



AGC
THE CONSTRUCTION
ASSOCIATION

June 2024

US Construction Outlook: Torrid or Tepid?

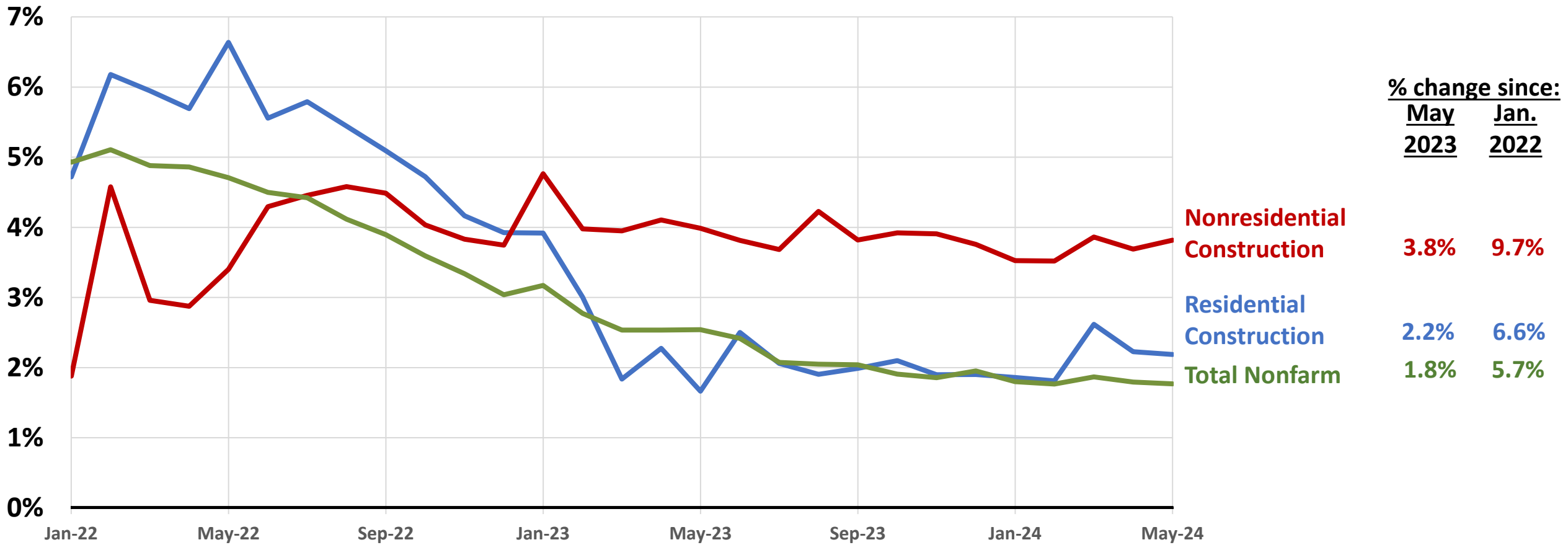
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Total nonfarm & construction employment, Jan. 2022–May 2024

Year-over-year change, seasonally adjusted



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

Construction employment change by state, Apr. 2023-Apr. 2024 (U.S.: 3.1%)

