Quality People.
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Construction Spending, Labor and Materials Outlook

2018 Realtors® Legislative Meetings & Trade Expo

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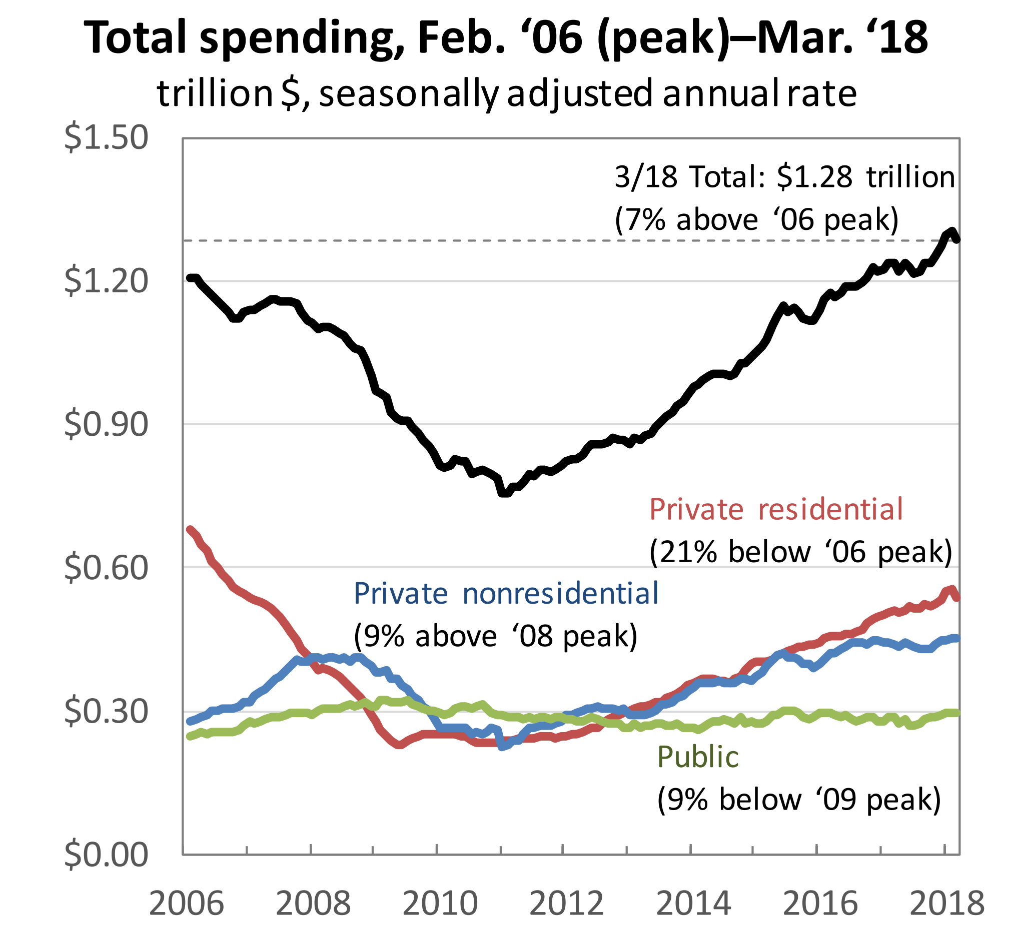
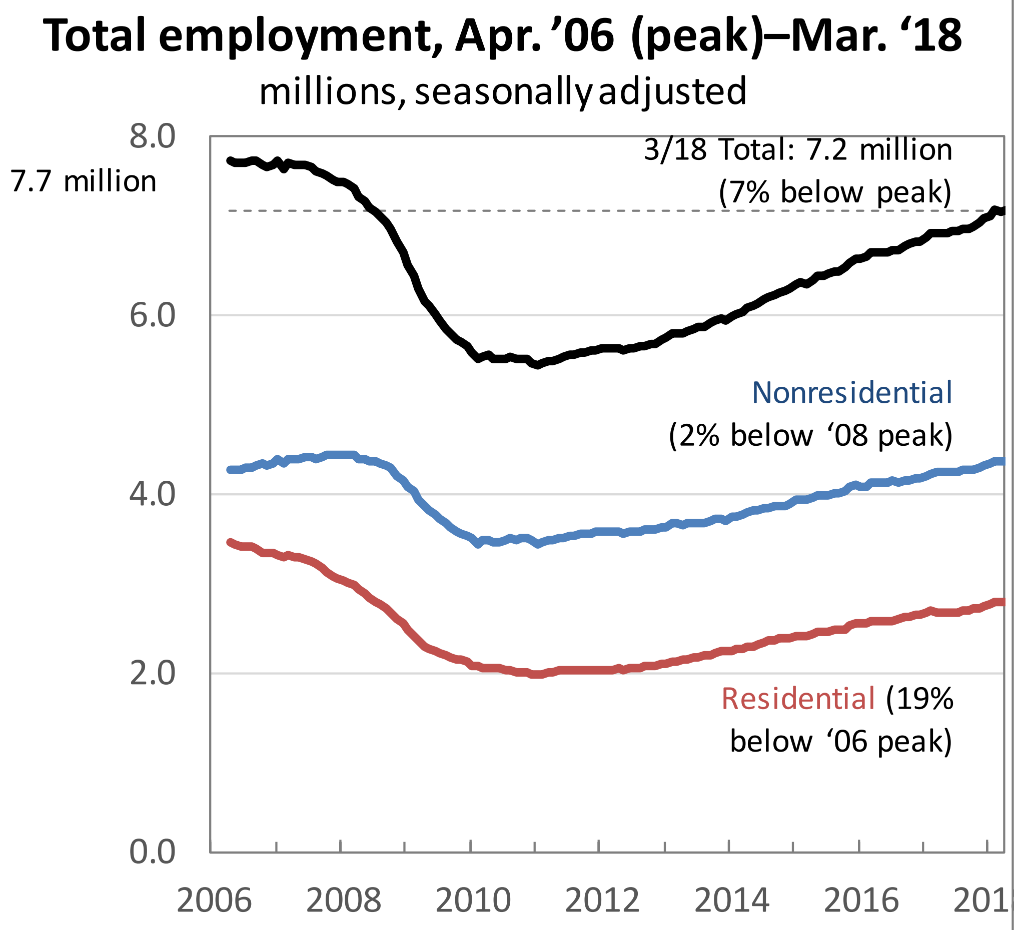
Construction spending & employment, 2006–2018

