PSA

Infrastructure Advocacy
& Education Organization

PSA - IAEO April 2015 Infrastructure Update

A Year of Challenges, a Year of Possibilities for the Municipal Sewer and Water Sector:

Could this be the year when the abysmal cycle of budget cuts and stalled construction and rehabilitation programs finally ends? Has the sewer/water/storm sewer infrastructure industry finally turned the corner and leaves behind years of inadequate funding and begins a cycle of major investment in America's failing infrastructure? Early reports from cities across the country seem to indicate a substantial positive change in direction is indeed beginning to materialize.

Results from the 18th Annual Underground Construction Municipal Sewer and Water Survey revealed that for the first time in many years, municipal sewer and water personnel are somewhat optimistic about spending plans for 2015 and beyond – at least at this early stage of the year. The survey presents a detailed look at the 2015 spending plans for America's cities along with insights and perspectives on industry topics and technology.

Municipal authorities report spending plans for sewer/water/storm sewer piping systems of $10.3 billion in new construction and $7.8 billion for rehabilitation, an increase of 6.1 percent over actual 2014 spending.

Conducted in October and November of 2014, the survey polled U.S. municipalities about their 2015 infrastructure funding plans along with perspectives on technologies, trends, industry issues and working relationships with consulting engineers and contractors. The survey results came from all 50 states and were weighted for regional population density and city sizes to develop a nationwide benchmark that would allow for extrapolated projections.
You can select here to read the full survey report.

Source: Underground Construction magazine.

Water Bill Funding Still Unknown:

In 2014, Congress authorized the new Water Infrastructure Finance and Innovation Act (WIFIA) program. When the House and Senate passed the fiscal

2015 government-wide appropriations bill at the end of December, they included $2.2 million for the EPA so it could start the administrative wheels turning on the new program. However, there was no provision of funds for grants. Congress was authorized to make $20 million available, but declined to do so. The WIFIA program is authorized at $25 million a year for fiscal 2016, which begins on Oct.1, 2015. Based on the way the federal funds will be translated to actual spending on the ground, that $25 million will equal $250 million in loans for much needed water infrastructure projects.

According to *Underground Construction* magazine, the Environmental Protection Agency's (EPA) Clean Water and Drinking Water State Revolving Funds (SRFs) have been the go-to sources for funding for two decades. But repeated EPA "needs assessments" have shown that construction needs across the country far exceed what can be done with SRF funding.

The question now is whether a congressional appropriation for WIFA's grants program for fiscal 2016 comes at the expense of the appropriations for the SRAs? (The appropriations bill Congress passed at the end of December maintained SRF funding levels in 2015 at 2014 levels.)

Highway Financing and Trust Fund Update:

At the end of May the latest highway bill will expire and lawmakers will have to find a way to plug the annual gap between highway spending and revenue.

Over the next ten years, that gap is expected to total $180 billion and the practice of filling the gap with general revenue and budget gimmicks is becoming increasingly difficult. Highway spending has exceeded dedicated revenues for most of the past 15 years and since 2008 lawmakers have transferred $65 billion from the general fund to the trust fund to cover its shortfalls rather than adjust highway spending or revenue.

The last time lawmakers dealt with highway financing they intended that the expiration of the highway bill and the exhaustion of the HTF both happen at the end of May. Now, it looks like there may be a little time between the two as the general revenue transfer may last longer.

Previously, the CBO expected the HTF to have a $2 billion shortfall in FY 2015, but that gap has been wiped out in the newest projections by two developments: slightly higher gas tax revenue (from lower gas prices increasing demand) and slightly lower spending from lawmakers freezing spending in 2015 rather than letting it grow with inflation. These two developments mean that lawmakers may be able to wait until the summer to deal with the HTF, thus allowing them to possibly write a new highway bill without dealing with the financing gap for a few months.

A short term extension of the current highway remains a distinct possibility.

Source: Committee for a Responsible Federal Budget

Market is Ripe for Infrastructure Investment in US:

The US is now one of the top 10 most attractive markets in the world for investment in infrastructure, according to a new report from ARCADIS (EURONEXT: ARCAD), the leading global natural and built asset design and consultancy firm. As the country continues the debate on how to fund much-needed infrastructure, the information in this report draws out key points for new partnering opportunities between public and private investment. Already, some high-profile projects are demonstrating how these alliances can benefit both investors and economic growth and prosperity.

