Potential entrants should view the American market as a collection of regional markets of significant wealth and population. For example, there are 41 metropolitan areas in the U.S. which have populations exceeding one million, compared to only three in Canada. Five of the nine geographic divisions listed in Table 2-2 have populations exceeding that of Canada as a whole, while the remaining four divisions each exceed one-half of Canada's total population. Some thirty percent of the American population resides in the states which border Canada.

The American economy will see increasing amounts of rationalization and dislocation in coming years. The rapid technological changes, labour shortages and the aging population will force significant skills re-training requirements upon the workforce. One out of eight Americans is now over the age of 65, and this figure will rise to one-in-five within forty years. Life expectancy is also expected to rise from 75 years in 1985 to around 78 years in 2020. As with each of the demographic trends discussed above, the aging population will impact upon the types, location[1], volume and timing of American construction activity.

2.3 CONSTRUCTION CHARACTERISTICS AND TRENDS

Characteristics

The breakdown of the new construction market in the United States, illustrated in Table 2-3, is quite similar to that which exists in Canada, where 47 percent of new construction is residential, 37 percent is private non-residential, and 16 percent is public construction. It is felt that the larger share of American military construction accounts for much of the difference in public construction, while Canada's higher orientation toward resource industries contributes to its higher share in private non-residential construction.

As indicated in Table 2-4, there was approximately $US 400 billion worth of new construction put in place in the United States in 1988[2]. The value of new construction put in place declined slightly in 1988 from the record level of 1987, as the small increases in public works construction could not match the declines in private construction.

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[1] For example, regions such as Arizona and Nevada, and segments such as nursing homes and retirement communities will see more activity.

[2] There are various economic spinoffs which increase the effect of the actual construction expenditures. In the United States, it is estimated that each million dollars of construction generates a total of $3.61 million in economic activity across all industries and services, while creating 49 jobs.