FMI

FIRST QUARTER EDITION

2026 NORTH AMERICAN ENGINEERING AND CONSTRUCTION INDUSTRY

OVERVIEW

JANUARY 2026

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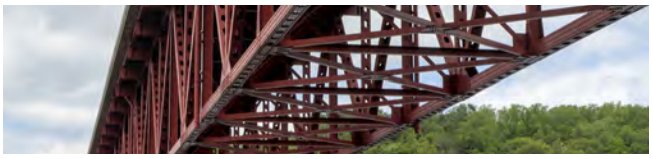


WATCH THESE FIVE TRENDS IN THE BUILT ENVIRONMENT TO DRIVE RESILIENCY AND PROFITABILITY

By Chris Daum, President and Chief Executive Officer

Key Takeaways

Organizations that take these steps will be rewarded in 2026:

- Invest in people and your leadership pipeline.
- Establish disciplined operating systems and data frameworks.
- Build resilience in supply chains and business models.
- Accelerate adoption of AI, automation and digital tools.
- Understand sectors and geographies and what's driving demand.

As we move into 2026, understanding the trends shaping the built environment is more important than ever. The industry is entering a transition year marked by heightened uncertainty, uneven performance across sectors and regions, and the convergence of powerful macro forces. But not all sectors, business models and geographies will experience the same outcomes, so leaders who rely on broad assumptions rather than targeted insights risk being caught off guard as conditions evolve.

Resilience is now mandatory.

Many factors influence how construction demand will unfold through the remainder of the decade, including shifts in federal policy, global geopolitical dynamics, changing capital markets, and continued pressure on labor and operating costs. While no one can predict the future with certainty, several trends are already reshaping how and where investment occurs and will play an outsized role in determining who is best positioned for long-term success.

> In an era of geopolitical, financial, and labor uncertainty, resilience is defined by informed leadership and disciplined preparation—not prediction.

As we point out in the sector commentary, the backdrop and demand mix are more complicated than overall construction spending totals suggest. There's still an elevated risk of a recession into 2026 given tight credit and challenges in many sectors for private development (e.g., residential). But despite this, construction overall remains stable with extreme growth coming in data centers (a subset of the office segment), power, manufacturing, transportation and water-related areas.

Executives who delve deeper into the headlines to truly understand their sectors and geographies will be able to best position their companies. They'll also need to set aside time to develop the next generation of business and field leaders to ensure their companies remain resilient in the face of rapid change.

The following five trends are expected to shape engineering, construction and the broader built environment in 2026 and beyond. If you'd like to discuss these or others that you're seeing in your space, we'd be happy to connect.

The link between construction spending and “great power” competition

For much of the 21st century, armed conflicts outside the U.S. and broader geopolitical risks have had limited to no impact beyond brief supply chain disruptions on North American construction spending. However, the U.S. is making sustained and demonstrable steps to decouple sensitive sectors of its economy from China as growing competition between these two powers is quickly taking hold as the main geopolitical risk of this century.

The U.S., Canada and other near allies are moving aggressively to shorten critical supply chains, develop alternative sources of essential components and minerals, rebuild domestic capacity to manufacture basic industrial goods, including dual-use civilian and military components, and harden infrastructure across the U.S. and Pacific.

The 2025 One Big Beautiful Bill Act (OBBBA) and bipartisan 2026 defense appropriation bill passed by the House of Representatives contain provisions aligned with these efforts. Firms across the built environment will play key roles in these sustained efforts that are likely to result in new areas of elevated federal funding for years to come.

TREND 1

Diverging market conditions are reshaping construction demand.

The built environment is entering a period defined less by broad cycles . While overall construction activity remains supported by long-term fundamentals, performance is increasingly uneven across sectors and markets. Some private sectors are softening even as power and utilities, infrastructure and other mission-critical segments continue to demonstrate strength.

Federal stimulus-backed infrastructure investment is beginning to taper, introducing greater variability in infrastructure momentum and increasing uncertainty around the timing and scale of future public-sector investment. At the same time, many states and municipalities have stepped in with legislation and incentives of their own to fill the federal funding gap. Additionally, inflationary pressures have plateaued but remain elevated in critical cost categories such as labor, materials and financing. Other areas are experiencing divergence, such as oil dropping while copper is at or near high prices. Lending conditions warrant caution, forcing owners and developers to be more selective and disciplined in capital deployment.

These dynamics require companies to move beyond one-size-fits-all growth strategies. Planning for 2026 increasingly means accounting for sector-by-sector and region-by-region performance, and understanding where demand is accelerating, where it is stabilizing and where it may be contracting. Organizations that adapt their strategies to this uneven landscape rather than assuming broad-based growth or stability will be better equipped to manage risk and allocate resources effectively.

> Strategic planning is shifting from broad expectations to disciplined, scenario-based preparation.

Questions to consider:

- Where is your backlog concentrated and are you exposed to sector-specific slowdowns?
- How are shifting funding sources and lending conditions influencing project timing and feasibility?
- Are your forecasting and planning processes flexible enough to account for uneven geographic and sector performance?

TREND 2

Power, data centers and the infrastructure that supports them are driving the next wave of growth.

In some markets, data centers account for more than 25% of total nonresidential building construction. Even though we discussed this trend last year, it remains a critical part of what is propelling construction spending and resource allocation. Growth is heavily linked to key inputs like power, water, and grid and fiber access.

The availability of reliable, resilient and scalable power is the central constraint to rising data center demand, however. A 2024 Berkeley Lab report estimates that data centers could consume 325 to 580 TWh per year by 2030, or between 7% to 12% of total U.S. electricity use, pushing site selection toward interconnection timing and grid capacity. This surge puts unprecedented strain on transmission, distribution and generation infrastructure, elevating the importance of grid modernization and energy planning.

Contractors and engineers who provide proven professional and field services across high-impact areas like transmission interconnection, substations and wet/dry utilities — and with an established track record around timelines, risk and safety management — are set to keep winning work and growing multiyear backlog.

Sectors that will be led by complex megaprojects, such as transportation and manufacturing, will also contribute to the next wave of growth. While the forecast for manufacturing is a 6% decline in 2026, the pace of spending is expected to pick up by 2027. That return to stability combined with consistent spending in institutional segments and investments in transportation will stabilize construction spending.

Infrastructure, data centers and manufacturing projects are often larger, complex and more capital-intensive than traditional industrial work. They demand higher levels of coordination, technical expertise and risk management across the project lifecycle.

Success for engineers, building product manufacturers and contractors increasingly depends on understanding the interdependencies between power, permitting, labor availability and regulatory compliance. The ability to address and service these increasingly complicated projects will differentiate professionals over the next decade, providing stable backlogs and consistent revenue.

Questions to consider:

- How is growing demand for power impacting your markets and project pipeline?
- Are you positioned to support large-scale, energy-intensive and mission-critical projects?
- How quickly can you shift resources to take advantage of large-scale public and private investments?

TREND 3

Sustainability, electrification and resilience are becoming foundational requirements.

Sustainability and electrification are no longer driven solely by policy mandates or corporate commitments as they are evolving into core economic and operational considerations. Rising energy demand, increasing electricity costs and growing exposure to extreme weather events are pushing owners and public agencies to prioritize resilient, efficient and durable infrastructure.

Climate-related disasters like storms, floods, and extreme heat are escalating in frequency, cost and disruption. In 1980, the U.S. experienced just three billion-dollar climate disasters; by 2024, that number had risen to 27, causing more than $182.7 billion in damages. Globally, losses are at least twice as high. These events are accelerating demand for infrastructure that can withstand future conditions, fueling investment in resilient infrastructure and hasting growth across the utility infrastructure value chain.

State and local governments are increasingly tightening climate-resilience requirements at the same time federal funding is shifting. Investments in distributed energy resources, energy efficiency and resilient design are being shaped as much by risk mitigation, reliability and speed to market as by environmental goals.

These shifts are influencing how projects are designed, bid and executed. Lifecycle cost, redundancy and adaptability are emerging as key decision criteria, particularly for critical infrastructure and public-sector work. Organizations that understand how sustainability and resilience intersect with cost, constructability and long-term value will be better positioned to win and deliver work in the prime position within both public and private projects.

Questions to consider:

- How are climate and resilience requirements changing project scope and delivery expectations?
- Are sustainability initiatives aligned with economic performance and risk management?
- How prepared is your organization to support resilient and electrified infrastructure at scale?

TREND 4

Labor constraints and digital transformation are redefining performance gaps.

Labor availability remains one of the industry's most persistent challenges in 2026, with the industry adding only 14,000 net new jobs in 2025, setting up for tighter labor conditions over the forecast period. The November Bureau of Labor Statistics JOLTS data show construction job openings around 300,00, or 4% of total U.S. job openings, which signals a market that is cooling but remains tight for many skilled workers as project complexity grows. The gap between retiring skilled workers and new entrants continues to widen, exacerbated by shifting immigration policies that affect the roughly 30% of construction workers who were born outside the U.S.

These labor factors limit growth and amplify inflationary concerns and execution risk across the industry. In response, companies are increasingly focused on workforce development, leadership pipelines and upskilling. Organizations that invest in clear career pathways, training programs and leadership development are better positioned to attract and retain talent and to execute work more consistently.

At the same time, digital and AI adoption is accelerating. AI-assisted design, automation, robotics and predictive analytics are moving rapidly from experimentation to scaled implementation. As our 2023 Labor Productivity Study found, a 6% improvement in productivity can lead to an average 50% increase in profitability, indicating those who can strategically deploy technology alongside process improvements have much to gain.

> The next performance advantage belongs to organizations that pair workforce development with integrated digital execution.

However, technology alone is not the differentiator. The real performance gap is emerging between companies that have disciplined operating systems, integrated data strategies, clear people strategies and aligned processes and those that struggle to translate technology investments into measurable results.

Questions to consider:

- How resilient is your workforce strategy in a tightening labor market?
- Are digital tools integrated into your operating model or layered on top of existing processes?
- How are you measuring the return on investment from technology and talent initiatives?

TREND 5

Structural drivers continue to support long-term M&A momentum.

Mergers and acquisitions (M&A) activity across the U.S. built environment has shifted from cautious optimism to steady execution. Despite setbacks from tariff turmoil, geopolitical risks and labor uncertainties, the macroeconomic and structural forces that began aligning in prior years appear to be translating into sustained transaction activity. While volatility and uncertainty persist, market participants have, to some degree, recalibrated expectations around interest rates, valuations and risks, enabling buyers and sellers to transact with greater confidence.

High demand for specialized engineering, construction and infrastructure services is driven by ongoing investment in:

- Infrastructure modernization and expansion
- Energy transition and grid optimization
- Digital and communications infrastructure
- Water and environmental systems
- Mission-critical facilities

These long-cycle, non-discretionary end markets are proving resilient across economic conditions and are attracting strategic and financial capital alike. Private equity remains a dominant force in 2026.

While geopolitical risks, tariff uncertainty and cost pressures remain ongoing considerations, they have become embedded features of the operating environment rather than transaction deterrents, and in some cases are acting as transaction drivers. M&A in 2026 is increasingly defined by selectivity and quality, rewarding well-positioned companies that proactively prepare for transactions, address internal and external risks, and align with the needs of long-term capital and strategic partners.

Questions to consider:

- How does M&A fit into your growth and succession strategy?
- Are you positioned to attract high-quality capital or acquisition interest at market valuations?
- What operational or strategic gaps can M&A help address?

WHAT IT MEANS FOR YOU

The current M&A environment rewards planning, preparation and positioning. Buyers and investors are increasingly selective, prioritizing companies with:

- Strong leadership teams
- Consistent profitability and long-term growth
- Scalable models
- Differentiated capabilities
- Exposure to resilient and growing end markets

Companies that begin planning early are better able to address operational gaps, articulate and prove a compelling growth narrative, and align timing with favorable market conditions. Even if a transaction is not imminent, understanding your strategic options and how buyers and investors will view your business can materially improve operations in addition to future exit outcomes.

In a market defined by quality and selectivity, proactive engagement, expert planning, thoughtful preparation and informed decision-making are critical. Owners who take a long-term, strategic view are best positioned to maximize value and achieve their objectives in a highly active but increasingly disciplined M&A landscape.

EXECUTIVE SUMMARY

Total U.S. construction put in place is estimated to decline 1% in 2025, then in 2026 rise 1% to $2.2 trillion. Growth across sectors remains uneven, with data centers and infrastructure work offsetting softer cyclical building segments including multifamily, lodging, commercial, traditional office, amusement and recreation, and manufacturing.

U.S. construction entered 2026 with a late-cycle industry backdrop and a more complicated demand mix than headline totals suggest. Recession risk remains elevated into 2026, driven by a cooling labor market and a yield curve that has begun steepening following the Federal Reserve's rate cuts in late 2025. Credit remains tight, and vacancies and delinquencies in multifamily and office continue to constrain private development. Data availability has also been disrupted by the federal government shutdown that delayed several key releases, which has clouded planning and budgeting.

Residential markets are where the impact of high borrowing costs and affordability constraints are most visible. Single-family construction spending is projected to decline 5% to $420 billion as payment-to-income ratios remain near record highs. Multifamily construction spending is forecast to fall 9%, with vacancies dropping despite a large wave of inventory that was added over the past several years. Improvements spending is expected to increase 6%, as high valuations and aging housing stock and energy-efficiency incentives sustain the renovations market.

Nonbuilding structures continue to provide the industry with stability and growth, led by power, water and wastewater investment tied to grid modernization, resilience and capacity expansion. At the same time, nonresidential buildings remain a tale of two markets. Traditional office, retail and warehouse construction remain constrained by vacancy, underwriting discipline and cautious capital, while data center work is expanding rapidly and increasingly dominates the office segment. (Data center facilities are currently classified by the U.S. Census as a subsegment of the office sector.)

The most important story for 2026 is divergence. More than ever, executives need to be cautious about interpreting the industry's broad segment labels without looking at the mix beneath them as well as regional makeup and differences. The practical implication for strategy is disciplined selectivity. Lean into the most durable demand streams, especially power, water and data-center-adjacent work, while staying conservative on rate-sensitive private development and managing labor, schedules and procurement risk around megaproject delivery.

U.S. ENGINEERING AND CONSTRUCTION OUTLOOK

U.S. KEY TAKEAWAYS

- Total U.S. construction put in place is estimated to end 2025 at $2.17 trillion, down 1% year over year. After more than a decade of uninterrupted expansion, the industry last year experienced a cooling phase. Residential and nonresidential buildings both softened, while infrastructure spending added stability, which is considered a late-cycle trend typical in previous recession periods.
- Looking ahead to 2026, construction spending is forecast to edge higher by 1%. This stabilization will eventually transition into a recovery cycle. Nonbuilding structures are expected to lead again, up 4%, as power, water and environmental projects move forward on funding that is already committed. Residential spending will improve modestly, up 2%, as single-family building responds to lower rates and somewhat better affordability conditions. Nonresidential buildings, taken as a whole, will remain flat albeit mixed.
- Performance across building segments remains divided in 2026. Office spending is forecast to grow 7%, but that headline number is almost entirely driven by data centers. Traditional office continues to face high vacancies, refinancing risks and limited investor appetite. Infrastructure and adjacent segments continue to show the most consistent momentum, including sewage and waste disposal, conservation and development, water supply and power. Declines will persist across traditional office, commercial retail, warehouse, manufacturing and multifamily, reflecting tight credit conditions, capacity concerns and the unwinding of several recent years of strong development.
- Contractor sentiment improved meaningfully in late 2025, heading into 2026. The Nonresidential Construction Index (NRCI) rose to 54.5, moving firmly back into expansion territory after weakness through most of 2025. The Civil Infrastructure Construction Index (CICI) also increased to 52.1, reinforcing the view that public markets remain stable even as private development remains selective. Backlogs improved across both surveys, but labor and materials costs continue to limit expectations on execution, planned starts and margins.

UNITED STATES 2025 SEGMENT PERFORMANCE

2024/2025 COMPARISON

UP
5% or more

- Residential Improvements
- Religious
- Public Safety
- Amusement and Recreation
- Sewage and Waste Disposal
- Water Supply
- Conservation and Development

STABLE
0% to 4%

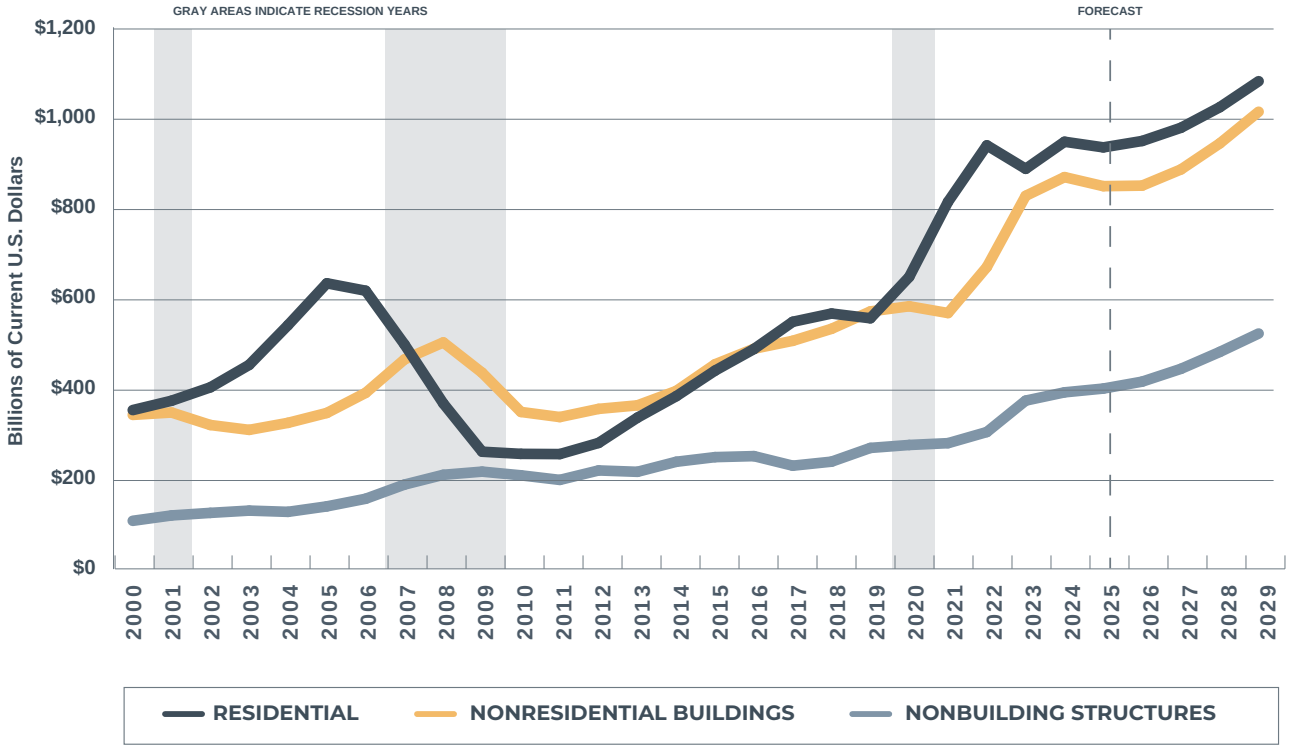
- Office
- Health Care
- Educational
- Transportation
- Communication
- Power

DOWN
Under 0%

- Single-family
- Multifamily
- Lodging
- Commercial
- Manufacturing
- Highway and Street

Due to delays in data reporting from the government shutdown, these first quarter 2026 forecasts are based on Census data through August 2025.

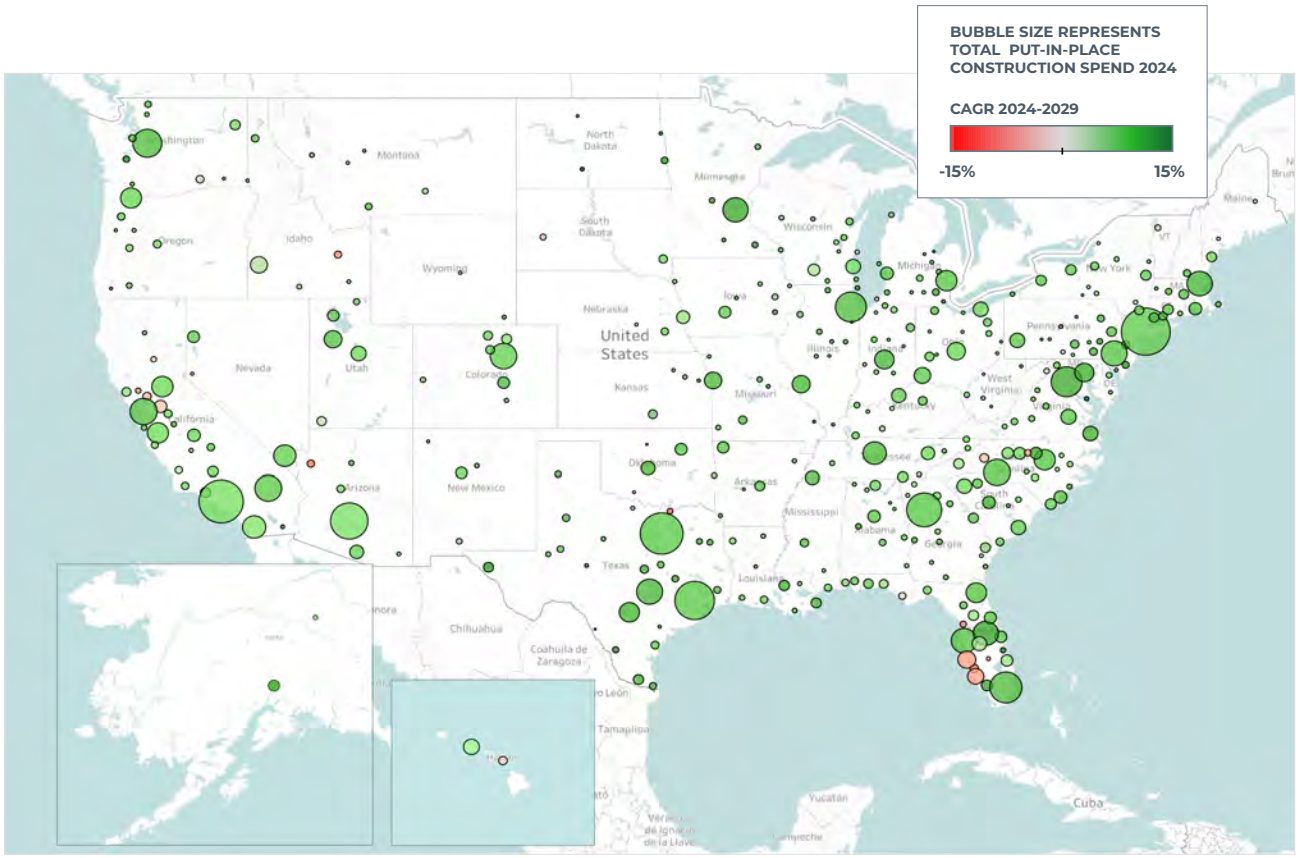
CONSTRUCTION SPENDING PUT IN PLACE
ESTIMATED FOR THE UNITED STATES



SOURCE: FMI FORECAST Q1 2026

First quarter forecast based on third quarter 2025 actuals and fourth quarter assumptions. Year end 2025 data will be released by the U.S. Census Bureau early this spring and featured in our Q2 Outlook.

