

RMSCA

There's always a solution in steel.

## 108 years later...where are we?

October 27, 2016

John Cross, PE, LEED AP  
Vice President



RMSCA

There's always a solution in steel.



## October 20<sup>th</sup> or October 27<sup>th</sup> Does it make a difference?

October 27, 2016

John Cross, PE, LEED AP  
Vice President



**YES!**

**Third quarter construction statistics**

**2017 predictions**

**Clearer view of market dynamics**

**Less Uncertainty**

**7 days closer to Bootcamp**



Two weeks from today! Crowne Plaza,  
Downtown Denver

**Where are we at?**



## Common language...



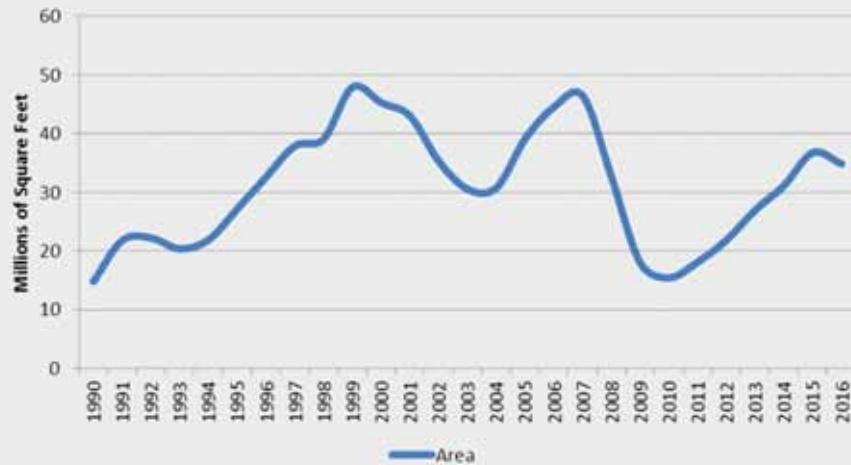
- **Building construction**
  - Starts
  - Square Footage
- **Industrial Construction**
  - Put-in-Place
  - Dollars

## National 2015 and 2016 Square Footage Flat



**After double digit increases, 2016 down 5%**

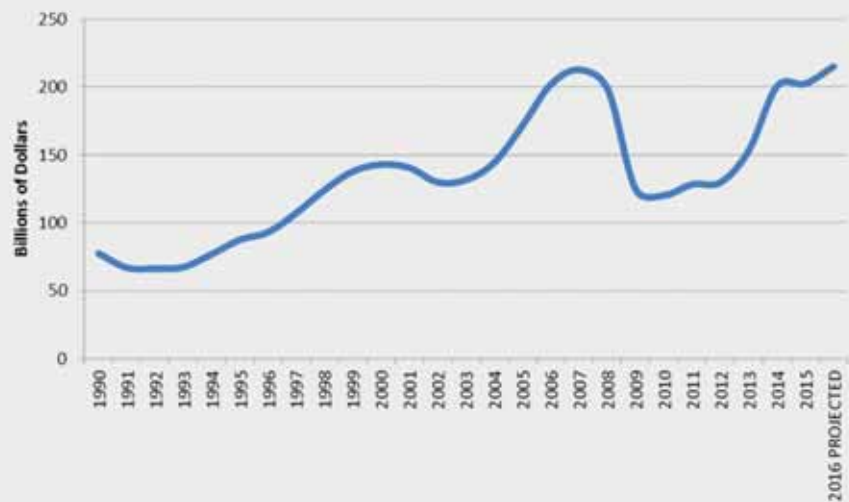
**COMTWY Starts in Square Feet**



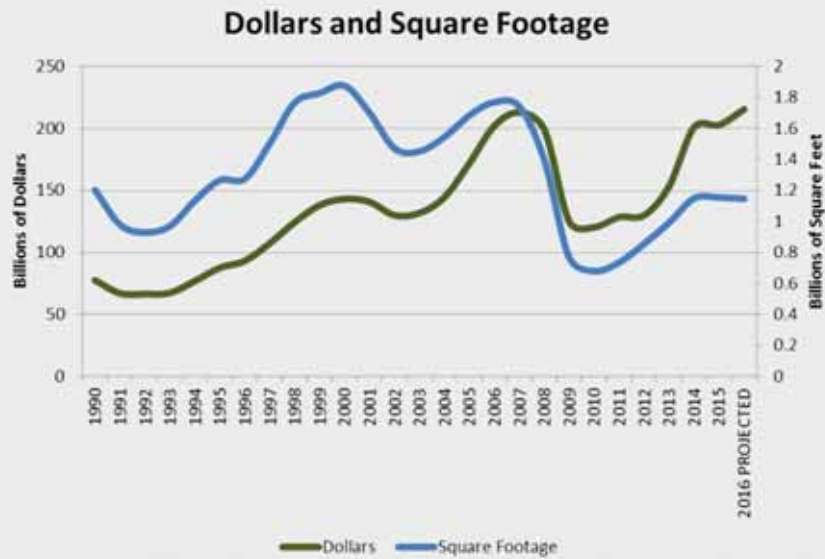
2013 +23%; 2014 +15%; 2015 +18%; 2016 -5%

**But dollars are trending upward**

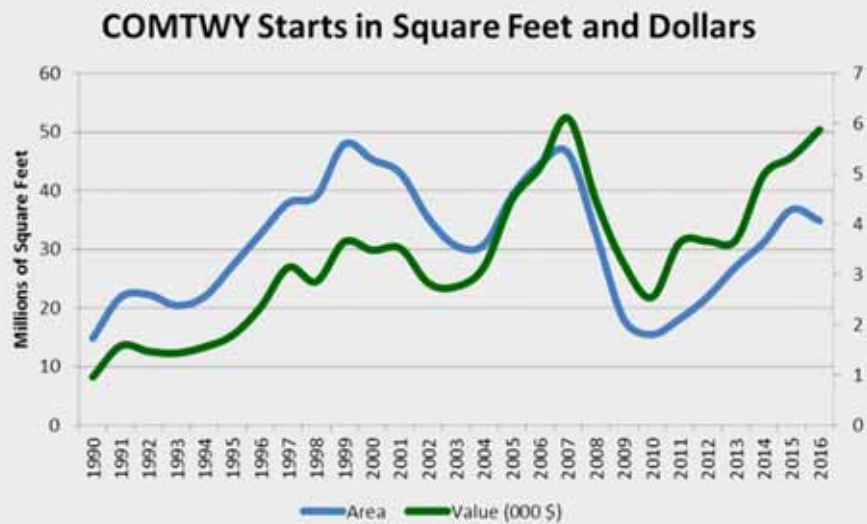
**Construction Starts in Dollars**



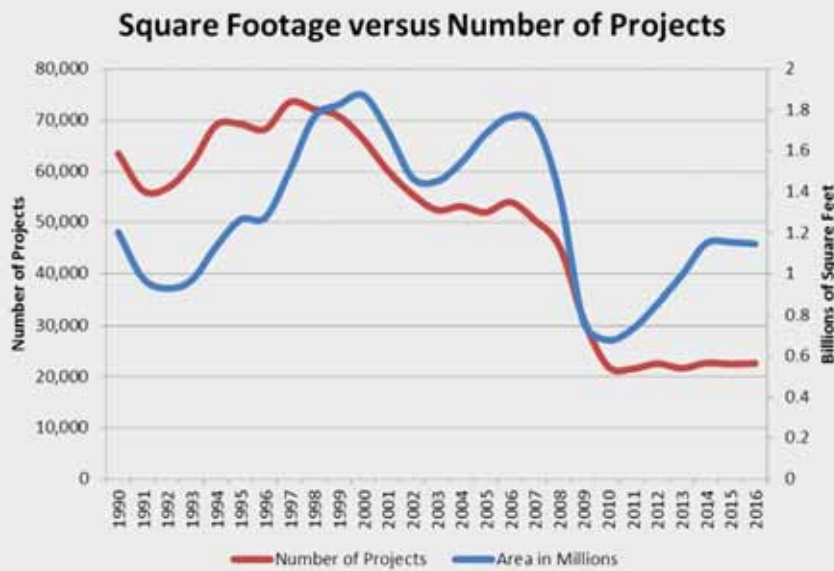
**Spending has recovered, square footage has not**