39 states **up**, 11 states & DC **down**

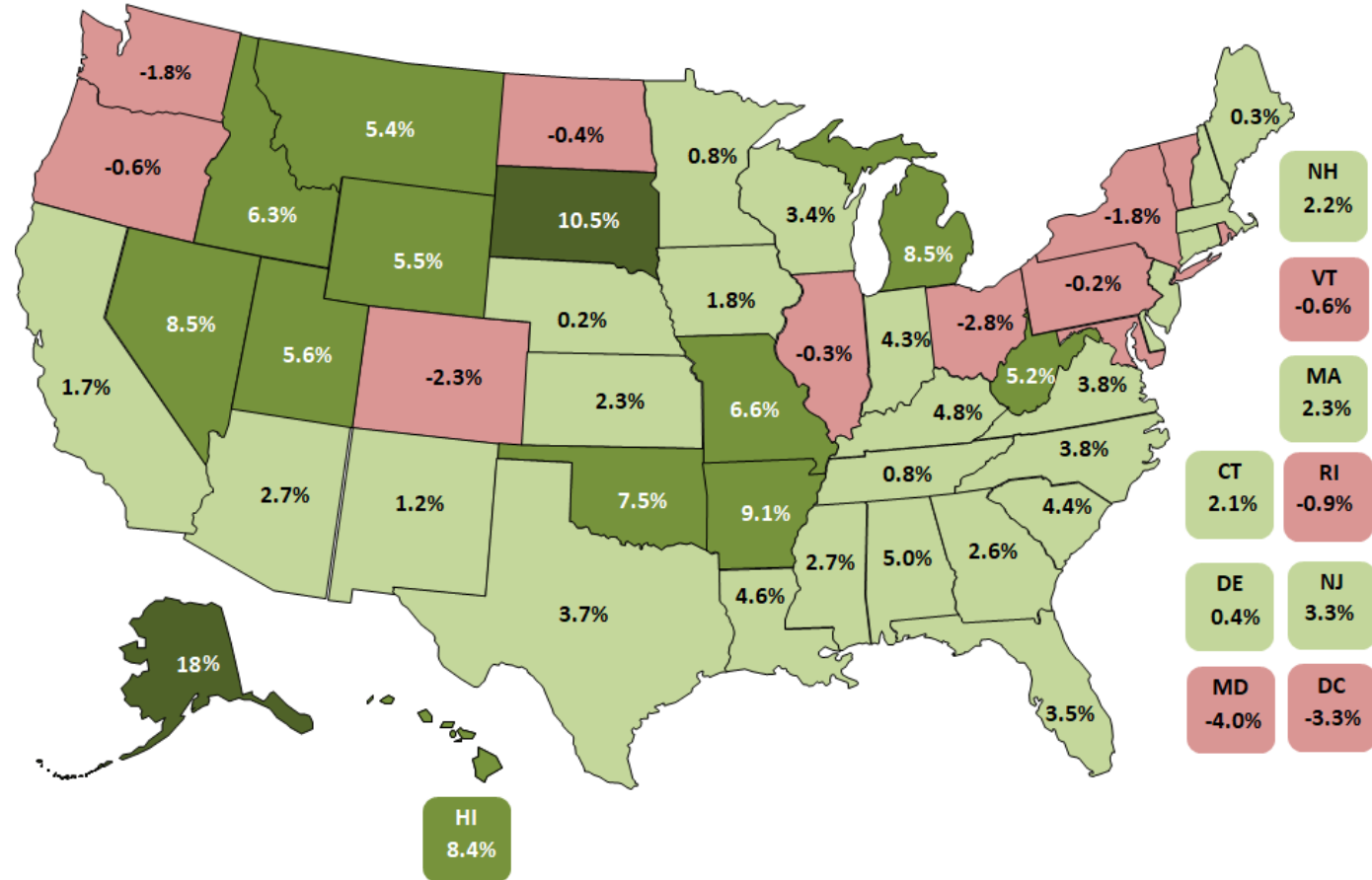


Top 5

AK	18.0%
SD	10.5%
AR	9.1%
NV, MI	8.5%

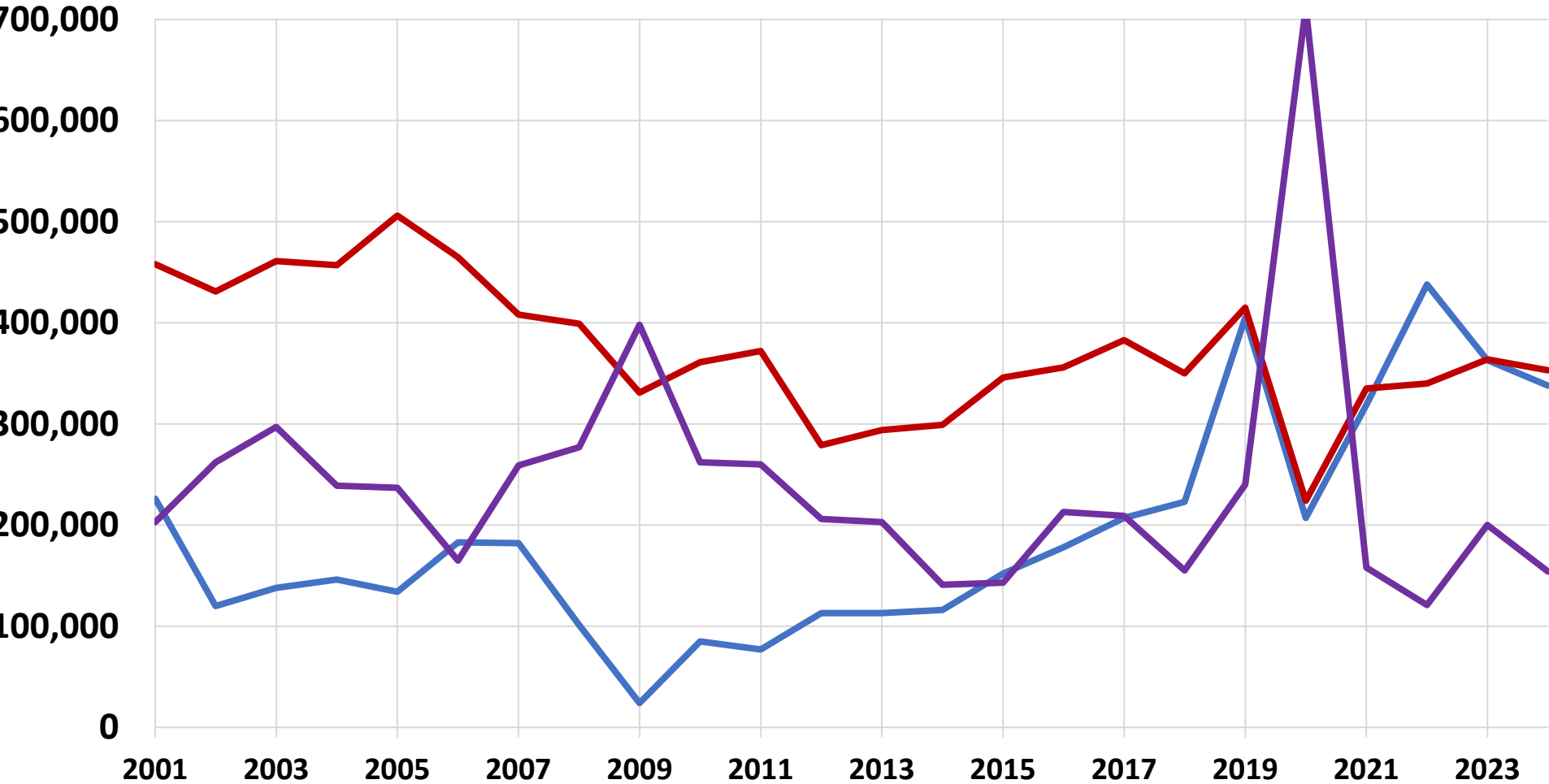
Bottom 6

MD	-4.0%
DC	-3.3%
OH	-2.8%
CO	-2.3%
WA, NY	-1.8%



Construction job openings, hires & layoffs

