Construction Forecast Sees 6 Percent Growth in 2012

10/12/2011

RALEIGH, NC -- FMI (**www.fminet.com**), the largest provider of management consulting and investment banking to the engineering and construction industry, announces the release of the Construction Outlook: Third Quarter 2011 Report.

Overall, in FMI's latest forecast for construction put in place calls for 2% growth in 2011 and 6% for 2012 to $886.2 billion in total construction. In today's economy that sounds like ambitious growth, but in constant 2006 dollars, that is only 3% growth for 2012 and a 1% drop in construction for 2011. To put it in perspective, in 2012 we will nearly return to 2003 levels of construction in current dollars.

Despite geo-political upheavals and constant debates about debt levels in the U.S. and Europe, budget brinksmanship in Congress, as well as a rash of natural disasters, construction markets are inching along. U.S. GDP is slow at 1.3%, but positive. Some of the unemployment problem is due to increased productivity in manufacturing and other service businesses, but, so far, there doesn't seem to be much innovation and investment in new markets and jobs. Both consumers and businesses are rebuilding their savings and confidence in the economy, but that is a slow process with numerous setbacks. It seems that the largest barrier to moving the economy forward is fear that no one has a plan that will work. After the go-go years of high finance and exuberant housing markets, we now have high-risk aversion, and not without good reasons.

In the midst of these extremes, the inchworm economy is struggling along, and it will take some time to revive an industry the size of U.S. construction. There are positive signs to build on, for instance, if businesses with record profits now held in reserve decide that they can make more with their money by investing in new R&D, plants, equipment and personnel, then a new construction boom could follow. On the other hand, as economists like to say, if fear and risk aversion win out, those looking for a second dip of recession could find their wishes come true.

Hard-hit residential markets will start to improve, especially multi-family construction, which is becoming more desirable as banks continue to tighten financing requirements and homeowners are still reeling from the fears of foreclosure. Lodging, office and commercial construction will continue to struggle until more Americans have good jobs.

To download a copy of the full report, visit click **here**.

interSomma, LLC
Innovation in Wood