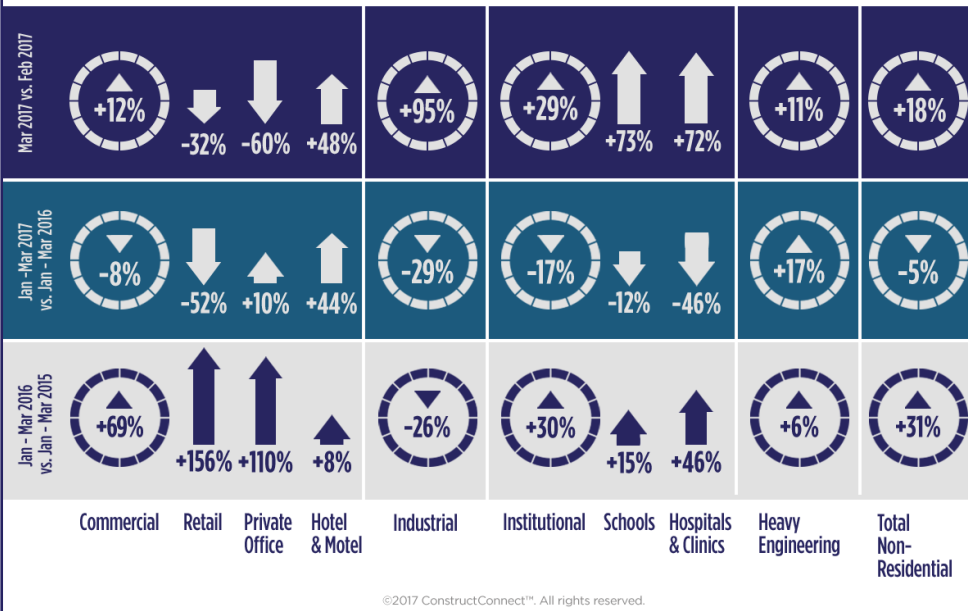
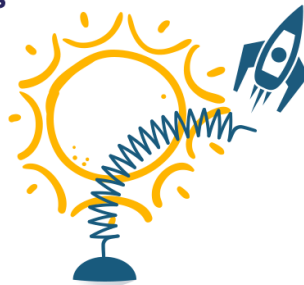


Construction Industry Snapshot

Issued: April 2017
(based on March Starts Stats)

Springy Bounce in ConstructConnect's March Starts, +18%

ConstructConnect announced today that March construction starts, excluding residential activity, were +17.8 versus February. The long-term February-to-March advance, due to seasonality, has been only +2.5%. It's usually not until April that more accommodating weather causes a big lift in volume of about +12.0%. Spring has apparently come early for groundbreakings this year.



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March's Notable Points

- The year over year (y/y) decline in starts (-5.9%), March 2017 compared with March 2016, resulted from drops in institutional (-23.5%), commercial (-14.3%) and industrial (-7.1%). Only engineering (+33.4%) managed a gain this March versus last March.
- As for year-to-date starts (ytd), - i.e., Q1 2017 versus Q1 2016 - heavy engineering (+17.4%) earned bouquets in the spotlight for a notable upside, while industrial (-28.9%), institutional (-17.1%) and commercial (-7.7%) were all relegated to the chorus for their downsides.

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Springy Bounce in ConstructConnect's March Starts, +18%

ConstructConnect™ announced today that March construction starts, excluding residential activity, were +17.8 versus February. The long-term February-to-March advance, due to seasonality, has been only +2.5%. It's usually not until April that more accommodating weather causes a big lift in volume of about +12.0%. Spring has apparently come early for groundbreakings this year.

March 2017 versus what was an exceptionally buoyant March 2016 did not fare as well, -5.9%. And year-to-date starts (Q1 2017) have been -5.1% versus January-to-March of last year.

The starts figures throughout this report are not seasonally adjusted (NSA). Nor are they altered for inflation. They are expressed in what are termed 'current' as opposed to 'constant' dollars.

'Non-residential building' plus 'engineering/civil' work accounts for a considerably larger share of total construction than residential activity. The former's combined proportion of total put-in-place construction in the Census Bureau's February report was 60%; the latter's was 40%.

ConstructConnect's construction starts are leading indicators for the Census Bureau's capital investment or put-in-place series. Also, the reporting period for starts (i.e., March 2017) is one month ahead of the reporting period for the investment series (i.e., February 2017).