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

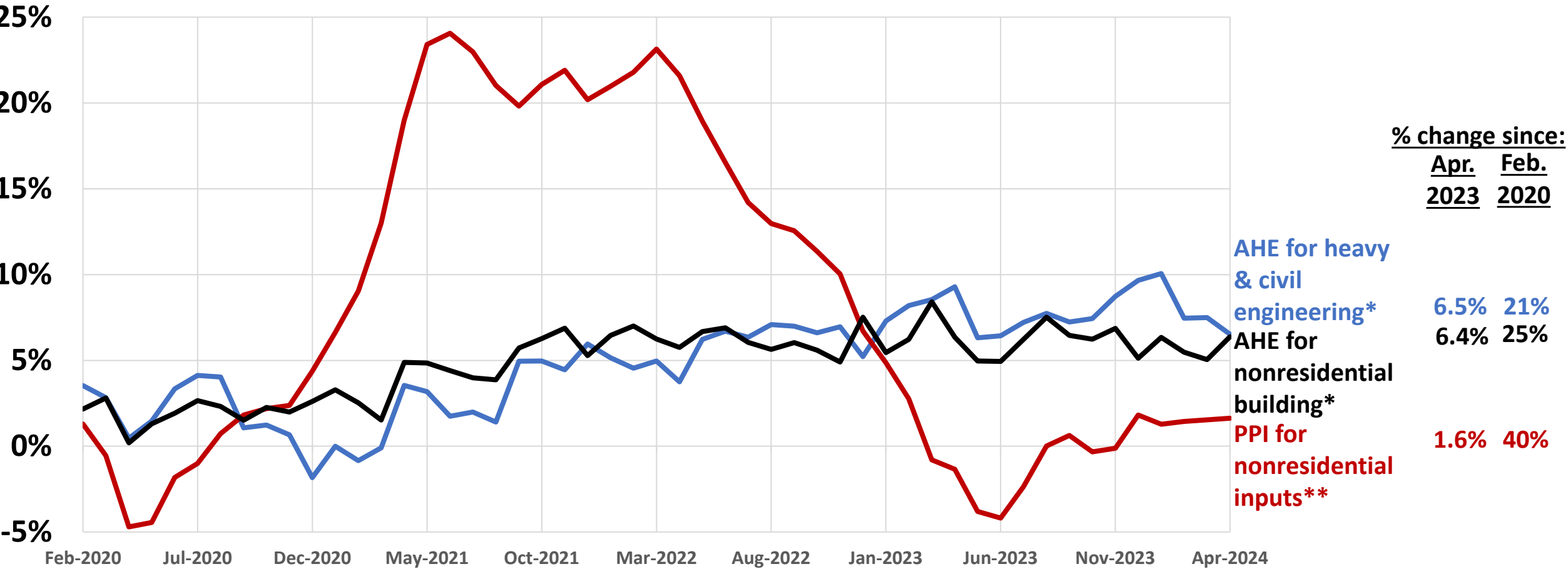


	<u>April 2024</u>	<u>12-mo # change:</u>
Hires	353,000	-11,000
Job openings	338,000	-25,000
Layoffs & discharges	154,000	-46,000

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 – Apr. 2024



*Seasonally adjusted (SA)

**Not seasonally adjusted (BLS does not post SA data for this series)

Some construction costs remain volatile

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



May 2024 change from:

Apr. 2024 May 2023
(1 month) (12 months)

