



[www.agc.org/learn/construction-data](http://www.agc.org/learn/construction-data)

Vol. 16, No. 31 • August 15-22, 2016

## 39 states add construction jobs in latest 12 months; reports on July starts diverge

Seasonally adjusted **construction employment** rose in 39 states from July 2015 to July 2016, declined in 11 states and was unchanged in the District of Columbia, an AGC [analysis](#) of Bureau of Labor Statistics (BLS) [data](#) released on Friday showed. The highest percentage gains occurred in Iowa (17%, 12,800 jobs), followed by Hawaii (13%, 4,500), Idaho (13%, 4,800), Colorado (11%, 16,100), Arizona (8.6%, 10,900) and Massachusetts (8.4%, 11,600). Iowa and Massachusetts set new records. California again added the most jobs (29,100 jobs, 4.0%), followed by Florida (16,400, 6.1%), Colorado, Iowa and Massachusetts. North Dakota again lost the highest percentage of construction jobs (-8.5%, -2,900), followed by Wyoming (-7.5%, -1,700) and Kansas (-7.3%, -4,400). Kansas lost the largest number of construction jobs, followed by North Dakota, Alabama (-2,400, -3.0%) and Kentucky (-2,300, -3.0%). From June to July, seasonally adjusted construction employment increased in 23 states and D.C., shrank in 26 states, and was unchanged in Alaska. (AGC's rankings are based on seasonally adjusted data, which in D.C., Hawaii, and five other states is available only for construction, mining and logging combined.)

The **value of construction starts** decreased 2% from June to July at a seasonally adjusted annual rate, following a 7% drop in June, Dodge Data & Analytics [reported](#) on Friday. "A steep drop by electric utilities pulled down the nonbuilding construction sector, which in turn contributed to the slight decline for total construction starts. On the plus side, moderate improvement was reported for nonresidential building, helped by greater activity for its commercial building and manufacturing plant segments, while residential building benefitted from a stronger pace by multifamily housing. During the first seven months of 2016, total construction starts on an unadjusted basis were...down 11% from the same period a year ago. The January-July period of 2015 had featured 13 very large projects valued at \$1.0 billion or more, including a \$9.0 billion liquefied natural gas export terminal in Texas, an \$8.5 billion petrochemical plant in Louisiana, and two massive office towers in New York [City] with a combined construction start cost of \$3.7 billion. In contrast, the January-July period of 2016 included only four projects valued at \$1.0 billion or more. Excluding these exceptionally large projects from the comparison leads to a smaller 4% decline for total construction starts year-to-date [YTD]. 'While the loss of momentum for total construction starts in June and July may raise some concern about the overall health of the construction industry, it's useful to keep in mind that the recent declines were tied to two segments, public works and electric utilities, that are prone to volatility on a month-to-month basis,' stated [chief economist] Robert A. Murray. 'June's retreat for total construction reflected a pullback by public works after a strong performance in May, and July's retreat for total construction reflected a subdued amount of electric utility starts for that month. At the same time, nonresidential building was able to register moderate growth in June and July, while residential building can be viewed as essentially stable when taking the average of June and July.'"

Construction data firm ConstructConnect (formerly CMD, Reed Construction Data) reported on August 12 that the **value of nonresidential construction starts**, not seasonally adjusted, decreased 5.2% from June to July, in contrast to a "usual June-to-July change of +3.5%." Starts increased 3.4% from July 2015 and the YTD total was up 12% from January-July 2015. Nonresidential building starts increased 14% YTD, with institutional starts rising 19%, commercial starts up 16%, industrial starts down 40% and miscellaneous starts up 79%. Heavy engineering (civil) starts climbed 6.8% YTD.

**Housing starts** increased 2.1% at a seasonally adjusted annual rate from June to July and 6.7% YTD, Census [reported](#) on Tuesday. Single-family starts climbed 0.5% for the month and 11% YTD. Multifamily (buildings with 5 or more units) starts rose 8.3% from June but slipped 0.6% YTD. **Building permits**, a fairly reliable predictor over time of near-term starts, dipped 0.1% for the month and 2.2% YTD. Single-family permits dropped 3.7% for the month but gained 7.2% YTD. Multifamily permits climbed 6.5% from June but plunged 17% YTD. Multifamily permits YTD (223,000) are close to YTD starts (217,000), suggesting there is little or no backlog of unstarted projects, which may mean multifamily construction slows in the near future..

The **Architecture Billings Index (ABI)** score was above the breakeven 50 mark for the sixth consecutive month in July, with a reading of 51.5, seasonally adjusted, down from 52.6 in June, 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 fourth month in a row (based on three-month moving averages): multifamily residential, 55.2, down from 57.9 in June; institutional, 50.7, down from 52.7; mixed practice, 50.5 down from 51.0; and commercial/industrial, 50.3, unchanged.

State departments of transportation (DOTs) "across the country are reporting the lowest August **prices for asphalt** and related pavement materials since 2007," the [AASHTO Journal](#) of the American Association of State Highway and Transportation Officials reported on August 12. "That makes the cost state DOTs are paying for asphalt—one of their most widely used materials in building or maintaining roadway infrastructure—lower now than during the weakest times for the economy during the 2008-09 recession.... 'Since August is one of the busiest months for roadway infrastructure projects across the United States, the fact that DOTs are seeing the lowest asphalt prices for this month since 2007 means they can stretch their project budgets to cover more work,' said Bud Wright, AASHTO's executive director.

The Data DIGest is a weekly summary of economic news; items most relevant to construction are in italics. All rights reserved. Sign up at <http://store.agc.org>.