Employment in construction advanced only slowly in March, +6,000 jobs, according to the latest *Employment Situation Report* from the Bureau of Labor Statistics (BLS). Thanks to strong gains in January (+34,000) and February (+59,000), however, the average monthly climb in on-site work through the first quarter of this year, at +33,000, has been +29% relative to last year's Q1.

Year-over-year employment in construction is presently +2.6%, which is a significant retreat from a recent high of +6.1% in late 2014, but it is well ahead of the all-jobs gain of +1.5%. By way of comparison, manufacturing and retail employment are only +0.3% and +0.4% year over year respectively. 'Professional and business services' employment, though, is better at +3.2%. The NSA jobless rate in construction is now 8.4%, somewhat tighter than March of 2016's 8.7%.

Among the many data series appearing in Table B-1 of the monthly *Employment Situation Report* are several with construction connections. The total number of jobs in architectural and engineering services in the latest month was +3.3% year over year. Staffing in the 'real estate' sector, which includes developers, was +3.5% year over year. The payrolls of 'building material and supplies dealers' was a quiet +1.2%. And note should also be made that in the resource sector, the number of workers engaged in 'oil and gas extraction', while still down year over year (-1.3%), was finally headed back up month over month, +1.0% in both February and March.

February's big step forward in starts (+17.8%), month-to-month (m/m), arose from increases in all three major type-of-structure categories. Institutional (+28.6%) was out front, with commercial (+12.4%) and heavy engineering/civil (+11.0%) following and almost in a tie. The smaller-volume category of industrial, which can display extreme percentage-change volatility brought on by the presence or absence of a mega project or two, was +94.5%.

The year over year (y/y) decline in starts (-5.9%), March 2017 compared with March 2016, resulted from drops in institutional (-23.5%), commercial (-14.3%) and industrial (-7.1%). Only engineering (+33.4%) managed a gain this March versus last March.

As for year-to-date starts (ytd), - i.e., Q1 2017 versus Q1 2016 - heavy engineering (+17.4%) earned bouquets in the spotlight for a notable upside, while industrial (-28.9%), institutional (-17.1%) and commercial (-7.7%) were all relegated to the chorus for their downsides.

Within heavy engineering, the largest sub-category so far this year (i.e., with a 40% slice) has been 'roads/highways'. Street work in March was uniformly positive: +28.3% m/m; +30.1% y/y; and +9.0% ytd. 'Water/sewage' work, next biggest component among civil starts (a 23% share), had a rough time m/m (-19.0%), but recorded improvement both y/y (+25.5%) and ytd (+19.7%).

Also important in the heavy engineering/civil type-of-structure category is bridge work, which chalked up outstanding numbers in March: +81.4% m/m; +40.5% y/y; and +30.5% ytd.

'Private office buildings' was the largest sub-component of commercial work in March (with a 26% share so far this year) and it struggled m/m (-59.6%) and y/y (-47.9%), but managed to cling to an advance y/y (+10.0%). 'Hotel/motel' starts claimed the second largest slice (18%) and they were a notable success: +48.2% m/m; +97.0% y/y; and +43.9% ytd.

'Warehouses' (with a 12% share) was another sub-category of commercial that had outstanding numbers in March: +50.4% m/m; +101.5% y/y; and +51.4% ytd. 'Retail/shopping' starts (a 14% share), however, coincident with media reports of more 'bricks and mortar' locations being on the chopping block, were distressingly weak: -31.7% m/m; -70.7% y/y; and -51.6% ytd.

By far most important in institutional starts is the 'school/college' sub-category (a 58% share so far this year). In March, educational facility starts were +73.2% m/m; but -17.6% y/y; and -11.5% ytd. Second most significant (with a 12% slice) have been 'hospital/clinic' starts. They were also up m/m (+71.5%), but down y/y (-36.6%) and ytd (-46.3%).

