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Sage Policy Group, Inc.

On Behalf Of

The CFMA New England Regional Construction Conference

October 5th, 2022

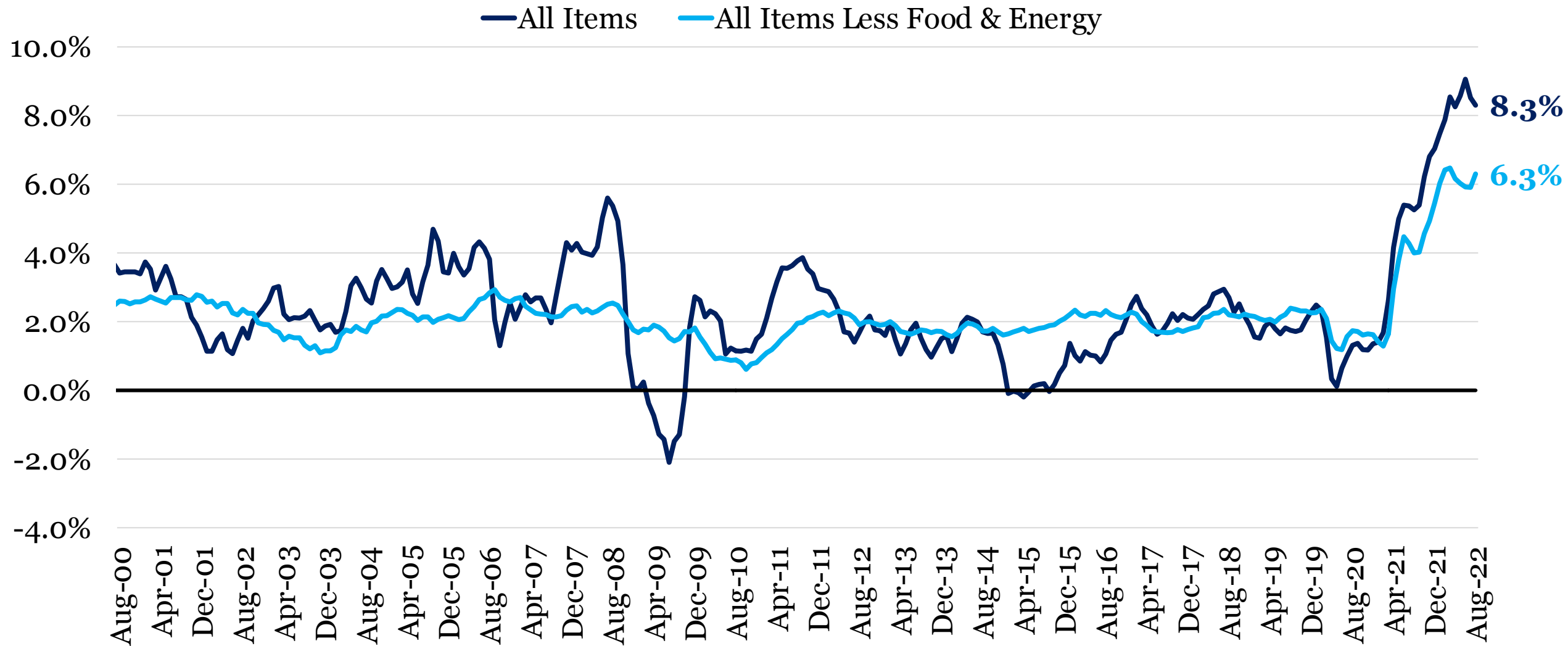


**NO TIME
TO BUY**

2021 – Specter of Inflation

U.S. Consumer Price Index

12-Month % Change, 2000 – August 2022



A Statement is Not Enough

“...Inflation has risen, largely reflecting transitory factors...”

(FOMC Statement, June 2021)

“...Inflation has risen, largely reflecting transitory factors...”

(FOMC Statement, July 2021)

“...Inflation is elevated, largely reflecting transitory factors...”

(FOMC Statement, September 2021)

“...Inflation is elevated, largely reflecting factors that are expected to be transitory...”

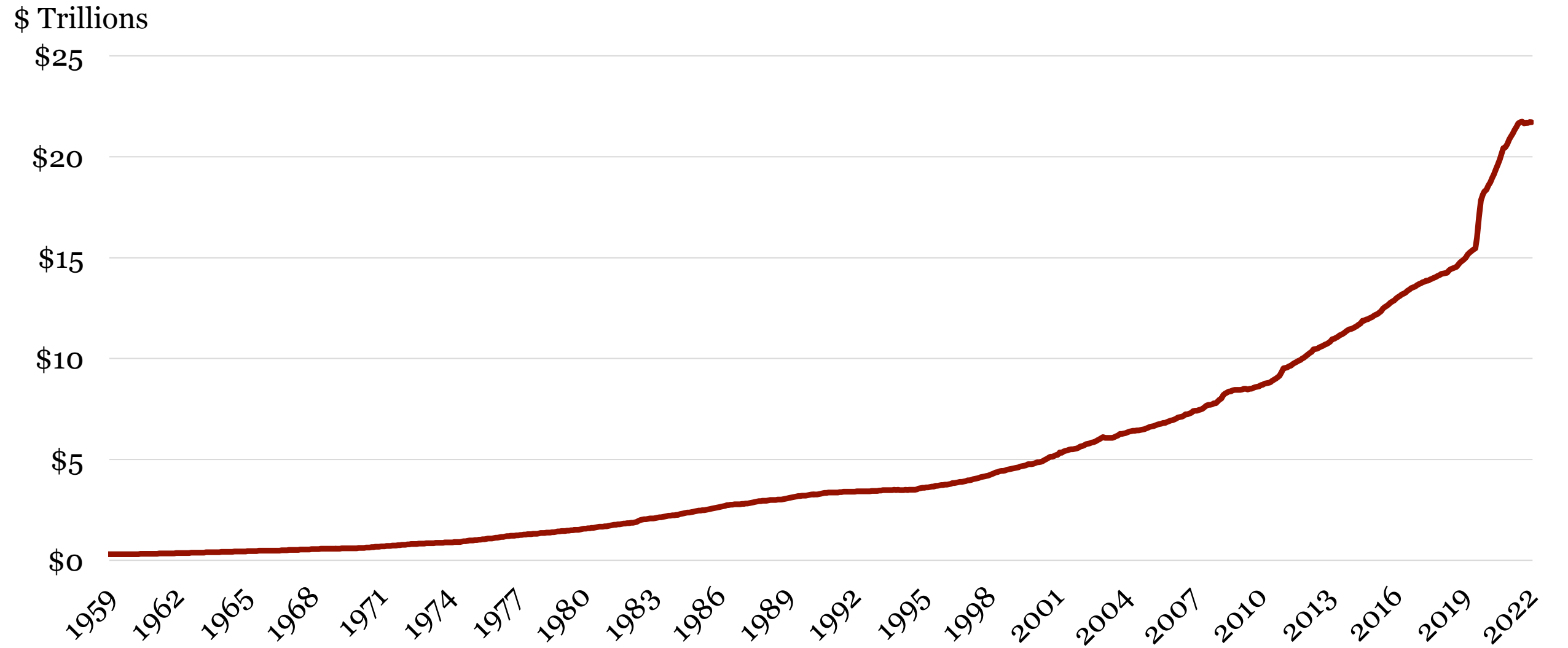
(FOMC Statement, November 2021)

“Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation.”

(FOMC Statement, December 2021)

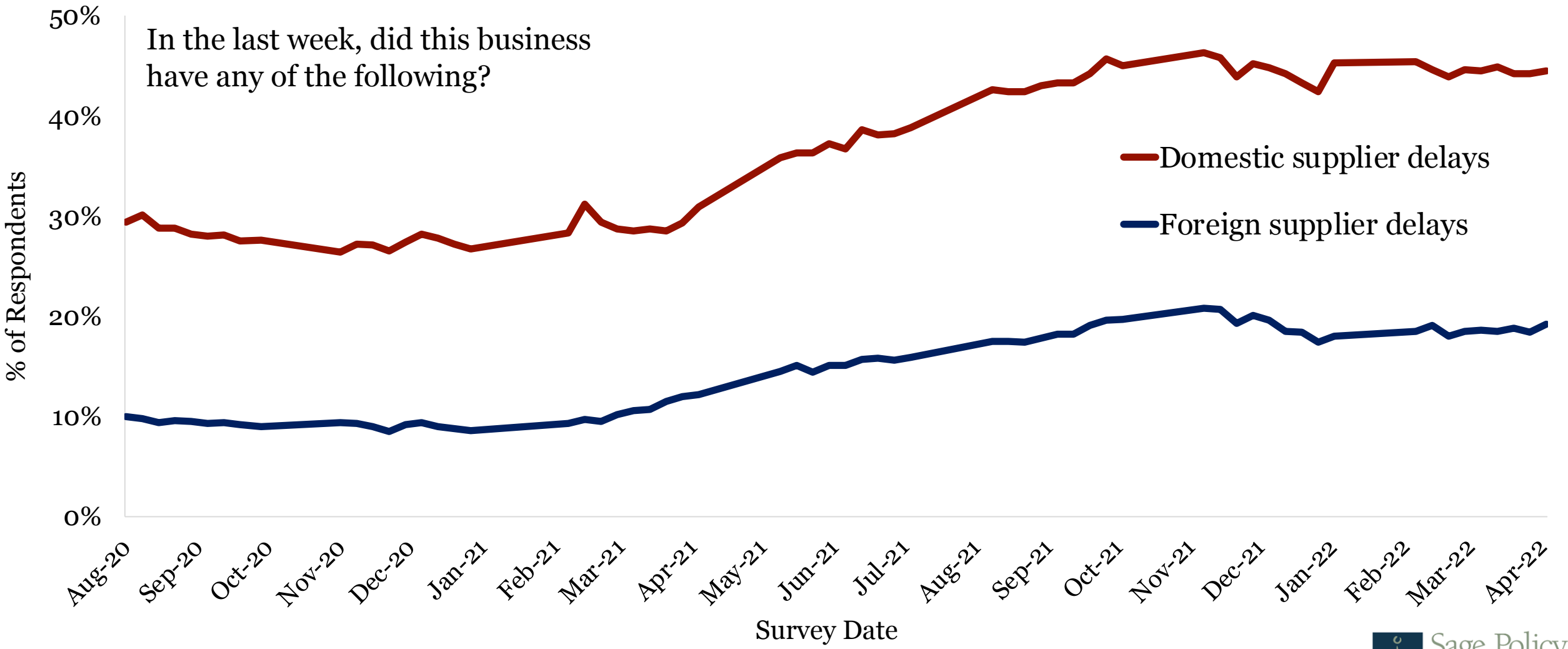
“...These problems have been larger and longer lasting than anticipated, exacerbated by waves of the virus. As a result, overall inflation is running well above our 2 percent longer-run goal and will likely continue to do so well into next year.” (FOMC Chair Jerome Powell, December 2021)

