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New Producer Price Index Shows Construction Is a Bargain Right Now, Top Construction Economist Ken Simonson Says

Arlington, VA – “Today’s producer price index report from the Bureau of Labor Statistics shows that the price of materials used in highway and street construction has dropped 7 percent over the past year. Materials for other heavy construction are nearly 6 percent cheaper and nonresidential buildings, 2.6 percent less expensive.

“Decreasing economic activity has driven producer prices down by 62 percent for diesel fuel, 37 percent for copper and brass mill shapes, and 15 percent for steel mill products, among other items. In addition, increased competition for a shrinking number of overall construction projects has reportedly led contractors to cut their margins, further adding to lower-than-expected bid prices on public projects.

“The price declines make this a great time for public agencies and private owners alike to start construction projects, particularly because this ‘limited-time sale’ may not last much longer. Copper and diesel prices have recently moved up, and steel markets are sending mixed signals. Agencies with federal stimulus funds for construction should put them to work promptly,” said Ken Simonson, chief economist for the Associated General Contractors of America.

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