

Welcome

1

Construction Economic Forecast 2021 Behind the Headlines

Sample

February 2021



Behind the Headlines

2

We Will Cover

1 - NEW CONSTRUCTION STARTS

2 - STARTING BACKLOG

3 - FORECAST CONSTRUCTION SPENDING

4 – INFLATION – INPUTS – FINAL COST

5 - REVENUE vs VOLUME & JOBS

Summary Starts and Backlog

3

2020 New Starts -8%. Nonres Bldgs -24%. Nonbldg -14%.

Total in Backlog to begin 2021 -10%.

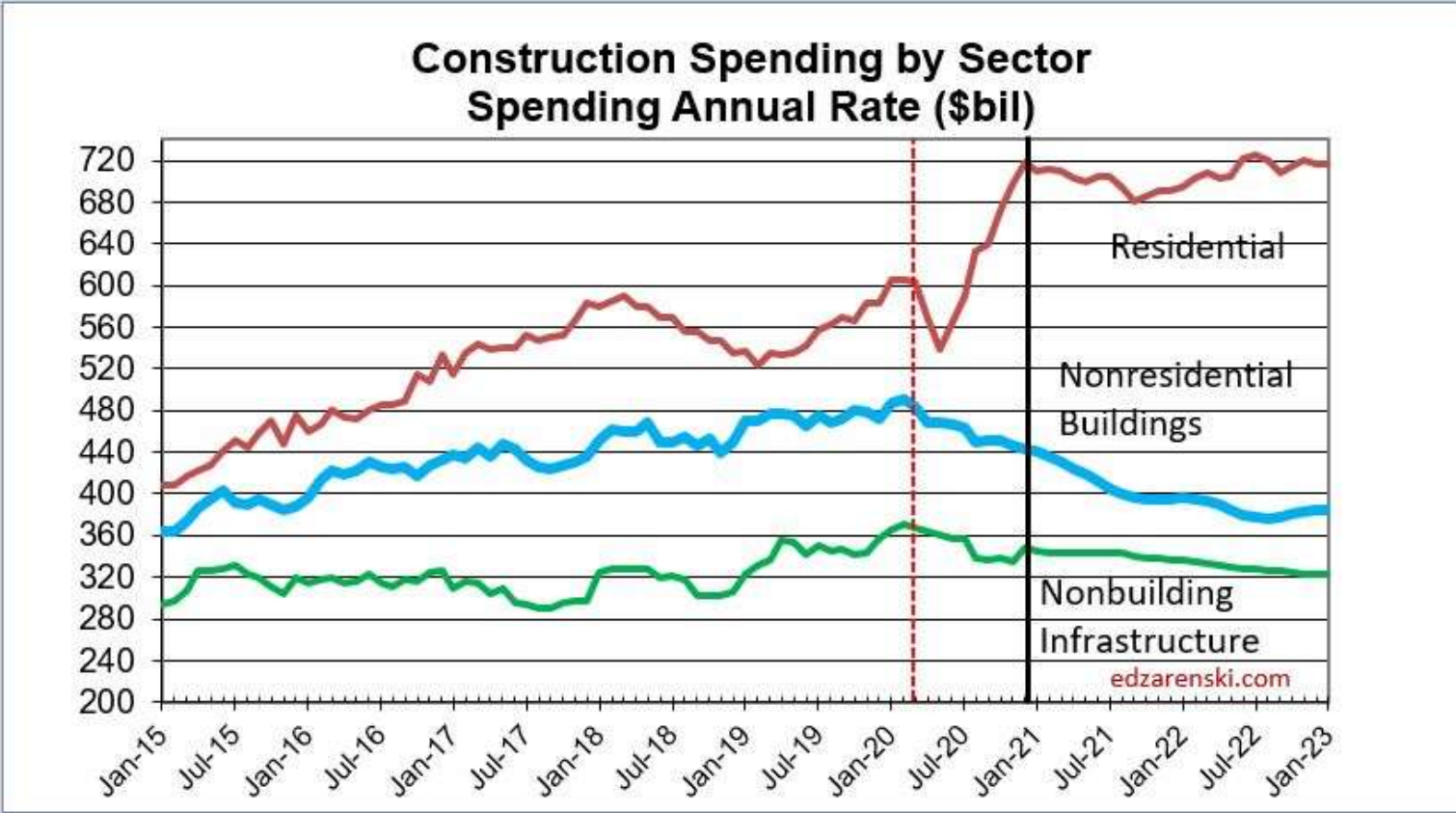
2021 New Starts forecast +6%. Nonres Bldgs +4%. Nonbldg +10%.

Total in Backlog forecast to begin 2022 -5%.

Residential New Starts in 2020 reached an all-time high. 2021 +5%

Construction Spending Forecast Jan 2021

4



Summary Spending Forecast

5

Most Spending declines are in 2021, when all new starts lost in 2020 would have been at peak spending.

