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Employment hits eight-year high in November; spending, job openings rise in October

Nonfarm payroll **employment** in November increased by 178,000, seasonally adjusted, from October and by 2,343,000 (1.6%) year-over-year (y/y), the Bureau of Labor Statistics (BLS) [reported](#) on December 2. The unemployment rate (4.6%) decreased from 4.9% in October. **Construction employment** (6,704,000) increased by 19,000 from October and by 155,000 (2.4%) over 12 months to the highest level since November 2008. Residential construction employment (residential building and specialty trade contractors) rose by 19,600 for the month and 120,400 (4.8%) y/y. Nonresidential building employment rose by 300 employees in November and 6,600 (0.9%) over the year. Nonresidential specialty trade contractors added 800 workers during the month and 32,400 (1.4%) over 12 months. But heavy and civil engineering construction firms shed 2,100 jobs for the month and 4,400 (-0.5%) since November 2015. The number of **unemployed jobseekers** who last worked in construction edged down from 536,000 in November 2015 to 517,000, and the unemployment rate for such workers dropped from 6.2% to 5.7%, the lowest November figures for these series since 2006. (Industry unemployment data are not seasonally adjusted and should only be compared y/y, not across months.)

Construction spending totaled \$1.173 trillion at a seasonally adjusted annual rate in October, an increase of 0.5% from the upwardly revised September rate and 3.4% from the October 2015 rate, the Census Bureau [reported](#) on December 1. The the year-to-date (YTD) total for January through October compared to the same months of 2015 was up 4.5%. **Public construction** jumped 2.8% for the month but fell 1.5% YTD. The largest public component, highway and street construction, increased 1.9% for the month but just 0.2% YTD. The other major public segment, educational construction, climbed 4.1% for the month and rose 5.3% YTD. **Private residential spending** increased 1.6% in October and 5.7% YTD. New multifamily construction gained 2.8% for the month and 18% YTD; new single-family construction also gained 2.8% from September and increased 5.1% YTD; and residential improvements dipped 0.6% for the month but rose 2.5% YTD. **Private nonresidential spending** declined 2.1% for the month but increased 7.7% YTD. By subsegment, in descending order of October size, power (electric power plus oil and gas pipelines and field structures) decreased 4.3% for the month but added 7.2% YTD; manufacturing skidded 2.7% in October and 3.1% YTD; commercial (retail, warehouse and farm) slipped 0.7% for the month but rose 9.0% YTD; office fell 1.2% in October but jumped 28% YTD; and health care fell 3.3% in October but rose 1.6% YTD.

There were 205,000 **construction industry job openings**, seasonally adjusted, at the end of October, the Bureau of Labor Statistics (BLS) [reported](#) on Tuesday in its monthly Job Openings and Labor Turnover Survey (JOLTS). Openings amounted to 2.9% of combined employment plus openings. Both figures were the highest for November, by far, since the series began in 2000. In contrast, the number of hires (332,000) was little changed from the November level in the previous seven years. One possible interpretation of these facts is that contractors have been unable to find the workers they need, hence have a low hiring rate and a high rate of openings at the end of the month.

“The nation is projected to produce fewer **high school graduates** in all of the 10 graduating classes between 2013 and 2023, compared to the highest recorded number of graduates in 2013,” according to a report [released](#) on Tuesday by the Western Interstate Commission for Higher Education (WICHE). “While the country is projected to see three years of growth between 2024 and 2026, this will be a short-term increase as the average size of graduating classes between 2027 and 2032 is expected to be smaller than those in 2013....There is significant **regional variation** with the Northeast and the Midwest experiencing continuing declines in the number of high school graduates while the West will see slight increases, and the South will see significant and steady increases. [The South] is the only region that is projected to experience an increase in the number of high school graduates for every year of the projections, even though that number is expected to contract after 2025.” *These trends imply shrinking long-time demand in much of the nation for **high school and higher education construction**.*

The Dodge Momentum Index rose in November for the 10th time in 12 months, by 0.3% from its revised October reading and by 18% from November 2015, Dodge Data & Analytics [reported](#) on Wednesday. The index is “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....This suggests that construction activity should continue to strengthen in 2017. The uptick for the Momentum Index in November was due to a 4.1% rise in the commercial building component, while the institutional component slipped 5.2% in the month. Institutional planning had shown strength earlier in 2016, but has since receded, and is now 2% lower than last year. Commercial planning, on the other hand, had a very weak start to the year but has since moved forward and is now 35% above last year.”

The **value of nonresidential construction starts** in October rose 11% y/y, and the YTD total for the first 10 months of 2016 combined increased 8.8% from the same period in 2015, ConstructConnect (formerly Reed Construction Data) [reported](#) on December 2. Heavy engineering (civil) starts climbed 11% y/y and 3.0% YTD, while nonresidential building starts grew 11% y/y and 12%. Within the building category, institutional starts soared 31% y/y and 16% YTD; commercial starts tumbled 15% y/y but increased 11% YTD; and industrial starts leaped 477% y/y but shriveled by 33% YTD.