

Construction Economy Snapshot

August's Total US Construction Starts

\$69.5 Billion

\$

Through the period ending
August 31, 2024

-12.7% MoM | -12.9% YoY | -2.4% Ytd

Total Nonresidential

\$49.7 Billion



Aug. 2024 v. Aug. 2023

-3.8%

Aug. 2024 v. July 2024

-13.5%

Total Residential

\$19.8 Billion



Aug. 2024 v. Aug. 2023

-29.6%

Aug. 2024 v. July 2024

-10.8%

Nonresidential Building

\$30.6 Billion

Aug. 2024 v. Aug. 2023

-9.4%

Aug. 2024 v. July 2024

-6.7%

Heavy Engineering

\$19.1 Billion

Aug. 2024 v. Aug. 2023

+6.7%

Aug. 2024 v. July 2024

-22.6%

ConstructConnect announced today that August's 2024's volume of Total Nonresidential construction starts - the sum of Non-residential Building and Heavy Engineering - was \$49.7 billion, a decrease of \$7.8 billion, or -13.5%, when compared to a revised July reading of \$57.5 billion.

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Year-To-Date Readings Illustrate Broad Slowing of Industry Activity

Year-to-date “YTD” Nonresidential Building construction starts totaled \$247.8 billion through August, down 9.6% from the comparable period of a year ago. This month also marks the two-thirds point through the calendar year, allowing us an opportunity to see how YTD results are evolving as we quickly approach year-end. Measured in the broadest terms, construction activity has certainly slowed since the first quarter. Grand Total construction starts spending, which includes total nonresidential and residential construction, was as high as 3.3% YoY through June and has since become contractionary with August’s YTD reading of -2.4%. Total industry results would be more austere if not for the sustained double-digit growth occurring within the heavy engineering segment. Engineering activity has helped to offset a near 10% contraction in nonresidential building activity in the year period through August. Put in dollar terms, YTD nonresidential building construction is nearly \$24 billion behind where it was at this time in 2023.

Several nonresidential sub-categories are contributing to the year’s shortfall in spending. Among the leaders are manufacturing and warehousing which are collectively down almost \$19 billion compared to the first eight months of 2023. This decline can be attributed to the normalizing of manufacturing spending after an unprecedented surge beginning in 2022 that carried over into early 2023. However, this decline towards long-run levels is an exceptional situation and not representative of the challenges faced by other struggling categories. Additional high-value categories presently experiencing contracting YTD spending levels include Military (\$-6.6 billion), Hospitals/Clinics (\$-2.5 billion) and Hotel/Motels (\$-2.0 billion) and Retail/Shopping (\$-1.6 billion). In total twelve categories at the end of August reported some decline in spending over the same period a year ago.

Value of United States Nonresidential Construction Starts August 2024 (ConstructConnect®)

