

RLB CRANE INDEX®

North America - July 2017



The mid-year RLB Crane Index for North America reveals an industry that is holding steady from the January report. Seven of the 14 cities sampled either remained constant or declined in their crane totals, and another seven showed an increase. Activity in the markets that are trending upward from the previous Crane Index can be attributed to a

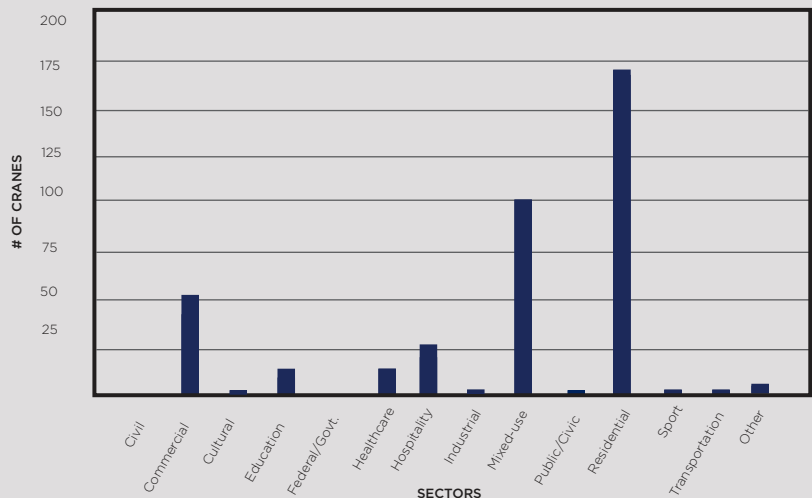
variety of location-specific factors. In Denver, a population boom underlies the hot residential category, which not only increased by 50% over the last count, but also comprises 60% of the total cranes in the city. Los Angeles' burgeoning downtown is home to 80% of the city's cranes, which are primarily employed in residential and mixed-use projects.

The slight decline in the net crane count across national residential, mixed-use, and commercial sectors reflects the natural progress of the projects' construction as they move closer to completion and cranes are no longer needed at the job site. This cycle will continue through the rest of the year as development begins on empty parcels and new cranes are put in place.

SECTOR STATISTICS- NORTH AMERICA
JULY 2017

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OVERALL
STATUS



AUSTIN

High-rise residential and hospitality developments continue to dominate Austin's Central Business District, making up over half of the city's total crane count.

Austin eagerly awaits completion of the Austin Proper Hotel and Residences in the Seaholm District, and the luxury boutique Hotel ZaZa at 4th and Lavaca.

Two much-needed office projects round out the crane total: Shoal Creek Walk at Rio Grande and 5th and West View at 12th and Guadalupe.

While the number of cranes populating the downtown skyline has dipped over fifty percent, we anticipate an upturn late in the year as major tech companies such as Google and Oracle continue to draw millennials to the city. Many municipal-funded projects are also anticipated to break ground in the near future.

BOSTON

The number of cranes in Boston has remained steady, although a decrease in cranes is anticipated in future counts, attributed to the transitioning stages of construction.

The focus of construction continues to be in the Seaport area. While many projects are approaching completion, there are a number of remaining empty parcels and parking areas that are expected to be developed soon.

CALGARY

Calgary has seen a modest increase in cranes, with counts up twenty percent from the beginning of 2017. High-rise residential projects comprise more than half of the total, followed by hospitality, mixed-use, and public/civic sectors.

Despite the increase in cranes, the vacancy rate for office space in downtown Calgary remains in record-high territory with a growing inventory of available space and less demand. Two new and notable office developments currently nearing completion include 707 Fifth Street and Brookfield Place (both included in previous crane

counts); these will potentially add to the already high inventory.

The construction forecast in Calgary is cautiously optimistic, with the visible increase in construction indicating that the worst of the economic slowdown has passed. The City of Calgary intends to increase infrastructure spending in 2017 by over thirty percent, and to continue this trend into 2018.

CHICAGO

Although still leading the Chicago market, residential crane counts are down by half from earlier this year. Residential development continues to be a hot topic in the city, with population loss occurring in high-poverty neighborhoods such as Little Village and Englewood, but population increasing in more affluent areas including downtown, the Near West Side, and the North West Side.

While crane counts have experienced an overall decrease, the crane count is up from the same time last year.

Chicago has emerged as one of the top global markets for foreign investors, receiving more than \$100B in direct foreign investment last year. We expect crane counts to pick up over the next year.

DENVER

Crane counts in Denver have seen a remarkable increase, more than doubling in the last six months.

Reflecting the national trend, the residential sector dominates the count, not only making up sixty percent of the total cranes, but also seeing a growth of over fifty percent since the last count. It would appear that the residential market is catching up with Denver's aggressive population growth. However, 2017 will mark the first year since 2010 that the population in Metro Denver will not increase at a pace faster than that of the state.

The commercial sector continues at a brisk pace, with the number of cranes tripling over the last six months. We expect this market will become steady over the next year as much of the current construction

wraps up, and a limited number of new projects are announced.

HONOLULU

The Honolulu crane count continues to hold steady. Several large projects are wrapping up in the course of the next few months, and compared to the last 24 months of construction activity, there are fewer new projects in the pipeline. With regard to the market's important hospitality sector, two factors are notable. Local economic studies are forecasting annual growth in visitor arrivals through 2019, consequently driving hotel renovations to keep pace with visitor demands. However, proposed changes to travel regulations made by the federal government may adversely impact tourism, and in turn affect construction in the hospitality sector. Major renovations at several hotels remain on track, which will take advantage of the slowing construction market at bid time.

