October 2024

Will U.S. & Kansas Construction Thrive or Dive in '25?

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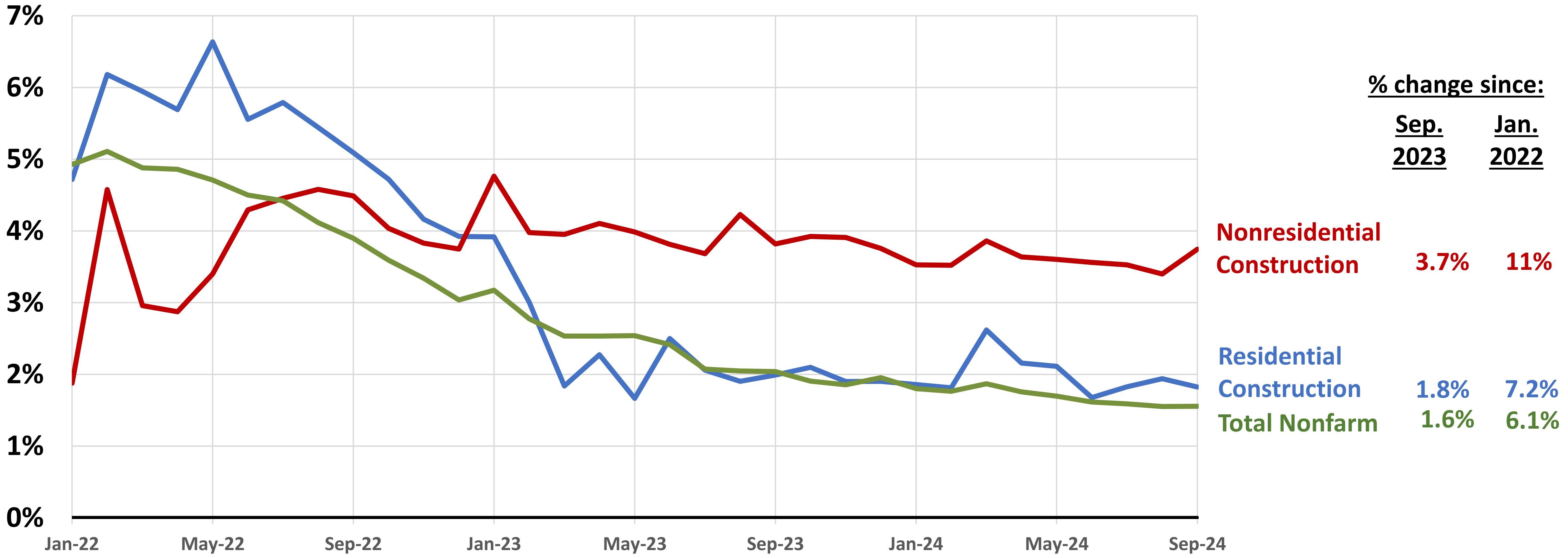
Total nonfarm & construction employment, Jan. 2022–Sep. 2024

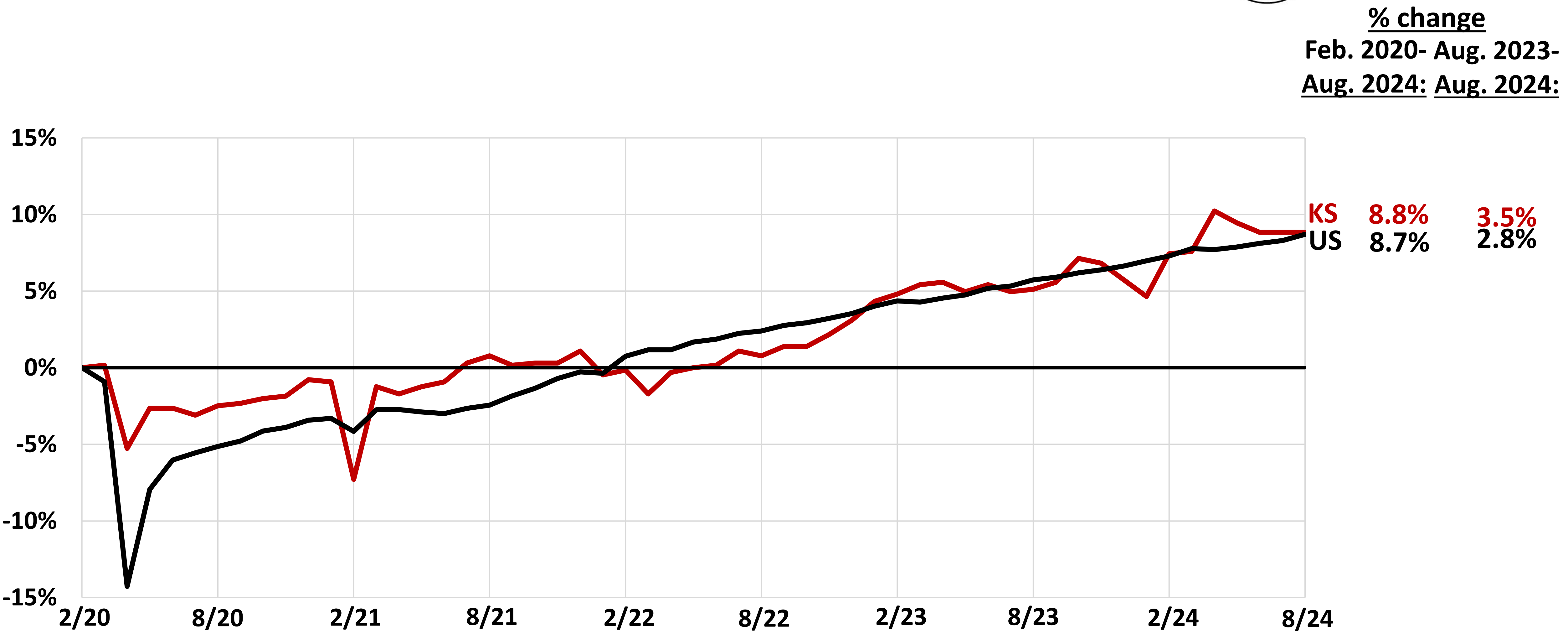
Year-over-year change, seasonally adjusted