HISTORICAL CONSTRUCTION SPENDING PUT IN PLACE
FORECAST GROWTH ACROSS METROPOLITAN STATISTICAL AREAS



SOURCE: FMI FORECAST Q1 2026

RESIDENTIAL CONSTRUCTION PUT IN PLACE

SINGLE-FAMILY RESIDENTIAL

-5%

$420 BILLION
2025/2024 Comparison

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

2026	STA	1%	$423 B
2027	STA	3%	$434 B
2028	STA	4%	$452 B
2029	UP	5%	$476 B

- Mortgage rates are expected to hold around 6% to 6.5% through most of 2026, keeping monthly payments elevated versus median incomes. Affordability remains strained with the home price to median household income ratio still near record territory, and single-family starts down nearly 4% year over year. Additionally, immigration policy shifts in 2025 limit population growth drivers.
- Builders are increasingly using incentives to sustain demand, manage absorption and control standing inventory. NAHB reported that 67% of builders offered discounts or upgrades in December 2025, the highest share in the post-Covid period, reinforcing how widespread price support has become. These levers are helping sales velocity, but they are also compressing margins as regulatory costs and select material inputs trend higher.
- Policy attention in 2026 is likely to focus on easing homeowner lock-in and improving affordability through multiple mechanisms. Recent concepts circulating include portable mortgages, 50-year mortgages and options that allow households to sell or cash out low-rate mortgage debt. Additionally, a federal proposal was announced in early 2026 to ban large investors from buying single-family homes. Beyond mortgage payments, higher insurance, property taxes and transaction fees are compounding the affordability squeeze.

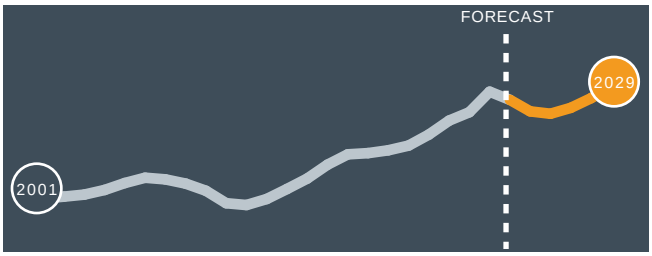
- Product is shifting toward smaller, lower-cost formats as builders optimize for monthly payment thresholds. The average size of new single-family homes has fallen from roughly 2,700 square feet in 2016 to just under 2,400 square feet by late 2025, reflecting sustained downsizing. Entry level and build to rent remain relative bright spots, supported by institutional capital and continued migration toward more affordable markets across the South and Midwest.

MULTIFAMILY RESIDENTIAL

-9%

$125 BILLION
2025/2024 Comparison

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



2026	DWN	-2%	$122 B
2027	UP	5%	$128 B
2028	UP	8%	$139 B
2029	UP	9%	$151 B

- Oversupply in select metros and softer rent growth through 2025 are keeping new starts muted into early 2026. Vacancy edged up to 8.5% by year end, per CoStar, but should stabilize and begin easing in 2026 as 2025 starts hit historic lows. A large wave of deliveries is still queued for 2026, limiting near-term expectations for increased investment.
- Given continued return-to-office initiatives in 2026, leasing competition will remain intense in high-demand cities such as Miami, Dallas and New York. With private capital remaining selective, developers are leaning toward adaptive reuse, affordable and Low Income Housing Tax Credit–supported projects, and mixed-income formats where public support or mission-driven equity can close the gap.
- Value-add renovations and office-to-residential conversions continue to expand as a practical outlet for weak office fundamentals. Washington, D.C., set the pace in 2025, and New York City is emerging as the 2026 focal point, with additional momentum in Houston, Chicago and Cleveland. Local programs such as New York's Office Conversion Accelerator and D.C.'s Housing in Downtown are helping de-risk these deals and speed feasibility work.

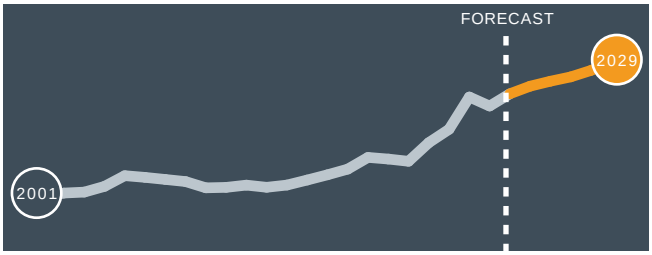
- Financing remains the main limiting factor on speculative multifamily investment, with elevated insurance and property taxes pressuring operating margins. Lenders are also pushing higher debt service coverage and larger equity checks, which is narrowing the pool of viable projects. Cuts to affordable housing incentives and block grant–style programs could further constrain development, particularly in lower-income and high-cost markets.

IMPROVEMENTS

6%

$384 BILLION
2025/2024 Comparison

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



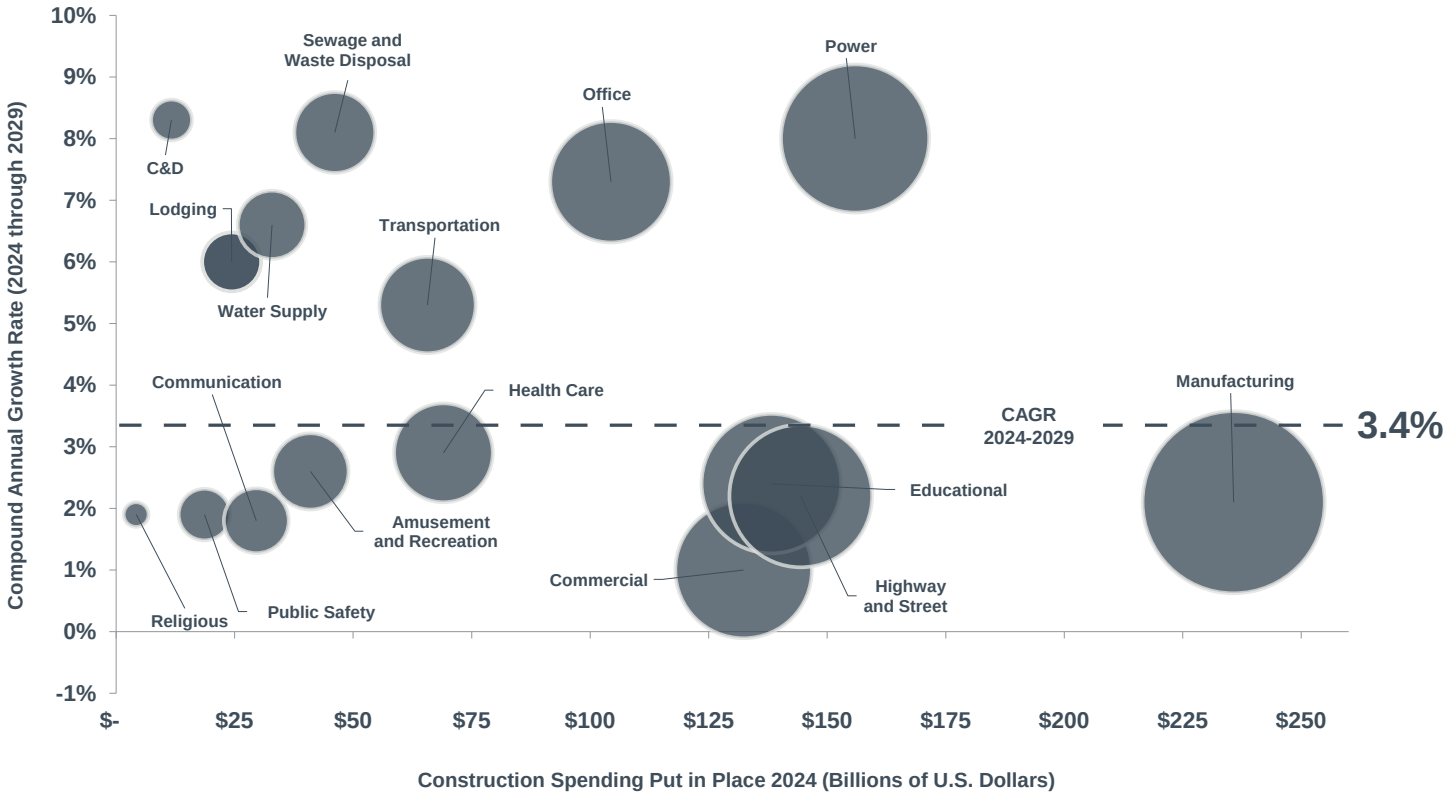
2026	STA	3%	$397 B
2027	STA	3%	$408 B
2028	STA	4%	$426 B
2029	UP	5%	$447 B

- Late 2025 results from Home Depot and Lowe's show more activity from professionals, while homeowners stay selective on big-ticket discretionary remodels. Home Depot cited strength in professional categories such as insulation, siding and plumbing, but noted demand for larger projects remained uneven. Lowe's also highlighted momentum from its small- to mid-sized professional customers, reinforcing that repair and maintenance spending is holding up better than elective upgrades.
- With the median owner-occupied home nearing 45 years old, replacement cycles for roofs, HVAC, plumbing, electrical and building envelope work are sustaining baseline activity even as kitchens, baths and other discretionary upgrades soften.
- The Harvard Joint Center for Housing Studies, Leading Indicator of Remodeling Activity (JCHS LIRA) projects home improvement and repair spending growth will slow to about 1.2% year over year by the second quarter of 2026, pointing to a more normalized market. For 2026 to 2027, we expect slower and steadier spending growth driven by essential system work rather than discretionary remodeling.
- HELOC availability is improving the funding backdrop for necessary repairs. Balances reached about $422 billion in the third quarter of 2025, marking the 14th straight quarterly increase. This gives homeowners a way to fund needed repairs or replacements without refinancing low-rate first mortgages.
- Phaseouts for several residential energy credits under the One Big Beautiful Bill Act likely pulled some efficiency and rebate-sensitive projects forward into late 2025. That sets up 2026 spending to skew more toward essential replacements and resilience-related work, with fewer subsidy-driven discretionary retrofits.

NONRESIDENTIAL CONSTRUCTION PUT IN PLACE

NONRESIDENTIAL CONSTRUCTION SPENDING PUT IN PLACE

FORECAST GROWTH BY CONSTRUCTION SEGMENT



SOURCE: FMI FORECAST Q1 2026

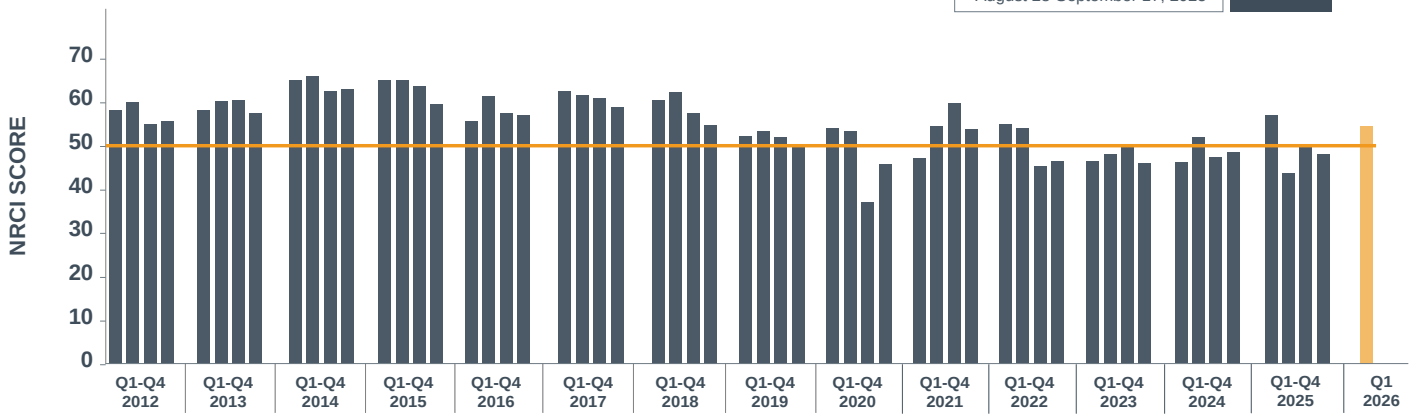
TOTAL NONRESIDENTIAL CONSTRUCTION INDEX (NRCI)

Q1 2012 TO Q1 2026

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

Current NRCI Reading for Q1 2026
Survey dates: December 3-18, 2025
54.5

Previous Reading August 28-September 17, 2025
47.9

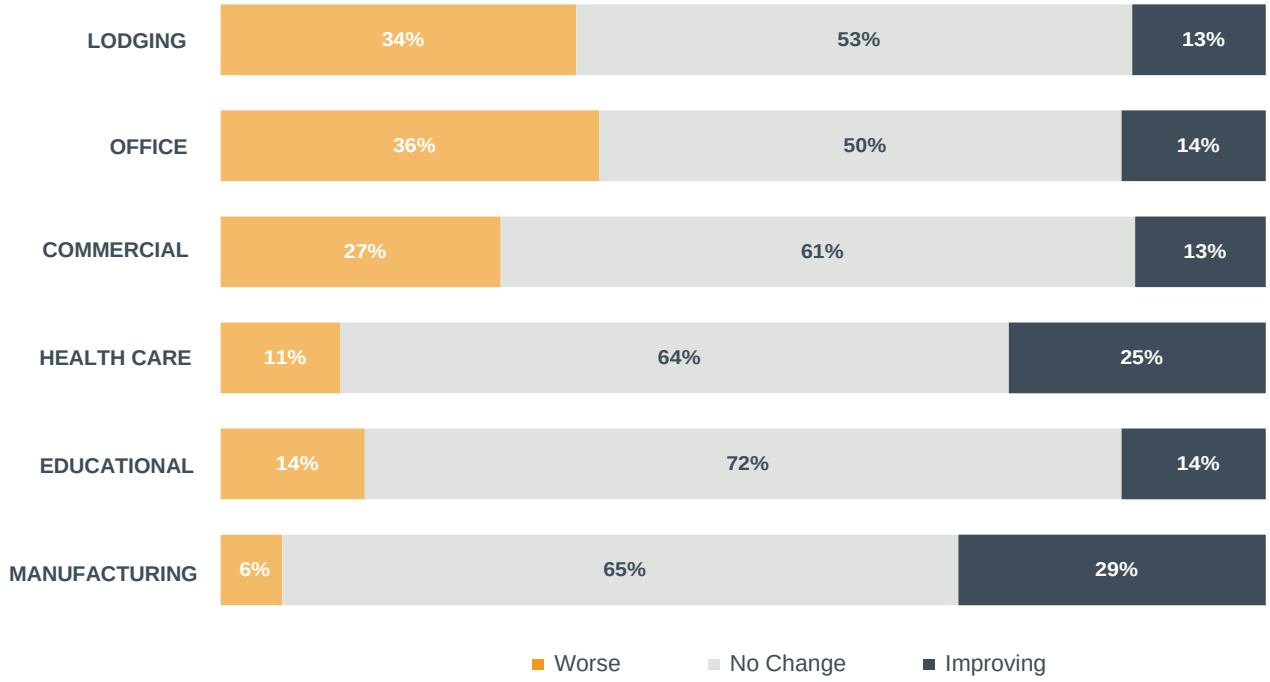


NRCI INDEX MOVEMENT		Q1 2026	Q4 2025
Overall U.S. Economy	↑	54.6	44.8
Economy Where We Do Business	↑	57.9	47.8
Our Engineering and Construction Business	↑	67.1	56.7
Engineering and Construction Where We Do Business	↑	58.6	47.0
Backlog	↑	70.4	54.6
Cost of Materials	↑	31.6	23.9
Cost of Labor	↑	28.3	23.1
Productivity	↑	53.9	47.8

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.

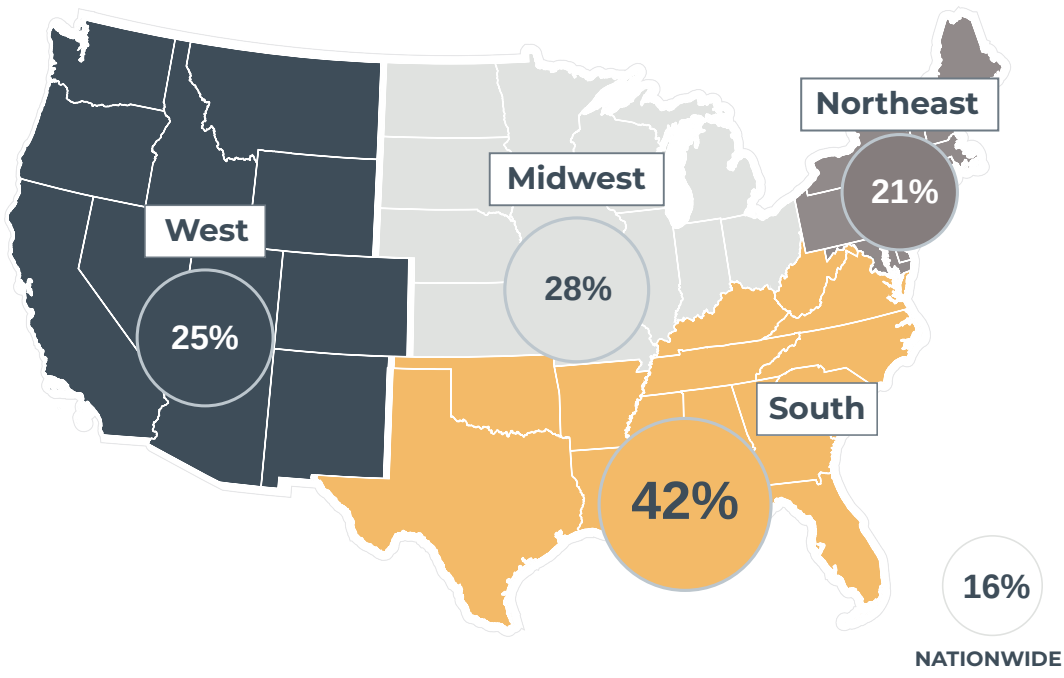
If you are interested in participating in this important industry index, please submit a request via our NRCI Participation Request form.

PERCEPTION OF CHANGE BY SEGMENT FOR NEXT QUARTER*



*SEGMENTS CAPTURED IN NRCI SURVEY.

WHERE SURVEY PARTICIPANTS WORK BY GEOGRAPHY*



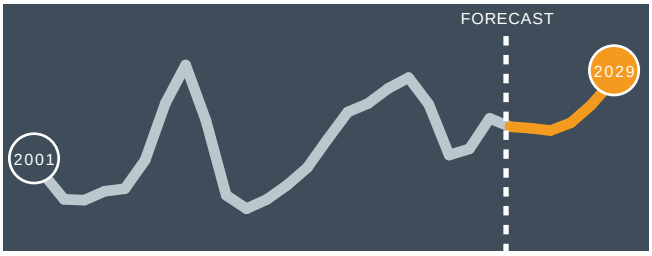
*RESPONDENTS ARE ABLE TO SELECT MORE THAN ONE OPTION.

LODGING

-1%

$24 BILLION
2025/2024 Comparison

DRIVERS:
- Occupancy rates
- RevPAR
- Average daily rates
- Room starts



2026	DWN	-2%	$24 B
2027	UP	6%	$25 B
2028	UP	13%	$28 B
2029	UP	15%	$33 B

- Hotel fundamentals softened heading into the end of 2025. CoStar's November 2025 data showed occupancy at 57.9%, down 2.8% year over year, average daily rates at $153.77, up 0.6%, and revenue per available room (RevPAR) at $88.97, down 2.3%, which reinforces a cautious investment climate going into 2026. Among the top markets, Tampa was the biggest outlier, with RevPAR down 27.1% year over year.
- Lodging Econometrics third-quarter report highlights the development pipeline is still large but not accelerating. Extended-stay hotels comprised about 40% of all projects late last year.
- Renovations and property improvement plans are the primary driver for spending in 2026. Owners still need to keep properties competitive, but scopes are becoming more practical, with focus on guestrooms, lobbies and building systems that protect rates and reduce operating friction.
- Technology spending in 2026 is shifting away from guest-facing novelty and toward cost control. Energy management, automation and workflow systems that support leaner staffing are rising on the priority list because they can pay back even when revenue growth is choppy.

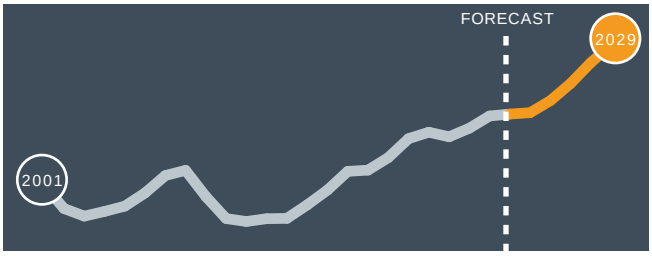
- Financing is selective, and maturing debt is increasing pressure on owners. That combination is likely to drive more recapitalization activity and more consolidation among operators as scale matters more in a tight-margin environment.

OFFICE

1%

$105 BILLION
2025/2024 Comparison

DRIVERS:
- Office vacancy rates
- Unemployment rates



2026	UP	7%	$113 B
2027	UP	10%	$124 B
2028	UP	11%	$137 B
2029	UP	8%	$148 B

- Office totals include data center work, which is covered separately on the next page. This mix shift matters because data center construction now drives a growing share of office spending, and the segment continues to look more like industrial and power delivery than traditional office interiors over the forecast period.
- Traditional office conditions are stabilizing, but excess space remains. It looks like vacancy rates will end 2025 near 21%, setting a record high for the third year in a row, per Moody's Analytics. CBRE has a slightly brighter outlook, showing third-quarter U.S. vacancies at 18.8%, with net absorption positive for six quarters. Prime vacancy fell to 14.2% versus 19.1% for nonprime, and average asking rents rose to $36.40 per square foot, up 1.3% year over year.
- Tenant demand is still concentrated in higher-quality spaces. Flight to quality supports selective buildouts and retrofit programs, while older assets face longer lease timelines and more pricing pressures.
- Conversions are expanding, but feasibility is highly asset specific. Floor plate depth, window lines, mechanical capacity and capital intensity continue to screen out a large share of candidates.

