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Dodge Momentum Index falls again in September

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Dive Brief:

- The Dodge Momentum Index declined for the fourth-straight month in September, falling 8.4% to a mark of 116.4 from a revised August reading of 127.1, according to Dodge Data & Analytics.
- The institutional (11.5%) and commercial (6.1%) components, which together make up the index, declined on a month-to-month basis. However, 10 projects valued at $100 million or more entered the planning stages in September, led by a $400 million civic complex in Los Angeles.
- The negative streak does not necessarily mean a slump is in store for the construction industry in general, as current economic fundamentals support future growth.

Dive Insight:

Another gauge of future construction spending is the American Institute of Architects' Architecture Billings Index (ABI). As of August, the ABI had increased for seven-straight months. The index measures demand for design services and is considered to be an indicator of spending in the following nine months to a year. A score above 50 signals an uptick in billings, and August's was 53.7. The ABI scored 51.9 in July and 54.2 in June.

Dodge tracks the value of starts as well. Its most recent analysis had them falling 2% from July to August to a seasonally adjusted rate of $711.6 billion. Year-to-date starts dropped 1% year-over-year to $481.7 billion. The institutional segment of the nonresidential sector made a good showing with an increase of 14% for the month. However, drops in both multifamily (1%) and nonbuilding (24%) were not enough to bring overall starts into the positive for the month.

In its report on August starts, Dodge noted that the commercial sector has started to flag. But the office construction market, according to Commercial Café's Fall–Winter 2017 office construction pipeline report, is as hot as ever with almost 48 million square feet of new space scheduled to come online by the end of the year. Manhattan alone should add 2.3 million square feet of office space by the end of 2017, according to the New York Building Congress.