	Jan-Aug 2024 (\$ Billions)	% Change Jan-Aug 2024 vs Jan-Aug 2023	Aug 24 (\$ Billions)	% Change Aug 24 vs Aug 23	% Change Aug 24 vs Jul 24
Hotel/Motel	\$ 7.459	-21.5%	\$ 0.381	-79.6%	-58.8%
Retail/Shopping	\$ 8.832	-15.2%	\$ 0.752	-22.9%	-38.8%
Retail Miscellaneous	\$ 4.957	-0.8%	\$ 0.382	-35.9%	-42.2%
Parking Garages	\$ 1.324	11.2%	\$ 0.151	5.1%	11.1%
Amusement	\$ 9.412	38.1%	\$ 0.918	-10.5%	-48.5%
Private Office	\$ 22.261	17.0%	\$ 7.667	71.4%	722.1%
Government Office	\$ 10.888	-5.9%	\$ 1.354	-22.9%	4.8%
Laboratory	\$ 3.301	63.7%	\$ 0.571	184.6%	6.9%
Warehouse	\$ 12.467	-26.3%	\$ 1.552	-52.6%	10.7%
Sports Stadiums/Convention Centers	\$ 7.423	5.7%	\$ 1.125	149.4%	-61.1%
Transportation Terminals	\$ 4.358	-18.6%	\$ 0.091	-50.8%	-78.5%
COMMERCIAL	\$ 92.681	-2.3%	\$ 14.944	0.0%	22.4%
MANUFACTURING	\$ 40.266	-39.0%	\$ 4.365	-25.5%	-45.0%
Religious	\$ 0.846	20.3%	\$ 0.054	17.5%	-11.0%
Hospital/Clinic	\$ 14.207	-15.0%	\$ 1.175	10.6%	-39.7%
Nursing/Assisted Living	\$ 1.684	0.4%	\$ 0.099	-48.3%	-47.0%
Library/Museum	\$ 3.426	9.7%	\$ 0.331	-51.5%	-29.1%
Courthouses	\$ 1.509	1.8%	\$ 0.140	-55.6%	-20.7%
Police Stations and Fire Halls	\$ 3.845	23.5%	\$ 0.449	7.2%	-14.3%
Prisons	\$ 6.171	78.3%	\$ 0.354	156.7%	54.9%
Military	\$ 5.737	-53.6%	\$ 0.831	-37.0%	25.0%
Pre-School/Elementary	\$ 19.938	7.1%	\$ 2.588	23.0%	28.7%
Junior & Senior High Schools	\$ 30.311	17.5%	\$ 2.770	2.4%	-9.5%
Special and Vocational Schools	\$ 2.328	52.0%	\$ 0.169	-63.5%	-35.4%
Colleges and Universities	\$ 18.838	1.7%	\$ 1.930	-15.3%	-27.1%
Miscellaneous Medical	\$ 6.012	-3.2%	\$ 0.398	-68.1%	0.6%
INSTITUTIONAL	\$ 114.851	1.4%	\$ 11.289	-13.0%	-10.7%
NONRESIDENTIAL BUILDING	\$ 247.798	-9.6%	\$ 30.598	-9.4%	-6.7%
Airport	\$ 10.852	60.7%	\$ 1.207	37.5%	-32.0%
Road/Highway	\$ 71.641	0.7%	\$ 7.008	-7.0%	-24.1%
Bridge	\$ 20.405	15.7%	\$ 1.798	2.0%	-59.2%
Dam/Marine	\$ 7.765	-4.7%	\$ 0.987	-24.8%	5.7%
Water/Sewage	\$ 39.954	23.3%	\$ 4.653	9.4%	-22.9%
Electric Power Infrastructure	\$ 19.602	72.8%	\$ 2.361	686.7%	304.3%
All Other Civil	\$ 21.394	13.9%	\$ 1.095	-41.2%	-36.0%
HEAVY ENGINEERING (Civil)	\$ 191.613	15.3%	\$ 19.109	6.7%	-22.6%
TOTAL NONRESIDENTIAL	\$ 439.411	-0.2%	\$ 49.708	-3.8%	-13.5%

BEST PERFORMING LARGE DOLLAR CATEGORIES YTD

Electric Power Infrastructure, +73%
Airports, +61%
Special and Vocational Schools, +52%
Amusement, +38%
Water/Sewage, +23%

UNDERPERFORMING LARGE DOLLAR CATEGORIES YTD

Military, -54%
Manufacturing, -39%
Warehouse, -26%
Hotel/Motel, -22%
Transportation Terminals, -19%

* “Large dollar categories” are the 25 largest subcategories by starts dollars in the previous calendar year

Is the Fed too Late to Stem the Erosion in 2024 Spending?

There are many ways to measure how the construction industry changes over time. The usefulness of year-to-date (YTD) figures is that they provide an evolving picture of what to expect by year end. With only four months remaining in this calendar year, current year-to-date measures, comparing the first eight months of 2024 against the same months from 2023, are already providing a keen sense of where 2024 is likely to end. For total construction which summates residential, nonresidential building and heavy engineering, YTD starts activity is presently down 2.4% from a year ago. Given the few months remaining in this calendar year and current conditions, even aggressive interest rate cuts designed to reignite economic and construction growth might not be enough to turn around this year's lackluster results.

The year started off with residential and heavy engineering gains more than offsetting underwhelming nonresiden-

tial building activity. On net, total construction reported 3% to 5% YTD gains throughout most of the first half of the year. Beginning with June total construction growth fell below 2% for the first time as slowing residential growth and a worsening contraction in nonresidential spending pulled overall results lower. Since then, only heavy engineering spending has reported positive YTD growth while spending in both residential and nonresidential construction has experienced an accelerating contraction. To date, total construction starts spending through August is \$15 billion lower than in the same months of 2023.