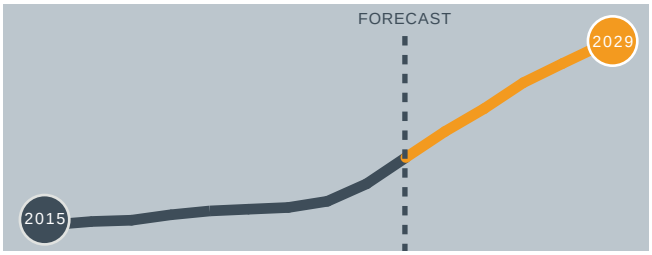
- Leasing economics remains cost-heavy, keeping renovations and repositioning as the default play. Savills and CompStat show tenant improvement allowances up more than 100% from 2016 through 2025 year-to-date, and tariffs plus construction cost inflation are widening the gap between allowances and actual buildout costs.

SPECIALTY SUBSEGMENT: DATA CENTER

35%

$42 BILLION
2025/2024 Comparison

Data center spending estimates are a subset of office and are included in office.



2026	UP	23%	$52
2027	UP	21%	$63
2028	UP	13%	$71
2029	UP	11%	$79

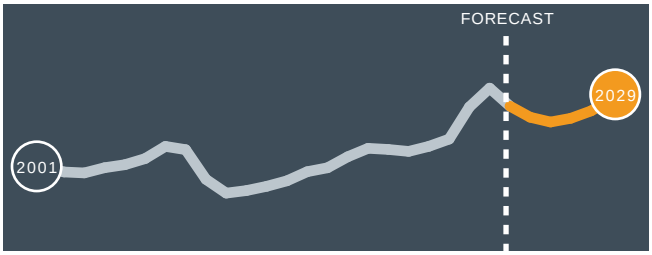
- The U.S. Census Bureau last year began publishing private data center construction spending as a subset of office construction.
- Data center construction remains the clear growth engine across all nonresidential building segments. Construct-Connect shows year-to-date data center starts spending up nearly 100% year over year, and hyperscale centers are becoming more common. In some metro markets, data centers account for more than 25% of total nonresidential building construction. Louisiana, Virginia and Texas account for about two-thirds of year-to-date starts value. Also, average cost is now about $987 per square foot, up 50% year over year.
- Power availability is the central constraint to rising market demands. Berkeley Lab estimates that data centers could consume 325 to 580 TWh per year by 2030, or between 7% to 12% of total U.S. electricity use, pushing site selection toward interconnection timing and grid capacity. Local power and permitting conditions will remain a large factor determining where new projects land over the forecast period.
- Long-lead grid equipment also continues to be a scheduling constraint, competing against power and manufacturing segment growth needs. Reuters reports average delivery times of 143 weeks for generator step-up transformers and 128 weeks for power transformers, increasing the value of early procurement, commissioning discipline and supply-chain risk controls.
- The increasing computing power density of AI workloads is prompting a shift from traditional air-cooling methods toward alternatives like liquid cooling. This transition in cooling, along with the potential adoption of Tensor Processing Units (TPUs) will likely influence the physical needs and engineering of data centers over the forecast period.

COMMERCIAL

-9%

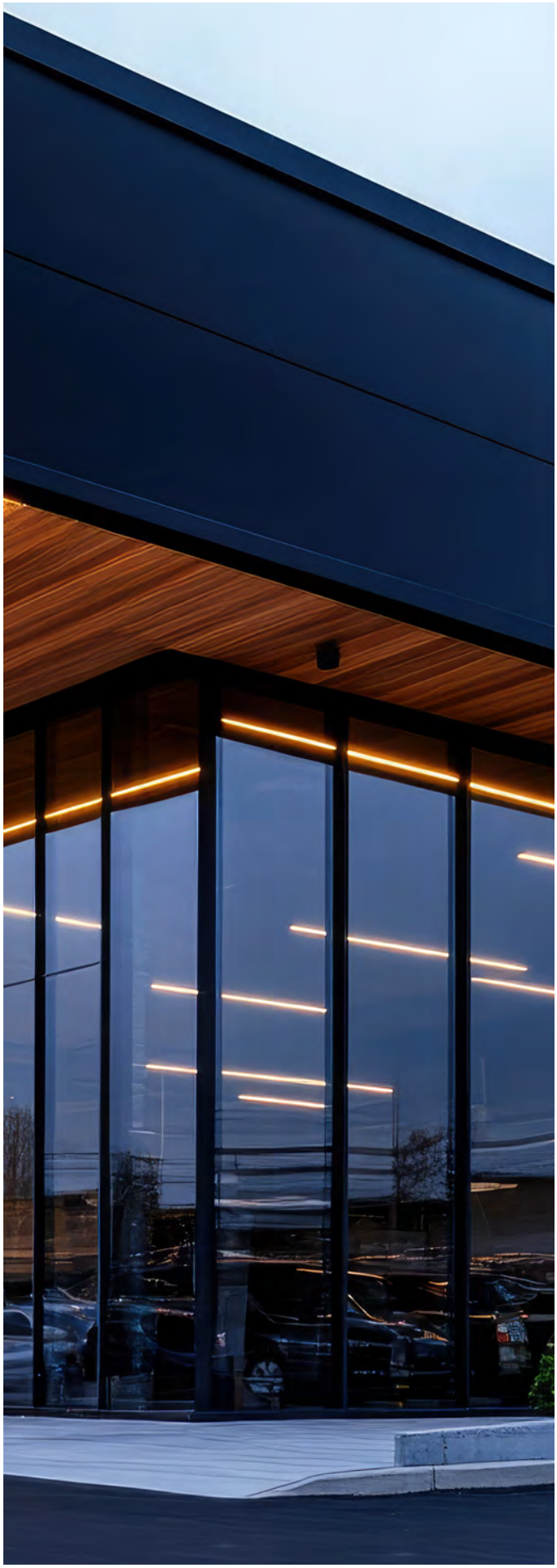
$121 BILLION
2025/2024 Comparison

DRIVERS:
- Retail sales
- CPI
- Income
- Home prices
- Housing starts



2026	DWN	-4%	$116 B
2027	STA	3%	$119 B
2028	UP	7%	$127 B
2029	UP	9%	$139 B

- According to Coresight Research, 2025 experienced 12% more store closures and 11% fewer openings than 2024. Major bankruptcies in 2025 include Joann, Forever 21, At Home and Rite Aid. Rite Aid led the industry with major store closures last year, and pharmacies are expected to continue to be challenged through 2026.
- Leasing activity is being led by grocery-anchored centers, discounters and service-oriented tenants, while discretionary categories remain more sensitive to consumer confidence. Retailers are also heavily spending on technology, including AI-powered inventory systems, personalization tools, and unified digital and physical platforms to improve engagement and operational efficiency.
- Despite ongoing reductions in footprints, in-store sales still account for 85% of U.S. retail activity, according to third-quarter Census data. Given high interest rates and inflation, consumer spending is shifting toward essentials and discount retailers. Dollar stores and other lower-price retailers such as Burlington, T.J. Maxx and Ross will continue to gain market share.
- Construction activity leans toward remodels, re-tenants and mixed-use additions rather than ground-up boxes. Limited new supply is a key reason retail vacancies remain low. The National Association of Realtors (NAR) estimated retail vacancy at 4.3% in November and annual rent growth at 1.9%.

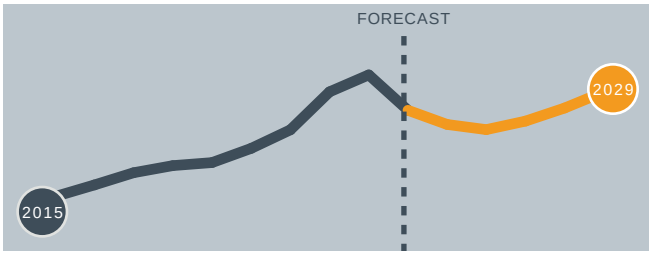


SPECIALTY SUBSEGMENT: WAREHOUSE

-12%

$55 BILLION
2025/2024 Comparison

Warehouse spending estimates are a subset of commercial and are included in commercial.



2026	DWN	-5%	$53
2027	UP	9%	$57
2028	UP	12%	$64
2029	UP	13%	$73

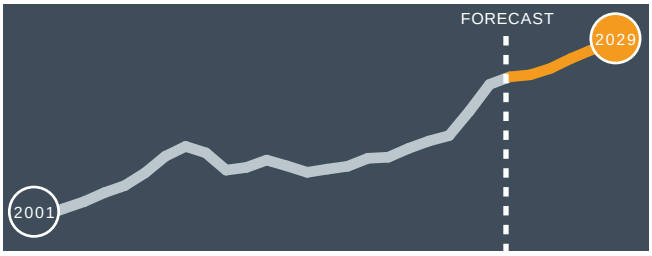
- Warehouse vacancies eased slightly to 7.1% by late 2025, per Cushman and Wakefield. Net absorption rebounded 33% year over year while new deliveries fell 32%, dropping to an eight-year low. Starts also fell nearly 20% last year, which points to a slower pipeline and continued near-term softness through 2026.
- Vacancy pressure is uneven, with the weakest conditions in several fast-growth secondary hubs where supply has outrun demand. Austin is a good example. Port, rail and intermodal-oriented markets are still expanding, though leasing is more selective.
- Leasing activity shows a flight to quality, with tenants favoring newer, more efficient facilities. Small bay space remains in high demand compared to bulk warehouses, reinforcing the fractional and flexible warehousing trend. Cushman and Wakefield reports vacancies for small bay space less than 100,000 square feet at 4.6% in the third quarter, the tightest size segment in its recent national analysis.
- Large format e-commerce users, especially Amazon and Walmart, will remain key swing factors for spending recovery over the forecast period, since their network expansion decisions can quickly tighten or loosen leasing conditions. At the same time, continued growth in U.S. manufacturing investment is supporting demand for modern distribution, supplier and intermediate goods facilities across multiple regions.

HEALTH CARE

1%

$70 BILLION
2025/2024 Comparison

DRIVERS:
- Population change
- Population change ages 75+
- Uninsured population
- Government spending
- Nonresidential structure investment



2026	STA	3%	$72 B
2027	STA	4%	$75 B
2028	STA	4%	$78 B
2029	STA	3%	$80 B

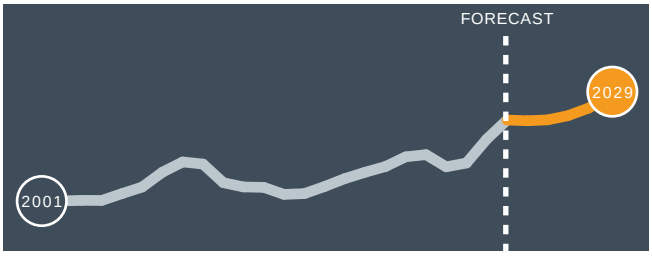
- Health care starts stalled through 2025, setting up modest growth over the forecast period. Near-term spending is being carried by a wave of large hospital programs, with more than $25 billion underway across major metros, but as these projects roll off, many owners are expected to shift capital toward operational efficiency and heavy renovation plans.
- Outpatient care remains the most durable demand driver, but near-term development is still being held back. Late 2025 project activity continues to favor ambulatory and specialty facilities, yet PwC and CBRE both describe medical outpatient building construction near a cyclical low, with development expected to fall toward decade-low levels in 2026 as elevated borrowing costs and policy uncertainty continue to challenge new starts.
- The gap between marquee systems and smaller operators is widening. Becker's tracked 15 health system projects worth $1 billion or more in 2025, with five located in California and another five across the South, including major programs in Texas, Florida, Georgia, North Carolina and South Carolina, while many smaller systems remain in renovation mode.
- Technology upgrades are concentrating on digital integration, interoperability and AI driven operations, which increases demand for IT and infrastructure.

EDUCATIONAL

0%

$138 BILLION
2025/2024 Comparison

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



2026	STA	0%	$138 B
2027	STA	2%	$142 B
2028	STA	4%	$148 B
2029	UP	6%	$156 B

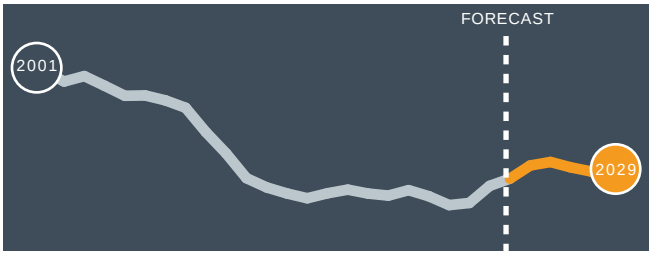
- In 2025, construction activity in both public and private higher education ran ahead of K-12. However, higher education starts fell year over year through 2025, while K-12 starts edged higher, setting up for a modest improvement in K-12 spending over the forecast period.
- K-12 capital plans are facing tighter budgets after federal funding cuts, which is increasing reliance on local bond measures. Local funding is still being approved in many districts, and priorities remain focused on safety and security such as secure entry and surveillance, along with HVAC and indoor air quality upgrades.
- Cost and funding crosscurrents are complicating energy retrofit schedules. Roughly $4 billion in school energy retrofit funding remained unallocated as of October, while tariffs on imported retrofit equipment, including HVAC and electrical components, are pushing costs higher for both K-12 projects and campus modernization work.
- Universities and colleges are leveraging more public–private partnerships to advance strategic priorities, especially student housing, sports/amusement and mixed-use campus development, where alternative capital structures can keep projects moving despite constrained budgets.

RELIGIOUS

13%

$5 BILLION
2025/2024 Comparison

DRIVERS:
- GDP
- Population
- Income
- Personal savings



2026	STA	3%	$5 B
2027	DWN	-5%	$5 B
2028	DWN	-4%	$5 B
2029	STA	2%	$5 B

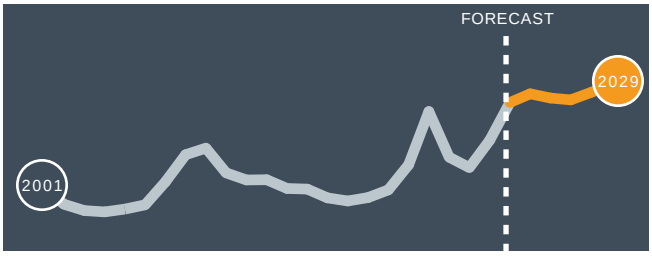
- The main structural trend over the forecast period is consolidation and property rationalization. Axios reported in October that the U.S. could see about 15,000 church closures in 2025, concentrated in older footprints, and that another roughly 15,000 churches may shift from full-time to part-time pastors.
- Against that backdrop, more congregations are weighing mergers, sharing campuses and deferring new construction. Spending is increasingly aimed at rightsizing, deferred maintenance and targeted modernization rather than major expansions.
- New construction activity is still happening, but it is most concentrated in high-migration states such as Texas and Florida. Recent Census population estimates show these states collectively added more than 400,000 residents over the past year, supporting demand for new facilities in growth corridors.
- Adaptive reuse is becoming a more meaningful lane for activity. Beyond churches leasing into vacant office or large-format retail boxes, there are also more examples of underused church buildings being converted into mixed-use community space and housing.

PUBLIC SAFETY

5%

$20 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Government spending
- Incarceration rates
- Nonresidential structure investment



2026	DWN	-2%	$19 B
2027	DWN	-1%	$19 B
2028	STA	4%	$20 B
2029	STA	4%	$20 B

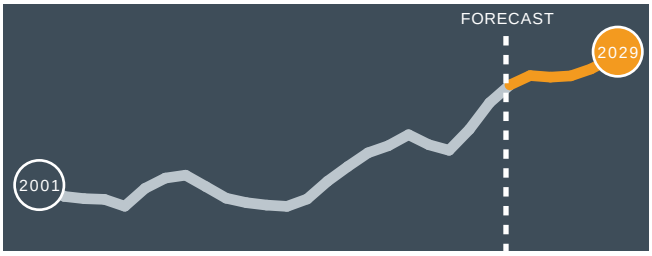
- Starts through 2025 should translate into steadier spending over the next several years, led by police and fire stations. Many of these projects are adaptive reuse and modernization work tied to relocations, functional upgrades, and mechanical, electrical and plumbing scopes that improve air flow, health features and clean zone layouts.
- Outside of a few major planned projects, correctional owners are leaning toward renovations and medical additions rather than new facilities. With the inmate population declining according to Department of Justice data, the near-term demand for new prison construction is slowing.
- With illegal border crossings down sharply since the start of the year, attention is shifting toward upgrading existing security infrastructure. DHS and CBP announced 10 construction contracts totaling about $4.5 billion in September 2025 for smart-wall work, including barriers, patrol infrastructure and advanced detection technology across hundreds of miles along the southwest border.
- Design build and construction manager at risk delivery models are being used more often to shorten timelines for critical facility upgrades.

AMUSEMENT AND RECREATION

5%

$43 BILLION
2025/2024 Comparison

DRIVERS:
- Income
- Personal savings rates
- Unemployment rates
- Employment



2026	DWN	-1%	$43 B
2027	STA	1%	$43 B
2028	STA	3%	$44 B
2029	UP	5%	$47 B

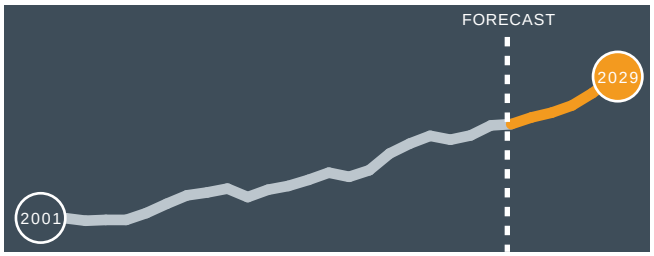
- Starts in the sector last year fell more than 15% versus 2024, setting up for slower spending growth over the forecast period. New projects have been most active in sports stadiums and convention centers, suggesting larger, financed upgrades are moving forward while smaller entertainment concepts have been challenged.
- Adaptive reuse, however, is gaining traction in the segment as an alternative to new vertical construction in a high-rate, high-cost environment. Owners are increasingly repositioning underused commercial and office assets into modern recreation and entertainment destinations.
- Investment over the next several years will be led by joint public and private owners of large sports and entertainment projects tied to global events such as the Olympics and the FIFA World Cup. These events and projects are expected to lift tourism in host metros, which is prompting stadium upgrades and renovations ahead of peak demand.
- Renovations are increasingly bundling in more digital and security upgrades, while stadiums are investing heavily in AI-enabled crowd management and audiovisual modernization packages.

TRANSPORTATION

4%

$69 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Government spending
- Transportation funding



2026	STA	3%	$71 B
2027	STA	4%	$74 B
2028	UP	7%	$79 B
2029	UP	8%	$85 B

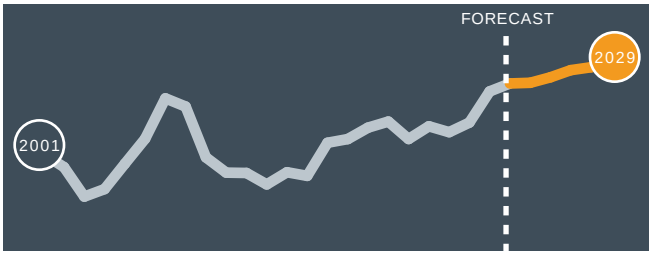
- Lobbying for federal funding will accelerate in 2026 as major owners position for the next surface transportation reauthorization cycle, with current federal authorizations set to expire September 30, 2026. Most expectations still point to higher nominal funding over the forecast period, driven by growing system needs and deferred maintenance backlogs.
- With airport terminal programs taking significant share of the work in 2025, capacity management has tightened and is expected to become even more challenging in 2026 as owners and builders navigate phasing, active sites and other operational constraints.
- Transit funding visibility improved in late 2025 as the Federal Transit Administration issued final 2025 policy guidance for the Capital Investment Grants program on November 12, 2025. This guidance helps shape billions in annual investment across active and planned projects, including nine megaprojects.
- Rail modernization needs continue to drive significant new projects, even as funding packages remain uncertain. In June 2025, federal approval advanced a roughly $10 billion autonomous freight corridor concept between Texas and Mexico, highlighting cross-border logistics capacity and automation priorities.

COMMUNICATION

0%

$30 BILLION
2025/2024 Comparison

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



2026	STA	2%	$30 B
2027	STA	3%	$31 B
2028	STA	1%	$32 B
2029	STA	2%	$32 B

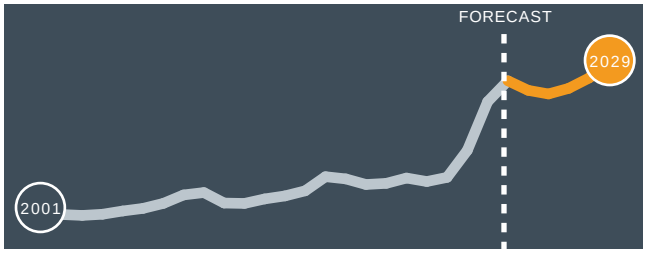
- Communication investment is expected to stabilize and expand over the forecast period, led by fiber expansion, network densification and publicly funded broadband build-outs. Much of the work is smaller, distributed and heavily dependent on permitting, access and utility coordination.
- This segment is also tied to data center growth. Growing computing capacity drives more redundancy and more last-mile investment, which creates a reinforcing loop between vertical and horizontal infrastructure.
- Fiber build programs remain active but uneven. State Broadband Equity, Access and Deployment (BEAD) rollouts and Buy America compliance are pushing some subgrant awards and construction starts into late 2025 to 2026, keeping near-term spending flat while extending multiyear pipelines of investment. Recent changes to the BEAD program have expanded eligibility for satellite internet providers.
- Carrier capital expenditures have also normalized after investment surge in 5G. Mobile Network Operators (MNOs) are prioritizing network efficiency, C-band/3.45 GHz overlays and software upgrades over net-new macro sites. Densification investment is more selective, with small-cell deployments concentrated in high-traffic corridors and venues.