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

US & KS Construction Employment

Cumulative change, Feb. 2020- Aug. 2024, seasonally adjusted



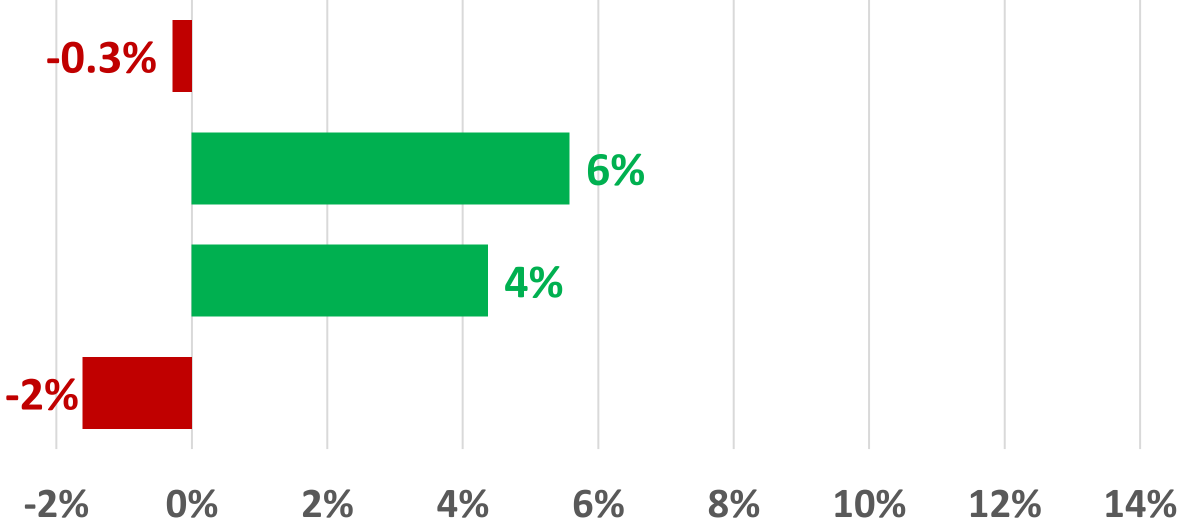
Source: BLS

Kansas Metro Construction Employment

Aug. 2023 – Aug. 2024, not seasonally adjusted

	Aug. 2024:
Kansas City, MO*	35,400
Kansas City, KS*	26,500
Wichita*	19,100
Topeka*	6,100

% change from Aug. 2023:



 Source: BLS **The Bureau of Labor Statistics reports employment for construction, mining and logging combined for metro areas in which mining and logging have few employers. Construction-only employment change is shown for a metro if BLS posts that data.*

Construction employment change by state, Aug. 2023-Aug. 2024 **(U.S.: 2.8%)**

39 states up, 1 state unchanged, 10 states & DC down

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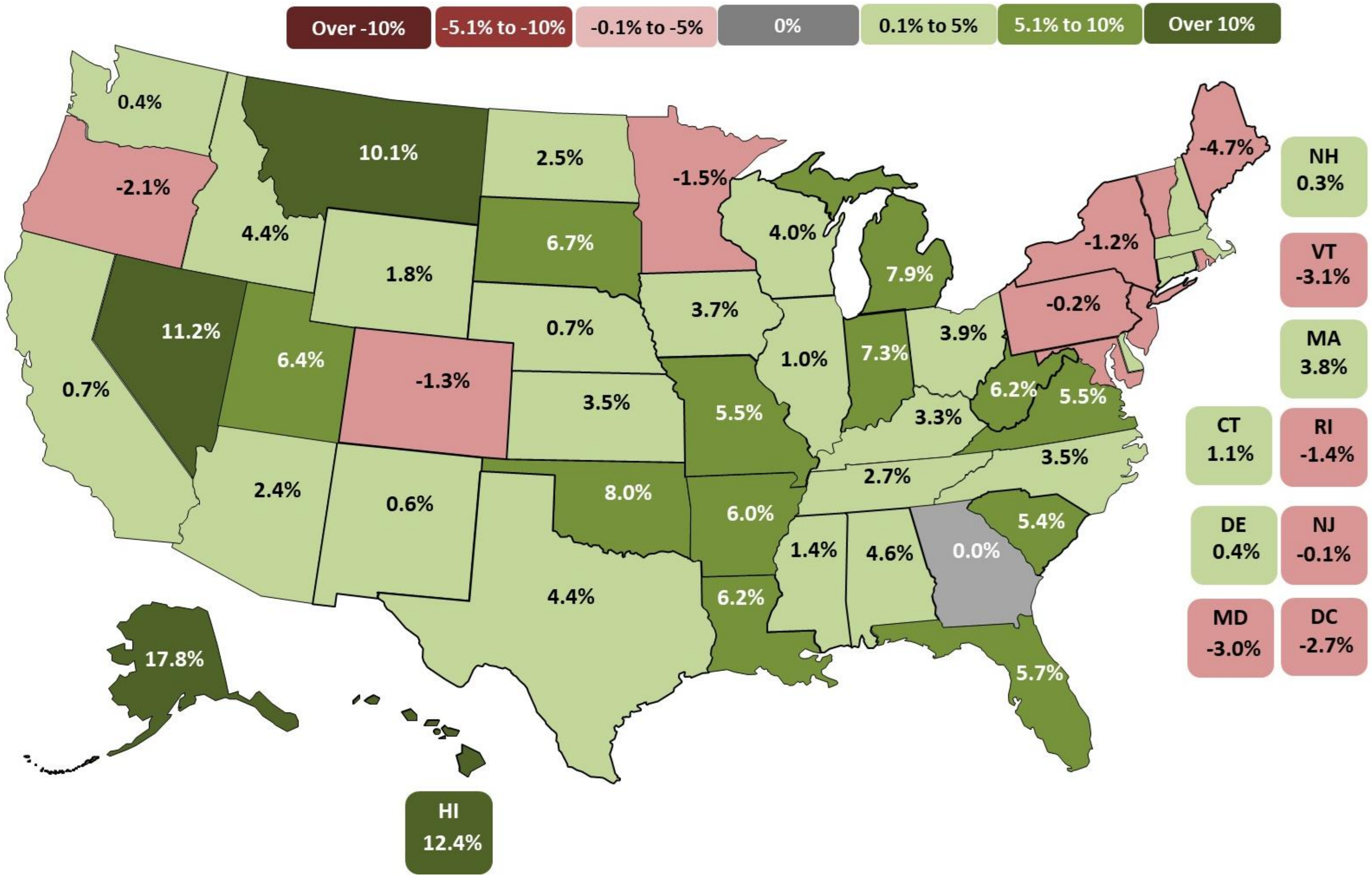
Top 5

