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Construction Executive's

2022

Construction
Economic Update
& Exclusive Forecast

By: Anirban Basu

MPP, MA, JD, PhD

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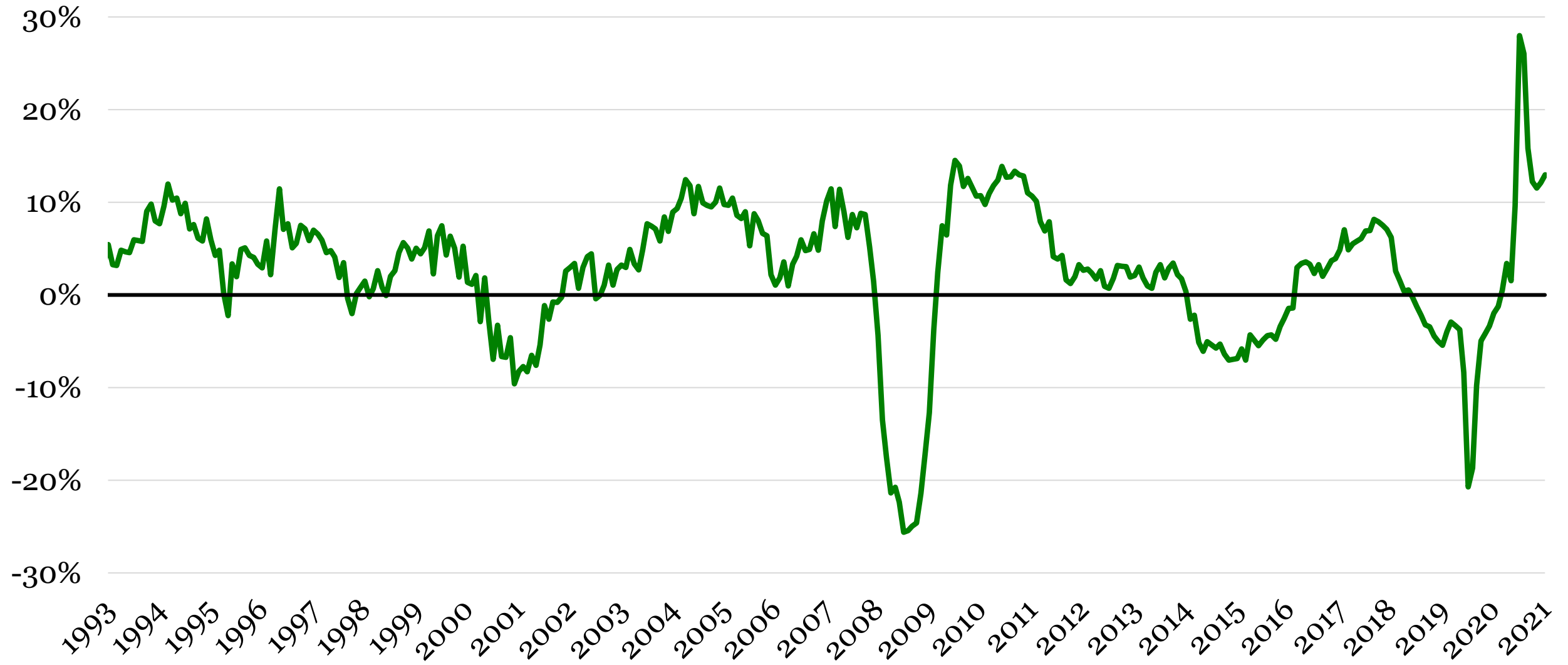
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December 8th, 2021

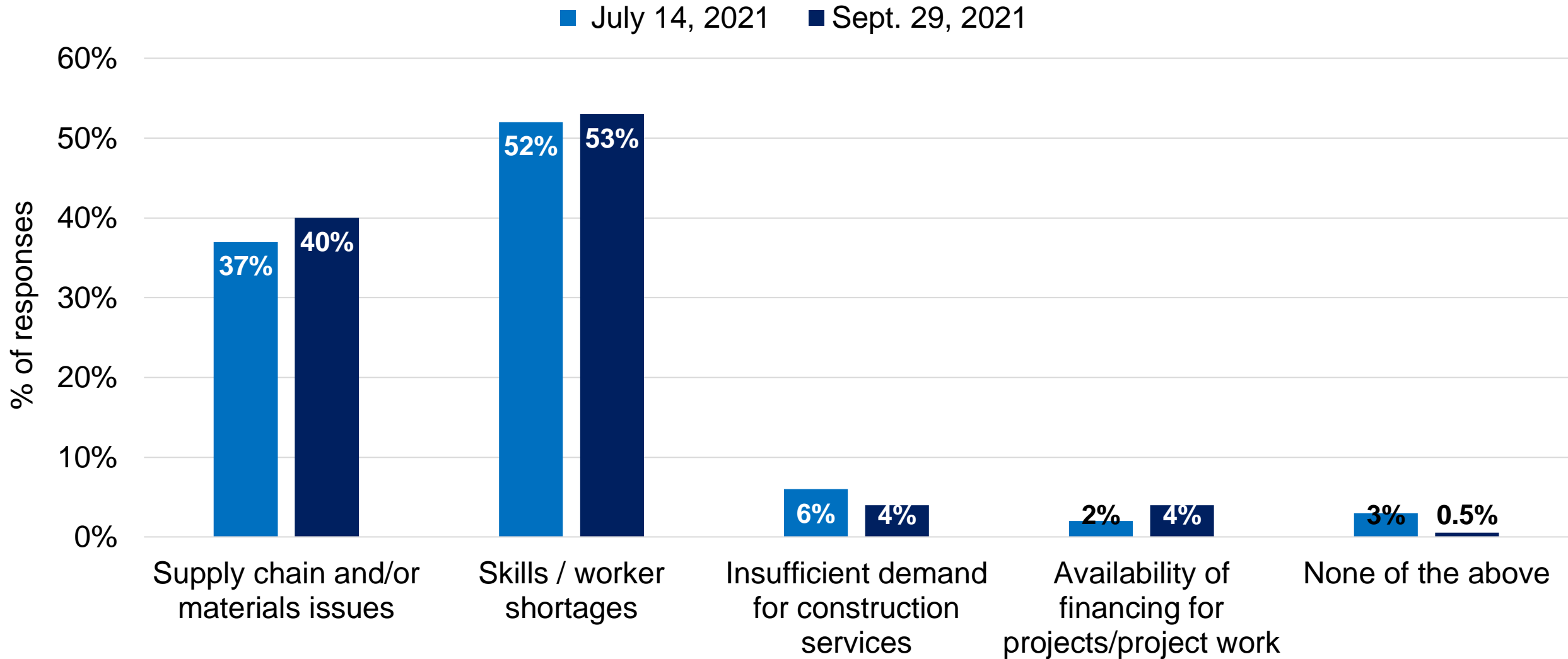
Economic Update

Value of U.S. Manufacturers' Shipments, 12-Month % Change



CE Webinar Audience Poll Results:

“Which of these is the leading challenge for your company today?”



