



Construction Market Forecast 2023

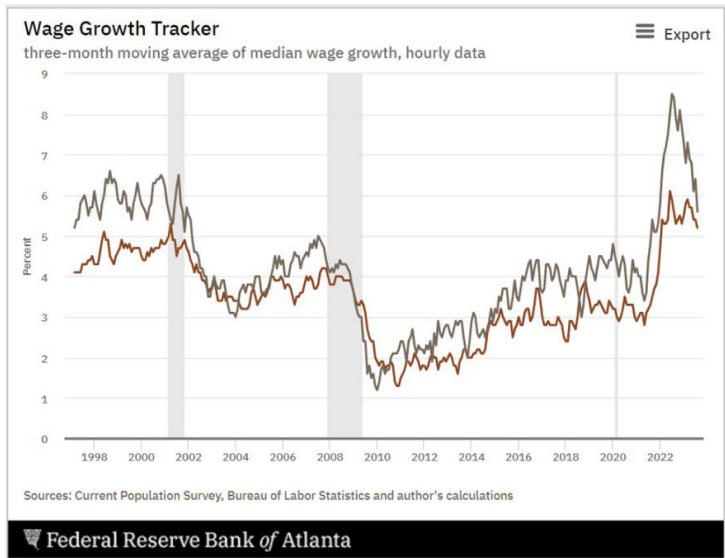
Time is Running Out for Labor to Demand Large Wage Increases

According to the Federal Reserve Bank of Atlanta's wage tracking data through August 2023, job switching no longer pays the considerable premium that it did as recently as the first half of this year. Measured as the three-month moving average of median wage growth in hourly pay, August's results indicated 5.2% and 5.6% wage growth for job stayers and switchers respectively across all industries. At the peak of the wage growth disparity in mid-2022 job switchers experienced nearly 3% greater wage growth relative to job stayers. The collapse of this premium has come about entirely from the decline in the wage premium being offered to switchers in 2023.

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US Construction Outlook: Lively, Level, or Lackluster

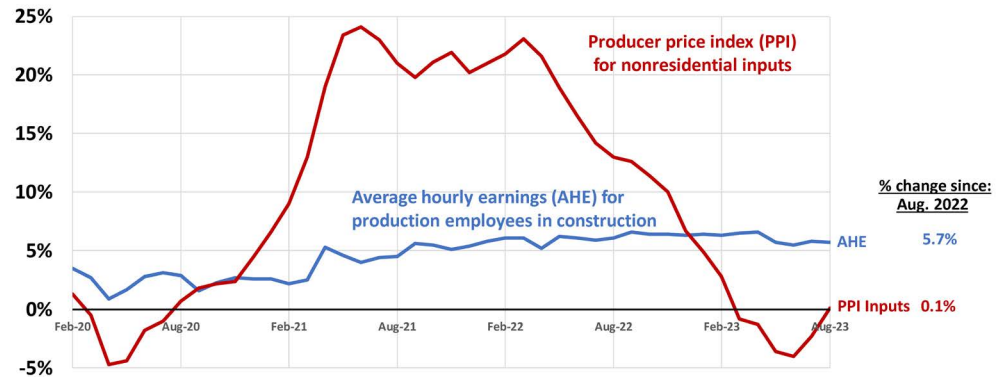


Despite the recent slowing growth trend in the wages of job switchers, all employees continue to experience historically above-average wage growth thanks to COVID's impact on the supply and demand of labor. Since the start of 2022 the wage growth of job stayers has remained relatively constant, oscillating between 5.3% and 6%. During no other period in at least the last 25-years has the wage growth of job stayers been this great. Similarly, recent trends in job switcher wage growth also have no equal over the same period. Since 2022 the average wage growth of job switchers at 7.2% has easily exceeded that of the previous most favorable period. In that period between 1998 and 2000 the average job switcher experienced wage growth of 6.0%

Source and Hyperlink:
[ConstructConnect, October 4, 2023](#)

Construction inputs & labor costs

Year-over-year change in PPI for nonresidential inputs & AHE for production employees in construction, Feb. 2020 – Aug. 2023



9 | Source: Bureau of Labor Statistics, PPI, www.bls.gov/ppi; Current Employment Statistics, AHE, <https://www.bls.gov/ces/>; ©2023 The Associated General Contractors of America, Inc.

