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NEWS RELEASE

March Construction Holds Steady

New York, N.Y. – April 21, 2010 – New construction starts in March came in at a seasonally adjusted annual rate of \$435.6 billion, essentially unchanged from the previous month, according to McGraw-Hill Construction, a division of The McGraw-Hill Companies. Improved activity in March was shown by two of construction's three main sectors – nonresidential building and housing. The third sector, nonbuilding construction (public works and electric utilities), retreated in March after its elevated amount in February. Through the first three months of 2010, total construction on an unadjusted basis was reported at \$91.9 billion, up 2% compared to the same period a year ago.

The March data brought the Dodge Index to 92 (2000=100), the same as February's revised reading. The Dodge Index hit bottom back in February 2009 at 82, and since then it has basically stabilized at a low level, hovering in the range of 85 to 95. "The pattern of total construction starts over the past year has made the transition from steady decline to at least low level stability, with the occasional hint of slight upward movement," stated Robert A. Murray, vice president of economic affairs for McGraw-Hill Construction. "After the steep correction witnessed over the past three years, including the 25% plunge for 2009 as a whole, the move towards stability marks a noteworthy change. With single family housing now edging up from a very low amount, combined with the recent strength shown by public works, the stage is set for total construction starts in 2010 to register moderate growth. Nonresidential building is also now seeing the occasional pickup, such as what occurred in March, but on balance nonresidential building is still expected to be a drag this year on the emerging recovery for total construction starts."

Nonresidential building in March grew 6% to \$155.1 billion (annual rate). On the plus side, the healthcare facilities category jumped 58%, providing more evidence that it's rebounding after the loss of momentum reported in 2009. Large healthcare projects that reached groundbreaking in March included a \$232 million hospital tower in Durham NC, a \$120 million hospital in Hershey PA, a \$115 million hospital in Monroeville PA, and a \$106 million medical center in McKinney TX. The amusement-related category had a particularly strong March, soaring 248%, reflecting the start of an \$800 million basketball arena in

Brooklyn NY and a \$341 million convention center in Nashville TN. Office construction rose 20% in March, helped by groundbreaking for the \$369 million U.S. Coast Guard Headquarters in Washington DC. Small gains in March were reported for churches, up 6%; and stores, up 1%. The manufacturing plant category in March advanced 215% from an extremely depressed February, with the lift coming from a \$225 million upgrade to a packaging plant in Georgia.

On the negative side, school construction showed more weakness, sliding 13% in March as state and local finances continue to deteriorate. A few large high schools still reached groundbreaking in March, including an \$81 million high school in Maryland and an \$80 million high school in Kansas. The public buildings category slipped back from earlier strength, retreating 12% in March, and the transportation terminal category dropped 83% from an exceptional February which included \$1.1 billion for terminal construction at Los Angeles International Airport. Also posting declines in March were warehouses, down 6%; and hotels, down 27%.

Residential building, at \$146.5 billion (annual rate), increased 6% in March. Single family housing improved 5%, making it eleven out of the past twelve months that gains have been recorded. The March pace for single family housing, in dollar terms, was 31% above the depressed monthly average for 2009, although still 61% below the monthly average recorded during the peak year 2005. By region, March showed single family growth in the South Atlantic, up 13%; the South Central, up 9%; and the Midwest, up 7%; while declines were reported in the Northeast, down 3%; and the West, down 7%. Multifamily housing in March climbed 13%, showing improved activity for the fourth month in a row. Large projects that contributed to the March multifamily advance included \$161 million for the condominium portion of a \$250 million hotel in New York NY, plus \$110 million for a mixed-use transit-oriented development in New Brunswick NJ.

Nonbuilding construction in March fell 11% to \$134.0 billion (annual rate), after the 19% jump reported for February. Highway construction in March slipped 6% from an exceptionally strong February amount. Easing the decline for highways in March was \$948 million for the I-15 Corridor Expansion project in Utah, plus the start of a \$313 million expressway project in North Carolina. Bridge construction in March dropped 10%, with the loss of momentum cushioned by \$150 million for bridge work on the I-15 project in Utah and \$149 million for cable rehabilitation on the Manhattan Bridge in New York NY. River/harbor development work in March dropped 6%, while steeper declines were reported for water supply systems, down 25%; and sewers, down 35%. The electric utility category had a weak March, falling 68% from

February, with the largest electric utility project in March being a \$135 million wind power facility in the state of Washington. The “miscellaneous” public works category, comprised of such diverse project types as pipelines and mass transit, ran counter to the general downward trend for nonbuilding construction in March by climbing 34%. Supporting the miscellaneous public works gain was \$1.3 billion for work on the Fayetteville Express Pipeline, a natural gas pipeline located in Arkansas and Mississippi. Also contributing to the miscellaneous public works gain was \$85 million for runway work at Los Angeles International Airport.

