Construction & Materials Outlook

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Single-family (SF) vs. multifamily (MF)

- **November construction spending (value put in place):**
  - SF: -7% vs. October, -42% vs. 11/07
  - MF: -2% vs. October, -3% vs. 11/07
  - Improvements: -2% vs. October, +8% vs. 11/07
- **December building permits:**
  - SF: -12% vs. November, -49% vs. 12/07
  - MF: -7.5% vs. November, -52% vs. 12/07
- **December housing starts:**
  - SF: -13% vs. November, -49% vs. 12/07
  - MF: -20% vs. November, -45% vs. 12/07

Nonres ’07 totals, share, 12-month change

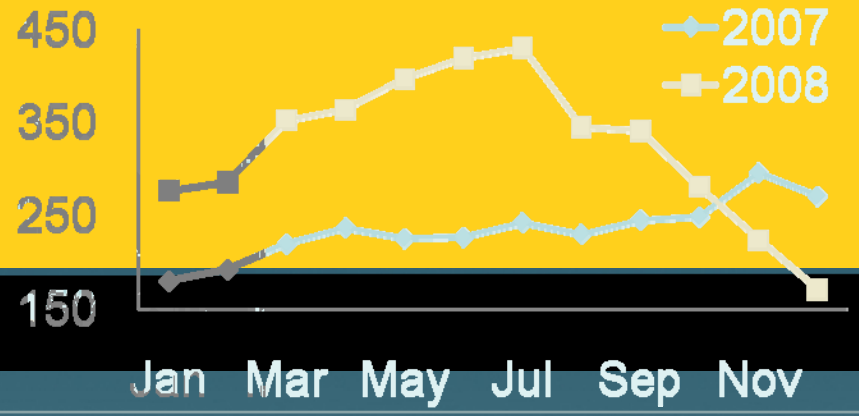
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

Change in Producer Prices for Construction vs. Consumer Prices, 2003 - 2008 (December 2003 = 100)

Change in Producer Prices for Major Construction Inputs, 2003 - 2008 (December 2003 = 100)

Producer Price Indexes, 2007 vs. 2008

No. 2 Diesel Fuel
Change from 12/07-12/08: -37%



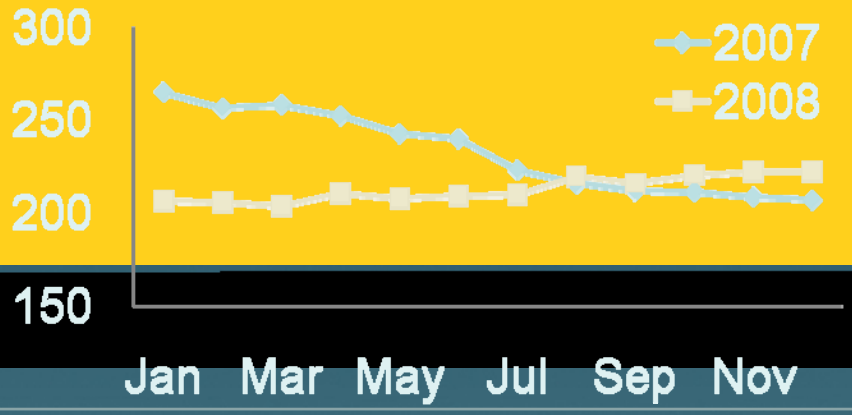
Steel Mill Products
Change from 12/07-12/08: 5%

