

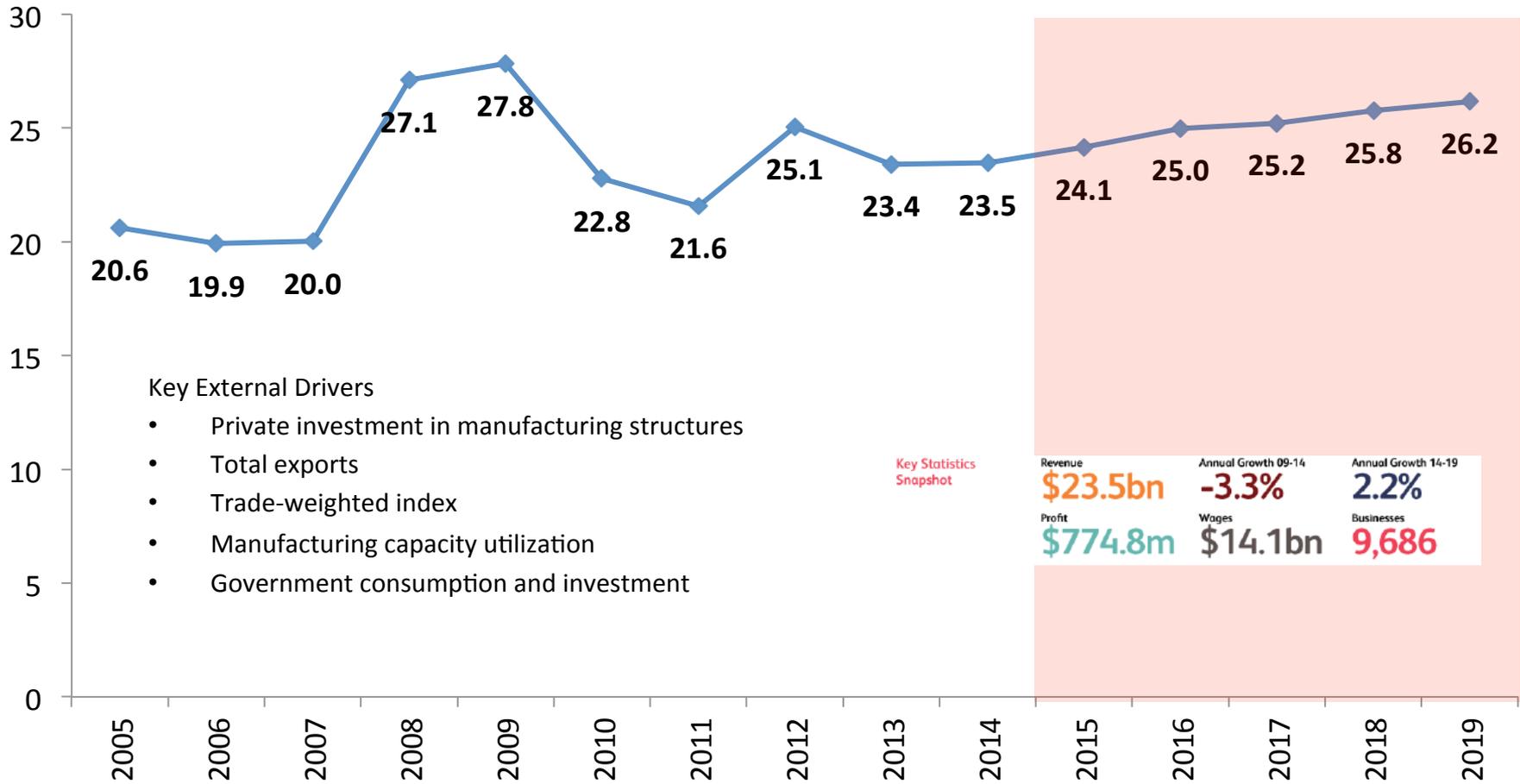
# US Industrial Building Construction

Market Update

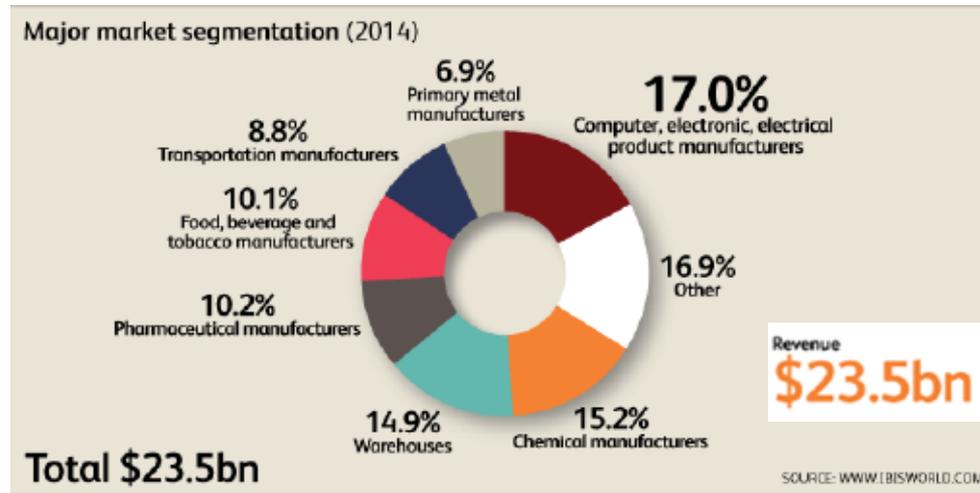
NAICS-23621

# US Industrial Building Construction

## Revenue and Forecast (\$bn)



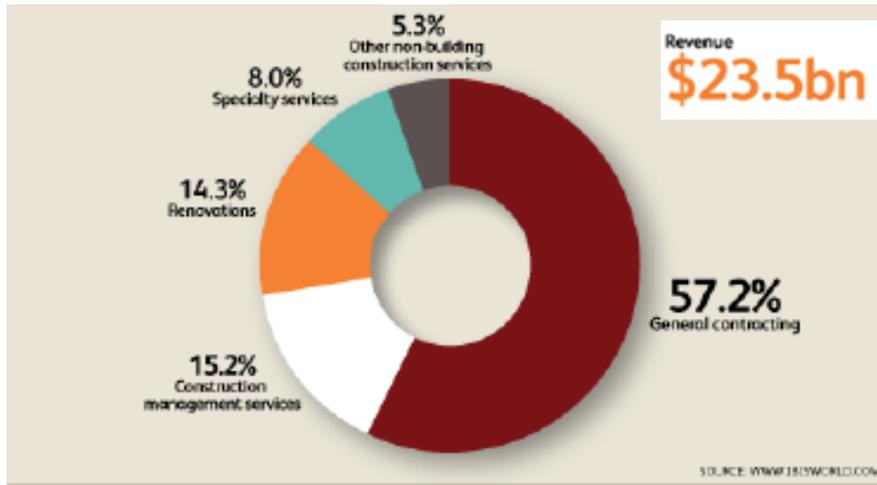
# US Industrial Building Construction: Major Markets



This chart includes markets that buy the electrical distribution industry's products or use its services. It's based on the proportion of revenue each buying segment contributes to total industry revenue.

- Computer, electronic, electrical product manufacturers: 17%
- Other: 16.9%
- Chemical manufacturers: 15.2%
- Warehouses: 14.9%
- Pharmaceutical manufacturers: 10.2%
- Food, beverage and tobacco manufacturers: 10.1%
- Transportation manufacturers: 8.8%
- Primary metal manufacturers: 6.9%

# US Industrial Building Construction: Products & Services Segmentation



- General contracting: 57.2%
- Construction management services: 15.2%
- Renovations: 14.3%
- Specialty services: 8%
- Other non-building construction services: 5.3%

## Market Description:

- The industry is composed of contractors that are primarily responsible for the construction (e.g. new work, additions, alterations, maintenance and repairs) of industrial and manufacturing buildings.
- Establishments include general contractors, design-build companies and construction management operators.