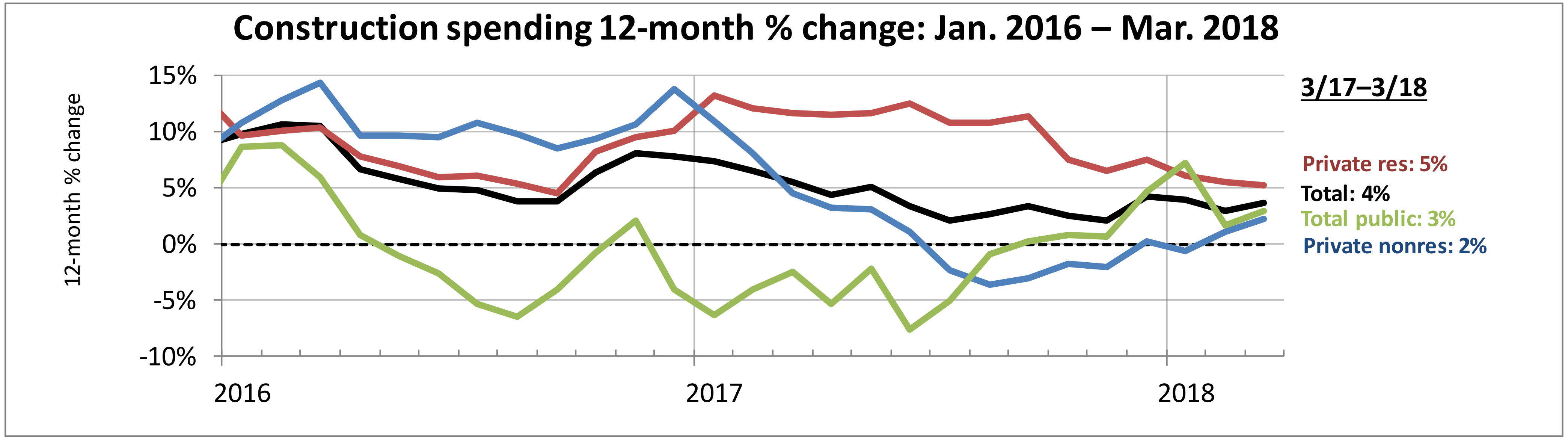


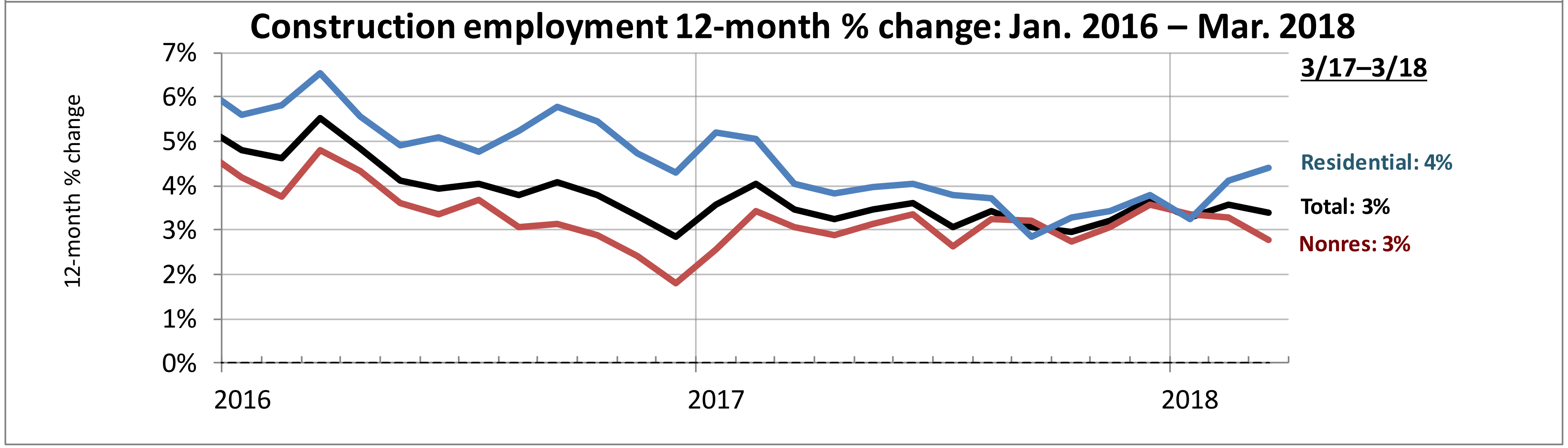
Mar. 2017–Mar. 2018: total 3.6%
private res. 5%, private nonres. 2%, public 3%



