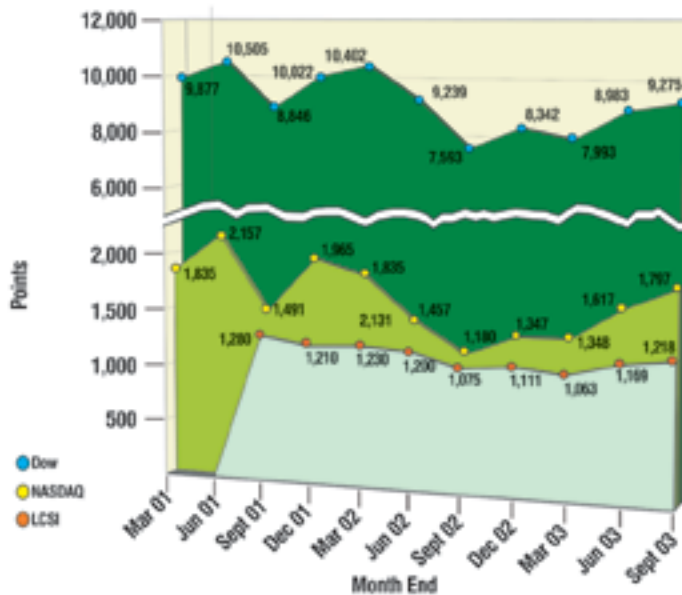


Stocks



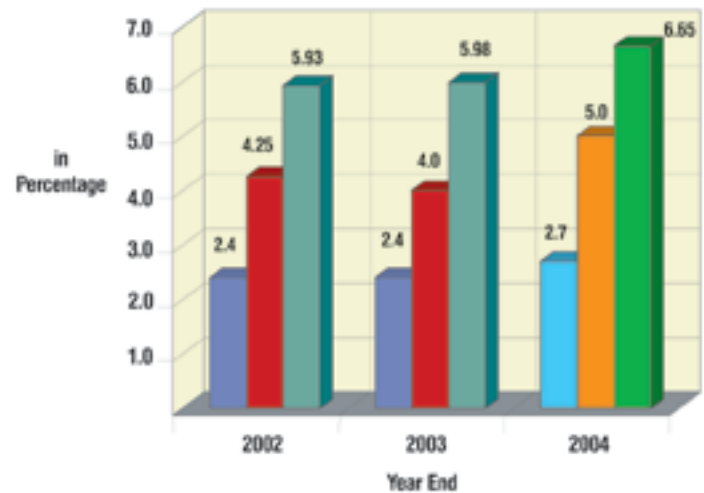
Evidence of a strengthening economy can be found in the revitalization of the stock market. At this time last year, we were hoping the Dow would stay above 8,000. Now there is a good chance it will top 10,000 by year end. The NASDAQ has also staged a comeback closing in on 2,000. The LCSI has held steady, mirroring the construction industry. LCN predicts that next year, barring a major terrorist attack, the markets will continue to show stability with the DOW staying between 9,500 and 10,500. The LCSI, aka the construction industry, will grow from the mid-1200s to close to 1,500.

Source: NYSE, NASDAQ, Landscapeonline.com

Financial/Interest

2002 - 2004

Legend
Inflation
Prime Interest rate
30 year interest rate
Prediction



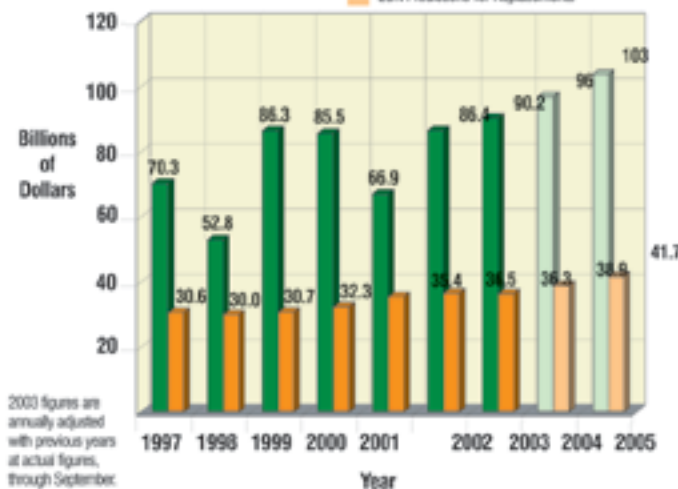
Low inflation, low interest, and lower taxes have been the backbone of the economic recovery. LCN predicts that with an election year upon us, and inflation at a manageable 2.7%, the Fed will continue to hold interest rates at low levels. However, interest rates will rise a little next year as demand, fueled by an increase in discretionary funds and population growth, also increases. Watch the GNP grow 3.5-5% in 2004.

Source: Bankrate.com, mortgage-x.com, whitehouse.gov

Expenditures for Additions, Alterations & Major

1997 - 2005

Legend
Improvements
LCN Predictions for Improvements
Replacements
LCN Predictions for Replacements



2003 figures are annually adjusted with previous years at actual figures, through September.