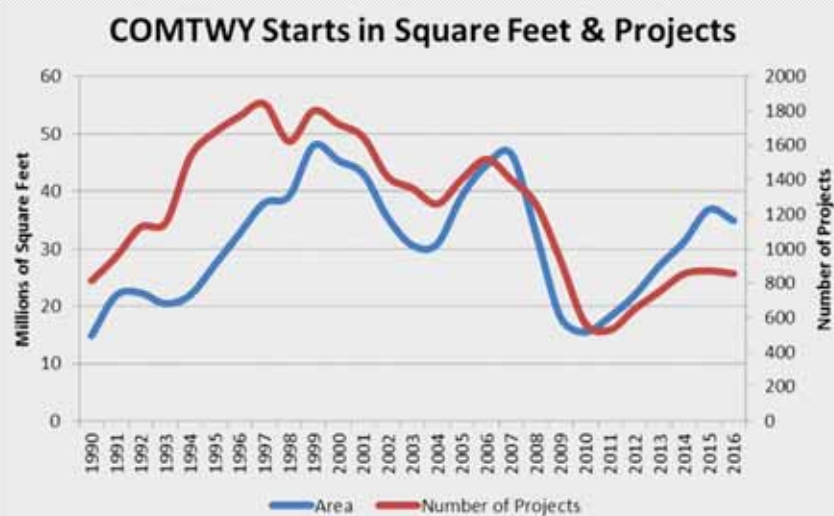
**The same is true regionally**



## 2015 and 2016 Square Footage & Projects Flat



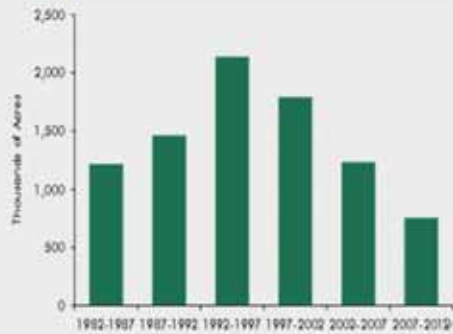
## The same is true regionally





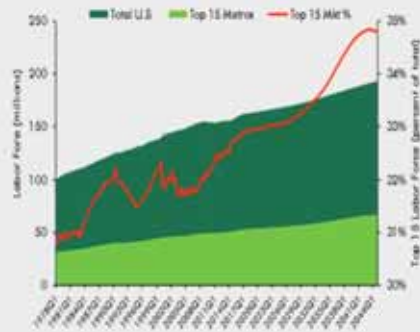
## Urbanization

**EXHIBIT 2:** Acres of Land Developed



Sources: Payton Chung (West North), National Resources Inventory

**EXHIBIT 13:** The Largest Metros Will Account For a Higher Share of Future U.S. Job Growth



## Urbanization

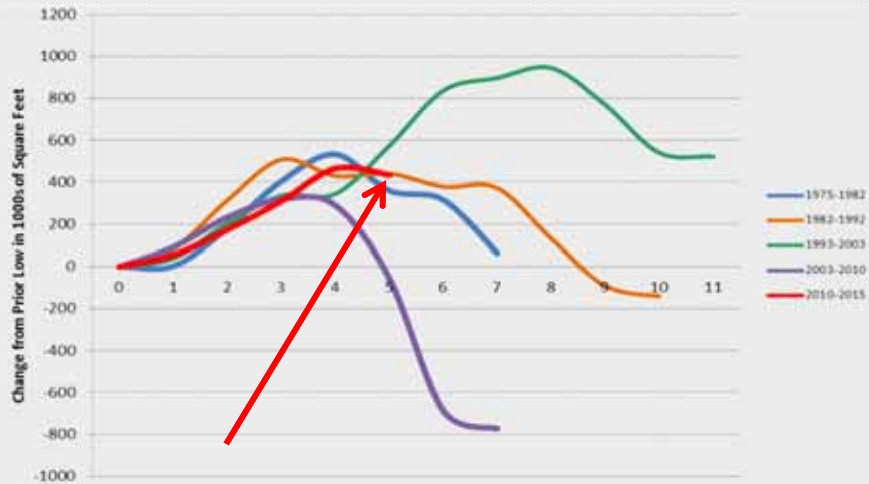
**% of New York State Construction in NYC**



**Large projects in major urban areas are increasing**

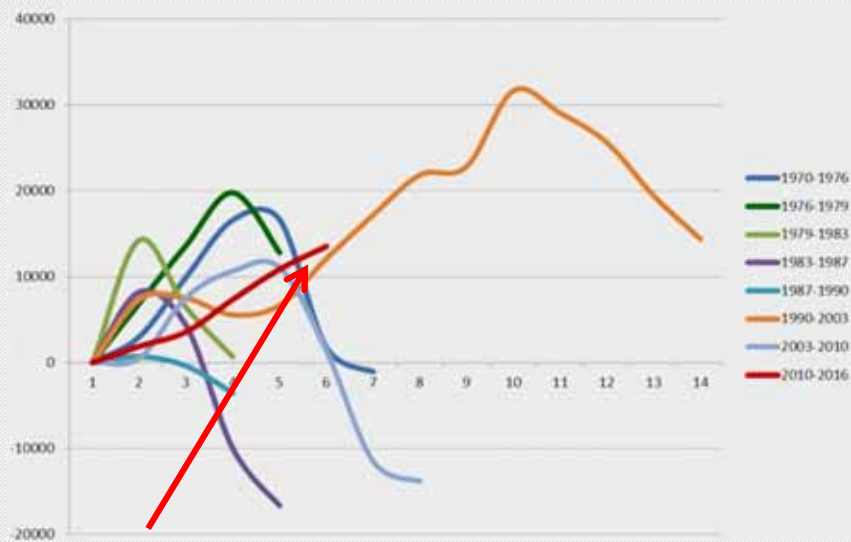


**Is this the start of a downward cycle?**

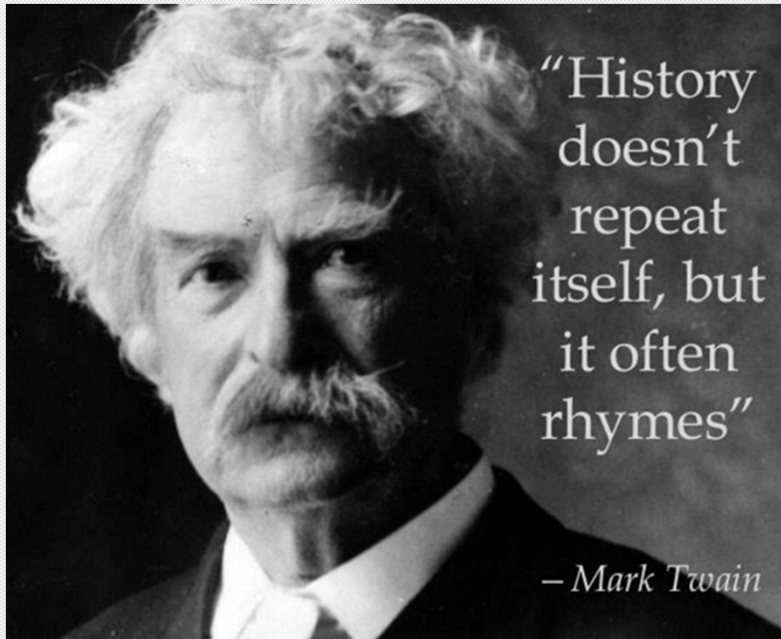


**National Trend**

**Is this the start of a downward cycle?**



**Regional Trend**



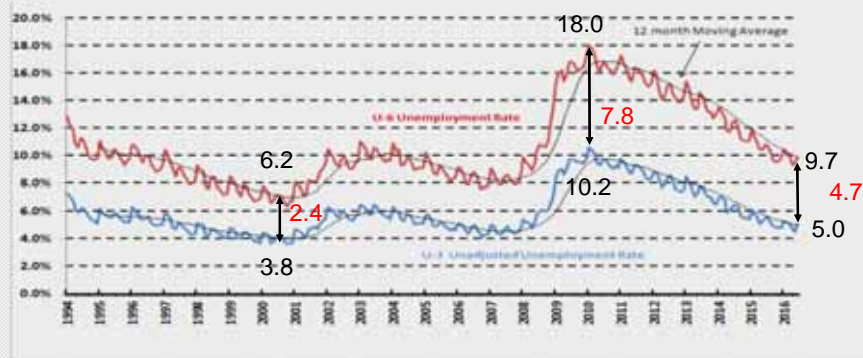
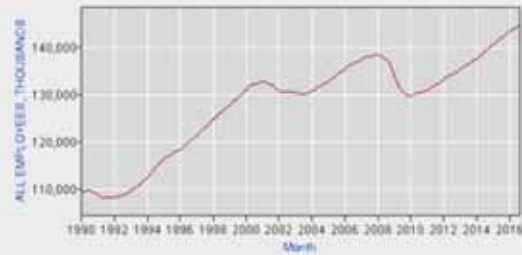
**Is this the start of a downward cycle?**

