




2023

North American Engineering and Construction Outlook

Third Quarter Edition



July 2023



Last year FMI altered the base case assumptions for our forecasts to include a multiyear recession spanning into 2023. As with historical cycles, impact on the construction industry will likely be longer-lasting.



Economic factors influencing this forecast include continued tightening of lending standards and bank consolidation due to challenges earlier in the year; continued shortages of labor and key materials; strain on global logistics infrastructure; and real estate volatility. While inflationary pressures have eased somewhat, and the Federal Reserve paused rising interest rates, these factors were already part of our assumptions and didn't alter forecasts. We also considered wartime and economic turmoil in various countries (e.g., Russia, Ukraine, China) adding to strain and uncertainty on each of the items listed above.

FMI continues to expect the U.S. economy will fare better than that of most countries, as reflected by strong demand for labor and the long-term commitment to infrastructure investments. As a result, the engineering and construction industry is expected to play a major role in the economy's foundational strength over the coming years, offering both challenges and opportunities.

U.S. Key Takeaways

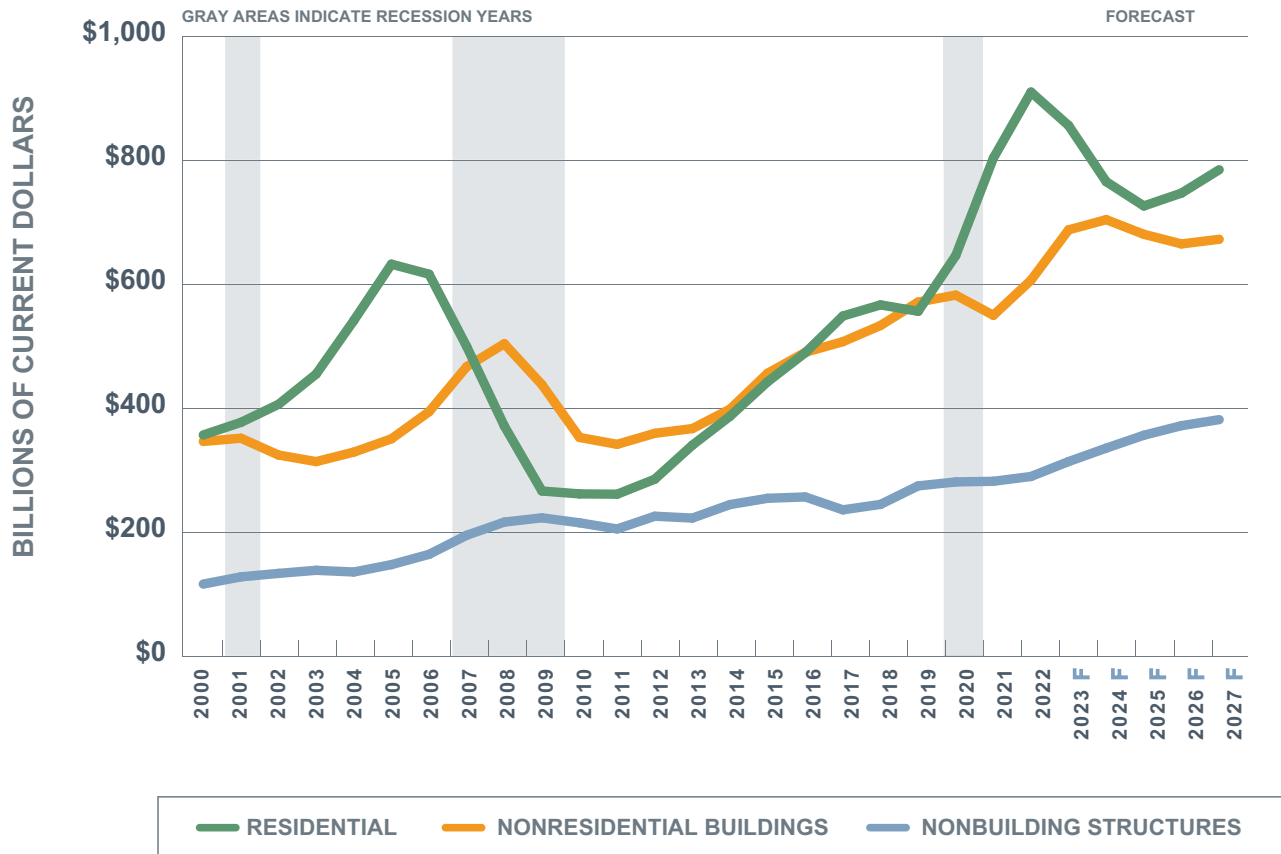
- Total engineering and construction spending for the U.S. is forecast to end 2023 up 3%, compared to up 11% in 2022.
- Exceptional growth across nonresidential buildings and nonbuilding structures will uphold industry spending in 2023, with several segments anticipated to reach strong, double-digit growth rates through the end of the year. These high-growth segments include multifamily, lodging, commercial, manufacturing, highway and street, sewage and waste disposal, water supply, and conservation and development.
- Single-family residential construction spending in 2023 is the only segment that will experience contraction from 2022 levels. Lower investment levels across single-family, multifamily and residential improvements are expected through 2025.
- Residential improvements, religious, public safety, communication and power construction are all expected to end the year with growth roughly in line with the rate of inflation, between 0% and 4%, and are therefore considered stable.
- The latest Nonresidential Construction Index (NRCI) reflects the fifth quarter in a row of ongoing challenges, but also improving sentiment with the index at 49.8, up slightly from 48.0 in the second quarter.
- NRCI sentiment this quarter was improved due to increased optimism toward the overall U.S. economy and local factors impacting the economy and nonresidential industry where participants are operating their businesses. Also, material cost conditions have eased considerably. Backlog and productivity measures have shown some weakness. Although extremely close to the growth threshold, the index remains below 50 and reflects moderating engineering and construction opportunities ahead.

U.S. 2023 Segment Performance 2023/2022 Comparison

 <p>UP 5% or more</p>	<p>STABLE 0% to 4%</p>	 <p>DOWN Under 0%</p>
<ul style="list-style-type: none"> Multifamily Lodging Office Commercial Health Care Educational Amusement and Recreation Transportation Manufacturing Highway and Street Sewage and Waste Disposal Water Supply Conservation and Development 	<ul style="list-style-type: none"> Improvements Religious Public Safety Communication Power 	<ul style="list-style-type: none"> Single-family



Total Construction Put in Place Estimated for the U.S.

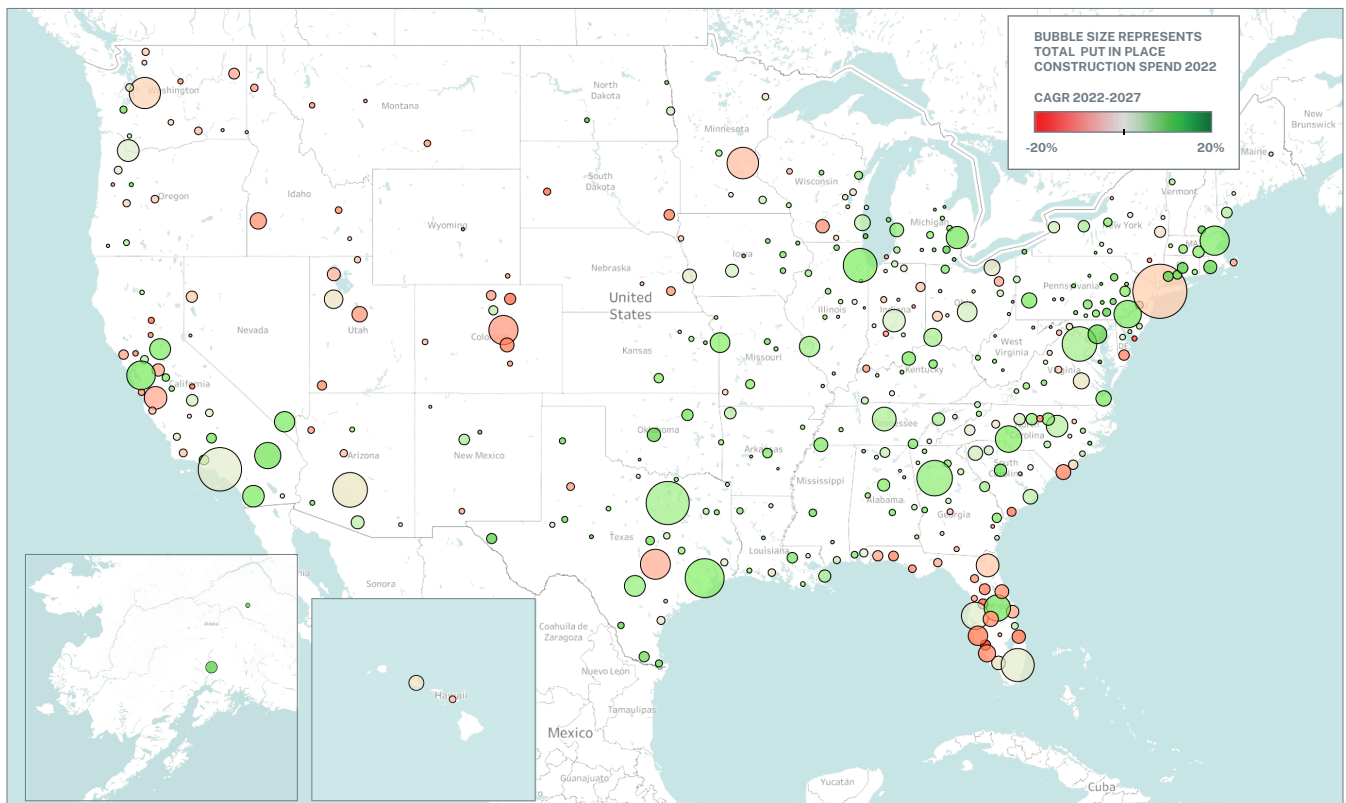


SOURCE: FMI FORECAST Q3 2023

Third quarter forecast is based on first quarter actuals and second quarter assumptions.