Construction Employment Growth, 25 Largest Metros (NSA)

February 2020 v. October 2021 Percent Change

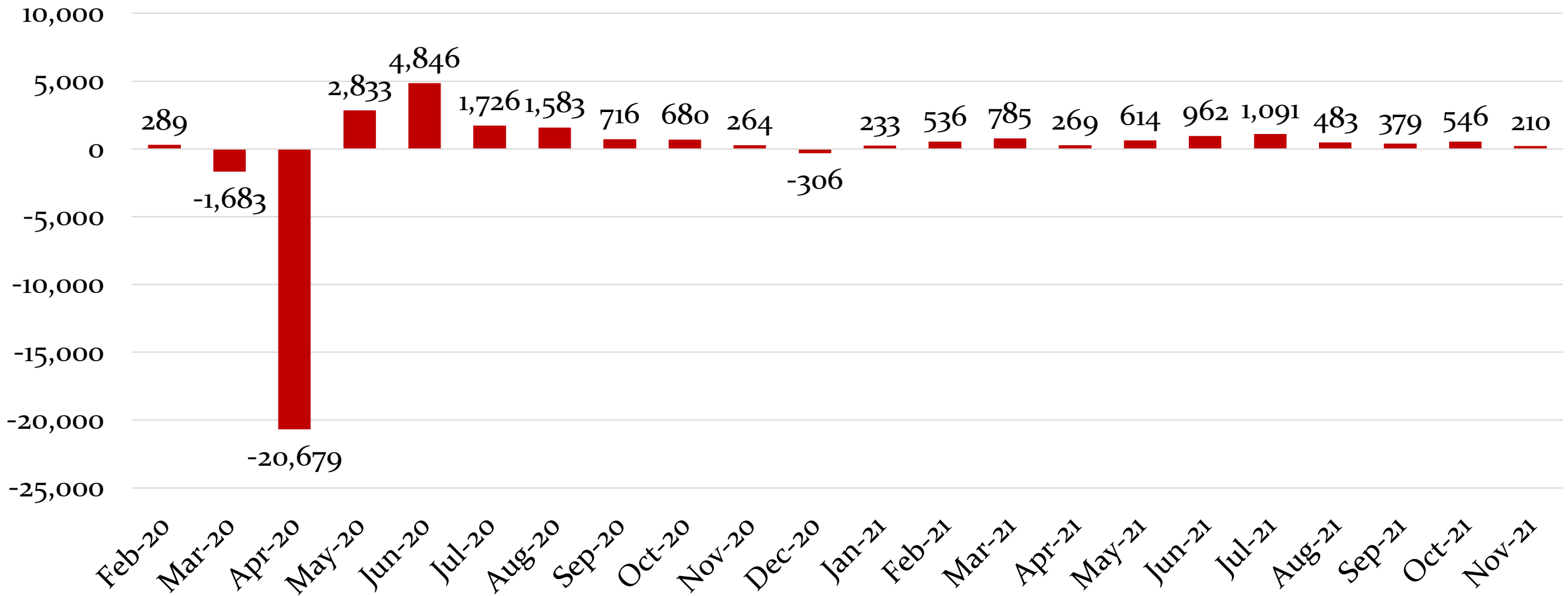
Rank	MSA	%	Rank	MSA	%
1	Minneapolis-St. Paul-Bloomington, MN-WI	21.5%	14	Orlando-Kissimmee-Sanford, FL	1.7%
2	Detroit-Warren-Dearborn, MI	16.4%	15	Phoenix-Mesa-Scottsdale, AZ	1.1%
3	St. Louis, MO-IL	12.9%	16	Miami-Fort Lauderdale-West Palm Beach, FL	0.9%
4	Chicago-Naperville-Elgin, IL-IN-WI	12.3%	17	Washington-Arlington-Alexandria, DC-VA-MD-WV	0.7%
5	Boston-Cambridge-Nashua, MA-NH	11.6%			
6	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	7.1%	18	Atlanta-Sandy Springs-Roswell, GA	0.1%
7	Portland-Vancouver-Hillsboro, OR-WA	7.0%	19	Baltimore-Columbia-Towson, MD	-1.0%
7	San Diego-Carlsbad, CA	7.0%	20	San Antonio-New Braunfels, TX	-1.9%
9	Seattle-Tacoma-Bellevue, WA	5.3%	21	Los Angeles-Long Beach-Anaheim, CA	-2.7%
10	Charlotte-Concord-Gastonia, NC-SC	3.6%	22	San Francisco-Oakland-Hayward, CA	-2.8%
11	Denver-Aurora-Lakewood, CO	2.7%	23	Dallas-Fort Worth-Arlington, TX	-3.2%
12	Tampa-St. Petersburg-Clearwater, FL	2.2%	24	New York-Newark-Jersey City, NY-NJ-PA	-5.4%
13	Riverside-San Bernardino-Ontario, CA	2.1%	25	Houston-The Woodlands-Sugar Land, TX	-12.9%

U.S. Percent Change
2/2020 v. 10/2021: -1.9%

Net Change in U.S. Jobs

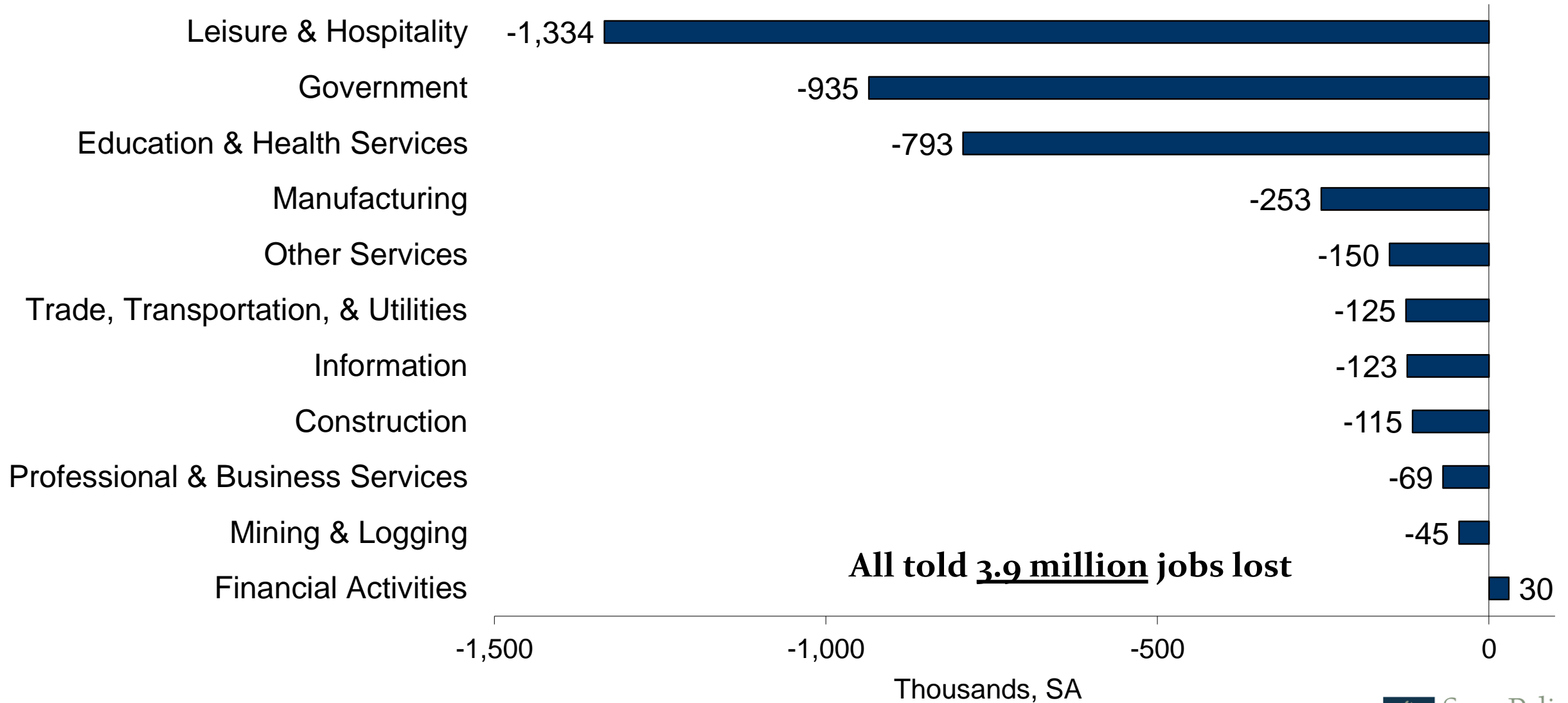
February 2020 – November 2021

1-M Net Change (000s)