**If so, why?**

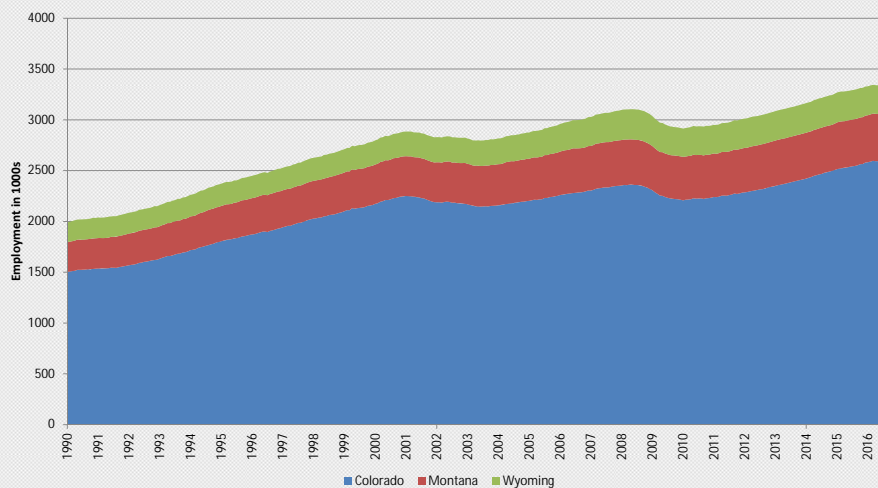
**Look at the market fundamentals:**

- **Employment**
- **Gross Domestic Product**
- **Uncertainty**
- **Market Maturity**

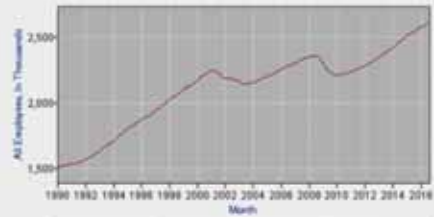
## Employment is growing



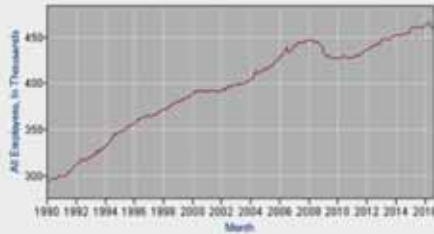
## Colorado, Montana, Wyoming Employment



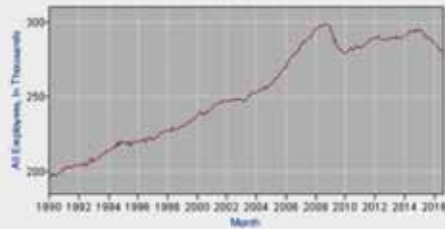
Colorado



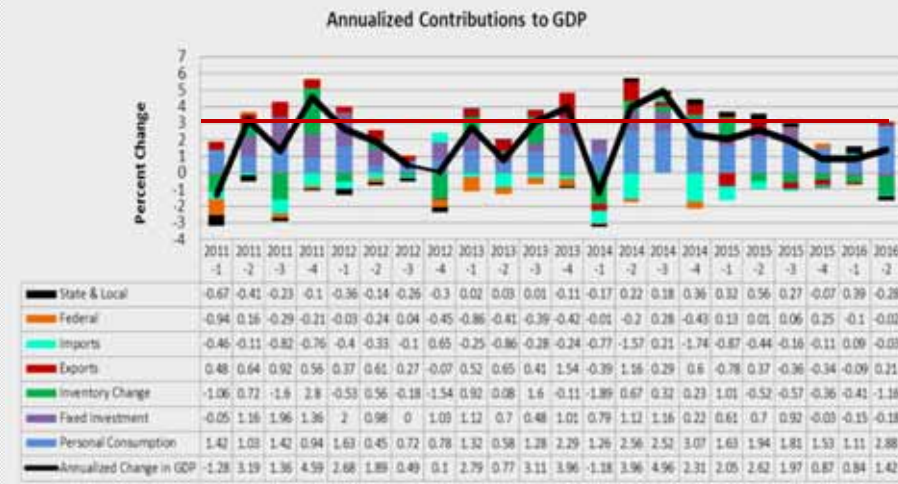
Montana



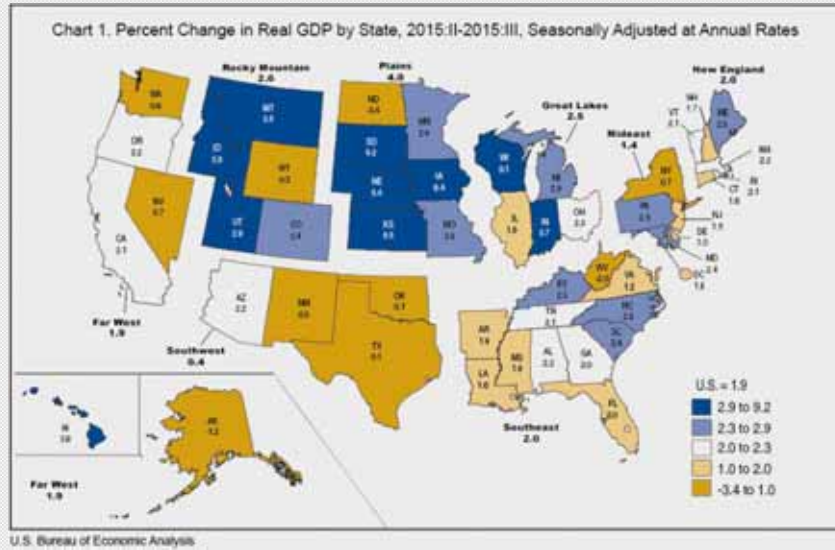
Wyoming



## National GDP growth is tepid



## Regional GDP growth is tepid



## Regional GDP growth is tepid



## Consumer Confidence is cooling

### U.S. Consumer Confidence Cooled Somewhat

Confidence index, 1985=100, SA



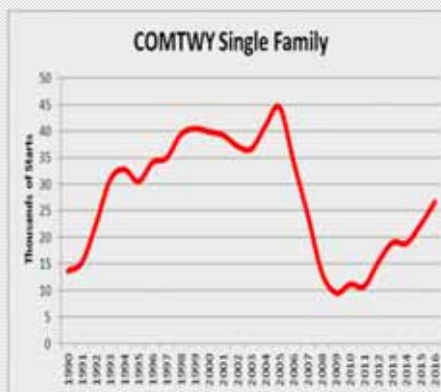
Sources: The Conference Board, Moody's Analytics