Mar. 2017–Mar. 2018: total 3.3%
residential 4.3%, nonresidential 2.7%

Construction spending & employment, 2016–2018

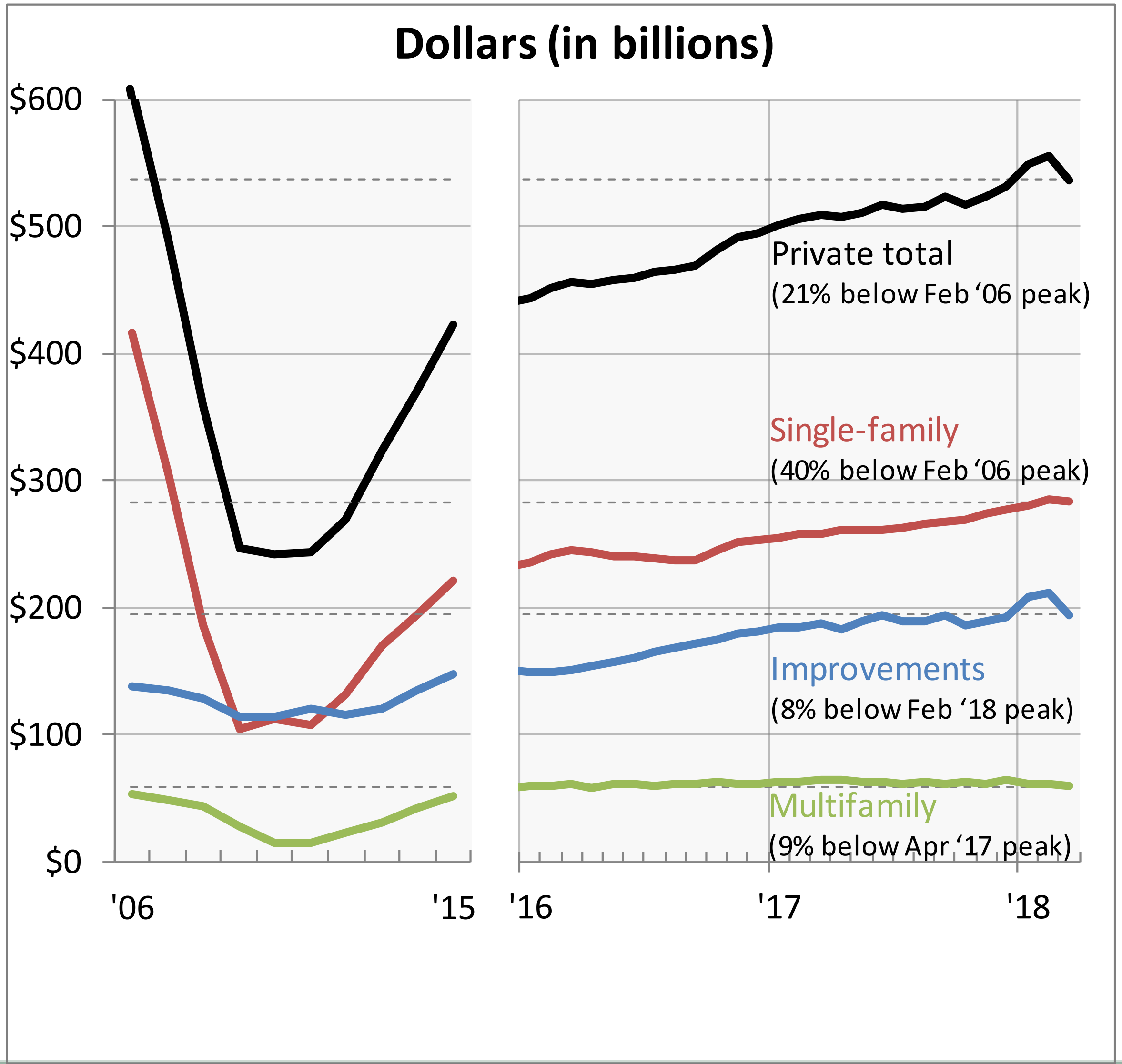


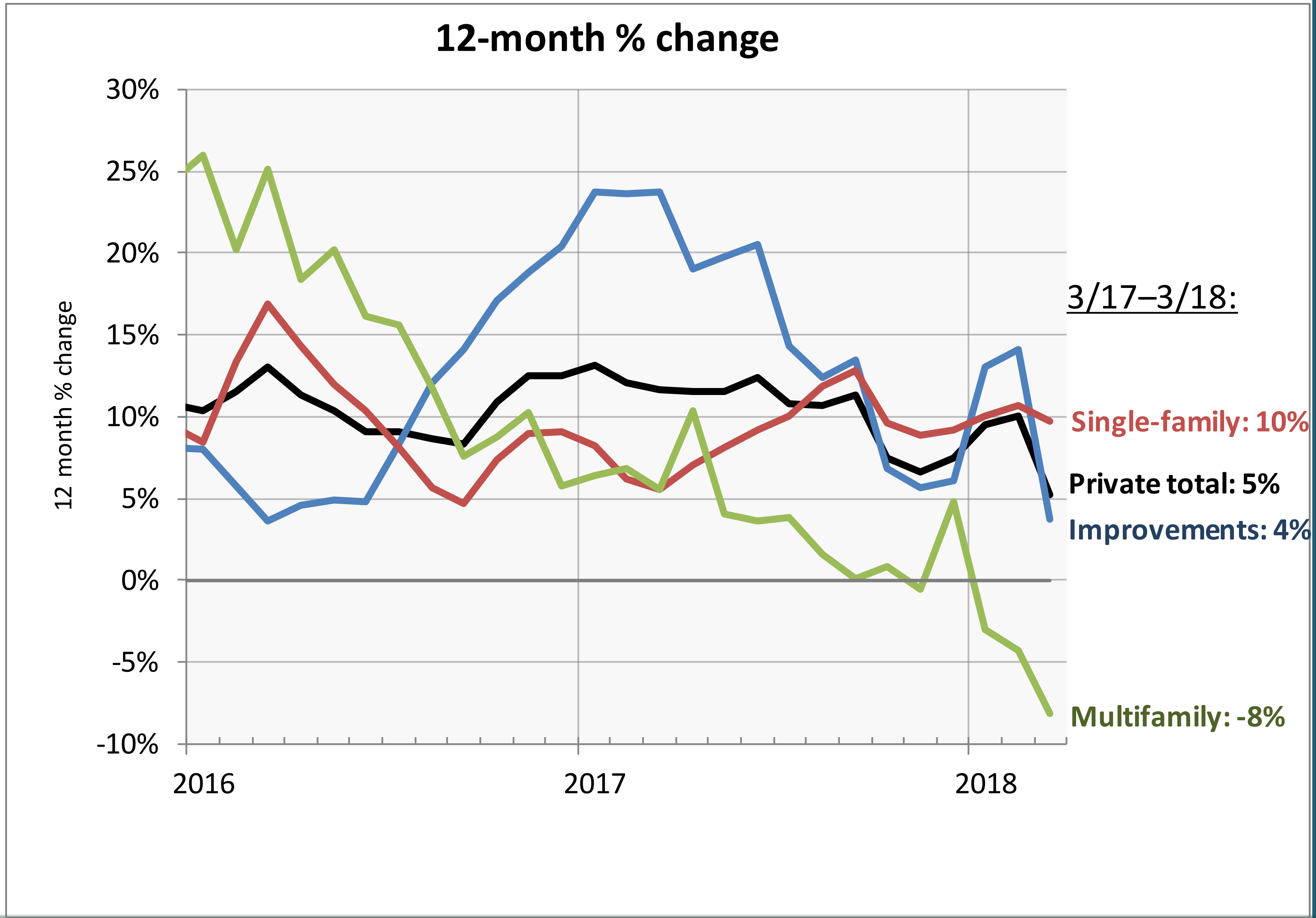


Source: spending--U.S. Census Bureau; employment--Bureau of Labor Statistics

Private residential spending: steady single-family growth, slower multifamily

annual total, 2006–15; monthly (seasonally adjusted annual rate), 1/16–3/18; billion $





Residential spending forecast--2018: 6-9% growth (11% in 2017)

- SF: **8-10% growth in 2018** (9% in 2017); rising interest rates, tax law changes, student debt will limit number of potential buyers