MANUFACTURING

-6%

$221 BILLION
2025/2024 Comparison

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



2026	DWN	-3%	$215 B
2027	STA	4%	$224 B
2028	UP	7%	$240 B
2029	UP	9%	$262 B

- Manufacturing construction spending is expected to decline in 2025 and 2026, reflecting a slowdown in 2024 starts, especially in semiconductors. Several large semiconductor projects moved into start and early construction phases in late 2025, which is expected to support a 2026 stabilization and eventual rebound in 2027. Through Q3 2025, year-over-year spending strength was concentrated in fabricated metals and chemical facilities, likely tied to trade and tariff-driven reshoring, which are expected to impact many sectors over the forecast period. Weakness through late 2025 was led by semiconductors and computers, transportation equipment, plastics and rubber, and food and beverage.
- Large project timelines are being stretched, extending the spending and adding more delays between milestones. For example, Micron's New York final environmental impact timeline shifted first fab construction to mid-2026 from late 2025 and extended completion to about 2030 (originally 2028).
- The automotive segment has contracted as it now seems clear that investment in electric vehicles has outpaced consumer adoption. Battery plants have been most heavily affected. EV-related capex is continuing, but manufacturers are spreading this spend over a longer period and focusing on flexible ICE/hybrid/EV lines that can more easily adjust to future shifts in demand.
- Utility readiness is increasingly a bottleneck. Power delivery, substation capacity, and water and wastewater integration are now common critical path items, so early site and civil packages can proceed while major building scopes wait on interconnection and service commitments. Procurement is also a limiter, with long-lead electrical equipment and scarce commissioning talent creating more start-stop sequencing and pushing peak staffing later. Faster investment recovery is possible if interconnection timelines and equipment lead times improve through 2026.
- Tariffs on imported steel, aluminum and specialty machinery are adding cost pressure. Labor department data show fabricated metals input prices continued rising through the third quarter, tightening margins on heavy industrial work and contributing to delays in later phase plans, even where core semiconductor and battery construction remain underway.

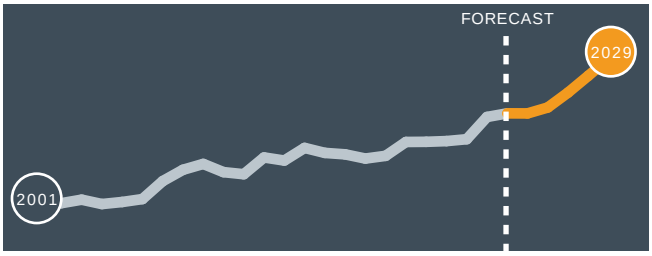
NONBUILDING STRUCTURES CONSTRUCTION PUT IN PLACE

POWER

0%

$156 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Industrial production
- Government spending



2026	UP	5%	$164 B
2027	UP	12%	$183 B
2028	UP	12%	$206 B
2029	UP	11%	$229 B

- Combined load and reliability needs will drive investment growth over the forecast period. EEI estimates investor-owned utilities have more than $1.1 trillion of planned capital investment for 2025 to 2029, concentrated in transmission and distribution reinforcement, modernization and resilience.
- Electric utilities in regions or areas of high data-center demand have typically been increasing their annual capex spend by 15% to 20% from 2024 levels. For those that already had a large increase in 2025, there will likely be a more modest (~5%) increase in 2026. For others, 2026 will be the first year of that larger increase (15% to 20%).
- Long-haul transmission and pipeline projects continue to be rare due to permitting obstacles, interstate conflicts and shifts in federal financing priorities. Another factor is demand from data centers, which tends to direct investment locally toward specific substations.
- Like other advanced and high-growth segments, long-lead and scarce transformers, electrical controls and labor remain key schedule constraints.
- The Federal government's focus is shifting to interconnection. DOE directed FERC in October 2025 to initiate a large load interconnection rulemaking, setting up for critical standards and timelines in 2026.

- Nuclear is more commonly scoped in capacity plans as a firm, zero-emission load solution. DOE committed up to $800 million to support early SMR deployments with TVA and Holtec in December 2025, and Duke filed an early site permit application for a potential advanced nuclear project in North Carolina in December 2025, signaling increased projects over the forecast period as load needs rise.

HIGHWAY AND STREET

-1%

$144 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Government spending
- Nonresidential structure investment

2026	STA	1%	$144 B
2027	STA	2%	$147 B
2028	UP	4%	$153 B
2029	UP	5%	$161 B

- There will be steady work volumes in 2026 with increased roadway project completions as the IIJA funding cycle matures. Bridge work is up about 11% year over year through August, supported by the FHWA allocating more than $5 billion in May for deficient bridges, while pavement spending is down nearly 4% year over year.
- Lobbying is likely to build in 2026 as states position for the next federal surface transportation reauthorization ahead of the September 30, 2026, expiration. Funding is still expected to rise in nominal terms given large maintenance backlogs and safety needs, but allocation amounts and timing remain key concerns.
- Electrification and smarter operations are showing up in roadway projects more often. FHWA apportioned $1 billion for the National Electric Vehicle Infrastructure Formula Program in Fiscal Year 2026 highway programs and revised NEVI guidance in August 2025 to streamline delivery. USDOT SMART grants will also fund tech upgrades, including Kansas City's award to use real-time data to optimize traffic signals ahead of the 2026 World Cup.
- After several years of high inflation and input cost disruptions, owners have increasingly used or explored accelerated delivery models. Material pricing stabilized through late 2025, improving bid competition but pressuring margins.

- Many states now have an inflation index built into their excise taxes on fuel, albeit typically with an annual cap of 1.5% to 3.0%, and sometimes with a clawback measure allowing them to retrieve over-cap inflation in subsequent years when inflation is under the cap. This has helped stabilize funding in real dollars. Several states have also raised annual EV registration renewal fees to recoup lost fuel-tax revenues on these vehicles.

SEWAGE AND WASTE DISPOSAL

13%

$52 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Industrial production
- Government spending

2026	UP	8%	$56 B
2027	UP	5%	$59 B
2028	UP	7%	$63 B
2029	UP	8%	$68 B

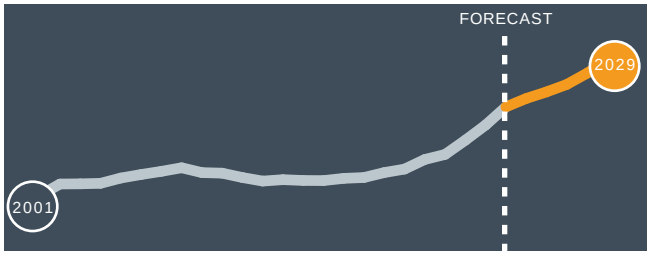
- Growth through 2025 was led by wastewater treatment plant upgrades and collection system work. In November 2025, the EPA announced $7 billion of newly available Water Infrastructure Finance and Innovation Act (WIFIA) funds and approved five new loans, supporting large project financing over the next several years.
- Data centers and advanced manufacturing are changing wastewater priorities. Utilities are investing more in water reuse and reclamation to better serve industrial cooling and process needs. Many water utilities are also upgrading and tightening pretreatment and discharge controls due to the complex waste output from semiconductor and battery manufacturing facilities.
- State water and wastewater work is still maintained and funded through the Clean Water State Revolving Fund. Federal funding levels for 2026 are being negotiated, and a continuing resolution is keeping funding at last year's 2025 levels temporarily through late January 2026.

WATER SUPPLY

7%

$35 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Industrial production
- Government spending



2026	UP	5%	$37 B
2027	UP	5%	$39 B
2028	UP	8%	$42 B
2029	UP	8%	$45 B

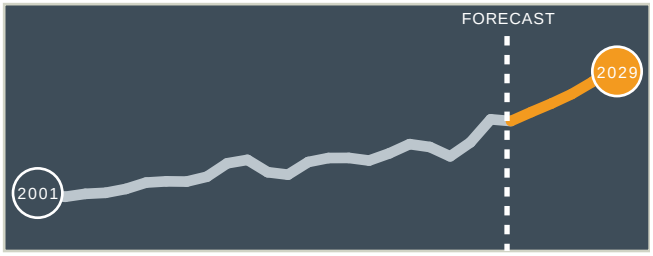
- Growth through 2025 was led primarily by pump station work. Looking ahead, population growth, data center demand and industrial expansion are key drivers. Data centers need large, steady cooling water supplies, and semiconductor fabs require high volumes of very high-quality water, pushing utilities toward added storage, treatment modernization and non-potable reuse strategies.
- Execution risk is expected to rise over the forecast period due to longer permitting timelines, easements and right of way constraints, and competition for electrical and controls talent that is also in high demand across power, manufacturing and data center projects.
- Drought resilience and demand volatility are driving more investment in storage, treatment upgrades and smarter distribution management. In the West and Sun Belt, source protection and aquifer storage are taking a larger share as drought risk and supply reliability concerns increase.
- Drinking Water SRF funding is a near-term policy risk in Fiscal Year 2026 budget talks. A continuing resolution is keeping Interior and Environment funding at Fiscal Year 2025 levels through late January 2026, but 2026 funding levels remain uncertain, complicating planning for projects this year.

CONSERVATION AND DEVELOPMENT

8%

$13 BILLION
2025/2024 Comparison

DRIVERS:
- Population
- Government spending



2026	UP	7%	$14 B
2027	UP	7%	$15 B
2028	UP	9%	$16 B
2029	UP	10%	$17 B

- Conservation and development spending is being pulled by resilience, dredging, stormwater reduction and habitat restoration as protection needs increase for critical assets and infrastructure. Reshoring, grid upgrades and data center growth are raising the value of reliable ports, waterways and coastal protections over the forecast period, and USACE Civil Works budgets are likely to rise more than 12% in FY 2026 based on congressional proposals.
- Dredging and navigation work continues to account for a large share of activity. Planned 2026 projects include channel deepening and widening programs such as New Haven Harbor and ongoing maintenance dredging work on the Houston Ship Channel.
- Timing risk is driven more by policy and delivery capacity than demand. Permitting timelines, procurement bandwidth and contractor availability can dramatically shift planned investment. The largest and most consistent multiphase programs in planning are concentrated in coastal, flood-risk and water-stressed regions.

Construction Put in Place Estimated for the United States

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	310,060	424,491	453,755	404,565	440,036	419,799	423,185	434,486	452,212	475,901
Multifamily	100,089	114,926	123,808	145,587	136,905	124,681	122,175	128,419	138,670	150,510
Improvements*	234,108	269,551	355,206	331,100	363,730	383,846	396,990	408,453	425,600	447,083
Total Residential	**644,257**	**808,968**	**932,768**	**881,252**	**940,671**	**928,325**	**942,351**	**971,358**	**1,016,481**	**1,073,494**
NONRESIDENTIAL BUILDINGS										
Lodging	28,483	19,082	20,236	25,897	24,353	24,075	23,633	25,061	28,348	32,611
Office	92,831	89,902	95,382	103,158	104,374	105,271	112,922	123,903	137,187	148,410
Data Center	9,231	9,947	12,584	19,995	31,142	42,193	51,884	62,896	71,040	78,952
Commercial	89,714	97,394	131,503	151,468	132,345	120,576	115,505	119,450	127,288	139,264
Warehouse	42,810	52,637	72,794	81,779	63,008	55,483	52,751	57,256	64,207	72,753
Health Care	48,599	50,327	58,098	66,634	69,036	69,663	71,702	74,827	77,532	79,700
Educational	110,692	100,988	104,035	123,067	138,223	137,657	138,340	141,658	147,562	155,707
Religious	3,472	3,096	3,187	3,912	4,219	4,776	4,926	4,697	4,523	4,634
Public Safety	17,667	12,826	11,715	14,610	18,622	19,544	19,095	18,899	19,692	20,485
Amusement and Recreation	28,288	27,102	31,527	37,195	40,963	42,962	42,625	42,885	44,360	46,608
Transportation	60,734	59,075	60,908	65,155	65,683	68,536	70,568	73,607	78,828	85,197
Communication	23,876	23,091	24,366	28,501	29,553	29,641	30,371	31,316	31,702	32,269
Manufacturing	75,425	82,030	125,025	202,460	235,730	220,509	214,734	223,647	240,083	261,611
Total Nonresidential Buildings	**579,781**	**564,913**	**665,982**	**822,057**	**863,101**	**843,211**	**844,420**	**879,951**	**937,106**	**1,006,495**
NONBUILDING STRUCTURES										
Power	118,168	119,108	121,605	151,105	155,898	155,817	163,671	183,472	205,772	228,595
Highway and Street	102,321	103,381	115,655	139,746	144,406	143,683	144,454	147,142	153,494	160,686
Sewage and Waste Disposal	27,189	28,811	33,246	42,093	46,136	52,049	55,990	58,643	62,802	68,063
Water Supply	18,952	20,284	24,056	28,084	32,887	35,113	36,856	38,831	41,810	45,291
Conservation and Development	8,903	7,911	9,392	11,838	11,653	12,606	13,515	14,519	15,781	17,380
Total Nonbuilding Structures	**275,533**	**279,495**	**303,954**	**372,866**	**390,980**	**399,268**	**414,485**	**442,607**	**479,659**	**520,016**
Total Put in Place	**$1,499,571**	**$1,653,376**	**$1,902,704**	**$2,076,175**	**$2,194,752**	**$2,170,804**	**$2,201,256**	**$2,293,916**	**$2,433,246**	**$2,600,005**

Construction Put in Place Estimated for the United States

Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	11%	37%	7%	-11%	9%	-5%	1%	3%	4%	5%
Multifamily	13%	15%	8%	18%	-6%	-9%	-2%	5%	8%	9%
Improvements*	27%	15%	32%	-7%	10%	6%	3%	3%	4%	5%
Total Residential	**16%**	**26%**	**15%**	**-6%**	**7%**	**-1%**	**2%**	**3%**	**5%**	**6%**
NONRESIDENTIAL BUILDINGS										
Lodging	-15%	-33%	6%	28%	-6%	-1%	-2%	6%	13%	15%
Office	5%	-3%	6%	8%	1%	1%	7%	10%	11%	8%
Data Center	9%	8%	27%	59%	56%	35%	23%	21%	13%	11%
Commercial	6%	9%	35%	15%	-13%	-9%	-4%	3%	7%	9%
Warehouse	21%	23%	38%	12%	-23%	-12%	-5%	9%	12%	13%
Health Care	5%	4%	15%	15%	4%	1%	3%	4%	4%	3%
Educational	2%	-9%	3%	18%	12%	0%	0%	2%	4%	6%
Religious	-7%	-11%	3%	23%	8%	13%	3%	-5%	-4%	2%
Public Safety	47%	-27%	-9%	25%	27%	5%	-2%	-1%	4%	4%
Amusement and Recreation	-7%	-4%	16%	18%	10%	5%	-1%	1%	3%	5%
Transportation	6%	-3%	3%	7%	1%	4%	3%	4%	7%	8%
Communication	8%	-3%	6%	17%	4%	0%	2%	3%	1%	2%
Manufacturing	-7%	9%	52%	62%	16%	-6%	-3%	4%	7%	9%
Total Nonresidential Buildings	**2%**	**-3%**	**18%**	**23%**	**5%**	**-2%**	**0%**	**4%**	**6%**	**7%**
NONBUILDING STRUCTURES										
Power	0%	1%	2%	24%	3%	0%	5%	12%	12%	11%
Highway and Street	3%	1%	12%	21%	3%	-1%	1%	2%	4%	5%
Sewage and Waste Disposal	4%	6%	15%	27%	10%	13%	8%	5%	7%	8%
Water Supply	16%	7%	19%	17%	17%	7%	5%	5%	8%	8%
Conservation and Development	-3%	-11%	19%	26%	-2%	8%	7%	7%	9%	10%
Total Nonbuilding Structures	**2%**	**1%**	**9%**	**23%**	**5%**	**2%**	**4%**	**7%**	**8%**	**8%**
Total Put in Place	**8%**	**10%**	**15%**	**9%**	**6%**	**-1%**	**1%**	**4%**	**6%**	**7%**

*Improvements includes additions, alterations and major replacements. It does not include maintenance and repairs. Data center is a subsegment of office and warehouse is a subsegment of commercial. Due to delays in data reporting from the government shutdown, these first quarter 2026 forecasts are based on Census data through August 2025.

REGIONAL SUMMARY

REGIONAL KEY TAKEAWAYS

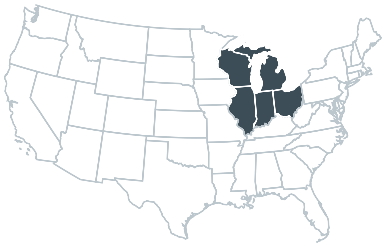
As seen in the regional summary table below, FMI expects the two highest-performing Census Divisions through 2026 year-end to include the West South Central (2.9%) and West North Central (2.2%) states.

- Top Census Divisions for residential spending in 2026 will include South Atlantic (2.0%), Mid-Atlantic (1.7%) and West South Central (1.7%) states.
- Top Census Divisions for nonresidential building spending in 2026 include the West South Central (3.0%), Mid-Atlantic (1.4%) and West North Central (0.7%) states.
- Top Census Divisions for nonbuilding structures spending in 2026 include the East North Central (7.4%), Pacific (6.4%) and West North Central (6.3%) states.

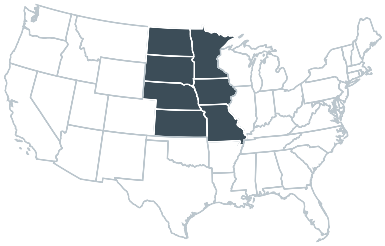
TOTAL CONSTRUCTION PROJECTED GROWTH 2025-2026

New England 0.5%

Middle Atlantic 1.7%

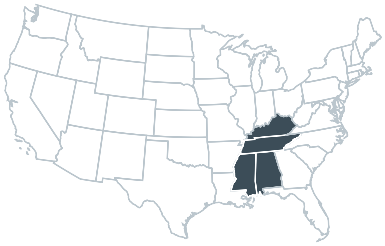


East North Central 1.1%

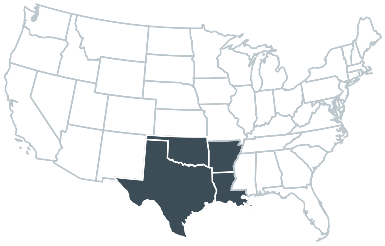


West North Central 2.2%

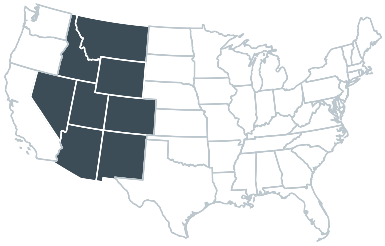
South Atlantic 1.3%



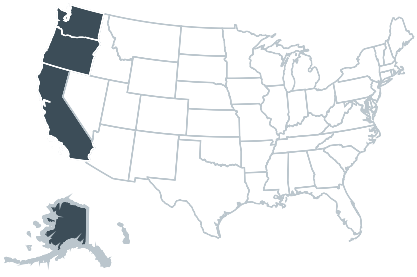
East South Central 0.2%



West South Central 2.9%



Mountain -0.2%



Pacific 1.7%

REGIONAL SUMMARY

	Year	Total Residential	Total Nonresidential Buildings	Total Nonbuilding Structures	Total Construction Put in Place	Projected Growth 2025-2026
Northeast	New England					
	2025	29,059	30,090	12,761	71,910	**0.5%**
	2026	29,462	29,831	13,009	72,303	
	Mid-Atlantic					
	2025	67,960	81,877	43,747	193,584	**1.7%**
	2026	69,103	83,006	44,745	196,854	
Midwest	East North Central					
	2025	76,842	92,261	39,802	208,905	**1.1%**
	2026	77,426	91,126	42,748	211,300	
	West North Central					
	2025	47,387	54,740	31,102	133,229	**2.2%**
	2026	48,024	55,123	33,061	136,209	
South	South Atlantic					
	2025	232,954	183,119	74,103	490,176	**1.3%**
	2026	237,633	181,971	76,969	496,573	
	East South Central					
	2025	48,292	49,151	24,801	122,244	**0.2%**
	2026	48,905	47,458	26,084	122,447	
	West South Central					
	2025	135,258	162,980	62,698	360,935	**2.9%**
	2026	137,572	167,843	65,996	371,411	
West	Mountain					
	2025	151,779	94,467	44,969	291,215	**-0.2%**
	2026	153,568	94,566	42,413	290,547	
	Pacific					
	2025	138,795	94,525	65,286	298,606	**1.7%**
	2026	140,658	93,497	69,459	303,613	
U.S.	Total United States					
	2025	928,325	843,211	399,268	2,170,804	**1.4%**
	2026	942,351	844,420	414,485	2,201,256	

Construction Put in Place Estimated for New England

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	10,047	12,766	14,599	13,019	14,033	13,569	13,764	14,410	15,265	16,340
Multifamily	3,007	3,476	4,029	4,605	4,508	4,061	3,920	4,179	4,521	4,947
Improvements*	8,258	8,691	11,546	10,264	10,951	11,429	11,778	12,161	12,707	13,413
Total Residential	**21,312**	**24,933**	**30,174**	**27,889**	**29,492**	**29,059**	**29,462**	**30,750**	**32,494**	**34,700**
NONRESIDENTIAL BUILDINGS										
Lodging	1,064	666	555	819	1,230	1,183	1,086	1,065	1,162	1,320
Office	4,622	4,456	4,021	4,029	3,330	3,271	3,246	3,345	3,567	3,869
Commercial	3,164	3,506	4,414	4,089	2,958	2,664	2,525	2,594	2,761	2,944
Health Care	3,060	3,723	4,754	6,658	6,072	5,786	5,896	6,437	6,977	7,181
Educational	6,985	6,543	6,842	7,078	8,402	8,247	8,230	8,404	8,789	9,179
Religious	76	41	28	62	52	50	50	52	53	56
Public Safety	970	785	563	797	929	922	931	953	999	1,066
Amusement and Recreation	1,054	1,040	1,233	1,473	1,706	1,685	1,640	1,679	1,797	1,971
Transportation	3,270	3,919	3,892	3,027	3,663	3,730	3,809	3,905	4,135	4,429
Communication	513	540	246	400	468	472	484	507	526	549
Manufacturing	2,674	3,812	3,090	2,534	2,487	2,080	1,933	1,893	1,946	2,078
Total Nonresidential Buildings	**27,450**	**29,032**	**29,638**	**30,965**	**31,297**	**30,090**	**29,831**	**30,834**	**32,710**	**34,640**
NONBUILDING STRUCTURES										
Power	3,646	2,919	1,702	1,395	2,837	3,189	3,342	3,433	3,684	3,978
Highway and Street	3,509	3,706	4,095	5,803	6,110	6,054	5,891	5,941	6,125	6,431
Sewage and Waste Disposal	1,055	1,258	1,467	1,590	1,859	2,138	2,323	2,420	2,457	2,593
Water Supply	611	568	816	895	1,070	1,122	1,171	1,219	1,285	1,393
Conservation and Development	265	156	237	179	230	259	282	303	321	339
Total Nonbuilding Structures	**9,087**	**8,607**	**8,318**	**9,862**	**12,105**	**12,761**	**13,009**	**13,316**	**13,873**	**14,734**
Total Put in Place	**$57,848**	**$62,572**	**$68,130**	**$68,716**	**$72,893**	**$71,910**	**$72,303**	**$74,899**	**$79,077**	**$84,075**

Construction Put in Place Estimated for New England

Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	8%	27%	14%	-11%	8%	-3%	1%	5%	6%	7%
Multifamily	14%	16%	16%	14%	-2%	-10%	-3%	7%	8%	9%
Improvements*	22%	5%	33%	-11%	7%	4%	3%	3%	4%	6%
Total Residential	**14%**	**17%**	**21%**	**-8%**	**6%**	**-1%**	**1%**	**4%**	**6%**	**7%**
NONRESIDENTIAL BUILDINGS										
Lodging	-32%	-37%	-17%	48%	50%	-4%	-8%	-2%	9%	14%
Office	-3%	-4%	-10%	0%	-17%	-2%	-1%	3%	7%	8%
Commercial	0%	11%	26%	-7%	-28%	-10%	-5%	3%	6%	7%
Health Care	28%	22%	28%	40%	-9%	-5%	2%	9%	8%	3%
Educational	1%	-6%	5%	3%	19%	-2%	0%	2%	5%	4%
Religious	-30%	-46%	-32%	121%	-16%	-4%	1%	3%	4%	4%
Public Safety	38%	-19%	-28%	41%	17%	-1%	1%	2%	5%	7%
Amusement and Recreation	8%	-1%	19%	19%	16%	-1%	-3%	2%	7%	10%
Transportation	12%	20%	-1%	-22%	21%	2%	2%	3%	6%	7%
Communication	4%	5%	-54%	62%	17%	1%	3%	5%	4%	4%
Manufacturing	11%	43%	-19%	-18%	-2%	-16%	-7%	-2%	3%	7%
Total Nonresidential Buildings	**4%**	**6%**	**2%**	**4%**	**1%**	**-4%**	**-1%**	**3%**	**6%**	**6%**
NONBUILDING STRUCTURES										
Power	-3%	-20%	-42%	-18%	103%	12%	5%	3%	7%	8%
Highway and Street	-6%	6%	10%	42%	5%	-1%	-3%	1%	3%	5%
Sewage and Waste Disposal	-12%	19%	17%	8%	17%	15%	9%	4%	2%	6%
Water Supply	6%	-7%	44%	10%	19%	5%	4%	4%	5%	8%
Conservation and Development	14%	-41%	52%	-25%	28%	13%	9%	7%	6%	5%
Total Nonbuilding Structures	**-5%**	**-5%**	**-3%**	**19%**	**23%**	**5%**	**2%**	**2%**	**4%**	**6%**
Total Put in Place	**6%**	**8%**	**9%**	**1%**	**6%**	**-1%**	**1%**	**4%**	**6%**	**6%**

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

NEW ENGLAND STATES INCLUDE CONNECTICUT, MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND AND VERMONT.

