ACEC Market Intelligence Brief

Commercial & Residential Real Estate

Fall 2026

Market Scope

High borrowing costs remain a headwind for commercial and residential real estate markets following the Federal Reserve's September rate hike, but development activity is shifting toward sectors. Through July 2026, spending on new single-family construction was 5.7% below the same period in 2025, new multifamily construction slipped 0.3%, and private commercial construction fell 5.6%. However, data centers, office conversions, senior housing and transit-oriented development are creating opportunities even as affordability pressures constrain broader development. (Source: U.S. Census Bureau).

Client List

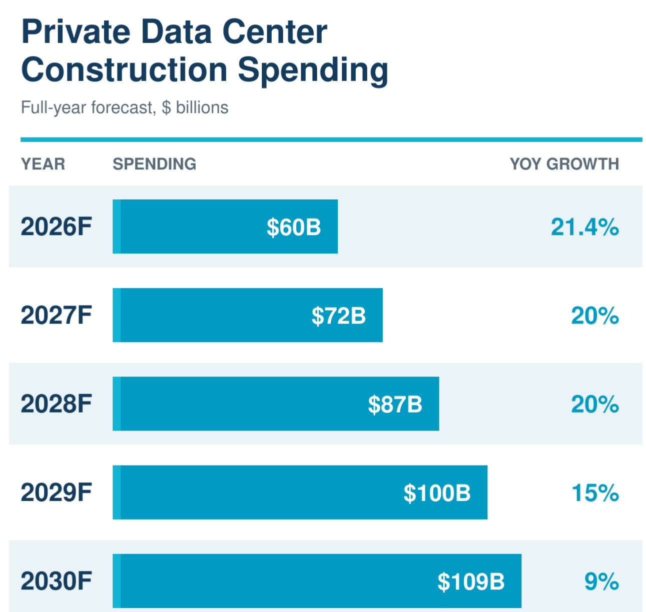
Tracking the nation's largest homebuilders helps engineering firms identify major clients, geographic growth and emerging project opportunities. Even in a challenging housing market, these builders may generate demand for land development, surveying, environmental, transportation, water, and related infrastructure services. The Builder 100 ranks them by annual home closings.

	BUILDER	2025 CLOSINGS	2025 REVENUE	REGIONS
1	D.R. Horton	87,168	$30.9B	NE/MW/S/W
2	Lennar	82,583	$32.1B	NE/MW/S/W
3	PulteGroup	29,572	$16.7B	NE/MW/S/W
4	NVR	21,915	$10.1B	NE/MW/S
5	Meritage Homes	15,026	$5.8B	S/W
6	Taylor Morrison	12,997	$7.8B	MW/S/W
7	KB Home	12,902	$6.2B	S/W
8	Sekisui House U.S.	11,712	$6.4B	NE/MW/S/W
9	Toll Brothers	11,292	$10.8B	NE/MW/S/W
10	Century Communities	10,792	$4.1B	MW/S/W

(Source: Builder Magazine/Zonda, 2026 Builder 100)

5 Current Market Trends

▶ **1. Data Centers Drive Office Construction:** Data centers are sustaining growth in private office construction even as conventional office development remains weak. The U.S. Census Bureau classifies data centers within office construction, explaining why private office spending was 21.3% higher year over year in July 2026. Fueled by the rapid adoption of artificial intelligence, cloud computing and digital infrastructure, data center construction spending is projected to grow from $60 billion in 2026 to $109 billion by 2030, as shown in the chart. As computing demand expands, so will the need for data centers and the electrical, mechanical, civil, environmental and utility infrastructure required to support them. Engineering firms with expertise in power delivery, substations, cooling systems, site development, environmental permitting, and large-scale project delivery are well positioned to benefit as debates