Some construction costs remain volatile

producer price indexes, 1- & 12-mo. change (not seasonally adjusted)



August 2023 change from:
July 2023 (1 month) | August 2022 (12 months)

Cement	0.0%	11.0%
Ready-mix concrete	0.4%	9.6%
Diesel fuel	34.6%	-14.4%

Subcontractor price indexes, nonresidential building work

Roofing contractors	-0.1%	11.9%
Plumbing contractors	-1.5%	7.1%
Electrical contractors	-1.4%	4.7%
Concrete contractors	0.1%	-1.8%

10 | Source: BLS, producer price indexes, www.bls.gov/ppi

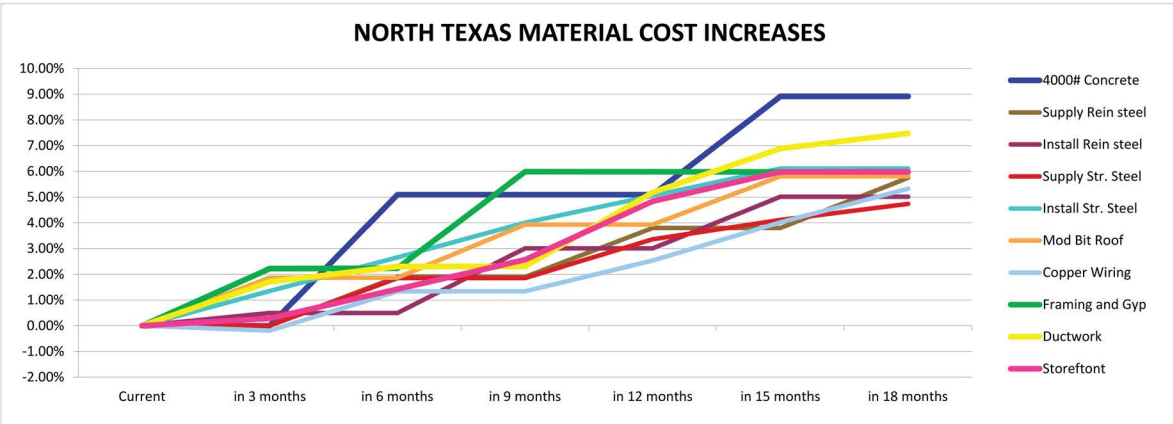
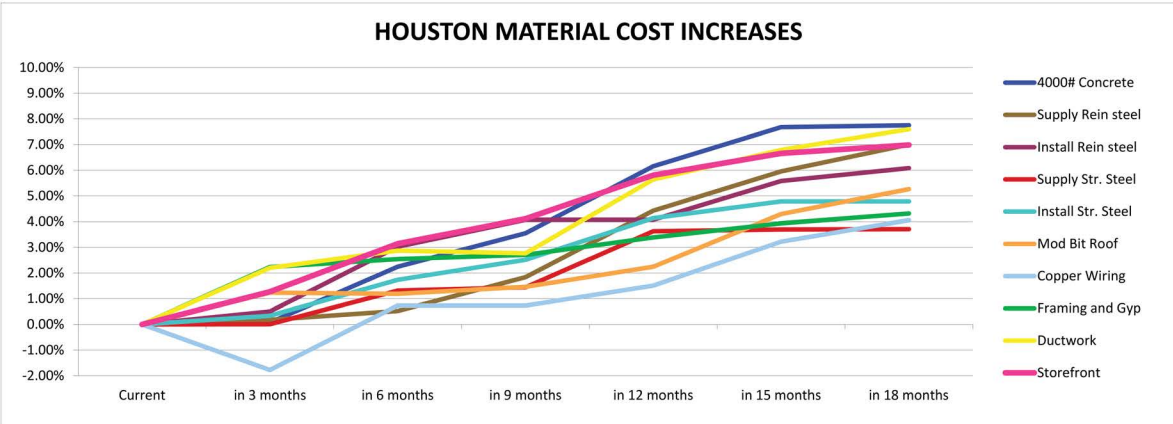
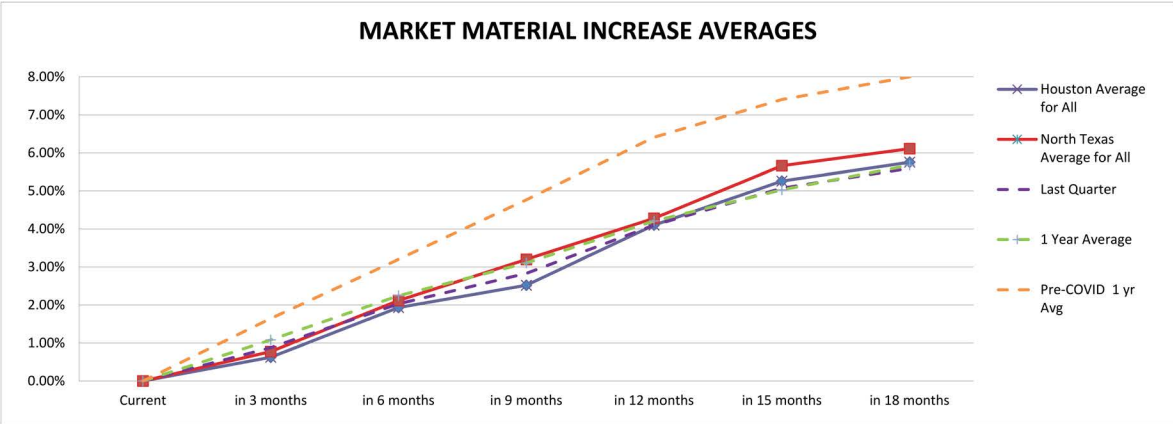
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Source and Hyperlink:
[Construction Outlook Presentation](#) Ken Simonson, Chief Economist, AGC of America