Asphalt Paving Mixtures & Blocks
Change from 12/07-12/08: 33%

Source: BLS

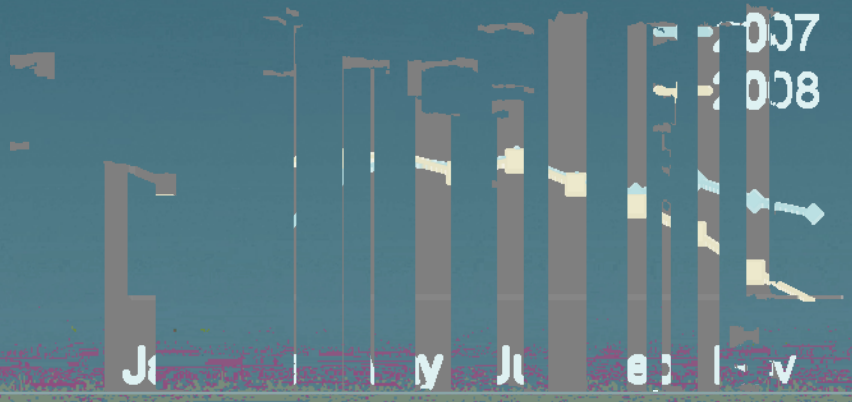
Producer Price Indexes, 2007 vs. 2008

Gypsum Products
Change from 12/07-12/08: 7%

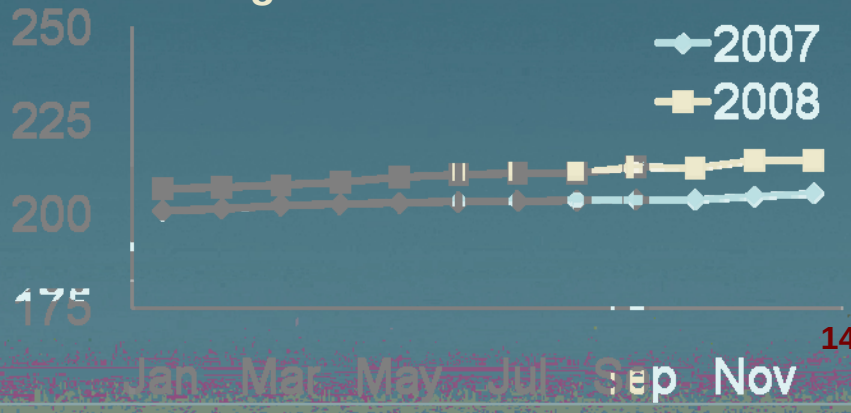


Lumber and Plywood
Change from 12/07-12/08: -7%

Copper & Brass Mill Shapes
Change from 12/07-12/08: -24%



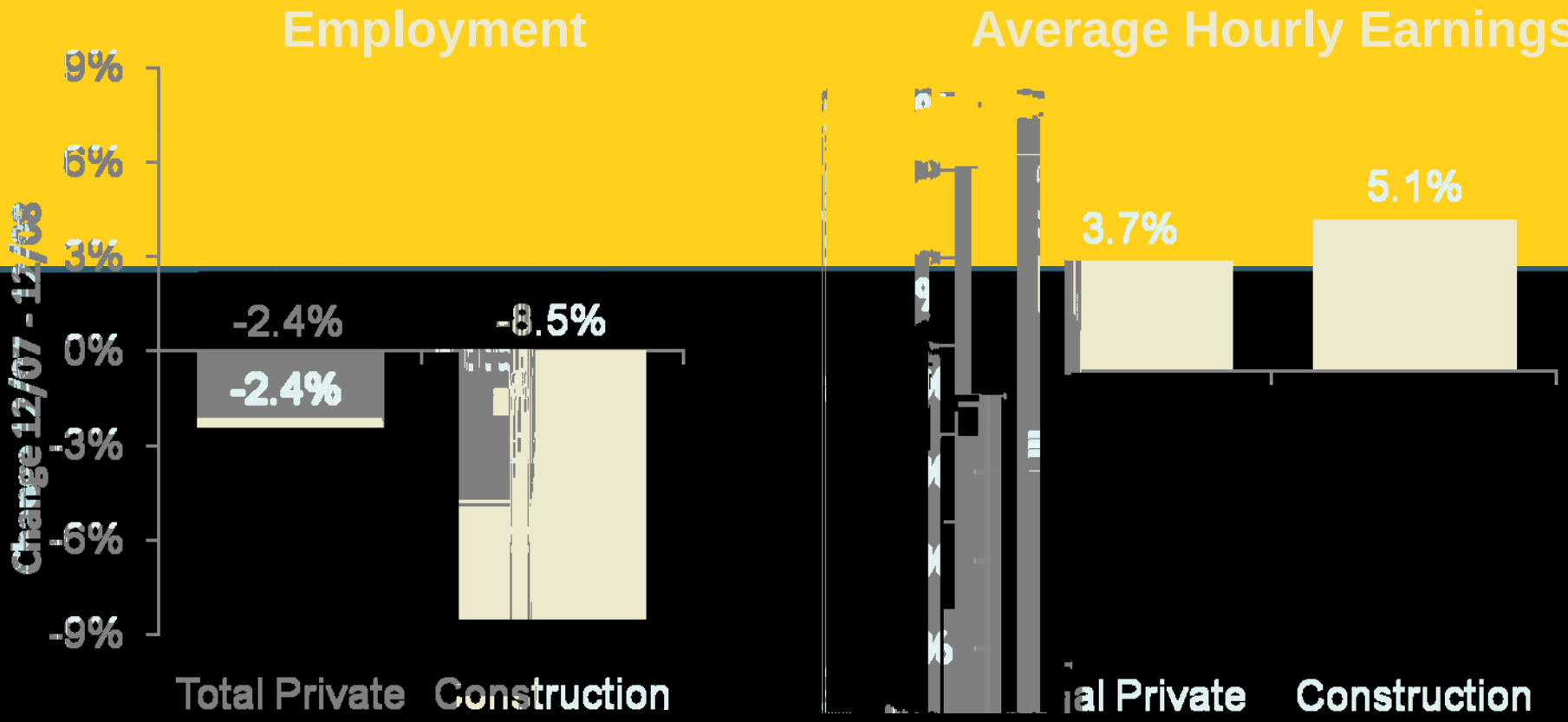
Concrete Products
Change from 12/07-12/08: 4%