AK	18%
HI	12%
NV	11%
MO	10%
OK	8.0%

Bottom 5

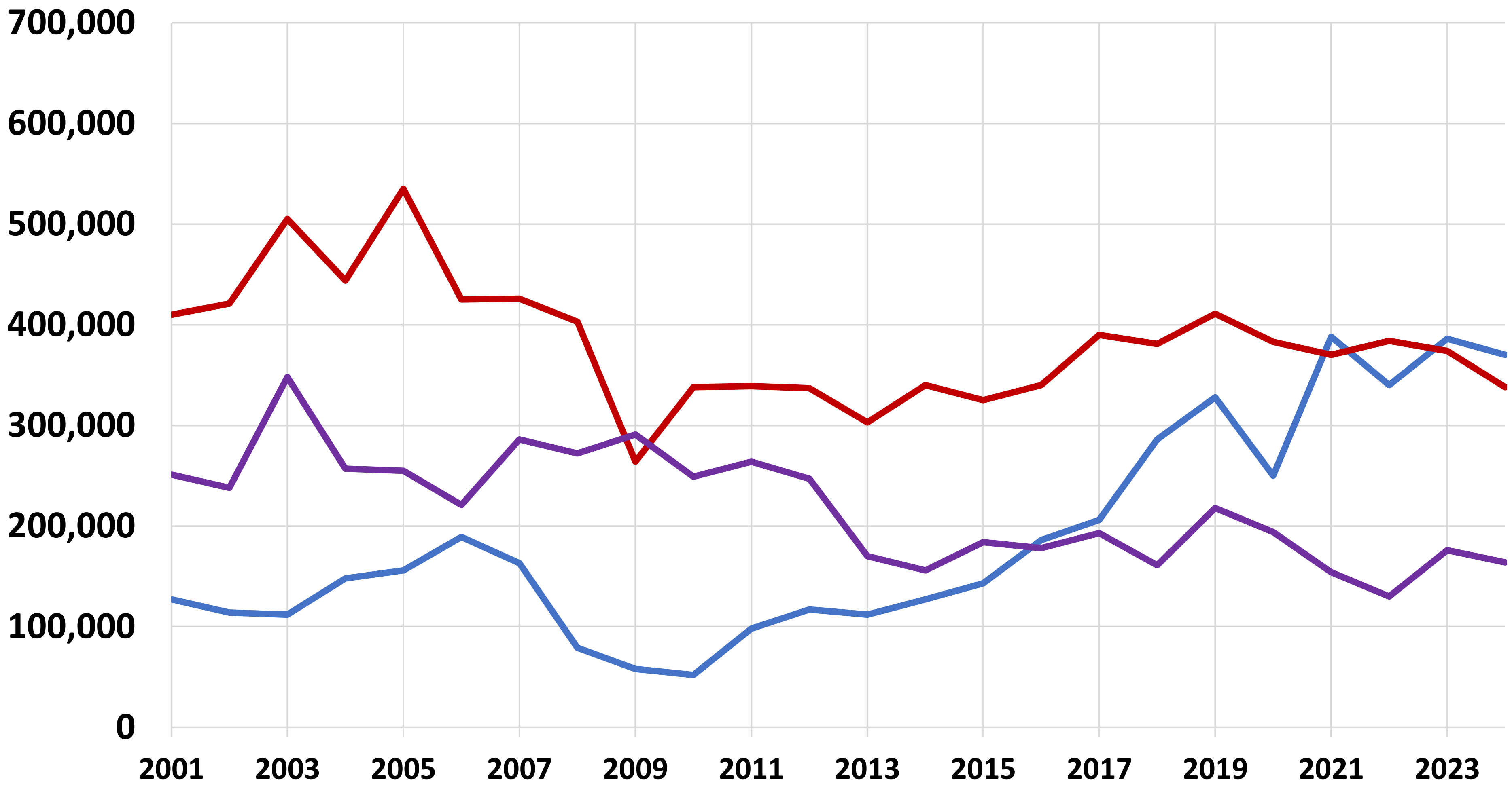
ME	-4.7%
VT	-3.1%
MD	-3.0%
DC	-2.7%
OR	-2.1%