Craft Worker Pay Accelerates

“Merit-shop contractors anticipate skilled-craft hourly wage increases of 4.45% in 2023,” compared to actual increases for 2022 of 5.10%, construction compensation data firm PAS reported on October 5. “These increases are across the board for all craft, contractor types, sizes, and regions of the country. WorldatWork reports 2023 actual construction increases at 4.4%. Historically, projected numbers from survey participants are slightly lower than the actual year-end figure. [The] data above reflects what contractors have given as an annual increase to their core employees. What is missing is the actual [y/y] change...due to increased market cost. This hidden change is a great example of potential pay compression...where new hires demand more pay than what existing employees are receiving....The overall change from 2022 to 2023 for all 30 craft positions combined was 6.9%, strong in all sectors except single-family residential. Laborers had the highest change from 2022 at 9.2%, followed by electricians at 7.1% and carpenters at 6.8%. The difference between the all-craft change (6.9%) and the 5.1% 2022 annual wage increase (and the forecasted 4.45% for 2023) is significant, as many firms most likely need to make further adjustments to keep their employees competitive in the market place.”

Source and Hyperlink:
[AGC Data Digest: Vol. 23, No. 37 October 9-16, 2023](#)



The information provided in Linbeck's Quarterly Construction Market Forecast and Subcontractor/Supply Chain Pulse is gathered from numerous local and national suppliers every quarter to provide our clients with up-to-date market news.