The findings come from the second ARCADIS Global Infrastructure Investment Index, which ranks 41 countries by their attractiveness to investment in infrastructure. To gauge their appeal, the study looked at several criteria, including the ease of doing business in each market, tax rates, GDP per capita, government policy, the quality of the existing infrastructure and the availability of debt finance. Combining all of these factors provided a strong overview of the risk profile for each market and how attractive each one is likely to be to potential investors.

Rising three places from its ranking in 2012, the US has made it into the top 10 for the first time. Improvements across all business indicators and an improved financial environment have increased the appeal of US projects, but one of the major factors is the huge, unmet need to rebuild or maintain aging infrastructure like public transportation, roads and water systems. Additionally, planners are rethinking how to make cities and communities more resilient to flooding, drought and other challenges. The report cites estimates from the American Society of Civil Engineers (ASCE), pointing to the need to rehabilitate $3.6 trillion in assets by 2020 against a budget forecast of $2 trillion. To bridge that $1.6 trillion gap, government leaders are looking at alternative and private investment models.

The full ARCADIS Global Infrastructure Investment Index report can be downloaded from ARCADIS.

Public Works 2015 Salary & Benefits Survey:

The March issue of *Public Works* magazine reports on their recent survey of salary and benefits in the public works sector. According to the report, the recession and budget cuts have necessitated a grueling “do more with less” climate. Compensation has been reconfigured so employers pay less for benefits while employees pay more. Government employees are still dealing with the ramifications of decreased property and income tax revenues and both legislative and public outcries for less public spending.

For the better part of the past six years, departments have experienced furloughs and salary freezes; and employees have shouldered a higher share of health costs. However, this year's survey results also confirm what professional organizations and media outlets have been saying: The public sector is in recovery mode.

City and state budgets are showing slow but steady growth as the public sector finally moves past the recession, and this is reflected in the availability of public jobs. For the first time since 2008, more cities are hiring than laying off employees, according to the National League of Cities. Pay raises indicate that budgets are recovering.

But benefit costs keep rising. Many say that raises are not enough to offset higher copays, deductibles, and employee contributions. Nevertheless, three-quarters of survey respondents say their benefits are about the same as or better than the private sector's. The same percentage is "somewhat" to "very satisfied" with their benefits, with 9% "somewhat satisfied", and 3% who are "not at all satisfied".

Related to all this is the pending struggle to replace the "boomers" who will soon be retiring. Of the 1,331 public works professionals who took this year's survey, 25% are 55 to 60 years old and 20% are older than 60. More problematic is that only 11 % of respondents are under 40, and 2% are 32 or younger.

DOT Announces $500 Million Available for 2015 TIGER Grants:

U.S. Transportation Secretary Anthony Foxx announced that $500 million will be made available for transportation projects across the country under a seventh round of the highly successful U.S. Department of Transportation's (DOT) Transportation Investment Generating Economic Recovery (TIGER) competitive grant program.

TIGER 2015 discretionary grants will fund capital investments in surface transportation infrastructure and will be awarded on a competitive basis to projects that will have a significant impact on the nation, a region, or metropolitan area.

The TIGER 2015 grant program will continue to make transformative surface transportation investments by providing significant and measurable improvements over existing conditions. The grant program will focus on capital projects that generate economic development and improve access to reliable, safe and affordable transportation for disconnected both urban and rural, while emphasizing improved connection to employment, education, services and other opportunities, workforce development, or community revitalization.

For more information on the 2015 TIGER 2015 Grant program, please select here.

The Pre-Application deadline is 11:59 E.D.T. on May 4, 2015.

The Final application deadline is 11:59 E.D.T. on June 5, 2015

Upgrading Our Energy Infrastructure:

Updating midstream and downstream infrastructure—pipelines, storage, processing, rail and marine components—is essential for ensuring the efficient movement of oil and natural gas to refineries and on to consumers and businesses.

Built decades before the United States emerged as the world's leading natural gas producer and soon-to-be leading oil producer, the current pipeline grid was primarily designed to transport imported crude oil and petroleum products from the Gulf Coast to points north. Now that advances in hydraulic fracturing and horizontal drilling have unlocked shale energy, surging production in the northeastern United States and in states like North Dakota requires not only a commitment to maintaining the current infrastructure, but also the expansion and development of new infrastructure.