Total Construction Spending Put in Place 2022 and Forecast Growth (2022 through 2027) by Metropolitan Statistical Area



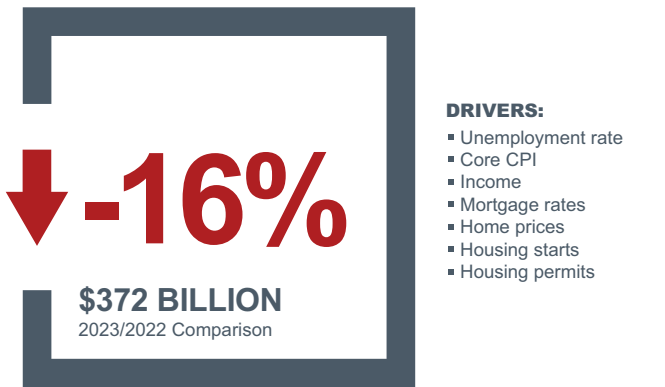
SOURCE: FMI FORECAST Q3 2023

Residential Construction Put in Place





SINGLE-FAMILY RESIDENTIAL



DRIVERS:

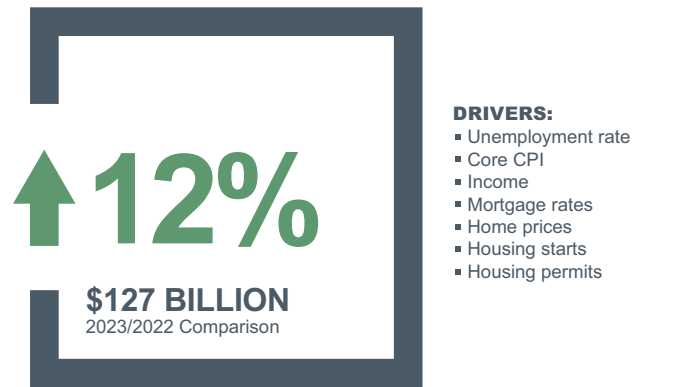
- Unemployment rate
- Core CPI
- Income
- Mortgage rates
- Home prices
- Housing starts
- Housing permits



2024	DWN	-15%	\$315 B
2025	DWN	-3%	\$305 B
2026	STA	4%	\$316 B
2027	UP	6%	\$335 B

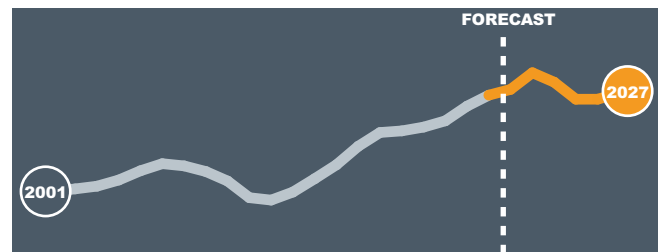
- New home sales have jumped 20% since the beginning of 2023 while median new home prices have fallen more than 10% over the same period.
- Homebuilders have become well positioned to deliver inventory against extremely constrained market conditions (i.e., historically low active listings).
- Home prices have been upheld, with builders offering a combination of upgrade incentives, rate buydowns and price cuts across select markets to help maintain volumes.
- Stabilization of rates into the second half of 2023 will help moderate prices and drive increased demand. However, a rising unemployment rate will trump stable or low interest rates.
- Both inflation and supply chain constraints are expected to continue to ease into 2024, offering builders relief against margin erosion.

MULTIFAMILY RESIDENTIAL



DRIVERS:

- Unemployment rate
- Core CPI
- Income
- Mortgage rates
- Home prices
- Housing starts
- Housing permits



2024	DWN	-6%	\$119 B
2025	DWN	-11%	\$106 B
2026	STA	0%	\$106 B
2027	UP	5%	\$111 B

- Apartment rental rates have contracted in many large markets alongside a steadily increasing vacancy rate as new supplies continue to be added.
- A significant and growing wave of nearly 980,000 multi-family units in development is expected to come online over the next several quarters.
- Moderating or declining rent prices will assist with cooling national core inflation.
- Policies to support affordable housing will become a higher priority in select expensive markets.



IMPROVEMENTS

1%

\$357 BILLION
2023/2022 Comparison

DRIVERS:

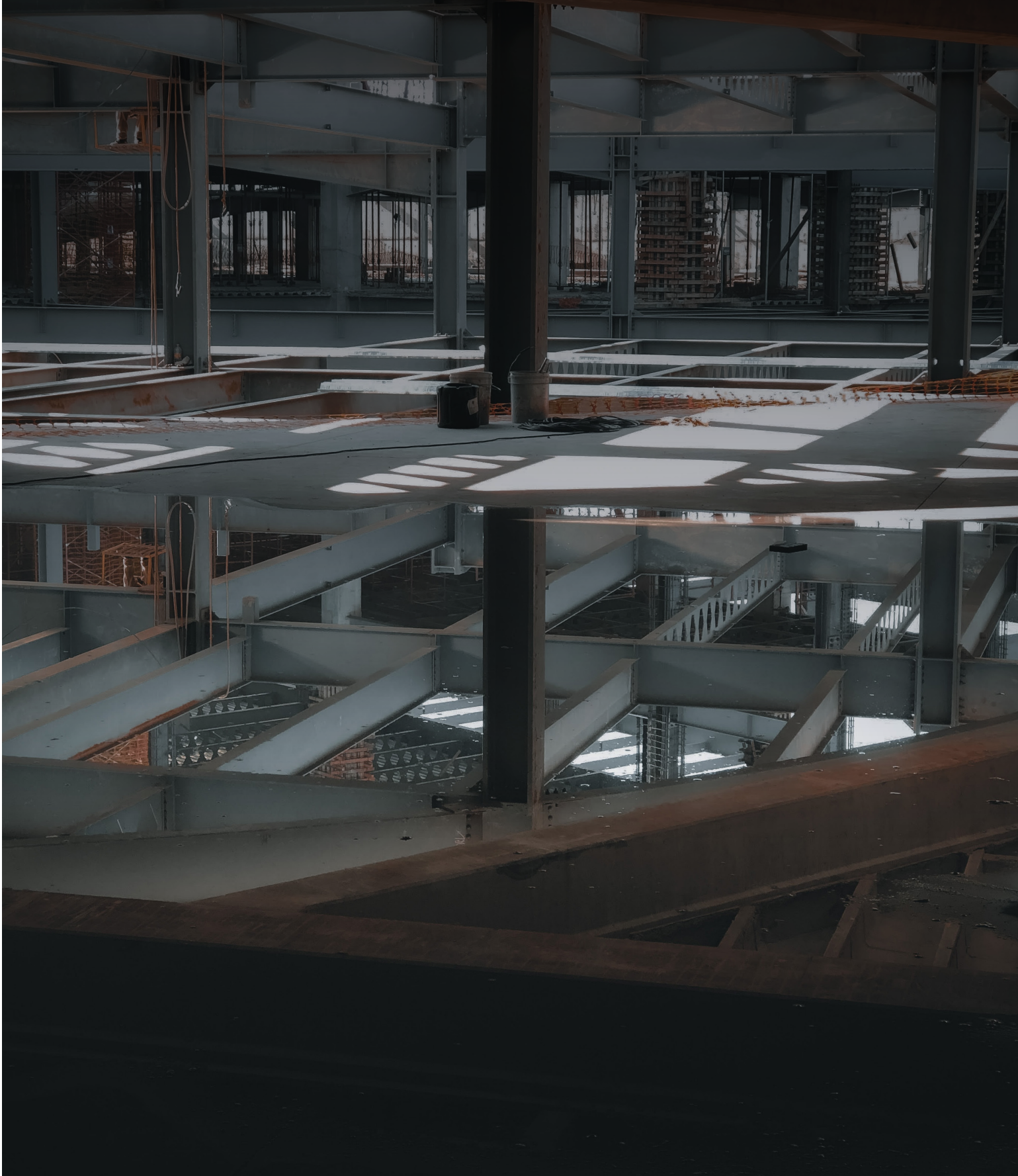
- Unemployment rate
- Core CPI
- Income
- Mortgage rates
- Home prices
- Housing starts
- Housing permits



2024	DWN	-7%	\$331 B
2025	DWN	-5%	\$315 B
2026	STA	3%	\$324 B
2027	UP	5%	\$339 B

- Spending this year will be upheld by many settling into their low interest rate mortgages alongside relief in the availability of both materials and labor.
- Reduced mobility, a weakening labor market and ongoing pricing pressures will weigh against future improvement spending into 2024 and 2025.
- Homebuilders have reduced luxury and customization options on new homes, prompting more upgrades from homebuyers.
- Moderating or falling home values will encourage lower cost or more affordable improvement options.

