



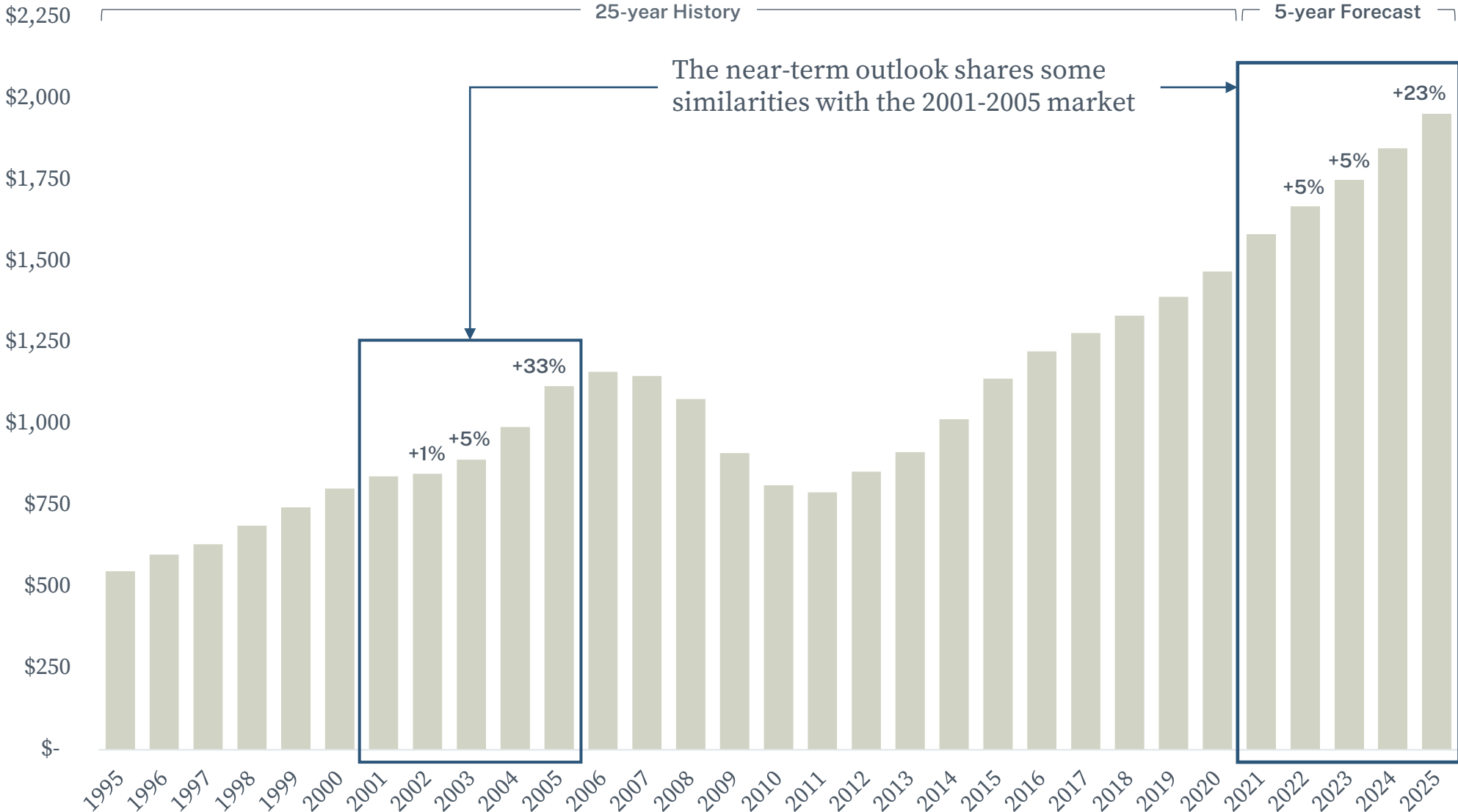
2022 US Construction Outlook

Q1 2022

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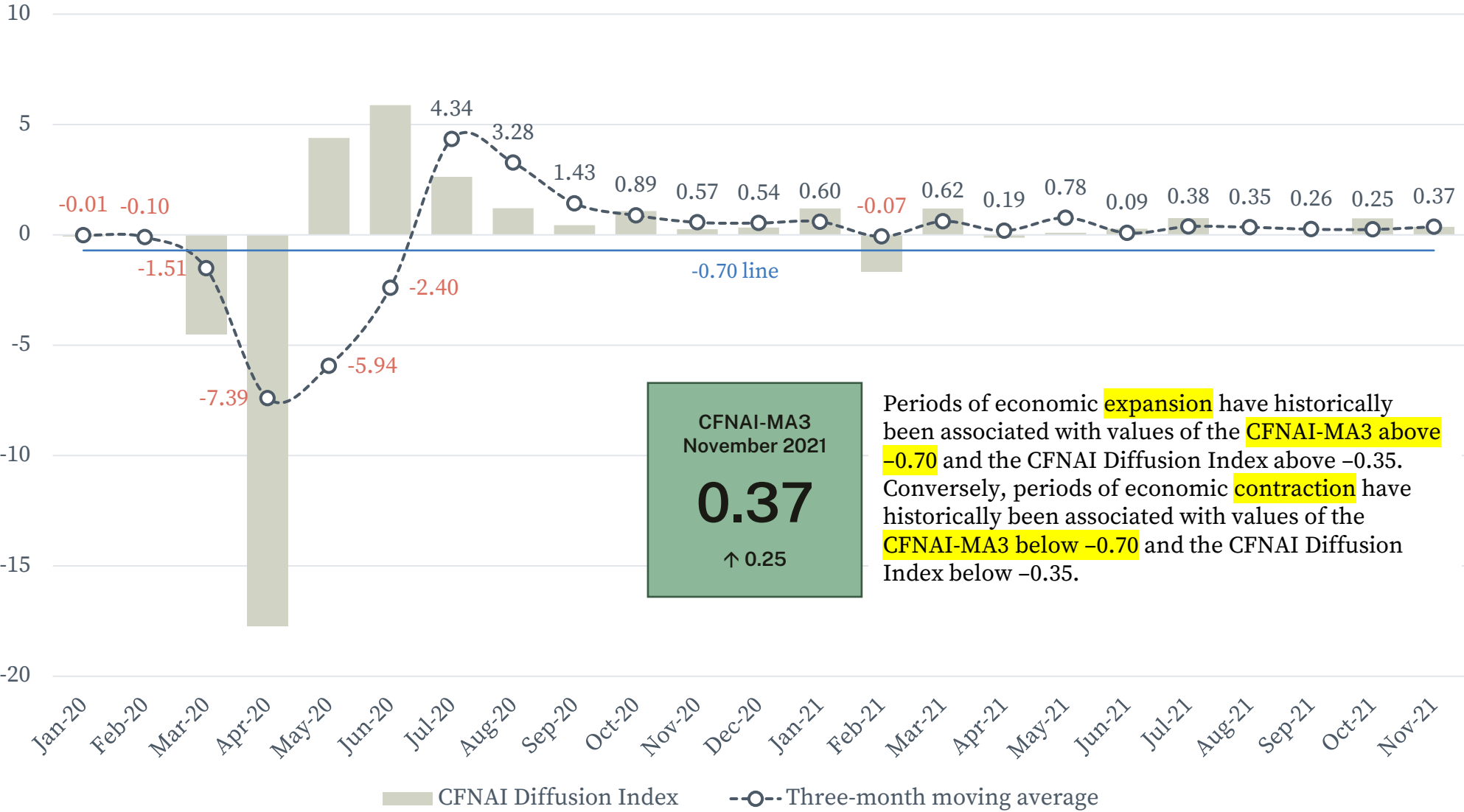
2022 US CONSTRUCTION OUTLOOK

Total Construction Spending Put in Place (US)
