



AGC
THE CONSTRUCTION
ASSOCIATION

July 2024

US Construction Outlook: Torrid or Tepid?

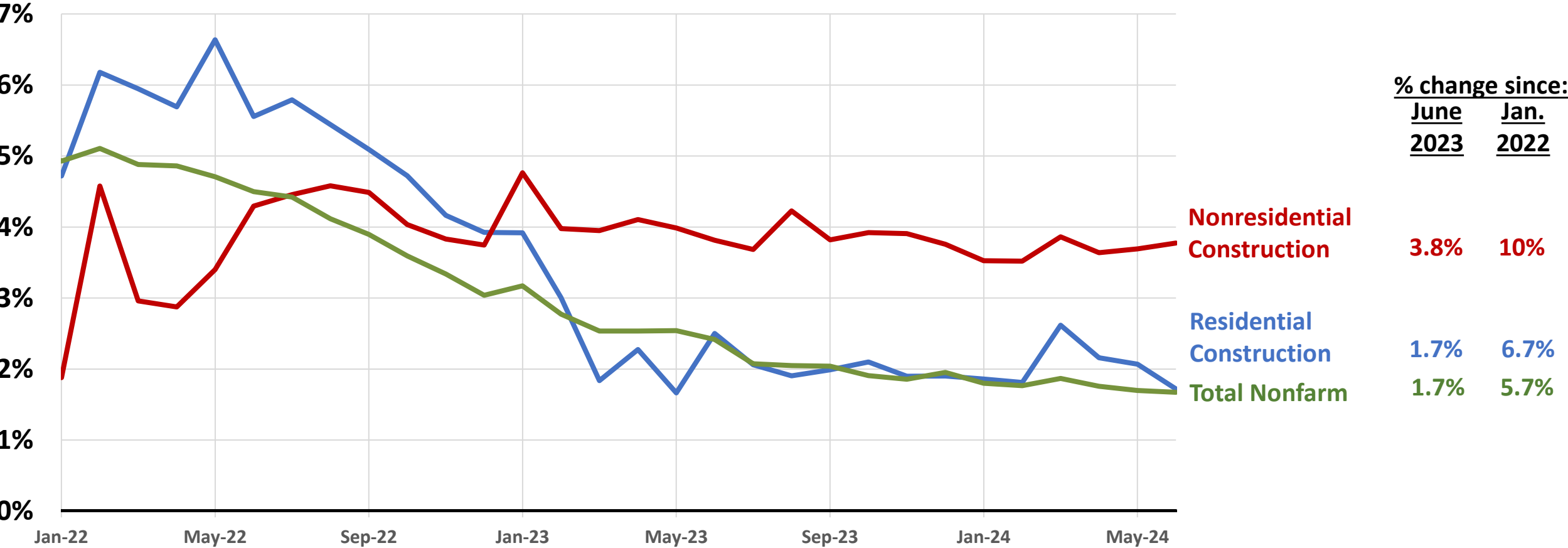
Ken Simonson

Chief Economist, AGC of America

Ken.simonson@agc.org

Total nonfarm & construction employment, Jan. 2022–June 2024

Year-over-year change, seasonally adjusted



Source: BLS current employment statistics, <https://www.bls.gov/ces/>

35 states **up**, 1 state unchanged, 14 states & DC **down**

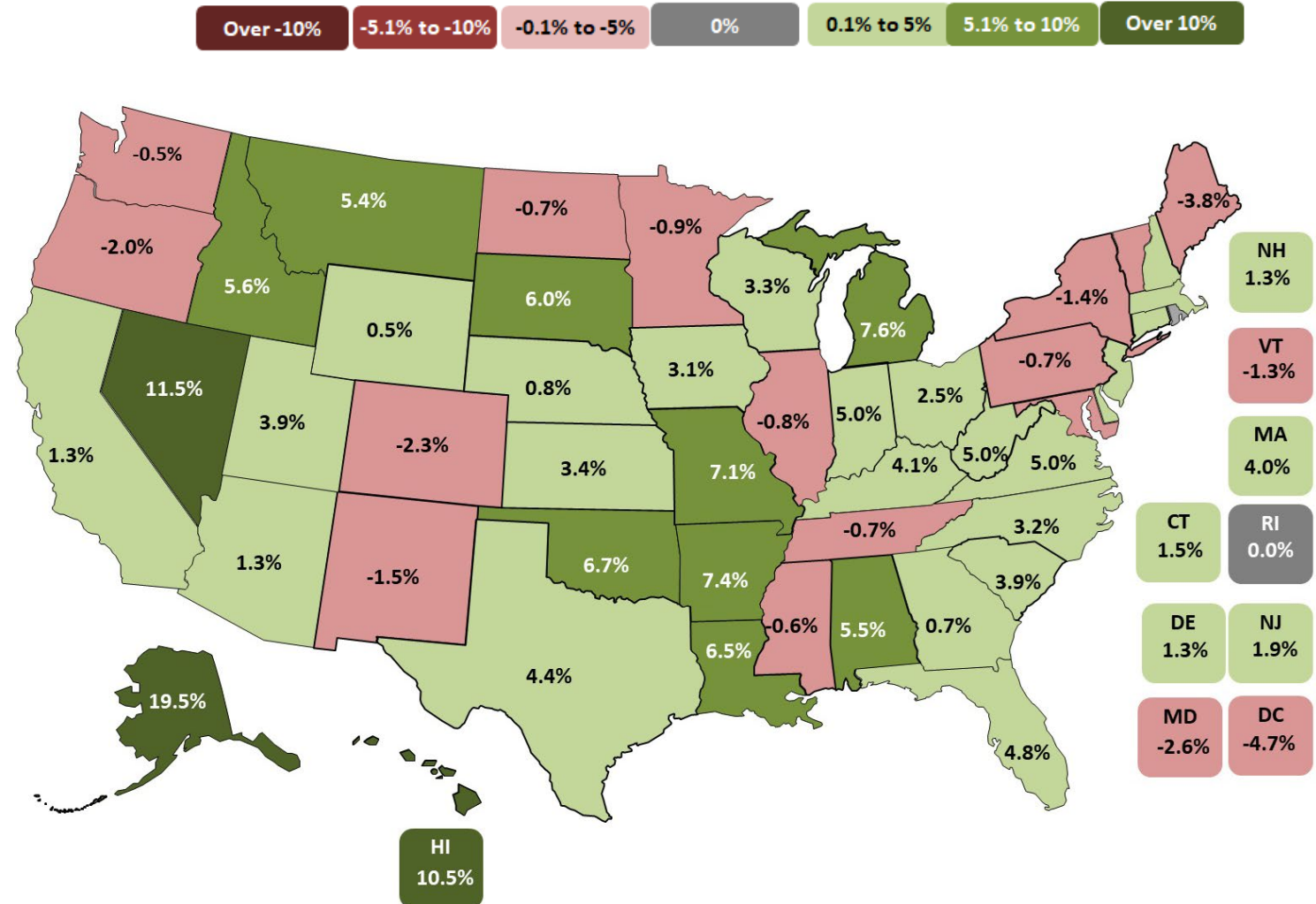


Top 5

AK	19.5%
NV	11.5%
HI	10.5%
MI	7.6%