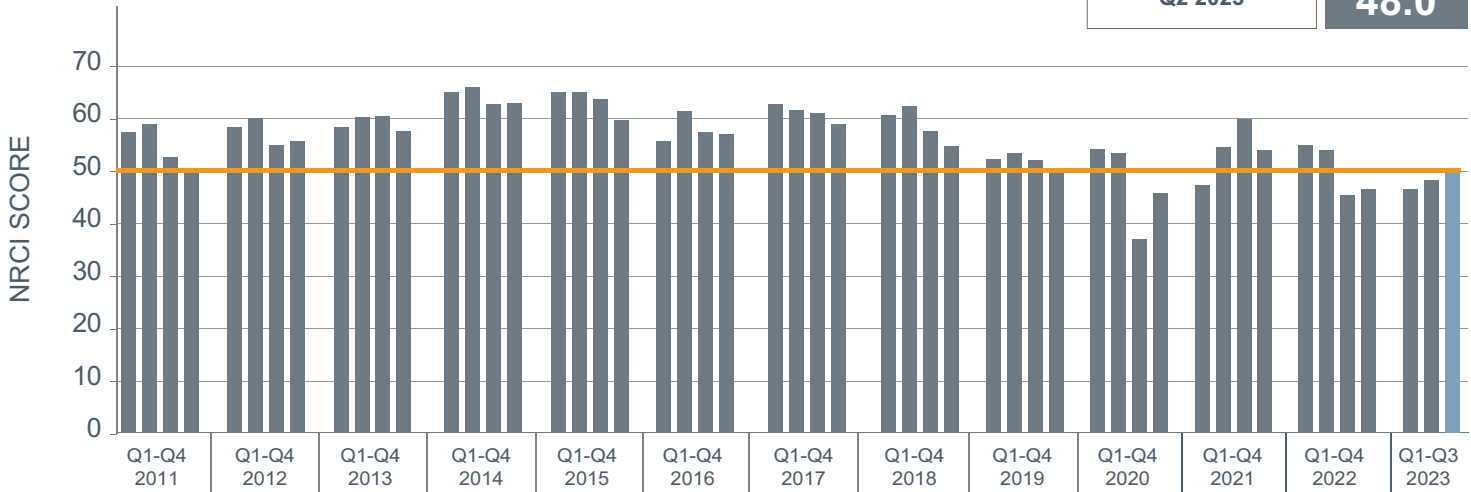
Nonresidential Construction Put in Place



Nonresidential Construction Index (NRCI) Q1 2011 to Q3 2023

Scores above 50 indicate expansion, scores below 50 indicate contraction.

Q3 2023 <i>Survey Dates June 7-21</i>	49.8
Q2 2023	48.0

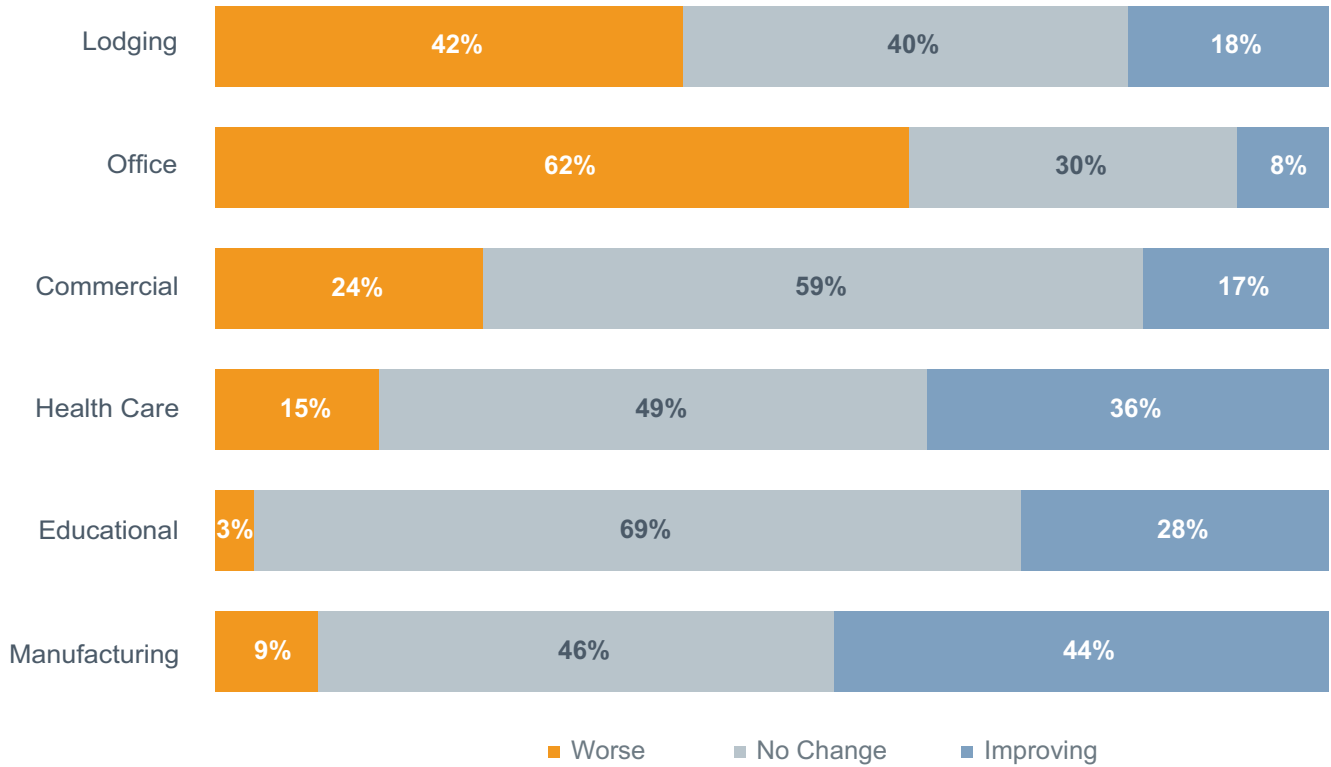


NRCI INDEX MOVEMENT		Q3 2023	Q2 2023
Overall U.S. Economy	↑	45.7	43.2
Economy Where We Do Business	↑	46.4	45.7
Our Engineering and Construction Business	↑	65.1	58.0
Engineering and Construction Where We Do Business	↑	54.3	48.1
Backlog	↓	57.2	58.0
Cost of Materials	↑	43.4	33.3
Cost of Labor	↑	21.1	20.4
Productivity	↓	47.6	50.6

The data in the NRCI is presented as a sampling of construction industry executives voluntarily serving as panelists for this FMI survey. Responses are based on their experience and opinions, and the analysis is based on FMI's interpretation of the aggregated results.

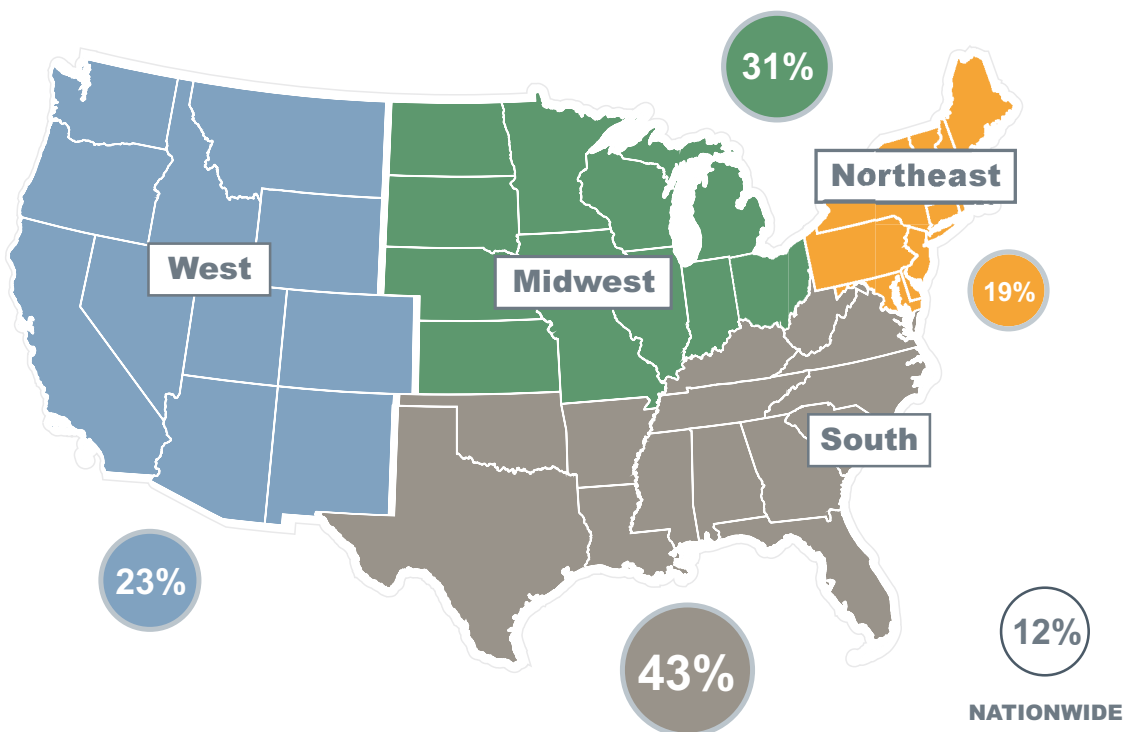
If you are interested in participating in this important industry index, please submit a request via our [NRCI Participation Request form](#).