Fully one-third of the put-in-place value of residential construction is in the renovation market. Especially with interest rates allowing property owners the ability to refinance and pull equity out of existing properties, coupled with increasing real estate prices, more and more owners are opting to improve their properties instead of moving. LCN predicts that this segment will continue to gain strength until 2005 as the money realized from refinancing in 2002 and 2003 is spent on planned improvements. However, after 2005, with the frenzy to refinance now over, the money for improvements will slow and so will the growth in this segment. Now is a great time to advertise for renovation work.

Source: US Census Bureau

Highways, Streets and Transportation Value Put-in-Place

1997 - 2005

Legend
Highway & Street Construction
LCN Predictions for Highway & Street Construction
Railway Construction
LCN Predictions for Railway Construction



2003 figures are annually adjusted with previous years at actual figures, through September.

Infrastructure building is another cornerstone to the development market and will remain so as long as population growth occurs. Up by 1.8%, highway and street development is second only to educational spending in the government classifications for construction spending, more than \$63 billion in 2003. Ground transportation, which includes railway development, is up by 1.7% to more than \$18 billion. The TEA-21 provisions will keep the highway and street segment strong, while calls for more public/mass transportation elements will keep the railway business in business for years to come.

Source: US Census Bureau

30

Largest Cities in the United States 2000

1. New York City	8,008,278	11. San Jose	894,943	21. Washington, D.C.	572,059
2. Los Angeles	3,694,820	12. Indianapolis	781,870	22. El Paso	563,662
3. Chicago	2,896,016	13. San Francisco	776,733	23. Seattle	563,374
4. Houston	1,953,631	14. Jacksonville	735,617	24. Denver	554,636
5. Philadelphia	1,517,550	15. Columbus	711,470	25. Charlotte	540,828
6. Phoenix	1,321,045	16. Austin	656,562	26. Fort Worth	534,694
7. San Diego	1,223,400	17. Baltimore	651,154	27. Portland	529,121
8. Dallas	1,188,580	18. Memphis	650,100	28. Oklahoma City	506,132
9. San Antonio	1,144,646	19. Milwaukee	596,974	29. Tucson	486,699
10. Detroit	951,270	20. Boston	589,141	30. New Orleans	484,674

