

RLB CRANE INDEX®

North America - January 2017



Despite regional variances, crane counts through the end of 2016 indicate steady construction activity overall, with residential and mixed-use developments leading the market at a combined 68% of the total crane count. However, despite its abundant numbers, the industry has seen a shift away from mixed-use development, down 25% from mid-2016, to increased activity in other sectors. Over the course of

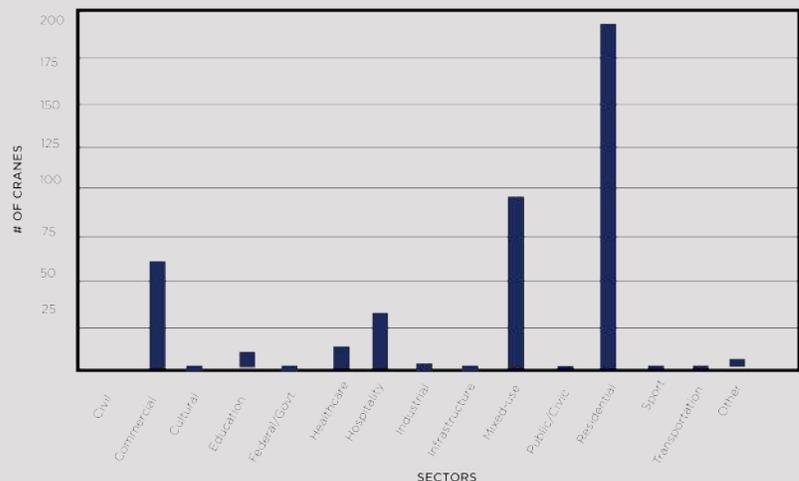
the year commercial projects have increased 62%, healthcare has increased 67%, and hospitality 43%. Austin has been added to the list of cities surveyed for crane counts, supplementing industry coverage across the southwest region. Of the cities measured, Toronto, Seattle, and Chicago take the lead in North America, making up 48% of cranes.

Each market is demonstrating shifts in both volume and sector construction activity, which we expect will continue through 2017. With most markets showing steady numbers of crane counts, and new development plans continuing strongly in most markets, overall crane counts should remain consistent through 2017.

SECTOR STATISTICS - NORTH AMERICA
JANUARY 2017

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OVERALL
STATUS



AUSTIN

Austin's crane count has doubled in the latter half of 2016, indicating that construction activity is strong, especially in the Central Business District.

Residential and hospitality projects make up half of the cranes across Austin's downtown skyline. Notable projects within each of these sectors include the Independent, a luxury high rise with the 34th floor cantilevered over the building's edge, and the Fairmont, a 37-story 1,000 key luxury hotel in close proximity to the convention center.

A continuing driver in construction is the University of Texas as it expands its east campus and continues to upgrade its central campus. Technology companies also continue to drive construction in Austin, with Oracle acquiring a mid-rise residential building to house the 200 employees it plans to hire for its adjacent sales and marketing office.

Local municipalities are favorable to P3 projects and private investors in a P3 environment. As such, Austin can expect more hospitality, high-rise residential, and mixed-use projects in 2017. In addition, a new \$720 million transportation bond will yield more infrastructure projects over the next few years.

BOSTON

Crane counts in Boston are half of what they were this time last year, due to transitioning stages of construction. However, in the latter half of 2016, counts have begun to steady with a focus on mixed-use and residential development.

While several projects are approaching completion, construction trends have been, and will continue to be, primarily focused in the Seaport area. With a number of projects scheduled for 2017, Boston can expect crane counts to remain steady.

CALGARY

The Calgary construction market continues to experience a decline in activity, as reflected by crane counts down 30% from this time

last year. Due to a waning economy, overall demand for office space in downtown Calgary has fallen to a record low, resulting in a 22% vacancy compared to a 14% vacancy for the same period in 2015. It is anticipated that the growing supply of space with less demand will be potentially exacerbated, as three cranes are dedicated to new office space developments. These projects include 707 Fifth Street, Brookfield Place, and Telus Sky, which were present in previous counts and are expected to be completed in 2017 and 2018.

Other active sectors include residential, which accounts for over 50% of the total crane count, followed by education, hospitality, and mixed-use developments.

The downward trend in crane counts is anticipated to carry through 2017.

CHICAGO

Crane counts have experienced a remarkable increase, more than doubling in the last six months, due to the pent-up number of projects that are shaking loose after the recession. Trends in the Chicago market lean toward high-rise residential buildings; this is due to high demand generated by a younger population migrating to the city core for its amenities and to follow the tech-driven companies now flocking to the West Loop and River North neighborhoods. Crane counts indicate other strong sectors to be mixed-use and hospitality, followed by education, commercial, healthcare, and sports facilities. The booming residential sector is anticipated to slow down by the end of 2017, as the number of units flooding the market may reach the 10,000 mark.

A few office buildings are under construction with several more commercial projects in the pipeline near West Loop.

A development trend is projected to move further west to West Town or south to Pilsen and Little Italy due to Aldermanic pressure to release congestion before population in these areas reaches maximum capacity.

DENVER

The Denver construction market remains strong. The residential sector takes the lead, making up half of Denver's crane counts over the past year. Much of the residential construction surrounds the new light rail lines near the Union Station area of downtown Denver. Other sectors consistently strong in the Denver market include mixed-use, hospitality, and commercial developments.