TABLE 1: VALUE OF UNITED STATES CONSTRUCTION STARTS — MARCH 2017 YEAR TO DATE (ConstructConnect™)

	Jan-Mar 17 (\$ billions)	% Change Jan-Mar 17 vs Jan-Mar 16	% Change Mar 17 vs Mar 16	% Change Mar 17 vs Feb 17
Hotel/Motel	6.076	43.9%	97.0%	48.2%
Retail/Shopping	4.614	-51.6%	-70.7%	-31.7%
Parking Garage	0.316	-26.8%	41.2%	216.8%
Amusement	1.576	-33.3%	7.8%	-6.1%
Private Office	8.727	10.0%	-47.9%	-59.6%
Government Office	2.376	-27.3%	-29.1%	85.0%
Laboratory	0.354	-84.8%	-93.5%	-13.1%
Warehouse	4.052	51.4%	101.5%	50.4%
Miscellaneous Commercial *	5.765	47.1%	230.8%	426.5%
COMMERCIAL (big subset)	33.858	-7.7%	-14.3%	12.4%
INDUSTRIAL (Manufacturing)	2.819	-28.9%	-7.1%	94.5%
Religious	0.355	-5.6%	-15.6%	-38.7%
Hospital/Clinic	2.807	-46.3%	-36.6%	71.5%
Nursing/Assisted Living	1.264	-42.4%	12.2%	11.6%
Library/Museum	0.559	-27.6%	-66.6%	135.1%
Fire/Police/Courthouse/Prison	2.208	79.6%	-40.2%	-73.4%
Military	0.624	-29.7%	-19.1%	58.1%
School/College	13.088	-11.5%	-17.6%	73.2%
Miscellaneous Medical	1.557	-3.4%	-25.9%	18.0%
INSTITUTIONAL	22.462	-17.1%	-23.5%	28.6%
Miscellaneous Non-residential	1.266	-37.2%	-16.2%	28.9%
NON-RESIDENTIAL BUILDING	60.404	-13.4%	-17.4%	21.3%
Airport	2.916	197.4%	480.4%	-52.5%
Road/Highway	12.091	9.0%	30.1%	28.3%
Bridge	5.034	30.5%	40.5%	81.4%
Dam/Marine	0.737	26.5%	110.0%	93.0%
Water/Sewage	6.867	19.7%	25.5%	-19.0%
Miscellaneous Civil (power, etc.)	2.462	-27.6%	-17.7%	56.0%
HEAVY ENGINEERING (Civil)	30.109	17.4%	33.4%	11.0%
TOTAL NON-RESIDENTIAL	90.513	-5.1%	-5.9%	17.8%

* Includes transportation terminals and sports arenas.

Source: ConstructConnect Research Group/Table: ConstructConnect.

Table 2 on page three of this report re-orders and provides more detail on some of the type-of-structure categories in Table 1. The reasons for this 'second view' are set out in the footnote.

The 12-month moving average trend graphs on page five show non-residential building starts coming off their not-so-long-ago peak, while heavy engineering starts are in a possibly early stage of heading up. Within non-residential building work, both commercial (especially retail) and institutional have been departing negatively from previously upward paths. 'Roads/highways', 'water/sewage' and 'bridges' are all swinging higher in heavy engineering. Only 'miscellaneous civil', which encompasses oil and gas and electric power work, is diving.

To the surprise of many, given that March's economy-wide jobless rate of 4.5% was the best it's been since before the Great Recession, year-over-year earnings remained restrained. For workers across all industries, including supervisory personnel, March's year-over-year increase in average hourly earnings was +2.7% and in average weekly earnings, +2.4%. The comparable figures for construction on its own were the reverse, +2.4% hourly and +2.7% weekly.

Leaving out bosses, average year-over-year earnings economy-wide were +2.3 hourly and +2.0% weekly. The standalone construction sector was a little higher at +2.7% both hourly and weekly.

The value of construction starts each month is summarized from ConstructConnect's database of all active construction projects in the U.S. Missing project values are estimated with the help of RSMeans' building cost models.

ConstructConnect's non-residential construction starts series, because it is comprised of total-value estimates for individual projects, some of which are ultra-large, has a history of being more volatile than many other leading indicators for the economy. ♦

Alex Carrick

ConstructConnect has now moved to a better-targeted and research-assigned 'start' date. Prior to January 2017, the 'start' date was recorded as occurring within 30 to 60 days of the announced bid date. In concept, a 'start' is equivalent to ground being broken for a project to proceed. If work is abandoned or re-bid, the 'start' date is updated to reflect the new information.

Alex Carrick is Chief Economist for ConstructConnect. He has delivered presentations throughout North America on the U.S., Canadian and world construction outlooks. Mr. Carrick has been with the company since 1985. Links to his numerous articles are featured on Twitter @ConstructConnx, which has 44,000 followers.