- MF: **near 0 change in 2018** (4% in 2017)
  - occupancy rates, rents have leveled off; but permits are rising, implying rebound in 2019
  - millennials are staying longer in cities and denser suburbs where MF construction is bigger share of market than in outer suburbs
  - nearly all MF construction is rental, not condo; more high-rises
- Improvements: **10-15% growth in 2018** (16% in 2017); unpredictable because Census lacks reliable data source; post-storm reconstruction may boost totals

Source: Author

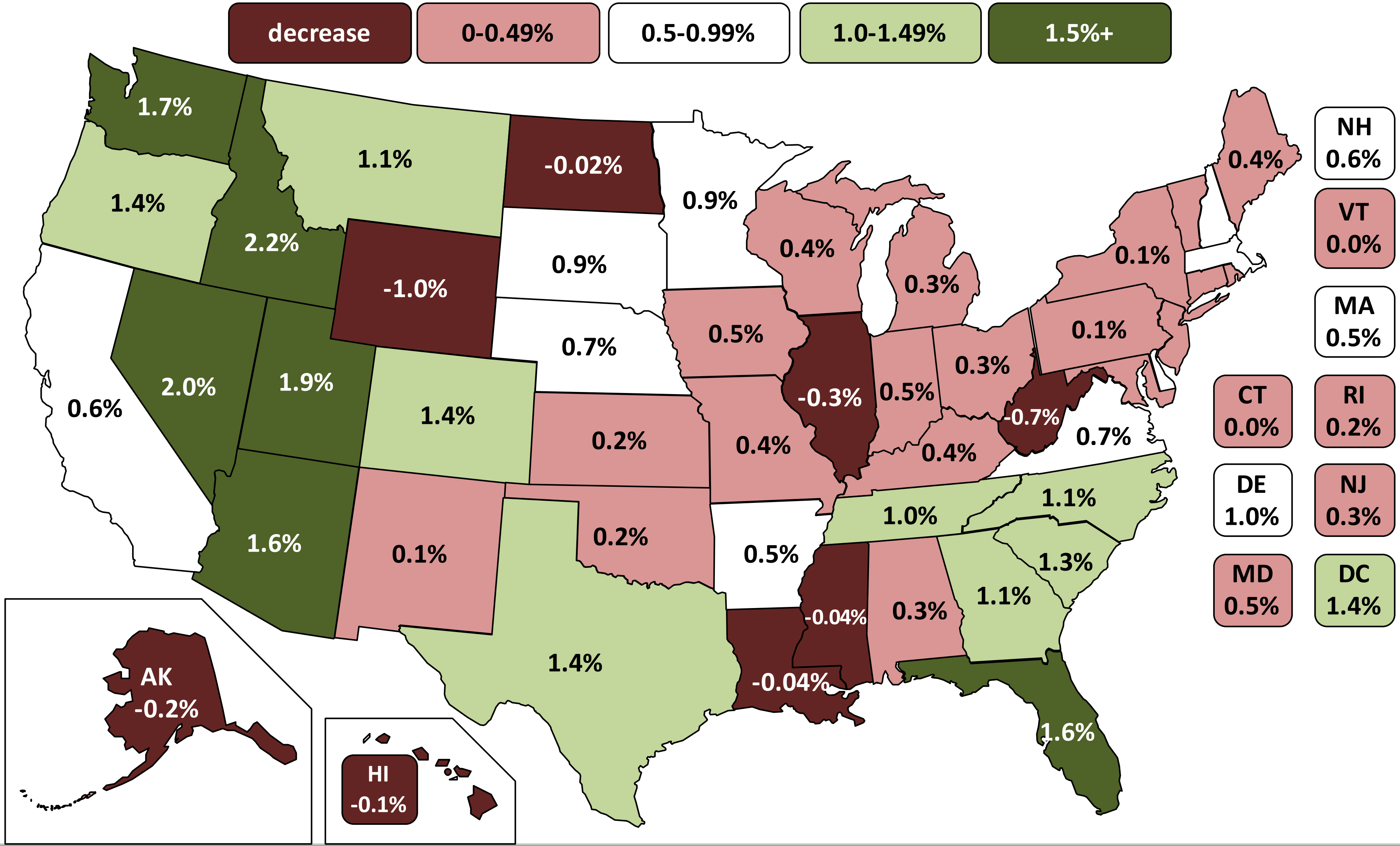
Population change by state, July 2016–July 2017 (U.S.: 0.72%)

