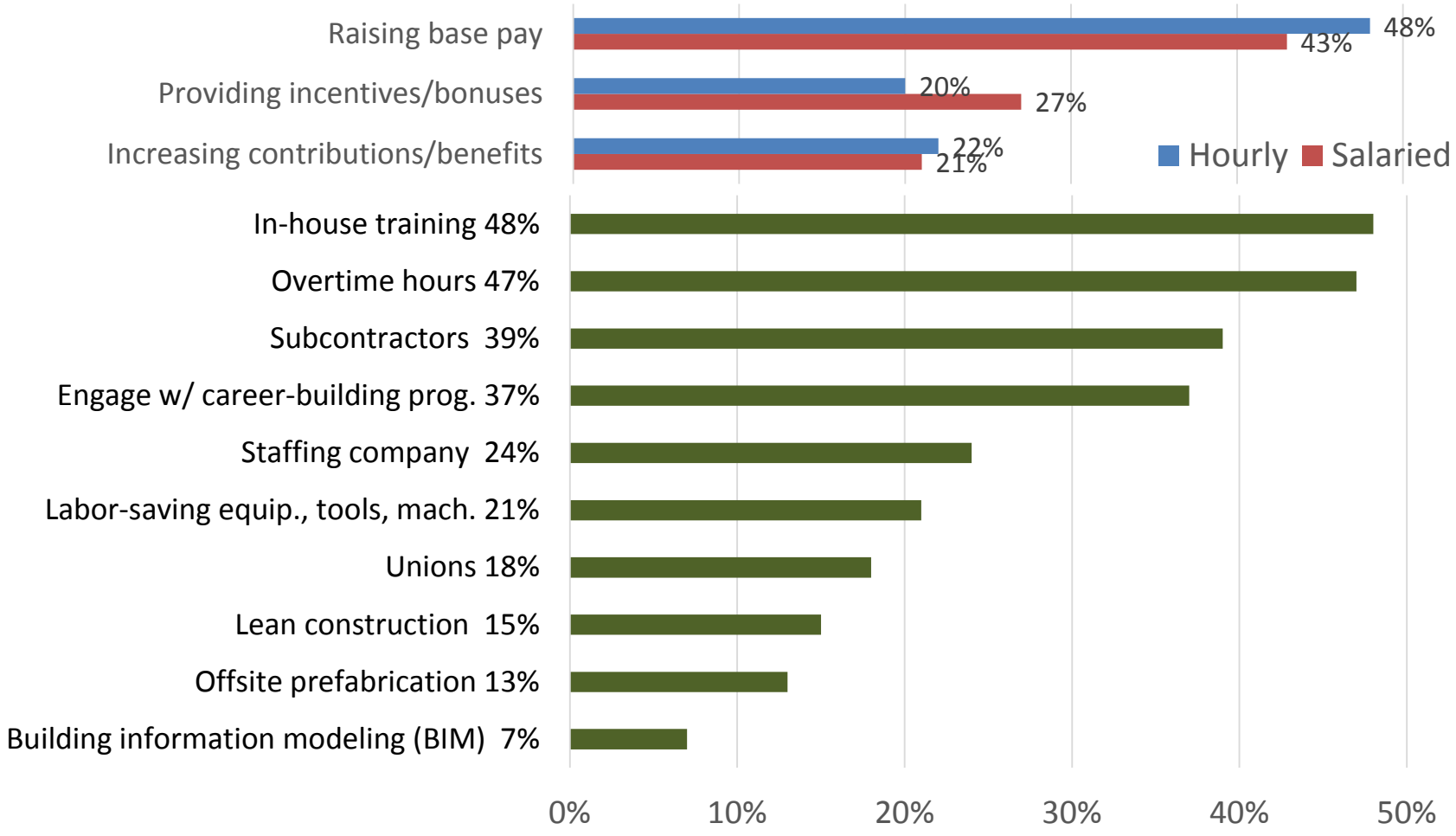


Hardest positions to fill

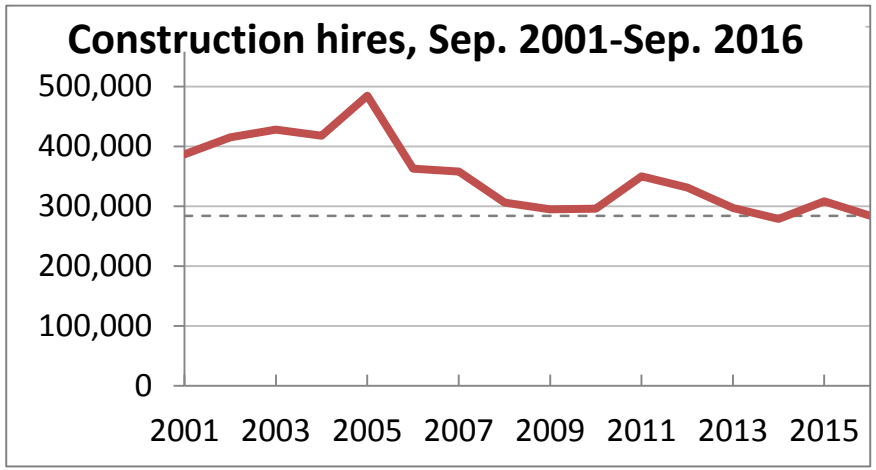


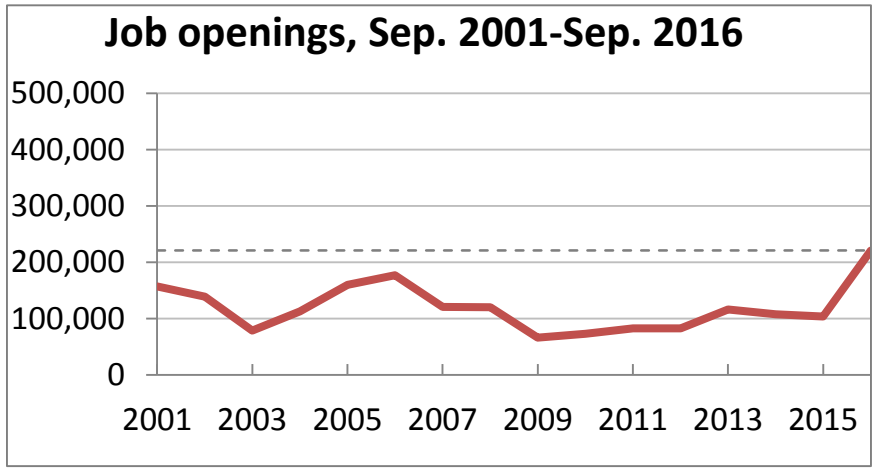
Source: AGC Member Survey, August 2016

How contractors are coping with worker shortages

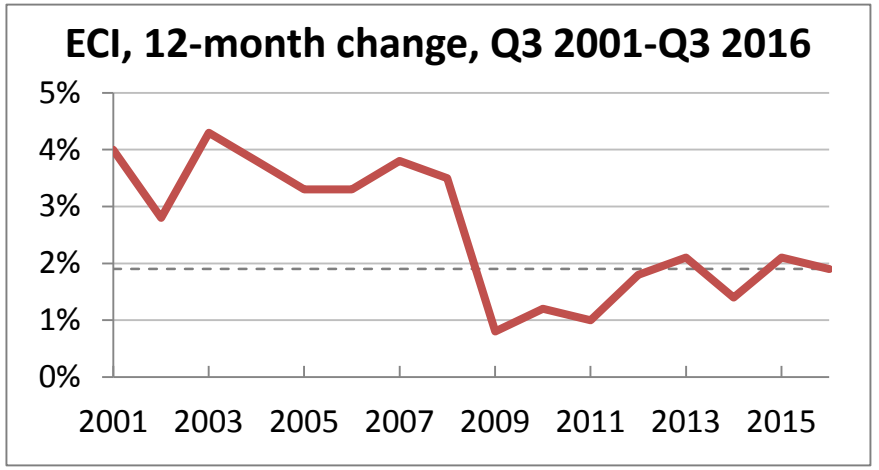


Construction workforce indicators (not seasonally adjusted)



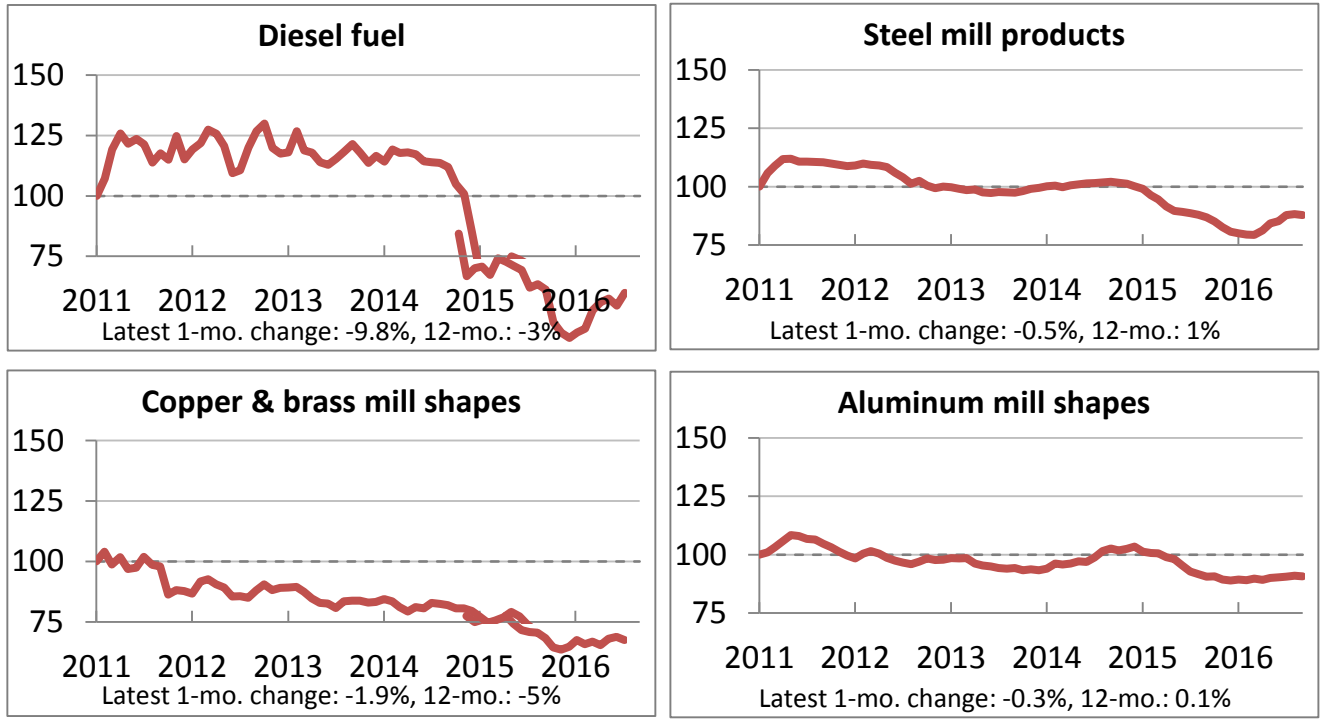




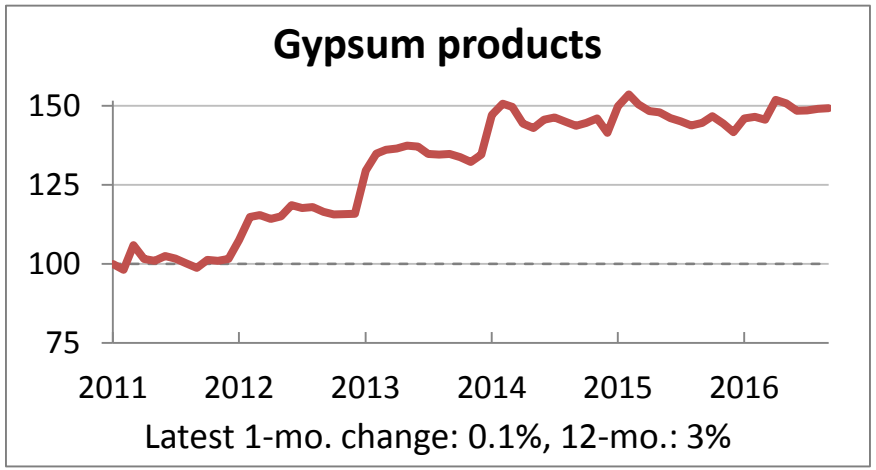


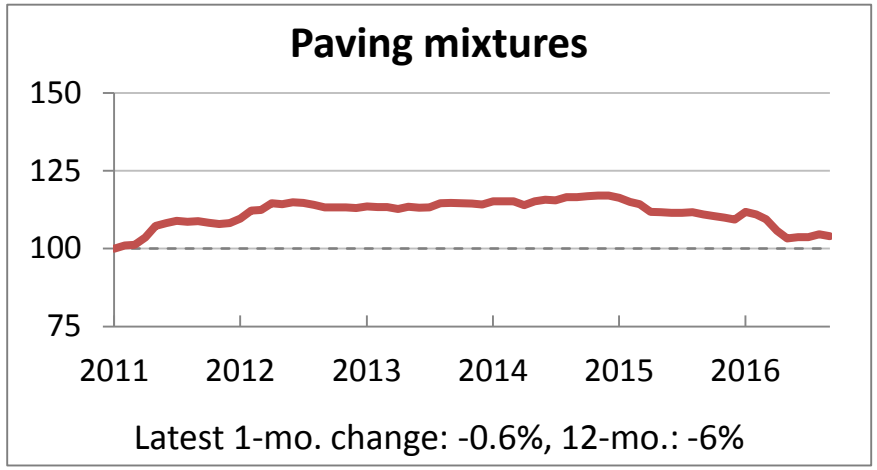
Source: Bureau of Labor Statistics

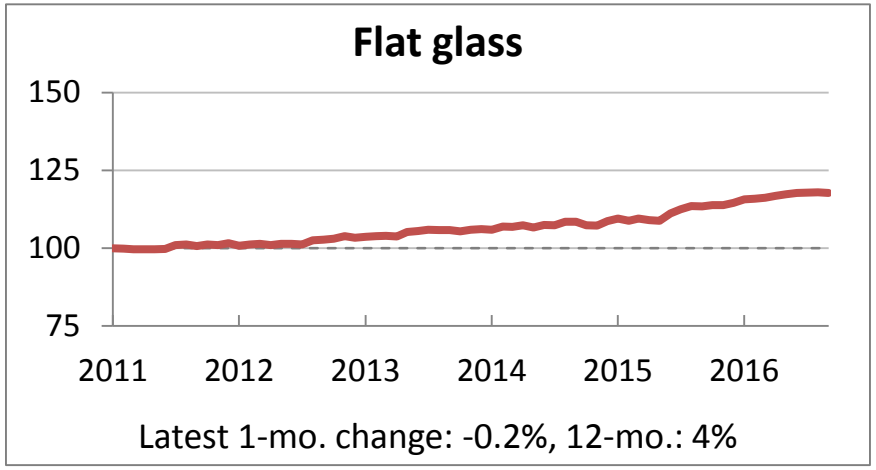
Producer price indexes for key inputs, 1/11-9/16 (Jan. 2011=100)

