



# IT'S DALLAS HERE

## 2025-2026: Preparing for Cyclical Changes

Presented by ITR Economics  
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Economic Consulting Speaker; Senior Manger

**GlassBuild**   
**A M E R I C A**   
THE GLASS, WINDOW & DOOR EXPO

	Duration	Accuracy
US GDP	15	97.8%
US Ind. Production	14	99.8%
Europe Ind. Production	17	99.7%
Canada Ind. Production	15	95.7%
China Ind. Production	13	99.5%
Retail Sales	14	99.9%
Housing - Single Family	14	88.9%
Employment-Private Sector	13	99.9%

***ITR Economics provides the best economic intelligence to reduce risk and drive practical and profitable business decisions.***

# A Powerful Management Tool • Rates-of-Change

	Raw	3MMT	3/12	12MMT	12/12
Sep-22	7.040				
Oct-22	6.858				
Nov-22	6.804	20.7			
Dec-22	6.643	20.3			
Jan-23	6.611	20.1			
Feb-23	6.251	19.5			
Mar-23	5.972	18.8			
Apr-23	6.964	19.2			
May-23	6.305	19.2			
Jun-23	6.870	20.1			
Jul-23	6.789	20.0			
Aug-23	6.238	19.9		79.3	
Sep-23	6.960	20.0		79.3	
Oct-23	6.740	19.9		79.1	
Nov-23	6.985	20.7	-0.1%	79.3	
Dec-23	6.658	20.4	0.4%	79.3	
Jan-24	6.487	20.1	0.4%	79.2	
Feb-24	6.310	19.5	-0.3%	79.3	-2.0%
Mar-24	6.299	19.1	1.4%	79.6	-1.7%
Apr-24	6.658	19.3	0.4%	79.3	-1.7%
May-24	6.763	19.7	2.5%	79.8	-0.6%
Jun-24	6.982	20.4	1.3%	79.9	-0.3%
Jul-24	6.580	20.3	1.8%	79.7	0.1%
Aug-24	6.783	20.5	2.2%	80.2	1.1%

## 3/12

Based on data from a consecutive 3-month period compared to one year earlier.

**Anticipates** shifts in business cycle trends.

## 12/12

Based on data from a consecutive 12-month period compared to one year earlier.