It is well documented that interest rate changes impact economic activity with a lag, as companies and individuals take time to adjust and respond to higher financing costs and their ensuing impact on cashflows and returns on investments. Because home financing is highly dependent on borrowing it is also one of

the most rate sensitive segments of construction. In 2022, as the Federal Reserve began hiking the Fed Funds Rate from 0% to what would eventually be over 5%, total monthly residential construction starts spending fell from a strong \$38.6 billion in April 2022 to a multi-year low of \$22.2 billion by February of 2023. Now that today's economy is looking at the very real chance of immediate rate cuts, the anticipation should be for residential spending to provide early indications of a greater construction spending rebound. Under a scenario in which residential construction quickly rebounds back to 2021 levels, this would anticipate a \$60-80 billion annualized boost to total construction. The possibility that \$15 billion of this recovery might happen in 4Q2024 and unwind the present contraction may be a long shot. Regardless, it would certainly provide a solid base for a rebound in 2025.

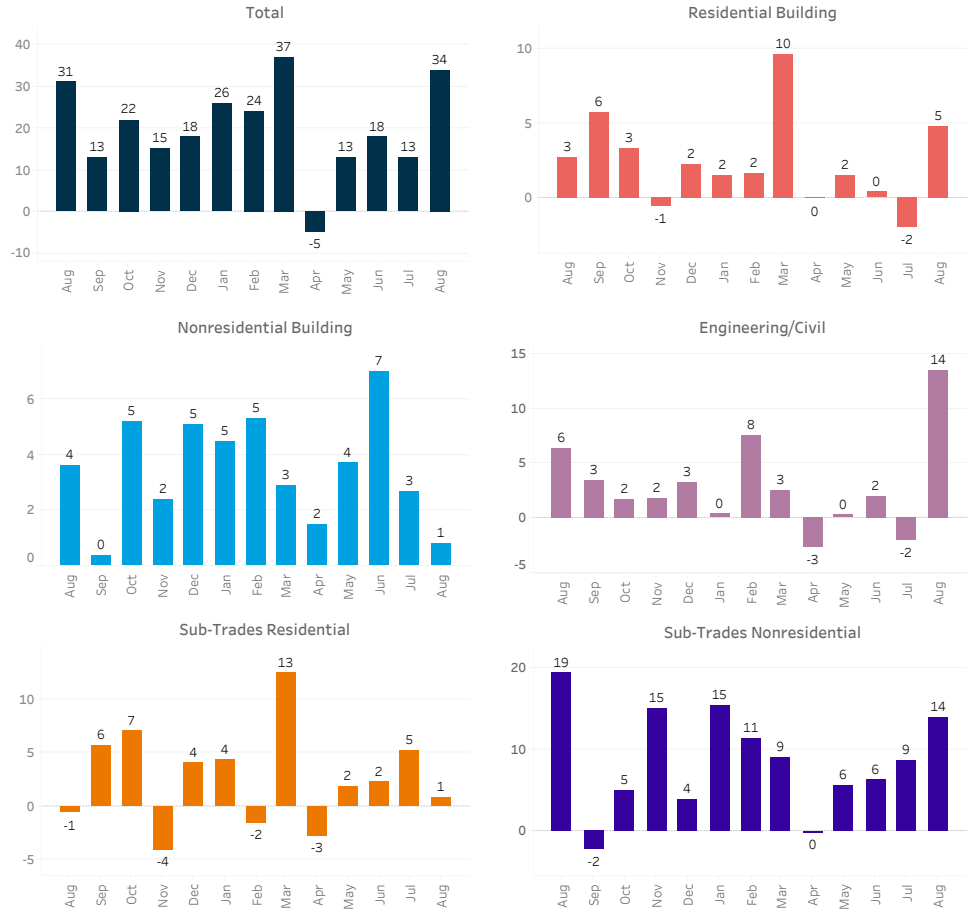
Construction Employment Update

August's total construction hiring added a historically strong 34,000 to the construction labor force. The month's gains represented the second strongest reading in the last 12 months, bested only by March's 37,000 gain. Additionally, the latest reading was more than double the downward revised July reading which fell from an initially reported 25,000 to 13,000. The latest reading also beat the year ago reading of 31,000 jobs added thanks to a 14,000 job gain in engineering and civil hires as compared to a gain of just 6,000 in August of 2023. The latest total construction jobs gains were concentrated in Engineering and Civil along with sub-trades (+14,000). Nonresidential (+1,000), residential sub-trades (+1,000), and residential building (+5,000) all reported more modest gains.