Perception of Change by Segment for Next Quarter*



*Segments captured in NRCI survey.

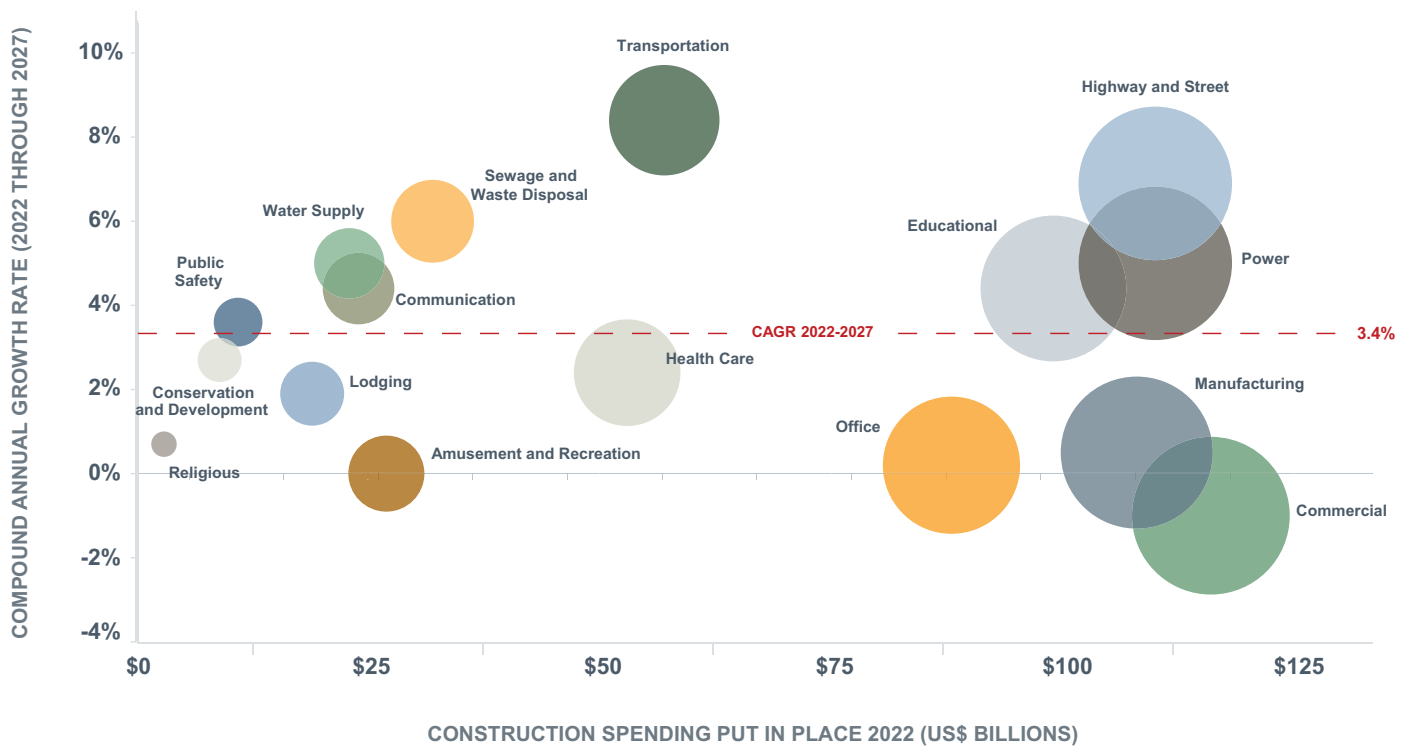
Where Survey Participants Work by Geography*



*Respondents are able to select more than one option.



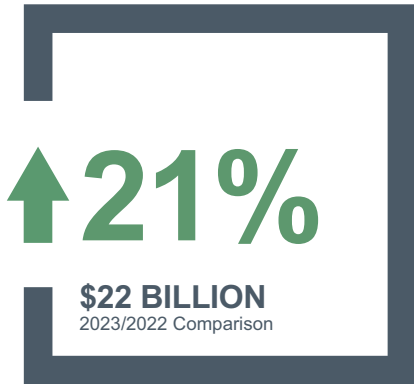
Total Nonresidential Construction Spending Put in Place 2022 and Forecast Growth (2022 through 2027) by Construction Segment



SOURCE: FMI FORECAST Q3 2023

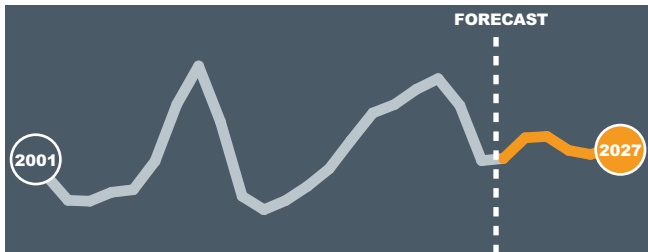


LODGING



DRIVERS:

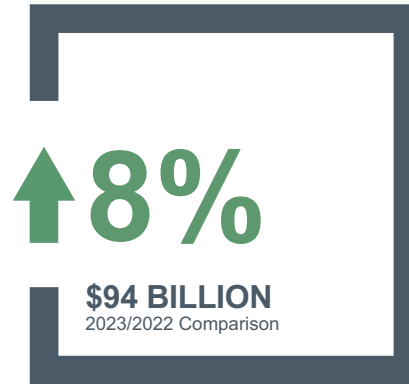
- Occupancy rate
- RevPAR
- Average daily rate
- Room starts



2024	STA	1%	\$23 B
2025	DWN	-11%	\$20 B
2026	DWN	-4%	\$19 B
2027	UP	6%	\$20 B

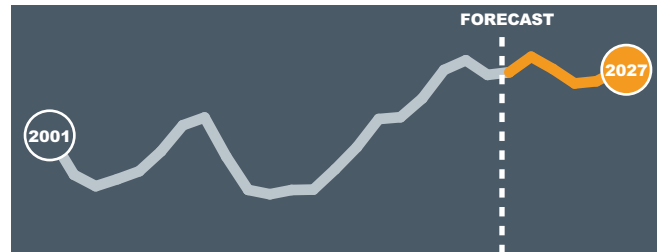
- Average daily rates (ADR) and revenue per available room (REVpar) well exceed 2019 levels, though occupancy remains stubbornly just under 2019 levels. All three industry measures exceed levels set this time last year.
- Leisure and hospitality employment remains about 350,000 jobs lower than pre-pandemic levels.
- Planned development is following strategic public or public-private-led economic investments, including transportation infrastructure, downtown revitalization plans and entertainment venues.
- The current large wave of projects in planning and development will remain challenged by a weakening economic climate and tighter lending standards.

OFFICE



DRIVERS:

- Office vacancy rate
- Unemployment rate

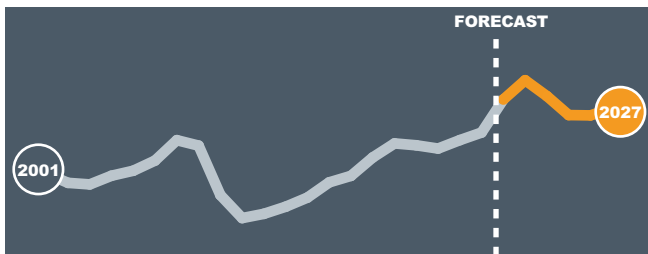
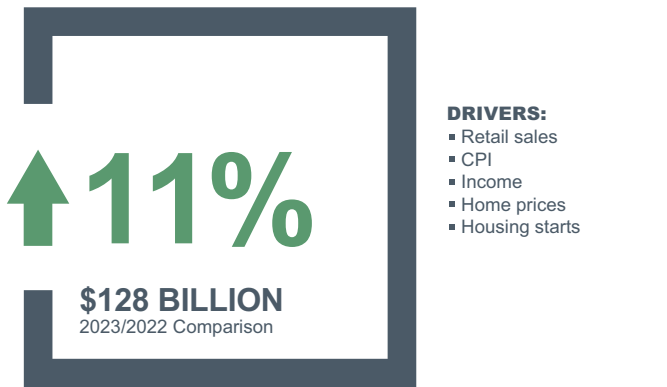


2024	DWN	-5%	\$89 B
2025	DWN	-7%	\$83 B
2026	STA	1%	\$84 B
2027	UP	6%	\$89 B

- High vacancies and sublease activity, rising unemployment and tighter lending standards all suggest ongoing difficulties for traditional office construction spending.
- Demand for the newest Class A office space has been upheld in most major markets while less desirable Class B/C office space is where vacancies are a problem.
- Increasing foreclosures and distressed sales will create investment opportunities for renovation or repurpose projects.
- Data centers, a subset of office, will continue to outperform traditional office investment, growing from just under 25% share of spend today to nearly 35% by 2027. Energy and land constraints will pull data center investment away from traditional hubs.