AR	7.4%

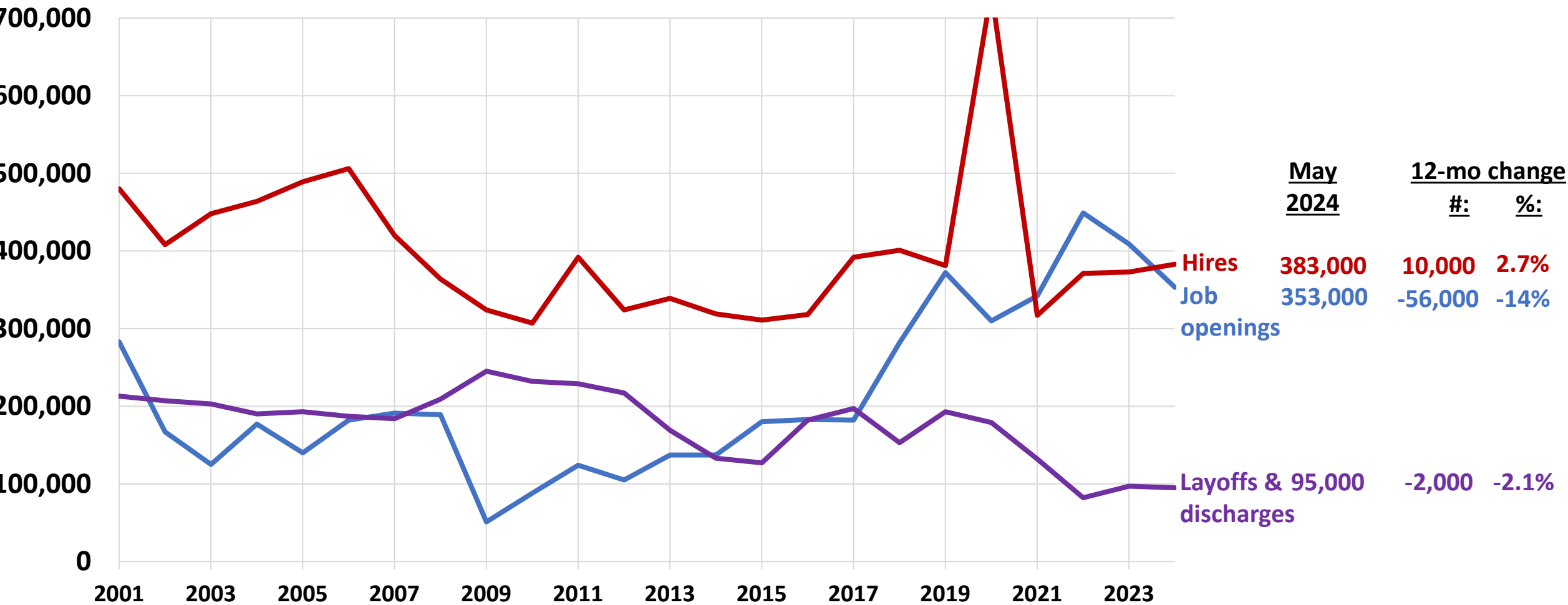
Bottom 5

DC	-4.7%
ME	-3.8%
MD	-2.6%
CO	-2.3%
OR	-2.0%



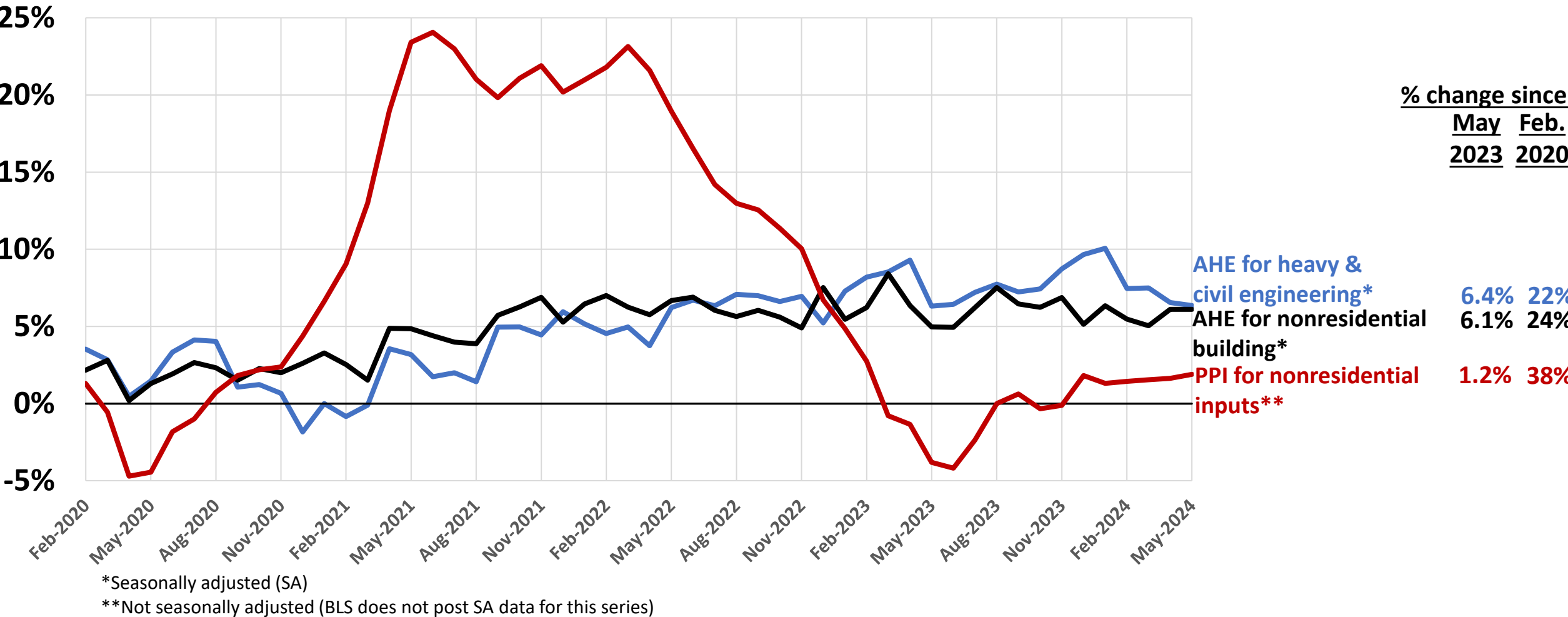
Construction job openings, hires & layoffs

Job openings, hires, and layoffs May 2001-May 2024, seasonally adjusted



Change in construction materials and labor costs, 2020–2024

Year-over-year change in producer price index (PPI) for nonresidential inputs and average hourly earnings (AHE) for nonresidential building and heavy & civil engineering construction, Feb. 2020 – May 2024