Source: US Census Bureau

Domestic Migration and Immigration of the 20 Largest Metropolitan Areas

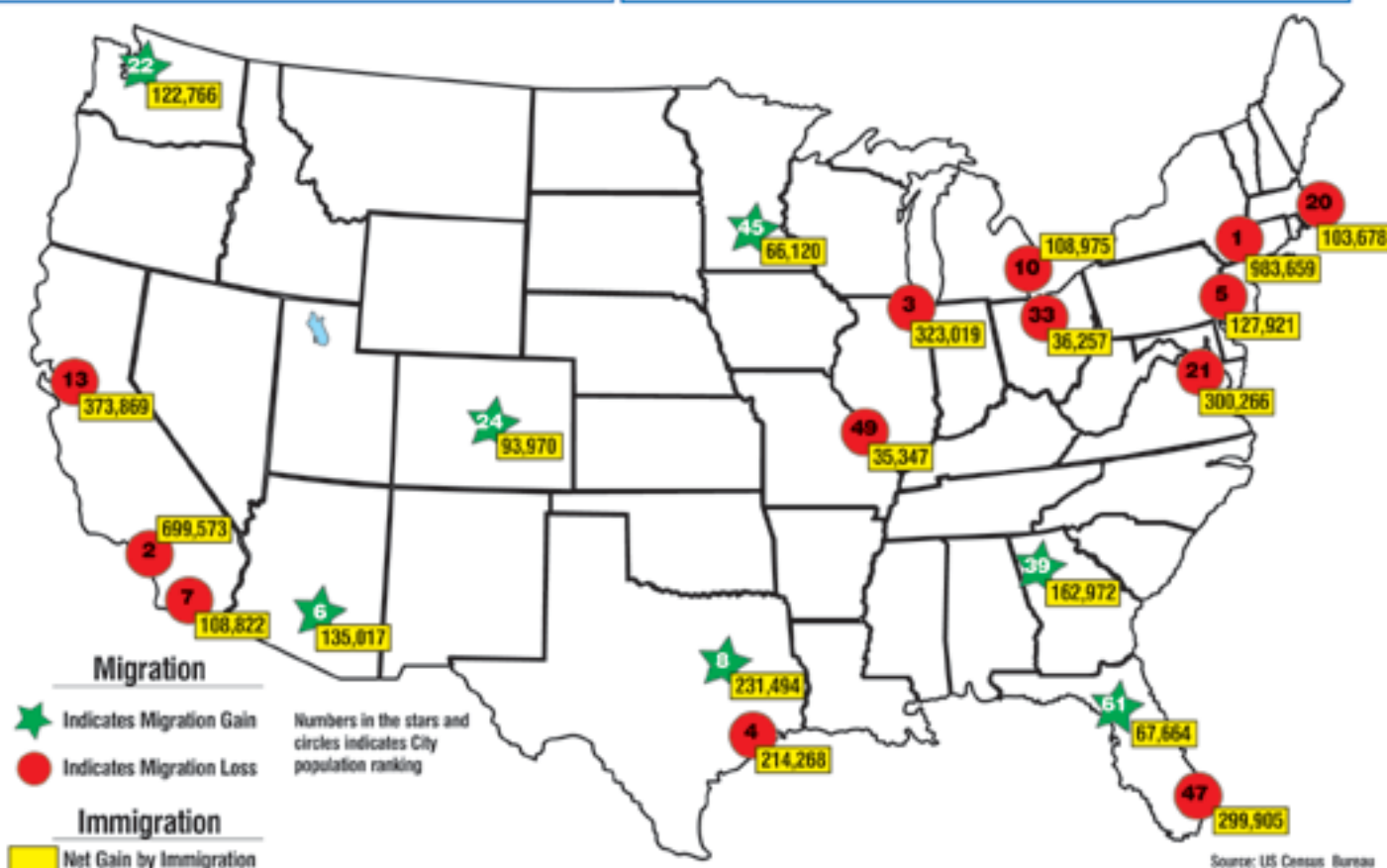
1995 - 2000

Migration Numbers

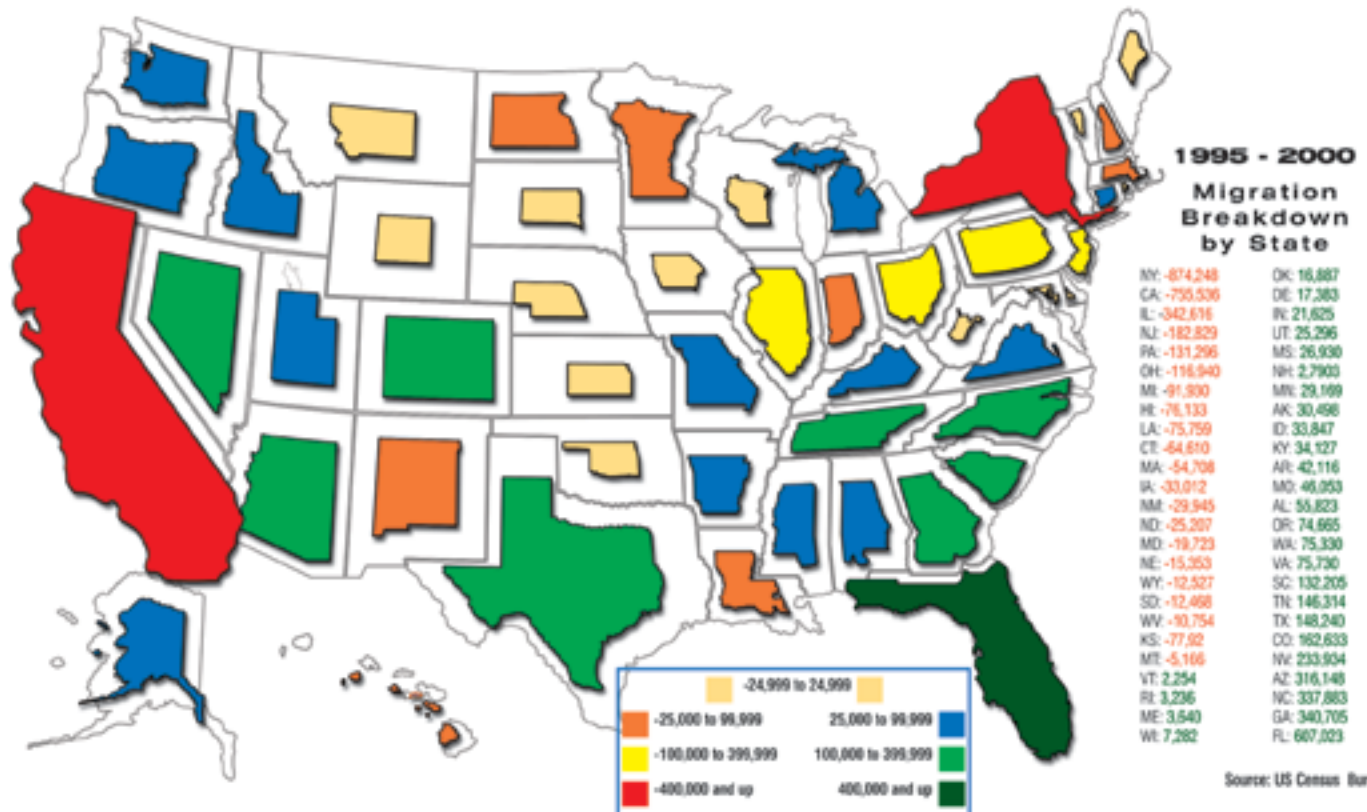
1. New York - Long Island - New Jersey	-874,028	11. Atlanta	233,303
2. Los Angeles-Riverside-Orange County	-549,961	12. Miami-Fort Lauderdale	-83,774
3. Chicago-Gary-Kenosha	-319,649	13. Seattle-Tacoma-Bermeron	39,945
4. Washington-Baltimore	-58,849	14. Phoenix-Mesa	245,159
5. San Francisco-Oakland-San Jose	-206,670	15. Minneapolis-Saint Paul	34,207
6. Philadelphia-Wilmington-Atlantic City	-83,539	16. Cleveland-Akron	-65,914
7. Boston-Worcester-Lawrence	-44,973	17. San Diego	-6,108
8. Detroit-Ann Arbor-Flint	-123,009	18. St. Louis	-43,614
9. Dallas-Ft. Worth	148,644	19. Denver-Boulder-Greeley	65,586
10. Houston-Galveston-Brazoria	-14,377	20. Tampa-Saint Petersburg	183,375