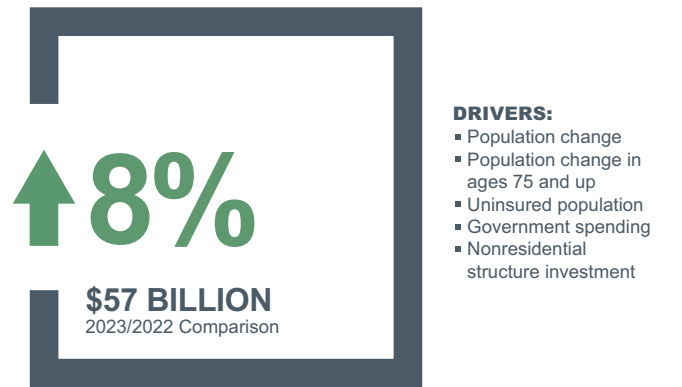
COMMERCIAL



2024	DWN	-8%	\$118 B
2025	DWN	-10%	\$106 B
2026	STA	0%	\$105 B
2027	STA	4%	\$110 B

- Big-box stores are consolidating space and investing in e-commerce while demand for smaller and community retail accelerates a shift away from goods to service-led businesses.
- In efforts to uphold purchasing power, consumers will continue to increase e-commerce, discount and big-box retail shopping.
- Warehouse and distribution, a subset of commercial, has grown in recent years to represent more than 50% of the commercial segment. New warehouse investment is expected to slow because of recent aggressive expansion and anticipated economic headwinds.

HEALTH CARE



2024	UP	5%	\$60 B
2025	STA	3%	\$62 B
2026	DWN	-3%	\$60 B
2027	DWN	-2%	\$59 B

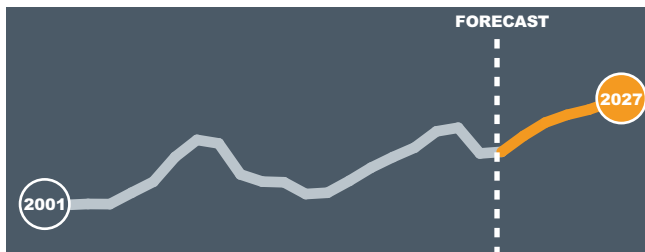
- Demand for health care construction spending remains strong over the next several years, led by large hospital expansions and a resurgence in demand for outpatient and medical offices.
- Significant ongoing and planned projects are supported by recent demographic shifts, capacity and maintenance needs, and new technologies impacting health services (e.g., wearables, telehealth).
- Large new facilities will increasingly utilize prefabrication and modularization to improve flexibility and compression of project schedules and budgets.
- Specialty care and nursing home facilities remain severely resource-constrained, limiting potential construction activity. The nursing and specialty care industries are rapidly adopting new technologies and in-home solutions to help manage demographic demands.

EDUCATIONAL



DRIVERS:

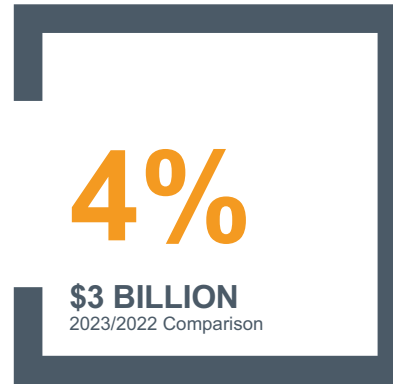
- Population change younger than age 18
- Population change ages 18-24
- Stock markets
- Government spending
- Nonresidential structure investment



2024	UP	6%	\$113 B
2025	STA	3%	\$117 B
2026	STA	2%	\$119 B
2027	STA	3%	\$123 B

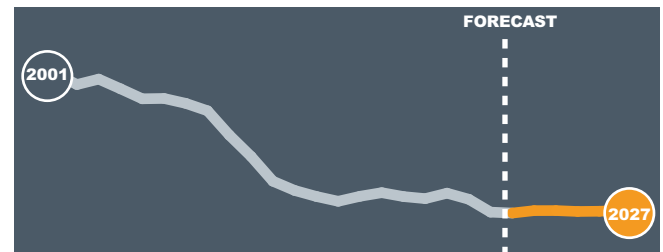
- Both public and private investment in educational construction will be strengthened by recent spending programs (e.g., Inflation Reduction Act) alongside increased tax collections, new bond measures and the Renew America's Schools grant programs.
- Demand for higher education services will benefit from a weakened labor market, though capital investment will remain challenged due to strained budgets, higher operational costs and ongoing staffing challenges.
- Significant deferred maintenance and recent demographic shifts demanding new capacity additions will drive increased K-12 construction spending.

RELIGIOUS



DRIVERS:

- GDP
- Population
- Income
- Personal savings



2024	STA	0%	\$3 B
2025	DWN	-1%	\$3 B
2026	STA	0%	\$3 B
2027	STA	1%	\$3 B

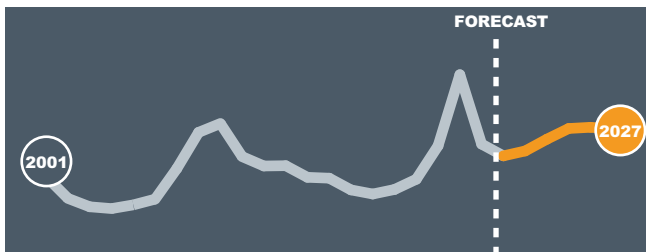
- Recessionary factors (e.g., rising unemployment) will weigh on income levels and ultimately decrease donations while participation and community involvement are expected to rise.
- The permanence and preference for online/hybrid services reduce overall construction needs.
- Owner investments will continue to favor alternative community-facing options to improve community engagement.
- Churches are closing at a faster rate than they are opening, presenting renovation or repurpose opportunities.



PUBLIC SAFETY



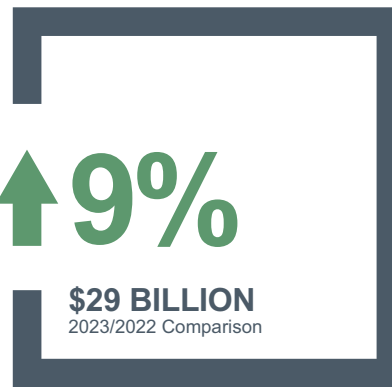
- DRIVERS:**
- Population
 - Government spending
 - Incarceration rate
 - Nonresidential structure investment



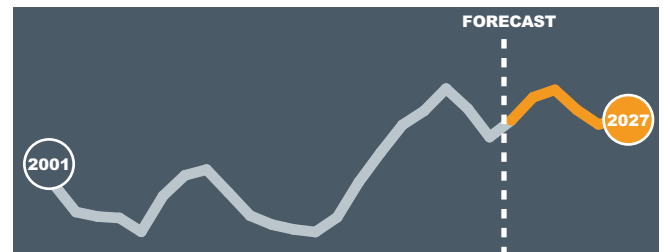
2024	UP	8%	\$13 B
2025	UP	7%	\$13 B
2026	STA	1%	\$13 B
2027	DWN	-1%	\$13 B

- Law enforcement departments face ongoing staffing challenges and difficulties attracting new recruits.
- Strong spending growth through 2025 is the result of policy support and heightened tax collections aiding state and municipal budgets.
- Major Cities Chiefs Association (MCAA) data shows that all four categories of violent crime incidents have declined year over year through the first quarter of 2023.

AMUSEMENT AND RECREATION



- DRIVERS:**
- Income
 - Personal savings rate
 - Unemployment rate
 - Employment



2024	STA	3%	\$30 B
2025	DWN	-7%	\$28 B
2026	DWN	-6%	\$27 B
2027	STA	2%	\$27 B

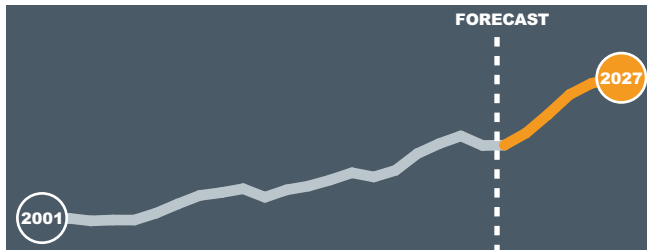
- High interest rates, tightened lending standards and recessionary pressures are expected to challenge a significant portion of the large projects in planning, many of which are important to growing local economies in secondary and tertiary markets.
- Infrastructure and transportation investments will support amusement and recreation construction spending in select competitive markets.
- Industry revenue will experience future challenges against rising unemployment, lower consumer spending and reduced travel.



