CMD's Q2 2015 Construction Starts Forecast Report

April 2015

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March's U.S. *Employment Situation* report served up mainly lukewarm data. The total number of jobs in the nation rose by 126,000, but that was less than half the increase realized the month before.

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Highlights

- In the first quarter of 2015, construction activity in the US was constrained by severe winter weather conditions on the east coast. Construction starts came in below expectation in both the residential and non-residential sectors, although engineering starts provided some positive offset. Total construction starts in 2015 have been downgraded as result, most notably in the residential segment
- Extreme weather conditions have also weighed on wider economic activity in Q1, leading to a downgrade to GDP growth in 2015. Nonetheless, economic fundamentals in the US are generally positive, particularly for the consumer. These factors point to stronger growth through the end of the decade both in the residential sector and in consumer-oriented non-residential such as retail and transport and warehousing (which underpin the logistics of the growth of online retail).
- In Canada, construction starts were slightly ahead of expectations in Q1, driven by growth in the non-residential and civil engineering segments. Residential construction came in below expectations.
- Growth in the Canadian economy will be constrained by lower investment in the oil and gas sector in 2015, although the outlook for the consumer and non-oil business is more positive. As a result, construction in the engineering sector is expected to contract this year, offset by a stronger outlook in construction in the commercial and institutional sub-segments.

Sources: CMD (formerly Reed Construction Data)/Oxford Economics. Forecast reflects actual starts through Q1 2015.

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CMD Insight

Overview

Winter weather hit US construction starts in Q1…

Construction starts in Q1 came in below expectation in both the residential and non-residential segments, as severe winter weather conditions hit construction activity. On the upside, civil engineering came in slightly ahead of expectations, but this was not enough to compensate for weakness in the residential and non-residential sectors, resulting in total starts about 14% below forecast. Nonetheless, there was some positive news flow coming from the sector by March, with both residential and non-residential starts rising on the month (by more than can be explained simply by seasonal factors).

Residential starts were hit the hardest in Q1, with the Northeast and Midwest regions most severely affected. In many areas, new construction simply halted as building firms waited for the snow to thaw (this has been largely borne out in the March data which show a significant rebound). Nonetheless, total residential starts fell more than 10.3% year-on-year in Q1, which is all the more striking since construction in 2014 Q1 was also affected by severe winter weather. As a result, the forecast for total residential starts in 2015 has been downgraded significantly (to 14.7% growth, from 19.9% growth in the last update).

Starts in the non-residential sector also declined in Q1, down 4.4% from the same period a year earlier. Year-on-year growth was down sharply in a number of major segments, including private office buildings, hospitals and shopping centers. This was partially offset by very strong growth in the manufacturing sector, largely driven by ground-breaking at a large ethane cracker and derivatives facility in Louisiana. The weaker than expected outcome in Q1 has led us to downgrade our growth forecast for the non-residential segment in 2015 to 6.4% (from 7.8% in the previous report).

In contrast, starts in the civil engineering sector were 7.7% higher than in the same period last year, as state and local infrastructure spending has held up reasonably well, even as federal infrastructure budgets were reined in. Strength was wide-spread across all major segments, with only the miscellaneous engineering sector shrinking from a year earlier.

Table 1: Summary forecasts
(Annual percentage changes unless specified otherwise)

	2013	2014	2015	2016	2017	2018	2019
US							
Macro variables							
GDP	2.2	2.4	2.7	2.7	2.7	2.7	2.7
Population growth	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Unemployment rate (%)	7.4	6.2	5.3	5.0	5.0	5.0	5.0
Real disposable income	-0.2	2.5	3.1	2.5	2.7	2.4	2.3
Central bank rate (%)	0.1	0.1	0.3	1.1	2.1	2.8	3.4
10-year government yield (%)	2.4	2.5	2.1	2.6	3.2	3.6	4.0
Construction starts							
Total starts	8.1	6.2	9.2	9.1	4.8	3.9	3.5
Residential	14.7	2.1	14.7	14.5	5.8	4.7	4.3
Non-res bldg	4.1	9.1	6.4	7.0	4.8	3.3	2.9
Civil engineering	3.4	9.1	4.2	2.2	2.8	3.3	3.2
Canada							
Macro variables							
GDP	2.0	2.5	2.2	2.2	2.4	2.4	2.3
Population growth	1.2	1.1	1.0	1.0	1.0	1.0	1.0
Unemployment rate (%)	7.1	6.9	6.7	6.6	6.5	6.4	6.3
Real disposable income	2.4	1.5	1.6	1.9	2.8	2.7	2.5
Central bank rate (%)	1.0	1.0	0.8	1.2	2.0	2.8	3.5
10-year government yield (%)	2.3	2.2	1.5	1.9	2.5	3.1	3.6
Exchange rate C$ per US$	1.03	1.10	1.23	1.18	1.11	1.09	1.08
Construction starts							
Total starts	14.6	-6.8	0.5	7.8	6.2	5.6	4.6
Residential	-8.8	4.0	1.5	5.0	6.1	6.5	5.2
Non-res bldg	-10.8	-13.2	10.5	11.8	9.2	7.8	6.0
Civil engineering	51.7	-9.7	-3.9	7.8	4.9	3.9	3.5

…also leading to a downgrade to US GDP

Extreme weather conditions have also weighed on the wider economy in Q1. US GDP has grown more slowly than expected in the year to date, as extreme weather, cautious consumers and modest wage growth have weighed on domestic demand. In addition, the stronger dollar and modest global demand have weakened export growth, resulting in the 2015 GDP forecast being lowered to 2.7%, down from 3.3% in our previous report.

In spite of this, robust economic fundamentals remain in place. Payroll gains, though modest in March, have been solid, and in combination with stronger wage growth over 2015, will support increased consumer spending. With low gasoline prices also factored in, we are forecasting personal consumption to rise by 3.1% in 2015. The outlook for business investment remains healthy despite a GDP slowdown in Q1, with leading indicators pointing to robust growth, although we expect that lackluster global activity and the stronger dollar will provide some headwind.

Inflationary pressures in the US are very low, with the CPI inflation forecast to stay around zero through the summer, the result of low oil prices and a stronger dollar. We maintain the view that the Fed will initiate its first rate rise in September.

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US construction outlook

Looking ahead, total construction starts are expected to rise by about 9% in both 2015 and 2016, driven by stronger household incomes in the residential sectors and robust business conditions in the non-residential segment. Despite the slowdown in Q1, there have been some positive developments in the construction sector. BLS data, for instance, show healthy employment trends in the construction sector, with the total number of job openings in March 2015 at its highest level since July 2007. Likewise, construction sector hiring is on a firming upward trend, as the sector increases capacity in anticipation of higher demand.

In the residential sector, we expect starts to rebound strongly, and as such, much of the growth lost this year due to a weaker Q1 will simply be pushed into 2016 as pent-up demand is unleashed over the years ahead. The number of single-family homes on the market for sale is now as low as 2003, and there is a similar story with the supply of homes available to rent, suggesting that the recovery in residential construction still has plenty of ground to run.

Within the residential sector, the multi-family segment has been particularly disappointing. Again this is partly due to the extreme weather in Q1 and the fact that the worst affected region, the Northeast, contains a higher proportion of multi-family dwellings relative to other regions. It is also the case that multi-family homes do not have the same level of catch-up potential as single-family homes, having already retraced much of the lost ground since the housing market crash of 2007. A general shift in housing preferences amongst young people from suburban living to inner-city living, has caused a wedge between multi- and single-family construction in recent years. Furthermore, home-ownership has been on a firm downward trend since the housing crash as people instead moved into rented accommodation (which are often multi-family homes) more amenable to their financial constraints. However, single-family accommodation is likely to pick-up strongly over the forecast period, as rates of homeownership start to rise again. This will be further helped by the fact that the millennial generation (the second-generation baby-boomers) is starting to reach child bearing age, and may want to move into larger housing.

