



June 7, 2021

U.S. Construction Outlook: Pandemic Impacts, Policy Initiatives, Project Implications

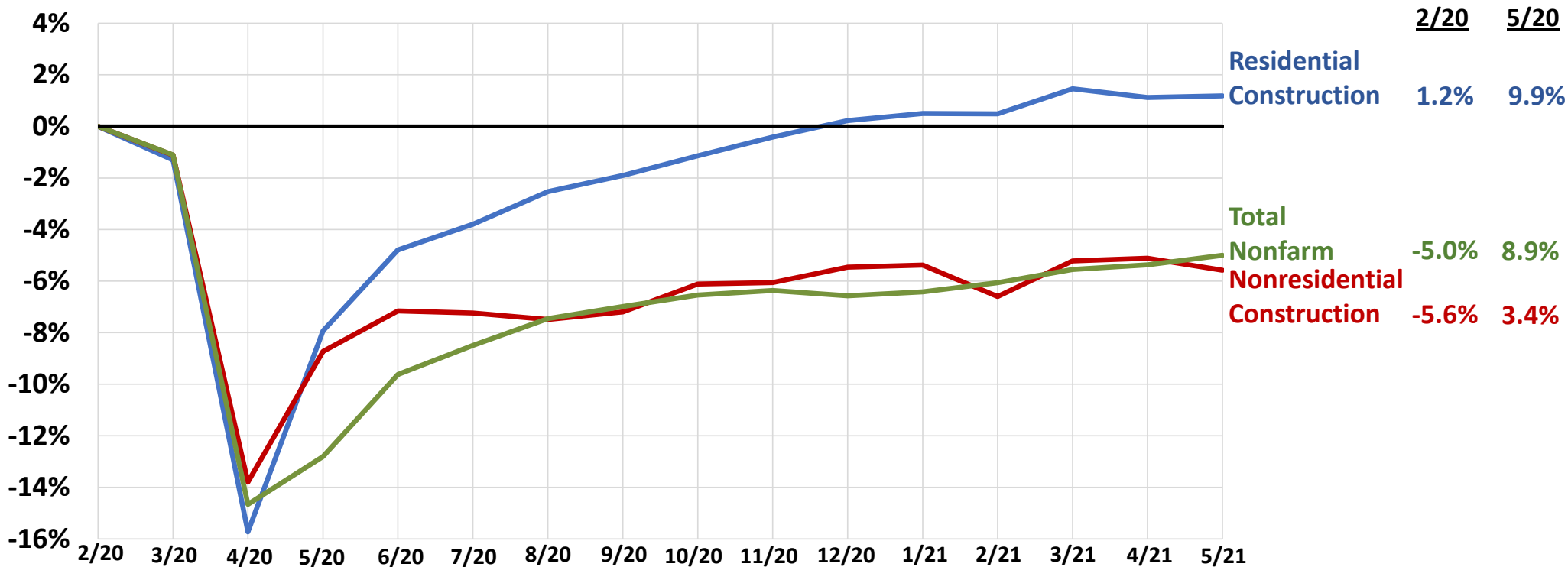
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Total Nonfarm & Construction Employment, Feb. 2020–May 2021

cumulative change (seasonally adjusted)