Top 5

ID	2.2%
NV	2.0%
UT	1.9%
WA	1.7%
FL	1.6%

Bottom 5

HI	-0.1%
AK	-0.2%
IL	-0.3%
WV	-0.7%
WY	-1.0%



Source: U.S. Census Bureau

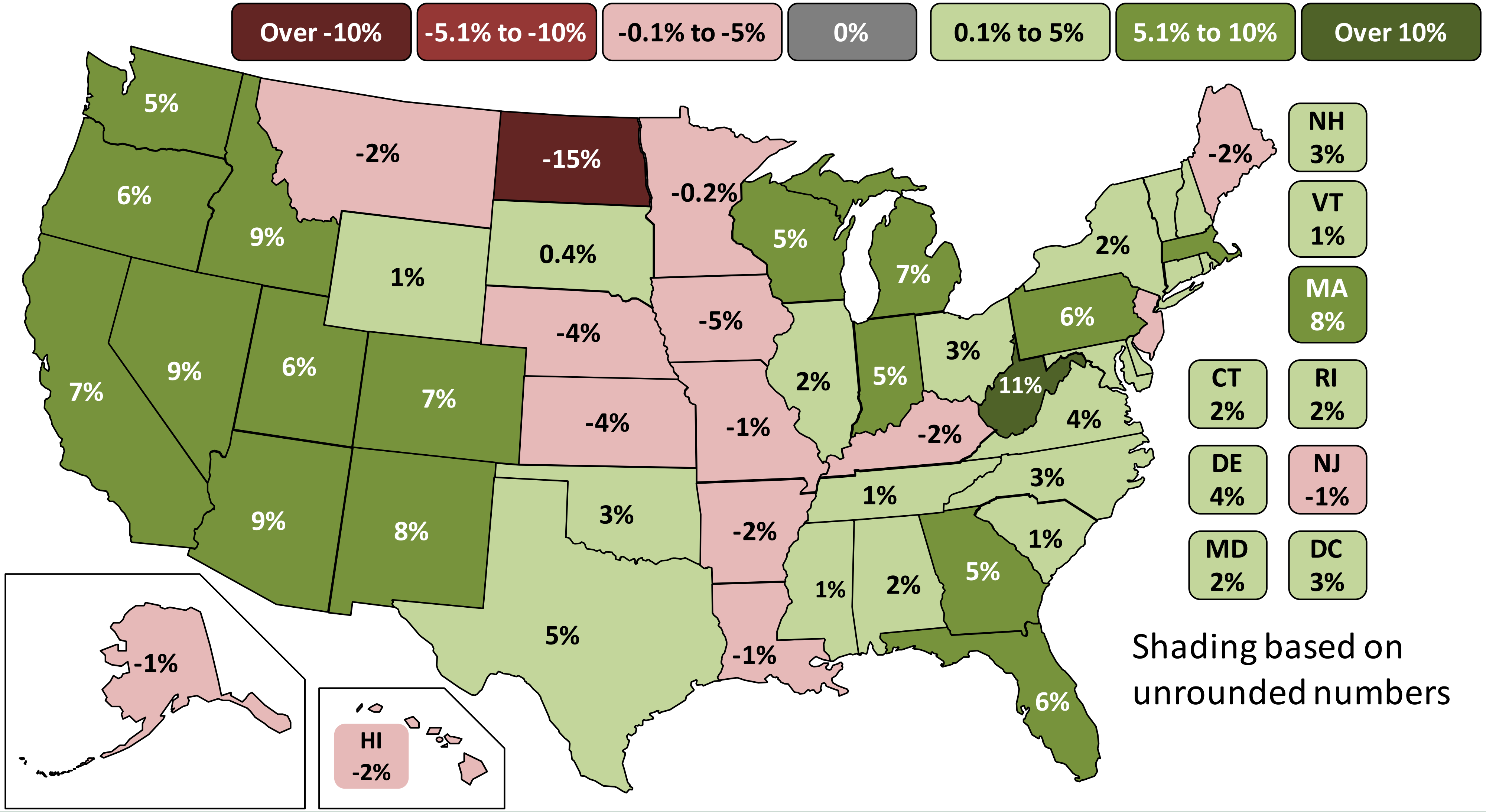
State construction employment change (U.S.: 3.3%)
3/17 to 3/18: 38 states and DC up, 12 down

