

Southeast Commercial Construction Update: Activity, Costs Up - SouthPoint

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Last week, I reported on the [latest results](#) from the Atlanta Fed's monthly housing market business contact poll. The Atlanta Fed also conducts a poll of commercial construction business contacts that tracks construction trends and developments in commercial real estate. (This category includes office, retail, industrial/warehouse/distribution, hotel, and multifamily properties).

I wanted to present a few highlights from the third-quarter 2013 poll:

The overwhelming majority of contacts indicated that the pace of construction activity for nonresidential structures had increased from year-earlier levels. On a quarter-over-quarter basis, most contacts indicated that the pace of construction was flat to up slightly.

Just over half of all respondents indicated that the level of backlog in the third quarter was similar to the level one year earlier. The rest indicated that the level of backlog in the third quarter was greater than the year-earlier level.

Most contacts indicated that material costs were slightly up from year-earlier levels.

The majority of contacts indicated increases in labor costs of from 1 percent to 4 percent from year-earlier levels. On a quarter-over-quarter basis, half of all contacts indicated no change in labor costs; the remaining noted labor cost increases of varying degrees.

Most contacts expected to modestly increase the number of employees at their firms in the fourth quarter of 2013. Just under half of business contacts indicated that it was more difficult to fill positions than a year earlier.

When asked about the availability of commercial construction and development finance in their market, more than half of contacts perceived the amount of available credit as sufficient to meet demand.

Note: Third-quarter 2013 poll results were collected October 7–16, 2013 and are based on responses

from 17 commercial construction firms with footprints across the Southeast.

If you are a commercial contractor and would like to participate in this poll, please let us know by sending a note to RealEstateCenter@atl.frb.org.



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