# Industry Performance

- The Industrial Building Construction industry is responsible for constructing factories, assembly plants and mineral-processing mills. The health of the US manufacturing sector determines the industry's growth as most industry projects are related to buildings used to produce and distribute goods. Interest rates, property values and lending standards also influence growth because loans and bonds finance most developments and renovations.
- Industry revenue is expected to expand over the next five years as operators benefit from an improved economy and the reinvestment of corporate profit into new manufacturing and distribution structures. Foreign demand for US goods is also expected to support industry growth. Additionally, foreign companies have expanded their manufacturing operations in the United States to be closer to their end-consumers. As a result, demand for new or remodeled industrial space is set to rise as manufacturers and industrial companies look to expand production, increasing industry revenue by an estimated 0.3% in 2014.
- While lending standards will loosen over the next five years, interest rates are expected to rise during this period, thereby increasing the cost of new industrial development. Additionally, outsourcing basic manufacturing to countries with lower labor costs will continue to hinder investment into domestic manufacturing structures. However, advanced manufacturing is expected to remain within the United States. As a result, industry revenue is expected to grow modestly during the five years to 2019, at an average annual rate of 2.2% to about \$26.2 billion.

## Construction Key Financial Statistics

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (\$m)	Industrial Production Index (%)
2005	20,616.00	11,254.70	7,097	7,014	243,007	10,698.00	114
2006	19,909.00	12,036.80	9,764	9,677	269,302	11,359.90	113
2007	20,019.90	13,026.60	11,390	11,285	302,601	12,105.70	112
2008	27,103.80	14,106.70	10,436	10,303	305,231	12,778.60	107
2009	27,816.10	13,769.00	10,029	9,892	293,327	12,572.90	94
2010	22,762.00	12,547.00	10,300	10,141	286,054	11,864.20	98
2011	21,577.00	12,779.00	10,750	10,605	279,362	12,131.70	99
2012	25,055.10	15,118.80	9,849	9,714	302,980	13,621.20	101
2013	23,405.00	14,764.80	9,772	9,633	304,517	13,824.70	103
2014	23,477.80	15,071.60	9,806	9,686	312,474	14,122.30	103
2015	24,142.80	15,567.80	10,187	10,067	320,601	14,499.40	107
2016	24,989.30	15,960.40	10,222	10,146	330,869	14,849.10	111
2017	25,218.60	16,218.60	10,460	10,399	336,681	15,072.50	113
2018	25,762.00	16,598.70	10,458	10,370	343,235	15,375.40	116
2019	26,150.40	16,731.30	10,600	10,510	344,637	15,488.90	119

## Construction <sup>1,2</sup>

- The market size is based on the North American Industry Classification System (NAICS). NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.
- **This report covers NAICS category, 23621 Industrial Building Construction in the US.**
- This industry comprises establishments primarily responsible for the construction (including new work, additions, alterations, maintenance, and repairs) of industrial buildings (except warehouses). The construction of selected additional structures, whose production processes are similar to those for industrial buildings (e.g., incinerators, cement plants, blast furnaces, and similar nonbuilding structures), is included in this industry. Included in this industry are industrial building general contractors, industrial building operative builders, industrial building design-build firms, and industrial building construction management firms.
- The next slide shows a complete list of segments covered in this market size and forecast.