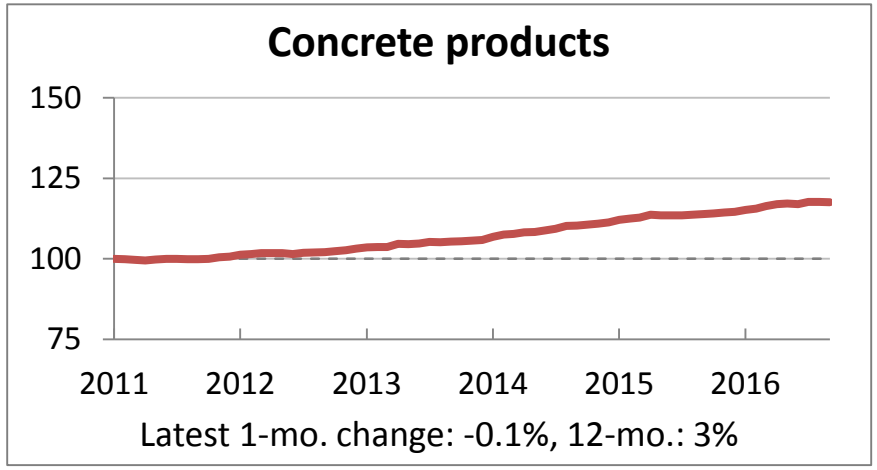


Producer price indexes for key inputs, 1/11-9/16
(Jan. 2011=100)









2015 summary, 2016-17 forecast

	2015 actual	2016 yr-to-date	forecast 2016	forecast 2017
Total spending	11%	4%	3-6%	2-7%
Private – residential	17%	6%	5-8%	5-10%
– nonresidential	8%	8%	7-9%	2-7%
Public	5%	-2%	0-3%	1-5%
Goods & serv. inputs PPI	-2%	-1%	0-2%	0-2%
Employment cost index	2.2%	1.9%	2.5-3.5%	3-4%

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Source: actuals; Census; BLS; forecasts; Author's estimates

AGC economic resources
(email simonsonk@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at http://store.agc.org)
- monthly press releases: spending; PPI; national, state, metro employment
- state and metro data, fact sheets: www.agc.org/learn/construction-data



Data DIGest

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Sept. 24-Oct. 2, 2009
Vol. 9, No. 33

Construction job losses remain heavy, widespread; homebuilding rises, nonres sinks

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City-by-City Construction Employment, August 2009 and 2008

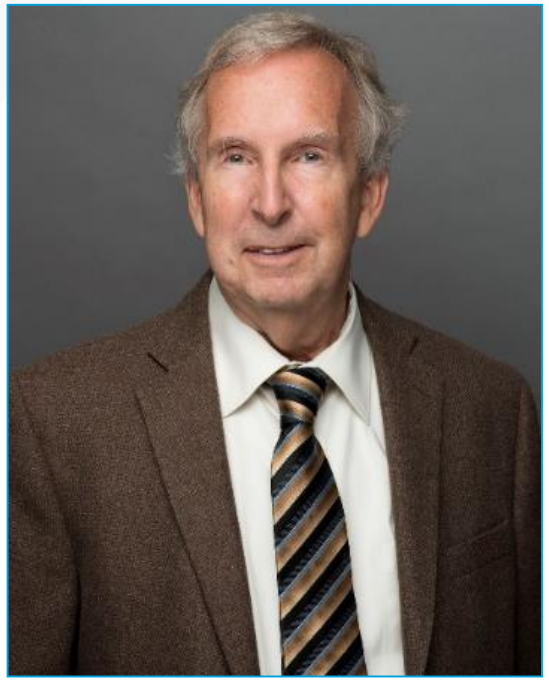
Seasonally adjusted nonfarm payroll **job losses** in September totaled 263,000, barely half the average of the last 12 months, the Bureau of Labor Statistics (BLS) reported on Friday. (Seasonal adjustment takes into account normal monthly variations in weather and numbers of work days.) ***But construction,*** *particularly nonresidential, continued to hemorrhage jobs. Construction lost 15% of its September 2008 jobs in the last 12 months, compared to 4% for the entire nonfarm economy. September losses totaled 51,000 in nonresidential building, specialty trade, and heavy and civil engineering construction combined, nearly the monthly average loss of 54,000 over the past 12 months. Residential building and specialty trade contractors shed a combined 13,000 jobs in September, barely a third as many as the monthly average over the 12-month span. One faintly positive sign was that* ***architectural and engineering services employment****, a harbinger of future demand for construction, rose for the first time in 15 months, albeit by only 500 jobs (0.04%).* ***Average hourly earnings*** *in construction tumbled 16 cents to $22.45 in September, bringing the 12-month change to 36 cents or 1.6%, compared to 2.5% for all private-sector production or nonsupervisory employees.* The overall **unemployment rate** climbed to 9.5% in September, not seasonally adjusted (9.8%, seasonally adjusted) from 6.0% a year earlier. *The* ***unemployment rate in construction****, 17.1%, not seasonally adjusted, again topped every other industry and was up from 9.9% a year earlier.*

For the eighth month in a row, all 372 **metro areas** had higher **unemployment rates** in August than a year earlier, BLS reported on Wednesday. (Seasonally adjusted industry and metro unemployment rates are not available.) Of the 369 areas reporting nonfarm payroll employment, 356 had year-to-year losses, 11 had gains and two were unchanged. The largest percentage gains were in Sandusky, Ohio, 2.7%; Hot Springs, Arkansas, 2.6%; Kennewick-Pasco-Richland, Washington, 2.5%; Jonesboro, Ark., 1.9%; and McAllen-Edinburg-Mission, Texas, 1.5%. *If sustained, these gains can lead to more demand for construction. AGC compiled a list of 337 areas, including divisions and subdivisions of the 34 largest metros, for which BLS provided construction employment figures (combined with mining and logging in metros where employment in these industries is small).* ***Construction employment*** *fell over the past 12 months in 324 of these locations, rose in eight and was unchanged in five. The largest 12-month percentage construction employment gains were in Columbus, Indiana, 14% (combined data); Anderson, Ind., 6% (combined); Tulsa (construction only); Longview, Wash. (combined) and Baton Rouge (construction only), 3% each. The worst construction job losses were in Reno-Sparks, Nevada, -35% (construction only); Duluth, Minnesota-Wisconsin, -33% (combined); Tucson, -31% (construction only); Wenatchee-East Wenatchee, Wash., -30% (combined); and Redding, California, -28% (combined).*

Construction in Chicago will not get a boost from the Olympics. The International Olympic Committee today awarded the 2016 Games to Rio.

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Alex Carrick

Chief Economist,
ConstructConnect

- North American Chief Economist since 1985 for ConstructConnect and CanaData
- Online analyses are a popular feature of the Daily Commercial News and Journal of Commerce
- BA in Economics from the University of Western Ontario and an MA in Economics from the University of Toronto

What is there to still like about the U.S. Economy ? ...

- Q3 2016 GDP growth a strong +2.9%;
- Latest PMI of ISM 51.9%;
- Initial jobless claims less than 300,000 for 87 weeks in a row;
- JOLTS openings (level and rate) quite high;
- Monthly average jobs growth so far this year +181,000;
- Inflation +1.5% y/y all items; +2.2% y/y core;
- Interest rates continue to be extremely stimulatory;
- Home prices are +5% to +7% y/y;
- Population growth +0.7% y/y;
- Stock market indices near all-time peaks;
- Helped by Panama Canal expansion, America is now exporting natural gas.

But here's the problem for the construction sector...

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U.S. Put-in-place Construction Investment – September, 2016
Based on 'current' (i.e., not adjusted for inflation) $s, seasonally adjusted at annual rates (SAAR)

	Weighting of type-of-structure category (% of total $s)	Year to date 2016/ Year to date 2015 (from monthly averages of SAAR data)	Latest 12 mons vs. previous 12 mons	Latest 3 mons vs. previous 3 mons (annualized)	Slowing Down: 3 of 3 'Total' categories / 14 of 16 sub-categories	Speeding Up: 0 of 3 'Total' categories / 2 of 16 sub-categories
Total Construction	100.0%	4.7%	5.9%	2.9%	✓	
Total Residential	40.0%	5.9%	8.2%	7.0%	✓	
Total Nonresidential	60.0%	3.9%	4.4%	0.2%	✓	
Lodging	2.5%	25.7%	24.8%	17.1%	✓	
Office	6.1%	22.0%	21.2%	35.2%		✓
Commercial (retail)	6.2%	9.4%	7.3%	4.8%	✓	
Health care	3.6%	0.2%	1.1%	-0.9%	✓	
Educational	7.6%	5.7%	5.7%	-4.7%	✓	
Religious	0.3%	5.0%	5.3%	-20.0%	✓	
Public safety	0.7%	-7.9%	-7.6%	-10.2%	✓	
Amusement and recreation	1.9%	8.5%	9.5%	-5.1%	✓	
Transportation	3.6%	-4.7%	-2.4%	-5.0%	✓	
Communication	1.6%	-3.5%	3.5%	1.0%	✓	
Power (electric; oil & gas)	8.3%	3.8%	2.9%	-9.0%	✓	
Highway and street	7.5%	1.9%	2.3%	-9.5%	✓	
Sewage and waste disposal	1.7%	-6.7%	-6.4%	-32.4%	✓	
Water supply	1.0%	-10.4%	-10.2%	-21.3%	✓	
Conservation and development	0.7%	-4.2%	-3.8%	-25.6%	✓	
Manufacturing	6.7%	-2.8%	0.6%	20.4%		✓

In the final two columns, if there is no check mark in the cell, then the type-of-structure category has stayed within 1.0%, up or down.

Data source: Census Bureau / Table: ConstructConnect.

U.S. Type-of-Structure Forecasts

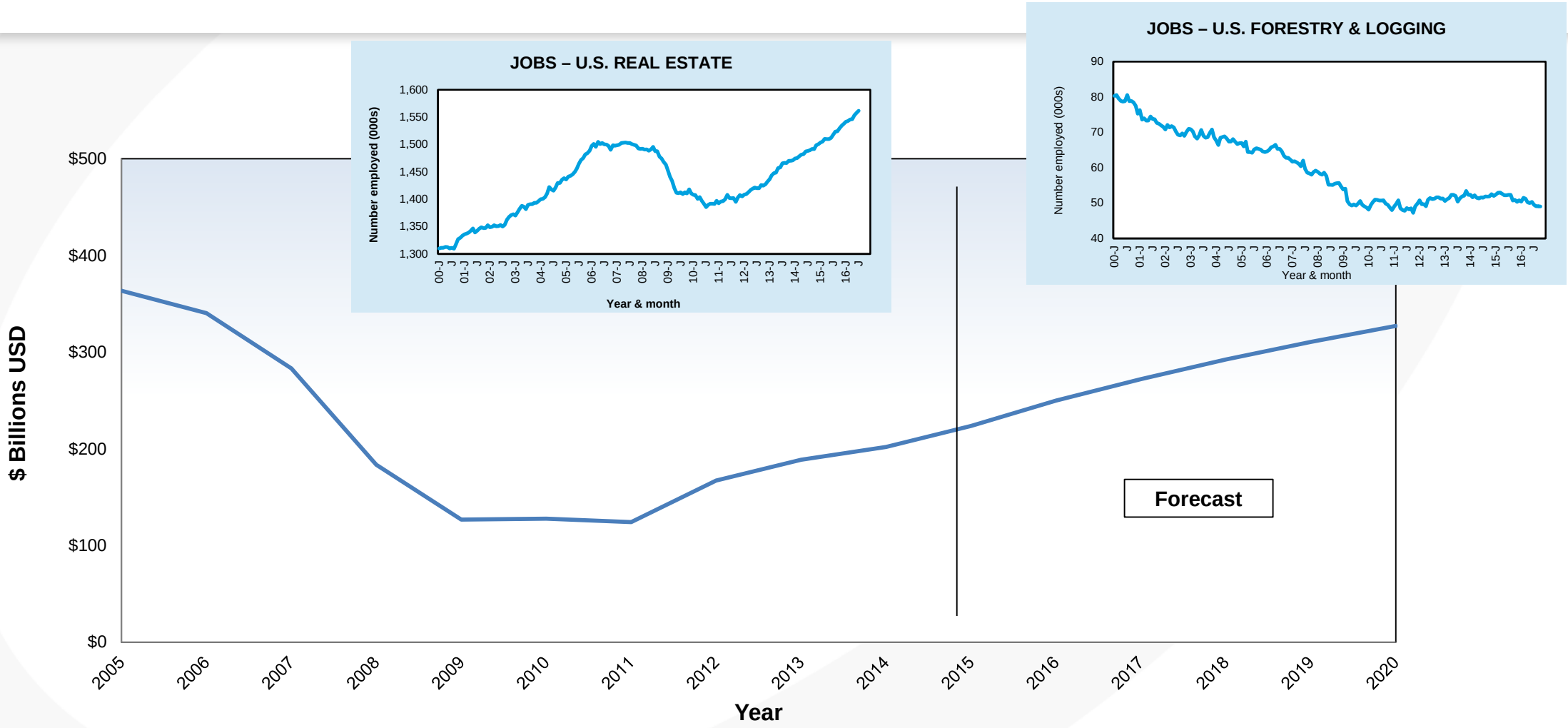
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($ Billions USD)