## Single Family is growing

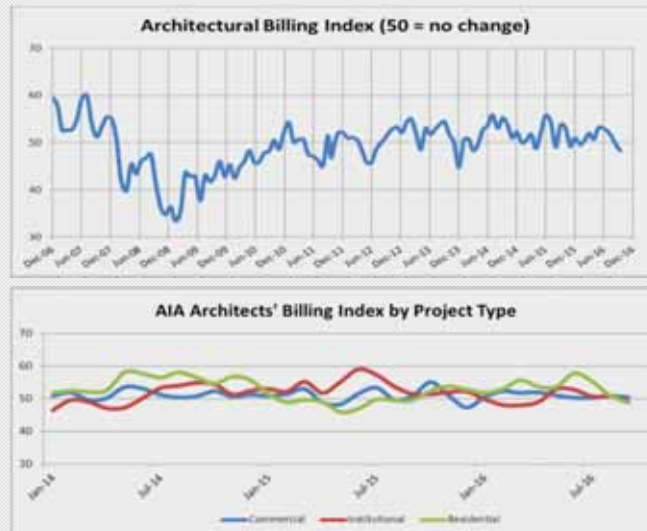
National



Regional



## Market Momentum is flat

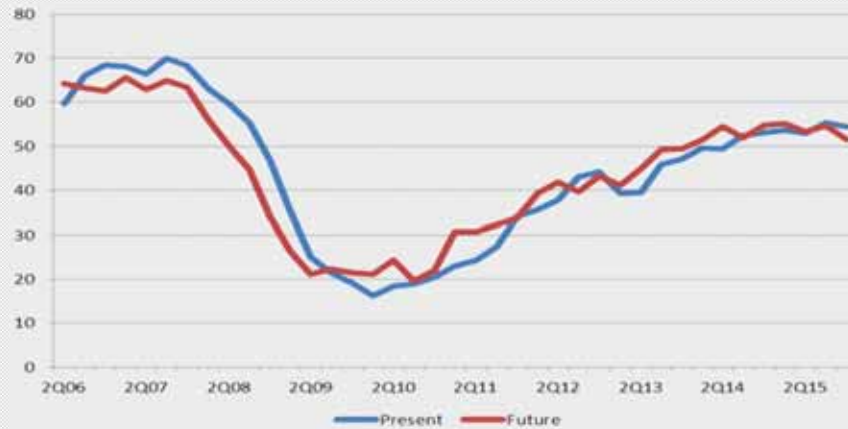


## Market Momentum is flat



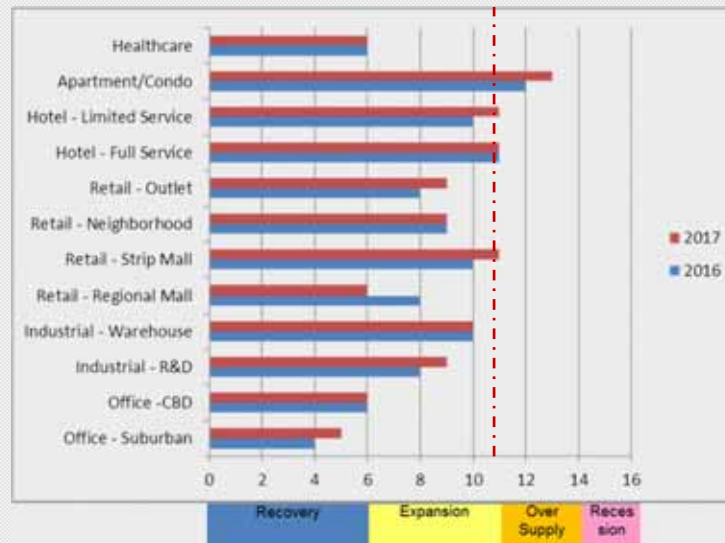


## Market Momentum is flat

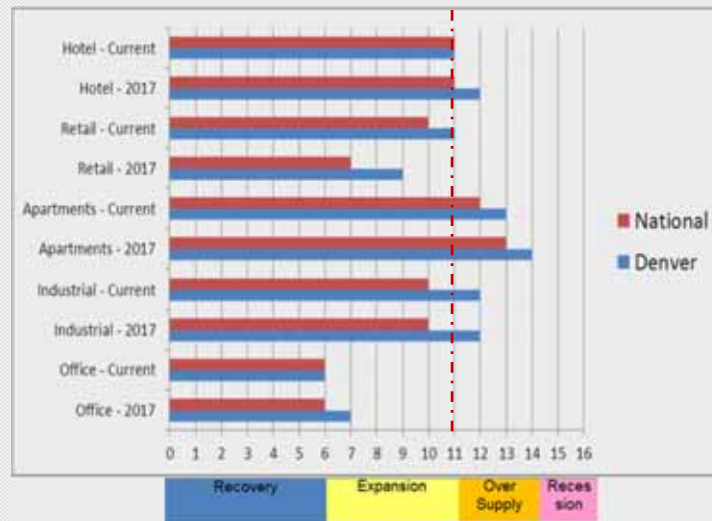


## AISC Business Barometer

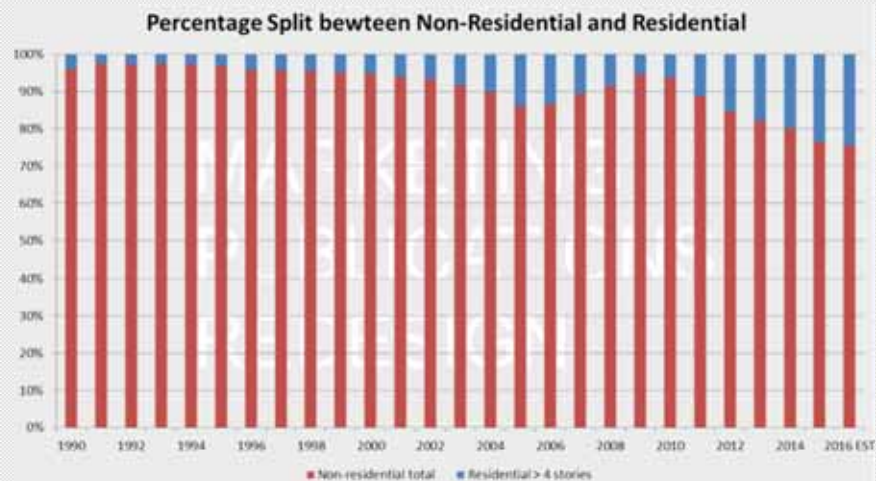
## National Market Momentum is tepid



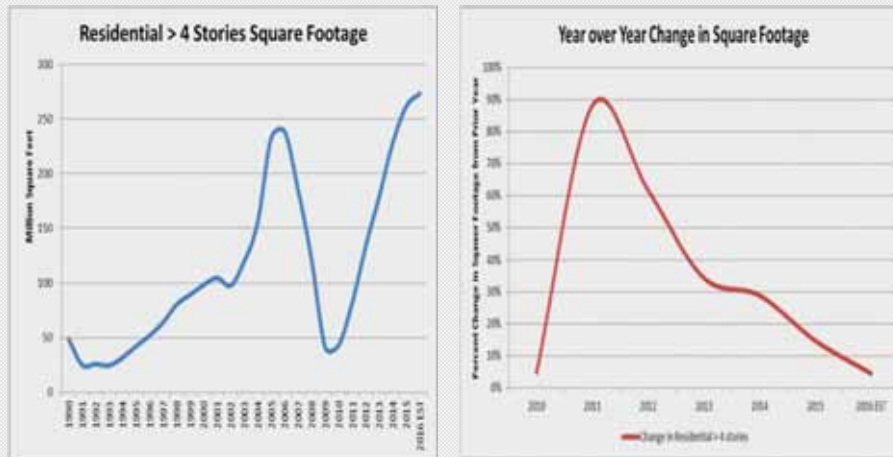
## COMTWH Market Momentum is tepid Apartments/Condos in Over Supply



