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Construction spending rises in October; two-thirds of metros add employees; multifamily trends vary

Construction spending (not adjusted for inflation) totaled \$2.17 trillion in October at a seasonally adjusted annual rate, up 0.4% from the upwardly revised September rate and up 5.0% year-over-year (y/y), the Census Bureau [reported](#) today. Private nonresidential spending declined 0.3% for the month but rose 3.5% y/y. The largest subsegment, manufacturing, was unchanged from September but up 16% y/y; power construction rose 0.2% and 5.3%, respectively; commercial fell 1.1% and 11% (comprising warehouse, down 2.1% and 17%; retail, down 0.3% and 8.8%; and farm, up 0.6% and 9.8%); and office rose 0.5% and 0.4% (comprising data centers, up 3.2% and 37%, and other “offices,” down for the 11th month in a row, by 1.0% and 13%). Private residential spending rose 1.5% for the month and 6.4% y/y (single-family, up 0.8% and 1.3%, respectively; multifamily, up 0.2% for the month but down 6.8% y/y; and improvements, up 2.7% and 19%). Public construction fell 0.5% from September but increased 4.5% y/y, with highway and street spending down 0.7% and 1.2%, respectively; educational, down 0.4% for the month but up 0.6% y/y; and transportation, down 0.1% for the month but up 5.4% y/y.

Construction employment, not seasonally adjusted, rose y/y from October 2023 to October 2024 in 238 (66%) of the 358 **metro areas** (including divisions of larger metros) for which BLS [posts](#) construction employment data, fell in 73 (20%), and was unchanged in 47, according to an [analysis](#) AGC released on Tuesday. (For most metros, BLS posts only combined totals for mining, logging, and construction; AGC treats these totals as construction-only.) The largest job gains again occurred in Houston-The Woodlands-Sugar Land (17,800 construction jobs, 8%); Northern Virginia (9,000 combined jobs, 11%); and Las Vegas-Henderson-Paradise (6,300 construction jobs, 8%). The largest percentage gain occurred in Kahului-Wailuku-Lahaina, Hawaii (20%, 900 combined jobs), followed by 18% gains in Honolulu (4,900 combined jobs) and Anchorage, Alaska (2,100 construction jobs). The largest construction job losses again occurred in New York City (-11,300 combined jobs, -8%) and Portland-Vancouver-Hillsboro, Ore.-Wash. (-5,600 combined jobs, -7%), followed by Sacramento--Roseville--Arden-Arcade, Calif. (-3,200 construction jobs, -4%). The largest percentage decrease occurred in Duluth, Minn.-Wis. (-11%, -1,100 combined jobs), followed by Bloomington, Ill. (-10%, -400 jobs); New York City; Grants Pass, Ore. (-8%, -100 construction jobs); and Portland-Vancouver-Hillsboro.

“Seventy-three U.S. [office] **conversion projects** have been completed this year, slightly up from 63 in 2023, according to real-estate services firm CBRE Group,” the [Wall Street Journal](#) [reported](#) on Wednesday. “But another 309 projects are planned or under way with about three-quarters of them office to residential. In all, about 38,000 units are in the works, CBRE said....While New York, Chicago and Washington, D.C., are leading the way, conversions also are popping up in Cincinnati, Phoenix, Houston, and Dallas. A venture of General Motors and Bedrock announced Monday a sweeping redevelopment of Detroit’s famed Renaissance Center that includes converting one of its office buildings into apartments and a hotel. In Cleveland, 12% of its total office inventory is either undergoing conversions or is planned for conversion....Cities such as Chicago, Washington, D.C., and Calgary, Alberta, have started to roll out new subsidies, tax breaks and other incentives to boost conversions.”

“The percentage of new **apartment units** that were **absorbed** within three months of completion rose from 50% to 55% in the second quarter of 2024, according to the Census Bureau’s latest [release](#) of the Survey of Market Absorption of New Multifamily Units,” the National Association of Home Builders (NAHB) [posted](#) on Wednesday. “The survey covers new units in multifamily residential buildings with five or more units. Meanwhile, the absorption rate within three months for condominiums and cooperative units fell over the quarter, from 80% to 66%. The percentage of apartments absorbed within three months has fallen significantly from its peak of 75% in the third quarter of 2021...The absorption rates [within six, nine, and 12 months of completion] follow similar downward trends as the number of apartments completed has ticked upwards over the past two years.” Low absorption rates are a deterrent to multifamily construction starts.

In contrast, “there was a noticeable uptick for [2- to 4-unit] **housing construction** in...the third quarter of 2024,” NAHB [posted](#) on November 25. The 6,000 starts were the most in 17 years and “double the pace of construction from a year prior. As a share of all multifamily production, 2- to 4-unit development was just above 6% of total multifamily development for the third quarter. However, this is still lower than recent historic trends. From 2000 to 2010, such home construction made up a little less than 11% of total multifamily construction.”

Contractors are invited to complete the 2025 AGC/Sage National Construction Hiring and Business **Outlook** [survey](#).