Input and bid price changes, June 2024

producer price indexes, 1 – & 12-mo. change (not seasonally adjusted)



June 2024 change from:
May 2024 June 2023
(1 month) (12 months)

Overall input costs and bid prices have moderated

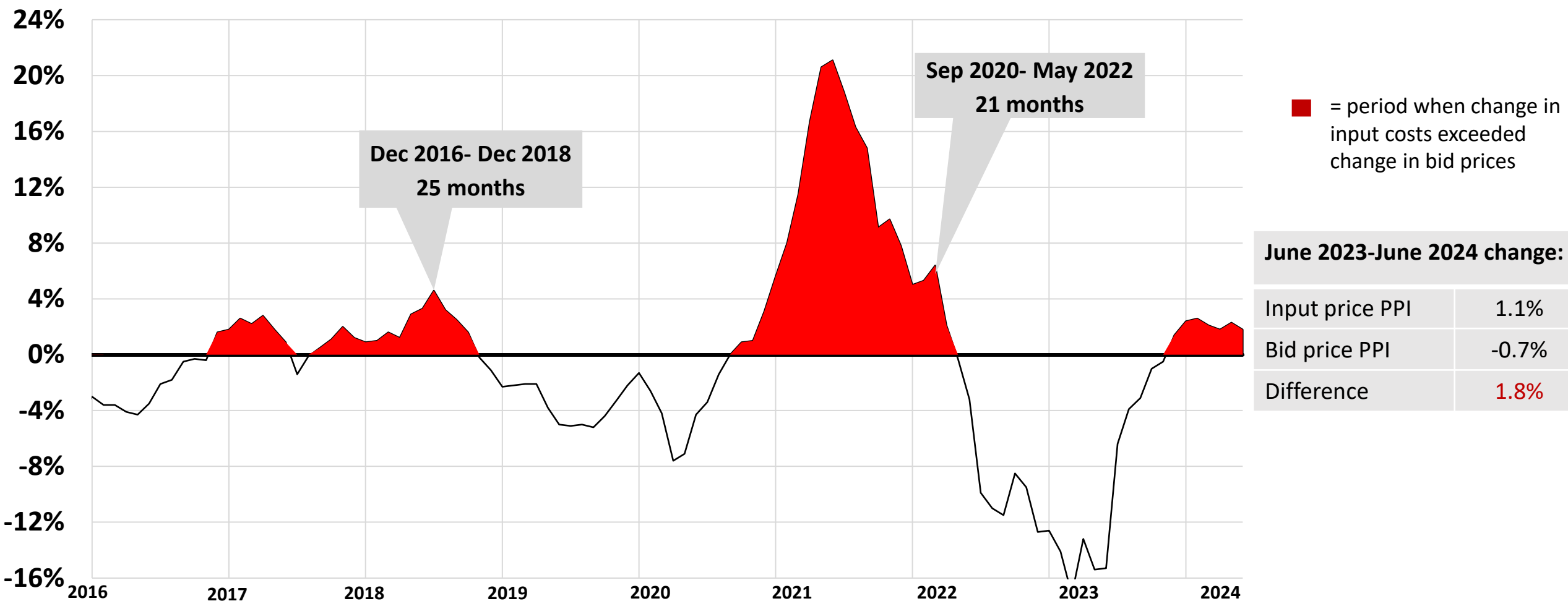
Inputs to new nonresidential construction		-0.1%	1.1%
Output (bid price) index for new nonresidential buildings		0.4%	-0.7%

...but some input prices remain volatile

Copper and brass mill shapes		2.1%	14%
Cement		0.0%	6.9%
Steel mill products		-1.8%	-15%

Cost squeeze on contractors can reappear suddenly

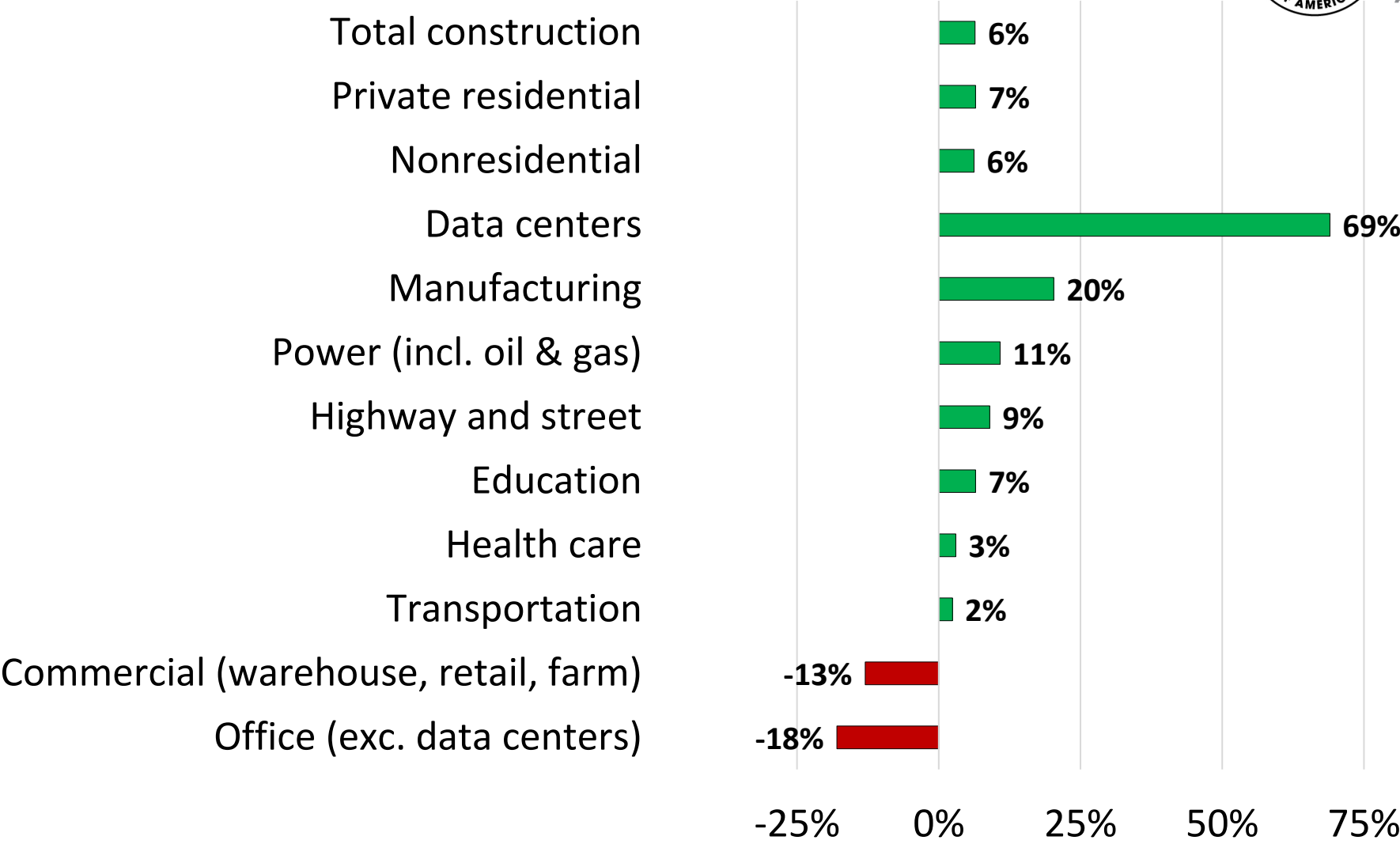
Difference between year-over-year change in materials costs vs. bid prices, Jan 2016-June 2024