## Dominance of Multi-story Residential will decrease

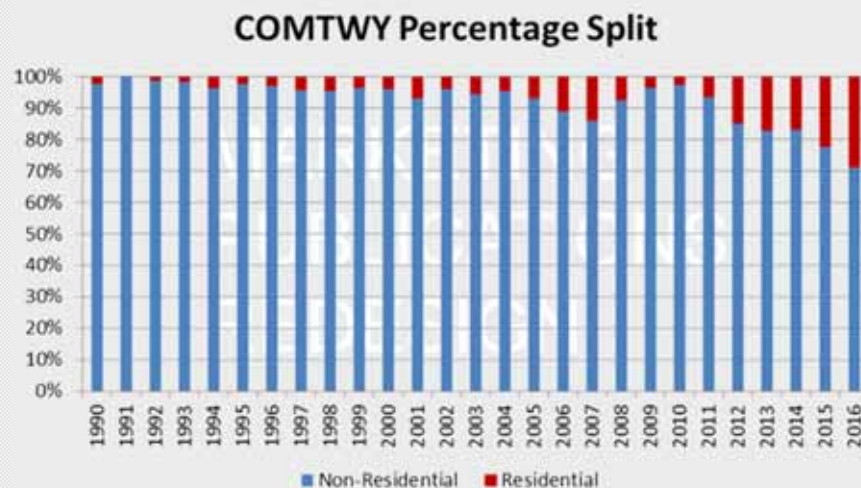


## Dominance of Multi-story Residential will decrease



It's about saturation

## Dominance of Multi-story Residential will decrease



## Retail

National



Percent of Market 9%  
2016 Market Share 63%

2017 +6%

Regional



Percent of Market 9%  
2016 Market Share 67%

## Warehouses

National



Percent of Market 16%  
2016 Market Share 44%

2017 +4%

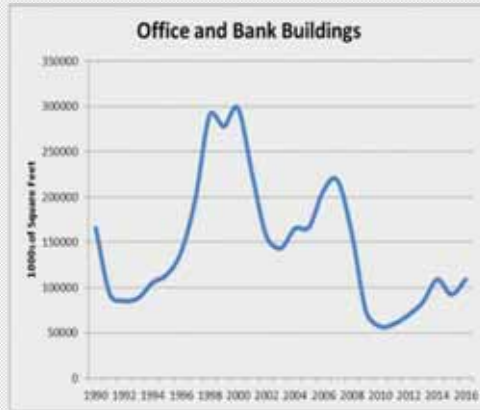
Regional



Percent of Market 13%  
2016 Market Share 32%

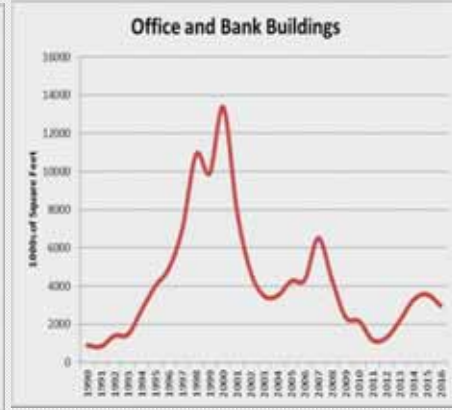
## Office

National



Percent of Market 10%  
2016 Market Share 67%

Regional



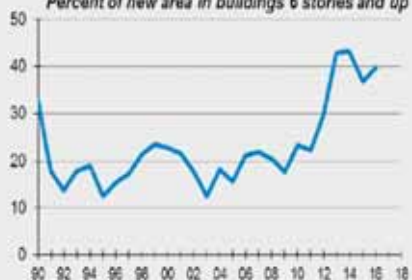
Percent of Market 9%  
2016 Market Share 55%

## Office

U.S. Office Vacancy Rates  
CB Richard Ellis Econometric Advisers



High Rise - % of New Office Area  
Percent of new area in buildings 6 stories and up

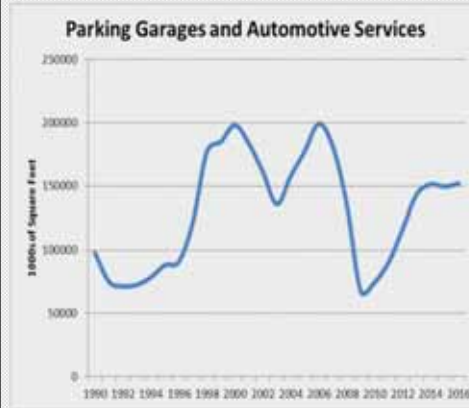


2017

+10%

## Parking

National



Percent of Market 13%  
 2016 Market Share 11%  
 2017 +10%

Regional



Percent of Market 12%  
 2016 Market Share 4%

## Manufacturing

National



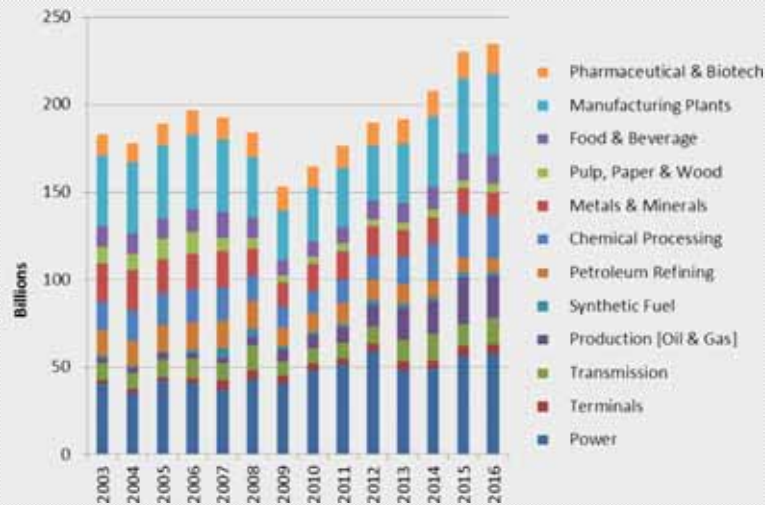
Percent of Market 5%  
 2016 Market Share 55%  
 2017 +7%

Regional



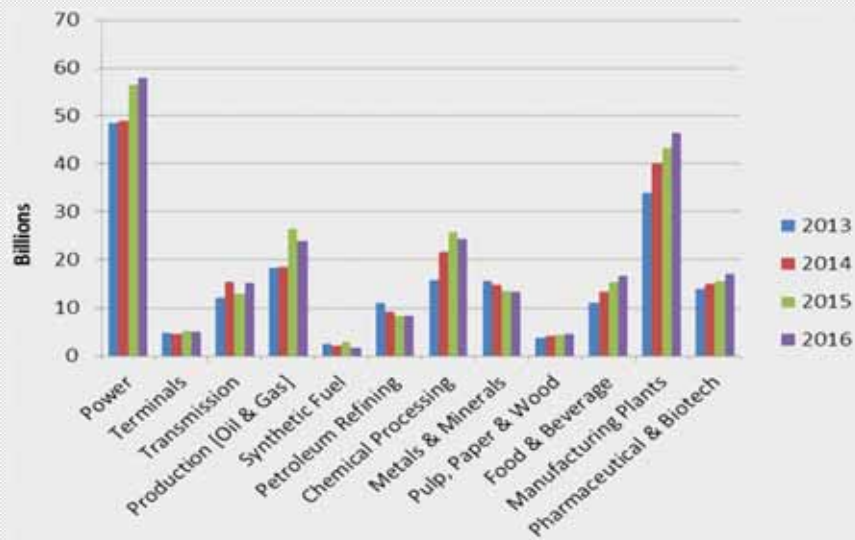
Percent of Market 4%  
 2016 Market Share 14%

## Industrial Construction Market



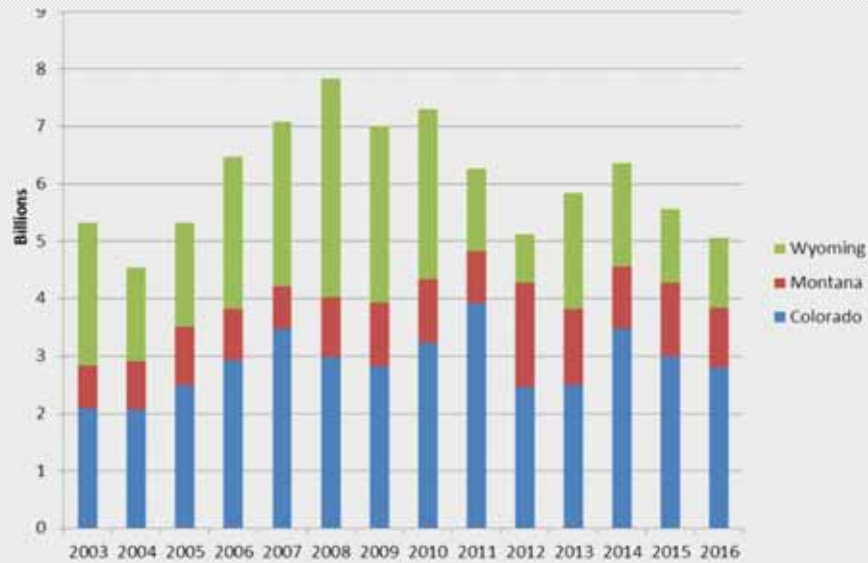
In spite of energy prices – activity strong