Table 2: Drivers of headline sectors

Sector	Short-term drivers	Long-term drivers
Residential	Unemployment rate; Household liabilities; Mortgage interest rates; House prices; Population trends	House prices; Incomes
Non-residential building	Output trends in relevant sector; Population trends; Capacity utilization; Borrowing costs; Employment in relevant sector; Disposable income	Output trends in relevant sector; Employment in relevant sector
Civil engineering	Federal/State/Provincial spending; Government borrowing costs; Employment in government sector; Output trends in relevant sector	Federal/State/Provincial spending; Output trends in relevant sector

The 2015 outlook for non-residential construction has weakened slightly since the last report, now standing at 6.4%, as business investment slows on the stronger dollar. Private office and retail starts, which together account for around a quarter of total non-residential starts, have all seen downward revisions on the expectation that firms will spend less capital on increasing capacity in 2015, although some of this will be made up by stronger investment spending next year. In the educational sector, we expect elementary schools to drive headline growth as the grandchildren of the baby boomer generation will start to enter school age over the coming years. As the baby boomers themselves age, their increased demand for health services is expected to underpin much of the growth in medical sector construction. Other sectors expected to perform strongly in the coming years include the transportation and warehousing sectors, which are forecast to grow at a double-digit pace this year, as changing consumer purchasing patterns require firms to invest in the logistics surrounding online retail. Finally, the strong growth in the industrial sector in Q1 led to an upgrade to our 2015 starts forecast for the sector, although some of this could be clawed back in 2016, particularly against a background of a stronger dollar.

In contrast to residential and non-residential, the civil engineering sector is less susceptible to the swings of the economic cycle and private credit availability. Since the sector is largely funded from the public purse, the weakening in business investment has not impacted civil engineering. Indeed, the forecast for 2015 growth has been revised up from the previous report to 4.2%. This is partly data driven — results came in 3% above expectation in Q1 — but also a more positive outlook for state and local government spending has impacted the forecast. Unlike Federal budgets which face continued political pressures, state and local spending is less constrained. Although most states have constitutional balanced budget provisions for current spending, capital spending is generally not included in this. Given the poor state of much of the US infrastructure stock, the need for new building works is great. This is particularly true for roads and bridges (roughly half of civil engineering starts) which we expect to be the engine of growth going forward. Elsewhere within the sector, water and sewage treatment is expected to grow by 9.6% this year, though we do not expect it to show the same persistence as roads and bridges over the coming years.

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Canadian construction outlook

Starts surprised on the upside in Q1 as the non-residential and civil engineering sectors exceeded expectations. Residential starts disappointed relative to forecast as severe winter weather in the east impacted on building activity. Nonetheless, March starts data came in unexpectedly high as delayed projects were resumed. The civil engineering sector saw a surprising expansion in mining and exploration construction projects that compensated for declines in most other civil engineering subsectors (though this trend is not expected to continue). Within non-residential construction, institutional and commercial starts came in significantly higher than forecast.

The outlook for the Canadian economy has weakened somewhat since our last report, driven largely by a slowdown in the energy sector. We expect GDP to grow by 2.2% in 2015, revised down from 2.4% in January. Private sector business investment has slowed, as large falls in capital spending in the oil and gas sector feed through to the wider economy. Non-oil investment has provided limited counterbalance to the falling investment in the energy sector, driven by a more competitive currency and firming demand from the US. Overall, we expect business sector investment to grow by just 0.5% this year, a more pessimistic view than the 1.9% we had expected in the January report.

Despite a relatively downbeat forecast for investment, the outlook for consumer spending is slightly more optimistic as the labor market strengthens. Though recent jobs data has been patchy, we expect to see consistent employment growth over the year, which combined with disinflation and real wage growth, will lead to reasonable growth in consumer spending

A slightly weaker economic outlook has led to a downward revision to the construction starts forecast in 2015. Though some positive impacts from solid consumer demand that will, on the margin, boost demand for residential and some consumer-oriented non-residential sectors (such as retail), the major impact will be on the civil engineering sector. Given the enormous importance of mining-and-extraction-based projects within Canadian civil engineering (roughly 50%) and the relatively high marginal cost of extraction from Canadian oil sands, the loss of profitability has impacted demand for civil engineering construction in 2015.

Nonetheless, the medium-term outlook for civil engineering in Canada is not all gloom. We are forecasting a robust return to growth from 2016. Firstly, we do not expect that oil prices will stay low forever. The current forecast is for the oil price to gradually retrace its steps over the coming years, rising above US$80pb by the end of the decade. Secondly, there are other mining and resource extraction projects aside from oil that can be tapped into — for instance, construction on a large potash mine in Saskatchewan boosted the sector last year. Thirdly, agreement on a major pipeline deal is still possible, which would provide a substantial boost to Canadian civil engineering starts. Finally, the government's plan to balance the budget in 2015 means that a number of years of fiscal austerity will soon be coming to an end, freeing up government funding for infrastructure projects.

Is the cheaper Canadian dollar (a.k.a., the 'loonie') helping the overall economy by taking pressure off the resource sector – which has been humbled by weak commodity prices – and pumping up manufacturing as an alternative?

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The weaker outlook for oil may have some spill-over into residential building activity in areas dominated by natural resources, such as Alberta and to some extent in Newfoundland and Labrador. Moreover, heightened fears of an overvalued housing market in Canada's major population centres have impacted the outlook for residential starts. Multi-family starts in particular are forecast to fall in 2015 having grown strongly since the recession, while single-family starts have also been revised down in 2015 and 2016.

The outlook for the non-residential sector has weakened despite higher growth than anticipated in Q1, as falling business investment impacts on construction prospects. In the manufacturing sector, the decline in 2015 largely reflects a correction from strong base effects in 2014, when construction starts in the sector grew by more than 50%. The recent weakening in the Canadian dollar and solid growth in the US have boosted the outlook for Canadian manufacturing, which should result in firms ramping up capacity from 2016. Nonetheless, there are reasons to remain cautious about the outlook for the sector. Competition from Mexico, particularly in the automotive sector, has crowded out Canadian manufacturing exports south of the border, and the large decline in Canadian manufacturing employment since 2002 illustrates this. Elsewhere in the non-residential segment, the medium-term outlook is generally robust. Having fallen since 2011, hospital starts, for instance, should start to pick up again, boosted by an aging population and fewer constraints to government healthcare budgets. Starts in hotels have also been revised upwards on the expectation that the weaker Canadian dollar and strong growth in the US should attract more inbound tourism (as well as making it more expensive for Canadians to travel south of the border).

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Table 3: U.S. Type-of-Structure Forecasts

($ Billions USD)