Hourly wages and weekly hours worked continue to make construction an attractive industry for labor. Hourly construction wages averaged \$38.36 in August, an increase of 4.4% from a year ago. Construction laborers worked on average 39 hours a week in August as well, nearly 5-hours more than the total private sector average. As a result, construction laborers earned almost \$290 more per week in August, or 24% more than their average private sector peer.

Change in Level of U.S. Construction Employment

Month to Month (M-M) Change in 000's — Total & by Categories — August 2024

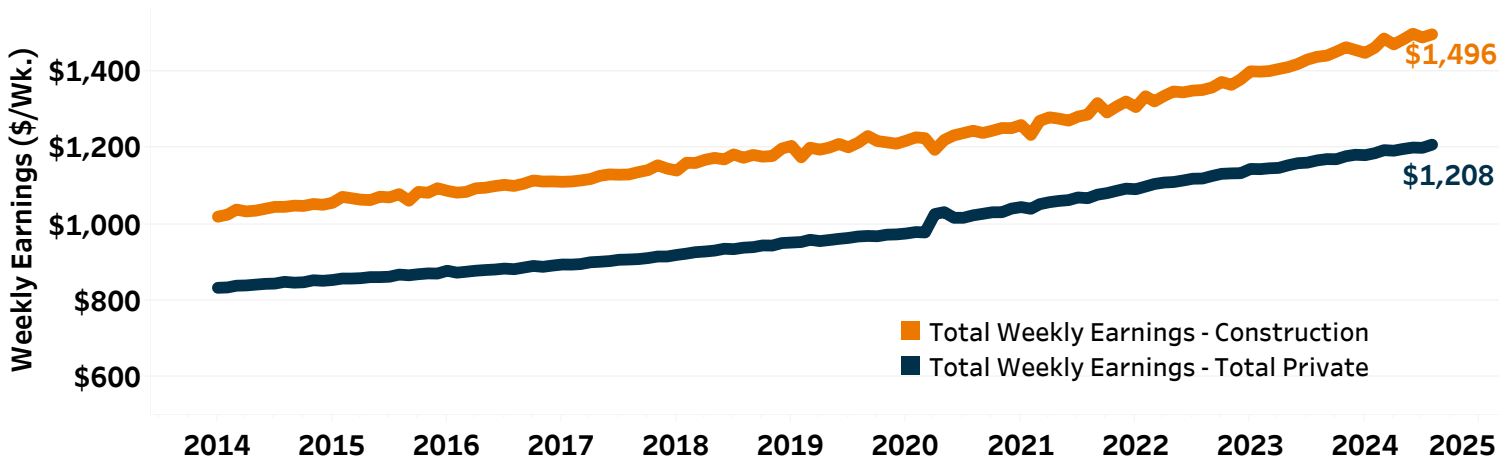


*Sub-trade in BLS data referred to as 'specialty' trade
Data Source: Bureau of Labor Statistics (BLS), Chart: ConstructConnect



Weekly Construction and Total Private Earnings

The combination of an hourly wage premium and an additional 5 hours of weekly work has taken weekly construction earnings 24% above the average private-sector worker.



Source: U.S. Bureau of Labor Statistics



Nonresidential Construction Starts Regional Analysis

Year-to-date (YTD) regional construction activity has been generally positive for most coastal regions but more difficult for the nation's central southern and the mountainous regions. Through August, YTD construction spending expanded the fastest in the South Atlantic (+16.6%) thanks to the steady flow of energy and data center "mega" projects over \$1 billion in cost. In terms of percentage growth Virginia (+97% YTD) and South Carolina (+107% YTD) have vastly outperformed this year's average state reading of 8.4%. Collectively these states have amassed nearly \$34 billion in new construction starts year-to-date. Only Rhode Island (+178%) and Alaska (+109%) have performed better on a percentage basis.

Following behind the South Atlantic's \$94.1 billion in YTD starts, an improvement of 16.6%, is the Pacific region. Year-to-date, the Pacific has grown by 14.6% with starts worth \$65.8 billion. Regional YTD performance quickly declines after this with the East North Central region up only 2.7% followed by the New England region up 1.8%.