U.S. Money Supply, 1959 – August 2022

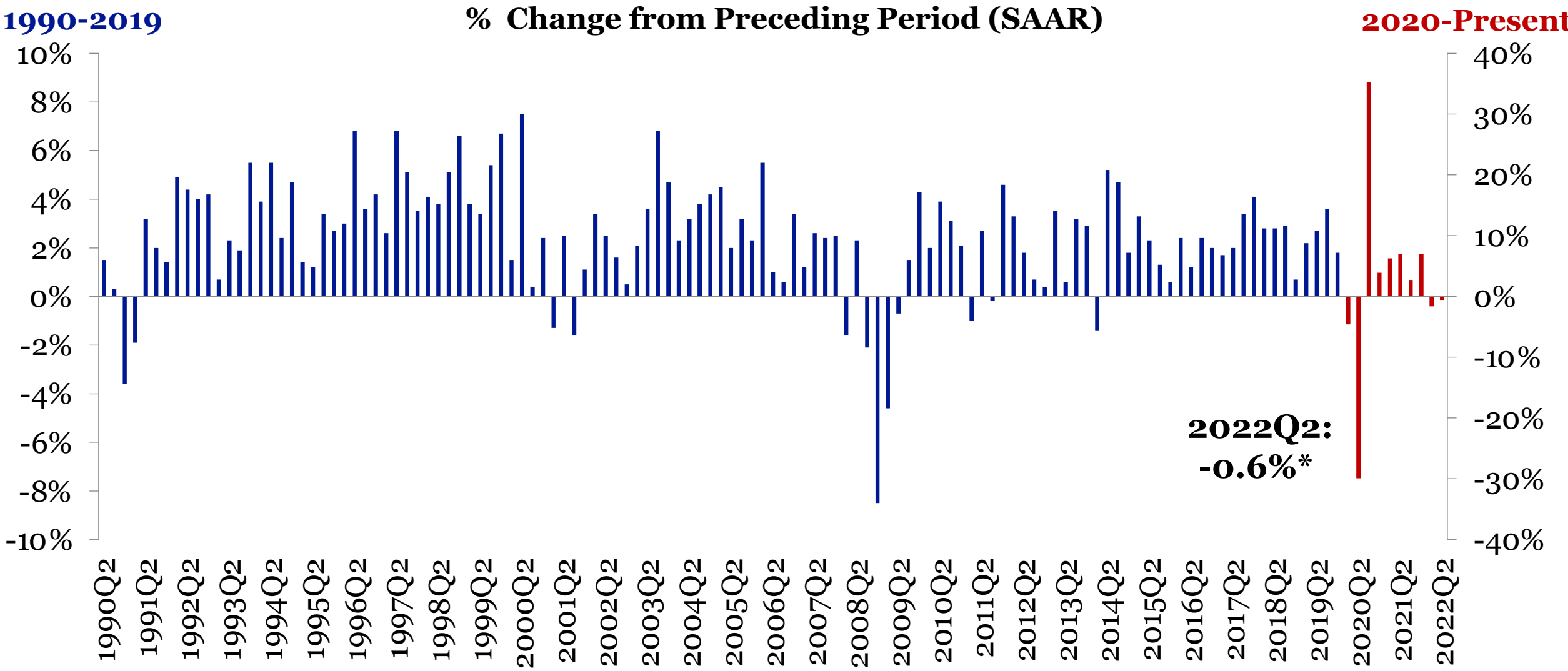


U.S. Supply Chain Disruptions & Supplier Delays

Census Bureau Small Business Pulse (SBP) Survey



U.S. GDP - For Your Eyes Only

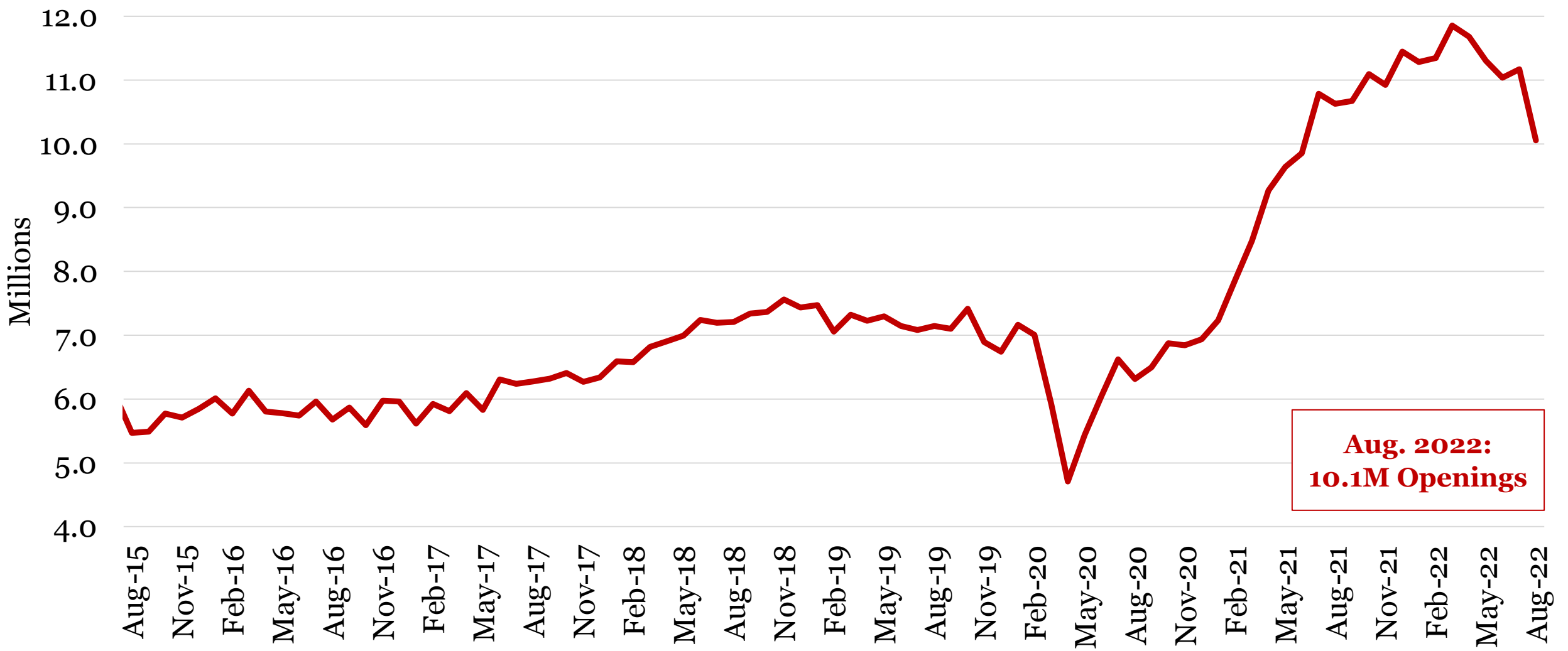


**2022Q2:
-0.6%***

The Employer Who Loved Me

Work Another Day

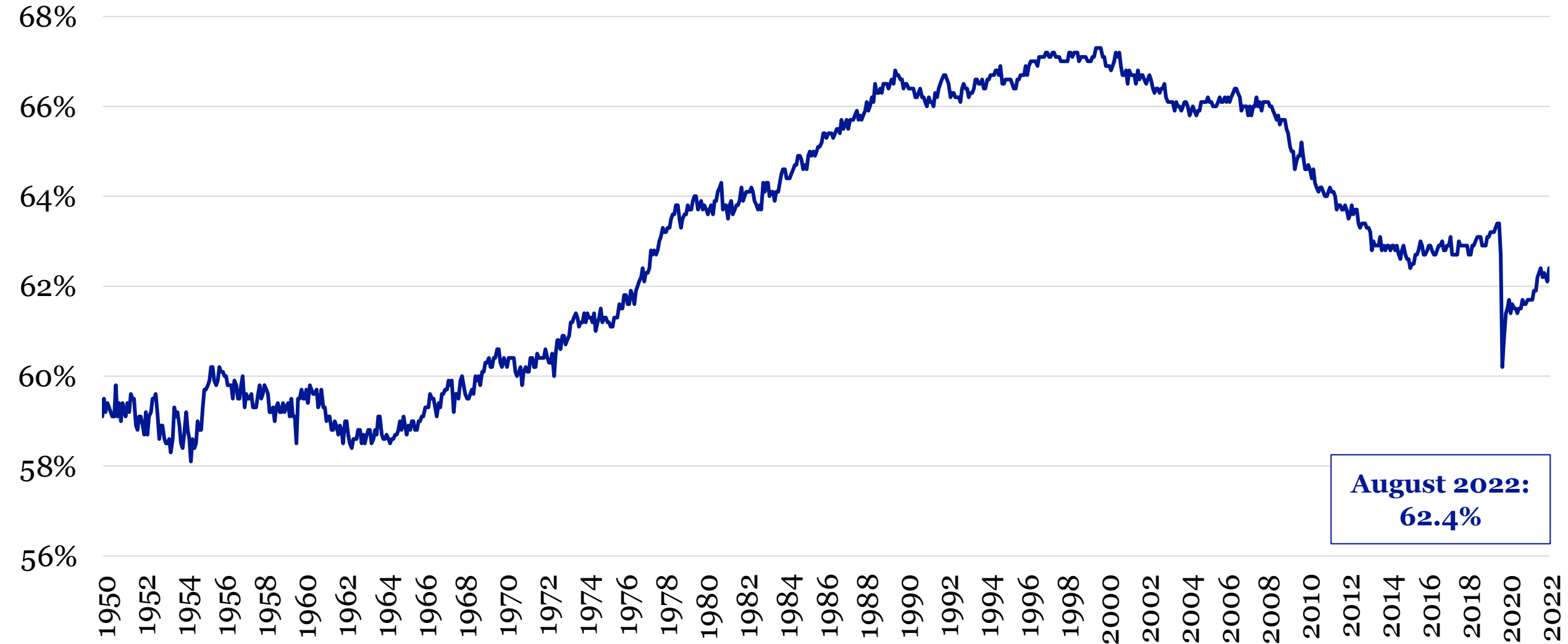
U.S. Job Openings, 2015 – August 2022



**Aug. 2022:
10.1M Openings**

Skyfall

U.S. Labor Force Participation Rate, 1950 – August 2022



August 2022:
62.4%

A View to a Remote Worker

GoodHire's survey of 3,500 Americans found that:

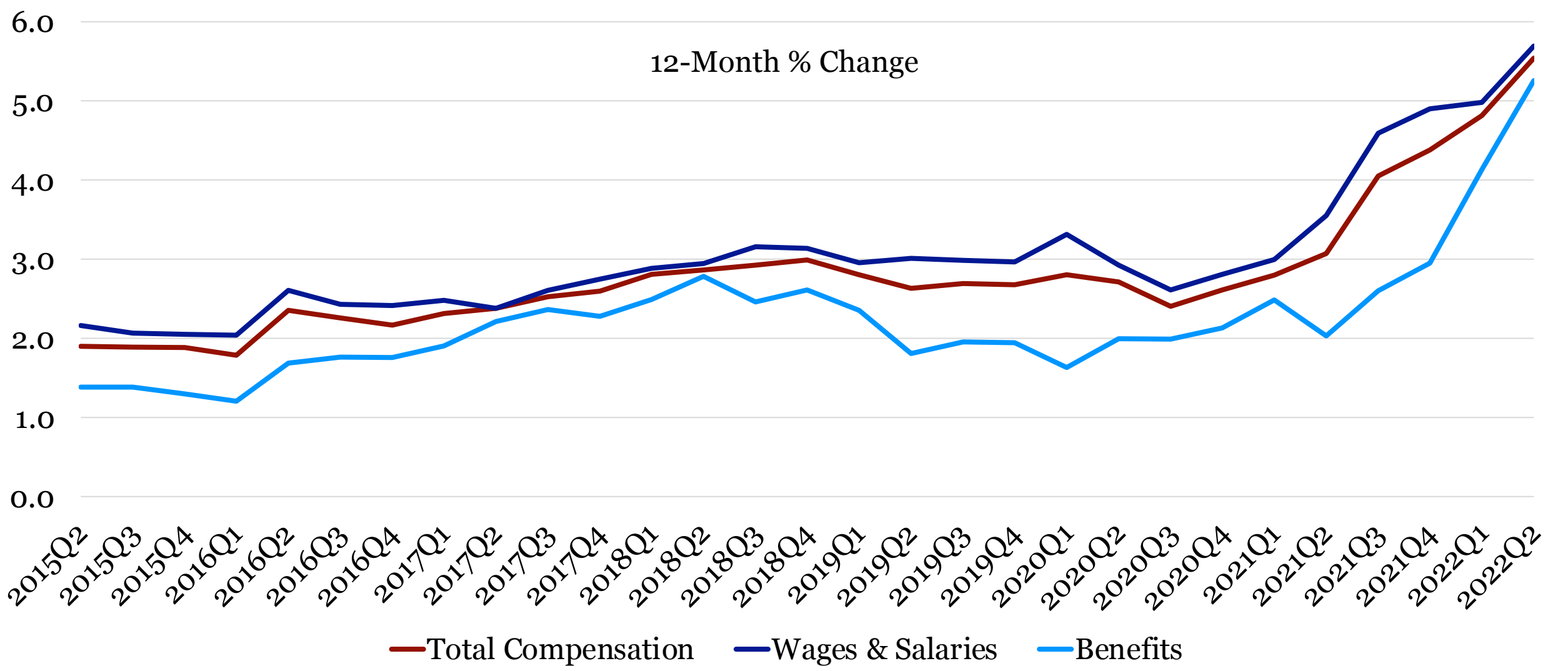
- 68% of Americans would choose remote work options over in-office work;
- 45% would either quit their job or begin searching for a new one if their employer required them to return to their office full-time;
- 74% of Americans believe that companies not offering remote working arrangements will lose major talent in the workforce.

Ipsos' survey of more than 12,000 people across 29 countries found that two-thirds of working adults surveyed say that:

- They are more productive with a flexible work schedule (65%);
- They want flexibility in the amount of time they go into the office (64%);
- When COVID restrictions are no longer in effect, employers should be more flexible in terms of requiring employees to go to an office (66%).