	Actuals		Forecasts				
	2014	2015	2016	2017	2018	2019	2020
Single-family	151.209	173.167	185.578	203.832	223.367	240.117	254.855
Multi-family	53.330	53.290	53.535	56.445	59.097	61.024	62.648
TOTAL RESIDENTIAL	204.539	226.456	239.113	260.277	282.464	301.141	317.503
(Yr/yr % change)	*8.2%*	*10.7%*	*5.6%*	*8.9%*	*8.5%*	*6.6%*	*5.4%*
Hotels/Motels	8.736	13.709	15.234	15.507	15.641	14.537	13.268
Shopping/Retail	20.636	23.169	25.928	26.632	27.913	29.171	30.379
Parking Garages	2.082	2.461	3.843	3.810	3.893	4.013	4.097
Amusement	7.711	6.182	6.481	6.977	7.501	8.054	8.604
Private Offices	19.197	13.298	16.224	18.663	21.004	20.078	18.645
Govenmental Offices	11.243	10.115	11.937	12.649	13.031	13.511	14.042
Laboratories (Schools & Industrial)	2.374	2.203	2.125	2.571	2.709	2.817	2.915
Warehouses	7.459	11.382	11.898	12.371	12.998	13.548	14.002
Sports Stadium/Convention Center	7.198	6.144	6.177	6.541	6.710	6.841	6.984
Transportation Terminals	5.449	7.092	6.633	7.671	8.521	9.263	9.899
TOTAL COMMERCIAL	92.086	95.753	106.479	113.392	119.921	121.834	122.834
(Yr/yr % change)	*-0.1%*	*4.0%*	*11.2%*	*6.5%*	*5.8%*	*1.6%*	*0.8%*
TOTAL INDUSTRIAL (manufacturing)	10.617	12.101	8.992	9.985	10.495	10.935	11.227
(Yr/yr % change)	*24.0%*	*14.0%*	*-25.7%*	*11.1%*	*5.1%*	*4.2%*	*2.7%*
Religious	1.459	1.607	1.630	1.717	1.761	1.784	1.806
Hospitals/Clinics	14.153	13.706	16.443	17.973	19.413	20.650	21.733
Nursing Homes/Assisted Living	4.174	5.223	6.011	6.054	6.503	6.925	7.365
Libraries/Museums	2.308	2.498	2.603	2.713	2.809	2.844	2.888
Courthouse	1.063	1.169	1.280	1.259	1.274	1.282	1.294
Police/Fire	1.759	1.969	2.217	2.268	2.322	2.366	2.407
Prisons	1.217	2.876	2.107	2.202	2.255	2.290	2.325
Military	10.792	5.818	7.292	7.786	8.309	8.791	9.207
Educational Facilities	56.797	58.279	61.654	63.922	65.370	65.878	66.408
MED misc	2.578	3.274	3.942	4.106	4.240	4.382	4.531
TOTAL INSTITUTIONAL	96.300	96.418	105.180	109.998	114.256	117.191	119.965
(Yr/yr % change)	*13.6%*	*0.1%*	*9.1%*	*4.6%*	*3.9%*	*2.6%*	*2.4%*
Miscellaneous Non-Res Building	3.958	4.693	6.660	6.871	7.119	7.355	7.575
TOTAL NON-RES BLDG	202.960	208.965	227.310	240.247	251.791	257.315	261.602
(Yr/yr % change)	*7.5%*	*3.0%*	*8.8%*	*5.7%*	*4.8%*	*2.2%*	*1.7%*
Airport	7.262	3.589	5.982	5.788	5.973	6.162	6.348
Roads	47.278	51.305	52.875	55.739	57.534	58.937	60.469
Bridges	11.403	12.667	14.035	15.001	15.887	16.862	17.896
Dams/Canal/Marine	5.069	5.890	5.062	5.186	5.199	5.264	5.335
Water & Sewage Treatment	25.753	28.653	30.242	31.529	32.933	34.066	35.180
Misc Civil (Power, etc.)	18.124	20.083	17.646	19.059	20.091	21.154	22.271
TOTAL ENGINEERING	114.889	122.188	125.842	132.303	137.618	142.446	147.498
(Yr/yr % change)	*13.7%*	*6.4%*	*3.0%*	*5.1%*	*4.0%*	*3.5%*	*3.5%*
TOTAL NON-RESIDENTIAL	317.849	331.153	353.151	372.549	389.408	399.762	409.100
(Yr/yr % change)	*9.6%*	*4.2%*	*6.6%*	*5.5%*	*4.5%*	*2.7%*	*2.3%*
GRAND TOTAL	522.388	557.609	592.265	632.827	671.873	700.902	726.603
(Yr/yr % change)	*9.1%*	*6.7%*	*6.2%*	*6.8%*	*6.2%*	*4.3%*	*3.7%*

Source of actuals: ConstructConnect Insight /
Forecasts: Oxford Economics and ConstructConnect /
Table: ConstructConnect.

U.S. Total Residential Construction Starts – ConstructConnect

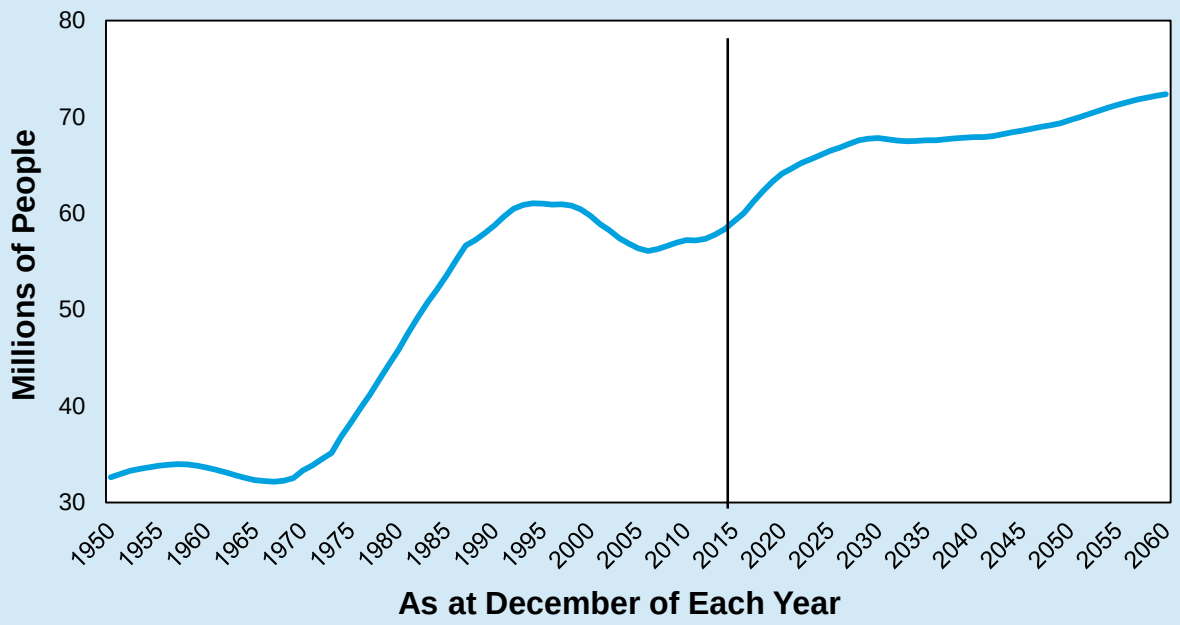


Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

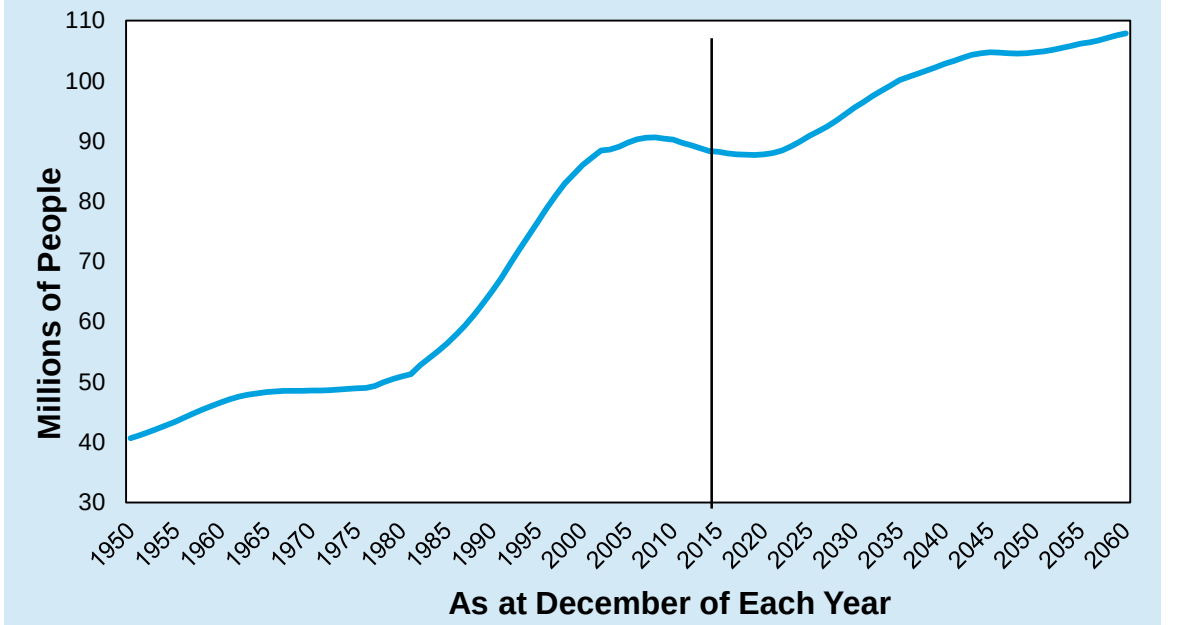
Demographics as a Driver of U.S. New Home Construction & Resale Activity

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KEY POPULATION COHORT FOR FIRST-TIME HOMEBUYER DEMAND (NUMBER OF INDIVIDUALS AGED 27 TO 40)

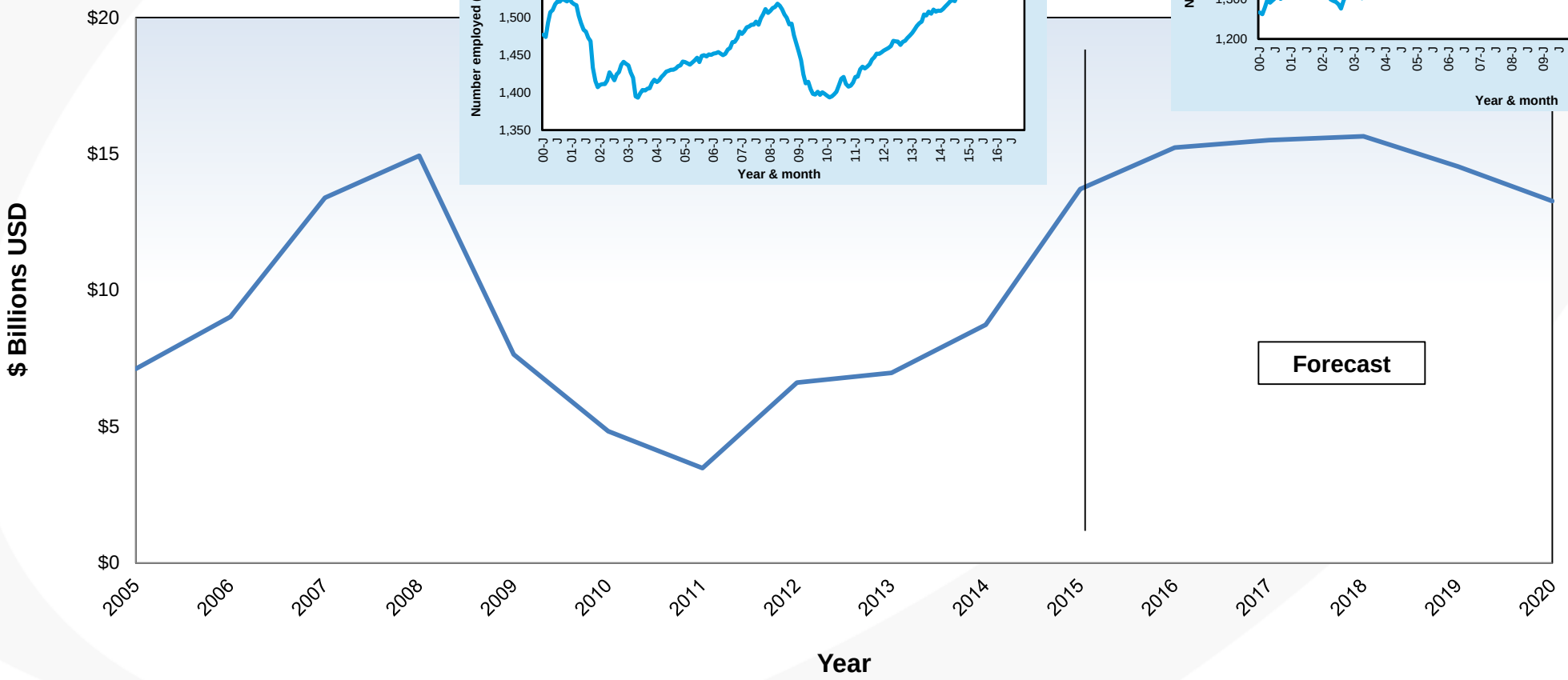


KEY POPULATION COHORT FOR MOVE-UP DEMAND (NUMBER OF INDIVIDUALS AGED 35 TO 55)



Data source: Economy.com and Census Bureau ('Middle Scenario') / Charts: ConstructConnect.