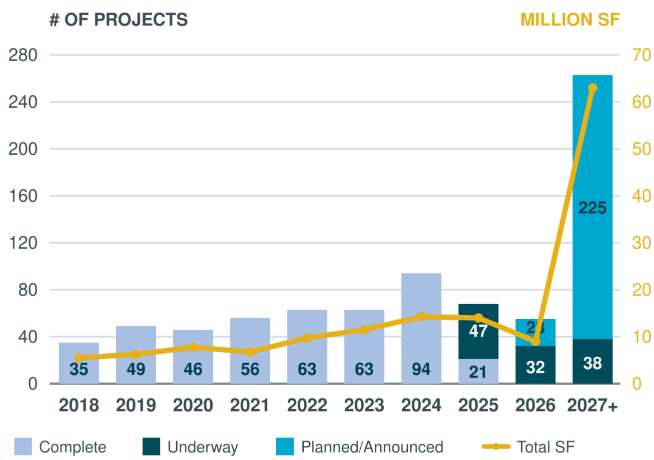


(Source: FMI, 2026 North American Engineering & Construction Outlook)

over energy infrastructure, resource use, and project approvals increasingly shape where and how facilities are developed. (Sources: U.S. Census Bureau; FMI, 2026 North American Engineering and Construction Q3 Outlook).

2. Office-to-Multifamily Conversions Gain Momentum: Office-to-multifamily conversion activity has reached record levels, with 11.8 million square feet of projects completed or under construction. CBRE identified 23 planned or announced office-conversion projects with estimated completion in 2026 and another 225 in 2027 or later (see chart below.) More than 70% of planned and active conversion space is intended for multifamily use, reflecting strong demand for housing and growing interest in adaptive reuse. At the same time, declining office values and tenant demand increasingly concentrated in higher-quality buildings are making older, less competitive properties more attractive candidates for conversion. Proposed federal support could further accelerate this trend; see the Government Affairs section on page 3 for details on H.R. 2410. (Sources: Yardi Matrix, July 2026 Market Outlook; CBRE 2025 Outlook).

Office Conversions by Construction Status & Completion Year



(Source: CBRE)

3. Affordability Pressures Accelerate Supply Solutions: Elevated home prices and borrowing costs continue to constrain residential development. Through July 2026, year-to-date spending on new single-family construction fell 5.7% from the same period in 2025, while multifamily construction spending declined 0.3%. The median existing-home price reached a record $440,600 in June. J.P. Morgan expects prices to remain flat in 2026 before rising 3% in 2027, offering little near-term relief. In response, policymakers enacted the 21st Century ROAD to Housing Act to streamline certain environmental reviews, authorize grants for regional housing planning and implementation, expand the use of Community Development Block Grant funds for affordable housing construction, and support off-site construction, including manufactured and modular housing. These measures could reduce predevelopment delays and make more sites feasible, but their impact will depend on agency implementation and the availability of appropriations; see the Government Affairs section on page 3. (Sources: U.S. Census Bureau; NAR June 2026 Existing Home Sales Release; J.P. Morgan Housing Outlook; Public Law 119-101).

4. Senior Housing Demand Outpaces Supply: Meeting the housing needs of a rapidly growing older population will require substantial investment. The population aged 80 and older is projected to grow by more than one-third by 2030, yet senior housing construction remains near historic lows. In Q2 2026, occupancy across 31 primary markets reached 89.9%, while year-over-year inventory growth remained below 1%. Reflecting the scale of the challenge, cumulative development costs will exceed $1 trillion by 2041; at the current pace of development, the projected investment gap could reach approximately $800 billion by 2050. With elevated construction costs and interest rates continuing to constrain development, this imbalance could sustain engineering demand for new communities, campus expansions, and renovations across independent living, assisted living, and memory care facilities. (Source: NIC Map).

5. Transit-Oriented Development Becomes a Housing Strategy: States and local governments are increasingly using transit-oriented development (TOD) to expand housing supply and create connected, mixed-use communities. Zoning reforms are enabling higher-density housing near transit, extending TOD opportunities beyond downtowns to suburban and smaller metropolitan areas. For residents, transit access can reduce transportation costs; for communities, TOD can support housing affordability, economic development, and walkable public spaces. As these projects advance, engineering firms may see increased demand for site and civil design, utility infrastructure, stormwater management, and resilience planning. The Federal Transit Administration's (FTA) $28.5 million FY2026 TOD planning opportunity reinforces this trend; see the Government Affairs section on page 3 for details. (Sources: FTA FY2026 TOD Planning Notice; U.S. Department of Housing and Urban Development).