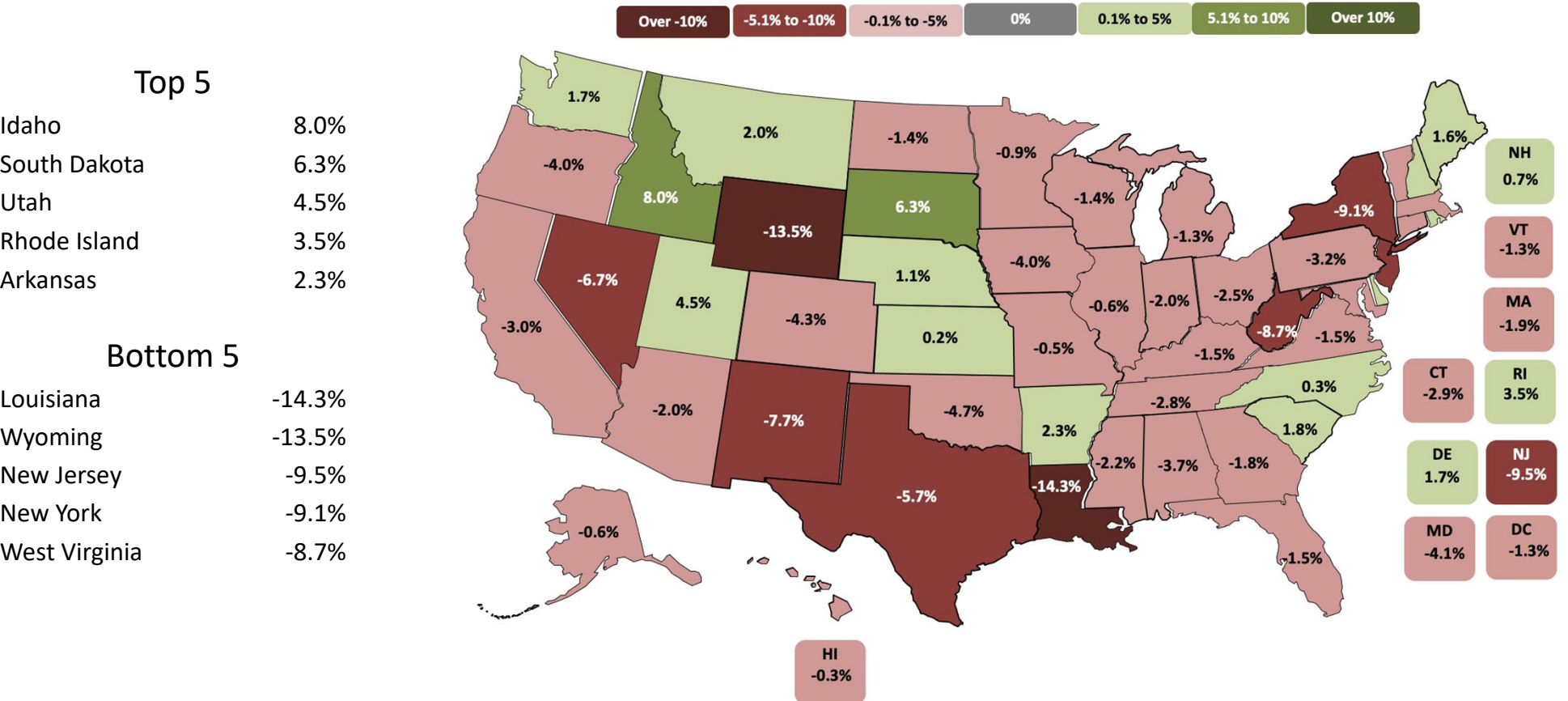


Change to 5/21 from:



State construction employment change, Feb. 2020–Apr. 2021

14 states **up**, 36 states and DC **down** (U.S.: **-2.6%**)

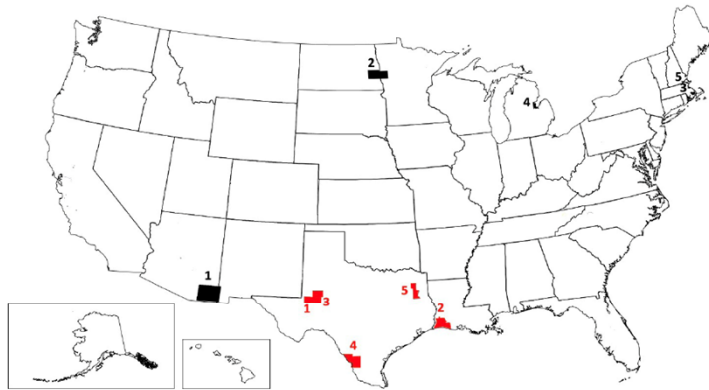


Metro construction employment change, Feb. 2020–Apr. 2021

217 metros **up**, 34 metros **unchanged**, 107 metros **down (U.S.: -2.6%)**



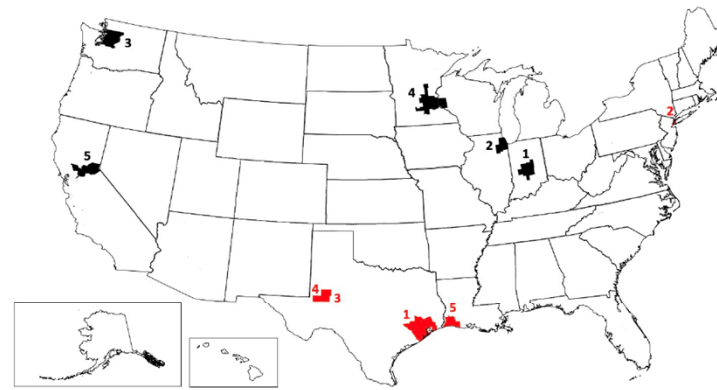
Metro Areas with Largest Percent Changes in Construction Employment, February 2020–April 2021