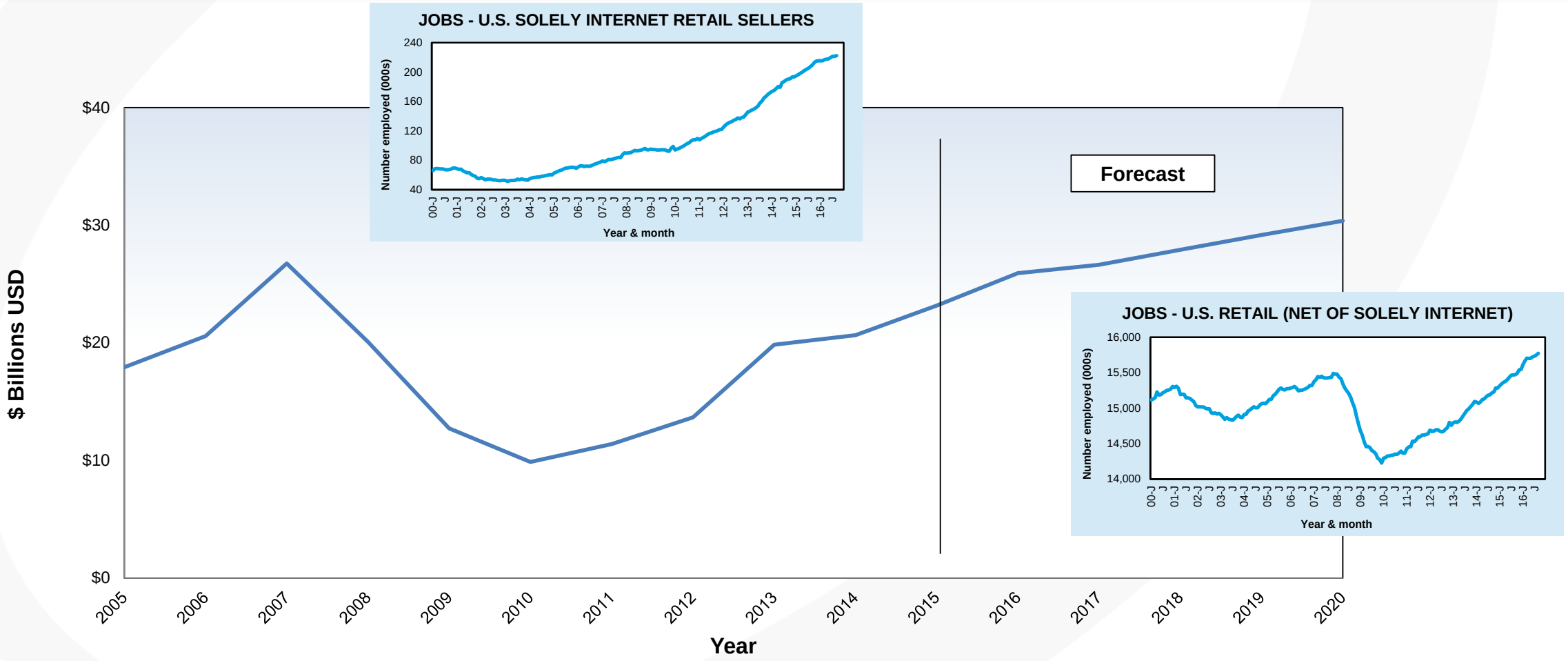
U.S. Hotel/Motel Construction Starts – ConstructConnect





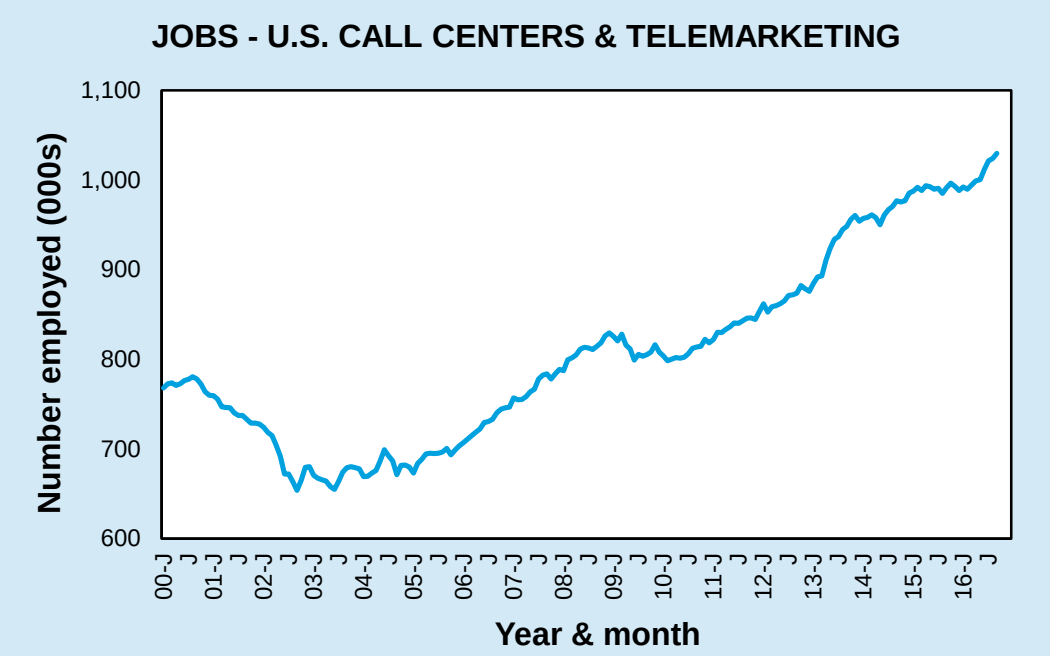
Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

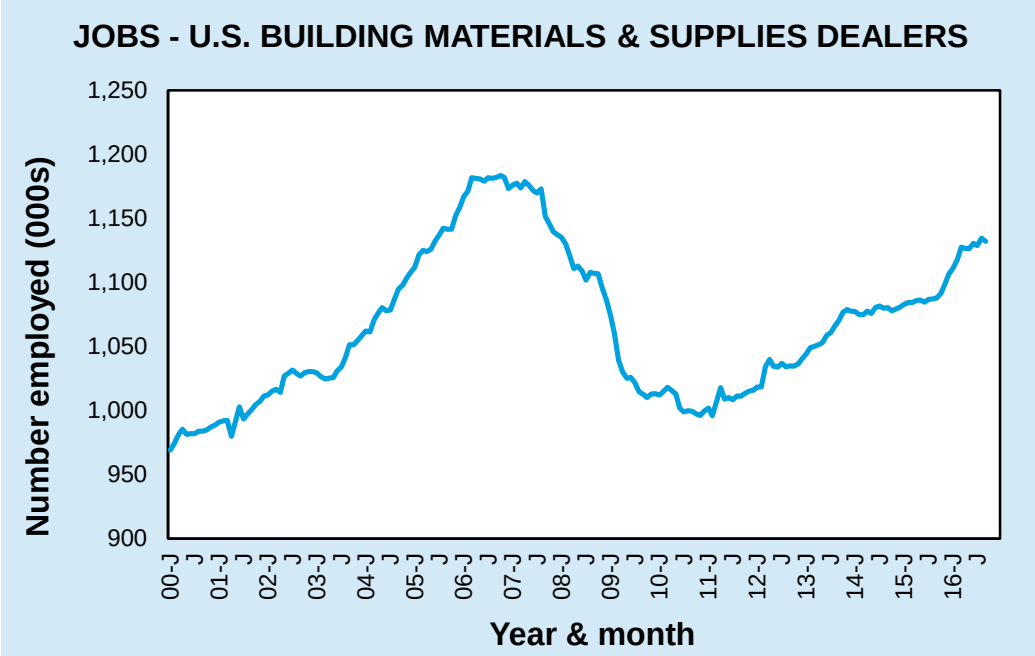
U.S. Retail/Shopping Construction Starts – ConstructConnect



Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

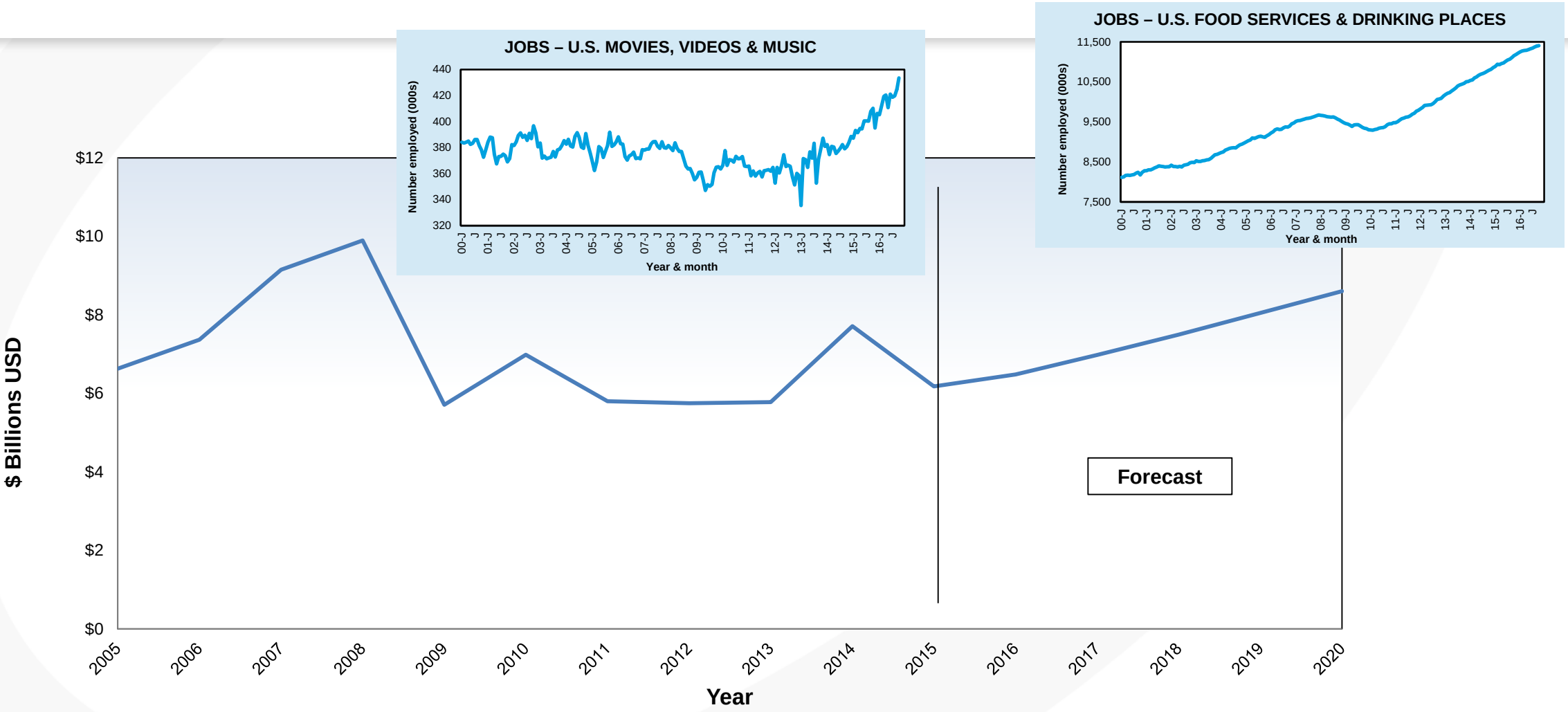
U.S. Employment in Key Sub-Sectors





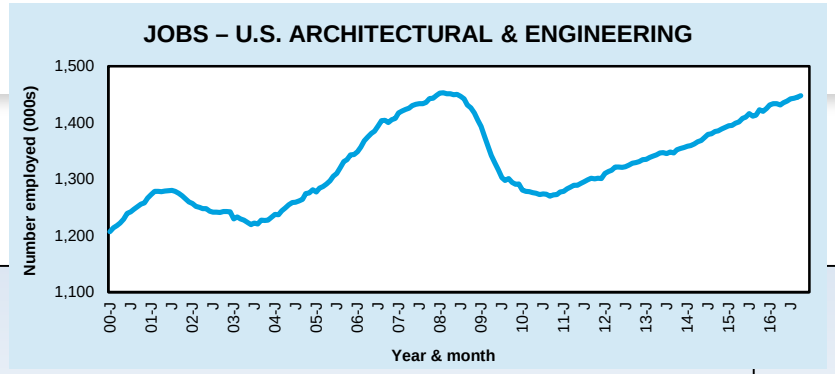
Data source: Payroll Survey, Bureau of Labor Statistics (U.S. Department of Labor) / Charts: ConstructConnect.