Top 5

WV	11%
NV	9%
ID	9%
MA	8%
NM	8%

Bottom 5

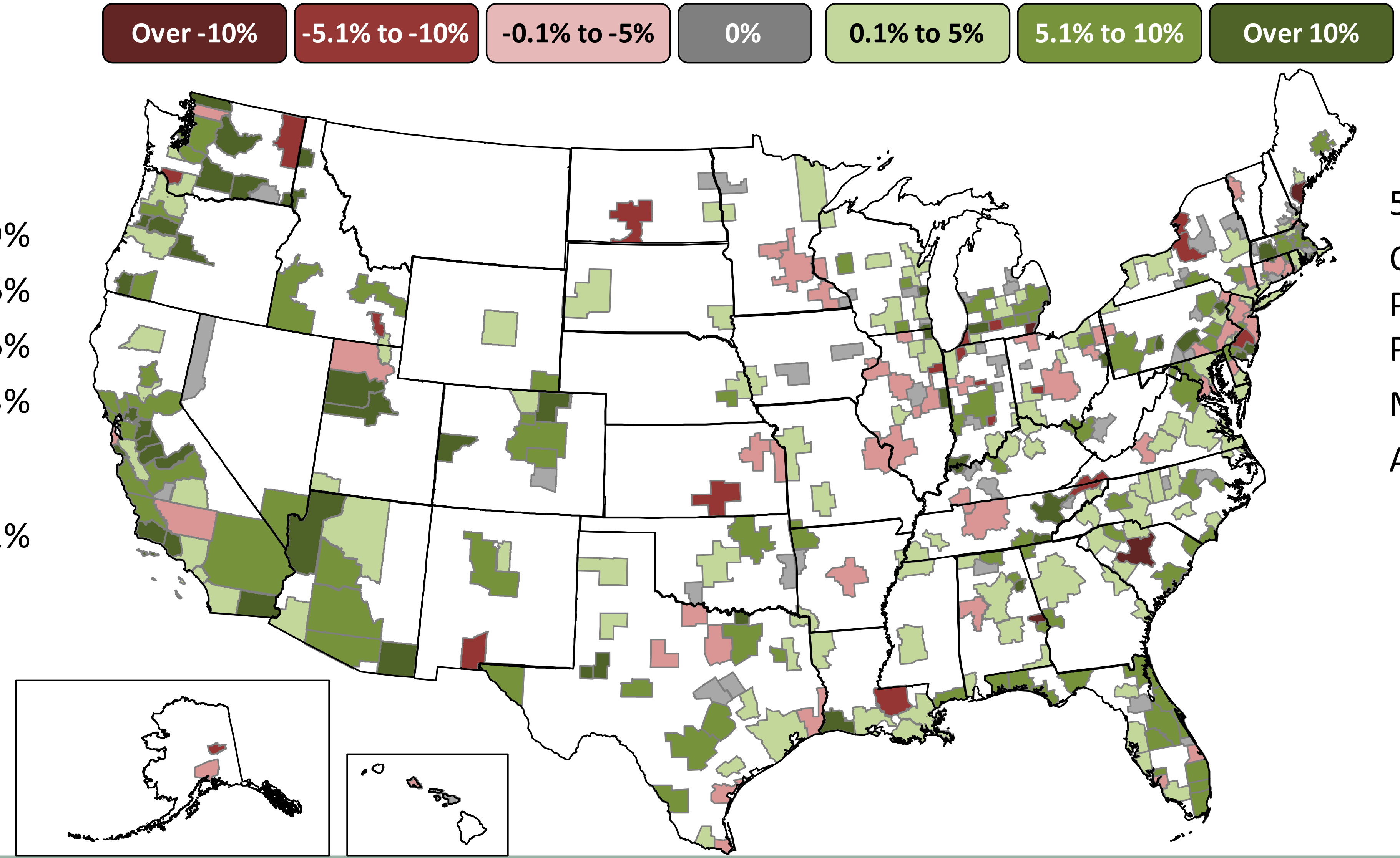
5 states	-2%
NE	-4%
KS	-4%
IA	-5%
ND	-15%



Shading based on unrounded numbers

Metro construction employment change (U.S.: 3.3%)

3/17 to 3/18: 245 metros up, 46 unchanged, 67 down



Top 5

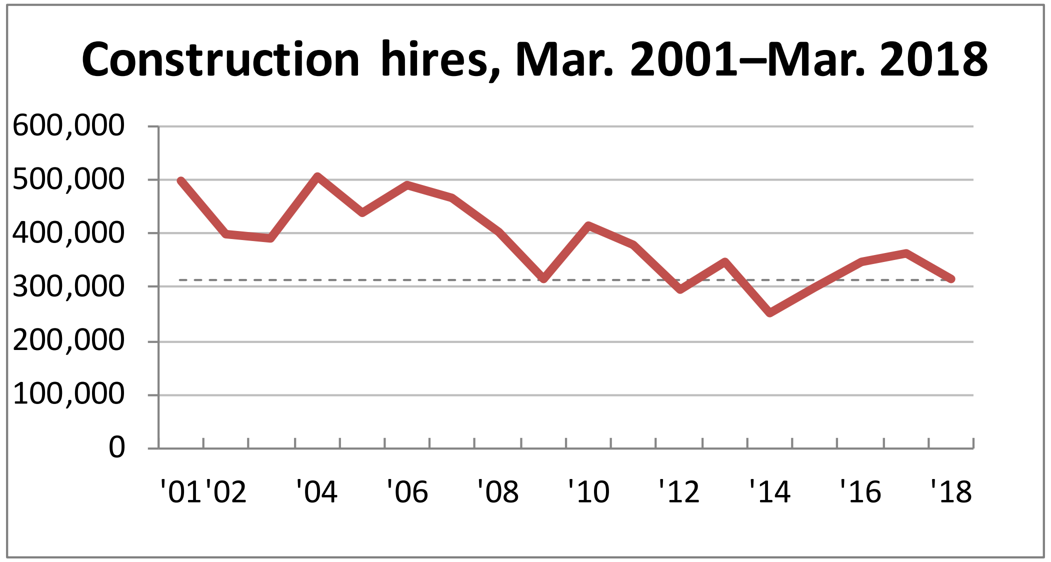
Weirton-Steubenville, WV-OH	29%
Merced, CA	26%
Wenatchee, WA	26%
Midland, TX	23%
Lawrence-Methuen Town-Salem, MA-NH NECTA Division	22%