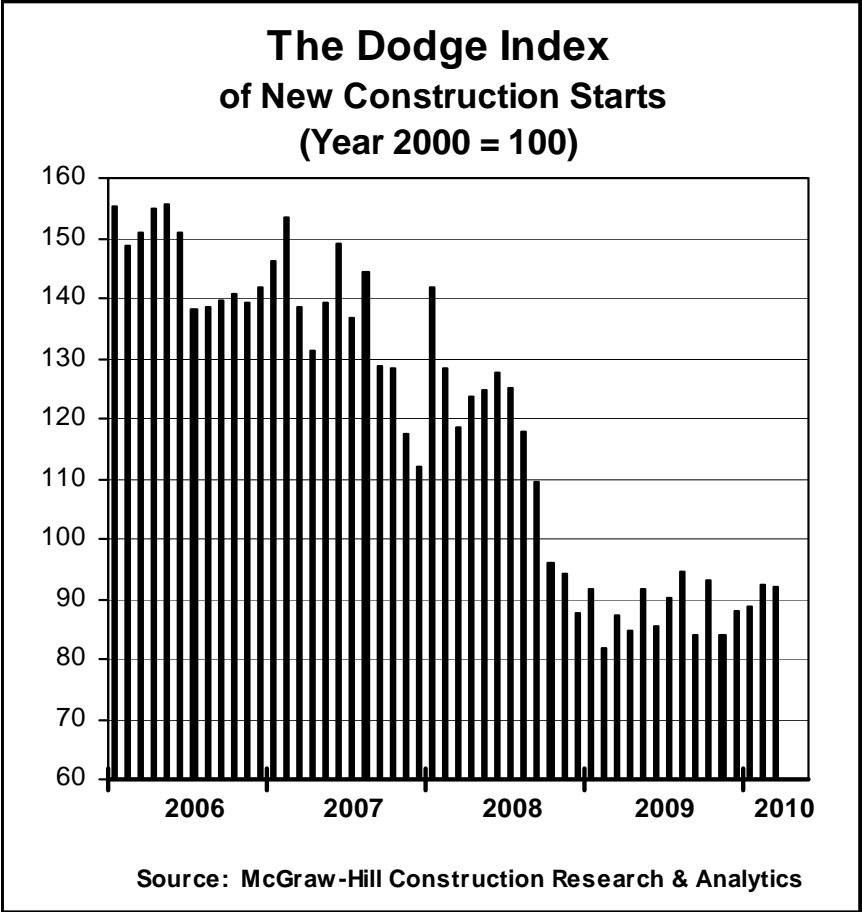
The 2% increase reported for total construction on an unadjusted basis for the first three months of 2010 versus last year was due to a mixed performance by sector. Residential building advanced 35%, when compared to the early months of 2009 when single family housing reached bottom. Nonbuilding construction in the January-March period dropped 4% compared to a year ago, with public works up 11% while electric utilities plummeted 64%. Nonresidential building during the January-March period fell 13% compared to a year ago, as the result of this behavior by segment – commercial building, down 39%; manufacturing building, down 70%; and institutional building, up 5%. By region, total construction in the first three months of 2010 was the following – the Northeast, up 31%; the South Central, up 3%; the West, no change; the South Atlantic, down 5%; and the Midwest, down 12%.

Useful perspective is obtained by looking at twelve-month moving totals, in this case the twelve months ending March 2010 compared to the twelve months ending March 2009. On this basis, total construction is down 17%, reflecting this pattern by sector – residential building, down 15%; nonbuilding construction, down 7%; and nonresidential building, down 26%. By region, the twelve months ending March 2010 showed this behavior for total construction compared to the previous twelve months – the Northeast, down 7%; the South Central, down 14%; the West, down 19%; the South Atlantic, down 19%; and the Midwest, down 25%.

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March 2010 Construction Starts



MARCH 2010 CONSTRUCTION STARTS

MONTHLY SUMMARY OF CONSTRUCTION STARTS

Prepared by McGraw-Hill Construction Research & Analytics

MONTHLY CONSTRUCTION STARTS
Seasonally Adjusted Annual Rates, In Millions of Dollars

	<u>March 2010</u>	<u>February 2010</u>	<u>% Change</u>
Nonresidential Building	\$155,117	\$146,481	+6
Residential Building	146,458	138,448	+6
Nonbuilding Construction	<u>134,025</u>	<u>151,302</u>	<u>-11</u>
TOTAL Construction	\$435,600	\$436,231	-0-

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(Year 2000=100, Seasonally Adjusted)

March 2010.....92
February 2010.....92

YEAR-TO-DATE CONSTRUCTION STARTS
Unadjusted Totals, In Millions of Dollars

	<u>3 Mos. 2010</u>	<u>3 Mos. 2009</u>	<u>% Change</u>
Nonresidential Building	\$32,997	\$37,866	-13
Residential Building	29,494	21,849	+35
Nonbuilding Construction	<u>29,374</u>	<u>30,549</u>	<u>-4</u>
TOTAL Construction	\$91,865	\$90,264	+2

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