**Defines** the business cycle.

# What Does This Mean For Us?

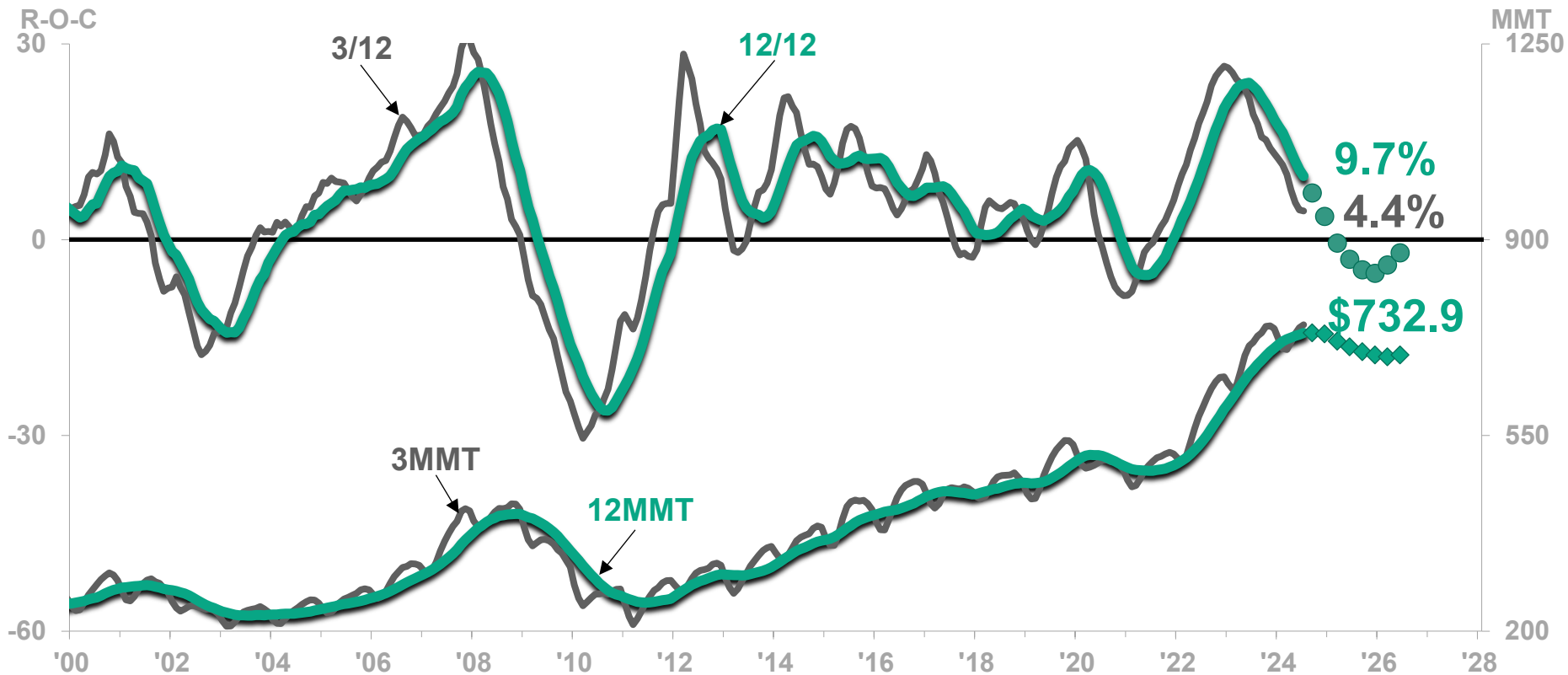
Source: US Census Bureau

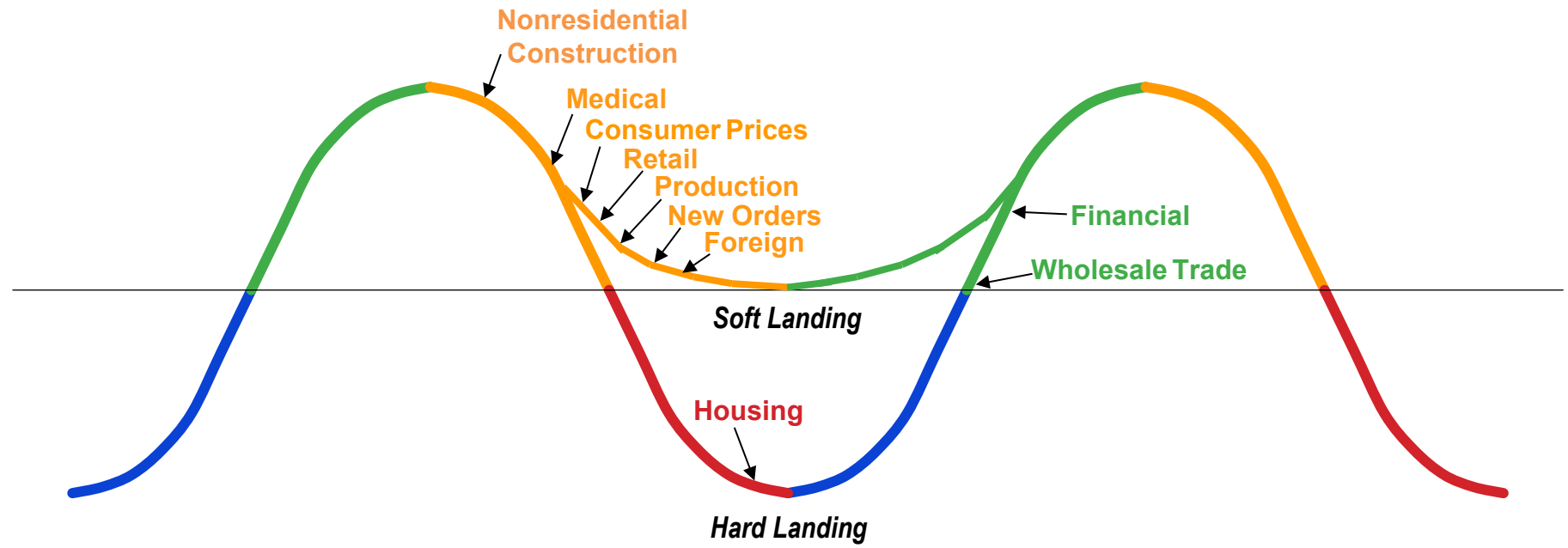
## US Private Nonresidential Construction