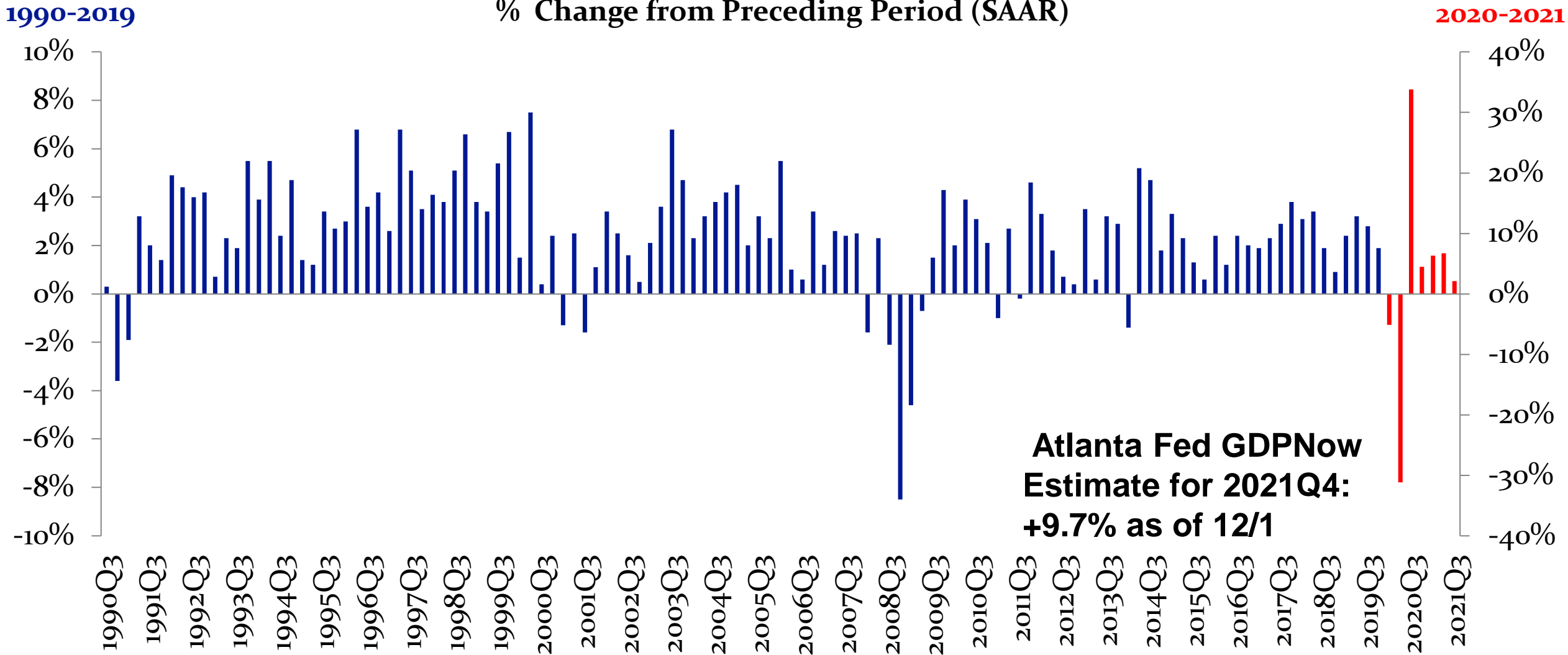


U.S. Nonfarm Employment by Industry Sector

February 2020 v. November 2021

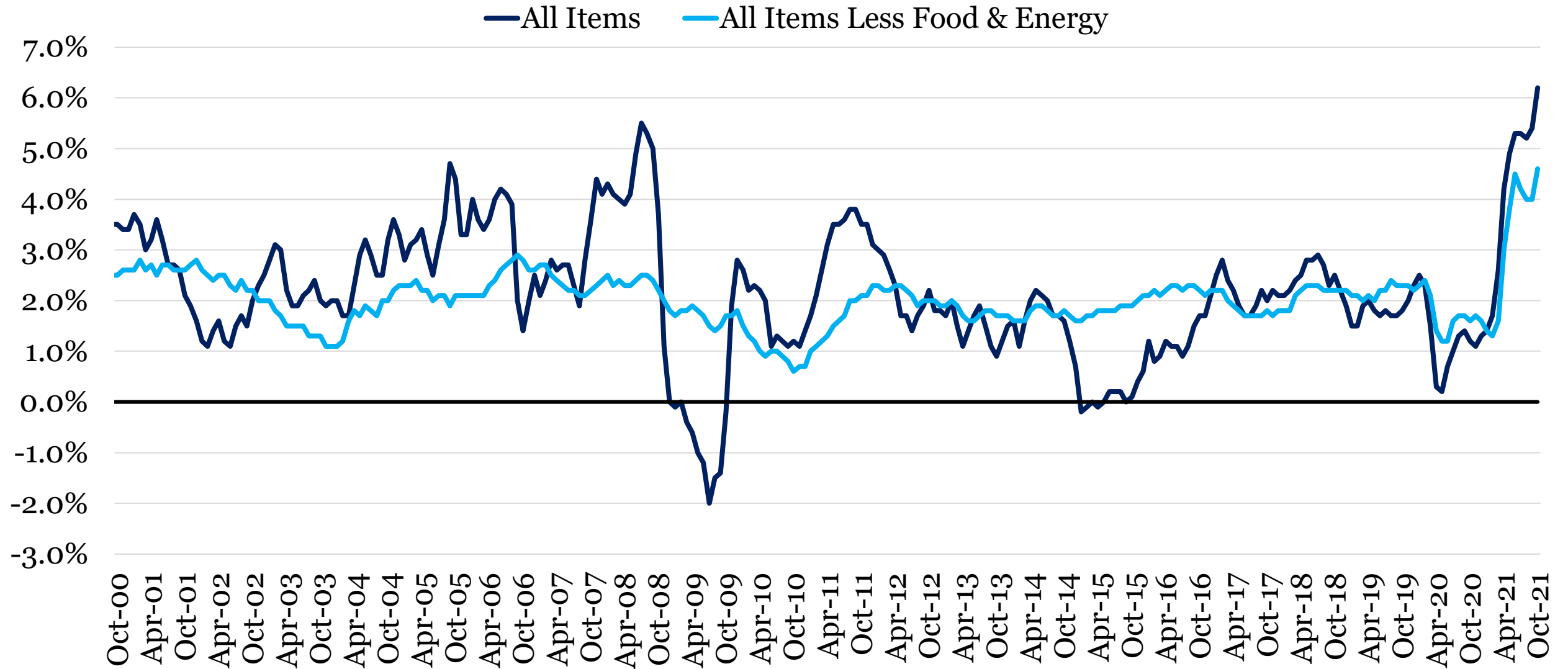


Gross Domestic Product, 1990Q3 – 2021Q3*



U.S. Consumer Price Index, 12-Month % Change

October 2000 – October 2021



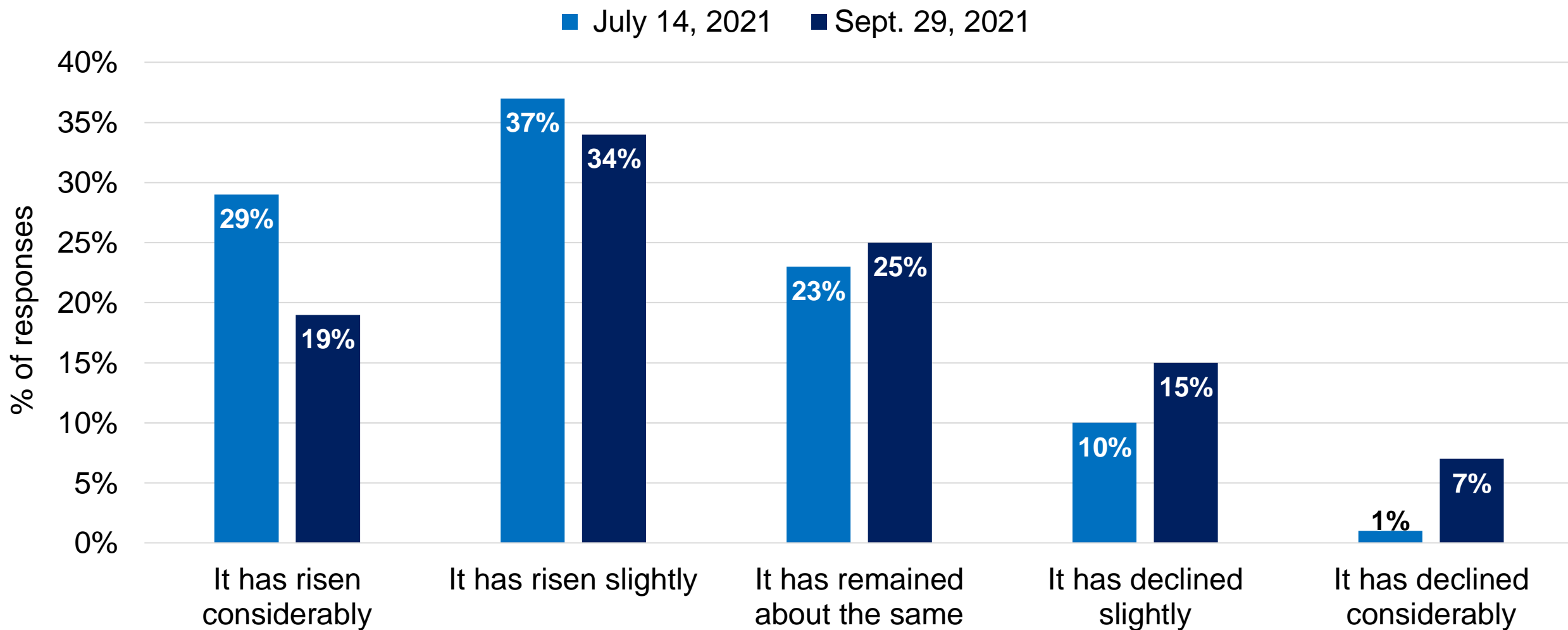
U.S. Consumer Price Index, Select Categories