TRANSPORTATION



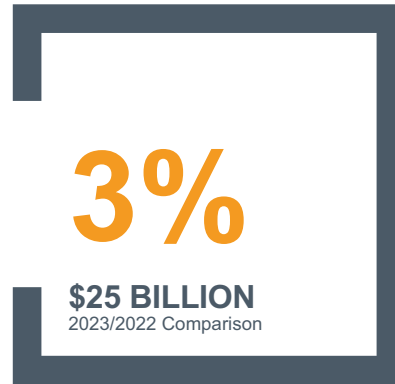
- DRIVERS:**
- Population
 - Government spending
 - Transportation funding



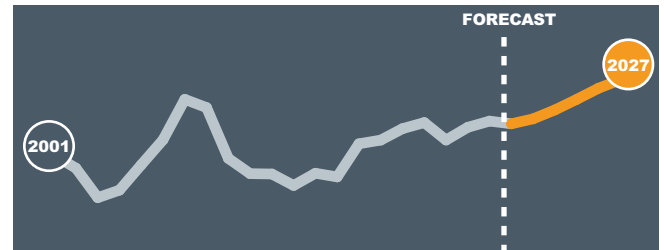
2024	UP	13%	\$70 B
2025	UP	12%	\$78 B
2026	UP	6%	\$83 B
2027	STA	2%	\$85 B

- Following the 7,000 projects, representing \$185 billion, announced last year, significant groundbreakings are underway (e.g., a \$2.6 billion expansion of New York's JFK airport), which will drive strong investment growth over the next several years.
- Electrification investments and clean-energy facility upgrades represent an increasing area of focus.
- Rail/transit is expected to lead transportation investment growth in 2023, tied to increasing manufacturing construction and port activity.

COMMUNICATION



- DRIVERS:**
- Population
 - Security and regulation standards
 - Private investment
 - Innovation and technology investment



2024	UP	5%	\$26 B
2025	UP	5%	\$28 B
2026	UP	5%	\$29 B
2027	STA	4%	\$30 B

- Investment of \$65 billion from the Infrastructure Investment and Jobs Act (IIJA) overlaps with growth and demands across connected devices, data centers (i.e., office), manufacturing, and logistics and distributions investment.
- High-speed 5G is expected to drive more than two-thirds of the mobile market by the end of the decade.
- Faster and more reliable networks will be needed to accommodate growing use of artificial intelligence and other cloud service offerings, Internet of Things and virtual office, learning and entertainment demands.

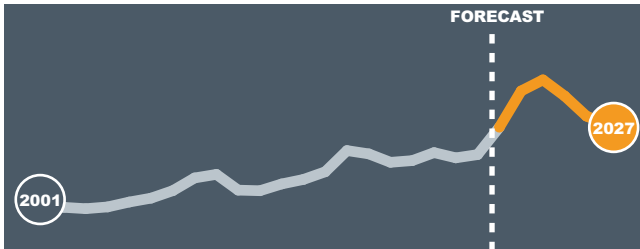


MANUFACTURING



DRIVERS:

- PMI
- Industrial production
- Capacity utilization
- Durable goods orders
- Manufacturing inventories



2024	UP	8%	\$158 B
2025	DWN	-11%	\$141 B
2026	DWN	-15%	\$120 B
2027	DWN	-8%	\$111 B

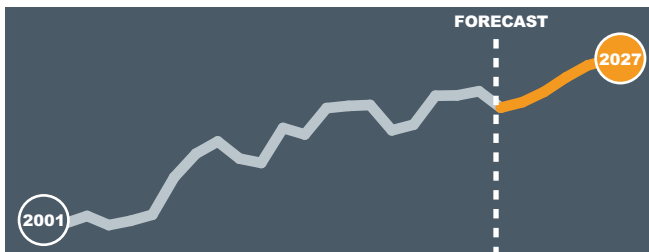
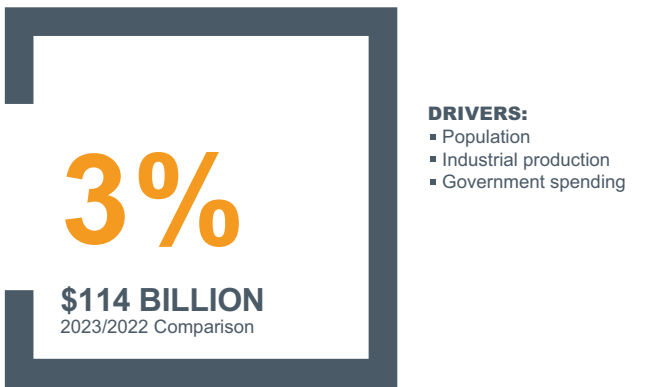
- Trade disputes and geopolitical tensions continue to encourage reshoring of manufacturing capacity investments, backed by policy support via the CHIPS and Science Act and Buy America requirements.
- Manufacturers are racing to address current domestic and international market demands, which include electronic vehicles, various energy technologies (LNG processing, batteries, wind, solar, etc.), semiconductors and biopharmaceuticals.
- Conversely, the Institute for Supply Management’s Manufacturing Purchasing Managers Index (PMI) suggests ongoing challenges, with seven months of the index remaining below 50. May’s reading of 46.9 was hampered by weak new orders and backlogs while pricing pressures decreased significantly.

Nonbuilding Structures Construction Put in Place





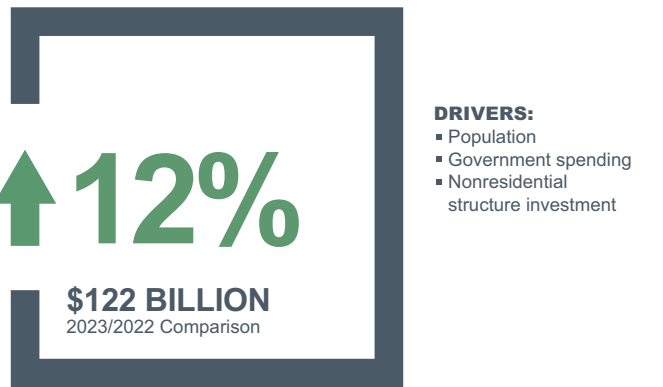
POWER



2024	UP	6%	\$120 B
2025	UP	8%	\$130 B
2026	UP	6%	\$137 B
2027	STA	3%	\$141 B

- Significant planned renewable energy capacity additions will create needs and opportunities in energy storage and transmission spending.
- Microgrid and distributed energy are expected to play an increasingly important role in the evolution of the U.S. energy sector.
- Several recent megaprojects broke ground within power (including a \$3 billion pipeline in Alaska and a \$1 billion solar project in California), strengthening forecasts along the Pacific.

HIGHWAY AND STREET



2024	UP	8%	\$133 B
2025	UP	7%	\$141 B
2026	UP	5%	\$148 B
2027	STA	3%	\$153 B

- Highway and street construction spending is strengthening into midyear 2023, aided by stabilizing input prices, new or recent grant awards, and an increasing number of projects breaking ground.
- Employment within the heavy civil sector remains below pre-COVID levels, and the lack of available labor and increased wage pressures will become more of an issue as highway and street and other nonbuilding structure spending continues to expand over the forecast period.



SEWAGE AND WASTE DISPOSAL



- DRIVERS:**
- Population
 - Industrial production
 - Government spending



2024	UP	7%	\$38 B
2025	UP	5%	\$40 B
2026	STA	3%	\$42 B
2027	STA	3%	\$43 B

- Investment in sewage and waste disposal will continue to grow as residential and industrial demands increase.
- Build America Buy America regulation challenges owner and utility plans for facility upgrades and deferred maintenance.
- Severe weather events continue to promote resiliency programs to address increased flooding and cross contamination between stormwater and sewage infrastructure.

WATER SUPPLY

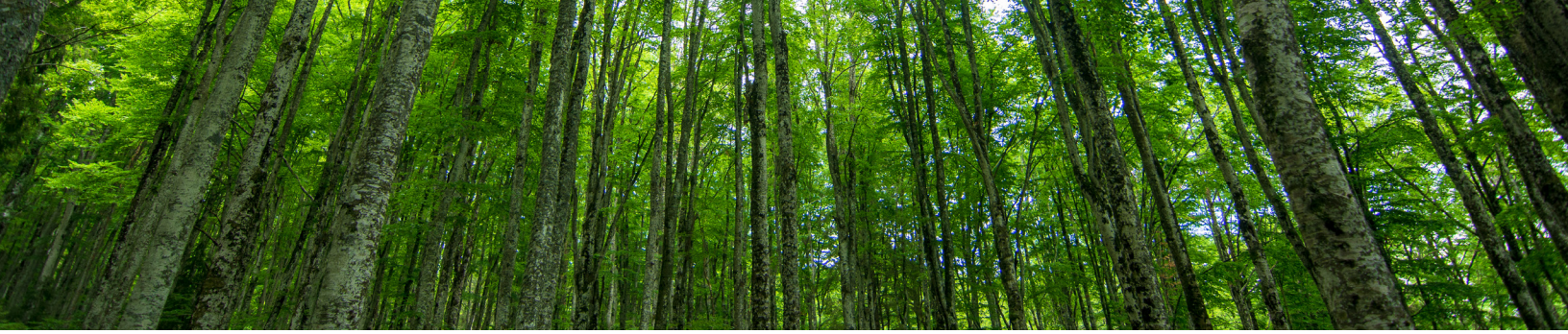


- DRIVERS:**
- Population
 - Industrial production
 - Government spending

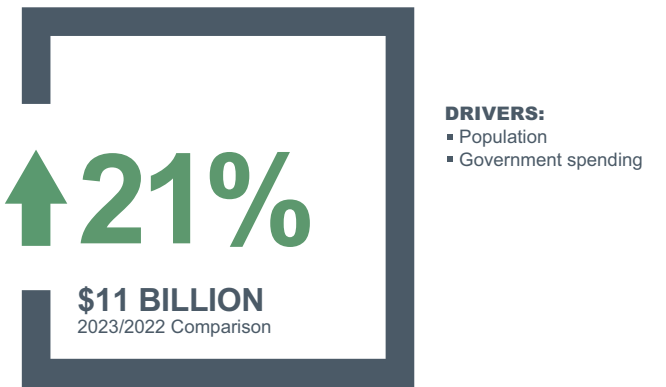


2024	UP	6%	\$27 B
2025	STA	4%	\$28 B
2026	STA	3%	\$29 B
2027	STA	2%	\$29 B

- Population growth and increased industrial investment support ongoing spending on clean water infrastructure.
- Industry research is becoming increasingly focused on understanding exposure and removal of perfluoroalkyl and polyfluoroalkyl substances (PFAS).
- Lead service line replacements funded by the IIJA will help balance losses due to stalled economic growth and decreased developer-led investment.