Top 5 Areas	14-month % gain
1 Sierra Vista-Douglas, AZ	44%
2 Fargo, ND-MN	34%
3 Lawrence, MA	29%
4 Bay City, MI	27%
5 Taunton, MA	22%

Bottom 5 Areas	14-month % loss
1 Odessa, TX	-39%
2 Lake Charles, LA	-36%
3 Midland, TX	-26%
4 Laredo, TX	-23%
5 Longview, TX	-23%

Metro Areas with Largest Construction Employment Changes, February 2020–April 2021



Top 5 Areas	14-month gain
1 Indianapolis, IN	7,900
2 Chicago-Naperville, IL	6,300
3 Seattle, WA	6,200
4 Minneapolis-St. Paul-Bloomington, MN-WI	5,900
5 Sacramento, CA	5,300

Bottom 5 Areas	14-month loss
1 Houston, TX	-29,300
2 New York City, NY	-22,300
3 Midland, TX	-9,800
4 Odessa, TX	-8,000
5 Lake Charles, LA	-7,200

Year-to-date construction spending: Jan-April 2021 vs. Jan-April 2020 (seasonally adjusted at annual rate)



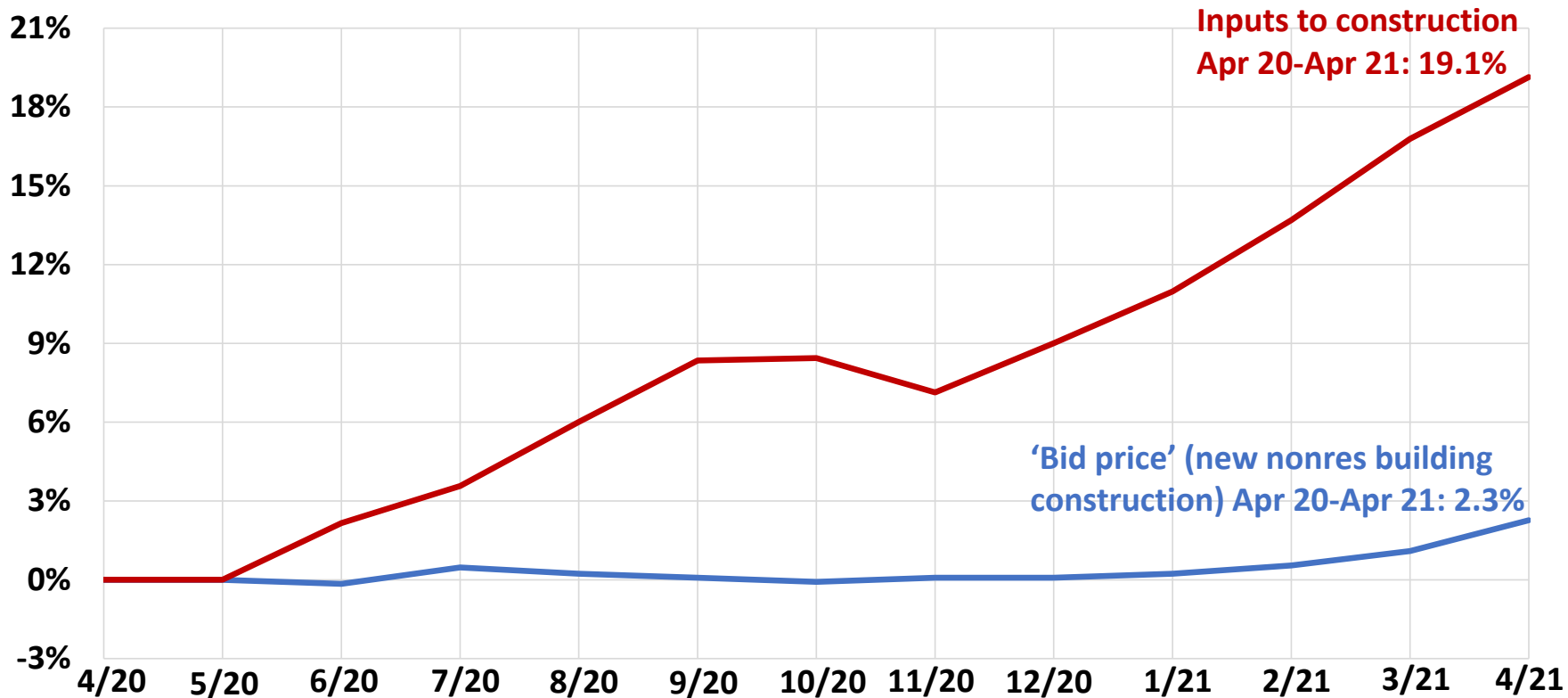
- Total 6%; private residential 22% (single-family 30%; multi 19%); private nonres -8%; public -2%

