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GHP News

NEW BUILDING CONTRACTS

June 30, 2014

McGraw Hill reports that \$11.4 billion in construction contracts were awarded in the metro area January through May '14. This includes \$7.5 billion in nonresidential and \$3.9 billion in residential construction. That compares to \$5.0 billion in contracts awarded January through May last year, which included \$1.4 billion in nonresidential and \$3.6 in residential construction.

Metro Houston Construction Contracts*			
	For the month of May		% Change
	'14	'13	
Nonresidential	\$663,629,000	\$286,106,000	--
Residential	\$806,488,000	\$805,020,000	0.2
Total Building	\$1,470,117,000	\$1,091,126,000	--
Year-to-Date			
Nonresidential	\$7,461,546,000	\$1,455,593,000	--
Residential	\$3,931,043,000	\$3,582,265,000	9.7
Total Building	\$11,392,607,000	\$5,037,858,000	--
* includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto and Waller Counties. Source: McGraw Hill Construction			

Readers are cautioned that year-to-year comparisons of nonresidential data have become near meaningless because of the billion-dollar contracts for local chemical plant construction that have recently been awarded. McGraw Hill doesn't provide details on individual contract awards in its data release; therefore, the atypical mega projects can't be extracted from the total to calculate a more useful year-to-year comparison.

Metro Houston Nonresidential Construction Contracts (YTD = January to May)	
'05 YTD	1,655,117,000
'06 YTD	1,625,368,000
'07 YTD	2,361,788,000
'08 YTD	3,254,063,000
'09 YTD	1,598,513,000
'10 YTD	1,401,884,000
'11 YTD	1,545,127,000
'12 YTD	1,586,294,000
'13 YTD	1,455,593,000
'05 – '13 YTD Average	1,831,527,444
'14 YTD	7,461,564,000
Source: McGraw Hill Construction	

From '05 to '13, nonresidential construction contracts averaged \$1.8 billion for the first five months of the year. (GHP began tracking McGraw Hill construction contracts in '05.) Given this calculation, nonresidential contracts for the first five months of '14 are approximately \$5.6 billion greater than the average year-to-date totals of the past nine years.

Contracts for mega projects will skew the data over the next several years. They also overshadow other components of the nonresidential sector (office, retail, hotel, warehouse, education, health care, etc.) making it difficult to gauge construction activity in these areas. Residential data, however, is not subject to mega-project announcements, so year-to-year comparisons are more meaningful. GHP will continue to report both nonresidential and residential data, but readers are advised that the chemical plant construction awards will distort the data for some time.

For the latest data, click [here](#).

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