

# Construction Update

St. Louis Council of Construction Consumers

**MCCARTHY**

# Agenda

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1. 2020 Roller Coaster
2. Going Forward







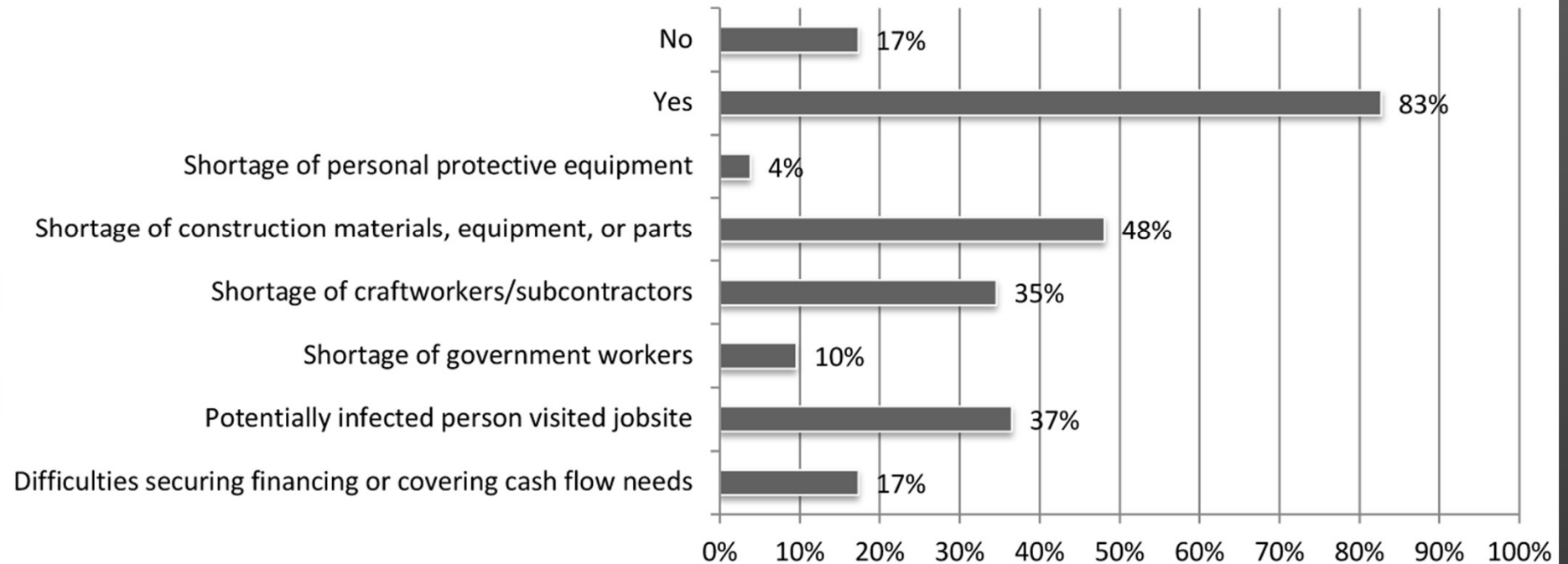
# 2020 Roller Coaster

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# AGC MO October 2020 Survey Highlights



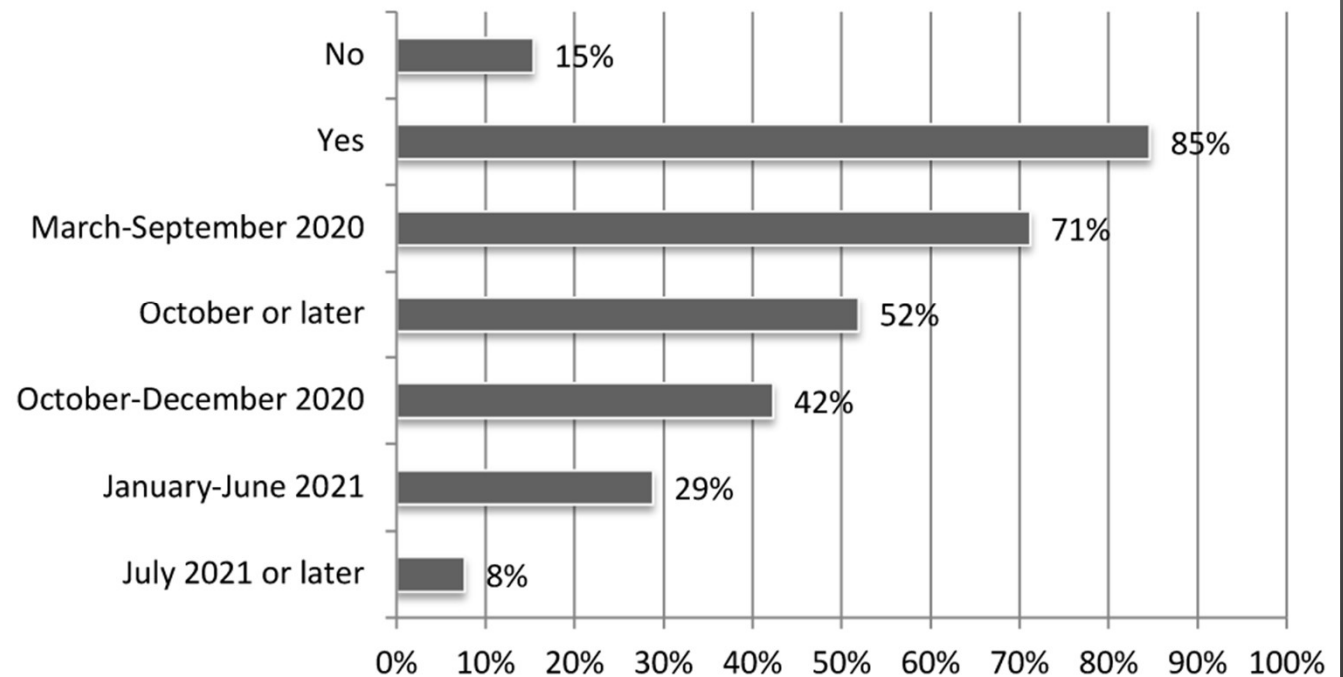
1. Are you currently experiencing any project delays or disruptions due to the following (mark all that apply):  
Responses: 52.