Source: Bureau of Labor Statistics, state and area employment, www.bls.gov/sae

Construction job openings, hires & layoffs

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

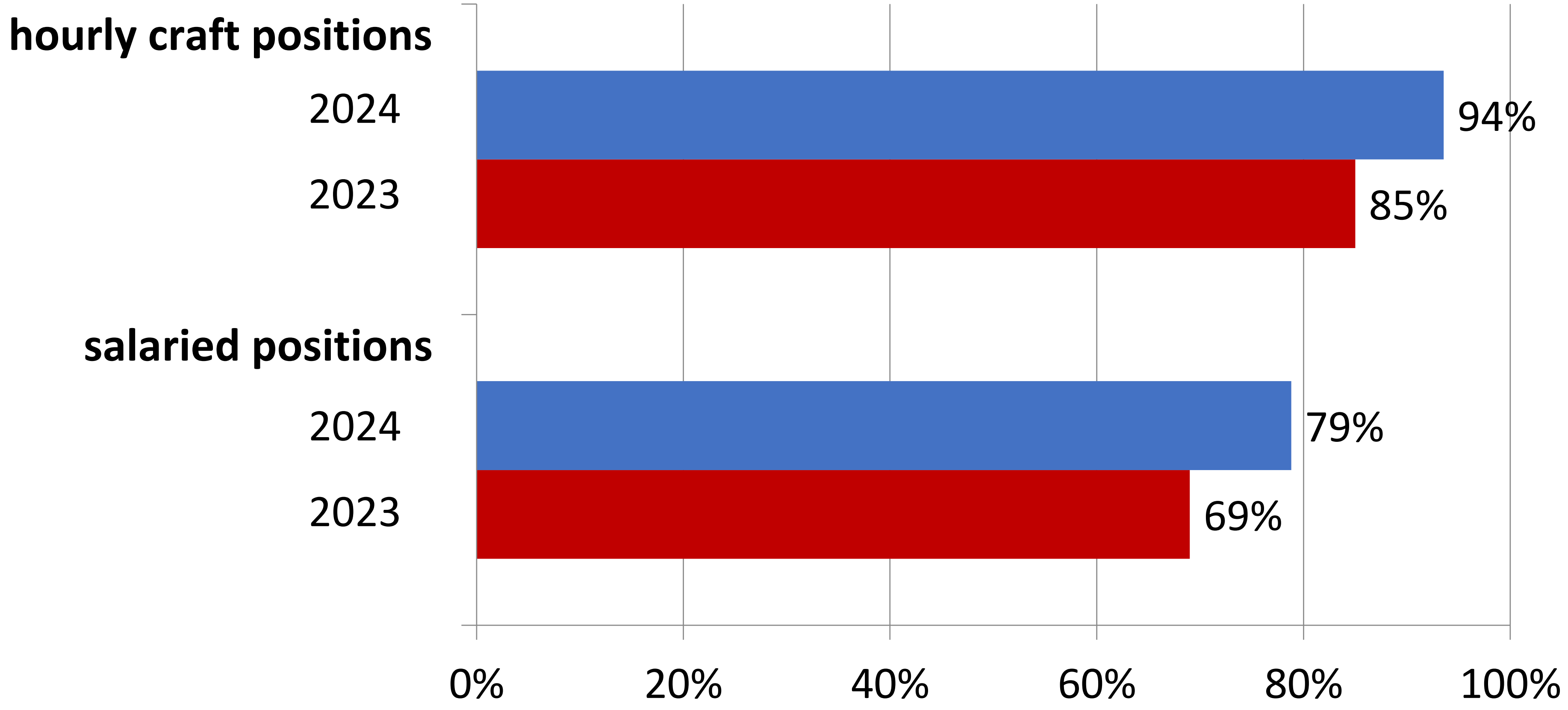


	August 2024	12-mo change #:	%:
Job openings	370,000	-16,000	-4%
Hires	338,000	-36,000	-10%
Layoffs & discharges	164,000	-12,000	-8%

 Source: Bureau of Labor Statistics, www.bls.gov/jlt, Job Openings & Labor Turnover Survey (JOLTS)

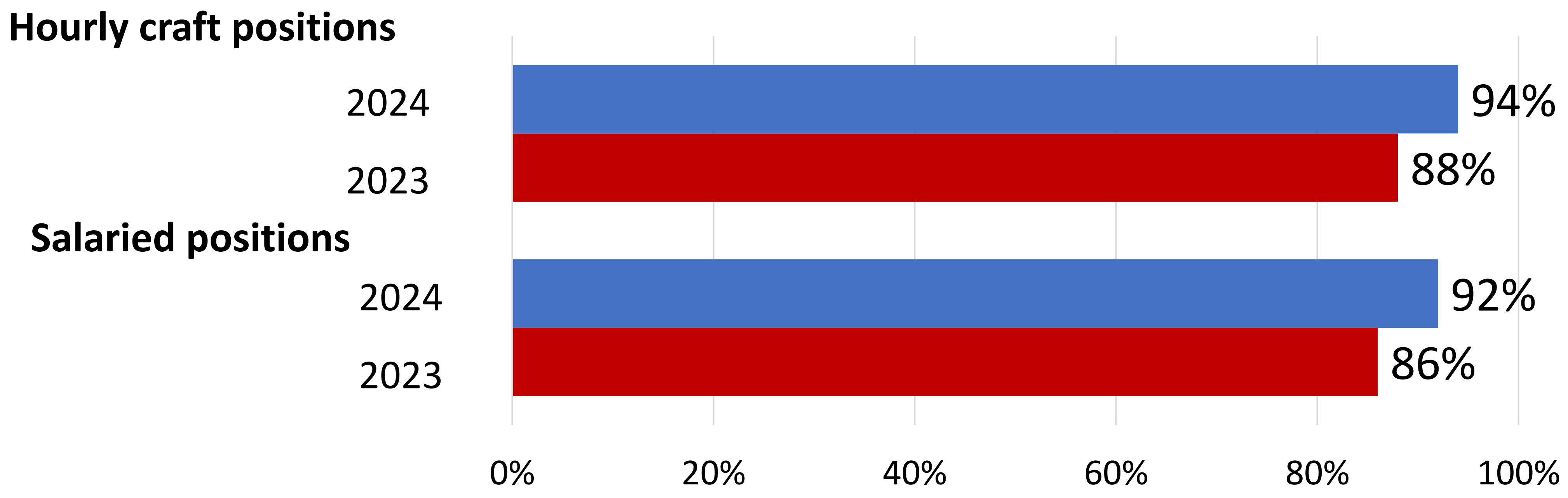
Contractors are eager to hire

% of firms with openings for:



