

Data Digest

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PPI shows little change in November; population growth increases, fewer states lose residents in 2023

Input prices and bid prices for construction were little changed in November from October or year-over-year (y/y) from November 2022, according to data the Bureau of Labor Statistics [posted](#) on Wednesday. The **producer price index (PPI) for material and service inputs** to new nonresidential construction declined 0.2%, not seasonally adjusted, for the month and increased 0.1% y/y. Despite the recent moderation, the cumulative change in the inputs PPI since February 2020 is 37%, nearly double the 19% increase in the consumer price index, the most commonly cited measure of inflation. Most inputs had modest changes for the month and y/y, with a few exceptions: the PPI for ready-mixed concrete was up 0.2% and 9.4%, respectively, and cement was unchanged for the month but rose 8.3% y/y. Notable declines included the PPIs for diesel fuel, up 0.9% for the month but down 30% y/y; lumber and plywood, -2.0% and -11%, respectively; truck transportation of freight, -0.6% and -8.7% y/y; and steel mill products, -1.5% and -8.4%. The **index for new nonresidential building construction**—a measure of prices that contractors say they would bid to erect a fixed set of buildings—fell 0.2% for the month and rose just 0.3% y/y. Changes in PPIs for new, repair, and maintenance work by subcontractors were mixed: roofing contractors, up 0.1% and 9.1%, respectively; plumbing, -0.4% and 3.3%; electrical, 0.1% and 2.5%; and concrete contractors, 0 and -1.3%. AGC [posted](#) tables of construction PPIs.

U.S. **population growth** between July 1, 2022 and July 1, 2023 rose to 0.49% from 0.37% in the previous 12 months, the Census Bureau [reported](#) today. A return of “U.S. migration...to pre-pandemic levels and a [nearly 9%] drop in deaths are driving the nation’s growth. [Although births declined,] fewer deaths paired with rebounding immigration resulted in the nation experiencing its largest population gain since 2018. [The South] accounted for 87% of the nation’s growth in 2023,” due largely to net domestic migration of 706,266 and net international migration of almost 500,000. Of the record 19 states with decreases in 2022, 11 switched to gains and the rest had smaller declines in 2023, while growth accelerated in 16 states and the District of Columbia. Growth slowed in 13 states and was close to stable in South Carolina and Texas. South Carolina grew the fastest (1.7%, 90,600 more residents), followed by Florida (1.6%, 365,205), which had been first in 2022. Texas added the most residents and was third in percentage growth (473,453, 1.6%). New York again had the largest numerical and percentage declines (-101,984, -0.5%). Population changes over time are a major contributor to demand for numerous types of construction, funding for public construction, and supply of potential construction workers. AGC posted a [map](#) showing 2023 changes and a [table](#) ranking all states and D.C. by 2021, 2022, and 2023 changes.

The **value of construction starts** in current dollars (not adjusted for inflation) rose 13% y/y in November, data firm ConstructConnect [reported](#) on Monday. Nonresidential building starts jumped 32%, with gains in each component: institutional 22%, commercial 11%, and industrial (manufacturing) starts 219%. Engineering (civil) starts declined 3.8%: roads/highways up 25%, water/sewage up 21%, power and miscellaneous civil down 65%, bridges up 6.1%, dams/marine down 7.9%, and airports down 39%. Residential starts slumped 21%: single-family up 5.4% and multifamily down 44%.

“Higher interest rates are choking off **construction of warehouses**,” [www.wsj.com](#) reported on Monday. “Industrial property construction starts tumbled 48% in the first nine months of the year compared with the same period in 2022, according to data company CoStar[, the largest drop for that period since 2009.] While some places, such as the New York City area and South Florida, still have a shortage of warehouses, a number of cities with relatively abundant land saw a surge in construction and now face a glut of empty space. Indianapolis, Denver, [Austin, Dallas, and San Antonio] had industrial vacancy rates of more than 8% in the third quarter, according to JLL, [vs.] the national vacancy rate of 4.9%.”

Housing starts (units) in November 15% from October and 9.3% y/y at a seasonally adjusted annual rate, the Census Bureau [reported](#) today. Single-family starts soared 18% and 42%, respectively. Multifamily (five or more units) starts climbed 8.9% for the month but plunged 34% y/y. **Residential permits** fell 2.5% for the month but increased 4.1% y/y. Single-family permits rose for the 10th-straight month, by 0.7% from October and 23% y/y. Multifamily permits fell 9.6% for the month and 29% y/y. There were 988,000 multifamily units under construction, 1,000 units (-0.1%) less than in October and just 13,000 units (-1.3%) less than in July, which was the highest in the 54-year history of the series.

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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