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34 states add jobs; PPIs for new buildings and construction inputs each rise 0.8%

Seasonally adjusted **construction employment** rose in 34 states from November 2015 to November 2016, declined in 14 states, and held steady in Montana, Nebraska and the District of Columbia, an AGC [analysis](#) of Bureau of Labor Statistics (BLS) [data](#) released today showed. Nevada led in percentage gain (12%, 8,400 jobs), followed by Iowa (10%, 8,300), Washington (9.4%, 16,500), Oregon (8.4%, 7,000) and Colorado (8.3%, 12,800). The most jobs added were again in California (35,100 jobs, 4.7%), Florida (23,200, 5.3%), Washington and Colorado. Kansas again had the steepest percentage loss (-5.9%, -3,600), followed by Wyoming (-5.7%, -1,300), Alabama (-4.4%, -3,600), Connecticut (-3.8%, -2,200), Maine (-3.7%, -2,200) and Kentucky (-2.9%, -2,200). New York lost the most jobs (-6,400, -1.7%), followed by Alabama and Kansas, then Kentucky and Connecticut. For the month, employment rose in 29 states and D.C., and shrank in 21 states. (AGC's rankings are based on seasonally adjusted data, which in D.C. and six states is available only for construction, mining and logging combined.)

The **producer price index** (PPI) for final demand in November, not seasonally adjusted, increased 0.1% from October and 1.3% year-over-year (y/y) from November 2015, the BLS [reported](#) on Wednesday. AGC posted [tables](#) and an [explanation](#) focusing on construction prices and costs. Final demand includes goods, services and five types of nonresidential buildings that BLS says make up 34% of total construction. The **PPI for final demand construction**, not seasonally adjusted, ticked up 0.1% for the month and 0.8% y/y. The PPI for new nonresidential building construction—a measure of the price that contractors say they would charge to build a fixed set of five categories of buildings—also rose 0.8% y/y. Changes ranged from 0.1% y/y for school building construction to 0.3% for industrial buildings, 0.4% for health care buildings, 1.3% for office buildings and 1.4% for warehouses. **PPIs for new, repair and maintenance work** on nonresidential buildings fell 1.1% for plumbing contractors and 1.0% y/y for electrical contractors, and rose 0.9% for roofing contractors and 4.5% for concrete contractors. The **index for inputs to construction**—excluding capital investment, labor and imports—comprises a mix of 59% goods (including 5% for energy) and 41% services (including trade services, 26%; transportation and warehousing, 4%; and other services, 10%). The overall PPI for inputs to construction slipped 0.3% for the month and increased 0.8% y/y. The PPI for all goods used in construction declined 0.5% for the month and rose 0.5% y/y, as the sub-index for energy tumbled 5.0% for the month and 3.2% y/y, while the PPI for goods less food and energy was flat for the month and climbed 0.8% y/y. The index for services rose 0.1% in November and 1.4% y/y. PPIs for inputs to seven types of new nonresidential structures were nearly flat, with y/y changes ranging from -0.1% for industrial structures to 0.6% for educational and vocational structures. The PPI for inputs to new single-family construction rose 1.6% y/y and for multifamily, 1.5%. **Materials important to construction** that had notable one- or 12-month price changes include diesel fuel, down 1.3% for the month and down 6.3% y/y; cement, up 0.5% and 6.2, respectively; and copper and brass mill shapes, up 9.2% and 8.6%. BLS [introduced](#) “two regionally based PPI special index structures under industry data for new nonresidential building construction,” covering the four Census regions. One “structure is intended for data users looking to obtain regional PPI data by contractor type, while the other is intended for data users interested in the overall price movement for new nonresidential building construction within a specific region.... Data for these new indexes are available back to February 2014.”

Housing starts in November plunged 19% at a seasonally adjusted annual rate from October, following an upwardly revised 27% leap in October, the Census Bureau [reported](#) on Friday. The year-to-date (YTD) total for the first 11 months of 2016 compared to the same period in 2015 rose 4.8%. Single-family starts slipped 4.1% for the month but increased 9.6% YTD. Multifamily (buildings with 5 or more units) starts tumbled 44% for the month, after soaring 80% in October, and are down 4.1% YTD. **Building permits**, a fairly reliable predictor over time of near-term starts, declined 4.7% for the month but edged up 1.1% YTD. Single-family permits increased 0.5% for the month and 8.1% YTD. Multifamily permits retreated 16% from October's level and 10% YTD. Multifamily permits YTD (370,000) exceed YTD starts (344,000), but the sharp downturns in both numbers in November may indicate that some developers who have taken out permits may delay or cancel planned starts.

Inflation-adjusted gross domestic product (real GDP) by state increased 1.2% at a seasonally adjusted annual rate from the first quarter of 2016 (Q1 2016) to Q2, the Bureau of Economic Analysis [reported](#) on December 7. Construction reduced overall GDP by 0.16 percentage points nationally; its contribution ranged from 0.42 points in Iowa to -0.78 points in Wyoming.

Total revenue of architectural and related services businesses in Q3 2016 increased 6.0% from Q2 and 8.4% from Q3 2015, Census [reported](#) on December 8 in its latest Quarterly Services Survey. **Total revenue of engineering services businesses** rose 0.5% for the quarter and 1.4% y/y.

Merger and acquisition activity in the engineering and construction industry “has remained strong into Q4 2016, with the total number of industry transactions for the last 12 months” through November 9 at 261, compared with 258 in the previous 12 months, investment banking firm Headwaters MB [reported](#) on November 30, citing data from FactSet.