Outlook for materials (beyond 2009)

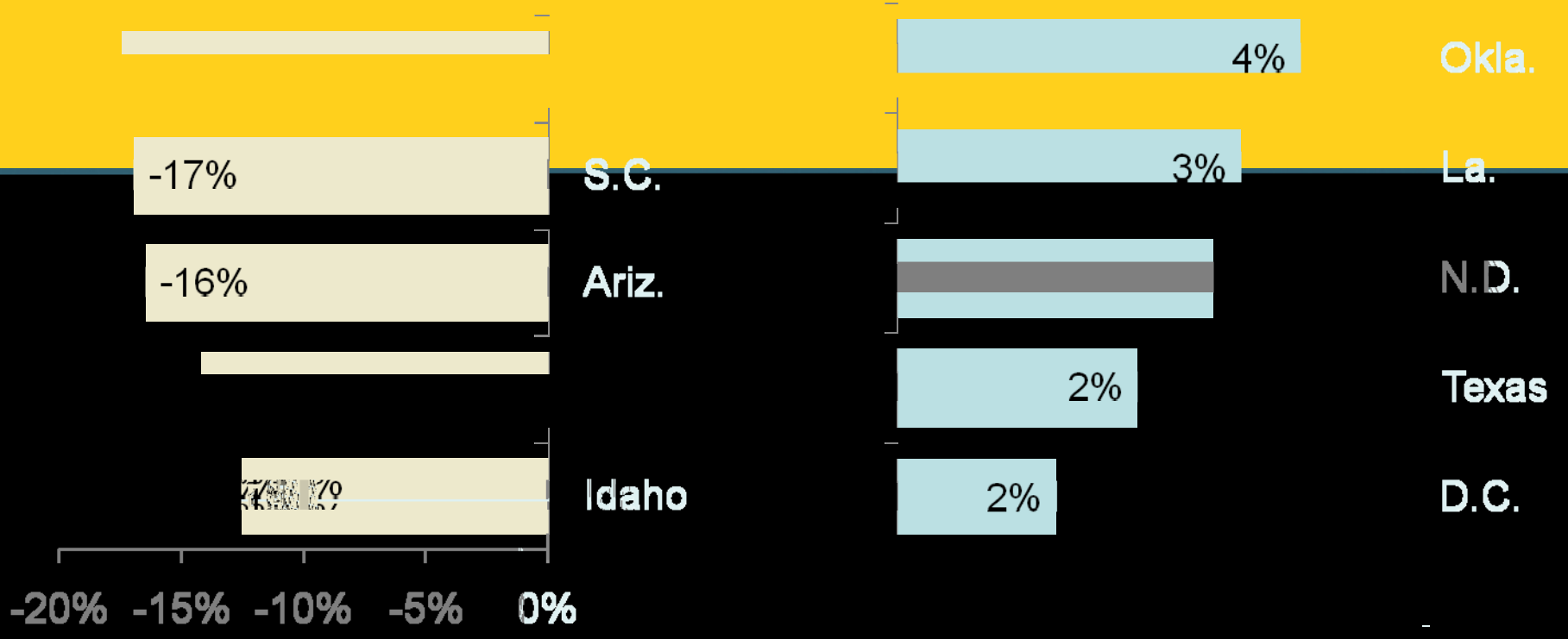
- **Industry depends on specific materials that:**
  - are in demand worldwide
  - have erratic supply growth
  - are heavy, bulky or hard to transport
- **Construction requires physical delivery**
- **Thus, industry is subject to price spurts, transport bottlenecks, fuel price swings**
- **Expect 6-8% PPI increases, higher spikes**

