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Construction spending stalls in November; jobs increase in 65% of metros; suppliers plan price hikes

Construction spending (not adjusted for inflation) totaled \$2.15 trillion in November at a seasonally adjusted annual rate, unchanged from the downwardly revised October rate and up 3.0% year-over-year (y/y), the Census Bureau [reported](#) on Thursday. The y/y growth rate has slowed steadily since January's 9.8% rate and was the slowest since May 2019. **Private nonresidential spending** was flat for the month and up 1.7% y/y. The largest subsegment, manufacturing, slipped 0.2% from October but rose 11% y/y; power construction rose 0.2% and 4.8%, respectively; commercial remained flat for the month but declined 8.0% y/y (comprising warehouse, up 0.4% and down 13%, respectively; retail, down 0.6% and 9.3%; and farm, up 1.0% and 11%); and office down 0.3% and up 0.1% (comprising data centers, up 2.7% and 43%, and other "offices," down for the 12th month in a row, by 1.8% and 17%). **Private residential spending** edged up 0.1% for the month and 3.1% y/y (single-family, up 0.3% since October but down 0.7% y/y; multifamily, down 1.3% and 9.5%, respectively; and improvements, up 0.4% and 13%). **Public construction** dipped 0.1% from October but increased 4.6% y/y, with highway and street spending up 0.2% for month but down 3.5% y/y; educational, down 0.2% for the month but up 3.0% y/y; and transportation, down 0.5% for the month but up 6.6% y/y.

Construction employment, not seasonally adjusted, rose y/y from November 2023 to November 2024 in 234 (65%) of the 358 **metro areas** (including divisions of larger metros) for which BLS [posts](#) construction employment data, fell in 63 (18%), and was unchanged in 61, according to an [analysis](#) AGC released on Monday. (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 (16,100 construction jobs, 7%) and Northern Virginia (9,000 combined jobs, 11%), followed by the Miami-Miami Beach-Kendall metro division (6,100 construction jobs, 10%); Orlando-Kissimmee-Sanford (4,800 construction jobs, 5%); and the Fort Worth-Arlington, Texas division (4,200 combined jobs, 5%). Anchorage, Alaska had the largest percentage gain (17%, 1,800 construction jobs), followed by Fairbanks, Alaska (15%, 400 construction jobs); the Detroit-Dearborn-Livonia division (15%, 3,800 combined jobs); Kahului-Wailuku-Lahaina, Hawaii (13%, 600 combined jobs); and Northern Virginia. The largest construction job losses again occurred in New York City (-7,800 combined jobs, -5%), followed by Sacramento--Roseville--Arden-Arcade (-4,700 construction jobs, -6%) and Portland-Vancouver-Hillsboro, Ore.-Wash. (-4,200 construction jobs, -5%). The largest percentage decrease occurred in Bloomington, Ill. (-11%, -400 combined jobs), followed by Bangor, Maine (-8%, -300 construction jobs).

Following a year in which **materials costs** on balance remained nearly flat, several producers have announced price increases for early 2025. On November 27, steel framing supplier MarinoWare notified customers, "Steel costs are rising and demand is strengthening. Due to this changing dynamic, Marino\WARE will raise prices a minimum of 10% on all **steel products** effective with deliveries on or after January 6, 2025. With pending trade cases you should be advised that additional increases are likely." On December 13, USG informed customers it will increase prices by 10% on January 27 for numerous **ceiling products**. "In addition, our standard Design Solution's lead time for Expanse will increase to 12 weeks." On December 13, Certainteed announced "a gypsum **wallboard** price increase effective on all shipments on or after Monday February 3" of 20% to 30%. **Readers are invited to send price information** to ken.simonson@agc.org.

"Based on 252 companies in this 21st edition of the Construction Support Staff Salary Survey,...contractors are anticipating 2024 **construction support staff wage increases** to average 4.2% by year end, down from the 2023 actual increase of 4.7%," construction consultancy PAS [reported](#) on December 20. "These 2024 year-end projections are most likely low by .3% to .5%. Looking forward, we think 2025 support staff increases will mimic 2024 activity, unless construction conditions change....The **turnover rate** for staff and middle managers continues to drop from the 17.9% high in 2021 to 14.5% in 2024, which is still above the historical rate of about 13.7%....Highway construction (12.7%) and Municipal construction (12.8%) reported the lowest turnover rates, while Industrial contractors reported the highest rate of 15.2%."

Between the second and third quarters of 2024, real (i.e., inflation-adjusted) **gross domestic product (GDP)** increased 3.1% at a seasonally adjusted annual rate but declining construction contributed 0.01 percentage points, the Bureau of Economic Analysis [reported](#) on December 20. Construction contributions to state GDP growth ranged from 0.45 points out of a 4.5% gain in Utah to -0.34 points out of a 4.8% gain in Idaho.