Similar to other cities experiencing a notable construction influx, construction trends are migrating just outside the metro area, where real estate is vast. South of Denver, the Denver Tech Center is seeing large national firms relocate to the area.

It is anticipated that residential growth in the Denver area will continue through 2017.

HONOLULU

Residential and mixed-use projects continue to dominate the construction industry in Honolulu.

RLB is expecting greater labor availability with several projects coming to a close over the course of the next year and fewer new projects in the pipeline. It is anticipated that this will result in marginal improvements in construction cost.

Affordable residential high-rises continue to sell strongly and will likely lead to more towers in the planning phase.

LOS ANGELES

The Los Angeles market has seen a 25% drop in their crane counts in the latter half of the year; however, with more than 65 projects proposed for the downtown area, the market appears to be gearing up for a busy 2017.

Mixed-use, residential, and hospitality developments continue to take the lead. Some anticipated projects include 1020 S Figueroa, a 650-condominium and 250-key hotel; the Atelier Tower in the Financial District containing 363 residential units; and the Reef Project, located in south Los Angeles comprising

nearly 1,500 condominium and apartment units and over 200 hotel rooms, among other projects, both proposed and under construction, throughout the Los Angeles area.

NEW YORK

Residential development has made up 30% of the total crane count throughout 2016. It is projected that the residential sector will continue to be a focus for development, as New York City struggles to meet housing needs.

Mixed-use and commercial projects are experiencing an influx as well, particularly on the West Side, near Chelsea, which continues to be the premier neighborhood for new development. Throughout the city there are scattered city blocks where existing structures have been demolished to make way for new ones. 2017 is anticipated to be a busy year for new construction as projects line up to fill those empty lots.

PHOENIX

Despite the decrease in crane numbers over the past six months, the construction market continues to prosper in the Phoenix area. The residential sector remains busy with the construction of two 350-unit luxury apartments in the Arcadia and Central Corridor neighborhoods. The healthcare sector is also showing strong activity including the expansion of a \$400M 16-story tower at the Banner University Medical Center.

While the residential sector is expected to continue to grow, Phoenix can expect other sectors to pick up pace in 2017. Commercial development is slated for the Warehouse District, with a number of buildings permitted for demolition to make way for redevelopment.

PORTLAND

Construction is thriving in Portland with the mixed-use sector taking the lead, at over 30% of the crane count, followed closely by commercial projects at 25%, and healthcare at 20%.

Several mid-rise apartment towers, office developments, and hospitality projects are under construction in the downtown area, including the Canopy by Hilton and the Grove. In the healthcare sector, Providence St. Vincent's re-cladding project nears completion while in the South Waterfront, Oregon Health & Science University construction is well underway, with two cranes on each of the two sites.

RLB foresees further growth slated in the residential apartment market in 2017, as well as, due to successful bond applications, a significant amount of K-12 school projects coming online.

SAN FRANCISCO

Construction in the bay area remains strong with the majority of cranes located in the SoMa area, and some additional activity in Bernal Heights, the Financial District, Nob Hill, Potrero Hill, Russian Hill, and Western Addition areas.

Commercial projects make up 33% of the total crane count and healthcare developments account for 17%. Fewer cranes are being allocated to mixed-use developments, which have fallen from 25% to 8% of the total crane count. This shift in counts indicates that development initiatives in SoMa are beginning to steady, with major projects being completed and ancillary projects remaining.

San Francisco's steady growth is anticipated to continue into 2017, with an abundant number of projects in the pipeline.

SEATTLE

Seattle's construction market remains strong, with new cranes erecting quickly in place of those taken down due to completed construction. Multiple sectors remain active, including residential which comprises over half of the count, followed by mixed-use, commercial, hospitality, transportation, and education. Residential construction is the highest it has been in over a decade, as reflected in South Lake Union, Ballard, Capitol Hill, and Denny Triangle, which remain steadfast.

Downtown Seattle, on the other hand, is primarily comprised of commercial development. City planners and developers are racing to meet the growing housing demand driven by new arrivals in the high-tech industry who prefer to be in close proximity to their workplace and the dynamic feel of an urban Seattle downtown core.

The forecast for construction is optimistic, with many projects scheduled in 2017.

TORONTO

Crane counts continue to drop in the Toronto area, as there is a lull between the projects being completed, and the new project starts requiring cranes. The residential sector dominates the crane count at just over 90%. Other active sectors in the Toronto market include commercial and mixed-use.

In the last six months there has been a 5% net increase in new construction projects. Toronto's construction market will remain active overall in the future, and we anticipate a minor upturn in crane counts the next six months. Over 260 high-rise projects are proposed for Toronto's future market, adding to the city's tremendous skyline.

WASHINGTON, DC

While counts in Washington, DC remain steady, construction trends have migrated from primarily mixed-use to commercial and mixed-use, which combined make up over 80% of the crane count. Major projects, including The Wharf along Potomac Park, are coming to a close, but the area surrounding the Washington national monuments is forecasted for growth through spring of 2017. Anticipated projects include commercial and mixed-use buildings; both of which are expected to be mid-rise developments to keep within the scale of surrounding buildings.

LOCATIONS

NORTH AMERICA

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

CARIBBEAN

Barbados
Cayman Islands
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