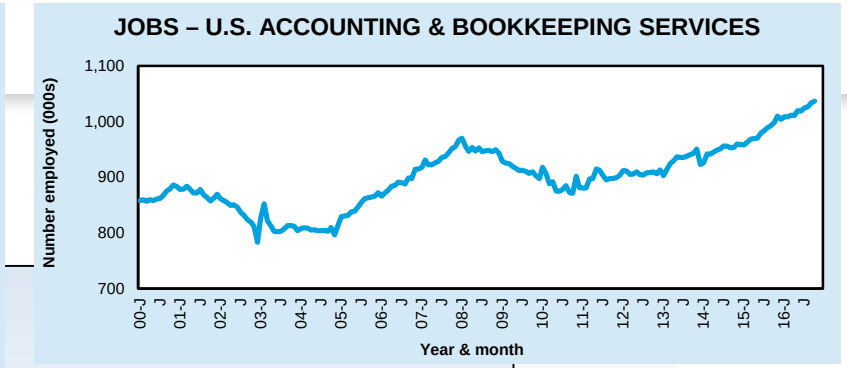
U.S. Amusement Project
Construction Starts – ConstructConnect

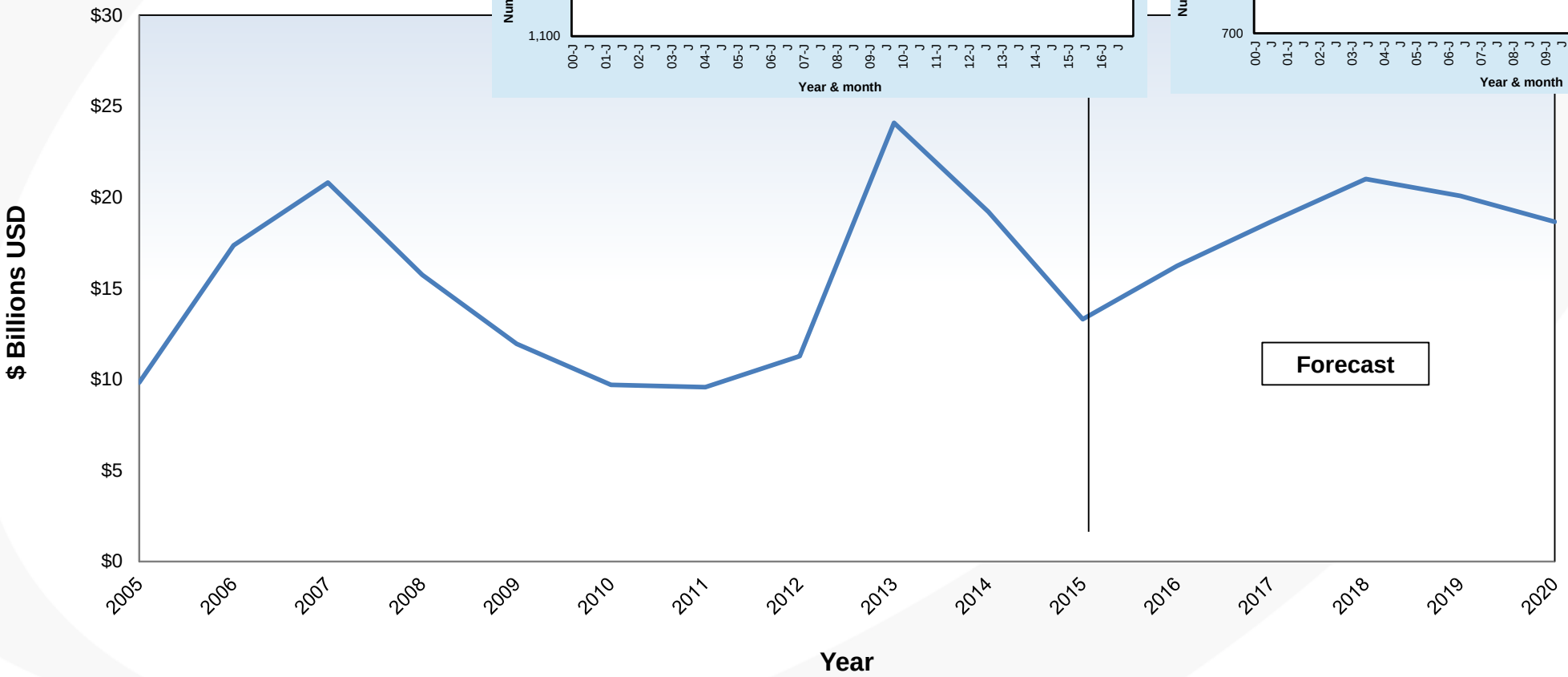


Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

U.S. Private Office Construction Starts – ConstructConnect

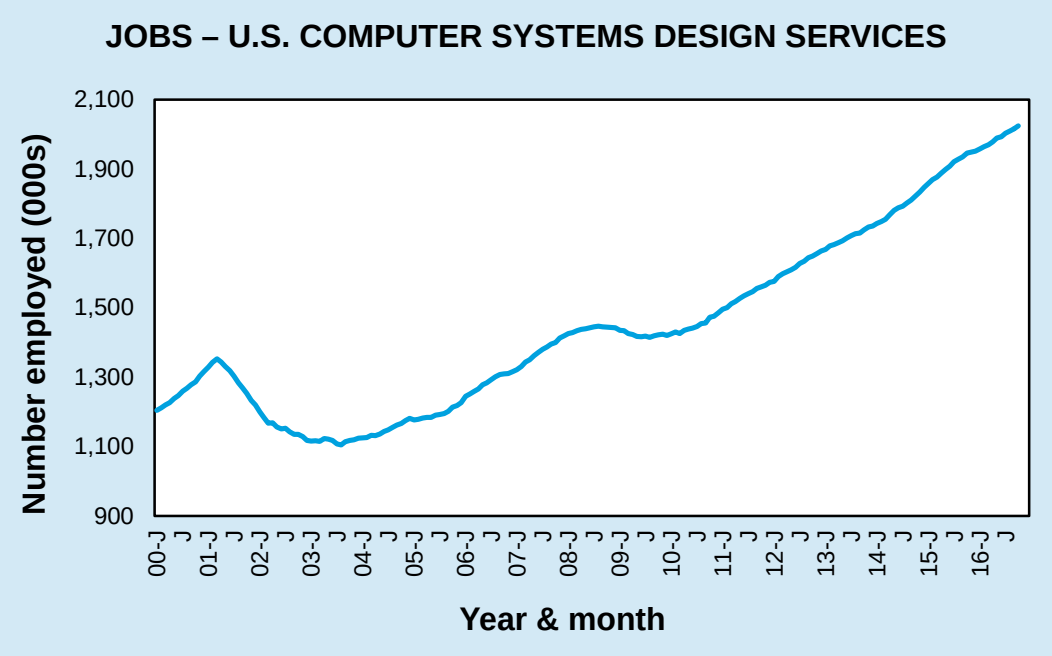


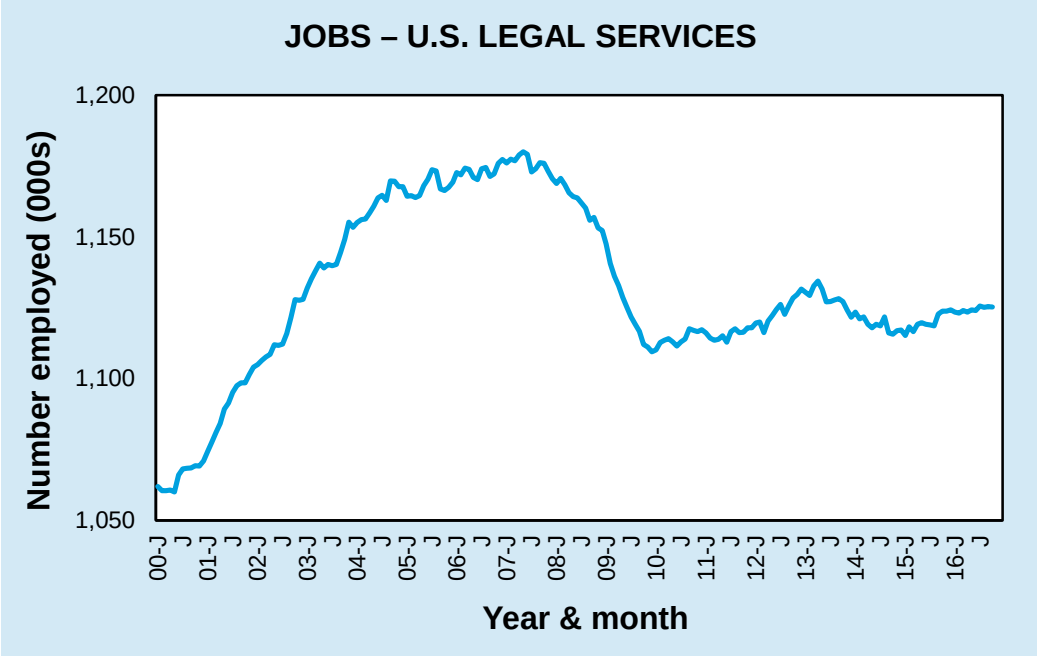




Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

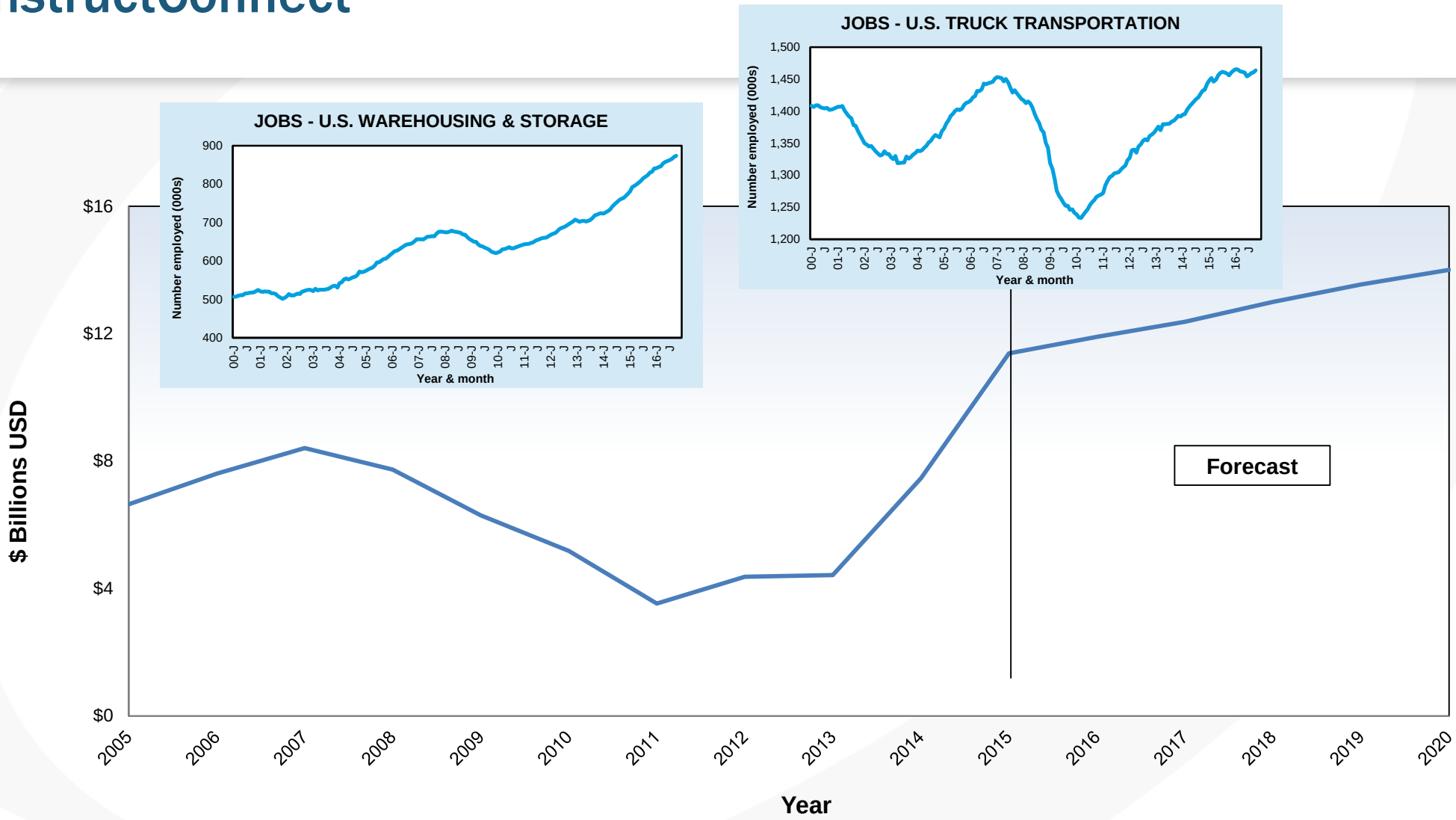
U.S. Employment in Key Sub-Sectors





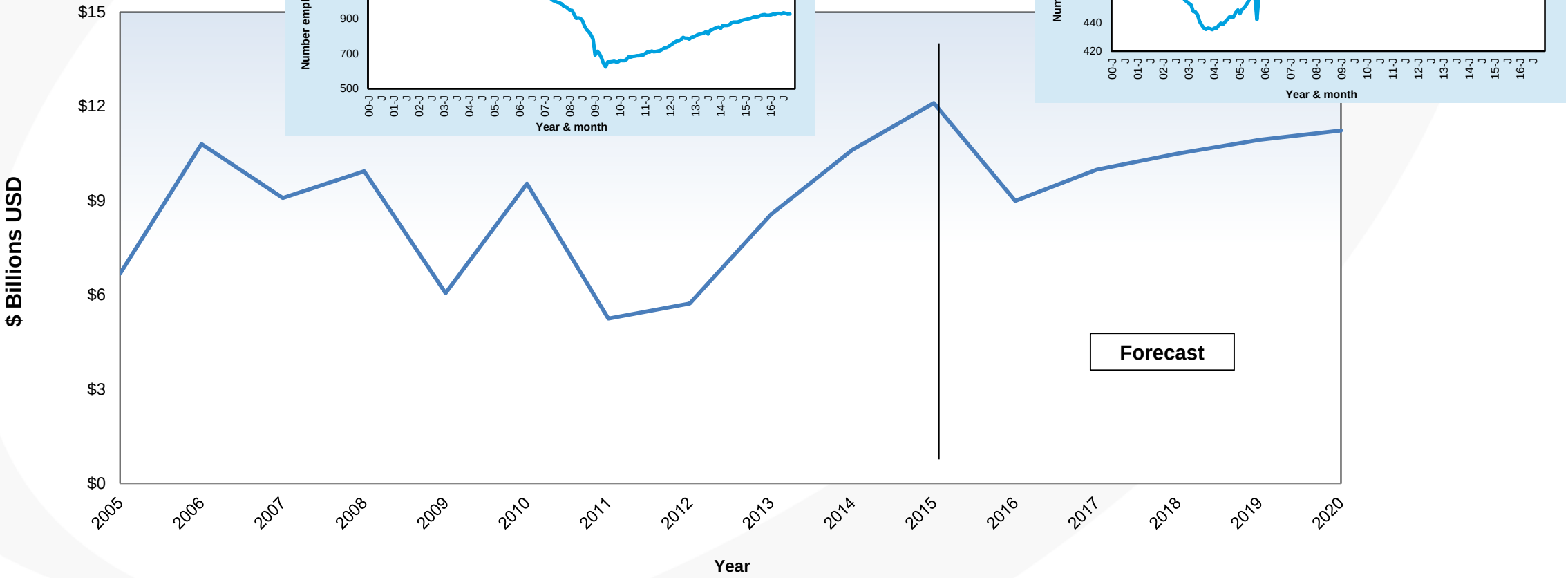
Data source: Payroll Survey, Bureau of Labor Statistics (U.S. Department of Labor) / Charts: ConstructConnect.

