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NEWS RELEASE

August Construction Climbs 8 Percent

New York, N.Y. – September 21, 2011 – At a seasonally adjusted annual rate of $424.7 billion, new construction starts in August advanced 8%, according to McGraw-Hill Construction, a division of The McGraw-Hill Companies. The gain followed a 10% decline in July, and continued the fluctuating pattern that's been present in recent months. The pickup for total construction in August was the result of greater activity for each of construction's three main sectors – nonresidential building, residential building, and nonbuilding construction. For the first eight months of 2011, total construction on an unadjusted basis was reported at $274.8 billion, down 6% from the same period a year ago.

The August statistics lifted the Dodge Index to 90 (2000=100), up from July's 83. "During the first five months of this year, total construction had trended downward, but over the next three months an up-and-down pattern has emerged," stated Robert A. Murray, vice president of economic affairs for McGraw-Hill Construction. "This suggests that construction starts are beginning to stabilize after the earlier loss of momentum. At the same time, total construction remains on track to register a moderate decline for 2011 as a whole, after leveling off in 2010. While August showed some improvement for institutional building and public works, each of these sectors will be subject to funding cutbacks at the federal and state levels of government. Single family housing continues to see homebuyer demand restrained by the sluggish economic environment and more restrictive lending standards. And, what appears to be the early signs of recovery for commercial building may well end up being deferred by rising investor concern about employment growth and the near term prospects for the U.S. economy."

Nonresidential building in August grew 7% to $153.6 billion (annual rate). The institutional side of the nonresidential market showed a strong gain for healthcare facilities, which jumped 107%. Lifting the healthcare total in August was the start of a $385 million U.S. Army medical center at Fort Hood TX. Additional support came from the start of two large hospital projects in California, valued at $270 million and $164 million respectively, and a $220 million hospital project in Maine. The public building category climbed 55% in August from its low July amount, reflecting the start of a $115 million courthouse building in Philadelphia PA. The amusement-related category in August increased 18%, helped by the start of a $45 million sports arena in Bangor ME and a $45 million convention center in Cedar Rapids IA. Heading downward in August was the educational building category, which fell 7% despite groundbreaking for a $95 million high school in Maryland and an $86 million biomedical research facility in Minnesota. Also retreating in August were churches, down 11%; and transportation terminals, down 8%.

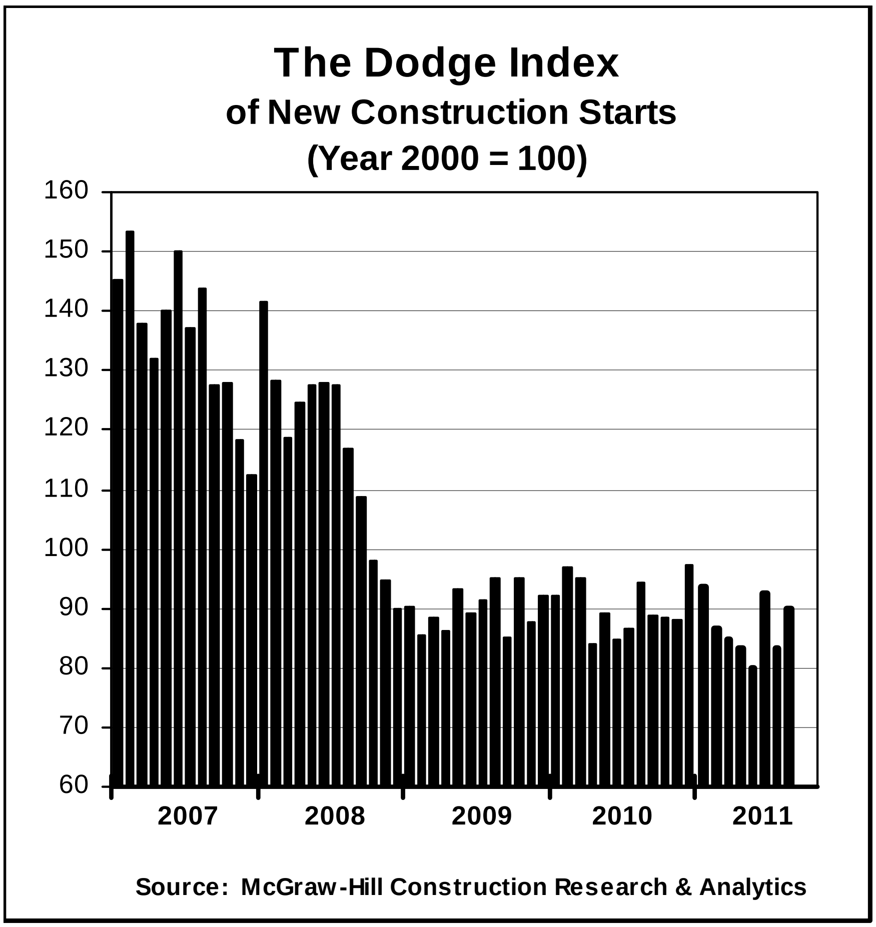
The commercial side of the nonresidential market showed a mixed pattern by project type. Hotel construction surged 125% from a weak July, helped by the start of a $154 million convention center hotel in Nashville TN. Warehouse construction grew 30%, with the push coming from the start of a $150 million distribution center in Martinsburg WV, while store construction advanced 18%. Moving in the opposite direction was office construction, which fell 18% in August. A steeper decline was reported for the manufacturing building category, which retreated 62% from July which included the start of a $1.5 billion semiconductor plant in Arizona.