A 2013 study conducted by IHS for the American Petroleum Institute shows that during the next 10 years, the country has a nearly $1.15 trillion investment opportunity to build the infrastructure that will secure America's status as an energy superpower—if regulatory barriers do not stand in the way.

This economic opportunity exists because U.S. energy production has expanded significantly and placed higher demand on the current infrastructure system. U.S. crude oil production has increased 72 percent since 2008, surging from five million barrels per day to an average of more than eight and a half million barrels per day in the first 11 months of 2014. Natural gas production has increased 35 percent since 2005, and the U.S. Energy Information Administration projects the United States will transition from being a net importer of 1.5 trillion cubic feet of natural gas in 2012 to a net exporter of 5.8 trillion cubic feet in 2040.

You can read the full report at *Construction Executive*.

Builder Confidence Rises:

Builder confidence in the market for newly built, single-family homes in April rose four points to a level of 56 on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI) released today.

“As the spring buying season gets underway, home builders are confident that current low interest rates and continued job growth will draw consumers to the market,” said NAHB Chairman Tom Woods, a home builder from Blue Springs, Mo.

“The HMI component index measuring future sales expectations rose five points in April to its highest level of the year,” said NAHB Chief Economist David Crowe. “This uptick shows builders are feeling optimistic that the housing market will continue to strengthen throughout 2015.”

Derived from a monthly survey that NAHB has been conducting for 30 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

All three HMI components registered gains in April. The component charting sales expectations in the next six months jumped five points to 64, the index measuring buyer traffic increased four points to 41, and the component gauging current sales conditions rose three points to 61.

Looking at the three-month moving averages for regional HMI scores, the South rose one point to 56 and the Northwest held steady at 42. The Midwest fell by two points to 54 and the West dropped three points to 58.

Source: National Association of Home Builders

Latest Economic Indicators at a Glance:

Annual Employment Report

Total nonfarm payroll employment increased by 126,000 in March, and the unemployment rate was unchanged at 5.5 percent. Employment continued to trend up in professional and business services, health care, and retail trade, while mining lost jobs.

Construction Employment

Construction employment declined by 1,000 in March but is still up by 282,000 compared to March 2014, as the sector’s unemployment rate fell to 9.5%, according to an analysis by the Associated General Contractors of America. Association officials noted that declining demand for residential and public sector projects offset gains in other areas to contribute to the overall month job losses.

“After 14 months of steady job gains, construction employment suffered in March,” said Ken Simonson, chief economist for the AGC. “Except for multifamily construction, home building remains weak and government officials just can’t seem to find a way to pay for needed repairs to a host of aging facilities.”

Construction employment totaled 6.34 million in March, compared to 6.345 million in February and 6.06 million in March 2014, the AGC reported of its analysis of US Census Bureau data. Residential building and specialty trade contractors lost 2,800 jobs (-0.1%) since February but added 136,300 jobs (6%) over 12 months. Results were split in the homes sector, with residential building contractors adding 3,700 jobs for the month while residential specialty trade contractors lost 6,500 jobs compared to February.

Nonresidential contractors—building, specialty trade, and heavy and civil engineering construction firms—hired a net of 1,100 workers for the month and 145,000 (3.8%) since March 2014. As with the residential sector, the nonresidential employment sector varied by segment. The nonresidential and specialty trade contractors and nonresidential building contractors added a combined 5,000 jobs for the month, but heavy and civil engineering contractors—who typically perform public sector projects such as highway construction—lost 3,900 jobs since February.

The employment figures are consistent with February federal spending data released earlier this month that showed declining investments in residential and public sector construction projects offsetting growing demand for private, nonresidential construction. Simonson noted that the industry’s recovery would continue to suffer if public sector investments continue to decline and the residential market remains weak.

“The threat of funding cuts for needed public infrastructure will continue to impact firms’ ability to add more employees to the payroll,” Simonson said.

<u>Consumer Confidence</u>

The Conference Board Consumer Confidence Index®, which had decreased in February, improved in March. The Index now stands at 101.3 (1985=100), up from 98.8 in February. The Expectations Index increased from 90.0 last month to 96.0 in March. The Present Situation Index, however, decreased from 112.1 in February to 109.1.