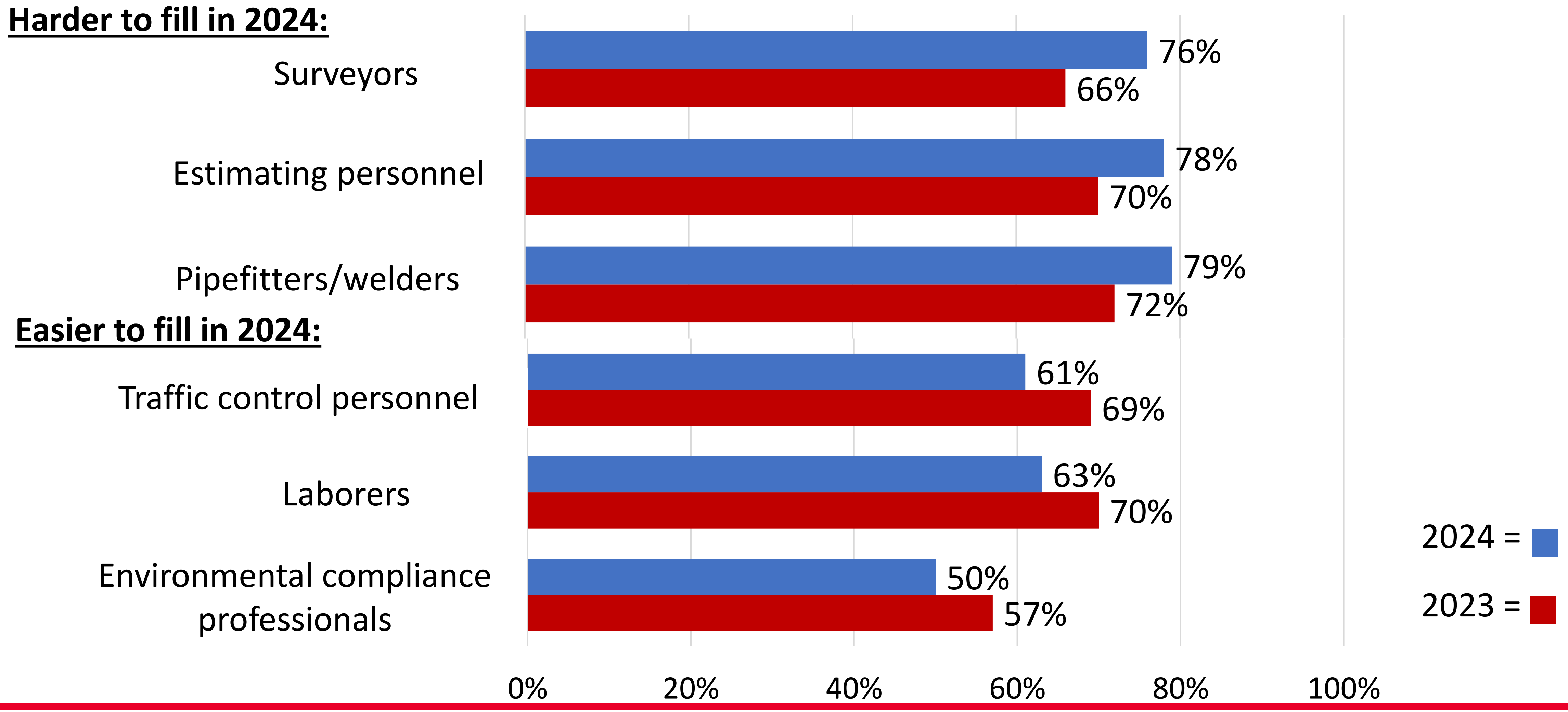
 Source: 2024 AGC of America/Arcoro Workforce Survey

% of contractors with openings that report difficulty filling



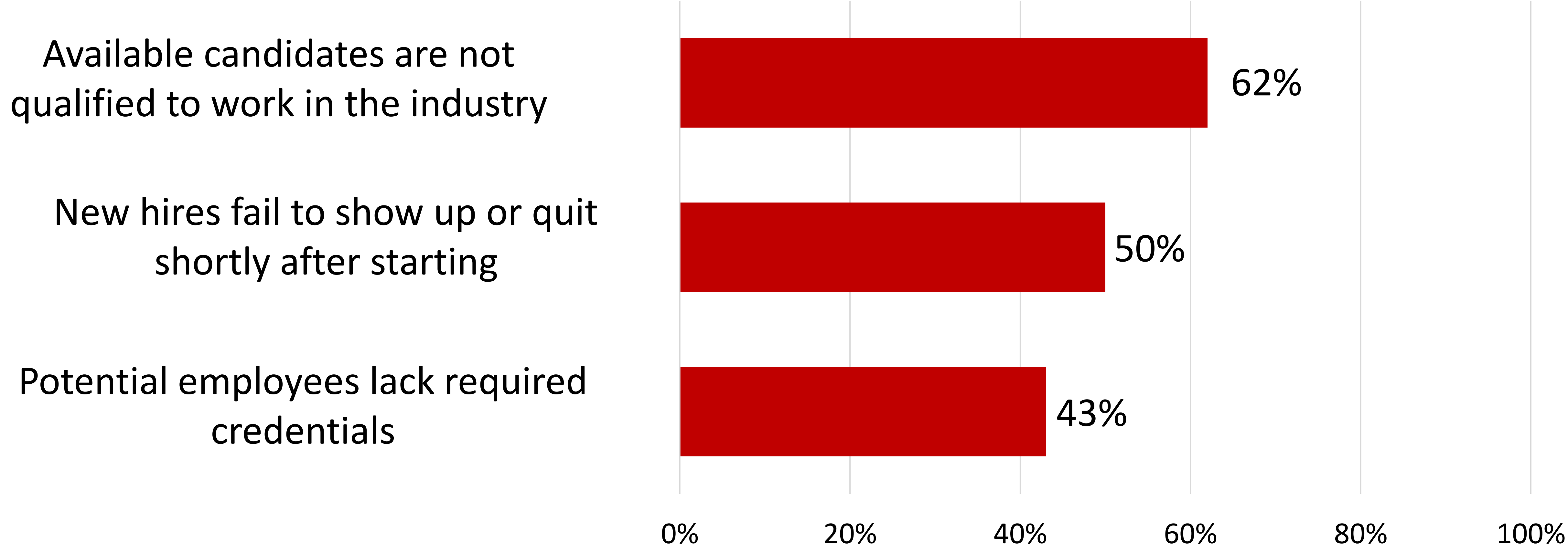
Source: 2024 AGC of America/Arcoro Workforce Survey

