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Contractors again report difficulty filling jobs; employment, spending rise less steadily

Filling craft positions and *some* ***salaried positions*** *remains a challenge for contractors, according to participants in AGC's 2016 Workforce Survey, though slightly less so than in 2015. More than two-thirds (69%) of the 1,459 respondents stated they were having a hard time filling some hourly craft positions, AGC reported on Wednesday. In addition, 38% said they were having a hard time filling some salaried field positions; 33%, salaried office positions; and 15%, hourly office positions, while 8% reported no trouble filling any positions and 9% had no openings to fill. (In the 2015 version of the survey, 79% reported difficulty filling craft positions; 52%, salaried positions.) The* ***hardest craft positions to fill*** *were carpenters, reported by 60% of firms that currently employ them (vs. 73% in 2015); electricians, reported by 53% (60% in 2015); roofers, 50% (56% in 2015) and plumbers, 50% (54% in 2015). As in 2015, the* ***hardest salaried positions to fill*** *were project managers/supervisors, 50% (55% in 2015); estimating personnel, 31% (43% in 2015); and engineers, 28% (34% in 2015). About half of respondents said their firms increased* ***base pay rates*** *(48% for hourly craft workers, 43% for salaried workers) because of difficulty filling positions. One-fifth of firms provided* ***incentives/bonuses*** *(hourly, 20%; salaried, 27%) or increased their portion of benefit contributions and/or improved employee benefits (hourly 22%; salaried, 21%). These results were similar to those in 2015. Firms used a variety of methods to respond to the difficulty in filling positions: in-house training, 48% of respondents' firms; overtime hours, 47%; subcontractors, 39%; engage with career-building programs, 37%; interns, 35%; executive search firms, 25%; labor suppliers (craft), 24%; staffing firms and professional employer organizations (noncraft), 23%. Less common were use of labor-saving equipment, tools or machinery, 21%; unions, 18%; lean construction, 15%; offsite prefabrication, 13%; or virtual construction methods such as building information modeling, 7%. These percentages also were close to 2015 levels.*

Nonfarm payroll **employment** in August increased by 151,000, seasonally adjusted, from July and by 2,447,000 (1.7%) year-over-year (y/y), the Bureau of Labor Statistics (BLS) reported on Friday. The unemployment rate (4.9%) was unchanged from July. ***Construction employment*** *(6,640,000) decreased by 6,000 from July, the fourth monthly decline in the past five months, but rose by 199,000 (3.1%) y/y. Residential construction employment (residential building and specialty trade contractors) rose by 10,800 for the month and 132,100 (5.4%) y/y. Nonresidential employment (nonresidential building, specialty trades, and heavy and civil engineering construction) fell by 17,200 for the month but rose by 66,700 (1.7%) y/y. The number of* ***unemployed jobseekers*** *who last worked* ***in construction*** *declined from 525,000 in August 2015 to 454,000, and the unemployment rate for such workers dropped from 6.1% to 5.1%%, the lowest August figures for these series since 2000. (Industry unemployment data are not seasonally adjusted and should only be compared y/y, not across months.)* ***Average hourly earnings*** *rose 2.8% y/y to $28.22, 9.7% above the total private-sector average.*

Construction spending *totaled $1.153 trillion at a seasonally adjusted annual rate in July, virtually unchanged from the upwardly revised June rate, and up 1.5% year-over-year, the Census Bureau reported on Thursday. The June rate was revised up by $20 billion (1.8%). Combined January-July year-to-date (YTD) spending was 5.6% higher than in the same months of 2015.* ***Public construction*** *tumbled 3.1% for the month but edged up 0.2% YTD. The largest public component, highway and street construction, increased 0.3% for the month and 2.6% YTD. The other major public segment, educational construction, plunged 8.3% for the month but rose 4.0% YTD.* ***Private residential spending*** *gained 0.3% in July and 6.6% YTD. New multifamily construction slid 0.6% for the month but gained 22% YTD; new single-family construction fell 0.2% from June but increased 8.9% YTD; and residential improvements rose 1.5% for the month but slipped 1.7% YTD.* ***Private nonresidential spending*** *gained 1.7% for the month and 8.6% YTD. By subsegment, in descending order of July size, power (electric power plus oil and gas pipelines and field structures) increased 1.1% for the month and 8.3% YTD; manufacturing rose 3.9% in July but fell 2.7% YTD; commercial (retail, warehouse and farm) rose 1.2% and 10%, respectively; office, 4.6% and 27%; and health care, -0.3% and 3.5%.*

Construction employment*, not seasonally adjusted, increased from July 2015 to July 2016* ***in*** *239 (67%) of the 358* ***metro areas*** *(including divisions of larger metros) for which BLS provides construction employment data, decreased in 60 (17%) and was stagnant in 59, according to an AGC release and map on Wednesday. (BLS combines mining and logging with construction in most metros.) The Denver-Aurora-Lakewood metro area added the most (11,700 combined jobs, 12%), followed by Phoenix-Mesa-Scottsdale (10,700 construction jobs, 11%), Orlando-Kissimmee-Sanford (10,400 construction jobs, 17%) and the Anaheim-Santa Ana-Irvine, Calif. division (9,900 construction jobs, 11%). The largest percentage gains occurred in Boise, Idaho (22%, 4,100 combined jobs); Orlando-Kissimmee-Sanford and Monroe, Mich. (17%, 400 combined jobs). The largest job losses occurred in Louisville/Jefferson County, Ky.-Ind. (-1,900 combined jobs, -6%); New Orleans-Metairie (-1,400 construction jobs, -4%); and Birmingham-Hoover, Ala. (-1,300 construction jobs, -5%). The largest percentage declines again were in Bloomington, Ill. (-16%, -500 combined jobs), followed by Lawton, Okla. (-15%, -300 combined jobs); and Dothan, Ala. (-14%, -400 combined jobs). Construction employment tied or set a new high for July in 37 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.)*