## Industrial Construction Market





## Regional Industrial Market

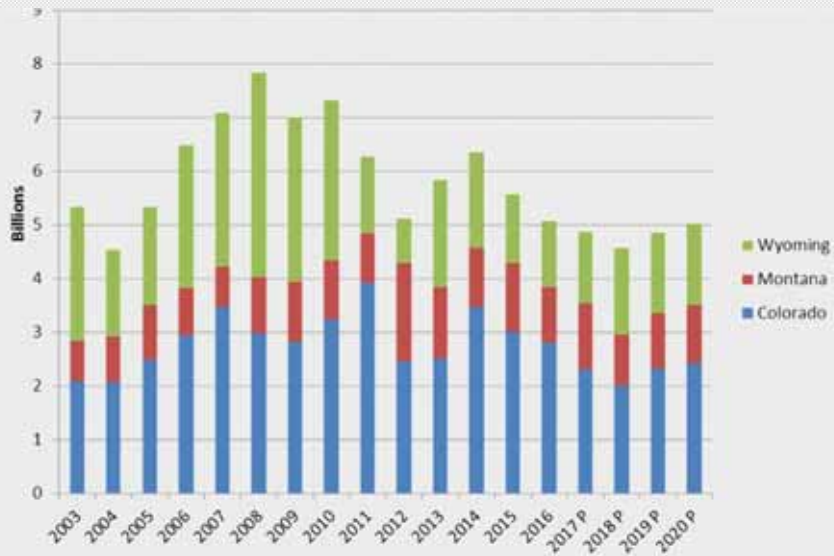


## Industrial Construction Market

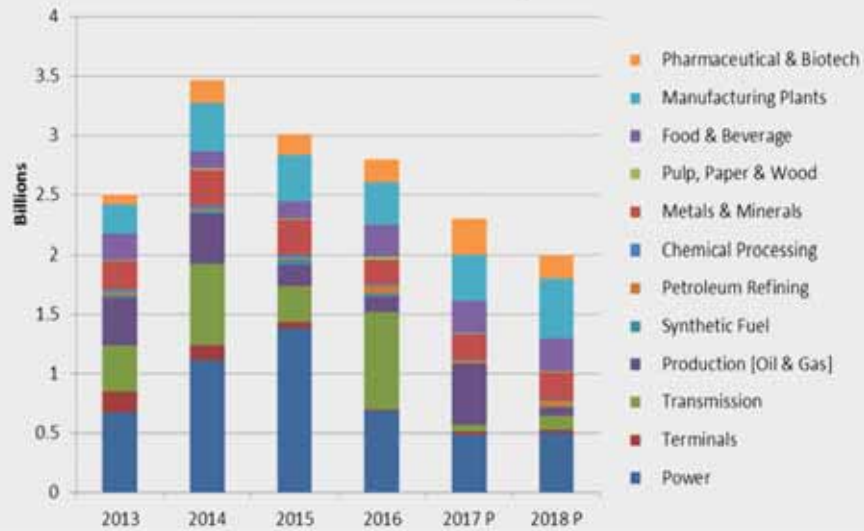


2017 & 2018 Flat then decline

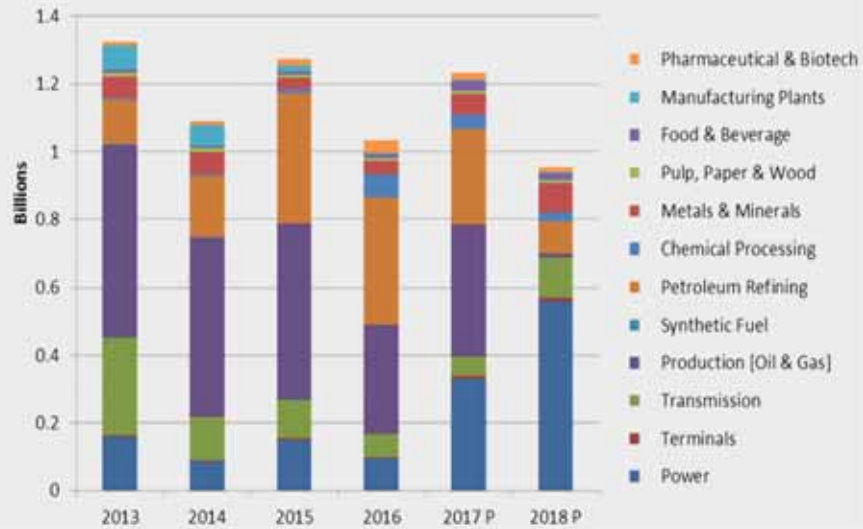
## Regional Industrial Market



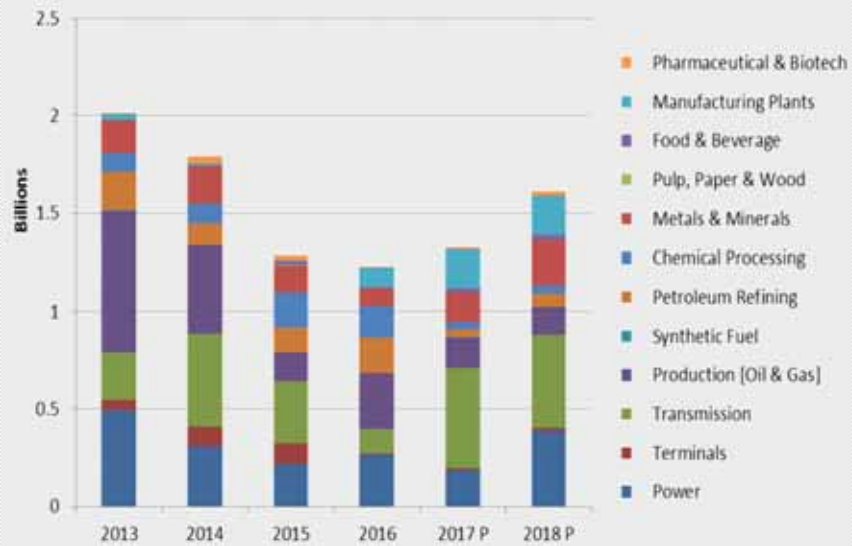
## Colorado Industrial Project Starts



### Montana Industrial Project Starts

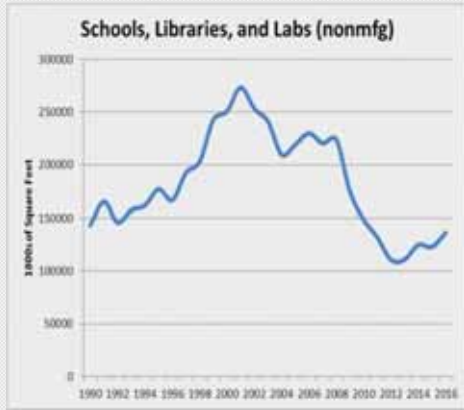


### Wyoming Industrial Project Starts



## Schools

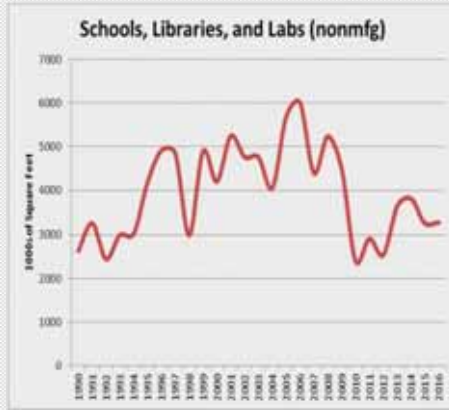
National



Percent of Market 12%  
2016 Market Share 77%

2017 +10%

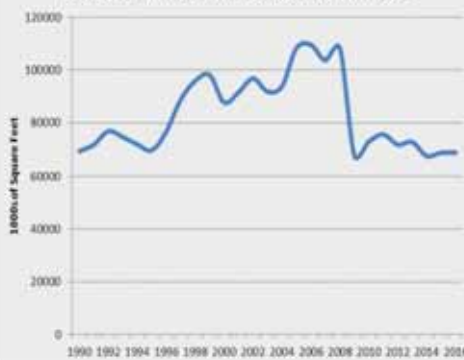
Regional



Percent of Market 9%  
2016 Market Share 80%

## Healthcare

Hospitals and Other Health Treatment



Percent of Market 6%  
2016 Market Share 60%

2017 +5%

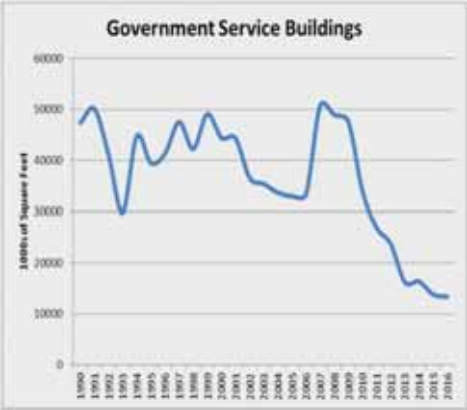
Hospitals and Other Health Treatment



Percent of Market 7%  
2016 Market Share 58%

## Government

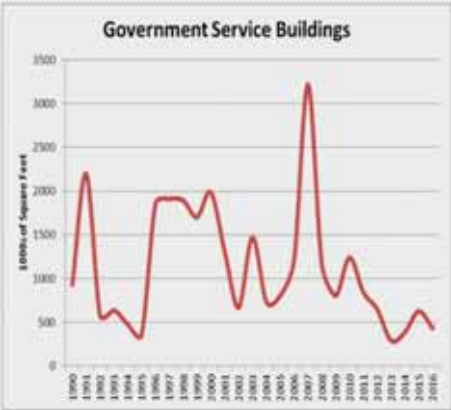
National



Percent of Market 1%  
2016 Market Share 59%

2017 +6%

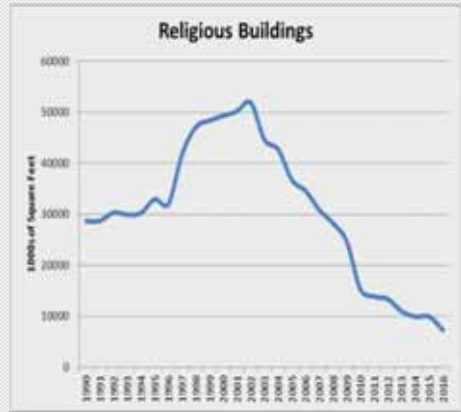
Regional



Percent of Market 1%  
2016 Market Share 85%

## Religious

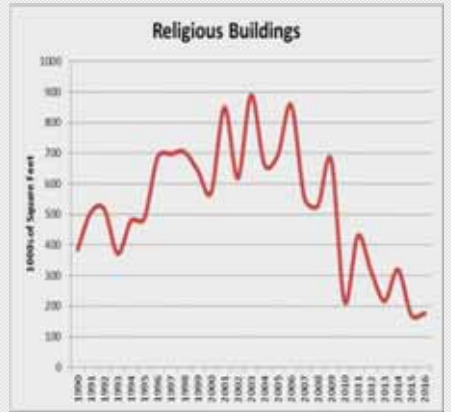
National



Percent of Market 1%  
2016 Market Share 50%

2017 Flat

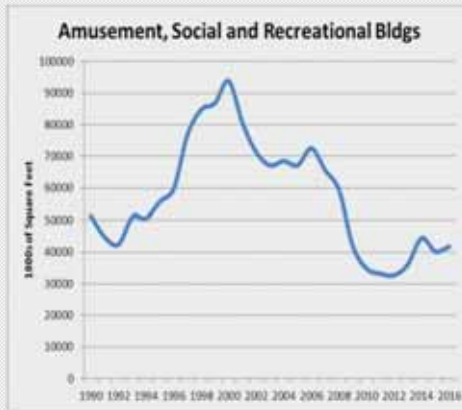
Regional



Percent of Market 1%  
2016 Market Share 72%

## Amusement

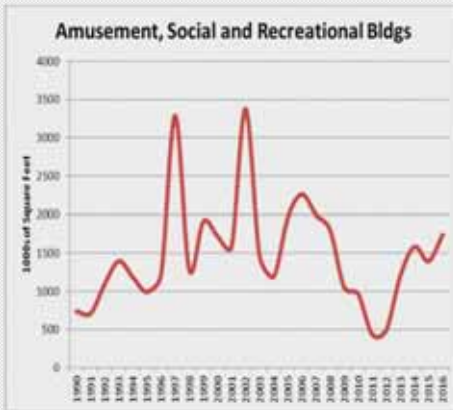
National



Percent of Market 4%  