Largest segments (in descending order of 2021 year-to-date spending)

- Power -8% (electric -10%; oil/gas fields & pipelines -5%)
- Education -6% (primary/secondary 1%; higher ed -16%)
- Office -3%
- Commercial -5% (warehouse 12%; retail -22%)
- Mfg. -5% (chemical 4%; transp. equip. -7%; electronic -25%; food/beverage/tobacco 14%)
- Highway and street -4%
- Transportation -2% (air -5%; freight rail/trucking -2%; mass transit 8%)
- Health care -3% (hospital -1%; medical building -3%; special care -7%)
- Lodging -25%

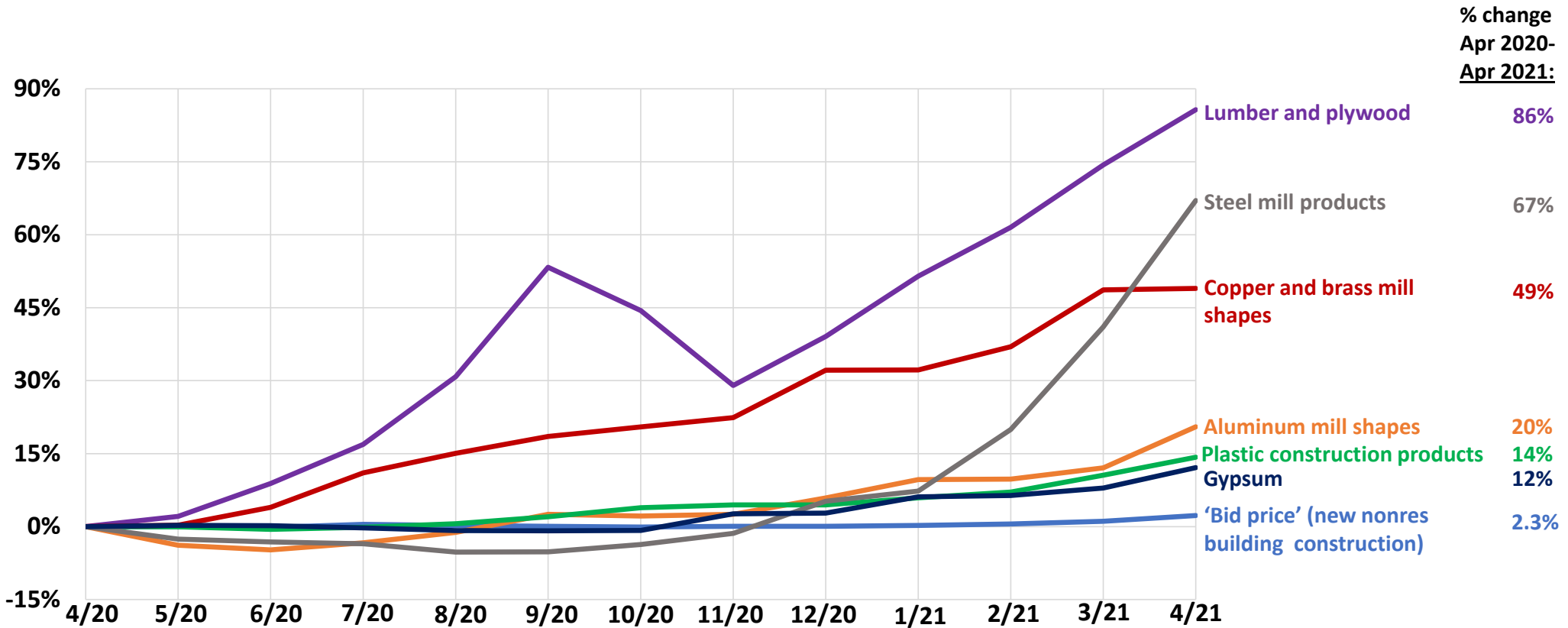
Construction input and 'bid price' producer price indexes (PPIs)

cumulative change in PPIs, Apr 2020 - Apr 2021 (not seasonally adjusted)