CONSERVATION AND DEVELOPMENT



2024	UP	10%	\$12 B
2025	STA	1%	\$12 B
2026	DWN	-8%	\$11 B
2027	DWN	-7%	\$11 B

- The focus of future projects will be on coastline resilience, major waterways and communities facing increased flooding.
- Investment levels from the IIJA and the 2022 Disaster Relief Supplemental Appropriations Act are expected to double in 2023.
- Significant investment is expected along the Gulf Coast to protect communities from dangerous storm surges while also reinforcing important trade routes.

Construction Put in Place Estimated for the United States

Millions of Current Dollars

3rd Quarter 2023 Forecast, Based on 1st Quarter 2023 Actuals and 2nd Quarter 2023 Assumptions

	2018	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F
RESIDENTIAL BUILDINGS										
Single-family	289,855	280,385	310,060	424,519	442,784	371,759	314,537	304,741	316,310	334,611
Multifamily	83,411	88,401	100,089	108,845	113,405	126,663	119,156	105,591	105,613	110,623
Improvements*	190,611	184,656	234,108	269,569	354,227	357,496	330,785	314,671	324,054	338,703
Total Residential	563,877	553,442	644,257	802,933	910,416	855,918	764,477	725,003	745,977	783,937
NONRESIDENTIAL BUILDINGS										
Lodging	31,464	33,461	28,483	18,236	18,638	22,482	22,738	20,133	19,392	20,487
Office	76,662	88,724	92,831	86,642	87,753	94,335	89,154	83,009	83,935	88,648
Commercial	86,422	84,345	89,714	94,553	115,577	127,829	117,711	105,654	105,453	110,125
Health Care	43,450	46,263	48,599	48,459	52,710	57,187	60,004	61,809	60,242	59,262
Educational	101,210	108,952	110,692	98,426	99,191	106,790	113,161	116,848	119,335	122,964
Religious	3,499	3,730	3,472	2,926	2,887	2,990	2,992	2,954	2,963	2,997
Public Safety	9,353	12,012	17,667	12,150	11,212	11,602	12,540	13,390	13,486	13,354
Amusement and Recreation	28,068	30,416	28,288	25,276	27,054	29,497	30,285	28,180	26,622	27,118
Transportation	53,219	57,448	60,734	56,689	56,816	62,004	69,827	78,308	83,046	85,008
Communication	24,502	22,184	23,876	24,696	24,343	24,997	26,178	27,576	29,049	30,177
Manufacturing	72,508	80,978	75,425	78,872	107,904	146,385	158,133	140,966	119,661	110,559
Total Nonresidential Buildings	530,357	568,513	579,781	546,925	604,085	686,099	702,723	678,826	663,183	670,699
NONBUILDING STRUCTURES										
Power	99,569	117,960	118,168	120,834	110,355	113,879	120,478	129,623	137,317	140,981
Highway and Street	91,745	99,402	102,321	100,679	109,831	122,487	132,712	141,486	148,317	153,193
Sewage and Waste Disposal	23,931	26,119	27,189	27,968	32,051	35,888	38,357	40,281	41,536	42,959
Water Supply	15,477	16,397	18,952	19,214	22,910	25,281	26,749	27,792	28,625	29,274
Conservation and Development	8,229	9,207	8,903	7,893	9,278	11,198	12,315	12,401	11,377	10,578
Total Nonbuilding Structures	238,951	269,085	275,533	276,588	284,425	308,733	330,610	351,583	367,171	376,985
Total Put in Place	\$1,333,185	\$1,391,040	\$1,499,571	\$1,626,446	\$1,798,926	\$1,850,750	\$1,797,811	\$1,755,413	\$1,776,332	\$1,831,621

Construction Put in Place Estimated for the United States

Change From Prior Year — Current Dollar Basis

3rd Quarter 2023 Forecast, Based on 1st Quarter 2023 Actuals and 2nd Quarter 2023 Assumptions

	2018	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F
RESIDENTIAL BUILDINGS										
Single-family	7%	-3%	11%	37%	4%	-16%	-15%	-3%	4%	6%
Multifamily	4%	6%	13%	9%	4%	12%	-6%	-11%	0%	5%
Improvements*	-2%	-3%	27%	15%	31%	1%	-7%	-5%	3%	5%
Total Residential	3%	-2%	16%	25%	13%	-6%	-11%	-5%	3%	5%
NONRESIDENTIAL BUILDINGS										
Lodging	10%	6%	-15%	-36%	2%	21%	1%	-11%	-4%	6%
Office	12%	16%	5%	-7%	1%	8%	-5%	-7%	1%	6%
Commercial	-1%	-2%	6%	5%	22%	11%	-8%	-10%	0%	4%
Health Care	1%	6%	5%	0%	9%	8%	5%	3%	-3%	-2%
Educational	5%	8%	2%	-11%	1%	8%	6%	3%	2%	3%
Religious	-2%	7%	-7%	-16%	-1%	4%	0%	-1%	0%	1%
Public Safety	10%	28%	47%	-31%	-8%	3%	8%	7%	1%	-1%
Amusement and Recreation	6%	8%	-7%	-11%	7%	9%	3%	-7%	-6%	2%
Transportation	15%	8%	6%	-7%	0%	9%	13%	12%	6%	2%
Communication	3%	-9%	8%	3%	-1%	3%	5%	5%	5%	4%
Manufacturing	3%	12%	-7%	5%	37%	36%	8%	-11%	-15%	-8%
Total Nonresidential Buildings	5%	7%	2%	-6%	10%	14%	2%	-3%	-2%	1%
NONBUILDING STRUCTURES										
Power	4%	18%	0%	2%	-9%	3%	6%	8%	6%	3%
Highway and Street	2%	8%	3%	-2%	9%	12%	8%	7%	5%	3%
Sewage and Waste Disposal	4%	9%	4%	3%	15%	12%	7%	5%	3%	3%
Water Supply	9%	6%	16%	1%	19%	10%	6%	4%	3%	2%
Conservation and Development	10%	12%	-3%	-11%	18%	21%	10%	1%	-8%	-7%
Total Nonbuilding Structures	4%	13%	2%	0%	3%	9%	7%	6%	4%	3%
Total Put in Place	4%	4%	8%	8%	11%	3%	-3%	-2%	1%	3%

*Improvements includes additions, alterations and major replacements. It does not include maintenance and repairs.

Canadian Engineering and Construction Outlook





Canadian Key Takeaways

- Total engineering and construction spending for Canada is forecast to end 2023 down 1% after growing 13% in 2022. The high growth last year was fueled by strength across residential, nonresidential and nonbuilding construction.
- Growth in 2023 will be moderated by the declining residential market. Segments expected to be stable or down include single-family, multifamily, residential improvements, office, educational, religious and power.
- Lodging, commercial, public safety, amusement and recreation, transportation, communication, manufacturing, highway and street, sewage and waste disposal, conservation and development, and water supply are strong growth segments, with each anticipated to experience 2023 year-end growth rates of greater than 5%.