Lynn Franco, Director of Economic Indicators at The Conference Board, said: “Consumer confidence improved in March after retreating in February. This month’s increase was driven by an improved short-term outlook for both employment and income prospects; consumers were less upbeat about business conditions. Consumers’ assessment of current conditions declined for the second consecutive month, suggesting that growth may have softened in Q1, and doesn’t appear to be gaining any significant momentum heading into the spring months.”

Gross Domestic Product (GDP)

Real gross domestic product -- the value of the production of goods and services in the United States, adjusted for price changes -- increased at an annual rate of 2.2 percent in the fourth quarter of 2014, according to the "third" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 5.0 percent.

Consumer Price Index

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in February on a seasonally adjusted basis. Over the last 12 months, the all items index was unchanged before seasonal adjustment.

The seasonally adjusted increase in the all items index was broad-based, with increases in shelter, energy, and food indexes all contributing. The energy index rose after a long series of declines, increasing 1.0 percent as the gasoline index turned up after falling in recent months. The food index, unchanged last month, also rose in February, though major grocery store food group indexes were mixed.

The index for all items less food and energy rose 0.2 percent in February, the same increase as in January. In addition to shelter, the indexes for used cars and trucks, apparel, new vehicles, tobacco, and airline fares were among those that increased. The medical care index was unchanged, while the personal care index declined.

The all items index was unchanged over the past 12 months, after showing a 0.1-percent decline for the 12 months ending January. Over the last 12 months the food index rose 3.0 percent and the index for all items less food and energy increased 1.7 percent. These increases were offset by an 18.8-percent decline in the energy index.

Producer Price Index

The Producer Price Index for final demand increased 0.2 percent in March, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices moved down 0.5 percent in February and 0.8 percent in January.

On an unadjusted basis, the index for final demand decreased 0.8 percent for the 12 months ended in March.

Productivity and Costs

Nonfarm business sector labor productivity decreased at a 2.2 percent annual rate during the fourth quarter of 2014, as output increased 2.6 percent and hours worked increased 4.9 percent. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the fourth quarter of 2013 to the fourth quarter of 2014, productivity decreased 0.1 percent reflecting increases in output and hours worked of 2.9 percent and 3.0 percent, respectively. Annual average productivity increased 0.7 percent from 2013 to 2014.

Factory Orders

New orders for manufactured durable goods in February decreased $3.2 billion or 1.4 percent to $231.3 billion. This decrease, down three of the last four months, followed a 2.0 percent January increase. Excluding transportation, new orders decreased 0.4 percent. Excluding defense, new orders decreased 1.0 percent.

Transportation equipment, also down three of the last four months, led the decrease, $2.5 billion or 3.5 percent to $69.5 billion.

Employment Cost Index

Compensation costs for civilian workers increased 0.6 percent, seasonally adjusted, for the 3-month period ending December 2014 Wages and salaries (which make up about 70 percent of compensation costs) increased 0.5 percent, and benefits (which make up the remaining 30 percent of compensation) increased 0.6 percent.

Civilian Workers

Compensation costs for civilian workers increased 2.2 percent for the 12-month period ending December 2014. In December 2013, the increase in compensation costs was 2.0 percent. Wages and salaries increased 2.1 percent for the 12-month period ending December 2014, compared with a 1.9-percent increase in December 2013. Benefit costs increased 2.6 percent for the 12-month period ending December 2014, compared with a 2.2-percent increase for the 12-month period ending December 2013.

Private Industry Workers

Compensation costs for private industry workers increased 2.3 percent over the year. In December 2013 the increase was 2.0 percent. Wages and salaries increased 2.2 percent for the current 12-month period ending December 2014, about the same as the December 2013 increase of 2.1 percent. The cost of benefits rose 2.5 percent for the 12-month period ending December 2014, which was higher than December 2013, when the increase was 1.9 percent. Employer costs for health benefits increased 2.4 percent over the year. The 12-month percent change for December 2013 was an increase of 3.0 percent.

Among occupational groups, compensation cost increases for private industry workers for the 12-month period ending December 2014 ranged from 1.8 percent for service occupations to 2.6 percent for natural resources, construction, and maintenance occupations.

Among industry supersectors, compensation cost increases for private industry workers for the current 12-month period ranged from 0.6 percent for other services, except public administration to 5.6 percent for information.

