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August input and bid-price PPIs stagnate; Dodge Momentum Index soars; factories drive other plans

Input prices and bid prices for construction posted mild monthly and year-over-year (y/y) changes in August, according to data the Bureau of Labor Statistics (BLS) [posted](#) on Thursday. The **producer price index (PPI) for new nonresidential building construction**—a measure of prices that contractors say they would bid to erect a fixed set of buildings—was unchanged from July and rose 1.2% over 12 months. The PPI for material and service inputs to new nonresidential construction inched up 0.1%, not seasonally adjusted, for the month and dipped 0.2% y/y. Inputs with notable 1- or 12-month changes include: diesel fuel, down 2.0% for the month and 22% y/y; steel mill products, down 2.6% and 14%, respectively; and copper and brass mill shapes, down 1.9% for the month but up 10 y/y. AGC [posted](#) tables of construction PPIs. **BLS invited PPI users to participate in its user survey.** BLS stated, “The survey will only take a few minutes and the information you provide will help us improve our products to better meet your needs.” Readers are also invited send comments or information regarding materials costs and supply chains to ken.simonson@agc.org.

The Dodge Momentum Index rose 2.9% in August and 31% y/y, Dodge Construction Network [reported](#) on September 9. The index “is a monthly measure of the **value of nonresidential building projects going into planning**, shown to lead construction spending for nonresidential buildings by a full year.” Commercial planning “saw another month of broad-based improvements. After slowing down in recent years, warehouse projects have gained momentum over the last three months. Hotels and retail planning have been steadily expanding as well. Data centers continued to dominate large project activity, but the rate at which planning projects entered the queue moderated after several months of very strong growth. [H]ealthcare was the primary driver of this past month’s [institutional] expansion, followed by recreational planning.”

“Investors are planning to acquire or build **warehouses, hotels, office buildings and apartments near coming factories** across the Sunbelt and Rust Belt,” the [Wall Street Journal reported](#) on Wednesday. They are wagering that as new manufacturing hubs come online and create jobs they will produce a ‘multiplier effect,’ with growing employment increasing demand for homes, shopping and more. [Still, it] is possible that many semiconductor and EV projects won’t pan out, and many are already taking longer to build than initially envisioned.”

The newsletter [Data Center Frontier](#) on August 30 [posted](#) a summary of recent reports on **data center construction** from commercial real estate firms [CBRE](#) and [JLL](#). “CBRE says that under-construction activity in primary markets [in the first half (H1) of 2024 increased] 69% from a year earlier. Notwithstanding, the firm finds that a shortage of available power and longer lead times for electrical infrastructure continued to delay construction completions. In terms of the hottest markets for U.S. data center development, CBRE reports that Atlanta’s under-construction activity increased by 76% [y/y, while] Austin and San Antonio’s combined under-construction activity reportedly more than quadrupled from a year ago....While admitting that U.S. data center construction continued at an extraordinary pace in H1 2024, JLL notes that colocation capacity under construction leveled off in [H1], a potential signal that the U.S. power grid cannot support development at a faster pace. Notwithstanding, JLL reports that U.S. data center construction has increased by more than seven times in the past two years....CBRE expects that power delivery timelines will continue to increase in H2 2024 due to a **shortage of** readily available equipment, such as **transformers, switches and generators**. The firm predicts that difficulty in procuring critical equipment will lead to power delivery delays of up to four years.”

In 2023, “approximately 7% of **multifamily buildings** (properties, not units) were **built using modular and panelized methods**, marking the highest level in the last two decades,” the National Association of Home Builders [posted](#) on Thursday, based on its analysis of completion data from the Census Bureau’s [Survey of Construction](#). This is significantly higher than the 2% share in 2022 and 1% share in 2018-2021. It is notable that modular construction methods accounted for 5% of this share, whereas in previous years it was only panelized construction methods that made up the small share of non-site build methods in multifamily construction. Prior to last year, the highest levels of modular and panelized methods share in multifamily construction was in 2000 and 2011, where 5% of multifamily buildings were constructed with modular (1%) or panelized construction methods (4%).”

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