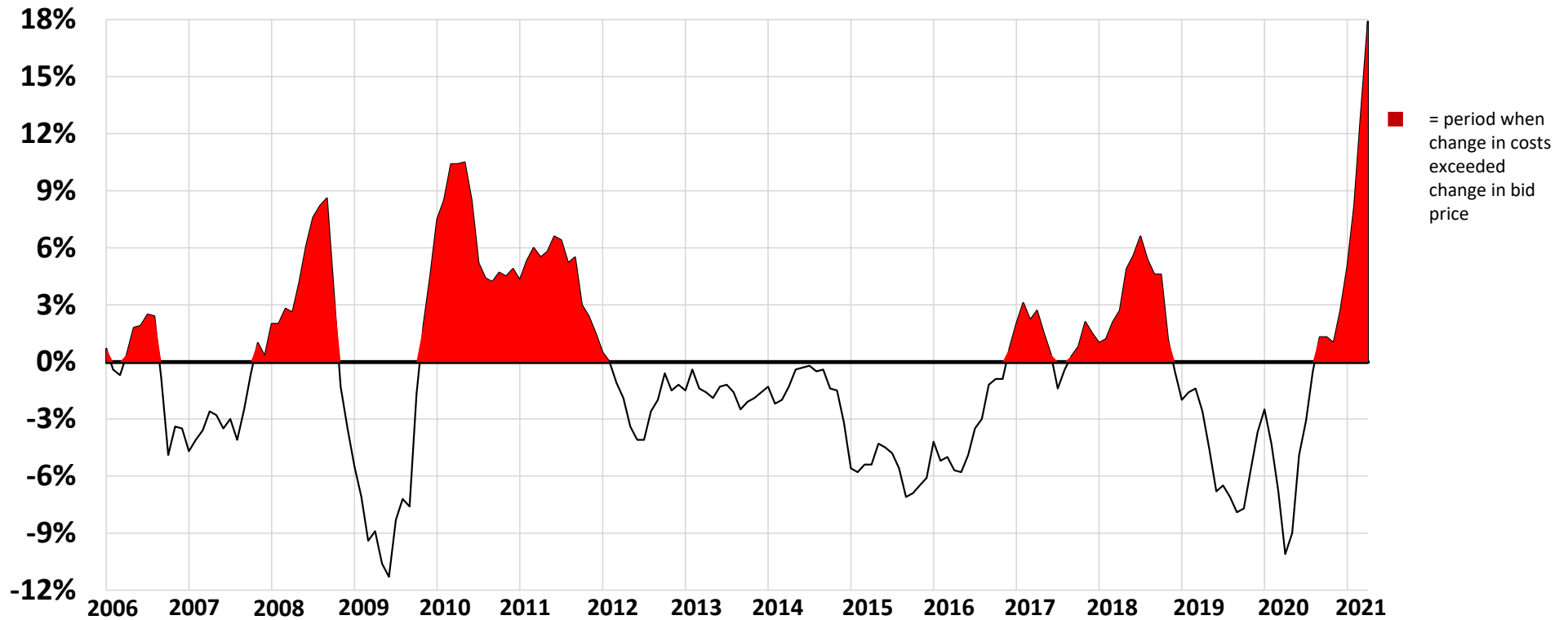
PPIs for construction and selected inputs

cumulative change in PPIs, Apr 2020 - Apr 2021 (not seasonally adjusted)



Cost squeeze on contractors can last two years or more

Difference between year-over-year change in materials costs vs. bid prices, Jan 2006-Apr 2021



Source: Bureau of Labor Statistics, producer price indexes for goods inputs to nonresidential construction (material costs) and new warehouse construction (bid prices)

AGC's responses to material cost and supply-chain issues



- *Construction Inflation [Alert](#):*

https://www.agc.org/sites/default/files/AGC%202021%20Inflation%20Alert_2_1.pdf

- [Recording](#) of webinar on “Soaring Material and Supply-Chain Costs and Delays”:
https://store.agc.org/Store/CSI/Store/Product_List_WebEds.aspx
- Presentations to government contracting officials and owner groups
- Participating in coalitions lobbying for tariff relief on lumber, steel, aluminum, and products
- Directly lobbying White House officials for relief on lumber