Billions of current dollars



2022 US CONSTRUCTION OUTLOOK

Chicago Fed National Activity Index
Diffusion Index and three-month moving average



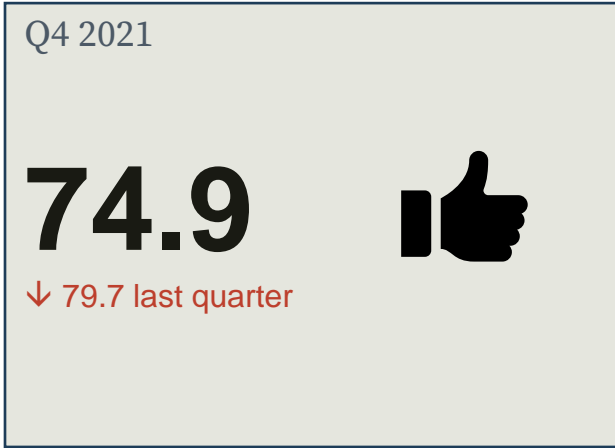
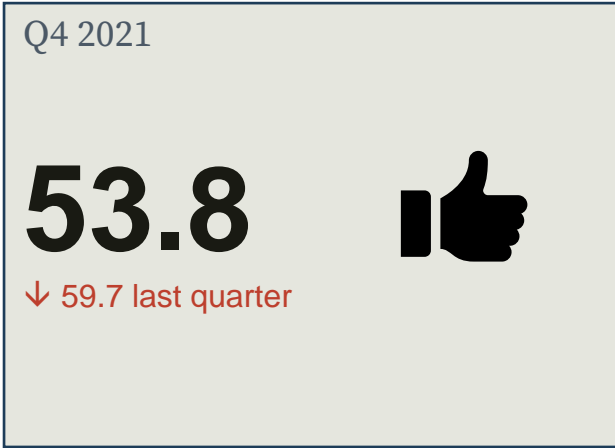
2022 US CONSTRUCTION OUTLOOK