The affordable and residential high-rise market continues to sell strongly, leading to more towers in the planning phase. As well, potential new developments are gearing up on the west side of the island, commencing construction in the next couple of years.

LOS ANGELES

Construction in Los Angeles remains strong, with the crane count in the city up twenty-five percent. The market continues to be driven by the mixed-use and residential sectors. Downtown is still the center of construction with other active neighborhoods including South Park and the Financial District, as well as Hollywood and West Hollywood.

The forecast for Los Angeles is positive. A number of education and healthcare projects are nearing construction and will add to the buoyant residential market. Athletic and cultural projects are also anticipated to contribute to the upward trend, with work on the new football stadium in Inglewood and the soccer stadium at Exposition Park underway.

NEW YORK

Like many large urban centers, New York struggles to meet the demand for housing. In response, numerous mixed-use and residential developments are under construction (including units specifically allocated for low-income residents). These two sectors account for over seventy-five percent of the total crane count in the city.

New York has also seen an increase in utility and infrastructure projects, particularly in the borough of Manhattan.

Going forward, we expect steady construction activity to continue as existing buildings are being demolished and land parcels cleared to accommodate the many projects slated to break ground now and into next year.

PHOENIX

The crane count confirms that construction remains steady in Phoenix. Residential construction—including three new luxury condominium developments in the trendy Roosevelt Row and Biltmore neighborhoods—continues to dominate the market with approximately 750 new units expected to be ready for occupancy by the fall of 2017. Downtown, the hospitality sector is experiencing growth with the construction of Hilton’s 11-story Hampton Inn Suites hotel. In healthcare, Phoenix Banner University Medical Center is undergoing a major expansion with construction of a \$400M, 16-story tower.

The steady market activity is anticipated to carry through 2017.

PORTLAND

Portland’s construction market continues to thrive, with the crane count increasing by over twenty-five percent. The majority of building is concentrated in the northwest quadrant of the city, which is heavily supported by public transportation and amenities already in place. This area has limited spare land available, requiring the demolition

of defunct industrial warehouses to make way for new construction.

Much of this construction activity is due to the inflated demand within housing markets elsewhere on the West Coast; specifically, Seattle and San Francisco. In a parallel development, software and tech companies are now relocating employees to Portland, and establishing new operations in the city.

The forecast for construction in Portland is optimistic, with the majority of new-build projects being residential and mixed-use in nature.

SAN FRANCISCO

The construction market in San Francisco continues to be steady. The skyline in the South of Market (SoMa) district is growing denser with the erection of the Salesforce Tower and 181 Fremont, and the emerging profile of other buildings currently under construction, including Oceanwide Center, a project that broke ground a few months ago.

Despite rising construction costs in recent years, construction activity in SoMa remains strong, principally due to commercial office projects driven by tech firms. Over the last six years, the tech boom has also led to additional demand for housing in the city.

Construction activity is forecast to remain strong, with crane counts projected to increase during the remainder of 2017.

SEATTLE

Seattle’s construction scene remains steady, with new cranes quickly replacing those taken down when buildings are completed. A full range of sectors remain active, including mixed-use (which constitutes over one-third of the count) followed by residential, commercial, education, hospitality, transportation, and cultural projects. Mixed-use construction has now surpassed residential work, which last year was the highest it had been in over a decade, as reflected by developments in South Lake Union, Ballard, Capitol Hill, and Denny Triangle.

While downtown Seattle is still the hub for commercial development, South Lake Union is also seeing growth in that sector, thanks to high-tech clients. Education construction is increasing, spurred on by the up-zoning of the University District and light-rail line expansion to the north. City planners and developers continue to race to meet Seattle’s growing housing demand, which is driven by new arrivals in the high-tech industry and an aggressive urban university campus plan.

With many projects slated to get underway throughout the rest of the year, the forecast for construction in Seattle is positive.

TORONTO

Toronto has the highest crane count of all the cities surveyed in this edition of the Index. The market continues to be led by the residential sector, making up over eighty percent of the total crane count. Other active sectors include mixed-use and commercial developments, followed by education, healthcare, and hospitality.

Looking ahead, Toronto is expected to see a boost in spending on infrastructure, which is anticipated to trigger an increase in construction activity. More than 400 high-rise projects have been proposed, adding to the city’s tremendous skyline.

WASHINGTON, DC

Washington, DC’s crane count has dropped twenty-five percent, as the projects in the vicinity of the Washington Nationals facility and The Wharf approach completion. However, new projects are popping up throughout the DC area, offsetting these finished projects and maintaining the general level of construction activity.

Mixed-use buildings, commercial offices, and street-level retail outlets that maintain the mid-rise scale of the surrounding buildings are the most popular projects in the city.

Despite the largest project in the DC area, The Wharf, comes to a close, we expect the market to become steady due to new construction starts.

LOCATIONS

NORTH AMERICA

Austin
Boston
Calgary
Chicago
Denver
Guam
Hilo
Honolulu
Las Vegas
Los Angeles
Maui
New York
Phoenix
Portland
San Francisco
San Jose
Seattle
Toronto
Tucson
Waikoloa
Washington, DC

CARIBBEAN

Barbados
Cayman Islands
St. Lucia



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