Medium-term impacts as recovery begins



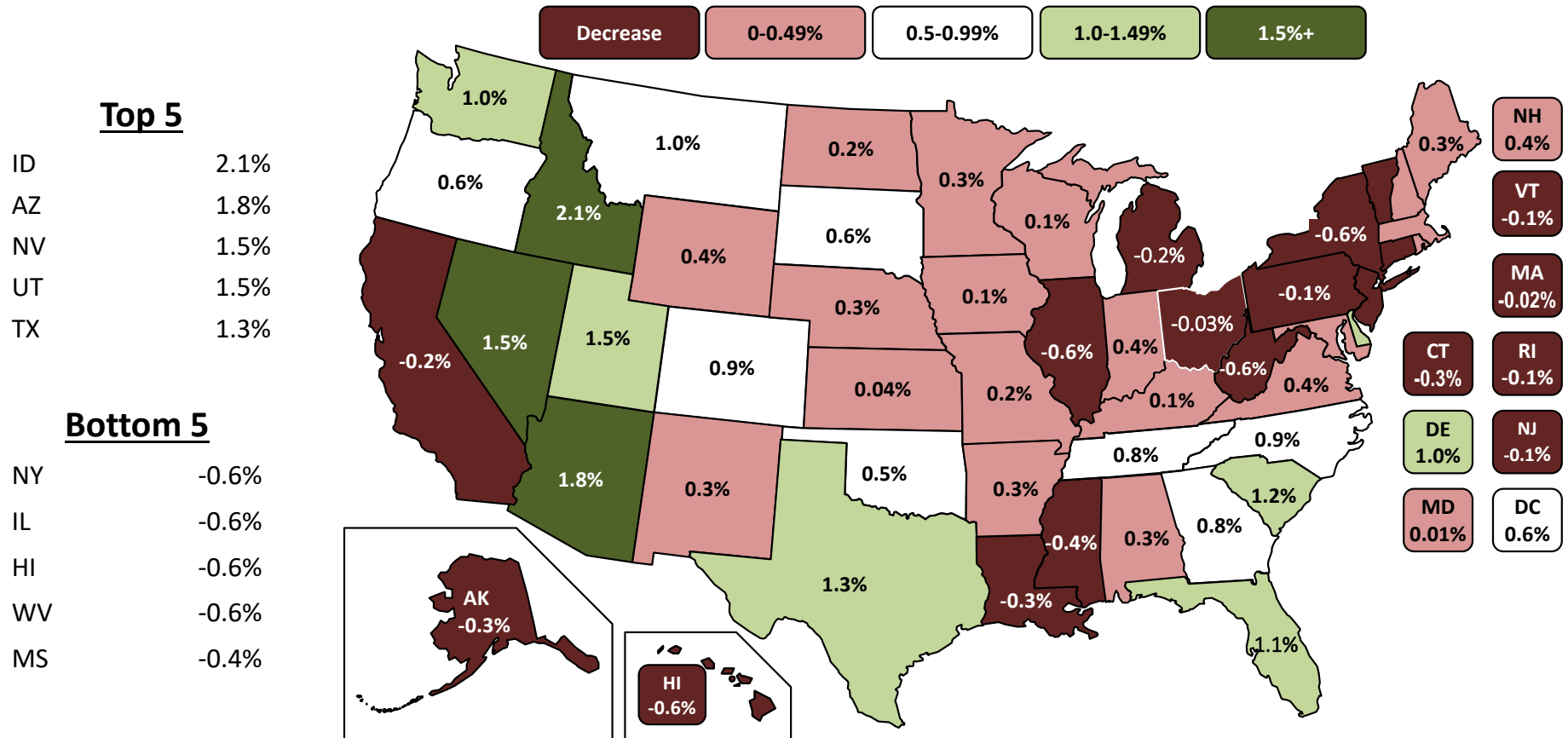
- Economic recovery looks more certain but virus risks remain
- Slower rebound than for other sectors as owners, investors/lenders, institutions and public agencies have lost revenue and face uncertainty about future demand
- Best private prospects: remodeling, local distribution centers, data centers, restaurants
- Less demand than pre-crisis for retail, offices, higher ed, lodging & travel-related
- Less near-term demand for sports, entertainment, cultural facilities
- Best public prospects: K-12 schools
- Unclear how states and localities will spend added federal dollars
- Additional federal highway funding likely; other infrastructure remains uncertain

Long-run construction outlook (post-pandemic)