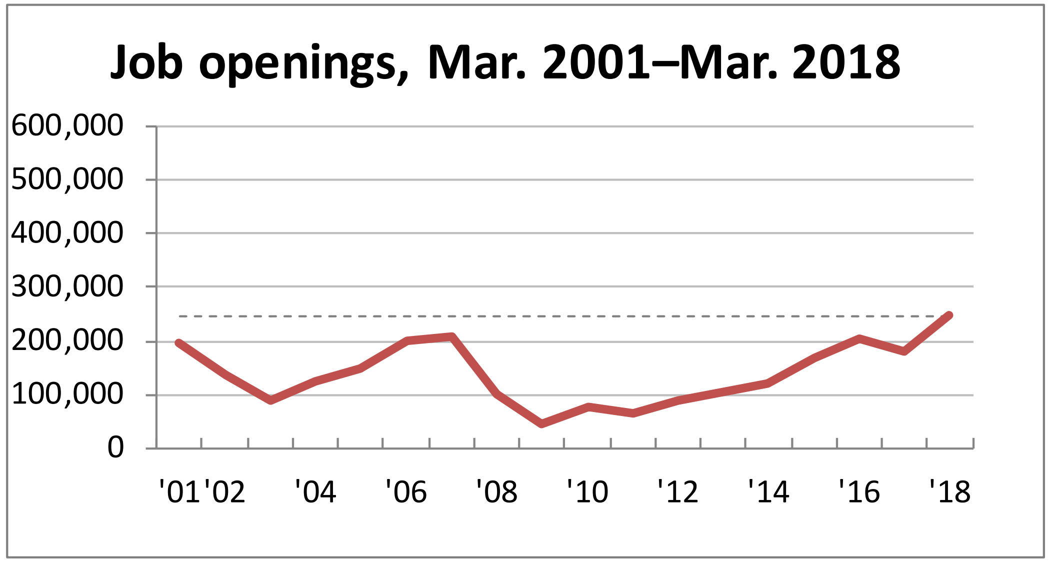
Bottom 5

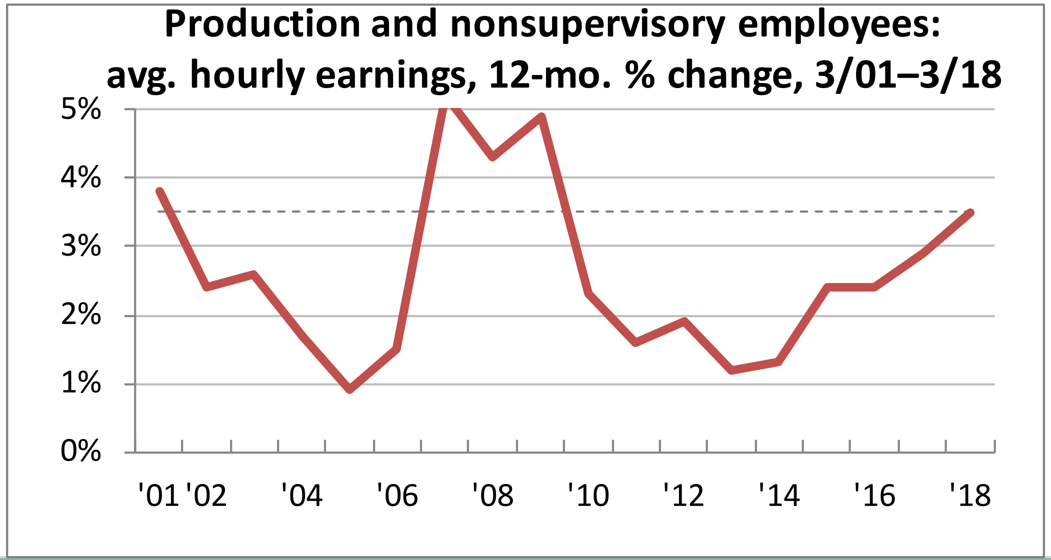
5 metro areas	-9%
Columbia, SC	-11%
Portland-South Portland, ME NECTA	-11%
Monroe, MI	-17%
Auburn-Opelika, AL	-34%

Source: BLS state and regional employment report

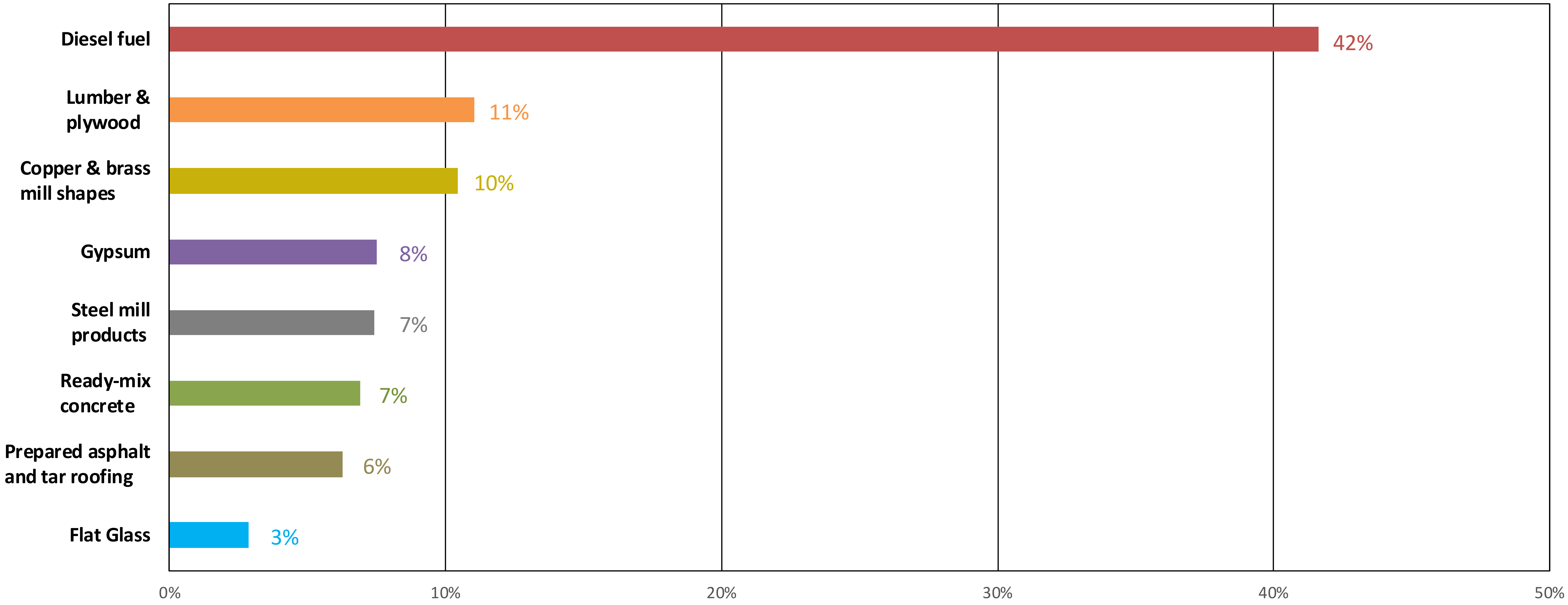
Construction workforce indicators (not seasonally adjusted)





