"I thought it might help."
1. **Market opportunities persist**
   Finding the Bulls in a Bear market

2. **Market composition is shifting**
   Place and type may look quite different, and what is likely temporary vs. permanent?

3. **Strategy is as much “No” as “Yes”**
   To achieve better than average outcomes, you have to say no to below average opportunities
**US Market Outlook | March 12, 2021**

**Word of the Year 2020… Unprecedented**

**US GDP**  
Percentage change, annual rate  
Source: CBO

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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</table>

- **10.5 million** private jobs added  
- ISM Manufacturing PMI **56/ 18-month high**  
- Home sales **+24.7%**  
- Retail sales **+4% over prior peak**

From worried and anxious…  
To overwhelmed and exhausted
US Market Outlook | March 12, 2021

FMI Nonresidential Construction Index
The long tail effect for the AEC industry

Construction spending put in place for the US

Billions of dollars

Source: FMI

US Market Outlook | March 12, 2021

Official Great Recession
December 2007 - June 2009
1 year, 6 months

Retail sales exceed prior peak (full recovery)

ISM Manufacturing PMI exceeds prior peak (full recovery)
Infrastructure holds

Construction spending put in place (US)
Billions of current dollars
Source: FMI
It could take more than five years for the most affected sectors to get back to 2019-level contributions to GDP

Source: Oxford Economics, McKinsey

<table>
<thead>
<tr>
<th>Sector</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025+</th>
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<td>Arts, entertainment, and recreation</td>
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<td>Accommodation and food services</td>
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<td>Educational services</td>
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<td>Transportation and warehousing</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
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<td>Wholesale trade</td>
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<td>Administrative and support services</td>
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<td>Utilities</td>
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<td>Finance and insurance</td>
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<td>Retail trade</td>
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<tr>
<td>Management of companies and enterprises</td>
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<tr>
<td>Real estate, rental, and leasing</td>
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<td>Professional, scientific, and technical services</td>
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<td>Information services</td>
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<td>Healthcare and social assistance</td>
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Nonresidential building activity suffers for several years

Segment comparisons (US)
Source: FMI

- Communication
- Highway and Street
- Power
- Manufacturing
- Educational
- Conservation and Development
- Water Supply
- Sewage and Waste Disposal
- Health Care
- Transportation
- Multifamily
- Office
- Commercial
- Lodging
- Amusement and Recreation
- Religious

2020-2024 Forecast growth (CAGR)

2020 Construction spending put in place (Billions)
Who are the most likely Bulls and Bears this time around?

- Manufacturing
- Distribution
- Communications/Data Centers
- Intelligent Transportation Systems
- Lodging
- Commercial
- Amusement & Recreation
- Office
20% of metropolitan markets represent 70% of total US construction spending.

Distribution of construction spending by MSA

Source: FMI
Where will growth concentrate in the next up cycle?

Comparable construction spending and growth by MSA (2022-2024)

Source: FMI
It ain’t what you don’t know that gets you into trouble.

It’s what you know for sure that just ain’t so.
FMI Thought Leadership

FMI provides unique market insights ranging from our annual North America Construction Markets Overview and Quarterly Outlook to thought leadership in all areas of leading, managing, operating and exiting successful organizations in the built environment.