Immigration Numbers

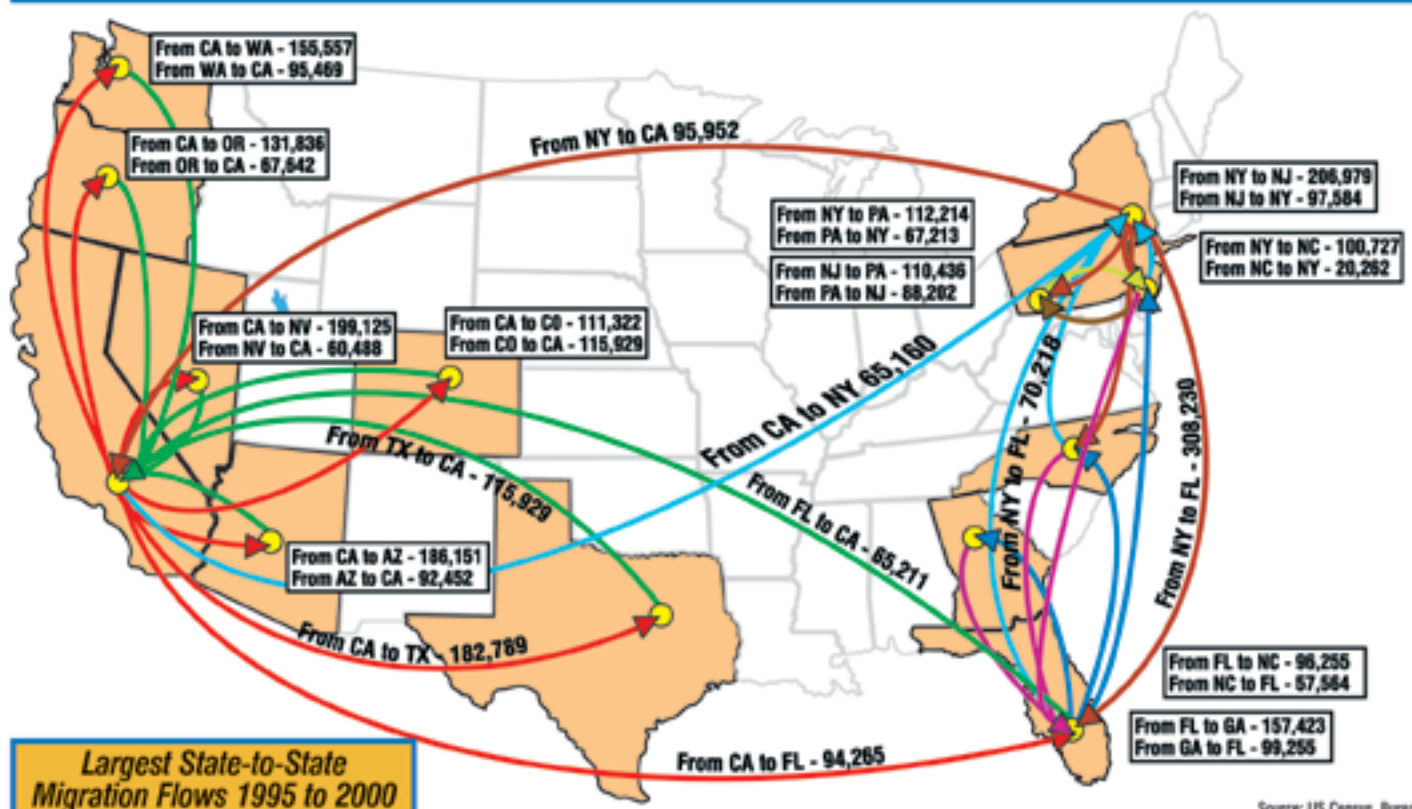
	To Cities	To Suburbs		To Cities	To Suburbs
1. New York - Long Island - New Jersey	614,057	369,602	11. Atlanta	15,975	146,987
2. Los Angeles-Riverside-Orange County	324,313	375,500	12. Miami-Fort Lauderdale	60,493	239,987
3. Chicago-Gary-Kenosha	172,597	190,422	13. Seattle-Tacoma-Bermeron	47,001	75,795
4. Washington-Baltimore	65,837	234,429	14. Phoenix-Mesa	104,609	30,408
5. San Francisco-Oakland-San Jose	194,220	179,649	15. Minneapolis-Saint Paul	31,145	34,575
6. Philadelphia-Wilmington-Atlantic City	58,131	69,790	16. Cleveland-Akron	13,969	22,288
7. Boston-Worcester-Lawrence	9,370	93,708	17. San Diego	62,695	45,127
8. Detroit-Ann Arbor-Flint	36,179	72,796	18. St. Louis	13,915	21,432
9. Dallas-Ft. Worth	151,679	79,815	19. Denver-Boulder-Greeley	44,472	49,498
10. Houston-Galveston-Brazoria	138,826	75,795	20. Tampa-Saint Petersburg	24,728	42,596