# AGC MO October 2020 Survey Highlights



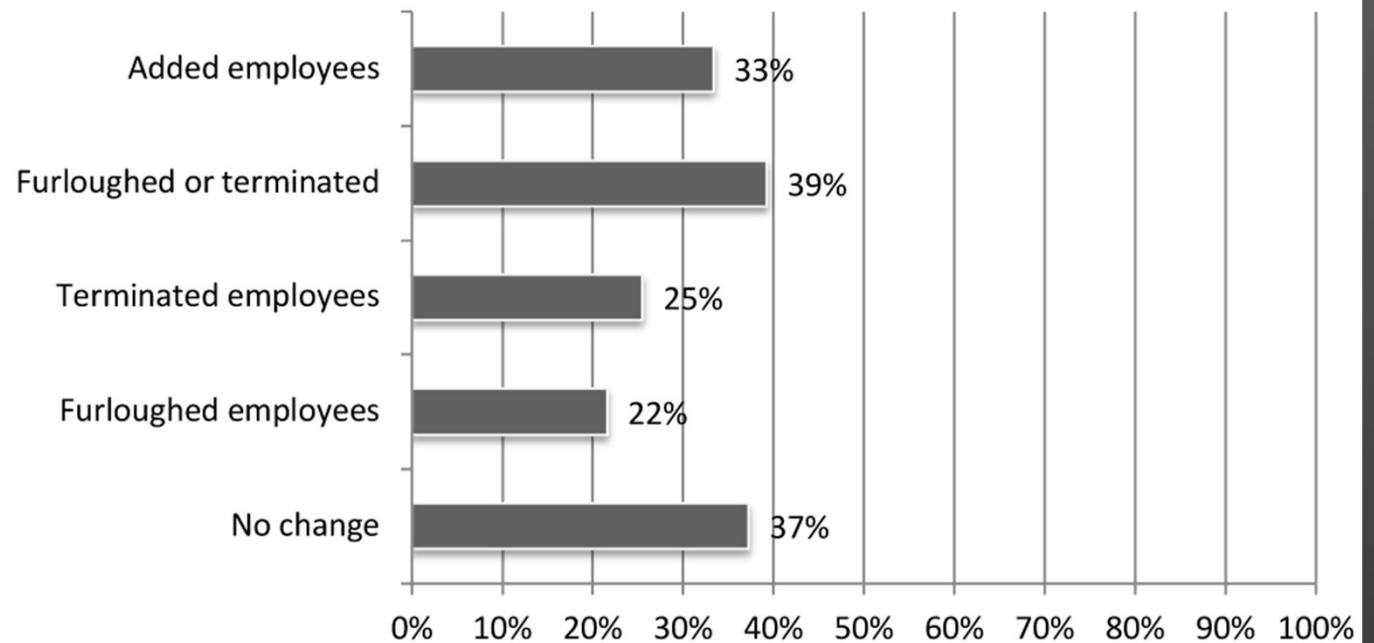
6. Did an owner postpone or cancel work on any upcoming projects? (mark all that apply) Responses: 52.