U.S. Warehouse Construction Starts – ConstructConnect



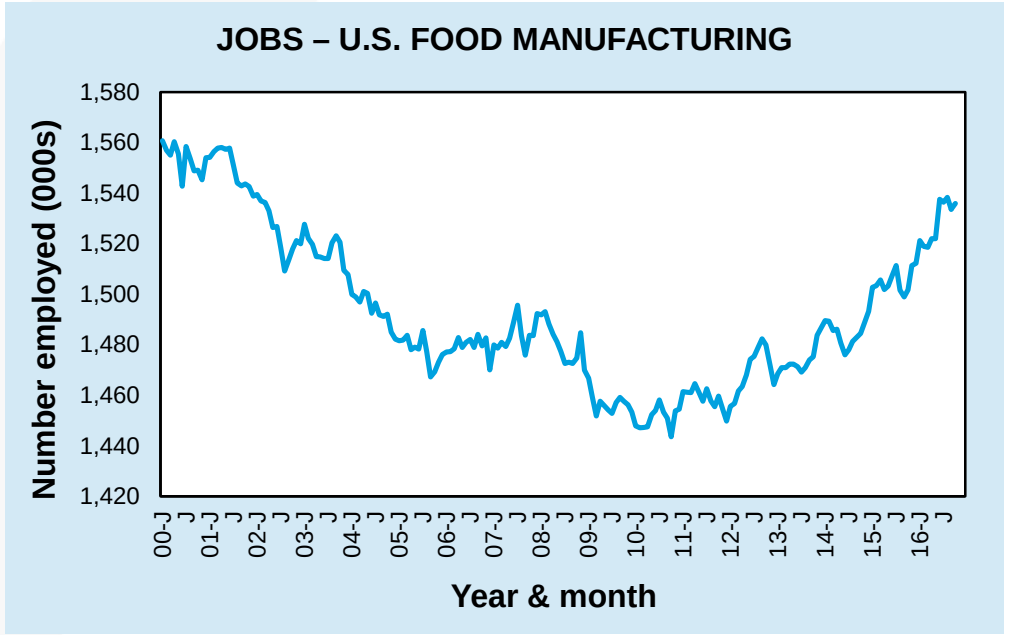
Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

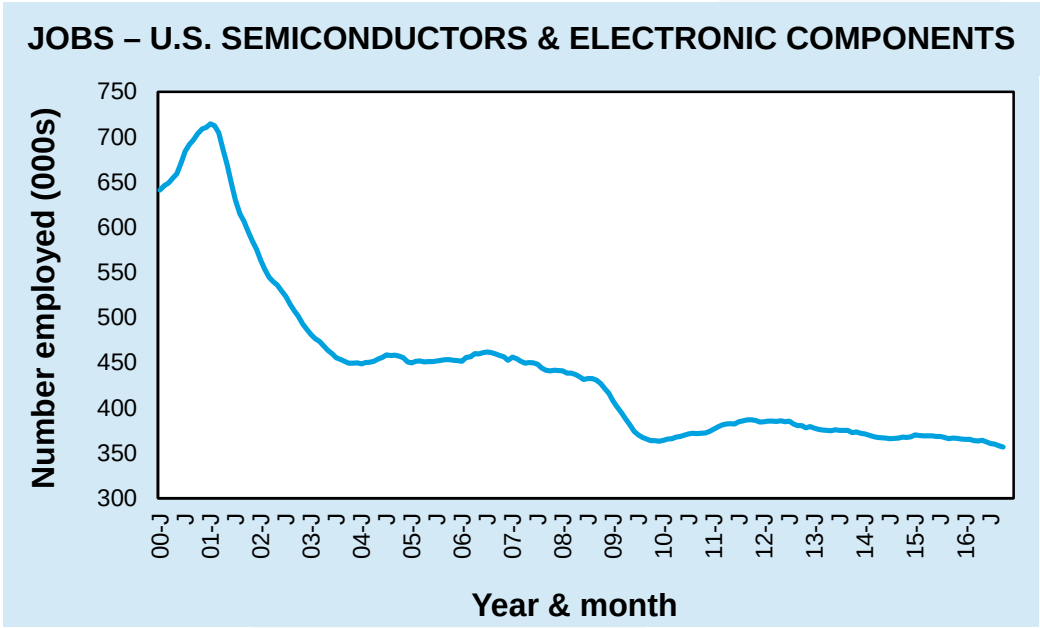
U.S. Total Industrial/Manufacturing Construction Starts – ConstructConnect



Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

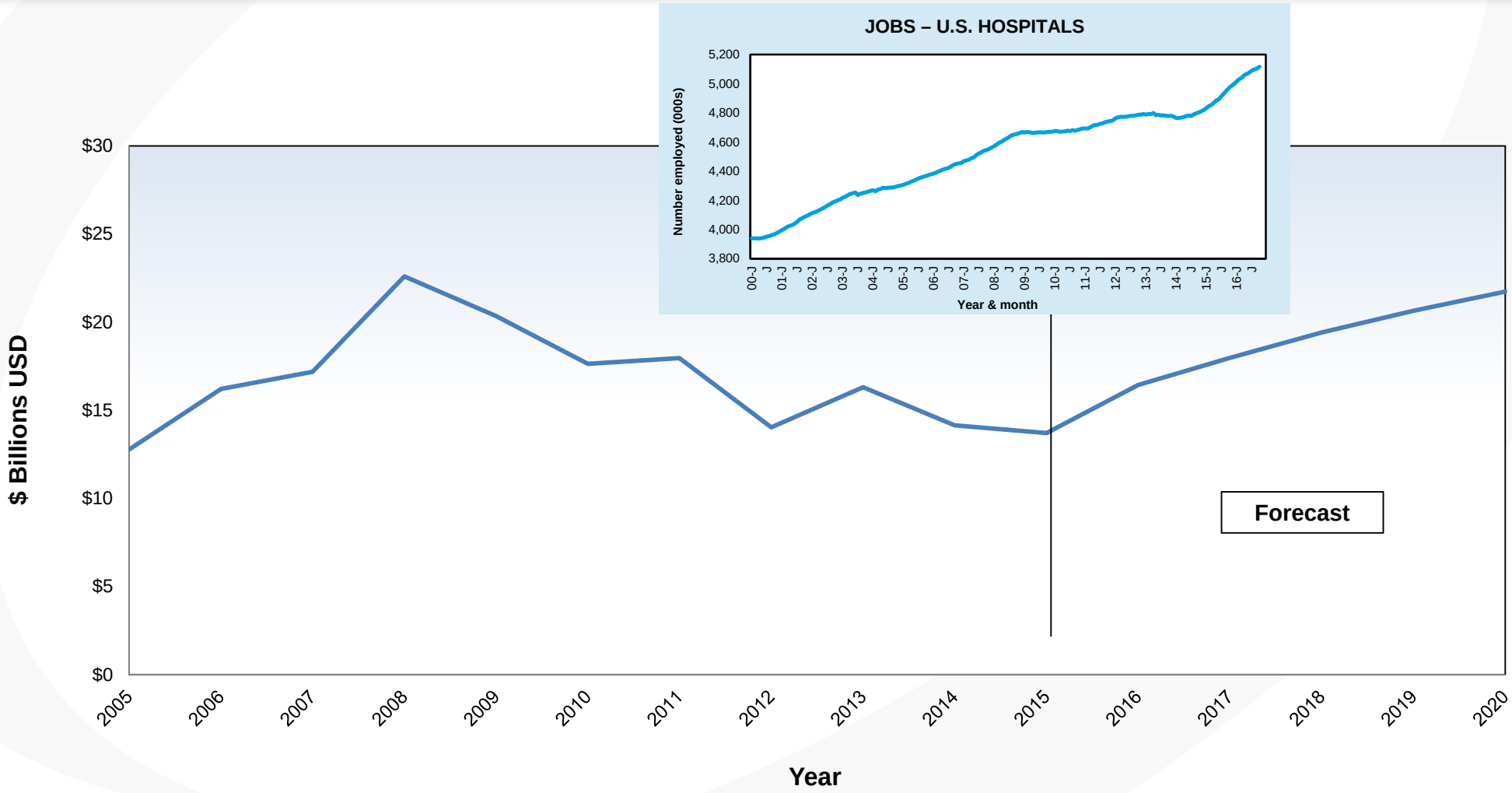
U.S. Employment in Key Sub-Sectors





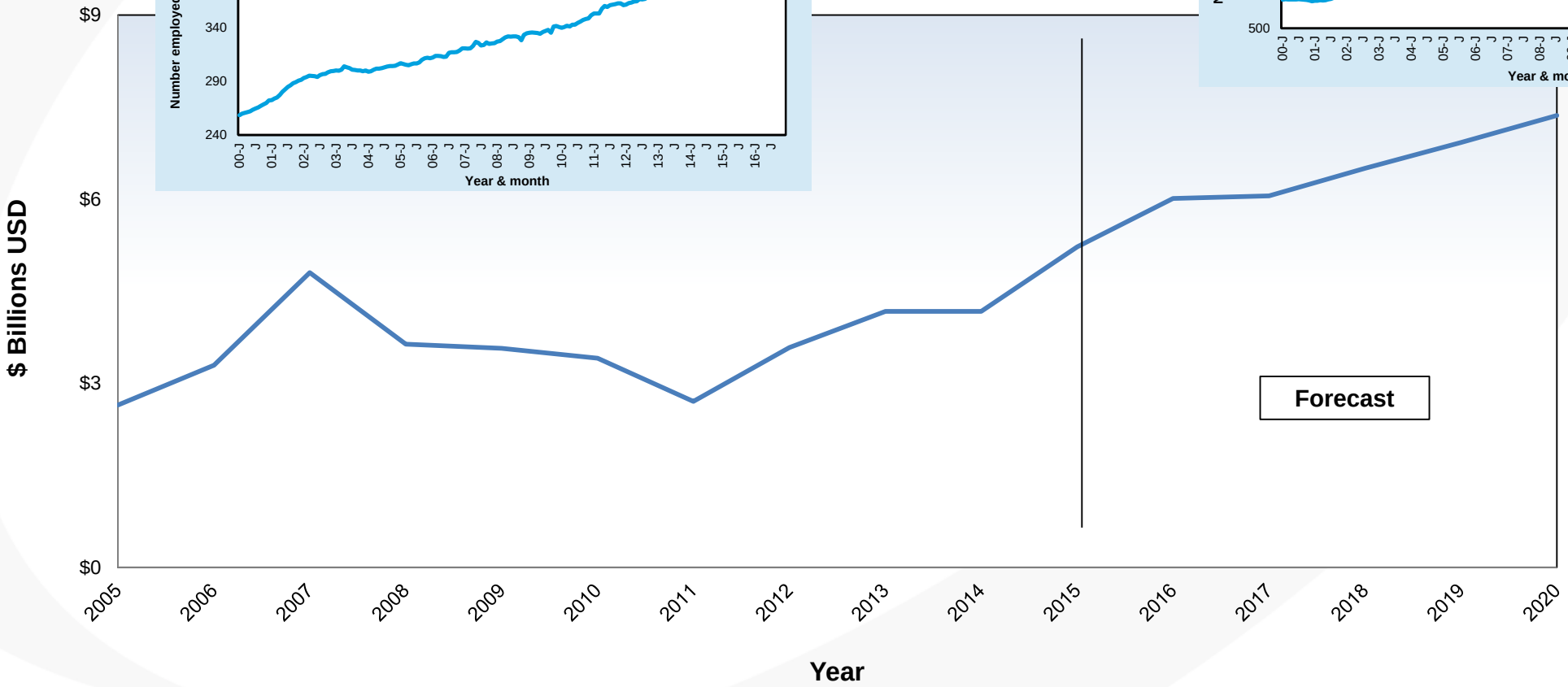
Data source: Payroll Survey, Bureau of Labor Statistics (U.S. Department of Labor) / Charts: ConstructConnect.

