



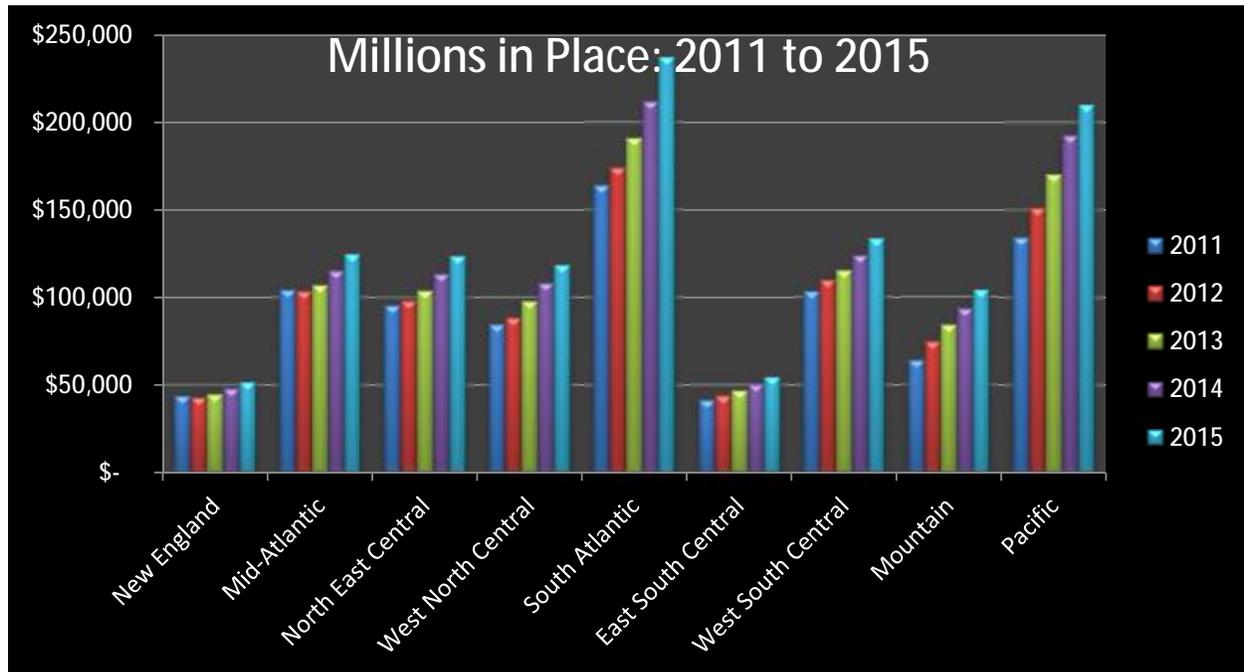
This should be quite a week for our Communities of Practice. New York officially launches its group this week as does Birmingham. Part of the five year plan we adopted almost 2 years ago in Denver was to have a Community of Practice in the top 100 construction markets. We were purposefully vague, I think, as to whether that was the top 100 in the States or in the World or in some collection of regions in between. Turns out that was a good thing.

I can't find any specific reference to "top 100" construction markets in the U.S. There are top world markets (the U.S. remains the largest market but it is predicted by Global Construction 2020 that China will be leading by 2018—I decided against downloading the entire report for \$3,500). And there are regional reports, both from FMI and Davis Langdon, among others, that catalogue current and forecast future construction spending in 9 different regions.

I decided to review the regional information from FMI as it forecasts what they expect 2012 will look like compared to 2010 and 2011 and gives us numbers for total forecast investment through 2015. The regions summarized below are broken down only to the "lower 48":