Construction Put in Place Estimated for the Middle Atlantic

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	20,328	26,323	32,624	30,360	33,293	31,837	31,955	32,771	33,926	35,184
Multifamily	10,907	15,363	15,775	18,245	16,078	14,748	15,094	15,810	16,913	18,785
Improvements*	17,722	21,305	25,359	21,653	20,518	21,375	22,054	22,690	23,493	24,704
Total Residential	**48,957**	**62,990**	**73,759**	**70,257**	**69,889**	**67,960**	**69,103**	**71,271**	**74,332**	**78,673**
NONRESIDENTIAL BUILDINGS										
Lodging	3,339	2,646	2,457	2,353	1,780	1,741	1,872	2,104	2,535	3,040
Office	17,053	17,250	16,056	16,401	13,097	12,654	13,275	14,377	16,470	17,946
Commercial	9,904	10,889	12,964	14,997	11,535	10,099	9,566	10,015	10,739	11,742
Health Care	7,114	6,637	7,049	7,303	7,463	7,557	7,684	7,891	8,182	8,646
Educational	13,479	11,825	12,975	16,363	16,640	16,271	16,043	16,402	16,825	17,920
Religious	338	320	235	212	203	225	237	227	221	231
Public Safety	1,373	1,288	1,354	1,290	1,302	1,390	1,442	1,476	1,552	1,627
Amusement and Recreation	4,791	4,030	3,440	4,088	5,250	5,641	5,559	5,461	5,672	6,099
Transportation	8,359	7,689	9,260	10,972	12,647	13,691	14,254	15,074	16,227	17,526
Communication	6,664	7,582	9,033	8,544	8,278	8,401	8,609	8,924	9,311	9,697
Manufacturing	7,178	6,913	5,573	5,044	5,152	4,209	4,465	5,879	7,656	9,104
Total Nonresidential Buildings	**79,592**	**77,068**	**80,396**	**87,566**	**83,347**	**81,877**	**83,006**	**87,829**	**95,391**	**103,577**
NONBUILDING STRUCTURES										
Power	19,273	21,879	19,332	20,726	19,560	19,019	19,912	21,871	25,593	28,170
Highway and Street	11,266	9,817	11,524	13,050	14,442	14,440	13,909	14,055	14,418	14,968
Sewage and Waste Disposal	2,667	2,731	3,126	4,129	4,381	4,958	5,291	5,463	5,757	6,257
Water Supply	1,791	2,016	1,852	2,231	2,710	2,931	3,032	3,259	3,681	4,039
Conservation and Development	1,374	1,217	2,151	2,243	2,148	2,398	2,601	2,761	2,961	3,189
Total Nonbuilding Structures	**36,371**	**37,662**	**37,986**	**42,379**	**43,241**	**43,747**	**44,745**	**47,408**	**52,411**	**56,624**
Total Put in Place	**$164,919**	**$177,720**	**$192,140**	**$200,203**	**$196,478**	**$193,584**	**$196,854**	**$206,509**	**$222,133**	**$238,874**

Construction Put in Place Estimated for the Middle Atlantic

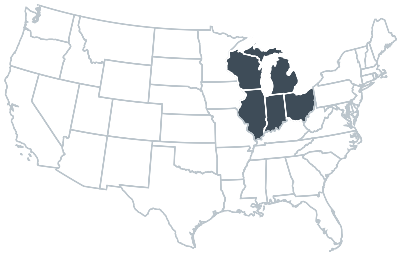
Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	3%	29%	24%	-7%	10%	-4%	0%	3%	4%	4%
Multifamily	13%	41%	3%	16%	-12%	-8%	2%	5%	7%	11%
Improvements*	20%	20%	19%	-15%	-5%	4%	3%	3%	4%	5%
Total Residential	**11%**	**29%**	**17%**	**-5%**	**-1%**	**-3%**	**2%**	**3%**	**4%**	**6%**
NONRESIDENTIAL BUILDINGS										
Lodging	-27%	-21%	-7%	-4%	-24%	-2%	8%	12%	20%	20%
Office	-8%	1%	-7%	2%	-20%	-3%	5%	8%	15%	9%
Commercial	5%	10%	19%	16%	-23%	-12%	-5%	5%	7%	9%
Health Care	-2%	-7%	6%	4%	2%	1%	2%	3%	4%	6%
Educational	-4%	-12%	10%	26%	2%	-2%	-1%	2%	3%	7%
Religious	-11%	-6%	-26%	-10%	-4%	11%	5%	-4%	-3%	4%
Public Safety	26%	-6%	5%	-5%	1%	7%	4%	2%	5%	5%
Amusement and Recreation	12%	-16%	-15%	19%	28%	7%	-1%	-2%	4%	8%
Transportation	-18%	-8%	20%	18%	15%	8%	4%	6%	8%	8%
Communication	-8%	14%	19%	-5%	-3%	1%	2%	4%	4%	4%
Manufacturing	2%	-4%	-19%	-9%	2%	-18%	6%	32%	30%	19%
Total Nonresidential Buildings	**-5%**	**-3%**	**4%**	**9%**	**-5%**	**-2%**	**1%**	**6%**	**9%**	**9%**
NONBUILDING STRUCTURES										
Power	53%	14%	-12%	7%	-6%	-3%	5%	10%	17%	10%
Highway and Street	3%	-13%	17%	13%	11%	0%	-4%	1%	3%	4%
Sewage and Waste Disposal	1%	2%	14%	32%	6%	13%	7%	3%	5%	9%
Water Supply	-1%	13%	-8%	20%	21%	8%	3%	7%	13%	10%
Conservation and Development	-15%	-11%	77%	4%	-4%	12%	8%	6%	7%	8%
Total Nonbuilding Structures	**23%**	**4%**	**1%**	**12%**	**2%**	**1%**	**2%**	**6%**	**11%**	**8%**
Total Put in Place	**4%**	**8%**	**8%**	**4%**	**-2%**	**-1%**	**2%**	**5%**	**8%**	**8%**

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

MIDDLE ATLANTIC STATES INCLUDE NEW JERSEY, NEW YORK AND PENNSYLVANIA.



Construction Put in Place Estimated for the East North Central

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	24,650	34,360	37,573	32,374	35,871	34,519	34,053	35,039	36,640	38,793
Multifamily	8,095	8,920	9,062	11,559	11,501	10,642	10,370	10,622	11,239	11,997
Improvements*	20,284	22,990	29,657	26,872	29,906	31,681	33,003	34,021	35,322	36,638
Total Residential	**53,030**	**66,271**	**76,293**	**70,806**	**77,277**	**76,842**	**77,426**	**79,682**	**83,201**	**87,427**
NONRESIDENTIAL BUILDINGS										
Lodging	2,735	1,898	1,590	2,064	1,794	1,759	1,779	1,870	2,031	2,245
Office	8,110	8,020	7,290	9,669	11,278	12,176	13,757	15,445	16,826	18,099
Commercial	11,376	11,309	13,834	15,300	12,719	11,002	10,367	10,761	11,618	12,818
Health Care	7,462	7,022	7,502	7,968	8,363	8,637	9,168	9,768	9,990	10,211
Educational	13,289	12,049	12,269	14,437	15,683	14,986	14,910	15,185	16,007	17,012
Religious	276	205	323	374	352	393	404	389	384	403
Public Safety	3,227	1,963	1,430	2,233	3,088	3,038	2,714	2,203	2,156	2,274
Amusement and Recreation	3,194	2,391	3,309	3,862	5,241	5,678	5,740	6,420	6,779	6,498
Transportation	4,916	4,569	4,531	5,889	4,627	4,980	5,264	5,504	5,896	6,393
Communication	809	1,034	1,795	1,692	1,496	1,463	1,494	1,558	1,633	1,718
Manufacturing	12,664	11,855	16,202	39,263	37,447	28,149	25,530	26,460	29,647	34,736
Total Nonresidential Buildings	**68,059**	**62,315**	**70,075**	**102,751**	**102,088**	**92,261**	**91,126**	**95,562**	**102,968**	**112,408**
NONBUILDING STRUCTURES										
Power	11,981	10,205	9,386	8,968	10,706	10,864	12,596	15,687	18,666	21,304
Highway and Street	15,895	17,760	17,514	24,242	17,650	16,731	16,838	17,172	17,951	18,751
Sewage and Waste Disposal	3,681	3,707	3,876	5,593	6,058	7,027	7,686	8,068	8,743	9,648
Water Supply	1,518	2,276	2,653	3,325	3,893	4,204	4,507	4,917	5,452	5,908
Conservation and Development	491	362	530	716	785	976	1,121	1,263	1,376	1,538
Total Nonbuilding Structures	**33,565**	**34,309**	**33,958**	**42,844**	**39,092**	**39,802**	**42,748**	**47,107**	**52,189**	**57,149**
Total Put in Place	**$154,654**	**$162,895**	**$180,325**	**$216,401**	**$218,457**	**$208,905**	**$211,300**	**$222,351**	**$238,358**	**$256,984**

Construction Put in Place Estimated for the East North Central

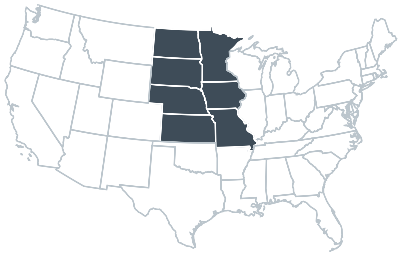
Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	10%	39%	9%	-14%	11%	-4%	-1%	3%	5%	6%
Multifamily	37%	10%	2%	28%	-1%	-7%	-3%	2%	6%	7%
Improvements*	32%	13%	29%	-9%	11%	6%	4%	3%	4%	4%
Total Residential	**22%**	**25%**	**15%**	**-7%**	**9%**	**-1%**	**1%**	**3%**	**4%**	**5%**
NONRESIDENTIAL BUILDINGS										
Lodging	-9%	-31%	-16%	30%	-13%	-2%	1%	5%	9%	11%
Office	-2%	-1%	-9%	33%	17%	8%	13%	12%	9%	8%
Commercial	5%	-1%	22%	11%	-17%	-13%	-6%	4%	8%	10%
Health Care	16%	-6%	7%	6%	5%	3%	6%	7%	2%	2%
Educational	6%	-9%	2%	18%	9%	-4%	-1%	2%	5%	6%
Religious	-21%	-26%	57%	16%	-6%	12%	3%	-4%	-2%	5%
Public Safety	74%	-39%	-27%	56%	38%	-2%	-11%	-19%	-2%	5%
Amusement and Recreation	23%	-25%	38%	17%	36%	8%	1%	12%	6%	-4%
Transportation	56%	-7%	-1%	30%	-21%	8%	6%	5%	7%	8%
Communication	-45%	28%	74%	-6%	-12%	-2%	2%	4%	5%	5%
Manufacturing	14%	-6%	37%	142%	-5%	-25%	-9%	4%	12%	17%
Total Nonresidential Buildings	**10%**	**-8%**	**12%**	**47%**	**-1%**	**-10%**	**-1%**	**5%**	**8%**	**9%**
NONBUILDING STRUCTURES										
Power	26%	-15%	-8%	-4%	19%	1%	16%	25%	19%	14%
Highway and Street	16%	12%	-1%	38%	-27%	-5%	1%	2%	5%	4%
Sewage and Waste Disposal	3%	1%	5%	44%	8%	16%	9%	5%	8%	10%
Water Supply	-20%	50%	17%	25%	17%	8%	7%	9%	11%	8%
Conservation and Development	-20%	-26%	46%	35%	10%	24%	15%	13%	9%	12%
Total Nonbuilding Structures	**15%**	**2%**	**-1%**	**26%**	**-9%**	**2%**	**7%**	**10%**	**11%**	**10%**
Total Put in Place	**15%**	**5%**	**11%**	**20%**	**1%**	**-4%**	**1%**	**5%**	**7%**	**8%**

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

EAST NORTH CENTRAL STATES INCLUDE INDIANA, ILLINOIS, MICHIGAN, OHIO AND WISCONSIN.



Construction Put in Place Estimated for the West North Central

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	18,036	24,361	25,579	21,535	23,022	22,126	22,309	22,936	24,059	25,515
Multifamily	7,007	8,451	8,856	9,331	7,441	6,283	6,153	6,482	6,967	7,517
Improvements*	16,023	18,554	22,199	18,475	18,324	18,978	19,562	20,115	20,954	22,013
Total Residential	**41,066**	**51,366**	**56,634**	**49,341**	**48,787**	**47,387**	**48,024**	**49,532**	**51,980**	**55,045**
NONRESIDENTIAL BUILDINGS										
Lodging	1,495	820	644	794	1,128	1,185	1,150	1,206	1,358	1,684
Office	5,753	5,033	6,144	7,094	8,071	8,400	9,057	9,946	11,376	12,763
Commercial	6,977	7,743	9,859	10,189	9,747	9,045	8,805	9,133	9,784	10,948
Health Care	3,575	3,213	4,223	4,394	4,012	3,930	4,274	4,798	5,027	5,048
Educational	7,617	7,823	7,883	8,832	9,450	9,839	9,923	10,123	10,428	10,855
Religious	371	190	325	280	262	312	329	316	326	345
Public Safety	1,464	1,341	1,224	1,457	1,782	1,990	2,100	2,360	2,323	2,184
Amusement and Recreation	1,767	1,648	2,537	3,842	3,568	2,812	2,448	2,471	2,736	3,132
Transportation	2,714	3,245	2,873	3,984	3,696	3,307	3,222	3,254	3,402	3,669
Communication	477	718	1,063	1,619	2,593	2,918	3,054	2,853	2,565	2,457
Manufacturing	4,956	5,789	7,226	11,795	11,597	11,004	10,762	11,687	12,945	13,748
Total Nonresidential Buildings	**37,167**	**37,563**	**44,001**	**54,280**	**55,907**	**54,740**	**55,123**	**58,148**	**62,269**	**66,832**
NONBUILDING STRUCTURES										
Power	9,174	7,415	10,403	7,447	6,677	6,515	7,466	10,073	12,807	15,773
Highway and Street	11,711	11,564	12,904	13,702	16,162	16,373	16,693	17,276	18,068	18,799
Sewage and Waste Disposal	2,414	2,693	2,696	3,591	4,312	4,751	5,124	5,548	6,085	6,787
Water Supply	1,409	1,610	2,194	2,387	2,915	3,062	3,246	3,584	3,980	4,521
Conservation and Development	691	707	553	653	269	400	532	649	736	836
Total Nonbuilding Structures	**25,399**	**23,987**	**28,750**	**27,780**	**30,335**	**31,102**	**33,061**	**37,130**	**41,676**	**46,716**
Total Put in Place	**$103,632**	**$112,917**	**$129,386**	**$131,401**	**$135,029**	**$133,229**	**$136,209**	**$144,810**	**$155,926**	**$168,593**

Construction Put in Place Estimated for the West North Central

Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	15%	35%	5%	-16%	7%	-4%	1%	3%	5%	6%
Multifamily	30%	21%	5%	5%	-20%	-16%	-2%	5%	7%	8%
Improvements*	39%	16%	20%	-17%	-1%	4%	3%	3%	4%	5%
Total Residential	**26%**	**25%**	**10%**	**-13%**	**-1%**	**-3%**	**1%**	**3%**	**5%**	**6%**
NONRESIDENTIAL BUILDINGS										
Lodging	-24%	-45%	-22%	23%	42%	5%	-3%	5%	13%	24%
Office	25%	-13%	22%	15%	14%	4%	8%	10%	14%	12%
Commercial	1%	11%	27%	3%	-4%	-7%	-3%	4%	7%	12%
Health Care	-11%	-10%	31%	4%	-9%	-2%	9%	12%	5%	0%
Educational	-4%	3%	1%	12%	7%	4%	1%	2%	3%	4%
Religious	38%	-49%	71%	-14%	-6%	19%	5%	-4%	3%	6%
Public Safety	37%	-8%	-9%	19%	22%	12%	6%	12%	-2%	-6%
Amusement and Recreation	-7%	-7%	54%	51%	-7%	-21%	-13%	1%	11%	15%
Transportation	18%	20%	-11%	39%	-7%	-11%	-3%	1%	5%	8%
Communication	-9%	50%	48%	52%	60%	13%	5%	-7%	-10%	-4%
Manufacturing	-25%	17%	25%	63%	-2%	-5%	-2%	9%	11%	6%
Total Nonresidential Buildings	**-2%**	**1%**	**17%**	**23%**	**3%**	**-2%**	**1%**	**5%**	**7%**	**7%**
NONBUILDING STRUCTURES										
Power	-31%	-19%	40%	-28%	-10%	-2%	15%	35%	27%	23%
Highway and Street	41%	-1%	12%	6%	18%	1%	2%	3%	5%	4%
Sewage and Waste Disposal	8%	12%	0%	33%	20%	10%	8%	8%	10%	12%
Water Supply	33%	14%	36%	9%	22%	5%	6%	10%	11%	14%
Conservation and Development	40%	2%	-22%	18%	-59%	49%	33%	22%	13%	14%
Total Nonbuilding Structures	**0%**	**-6%**	**20%**	**-3%**	**9%**	**3%**	**6%**	**12%**	**12%**	**12%**
Total Put in Place	**8%**	**9%**	**15%**	**2%**	**3%**	**-1%**	**2%**	**6%**	**8%**	**8%**

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

WEST NORTH CENTRAL STATES INCLUDE IOWA, KANSAS, MINNESOTA, MISSOURI, NEBRASKA, NORTH DAKOTA AND SOUTH DAKOTA.