# AGC MO October 2020 Survey Highlights

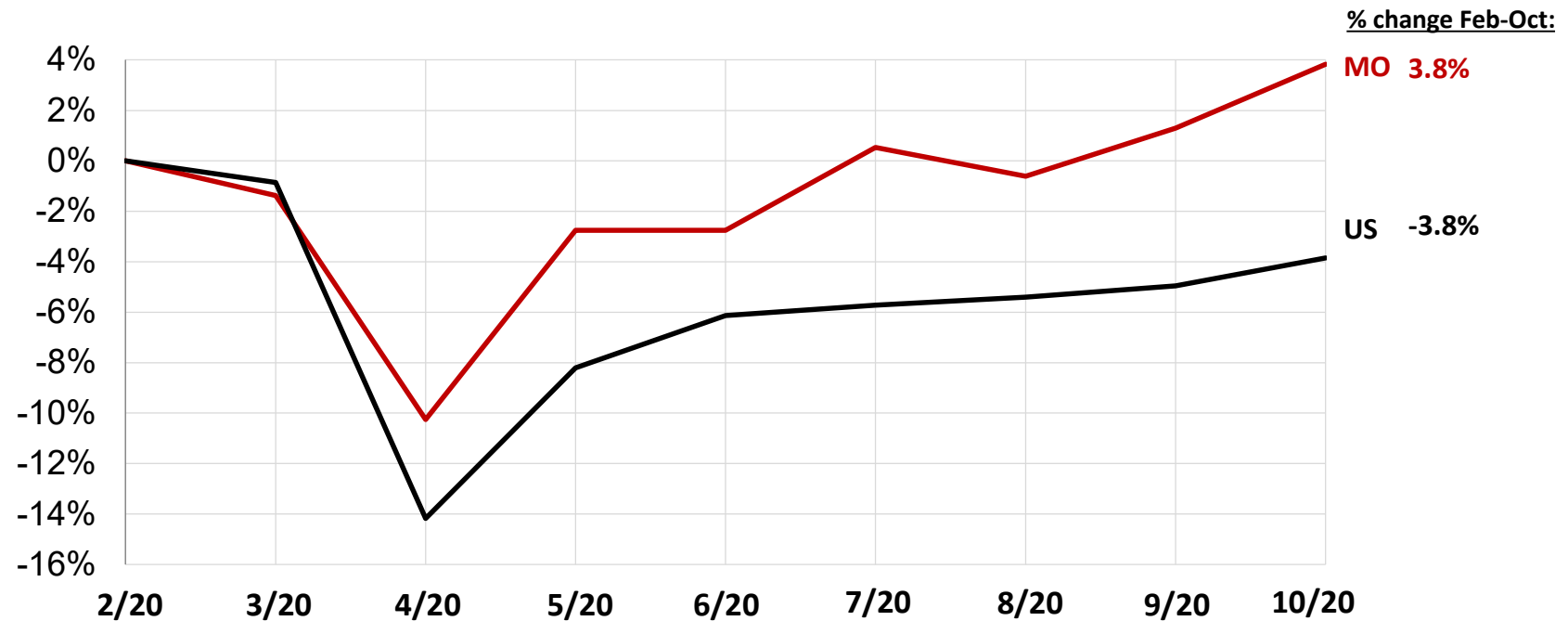


3. Aside from normal seasonal change, how has your firm's headcount changed between March 1 and October 1 as a result of the pandemic? (mark all that apply) Responses: 51 .



# US & Missouri Construction Employment

Cumulative change %; Feb-Oct 2020; seasonally adjusted



# Construction Spending Impacts

October vs. February

Seasonally adjusted at annual rate



## TOTAL -0.2%

*Private Residential 7% (single-family 4%; multi 11%);*

*Private Nonres -6%; public -2%*

*Largest segments (in descending order of October 2020 spending)*

## POWER -11%

*Electric -13%; oil/gas fields & pipelines -5%*

## EDUCATION -4%

*Primary/secondary 3%; Higher Ed -14%*

## HIGHWAY AND STREET -11%

## COMMERCIAL -3%

*Warehouse 5%; Retail -12%*

## OFFICE -4%

## MANUFACTURING -9%

*Chemical -2%; Electronic -16%; Transp. Equip. -20%; Food/Beverage -10%*

## Transportation -1%

*Air -3%; Freight Rail/Trucking -2%; Mass Transit 18%*

## Healthcare -0.4%

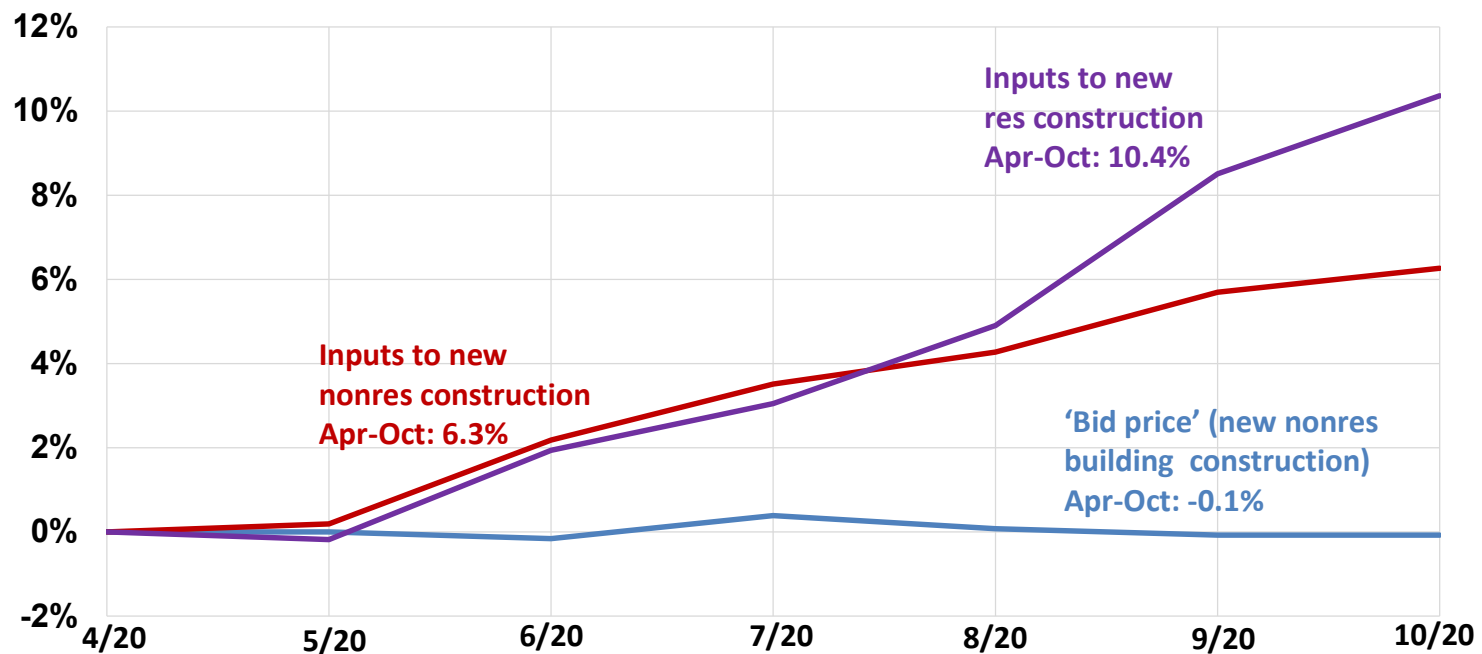
*Hospital -2%; Medical Building -2%; Special Care 3%*

