

Construction Law in North Carolina

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An Upward Trend in Commercial Construction? (News Note)

February 28, 2012 by Melissa Dewey Brumback

Year-end economic indicators demonstrate that private commercial construction may be increasing in 2012, primarily as demand grows for new projects built in the United States.

According to an [article](#) in *Businessweek*, the Architecture Billings Index held at 52 in December, indicating a modest expansion in the market. The American Institute of Architects said that the commercial and industrial component of the number climbed to 54.1 in December, the highest in 10 months.



The monthly survey of U.S.-based architecture firms is one of the main indicators of nonresidential construction, and these numbers suggest that modest improvement may be on the horizon.

The information is confirmed by data from the Census Bureau that shows that spending on lodging, office, commercial and manufacturing buildings grew 8.2

percent in November to \$9.2 billion from a year ago. These types of commercial and industrial projects are historically canaries in the mine and are usually the first part of the industry to improve as the economy expands.

Other indicators, including vacancy rates, are also pointing towards recovery. U.S. office vacancies fell in the fourth quarter to 17.3 percent, the lowest since 2009, from 17.4 percent in the prior period and 17.6 percent a year earlier.

The architecture association's billing index historically has been ahead of improvements in building activity by about nine to 12 months; because this recovery has been so weak, a construction rebound is coming later in the economic cycle, according to leading economists.

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What about you– do you think construction is on the upswing? Are clients still shy to pull the trigger on ambitious projects? Share your thoughts on what these numbers mean to you in the comments section, below.

And if you haven't already, sign up to get your free copy of the white paper, "7 Critical Mistakes that Engineers & Architects Make During Contract Negotiation and Execution that Sabotage their Projects & Invite Litigation". You can download your copy by going to the form on the right hand side of the blog.

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