**TABLE 2: VALUE OF UNITED STATES CONSTRUCTION STARTS —
ConstructConnect™ INSIGHT VERSION — MARCH 2017
ARRANGED TO MATCH THE ALPHABETICAL CATEGORY DROP-DOWN MENUS IN INSIGHT**

	Jan-Mar 17 (\$ billions)	% Change Jan-Mar 17 vs Jan-Mar 16	% Change Mar 17 vs Mar 16	% Change Mar 17 vs Feb 17
Summary				
CIVIL	30.109	17.4%	33.4%	11.0%
NON-RESIDENTIAL BUILDING	60.404	-13.4%	-17.4%	21.3%
RESIDENTIAL	64.175	4.9%	11.5%	10.2%
GRAND TOTAL	154.688	-1.2%	0.5%	14.6%
Verticals				
Airport	2.916	197.4%	480.4%	-52.5%
All Other Civil	1.686	-43.6%	-34.0%	76.5%
Bridges	5.034	30.5%	40.5%	81.4%
Dams / Canals / Marine Work	0.737	26.5%	110.0%	93.0%
Power Infrastructure	0.776	88.6%	50.9%	28.6%
Roads	12.091	9.0%	30.1%	28.3%
Water and Sewage Treatment	6.867	19.7%	25.5%	-19.0%
CIVIL	30.109	17.4%	33.4%	11.0%
Offices (private)	8.727	10.0%	-47.9%	-59.6%
Parking Garages	0.316	-26.8%	41.2%	216.8%
Transportation Terminals	0.458	-78.5%	-49.5%	259.2%
Commercial (small subset)	9.501	-9.5%	-45.6%	-52.0%
Amusement	1.576	-33.3%	7.8%	-6.1%
Libraries / Museums	0.559	-27.6%	-66.6%	135.1%
Religious	0.355	-5.6%	-15.6%	-38.7%
Sports Arenas / Convention Centers	5.307	196.7%	506.0%	447.3%
Community	7.798	47.1%	142.6%	183.6%
College / University	4.254	-10.9%	-22.5%	55.6%
Elementary / Pre School	3.336	-25.7%	-24.9%	133.0%
Jr / Sr High School	5.257	1.8%	-1.8%	63.8%
Special / Vocational	0.240	-30.8%	-58.2%	-8.5%
Educational	13.088	-11.5%	-17.6%	73.2%
Courthouses	1.404	336.8%	-87.6%	-97.7%
Fire and Police Stations	0.496	-6.2%	14.8%	57.6%
Government Offices	2.376	-27.3%	-29.1%	85.0%
Prisons	0.307	-18.8%	-34.0%	209.4%
Government	4.584	1.9%	-32.8%	-33.2%
Industrial Labs / Labs / School Labs	0.354	-84.8%	-93.5%	-13.1%
Manufacturing	2.819	-28.9%	-7.1%	94.5%
Warehouses	4.052	51.4%	101.5%	50.4%
Industrial	7.225	-19.5%	-24.1%	61.2%
Hospitals / Clinics	2.807	-46.3%	-36.6%	71.5%
Medical Misc.	1.557	-3.4%	-25.9%	18.0%
Nursing Homes	1.264	-42.4%	12.2%	11.6%
Medical	5.628	-37.7%	-26.3%	38.2%
Military	0.624	-29.7%	-19.1%	58.1%
Hotels	6.076	43.9%	97.0%	48.2%
Retail Misc.	1.266	-37.2%	-16.2%	28.9%
Shopping	4.614	-51.6%	-70.7%	-31.7%
Retail	11.956	-24.2%	-24.3%	12.7%
NON-RESIDENTIAL BUILDING	60.404	-13.4%	-17.4%	21.3%
Multi-Family	20.682	4.4%	25.9%	10.2%
Single-Family	43.494	5.1%	5.7%	10.2%
RESIDENTIAL	64.175	4.9%	11.5%	10.2%
NON-RESIDENTIAL	90.513	-5.1%	-5.9%	17.8%
GRAND TOTAL	154.688	-1.2%	0.5%	14.6%

Table 1 conforms to the type-of-structure ordering adopted by many firms and organizations in the industry. Specifically, it breaks non-residential building into ICI work (i.e., industrial, commercial and institutional), since each has its own set of economic and demographic drivers. Table 2 presents an alternative, perhaps more user-friendly and intuitive type-of-structure ordering that matches how the data appears in ConstructConnect's on-line product 'Insight'.

Source: ConstructConnect/Table: ConstructConnect.