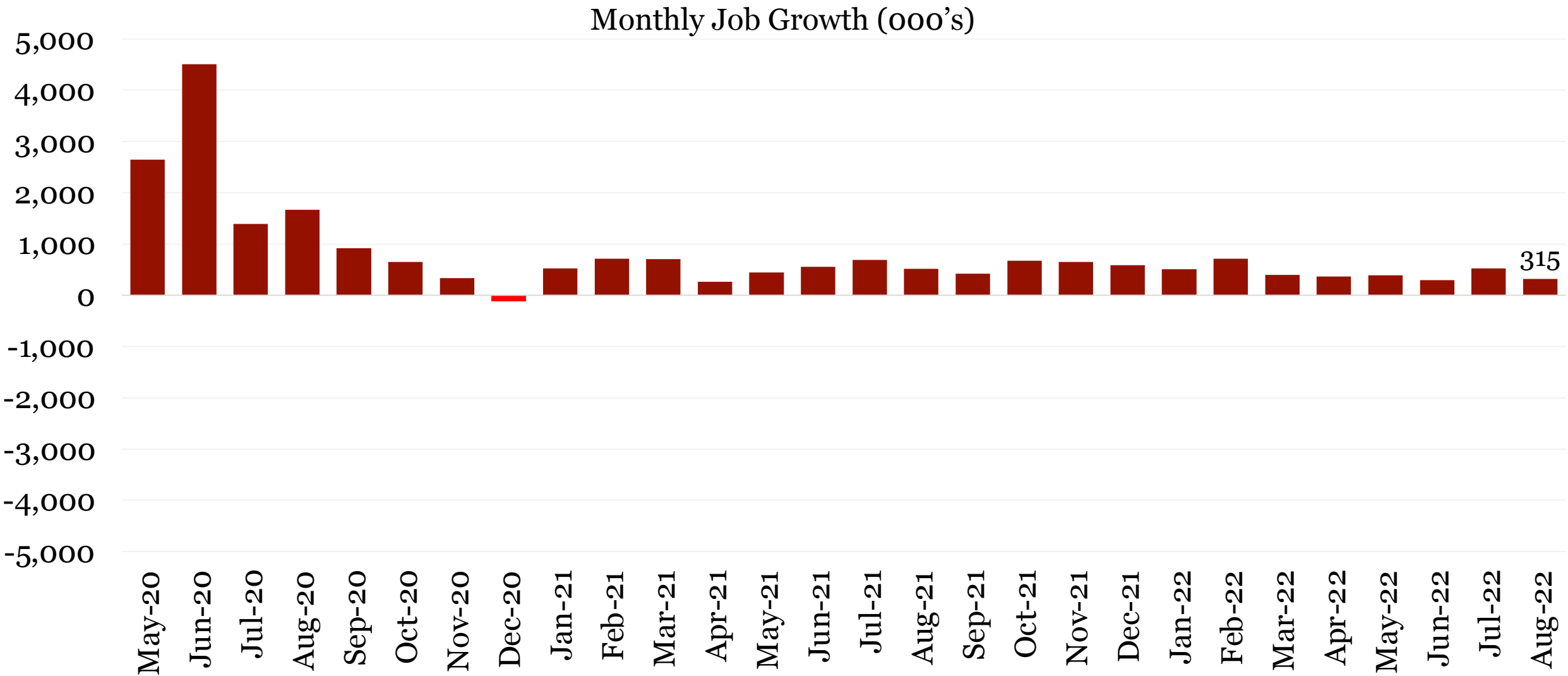
License to be Paid

Employment Cost Index, Private Sector Workers, 2015 – 2022



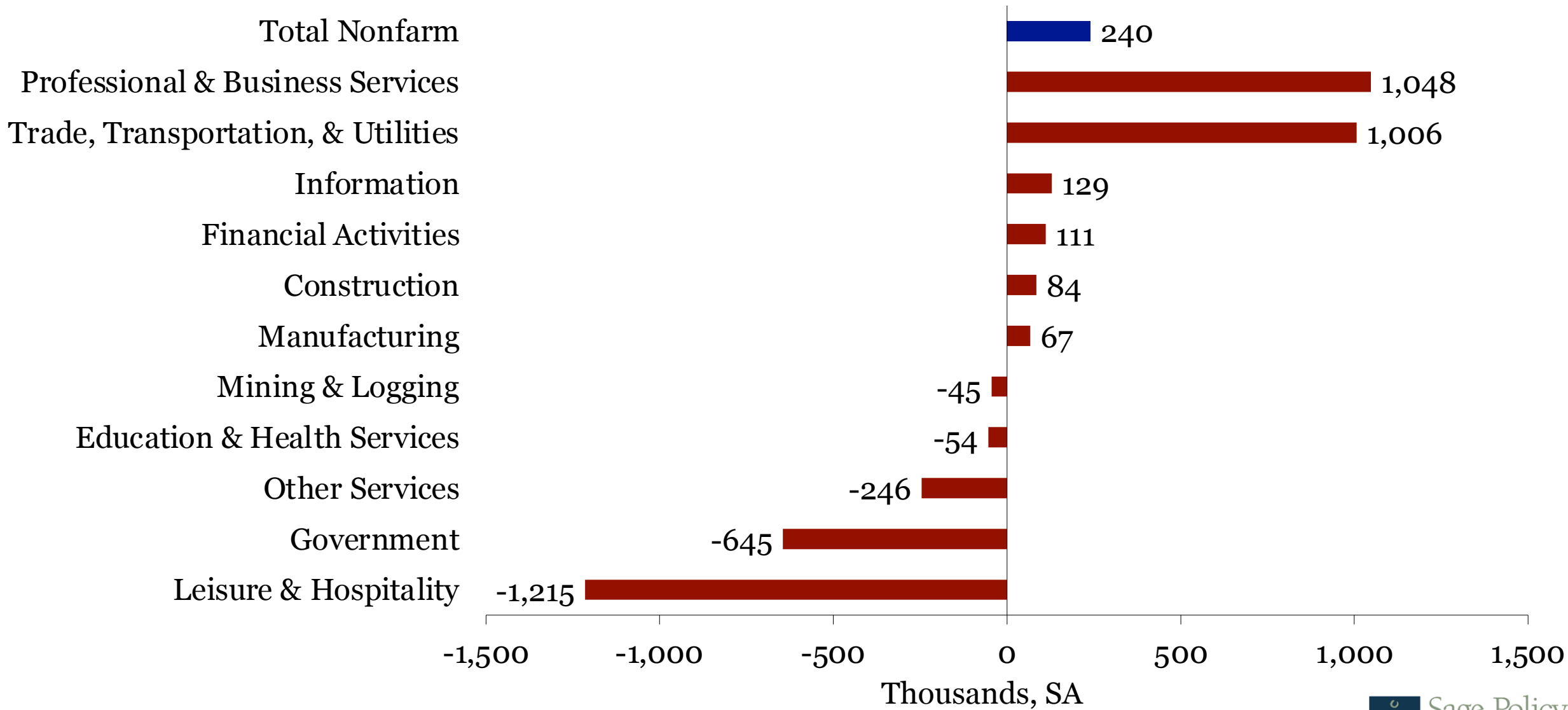
Net Change in U.S. Jobs

May 2020 – August 2022



U.S. Nonfarm Employment by Industry Sector

February 2020 v. August 2022



Employment Growth, U.S. States (SA)

February 2020 v. August 2022 Percent Change

RANK	STATE	%	RANK	STATE	%	RANK	STATE	%
1	UTAH	6.7%	16	OREGON	0.3%	33	WYOMING	-1.6%
2	IDAHO	6.3%	19	WASHINGTON	0.2%	36	PENNSYLVANIA	-1.8%
3	TEXAS	4.3%	20	ALABAMA	0.0%	36	RHODE ISLAND	-1.8%
4	FLORIDA	4.1%	21	MISSOURI	-0.1%	36	WISCONSIN	-1.8%
5	NORTH CAROLINA	3.9%	22	NEBRASKA	-0.2%	39	WEST VIRGINIA	-1.9%
6	MONTANA	3.5%	22	VIRGINIA	-0.2%	40	CONNECTICUT	-2.1%
7	GEORGIA	3.4%	24	CALIFORNIA	-0.3%	41	KANSAS	-2.2%
8	ARIZONA	3.1%	25	MAINE	-0.6%	41	MICHIGAN	-2.2%
9	TENNESSEE	2.8%	25	OKLAHOMA	-0.6%	41	MINNESOTA	-2.2%
10	ARKANSAS	2.4%	27	IOWA	-0.8%	41	OHIO	-2.2%
11	SOUTH DAKOTA	2.1%	28	MISSISSIPPI	-0.9%	45	NORTH DAKOTA	-2.6%
12	COLORADO	2.0%	29	DELAWARE	-1.1%	46	LOUISIANA	-3.1%
12	SOUTH CAROLINA	2.0%	30	ILLINOIS	-1.2%	47	NEW YORK	-3.3%
14	NEVADA	0.8%	30	NEW MEXICO	-1.2%	48	ALASKA	-3.8%
15	INDIANA	0.6%	32	MASSACHUSETTS	-1.5%	49	VERMONT	-4.6%
16	KENTUCKY	0.3%	33	MARYLAND	-1.6%	50	DIST. OF COLUMBIA	-5.0%
16	NEW JERSEY	0.3%	33	NEW HAMPSHIRE	-1.6%	51	HAWAII	-8.0%

U.S. % Change v. February 2020: +0.2%

Unemployment Rates, U.S. States (SA), August 2022

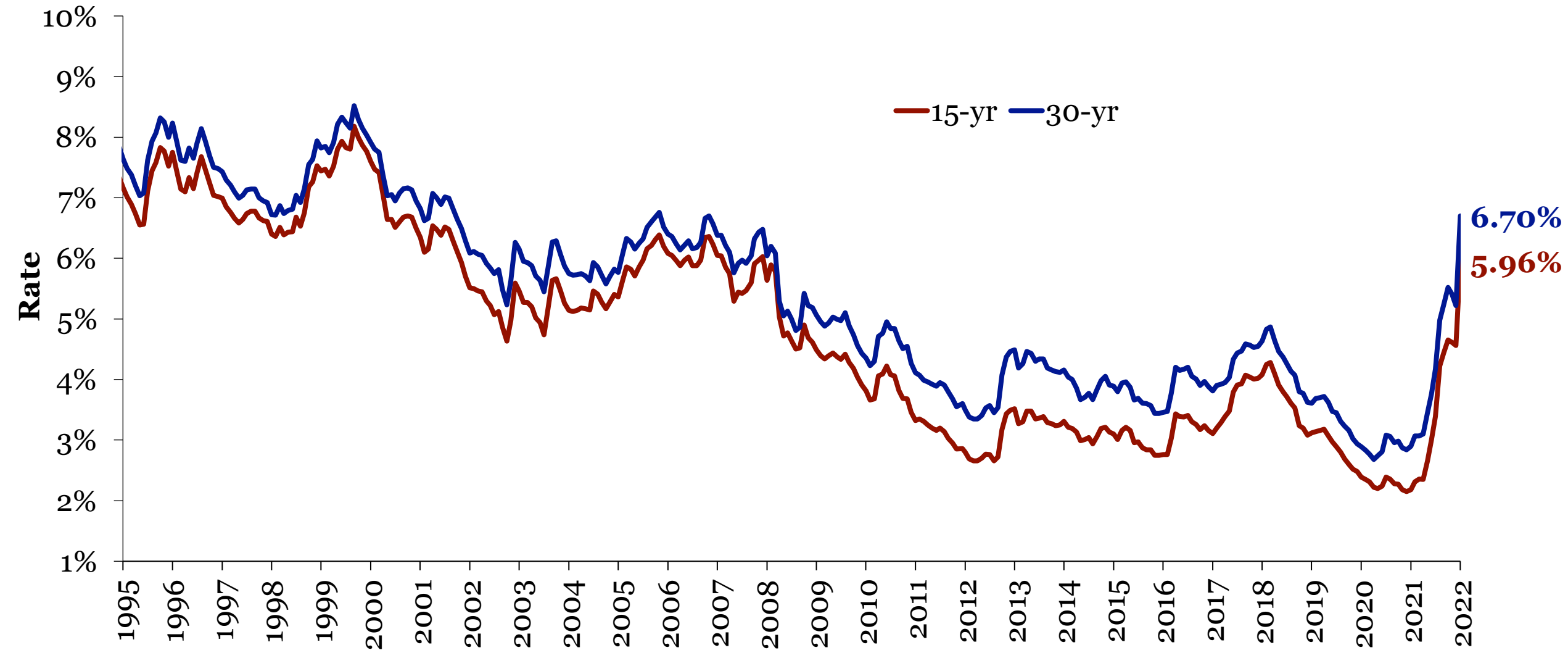
RANK	STATE	UR	RANK	STATE	UR	RANK	STATE	UR
1	MINNESOTA	1.9%	15	RHODE ISLAND	2.8%	35	WEST VIRGINIA	3.9%
2	NEW HAMPSHIRE	2.0%	19	MAINE	3.1%	36	NEW JERSEY	4.0%
2	UTAH	2.0%	19	OKLAHOMA	3.1%	36	OHIO	4.0%
4	NEBRASKA	2.1%	19	SOUTH CAROLINA	3.1%	38	CALIFORNIA	4.1%
4	VERMONT	2.1%	19	WISCONSIN	3.1%	38	CONNECTICUT	4.1%
6	NORTH DAKOTA	2.3%	19	WYOMING	3.1%	38	HAWAII	4.1%
6	SOUTH DAKOTA	2.3%	24	ARKANSAS	3.4%	38	MICHIGAN	4.1%
8	KANSAS	2.5%	24	COLORADO	3.4%	38	TEXAS	4.1%
8	MISSOURI	2.5%	24	TENNESSEE	3.4%	43	PENNSYLVANIA	4.2%
10	ALABAMA	2.6%	27	ARIZONA	3.5%	44	MARYLAND	4.3%
10	IOWA	2.6%	27	LOUISIANA	3.5%	45	NEVADA	4.4%
10	VIRGINIA	2.6%	27	NORTH CAROLINA	3.5%	45	NEW MEXICO	4.4%
13	FLORIDA	2.7%	30	MASSACHUSETTS	3.6%	47	DELAWARE	4.5%
13	IDAHO	2.7%	30	MISSISSIPPI	3.6%	47	ILLINOIS	4.5%
15	GEORGIA	2.8%	32	OREGON	3.7%	49	ALASKA	4.6%
15	INDIANA	2.8%	32	WASHINGTON	3.7%	50	NEW YORK	4.7%
15	MONTANA	2.8%	34	KENTUCKY	3.8%	51	DIST. OF COLUMBIA	5.1%

