AGC THE CONSTRUCTION ASSOCIATION

Data Digest

WWW.AGC.ORG

Vol. 24, No. 31 August 19-23, 2024

ConstructConnect, Dodge diverge on year-to-date starts; ABI sinks again; solar tops power additions

Reports this week on construction starts from construction data providers ConstructConnect and Dodge Construction Network again show divergent trends for various types of projects. The **value of construction starts** decreased 1.9% year-to-date in the first seven months of 2024 compared to January-July 2023, ConstructConnect reported on Monday. **Nonresidential building starts** fell 12%, with institutional up 1.1%, commercial down 5.4%, and industrial (manufacturing) down 41%. **Heavy engineering (civil) starts** rose 15%, with roads up 1.5%, water/sewage up 24%, miscellaneous (power, etc.) up 31%, and bridges up 18%. **Residential starts** fell 3.1%, with single-family up 8.1% and apartment starts down 22%.

Total **construction starts** rose 10% from June to July at a seasonally adjusted annual rate, Dodge Construction Network reported on Thursday. **Nonbuilding starts** jumped 19% and **nonresidential starts** soared 25% but **residential starts** declined 8%. On a year-to-date basis through July, total construction starts were up 6% from the first seven months of 2023. Residential starts were up 11%, nonresidential building starts rose 5%, and nonbuilding starts were unchanged.

The **Architecture Billings** Index (ABI) rose from a downwardly revised 46.4 in June, seasonally adjusted, to 48.2 in July but remained below the breakeven 50 mark for the 18th-straight month, the American Institute of Architects (AIA) reported on Wednesday. AIA calls the index "a leading economic indicator of construction activity, providing an approximately 9-to-12-month glimpse into the future of nonresidential construction spending activity." The ABI is derived from the share of responding architecture firms that report a gain in billings compared to the previous month less the share reporting a decline in billings, presented on a 0-to-100 scale. The reading for an index for newly signed design contracts was 46.5, the fourth month in a row below 50. "[43%] of responding firm leaders indicated that the **length of time for design activities** has increased in recent years[, 23% said it] has decreased, while…34% said that it has stayed about the same. At firms where design time for typical projects has increased in recent years, [28%] indicated that difficulties with permitting, zoning, environmental restrictions, community opposition, etc. was the one most significant issue in increased design time, followed by 20% who selected delays caused by client difficulties in obtaining project financing…At firms where design time for typical projects has decreased in recent years, [68%] of responding firm leaders…indicated that greater urgency by clients in getting design completed was a very important factor in the decrease in design time."

"[D]evelopers and power plant owners added 20.2 gigawatts (GW) of utility-scale **electric generating capacity** in the United States during the first half of 2024," the Energy Information Administration reported on Monday. "This new capacity is 3.6 GW (21%) more than the capacity added during the first six months of 2023. Based on the most recently reported data, developers and owners expect to add another 42.6 GW of capacity in the second half of the year….As in 2023, **solar** accounted for the largest share of newly operating generating capacity in the United States during the first half of 2024[, totaling] 12 GW, 59% of all additions. Texas and Florida made up 38% of U.S. solar additions." **Battery storage** made up 21% (4.2 GW) of capacity additions, followed by **wind power**, 12% (2.5 GW). "Battery additions were concentrated in four states: California (37% of the U.S. total), Texas (24%), Arizona (19%), and Nevada (13%)….Developers plan to add 42.6 GW of new capacity in the United States in the second half of 2024. Nearly 60% of that planned capacity is from solar (25 GW), followed by battery storage (10.8 GW) and wind (4.6 GW). If utilities add all the solar capacity they are currently planning, solar capacity additions will total 37 GW in 2024, a record in any one year and almost double last year's 18.8 GW. Utilities could also add a record amount of battery storage capacity this year (15 GW) if all planned additions come online. Plans for storage capacity in Texas and California currently account for 81% of new battery storage capacity in the second half of the year."

Commercial Property Executive on August 5 listed "Top **destinations for corporate relocations**," a major driver for office construction and a contributor to demand for housing, schools, and consumer-focused private nonresidential construction. The article lists Texas (Dallas and Austin) first, followed by Florida (Miami and Orlando but also mentioning Fort Lauderdale and Delray Beach), Colorado (Denver), Georgia (Atlanta), and Tennessee (Nashville and Knoxville). In an August 13 article on "Top 5 markets for **industrial deliveries**," Dallas-Fort Worth ranked first, followed by the Inland Empire (California), Phoenix, Chicago, and Austin. However, "Construction starts fell to less than half of completions…"

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