Government Affairs Action

- **Revitalizing Downtowns and Main Streets Act (H.R. 2410):** This bipartisan bill would establish a 20% federal tax credit for converting eligible commercial buildings into affordable housing. ACEC supports the legislation, citing its potential to expand housing supply, strengthen downtown economies and create engineering opportunities involving buildings, sites, utilities, transportation and stormwater systems. The bill remains before the House Ways and Means Committee. ACEC's letters of support can be viewed here.
- **21st Century ROAD to Housing Act (Public Law 119-101)**: Enacted on July 11, 2026, the bipartisan law streamlines environmental reviews for certain federally assisted housing projects, expands support for regional housing planning and infrastructure, and supports affordable housing construction and adaptive reuse. Implementation will require additional agency action, but the law could create opportunities involving housing plans, infrastructure assessments, adaptive reuse, and site development.
- **Transit-Oriented Development Planning**: The Federal Transit Administration made approximately $28.5 million available in FY2026 for planning associated with new fixed-guideway and core-capacity transit projects. Eligible studies can address mixed-use development, pedestrian and bicycle access, economic development, transit connectivity and related needs. Applications closed, and awards were pending in early September. Successful plans could establish a future pipeline of station-area housing and infrastructure projects.
- **ACEC Position Statement on Data Center Development**: ACEC's Energy Committee released a position statement highlighting the energy, water, transmission, and permitting challenges associated with accelerating data center growth and advocating for infrastructure policies that support continued investment and economic competitiveness.
- **Water & Wastewater Funding (S. 4949/H.R. 9497)**: The Water Resources Development Act (WRDA) of 2026, unanimously approved by the U.S. Senate Environment and Public Works Committee, would reauthorize EPA drinking water and wastewater State Revolving Funds through FY2030, increase funding levels, and extend WIFIA support for large water infrastructure projects. The House Transportation and Infrastructure Committee has advanced its own WRDA bill, setting the stage for a final water infrastructure package later this year.
- **Wetlands and Federal Permitting (WOTUS and 2026 Nationwide Permits)**: On September 9, EPA and the Army issued a supplemental proposal with additional alternatives for revising the "Waters of the United States" (WOTUS) definition. Meanwhile, the Army Corps' 2026 nationwide permits provide a streamlined permitting path for qualifying projects with limited aquatic impacts, subject to national and regional conditions. The evolving rules could affect site feasibility, permitting schedules, and demand for wetlands delineation, mitigation, and environmental and civil engineering services.

Business Development Insight

Follow the Move: Turning Migration Data into a Project Pipeline

Migration data can help engineering firms identify markets where future project demand may emerge. Population growth often drives initial needs for housing and site development, followed by investment in water, wastewater, power, stormwater, transportation, schools, healthcare, and commercial facilities.

U-Haul's one-way transaction data provides an early indicator of where population growth may be building.* When those migration trends align with increases in building permits, employment growth, and capital investment, the likelihood of an emerging project pipeline becomes stronger.

Generational migration patterns offer additional insight into the types of projects likely to follow. Dallas-Fort Worth and Houston are leading destinations for Millennials, while Gen Z is being drawn to New York City, Chicago, the San Francisco Bay Area, Los Angeles, and Denver. These markets may present opportunities related to multifamily housing, redevelopment, transit, and public infrastructure.

See the chart below for leading migration destinations by generation. The map on page 4 highlights the top 10 net-gain and top 10 net-loss states in the 2025 U-Haul Growth Index.

U-Haul Generational Destination Scorecard

Top net-gain states | July 2025-June 2026

	BABY BOOMERS	GEN X
1	South Carolina	Florida
2	North Carolina	Texas
3	Florida	South Carolina
4	Arizona	Tennessee
5	Alabama	Alabama