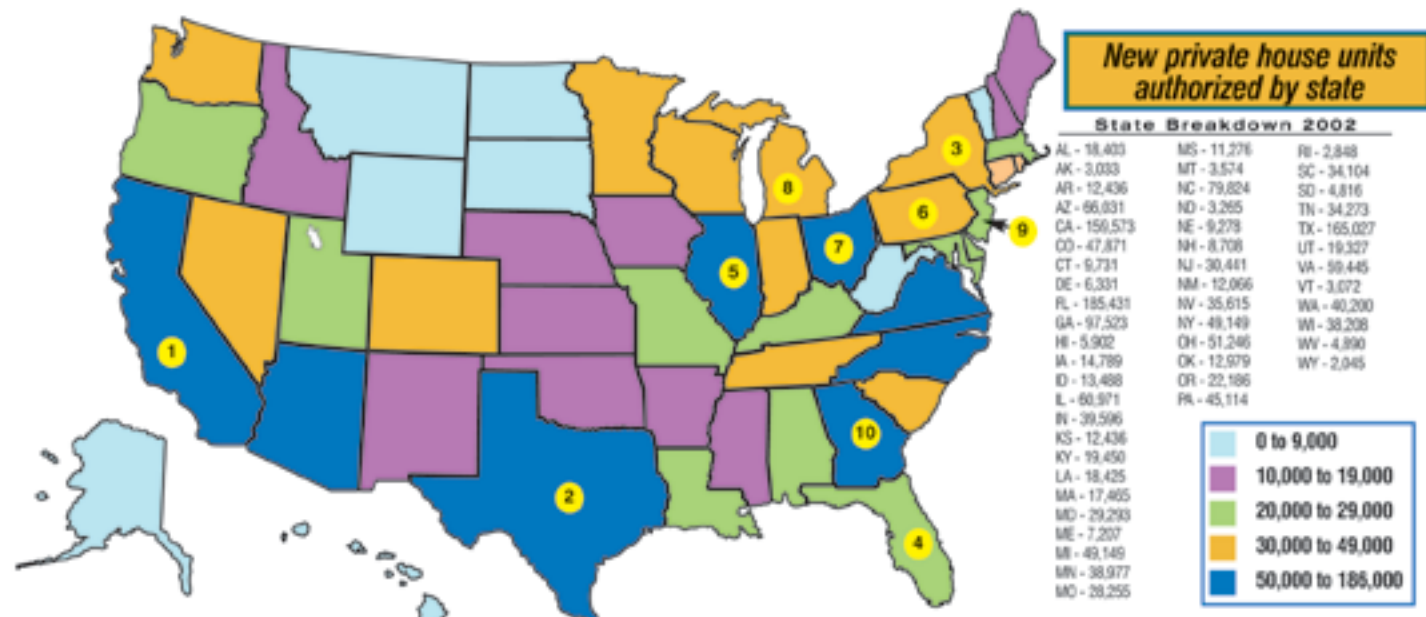
Net Migration Change



Population growth continues to be a driving force in the economic recovery and the anchor to the consistency of the construction industry. As immigration continues to bolster the demand and growth of the inner cities and denser areas of the country, the citizenship will continue to flee these areas for the more wide-open spaces. Almost every city and every state is showing some kind of population growth. The hot spots for growth will be the areas on the map to the lower left indicated by a "Star." This means that those areas are gaining internal migration and foreign immigration. The map above shows net migration by state, while the map below shows who's going where.



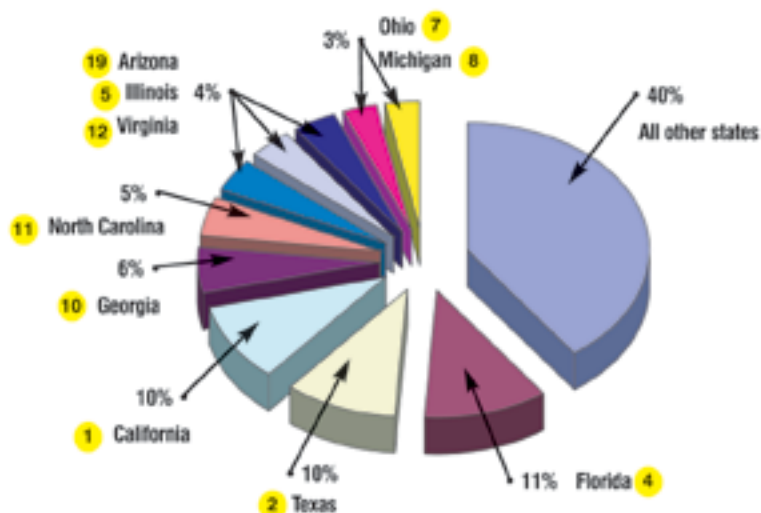
Indicates migration loss



Source: US Census Bureau

With top 10 most populated states in their ranking order.

State-by-State Housing Units Authorized, 2002



It is no surprise to find 9 of the 12 most populated states show the greatest number of housing permits for 2002. Of note, though, is Arizona, which ranks 19th in population and is basically tied for 6th place. Clearly AZ is a strong growth market for the construction industry, with solid growth from migration, strong immigration growth, and 4% of the nation's housing units authorized. Florida is the hottest market with nearly 185,000 private housing units authorized.

New York (ranked 3rd), Pennsylvania (6th), and New Jersey (9th) with nearly 14% of the country's population combine for only 97,704 units, compared to Georgia's 97,523 units and only 3% of the nation's population. Don't look for growth in the Northeast, but do look in the Southeast and Southwest if you plan on expanding your business.

