

Data Digest

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PPI for inputs rises in April but dips over 12 months; pay in construction tops U.S. median by 18%

The **producer price index (PPI) for material and service inputs to new nonresidential construction** rose 0.5% from March to April but declined 1.1% year-over-year (y/y), according to Bureau of Labor Statistics (BLS) data [posted](#) on Thursday. The divergent changes were driven by the PPI for energy inputs to construction, which climbed 1.9% for the month but tumbled 16.3% compared to April 2022, when prices soared following Russia's invasion of Ukraine. The index for goods other than energy and foods climbed was flat in April and up 1.0% y/y. Despite the y/y moderation overall, some key inputs continued to post double-digit y/y cost increases: cement, 13.7%; electrical switchgear, 13.3%; concrete products, 13.2%; and gypsum building materials, 12.1%. The **PPI for new nonresidential building construction**—a measure of the price that contractors say they would bid to build a fixed set of buildings—dipped 0.3% for the month but increased 11.8% y/y. **PPIs for new, repair, and maintenance work by subcontractors** were mixed: roofing contractors (3.0% for the month and 19.7% y/y), electrical contractors (-3.0% and 13.6%, respectively); plumbing contractors (0.2% and 9.6%); and concrete contractors (-0.2% and 4.3%). AGC [posted](#) tables of construction PPIs. Readers are invited to send information on price and supply-chain changes to ken.simonson@agc.org.

“Half of payroll **workers in construction** earn more than \$54,540,” 18% more than the U.S. median wage of \$46,310, “and the top 25% make at least \$77,030,” 4.9% higher than the U.S. top quartile base of \$73,460, the National Association of Home Builders [reported](#) on Tuesday, based on its analysis of May 2022 Occupational Employment and Wage Statistics posted by BLS. “Among construction trades, elevator installers and repairers top the median wages list with half of them earning over \$100,480 a year, and the top 25% making at least \$123,020. First-line supervisors of construction trades are next on the list. Their median wages are \$74,330, with the top 25% highest-paid supervisors earning more than \$93,600. [BLS] adopted a new estimation methodology in 2021. As a result, the previously published estimates are not directly comparable to the latest 2021 and 2022 editions. Nevertheless, comparing the median wages in construction over the last two years reveals that, on average, lower-paid occupations experienced a somewhat faster wage growth. Median wages of construction laborers, for example, grew 13.3%, while the overall construction median increased 11.1%, one of the largest increases among all industries.”

In a trend with implications for **school** and other **construction**, “Thirty-five states have fewer children than they did five years ago, a situation caused by declining birth rates nationwide, but also by young families migrating across state borders in search of cheaper housing,” [Stateline reported](#) on Thursday. “The states with the largest drops were California, Illinois and New Mexico, where the child population declined by 6% between 2017 and 2022, according to a Stateline analysis of U.S. Census Bureau data. Idaho and North Dakota saw the largest increases, at 4%.”

Firms reporting declining **profit margins** outnumbered firms reporting rising margins by 27 percentage points (a net balance reading of -27%) in the first quarter (Q1) 2023 RICS-AACE USA Construction Monitor, covering 60 responses between March 8 and April 21 and posted by [RICS](#) on Monday. “The emphatic message coming through in the insights to the Q1 survey is the ongoing strength of workloads in the infrastructure space. [The net balance reading climbed] to 45% from 34% in the final part of last year...More intriguing on the face of it is the less negative read on private residential workloads, as the net balance climbed to 11% from -31% previously...The one segment of the construction industry which has a negative result for workloads this quarter is private nonresidential, although this needs to be seen in the context of seven successive positive readings beforehand. As such, at this point, the latest result represents a modest slowing in momentum.”

Highway contractors are invited to complete AGC's annual **highway work zone safety survey** by **tonight, May 12**. Responses will be kept confidential. AGC will use the information from this survey as the main focus of a media and public education campaign we will launch the week before Memorial Day and the traditional start of the summer driving season.

The Census Bureau reminded firms in all industries, “The due date for responding to the [2022 Economic Census](#) has passed, but it's not too late to respond.” Results from the **Census of Construction** are used by a wide range of stakeholders.

Data Digest is a weekly summary of economic news. Sign up [here](#). Editor: Ken.Simonson@agc.org, Chief Economist, AGC. Go here for [Ken's PPT](#) or more [construction data](#).

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