Source: BLS, www.bls.gov/ppi, producer price indexes for inputs to new nonresidential construction and bid prices

Change in construction spending: May 2023-May 2024

Year-over-year % change in current (not inflation-adjusted) dollars, seasonally adjusted



Change in construction spending: May 2023-May 2024

current (not inflation-adjusted) dollars, seasonally adjusted



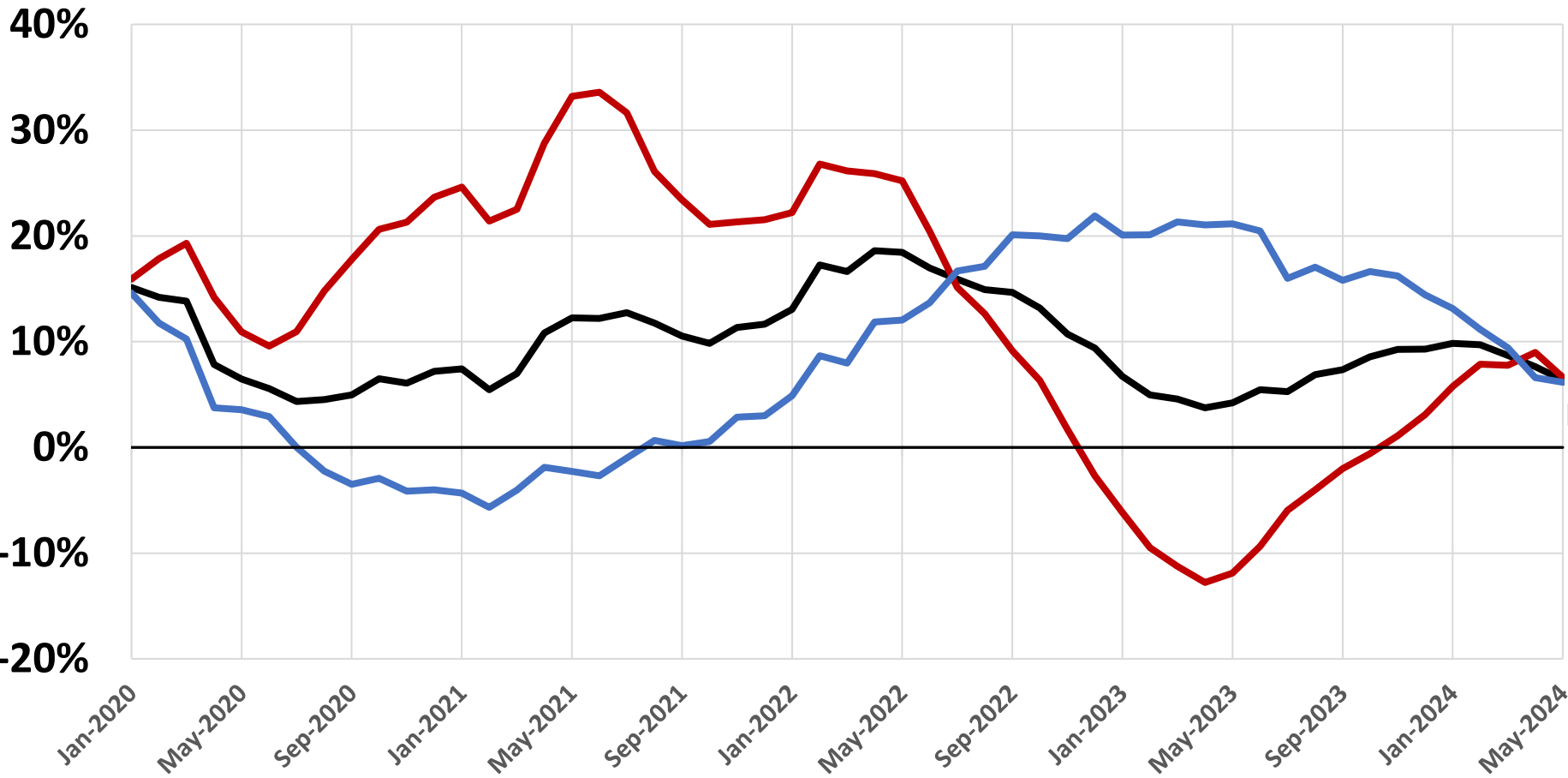
Total 6%: Private residential 7% (single-family 14%; **multi -5%**; improvements 3%); public residential 15%
Nonresidential 6% (private 4%, public 10%)

Nonresidential segments (in descending order of May 2024 spending; combined new & renovation spending)

- Mfg. 20% (computer/electronic 31%; chemical 6%; transportation equipment 37%; **food/beverage/tobacco -24%**)
- Highway and street 9%
- Power 11% (electric 13%; oil/gas fields & pipelines -2%)
- **Commercial -13%** (**warehouse -20%**; **retail -7%**; farm 4%)
- Education 6% (primary/secondary 1%; higher ed 12%)
- **Office including data centers -0.1%** (data centers 69%; **other office -18%**)
- Health care 3% (hospital 12%; **medical building -8%**; special care 6%)
- Transportation 2% (air 2%; private rail/truck 4%; **transit -17%**)
- Other: Sewage/waste 11%; Amuse/recreation 3%; Water supply 13%; Communication 3%; **Lodging -9%**; **Conservation/development -4%**