- Slower population growth means slower demand growth for most 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
- Less oil drilling, pipelines, gas stations, auto repair
- Continuing demand for K-12 but much less for higher ed construction
- Not clear if offices will decentralize or remain in less demand
- No sign of change yet in urban/rural or state-to-state trends

Population change by state, July 2019–July 2020 (U.S.: 0.35%)

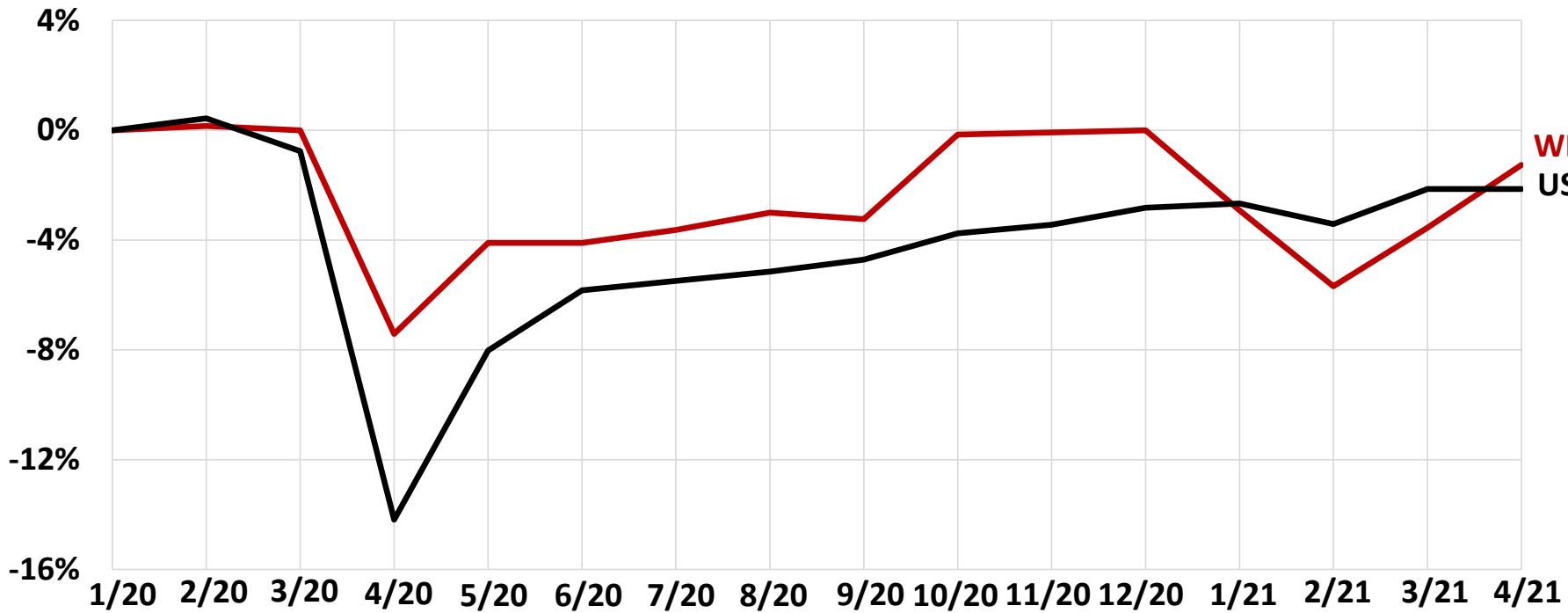


US & Wisconsin Construction Employment

Cumulative change, Jan 2020-Apr 2021, seasonally adjusted

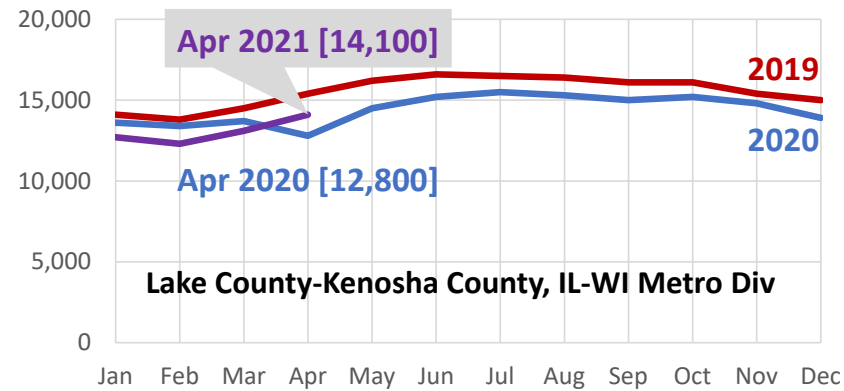
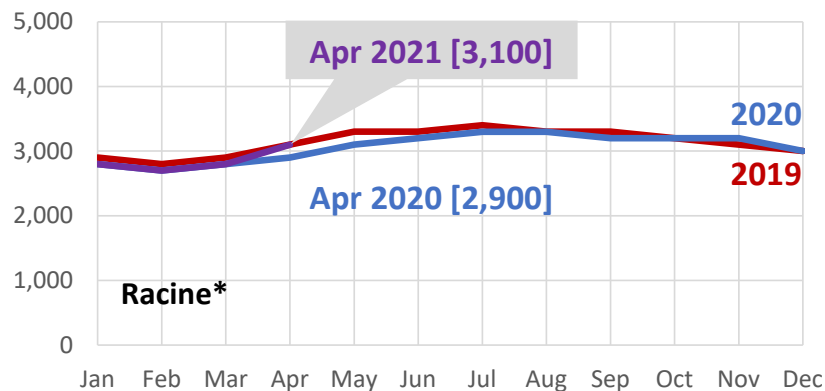
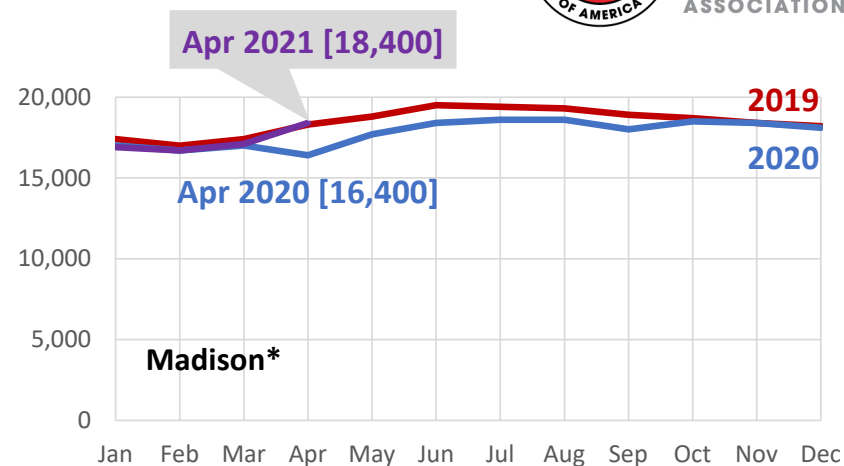