12-Month % Change as of October 2021

CPI Category	YOY % Change
Food	5.3%
Energy	30.0%
Energy commodities	49.5%
Energy services	11.2%
Commodities less food and energy commodities	8.4%
Apparel	4.3%
New vehicles	9.8%
Used cars and trucks	26.4%
Medical care commodities	-0.4%
Alcoholic beverages	2.2%
Tobacco and smoking products	8.5%
Services less energy services	3.2%
Shelter	3.5%
Medical care services	1.7%
Transportation services	4.5%

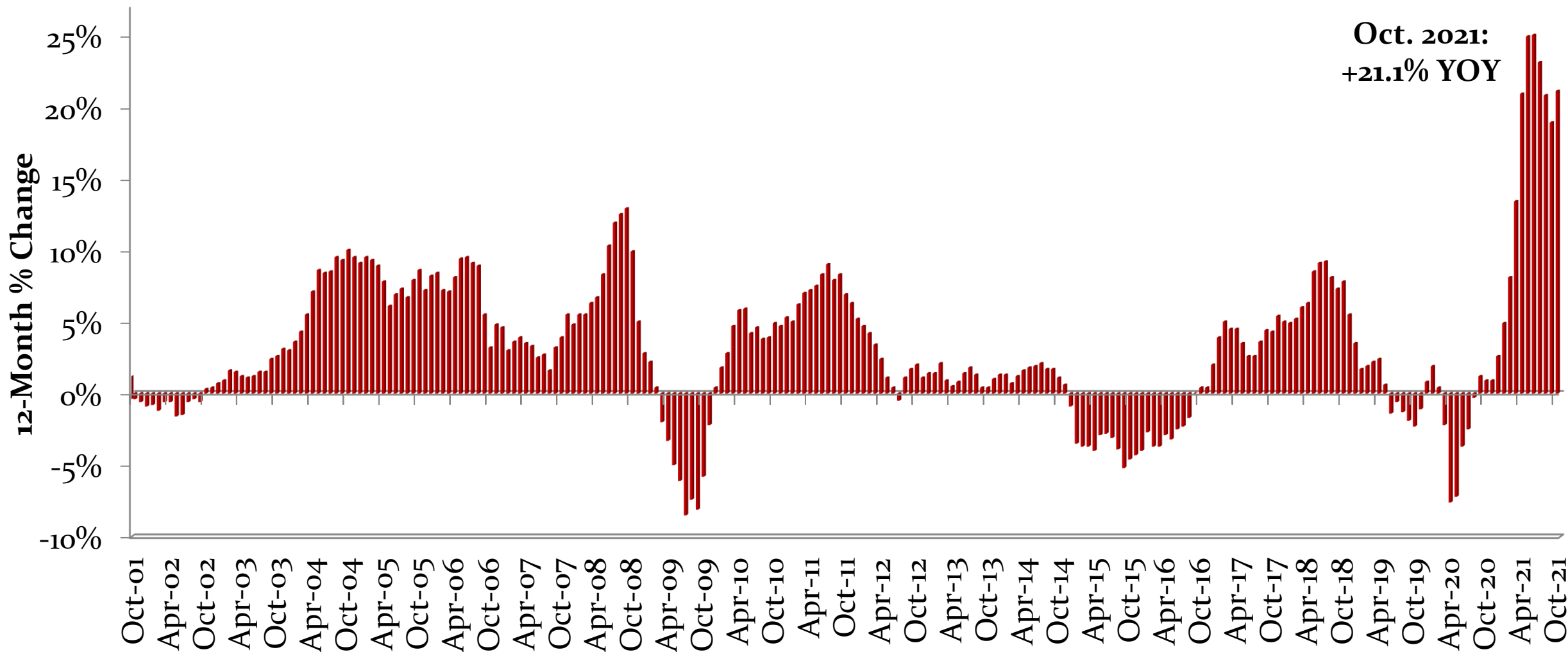
CE Webinar Audience Poll Results:

"Over the last three months, how has your company's backlog fared?"



Inputs to Construction PPI (NSA)

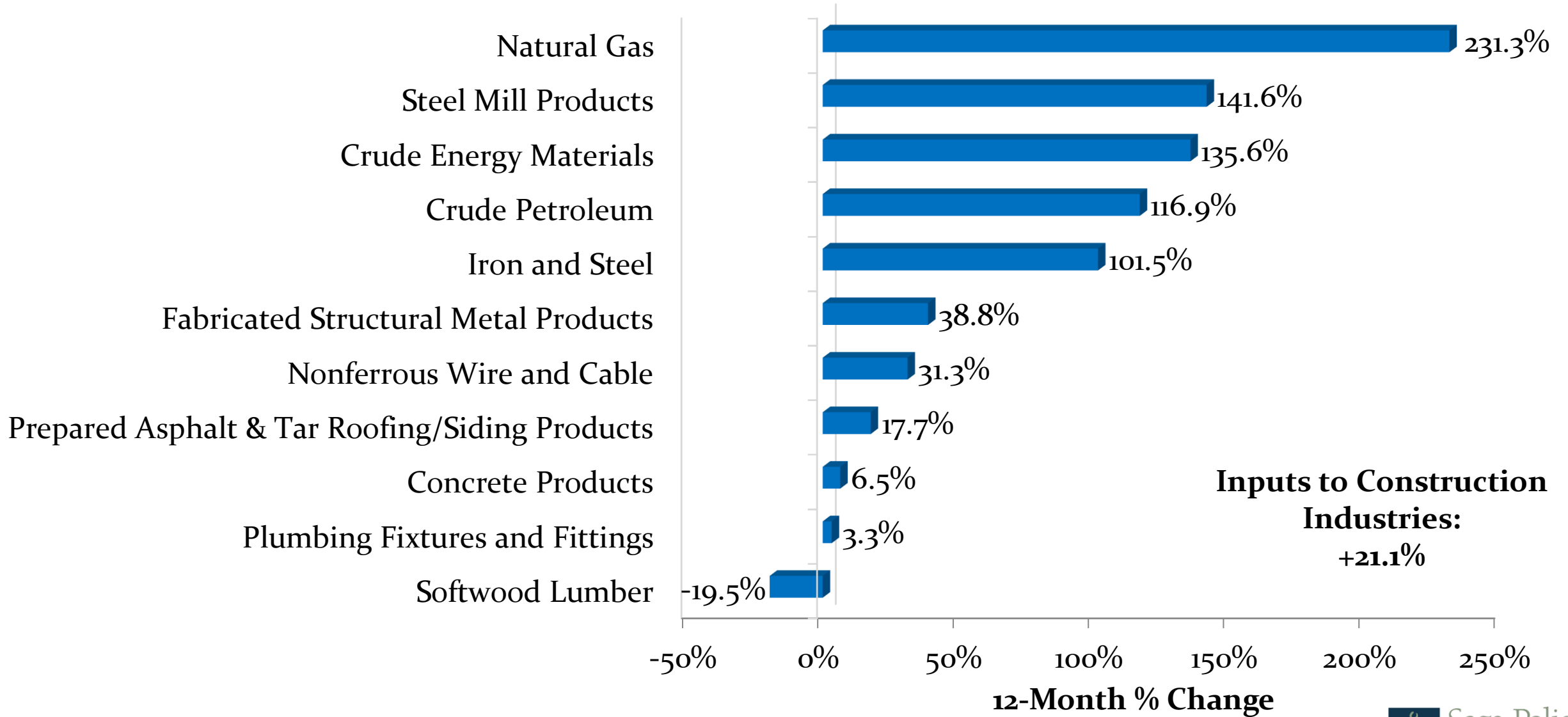
October 2001 – October 2021



Oct. 2021:
+21.1% YOY

Construction Materials PPI (NSA)

