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## Job openings rise in July; Dodge sees more projects ahead; surveys vary on cost trends

There were 214,000 **construction industry job openings**, seasonally adjusted, at the end of July, BLS [reported](#) on Wednesday in its monthly Job Openings and Labor Turnover Survey (JOLTS). Openings amounted to 3.1% of combined employment plus openings. Both figures were the highest for July since 2006. In contrast, the 334,000 **hires** in July, seasonally adjusted, and the hiring rate (5.0% of monthly employment) were in line with monthly levels over the past eight years. Together, the near-record openings and trendless hiring pattern are consistent with the results of a [survey](#) AGC released on August 31 in which 69% of the 1,459 responding contractors reported difficulty filling craft positions. The number and rate of **layoffs and discharges** in August, seasonally adjusted, are near the lowest levels in the 16-year history of the JOLTS data, suggesting contractors are trying to hold onto workers, a possible indication that they have a backlog of projects to complete.

On Thursday, Dodge Data & Analytics [reported](#) a 1.3% increase in August from the revised July reading of the Dodge Momentum Index, “a monthly **measure of the first (or initial) report for nonresidential building projects in planning**, which have been shown to lead construction spending for nonresidential buildings by a full year. The move higher in August was the result of a 1.7% increase from July for institutional planning as well as a 1.0% gain for commercial planning. August is the fifth consecutive month that the Momentum Index has increased, marking the longest such streak since the end of 2012 into 2013.” The index rose 16% above the August 2016 level, with institutional planning up 22% and commercial planning up 11%.

“Reports from the 12 Federal Reserve districts indicate that economic activity continued to expand at a modest pace on balance during the reporting period of July through late August,” the Fed [reported](#) on Wednesday in the latest “Beige Book” (named for the color of its cover), a compilation of informal soundings of businesses in each district. The districts are referenced by their headquarters cities. “Growth in **residential construction** activity was moderate across many districts but robust in San Francisco, where contacts reported that contractors are bumping up against capacity constraints for new projects. In Minneapolis, strong growth in the construction of single-family units was offset somewhat by a slowdown in the construction of multifamily units. [**Commercial**] **construction** and sales rose only slightly in Boston, Kansas City and St. Louis but grew at a faster clip in Cleveland and Dallas. In the Atlanta district, construction activity expanded moderately, but contractors reported tight supply conditions, with construction backlogs of one to two years. Contacts in Richmond and New York noted strong growth in industrial construction, and vacancy rates for industrial space fell to 10-year lows in the latter district. Contacts in several districts cited only modest expectations for sales and construction activity moving forward, due in part to economic uncertainty surrounding the November elections....In many districts, businesses reported trouble filling **job vacancies** for high-skilled positions, especially those aimed at technology specialists, engineers, and selected construction workers. [The Cleveland district noted:] Home builders and commercial contractors reported a modest increase in **building materials prices**, especially for lumber, steel, concrete, and drywall. Field and office payrolls are expanding, but at a more modest pace than in the spring. The industry is experiencing **wage pressure** across skill levels. Subcontractors remain very busy. They are challenged by labor shortages and...many are selective when bidding....To cover rising labor costs, subcontractors are increasing their rates.”

Consultancy IHS Markit and the Procurement Executives Group (PEG) [reported](#) on August 24 that “construction costs contracted again in August....The headline current IHS PEG **Engineering and Construction Cost Index** registered 45.4 this month, down from 49.8 in July,” the 20th consecutive month below the neutral mark, in which a reading higher than 50 represents upward pricing strength; below 50, downward pressure. “This month, the current **materials/equipment price**...sub-index registered 47.5 in August, indicating falling prices” after rising to 50.5 in July, its first reading above the neutral mark since December 2014. Seven “of the 12 categories included in the index...showed falling prices. Fabricated structural steel, which posted rising prices in the last three months, reverted to neutral....Unlike last month, only two categories showed rising prices: ready-mix concrete and wire and cable....The **subcontractor labor** index fell to 40.5 in August, down sharply from 48.2 in July. The sub-index has recorded its fourth consecutive month below the neutral mark.”

Investment analyst Thompson Research Group [reported](#) Thursday on its monthly survey of building product firms. Regarding **steel studs**, half of the respondents reported success in imposing a 15% price increase in July, while 83% expected an August 15% price increase to be unsuccessful. For **wallboard**, 67% reported “flat” sequential pricing; regarding an August or September price increase, “64% of respondents expressed skepticism and 18% remained ‘undecided.’” For **roofing**, “all respondents reported ‘up’ [year-over-year] sequential pricing trend” but were evenly split about the likely success of a mid-July or early August 5% price increase.

Distributor New South Construction Supply [reported](#) on August 31, “there were few price changes in August for most of the major product categories we distribute and it appears the same will hold true for September. The exceptions were **domestic rebar prices and lumber prices**. Although none made an official announcement, domestic rebar mills in the Southeast unexpectedly reduced prices between 3-5% in late August....**Imported rebar prices** were unchanged in August. [Southern yellow pine] lumber prices began to move up in mid-August....**Prices for spruce lumber** have also risen recently.”

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