

NIBCO REGIONAL ECONOMIC FORECASTS

For Professional Contractors



US OUTLOOK – EARLY 2019

As we look ahead to next year, think about if your business is positioned to be sustainable in the face of changing economic conditions. **2018, by most measures, has been a strong year for the US economy:** unemployment below 4%, GDP growth above 4%, and expansion in construction spending for most sectors. 2019 will likely get off to a quick start, as some of that 2018 momentum carries forward. Realistically, the pace of growth is expected to cool down as normal business cycle conditions set in. **Most leading indicators for GDP signal slower growth in 2019.** Be sure to not overleverage on the current pace of growth as in every cyclical peak there are those who over-commit based on straight line projections of a near-term positive trend.

Leading indicators for non-residential construction are positive, as tax reform continues to boost corporate profits and businesses look to reinvest some of those gains in infrastructure. For residential construction, demand will be strong, but labor shortages and maintaining margins with high input and labor costs will continue to challenge contractors.



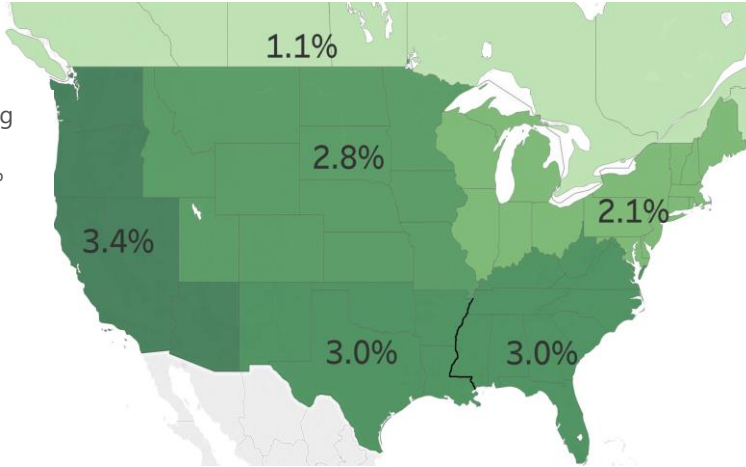
SOUTHEAST REGIONAL OUTLOOK

Contractors can expect ongoing expansion in the Southeast Region, particularly in urban areas and surrounding suburbs, as a strong US economy is driving consumer spending and new construction higher. The Southeast continues to see gains ahead of other areas of the country.

Consumer Spending

Southeast Retail Spending is accelerating, at 3.0% annual growth from 2.2% last quarter.

Both North and South Carolina are looking very strong, with spending up 3.7% year-over-year.



New Housing Permits

New housing in the Southeast Region is expanding at a 8.6% annual rate. Our leading indicators suggest that growth should continue in the 5-10% range over the next couple quarters.