Billions of Dollars



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**A**  
RECOVERY



**B**  
ACCELERATING GROWTH



**C**  
SLOWING GROWTH



**D**  
RECESSION

# Housing Leads – Nonresidential Lags

Source: US Census Bureau

## US Private Nonresidential Construction to US Single-Unit Housing Starts

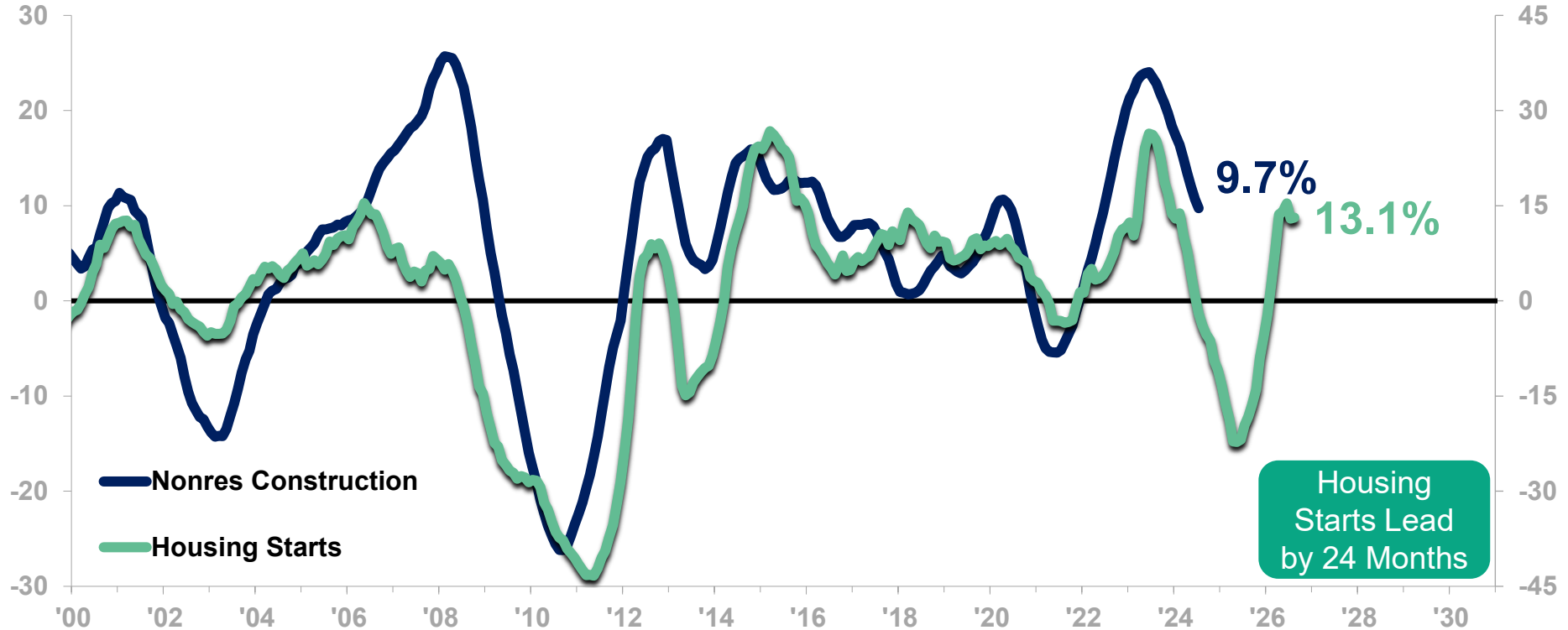
12/12 Rates-of-Change

as seen in  
ITR Economics'  
**Trends  
Report**

  