% of firms reporting difficulty some filling positions has changed



 Source: 2024 AGC of America/Arcoro Workforce Survey

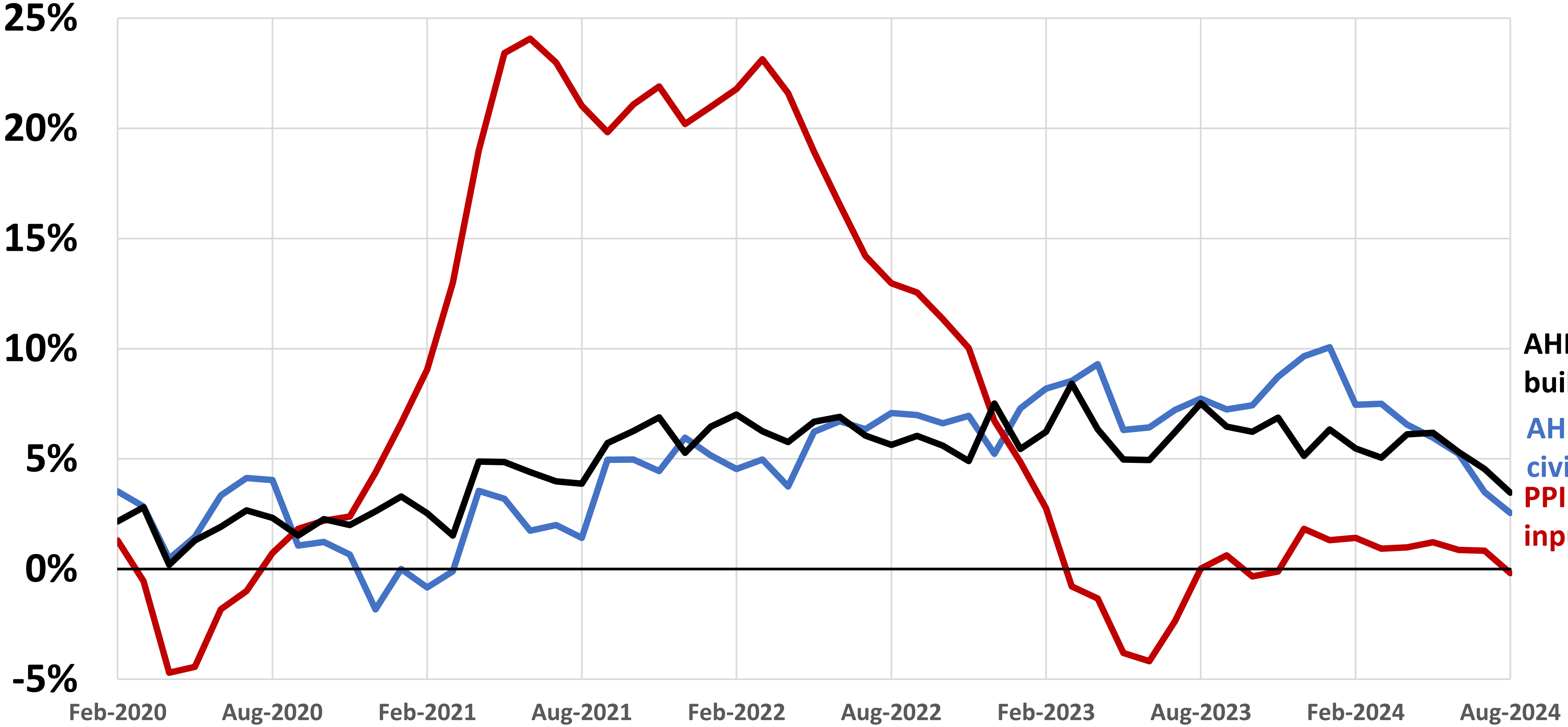
% of firms having a hard time filling available positions because



 Source: 2024 AGC of America/Arcoro Workforce Survey

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 – Aug. 2024



	% change since:	
	Aug. 2023	Feb. 2020
AHE for nonresidential building*	3.5%	24%
AHE for heavy & civil engineering*	2.5%	20%
PPI for nonresidential inputs**	-0.2%	38%

*Seasonally adjusted (SA)

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

 Source: Bureau of Labor Statistics, PPI, www.bls.gov/ppi ; AHE, https://www.bls.gov/ces/