	Actuals		Forecasts				
	2013	2014	2015	2016	2017	2018	2019
Single-family	146.205	155.303	178.571	205.104	217.916	228.517	239.102
Multi-family	44.724	39.691	45.088	50.947	52.969	55.141	56.685
TOTAL RESIDENTIAL	190.929	194.994	223.659	256.051	270.885	283.658	295.787
(Yr/yr % change)	*14.7%*	*2.1%*	*14.7%*	*14.5%*	*5.8%*	*4.7%*	*4.3%*
Hotels/Motels	6.740	8.210	10.780	11.838	12.786	13.191	13.688
Shopping/Retail	18.939	18.426	20.198	21.832	22.660	23.127	23.915
Parking Garages	1.986	1.795	2.099	2.175	2.196	2.239	2.297
Amusement	5.529	6.337	6.880	7.191	7.338	7.534	7.742
Private Offices	17.192	15.909	17.006	19.177	20.673	21.899	23.037
Govenmental Offices	9.600	10.773	10.625	10.924	11.190	11.406	11.582
Laboratories (Schools & Industrial)	1.733	2.359	2.345	2.638	2.817	2.981	3.127
Warehouses	4.123	7.110	7.863	8.506	9.053	9.492	9.917
Sports Stadium/Convention Center	2.733	5.939	4.118	4.229	4.360	4.498	4.611
Transportation Terminals	11.847	7.169	7.889	8.900	9.693	10.537	11.222
TOTAL COMMERCIAL	80.422	84.026	89.803	97.410	102.766	106.903	111.138
(Yr/yr % change)	*16.7%*	*4.5%*	*6.9%*	*8.5%*	*5.5%*	*4.0%*	*4.0%*
TOTAL INDUSTRIAL (manufacturing)	8.047	9.543	11.390	11.564	12.081	12.180	12.293
(Yr/yr % change)	*44.4%*	*18.6%*	*19.4%*	*1.5%*	*4.5%*	*0.8%*	*0.9%*
Religious	1.713	1.402	1.507	1.580	1.634	1.680	1.710
Hospitals/Clinics	14.937	13.516	16.340	18.888	21.093	22.569	23.674
Nursing Homes/Assisted Living	4.140	3.866	4.217	4.277	4.432	4.597	4.760
Libraries/Museums	2.197	2.245	2.616	2.971	2.943	3.001	3.047
Courthouse	1.254	0.793	1.021	1.357	1.378	1.407	1.426
Police/Fire	1.589	1.684	2.007	2.160	2.241	2.278	2.304
Prisons	1.227	1.177	1.574	1.550	1.584	1.649	1.681
Military	5.007	10.834	7.426	7.975	8.203	8.294	8.389
Educational Facilities	47.494	54.295	56.256	57.257	58.703	59.639	60.147
MED misc	2.580	2.370	3.010	3.388	3.590	3.783	3.979
TOTAL INSTITUTIONAL	82.139	92.181	95.975	101.402	105.801	108.897	111.117
(Yr/yr % change)	*-8.4%*	*12.2%*	*4.1%*	*5.7%*	*4.3%*	*2.9%*	*2.0%*
Miscellaneous Non-Res Building	3.263	3.891	4.567	5.403	5.456	5.532	5.664
TOTAL NON-RES BLDG	173.871	189.642	201.734	215.778	226.103	233.513	240.213
(Yr/yr % change)	*4.1%*	*9.1%*	*6.4%*	*7.0%*	*4.8%*	*3.3%*	*2.9%*
Airport	2.851	3.259	3.210	3.114	3.193	3.307	3.443
Roads	41.129	47.137	49.531	51.337	53.084	54.736	56.228
Bridges	10.669	11.185	12.335	13.140	13.870	14.550	15.231
Dams/Canal/Marine	5.363	5.056	3.973	3.401	3.327	3.372	3.446
Water & Sewage Treatment	23.598	25.982	28.485	28.976	29.699	30.685	31.715
Misc Civil (Power, etc.)	17.908	18.122	17.817	17.903	18.021	18.518	19.078
TOTAL ENGINEERING	101.517	110.742	115.352	117.870	121.194	125.168	129.141
(Yr/yr % change)	*3.4%*	*9.1%*	*4.2%*	*2.2%*	*2.8%*	*3.3%*	*3.2%*
TOTAL NON-RESIDENTIAL	275.388	300.384	317.086	333.648	347.297	358.681	369.354
(Yr/yr % change)	*3.9%*	*9.1%*	*5.6%*	*5.2%*	*4.1%*	*3.3%*	*3.0%*
GRAND TOTAL	466.317	495.378	540.744	589.699	618.183	642.339	665.141
(Yr/yr % change)	*8.1%*	*6.2%*	*9.2%*	*9.1%*	*4.8%*	*3.9%*	*3.5%*

Source of actuals: "Insights" CMD / Forecasts: Oxford Economics and CMD.
Table: CMD.

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Table 4: U.S. States, Total Construction Starts – CMD

States (alphabetical)	Actuals (Level in $ Millions USD) 2014	Forecasts (Year versus previous year % change) 2015	2016	2017	2018	2019
Alaska	$2,378	-41.0%	-7.1%	4.4%	3.7%	3.3%
Alabama	$8,983	-19.7%	1.3%	4.0%	3.6%	3.3%
Arkansas	$5,042	-21.9%	4.9%	4.7%	4.3%	3.8%
Arizona	$8,993	31.5%	14.3%	6.1%	5.1%	5.4%
California*	$49,153	28.4%	14.0%	3.8%	3.4%	3.2%
Colorado	$9,639	4.9%	4.4%	5.3%	4.5%	3.9%
Connecticut	$5,093	5.2%	9.5%	3.6%	2.6%	2.1%
District Of Columbia	$3,795	-44.3%	30.4%	2.5%	2.1%	1.6%
Delaware	$1,582	16.2%	20.7%	4.9%	4.0%	3.4%
Florida*	$26,497	34.6%	5.1%	4.5%	3.9%	3.9%
Georgia	$15,852	17.3%	12.9%	4.7%	3.6%	3.3%
Hawaii	$2,780	-19.8%	5.0%	3.8%	3.1%	3.0%
Iowa	$6,464	-31.2%	16.3%	6.0%	4.0%	3.2%
Idaho	$3,082	-3.1%	5.6%	4.6%	3.7%	3.7%
Illinois	$15,790	3.8%	7.2%	4.4%	3.0%	2.7%
Indiana	$9,047	-0.3%	24.1%	5.3%	3.9%	3.3%
Kansas	$4,707	3.2%	-8.9%	5.5%	3.5%	3.0%
Kentucky	$6,135	-9.7%	4.1%	5.2%	4.2%	3.7%
Louisiana	$9,384	27.8%	-28.8%	4.5%	4.1%	3.6%
Massachusetts	$10,786	2.0%	13.4%	3.9%	2.9%	2.6%
Maryland	$11,511	-4.0%	19.5%	3.9%	2.6%	2.4%
Maine	$1,561	3.6%	33.4%	4.3%	2.3%	2.3%
Michigan	$9,333	7.3%	5.0%	4.0%	2.5%	2.2%
Minnesota	$8,348	5.5%	14.3%	4.5%	3.5%	3.1%
Missouri	$7,887	7.4%	5.2%	4.9%	3.4%	2.9%
Mississippi	$4,081	-6.7%	3.7%	4.5%	3.8%	3.4%
Montana	$1,477	2.7%	10.8%	5.9%	4.4%	3.6%
North Carolina	$19,072	12.1%	8.2%	6.1%	5.5%	4.9%
North Dakota	$5,235	-69.1%	20.5%	7.8%	4.9%	4.0%
Nebraska	$3,939	-19.9%	13.3%	6.2%	4.2%	3.4%
New Hampshire	$1,589	15.3%	34.0%	5.9%	3.2%	2.8%
New Jersey	$10,396	-5.3%	12.0%	3.1%	2.6%	2.5%
New Mexico	$2,893	-4.3%	12.0%	4.0%	3.4%	3.0%
Nevada	$5,399	1.6%	16.2%	3.9%	2.7%	3.0%
New York*	$30,555	-4.2%	11.0%	4.4%	3.4%	3.0%
Ohio	$13,266	2.4%	22.0%	5.4%	3.6%	2.9%
Oklahoma	$6,345	10.5%	-2.2%	4.9%	4.5%	3.9%
Oregon	$5,995	18.0%	7.2%	4.0%	4.1%	4.2%
Pennsylvania	$15,228	11.2%	22.4%	4.9%	3.4%	3.0%
Rhode Island	$1,070	16.2%	22.2%	4.3%	2.6%	2.2%
South Carolina	$9,475	4.9%	0.0%	4.7%	4.5%	4.0%
South Dakota	$1,934	1.8%	-17.5%	7.4%	4.5%	3.7%
Tennessee	$9,562	24.6%	-1.1%	4.3%	3.9%	3.7%
Texas*	$57,916	25.7%	5.3%	6.4%	5.6%	4.8%
Utah	$6,193	4.8%	5.3%	4.5%	3.7%	3.5%
Virginia	$14,717	11.3%	14.0%	4.6%	3.2%	3.1%
Vermont	$885	-0.2%	27.8%	6.1%	3.6%	2.9%
Washington	$14,528	-5.3%	8.9%	4.8%	4.4%	4.3%
Wisconsin	$6,220	18.1%	10.2%	4.4%	2.9%	2.4%
West Virginia	$1,579	20.5%	8.8%	4.7%	3.1%	2.6%
Wyoming	$2,004	-39.1%	9.9%	5.1%	3.5%	3.1%

*One in three Americans lives in one of the four shaded states, New York, Florida, Texas or California.

Source of actuals: "Insights" CMD / Forecasts: Oxford Economics and CMD/Table: CMD.

