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NONRESIDENTIAL CONSTRUCTION MAINTAINS MOMENTUM, AGC SAYS

Economist Simonson Warns Power, Highway Projects Are Threatened Unless Congress Acts Now

Washington, D.C.—“Nonresidential construction spending continued growing in July, despite the weak economy and housing slump,” Ken Simonson, Chief Economist for The Associated General Contractors of America (AGC), said today following the release of construction spending data from the Census Bureau. “But Congress must act promptly to avert layoffs in power and highway construction.”

“Although the headline figure showed a drop of 0.6 percent in total construction put in place in July, the bad news was limited to residential spending, which tumbled 2.1 percent,” Simonson asserted. “The report included a huge upward revision in June and May nonresidential spending, and yet the July figure was still 0.2 percent higher than the new June total.

“Year-to-date figures comparing the first seven months of 2008 and 2007 show how broad-based the nonresidential strength is,” Simonson stated. “Total nonresidential spending through July was 14 percent ahead of the year-ago total, and 15 of the 16 Census categories—all but religious structures—rose.

“The most robust category so far this year has been manufacturing, which jumped 46 percent, thanks to some massive refinery projects but also steel, cement and other plants,” Simonson commented. “That work should continue at a high level through 2009.

“Power construction—power plants, transmission lines and wind farms—jumped by a third through July and may accelerate further in 2009 as more projects move from design and permitting into construction,” Simonson predicted. “However, wind turbine projects will halt soon if Congress doesn’t renew the production tax credit.

“Another category that needs immediate action from Congress is highway funding. The steep drop in gas tax receipts this year means federal highway trust fund payments to states may be delayed as early as next month,” Simonson warned. “If that happens, contractors will be forced to lay off workers by November.”

The Associated General Contractors of America (AGC) is the largest and oldest national construction trade association in the United States. AGC represents more than 33,000 firms, including 7,500 of America’s leading general contractors, and over 12,500 specialty-contracting firms. More than 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. Visit the AGC Web site at www.agc.org.