U.S. Unemployment Rate: 3.7%

Quantum of Construction

License to Borrow (at Low Rates)

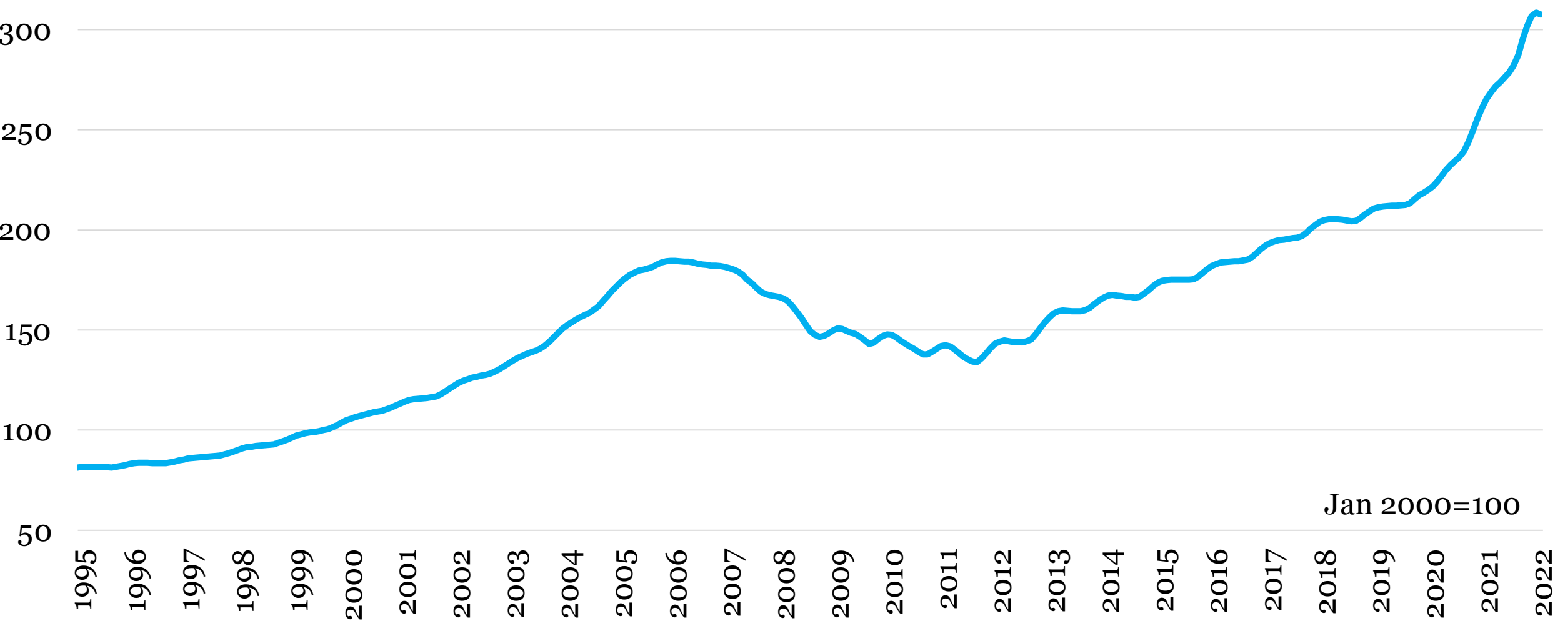
15-Year & 30-Year Fixed Mortgage Rates, 1995 – September 2022*