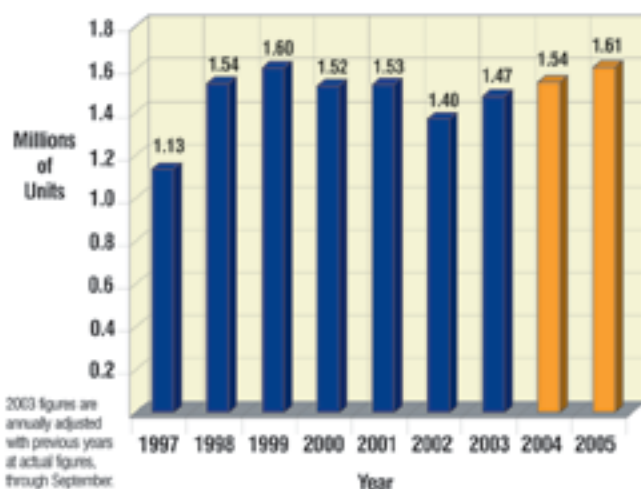
Source: US Census Bureau

With top 10 most populated states in their ranking order.

Single-Family Housing Units Authorized

1997 - 2005
(Private Sector)

Legend ■ Single-Family Housing Construction
■ LCN Predictions for Single-Family Housing Construction



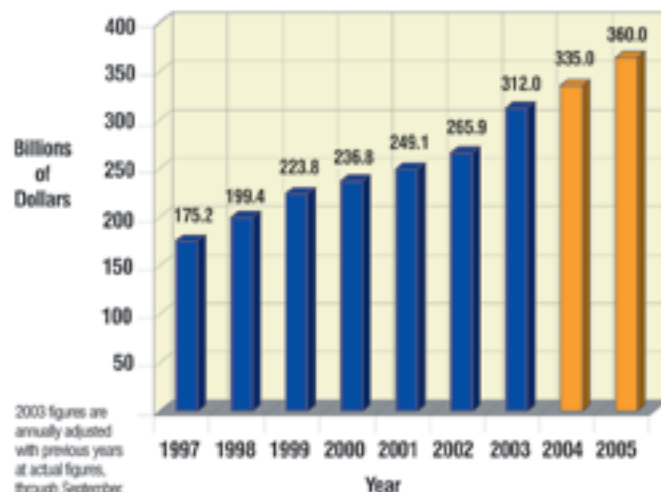
The housing industry has really been the stronghold of the American economy. Single-family housing has consistently shown growth throughout 2003 and has rebounded to a seasonally adjusted rate of 1.47 million units authorized. With the economy on a recovery track, and with the population continually increasing, LCN predicts this growth will continue through at least 2005, especially in the private sector. Now is a good time to plan for expansion as units "authorized but not started" rose by more than 26%. This is up from only 7.3% in 2002, even though the number of units currently under construction is up 11% over last year. The backlog of work will keep the industry in business and could put on strain on the labor pool so price your projects accordingly.

Source: US Census Bureau

Single-Family Housing Value of Construction Put-in-Place

1997 - 2005
(Private Sector)

Legend ■ Single-Family Housing Construction
■ LCN Predictions for Single-Family Housing Construction



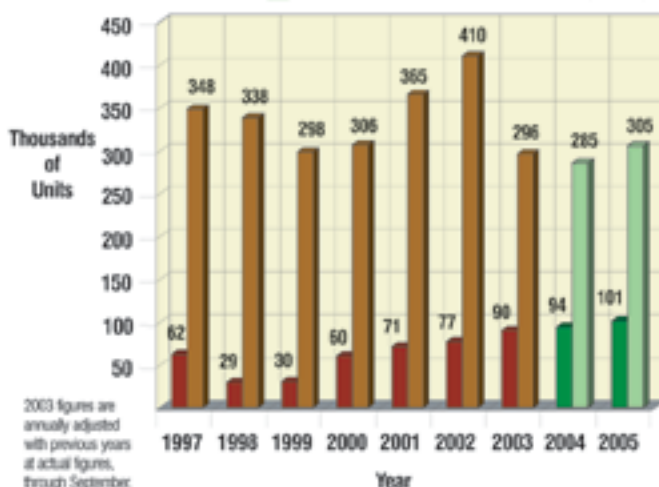
The value of construction put-in-place for single-family housing units rose by 15.9% from September 2002 to September 2003, while the number of units increased by only 7.4%. This reflects the inflation associated with greater demand for construction services, more so than the availability of supplies. The results of a survey conducted by LCN at the GIE show in St. Louis cited the single biggest challenge facing the profession is the supply of qualified labor, forcing many companies to decline new business. This drives up the fees you can charge, but keep an eye on your better employees who may end up leaving to start their own business. LCN predicts the value of put-in-place construction will continue to gain above the unit growth and inflation rate.