Construction Put in Place Estimated for the South Atlantic

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	71,084	105,106	113,360	102,430	109,765	105,561	107,185	110,669	115,405	122,521
Multifamily	21,882	25,414	28,675	34,323	32,969	30,450	29,367	31,048	33,347	35,906
Improvements*	52,174	58,952	83,154	81,070	90,542	96,942	101,082	103,726	108,144	113,955
Total Residential	**145,139**	**189,472**	**225,189**	**217,823**	**233,277**	**232,954**	**237,633**	**245,443**	**256,896**	**272,382**
NONRESIDENTIAL BUILDINGS										
Lodging	6,569	4,413	4,891	7,154	7,168	7,140	6,702	6,934	7,683	9,074
Office	18,877	17,199	20,627	21,707	22,098	22,533	24,671	27,949	30,847	33,379
Commercial	20,036	20,246	29,928	35,492	32,529	29,838	28,735	29,768	31,430	34,178
Health Care	10,488	10,360	11,650	13,334	14,563	15,059	15,300	15,712	16,367	17,147
Educational	16,895	16,155	16,309	21,846	22,983	23,824	24,505	24,915	26,024	27,624
Religious	765	713	820	890	1,162	1,420	1,524	1,473	1,363	1,337
Public Safety	2,513	1,941	1,882	2,916	3,484	3,729	3,773	3,708	3,818	4,024
Amusement and Recreation	4,936	5,087	6,615	8,041	8,322	8,560	8,451	8,603	8,851	9,270
Transportation	8,479	7,455	9,024	10,772	14,321	15,383	15,551	15,243	15,691	16,506
Communication	4,220	3,846	4,235	4,861	4,213	3,879	3,969	4,147	4,423	4,707
Manufacturing	6,367	7,946	15,110	30,445	49,882	51,754	48,790	47,685	49,539	52,154
Total Nonresidential Buildings	**100,145**	**95,363**	**121,091**	**157,457**	**180,727**	**183,119**	**181,971**	**186,137**	**196,038**	**209,399**
NONBUILDING STRUCTURES										
Power	10,864	15,602	15,900	29,381	27,598	28,305	29,642	32,879	35,621	37,967
Highway and Street	18,831	19,195	22,034	24,157	27,019	26,878	27,111	27,347	28,286	29,660
Sewage and Waste Disposal	5,445	5,241	6,282	8,743	9,731	11,143	12,116	12,436	13,011	13,787
Water Supply	3,214	3,058	3,879	4,701	5,390	5,640	5,831	6,032	6,350	6,668
Conservation and Development	1,408	1,100	1,317	1,613	1,953	2,137	2,268	2,379	2,520	2,700
Total Nonbuilding Structures	**39,762**	**44,196**	**49,412**	**68,594**	**71,691**	**74,103**	**76,969**	**81,072**	**85,789**	**90,782**
Total Put in Place	**$285,047**	**$329,032**	**$395,692**	**$443,874**	**$485,695**	**$490,176**	**$496,573**	**$512,652**	**$538,723**	**$572,564**

Construction Put in Place Estimated for the South Atlantic

Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	8%	48%	8%	-10%	7%	-4%	2%	3%	4%	6%
Multifamily	16%	16%	13%	20%	-4%	-8%	-4%	6%	7%	8%
Improvements*	21%	13%	41%	-3%	12%	7%	4%	3%	4%	5%
Total Residential	**14%**	**31%**	**19%**	**-3%**	**7%**	**0%**	**2%**	**3%**	**5%**	**6%**
NONRESIDENTIAL BUILDINGS										
Lodging	-15%	-33%	11%	46%	0%	0%	-6%	3%	11%	18%
Office	8%	-9%	20%	5%	2%	2%	9%	13%	10%	8%
Commercial	5%	1%	48%	19%	-8%	-8%	-4%	4%	6%	9%
Health Care	6%	-1%	12%	14%	9%	3%	2%	3%	4%	5%
Educational	-3%	-4%	1%	34%	5%	4%	3%	2%	4%	6%
Religious	-12%	-7%	15%	9%	31%	22%	7%	-3%	-7%	-2%
Public Safety	43%	-23%	-3%	55%	19%	7%	1%	-2%	3%	5%
Amusement and Recreation	-7%	3%	30%	22%	3%	3%	-1%	2%	3%	5%
Transportation	-12%	-12%	21%	19%	33%	7%	1%	-2%	3%	5%
Communication	36%	-9%	10%	15%	-13%	-8%	2%	5%	7%	6%
Manufacturing	-38%	25%	90%	101%	64%	4%	-6%	-2%	4%	5%
Total Nonresidential Buildings	**-2%**	**-5%**	**27%**	**30%**	**15%**	**1%**	**-1%**	**2%**	**5%**	**7%**
NONBUILDING STRUCTURES										
Power	-38%	44%	2%	85%	-6%	3%	5%	11%	8%	7%
Highway and Street	-10%	2%	15%	10%	12%	-1%	1%	1%	3%	5%
Sewage and Waste Disposal	3%	-4%	20%	39%	11%	15%	9%	3%	5%	6%
Water Supply	32%	-5%	27%	21%	15%	5%	3%	3%	5%	5%
Conservation and Development	-17%	-22%	20%	22%	21%	9%	6%	5%	6%	7%
Total Nonbuilding Structures	**-17%**	**11%**	**12%**	**39%**	**5%**	**3%**	**4%**	**5%**	**6%**	**6%**
Total Put in Place	**2%**	**15%**	**20%**	**12%**	**9%**	**1%**	**1%**	**3%**	**5%**	**6%**

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

SOUTH ATLANTIC REGION INCLUDES DELAWARE, DISTRICT OF COLUMBIA, FLORIDA, GEORGIA, MARYLAND, NORTH CAROLINA, SOUTH CAROLINA, VIRGINIA AND WEST VIRGINIA.

Construction Put in Place Estimated for the East South Central

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	15,420	20,977	22,759	20,464	22,412	20,970	21,196	21,580	22,294	23,450
Multifamily	4,558	5,513	4,643	6,363	6,269	5,598	5,352	5,530	5,858	6,273
Improvements*	12,223	15,085	19,366	18,681	20,974	21,724	22,357	23,111	23,977	25,090
Total Residential	**32,202**	**41,576**	**46,768**	**45,509**	**49,655**	**48,292**	**48,905**	**50,220**	**52,129**	**54,813**
NONRESIDENTIAL BUILDINGS										
Lodging	1,479	932	821	1,392	1,275	1,244	1,147	1,173	1,226	1,341
Office	4,703	3,935	2,888	2,747	4,549	4,618	5,141	6,233	7,880	8,627
Commercial	5,776	5,666	6,545	6,813	6,581	5,966	5,686	5,818	6,061	6,579
Health Care	2,012	1,638	2,302	3,067	3,082	2,573	2,455	2,587	3,037	3,162
Educational	4,499	3,616	4,666	6,352	8,083	7,888	7,948	8,193	8,431	8,813
Religious	263	150	163	213	189	247	251	226	216	231
Public Safety	764	559	724	1,087	1,486	1,560	1,413	1,471	1,845	1,967
Amusement and Recreation	1,043	1,602	1,932	2,003	2,141	2,772	2,924	2,694	2,467	2,575
Transportation	1,653	1,156	1,263	1,733	1,824	1,868	1,845	1,857	1,936	2,046
Communication	4,484	3,577	1,865	1,461	1,097	1,107	1,124	1,163	1,207	1,258
Manufacturing	6,024	7,033	12,688	17,055	20,141	19,307	17,523	16,716	17,121	17,969
Total Nonresidential Buildings	**32,701**	**29,864**	**35,857**	**43,924**	**50,447**	**49,151**	**47,458**	**48,131**	**51,427**	**54,568**
NONBUILDING STRUCTURES										
Power	3,933	2,811	5,572	7,596	15,766	15,083	16,179	17,756	18,946	20,004
Highway and Street	5,020	3,886	5,190	6,900	6,136	6,077	6,097	6,259	6,600	6,954
Sewage and Waste Disposal	1,336	1,484	1,582	2,259	1,811	2,108	2,177	2,308	2,484	2,691
Water Supply	599	597	785	983	1,050	1,115	1,176	1,240	1,323	1,419
Conservation and Development	166	159	39	156	269	419	455	477	507	533
Total Nonbuilding Structures	**11,054**	**8,938**	**13,169**	**17,894**	**25,033**	**24,801**	**26,084**	**28,040**	**29,859**	**31,600**
Total Put in Place	**$75,957**	**$80,378**	**$95,794**	**$107,327**	**$125,135**	**$122,244**	**$122,447**	**$126,391**	**$133,415**	**$140,981**

Construction Put in Place Estimated for the East South Central

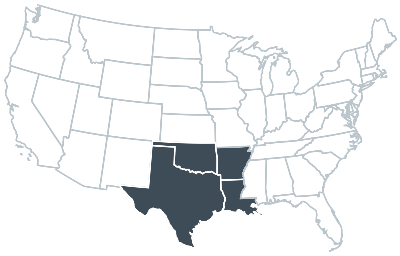
Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	8%	36%	8%	-10%	10%	-6%	1%	2%	3%	5%
Multifamily	40%	21%	-16%	37%	-1%	-11%	-4%	3%	6%	7%
Improvements*	29%	23%	28%	-4%	12%	4%	3%	3%	4%	5%
Total Residential	**19%**	**29%**	**12%**	**-3%**	**9%**	**-3%**	**1%**	**3%**	**4%**	**5%**
NONRESIDENTIAL BUILDINGS										
Lodging	-20%	-37%	-12%	70%	-8%	-2%	-8%	2%	5%	9%
Office	29%	-16%	-27%	-5%	66%	2%	11%	21%	26%	9%
Commercial	23%	-2%	16%	4%	-3%	-9%	-5%	2%	4%	9%
Health Care	-4%	-19%	41%	33%	0%	-17%	-5%	5%	17%	4%
Educational	3%	-20%	29%	36%	27%	-2%	1%	3%	3%	5%
Religious	-24%	-43%	8%	31%	-11%	31%	2%	-10%	-4%	7%
Public Safety	45%	-27%	29%	50%	37%	5%	-9%	4%	25%	7%
Amusement and Recreation	-20%	54%	21%	4%	7%	29%	5%	-8%	-8%	4%
Transportation	-25%	-30%	9%	37%	5%	2%	-1%	1%	4%	6%
Communication	97%	-20%	-48%	-22%	-25%	1%	2%	3%	4%	4%
Manufacturing	-10%	17%	80%	34%	18%	-4%	-9%	-5%	2%	5%
Total Nonresidential Buildings	**9%**	**-9%**	**20%**	**22%**	**15%**	**-3%**	**-3%**	**1%**	**7%**	**6%**
NONBUILDING STRUCTURES										
Power	55%	-29%	98%	36%	108%	-4%	7%	10%	7%	6%
Highway and Street	-11%	-23%	34%	33%	-11%	-1%	0%	3%	5%	5%
Sewage and Waste Disposal	27%	11%	7%	43%	-20%	16%	3%	6%	8%	8%
Water Supply	69%	0%	32%	25%	7%	6%	5%	5%	7%	7%
Conservation and Development	-5%	-4%	-75%	299%	72%	56%	9%	5%	6%	5%
Total Nonbuilding Structures	**13%**	**-19%**	**47%**	**36%**	**40%**	**-1%**	**5%**	**7%**	**6%**	**6%**
Total Put in Place	**14%**	**6%**	**19%**	**12%**	**17%**	**-2%**	**0%**	**3%**	**6%**	**6%**

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

EAST SOUTH CENTRAL STATES INCLUDE ALABAMA, KENTUCKY, MISSISSIPPI AND TENNESSEE.



Construction Put in Place Estimated for the West South Central

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	45,024	63,925	66,134	59,137	64,349	60,712	61,568	63,653	66,418	70,142
Multifamily	16,346	17,157	18,375	20,664	20,639	19,249	19,121	20,318	22,561	24,644
Improvements*	27,589	36,090	48,217	45,791	51,944	55,296	56,884	59,020	62,334	66,512
Total Residential	**88,959**	**117,172**	**132,726**	**125,592**	**136,931**	**135,258**	**137,572**	**142,991**	**151,313**	**161,298**
NONRESIDENTIAL BUILDINGS										
Lodging	3,564	2,109	2,904	3,036	3,230	3,282	3,408	3,697	4,129	4,160
Office	14,117	12,601	14,323	17,500	20,562	21,635	23,181	25,005	27,215	29,240
Commercial	15,302	17,550	24,011	29,530	27,477	26,278	25,792	27,112	29,338	32,471
Health Care	5,868	7,247	8,077	9,604	10,584	11,201	11,747	12,088	12,498	13,056
Educational	18,625	16,805	16,698	20,742	24,586	25,324	25,829	26,660	27,891	29,571
Religious	768	755	760	1,152	1,130	1,261	1,307	1,234	1,179	1,217
Public Safety	1,994	1,560	1,941	1,764	2,566	2,709	2,523	2,475	2,603	2,776
Amusement and Recreation	3,003	2,502	3,986	5,349	5,413	5,358	5,143	5,229	5,428	5,886
Transportation	4,460	4,571	4,849	4,951	6,184	6,577	6,831	7,114	7,723	8,463
Communication	2,802	1,945	2,114	4,127	6,080	6,160	6,305	6,596	6,065	5,334
Manufacturing	26,278	24,863	29,872	47,617	54,652	53,194	55,776	60,348	64,865	73,657
Total Nonresidential Buildings	**96,782**	**92,507**	**109,535**	**145,372**	**162,465**	**162,980**	**167,843**	**177,558**	**188,935**	**205,833**
NONBUILDING STRUCTURES										
Power	20,283	18,285	20,340	13,569	14,931	17,464	19,473	23,213	26,405	30,455
Highway and Street	16,542	17,021	20,327	24,929	26,559	26,843	27,174	27,807	29,452	31,039
Sewage and Waste Disposal	3,665	4,538	5,361	6,482	7,092	7,779	8,194	8,569	9,267	10,090
Water Supply	3,888	4,261	5,252	6,210	7,297	7,767	8,109	8,333	8,820	9,474
Conservation and Development	1,924	1,870	2,027	2,676	2,637	2,846	3,047	3,309	3,755	4,332
Total Nonbuilding Structures	**46,303**	**45,975**	**53,307**	**53,866**	**58,516**	**62,698**	**65,996**	**71,231**	**77,699**	**85,390**
Total Put in Place	**$232,044**	**$255,653**	**$295,568**	**$324,830**	**$357,912**	**$360,935**	**$371,411**	**$391,779**	**$417,947**	**$452,521**

Construction Put in Place Estimated for the West South Central

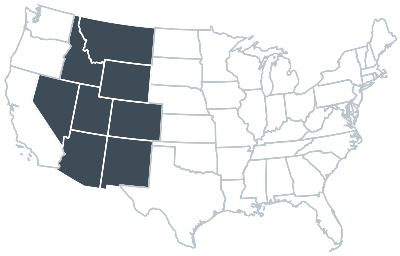
Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	13%	42%	3%	-11%	9%	-6%	1%	3%	4%	6%
Multifamily	12%	5%	7%	12%	0%	-7%	-1%	6%	11%	9%
Improvements*	28%	31%	34%	-5%	13%	6%	3%	4%	6%	7%
Total Residential	**17%**	**32%**	**13%**	**-5%**	**9%**	**-1%**	**2%**	**4%**	**6%**	**7%**
NONRESIDENTIAL BUILDINGS										
Lodging	-14%	-41%	38%	5%	6%	2%	4%	8%	12%	1%
Office	11%	-11%	14%	22%	17%	5%	7%	8%	9%	7%
Commercial	11%	15%	37%	23%	-7%	-4%	-2%	5%	8%	11%
Health Care	14%	24%	11%	19%	10%	6%	5%	3%	3%	4%
Educational	8%	-10%	-1%	24%	19%	3%	2%	3%	5%	6%
Religious	-11%	-2%	1%	52%	-2%	12%	4%	-6%	-4%	3%
Public Safety	20%	-22%	24%	-9%	45%	6%	-7%	-2%	5%	7%
Amusement and Recreation	-28%	-17%	59%	34%	1%	-1%	-4%	2%	4%	8%
Transportation	40%	2%	6%	2%	25%	6%	4%	4%	9%	10%
Communication	-27%	-31%	9%	95%	47%	1%	2%	5%	-8%	-12%
Manufacturing	-5%	-5%	20%	59%	15%	-3%	5%	8%	7%	14%
Total Nonresidential Buildings	**2%**	**-4%**	**18%**	**33%**	**12%**	**0%**	**3%**	**6%**	**6%**	**9%**
NONBUILDING STRUCTURES										
Power	43%	-10%	11%	-33%	10%	17%	12%	19%	14%	15%
Highway and Street	2%	3%	19%	23%	7%	1%	1%	2%	6%	5%
Sewage and Waste Disposal	14%	24%	18%	21%	9%	10%	5%	5%	8%	9%
Water Supply	6%	10%	23%	18%	17%	6%	4%	3%	6%	7%
Conservation and Development	14%	-3%	8%	32%	-1%	8%	7%	9%	13%	15%
Total Nonbuilding Structures	**19%**	**-1%**	**16%**	**1%**	**9%**	**7%**	**5%**	**8%**	**9%**	**10%**
Total Put in Place	**11%**	**10%**	**16%**	**10%**	**10%**	**1%**	**3%**	**5%**	**7%**	**8%**

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

WEST SOUTH CENTRAL STATES INCLUDE ARKANSAS, LOUISIANA, OKLAHOMA AND TEXAS.



Construction Put in Place Estimated for Mountain

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	58,563	75,883	74,848	64,954	74,919	70,874	70,883	72,247	74,787	78,004
Multifamily	11,639	13,630	15,461	18,402	15,654	13,418	12,851	13,213	14,033	15,344
Improvements*	40,731	45,733	59,686	55,716	64,727	67,487	69,833	71,433	73,426	76,263
Total Residential	**110,933**	**135,246**	**149,995**	**139,072**	**155,300**	**151,779**	**153,568**	**156,894**	**162,245**	**169,612**
NONRESIDENTIAL BUILDINGS										
Lodging	4,509	3,583	4,232	5,187	2,885	2,804	2,858	3,189	4,109	5,222
Office	6,929	6,812	8,616	9,801	9,141	8,579	9,694	10,635	11,601	12,486
Commercial	7,372	8,968	13,850	17,319	13,780	12,538	11,861	11,750	12,398	13,255
Health Care	4,053	4,603	3,971	3,966	3,685	3,475	3,409	3,404	3,497	3,654
Educational	7,004	6,018	6,182	7,014	8,534	8,323	8,233	8,402	8,818	9,279
Religious	483	516	328	387	401	412	408	387	380	397
Public Safety	2,841	1,478	814	1,096	1,494	1,728	1,569	1,413	1,434	1,512
Amusement and Recreation	3,730	3,161	3,251	3,850	4,082	4,915	5,310	5,095	5,244	5,544
Transportation	5,767	5,571	4,857	5,033	3,825	3,757	3,823	3,973	4,429	5,069
Communication	1,673	1,688	1,619	2,893	2,415	2,312	2,325	2,365	2,500	2,759
Manufacturing	4,938	9,937	27,891	40,700	47,315	45,624	45,076	46,846	48,188	48,838
Total Nonresidential Buildings	**49,299**	**52,336**	**75,611**	**97,246**	**97,556**	**94,467**	**94,566**	**97,457**	**102,599**	**108,014**
NONBUILDING STRUCTURES										
Power	5,985	7,425	10,993	33,386	32,193	28,081	25,001	25,956	28,960	33,225
Highway and Street	7,120	6,651	7,465	10,938	10,087	9,759	9,842	10,046	10,456	10,972
Sewage and Waste Disposal	1,604	1,865	2,428	2,395	2,764	3,092	3,391	3,665	4,050	4,527
Water Supply	2,130	1,797	2,353	2,568	2,571	2,658	2,775	2,938	3,211	3,579
Conservation and Development	392	469	1,025	1,512	1,449	1,378	1,405	1,518	1,650	1,814
Total Nonbuilding Structures	**17,231**	**18,207**	**24,264**	**50,799**	**49,064**	**44,969**	**42,413**	**44,122**	**48,327**	**54,116**
Total Put in Place	**$177,463**	**$205,789**	**$249,870**	**$287,117**	**$301,920**	**$291,215**	**$290,547**	**$298,473**	**$313,171**	**$331,743**

Construction Put in Place Estimated for Mountain

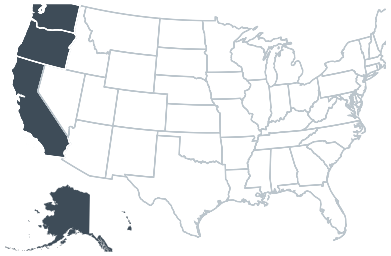
Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	22%	30%	-1%	-13%	15%	-5%	0%	2%	4%	4%
Multifamily	18%	17%	13%	19%	-15%	-14%	-4%	3%	6%	9%
Improvements*	38%	12%	31%	-7%	16%	4%	3%	2%	3%	4%
Total Residential	**27%**	**22%**	**11%**	**-7%**	**12%**	**-2%**	**1%**	**2%**	**3%**	**5%**
NONRESIDENTIAL BUILDINGS										
Lodging	23%	-21%	18%	23%	-44%	-3%	2%	12%	29%	27%
Office	21%	-2%	26%	14%	-7%	-6%	13%	10%	9%	8%
Commercial	26%	22%	54%	25%	-20%	-9%	-5%	-1%	6%	7%
Health Care	1%	14%	-14%	0%	-7%	-6%	-2%	0%	3%	4%
Educational	13%	-14%	3%	13%	22%	-2%	-1%	2%	5%	5%
Religious	53%	7%	-36%	18%	4%	3%	-1%	-5%	-2%	4%
Public Safety	126%	-48%	-45%	35%	36%	16%	-9%	-10%	1%	5%
Amusement and Recreation	-24%	-15%	3%	18%	6%	20%	8%	-4%	3%	6%
Transportation	16%	-3%	-13%	4%	-24%	-2%	2%	4%	11%	14%
Communication	99%	1%	-4%	79%	-17%	-4%	1%	2%	6%	10%
Manufacturing	-6%	101%	181%	46%	16%	-4%	-1%	4%	3%	1%
Total Nonresidential Buildings	**15%**	**6%**	**44%**	**29%**	**0%**	**-3%**	**0%**	**3%**	**5%**	**5%**
NONBUILDING STRUCTURES										
Power	1%	24%	48%	204%	-4%	-13%	-11%	4%	12%	15%
Highway and Street	11%	-7%	12%	47%	-8%	-3%	1%	2%	4%	5%
Sewage and Waste Disposal	-11%	16%	30%	-1%	15%	12%	10%	8%	11%	12%
Water Supply	28%	-16%	31%	9%	0%	3%	4%	6%	9%	11%
Conservation and Development	-23%	20%	118%	48%	-4%	-5%	2%	8%	9%	10%
Total Nonbuilding Structures	**6%**	**6%**	**33%**	**109%**	**-3%**	**-8%**	**-6%**	**4%**	**10%**	**12%**
Total Put in Place	**21%**	**16%**	**21%**	**15%**	**5%**	**-4%**	**0%**	**3%**	**5%**	**6%**

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

MOUNTAIN STATES INCLUDE ARIZONA, COLORADO, IDAHO, MONTANA, NEVADA, NEW MEXICO, UTAH AND WYOMING.