*Week ending 9/29/2022

S&P Case-Shiller U.S. National Home Price Index

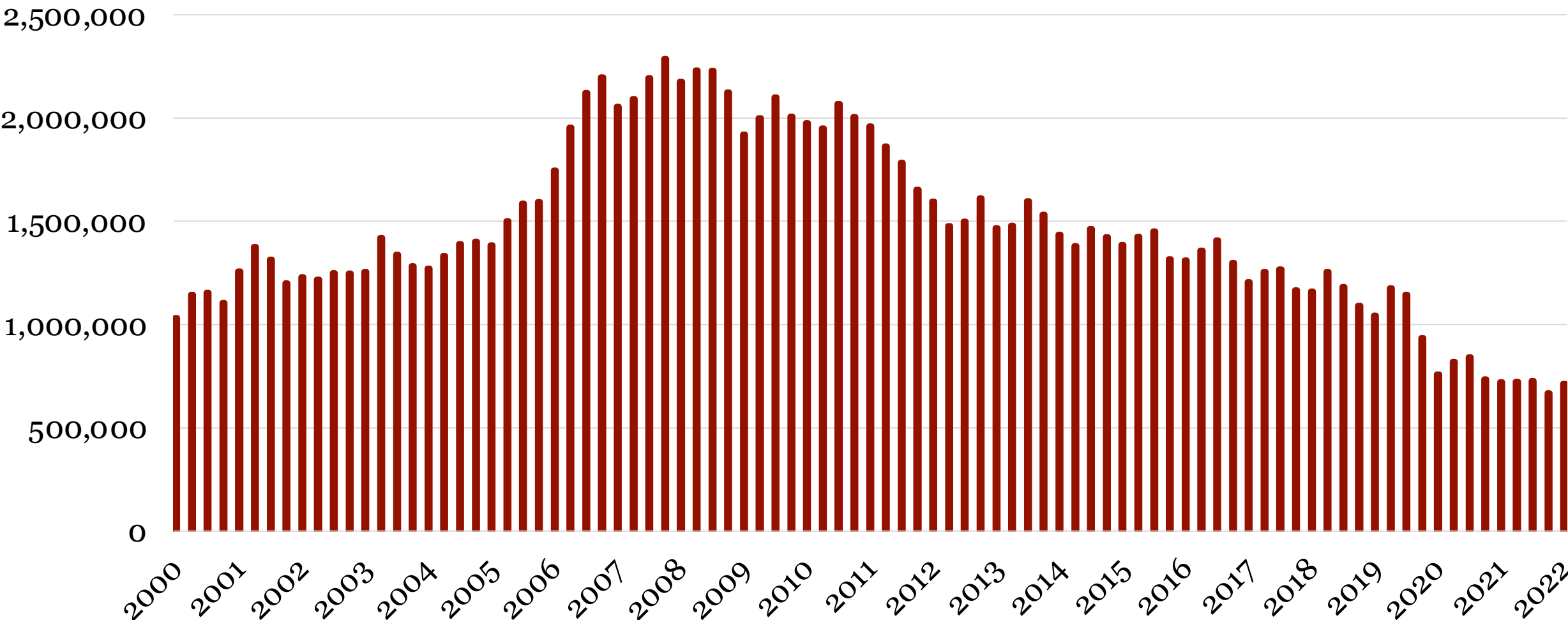
1995 – July 2022



Inventory of Unsold Homes: Vacant Housing Units for Sale*

2000 – 2022Q2

Vacant Housing Units for Sale

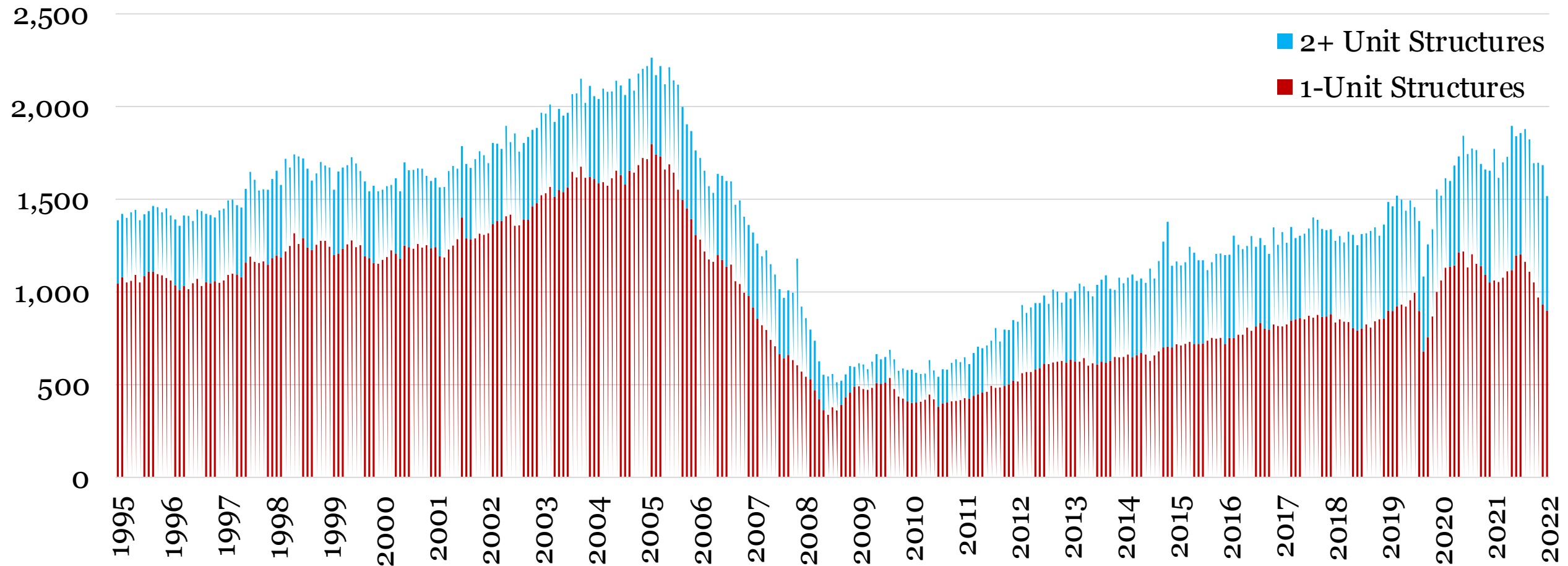


*Units for sale only, excludes units both for rent and sale

U.S. Residential Building Permits

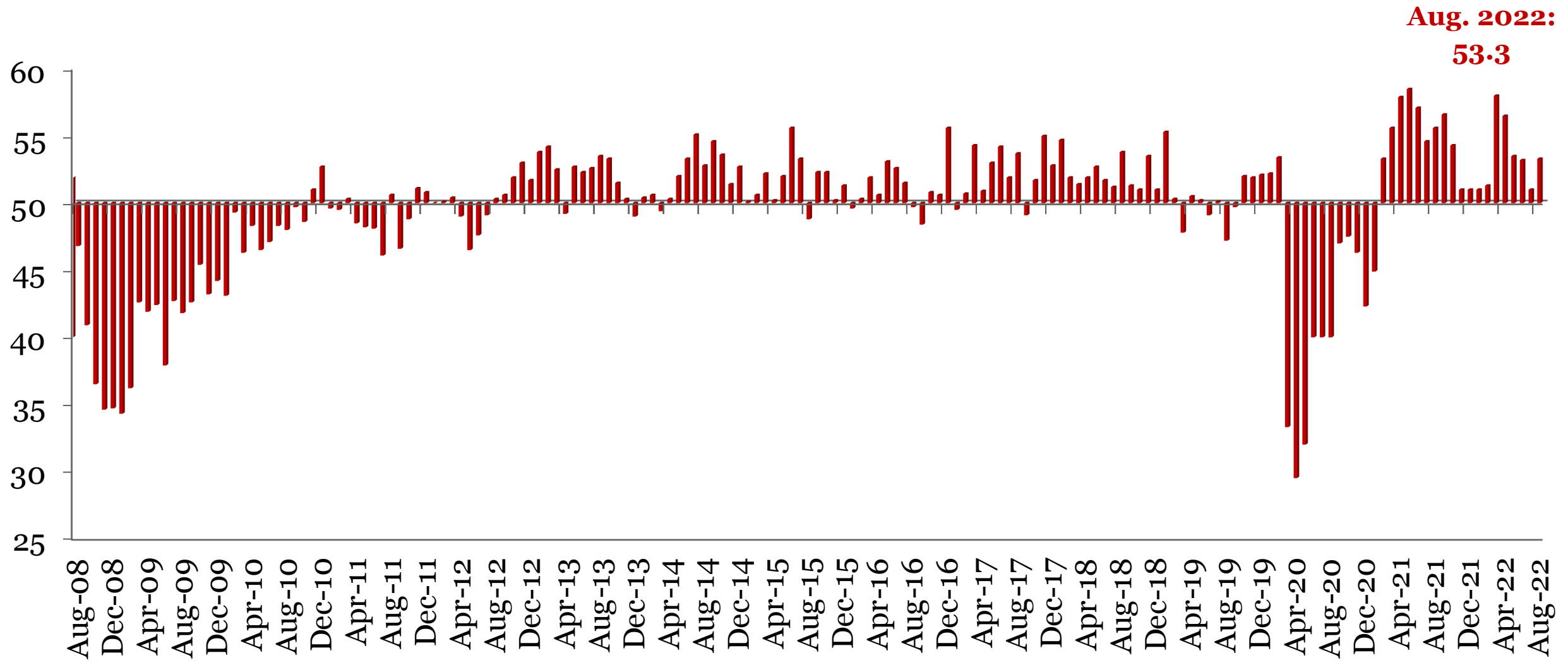
1995 – August 2022

Building Permits (ooo's of Units), Seasonally Adjusted Annual Rate



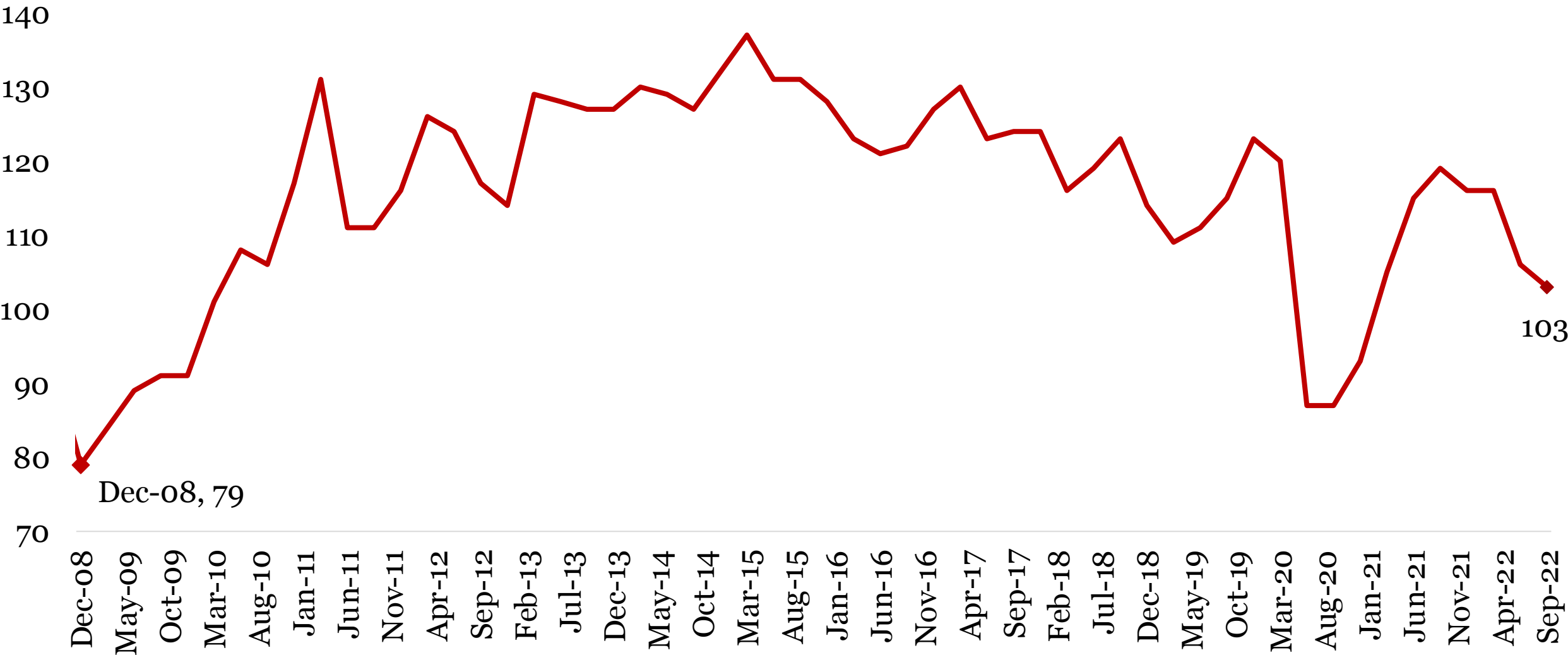
Architecture Billings Index

2008 – August 2022



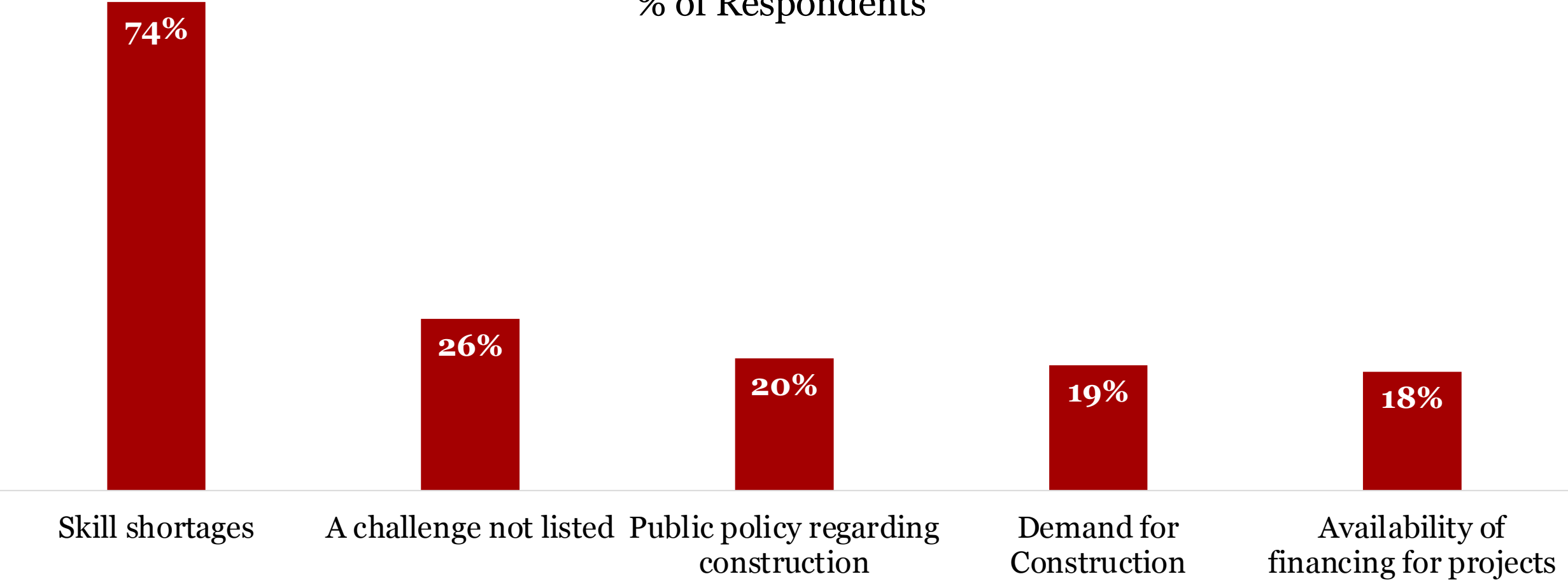
CFMA CONFINDEX Overall Confidence Index Readings

2008 – September 2022



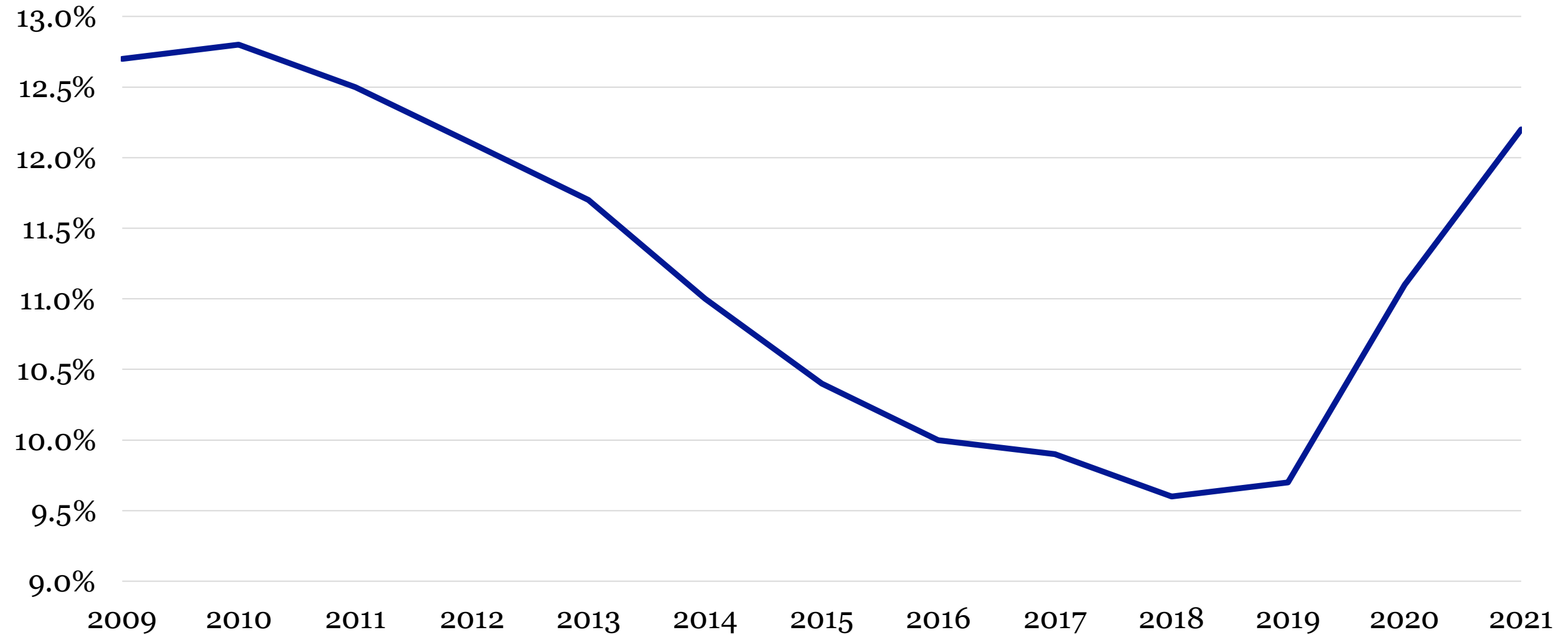
CFMA CONFINDEX: Greatest Concerns, 2022Q3