Source: US Census Bureau

Multi-Family Housing Units Authorized

1997 - 2005
(Private Sector)

Legend ■ Multi-Family Housing Permits (2-4 Units)
■ LCN Predictions for Multi-Family Housing Permits (2-4 Units)
■ Multi-Family Housing Permits (5+ Units)
■ LCN Predictions for Multi-Family Housing Permits (5+ Units)



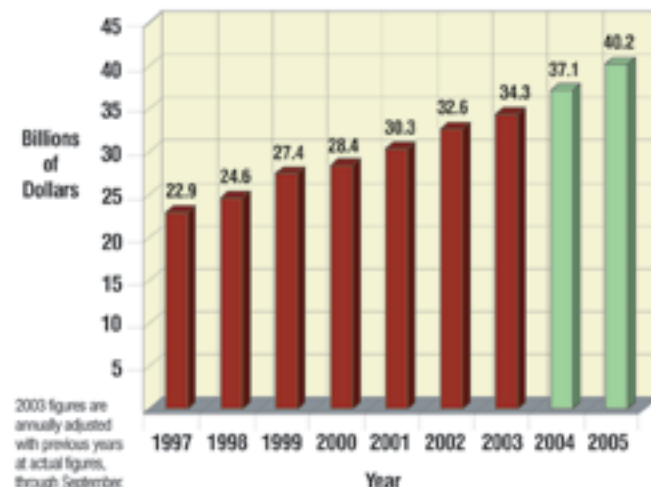
With permit growth ranging from +16.8% for 2-4 unit developments to 12.9% for developments with 5 units or more, the multi-family development market is a testament to lower density demand. Even with a greater demand in the condo market, considering that 24.3% (2-4 units) and 59.8% (5 or more units) are permitted but not started as of September and 3rd quarter vacancy rates for rental properties are up to 9.9% (which is up from 9% in 2002), the overall multi-family arena is not showing great strength. Rental properties will stay out of vogue through 2005 or at least as long as optimal interest rates keep the purchase markets moving upward. Until then, however, if multi-family complexes are your specialty, it is time to expand your horizons.

Source: US Census Bureau

Multi-Family Housing Value of Construction Put-in-Place

1997 - 2005
(Private Sector)

Legend ■ Multi-Family Housing Value (Total)
■ LCN Predictions for Multi-Family Housing Value (Total)

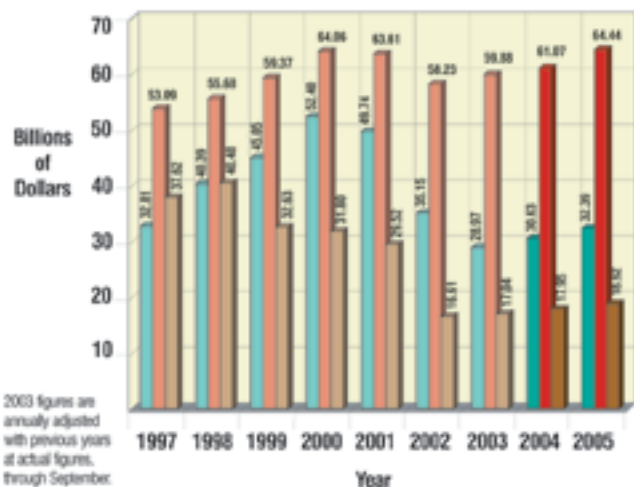


With multi-family starts down less than 1% from 2002 and demand for construction services zapping the labor pool, value of put-in-place construction will rise little, if any, in 2003. However, LCN predicts that more will be spent on multi-family development in 2004 and 2005, based more on labor-driven inflation and more so in the inner cities as immigrants fill the vacancies left by the migrating citizenship and spark gradually increasing demand for rental properties. Adding to the growth will be the rising cost of single-family residences, forcing the new generation of families to opt for lower density condo living.

Source: US Census Bureau

Office, Commercial and Manufacturing Put-in-Place Value

1997 - 2005
(Private Sector)



2003 figures are annually adjusted with previous years at actual figures, through September.

The development of office space slowed by 13.7% in 2003, reflecting an abundance of existing space left over from the recession of 2001-02. Vacancy rates have risen steadily since 1999. San Jose, known for its technological development, has gone from the lowest vacancy rate in 1999 (4.5%) to one of the higher rates (18.8%) in 2003. Don't build in Oklahoma City (32.7%), as it has remained at the high-end extreme since at least 1999. Conversely, spending for manufacturing facilities is up 5.7% over 2002; commercial development is up 0.1%. As the economy continues to improve and unemployment drops below 6%, watch for growth in all areas of business development.

Source: US Census Bureau

Education Construction Value Put-in-Place

1997 - 2005



2003 figures are annually adjusted with previous years at actual figures, through September.

In 2003, public schools had to provide an additional 423,000 seats to accommodate the growth in elementary and secondary school attendance. This number represents only a 0.9% increase overall. The greatest growth was in the secondary schools: 299,000 new seats. Nineteen states showed a decrease in attendance with the percentage extremes being a loss of 2.1% in North Dakota, to a 3.6% increase in Nevada. Spending at the public level has tapered off, showing only a 0.2% increase for 2003. Meanwhile, spending for private educational facilities has risen nearly 11.5%, but still only represents about 20% of the total market. This signals a slowing of the growth in educational building development at the lower levels, but look for the universities to begin to plan and build to accommodate the anticipated influx.