Residential & nonresidential construction, 2020-2024

Year-over-year change, Jan. 2020 – May 2024, seasonally adjusted annual rate

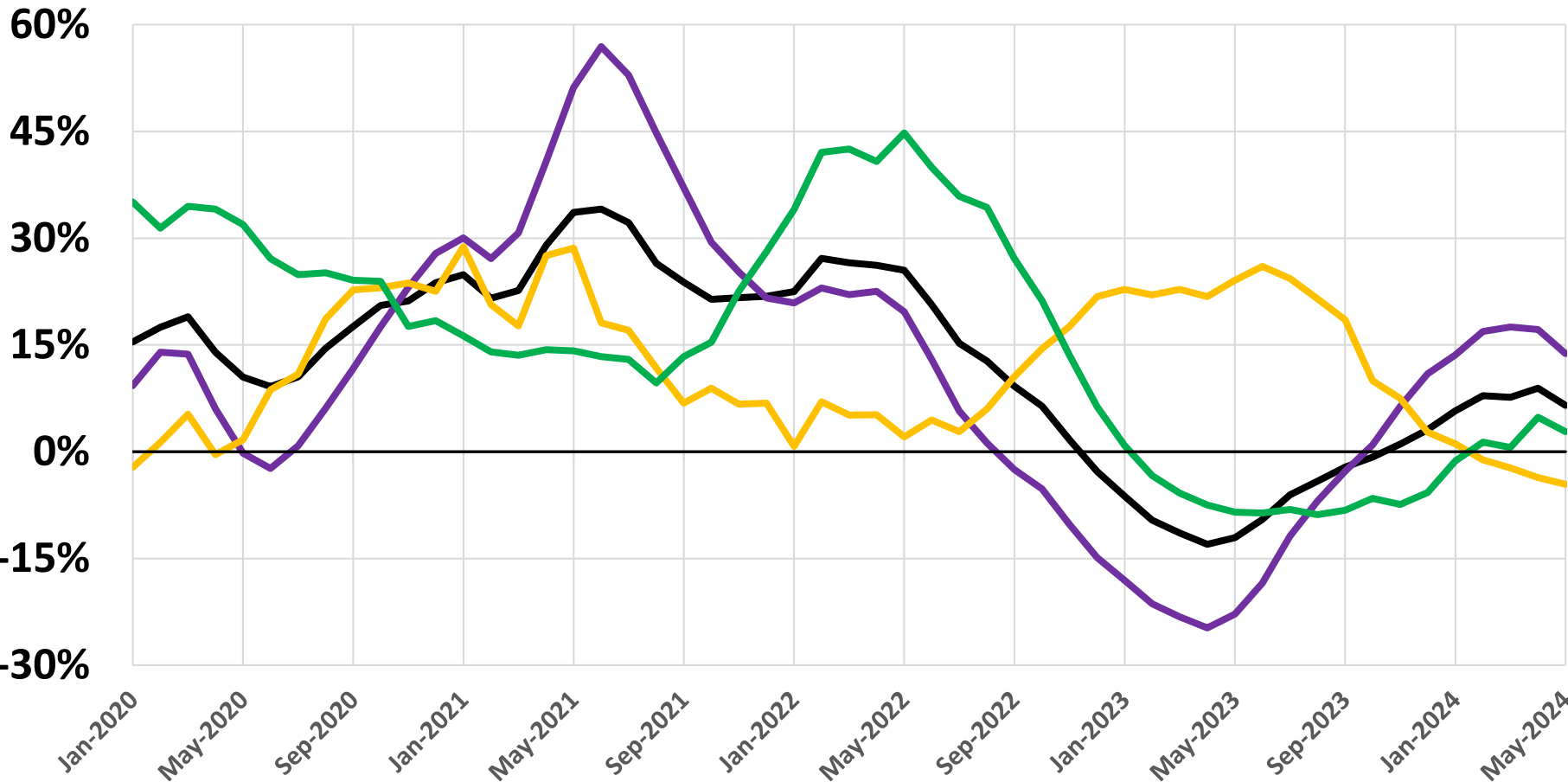


	May 2024 Spending (bil. \$):	% change since:	
		May 2023	Jan. 2020
Residential	\$930B	6.6%	54%
Total const.	\$2,140B	6.4%	44%
Nonresidential	\$1,209B	6.2%	37%

Residential construction segments, 2020–2024



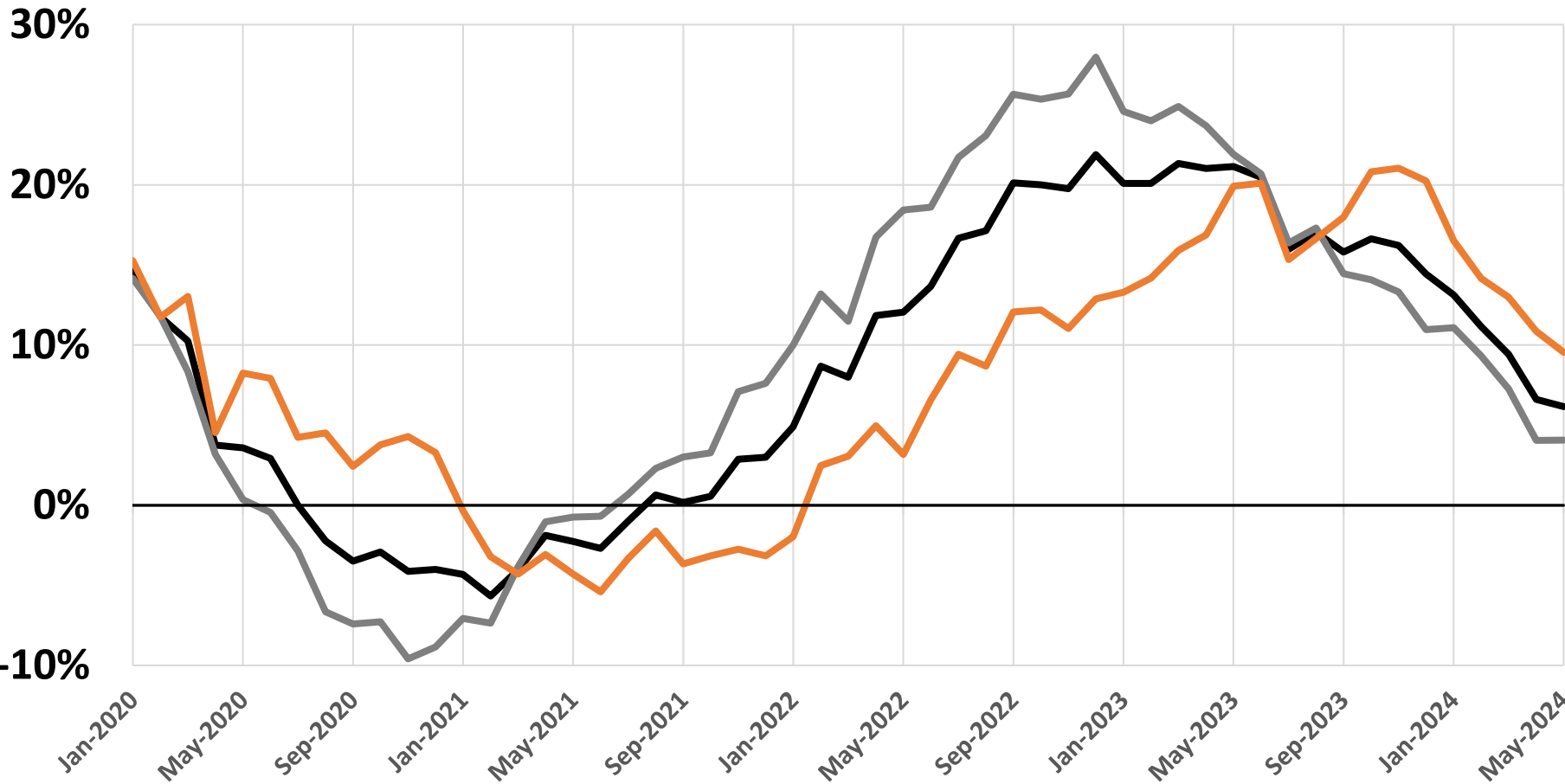
Year-over-year change in total private residential, single-family, multifamily, & improvements spending, Jan. 2020 – May 2024, seasonally adjusted annual rate



