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Input and bid prices remain tame in June; union settlements moderate in first half; housing starts vary

Input prices and bid prices for construction showed mixed monthly and year-over-year (y/y) patterns in June, according to data the Bureau of Labor Statistics (BLS) [posted](#) on Friday. The **producer price index (PPI) for material and service inputs** to new nonresidential construction dipped 0.1%, not seasonally adjusted, and rose 1.1% y/y. The PPI **for new nonresidential building construction**—a measure of prices that contractors say they would bid to erect a fixed set of buildings—climbed 0.4% in June but slipped 0.7% y/y. AGC [posted](#) tables of construction PPIs. **Readers are invited to send input-price and supply-chain information to ken.simonson@agc.org.**

“The first year of **new settlements** reached from January through June of 2024 (2024-Q2) **for union craft workers** in the construction industry had an average increase of 4.6%,” the Construction Labor Research Council [reported](#) on Monday. “From 2020 to 2023, increases rose sharply—by 1.9 percent[age points]—going from 2.8 to 4.7% in just three years. However, in 2024-Q2—for the first time since 2020—the size of increases declined from the prior year. [The] most common percentage (the mode) moved slightly lower from 2023 to 2024-Q2—4.6-5.0% to 4.1-4.5%, respectively. There is a trend of rising settlements in the upper end of the range (6.0% and up).” Among 13 crafts, insulators had the largest increase, 6.3%. Settlements for all “but two crafts averaged at least 4.0% in 2024-Q2. About half of the crafts had an increase in their average from 2023 to 2024-Q2.”

Housing starts (units) in June increased 3.0% from May but decreased 4.4% y/y at a seasonally adjusted annual rate, the Census Bureau [reported](#) today. Single-family starts declined 2.2% for the month but rose 5.4% y/y. Multifamily (five or more units) starts jumped 22% for the month but fell 23% y/y. **Residential permits** rose 3.4% for the month but fell 3.1% y/y. Single-family permits decreased 2.3% and 1.3%, respectively. Multifamily permits soared 19% for the month but slid 6.5% y/y. Multifamily units under construction declined for the eighth month in a row, by 1.7% and 11% y/y.

The **Dodge Momentum Index (DMI)** increased 10% in June from May and 7% y/y, Dodge Construction Network [reported](#) on July 9. “Over the month, commercial planning increased 14.5% [and 25% y/y] and institutional planning ticked up 0.2%” but plummeted 25% y/y. “Data center planning continued to be the primary driver of commercial growth in June, alongside moderate growth in retail, hotels, and warehouse projects. On the institutional side, weaker healthcare planning was offset by an improvement in education activity. Additionally, a large detention facility entered the queue last month and bolstered public planning as well....The DMI is a monthly measure of the value of nonresidential building projects going into planning, shown to lead construction spending for nonresidential buildings by a full year.”

Investment research firm Thompson Research Group on July 8 [reported](#) the following changes in state **highway construction contracts** (lettings) for the period July 2023-March 2024 compared to the same months a year earlier: “states seeing larger increases were Florida +61%, Tennessee +80%, and Virginia up 26%. States seeing lower...contract awards were North Carolina -47% and Colorado -45%.” The report also notes, “more banks are willing to lend money for **commercial construction projects**. Note that banks’ willingness to lend is a key factor for ‘local’ markets (non-megaprojects) activity.”

“**Economic activity in the services sector** [covering 18 sectors] contracted in June for the second time in the last three months,” the Institute for Supply Management (ISM) [reported](#) on July 8. Construction was listed first among sectors reporting an increase in inventories (seven sectors) and employment (5) and was among sectors reporting an increase in business activity (10), faster supplier deliveries (6), and a decrease in order backlogs (7). Construction was among the sectors (5) that reported no change in new orders and prices paid (4). **Items significant for construction reported up in price** include aluminum (2 months in a row); construction contractors (6 months); and copper-based products (2). **Price declines** were reported for lumber (2) and steel products (2). **Items listed in short supply** include electrical equipment, switchgear (4), and transformers.

Contractors are invited to fill out the 2024 Arcoro/AGC Workforce [Survey](#). Results will be posted in late August.