State and Local Government Workers

Compensation costs for state and local government workers increased 2.0 percent for the 12-month period ending December 2014, compared with a 1.9-percent increase for December 2013. Wages and salaries increased 1.6 percent for the 12-month period ending December 2014, which was higher than the 1.1-percent increase in December 2013. Benefit costs increased 2.9 percent in December 2014. In December 2013, the increase was 3.3 percent.

Real Earnings

Real average hourly earnings for all employees decreased 0.1 percent from January to February, seasonally adjusted. This result stems from a 0.1-percent increase in average hourly earnings being offset by a 0.2-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).

Real average weekly earnings decreased by 0.1 percent over the month due to the decrease in real average hourly earnings combined with no change in the average workweek.

Real average hourly earnings increased by 2.1 percent, seasonally adjusted, from February 2014 to February 2015. This increase in real average hourly earnings, combined with a 0.6-percent increase in the average workweek, resulted in a 2.6-percent increase in real average weekly earnings over this period.

Construction Spending

Construction spending during February 2015 was estimated at a seasonally adjusted annual rate of $967.2 billion, 0.1 percent below the revised January estimate of $967.9 billion. The February figure is 2.1 percent above the February 2014 estimate of $947.1 billion. During the first 2 months of this year, construction spending amounted to $132.9 billion, 2.0 percent above the $130.3 billion for the same period in 2014.

Spending on private construction was at a seasonally adjusted annual rate of $698.2 billion, 0.2 percent above the revised January estimate of $696.9 billion. Residential construction was at a seasonally adjusted annual rate of $349.9 billion in February, 0.2 percent below the revised January estimate of $350.5 billion. Nonresidential construction was at a seasonally adjusted annual rate of $348.4 billion in February, 0.5 percent above the revised January estimate of $346.5 billion.

In February, the estimated seasonally adjusted annual rate of public construction spending was $268.9 billion, 0.8 percent below the revised January estimate of $271.0 billion. Educational construction was at a seasonally adjusted annual rate of $59.1 billion, 0.2 percent above the revised January estimate of $58.9 billion. Highway construction was at a seasonally adjusted annual rate of $82.8 billion, 0.2 percent below the revised January estimate of $83.0 billion.

Nonresidential Construction Spending

Nonresidential construction has often proved an exception, with the industry's momentum gaining steam recently. However, in February, nonresidential construction spending remained virtually unchanged inching down 0.1 percent on a monthly basis, according to the April 1 release from the U.S. Census Bureau. The February 2015 spending figure is 4.6 percent higher than February 2014, as spending for the month totaled $611.5 billion on a seasonally adjusted, annualized basis. The estimate for January spending was revised downward, from $614.1 billion to $611.9 billion, while the government revised December's spending estimate upward from $627 billion to $629.3 billion.

"Construction is impacted more by weather than just about any economic segment and the impact of February's brutal weather is evident in the government's spending figure," said Associated Builders and Contractors Chief Economist Anirban Basu. "ABC continues to forecast robust nonresidential construction spending recovery in 2015 despite the most recent monthly data, with the obvious exceptions of industry segments most directly and negatively impacted by declines in energy prices.

"The broader U.S. economy has not gotten off to as good a start in 2015 as many had expected with consumer spending growth frustrated by thriftier than anticipated shoppers," said Basu. "With winter behind us and temperatures warming, the expectation is that economic growth will roar back during the second quarter, which is precisely what happened last year. To the extent that this proves to be true, nonresidential construction's recovery can be expected to persist."

Construction Materials Prices

Prices for inputs to construction industries expanded 0.8 percent in March, the largest monthly increase in more than two years, according to the April 14 producer price index release by the Bureau of Labor Statistics. Prices have now expanded for two consecutive months after declining during the prior six; however input prices are down 3.6 percent on a year-over-year basis. March marks the fourth consecutive month year-over-year input prices have declined, the longest such streak since 2009. Crude petroleum prices fell 4 percent in March and have fallen in eight of the previous nine months.

“Although overall construction materials prices rose for the month, prices for more categories of materials decreased than increased, including sharp monthly declines in the price for softwood lumber and iron/steel,” said Associated Builders and Contractors Chief Economist Anirban Basu. “On a year-over-year basis, deflationary pressures are even more apparent as crude petroleum prices are down 55 percent and natural gas is down 45 percent, despite an increase in gas prices in March.