<u>May 2024</u>	<u>% change since:</u>	
<u>Spending</u>	<u>May</u>	<u>Jan.</u>
<u>(bil. \$):</u>	<u>2023</u>	<u>2020</u>
\$437B	14%	47%
\$918B	6.5%	54%
ts \$351B	2.8%	62%
\$131B	-4.6%	59%

Private & public nonresidential construction, 2020-2024

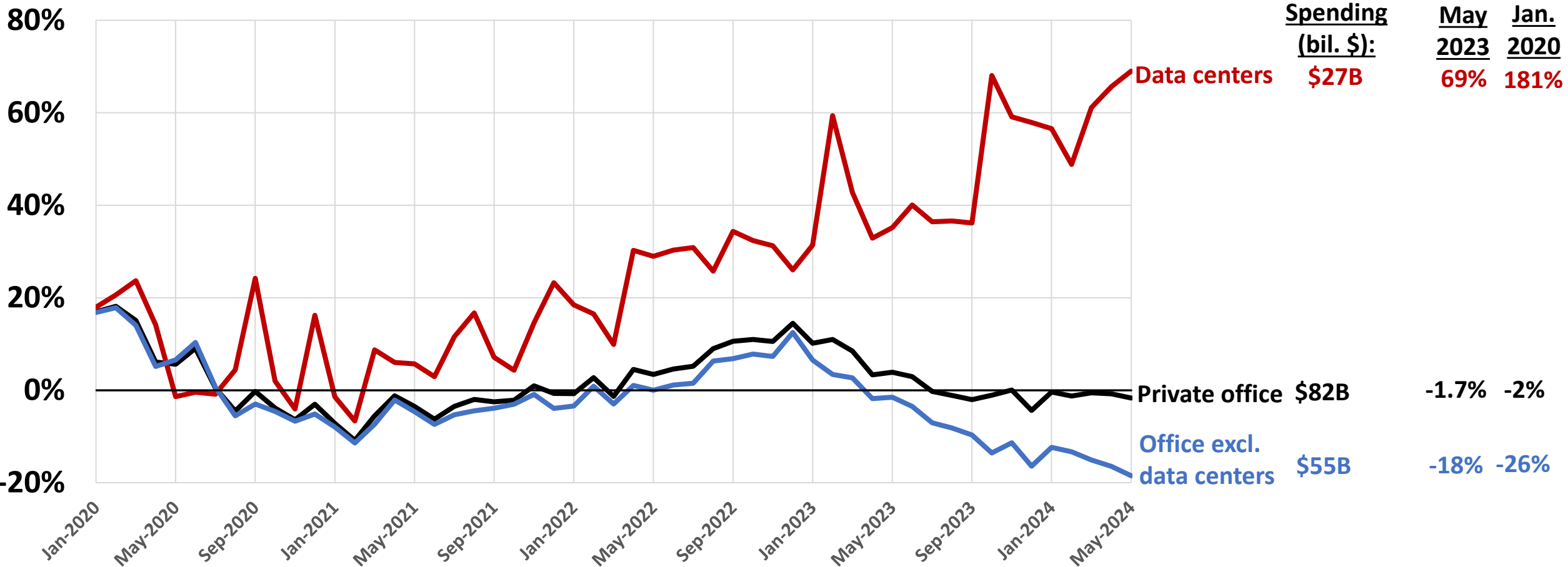
Year-over-year change in total, private, & public nonresidential construction spending, Jan. 2020 – May 2024, seasonally adjusted annual rate



	May 2024 Spending (bil. \$):	% change since:	
		May 2023	Jan. 2020
Public nonres.	\$475B	9.6%	31%
Total nonres.	\$1,209B	6.2%	37%
Private nonres.	\$734B	4.1%	40%

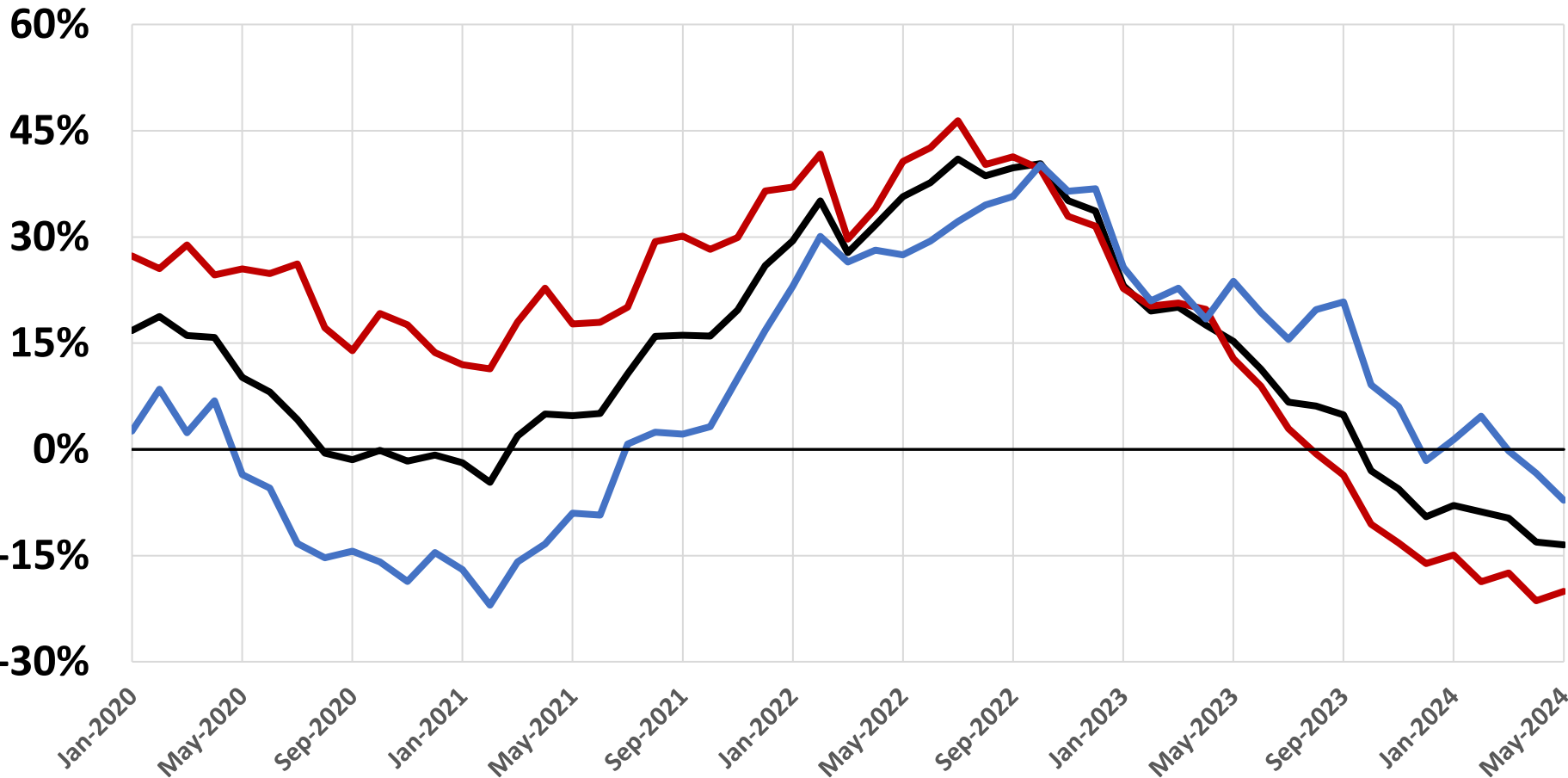
Private office & data center construction spending, 2020-2024