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Housing Starts

Nonres Construction



# Declining Prices an Indicator of Future Downturn in Construction

Sources: US Census Bureau,  
Green Street

## US Private Nonresidential Construction to Green Street All Commercial Property Price Index

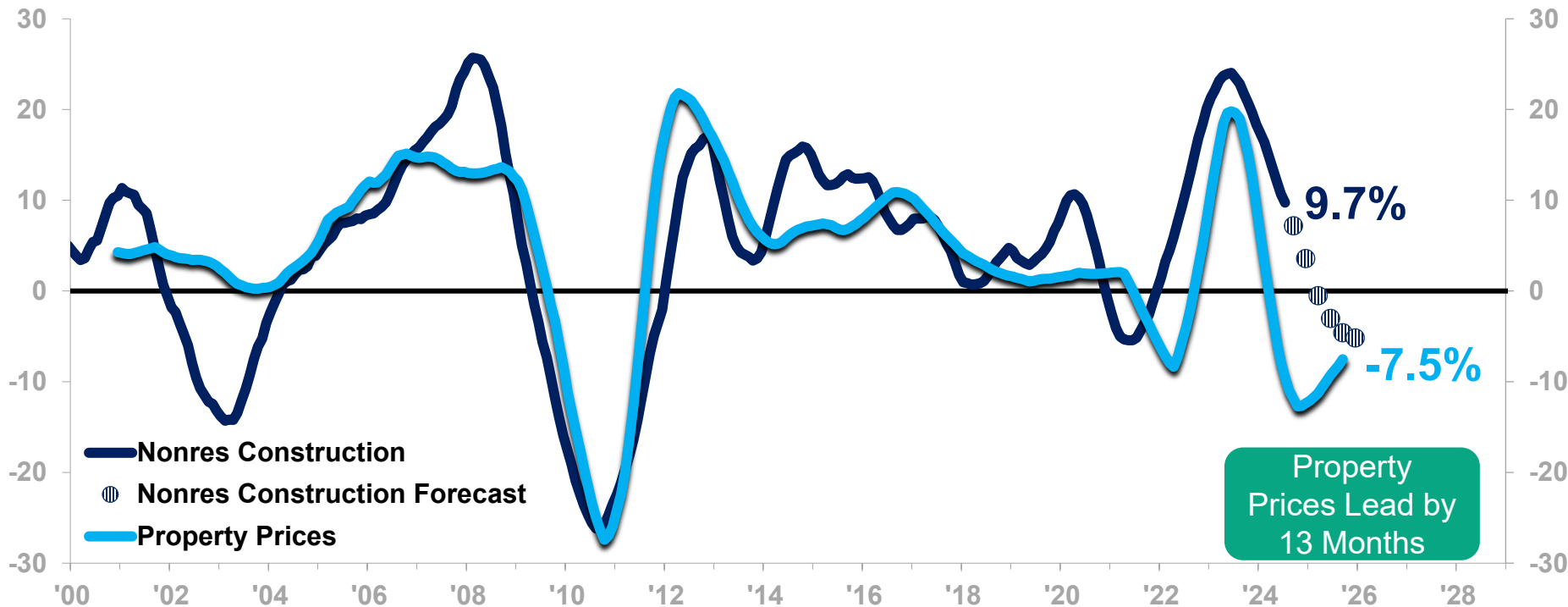


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12/12 Rates-of-Change

Nonres Construction

