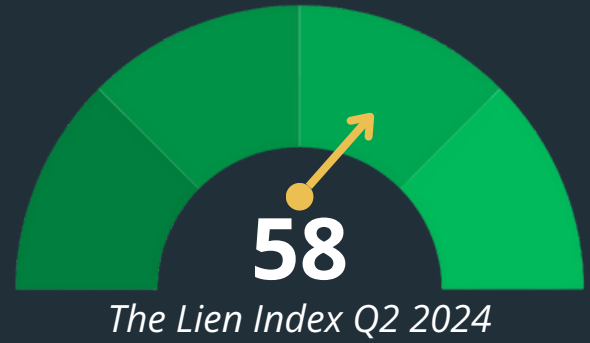
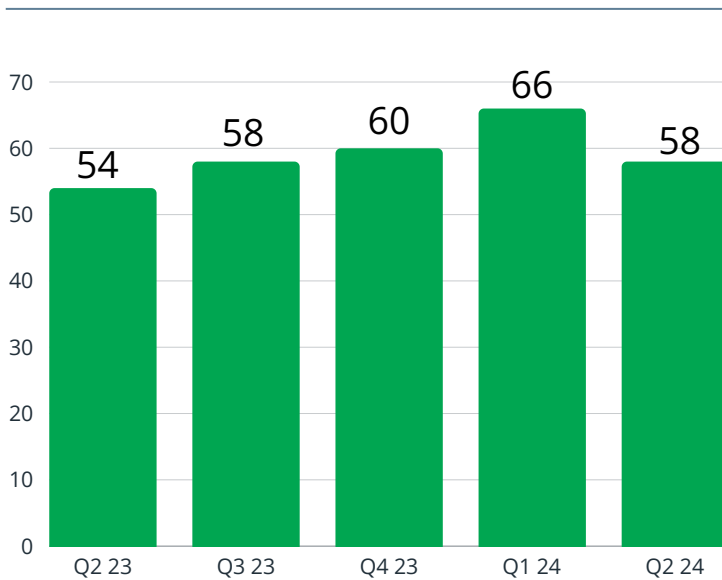


NCS Credit's Lien Index is derived from carefully monitored national and regional mechanic's lien activity, construction economic data from various sources, and general economic trends. The Lien Index compares mechanic's lien data, quarter over quarter.

The standard is fifty ("50"), with a number greater than "50" representing an increase in mechanic's lien activity, and less than "50" representing a decrease in mechanic's lien activity.



The Lien Index declined to 58 at the end of Q2, down 8 points from the revised Q1 Index of 66 and up 4 points over Q2 2023.

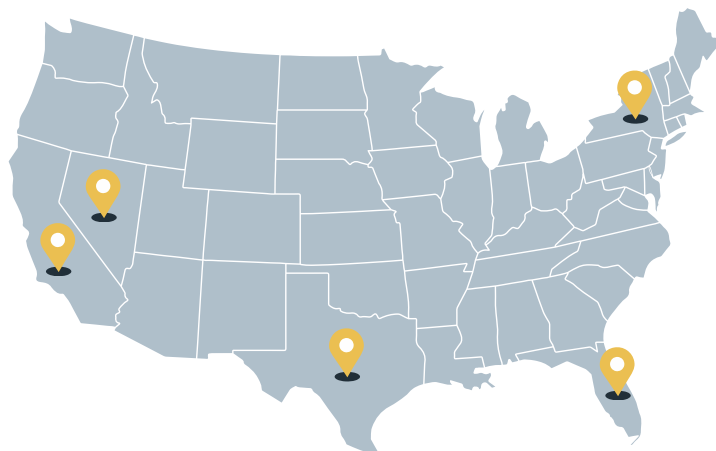


National Mechanic's Lien Activity

Down 12% over Q1 2024 and up 7% over Q2 2023, the Lien Index declined to 58 at the end of Q2.

The decrease indicates payment issues have improved over last quarter, though an Index over 50 confirms payment issues remain.

Unsurprisingly, the core pain points haven't changed: high costs for materials, steep interest rates, and increased risk of debtor defaults.



States with Highest Lien Activity

The top 5 states for lien activity were (in order of volume): **Texas, Florida, California, Nevada** and **New York**.