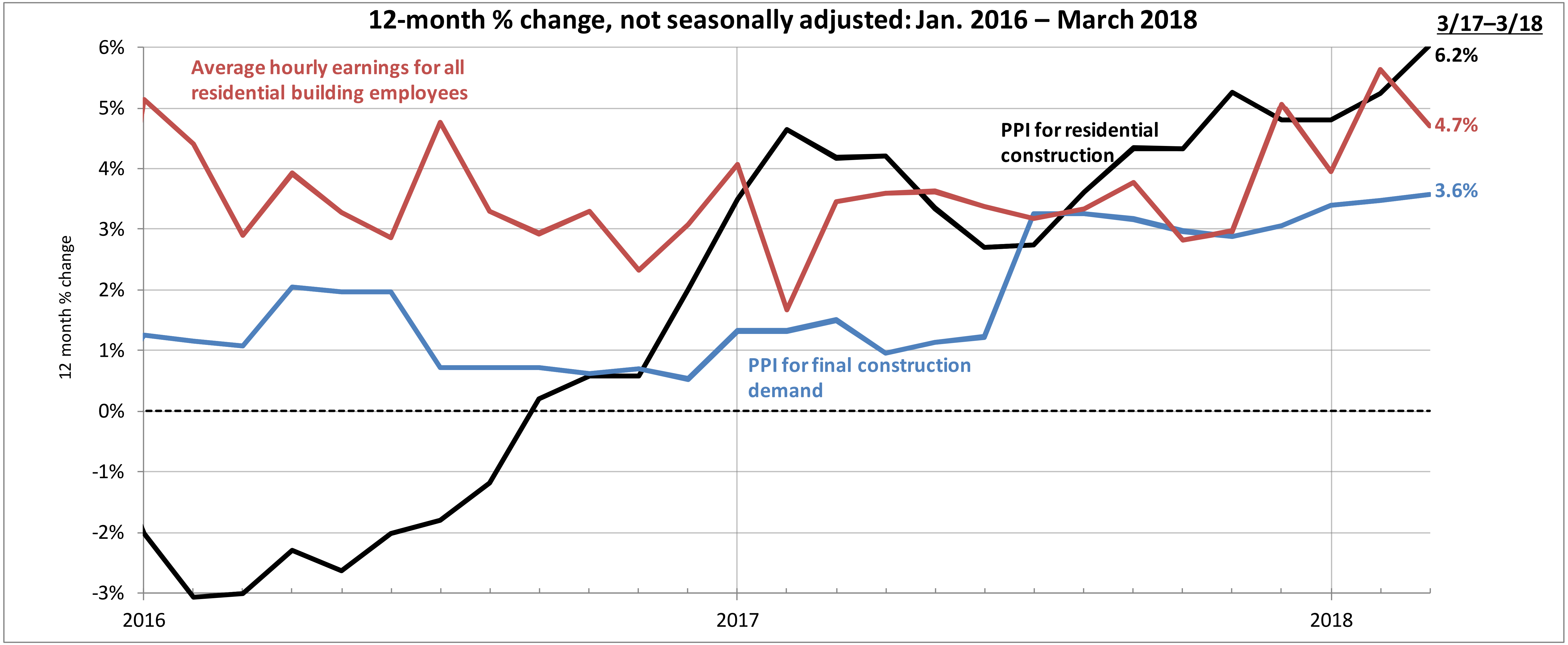


Producer price indexes for key inputs, 4/17–4/18



Source: Bureau of Labor Statistics

Labor & materials costs are rising faster than bid prices



Source: Bureau of Labor Statistics

2016–2017 summary, 2018 forecast

	2016 actual	2017 actual	2018 forecast
Total spending	6%	4%	2-7%
Private – residential	11%	11%	6-9%
– nonresidential	8%	1%	1-5%
Public	-1%	-2%	-3 to 3%
Goods & services inputs PPI	1%	4%	4-5%
Employment cost index	2.2%	2.7%	3-4%

Source: actuals: Census, BLS; forecasts: Author's estimates

AGC economic resources

(email: simonsonk@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at http://store.agc.org)
- monthly press releases: spending; PPI; national, state, metro employment
- yearly employment & outlook surveys, state and metro data, fact sheets: www.agc.org/learn/construction-data