Construction Put in Place Estimated for the Pacific

Millions of Current Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	46,909	60,791	66,278	60,291	62,372	59,631	60,272	61,181	63,417	65,951
Multifamily	16,647	17,002	18,931	22,096	21,847	20,232	19,948	21,218	23,231	25,097
Improvements*	39,104	42,149	56,020	52,578	55,845	58,932	60,437	62,177	65,242	68,495
Total Residential	**102,660**	**119,942**	**141,230**	**134,965**	**140,063**	**138,795**	**140,658**	**144,576**	**151,891**	**159,543**
NONRESIDENTIAL BUILDINGS										
Lodging	3,729	2,014	2,142	3,096	3,861	3,738	3,630	3,824	4,115	4,525
Office	12,667	14,596	15,416	14,210	12,248	11,405	10,900	10,969	11,405	12,002
Commercial	9,807	11,517	16,098	17,739	15,019	13,146	12,167	12,501	13,158	14,330
Health Care	4,967	5,884	8,570	10,340	11,212	11,446	11,770	12,142	11,957	11,595
Educational	22,299	20,154	20,209	20,402	23,861	22,956	22,721	23,373	24,350	25,454
Religious	130	205	206	343	468	457	415	393	400	417
Public Safety	2,522	1,911	1,784	1,971	2,491	2,477	2,631	2,841	2,962	3,053
Amusement and Recreation	4,770	5,641	5,224	4,688	5,240	5,542	5,409	5,235	5,386	5,634
Transportation	21,115	20,901	20,359	18,794	14,894	15,243	15,969	17,684	19,390	21,095
Communication	2,234	2,161	2,396	2,905	2,914	2,930	3,007	3,203	3,472	3,791
Manufacturing	4,346	3,882	7,374	8,006	7,057	5,187	4,879	6,131	8,175	9,327
Total Nonresidential Buildings	**88,586**	**88,865**	**99,778**	**102,495**	**99,266**	**94,525**	**93,497**	**98,295**	**104,769**	**111,223**
NONBUILDING STRUCTURES										
Power	33,029	32,567	27,976	28,636	25,630	27,298	30,059	32,605	35,088	37,719
Highway and Street	12,426	13,781	14,603	16,026	20,240	20,528	20,900	21,239	22,138	23,112
Sewage and Waste Disposal	5,322	5,295	6,427	7,312	8,128	9,054	9,688	10,167	10,948	11,684
Water Supply	3,792	4,101	4,271	4,783	5,990	6,614	7,009	7,310	7,706	8,290
Conservation and Development	2,192	1,870	1,513	2,091	1,914	1,793	1,802	1,860	1,956	2,100
Total Nonbuilding Structures	**56,761**	**57,614**	**54,791**	**58,848**	**61,903**	**65,286**	**69,459**	**73,181**	**77,836**	**82,905**
Total Put in Place	**$248,006**	**$266,421**	**$295,798**	**$296,307**	**$301,232**	**$298,606**	**$303,613**	**$316,051**	**$334,496**	**$353,670**

Construction Put in Place Estimated for the Pacific

Change From Prior Year — Current Dollar Basis

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	4%	30%	9%	-9%	3%	-4%	1%	2%	4%	4%
Multifamily	-9%	2%	11%	17%	-1%	-7%	-1%	6%	9%	8%
Improvements*	21%	8%	33%	-6%	6%	6%	3%	3%	5%	5%
Total Residential	**7%**	**17%**	**18%**	**-4%**	**4%**	**-1%**	**1%**	**3%**	**5%**	**5%**
NONRESIDENTIAL BUILDINGS										
Lodging	-25%	-46%	6%	45%	25%	-3%	-3%	5%	8%	10%
Office	-2%	15%	6%	-8%	-14%	-7%	-4%	1%	4%	5%
Commercial	-7%	17%	40%	10%	-15%	-12%	-7%	3%	5%	9%
Health Care	0%	18%	46%	21%	8%	2%	3%	3%	-2%	-3%
Educational	0%	-10%	0%	1%	17%	-4%	-1%	3%	4%	5%
Religious	-40%	58%	0%	67%	36%	-2%	-9%	-5%	2%	4%
Public Safety	21%	-24%	-7%	10%	26%	-1%	6%	8%	4%	3%
Amusement and Recreation	-4%	18%	-7%	-10%	12%	6%	-2%	-3%	3%	5%
Transportation	11%	-1%	-3%	-8%	-21%	2%	5%	11%	10%	9%
Communication	-5%	-3%	11%	21%	0%	1%	3%	7%	8%	9%
Manufacturing	11%	-11%	90%	9%	-12%	-26%	-6%	26%	33%	14%
Total Nonresidential Buildings	**0%**	**0%**	**12%**	**3%**	**-3%**	**-5%**	**-1%**	**5%**	**7%**	**6%**
NONBUILDING STRUCTURES										
Power	-15%	-1%	-14%	2%	-10%	7%	10%	8%	8%	7%
Highway and Street	-7%	11%	6%	10%	26%	1%	2%	2%	4%	4%
Sewage and Waste Disposal	3%	-1%	21%	14%	11%	11%	7%	5%	8%	7%
Water Supply	28%	8%	4%	12%	25%	10%	6%	4%	5%	8%
Conservation and Development	1%	-15%	-19%	38%	-9%	-6%	1%	3%	5%	7%
Total Nonbuilding Structures	**-9%**	**2%**	**-5%**	**7%**	**5%**	**5%**	**6%**	**5%**	**6%**	**7%**
Total Put in Place	**1%**	**7%**	**11%**	**0%**	**2%**	**-1%**	**2%**	**4%**	**6%**	**6%**

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

PACIFIC STATES INCLUDE ALASKA, CALIFORNIA, HAWAII, OREGON AND WASHINGTON.

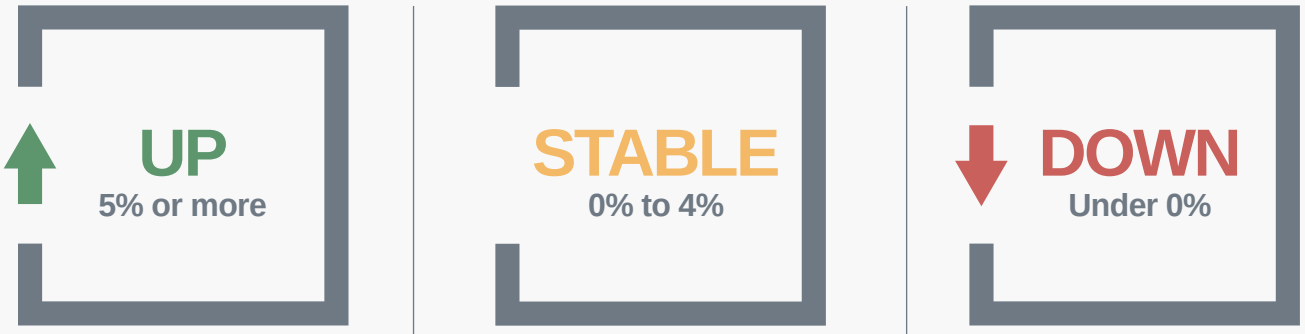
CANADIAN ENGINEERING AND CONSTRUCTION OUTLOOK

CANADIAN KEY TAKEAWAYS

- In 2025, total engineering and construction in Canada is expected to be $437 billion. This represents a nearly 5% increase from 2024, or about a $26 billion increase in new construction. Looking ahead to 2026, FMI anticipates another uptick in spending, up 4.5% to $456 billion.
- Overall, Canada's economy has fared better in the face of U.S. tariffs than expected, avoiding recession with 1.4% real growth, according to Statistics Canada data. While segments heavily leveraged to trade with the United States, such as manufacturing, have struggled, other segments have remained strong. Construction activity in nonresidential buildings is expected to reach almost $151 billion by 2029, and nonbuilding structures spending is anticipated to nearly reach $149 billion. Strong infrastructure and multifamily residential spending are boosting construction activity.

CANADA 2025 SEGMENT PERFORMANCE

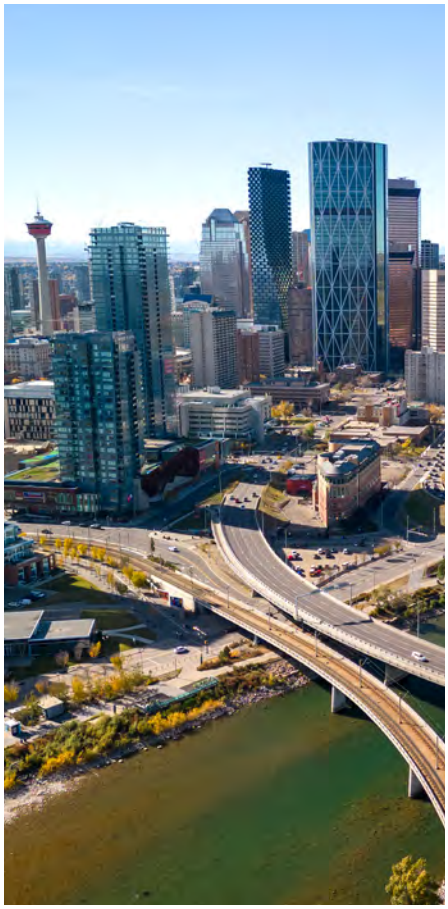
2024/2025 COMPARISON



UP (5% or more)	STABLE (0% to 4%)	DOWN (Under 0%)
Multifamily	Single-family	Lodging
Residential Improvements	Office	Religious
Amusement and Recreation	Commercial	Manufacturing
Transportation	Health Care	
Power	Educational	
Highway and Street	Public Safety	
Conservation and Development	Communication	
	Sewage and Waste Disposal	
	Water Supply	

PROVINCE by PROVINCE

- Alberta's construction activity through 2025 was led by education and health care, despite contractions in lodging and commercial segments of 25% and 15%, respectively. After several years of substantial construction industry growth, 25% in 2022 and 9% in 2024, 2025 was closer to the national average. Due to the impact of the oil industry on all parts of the Alberta economy, declining oil prices may limit short-term growth. This trend may continue if recent U.S. actions in Venezuela increase heavy crude supply.
- In British Columbia, 2025 was in line with national trends. Lodging, commercial and health care saw double-digit declines, while education, transportation, and amusement and recreation saw double-digit growth. Moving forward, the outlook for infrastructure segments (power, transportation, conservation and development) as well as manufacturing remains positive. Single-family residential construction declined for a third year in a row; it was 8% in 2025 and 18% in both 2024 and 2023. In total, construction spending is forecast to reach over $90 billion in 2029.



- Representing 34% of national construction spending, Ontario's impact on the Canadian construction market remains outsized. Single-family residential construction declined by 11% in 2025. It was the third consecutive year of double-digit declines for single-family residential in Ontario. Manufacturing fell by 14% due to dependence on the United States, especially in automotive manufacturing. In 2025, stronger segments included education, health care and transportation, growing at 22%, 15% and 34%, respectively.
- Quebec is anticipated to finish 2025 with construction activity 10% higher than 2024, but nearly all growth was in the residential sector, which grew 30% in 2025. Non-residential buildings shrank by 9% and the nonbuilding segment grew by only 1% due to a 6% contraction in power spending. Looking forward, these extremes are expected to moderate.

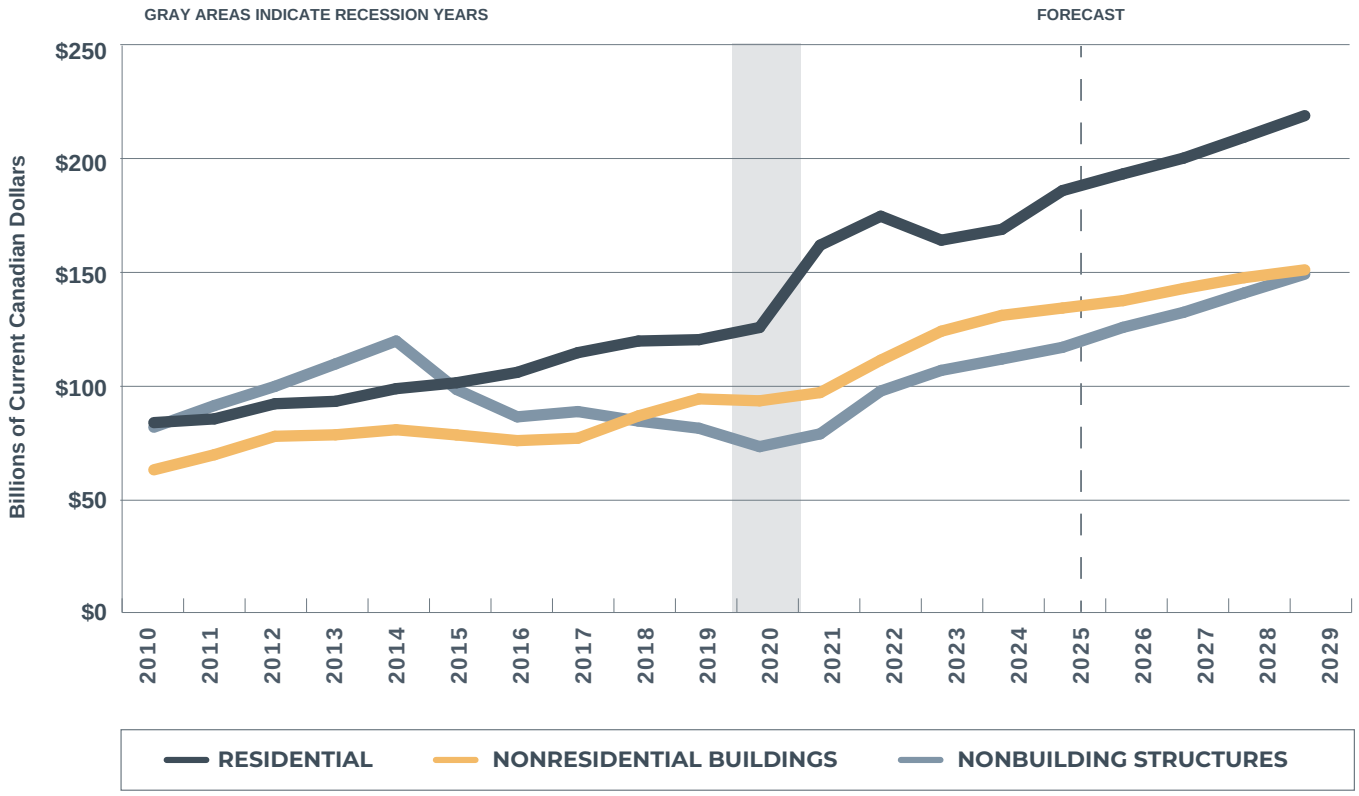
SEGMENT OVERVIEW

When considering segment activity into 2026, amusement and recreation and lodging construction are anticipated to drop more than 1% from 2025. New single-family residential is expected to recover after two years of near 0% growth.

On a positive note, conservation and development and transportation are the fastest-growing segments through the forecast period (8.2% and 7.8% CAGR, respectively). Closely following are power (6.4% CAGR), highway and street (5.7% CAGR), and multifamily residential (5.7% CAGR).

Overall, Canada's weak nonresidential building sector is balanced out by strength in infrastructure and multifamily residential, averaging 4.6% annual growth over the forecast period. As Canada struggles with housing supply in major cities like Vancouver and Toronto, residential, especially multifamily, will be an important market to watch.

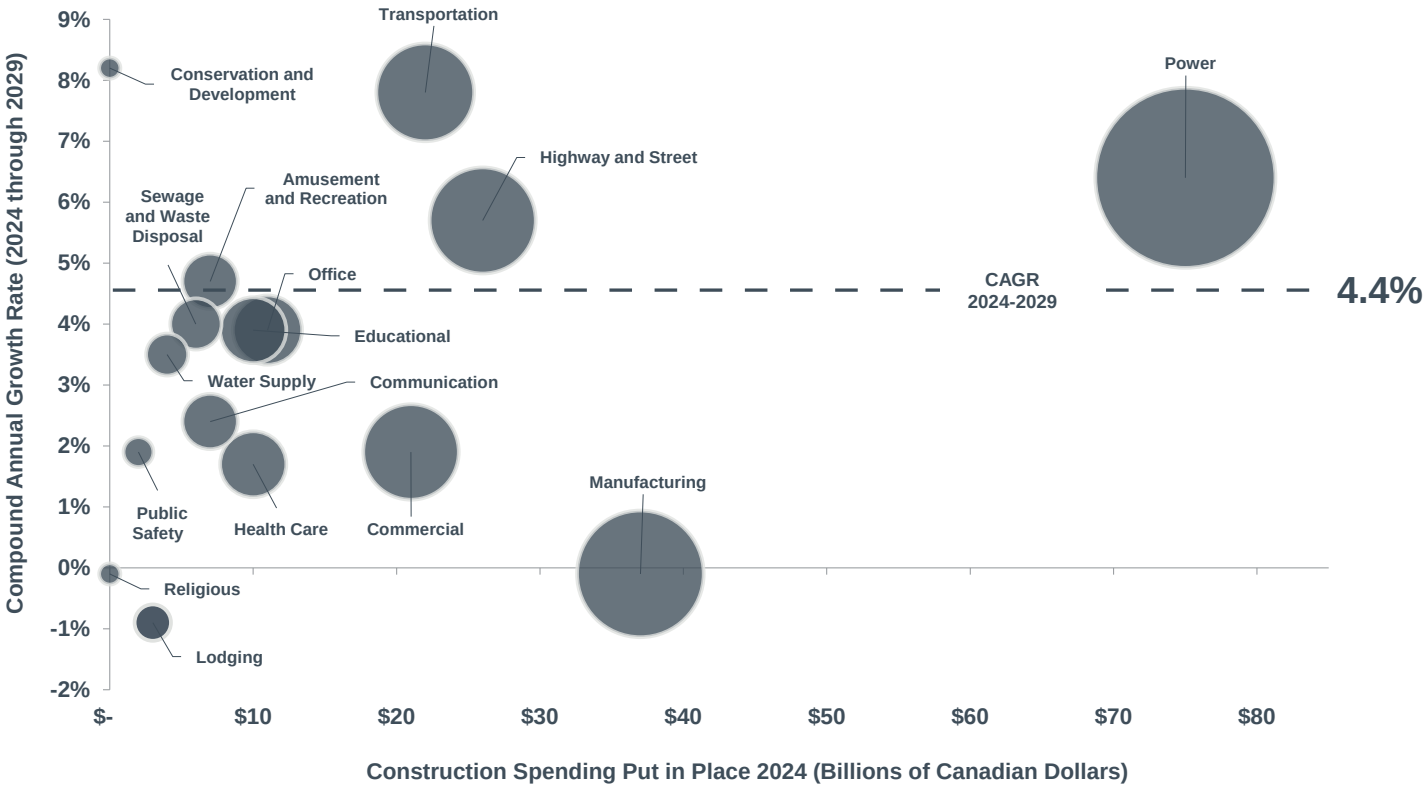
TOTAL CONSTRUCTION SPENDING PUT IN PLACE ESTIMATED FOR CANADA



SOURCE: FMI FORECAST Q1 2026

First quarter forecast based on third quarter 2025 actuals and fourth quarter assumptions.

NONRESIDENTIAL CONSTRUCTION SPENDING PUT IN PLACE
FORECAST GROWTH BY CONSTRUCTION SEGMENT



SOURCE: FMI FORECAST Q1 2026

Construction Put in Place Estimated for Canadian Census Division

Millions of Current Canadian Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	23,976	34,821	36,364	29,329	29,225	29,238	29,950	29,955	30,672	31,729
Multifamily	38,292	46,199	50,406	52,425	56,744	62,659	64,737	68,078	71,972	74,961
Improvements*	63,083	80,820	87,912	82,299	82,893	94,143	98,766	102,421	107,115	112,585
Total Residential	**125,351**	**161,840**	**174,682**	**164,053**	**168,862**	**186,040**	**193,453**	**200,454**	**209,759**	**219,275**
NONRESIDENTIAL BUILDINGS										
Lodging	2,748	2,445	2,481	2,666	3,146	2,767	2,728	2,826	2,923	3,004
Office	11,674	10,692	11,302	12,002	11,468	12,395	12,515	13,074	13,645	13,869
Commercial	14,834	15,583	20,821	20,506	20,689	19,098	19,680	20,672	21,663	22,771
Health Care	5,756	6,311	7,163	7,996	10,127	10,640	10,669	10,885	11,199	11,021
Educational	6,938	8,004	8,332	8,785	9,555	10,815	11,214	11,291	11,413	11,557
Religious	415	318	312	361	442	493	527	505	441	440
Public Safety	1,753	1,605	1,697	1,802	1,722	1,848	1,857	1,900	1,939	1,889
Amusement and Recreation	4,352	3,983	4,814	5,909	7,223	8,239	8,038	8,540	8,911	9,080
Transportation	16,436	18,077	18,685	19,829	22,178	26,871	28,247	29,682	30,875	32,322
Communication	7,035	7,450	7,485	8,569	7,314	7,510	7,787	8,035	8,095	8,238
Manufacturing	20,883	22,013	27,747	35,269	36,860	33,297	33,987	35,222	36,322	36,709
Total Nonresidential Buildings	**92,824**	**96,481**	**110,840**	**123,693**	**130,724**	**133,972**	**137,249**	**142,632**	**147,426**	**150,900**
NONBUILDING STRUCTURES										
Power	45,348	51,359	67,459	72,081	75,202	78,964	85,585	89,822	96,328	102,393
Highway and Street	19,027	18,940	21,092	24,794	26,106	27,155	28,908	30,923	32,549	34,486
Sewage and Waste Disposal	4,846	4,784	4,715	5,327	5,563	5,750	6,002	6,104	6,450	6,765
Water Supply	3,214	3,047	3,823	4,040	4,382	4,557	4,749	5,016	5,126	5,193
Conservation and Development	81	49	83	85	107	116	160	212	219	159
Total Nonbuilding Structures	**72,516**	**78,179**	**97,172**	**106,327**	**111,360**	**116,542**	**125,405**	**132,077**	**140,671**	**148,996**
Total Put in Place	**$290,690**	**$336,500**	**$382,694**	**$394,073**	**$410,946**	**$436,554**	**$456,107**	**$475,164**	**$497,857**	**$519,171**

Construction Put in Place Estimated for Canadian Census Division

Change From Prior Year — Current Canadian Dollars

1st Quarter 2026 Forecast, Based on 3rd Quarter 2025 Actuals and 4th Quarter 2025 Assumptions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
RESIDENTIAL BUILDINGS										
Single-family	4%	45%	4%	-19%	0%	0%	2%	0%	2%	3%
Multifamily	8%	21%	9%	4%	8%	10%	3%	5%	6%	4%
Improvements*	3%	28%	9%	-6%	1%	14%	5%	4%	5%	5%
Total Residential	**5%**	**29%**	**8%**	**-6%**	**3%**	**10%**	**4%**	**4%**	**5%**	**5%**
NONRESIDENTIAL BUILDINGS										
Lodging	-9%	-11%	1%	7%	18%	-12%	-1%	4%	3%	3%
Office	3%	-8%	6%	6%	-4%	8%	1%	4%	4%	2%
Commercial	-6%	5%	34%	-2%	1%	-8%	3%	5%	5%	5%
Health Care	8%	10%	14%	12%	27%	5%	0%	2%	3%	-2%
Educational	3%	15%	4%	5%	9%	13%	4%	1%	1%	1%
Religious	-7%	-24%	-2%	15%	22%	12%	7%	-4%	-13%	0%
Public Safety	3%	-8%	6%	6%	-4%	7%	1%	2%	2%	-3%
Amusement and Recreation	6%	-8%	21%	23%	22%	14%	-2%	6%	4%	2%
Transportation	3%	10%	3%	6%	12%	21%	5%	5%	4%	5%
Communication	16%	6%	0%	14%	-15%	3%	4%	3%	1%	2%
Manufacturing	-10%	5%	26%	27%	5%	-10%	2%	4%	3%	1%
Total Nonresidential Buildings	**-1%**	**4%**	**15%**	**12%**	**6%**	**2%**	**2%**	**4%**	**3%**	**2%**
NONBUILDING STRUCTURES										
Power	-16%	13%	31%	7%	4%	5%	8%	5%	7%	6%
Highway and Street	3%	0%	11%	18%	5%	4%	6%	7%	5%	6%
Sewage and Waste Disposal	5%	-1%	-1%	13%	4%	3%	4%	2%	6%	5%
Water Supply	-7%	-5%	25%	6%	8%	4%	4%	6%	2%	1%
Conservation and Development	-45%	-40%	69%	2%	26%	9%	38%	33%	3%	-27%
Total Nonbuilding Structures	**-10%**	**8%**	**24%**	**9%**	**5%**	**5%**	**8%**	**5%**	**7%**	**6%**
Total Put in Place	**-1%**	**16%**	**14%**	**3%**	**4%**	**6%**	**4%**	**4%**	**5%**	**4%**

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

APPENDIX

FORECAST ASSUMPTIONS

Our base case assumes recessionary pressures will persist into 2026, driven by continued weakness in residential construction and softening labor market conditions. This downturn, however, is expected to be partially offset by policy relief stemming from recent and expected interest rate cuts, along with accommodative tax measures specifically supporting construction investment, introduced through the OBBBA. These should support construction spending by late 2026 and into 2027, easing many of the private sector constraints that are most restrictive in 2025. The Federal Reserve's shifting stance on rates and inflation during the third quarter further reinforces this outlook. As in past downturns, construction is likely to lag the broader economy, with a delayed rebound in spending projected to begin in 2027.