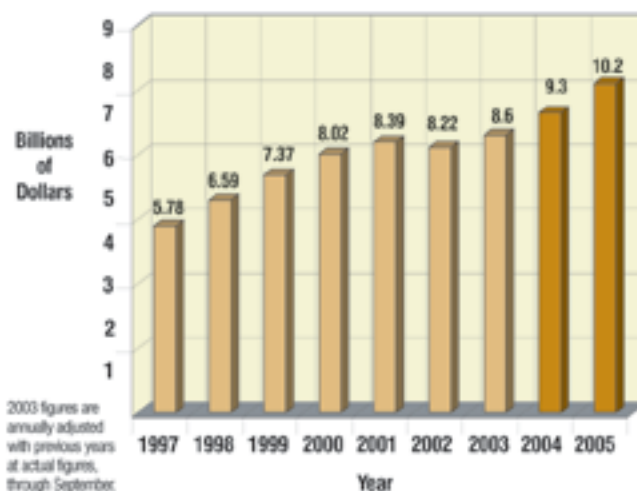
Source: US Census Bureau

Office Vacancy Rates 2003 - (in Percent)

City	Urban	Suburban
Washington, D.C.	7.4	16.2
New York	11.3	N/A
Minneapolis	12.4	18.0
Palm Beach County	13.1	15.9
St. Louis	14.1	15.4
Las Vegas	15.9	14.9
Chicago	16.5	22.7
Seattle	17.6	17.0
Tampa	17.8	18.3
Houston	19.9	23.2
San Jose	18.5	20.5
Los Angeles	19.4	15.3
San Francisco	21.7	29.4
Dallas	25.5	25.1
Detroit	29.4	17.1
Oklahoma City	32.7	18.3

Religious Buildings Put-in-Place

1997 - 2005



2003 figures are annually adjusted with previous years at actual figures, through September.

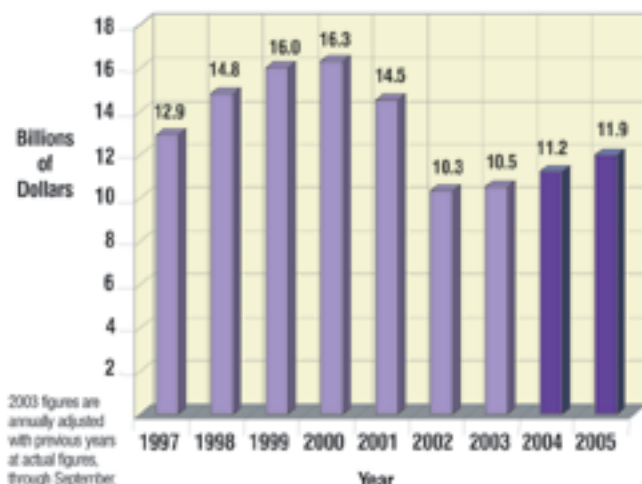
Reaching a new high in 2003, the development of religious building mirrors the growth in population. Up more than 8.5% from 2002, this segment will produce close to nine billion in construction billing in 2004. Nearly 75% of this expenditure will be to develop new "houses of worship," with the other 25% for auxiliary building and redevelopment . . . God Bless America!

Source: US Census Bureau

Lodging Industry Construction Put-in-Place

1997 - 2005
(Private Sector)

Legend
 Lodging Construction
 LCN Predictions for Lodging Construction



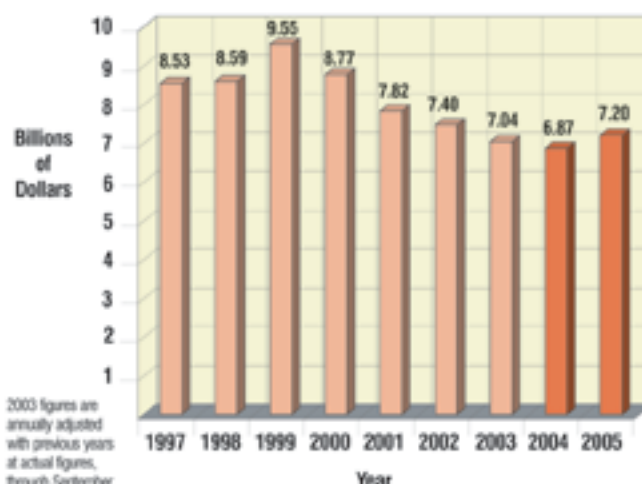
The seasonally adjusted value of put-in-place construction for the lodging industry had dropped by more than 35% as of September 2002 to a rate of only \$9.4 billion. Since that point it has jumped back by more than 12% in 2003. As such, the increasing development of lodging facilities is signaling a comeback from the devastations this industry absorbed from 9/11. As the public begins to travel and with business improving watch for consistent growth in this arena for the next two to three years. Demand will once again begin to catch up to supply and aging facilities will be replaced. Again, this is a good market to promote your renovation business prowess.

Source: US Census Bureau

Amusement and Recreation

1997 - 2005
(Private Sector)

Legend
 Amusement and Recreation
 LCN Predictions for Amusement and Recreation



The travel recession following 9/11 reverberated in the recreation markets, with attendance dropping way off over the 18 month following the attacks. Construction that was planned for is now being built, and while this market will continue to dip a little in 2004, it will begin to rebound by early 2005 and may well continue on an upward climb. In this category look for most of the development to occur in the sports complexes and health clubs, while the amusement parks will stay about even.

Source: US Census Bureau