

NIBCO REGIONAL ECONOMIC FORECASTS

For Professional Contractors



US OUTLOOK FOR 2017

The US economy is growing, and surveys are showing **increased optimism** from both consumers and small businesses. Total Construction Spending rose 4.5% in 2016 and Disposable Income saw a 3.9% gain, positive signs of a healthy economy. Most of this momentum should carry forward through the next quarter, as Retail Sales numbers are already showing a **good start to the year**.

While many signs are positive right now, there are still some **concerning trends in new home-building** that contractors should be aware of. Despite a recent improvement in growth rates for most geographic markets for building permits, the longer-term trend is for softer conditions. **Interest rates are rising and existing home sales are no longer growing** versus last year (-2.4%). As it stands now, the second half of 2017 may be weak for new construction.

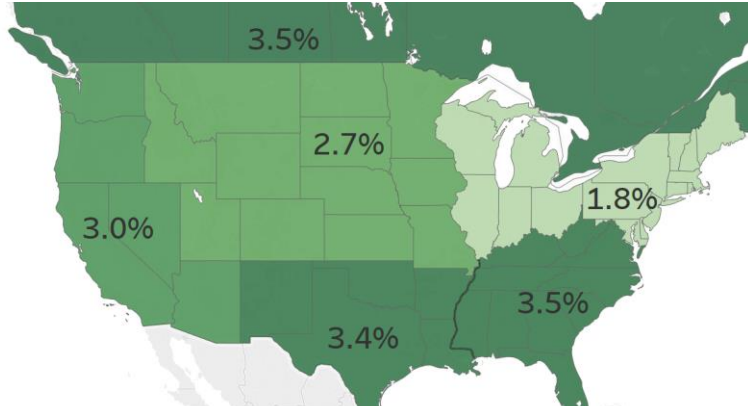
Contractors should look to take advantage of the near-term optimism by looking to expand and fill the pipeline as far out as possible. Rising incomes should continue to bolster existing home renovation work, even if new-construction weakens throughout the year.



PLAINS & ROCKIES REGIONAL OUTLOOK

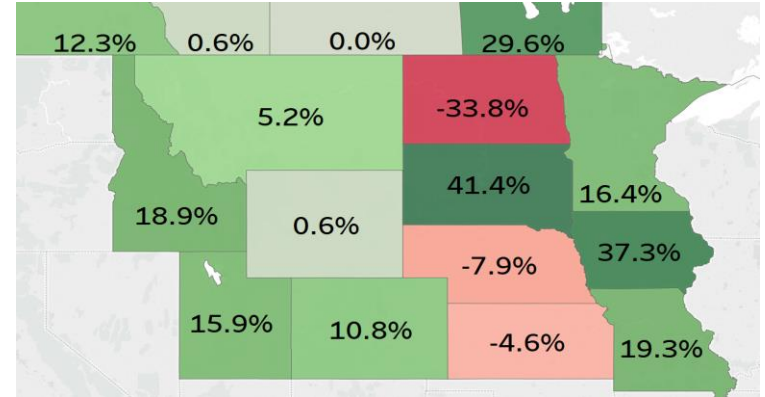
Construction activity recovered in 2016, with 11.6% growth in single-family housing starts, the highest growth rate in three years. Overall, conditions look positive for the next few months, as consumer spending is at a healthy level across Canada and the mid-west US.

Consumer Spending



Conditions are varying widely across the region, from strong growth in British Columbia (6.2%), Minnesota (4.4%) and Colorado (3.3%) to declines in Alberta (-0.2%), North Dakota (-0.5%), and Wyoming (-2.8%).

New Housing Permits



Strong growth rates in permit-levels in many states should help contractors with new jobs ahead of the crucial spring building season.