Construction Market Forecast Compiled Pricing Data as of October 2023

Supply Reinforcing Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$1,412	0.00%	\$1,300	0.00%
in 3 months	\$1,414	0.18%	\$1,300	0.01%
in 6 months	\$1,419	0.52%	\$1,325	1.90%
in 9 months	\$1,438	1.84%	\$1,325	1.90%
in 12 months	\$1,474	4.42%	\$1,350	3.80%
in 15 months	\$1,496	5.96%	\$1,350	3.80%
in 18 months	\$1,511	7.00%	\$1,375	5.75%

Install Reinforcing Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$497	0.00%	\$505	0.00%
in 3 months	\$500	0.18%	\$508	0.50%
in 6 months	\$512	0.52%	\$508	0.50%
in 9 months	\$518	1.84%	\$520	3.01%
in 12 months	\$518	4.42%	\$520	3.01%
in 15 months	\$525	5.96%	\$530	5.02%
in 18 months	\$528	7.00%	\$530	5.02%

Supply Structural Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$3,685	0.00%	\$4,000	0.00%
in 3 months	\$3,686	0.01%	\$4,000	0.00%
in 6 months	\$3,734	1.32%	\$4,075	1.86%
in 9 months	\$3,738	1.44%	\$4,075	1.86%
in 12 months	\$3,819	3.63%	\$4,135	3.36%
in 15 months	\$3,822	3.70%	\$4,165	4.11%
in 18 months	\$3,822	3.71%	\$4,190	4.74%

Install of Structural Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$1,558	0.00%	\$1,885	0.00%
in 3 months	\$1,563	0.34%	\$1,910	1.35%
in 6 months	\$1,585	1.74%	\$1,935	2.65%
in 9 months	\$1,597	2.52%	\$1,960	4.01%
in 12 months	\$1,622	4.14%	\$1,980	5.06%
in 15 months	\$1,632	4.78%	\$2,000	6.11%
in 18 months	\$1,632	4.78%	\$2,000	6.11%

Copper Wire \$\$/LB

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$3.67	0.00%	\$3.66	0.00%
in 3 months	\$3.60	-1.78%	\$3.65	-0.19%
in 6 months	\$3.70	0.73%	\$3.70	1.34%
in 9 months	\$3.70	0.73%	\$3.70	1.34%
in 12 months	\$3.72	1.51%	\$3.75	2.53%
in 15 months	\$3.79	3.22%	\$3.80	4.02%
in 18 months	\$3.82	4.06%	\$3.85	5.33%

Frame and Gyp \$\$/SF

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$8.92	0.00%	\$6.85	0.00%
in 3 months	\$9.12	2.23%	\$7.00	2.22%
in 6 months	\$9.15	2.54%	\$7.00	2.23%
in 9 months	\$9.16	2.71%	\$7.25	5.99%
in 12 months	\$9.22	3.39%	\$7.25	5.98%
in 15 months	\$9.27	3.93%	\$7.25	5.98%
in 18 months	\$9.30	4.31%	\$7.25	5.98%

Mod Bit Roofing* \$\$/SF

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$18.57	0.00%	\$26.75	0.00%
in 3 months	\$18.80	1.23%	\$27.25	1.87%
in 6 months	\$18.79	1.19%	\$27.25	1.87%
in 9 months	\$18.84	1.46%	\$27.80	3.93%
in 12 months	\$18.99	2.24%	\$27.80	3.93%
in 15 months	\$19.37	4.29%	\$28.30	5.81%
in 18 months	\$19.55	5.26%	\$28.30	5.81%

Ductwork \$\$/LB

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$8.79	0.00%	\$8.75	0.00%
in 3 months	\$8.98	2.20%	\$8.90	1.71%
in 6 months	\$9.04	2.87%	\$8.95	2.30%
in 9 months	\$9.03	2.77%	\$8.95	2.30%
in 12 months	\$9.28	5.64%	\$9.20	5.18%
in 15 months	\$9.39	6.79%	\$9.35	6.89%
in 18 months	\$9.46	7.60%	\$9.40	7.48%