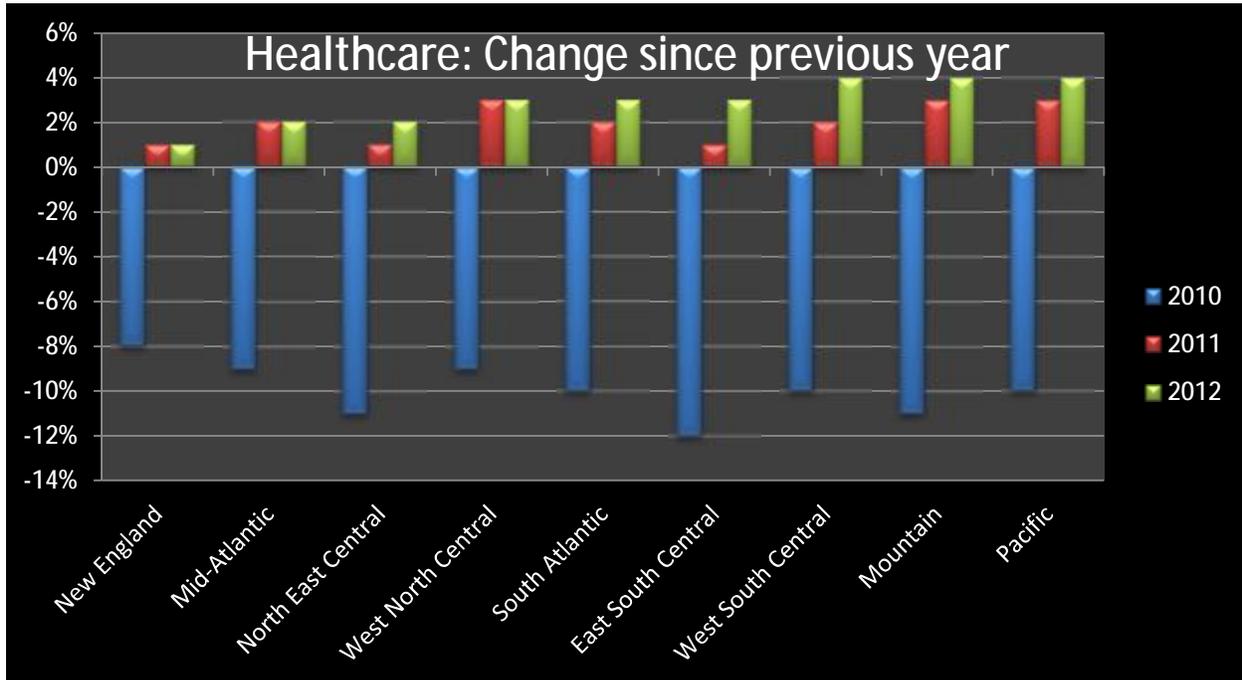
Region	States
New England	Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut
Mid-Atlantic	New York, Pennsylvania, New Jersey
North East Central	Michigan, Wisconsin, Illinois, Indiana, Ohio
West North Central	North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Kansas, Missouri
South Atlantic	Virginia, West Virginia, Maryland, Delaware, North Carolina, South Carolina, Georgia, Florida, District of Columbia
East South Central	Kentucky, Tennessee, Mississippi, Alabama
West South Central	Arkansas, Louisiana, Texas, Oklahoma
Mountain	Montana, Idaho, Wyoming, Colorado, Utah, Nevada, New Mexico, Arizona
Pacific	California, Oregon, Washington

I looked at the forecasted market for all construction types over the next five years and it looks promising:



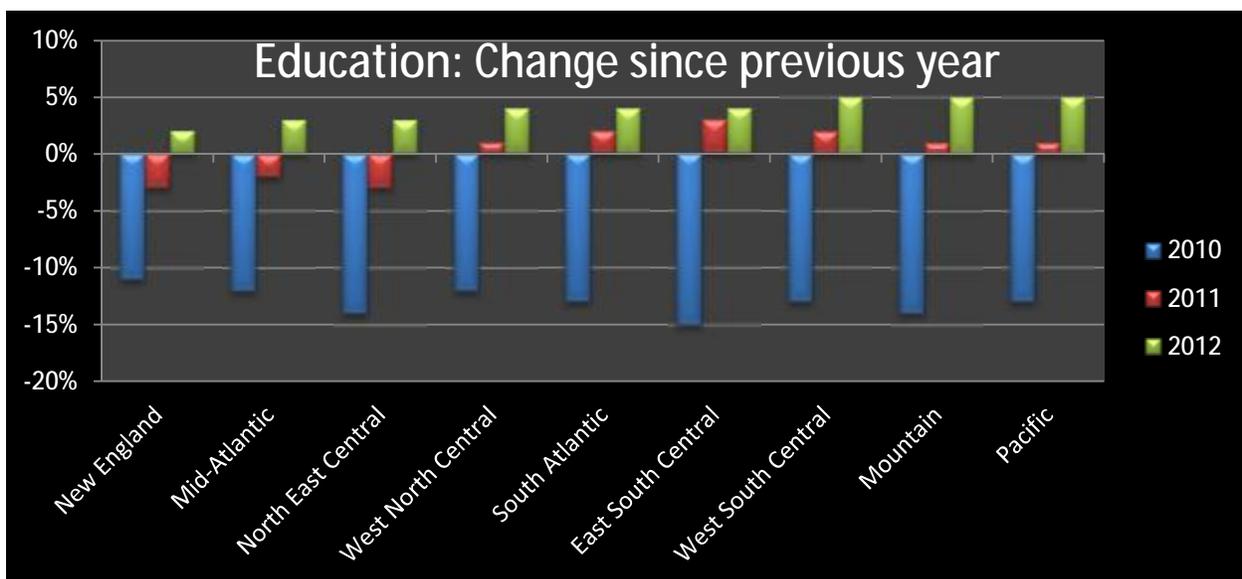
I'm looking at this from the standpoint of "top markets" but it is equally instructive on the substantial predicted increase for overall construction in most regions. Obviously, the main market concentration will be in the South Atlantic (a sizeable region as it turns out) and the Pacific region. But the Mid-Atlantic, North East Central, West North Central and West South Central all appear relatively robust. Only New England and East South Central appear to be relatively flat.

In terms of the building types where lean has had the most impact, certainly health care is an important metric to follow:



Every market saw increased building in 2011 and that trend will continue, with predicted robust improvement in the South Atlantic, East South Central, West South Central, Mountain and Pacific regions.

