

Infrastructure and Manufacturing Megaprojects Propel Construction Industry in Q3 2024

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CLEVELAND, Dec. 11, 2024 /PRNewswire/ -- The [CBIZ Commercial Construction Index](#) for the third quarter of 2024 reports that the construction industry retained momentum heading into the year's final months.

The index, produced by the [CBIZ National Construction Services group](#), reveals significant trends in both nonresidential and residential construction activities.

Infrastructure projects and ongoing manufacturing megaprojects once again drove nonresidential construction activity. "Manufacturing-related construction spending remains extraordinarily elevated due to federally incentivized megaprojects and a broader effort to reshore production capacity," said Anirban Basu, Chief Construction Economist at CBIZ. "While the incoming presidential administration may be less amenable to legislation like the CHIPS and Science Act and the Inflation Reduction Act, its trade policy should induce more reshoring, supporting ongoing momentum in the manufacturing segment."

In contrast, residential construction activity, although still high compared to pre-pandemic years, has slowed throughout the first nine months of 2024. "While there remains a structural shortage of housing units in this country—a shortage that homebuilders will eventually address—residential activity is likely to slow in the coming quarters and won't rebound until interest rates are meaningfully lower," said Basu.

Despite some softness in the residential segment, contractors continued to increase their staffing levels during the third quarter. "The construction industry added jobs for the fifth consecutive month in October, and job gains would have been faster if not for hurricanes Helene and Milton," said Basu. "The industry has hired new workers at a blistering pace over the past year, adding employees at exactly twice the rate of the broader economy."

Lower material prices have helped to contain construction costs in 2024, although the outlook now has significantly higher uncertainty. "Despite this recent input price moderation, the next presidential administration's trade policies introduce significant uncertainty to the outlook," said Basu. "Tariffs could drive input prices higher, especially those that come primarily from China."

Although the Federal Reserve has lowered interest rates, borrowing costs remain high and lending standards tight. "It appears likely that the Federal Reserve will reduce the federal funds rate by another 0.25 percentage points at their December meeting, and yet bond yields have risen since the election, suggesting that markets expect interest rates to remain higher for longer relative to previous forecasts," said Basu.

CBIZ Issues First Construction Index After Acquiring Marcum

[Following the acquisition of Marcum LLP](#), CBIZ proudly presents the Construction Index. Now under the purview of the expanded and enhanced CBIZ Construction team, the Index continues to feature the high-quality insights it is known for.

About CBIZ

CBIZ, Inc. (NYSE: CBZ) is a leading professional services advisor to middle market businesses and organizations nationwide. With unmatched industry knowledge and expertise in accounting, tax, advisory, benefits, insurance, and technology, CBIZ delivers forward-thinking insights and actionable solutions to help clients anticipate what's next and discover new ways to accelerate growth. CBIZ has more than 10,000 team members across more than 160 locations in 21 major markets coast to coast.

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