

Machinery, E&C and Waste

Construction Infrastructure: contract awards finish 2023 on a high note

Industry Overview

Contract awards finish 2023 at a record level

The construction cycle remains a debate point with investors. The infrastructure side of construction market remains a bright spot - healthy and in an upward trajectory. According to ARTBA, the total value of state and local government contract awards in December was \$7.9bn, up 8% MoM and up 2% YoY. On a FY basis, contract awards finished 2023 up 9% YoY to \$123.6bn, surpassing \$113.8bn in 2022 and \$89.8bn in 2021 (see: Exhibit 1). While lettings data slowed through Q4 (September awards +13% YTD basis), 2023 finished the year reaching a new record – a lead indicator for future work and backlog in 2024. Overall, 30 states and Washington D.C. increased the value of transportation projects in 2023 compared to 2022. The top markets in 2023 were: Texas (\$16bn), California (\$9.1bn), New York (\$6.8bn), Florida (\$6.6bn), and Illinois (\$5.3bn).

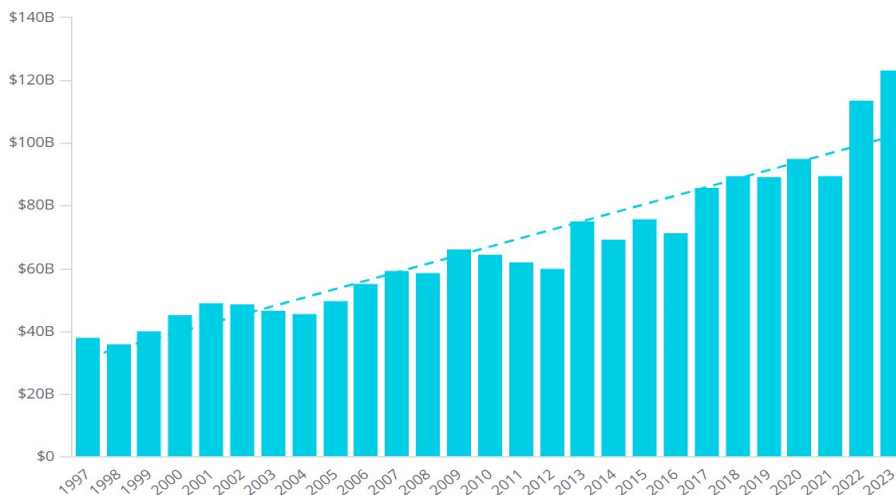
Funding trickling down from the federal program

Transportation funding continues to trickle down from the IIJA with the latest announcement last week from the US DOT of \$4.9bn to 37 nationwide projects through the FY 2023-24 Mega (National Infrastructure Project Assistance) and INFRA (Infrastructure for Rebuilding America) grant programs. Earlier this month, Maine unveiled its plans to spend \$4.74bn on 2,672 projects over the next three years, largely from federal funding made available by the IIJA. Nearly 60% of the \$4.74bn will be spent on highways and bridges. Projects across aviation, railways, ferries, and public transit would also benefit from the funding plan.

Exhibit 1: Total value of State and Local Transportation Contract Awards (1997-2023)

Value of transportation contract awards totaled \$123.6bn in 2023 which was up 9% YoY from a record year in 2022 and 38% above 2021 levels

Annual Value



Source: American Road & Transportation Builders Association (ARTBA)

BofA GLOBAL RESEARCH

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ARTBA = American Road & Transportation Builders Association

DOT = Department of Transportation

IIJA = Infrastructure Investment and Jobs Act

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