Year-over-year change in private office, office excl. data centers, & data center construction spending, Jan. 2020 – May 2024, seasonally adjusted annual rate



Commercial, warehouse & retail construction, 2020–2024

Year-over-year change in private commercial, warehouse, & retail construction spending, Jan. 2020 – May 2024, seasonally adjusted annual rate

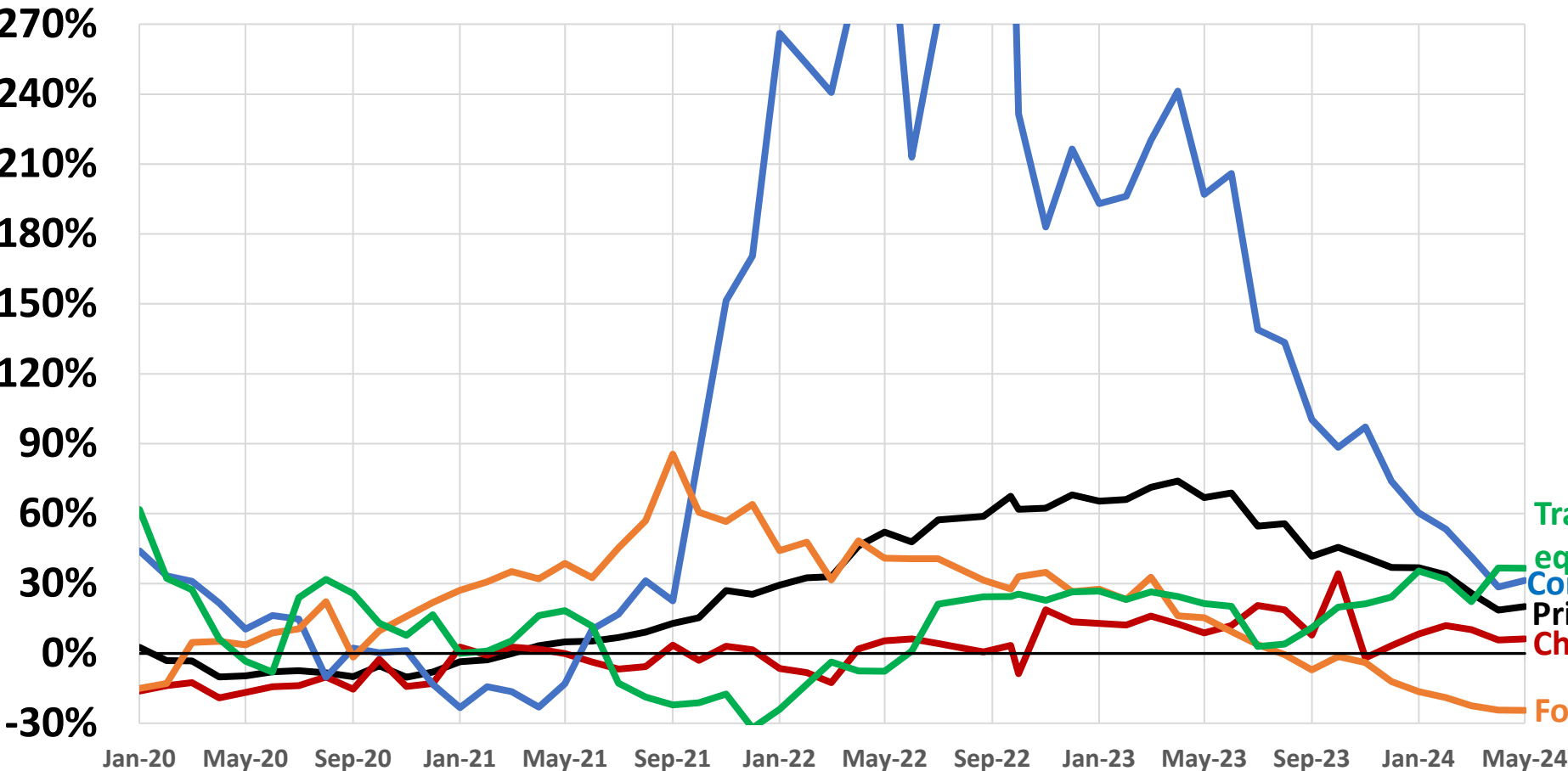


	May 2024 Spending (bil. \$):	% change since:	
		May 2023	Jan. 2020
Retail	\$47B	-7.2%	25%
Private commercial	\$122B	-13%	39%
Warehouse	\$63B	-20%	54%

Manufacturing construction spending segments, 2020-2024



Year-over-year change in private manufacturing, chemical, computer, food/beverage, & transportation equipment construction spending, Jan. 2020 – May 2024, seasonally adjusted annual rate



<u>May 2024</u> <u>Spending</u> <u>(bil. \$):</u>	<u>% change since</u>	
	<u>May</u> <u>2023</u>	<u>Jan.</u> <u>2020</u>
Transportation equip.	\$15B 37%	48%
Computer/electronic	\$136B 31%	1,350%
Priv. manufacturing	\$233B 20%	196%
Chemical	\$36B 6.2%	20%
Food/beverage	\$13B -24%	77%