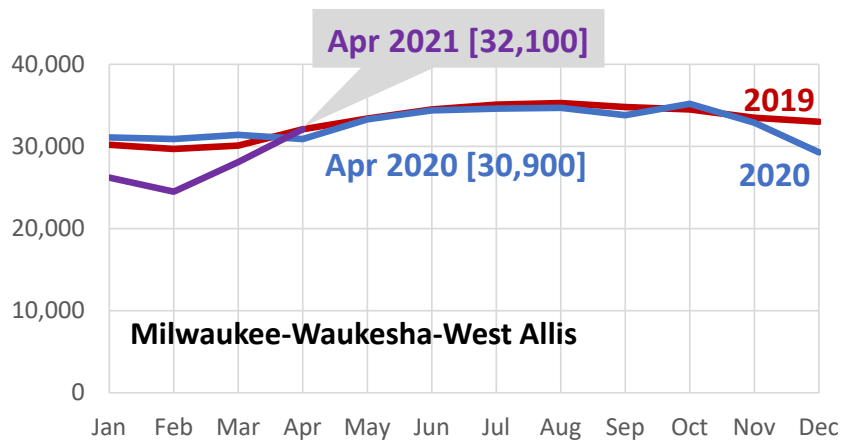


% change
Jan 2020-
Apr 2021:



Wisconsin Metro Area Construction Employment

January 2019–April 2021, not seasonally adjusted



AGC economic resources

(email ken.simonson@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at <http://store.agc.org>)
- *Construction Inflation Alert*:
https://www.agc.org/sites/default/files/AGC%202021%20Inflation%20Alert_2_1.pdf
- March 2021 *Survey*: <https://www.agc.org/news/2021/03/11/latest-coronavirus-survey-results>
- Other surveys, state and metro data, fact sheets: www.agc.org/learn/construction-data
- Monthly press releases: construction spending; national, state, metro employment with rankings