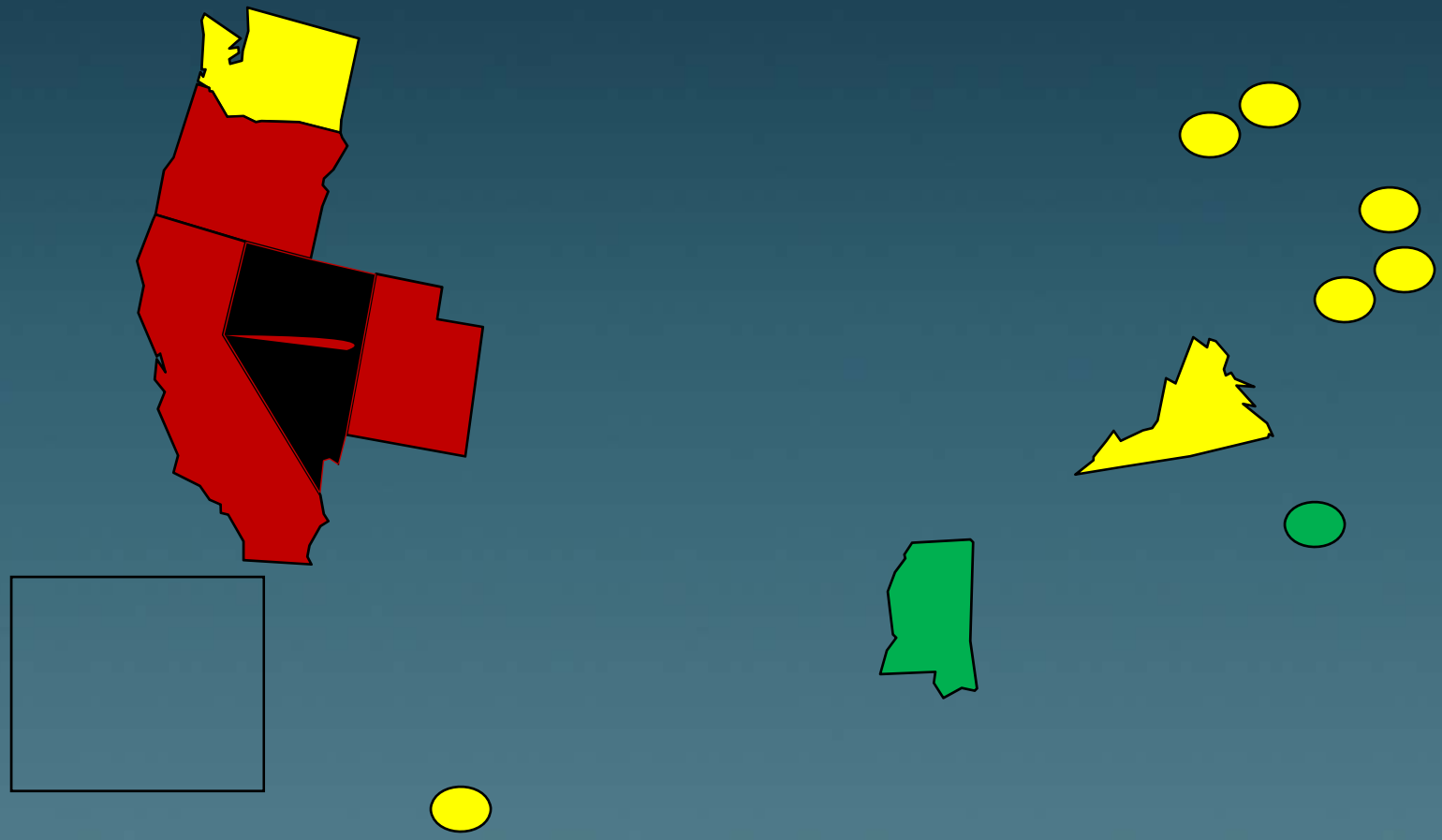
Construction jobs fall, but wages rise



State construction employment, 11/07 – 11/08

(U.S. total: -7.8%)





AGC economic resources (sign up by email to simonsonk@agc.org)

- The Data DIGest: weekly one-page email
- PPI tables: emailed monthly

- State-specific stimulus estimates and fact sheets: www.agc.org /factsheets
- Webinars/Audioconferences

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