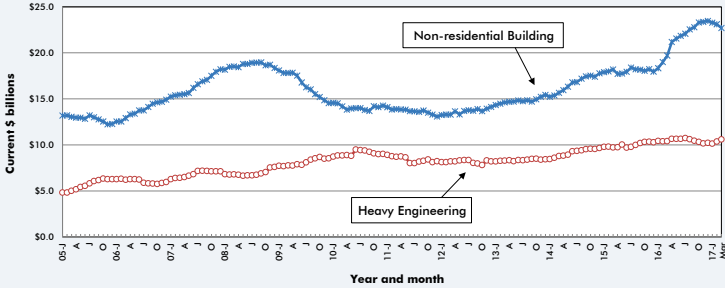
TABLE 3: ConstructConnect's TOP 10 PROJECT STARTS IN MARCH 2017

LOCATION (EAST TO WEST)	TYPE OF CONSTRUCTION	DESCRIPTION	SQUARE FEET 000S*	DOLLARS 000,000S
New York New York	Commercial	Jacob K. Javits Convention Center Expansion (2 structures; 4 stories) 655 W 34th St New York Convention Center Operating Corporation (NYCCOC)	1,223	\$1,500
New York	Commercial	Waldorf Astoria Renovation (44 stories) 100 E 50th St Hilton Worldwide	*	\$1,000
Jamaica	Commercial	Resorts World Casino New York Expansion (1 structure) 100-00 Rockaway Blvd Resorts World Casino New York	3,151	\$400
New Jersey Roselle	Residential	Park Apartments at Roselle Phase 2 (1 structure; 932 units) 417 Raritan Rd Milton L. Ehrlich, Inc	2,686	\$350
Florida Orlando	Industrial	Princeton Oaks Industrial Park (1 structure; 1 story) Princeton St Foundry Commercial LLC (CNL Commercial Real Estate)	231	\$550
Winter Haven	Industrial	Florida's Gateway (1 structure) 4100 Logistics Pkwy GEM Realty Capital Inc	8,000	\$400
Tennessee Nashville	Residential	Stephens Village West Townhomes (plus mixed-use hotel, retail, offices, etc.) (5 structures; 216 units; 9 stories) 8423 Hwy 100 & 5948 Pasquo Rd CPS Land (Developer)	223	\$1,000
Missouri Clayton	Commercial	Centene Clayton Campus (5 structures; 57 stories) 7700 Forsyth Blvd Centene Corporation	4,974	\$1,000
Minnesota Hendricks	Engineering/Civil	Blazing Star Wind Farms Geronimo Energy	*	\$300
Washington Airway Heights	Commercial	Spokane Tribe of Indians Casino (4 structures) Craig Rd at Hwy 2 Warner Hospitality	3,151	\$400
TOTALS:			23,639	\$6,900

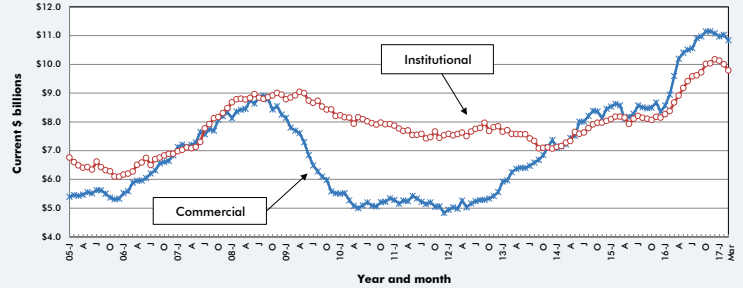
*A square footage measure does not apply for alteration and most engineering/civil work.

Source: ConstructConnect/Table: ConstructConnect.

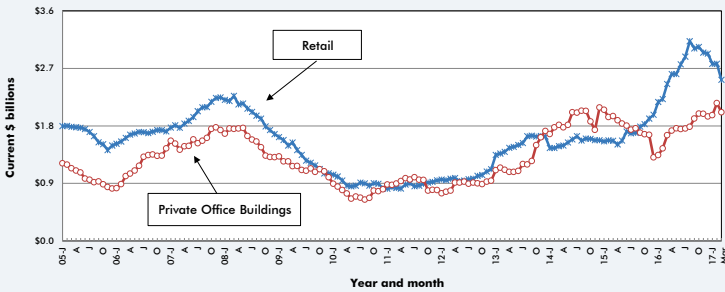
GRAPH 1: U.S. NON-RESIDENTIAL CONSTRUCTION STARTS — ConstructConnect™ (12-MONTH MOVING AVERAGES)