## LODGING -17%



# Construction Input and 'Bid Price' Producer Price Indexes

Cumulative change %; Feb-Oct 2020; seasonally adjusted



# Summary: Construction Impacts

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Steep Job Loss, Feb-Apr: -1.1 million  
*14% of Feb total*

Rebound, Apr-Oct: 789,000  
*80% of Feb-Apr loss*

Diverging Job Gains as of % of Loss  
*103% Residential; 64% Nonresidential*

PPP Loans Helped Firms Rehire  
Workers, but Funds are Running Out

Few New Project Announcements;  
Cancellations are Growing

Home Building, Additions and  
Renovations are Very Strong; Mixed  
Multifamily

Increasing Weakness Among Private Nonresidential, State & Local Segments



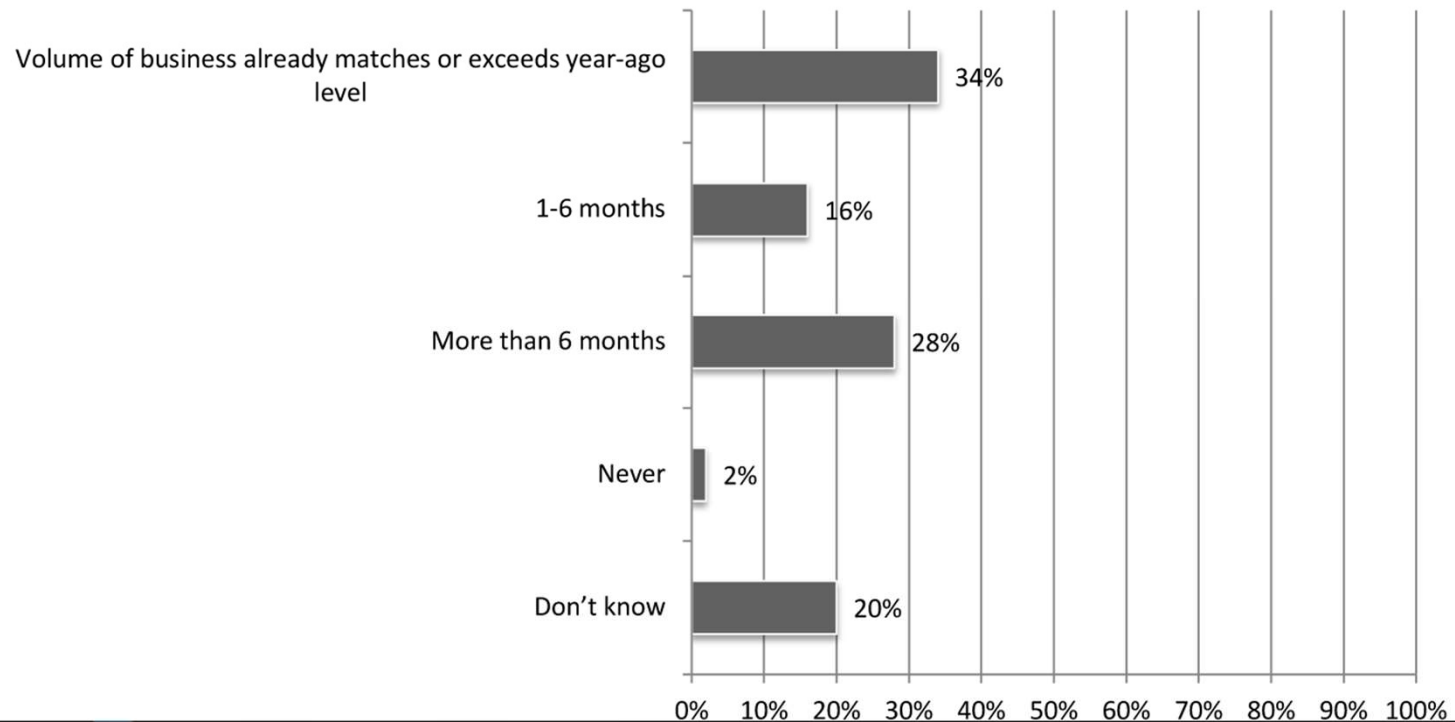
# Going Forward



# AGC MO October 2020 Survey Highlights



9. When do you expect your firm's volume of business will return to its normal level relative to one year earlier? Responses: 50.