2016 Market Share 64%

2017 +13%

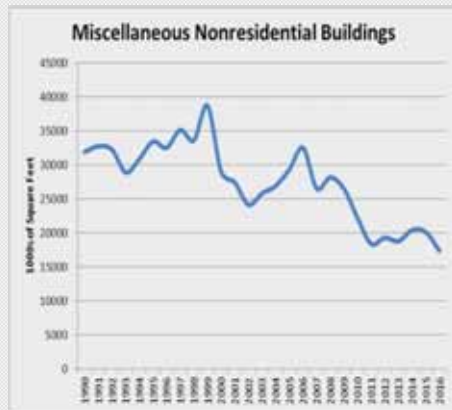
Regional



Percent of Market 5%  
2016 Market Share 78%

## Miscellaneous Non-Residential

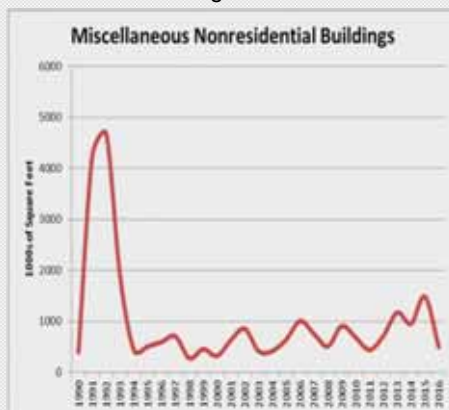
National



Percent of Market 2%  
2016 Market Share 51%

2017 -15%

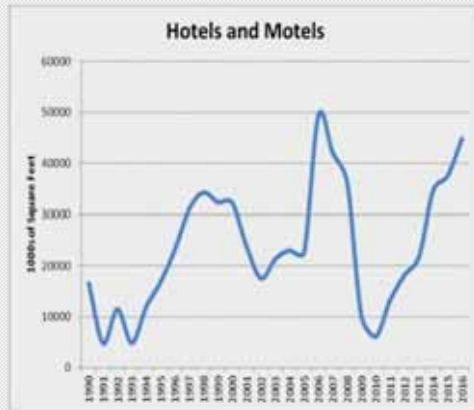
Regional



Percent of Market 1%  
2016 Market Share 35%

## Hotels and Motels > 4 stories

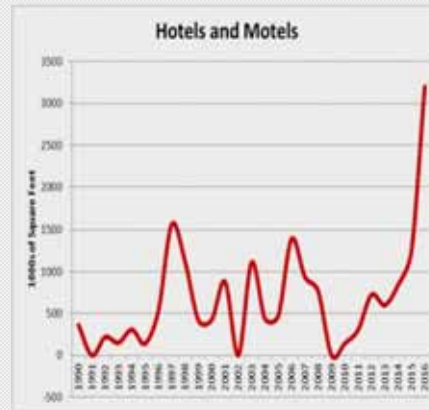
National



Percent of Market 4%  
2016 Market Share 62%

2017 -1%

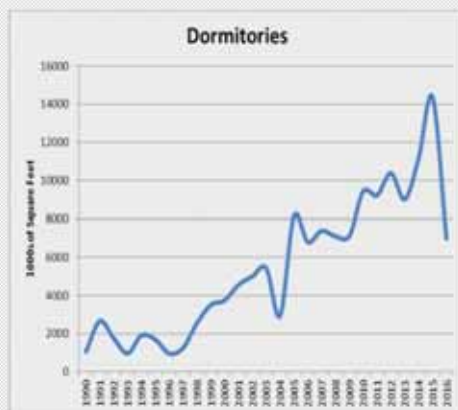
Regional



Percent of Market 9%  
2016 Market Share 52%

## Dormitories > 4 stories

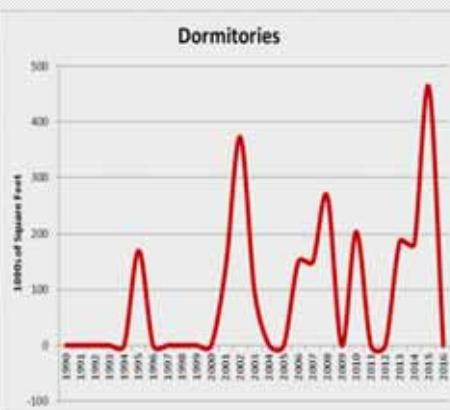
National



Percent of Market 1%  
2016 Market Share 47%

2017 -10%

Regional



Percent of Market 0%  
2015 Market Share 9%



## Apartments & Condos > 4 stories



Percent of Market 19%  
2016 Market Share 36%

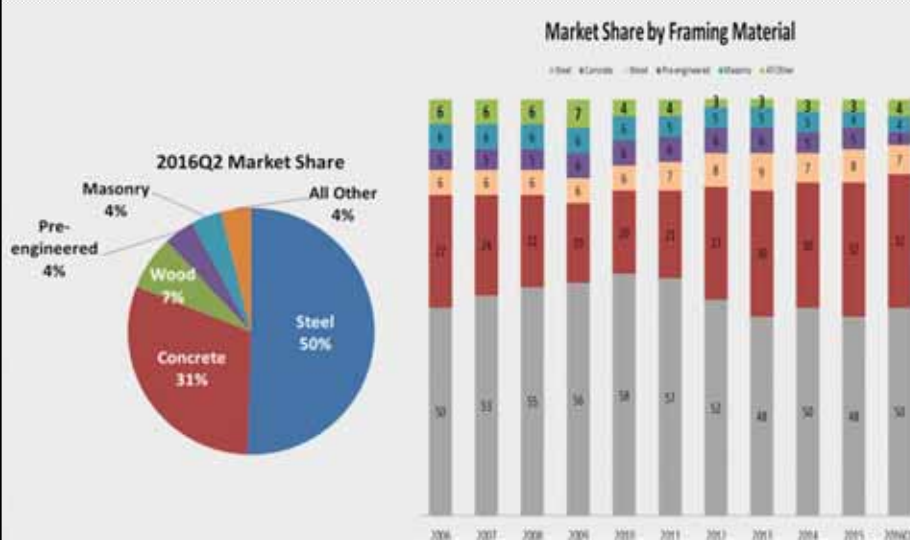
2017

-3%

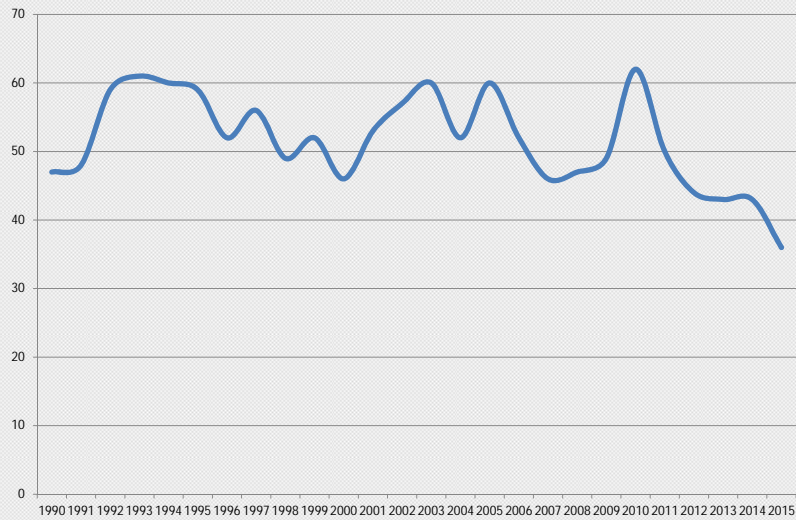


Percent of Market 20%  
2016 Market Share 21%

## National Steel Market Share



## Structural Steel Share – CO-MT-WY



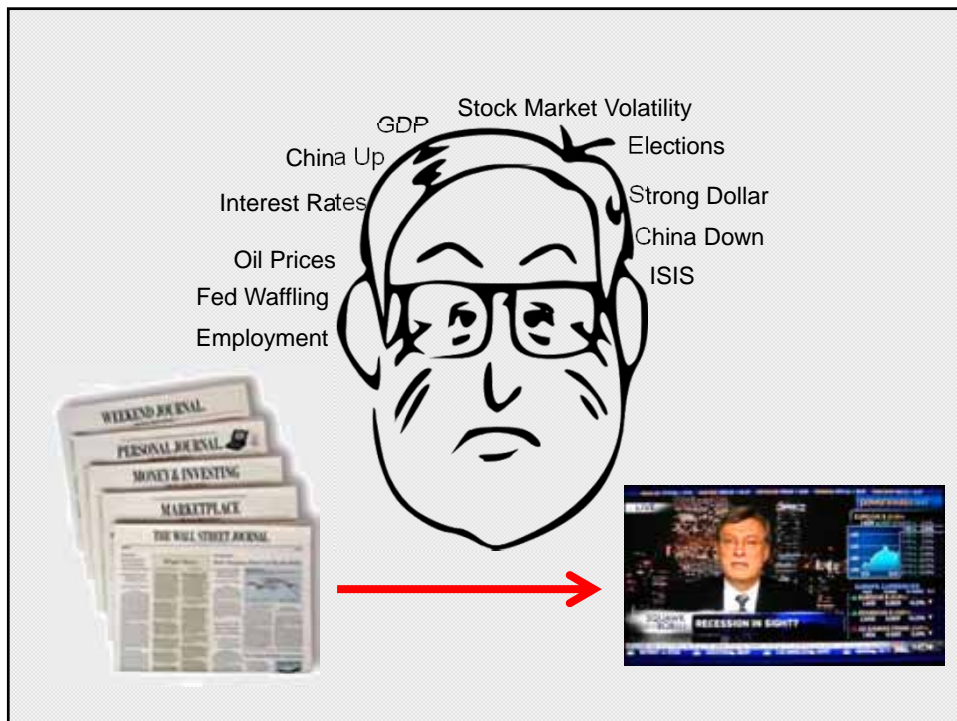
## Regional Steel Market Share





## So what does it all mean for CO-MT-WY?

<b>Multi-story residential</b>	<b>Down 5% to 10%</b>
<b>Non-residential</b>	<b>Up 5% to 10%</b>
<b>Industrial</b>	<b>Down 8%</b>



### **What do we need to plan for?**

- A cyclical market
- Flat to declining construction volumes
- Growth in 5 to 19 story segment
