

Construction Outlook

July 2022



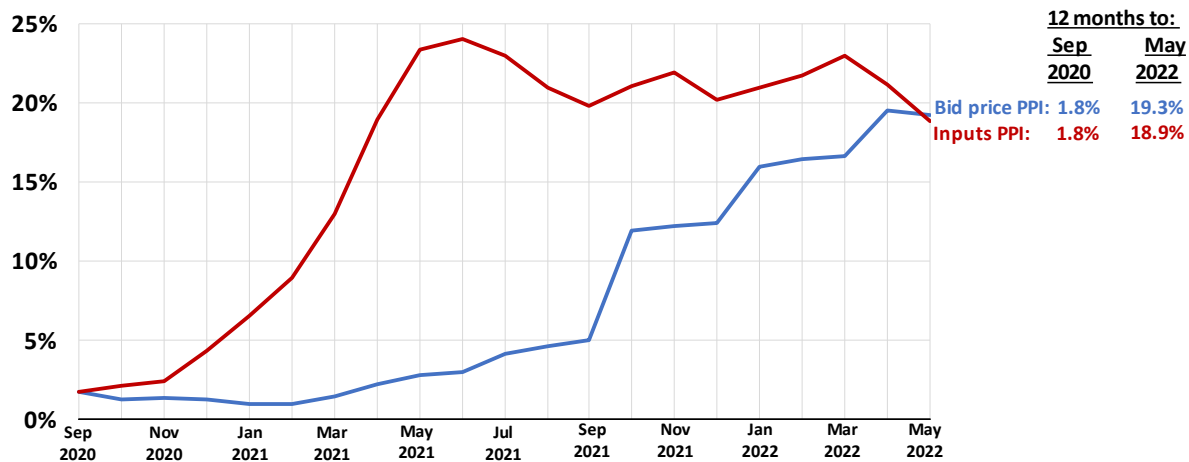
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Costs vs. bid prices for new nonresidential construction
Year-over-year change in PPIs, Sep 2020-May 2022, not seasonally adjusted

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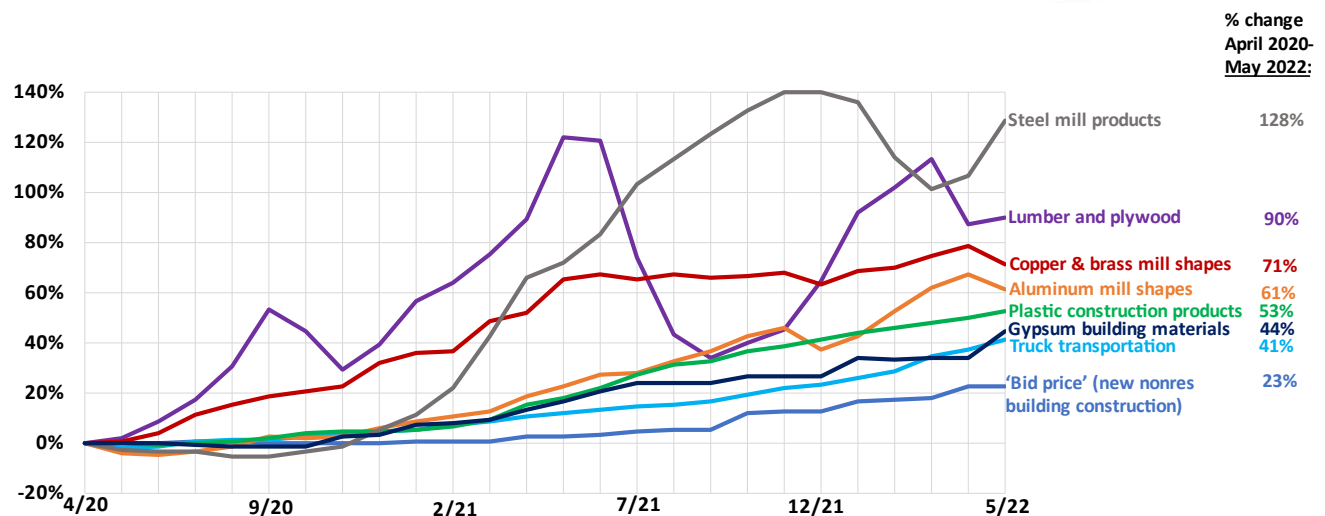
7 | Source: Bureau of Labor Statistics, producer price indexes, www.bls.gov/ppi