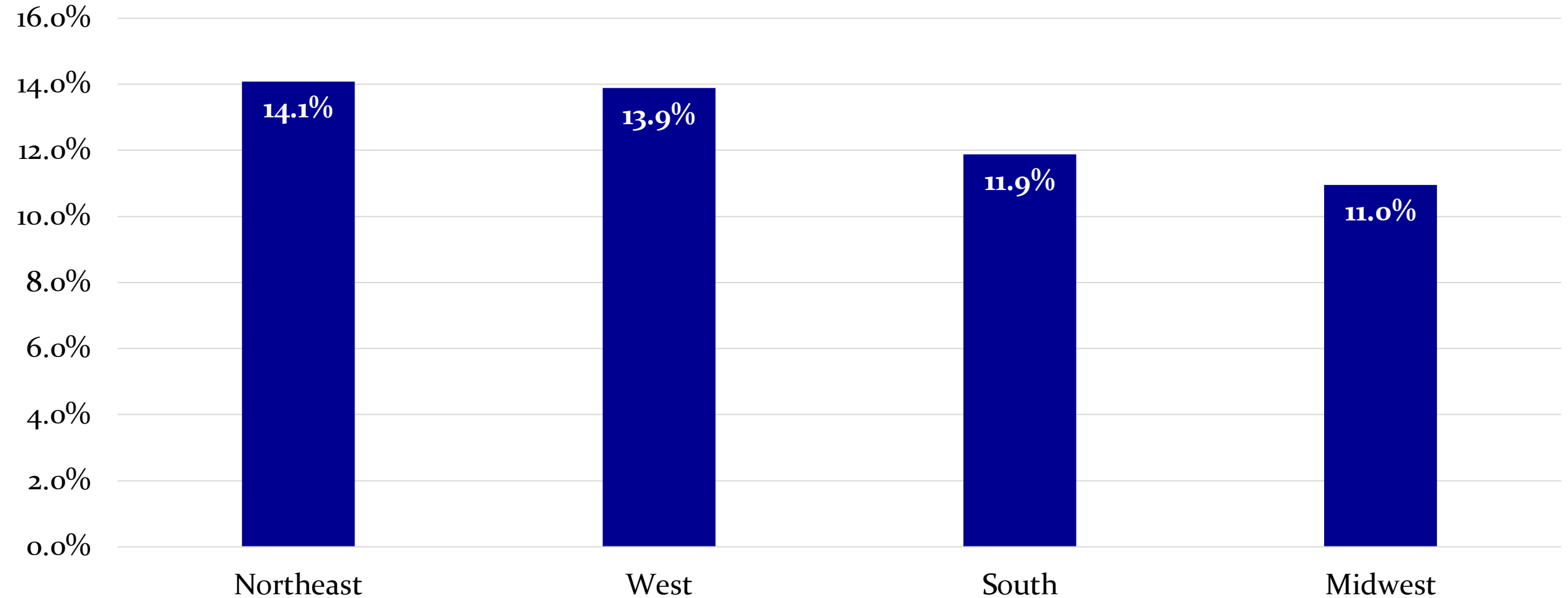
12-Month % Change as of October 2021



PPI: New Nonresidential Building Construction by Region

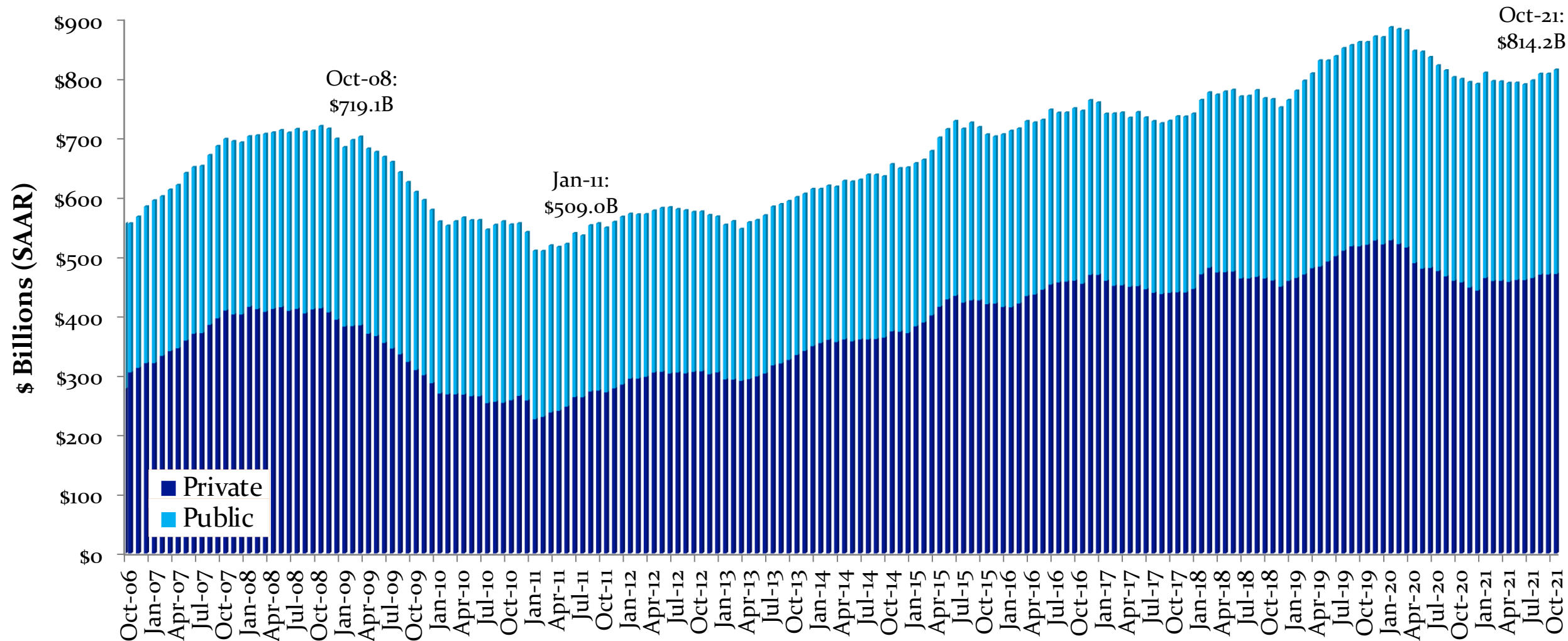
February 2020 v. October 2021 % Change

February 2020 v. October 2021



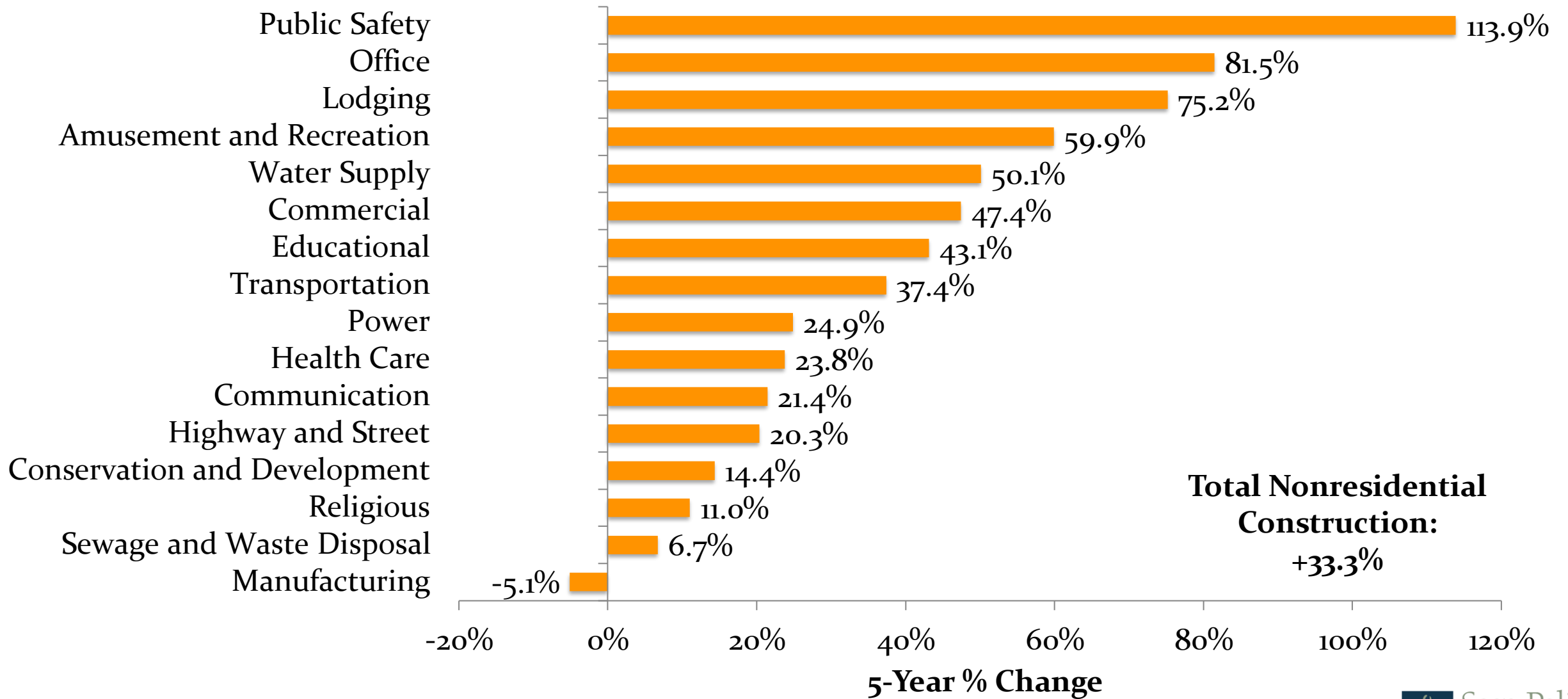
