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## Population growth rate slows to record low; state GDP growth varies widely; rebar, mesh prices jump

U.S. **population growth** slowed for the fifth year in a row, to an all-time low of 0.35% between July 1, 2019 and July 1, 2020 from 0.46% a year earlier, according to AGC's analysis of data the Census Bureau [posted](#) on Tuesday. These estimates are based on births, deaths, and migration information dating back to the 2010 census, not the 2020 census estimates, which will be issued sometime in 2021 and will be used to apportion seats in the House of Representatives, allocate federal spending for scores of programs, and other purposes. Nevertheless, these annual estimates are a useful indicator of population change. Population changes over time are a major contributor to demand for numerous types of construction, funding for public construction, and supply of potential construction workers. The slowing in the growth rate resulted from a continuing decline in births; an increase in deaths (due both to rising numbers of very old people and more deaths of younger adults from suicide and drug overdoses, with a small increment as of July 1 attributable to covid-affected deaths); and a decline in net immigration. Idaho was the fastest-growing state in 2020 for the third time in four years, with a growth rate each time of about 2.1%, as it added 37,853 residents. Arizona was the second-fastest growing state in 2020 (1.78%, 129,558 more residents). Texas had the largest numerical increase in 2020 (637,965; 1.29%, fifth-fastest), followed by Florida (241,256, 1.12%, seventh-fastest). A record 16 states lost population in 2020, compared to 14 in 2019 (previously estimated as 10). New York lost population for the fifth year in a row and had the steepest percentage loss (-0.65%) and the largest numerical decline (-126,355). **Changes in growth rate** are another indicator of changing construction opportunities. The District of Columbia and 16 states had larger population growth in 2020 than in 2019. Texas added 11,735 more residents in 2020 than in 2019, the largest acceleration in residents of any state. Wyoming had the largest acceleration in its growth rate (0.20 percentage points, to 0.38% in 2020 from 0.18% in 2019) for the second year in a row. California had the largest decrease in growth from 2019 to 2020, as its population declined for the first time (-69,532, -0.18%) after stagnating in 2019. Nevada had the steepest percentage deceleration in its growth rate (-0.44 percentage points, to 1.54% from 1.98%) but was nevertheless the third-fastest growing state (adding 47,488 residents).

**Inflation-adjusted gross domestic product** (real GDP) declined 2.8% from the third quarter (Q3) of 2019 to Q3 2020, despite a record 33.4% increase from Q2 to Q3 at a seasonally adjusted annual rate, according to data the Bureau of Economic Analysis [posted](#) today. GDP growth is another indicator of demand for construction over time. Among the 50 states and D.C., only three states had positive growth: Utah, 1.1%; Washington, 0.5%; and Idaho, 0.1%. The steepest decreases were in Hawaii, -8.2%; Wyoming, -7.9%; and Oklahoma, -6.3%. **Construction GDP**—the difference between construction industry revenues and purchases from other sectors—decreased 1.4% in the U.S., with increases in 24 states and D.C. and decreases in 26 states. The highest growth rates for construction GDP were in Utah, 10.6%; Idaho, 6.4%; and South Dakota, 5.1%. The steepest declines were in West Virginia, -13.3%; North Dakota, -9.2%; and New York, -8.8%.

“**Rebar pricing** has exploded” in the past month, [New South Construction News reported](#) today. “All three major mills have pushed through price increases totaling \$95 per ton. The first increase of \$30 per ton hit right before Thanksgiving and an even larger increase of \$65 was pushed through just two weeks later. Shortage of scrap metal availability and large international purchases of U.S. scrap have put major strains on the supply chain....The dramatic rise in pricing is not just impacting domestic steel; imported rebar pricing is increasing faster than domestic rebar pricing....**Wire mesh** followed a similar pattern and mills pushed through another price increase on welded wire reinforcing mesh. This second round of increases by all three major southeast mills took place during the weeks of December [14 and 21,] resulting in a \$100 per ton increase from previous pricing....There has been a sharp increase in demand [for **lumber**] over the past few weeks and that demand is driving pricing northwards. Lead times are again being stretched out three or four weeks, as mills struggle to produce enough material to fulfill orders already on the books. Available loads of #3 grade lumber in 2x4's and 2x8's are scarce and have currently been selling 10-15% higher than where they were a month ago.”

“Investors are buying hotels and turning them into rental apartments, in the latest sign of how the Covid-19 pandemic is changing the American real-estate market,” the [Wall Street Journal](#) reported today. “These buyers are trying to take advantage of the hospitality industry's crisis by taking over struggling or foreclosed properties at bargain prices. They are also looking to profit from rising demand for cheap housing from households forced to downsize during the recession. The small but growing number of **hotel conversions**—some properties are also being turned into offices—is a symptom of the turmoil the pandemic has caused in the hotel sector....Elan Gordon, principal of real-estate investment company SHIR Capital, which has converted hotels into hundreds of apartments in South Carolina and Texas, said the business plan works best in markets where the price of studios in new buildings has crept over the \$1,000 a month mark. Hotel-room-sized studios can compete with those apartments with a 20% discount on rents....Extended-stay hotels are ideal for creating the cheaper apartments, Mr. Gordon said, because while they typically measure smaller than the average apartment, they already have bathrooms and kitchenettes built into them. More conventional hotels need a more expensive rebuild, but even that often takes less than a year and is much faster than building from the ground up, investors say.”

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