Property Prices

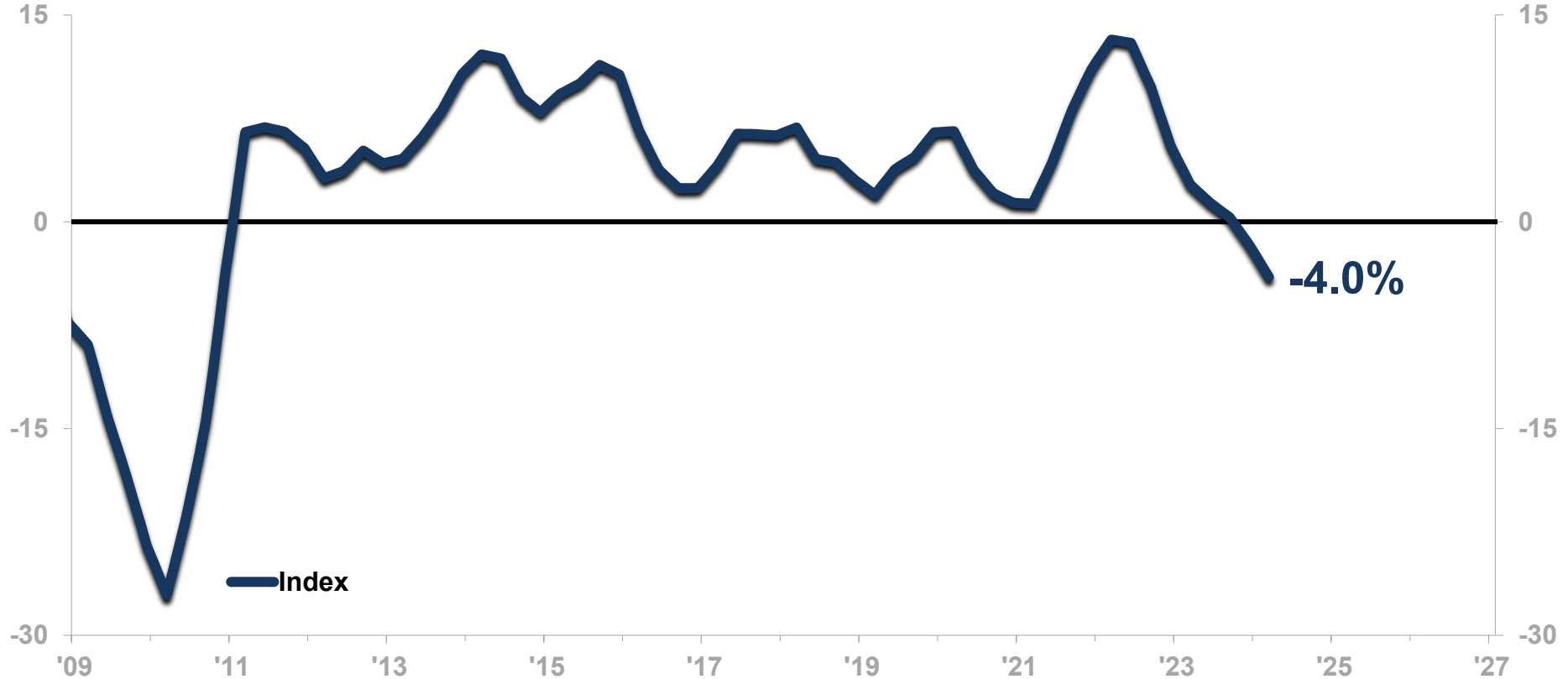


# Declining Real Estate Pricing is a Foreboding Signal

Source: FRB

## US Commercial Real Estate Price Index

12/12 Rate-of-Change





# Easing Occupancy Foreshadows Softer Nonres Construction

Sources: US Census Bureau, Nareit

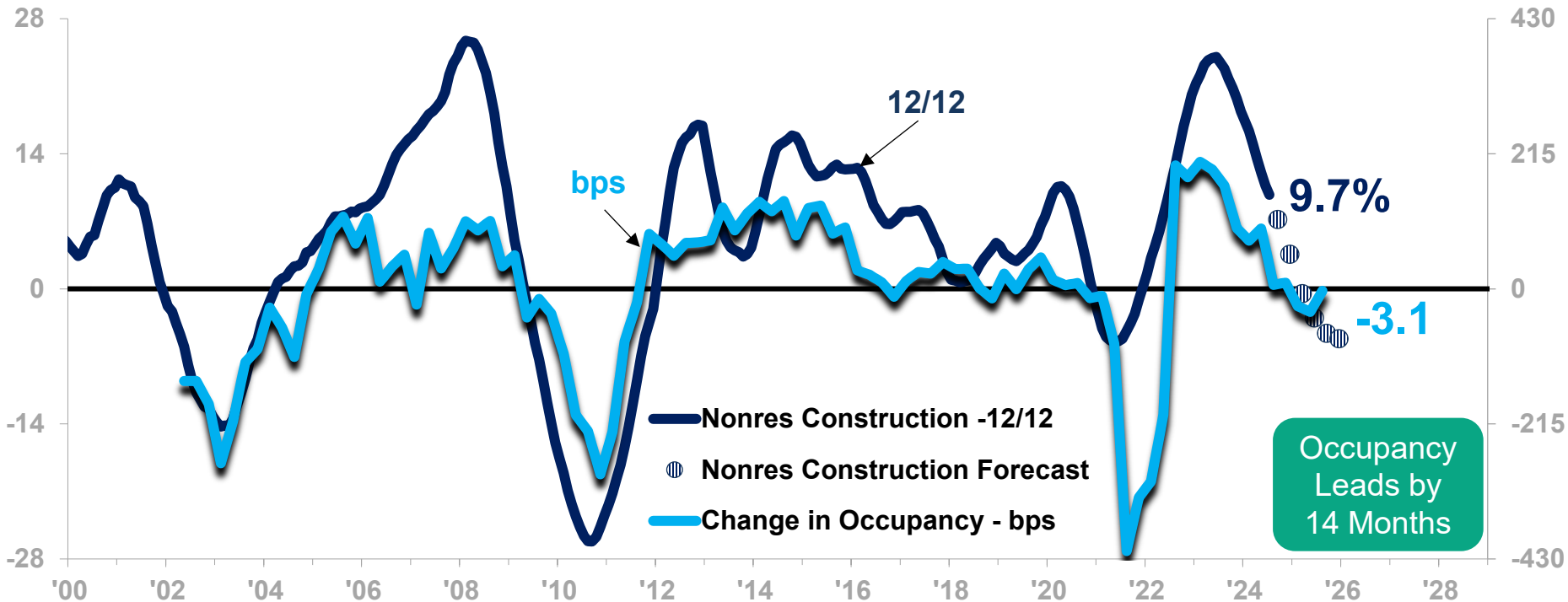
## US Private Nonresidential Construction to US Commercial Real Estate Occupancy Rate