Across the middle of the country results are far more concerning. In the West South Central region comprised of Arkansas, Louisiana, Oklahoma, and Texas, total nonresidential starts spending is down 19.4% YTD. The region's challenge is dominated by nonresidential building activity which is down 26.6% YTD and receiving no assistance from heavy engineering which is facing its own mild contraction. Following behind are the eight states of the Mountain region led in spending by Arizona, Colorado, and Wyoming. Total nonresidential year-to-date performance is down 9.1%, again led by a disproportionate contraction in nonresidential building spending and nearly unchanged spending in heavy engineering.

2024 Year-to-Date Ranking of the Top 20 States — ConstructConnect®

Figures are comprised of non-res building & engineering (residential is omitted).

U.S. Ytd Regional Starts, Nonresidential Construction* — ConstructConnect®

	Jan-Aug 2023	Jan-Aug 2024	% Change
Connecticut	\$3,633,787,022	\$3,721,037,134	2.4%
Maine	\$1,161,366,429	\$1,254,538,734	8.0%
Massachusetts	\$8,818,819,835	\$8,142,600,280	-7.7%
New Hampshire	\$1,001,166,218	\$854,224,429	-14.7%
Rhode Island	\$561,072,546	\$1,561,010,203	178.2%
Vermont	\$641,555,054	\$565,841,947	-11.8%
Total New England	\$15,817,767,104	\$16,099,252,727	1.8%
New Jersey	\$4,737,801,350	\$6,571,746,891	38.7%
New York	\$24,427,045,934	\$21,851,332,713	-10.5%
Pennsylvania	\$12,585,209,327	\$9,117,158,611	-27.6%
Total Middle Atlantic	\$41,750,056,611	\$37,540,238,215	-10.1%
Total Northeast	\$57,567,823,715	\$53,639,490,942	-6.8%
Illinois	\$12,364,700,117	\$13,067,660,371	5.7%
Indiana	\$13,122,258,732	\$14,932,958,607	13.8%
Michigan	\$11,289,874,945	\$12,301,717,794	9.0%
Ohio	\$17,271,603,104	\$9,922,281,064	-42.6%
Wisconsin	\$6,467,612,388	\$11,938,561,860	84.6%
Total East North Central	\$60,516,049,286	\$62,163,179,696	2.7%
Iowa	\$4,719,193,415	\$4,345,610,142	-7.9%
Kansas	\$7,732,798,990	\$3,746,968,687	-51.5%
Minnesota	\$5,878,350,413	\$8,585,158,240	46.0%
Missouri	\$5,317,596,530	\$8,015,858,115	50.7%
Nebraska	\$4,003,429,679	\$4,092,305,448	2.2%
North Dakota	\$2,694,493,659	\$2,331,741,456	-13.5%
South Dakota	\$3,033,807,094	\$2,587,645,031	-14.7%
Total West North Central	\$33,379,669,780	\$33,705,287,119	1.0%
Total Midwest	\$93,895,719,066	\$95,868,466,815	2.1%
Delaware	\$928,171,211	\$1,042,720,241	12.3%
DISTRICT OF COLUMBIA	\$1,573,348,108	\$1,898,550,461	20.7%
Florida	\$22,233,523,052	\$24,553,217,465	10.4%
Georgia	\$13,800,134,093	\$11,136,007,725	-19.3%
Maryland	\$6,680,471,209	\$7,346,279,999	10.0%
North Carolina	\$15,992,314,413	\$12,786,227,526	-20.0%
South Carolina	\$5,714,752,149	\$11,827,585,274	107.0%
Virginia	\$11,180,291,411	\$21,991,023,437	96.7%
West Virginia	\$2,654,629,259	\$1,566,802,832	-41.0%
Total South Atlantic	\$80,757,634,905	\$94,148,414,960	16.6%
Alabama	\$8,777,751,804	\$6,740,984,305	-23.2%
Kentucky	\$5,925,031,528	\$4,964,593,163	-16.2%
Mississippi	\$2,667,329,577	\$3,318,364,650	24.4%
Tennessee	\$8,216,762,750	\$10,462,511,940	27.3%
Total East South Central	\$25,586,875,659	\$25,486,454,058	-0.4%
Arkansas	\$4,090,295,841	\$3,233,812,181	-20.9%
Louisiana	\$5,631,868,390	\$4,169,995,238	-26.0%
Oklahoma	\$5,419,438,868	\$4,691,114,330	-13.4%
Texas	\$74,205,419,409	\$59,911,946,313	-19.3%
Total West South Central	\$89,347,022,508	\$72,006,868,062	-19.4%
Total South	\$195,691,533,072	\$191,641,737,080	-2.1%
Arizona	\$9,124,444,608	\$8,508,186,106	-6.8%
Colorado	\$7,062,246,227	\$5,503,978,185	-22.1%
Idaho	\$1,722,678,889	\$1,980,008,622	14.9%
Montana	\$1,450,548,300	\$1,311,368,459	-9.6%
Nevada	\$5,231,188,534	\$3,655,030,774	-30.1%
New Mexico	\$2,511,749,019	\$2,656,048,905	5.7%
Utah	\$4,597,706,014	\$3,807,209,421	-17.2%
Wyoming	\$4,010,466,608	\$5,055,153,855	26.0%
Total Mountain	\$35,711,028,199	\$32,476,984,327	-9.1%
Alaska	\$4,337,337,756	\$9,068,862,703	109.1%
California	\$35,035,944,428	\$38,279,960,199	9.3%
Hawaii	\$5,861,691,100	\$3,095,690,304	-47.2%
Oregon	\$4,793,874,006	\$5,908,766,863	23.3%
Washington	\$7,392,674,769	\$9,430,932,505	27.6%
Total Pacific	\$57,421,522,059	\$65,784,212,574	14.6%
Total West	\$93,132,550,258	\$98,261,196,901	5.5%
TOTAL U.S.	\$440,287,626,111	\$439,410,891,738	-0.2%

