



AGC
THE CONSTRUCTION
ASSOCIATION

Data Digest

WWW.AGC.ORG

Vol. 24, No. 12 March 26-29, 2024

Bridge collapse impacts on construction remain murky; renewable energy 'pipeline' grows, Stifel says

The tragic Francis Scott Key **Bridge collapse** in Baltimore will have multiple, but as yet uncertain, **implications for construction**. Bloomberg [reported](#) on Tuesday, “**Baltimore** isn’t a huge port for containers—about 3% of the total on the East and Gulf Coasts—but it **handles** the nation’s largest volume of automobiles, as well as **a lot [of]** less-consumer-facing items like coal, **gypsum and lumber**....According to Dean Croke, principal industry analyst at DAT Freight & Analytics, Baltimore’s proximity to the Midwest’s major farm and construction equipment manufacturers ‘has helped it become **the leading U.S. port for importing** combines, tractors, hay balers, **excavators, and backhoes.**” The Energy Information Administration [reported](#) on Thursday, “Baltimore imports the most **asphalt** of any U.S. port, about 4,000 [barrels per day] last year, with almost all imports originating from Canada.” At least until the channel reopens, shipments will be diverted to other East Coast ports, potentially adding to congestion and delays that would affect other types of cargo as well. Congestion will also increase on interstates through and around Baltimore. Readers are invited to **send information about any costs and supply-chain issues** to ken.simonson@agc.org.

Growth of “utility-scale **solar, battery, and onshore wind projects** in the U.S....continued in February with the pre-construction project pipeline up 10.3% [year-over-year (y/y)], our proprietary projects ‘starts’ up 5.1%, and projects under construction up 6.4%,” investment analyst Stifel [reported](#) on Tuesday. “We view projects under construction as a proxy for [engineering and construction] revenue from clean energy. Slower [growth of] projects under construction is being driven in part by slower wind starts and well as strong project completions....The solar preconstruction pipeline reaccelerated to +7.3% y/y and was up sequentially for the first time in several months. Our preconstruction/under construction project ratio of 1.7x continues to suggest potential for healthy growth in clean energy in 2024. This metric suggests healthy absolute levels in the preconstruction pipeline. Additionally, the ramp in the tax credit transferability market (enabled by the [Inflation Reduction Act]) has continued, which we expect to be a tailwind in 2024. Notably, the U.S. Treasury highlighted the registration of >45,500 clean energy projects as of early March (>98% pursuing transferability, primarily solar & wind projects). This is up considerably from the >1,290 projects registered as of mid-January.... We expect continued adoption of lower-cost renewables to drive further tailwinds for [transmission and distribution] over the coming years.”

Demand for “industrial”—i.e., **warehouse—space** “has moderated, leaving 52% of the square footage built in 2023 still available for lease and causing vacancy rates to increase nationwide,” commercial real estate consultancy Cushman & Wakefield [reported](#) this week. “As a result, new construction starts have slowed dramatically, and the under-construction pipeline has been shrinking—a phenomenon that will continue in 2024....When compared to 2023 deliveries, the average industrial facility size decreased by 12% within projects under construction. The pipelines in three of the four regions are driven by the 100,000-300,000-[square foot (sf)] range, with only the Midwest propelled by the 500,000–999,999-sf range (32% of the total)....The pipeline has shrunk by 34% over the last year, while new **construction starts** have fallen by 58% annually. The fourth quarter of 2023 had the lowest volume of industrial starts (32 m [million] sf) since mid-2020.”

Immigrants accounted for one in four **construction workers** in 2022, based on the Census Bureau’s American Community Survey, the National Association of Home Builders [reported](#) in December. “The share is significantly higher (31%) among construction tradesmen,” NAHB [posted](#) in a follow-up analysis on March 20. “The concentration of immigrants is particularly high in construction trades essential for home building, such as plasterers and stucco masons (64%), drywall/ceiling tile installers (52%), painters (48%), roofers (47%), carpet/floor/tile installers (46%). The two most prevalent construction occupations, laborers and carpenters, account for over a quarter of the construction labor force. A third of all carpenters and 41% of construction laborers are [immigrants.] Reliance on foreign-born labor is quite uneven across the US states. Immigrants comprise close to 40% of the construction workforce in California and Texas,” 38% in Florida, and 37% in New York and New Jersey....At the other end of the spectrum, nine northern states have the share of immigrant workers below 5%. While most states draw the majority of immigrant foreign-born workers from the Americas, Hawaii relies more heavily on Asian immigrants. European immigrants are a significant source of construction labor in New York, New Jersey and Illinois.”

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