| Recession Indicators / Metrics | Recessions Considered | Correct Predictions | False Positives | Prediction Strength* | Flag/Warning Timing | Risk Assessment / Trending |
|--|-----------------------|---------------------|-----------------|----------------------|---------------------|----------------------------|
| PREDICTIVE INDICATORS | | | | | | |
| Yield Curve Inversion | 6 | 6 | 0 | 100% | <1-3 year | LOW |
| New Home Sales | 7 | 7 | 1 | 86% | <1-3 year | MODERATE / HIGH |
| Money Supply | 8 | 7 | 1 | 75% | <1-3 year | LOW |
| Unemployment Rate | 7 | 5 | 0 | 71% | <1 year | LOW |
| Lumber Sales | 3 | 3 | 1 | 67% | ~1-2 year | LOW |
| U.S. Trade Balance (BOP % Change) | 7 | 6 | 2 | 57% | ~1-2 year | MODERATE |
| Months Supply of Homes | 8 | 4 | 0 | 50% | <1-1 year | LOW |
| Copper Price (Doctor Copper) | 8 | 7 | 3 | 50% | <1-4 year | MODERATE |
| Stock Market Performance | 4 | 3 | 1 | 50% | <1 year | MODERATE |
| MBS Held by Banks | 2 | 2 | 1 | 50% | <1-2 year | LOW |
| Residential CIP | 7 | 4 | 1 | 43% | <1-2 year | MODERATE |
| Rental Vacancy Rates | 10 | 5 | 1 | 40% | <1-2 year | MODERATE |
| Manufactured Goods, New Orders | 3 | 2 | 1 | 33% | <1 year | LOW |
| Consumer Confidence (OECD) | 8 | 6 | 4 | 25% | ~1-3 year | MODERATE / HIGH |
| Heavy Duty Truck Sales | 8 | 6 | 5 | 13% | ~1-2 year | MODERATE / HIGH |
| OTHER NON-PREDICTIVE INDICATORS / METRICS | | | | | | |
| Nonresidential Buildings CIP | Trending | | | | | |
| Nonbuilding CIP | Trending | | | | | |
| Oil Price (WTI) | Trending | | | | | |
| Search Engine Volume | Trending | | | | | |
| Consumer Price Index (CPI) | Trending | | | | | |
| Gross Domestic Product | Trending | | | | | |
| Consumer Sentiment | Trending | | | | | |
| PMI - | HMI - | ABI - | NRCI - | | | |
| Sahm Rule - are we in a recession today? | | | | | | |
| <ul style="list-style-type: none"> The analysis above suggests that recovery momentum has slowed, and several conditions have become increasingly challenged. Those few indicators that are suggesting moderate/high risk (i.e., new home sales, consumer confidence and heavy-duty truck sales) appear to be tied to supply-side/supply chain constraints. Consumer confidence is being tested against rising prices and ongoing concerns over pandemic response. Likewise, and related, a decline in new home sales is being masked by higher home prices and higher construction costs. Truck sales are most likely down due to general lack of supply in manufacturing inputs (e.g., semiconductors). Demand for goods and consumer spending (represented in U.S. trade, new orders for manufactured goods and months supply of homes) is being upheld through 2020/2021 monetary and fiscal policy alongside high asset prices (i.e., homes, stocks). Between 1970 and 2020, government spending as a share of gross domestic product (GDP) has remained (mostly) in the range of 30%-35%, nearing 40% through 2009 and 2010. Government spending as a share of GDP spiked to nearly 60% in Q2 2020 and has since moderated within a 40%-50% range of GDP through the first half of 2021. Q3 2021 data suggests government spending has now fallen back to 38% of GDP and headed lower. Expect ongoing stagflation pressures into 2022. | | | | | | |

15 predictive indicators are listed, 3 (20%) show moderate / high risk, 8 (53%) show moderate risk, and 7 (47%) show low risk.