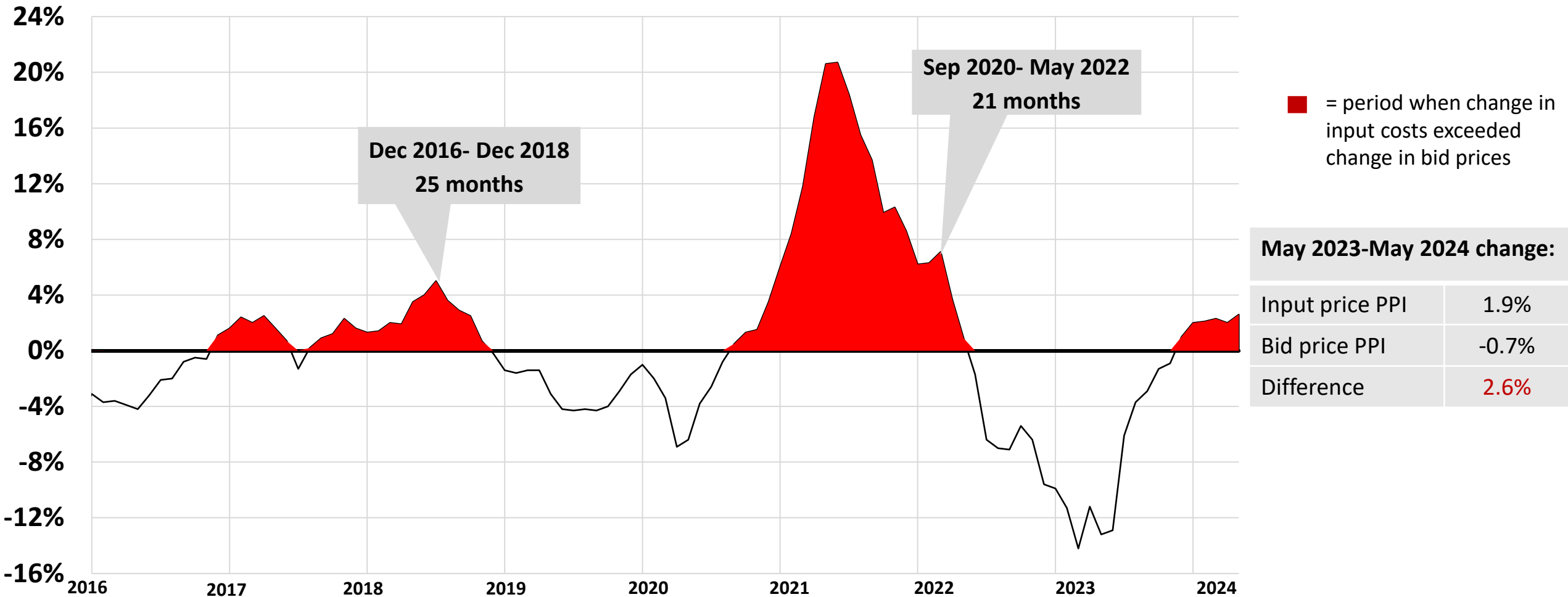
Copper and brass mill shapes	4.5%	9.6%
Aluminum mill shapes	4.4%	-0.6%
Diesel fuel	-20%	-13%

Subcontractor price indexes, nonresidential building work

Roofing contractors	-0.3%	0.9%
Plumbing contractors	0.0%	1.0%
Electrical contractors	0.1%	-2.3%
Concrete contractors	0%	0.5%

