

INTERNATIONAL CONSTRUCTION COSTS NEWSLETTER

- + Forecast GDP Growth
- + Forecast Inflation Rate
- + Forecast Unemployment Rate

USA | 2.8% | 1.3% | 10.7%

CAN | 2.6% | 0.7% | 9.0%

BRA | 4.0% | 5.2% | 7.7%

GBR | 1.4% | 2.3% | 8.2%

GER | 1.7% | 0.5% | 8.2%

FRA | 1.4% | 0.3% | 10.5%

RUS | 2.8% | 12.5% | 7.9%

JPN | 1.5% | 0.4% | 5.3%

CHN | 9.2% | 0.9% | 9.7%

IND | 6.8% | 10.5% | 9.3%

Forecast Cost per barrel of crude oil	\$70 - \$85
Forecast Euro / US \$ Exchange Rate	\$1.45 - \$1.55
Forecast Copper - cost per pound	\$3.10 (July 2010)
US Construction Material Inflation (Basket of 10 construction materials)	0.8%

It would appear that the worst of the global economic downturn / storm is behind us as we transition into 2010. The decline in the global construction market in 2009 was perhaps the sharpest decline experienced since the end of the Second World War, almost 60 years back.

Early indications (as of January 2010) are that 2010 will be a year where modest gains will be made in just about every nation around the globe.

Look for three countries: China, India and Brazil to have larger than average growth in the global engineering and construction industry. North American and European companies are now pinning their hopes on new innovations to get their economies / engineering and construction sectors moving again. Hopefully this "innovation" will come from "green" technology – electric cars, wind, wave and solar power, the new technologies



that will need to be fully developed. North America and Europe are not alone—China and Brazil are also "players" in this arena.

Things We Will See in 2010:

- Worldwide engineering and construction salaries, wages and benefits will continue to remain flat in 2010. Firms will still be hesitant to expand their operations and hire new employees.
- The US economy will start to improve in 2010. The full effect of the all of the stimulus package has not yet fully "kicked in." In the USA, "public works" projects (roads, bridges, and rail projects) will be a shot in the arm for the US construction industry in 2010.
- The rebound in the Chinese economy will continue in 2010. Look for China's GDP growth exceeding 9% by the end of 2010. This will translate into a lot of construction opportunities in 2010.
- Construction's unemployment in the USA will get worse before it gets better, look for a rate of 20% by mid 2010. This will drop to approximately 15% by year's end.
- The prospects of Abu Dhabi and the Middle East have still yet to be determined. After the recent "economic scare," look for a real slowdown in the Abu Dhabi construction market in 2010 and beyond.
- Brazil is on the road to recovery quicker than just about anyone expected. Look for Brazil to see a 4% to 5% GDP increase in 2010. All types of construction will benefit in this fast growing country.

- Energy-hungry India is starting to copy China. India is in negotiations with African nations about developing oil and gas prospects and increasing its' daily oil production take.
- The cost of barrel of crude oil should be in the \$65 – \$85 range. Although this is high, it would appear that the price will remain stable. Saudi Arabian Government officials have recently expressed their desire to see oil prices in the \$75 - \$85 a barrel range.
- European prospects are looking better as we move into 2010. In the UK and Germany housing prices are starting to inch back up again. This is a positive sign for the UK and German construction industry in 2010.
- Iraq's huge Halfaya and a number of equally sizable oilfields, will start to be developed in 2010. Some of these oil fields are perhaps the largest to be developed in the last five years, and will provide a lot of engineering and construction opportunities.
- In North America, costs for construction materials will experience a modest price increase of between 0.7% and 1.8% in 2010.
- An assortment of worldwide airport / security construction upgrade projects will be the consequence of the Christmas Day 2009 attempted airline terrorist bombing event over Detroit, Michigan.



Information Sources:

- Government Information Agencies
- International Development Banks
- Various Country Trade Agencies
- Various Architects and Engineers
- E.U. Commission Reports
- Compass International

www.compassinternational.net/books.html

To find out more about Compass International's (5) annually updated – International Construction Cost Databases and our other services, visit our website at: www.compassinternational.net or e mail us at sales@compassinternational.net