“Though U.S. nonresidential and residential segments continue to expand, global construction volumes remain suppressed by widespread weakness in Asia, Europe and Latin America,” said Basu. “With the U.S. dollar likely to get stronger over the next few months as domestic interest rates begin to rise, there is little likelihood of significant increases in construction input prices over the next six to nine months. Overall producer prices managed to increase 0.5 percent on a monthly basis, the first increase since June 2014. This reading serves to increase the likelihood that the Federal Reserve will begin to increase short-term interest rates later this year.”

Only two of the key materials prices increased in March.

- Fabricated structural metal product prices inched 0.4 percent higher for the month and have expanded 1.3 percent on a year-over-year basis.
- Natural gas prices expanded 1.5 percent in March, but are down 45.3 percent from the same time one year ago.

Nine of the 11 key construction inputs did not expand for the month.

- Prices for plumbing fixtures fell 0.3 percent in March but are up 2.5 percent on a year-over-year basis.
- Prices for prepared asphalt, tar roofing, and siding fell 0.4 percent for the month and are down 0.2 percent on a year-ago basis.
- Iron and steel prices fell 2.5 percent in March and are down 11.5 percent from the same time last year.
- Steel mill products prices fell 1.9 percent for the month and are 4.8 percent lower than one year ago.

- Softwood lumber prices fell 4.1 percent and are 7.4 percent lower than one year ago.
- Nonferrous wire and cable prices remained flat on a monthly basis and grew 2.5 percent on a yearly basis
- Crude petroleum prices fell 4 percent in March and are down 55 percent from the same time last year.
- Crude energy materials prices fell 1.4 percent in March but are 43.7 percent lower year over year.
- Concrete products prices remained flat in March and are up 4.1 percent on a yearly basis.

Retail Sales

U.S. retail and food services sales for March, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $441.4 billion, an increase of 0.9 percent from the previous month, and 1.3 percent above March 2014. Total sales for the January 2015 through March 2015 period were up 2.2 percent from the same period a year ago. The January 2015 to February 2015 percent change was revised from -0.6 percent to -0.5 percent

Retail trade sales were up 0.9 from February 2015, and 0.5 percent above last year. Food services and drinking places were up 7.7 percent from March 2014 and building material and garden equipment and supplies dealers were up 6.3 percent from last year.

New Residential Sales

Sales of new single-family houses in February 2015 were at a seasonally adjusted annual rate of 539,000. This is 7.8 percent above the revised January rate of 500,000 and is 24.8 percent above the February 2014 estimate of 432,000.

The median sales price of new houses sold in February 2015 was $275,500; the average sales price was $341,000. The seasonally adjusted estimate of new houses for sale at the end of February was 210,000. This represents a supply of 4.7 months at the current sales rate.

New Residential Construction

Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,092,000. This is 3.0 percent above the revised January rate of 1,060,000 and is 7.7 percent above the February 2014 estimate of 1,014,000.

Single-family authorizations in February were at a rate of 620,000; this is 6.2 percent below the revised January figure of 661,000. Authorizations of units in buildings with five units or more were at a rate of 445,000 in February.

Privately-owned housing starts in February were at a seasonally adjusted annual rate of 897,000. This is 17.0 percent below the revised January estimate of 1,081,000 and is 3.3 percent below the February 2014 rate of 928,000.

Single-family housing starts in February were at a rate of 593,000; this is 14.9 percent below the revised January figure of 697,000. The February rate for units in buildings with five units or more was 297,000.

Privately-owned housing completions in February were at a seasonally adjusted annual rate of 850,000. This is 13.8 percent below the revised January estimate of 986,000 and is 1.8 percent below the February 2014 rate of 866,000.

Single-family housing completions in February were at a rate of 595,000; this is 12.1 percent below the revised January rate of 677,000. The February rate for units in buildings with five units or more was 236,000.

U.S. Trade Balance

Goods and services deficit was $35.4 billion in February, down $7.2 billion from $42.7 billion in January, revised. February exports were $186.2 billion, $3.0 billion less than January exports. February imports were $221.7 billion, $10.2 billion less than January imports.

The February decrease in the goods and services deficit reflected a decrease in the goods deficit of $7.4 billion to $55.2 billion and a decrease in the services surplus of $0.1 billion to $19.7 billion.

Year-to-date, the goods and services deficit decreased $2.6 billion, or 3.2 percent, from the same period in 2014. Exports decreased $5.3billion or 1.4 percent. Imports decreased $7.9 billion or 1.7 percent.