Residential building, at $128.0 billion (annual rate), increased 4% in August. Most of the upward movement came from multifamily housing, which rose 15% in August, continuing the trend that has been present for much of 2011. Large multifamily projects that reached groundbreaking in August included the $362 million Gotham West apartment complex in New York NY, a $137 million apartment complex in Marina Del Ray CA, and a $90 million apartment building in Boston MA. Through the first eight months of 2011, the top five metropolitan areas in terms of the dollar amount of multifamily projects were – New York NY, Washington DC, Boston MA, Chicago IL, and Los Angeles CA. Single family housing in August managed to edge up 1%, as the pattern of recent months suggests that activity is stabilizing at a low volume after the declines witnessed earlier in 2011. The pace for single family housing in August, in dollar terms, was still 2% below the average monthly pace that was shown during 2010.

Nonbuilding construction in August climbed 13% to $143.0 billion, making a partial rebound after plunging 23% in July. The dams and river/harbor development category surged 283%, reflecting the boost coming from $1.5 billion for work on the Olmsted Dam in Kentucky, as well as $260 million for the Calaveras Dam replacement project in California. Sewer and waste disposal construction was also strong in August, advancing 64%, with support coming from the start of a $463 million chemical weapons storage and disposal facility in Colorado. Other types of public works retreated in August, including a 21% drop for highways and bridges. Murray noted, “Of the various project types, highway and bridge construction received the most support from federal stimulus funds over the past two years, but that support has diminished substantially during 2011." August declines were also reported for "miscellaneous" public works (e.g., site work, rail lines, pipelines), down 8%; and water supply systems, down 14%. For the electric utility category, contracting continued to be strong with a 16% gain in August. Large electric utility projects that reached the construction start stage were led by two located in California – a $750 million solar power facility and a $500 million natural gas fired power plant.

The 6% shortfall for total construction on an unadjusted basis during the January-August period of 2011 reflected a mixed performance by sector. Nonresidential building fell 8% year-to-date, as a 17% drop for institutional building outweighed a 4% gain for commercial building and a 72% gain for manufacturing building. Residential building decreased 5% year-to-date, with single family housing down 7% while multifamily housing advanced 8%. Nonbuilding construction year-to-date slipped 4%, as public works retreated 23% while electric utilities soared 129%. By region, total construction starts showed the following year-to-date performance – the Midwest and Northeast, each down 13%; the South Atlantic, down 6%; the South Central, down 4%; and the West, up 4%.

August 2011 Construction Starts



AUGUST 2011 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

	August 2011	July 2011	% Change
Nonresidential Building	$153,597	$144,148	+7
Residential Building	128,020	123,204	+4
Nonbuilding Construction	143,035	126,674	+13
TOTAL Construction	$424,652	$394,026	+8

THE DODGE INDEX
(Year 2000=100, Seasonally Adjusted)

August 2011.....90
July 2011..........83

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

	8 Mos. 2011	8 Mos. 2010	% Change
Nonresidential Building	$99,964	$108,677	-8
Residential Building	80,273	84,249	-5
Nonbuilding Construction	94,610	98,894	-4
TOTAL Construction	$274,847	$291,820	-6

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