12/12 Rate-of-Change to Change in 3MMA vs. one year ago



Nonres Construction

Occupancy



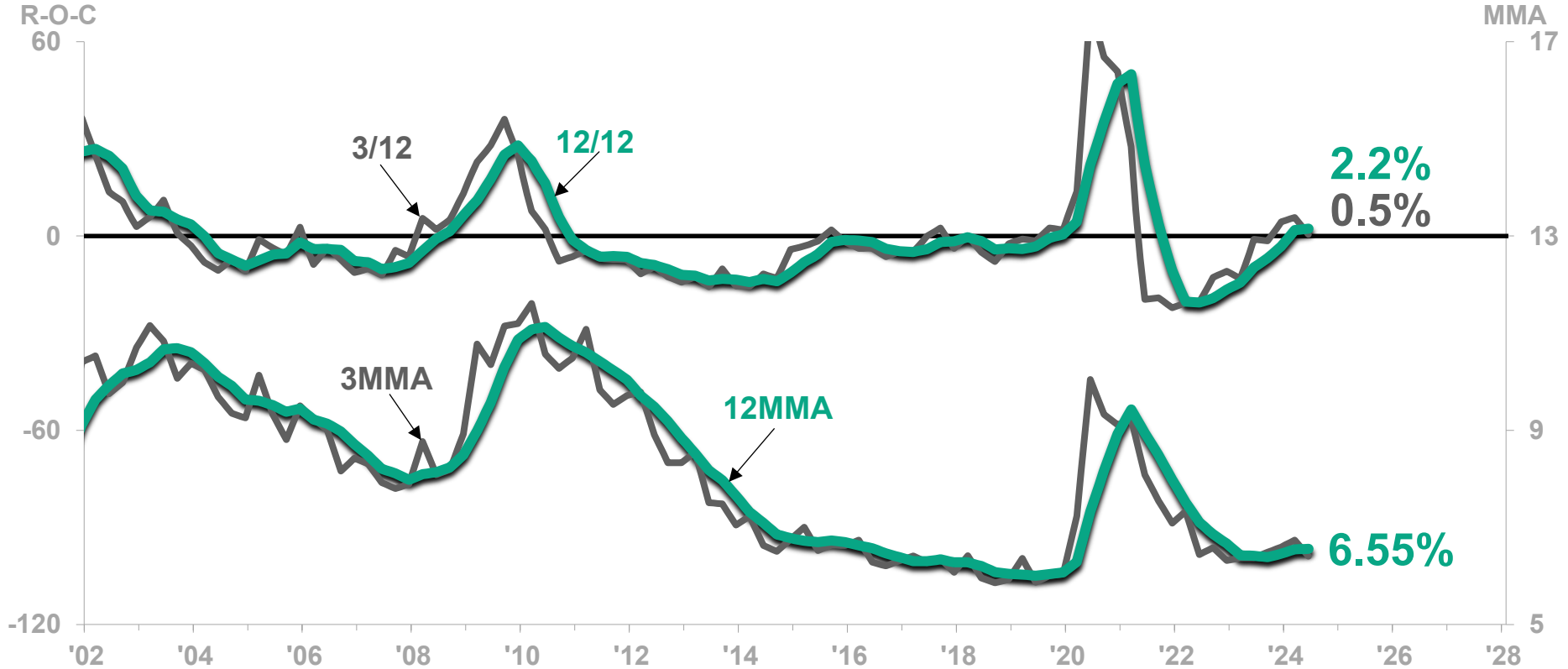
# Rising Vacancy Rates is Always a Concerning Signal

