

Significant Downturn in Nonresidential Construction Activity Projected through 2010

Greatest drop in commercial and industrial sectors

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Washington, D.C. – July 13, 2009 – Feeling the effects of the struggling overall U.S. economy, nonresidential construction spending is expected to decrease by 16 percent in 2009 and drop by another almost 12 percent in 2010 in inflation adjusted terms. Commercial projects will see the most significant decrease in activity. In contrast, most institutional building categories are expected to see much more modest declines over this period. These are highlights from the American Institute of Architects (AIA) semi-annual [Consensus Construction Forecast](#), a survey of the nation's leading construction forecasters.

“While there are some indications that the overall economy is beginning to recover, nonresidential construction activity typically lags behind the rest of the economy,” said AIA Chief Economist, Kermit Baker, PhD, Hon. AIA. “Commercial facilities such as hotels, retail establishments and offices will feel the decline most dramatically. The institutional market will fare much better as stimulus funding becomes available for education, healthcare and government facilities.”

Market Segment Consensus Growth Forecasts

Commercial / industrial	2009	2010
· Retail	-28.0%	-12.6%
· Hotels	-25.8%	-16.8%
· Office buildings	-21.5%	-17.3%
· Industrial facilities	-0.8%	-28.4%

Institutional

· Amusement / recreation	-20.8%	-8.1%
· Religious	-10.7%	-6.9%
· Education	-8.2%	-0.7%
· Health care facilities	-1.5%	-0.8%
· Public safety	1.7%	-0.7%

“This nonresidential downturn is shaping up to be the deepest decline in nonresidential activity in over a generation.” Baker added. “However, we’re beginning to see some moderation in the trends in design billings at architecture firms, so we hopefully are nearing the bottom of this cycle.”

About the AIA Consensus Construction Forecast Panel

The AIA Consensus Construction Forecast Panel is conducted twice a year with the leading nonresidential construction forecasters in the United States including, McGraw Hill Construction, Global Insight, Moody's economy.com, Reed Business Information, the Portland Cement Association, and FMI. The purpose of the Consensus Construction Forecast Panel is to project business conditions in the construction industry over the coming 12 to 18 months. The Consensus Construction Forecast Panel has been conducted for 11 years.

About The American Institute of Architects

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