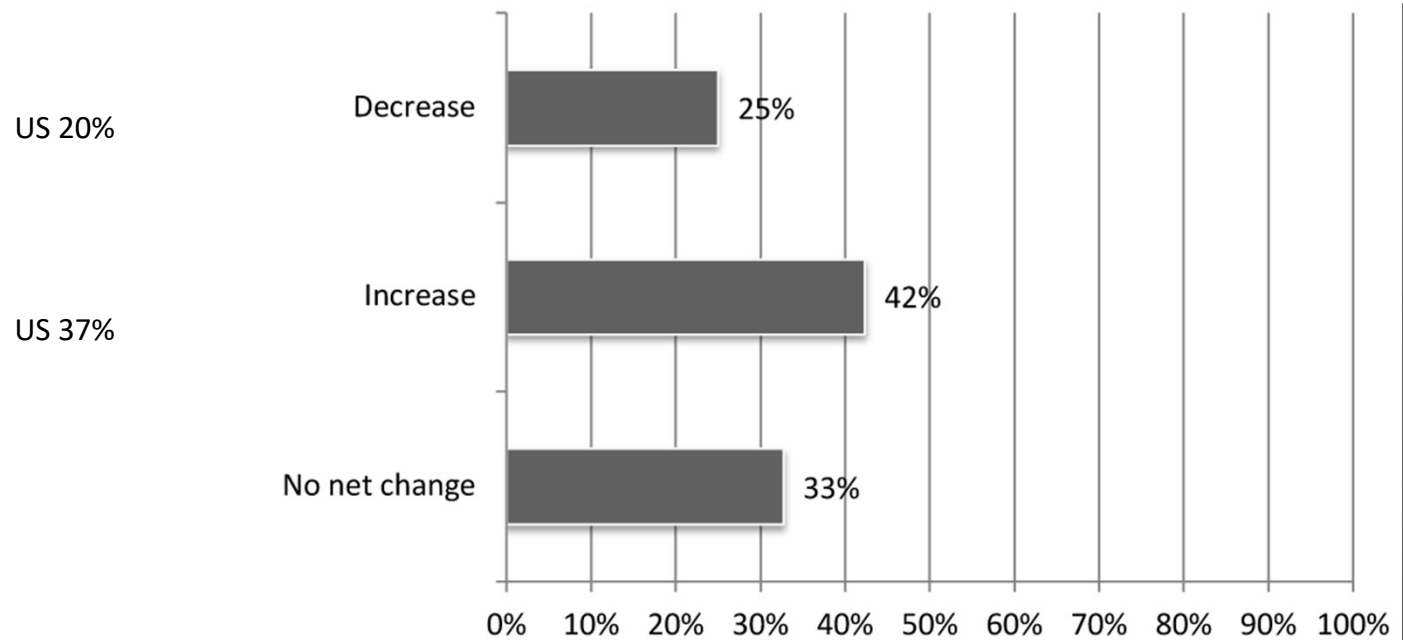
US 35%

US 34%

# AGC MO October 2020 Survey Highlights



10. How do you expect your firm's headcount to change in the next 12 months? Responses: 52.



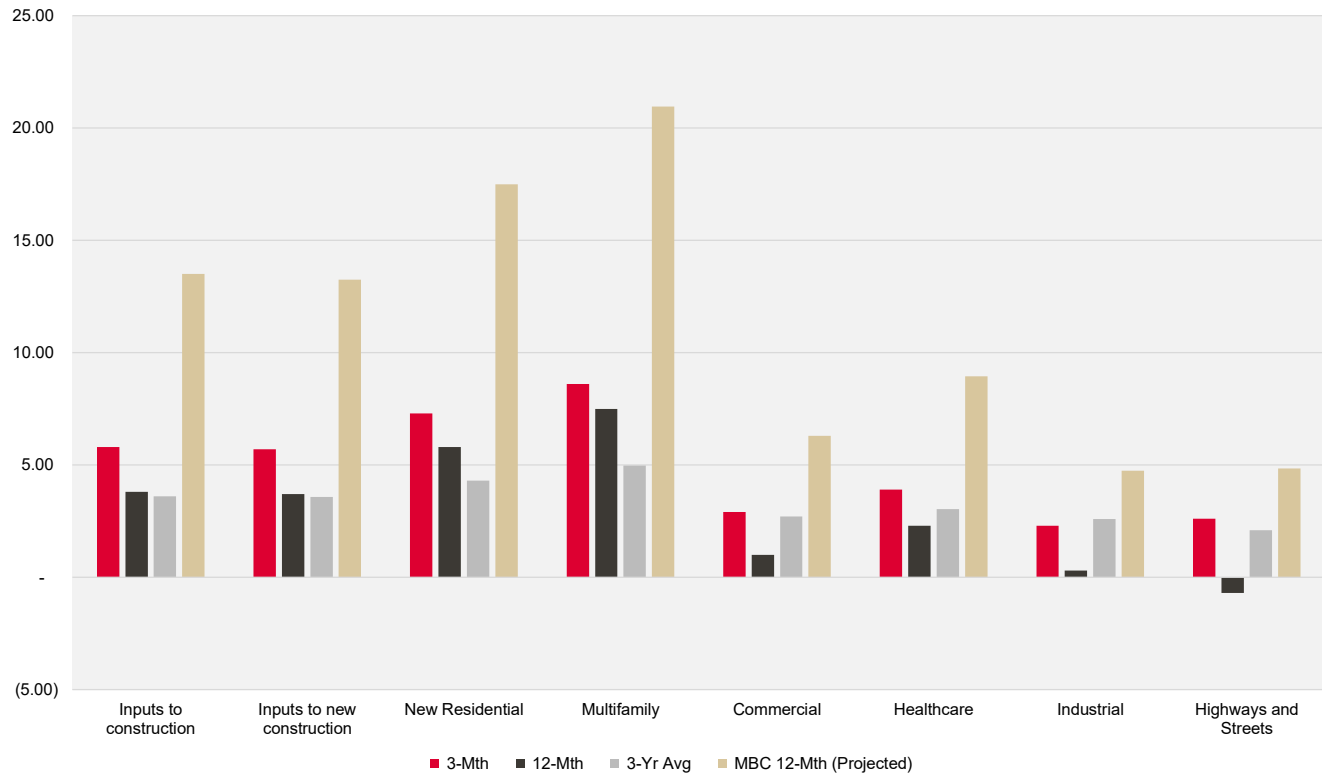


# McCarthy Perspective

## Inputs into Construction Industry Change

Inputs into construction