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Most metros add jobs through May; NAHB finds widespread craft-worker shortages

Construction employment, not seasonally adjusted, increased from May 2015 to May 2016 in 227 (63%) of the 358 metro areas (including divisions of larger metros) for which BLS provides construction employment [data](#), decreased in 83 (23%) and was stagnant in 48, according to an AGC [release](#) and [map](#) on Wednesday. (BLS combines mining and logging with construction in most metros.) The Anaheim-Santa Ana-Irvine, Calif. division again added the most jobs during the past year (14,700 construction jobs, 17%), followed by Orlando-Kissimmee-Sanford (9,700 construction jobs, 16%); and Phoenix-Mesa-Scottsdale (7,200 construction jobs, 7%). The largest percentage gains again occurred in Monroe, Mich. (30%, 700 combined jobs), followed by Urban Honolulu (20%, 4,900 combined jobs), Anaheim-Santa Ana-Irvine and the Miami-Miami Beach-Kendall division (17%, 6,800 construction jobs). The largest job losses again occurred in Midland, Texas (-2,200 combined jobs, -8%) and Odessa, Texas (-1,300 combined jobs, -8%), followed by New Orleans-Metairie (1,100 construction jobs, -3%); Beaumont-Port Arthur, Texas (-1,100 combined jobs, -6%); and Bloomington, Ill. (-1,100 combined jobs, -30%). The largest percentage declines again were in Bloomington, followed by Fairbanks, Alaska (-15%, -500 construction jobs) and Rocky Mount, N.C. (-300 combined jobs, -13%). Construction employment tied or set a new high for May in 31 areas and a new low in 18 areas, based on data back to 2000. (Not-seasonally-adjusted data should not be compared to other months.)

The National Association of Home Builders [reported](#) in its “Eye on Housing” blog on Tuesday, “A [survey](#) of single-family builders conducted by NAHB in June 2016 shows that **shortages of labor and subcontractors** have become more widespread than they were a year ago....The questions have covered nine key trades in a consistent way since 1996. Averaged across the nine trades, the share of builders reporting either some or a serious shortage has skyrocketed from a low of 21% in 2012, to 46% in 2014, 52% in 2015, and now 56% in 2016....For every one of the 12 trades covered in the 2016 survey, more builders reported a shortage of subcontractors than reported a shortage of labor they employ directly. For example, 78% of builders reported a shortage (either serious or some) of rough carpentry subcontractors, compared to 72% who reported a shortage of rough carpenters they directly employ; 67% reported a shortage of bricklayer/masonry subcontractors, compared to 57% for bricklayers and masons they directly employ; and so on.” AGC is currently surveying members about salaried and craft worker availability; contractor readers are invited to participate [here](#). AGC’s past [surveys](#) showed widespread shortages.

The **value of construction starts** increased 5% from April to May at a seasonally adjusted annual rate, Dodge Data & Analytics [reported](#) on Friday. “Much of the growth came from the nonbuilding construction sector (public works and electric utilities), which was lifted [24%] by a \$3.8 billion oil pipeline in the upper Midwest as well as by seven power plant projects with a combined cost of \$4.3 billion. Residential building edged up slightly [1%] in May, as multifamily housing bounced back from its subdued April performance. However, nonresidential building in May retreated [-6%], sliding for the second month in a row after the elevated activity reported in March. During the first five months of 2016, total construction starts on an unadjusted basis were...down 12% from the same period a year ago[, a period that included] 12 exceptionally large projects valued each at \$1 billion or more” compared with four such projects in January-May 2016. “If these exceptionally large projects are excluded, [total] starts during the first five months of 2016 would be down 0.3%, or essentially even, with last year.”

“While highway investments are estimated to create thousands of jobs each year, especially during the busy summer construction season, these positions only represent 15% of the 14.5 million **infrastructure jobs** found nationally,” Joseph Kane and Adie Tomer of the Brookings Institution’s Metropolitan Policy Program wrote in “The Avenue” blog, [posted](#) on June 23. “Instead, more than 77% of all infrastructure workers tend to focus on operating different physical assets over the course of many years, while an additional 7% are involved in infrastructure design and governance. So while you may see highway maintenance workers and pile-driver operators carrying out short-term construction and repair, it’s actually the bus drivers and cargo agents that benefit the most from this work in the long run. The fact that they often earn more competitive wages compared to all other workers nationally—without having to overcome significant education barriers—also speaks to the importance of these various infrastructure occupations to expanding economic opportunity. This will be especially true as up to 3 million infrastructure workers retire or otherwise permanently leave their jobs over the next decade, leaving an enormous gap to fill in the labor market.” The coming gap is illustrated in a blog the Census Bureau [posted](#) a blog on “America’s Age Profile Told through Population Pyramids” on June 23 along with 2015 **population estimates by age**, sex, race and Hispanic origin for the nation, states and counties. The “pyramids” consist of horizontal bars showing the number of people in an age range, with the ranges stacked. The pyramid for the U.S. also shows more people in the 50-59 age bracket than in the 30-39 and 40-49 ranges. As the older group moves to retirement, they will create demand for more structures suitable for seniors but will also leave a gap in the most experienced working-age population in construction as well as other industries. The pyramid also shows that the most numerous five-year bracket is ages 20-24. There are successively smaller numbers of people in the 15-19, 10-14, 5-9, and 0-4 year-old age ranges. Although these bars may increase if there is net immigration in the next 15 years, it appears likely that school-age population and, hence, **demand for new school construction** will decline.

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