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Table 5: U.S. Four Largest States: Type-of-Structure Forecasts ($ Billions USD)								
		Actuals		Forecasts				
		2013	2014	2015	2016	2017	2018	2019
New York	Residential	11.149	7.762	8.279	9.711	10.197	10.608	10.926
	Non-res Building	17.050	16.456	14.240	16.030	16.775	17.283	17.770
	Engineering/Civil	5.044	6.337	6.759	6.755	6.944	7.177	7.416
	Total	33.243	30.555	29.278	32.495	33.916	35.068	36.112
(Yr vs previous yr % Change)		*37.9%*	*-8.1%*	*-4.2%*	*11.0%*	*4.4%*	*3.4%*	*3.0%*
Florida	Residential	15.486	14.489	17.807	19.220	20.148	20.874	21.684
	Non-res Building	6.946	7.271	11.879	12.068	12.664	13.245	13.817
	Engineering/Civil	5.484	4.736	5.989	6.213	6.392	6.606	6.820
	Total	27.916	26.497	35.675	37.501	39.204	40.726	42.321
(Yr vs previous yr % Change)		*23.7%*	*-5.1%*	*34.6%*	*5.1%*	*4.5%*	*3.9%*	*3.9%*
Texas	Residential	27.620	30.526	38.478	41.089	44.421	47.742	50.862
	Non-res Building	17.817	17.137	22.538	23.438	24.735	25.642	26.308
	Engineering/Civil	8.842	10.253	11.810	12.191	12.496	12.876	13.254
	Total	54.279	57.916	72.826	76.718	81.652	86.260	90.424
(Yr vs previous yr % Change)		*9.0%*	*6.7%*	*25.7%*	*5.3%*	*6.4%*	*5.6%*	*4.8%*
California	Residential	14.624	16.049	20.865	25.527	26.234	26.965	27.774
	Non-res Building	19.226	22.232	28.599	31.719	33.357	34.630	35.783
	Engineering/Civil	11.069	10.871	13.630	14.654	15.063	15.569	16.082
	Total	44.919	49.153	63.095	71.899	74.654	77.164	79.638
(Yr vs previous yr % Change)		*-5.9%*	*9.4%*	*28.4%*	*14.0%*	*3.8%*	*3.4%*	*3.2%*

Source of actuals: "Insights" CMD / Forecasts: Oxford Economics and CMD.
Table: CMD.

Tweeted by CMD:

@CMD_GroupLLC

In February of this year, for the first time in a very long while — maybe ever — the U.S. did not run a foreign trade deficit with the nations comprising OPEC. The surplus wasn't large, +$9 billion annualized, but it was a milestone.

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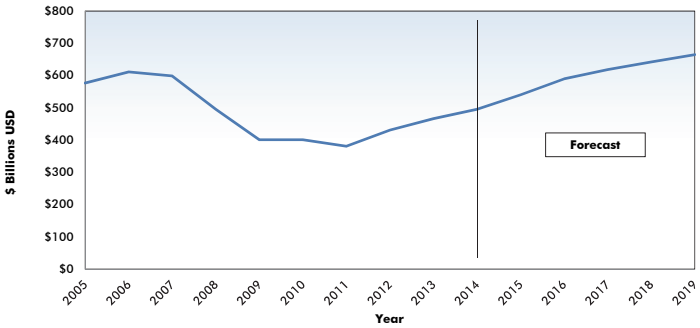
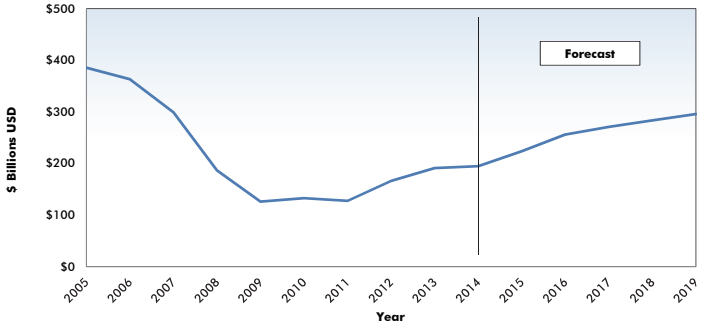
Graph 1: U.S. Total Construction Starts – CMD



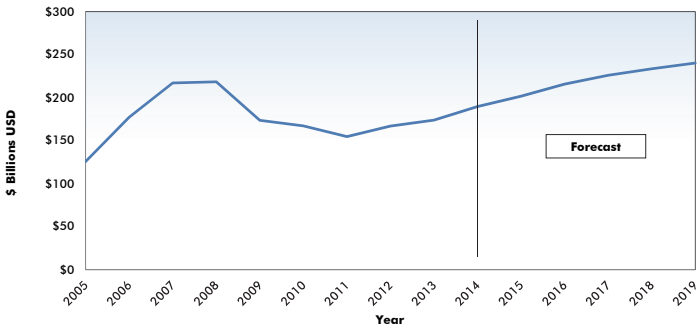
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 2: U.S. Total Residential Construction Starts – CMD



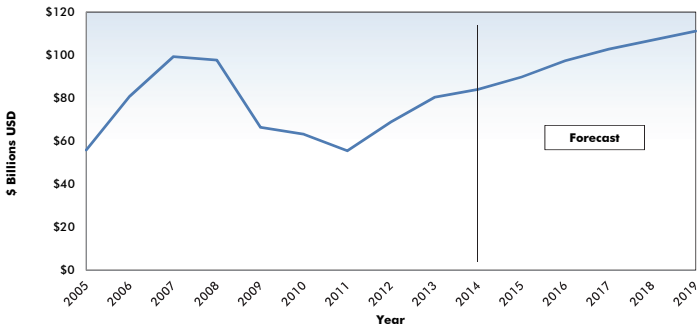
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 3: U.S. Total Non-Residential Building Starts – CMD



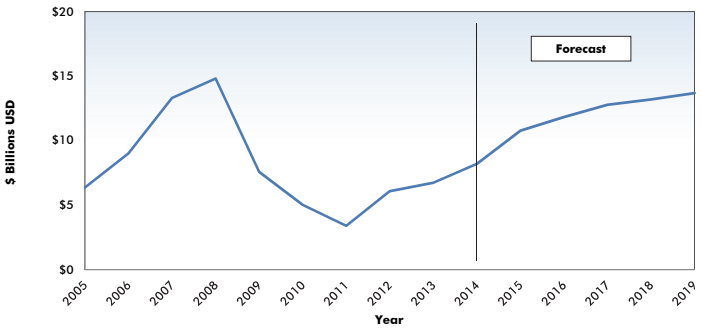
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 4: U.S. Total Commercial Construction Starts – CMD



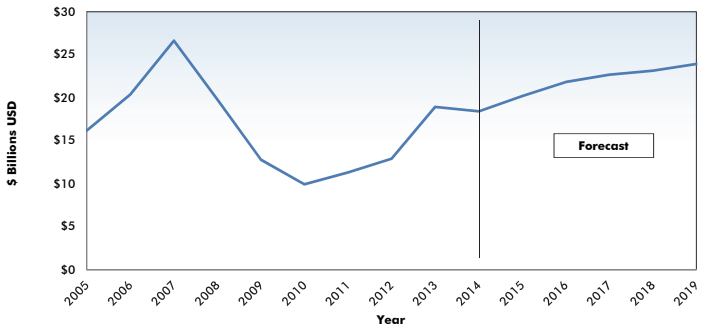
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 5: U.S. Hotel/Motel Construction Starts – CMD