2020 Spending +4.7%. Rsdntl +12%. Nonres Bldgs -2%. Nonbldg +3%.

2021 Spending +1.4%. Rsdntl +13% Nonres Bldgs -11%. Nonbldg -2%.

Spending Includes Inflation Spending = Revenue

Revenue IS NOT Business Volume

PPI Inflation Input Costs

6

Producer Price Index INPUTS (Jan 2020 to Jan 2021)

- **Inputs to nonresidential construction +5.9%**
- **Inputs to residential construction +7.6%**
- Ready mix concrete +1.5%, Precast concrete +3.0%
- Asphalt roof products +2.7%, Asphalt Paving -0.4%
- Brick/Block +3.4%, Flat Glass +2.9%
- Gypsum Products +3.6%, Insulation +4.0%
- Fab Structural Metal +1.1%, Fab Structural Metal for Bridges +14.7%
- Steel Pipe and Tube +3.5%, Steel Plate +8.0%, Fab Joists/Rebar +0.6%
- **Lumber/Plywood +50%**

Current \$ vs Constant \$ - Revenue vs Volume

7

Current \$ Spending = Revenue

Current \$ Spending is not adjusted for inflation

Constant \$ Spending = Volume

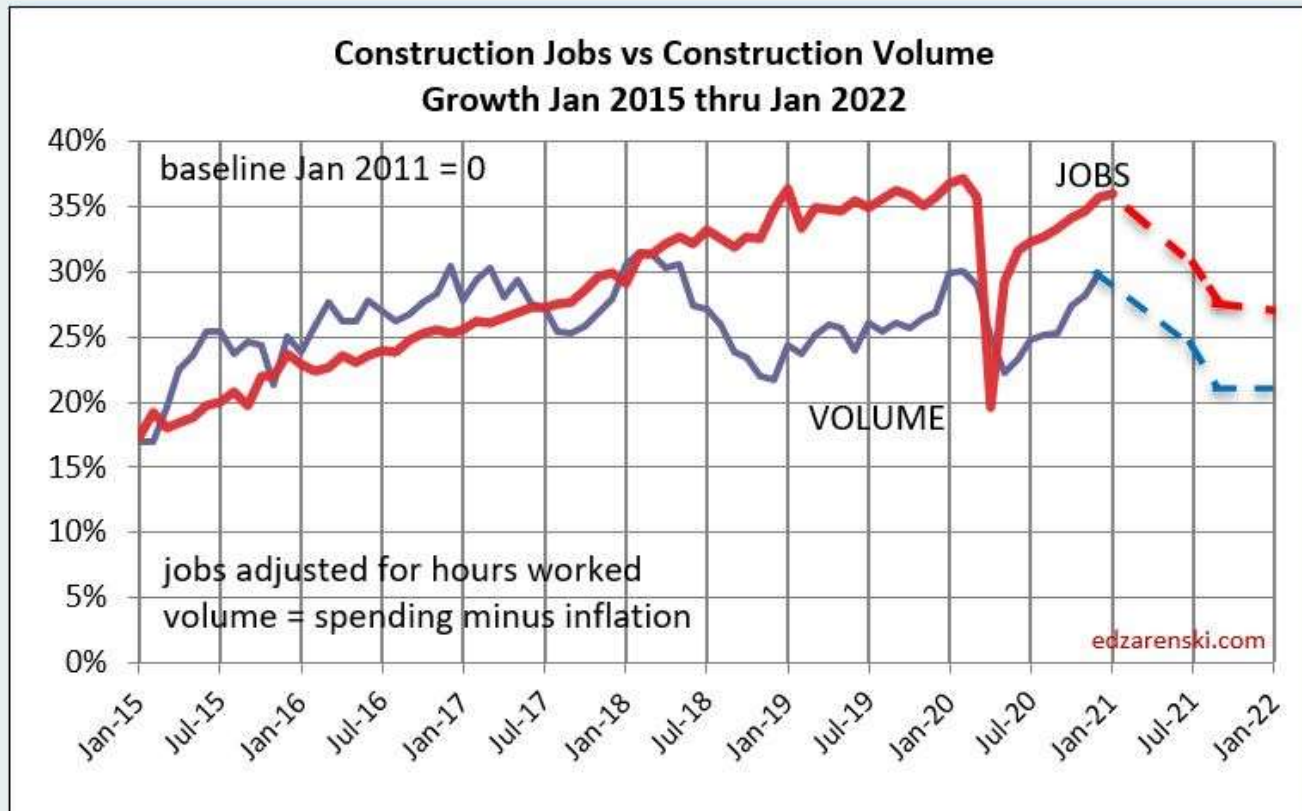
Constant \$ Spending = adjusted for inflation

Constant \$ = true growth in volume

Volume dictates Staffing Needs

Forecasting Construction Data – Jobs

8



Thank You

9

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