

# Construction Executive

## Marcum Construction Index Predicts Robust 2018 for the Construction Industry

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The quarterly [Marcum Commercial Construction Index](#) foresees continued momentum in the construction market in 2018, following sustained economic expansion in 2017. The 4th quarter report finds that the outlook for the industry in 2018 is the most positive since 2005, with real estate owners, construction firms, logistics suppliers, retailers and other cyclical businesses as the main beneficiaries.

According to Anirban Basu, Marcum's chief construction economist and author of the index, nonresidential construction spending expanded 0.8 percent in December, or \$720.4 billion on a seasonally adjusted basis. It was the fifth consecutive month of growth in nonresidential construction spending.

The biggest gains, year-over-year, were in Transportation (12.9 percent), Educational (6.6 percent), Health care (6.3 percent), Commercial (5.1 percent), and Lodging (4.8 percent) construction, while Manufacturing (-11.7 percent), Water supply (-10.6 percent) and Power (-9.4 percent) registered the biggest declines.

Following the passage of the Tax Cuts & Jobs Act in December, month-over-month upticks were logged in 12 of the 16 nonresidential construction subsectors during January, led by Public safety (4.7 percent), Office (3.4 percent) and Lodging (3.2 percent) construction.

Concomitant with spending increases in January, nonresidential construction added 16,400 net new positions last month, with particularly notable job growth in the heavy and civil engineering (6,300 jobs) and nonresidential specialty trade (12,400 net new positions) segments.

"The future is likely to represent a departure from prior trends, in large measure because of the recently enacted tax reform bill. The tax cut will further bolster private sector liquidity and confidence, which will ultimately translate into more construction starts and spending. If long-awaited progress is made on infrastructure spending the construction recovery will likely transition from solid to spectacular," Mr. Basu wrote.

"We cannot ignore the 10-year recessionary cycle event horizon we're hurtling towards, but there appears to still be hope for continued growth. The momentum of last year has carried us into another prosperous quarter, and the signs we look to, for the near-term, seem to say "more to come,"" said Joseph Natarelli, national leader of Marcum's Construction Services Group and an office managing partner in New Haven, Connecticut.

For the complete Marcum Commercial Construction Index, visit [www.marcumllp.com/construction](http://www.marcumllp.com/construction).

Written by Marcum LLP

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