- Urbanization
- Slowing of multi-story residential
- Some pickup in non-residential
- Fewer projects
- Increase in renovation activity

### **What are we going to do about it?**

**Fabricated steel is not a commodity.**

**Fabricated steel is a specialty product.**



**The key is the expertise of the fabricator.**



**Two weeks from today!**  
**Crowne Plaza, Downtown Denver**

**Over the last 10 years, many things have changed in the construction world:**

- **Increased competition from concrete and wood.**
- **Increased emphasis on cost when margins are already tight**
- **Greater aversion to risk**
- **Online business relationships online**
- **New generation of decision makers**

AISC has developed a program *FOR* the structural steel industry to address these changes.

Through effective business development and early involvement education and training, we can make steel the material of choice!





**WHO:** steel fabrication project managers, estimators, sales staff, management, industry vendors, and future generation of leadership for your shop.

**WHEN:** Thursday November 10, 10 a.m. to 5 p.m.

**WHERE:** Crowne Plaza Denver, 1450 Glenarm Place

**COST:** \$25 for AISC or RMSCA members. \$300 for non-members. (Includes a working lunch and a cocktail reception.)



Two weeks from today!  
Crowne Plaza, Downtown Denver  
**REGISTER TODAY!!!**  
**[www.aisc.org/fabricatorbootcamp](http://www.aisc.org/fabricatorbootcamp)**

RMSCA

There's always a solution in steel.