Medium-term outlook for construction



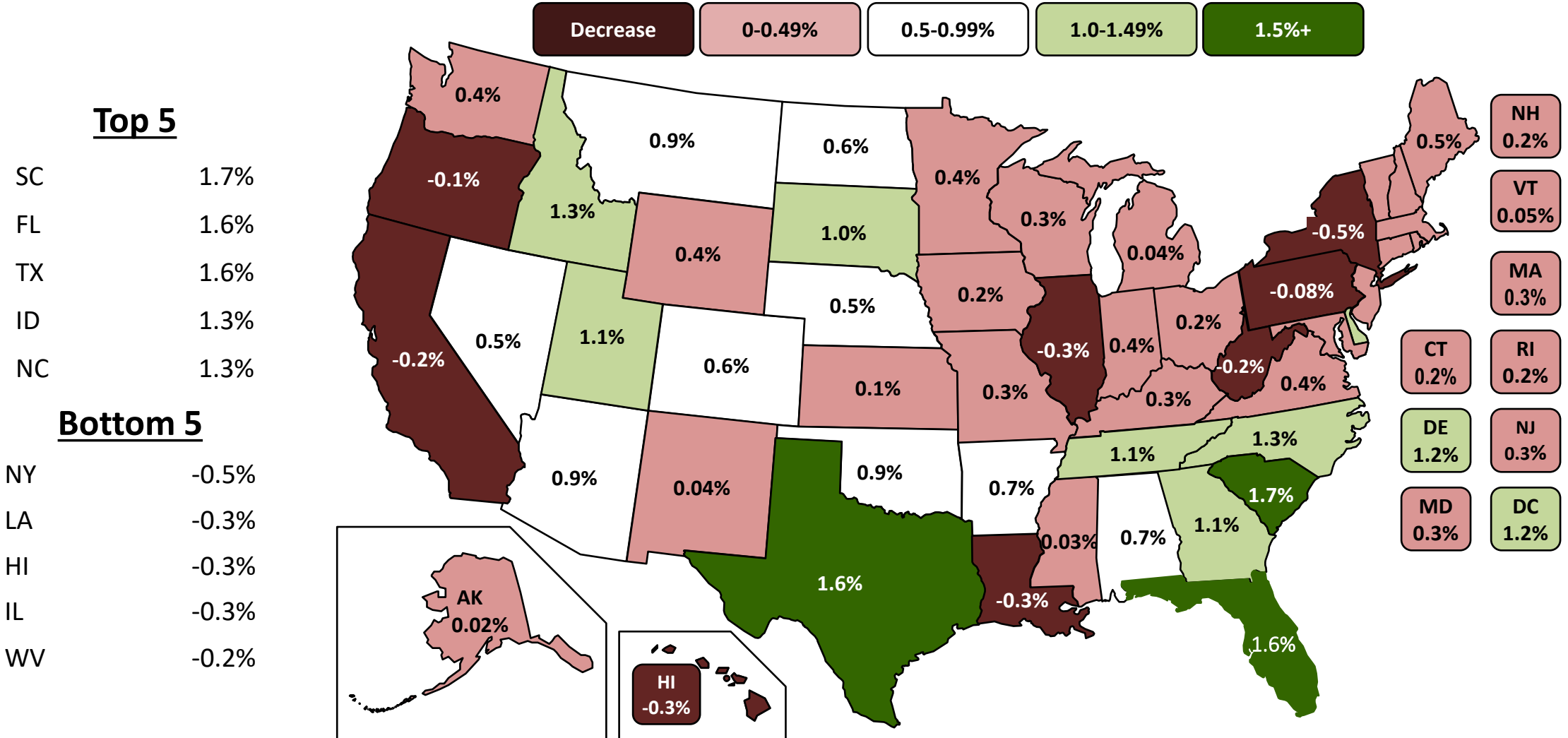
- Economic recovery: will continue but with sticky inflation & interest rates
- Single-family: revival should continue despite 7% mortgage rates
- Multifamily, warehouse, office: steep drops likely as vacancies and costs climb
- Data center, manufacturing construction, power, infrastructure: strong growth
- Infrastructure Investment & Jobs Act, “Chips” Act, Inflation Reduction Act will give major boost to infrastructure, manufacturing, and power construction. BUT
 - money will be slow to turn into construction awards and spending
 - Buy America, labor, environmental strings may tie up project starts for years
- Materials costs, lead times: few problems except electrical gear, some electronics
- Labor availability remains the #1 challenge for many contractors

Long-run construction outlook



- Finding workers will be a challenge for much longer than materials costs or supply
- Slower population growth → fewer workers but also slower demand growth
- Slowing demand for K-12, decline for higher ed construction
- Permanent shift from retail to e-commerce/distribution structures
- More specialized and online healthcare facilities; fewer hospitals, nursing homes
- More wind, solar, battery storage and charging facilities, and related manufacturing
- Not clear if offices will decentralize or remain in less demand
- Not clear if recent urban/rural or state-to-state migration will remain or reverse

Population change by state, July 2022–July 2023 (U.S.: 0.49%)



AGC economic resources

(email ken.simonson@agc.org)

- *Data DIgest*: weekly email summary of construction economic news ([subscribe: https://marketplace.agc.org/Store/ItemDetail?iProductCode=4401&OrderLineId=901649fd-c733-4103-93e0-a251778cd084](https://marketplace.agc.org/Store/ItemDetail?iProductCode=4401&OrderLineId=901649fd-c733-4103-93e0-a251778cd084))
- Surveys, state and metro data, [fact sheets: www.agc.org/learn/construction-data](https://www.agc.org/learn/construction-data)
- Monthly [press releases](https://www.agc.org/newsroom): construction spending; producer price indexes; national, state, metro employment with rankings: <https://www.agc.org/newsroom>
- Construction impact model: <https://www.agc.org/agc-construction-impact-model>
- ConsensusDocs Price Escalation Resource [Center: https://www.consensusdocs.org/price-escalation-clause/](https://www.consensusdocs.org/price-escalation-clause/)



PPI for inputs rises in April but dips over 12 months; pay in construction tops U.S. median by 18%

Prices show mixed trends in April

The producer price index (PPI) for material and service inputs to new nonresidential construction rose 0.5% from March to April but declined 1.1% year-over-year (y/y), according to Bureau of Labor Statistics (BLS) data posted on Thursday.

[Read more](#)

Construction pay tops U.S. median by 18%

"Half of payroll workers in construction earn more than \$4,540," 18% more than the U.S. median wage of \$4,631, "and the top 25% make at least \$77,030," 4.9% higher than the U.S. top quartile base of \$73,460, the National Association of Home Builders reported on Tuesday, based on its analysis of May 2022 Occupational Employment and Wage Statistics posted by BLS...

[Read more](#)

Child counts decline in 35 states

In a trend with implications for school and other construction, "Thirty-five states have fewer children than they did five years ago, a situation caused by declining birth rates nationwide, but also by young families migrating across state borders in search of cheaper housing," Stateline reported on Thursday...

[Read more](#)

Results from RICS-AACE construction survey

Firms reporting declining profit margins outnumbered firms reporting rising margins by 27 percentage points (a net balance reading of -27%) in the first quarter (Q1) 2023 RICS-AACE USA Construction Monitor, covering 60 responses between March 8 and April 21 and posted by RICS on Monday...

[Read more](#)

AGC Highway safety survey closes tonight

Highway contractors are invited to complete AGC's annual highway work zone safety survey by tonight, May 12. Responses will be kept confidential.

[Read more](#)

Census of Construction reminder

The Census Bureau reminded firms in all industries, "The due date for responding to the 2022 Economic Census has passed, but it's not too late to respond..."

[Read more](#)

