



Construction & Materials Outlook

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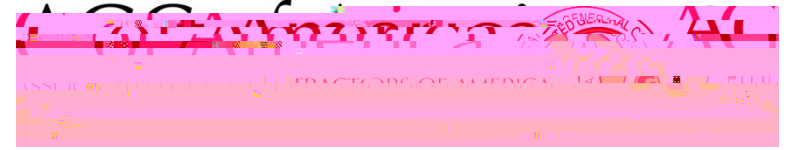


Current economic influences

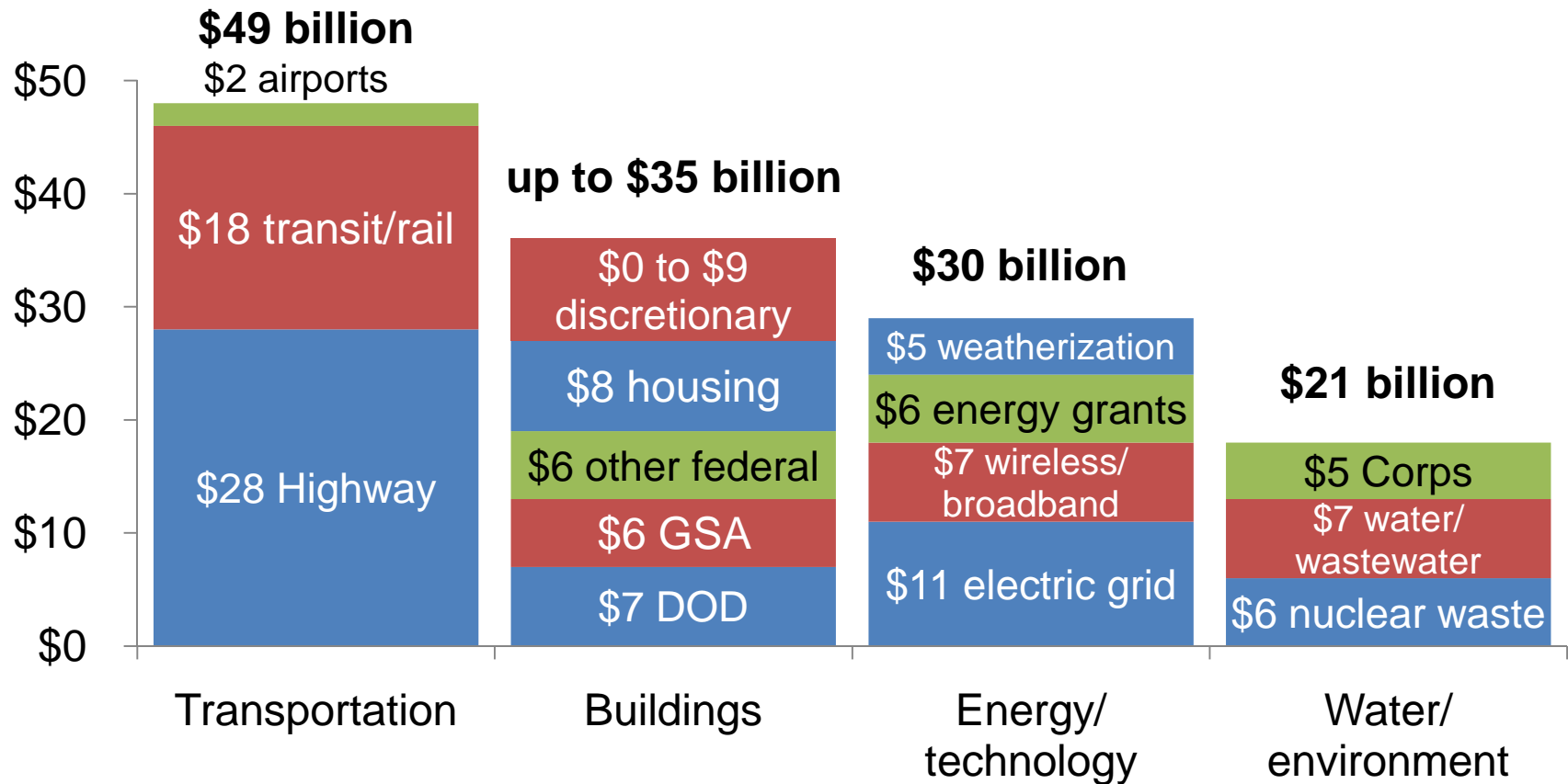


Economic stimulus package

Total : \$787 billion in spending increases, tax cuts



Construction-related stimulus funding (~\$135 bil.)