Source: Nareit

## US Commercial Real Estate Vacancy Rate



Percent

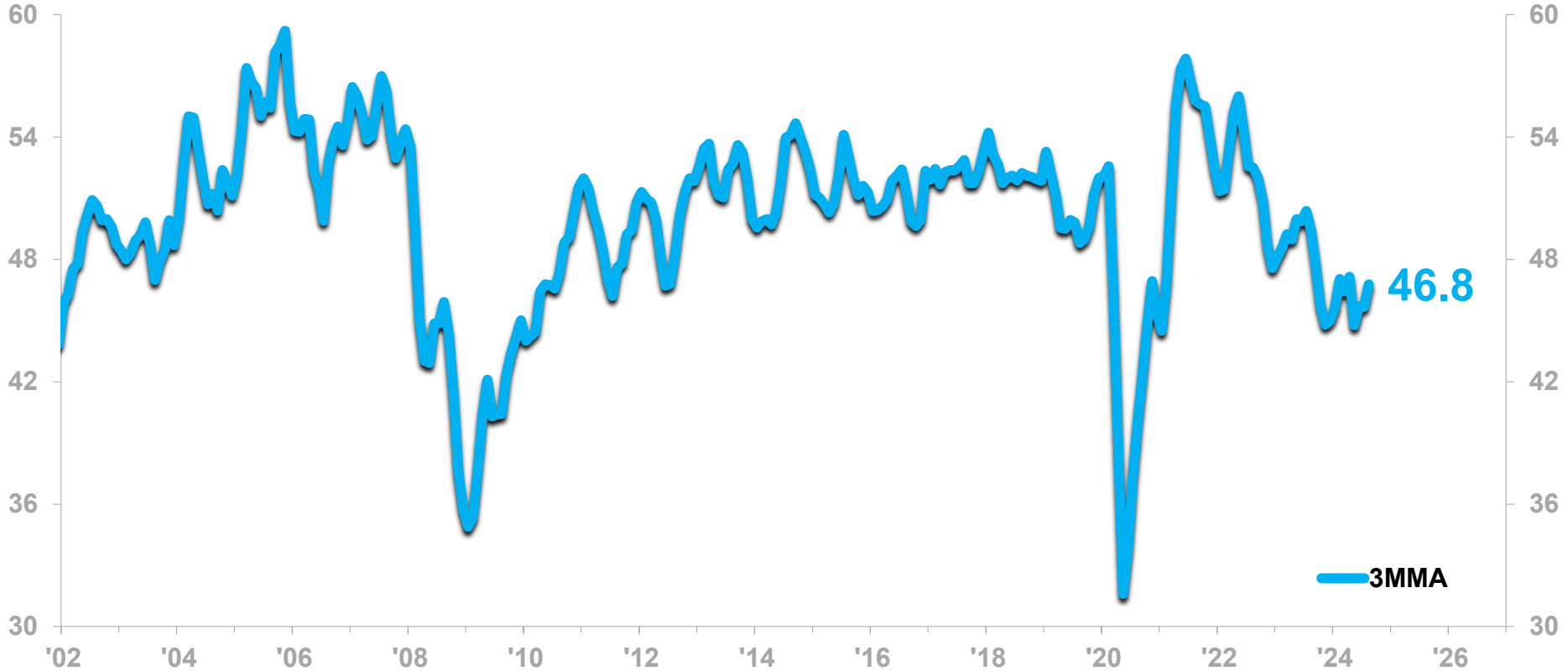


# Clear Downside Movement

Source: AIA

## US Architecture Billings Index

Quarterly Data Trend: Index from Monthly Billings



# Signaling Some Malaise In 2025

Sources: US Census Bureau, AIA

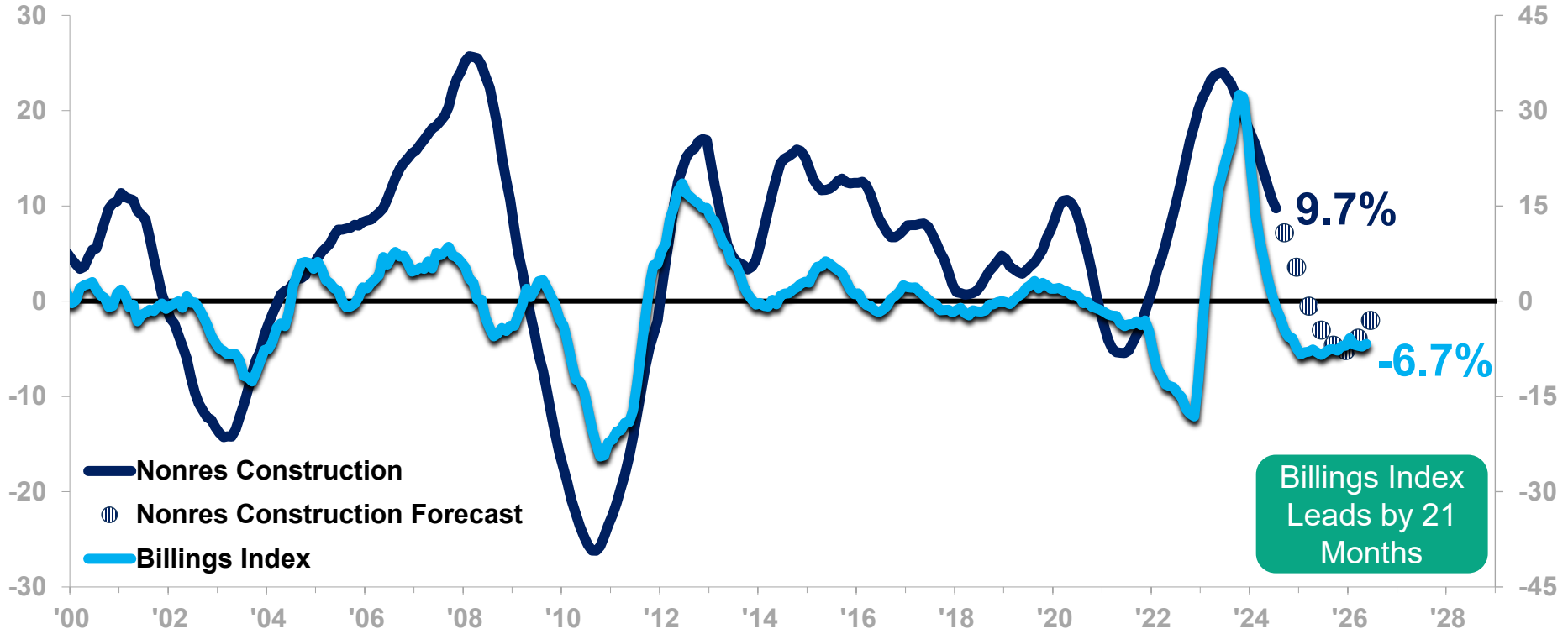


## US Private Nonresidential Construction to US Architecture Billings Index

12/12 Rates-of-Change

Nonres Construction

Billings Index

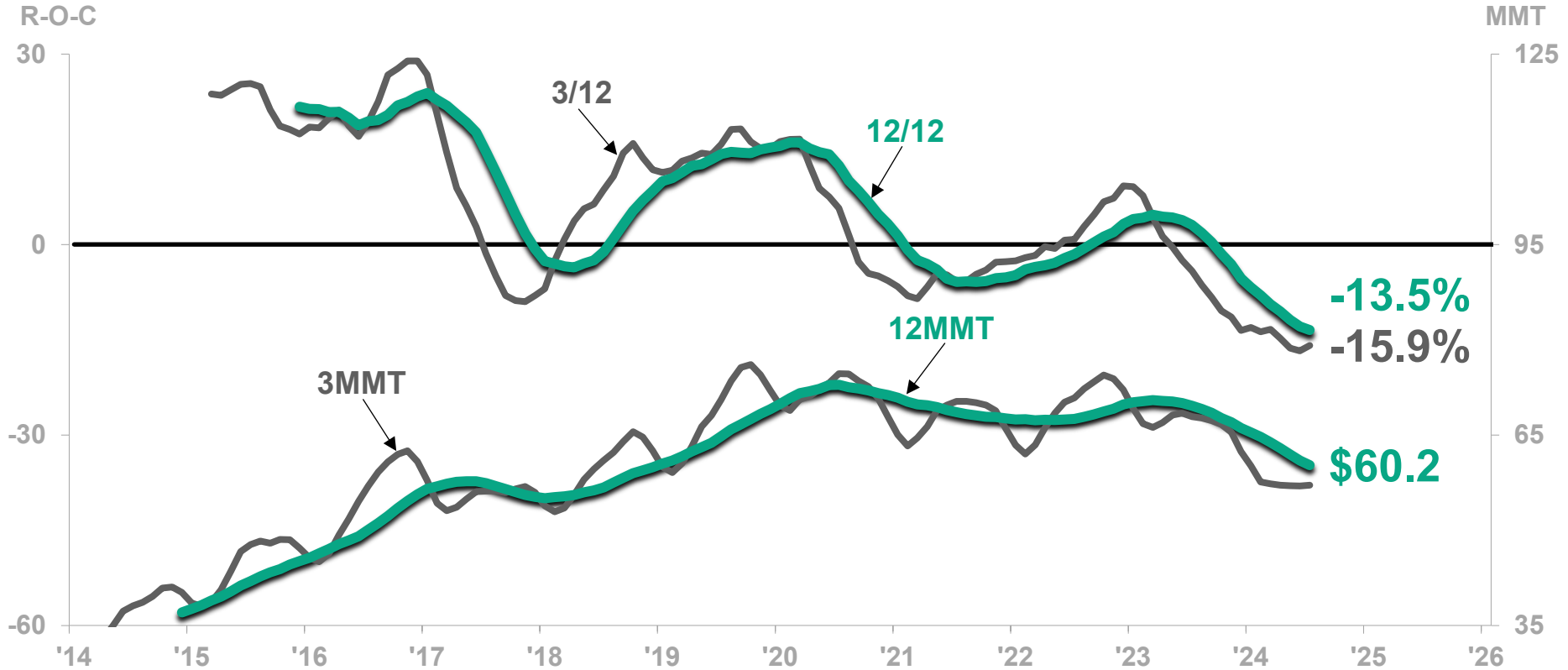


# Beware the Soft Spots

Source: US Census Bureau

## US Private Office Construction Excluding Data Centers

Billions of Dollars



# The US Construction Economy At-a-Glance

Source: ITR Economics  
Trends Report™



	Historical 12/12	Historical 12MMT	Current 12/12	2024	2025	2026	Highlights
US Single-Unit Housing Starts			13.0	3.9	4.8	5.2	We adjusted the forecast downward by around 2% through 2025. The 12MMT will decline into early 2025 and then rise by 13.0% through 2026.
US Multi-Unit Housing Starts			-32.1	-23.1	19.5	6.4	Permit trends and the US Apartment Investment Index corroborate our outlook for Starts to transition to Phase A, Recovery, in the near term.
US Private Office Construction			-13.0	-13.5	-3.6	8.2	Construction decline will extend into late 2025 given slowing growth in professional employment and relatively weak small business optimism.
US Total Education Construction			14.7	7.5	-2.0	2.2	Trends in educational employment portend further cyclical decline for Construction. Phase D, Recession, will take hold in late 2025.
US Total Hospital Construction			9.2	7.8	-0.3	3.4	Despite high demand for healthcare, macroeconomic and financial factors suggest increasing headwinds for Construction in the year ahead.
US Private Manufacturing Construction			34.4	18.1	-2.8	5.8	When removing segments like semiconductor plants, the Construction 12/12 is at a more mild 10.3%. We expect rise into the end of 2024.
US Private Multi-Tenant Retail Construction			1.6	-10.2	-2.3	7.3	The 12MMT will decline through 2025. Subsequent rise will lift the 12MMT back to just below the current level by year-end 2026.
US Private Warehouse Construction			-13.0	-12.1	13.5	16.8	Leading indicators suggest near-term Phase A, Recovery. Downside from elevated vacancy and interest rates remain.
US Public Water & Sewer Facilities Construction			15.7	8.5	1.2	2.1	Trends in Utilities Services Revenue signal Construction 12/12 decline will persist in the coming quarters.

Note: Forecast color represents what Phase the market will be in at the end of the year.





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