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## Data center planning boosts momentum index in April, Dodge says; ISM finds construction growing

The Dodge Momentum Index (DMI) increased 6.1% in April from March and 12% year-over-year (y/y), Dodge Construction Network [reported](#) on Tuesday. “Over the month, commercial planning improved 12.6% and institutional planning dropped 6.3%.” The index is “a monthly measure of the initial report for **nonresidential building projects in planning**, shown to lead construction spending for nonresidential buildings by a full year.” The index “saw positive progress in April, alongside a deluge of data center projects that entered the planning stage,” stated Sarah Martin, associate director of forecasting. “Most other categories, however, faced slower growth over the month. Across these industries, it’s likely that owners and developers are grappling with uncertainty around interest rates and labor shortages, thus delaying their decisions to push projects into the planning queue....traditional office and hotel projects continued to face slower momentum. Warehouse planning was basically flat. On the institutional side, education and healthcare planning activity receded again—in part, driven by another month of weak life science and R&D laboratory activity. [Y/y], the DMI was 1% lower than in April 2023. The commercial segment was up 6%..., while the institutional segment was down 15%.”

“**Economic activity in the services sector** contracted in April” after 15 consecutive monthly gains, the Institute for Supply Management (ISM) [reported](#) on May 3. Construction was listed first among 14 sectors (out of 18) paying higher prices and was among sectors reporting growth (12 sectors), and an increase in business activity (13 sectors), new orders (12), order backlogs (9), and employment (5). Construction was one of five sectors that reported slower supplier deliveries. **Items significant for construction reported up in price** include construction contractors (4 months in a row); copper wire (2 months); diesel fuel (2); electrical components and equipment; heating, ventilation and air conditioning products (3); lumber; and oriented strand board. No relevant **price declines** were reported. **Items listed in short supply** include brass fittings, construction contractors (3), electrical components (4) and equipment (2), switchgear (2), and transformers.

“Confidence in the **market for new multifamily housing** declined [y/y] in the first quarter of 2024, according to results from the Multifamily Market Survey,” the National Association of Home Builders (NAHB) [reported](#) on Thursday. “The Multifamily Production Index (MPI) [component] had a reading of 47, down three points [y]. Multifamily developers are concerned about higher interest rates for construction and development loans, tight lending conditions that are taking place in the market right now, and difficulty with getting projects approved. While owners of existing apartments continue to report strong occupancy, this has the potential to soften in the near future given the number of units currently under construction. NAHB is currently projecting that multifamily starts will fall 28% this year as developer activity slows....The MPI is a weighted average of four key market segments: three in the built-for-rent market (garden/low-rise, mid/high-rise, and subsidized) and the built-for-sale (or condominium) market. The survey asks multifamily builders to rate the current conditions as “good”, “fair”, or “poor” for multifamily starts in markets where they are active. The index and all its components are scaled so that a number above 50 indicates that more respondents report conditions as good rather than poor. All four of the components posted [y/y] declines: the component measuring garden/low-rise declined two points to 55, the component measuring mid/high-rise units fell five points to 36, the component measuring subsidized units dipped one point to 50 and the component measuring built-for-sale units posted a three-point decline to 39.”

“The United States will triple its domestic [**semiconductor**] **chip manufacturing capacity** by 2032, the largest increase in the world, according to a report released on Wednesday by the Semiconductor Industry Association and the Boston Consulting Group,” the [New York Times](#) [reported](#) on Thursday.... The report found that much of the industry’s growth would be fueled by the bipartisan CHIPS Act, which gave the Commerce Department \$39 billion to encourage semiconductor manufacturing in the United States.... Biden administration officials have already announced awards totaling more than \$29 billion in recent months. Those included up to \$6.1 billion in grants to Micron to help the memory-chip maker build manufacturing plants in New York and Idaho. Other big chipmakers — including Samsung, TSMC and Intel—have also received awards. GlobalFoundries, Microchip Technology and BAE Systems were the first three recipients of federal money.” However, the awards require detailed agreements before the money is spent on construction.

Data DIGest is a weekly summary of economic news. Sign up [here](#). Editor: [Ken.Simonson@agc.org](mailto:Ken.Simonson@agc.org), Chief Economist, AGC. Go here for [Ken’s PPT](#) or more [construction data](#).

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