Nonresidential Construction Put-in-Place

October 2006 – October 2021



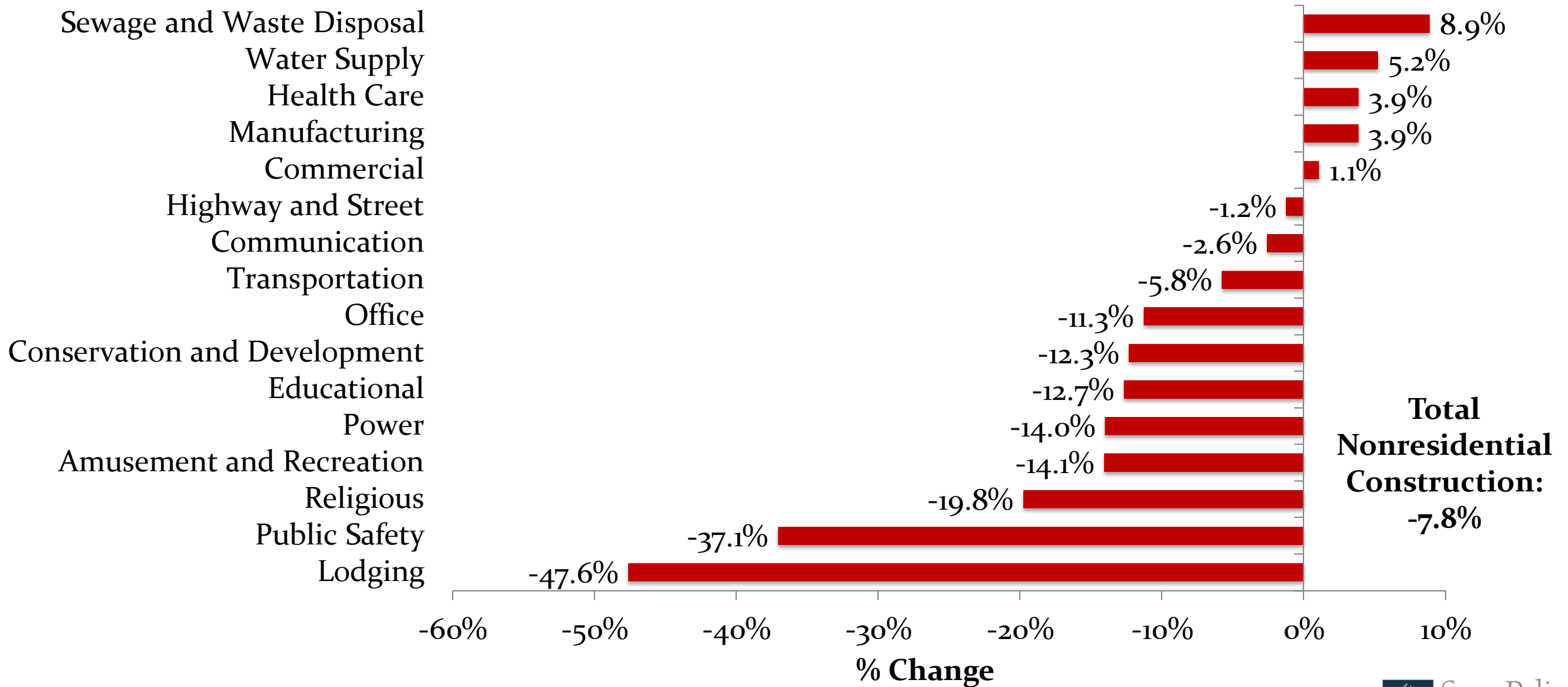
Nonresidential Construction Spending by Subsector

February 2015 v. February 2020



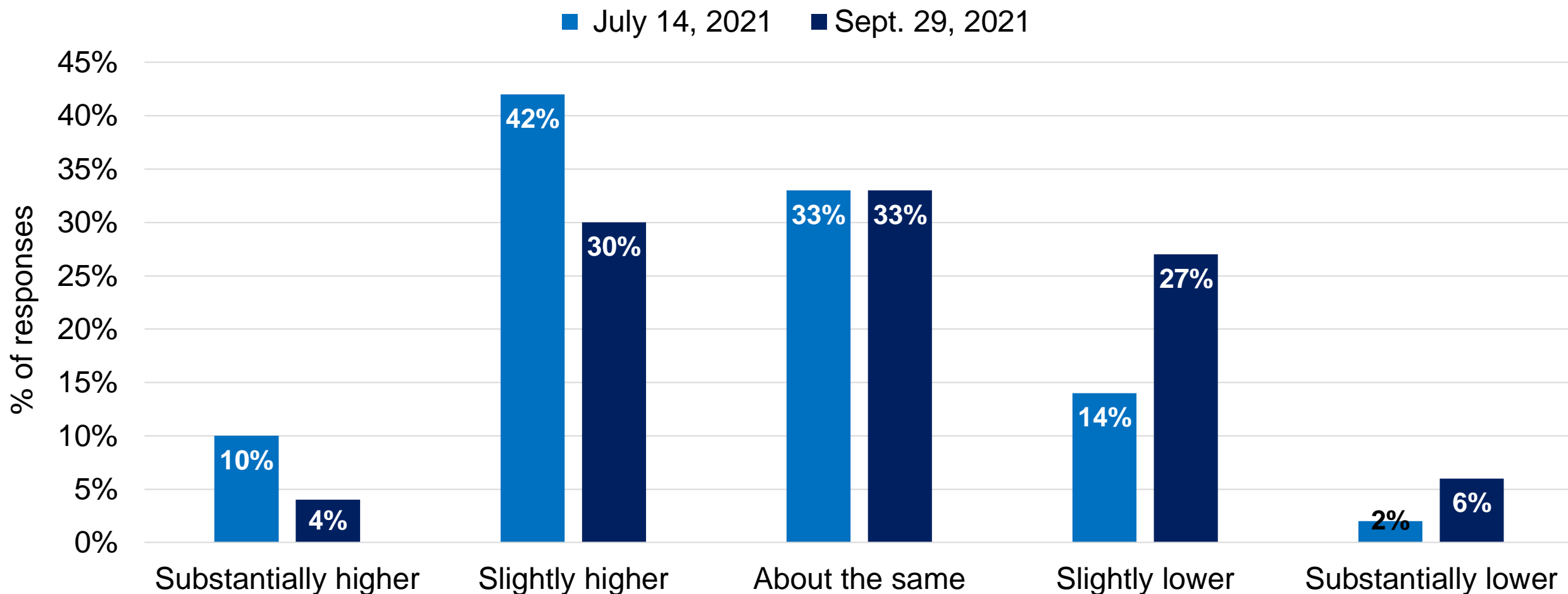
Nonresidential Construction Spending by Subsector