Cost squeeze on contractors can reappear suddenly

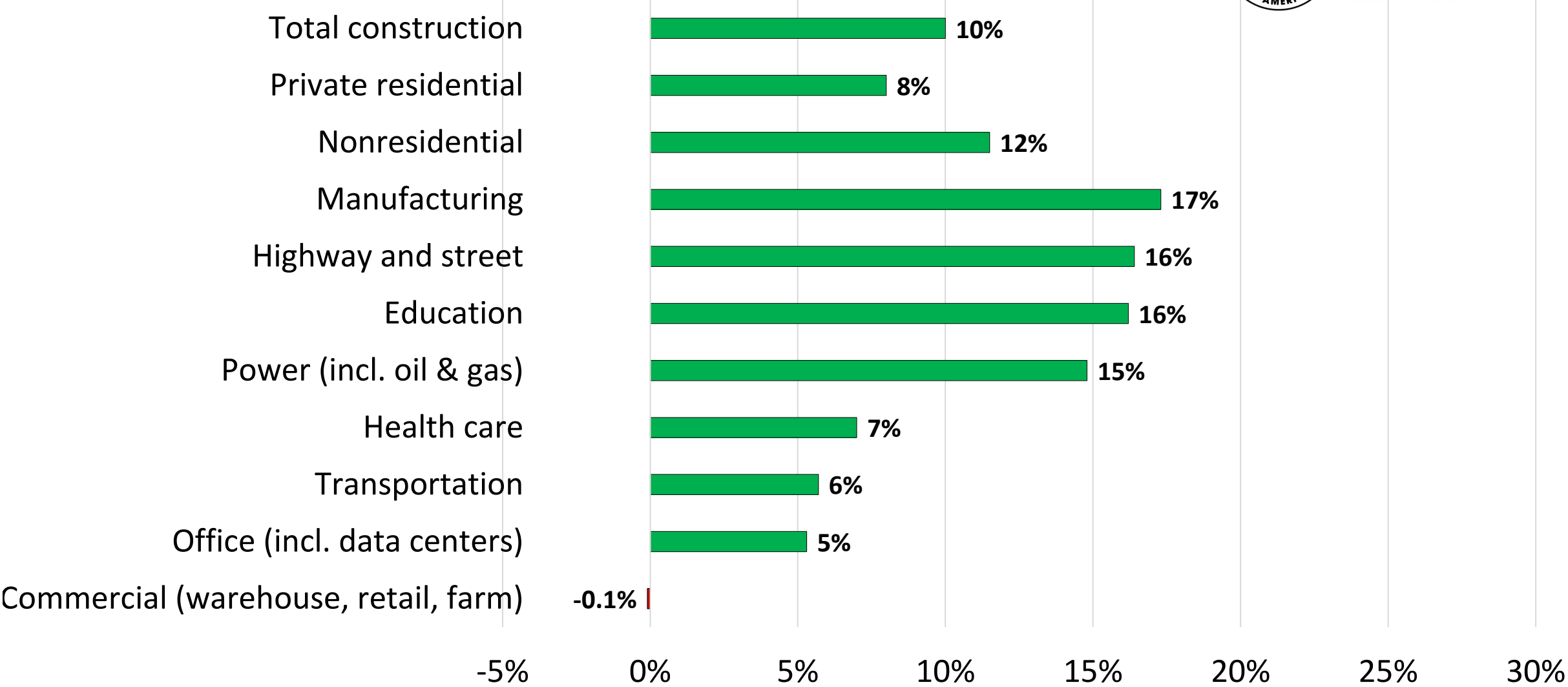
Difference between year-over-year change in materials costs vs. bid prices, Jan 2016-May 2024



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

Change in construction spending: April 2024 vs. April 2023

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



Change in construction spending: April 2024 vs. April 2023

current (not inflation-adjusted) dollars, seasonally adjusted



Total 10%: Private residential 8% (single-family 20%; multi 2%; **improvements -4%**); public residential 18%
Nonresidential 12% (private 8%, public 17%)

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

- Mfg. 17% (computer/electronic 23%; chemical 0.7%; transportation equipment 63%; **food/beverage/tobacco -24%**)
- Highway and street 16%
- Power 15% (electric 17%; oil/gas fields & pipelines 2%)
- **Commercial -0.1%** (**warehouse -7%**; retail 10%; farm 2%)
- Education 16% (primary/secondary 15%; higher ed 19%)
- Office (including data centers) 5%
- Health care 7% (hospital 8%; medical building 8%; special care 7%)
- Transportation 6% (air 12%; private rail/truck 6%; **transit -18%**)
- Other: Sewage/waste 9%; Amuse/recreation 16%; Water supply 22%; Communication 3%; **Lodging -2%**; **Conservation/development -5%**

Medium-term outlook for construction



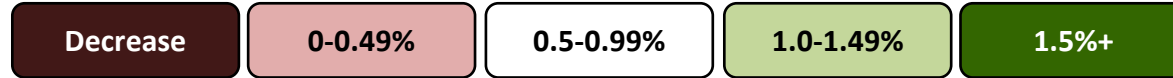
- Economic recovery: will continue but with sticky inflation & interest rates
- Single-family: revival should continue despite 7% mortgage rates
- Multifamily, warehouse, office: steep drops likely as vacancies and costs climb
- Data center, manufacturing construction, power, infrastructure: strong growth
- 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%)

