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## Commercial Building in U.S. to Drop 11% Percent, Architects Say

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By Daniel Taub



Jan. 14 (Bloomberg) -- Construction spending on offices, shopping centers, hotels and industrial buildings in the U.S. will fall this year and next as the recession prompts businesses to delay or cancel plans, the **American Institute of Architects** said.

Non-residential construction likely will drop 11 percent this in 2009 and 5 percent in 2010, the Washington-based group said today in its semi-annual Consensus Construction Forecast. The declines will follow an estimated 8 percent to 9 percent gain in non-residential construction spending last year, the institute said.

"As profits for businesses have fallen and the ability to get credit to finance projects has become far more difficult, construction plans have been put on hold or canceled outright," **Kermit Baker**, the institute's chief economist, said in a statement. "This is not expected to turn around anytime soon and it's likely to get worse before it gets better."

Economists this month slashed forecasts for U.S. growth in 2009. The world's largest economy will contract 1.5 percent this year, a half percentage point more than projected last month, according to the median of 59 forecasts in a monthly Bloomberg News survey taken from Jan. 5 to Jan. 12.

### Office, Hotel Construction

Office building construction likely will drop 18 percent this year and 11 percent in 2010, the architects' institute said in its study.

Hotel construction probably will slump 20 percent this year and 12 percent in 2010. Construction of retail properties is forecast to fall 19 percent this year and 6.6 percent next, and industrial construction is forecast to decline 11 percent this year and 8.4 percent in 2010, the institute said.

The Consensus Construction Forecast is published twice a year and uses projections from forecasters including Global Insight Inc., Moody's Economy.com and management consulting firm FMI Corp. The report is meant to project the condition of the U.S. construction industry for the coming 12 to 18 months.

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