* 20,000 SF Roof W/4-Inch ISO

4000# Concrete \$\$/CY

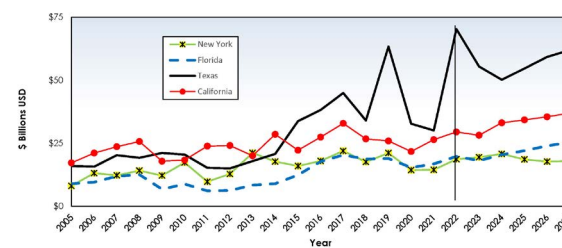
TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$153.44	0.00%	\$157.00	0.00%
in 3 months	\$153.56	0.07%	\$157.00	0.00%
in 6 months	\$156.89	2.25%	\$165.00	5.10%
in 9 months	\$158.89	3.55%	\$165.00	5.10%
in 12 months	\$162.89	6.16%	\$165.00	5.10%
in 15 months	\$165.22	7.68%	\$171.00	8.92%
in 18 months	\$165.33	7.75%	\$171.00	8.92%

Storefront \$\$/SF

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$87.25	0.00%	\$87.75	0.00%
in 3 months	\$88.36	1.27%	\$88.00	0.28%
in 6 months	\$89.99	3.14%	\$89.00	1.43%
in 9 months	\$90.84	4.11%	\$90.00	2.56%
in 12 months	\$92.32	5.81%	\$92.00	4.84%
in 15 months	\$93.06	6.66%	\$93.00	5.98%
in 18 months	\$93.35	6.99%	\$93.00	5.98%

constructconnect. CONSTRUCTION STARTS FORECAST AUTUMN 2023 ISSUE

Graph 17: U.S. Four Largest States: Total Non-residential Building Starts — ConstructConnect



Source of actuals: ConstructConnect "Insight" / Forecasts: Oxford Economics and ConstructConnect. Chart: ConstructConnect.

Autumn 2023 Final Report 2023 Edition

Construction Starts Forecast

Contents

- 1. Executive Summary
- 2. Construction Starts Forecast
- 3. Construction Starts Forecast by State
- 4. Construction Starts Forecast by Sector
- 5. Construction Starts Forecast by Material
- 6. Construction Starts Forecast by Region
- 7. Construction Starts Forecast by Project Type
- 8. Construction Starts Forecast by Project Size
- 9. Construction Starts Forecast by Project Value
- 10. Construction Starts Forecast by Project Duration
- 11. Construction Starts Forecast by Project Location
- 12. Construction Starts Forecast by Project Type and Location
- 13. Construction Starts Forecast by Project Size and Location
- 14. Construction Starts Forecast by Project Value and Location
- 15. Construction Starts Forecast by Project Duration and Location
- 16. Construction Starts Forecast by Project Location and Location
- 17. Construction Starts Forecast by Project Type and Project Size
- 18. Construction Starts Forecast by Project Size and Project Value
- 19. Construction Starts Forecast by Project Value and Project Duration
- 20. Construction Starts Forecast by Project Duration and Project Location

Highlights

- Construction starts are projected to increase by 2.5% in 2023, driven by a recovery in non-residential building starts.
- Non-residential building starts are projected to increase by 3.5% in 2023, driven by a recovery in commercial building starts.
- Residential building starts are projected to increase by 1.5% in 2023, driven by a recovery in single-family housing starts.
- Construction starts are projected to increase by 2.5% in 2024, driven by a recovery in non-residential building starts.
- Non-residential building starts are projected to increase by 3.5% in 2024, driven by a recovery in commercial building starts.
- Residential building starts are projected to increase by 1.5% in 2024, driven by a recovery in single-family housing starts.

A key point moving forward is to explore the impact of AI on the construction industry. AI will be a game-changer for the industry, and we will see a lot of innovation in the years ahead. AI will be a key driver of growth in the industry, and we will see a lot of innovation in the years ahead. AI will be a key driver of growth in the industry, and we will see a lot of innovation in the years ahead.

Source and Hyperlink:
[ConstructConnect, Construction Starts Forecast Autumn 2023](#)