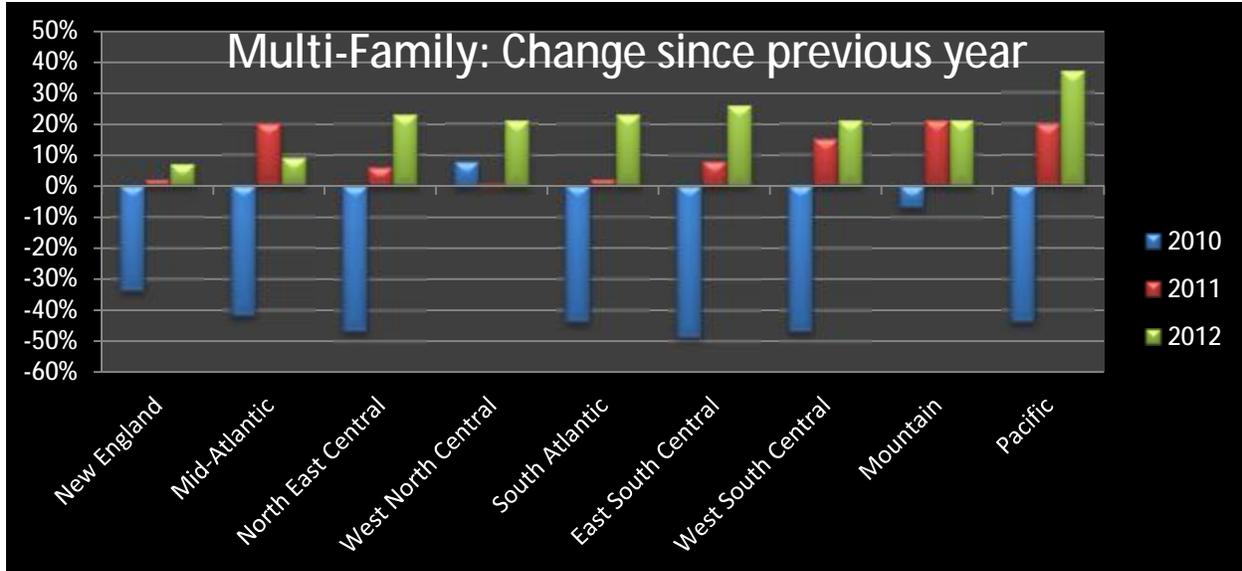
How about education? We've seen lean in schools, research facilities, universities and other public educational institutions building programs:





The trend indicates we'll see great increases in educational spending, much of which has been in the planning stages for several years but will come to fruition this year.

Multi-housing (apartment building, etc) to meet new demand also appears to be adopting lean principles. Here's what FMI predicts will happen this year in that market:



Only the Mid-Atlantic region is predicted to see a decrease in that housing type but the market is remarkably strong elsewhere. This is all pretty good news for our design, construction and trade sponsors and members but what does it say about LCI? Are we serving those markets? Do we have Communities of Practice in the top markets? The answer is, basically yes.

In terms of volume of work in place by dollar amount, the regions and our CoPs are pretty well matched:

Region	Communities of Practice
South Atlantic	Capitol Region, Mid-Atlantic (Maryland & Delaware), Carolinas, Atlanta, Orlando and developing South Florida
Pacific	Cascadia, Northern California 1 and 2, Los Angeles, San Diego
West South Central	Dallas/Ft. Worth, Houston
Mid-Atlantic	New York, Mid-Atlantic (Philadelphia)
North East Central	Michigan, Wisconsin, Ohio Valley and Chicago
West North Central	Kansas City
Mountain	Colorado, New Mexico, Arizona
East South Central	Birmingham
New England	New England Chapter



Rankings for Healthcare, Education and Multi-family in terms of the upward trend for 2012 indicate we are also relatively strong in all those regions with the exception of West North Central (North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Kansas, Missouri where we currently only have the Kansas City Community of Practice):

Healthcare	Education	Multi-family
West South Central	West South Central	Pacific
Mountain	Mountain	East South Central
Pacific	Pacific	South Atlantic
East South Central	East South Central	North East Central
South Atlantic	South Atlantic	Mountain
West North Central	West North Central	West North Central
North East Central	North East Central	West South Central
Mid-Atlantic	Mid-Atlantic	Mid-Atlantic
New England	New England	New England

This research indicates that while we're on the right track, we do have work to do. The cities within these regions where we don't yet have a presence include (in no particular order) Austin, Cleveland, El Paso, Indianapolis, Jacksonville, Las Vegas, Louisville, Miami, Minneapolis-St. Paul, Memphis, New Orleans, Richmond, San Antonio, Salt Lake City and St. Louis. Developing communities in each of those cities and the areas they serve would get us CoPs in the 25 largest American cities and give us coverage in the regions where our practices are most needed. I'm currently working with groups in San Antonio and Austin, we've had expressions of interest from New Orleans and Minneapolis and we've had efforts underway for a while in South Florida. Moving forward, we'll be looking to extend our communities of practice into those areas. Let me know other areas you think we should review. And let me know your thoughts on how you are deriving value from your affiliation with your local community.

Thanks for all you do—try to get to the New York and Birmingham kickoffs this week and keep the momentum going.