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

Graph 6: U.S. Retail/Shopping Construction Starts – CMD



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

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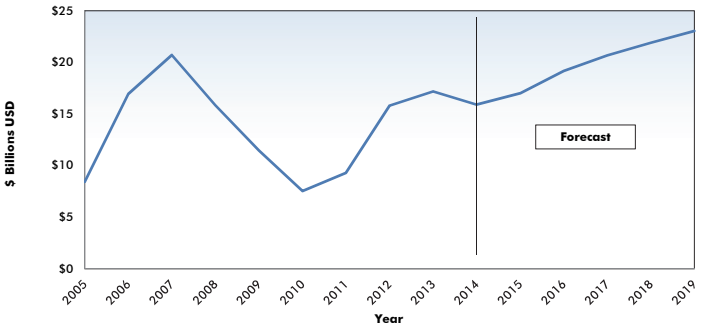
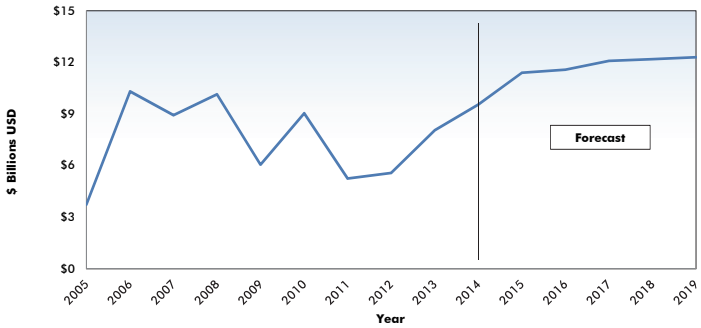
Graph 7: U.S. Private Office Building Construction Starts – CMD



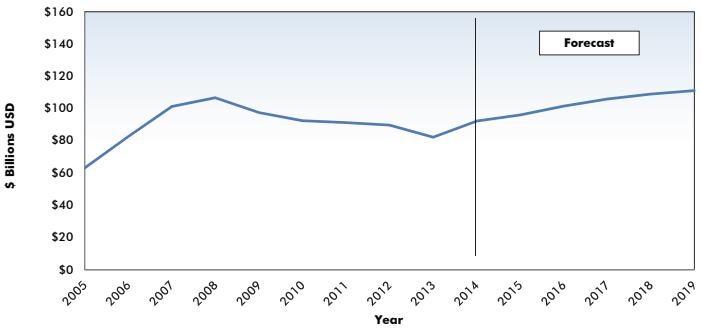
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 8: U.S. Total Industrial/Manufacturing Construction Starts – CMD



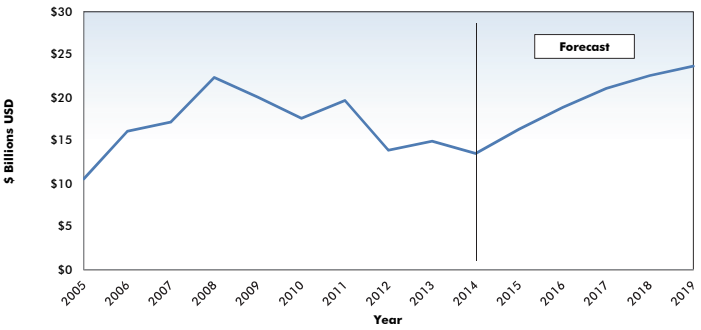
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 9: U.S. Total Institutional Construction Starts – CMD



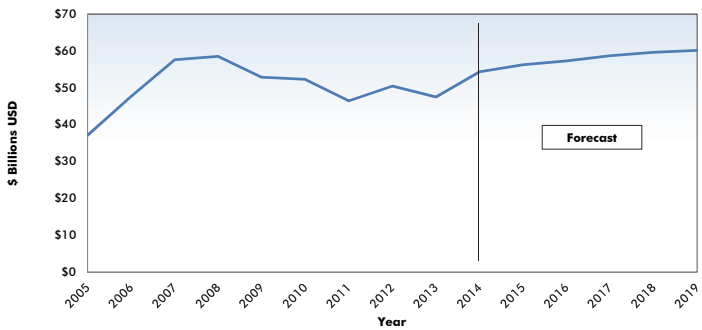
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 10: U.S. Hospital and Clinic Construction Starts – CMD



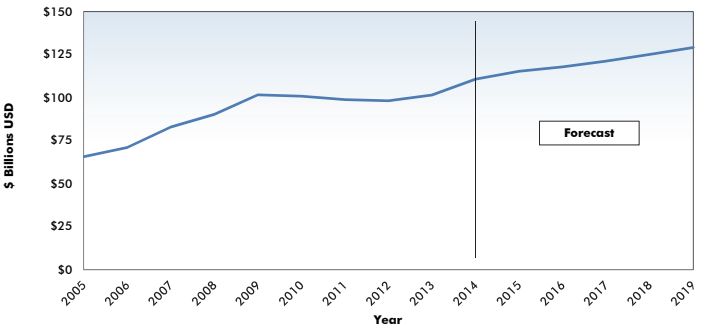
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 11: U.S. Total Educational Construction Starts – CMD



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

Graph 12: U.S. Total Heavy Engineering/Civil Construction Starts – CMD



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

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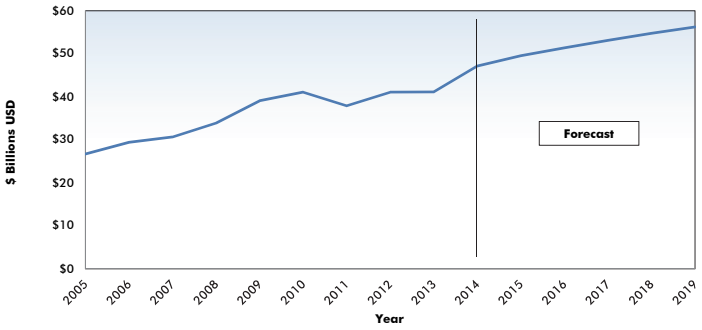
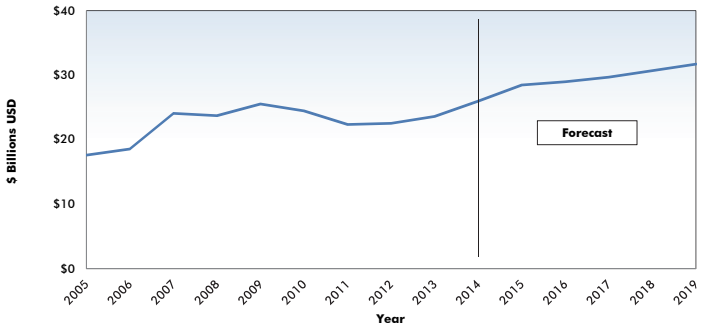
Graph 13: U.S. Roadwork Construction Starts – CMD



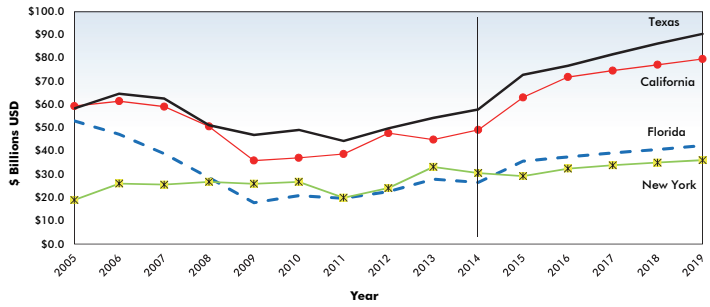
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 14: U.S. Water and Sewage Treatment Construction Starts – CMD



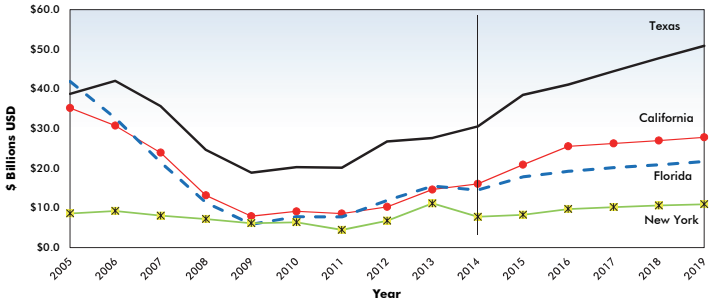
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 15: U.S. Four Largest States (by Population): Total Construction Starts – CMD



