

Construction industry ‘bouncing along the bottom’ – reports

Business First by Brian R. Ball, Staff reporter

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Statistics from the McGraw-Hill Construction division of publisher McGraw-Hill Cos. (NYSE:MHP) show commercial and residential building activity bumped up in September even though a broader 2012 construction outlook offers few reasons to expect a solid recovery in the industry nationally.

The research unit of McGraw-Hill Construction has released a survey of new construction contracts showing nonresidential contracts worth \$50 million entered the pipeline in Franklin, Madison, Licking, Delaware, Morrow, Fairfield, Pickaway and Union counties in September. That represents a 17 percent increase over the \$42.74 million for future projects put under contract in September 2010.

On the residential side, McGraw-Hill Construction estimated \$49.52 million in contracts for future residential construction projects last month went out, or a 20 percent increase over the September 2010 pace of \$41.22 million.

For the year to date, activity remains down significantly in the eight-county region. Nonresidential construction contracts through the first nine months of 2011 have fallen to \$784.83 million, or 26 percent below 2010’s pace of \$1.07 billion. Contracts for residential projects, including apartments and single-family properties, have fallen to \$484.84 million, or 21 percent below the \$613.49 million in contracts in place through the first three quarters of 2010.

In a separate report released Oct. 19, McGraw-Hill Construction expects construction activity to remain flat. The 2012 Dodge Construction Outlook calls for single-family construction to improve 10 percent in dollar volume as the number of units increases 7 percent to 435,000 housing units nationally.

“This is still a low amount,” a news release said, “as the excess supply of homes due to foreclosures continues to depress the market.”

Multifamily housing will rise 18 percent in dollar volume and 17 percent in housing units in what the McGraw Hill release calls a “moderate, upward trend.”

However, the analysis expects the construction of schools, health-care facilities and other institutional buildings to fall another 2 percent in 2012 after a projected 15 percent decline this year. Public works construction will drop a further 5 percent, after a 16 percent decline in 2011, due to spending cuts and the absence of a multiyear federal transportation bill for highway and bridge construction.

“What we’ve seen in 2011 is that the construction industry has essentially bounced along the bottom,” Robert Murray, McGraw-Hill’s vice president of economic affairs, said in a video message. “... Certainly this has been a lackluster recovery to date with job creation very slow to this point.”



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Construction activity in Central Ohio may be picking up.