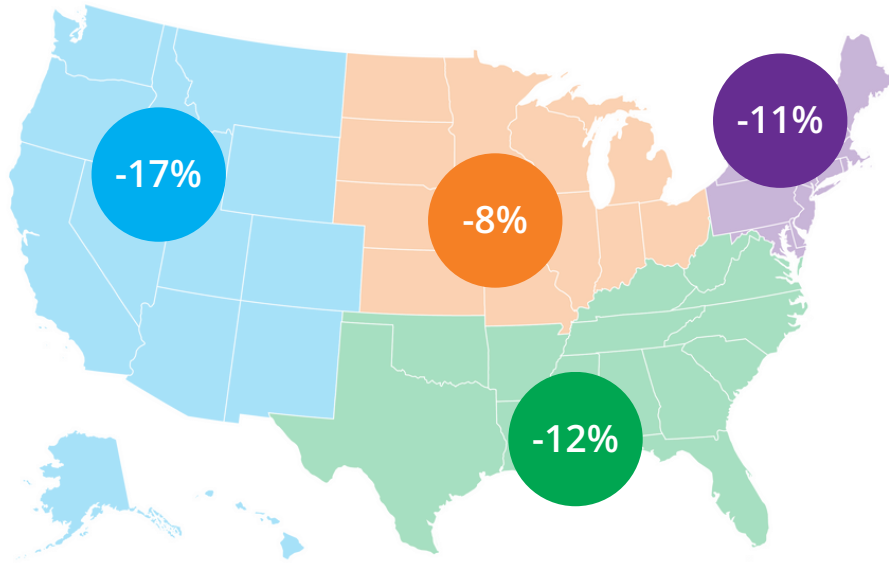
Top 3 States by Region

- **West:** California, Nevada, Colorado
- **Midwest:** Iowa, Illinois, Ohio
- **South:** Texas, Florida, Georgia
- **Northeast:** New York, Massachusetts, New Jersey

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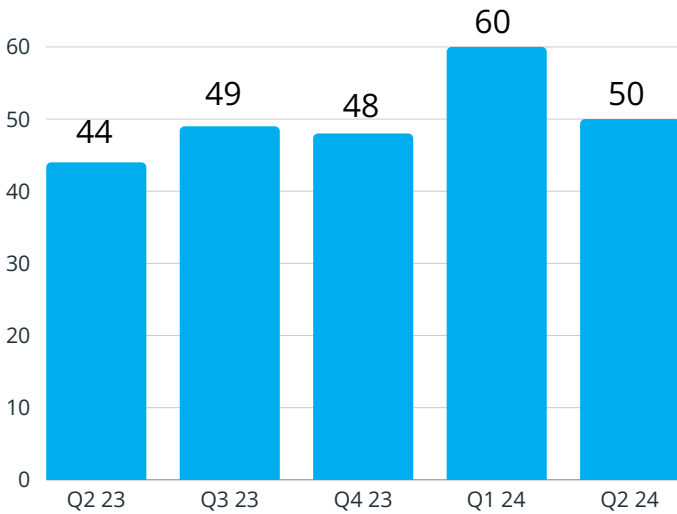
Regional Mechanic's Lien Activity



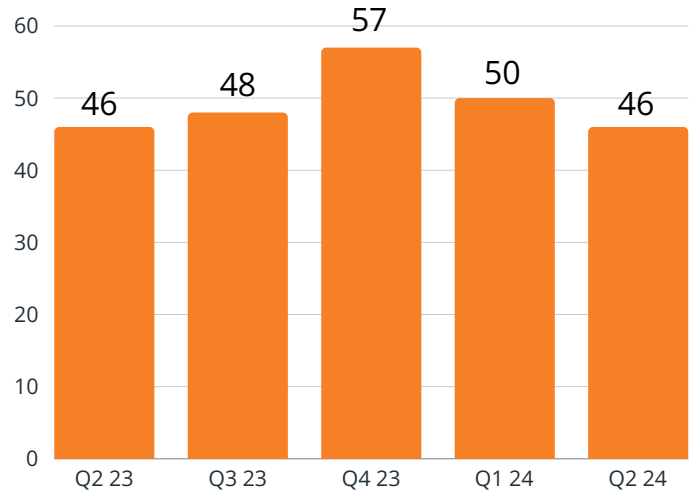
The **South (-12%)** and **Northeast (-11%)** led the nation in lien activity; 16 points above average.

Though their activity remains high, both regions declined significantly over Q1, indicating payment issues may be gradually resolving.

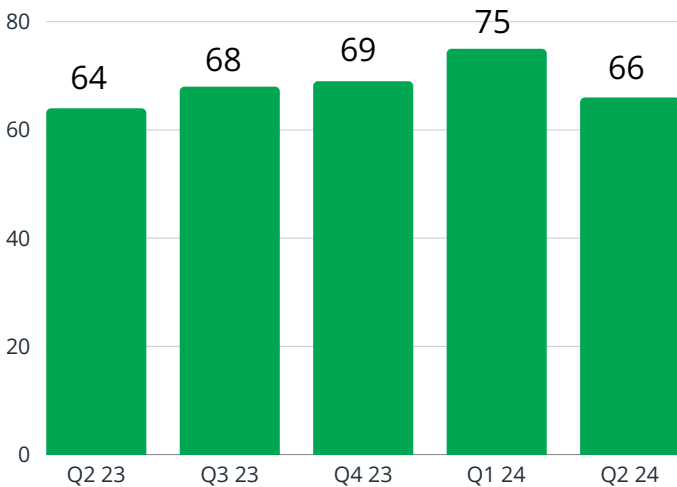
The **West (-17%)** came in right at 50 and the **Midwest (-8%)** landed at 46. Both regions are within the average expected activity level.