*Figures above are comprised of non-res building and engineering (i.e., residential is omitted).

Source: ConstructConnect/Table: ConstructConnect.

INSIGHT View of Starts Statistics

Value of United States Construction Starts

ConstructConnect® INSIGHT Version — August 2024

Arranged to match the alphabetical category drop-down menus in INSIGHT

	Jan -Aug 2024 (\$, billions)	% Change Jan -Aug 24 vs Jan -Aug 23	% Change Aug 24 vs Aug 23	% Change Aug 24 vs Jul 24
Summary				
CIVIL	191.613	15.3%	6.7%	-22.6%
NONRESIDENTIAL BUILDING	247.798	-9.6%	-9.4%	-6.7%
RESIDENTIAL	199.601	-7.0%	-29.6%	-10.8%
GRAND TOTAL	639.012	-2.4%	-12.9%	-12.7%
Verticals				
Airport	10.852	60.7%	37.5%	-32.0%
All Other Civil	21.394	13.9%	-41.2%	-36.0%
Bridges	20.405	15.7%	2.0%	-59.2%
Dams / Canals / Marine Work	7.765	-4.7%	-24.8%	5.7%
Power Infrastructure	19.602	72.8%	686.7%	304.3%
Roads	71.641	0.7%	-7.0%	-24.1%
Water and Sewage Treatment	39.954	23.3%	9.4%	-22.9%
CIVIL	191.613	15.3%	6.7%	-22.6%
Offices (private)	22.261	17.0%	71.4%	722.1%
Parking Garages	1.324	11.2%	5.1%	11.1%
Transportation Terminals	4.358	-18.6%	-50.8%	-78.5%
Commercial (small subset)	27.943	9.2%	64.7%	429.5%
Amusement	9.412	38.1%	-10.5%	-48.5%
Libraries / Museums	3.426	9.7%	-51.5%	-29.1%
Religious	0.846	20.3%	17.5%	-11.0%
Sports Arenas / Convention Centers	7.423	5.7%	149.4%	-61.1%
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College / University	18.838	1.7%	-15.3%	-27.1%
Elementary / Pre School	19.938	7.1%	23.0%	28.7%
Jr / Sr High School	30.311	17.5%	2.4%	-9.5%
Special / Vocational	2.328	52.0%	-63.5%	-35.4%
Educational	71.414	10.8%	-1.3%	-6.6%
Courthouses	1.509	1.8%	-55.6%	-20.7%
Fire and Police Stations	3.845	23.5%	7.2%	-14.3%
Government Offices	10.888	-5.9%	-22.9%	4.8%
Prisons	6.171	78.3%	156.7%	54.9%
Government	22.413	14.2%	-12.6%	3.4%
Industrial Labs / Labs / School Labs	3.301	63.7%	184.6%	6.9%
Manufacturing	40.266	-39.0%	-25.5%	-45.0%
Warehouses	12.467	-26.3%	-52.6%	10.7%
Industrial	56.034	-34.0%	-30.5%	-34.3%
Hospitals / Clinics	14.207	-15.0%	10.6%	-39.7%
Medical Misc.	6.012	-3.2%	-68.1%	0.6%
Nursing Homes	1.684	0.4%	-48.3%	-47.0%
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Shopping	8.832	-15.2%	-22.9%	-38.8%
Retail	21.247	-14.7%	-56.0%	-46.1%
NONRESIDENTIAL BUILDING	247.798	-9.6%	-9.4%	-6.7%
Multi-Family	61.049	-24.0%	-68.5%	-48.0%
Single-Family	138.552	3.1%	-8.7%	2.9%
RESIDENTIAL	199.601	-7.0%	-29.6%	-10.8%
NONRESIDENTIAL	439.411	-0.2%	-3.8%	-13.5%
GRAND TOTAL	639.012	-2.4%	-12.9%	-12.7%