Input and bid price changes, August 2024

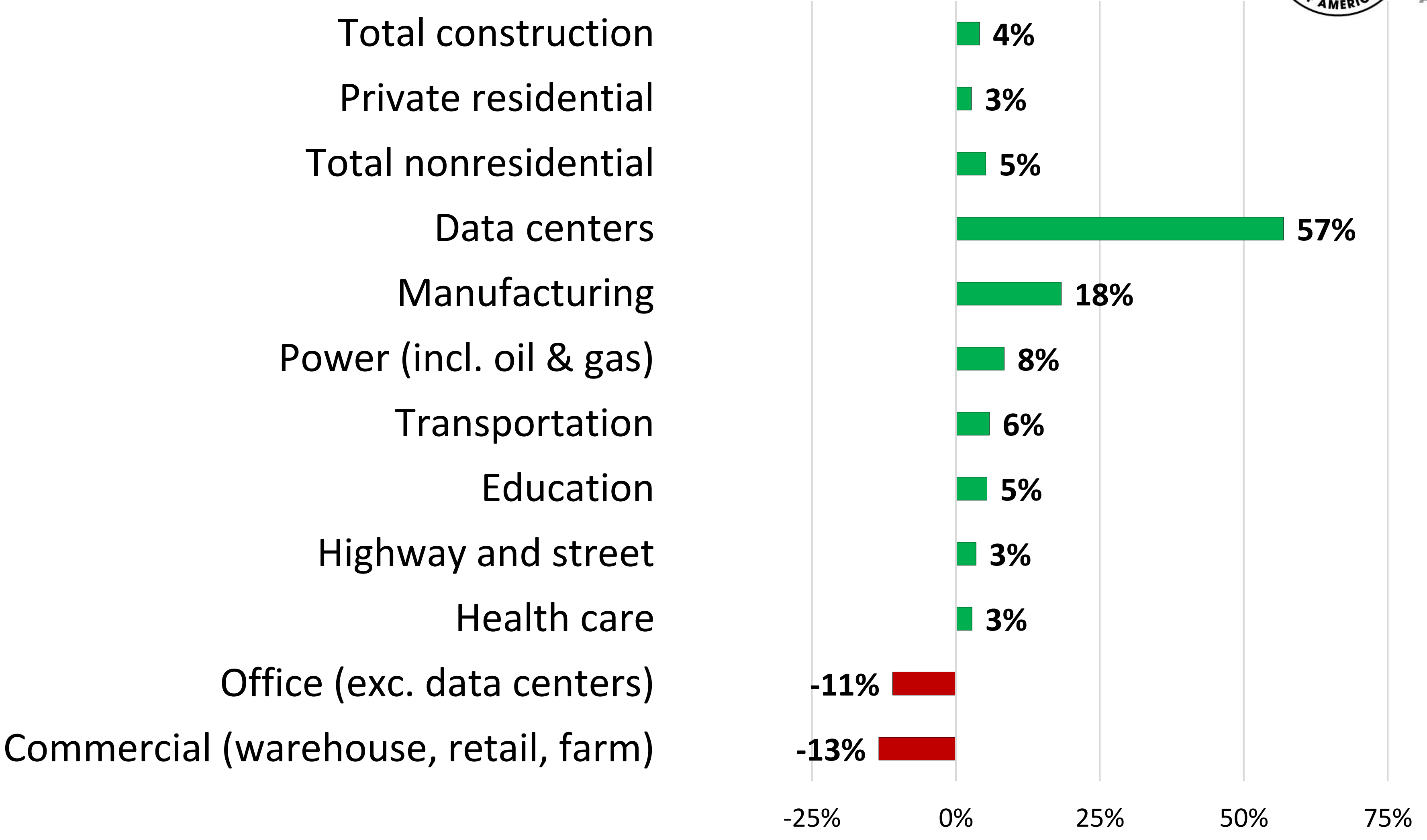
producer price indexes, 1 - & 12-mo. change (not seasonally adjusted)

	August 2024 change from:	
	July 2024 (1 month)	August 2023 (12 months)
Overall input costs and bid prices have moderated		
Inputs to new nonresidential construction	0.1%	-0.2%
Output (bid price) index for new nonresidential buildings	0%	1.2%
...but some input prices remain volatile		
Copper and brass mill shapes	-1.9%	10%
Steel mill products	-2.6%	-14%
Diesel fuel	-2.0%	-22%

 Source: BLS, producer price indexes, www.bls.gov/ppi

Change in construction spending: August 2023-August 2024

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



Source: Author, from U.S. Census Bureau, www.census.gov/constructionspending

Change in construction spending: August 2023-August 2024

current (not inflation-adjusted) dollars, seasonally adjusted

Total 4%: Private residential 3% (single-family 0.8%; multi -8%; improvements 9%); public residential 5%

Nonresidential 5% (private 4%, public 8%)

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

- Mfg. 18% (computer/electronic 24%; chemical 7%; transportation equipment 36%; food/beverage/tobacco -18%)
- Power 8% (electric 12%; oil/gas fields & pipelines -10%)
- Highway and street 4%
- Education 5% (primary/secondary 2%; higher ed 11%)
- Commercial -13% (warehouse -20%; retail -14%; farm 11%)
- Office including data centers 2% (data centers 57%; other private office -14%; public office 6%)
- Transportation 6% (air 15%; private rail/truck 4%; transit -15%)
- Health care 3% (hospital 11%; medical building -6%; special care 5%)

- Other: Sewage/waste 3%; Amuse/recreation 10%; Water supply 17%; Communication 0.8%; Lodging -10%; Conservation/development 5%

 Source: Author, from U.S. Census Bureau, www.census.gov/constructionspending

Medium-term outlook for construction

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- Economic growth will continue but Fed will be cautious about rate cuts
- Single-family: revival should continue as mortgage rates slip
- Multifamily, warehouse, office: steep drops likely as vacancies and costs climb
- Data center, power, infrastructure: strong growth; mfg construction: slower growth
- Infrastructure Investment & Jobs Act, “Chips” Act, Inflation Reduction Act will give major boost to infrastructure, manufacturing, and power construction. BUT