Stimulus tax provisions affecting construction

- 1-year delay (to 2012) in 3% withholding on gov. contracts
- Increased expensing
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Stimulus timing, strings

- **Timing – road \$ spent fast; other \$ delayed due to:**
 - New programs had to be designed
 - Agencies didn't have enough personnel



Economic impact of nonresidential construction

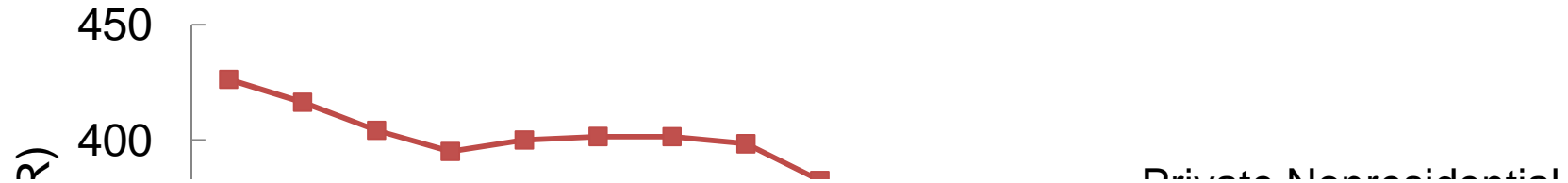
- **Jobs:** 28,500 per \$1 billion
 - 1/3 direct, onsite construction
 - 1/6 indirect, supplying industries
 - 1/2 induced by direct, indirect spending
- **GDP:** \$3.4 billion
- **Personal Earnings:** \$1.1 billion



Construction spending by segment, 1- & 12-month change

Billion \$, seasonally adjusted annual rate (SAAR)

Oct. '09: \$911 billion, 1-month change: 0%, 12-month



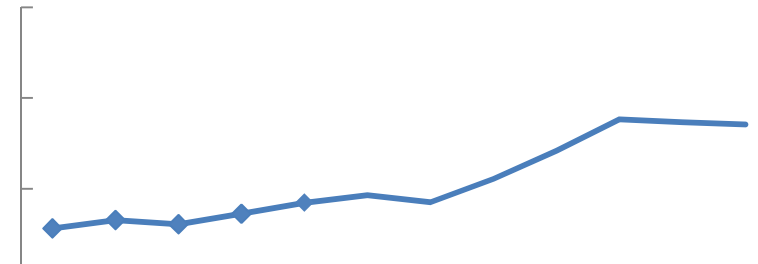


Housing outlook

- **SF:** starts, permits now rising steadily; totals should begin to top year-ago figures in late '09
- **MF:** No improvement likely until '11
 - Rental demand hurt by job losses among would-be renters and by first-time homebuyer credit
 - Supply swelled by owners and who are trying to rent out houses and condos
 - Banks remain unwilling to lend to developers



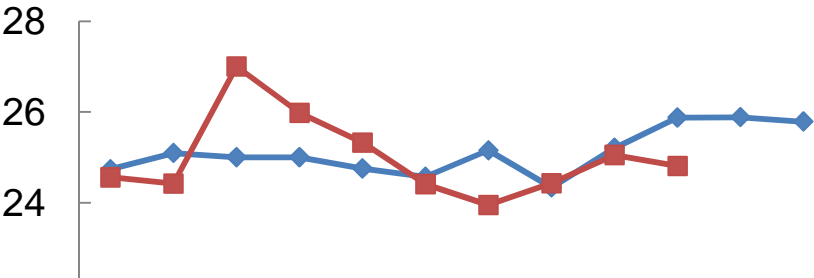
Construction spending: industrial, heavy (billion \$, SAAR)





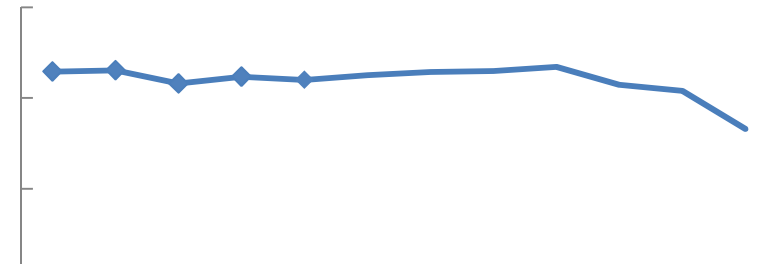
Construction spending: public works (billion \$, SAAR)

Sewage/waste(98% pub.) —
1-month: -1.0%, 12-month: -4.1%



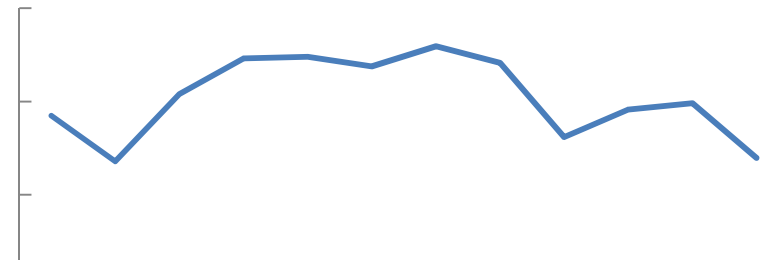


Construction spending: developer-financed (billion \$, SAAR)





Construction spending: institutional (private + state/local)







Producer price indexes, 1/07-11/09





Outlook for materials (beyond '09)

- **Industry depends on specific materials that:**
 - are in demand worldwide
 - have erratic supply growth









Summary for 2009

- Nonres spending: -3 to -7% (up: power, mfg., BRAC, stimulus; down: developer-, state & local gov-funded)
- Res: -35 to -40% (SF up in 2d half, MF down all year)



Summary for 2010

- Nonres spending: 0 to -5% (more stimulus put in place, maybe gains in retail, higher ed, hospitals)
- Res: +5 to +10% (SF up, MF down all year)