Table 1 conforms to the type-of-structure ordering adopted by many firms and organizations in the industry. Specifically, it breaks nonresidential building into ICI work (i.e., industrial, commercial and institutional), since each has its own set of economic and demographic drivers. Table 6 presents an alternative, perhaps more user-friendly and intuitive type-of-structure ordering that matches how the data appears in ConstructConnect's online product 'Insight'.

Source: ConstructConnect/Table: ConstructConnect.

“Top Ten” Projects of the Month

ConstructConnect’s Top 10 Project Starts in August 2024

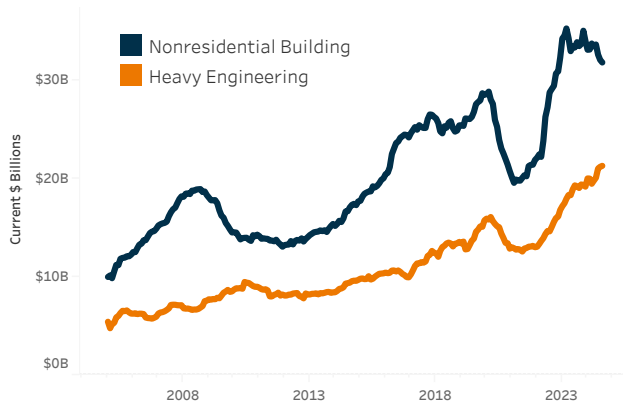
Location	Type of Construction	Description	Square Feet (000's)	Dollars (Millions, \$)
California Sunnyvale	Industrial	Applied Materials Equipment and Process Innovation and Commercialization (EPIC) Center	600	\$4,000
Wisconsin Mount Pleasant	Commercial	Microsoft Data Center - Mount Pleasant	3,300	\$3,300
Virginia Manassas	Commercial	Kessinger Hunter VA3, VA4, VA5 Iron Mountain Data Center Expansion	1,600	\$1,600
New York Riverhead	Heavy	Sunrise Wind Project	-	\$1,500
Illinois Evanston	Commercial	Ryan Field Stadium at Northwestern University	740	\$800
Alabama Montgomery	Commercial	Meta Data Center / Montgomery	715	\$800
Minnesota Rosemount	Commercial	Meta Data Center - Project Bigfoot	715	\$800
New York Albany	Heavy	Offshore Wind Tower Manufacturing Complex - Port of Albany (Beacon Island)	560	\$604
Texas Red Oak	Commercial	Google Red Oak Data Center	285	\$600
Texas Austin	Institutional	Red McCombs School of Business New Building - 102-1422 - University of Texas System	700	\$425
TOTALS			9,215	\$14,429

*A square footage measure does not apply for alteration, some forms of industrial (e.g., petrochemical) and most engineering/civil work.

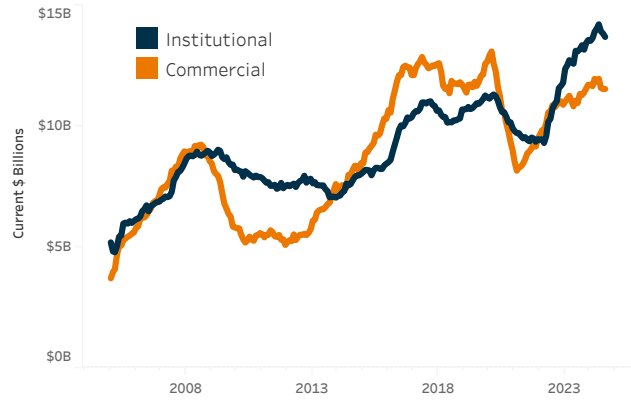
Source: ConstructConnect/Table: ConstructConnect.