rebounded in July across the board, essentially picking up the losses seen in the last few months.

**McCARTHY**

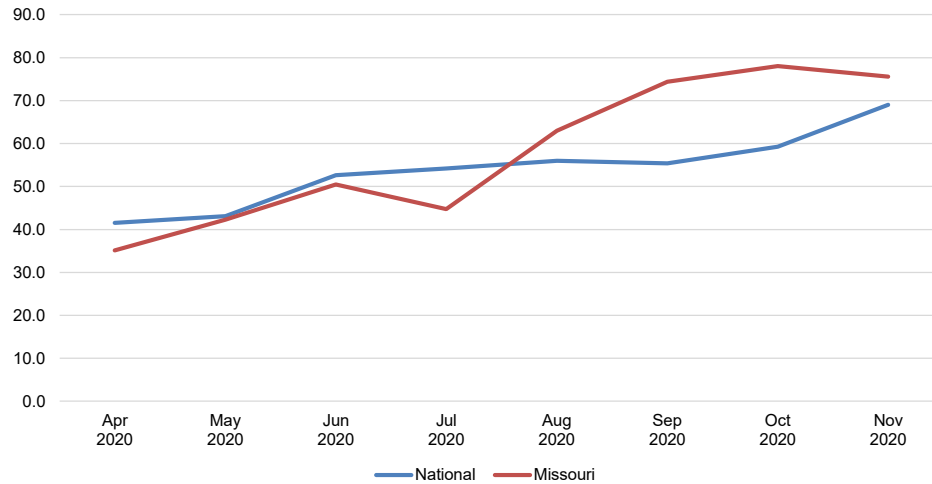


# McCarthy Perspective



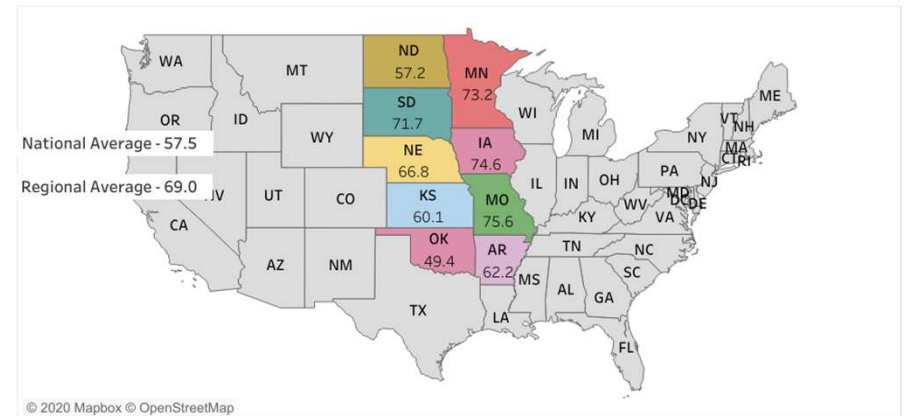
## Purchasing Managers Index

Missouri is outpacing the nation in PMI, indicating strong activity in the market.