  - money remains 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

 Source: Author

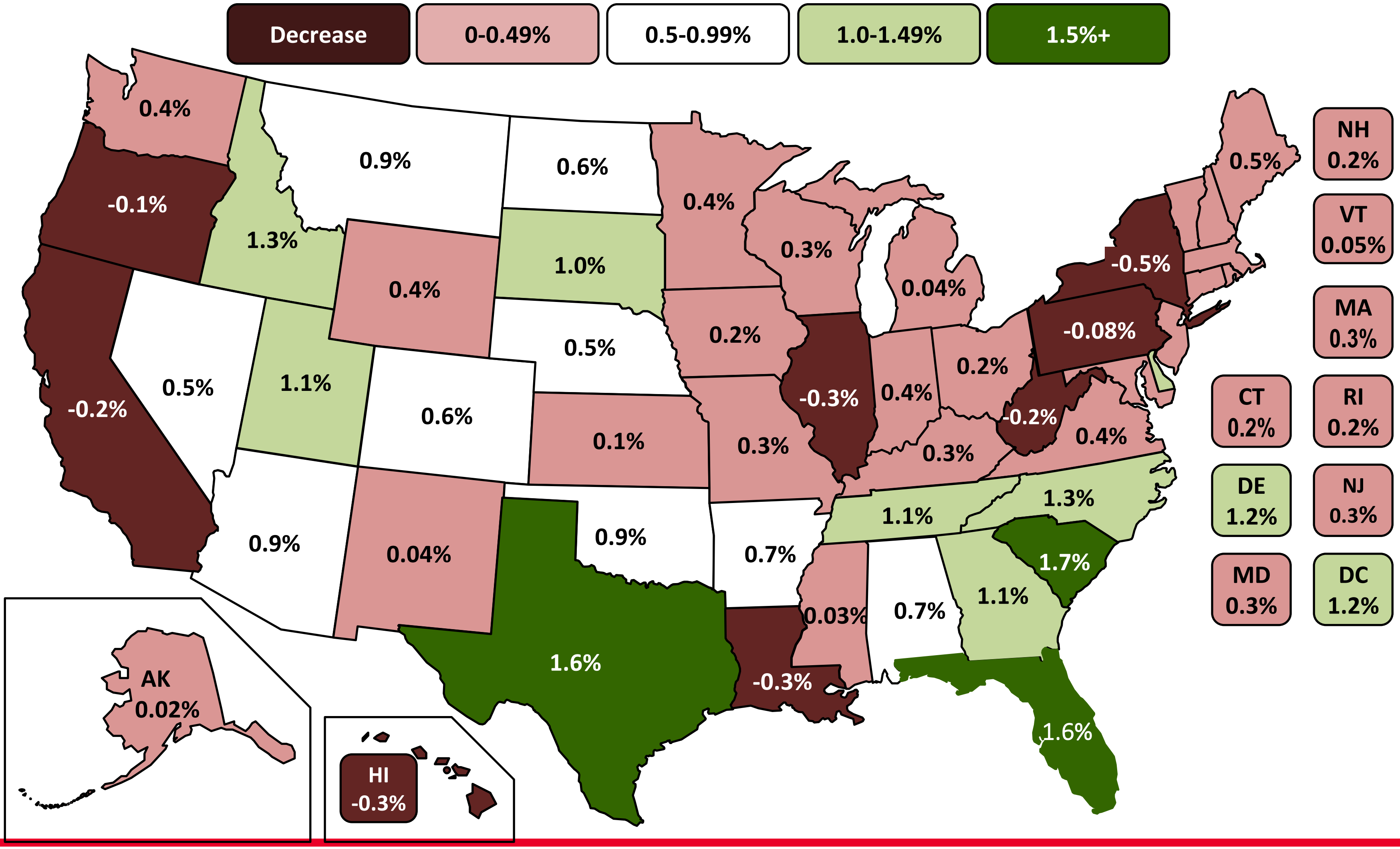
Population change by state, July 2022–July 2023 (U.S.: 0.49%)

Top 5

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

Bottom 5

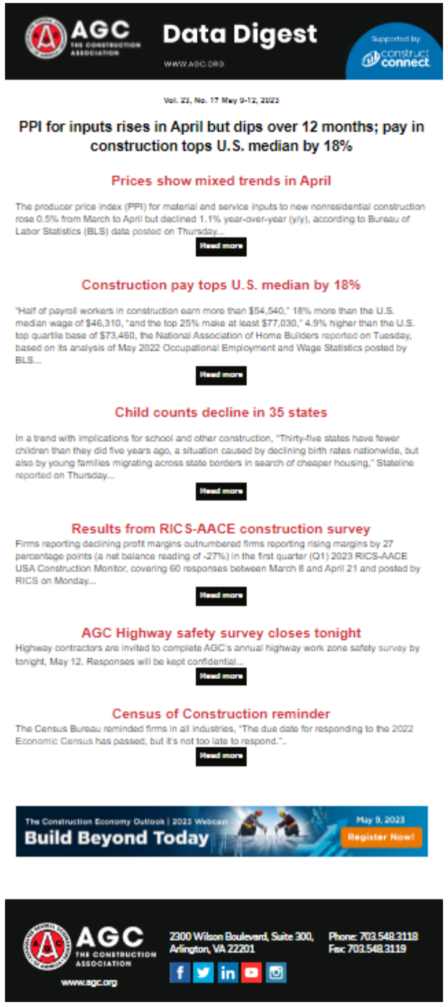
NY	-0.5%
LA	-0.3%
HI	-0.3%
IL	-0.3%
WV	-0.2%



Source: U.S. Census Bureau, Dec. 2023 population estimates, www.census.gov/popest

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)
- AGC/Arcoro 2024 Workforce Survey: https://www.agc.org/news/new-survey-shows
- State and metro data, fact sheets: www.agc.org/learn/construction-data
- Monthly press releases: 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/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Vol. 23, No. 17 May 9-12, 2023

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 $54,540," 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...

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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...

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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...

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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...

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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."..

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 Source: Author