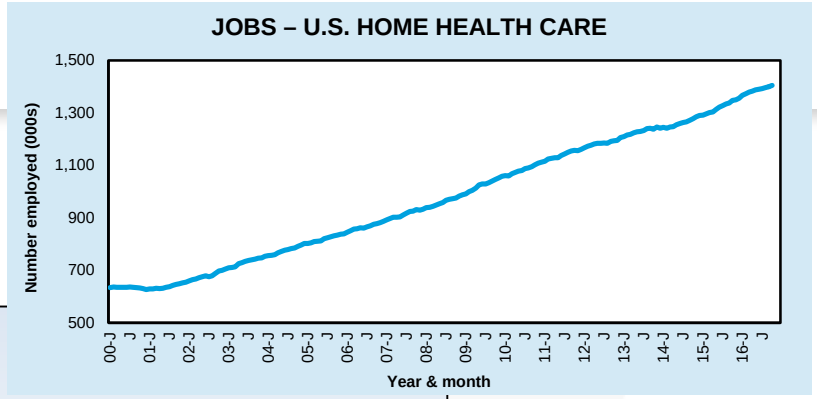
U.S. Hospital and Clinic Construction Starts – ConstructConnect



Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

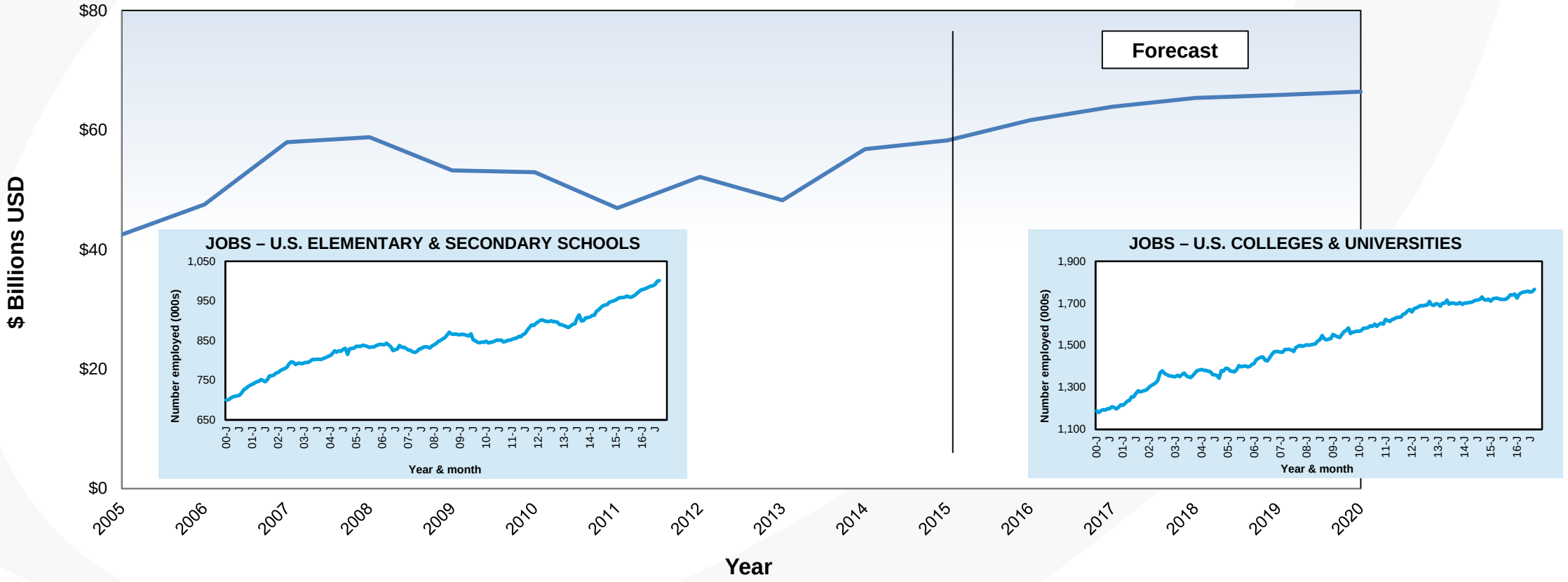
U.S. Nursing Homes & Assisted Living Construction Starts – ConstructConnect





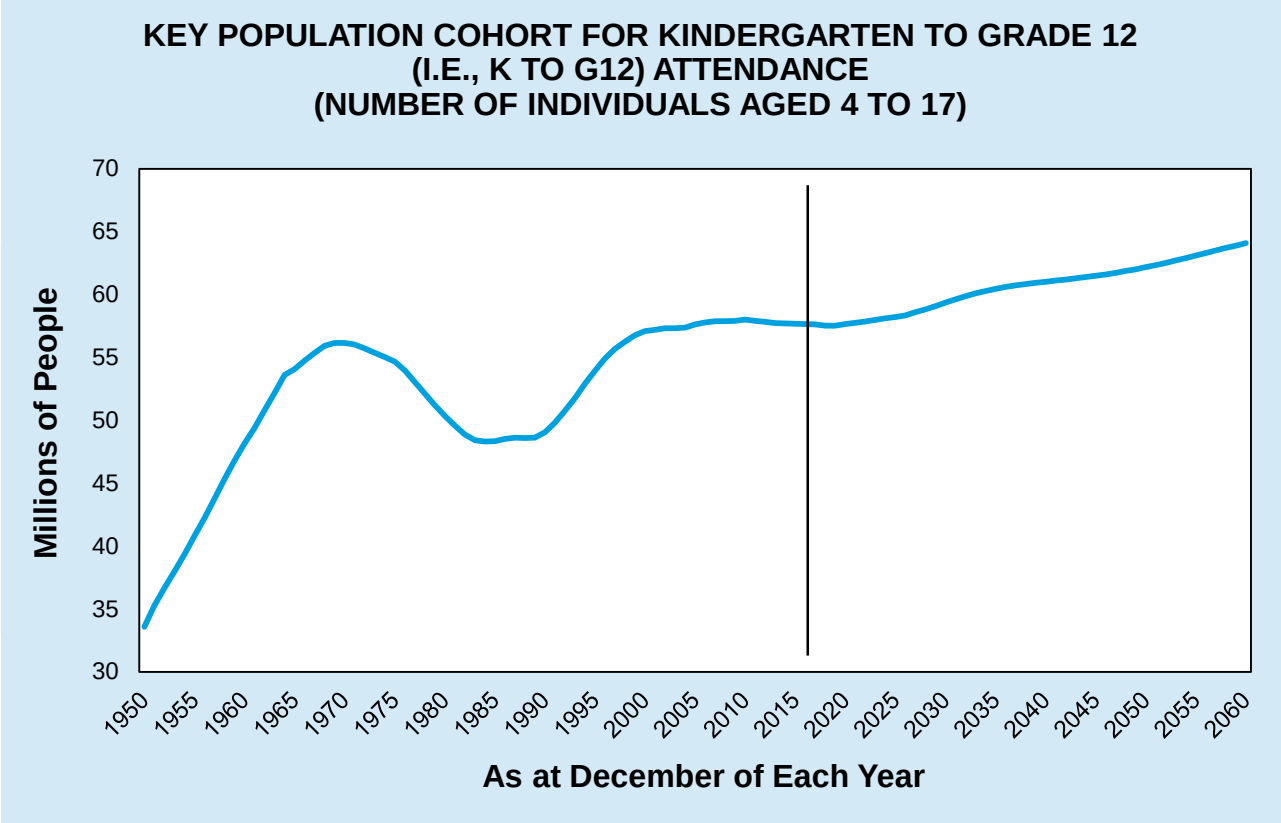
Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

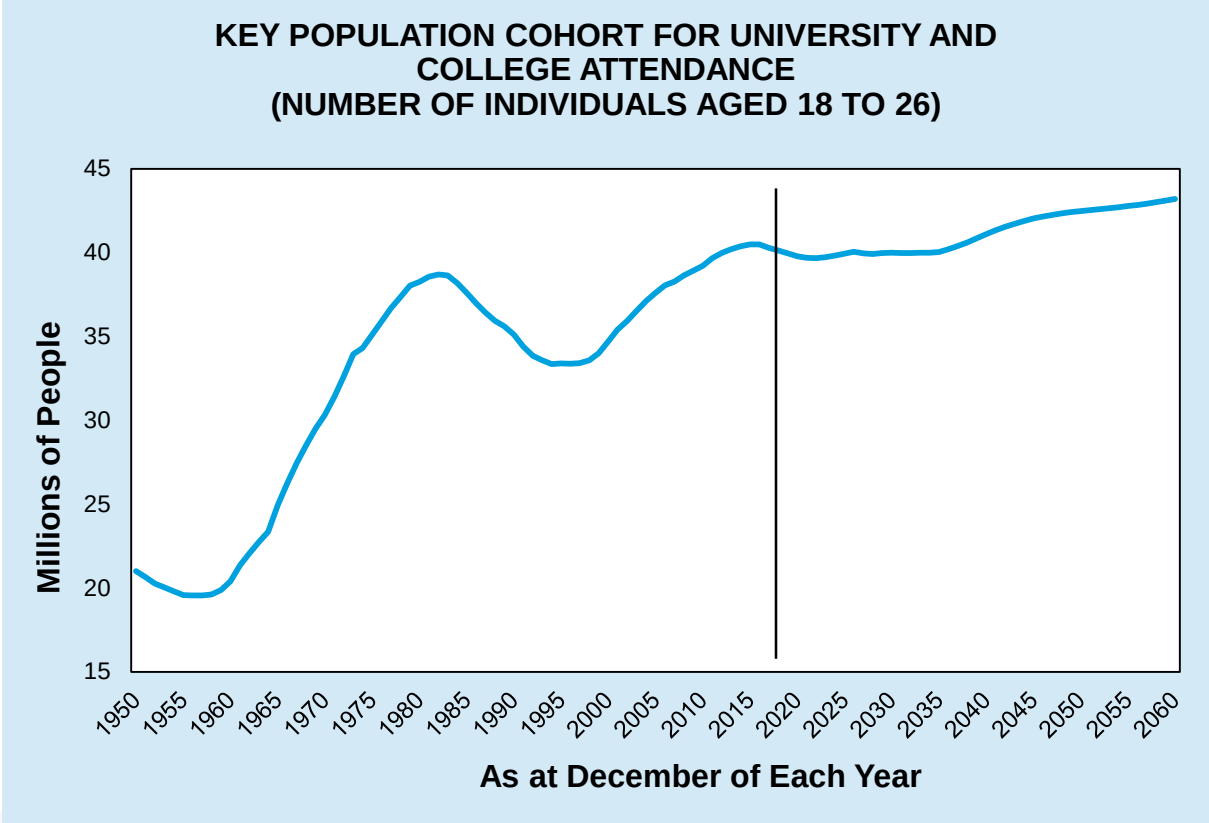
U.S. Total Educational Construction Starts – ConstructConnect



Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

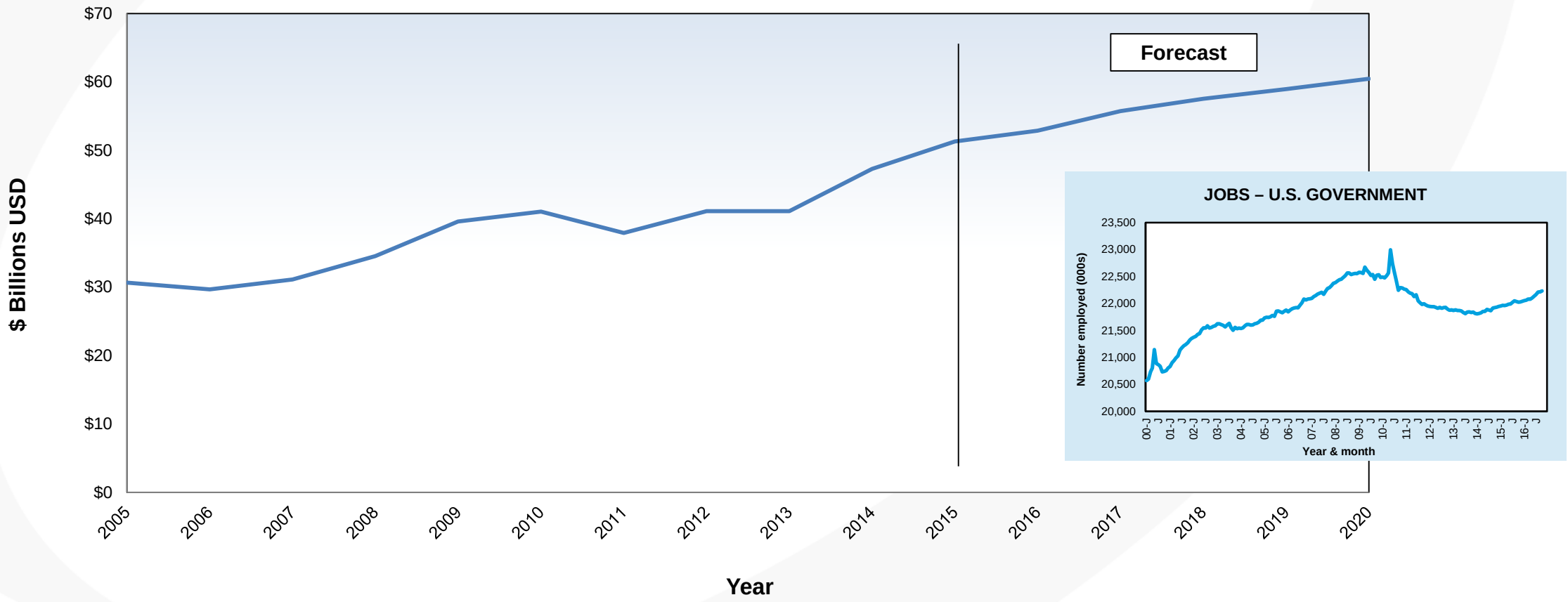
Demographics as a Driver of U.S. School Construction