The Purchasing Managers Index (PMI) is measured on a 50 Scale, PMI above 50 is considered positive, below is negative

## November 2020 ISM U.S. Purchasing Managers' Indices



Data from BLS

# St. Louis Construction Activity

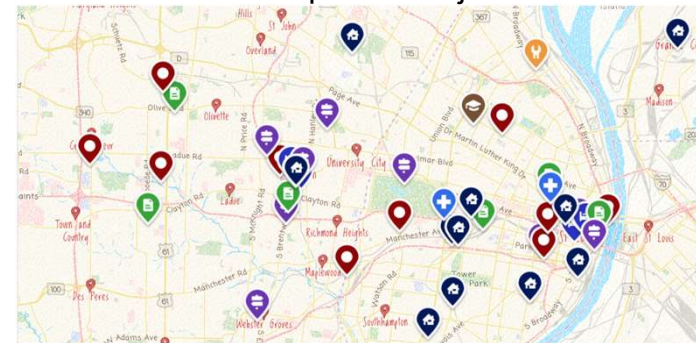


- NGA New Campus
- Washington University School of Medicine Neurosciences
- MSD Incinerators Program
- St. Louis Zoo Expansion
- BJC Phase 3 / Queeny Tower Replacement
- Mercy St. Louis Outpatient Expansion
- Mercy South Rehab Center
- Francis Howell New High School
- MLS Stadium
- City Foundry Phase 2
- Jefferson Arms Renovation
- Clayton Police HQ Redevelopment
- America's Center Convention Complex Upgrades
- Railway Exchange Redevelopment
- SLCC Administration Redevelopment
- Chesterfield Mall Redevelopment
- Wildhorse Village Development
- Henkel Manufacturing Expansion
- Jack C. Taylor Visitor Center – Missouri Botanical Gardens
- SIUE Health Sciences
- Grey Eagle Distribution
- Iron Hill Development
- Brickline Greenway
- Balke Brown Transwestern Bemiston Place
- SoGro Apartments

## Crane Watch – Under Construction Projects



## Crane Watch – Proposed Projects



Source: St. Louis Business Journal Dec 2020

# St. Louis Perspective

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Limited supply chain delays. They are currently not causing significant schedule issues.

With Union contracts in place, labor escalation is around 2.5%-3.0%.

Steel has been a little volatile lately, but downward pricing pressure is rebounding now.

Many large projects having bid recently in the St. Louis area, beginning to see increased pricing and competition from trade partners.

Cautiously optimistic for 2021 new sales: Infrastructure, Healthcare, Education, S&T

2021 materials and labor prices rise as pipelines fill up. Battle for resources continues.

Steady, strong volume through 2022+

Now's the time to buy!

# Nationally: Medium-term Impacts

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Sustained economic recovery depends on safe, effective vaccine that enough of the public actually takes

Slower rebound than for other sectors as owners, investors/lenders, institutions and public agencies have lost revenue and face uncertainty about future demand

Best private prospects: remodeling, local distribution centers, data centers

Less demand than pre-crisis for retail, offices, higher ed, cultural facilities

Probably less demand for sports, entertainment, lodging & travel-related

Best public prospects: depends on federal funding & election outcome

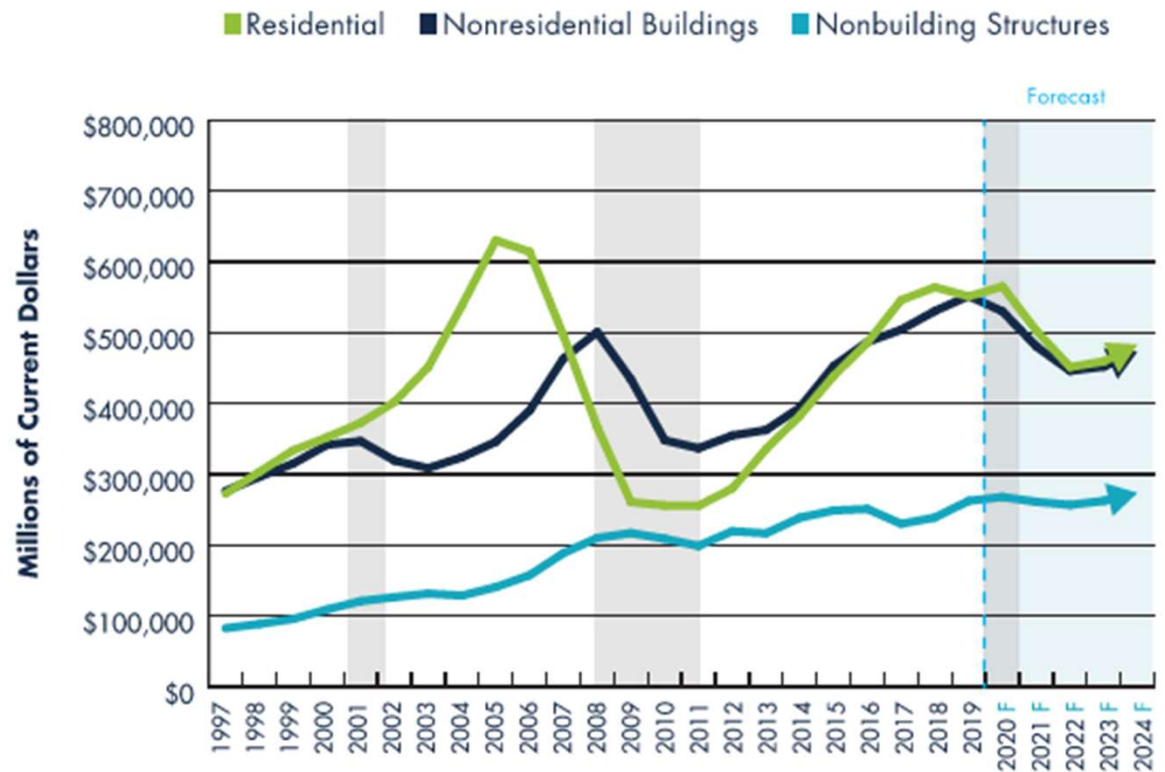
Additional highway funding likely; other infrastructure remains uncertain