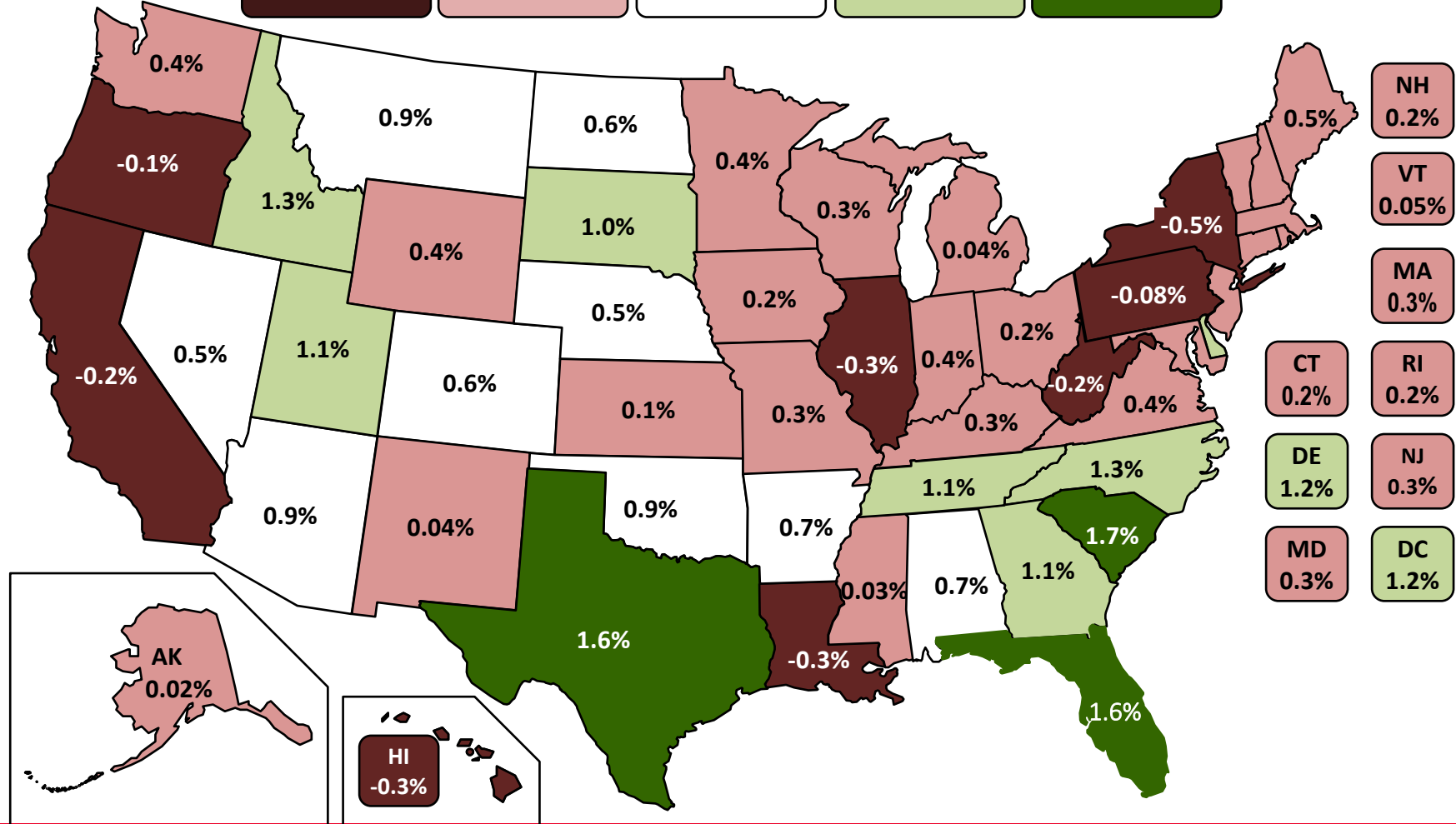


Top 5

SC	1.7%
FL	1.6%
TX	1.6%
ID	1.3%
NC	1.3%

Bottom 5

NY	-0.5%
LA	-0.3%
HI	-0.3%
IL	-0.3%
WV	-0.2%



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](http://www.agc.org/learn/construction-data)
- Monthly [press releases](http://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/)



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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 \$46,310, "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](#)