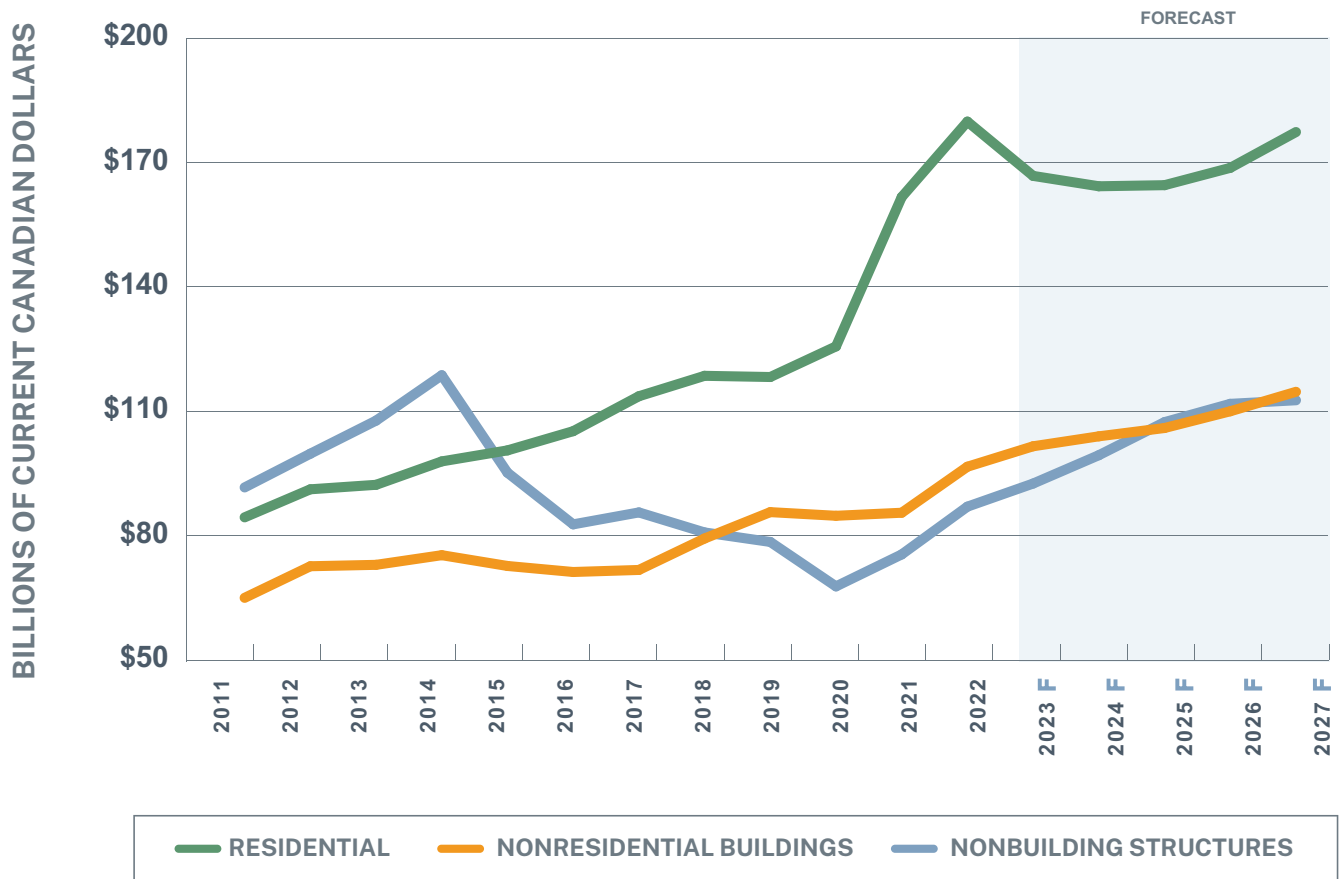
Canadian 2023 Segment Performance

2023/2022 Comparison

 <p>UP 5% or more</p>	<p>STABLE 0% to 4%</p>	 <p>DOWN Under 0%</p>
<ul style="list-style-type: none"> Lodging Commercial Public Safety Amusement and Recreation Transportation Communication Manufacturing Highway and Street Sewage and Waste Disposal Conservation and Development Water Supply 	<ul style="list-style-type: none"> Office Educational Religious Power 	<ul style="list-style-type: none"> Single-family Multifamily Improvements Health Care



Total Construction Spending Put in Place Estimated for Canada



SOURCE: FMI FORECAST Q3 2023

Third quarter forecast is based on first quarter actuals and second quarter assumptions.



Total Nonresidential Canadian Construction Spending Put in Place 2022 and Forecast Growth (2022 through 2027) by Construction Segment



SOURCE: FMI FORECAST Q3 2023

Construction Put in Place Estimated for the Canada

Millions of Current Dollars

3rd Quarter 2023 Forecast, Based on 1st Quarter 2023 Actuals and 2nd Quarter 2023 Assumptions

	2018	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F
RESIDENTIAL BUILDINGS										
Single-family	26,394	22,839	24,582	34,778	35,947	30,438	28,882	28,022	28,421	29,793
Multifamily	31,860	34,475	38,253	46,166	48,169	46,899	46,922	47,696	50,043	52,736
Improvements*	60,460	61,114	62,927	80,592	95,488	89,265	88,312	88,660	90,063	94,573
Total Residential	118,714	118,428	125,761	161,536	179,603	166,602	164,116	164,378	168,528	177,102
NONRESIDENTIAL BUILDINGS										
Lodging	2,766	2,750	2,567	2,614	3,280	3,448	3,230	3,238	3,349	3,553
Office	10,138	11,311	11,596	10,291	10,437	10,752	10,275	10,411	10,925	11,482
Commercial	14,002	16,072	15,001	15,277	19,169	20,140	19,383	19,048	19,635	20,360
Health Care	5,252	5,319	5,745	6,289	6,686	6,578	7,327	8,053	8,120	8,270
Educational	7,678	6,744	6,829	7,610	7,925	8,082	8,430	8,806	9,148	9,418
Religious	382	444	419	320	299	312	322	335	344	355
Public Safety	1,250	1,698	1,741	1,545	1,567	1,717	1,781	1,903	2,001	2,062
Amusement and Recreation	4,569	3,983	3,896	3,405	4,055	4,246	4,130	4,150	4,347	4,585
Transportation	7,761	8,718	9,383	9,753	10,869	11,922	12,904	13,642	14,366	15,086
Communication	5,835	5,833	6,900	8,306	9,860	10,434	10,479	10,768	11,150	11,348
Manufacturing	20,116	23,189	21,110	20,509	22,795	24,206	25,958	25,857	26,834	28,361
Total Nonresidential Buildings	79,749	86,063	85,187	85,918	96,943	101,837	104,220	106,212	110,220	114,881
NONBUILDING STRUCTURES										
Power	53,538	51,840	39,478	45,269	50,144	52,307	55,446	60,317	62,416	61,677
Highway and Street	20,029	18,557	19,782	21,685	26,513	28,946	31,933	34,191	35,899	37,509
Sewage and Waste Disposal	3,638	4,637	5,047	4,988	6,016	6,573	7,046	7,576	7,992	7,938
Water Supply	3,657	3,456	3,772	3,771	4,617	4,990	5,175	5,438	5,589	5,628
Conservation and Development	335	430	196	220	88	95	100	102	106	106
Total Nonbuilding Structures	81,197	78,920	68,275	75,933	87,378	92,911	99,700	107,624	112,004	112,858
Total Put in Place	\$279,660	\$283,411	\$279,224	\$323,388	\$363,925	\$361,350	\$368,036	\$378,214	\$390,752	\$404,841

Construction Put in Place Estimated for the Canada

Change From Prior Year — Current Dollar Basis

3rd Quarter 2023 Forecast, Based on 1st Quarter 2023 Actuals and 2nd Quarter 2023 Assumptions

	2018	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F
RESIDENTIAL BUILDINGS										
Single-family	-6%	-13%	8%	41%	3%	-15%	-5%	-3%	1%	5%
Multifamily	12%	8%	11%	21%	4%	-3%	0%	2%	5%	5%
Improvements*	6%	1%	3%	28%	18%	-7%	-1%	0%	2%	5%
Total Residential	4%	0%	6%	28%	11%	-7%	-1%	0%	3%	5%
NONRESIDENTIAL BUILDINGS										
Lodging	8%	-1%	-7%	2%	25%	5%	-6%	0%	3%	6%
Office	13%	12%	3%	-11%	1%	3%	-4%	1%	5%	5%
Commercial	4%	15%	-7%	2%	25%	5%	-4%	-2%	3%	4%
Health Care	2%	1%	8%	9%	6%	-2%	11%	10%	1%	2%
Educational	-1%	-12%	1%	11%	4%	2%	4%	4%	4%	3%
Religious	-1%	16%	-6%	-23%	-6%	4%	3%	4%	3%	3%
Public Safety	-3%	36%	3%	-11%	1%	10%	4%	7%	5%	3%
Amusement and Recreation	1%	-13%	-2%	-13%	19%	5%	-3%	0%	5%	5%
Transportation	28%	12%	8%	4%	11%	10%	8%	6%	5%	5%
Communication	1%	0%	18%	20%	19%	6%	0%	3%	4%	2%
Manufacturing	24%	15%	-9%	-3%	11%	6%	7%	0%	4%	6%
Total Nonresidential Buildings	10%	8%	-1%	1%	13%	5%	2%	2%	4%	4%
NONBUILDING STRUCTURES										
Power	-8%	-3%	-24%	15%	11%	4%	6%	9%	3%	-1%
Highway and Street	2%	-7%	7%	10%	22%	9%	10%	7%	5%	4%
Sewage and Waste Disposal	-14%	27%	9%	-1%	21%	9%	7%	8%	5%	-1%
Water Supply	17%	-5%	9%	0%	22%	8%	4%	5%	3%	1%
Conservation and Development	-30%	28%	-54%	12%	-60%	7%	6%	2%	4%	0%
Total Nonbuilding Structures	-6%	-3%	-13%	11%	15%	6%	7%	8%	4%	1%
Total Put in Place	3%	1%	-1%	16%	13%	-1%	2%	3%	3%	4%

*Improvements includes additions, alterations and major replacements. It does not include maintenance and repairs.

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