

Region 1: Brian Gersten, On Time Supply, Suffern NY: The Northeast came out of the winter season with average temperatures and great amounts of snowfall in fewer events. Normal seasons generally have 10 snow falls per season with 4" per event. This season we experienced 5 storms with an average of 10-12" per storm. Trades and suppliers were affected by the state of emergency shutdowns in the northeast to job sites which caused delays in production and reduced sales of material. The spring season has sprung and the last four months seems to be moving quite nicely in relation to the sales of products and production on jobsites. It is expected that Real GDP growth will be 2.2%, and the unemployment rate to further improve to 4.8% and inflation will be 2.3% in 2017 nationally and the Northeast will experience the biggest growth in 2017 which is projected be over 8%. After a 2% growth in 2016, overall construction costs are forecasted for ongoing growth (2-3% range) in 2017, led by gains in construction labor wages (3-4%) and material costs are forecasted to have 2-3% increase in 2017. Asphalt paving, fabricated steel and concrete block pricing should resume growth in 2017. Gypsum products are said to experience a 6-7% increase in price in the Northeast. Overall the perspective for 2017 is continued growth given the positive progress made in 2016. Based on our consensus forecast, we expect 7% growth in 2017, driven by Single-family and Education construction - two markets that directly reflect a stronger overall economy in the United States. Geographically, the Northeast regions are leading growth. Overall construction costs are forecasted for ongoing increase in 2017 at 2-3%, same forecasted rate as material prices. Oil is expected to nearly fully recover the ground lost in 2016 by the end of 2017. One area to watch is construction employment that even though it is experiencing very low unemployment rate, it has shown signs of concerns because job openings are outpacing job additions, signaling firms are having a hard time finding qualified labor. Northeast infrastructure repair is very evident with the construction of the new Tappan Zee Bridge in NY and the reconstruction of the Goethals Bridge in New Jersey. Cranes are standing tall in NYC and the Sky Scrapers are rising not to mention the major overhaul that is taking place at Laguardia Airport.