2022 US CONSTRUCTION OUTLOOK

AEC Sentiment Indices



Architectural Billings Index (ABI)



Nonresidential Construction Index (NRCI)

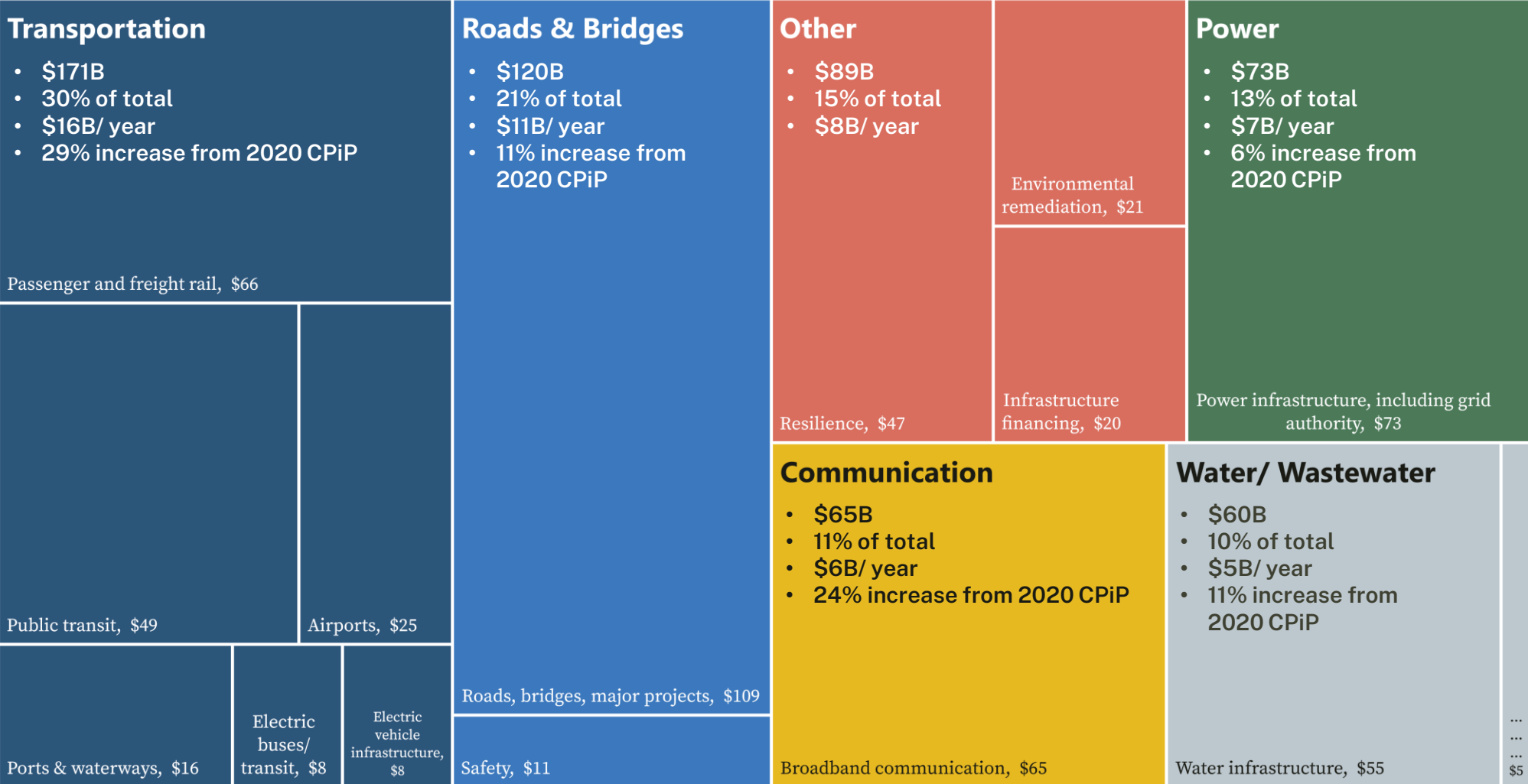


Construction Industry Round Table

CIRT Sentiment Index

2022 US CONSTRUCTION OUTLOOK

Bipartisan Infrastructure Framework
Billions of current dollars





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