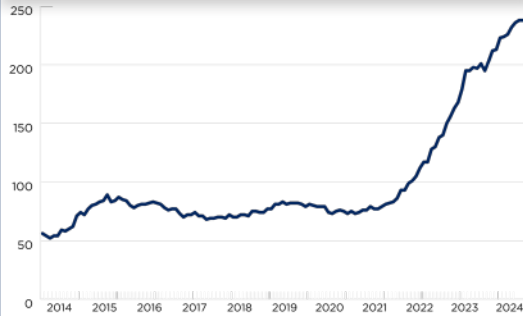


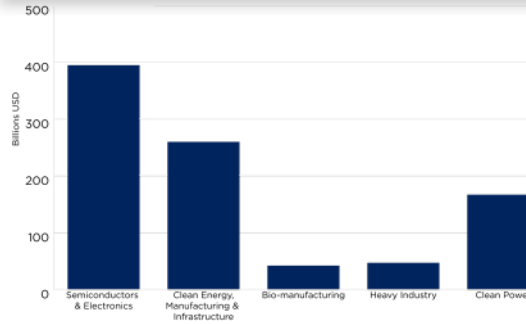
INDUSTRIAL, MANUFACTURING & LOGISTICS

SECTOR MARKET INSIGHT

US MANUFACTURING CONSTRUCTION SPENDING 2014 - 2024



INDUSTRIAL, MANUFACTURING & LOGISTICS - PRIVATE INVESTMENT



THINGS TO WATCH OUT FOR

Following decades of offshore, the US Federal Government is bringing manufacturing back to the country by generating historically high levels of private sector investments.

An essential first step towards stronger, more sustainable economic growth is the increased private capital investment in critical industries and the initiation of new projects. Businesses have declared plans to invest more than \$910 billion in the US. Spending on manufacturing construction overall has increased by nearly 100 percent since the end of 2021.

The Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, the Inflation Reduction Act, and a widespread push to reshore capacity are driving massive projects all over the nation, which is driving an increase in construction spending related to manufacturing. While massive semiconductor manufacturing plants account for a large portion of the increase, other subsegments such as the electric vehicle supply chain, metal plants, and food and beverage manufacturing facilities are also growing rapidly.

INDUSTRIAL, MANUFACTURING & LOGISTICS CONSTRUCTION COST DRIVERS

| SELECT MATERIALS | APPROX. CHANGE Q2-Q3 2024 | APPROX. CHANGE Q3 2023-Q3-2024 |
|--------------------|---------------------------|--------------------------------|
| Rebar | ▼ -4.2% | ▼ -8.6% |
| Structural Steel | ▼ -1.0% | ▲ 1.3% |
| Ready-Mix Concrete | ▼ -1.1% | ▲ 5.9% |
| Copper Wire | ▲ 14.8% | ▲ 17.4% |
| Copper Tube | ▲ 25.2% | ▲ 25.9% |
| Electrical Conduit | ▼ -1.2% | ▼ -10.5% |
| Diesel | ▼ -20.1% | ▼ -10.5% |
| Aluminum | ▲ 7.5% | ▲ 2.8% |
| Aluminum Wire | ▲ 3.4% | ▲ 9.5% |
| AHU Equipment | ▲ 0.9% | ▲ 2.6% |
| Sheet Metal | ▲ 0.2% | ▲ 1.7% |
| Generators | ■ 0.0% | ▲ 4.0% |
| Elevators | ▼ -0.1% | ▲ 1.5% |
| Glass | ▼ -0.4% | ■ 0.0% |
| Metal Panels | ▲ 3.5% | ▲ 7.9% |
| Metal Roofing | ▼ -0.8% | ▼ -2.3% |
| Intumescent Paint | ▼ -0.7% | ▼ -1.6% |

YOUR HOSPITALITY EXPERTS

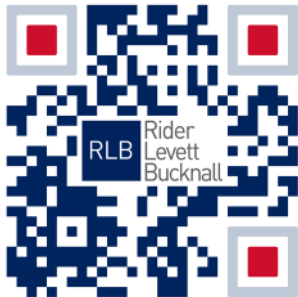
RIDER LEVETT BUCKNALL

At Rider Levett Bucknall (RLB), our approach allows us to deliver successful outcomes to property and construction projects by tailoring our services to match client goals and needs. Our team specializes in creating, evaluating, and managing project controls that address the critical issues of time, cost, scope, and quality in the built environment.

[RLB.com](https://www.rlb.com)

DON'T MISS OUT ON FUTURE INSIGHTS!

SCAN TO SUBSCRIBE



INDUSTRIAL, MANUFACTURING & LOGISTICS SECTOR MARKET INSIGHT



STATE OF THE MARKET

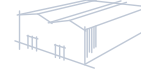


The pace of industrial construction is slowing in 2024. After a boom from 2021 to 2023, new construction starts and deliveries have significantly decreased, with only 127.2M SF started so far this year.

According to the Institute for Supply Management (ISM), the manufacturing Purchasing Managers' Index (PMI) increased to 47.2 from 46.8 in July, the lowest level since November. A PMI reading below 50 denotes a slowdown in the manufacturing sector, which makes up 10.3% of the total economy. The PMI was above the 42.5 mark, which the ISM stated over time indicates an expansion of the overall economy.

ISM also reported that due to the uncertainty surrounding the upcoming election and the current federal monetary policy, businesses are hesitant to invest in inventory and capital. As a result, demand is still weak. Five manufacturing industries experienced growth, including primary metals, furniture, and computer and electronic products.

LOGISTICS



In the U.S., key industries like retail, food, electronics, pharmaceuticals, and automotive are driving demand for warehousing solutions. The rise of e-commerce has transformed storage needs, requiring faster and more organized facilities. As a result, modern warehouses now incorporate advanced technology and automation. This shift is fueling growth in the industrial racking systems market, with manufacturers focusing on creating adaptable systems to enhance value, capacity, and efficiency.

On the other hand, the North American robotics market experienced declines in both units ordered (down 7.9%) and revenue (down 6.8%) in the first half of 2024 compared to the same period in 2023. Economic challenges, including rising inflation and borrowing costs, have led many companies to postpone major robotics investments. However, sectors like food and consumer goods, as well as life sciences, continue to drive demand for automation to enhance efficiency and address labor shortages.

LABOR & MATERIALS



As of the end of Q3 2024, the construction industry employment has increased by 238,000 jobs, representing a growth of 3.0 percent on a year-over-year basis. The industry has added jobs for five consecutive months, despite facing labor shortages.

Although the industry unemployment rate rose to 3.7 percent, it remains lower than any month recorded before the second half of 2018 and is half a percentage point below the overall economy-wide unemployment rate. Hiring is expected to continue in the coming months, as contractors anticipate increasing their staffing levels over the next six months, according to Associated Builders and Contractors (ABC).