

# Construction Industry Snapshot

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## Construction Starts Drop 3% in April

Reed Construction Data (RCD) announced today that the year-to-date value of construction starts through April 2009, excluding residential contracts, totaled \$75.7 billion, 3.4% less than in the same period in 2008. Starts fell 8% from March and were 38% below last December. The volume decline is greater than 38% because bid prices have inched lower and April is typically a seasonally stronger month than December.

The value of construction starts each month is summarized from RCD's database of all active construction projects in the United States, excluding single-family homes. Missing project values are estimated using RSMean's building cost models.

Institutional building (-47%) and commercial building (-45%) starts plunged since December from record-high levels, while heavy project starts fell only 16%. Normally, institutional and heavy construction would face many more months of continuing steep declines in starts, but the economic stimulus plan will cushion much of the usual late cycle recession impact in both of these markets.

The slowdown in starts has not yet appeared in the Census Bureau's monthly (through March) estimates of job-site construction spending for institutional and heavy construction. Construction spending has not declined from a year ago, but it will during the spring, before the full impact of stimulus spending hits.

Construction spending for commercial buildings is now 13% below a year ago. Reed Construction Data expects the peak-to-trough decline in construction spending to be 20% for commercial buildings, 12% for heavy construction and 8% for institutional buildings.

The starts data through April now includes the following: (1) the impact of the September 2008 credit freeze; (2) most, but not all, of the impact of the deeper recession that it set off; but (3) little, if any, of the impact of the \$787 billion additional federal spending approved in mid-February. ♦

*Jim Haughey*

## VALUE OF UNITED STATES CONSTRUCTION STARTS – APRIL 2009 (REED CONSTRUCTION DATA)

	Jan-Apr 2009 (\$ millions)	% Change (Jan-Apr 09 vs Jan-Apr 08)
Hotel/Motel	\$1,732	-60.5%
Retail	\$5,911	-21.0%
Parking Garage	\$408	-57.6%
Amusement	\$1,289	-12.9%
Private Office	\$4,833	-35.6%
Government Office	\$1,239	-24.2%
Laboratory	\$1,234	-13.5%
Warehouse	\$889	29.0%
Miscellaneous Commercial	\$3,067	184.0%
<b>COMMERCIAL</b>	<b>\$20,602</b>	<b>-22.7%</b>
<b>INDUSTRIAL (Manufacturing)</b>	<b>\$1,071</b>	<b>-12.4%</b>
Religious	\$755	-17.1%
Hospital/Clinic	\$5,851	-2.0%
Nursing/Assisted Living	\$1,042	27.4%
Library/Museum	\$1,288	12.3%
Police/Courthouse/Prison	\$1,586	-18.1%
Military	\$891	-49.4%
School/College	\$13,877	-9.0%
Miscellaneous Government	\$1,823	63.5%
<b>INSTITUTIONAL</b>	<b>\$27,113</b>	<b>-6.2%</b>
Miscellaneous Non-residential	\$787	41.9%
<b>NON-RESIDENTIAL BUILDING</b>	<b>\$49,573</b>	<b>-13.5%</b>
Airport	\$1,047	529.8%
Road/Highway	\$9,811	-0.7%
Bridge	\$3,646	61.8%
Dam/Marine	\$484	55.2%
Water/Sewage	\$6,119	10.9%
Miscellaneous Civil	\$4,998	75.5%
<b>HEAVY ENGINEERING</b>	<b>\$26,105</b>	<b>24.5%</b>
<b>TOTAL NON-RESIDENTIAL</b>	<b>\$75,678</b>	<b>-3.4%</b>

Source: Reed Construction Data (RCD) and Property & Portfolio Research (PPR) ([www.ppr.info](http://www.ppr.info)).  
Table: Reed Research Group and Reed Construction Data – CanaData.

James Haughey, PhD, is Director, Research and Analytics and Chief Economist for Reed Construction Data. With 30 years experience in corporate, government, academic and consulting roles, Dr. Haughey is one of North America's foremost experts on the construction industry. His reports appear regularly in print, Web and newsletter publications.