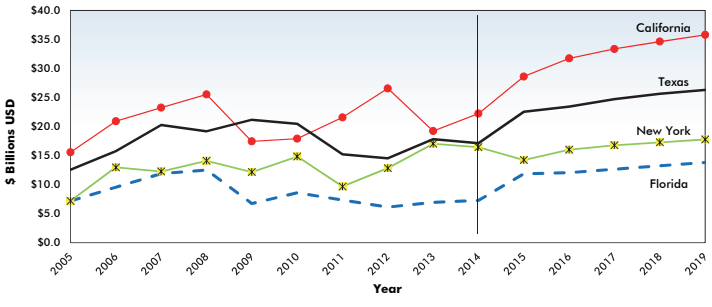
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 16: U.S. Four Largest States: Total Residential Construction Starts – CMD



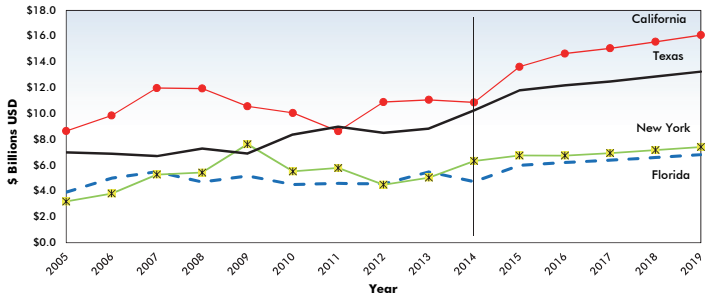
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 17: U.S. Four Largest States: Total Non-residential Building Starts – CMD



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

Graph 18: U.S. Four Largest States: Total Engineering/ Civil Construction Starts – CMD



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

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Table 6: Canada Type-of-Structure Forecasts

($ Billions CAD)

	Actuals		Forecasts				
	2013	2014	2015	2016	2017	2018	2019
Single-family	14.198	14.126	14.893	15.659	16.662	17.758	18.737
Multi-family	9.604	10.621	10.227	10.711	11.325	12.060	12.639
TOTAL RESIDENTIAL	23.802	24.747	25.120	26.370	27.986	29.819	31.376
(Yr/yr % change)	*-8.8%*	*4.0%*	*1.5%*	*5.0%*	*6.1%*	*6.5%*	*5.2%*
Hotels/Motels	1.033	0.360	0.461	0.539	0.625	0.661	0.681
Private Offices	2.319	2.215	2.344	2.574	2.839	3.095	3.320
Govenmental Offices	1.441	1.575	1.534	1.706	1.728	1.778	1.846
Shopping/Retail	2.117	1.639	1.684	1.880	2.034	2.215	2.382
Retail Miscellaneous	0.521	0.409	0.433	0.505	0.578	0.629	0.671
Parking Garages	0.068	0.091	0.172	0.157	0.164	0.174	0.184
Amusement	2.711	1.151	1.611	1.573	1.722	1.839	1.935
Warehouses	0.554	0.625	0.681	0.742	0.807	0.872	0.940
TOTAL COMMERCIAL	10.763	8.064	8.920	9.676	10.497	11.263	11.959
(Yr/yr % change)	20.7%	-25.1%	10.6%	8.5%	8.5%	7.3%	6.2%
TOTAL INDUSTRIAL (manufacturing)	1.336	2.051	1.753	2.273	2.605	2.890	3.126
(Yr/yr % change)	*-68.3%*	*53.5%*	*-14.5%*	*29.7%*	*14.6%*	*10.9%*	*8.1%*
Religious	0.118	0.112	0.119	0.129	0.135	0.138	0.142
Hospitals/Clinics	1.134	1.316	1.799	2.075	2.300	2.546	2.824
MED misc	0.680	0.594	0.929	1.019	1.075	1.120	1.156
Transportation Terminals*	0.306	0.399	0.566	0.570	0.612	0.655	0.694
Police/Fire	0.674	0.696	0.735	0.877	0.970	1.076	1.102
Educational Facilities	3.891	3.169	3.310	3.652	3.937	4.175	4.285
TOTAL INSTITUTIONAL	6.803	6.286	7.459	8.322	9.029	9.711	10.203
(Yr/yr % change)	*-15.4%*	*-7.6%*	*18.7%*	*11.6%*	*8.5%*	*7.6%*	*5.1%*
TOTAL NON-RES BUILDING	18.902	16.401	18.131	20.270	22.131	23.865	25.288
(Yr/yr % change)	*-10.8%*	*-13.2%*	*10.5%*	*11.8%*	*9.2%*	*7.8%*	*6.0%*
Bridges	2.026	1.567	2.204	2.489	2.546	2.611	2.672
Dams/Canal/Marine	0.072	0.094	0.142	0.136	0.138	0.141	0.144
Water & Sewage Treatment	3.360	3.411	3.713	3.863	3.980	4.101	4.209
Roads	*6.316*	*6.215*	*6.856*	*7.408*	*7.737*	*7.980*	*8.245*
Power Infrastructure	12.009	5.800	6.522	7.450	8.014	8.394	8.649
All Other Civil (Oil & Gas etc.)	23.258	25.385	21.369	22.641	23.726	24.710	25.678
TOTAL ENGINEERING	*47.041*	*42.471*	*40.806*	*43.987*	*46.142*	*47.936*	*49.598*
(Yr/yr % change)	51.7%	-9.7%	-3.9%	7.8%	4.9%	3.9%	3.5%
TOTAL NON-RESIDENTIAL	65.942	58.872	58.937	64.257	68.273	71.801	74.886
(Yr/yr % change)	26.3%	-10.7%	0.1%	9.0%	6.2%	5.2%	4.3%
GRAND TOTAL	89.745	83.620	84.057	90.628	96.259	101.620	106.262
(Yr/yr % change)	14.6%	-6.8%	0.5%	7.8%	6.2%	5.6%	4.6%

* 'Transportation terminals' is the one type-of-structure that is categorized differently in Canada (institutional) than in the U.S. (commercial), for reasons having to do with government statistics.

Source of actuals: "Insights" CMD / Forecasts: Oxford Economics and CMD.
Table: CMD.

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Table 7: Canadian Provinces, Total Construction Starts – CMD

Regions/Provinces (East to West)	Actuals (Level in $ Billions CAD) 2014	Forecasts (Year versus previous year % change) 2015	2016	2017	2018	2019
Atlantic region	$16.557	-74.7%	40.9%	4.7%	3.9%	3.3%
Quebec	$11.537	20.1%	15.8%	6.5%	5.4%	4.3%
Ontario	$20.626	27.8%	24.4%	5.5%	5.5%	4.7%
Manitoba	$2.336	18.9%	12.7%	5.4%	5.3%	4.4%
Saskatchewan	$6.007	-54.6%	12.2%	6.2%	5.0%	4.5%
Alberta	$13.773	40.2%	-24.1%	8.6%	6.6%	5.0%
British Colombia	$12.784	16.1%	1.4%	6.0%	5.7%	4.7%

Source of actuals: "Insights" CMD / Forecasts: Oxford Economics and CMD.
Table: CMD.

Table 8: Canada Four Largest Provinces: Type-of-Structure Forecasts

($ Billions CAD)

		Actuals 2013	2014	Forecasts 2015	2016	2017	2018	2019
Quebec	Residential	3.511	3.397	3.077	3.588	3.805	4.052	4.254
	Non-res Building	4.019	3.590	2.873	3.470	3.820	4.101	4.345
	Engineering/Civil	3.175	4.550	7.908	8.985	9.462	9.848	10.179
	Total	10.705	11.537	13.858	16.043	17.087	18.001	18.778
(Yr vs previous yr % Change)		*-18.2%*	*7.8%*	*20.1%*	*15.8%*	*6.5%*	*5.4%*	*4.3%*
Ontario	Residential	8.482	8.846	9.155	10.320	10.931	11.634	12.213
	Non-res Building	5.838	4.483	6.880	8.858	9.412	10.062	10.666
	Engineering/Civil	7.294	7.297	10.333	13.616	14.244	14.792	15.312
	Total	21.614	20.626	26.367	32.793	34.586	36.487	38.191
(Yr vs previous yr % Change)		*-8.0%*	*-4.6%*	*27.8%*	*24.4%*	*5.5%*	*5.5%*	*4.7%*
Alberta	Residential	4.108	4.319	4.329	4.010	4.311	4.612	4.895
	Non-res Building	2.983	2.448	3.023	2.281	2.740	3.096	3.278
	Engineering/Civil	19.173	7.006	11.953	8.362	8.862	9.258	9.642
	Total	26.264	13.773	19.305	14.653	15.913	16.966	17.815
(Yr vs previous yr % Change)		*54.3%*	*-47.6%*	*40.2%*	*-24.1%*	*8.6%*	*6.6%*	*5.0%*
British Columbia	Residential	4.604	5.511	6.408	6.013	6.328	6.738	7.087
	Non-res Building	2.922	4.065	3.429	3.630	3.960	4.261	4.536
	Engineering/Civil	8.017	3.208	4.999	5.406	5.659	5.861	6.034
	Total	15.543	12.784	14.836	15.049	15.946	16.861	17.657
(Yr vs previous yr % Change)		*-6.9%*	*-17.8%*	*16.1%*	*1.4%*	*6.0%*	*5.7%*	*4.7%*

Source of actuals: "Insights" CMD / Forecasts: Oxford Economics and CMD.
Table: CMD.