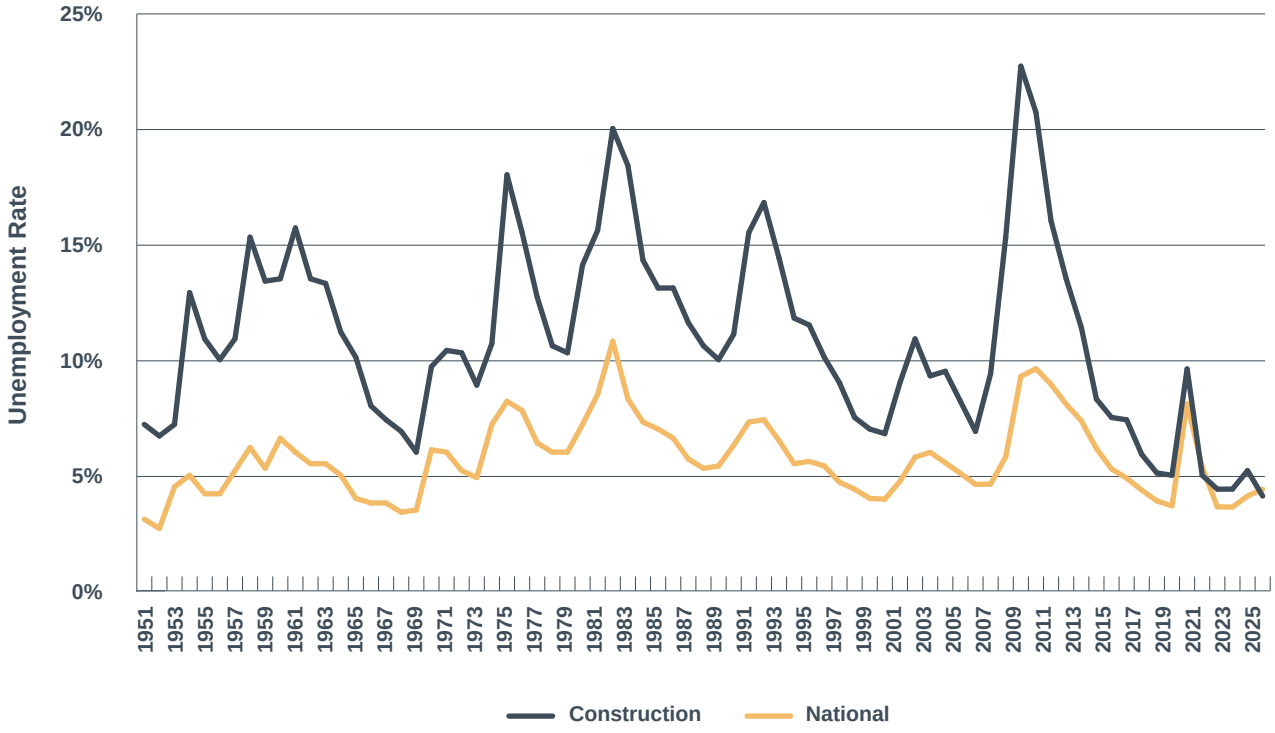
Key near-term factors shaping this forecast include active and anticipated tariff policies that are delaying private capital investment and pushing input costs higher. Other contributing pressures include labor market weakness, abrupt shifts in immigration policy, fluctuations in Treasury yields, elevated energy and commodity prices, asset market volatility, and global headwinds from China and India. Project delivery and investment decisions remain constrained by logistics bottlenecks, shortages of materials and labor, and tighter private credit markets.

Inflation risks remain elevated, supported by tariff revisions and trade policy adjustments. While the Fed has signaled a cautious approach to rate cuts in 2025 and 2026, construction costs are assumed to stay generally high across the forecast horizon.

Labor force participation slipped in recent months compared with last year, and unemployment has ticked higher. Asset values, particularly equities and real estate, remain vulnerable to interest rate shifts over the forecast period. Volatility between the first and second quarters of 2025, especially around tariffs, illustrates how equity market disruptions can reverberate into construction sentiment.

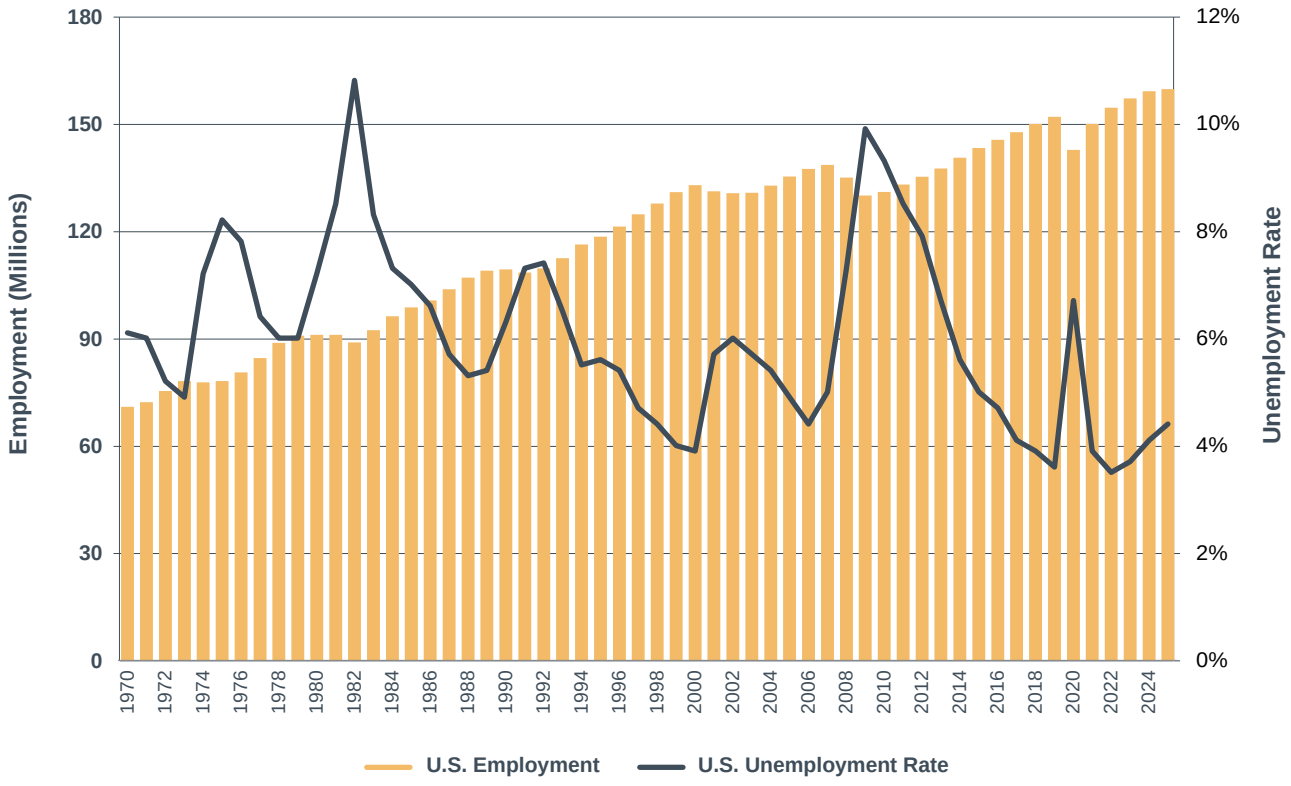
We also account for substantial policy uncertainty tied to ongoing and future potential sweeping budget cuts and the restructuring of multiple federal agencies. Proposed reductions target programs in clean water, renewable energy, health care and education. The broader environment is further shaped by rapid technological adoption, including expanded use and strong adoption of artificial intelligence, alongside heightened geopolitical instability in regions such as Ukraine, the Middle East and China. These risks weigh heavily on growth expectations and continue to amplify volatility across construction markets.

CONSTRUCTION UNEMPLOYMENT VS. NATIONAL UNEMPLOYMENT



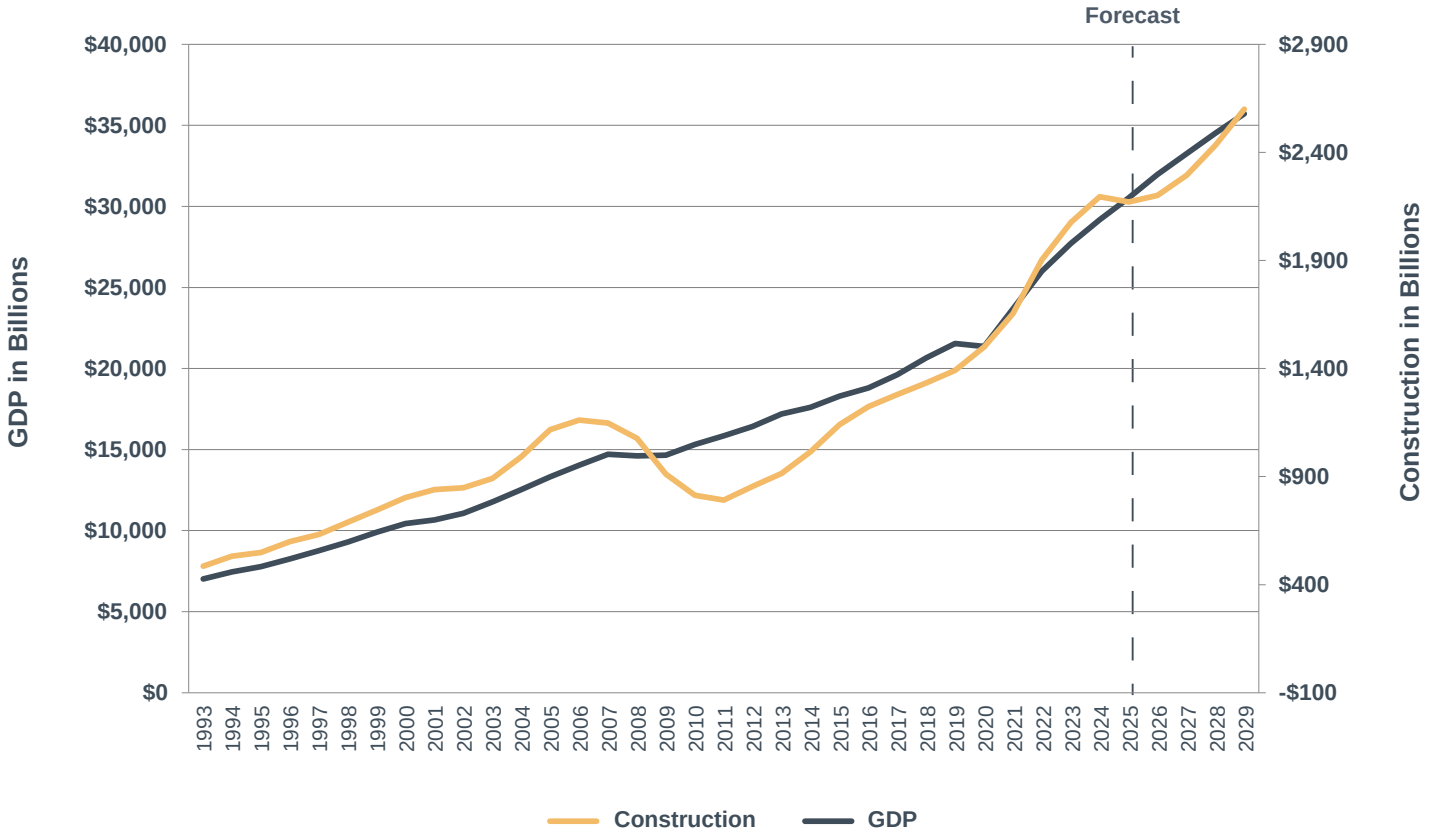
SOURCE: U.S. DEPARTMENT OF LABOR | ANNUAL–END PERIOD

EMPLOYMENT AND UNEMPLOYMENT RATE COMPARISON



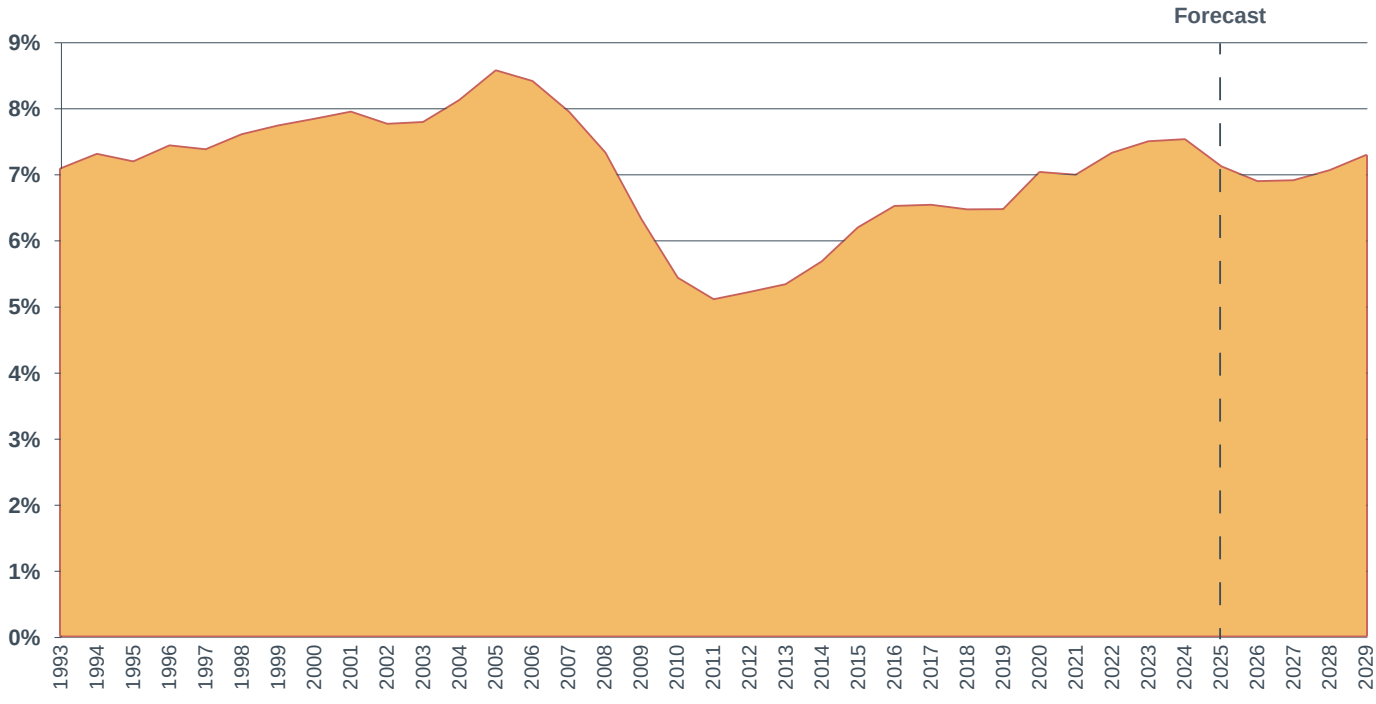
SOURCE: U.S. DEPARTMENT OF LABOR | ANNUAL–END PERIOD

CONSTRUCTION SPENDING AND NOMINAL GROSS DOMESTIC PRODUCT (GDP)



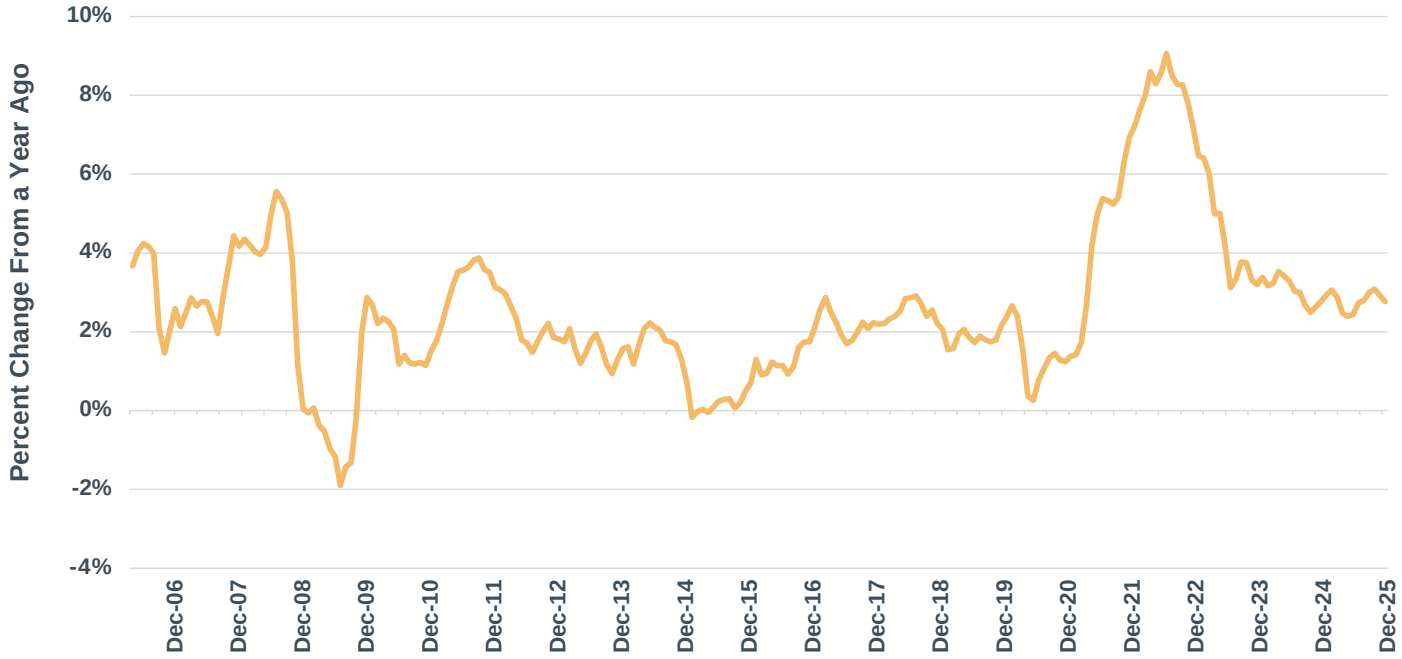
SOURCE: FMI, CONGRESSIONAL BUDGET OFFICE

CONSTRUCTION AS A PERCENTAGE OF GDP



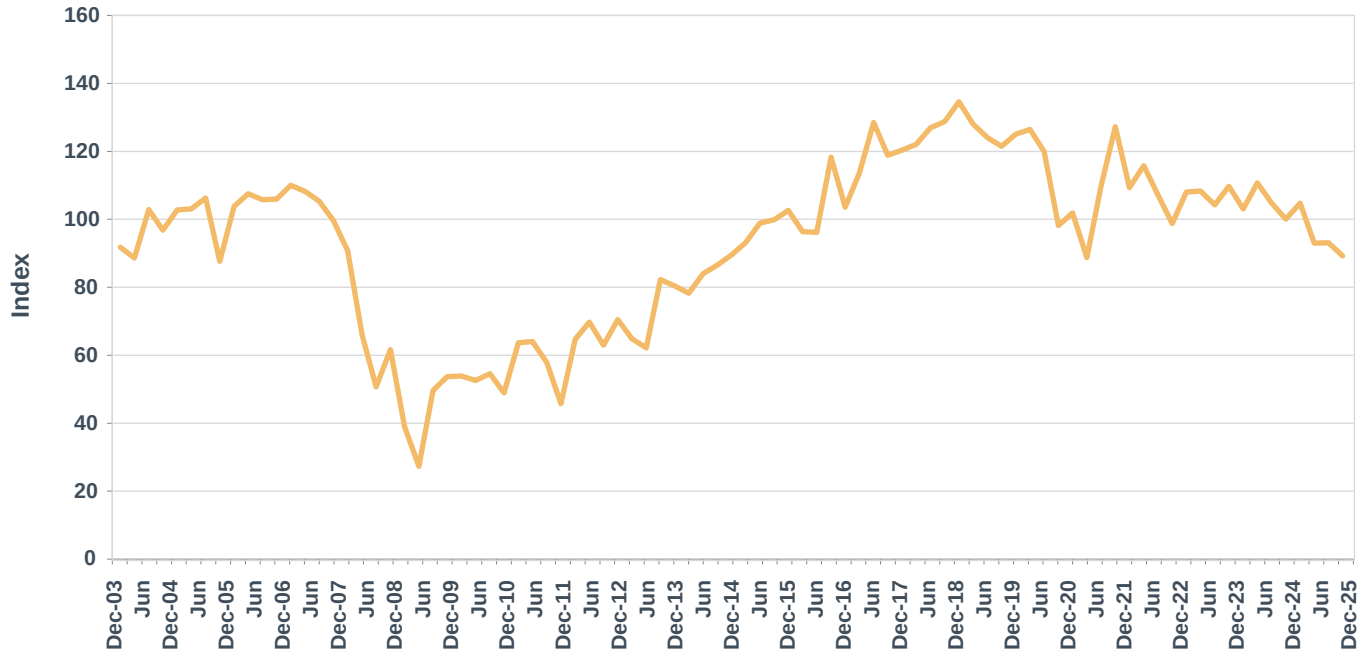
SOURCE: FMI, CONGRESSIONAL BUDGET OFFICE

CONSUMER PRICE INDEX
ALL URBAN CONSUMER, 12-MONTH PERCENT CHANGE



SOURCE: BUREAU OF LABOR STATISTICS

CONFERENCE BOARD CONSUMER CONFIDENCE INDEX



SOURCE: THE CONFERENCE BOARD–CONSUMER CONFIDENCE SURVEY

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