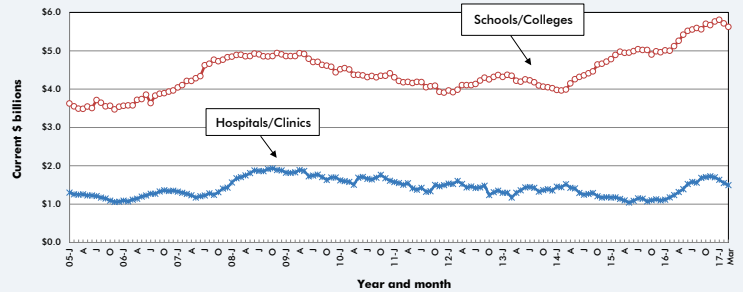
GRAPH 2: U.S. COMMERCIAL AND INSTITUTIONAL CONSTRUCTION STARTS — ConstructConnect™ (12-MONTH MOVING AVERAGES)



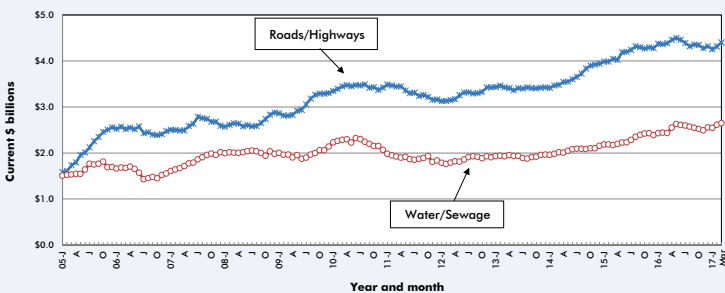
GRAPH 3: U.S. RETAIL AND PRIVATE OFFICE BUILDING CONSTRUCTION STARTS — ConstructConnect™ (12-MONTH MOVING AVERAGES)



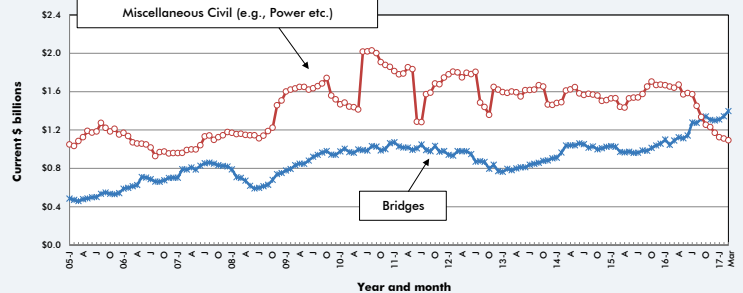
GRAPH 4: U.S. HOSPITAL/CLINIC AND SCHOOL/COLLEGE CONSTRUCTION STARTS — ConstructConnect™ (12-MONTH MOVING AVERAGES)



GRAPH 5: U.S. ROAD/HIGHWAY AND WATER/SEWAGE CONSTRUCTION STARTS — ConstructConnect™ (12-MONTH MOVING AVERAGES)



GRAPH 6: U.S. BRIDGES AND MISCELLANEOUS CIVIL CONSTRUCTION STARTS — ConstructConnect™ (12-MONTH MOVING AVERAGES)



Source: ConstructConnect/Charts: ConstructConnect.