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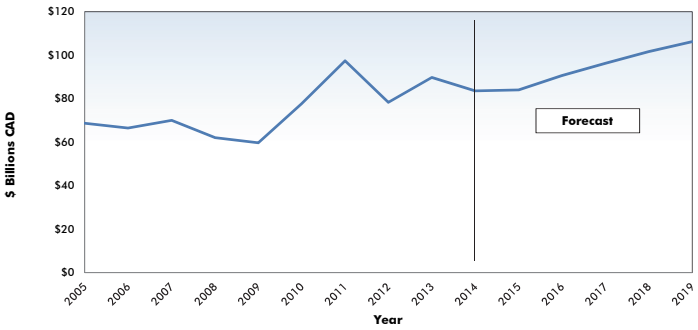
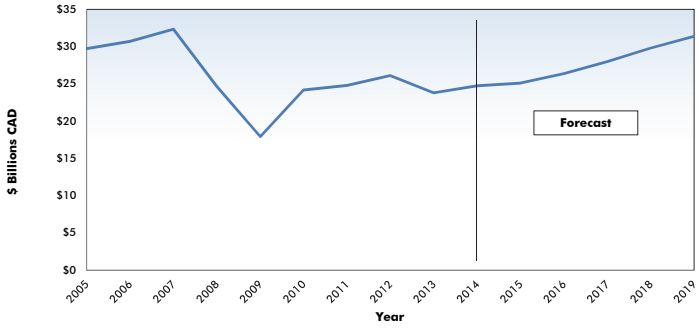
Graph 19: Canadian Total Construction Starts – CMD



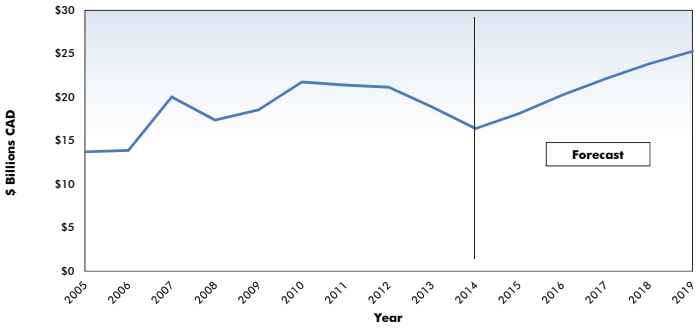
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 20: Canadian Residential Construction Starts – CMD



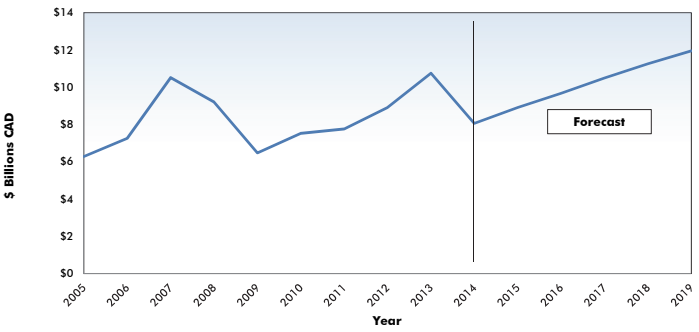
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 21: Canadian Non-Residential Building Starts – CMD



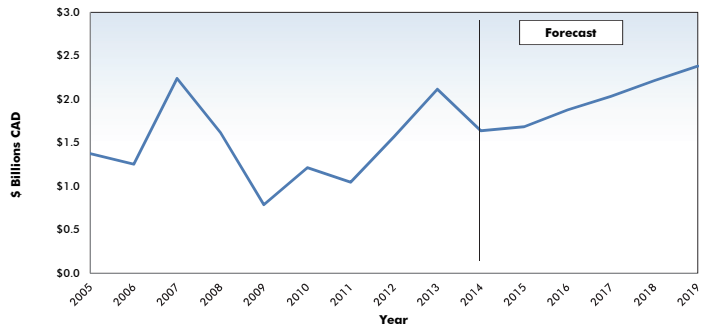
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 22: Canadian Commercial Construction Starts – CMD



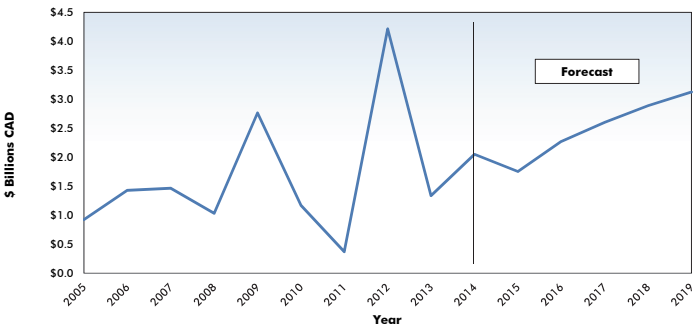
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 23: Canadian Shopping/Retail Construction Starts – CMD



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

Graph 24: Canadian Industrial Construction Starts – CMD



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

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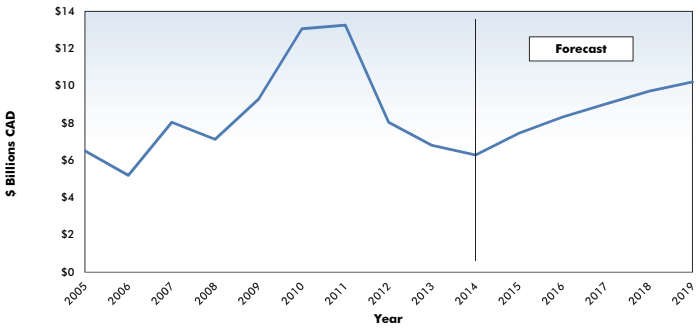
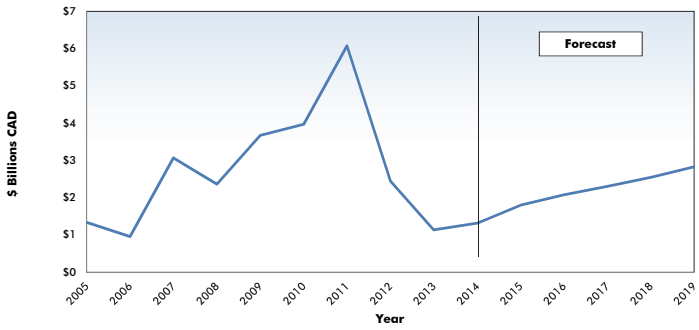
Graph 25: Canadian Institutional Construction Starts – CMD



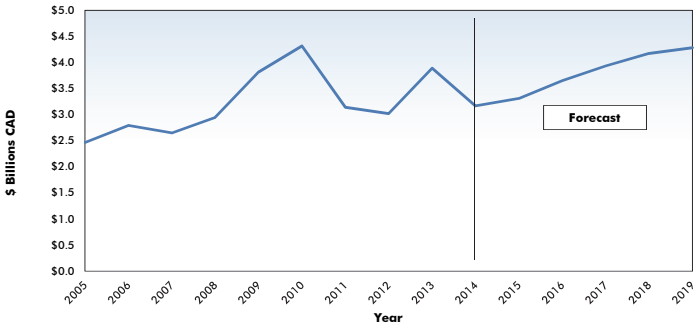
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 26: Canadian Hospital/Clinic Construction Starts – CMD