<sup>1</sup> North American Industry Classification System. (2013, September 13). Retrieved January 22, 2014, from census.gov: <http://www.census.gov/eos/www/naics/>

<sup>2</sup> NAICS Association. (2014, January 22). 423610 Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers . Retrieved January 22, 2014, from naics.com: <http://www.naics.com/censusfiles/ND423610.HTM>

## Construction Industry Definition <sup>1,2</sup>

• Corresponding Index Entries	• Industrial building (except warehouses) construction
• Acid plant construction	• Industrial building (except warehouses) construction, for-sale builders
• Addition, alteration and renovation for-sale builders, industrial building (except warehouses)	• Industrial building (except warehouses) construction, general contractors
• Addition, alteration and renovation, general contractors, industrial building (except warehouses)	• Kiln construction
• Addition, alteration and renovation, industrial building (except warehouses)	• Manufacturing building construction
• Aluminum plant construction	• Materials recovery facility construction
• Ammonium plant construction	• Metal processing plant construction
• Assembly plant construction	• Mine loading and discharging station construction
• Blast furnace construction	• Motor vehicle assembly plant construction
• Cannery construction	• Ore and metal refinery construction
• Cement plant construction	• Oven, industrial plant, construction
• Chemical (except petrochemical process type) plant construction	• Paper or pulp mill construction
• Clean room construction	• Pharmaceutical manufacturing plant construction
• Construction management, industrial building (except warehouses)	• Prefabricated industrial building (except warehouses) erection
• Factory construction	• Printing plant construction
• Fish processing plant construction	• Refuse disposal plant construction
• Food processing plant construction	• Smelter construction
• For-sale builders (i.e., building on own land, for sale), industrial building (except warehouses)	• Speculative builders (i.e., building on own land, for sale), industrial building (except warehouses)
• Foundry construction	• Steel mill construction
• Furnace (i.e., industrial plant structure) construction	• Textile mill construction
• Garbage disposal plant construction	• Tipple, mining, construction
• Incinerator, mass-burn type, construction	• Washery, mining, construction
• Incinerator, municipal waste disposal, construction	• Waste disposal plant (except sewage treatment) construction

1 North American Industry Classification System. (2013, September 13). Retrieved January 22, 2014, from census.gov: <http://www.census.gov/eos/www/naics/>

2 NAICS Association. (2014, January 22). 423610 Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers . Retrieved January 22, 2014, from naics.com: <http://www.naics.com/censusfiles/ND423610.HTM>

## Appendix IV – Frequently Asked Questions about NAICS<sup>1</sup>

### **What is an establishment?**

An establishment is generally a single physical location where business is conducted or where services or industrial operations are performed (e.g., factory, mill, store, hotel, movie theater, mine, farm, airline terminal, sales office, warehouse, or central administrative office). An enterprise, on the other hand, may consist of more than one location performing the same or different types of economic activities. Each establishment of that enterprise is assigned a NAICS code based on its own primary business activity.

### **What is a “primary business activity?”**

Ideally, the primary business activity of an establishment is determined by relative share of production costs and/or capital investment. In practice, other variables, such as revenue, value of shipments, or employment, are used as proxies. The Census Bureau generally uses revenue or value of shipments to determine an establishment’s primary business activity.

### **Who assigns NAICS codes to businesses and how?**

There is no central government agency with the role of assigning, monitoring, or approving NAICS codes for establishments. Individual establishments are assigned NAICS codes by various agencies for various purposes using a variety of methods.

The U.S. Census Bureau has no formal role as an arbitrator of NAICS classification.

The U.S. Census Bureau assigns one NAICS code to each establishment based on its primary activity (generally the activity that generates the most revenue for the establishment) to collect, tabulate, analyze, and disseminate statistical data describing the economy of the United States. Generally, the U.S. Census Bureau’s NAICS classification codes are derived from information that the business establishment provided on surveys, census forms, or administrative records.

Various other government agencies, trade associations, and regulation boards adopted the NAICS classification system to assign codes to their own lists of establishments for their own programmatic needs. If you question the NAICS code contained on a form received from an agency other than the U.S. Census Bureau, you should contact that agency directly.

### **Can a business have more than one NAICS code?**

In the process of collecting, tabulating, presenting, and analyzing statistical data, the U.S. Census Bureau assigns and maintains only one NAICS code for each establishment based on its primary activity (generally the activity that generates the most revenue for the establishment).

<sup>1</sup> North American Industry Classification System. United States Census Bureau.