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# Nonresidential Building Construction: United States

July 2017



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# About This Report

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## Scope & Method

This report forecasts US nonresidential building construction expenditures in nominal and real (inflation-adjusted) US dollars to 2021. Total nominal and real expenditures are segmented by market in terms of:

- education
- commercial
- industrial
- office
- healthcare
- lodging
- transportation
- religious
- other markets such as public safety and recreation.

This report includes new nonresidential building construction and improvements such as additions, alterations, and major replacements (eg, heating system). Maintenance and repairs for existing structures and service facilities are excluded. Also excluded are land acquisition costs, drilling of gas and oil wells, and digging and shoring of mines.

As defined by the US Census Bureau, expenditures represent architectural and engineering costs; labor, material, and overhead costs; interest and taxes paid during construction; and contractors' profits.

Existing nonresidential building floor space in square feet is forecast to 2021 and segmented by market and US region. Market segments span commercial, industrial, office, education, public assembly, lodging, healthcare, and other. Existing floor space is segmented by US region as follows:

- South
- Midwest
- West
- Northeast.

To illustrate historical trends, total expenditures in nominal and real terms, existing floor space, and the various segments are provided in annual series from 2006 to 2016.

## About This Report

This report quantifies trends in various measures of growth and volatility. Growth (or decline) expressed as an average annual growth rate (AAGR) is the least squares growth rate, which takes into account all available datapoints over a period. The volatility of datapoints around a least squares growth trend over time is expressed via the coefficient of determination, or  $r^2$ . The most stable data series relative to the trend carries an  $r^2$  value of 1.0; the most volatile – 0.0. Growth calculated as a compound annual growth rate (CAGR) employs, by definition, only the first and last datapoints over a period. The CAGR is used to describe forecast growth, defined as the expected trend beginning in the base year and ending in the forecast year. Readers are encouraged to consider historical volatility when assessing particular annual values along the forecast trend, including in the forecast year.

Key macroeconomic indicators are also provided with quantified trends. Other various topics, including profiles of pertinent leading suppliers, are covered in this report. A full outline of report items by page is available in the Table of Contents.

## Sources

*Nonresidential Building Construction: United States* (FF60032) represents the synthesis and analysis of data from various primary, secondary, macroeconomic, and demographic sources including:

- firms participating in the industry, and their suppliers and customers
- government/public agencies
- national, regional, and international non-governmental organizations
- trade associations and their publications
- the business and trade press
- indicator forecasts by The Freedonia Group
- the findings of other reports and studies by The Freedonia Group.

Specific sources and additional resources are listed in the Resources section of this publication for reference and to facilitate further research.

## Industry Codes

Table 8 | Industry Codes Related to Nonresidential Building Construction

NAICS/SCIAN 2007		SIC	
North American Industry Classification System		Standard Industry Codes	
236210	Industrial Building Construction	1531	Operative Builders
236220	Commercial and Institutional Building Construction	1541	General Contractors – Industrial Buildings and Warehouses
		1542	General Contractors – Nonresidential Buildings, Other than Industrial Buildings and Warehouses

Source: US Census Bureau

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## Resources

### The Freedonia Group

#### Freedonia Industry Studies

*World Drywall & Building Plaster*, October 2016

*Commercial Roofing*, September 2016

*World Insulation*, July 2016

*World Construction Aggregates*, March 2016

*Siding*, January 2016

*World Siding (Cladding)*, September 2015

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*Demographics: United States*

*Drywall & Building Plaster: United States*

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*Building Design & Construction*

*BuildingGreen*

*BuildingOnline*

*Construction Dive*

*Construction Today*

*Engineering News-Record*

*The Journal of Light Construction*

### Agencies & Associations

The American Institute of Architects

American Society of Civil Engineers

Associated Builders and Contractors

The Associated General Contractors of America

Building Trades Association

United States Bureau of Labor Statistics

United States Department of Commerce

Bureau of Economic Analysis

## About This Report

United States Census Bureau  
United States Environmental Protection Agency  
United States Green Building Council