Less state & local building construction, especially higher ed



# Total Construction Put in Place

Estimated for the US



Throughout the value of construction put in place includes the cost of architectural and engineering work.

Source: U.S. Census and FMI Forecast

# Total Construction Put in Place

Estimated for the US



	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F	2024F
<b>RESIDENTIAL BUILDINGS</b>										
Single-family	221,683	242,939	270,365	289,855	280,398	283,544	252,475	232,277	235,455	247,621
Multifamily	68,156	79,112	80,403	83,411	85,880	86,298	71,906	63,768	64,923	69,738
Improvements*	148,857	163,913	194,986	190,611	184,664	195,155	178,126	155,271	158,924	165,979
<b>Total Residential Buildings</b>	<b>438,696</b>	<b>485,964</b>	<b>545,754</b>	<b>563,877</b>	<b>550,942</b>	<b>564,998</b>	<b>502,508</b>	<b>451,316</b>	<b>459,301</b>	<b>483,339</b>
<b>NONRESIDENTIAL BUILDINGS</b>										
Lodging	22,012	27,077	28,660	31,464	33,071	28,606	22,489	18,889	18,380	19,714
Office	56,013	67,907	68,685	76,662	84,862	80,620	69,992	60,038	58,923	62,435
Commercial	66,977	78,696	87,626	86,422	80,435	77,963	66,919	56,386	55,789	59,936
Health Care	39,665	40,574	43,120	43,450	45,560	46,076	43,689	42,494	44,086	45,298
Educational	85,346	91,629	96,685	101,210	105,374	97,899	91,167	90,790	93,931	97,785
Religious	3,598	3,752	3,586	3,499	3,544	2,800	2,299	2,088	2,060	2,141
Public Safety	8,505	8,177	8,539	9,353	10,530	11,523	11,147	10,493	10,268	10,604
Amusement and Recreation	20,527	23,652	26,569	28,068	28,803	26,267	21,130	17,692	16,920	18,228
Transportation	45,106	43,339	46,137	53,219	57,154	57,905	53,978	49,537	50,327	53,220
Communication	21,691	22,179	23,696	24,502	22,242	23,085	24,025	24,946	25,870	26,953
Manufacturing	83,143	79,633	70,682	72,508	80,079	77,060	73,633	72,587	75,337	76,792
<b>Total Nonresidential Buildings</b>	<b>452,583</b>	<b>486,615</b>	<b>503,985</b>	<b>530,357</b>	<b>551,654</b>	<b>529,804</b>	<b>480,467</b>	<b>445,941</b>	<b>451,890</b>	<b>473,107</b>
<b>NONBUILDING STRUCTURES</b>										
Power	111,495	112,067	95,951	99,569	113,885	115,201	111,404	107,961	110,112	116,240
Highway and Street	91,701	93,187	89,620	91,745	97,559	98,954	97,462	100,414	104,558	107,739
Sewage and Waste Disposal	24,599	24,151	22,901	23,931	26,089	27,213	26,884	24,937	24,028	24,919
Water Supply	13,353	13,940	14,168	15,477	15,882	17,282	17,285	16,060	15,783	16,223
Conservation and Development	7,735	7,745	7,464	8,229	9,126	9,318	8,120	7,405	7,992	8,665
<b>Total Nonbuilding Structures</b>	<b>248,883</b>	<b>251,090</b>	<b>230,104</b>	<b>238,951</b>	<b>262,541</b>	<b>267,967</b>	<b>261,154</b>	<b>256,778</b>	<b>262,473</b>	<b>273,785</b>
<b>Total Put in Place</b>	<b>\$1,140,162</b>	<b>\$1,223,669</b>	<b>\$1,279,843</b>	<b>\$1,333,185</b>	<b>\$1,365,137</b>	<b>\$1,362,769</b>	<b>\$1,244,129</b>	<b>\$1,154,035</b>	<b>\$1,173,665</b>	<b>\$1,230,231</b>

Millions of  
current dollars

3<sup>rd</sup> Quarter  
2020 Forecast  
(based on Q2  
2020 Actuals)

A construction worker wearing a brown hard hat with a logo and a safety vest is holding a surveying instrument. The background is a blurred construction site with yellow machinery.

# Thank you

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