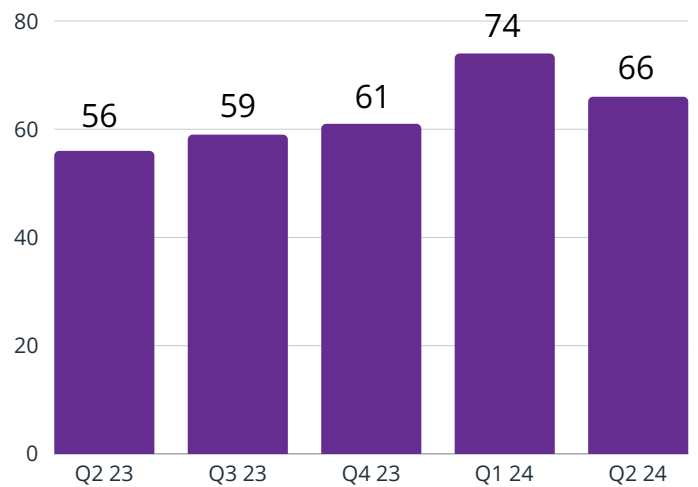
WEST



MIDWEST



SOUTH



NORTHEAST

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Looking Forward

Nationwide mechanic's lien activity decreased from the uncharacteristically high Q1 activity, reflecting an ease in missed and late payments. Unfortunately, as material costs, high interest rates, increased rates of default, and supply chain issues continue to batter the industry, the balance of 2024 and early 2025 will likely present frustrating payment challenges. Market conditions will be further jostled as we contend with the unsettling political climate of an election year. Though the future isn't all "doom and gloom," as economists indicate the industry is optimistic for better conditions in 2025. As we await the reprieve of improved market conditions, continue to serve preliminary notices, file mechanic's liens, and file UCCs to supplement payment security when mechanic's lien rights may be unavailable.

The **Architecture Billings Index** (ABI) at the end of June, ABI reported billings were down for the 17th consecutive month. *"Indicators of future work remained generally soft, with only slightly more than half of responding firms reporting an increase in inquiries into new work. Firms also reported a decline in the value of newly signed design contracts for the third consecutive month. While many firms still have a healthy backlog of projects in the pipeline, 6.4 months on average, this is the smallest that backlogs have been in more than three years. Despite this ongoing softness, firms remain generally optimistic that conditions will start to improve once interest rates begin to decline but are likely to continue experiencing challenges at least until then."* - The June ABI report

Associated Builders and Contractors (ABC) reported its **Backlog Indicator** ended Q2 at 8.4 months, down 0.5 months from June 2023. *"Backlog continues to hold up remarkably well despite high interest rates, inflation and emerging weakness in the broader economy,"* said ABC Chief Economist Anirban Basu. *"The combination of slowing inflation and softening growth suggests that the Federal Reserve may begin to lower interest rates as soon as September. That will buoy backlog as some of the softer construction segments, like office and commercial, benefit from lower borrowing costs and looser lending standards."*

The **Dodge Momentum Index** saw gains throughout the quarter. *"Owners and developers are gaining confidence in 2025 market conditions, alongside more stable and predictable interest rates – spurring stronger commercial activity over the month,"* stated Sarah Martin, Associate Director of Forecasting at Dodge Construction Network. *"Conversely, after last year's growth, institutional planning is decelerating, as high material costs, labor shortages, and elevated interest rates seep into planning decisions."*

Epiq Bankruptcy reported a 34% increase in commercial filings in the first half of 2024. *"As anticipated, we continue to observe significant year-over-year growth in commercial business filings,"* said Michael Hunter, Vice President of Epiq AACER. *"This trend persists due to elevated interest rates and rising operational expenses, which continue to strain business profitability... These factors collectively contribute to the ongoing necessity and increased demand for consumers and businesses to seek bankruptcy protection."*

Get Paid for the Work You Do

Construction is wrought with payment issues because the credit relationship is between more than you and your customer; it includes every party between you and the project owner. Timely payment is at the mercy of the weakest link in the payment chain.



Identify and evaluate credit for all parties in the ladder of supply.



Serve preliminary notices on every project, every time.



Obtain as much project and party information as possible.



Monitor activity on your existing projects and customers.

LienFinder™: Innovation & Business Intelligence Like You've Never Seen. LienFinder™ is an online database that captures construction project data nationwide, from hundreds of recording offices daily. Locate essential project information and avoid potential payment risks, through the review of national mechanic's lien activity. Contact us today to learn more about this revolutionary database!

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