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PPIs for construction bid prices and selected inputs
cumulative change in PPIs, April 2020-May 2022 (not seasonally adjusted)

PPIs for construction bid prices and selected inputs

cumulative change in PPIs, April 2020-May 2022 (not seasonally adjusted)

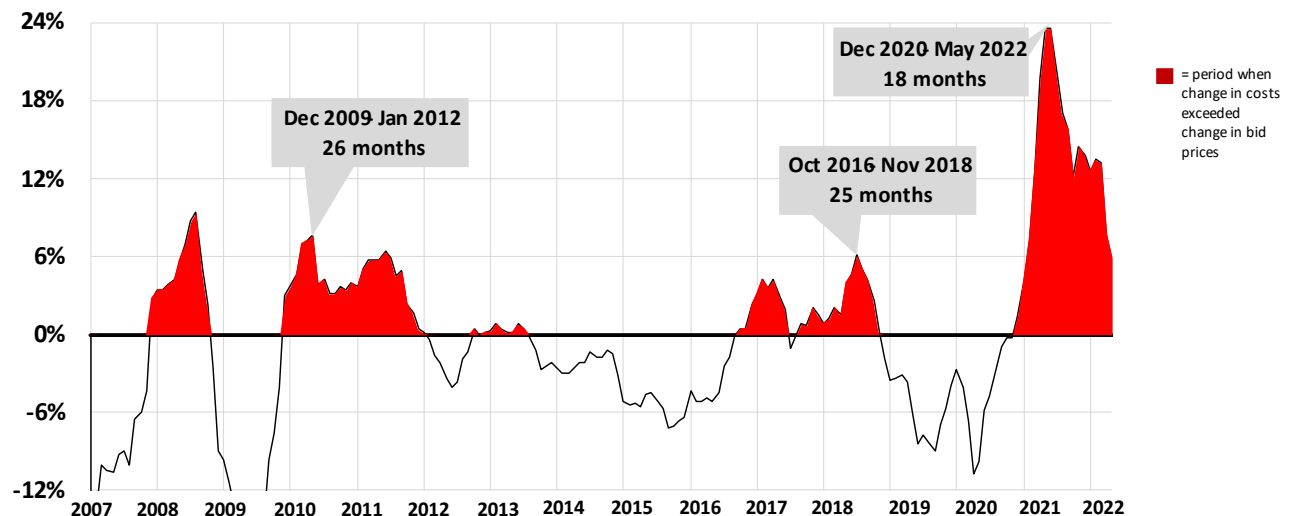


Cost squeeze on contractors can last two years or more

Difference between year-over-year change in materials costs vs. bid prices, Jan 2007-May 2022

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Source: Source: Bureau of Labor Statistics, www.bls.gov/ppi, producer price indexes for goods inputs to nonresidential construction (material costs) and new school building construction (bid prices)

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Change in construction spending: May 2022 vs. 2021
current (not inflation-adjusted) dollars, seasonally adjusted

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- Total 10%; private residential 19% (single family 15%; multi -4%); private nonres 4%; public -3%
- Largest segments (in descending order of 2021 spending)
 - Power -6% (electric -7%; oil/gas fields & pipelines -0.5%)
 - Commercial 10% (warehouse 15%; retail 6%; farm 7%)
 - Highway and street -6%
 - Education -3% (primary/secondary 2%; higher ed -7%)
 - Mfg. 34% (chemical 0%; computer/electronic 25%; food/beverage/tobacco -2%; transp. equip. -27%)
 - Office -2%
 - Transportation -4% (air -14%; freight rail/trucking 5%; mass transit 2%)
 - Health care 5% (hospital 8%; medical building 6%; special care -3%)
 - Lodging -12%