February 2020 v. October 2021



CE Webinar Audience Poll Results:

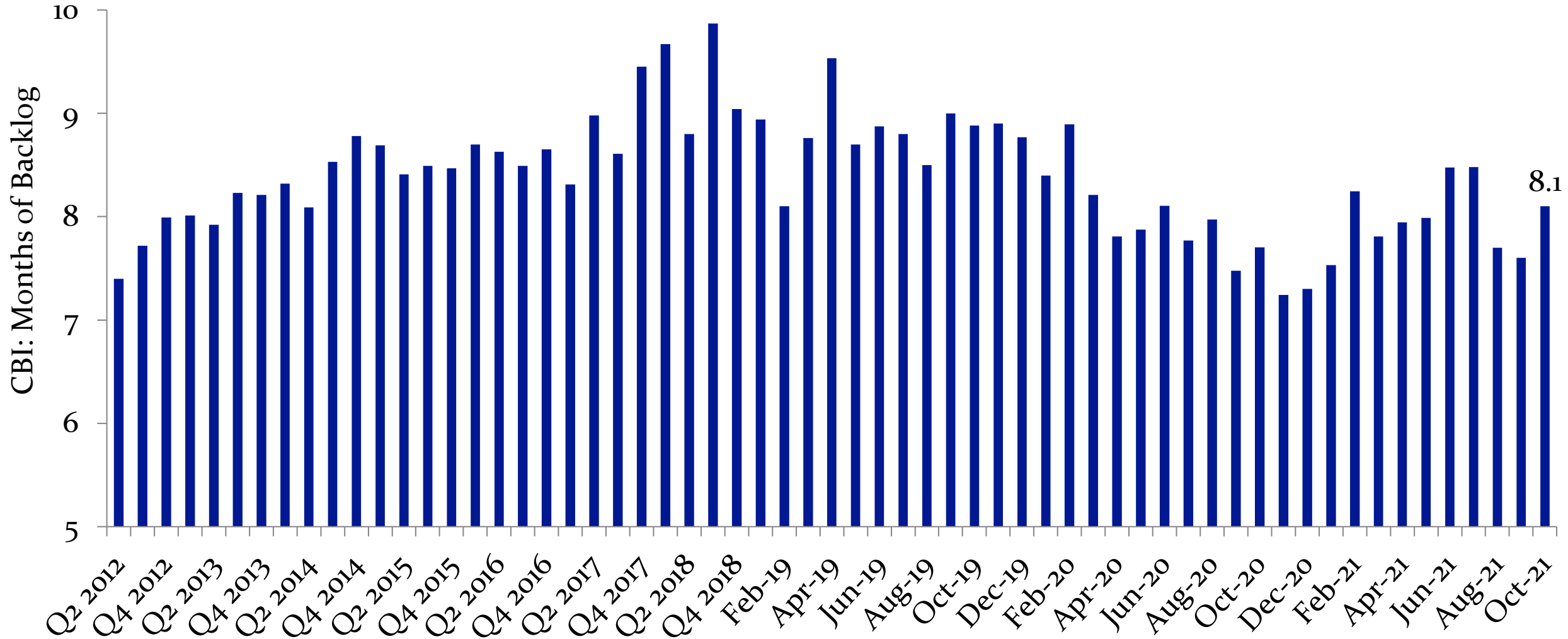
"Where do you expect your company's profit margins to be a year from now?"