Trend graphs for 12 key categories

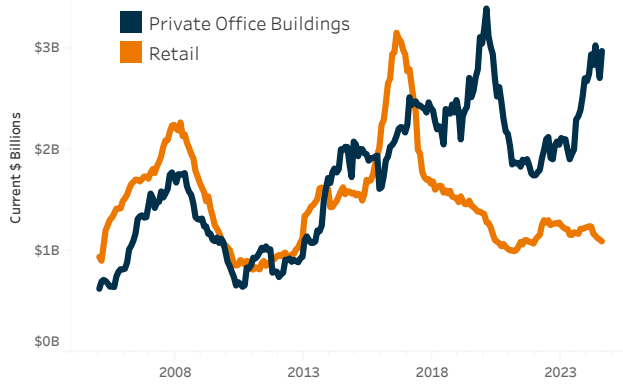
U.S. Nonresidential Construction Starts — ConstructConnect
(12-Month Moving Average)



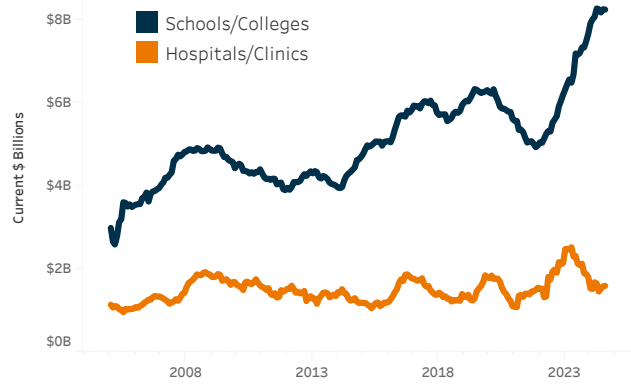
U.S. Commercial and Institutional Construction Starts — ConstructConnect
(12-Month Moving Average)



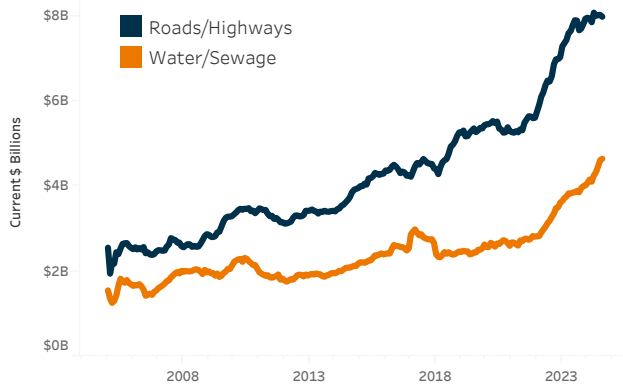
U.S. Retail and Private Office Building Construction Starts — ConstructConnect
(12-Month Moving Average)



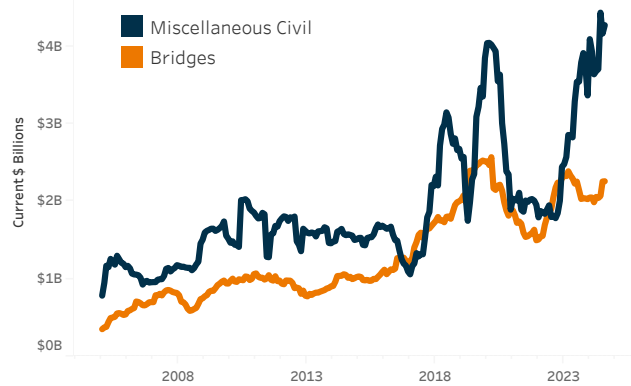
U.S. Hospitals/Clinic and School/College Construction Starts — ConstructConnect
(12-Month Moving Average)



U.S. Roads/Highways and Water/Sewage Construction Starts — ConstructConnect
(12-Month Moving Average)



U.S. Bridges and Miscellaneous Civil Construction Starts — ConstructConnect
(12-Month Moving Average)



The last data points in all the graphs on this page are for May 2024.

Source: ConstructConnect/Charts: ConstructConnect.