Combined Very or Highly Concerned
% of Respondents

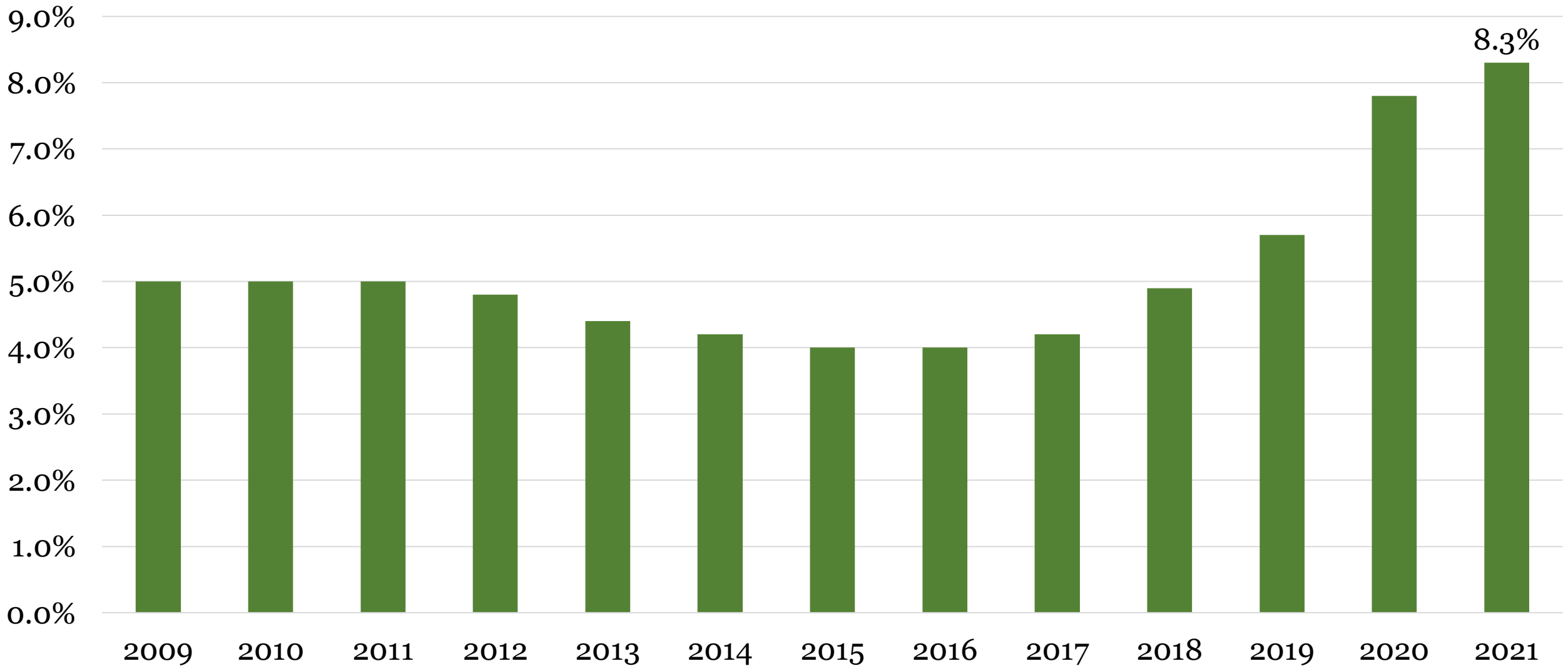


Occupancy is Not Enough

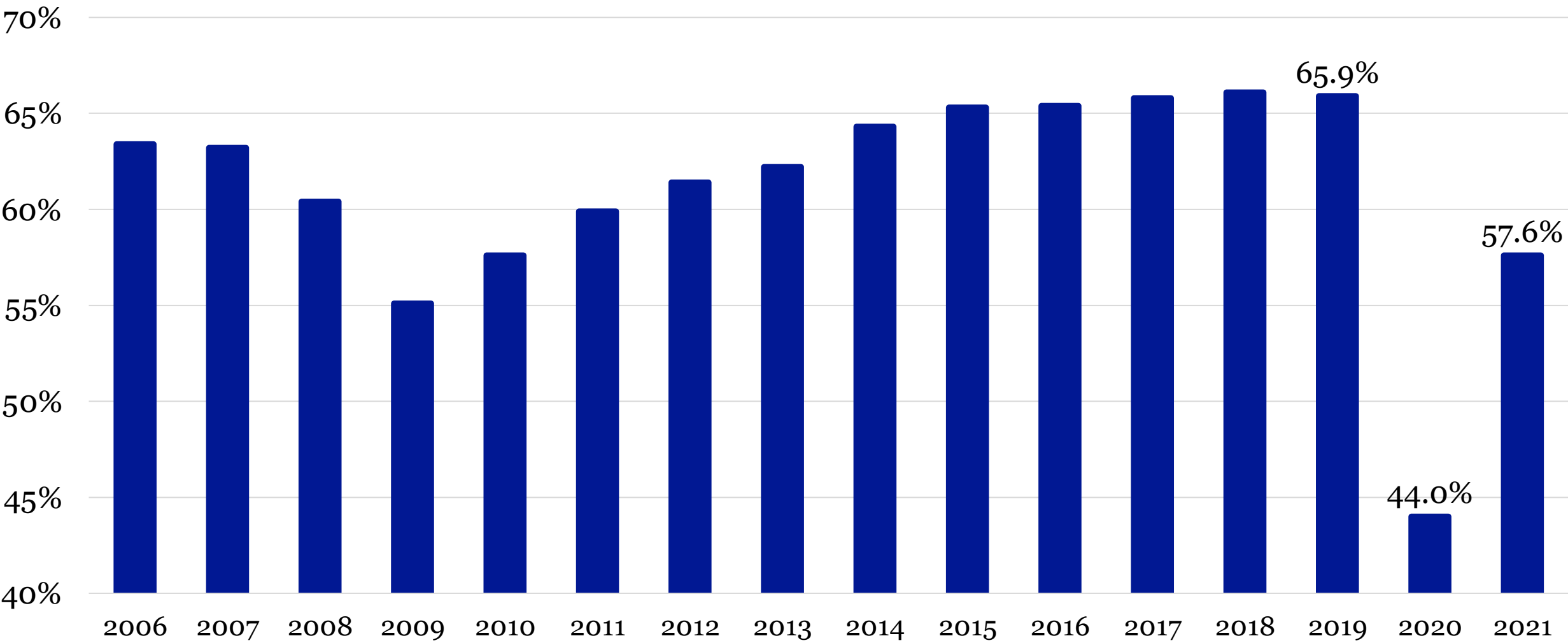
U.S. Office Vacancy, 2009 – 2021



U.S. Retail Space Vacancy: Malls, 2009 – 2021

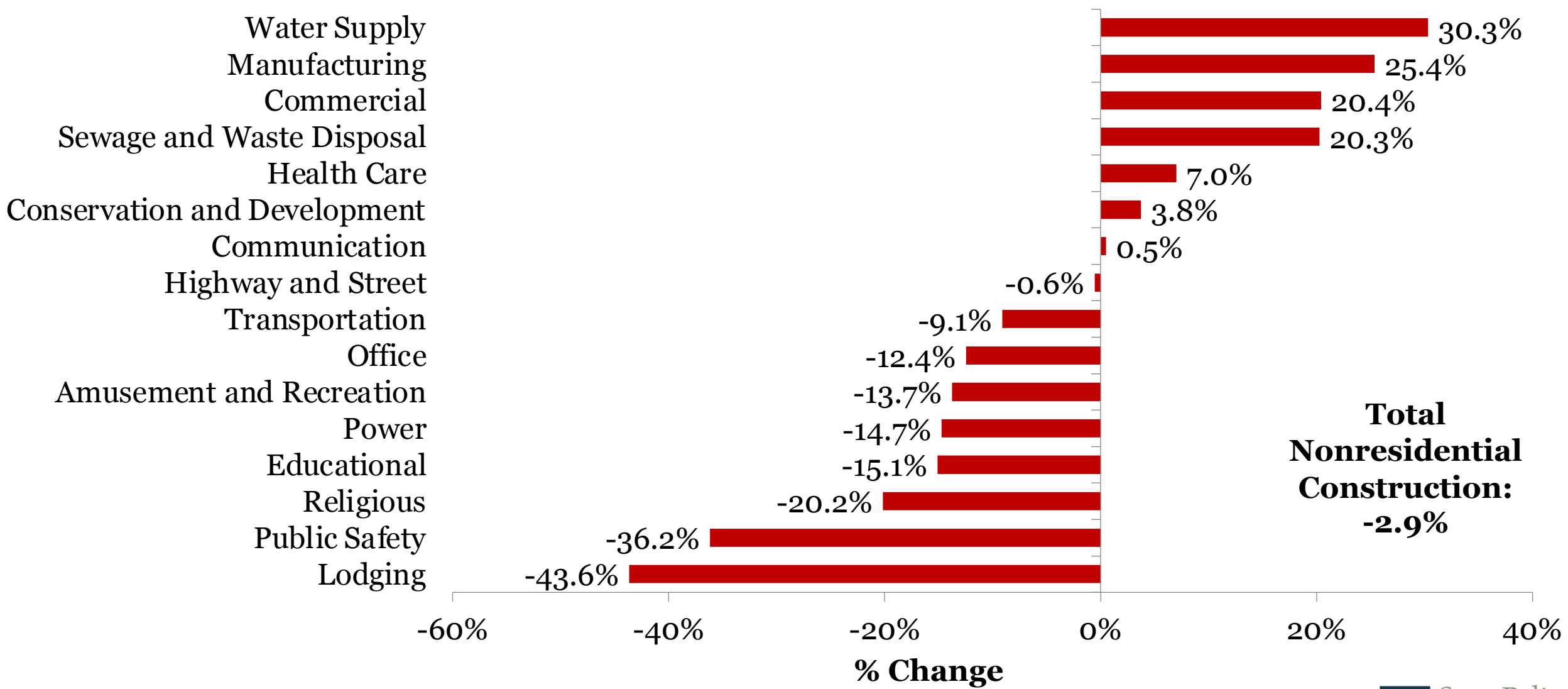


U.S. Hotel Occupancy, 2006 – 2021



Nonresidential Construction Spending by Subsector

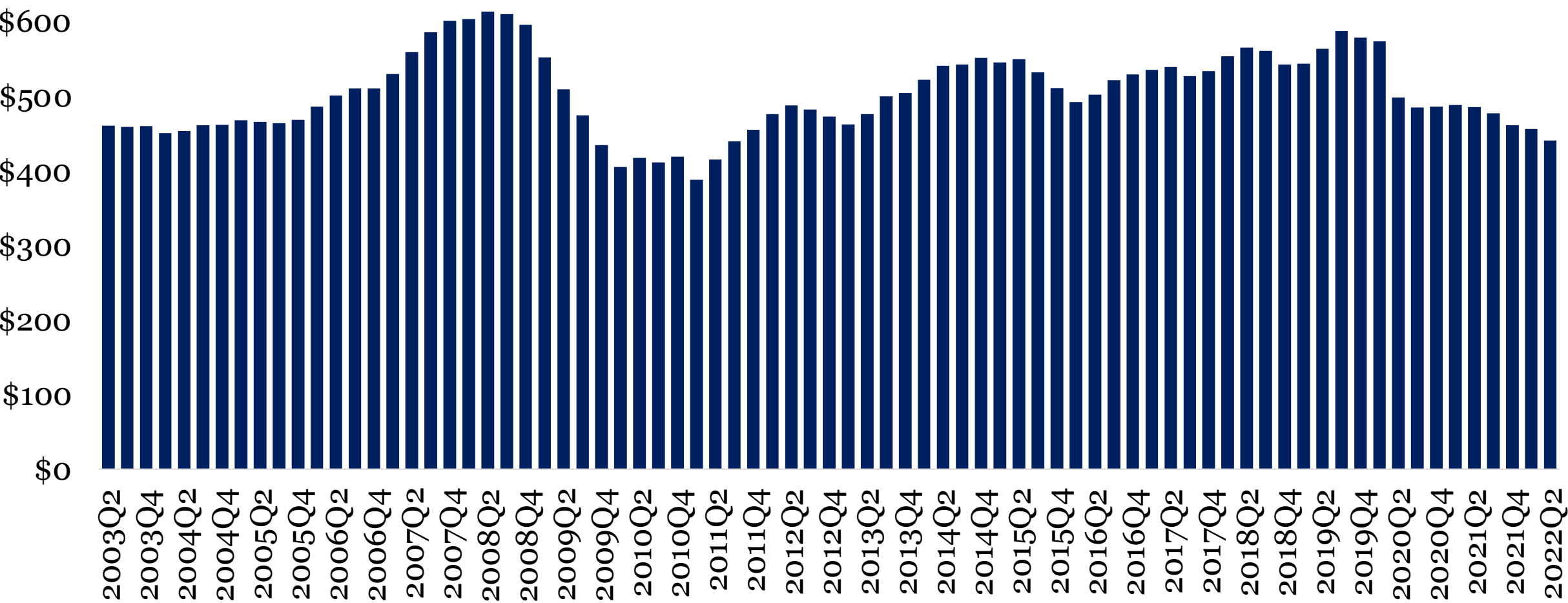
February 2020 v. August 2022



U.S. GDP: Nonresidential Fixed Investment in Structures

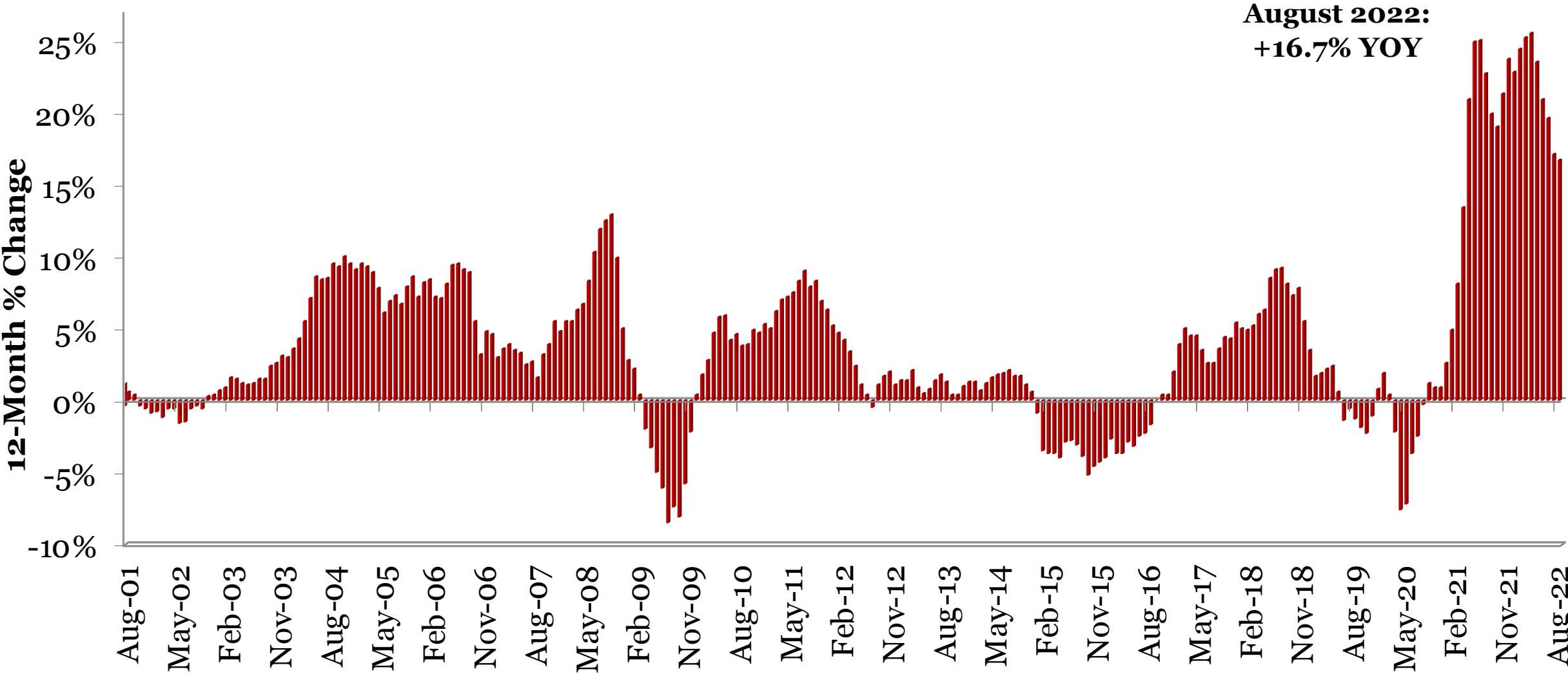
2003 – 2022Q2*

\$ Billions of chained 2012 dollars, seasonally adjusted annual rate



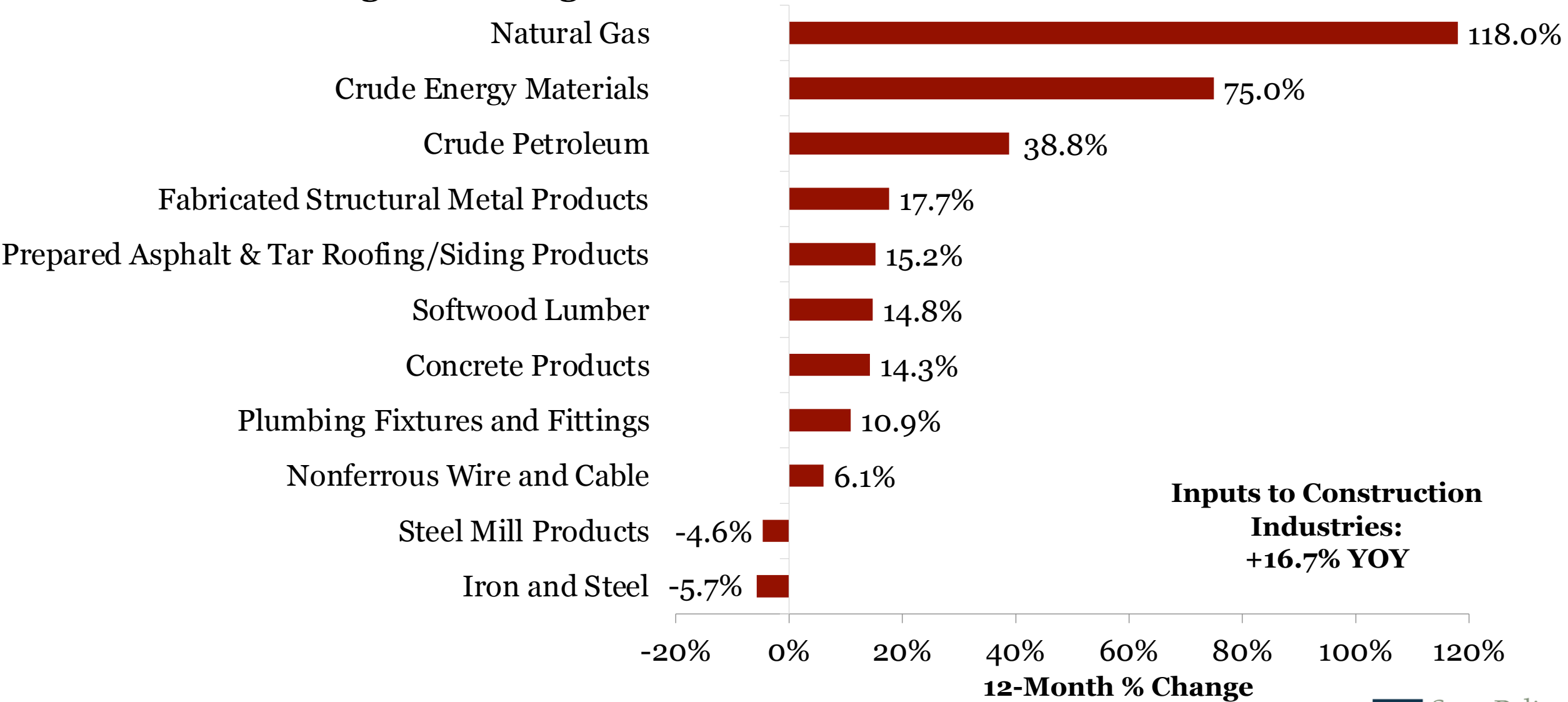
Inputs to Construction PPI

12-Month % Change, 2001 – August 2022



Construction Materials PPI

12-Month % Change as of August 2022

