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Construction employment rises in 39 states; ConstructConnect, ABI signal more growth

Seasonally adjusted **construction employment** rose in 39 states from May 2015 to May 2016 and declined in 11 states and the District of Columbia, an AGC [analysis](#) of Bureau of Labor Statistics (BLS) [data](#) released on Friday showed. California again added the most jobs (39,600, 5.5%), followed by Florida (29,400, 6.9%) and Georgia (13,400, 8.1%). The highest percentage gains again occurred in Hawaii (20%, 6,700 jobs), Iowa (13%, 10,400) and Nevada (10%, 6,900). North Dakota again lost the highest percentage of construction jobs, followed by West Virginia (-8.0%, -2,700), Kansas (-5.6%, -3,400), Wyoming (-5.2%, -1,200) and Alaska (-5.0%, -900). North Dakota also led again in number of jobs lost, followed by Kansas, Pennsylvania (-2,900, -1.2%) and West Virginia. From April to May, seasonally adjusted construction employment increased in 19 states, shrank in 30 states and D.C., and was unchanged in Indiana. (AGC's rankings are based on seasonally adjusted data, which is available only for construction, mining and logging combined in D.C., Hawaii, and five other states.)

The **value of nonresidential construction starts**, not seasonally adjusted, increased 16% year-to-date (YTD) for January-May combined, compared with the same months of 2015, ConstructConnect (formerly CMD, Reed Construction Data) [reported](#) on Wednesday, based on data it collected. The value of nonresidential building starts rose 21% YTD, with institutional starts (the largest subcategory) up 27%, commercial starts up 31% and miscellaneous nonresidential up 68%, partly offset by a 60% plunge in industrial (manufacturing) starts. Heavy engineering (civil) starts climbed 8.3%.

The **Architecture Billings Index (ABI)** score rose to 53.1, seasonally adjusted, in May from 50.6 in April and the highest reading since July, the American Institute of Architects [reported](#) on Wednesday. The ABI measures the percentage of surveyed architecture firms that reported higher billings than a month earlier less the percentage reporting lower billings; any score over 50 indicates billings growth. Firms with all practice specialties had scores above 50 for the second consecutive month (based on three-month moving averages): multifamily residential, 53.7, down from 55.0 in April; institutional, 53.0, up from 51.5; mixed practice, 51.0, up slightly from 50.7; and commercial/industrial, 51.0, down slightly from 51.4.

Housing starts dipped 0.3% at a seasonally adjusted annual rate from April to May but gained 10% YTD, the Census Bureau [reported](#) on Tuesday. Single-family starts increased 0.3% for the month and 14% YTD. Multifamily (buildings with 5 or more units) starts edged up 1.3% and 2.5%, respectively. **Building permits**, a fairly reliable predictor over time of near-term starts, rose 0.7% for the month and 2.9% YTD. Single-family permits slid 2.0% for the month but rose 11% YTD. Multifamily permits climbed 6.7% from April but dropped 10% YTD. Nevertheless, YTD multifamily permits (170,000) continued to outpace starts (142,000), suggesting more projects may begin soon. "In 25 of the largest U.S. cities, multifamily permits in urban areas were up 39% in 2015 compared with a year earlier, according to a study by housing-research firm Zelman & Associates," the [Wall Street Journal](#) reported on Wednesday. "New York, for example, is poised to see 2.6 times more apartments come online in the next year than the historical average, according to the analysis. Boston is likely to see 2.5 times as much supply growth as usual, while Philadelphia is bracing for twice the usual supply increase."

"**Rental demand** is expected to remain robust over the next decade as the youngest members of the millennial generation reach their 20s and begin to form their own households," the Harvard Joint Center for Housing Studies [stated](#) in its 2016 "State of the Nation's Housing" report, released on Wednesday. "Moreover, if homeownership rates for households in their 30s and 40s continue to slide, rental demand will be stronger still. For their part, the aging baby-boom generation will boost the number of older renters, ultimately pushing up demand for accessible units."

"The giant **Panama Canal expansion** opens June 26," the [Journal](#) reported on Monday. "The American Association of Port Authorities says close to \$155 billion will be invested by 2020 to enlarge U.S. ports to handle bigger ships" that can use Canal's additional, larger locks. "**Dredging projects** are still under way at the ports of Savannah, Ga., and Charleston, S.C....Oscar Bazán, the Panama Canal's executive vice president for planning and business development,...said he expects liquid natural gas [LNG] to be one of the main products transported through the canal" by 2020. The Federal Energy Regulatory Commission [listed](#) six LNG export terminals and one import terminal as being **under construction** as of June 2, with four export terminals and three import terminals approved but not under construction, including one in Puerto Rico.

"**State personal income** grew 1.0% on average in the first quarter of 2016, the same pace as in the fourth quarter of 2015," the U.S. Bureau of Economic Analysis [reported](#) on Wednesday. "Personal income grew in every state except Wyoming and North Dakota with first-quarter personal income growth rates ranging from -1.3% in North Dakota to 1.5% in Washington." Growth in **construction earnings** (the sum of wages and salaries, supplements to wages and salaries, and proprietors' income) "was the leading contributor to above-average earnings growth in Utah." Out of 24 industries, "health care, construction, and professional services were the leading contributors to overall growth in personal income." Nationally, construction earnings rose 2.3% quarter-to-quarter, with increases in D.C. and every state except Connecticut (-1.6%), Wyoming (-1.7%) and North Dakota (-3.5%). The largest increases in construction earnings occurred in Hawaii (4.6%), Iowa (4.2%) and Arizona (4.1%).

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