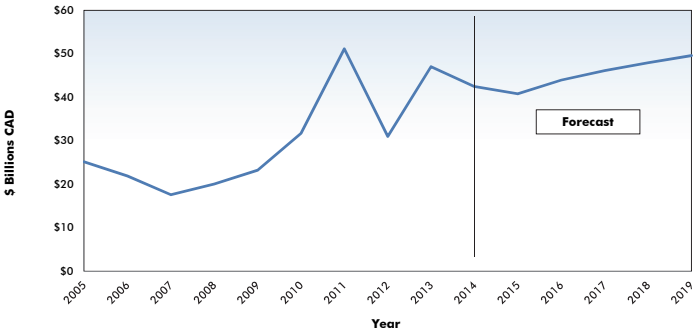
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 27: Canadian Education Construction Starts – CMD



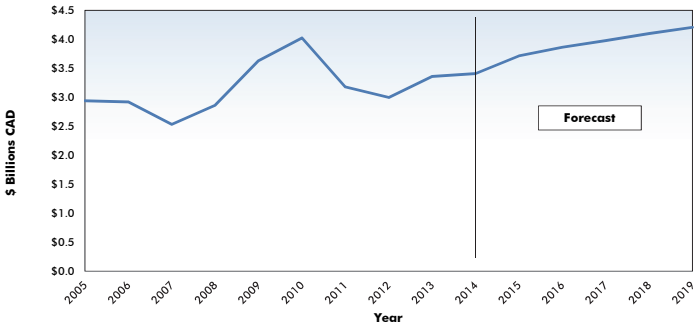
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 28: Canadian Engineering Construction Starts – CMD



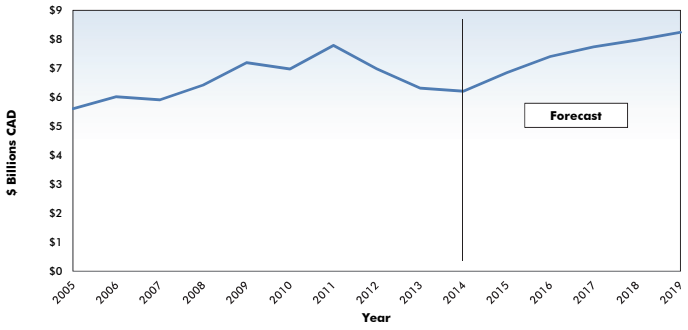
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 29: Canadian Water and Sewage Construction Starts – CMD



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

Graph 30: Canadian Roadwork Construction Starts – CMD



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

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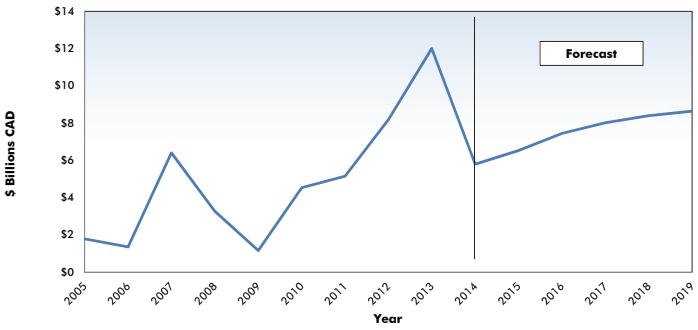
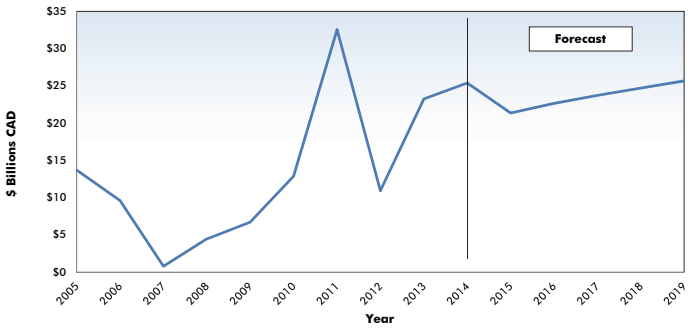
Graph 31: Canadian Power Infrastructure Construction Starts – CMD



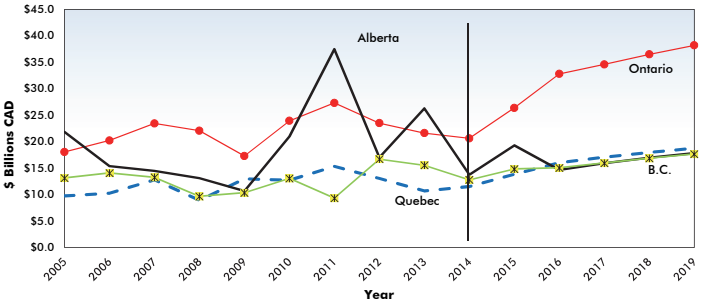
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 32: Canadian Oil and Gas Plants, Pipelines Construction Starts – CMD



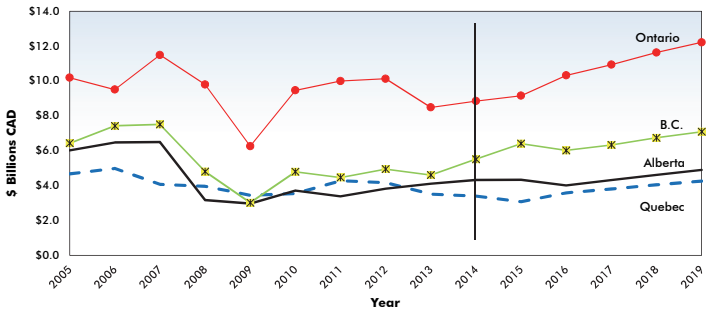
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 33: Canada Four Largest Provinces (by Population): Total Construction Starts – CMD



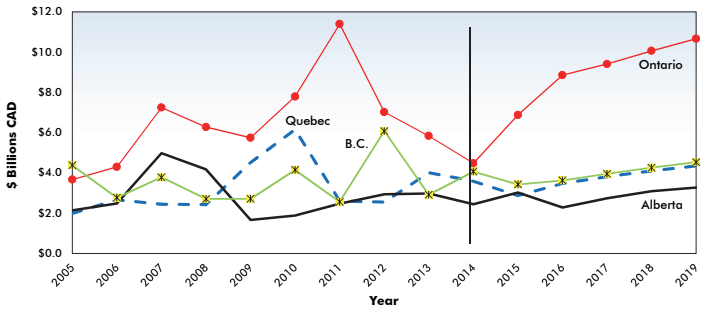
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 34: Canada Four Largest Provinces: Total Residential Construction Starts – CMD



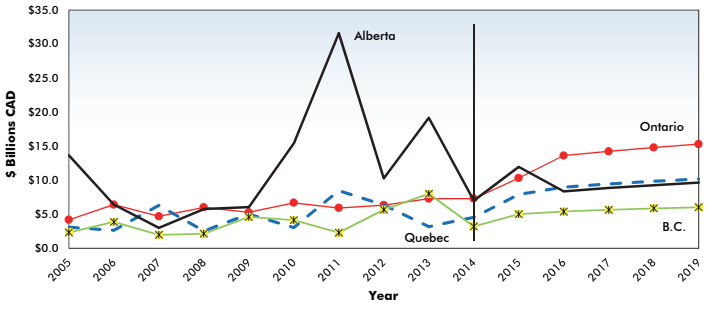
Source of actuals: "Insight" CMD / Forecasts: Oxford Economics and CMD / Chart: CMD.

Graph 35: Canada Four Largest Provinces: Total Non-residential Building Starts – CMD



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

Graph 36: Canada Four Largest Provinces: Total Engineering/ Civil Construction Starts – CMD



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

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