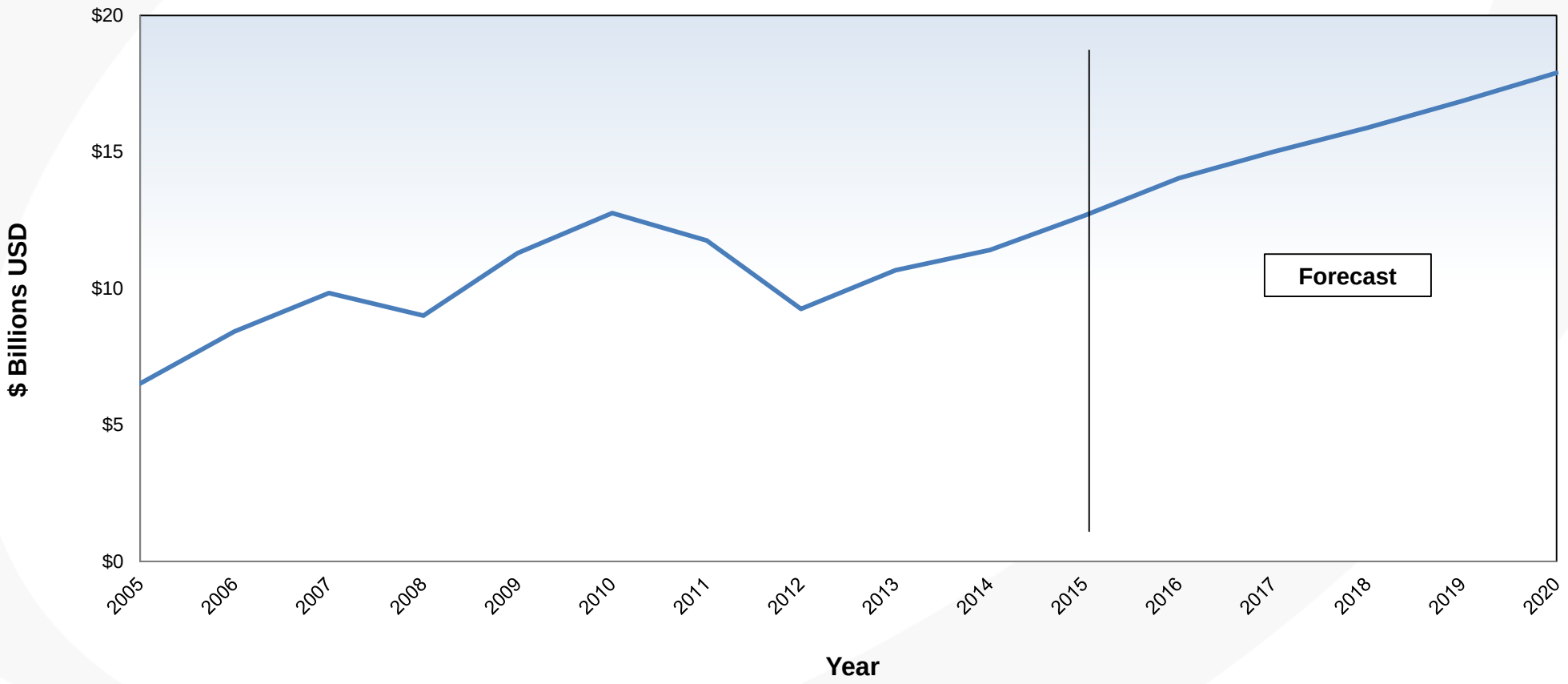
Data source: Economy.com and Census Bureau ('Middle Scenario') / Charts: ConstructConnect.

U.S. Roadwork
Construction Starts – ConstructConnect



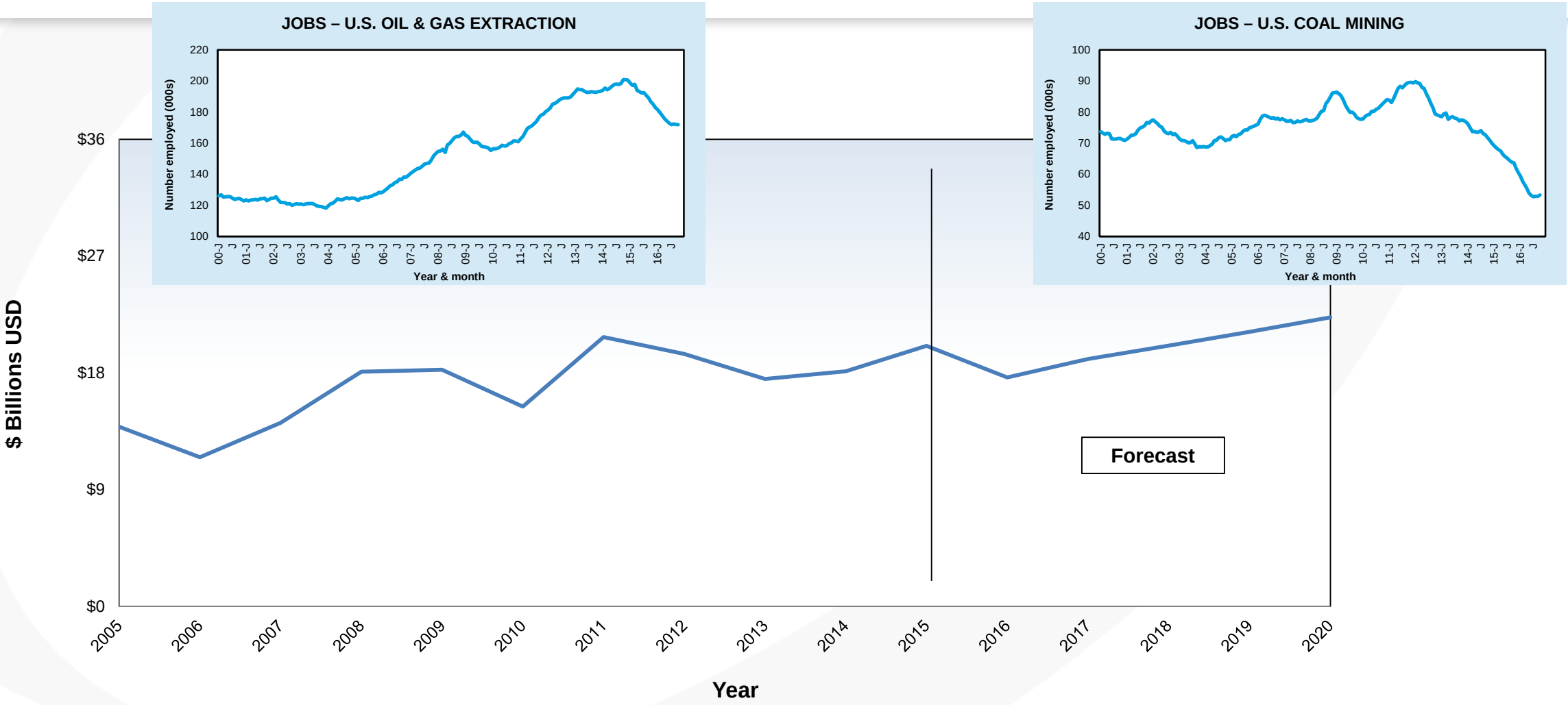
Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Chart: ConstructConnect.

U.S. Bridge Construction Starts – ConstructConnect



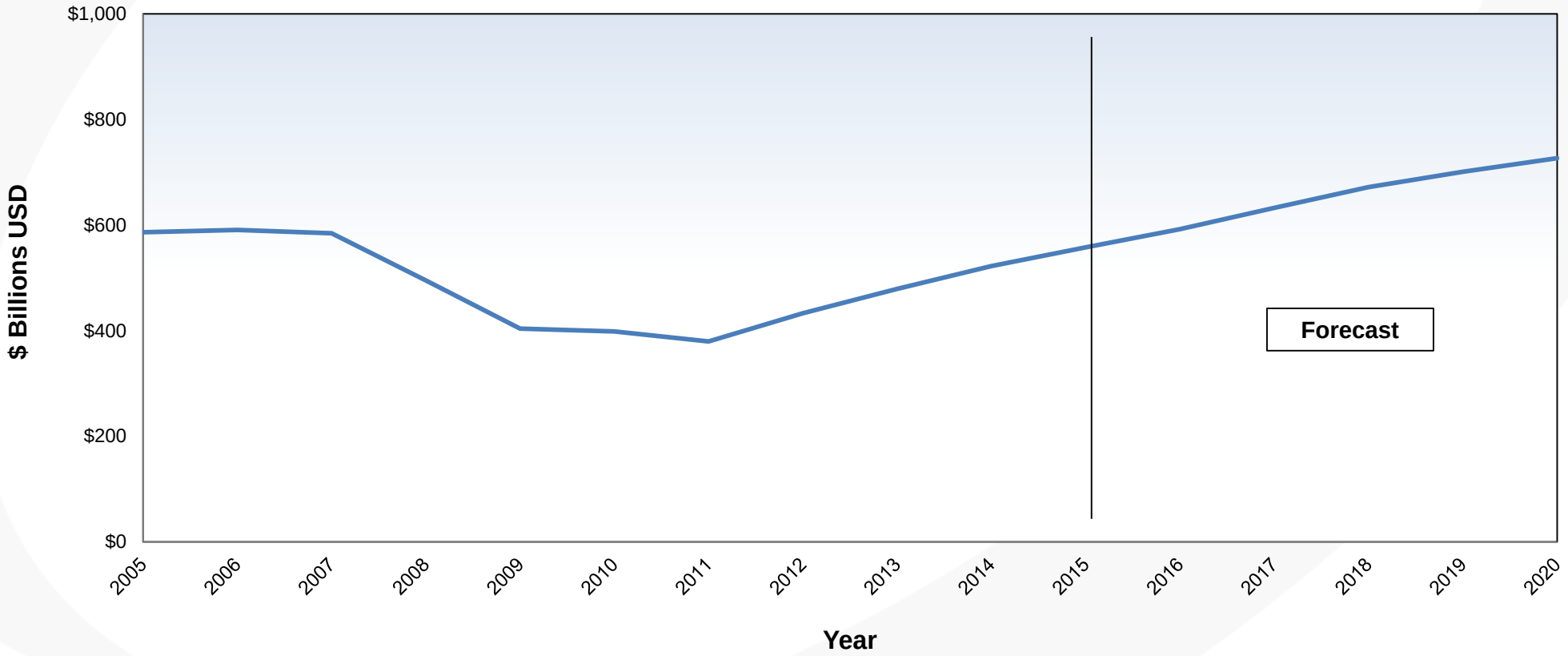
Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Chart: ConstructConnect.

U.S. Miscellaneous Civil (e.g., Power, Oil & Gas, etc.) Construction Starts – ConstructConnect



Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Charts: ConstructConnect.

U.S. Grand Total Construction Starts – ConstructConnect



Source of actuals: ConstructConnect Insight / Forecasts: Oxford Economics and ConstructConnect / Chart: ConstructConnect.

Owners Contemplating Investments Must Weigh New Square Footage vs Internet and Other High-tech Trends

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	VERSUS:	
The old standby issue: Bricks & mortar retail	⟷	Online shopping (videos, music, books, travel agencies)
But many more examples now: Single-family residential (high square footage per unit)	⟷	Multi-family residential (low square footage per unit)
Street-corner banking branches	⟷	Transactions over the Internet (PayPal; etc.)
Brokerage houses	⟷	E-trading
Office space	⟷	Working from home / 'hoteling' or sharing of space
Hotels/motels	⟷	The 'sharing economy' (e.g., Airbnb)
University & college campuses	⟷	Proliferation & convenience of lower-cost online courses
Medical office buildings	⟷	Health care Google searches / digital transfer of records
Pulp and paper mills / post offices	⟷	E-mails and instant messaging / comments on Facebook
Prisons	⟷	Ankle bracelets
Cinemas	⟷	Netflix / iTunes store
Concert halls	⟷	Virtual reality
TV stations	⟷	Facebook live

Logistics Rule ...

- The goal of improved ‘logistics’ is to move goods, services and people faster, cheaper, safer and greener.
- The words ‘logistics’, ‘infrastructure’ and ‘productivity enhancements’ have become synonymous.
- The push for both ‘hard’ (i.e., roads, sewers, pipelines, etc.) and ‘soft’ (schools and hospitals) infrastructure largely comes down to striving for productivity enhancements.
- ‘Soft’ infrastructure supplies the brains (through educational facilities) and the healthy workers (medical facilities) to create and maintain the whole super-complicated logistics apparatus.
- The nation that understands and adapts to this new dynamic will prosper best.

This concludes The American Institute of Architects Continuing Education Systems portion of this program

Questions & Answers

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SPRING 2017

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