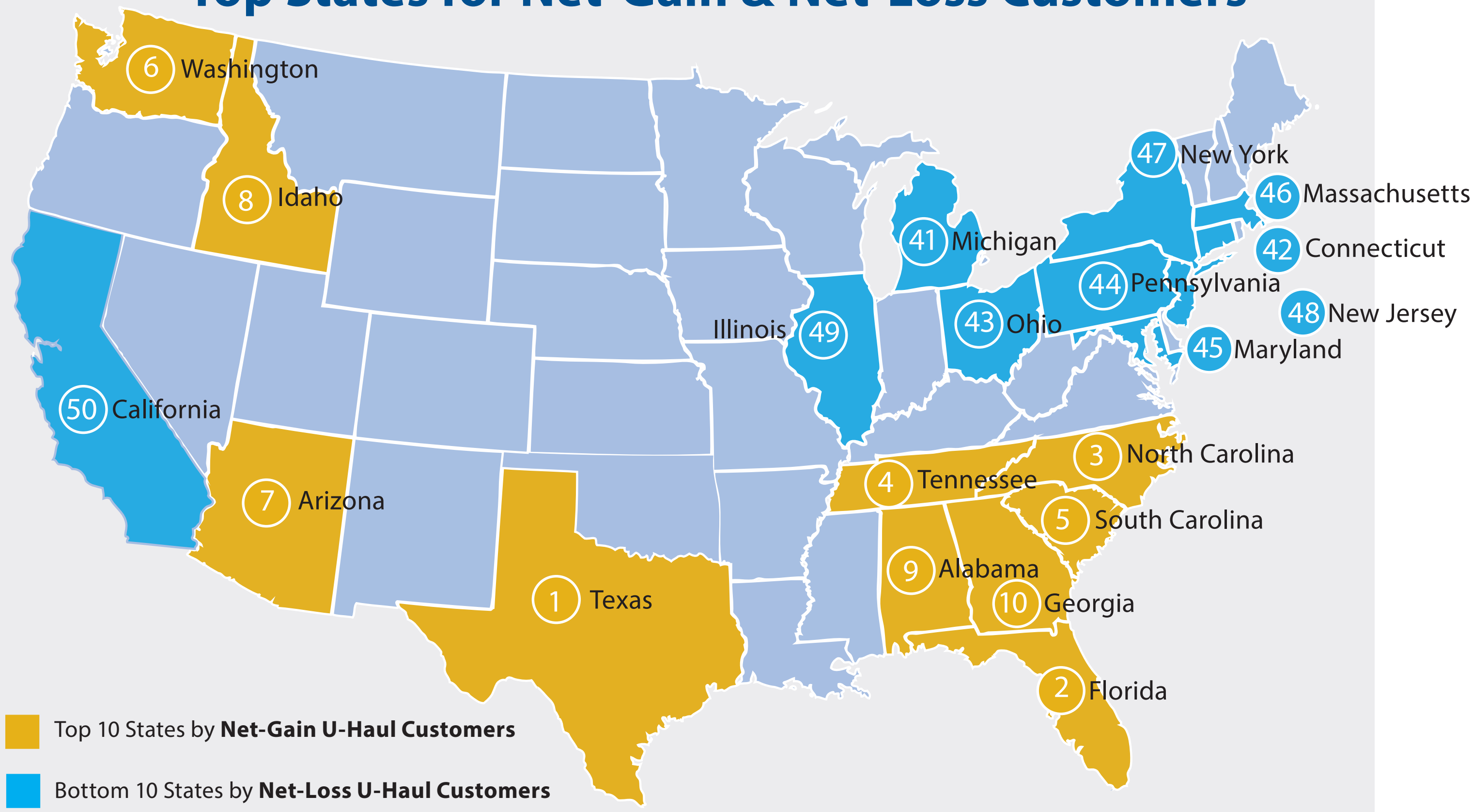
	MILLENNIALS	GEN Z
1	Florida	Texas
2	Texas	California
3	California	New York
4	Ohio	Illinois
5	Idaho	Colorado

FL Only state in the Top 10 for all four generations

(Source: U-Haul Growth Index 2025-20226)

**It is important to note that the index reflects U-Haul customer activity and may not correlate directly with population or economic growth.*

U-Haul Growth Index: Top States for Net-Gain & Net-Loss Customers



(Source: U-Haul 2025 Growth Index State Rankings)

Market Intelligence Committee

ACEC's Market Intelligence Committee (MIC) identifies and analyzes key market developments and trends that impact the engineering industry. MIC is an open committee and focuses on recommending resources and guiding educational programming that delivers market intelligence and essential insights for businesses operating in both public and private markets. Join the MIC now.

Want market intelligence delivered directly to your inbox? Subscribe today!

Diana O'Lare is ACEC's vice president of market intelligence. She can be reached at: dolare@acec.org.

Further coverage on markets can be found here.

ACEC Market Intel Exchange

Manufacturing Market

November 18, 2026 | Online

1:30 - 2:30 pm EST

Join ACEC's Market Intelligence Committee for an interactive roundtable discussion focused on the **Manufacturing Market**.

This discussion is an opportunity for senior executives and business developers to engage with their peers and exchange market-specific trends, challenges, and solutions that are impacting their firms. Register Here.

Exclusive and complimentary to ACEC members.

Moderated by Mark Baum, Chief Commercial Officer for BW Design Group and former MIC Chair.