**TABLE 4: U.S. YEAR-TO-DATE REGIONAL STARTS
NON-RESIDENTIAL CONSTRUCTION* — ConstructConnect™**

	Jan-Mar 2016	Jan-Mar 2017	% Change
Connecticut	\$813,952,902	\$768,908,877	-5.5%
Maine	\$176,135,767	\$109,202,122	-38.0%
Massachusetts	\$1,564,491,513	\$1,569,673,068	0.3%
New Hampshire	\$279,885,512	\$168,853,253	-39.7%
Rhode Island	\$187,589,488	\$183,768,695	-2.0%
Vermont	\$66,067,806	\$89,816,340	35.9%
Total New England	\$3,088,122,988	\$2,890,222,355	-6.4%
New Jersey	\$2,125,286,318	\$2,749,450,254	29.4%
New York	\$5,317,779,901	\$11,328,419,141	113.0%
Pennsylvania	\$3,665,519,916	\$2,556,946,446	-30.2%
Total Middle Atlantic	\$11,108,586,135	\$16,634,815,841	49.7%
TOTAL NORTHEAST	\$14,196,709,123	\$19,525,038,196	37.5%
Illinois	\$3,077,279,677	\$2,751,205,132	-10.6%
Indiana	\$1,220,850,761	\$980,656,945	-19.7%
Michigan	\$3,144,345,700	\$2,343,562,438	-25.5%
Ohio	\$2,762,243,831	\$2,269,137,080	-17.9%
Wisconsin	\$1,544,158,875	\$1,241,426,134	-19.6%
Total East North Central	\$11,748,878,844	\$9,585,987,729	-18.4%
Iowa	\$1,119,690,729	\$576,292,328	-48.5%
Kansas	\$777,218,456	\$682,842,634	-12.1%
Minnesota	\$1,318,641,525	\$903,123,503	-31.5%
Missouri	\$1,518,903,877	\$2,269,685,291	49.4%
Nebraska	\$699,781,825	\$616,982,055	-11.8%
North Dakota	\$411,843,599	\$249,616,798	-39.4%
South Dakota	\$263,673,911	\$290,255,966	10.1%
Total West North Central	\$6,109,753,922	\$5,588,798,575	-8.5%
TOTAL MIDWEST	\$17,858,632,766	\$15,174,786,304	-15.0%
Delaware	\$200,294,680	\$398,515,738	99.0%
District of Columbia	\$791,076,317	\$644,004,357	-18.6%
Florida	\$5,869,577,282	\$5,917,523,531	0.8%
Georgia	\$3,775,287,863	\$3,166,017,388	-16.1%
Maryland	\$3,259,043,651	\$1,214,193,255	-62.7%
North Carolina	\$4,058,252,421	\$2,905,461,562	-28.4%
South Carolina	\$1,723,519,526	\$1,764,930,615	2.4%
Virginia	\$1,873,883,507	\$2,194,225,041	17.1%
West Virginia	\$696,774,751	\$280,915,219	-59.7%
Total South Atlantic	\$22,247,709,998	\$18,485,786,706	-16.9%
Alabama	\$1,421,419,981	\$1,367,703,125	-3.8%
Kentucky	\$1,406,665,588	\$638,174,869	-54.6%
Mississippi	\$625,545,761	\$721,845,886	15.4%
Tennessee	\$2,081,892,164	\$1,027,582,201	-50.6%
Total East South Central	\$5,535,523,494	\$3,755,306,081	-32.2%
Arkansas	\$680,508,956	\$851,820,931	25.2%
Louisiana	\$914,750,405	\$1,156,560,479	26.4%
Oklahoma	\$1,165,489,194	\$2,145,957,898	84.1%
Texas	\$12,629,302,048	\$9,067,549,832	-28.2%
Total West South Central	\$15,390,050,603	\$13,221,889,140	-14.1%
TOTAL SOUTH	\$43,173,284,095	\$35,462,981,927	-17.9%
Arizona	\$1,262,807,934	\$2,067,842,332	63.7%
Colorado	\$1,301,555,114	\$798,940,818	-38.6%
Idaho	\$321,076,360	\$245,529,660	-23.5%
Montana	\$154,716,999	\$252,746,269	63.4%
Nevada	\$1,461,859,011	\$411,213,540	-71.9%
New Mexico	\$385,315,260	\$592,984,880	53.9%
Utah	\$1,462,279,631	\$1,585,991,214	8.5%
Wyoming	\$234,228,289	\$286,487,032	22.3%
Total Mountain	\$6,583,838,598	\$6,241,735,745	-5.2%
Alaska	\$556,261,844	\$335,309,289	-39.7%
California	\$9,127,944,037	\$9,378,465,691	2.7%
Hawaii	\$698,242,438	\$275,232,291	-60.6%
Oregon	\$1,185,431,404	\$1,844,359,646	55.6%
Washington	\$2,030,445,209	\$2,274,895,299	12.0%
Total Pacific	\$13,598,324,932	\$14,108,262,216	3.8%
TOTAL WEST	\$20,182,163,530	\$20,349,997,961	0.8%
TOTAL U.S.	\$95,410,789,514	\$90,512,804,388	-5.1%

*Figures above are comprised of non-res building and engineering (i.e., residential is omitted).

Source: ConstructConnect/Table: ConstructConnect.