Outlook

ABC's Construction Backlog Indicator

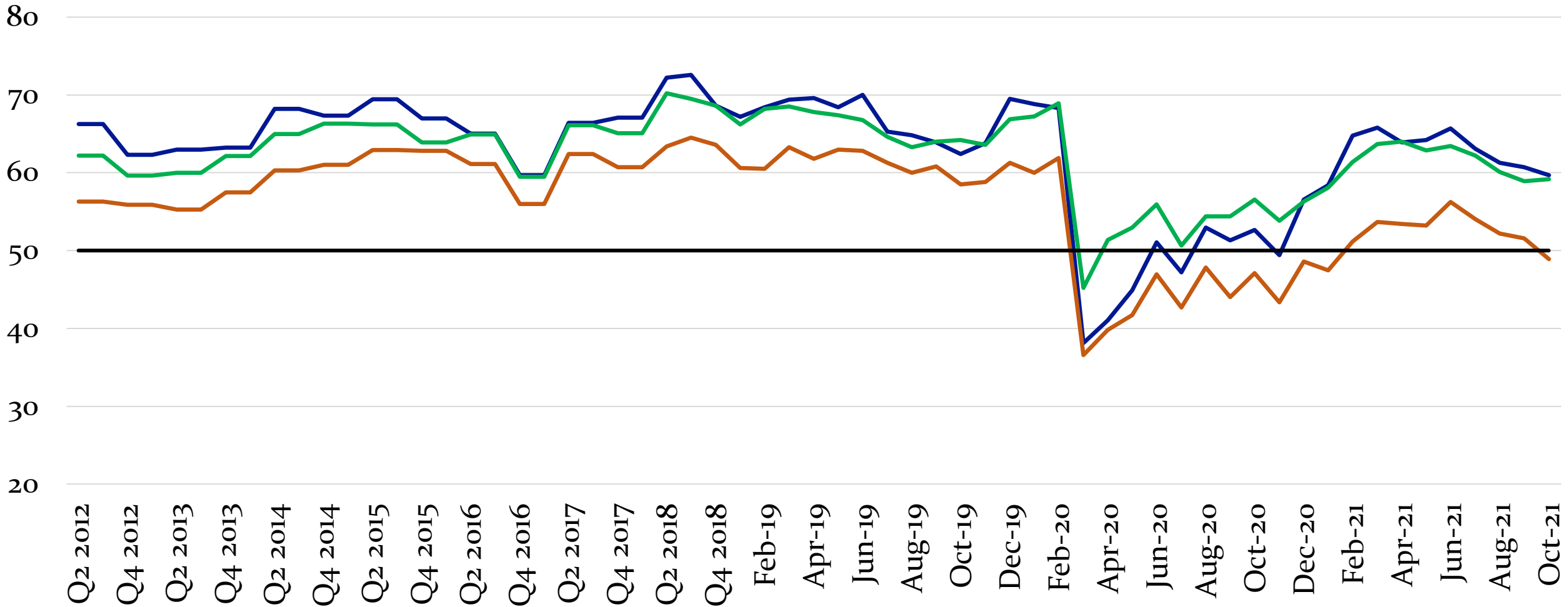
2012 – October 2021



ABC's Construction Confidence Index

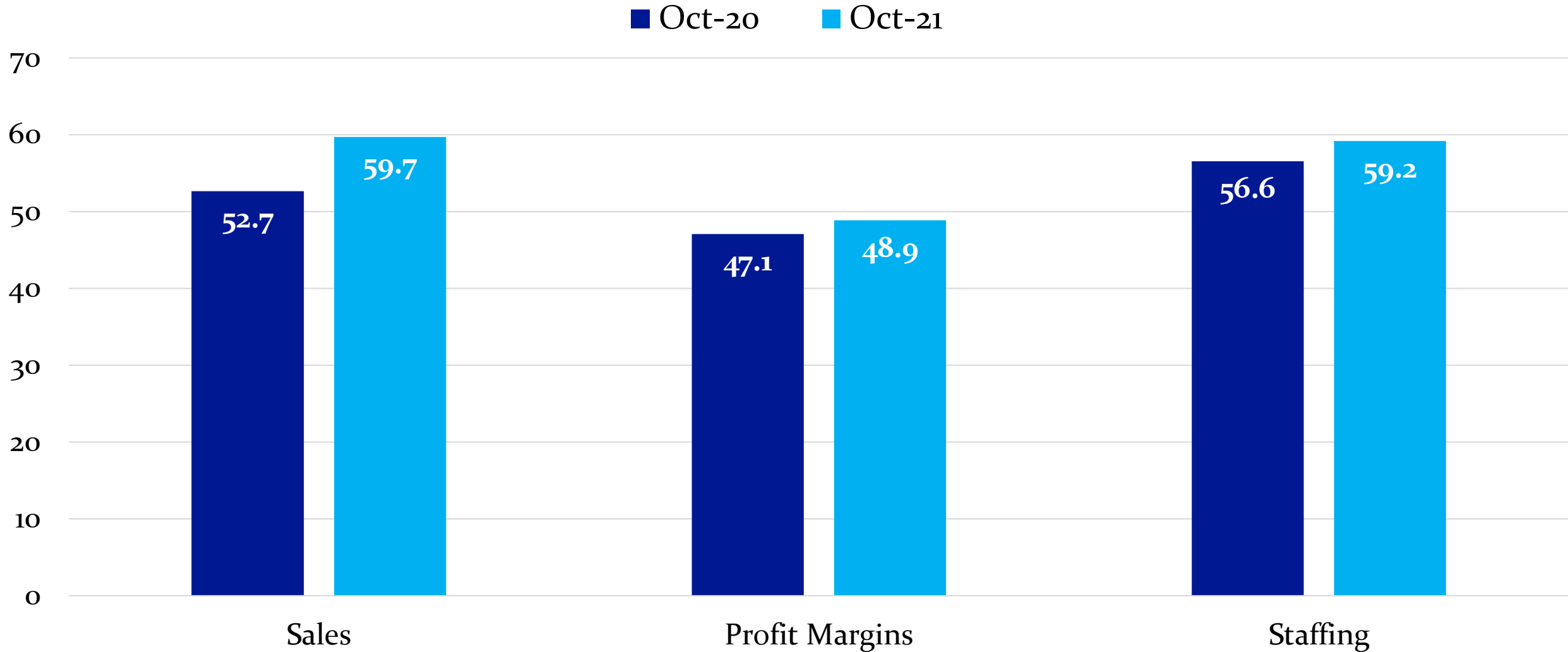
2012 – October 2021

— CCI Sales — CCI Profit Margins — CCI Staffing Levels



ABC's Construction Confidence Index

October 2020 v. October 2021



Global Growth Forecasts Anticipate an Uneven Recovery

World Bank (June 2021)

World Bank (June 2021)—2021: +5.6% (2022: +4.3%)

- *“The world economy is experiencing an exceptionally strong but highly uneven recovery...Growth is concentrated in a few major economies, with most emerging market and developing economies (EMDEs) lagging behind: while about 90 percent of advanced economies are expected to regain their pre-pandemic per capita income levels by 2022, only about one-third of EMDEs are expected to do so.”*

Global Growth Forecasts Anticipate an Uneven Recovery

OECD (September 2021)

OECD (September 2021)—2021: +5.7% (2022: +4.5%)

- *“Economic growth has picked up this year, helped by strong policy support, the deployment of effective vaccines and the resumption of many economic activities...Global GDP has now surpassed its pre-pandemic level, but output and employment gaps remain in many countries, particularly in emerging-market and developing economies where vaccination rates are low...The economic impact of the Delta variant has so far been relatively mild in countries with high vaccination rates, but has lowered near-term momentum elsewhere and added to pressures on global supply chains and costs.”*

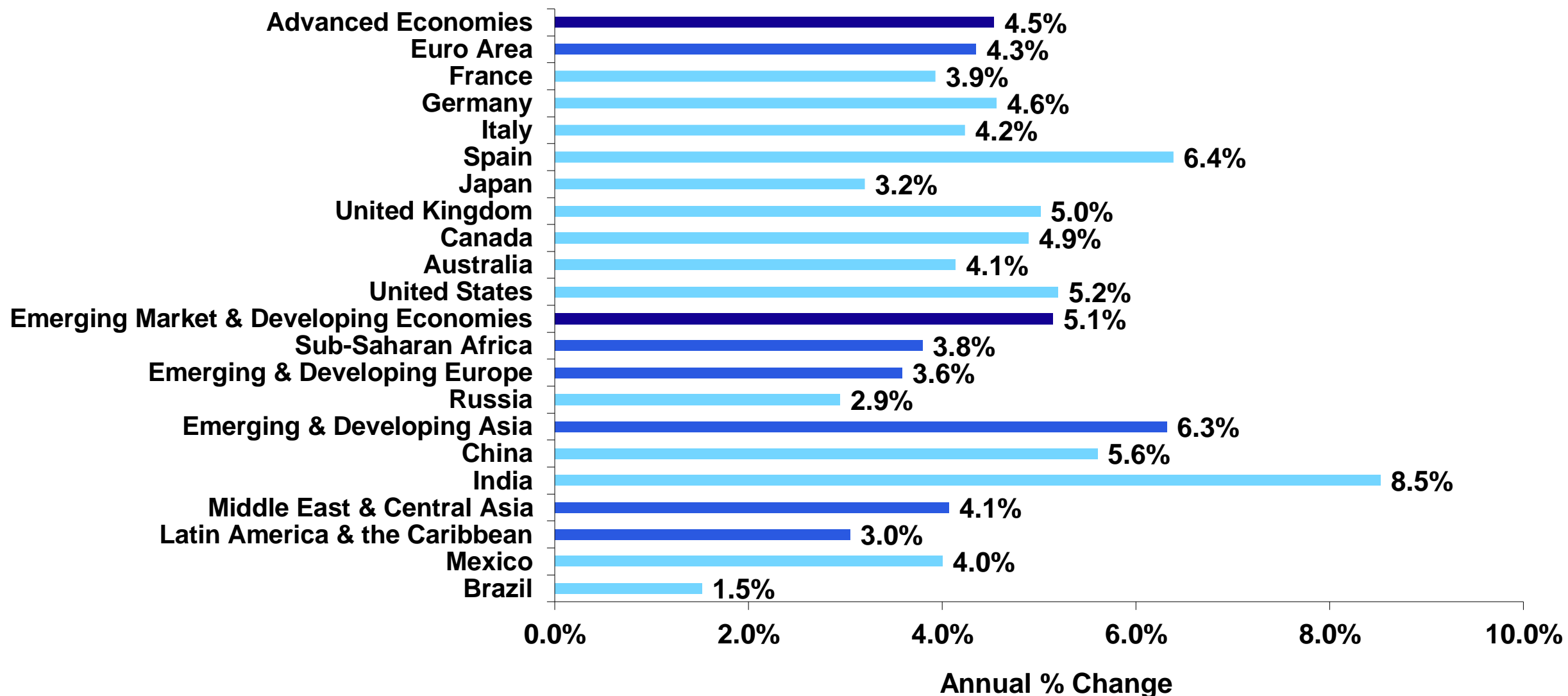
Global Growth Forecasts Anticipate an Uneven Recovery

IMF (October 2021)

IMF (October 2021)—2021: +5.9% (2022: +4.9%)

- *“The global economic recovery is continuing, even as the pandemic resurges. The fault lines opened up by COVID-19 are looking more persistent—near-term divergences are expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps... Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, with limited room to maneuver.”*

Projected Growth in Output by Select Global Areas, 2022



2022 Global Output Growth Forecast: +4.9%

Conclusion

- Inflation stickier than many had anticipated – interest rates still remain low and will climb only gradually in '22;
- Infrastructure package is a big deal;
- Household savings remain strong;
- Business investment is picking up, in large measure because of skills/labor shortages;
- Public construction segments – home run – same with fulfillment & data centers;
- 3-4% GDP growth, 3-4% inflation – that's the prediction;
- Omicron?

Q&A

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