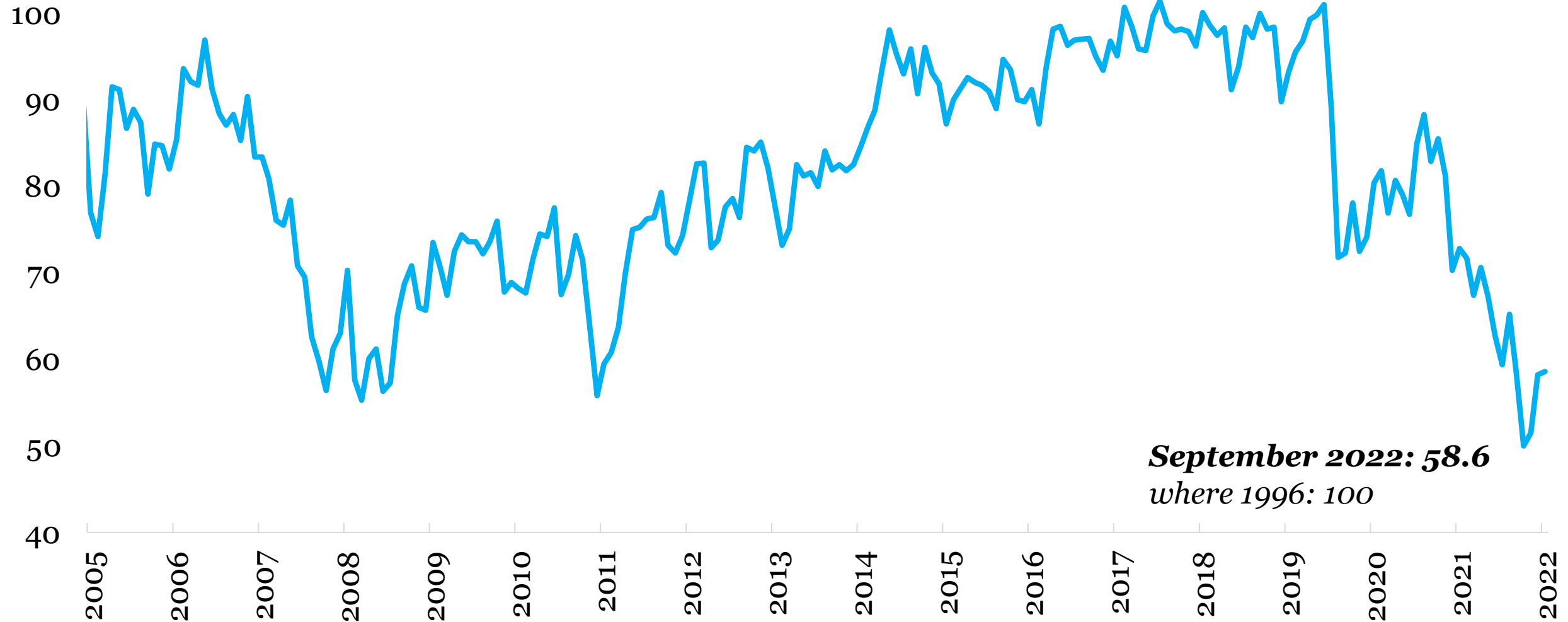


Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

My Name is Ban, Anirban

University of Michigan Index of Consumer Sentiment

2005 – September 2022

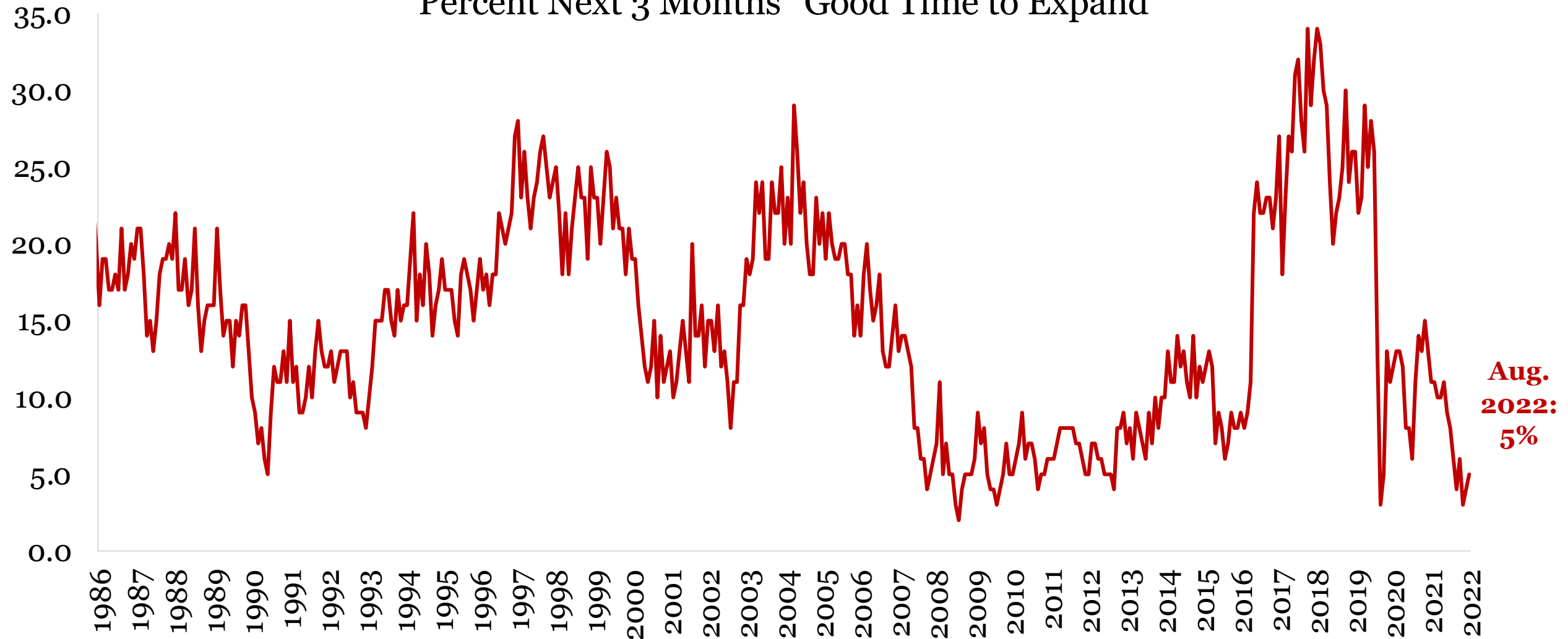


September 2022: 58.6
where 1996: 100

NFIB Index of Small Business Optimism: Good Time to Expand

1986 – August 2022

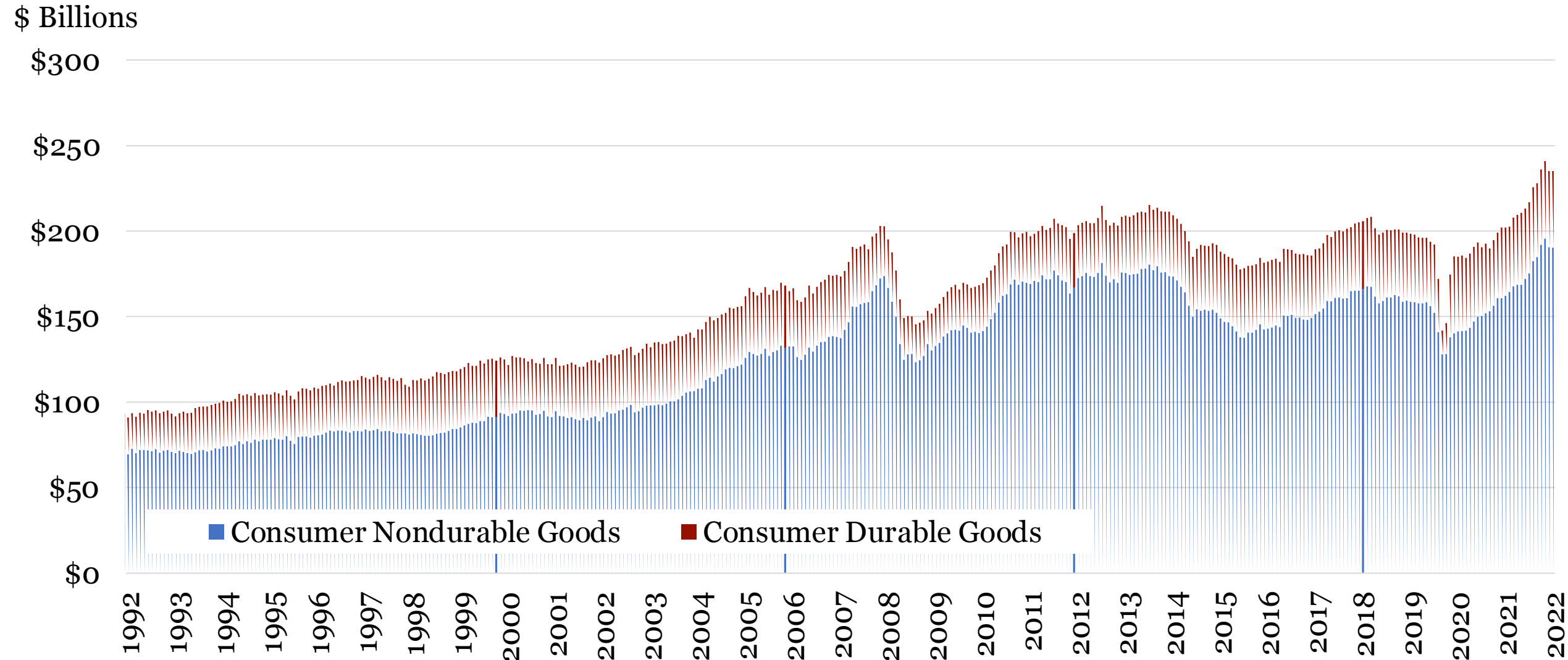
Percent Next 3 Months “Good Time to Expand”



**Aug.
2022:
5%**

U.S. Manufacturers' New Orders: Consumer Goods

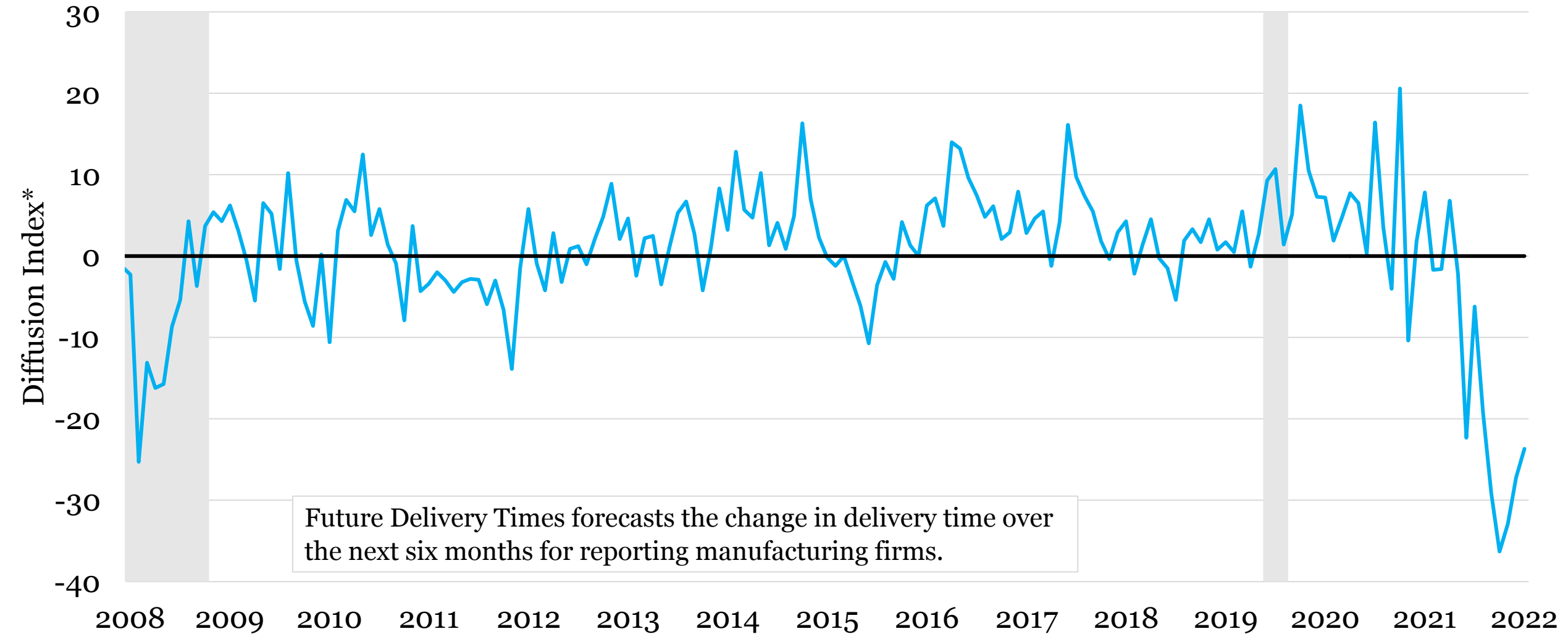
1992 – August 2022



Source: U.S. Census Bureau. Note: Due to the nature of nondurable goods, the reporting figure for both their Shipments and New Orders will be identical.

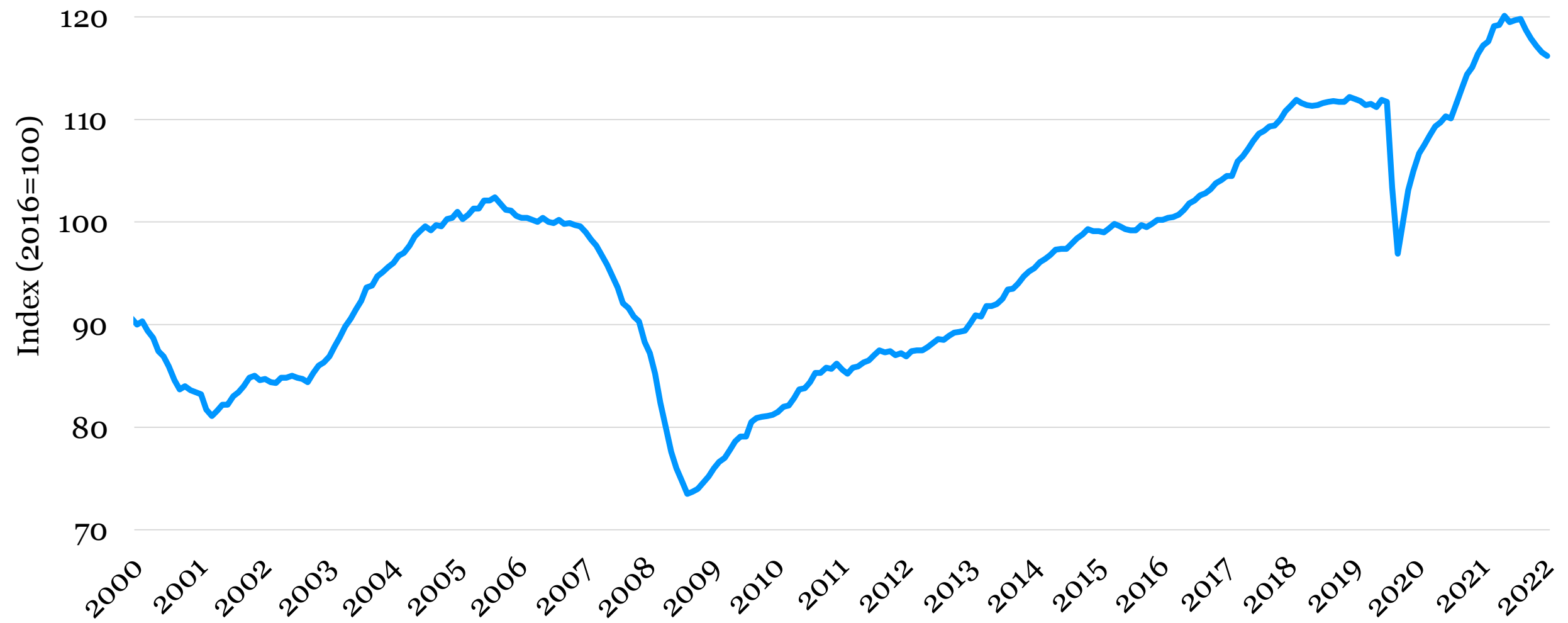
Philly Fed Manufacturing Business Outlook Survey

