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35 states add jobs in September; Dodge predicts starts will rise in 2017; ABI slips again

Seasonally adjusted **construction employment** rose in 35 states from August 2015 to August 2016 and fell in 15 states and the District of Columbia, an AGC [analysis](#) of Bureau of Labor Statistics (BLS) [data](#) released on Friday showed. Iowa again led in percentage gain (18%, 13,700 jobs), followed by Colorado (13%, 19,400), Hawaii (11%, 3,900) and Idaho (11%, 4,200). The most jobs added were again in California (30,900 jobs, 4.2%), Florida (22,800, 5.2%) and Colorado. Wyoming had the steepest percentage loss (-9.2%, -2,100), followed by Kansas (-7.7%, -4,700), Montana (-6.9%, -1,800) and North Dakota (-6.3%, -2,100). Kansas lost the most jobs, followed by Alabama (-3,500, -4.3%) and Pennsylvania (-2,600, -1.1%). For the month, employment rose in 21 states and D.C., shrank in 24 states and was unchanged in five. (AGC's rankings are based on seasonally adjusted data, which in D.C., Hawaii and five other states is available only for construction, mining and logging combined.)

Dodge Data & Analytics [released](#) its 2017 construction outlook on Thursday, forecasting that "total U.S. **construction starts** for 2017 will advance 5%..., following gains of 11% in 2015 and an estimated 1% in 2016. [Chief economist Robert Murray stated,] 'the construction industry has now entered a more mature phase of its expansion, one that is characterized by slower rates of growth than [during 2012-2015], but still growth. Since the construction start statistics will lead [spending], spending can be expected to see moderate gains through 2017 and beyond....Gains of 8% are expected for both residential...and nonresidential building, while nonbuilding construction slides a further 3%.' **Multifamily housing** will be flat in dollars and down 2% in units [and] appears to have peaked in 2015, lifted in particular by an exceptional amount of activity in the New York...metropolitan area, which is now settling back. Continued growth for multifamily housing in other metropolitan areas... will enable the retreat at the national level to stay gradual. **Commercial building** will increase 6% on top of the 12% gain estimated for 2016. Office construction is showing improvement from very low levels, lifted by the start of several signature office towers and broad development efforts in downtown markets. Store construction should show some improvement from a very subdued 2016, and warehouses will register further growth. Hotel construction...will begin to retreat after a strong 2016. **Institutional building** will advance 10%...after pausing in 2015 and 2016....K-12 school construction [is growing], supported by the passage of recent school construction bond measures. More growth is expected for the amusement category (convention centers, sports arenas, casinos) and transportation terminals. Manufacturing plant construction will increase 6%...after steep declines in 2015 and 2016 that reflected the pullback for large petrochemical plant starts. **Public works** construction will improve 6%...after slipping 3% in 2016. Highways and bridges will derive support from the new federal transportation bill, while environmental works should benefit from the expected passage of the Water Resources Development Act....Pipeline projects are expected to stay close to [2016 volumes]. Electric utilities and gas plants will fall another 29% after the 26% decline in 2016. The lift that had been present in 2015 from new liquefied natural gas export terminals continues to dissipate. Power plant construction, which was supported in 2016 by the extension of investment tax credits, will ease back...."

The **Architecture Billings Index (ABI)** score fell below the breakeven 50 mark for the second consecutive month in September, with a reading of 48.4, seasonally adjusted, down from 49.7 in August, the American Institute of Architects [reported](#) on Wednesday. The ABI measures the percentage of surveyed architecture firms that reported higher billings than a month earlier less the percentage reporting lower billings; any score over 50 indicates billings growth. Firms with all practice specialties had scores near 50 (based on three-month moving averages): commercial/industrial, 50.4, nearly unchanged from 50.3 in August; mixed practice, 49.8, down from 50.2; institutional, 49.0, down from 50.2; and multifamily residential, 48.8, down from 49.8.

Housing starts decreased 9.0% at a seasonally adjusted annual rate from August to September, but increased 3.7% year-to-date (YTD) for the first nine months of 2016 compared to the same period in 2015, the Census Bureau [reported](#) on Wednesday. Single-family starts jumped 8.1% for the month and 8.6% YTD. Multifamily (buildings with 5 or more units) starts plunged 39% for the month and fell 5.6% YTD. **Building permits**, a fairly reliable predictor over time of near-term starts, rose 6.3% for the month and 0.5% YTD. Single-family permits increased 0.4% for the month and 8.1% YTD. Multifamily permits soared 17% from August but fell 12% YTD. Multifamily permits YTD (300,000) are slightly above YTD starts (279,000).

"Reports from the 12 Federal Reserve districts suggest national economic activity continued to expand during the reporting period from late August to early October," the Fed [reported](#) on Wednesday in the latest "Beige Book" (named for the color of its cover), a compilation of informal soundings of firms in each district. The districts are referenced by their headquarters cities. "The Richmond, Dallas and San Francisco districts noted a **lack of construction workers**, with some contacts noting these shortages were constraining construction activity....Growth in **residential construction** was generally flat to up during the reporting period, with particular strength noted in the San Francisco district. However, construction activity dipped slightly in the Richmond district partly due to lot shortages....Growth in multifamily construction was positive in the Boston and Atlanta districts but was mixed in the Richmond district and slowed further according to New York's report....**Commercial construction** increased on net, with contacts in the Cleveland and Atlanta districts reporting increased or high backlogs. Shortages of skilled labor remained a constraint on construction activity in some districts, such as Cleveland and San Francisco."

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