Future Delivery Times, 2008 – September 2022

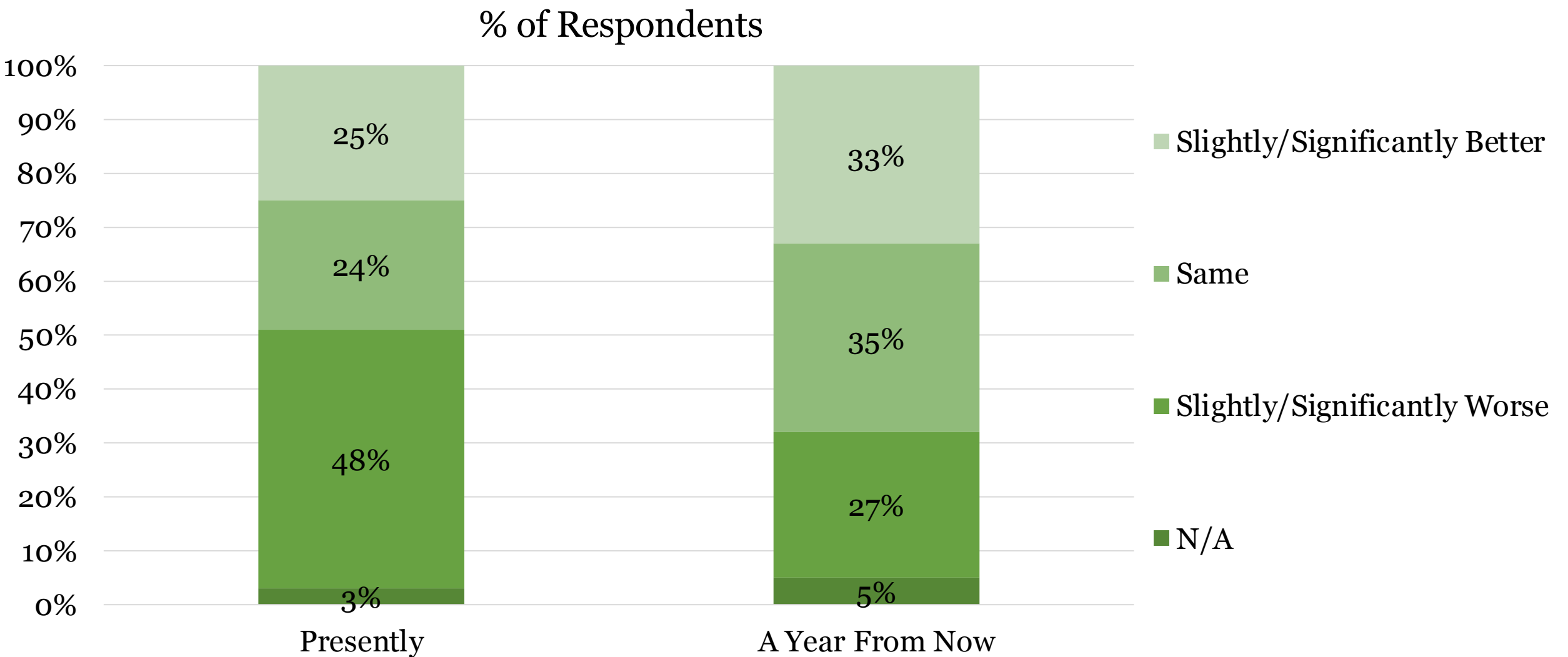


Conference Board: U.S. Leading Economic Index

2000 – August 2022



CFMA CONFINDEX: Profit Margins, 2022Q3



You Only Forecast Twice



- This will be a year of growth, but 2023 could be very different.
- The economy will remain unbalanced, with supply struggling to keep up with demand – Ukraine/Russia and Omicron/China/Europe hampering recovery.
- Along with rising wages amidst the Great Resignation, that translates into higher than average economywide inflation in 2022 & 2023 (stagflation anyone?).
- Yes, I'm an economist, so I am forecasting interest rates to increase.

Speaking of “For Your Eyes Only”

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Thank You

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