



# AGC

THE CONSTRUCTION  
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**JUNE  
2022**

# Construction's Contribution to the Kansas City Economy

The construction industry is a major—and fast-growing—contributor to employment and income in the Kansas City region and throughout Missouri and Kansas. This brief report lays out the extent of those contributions.

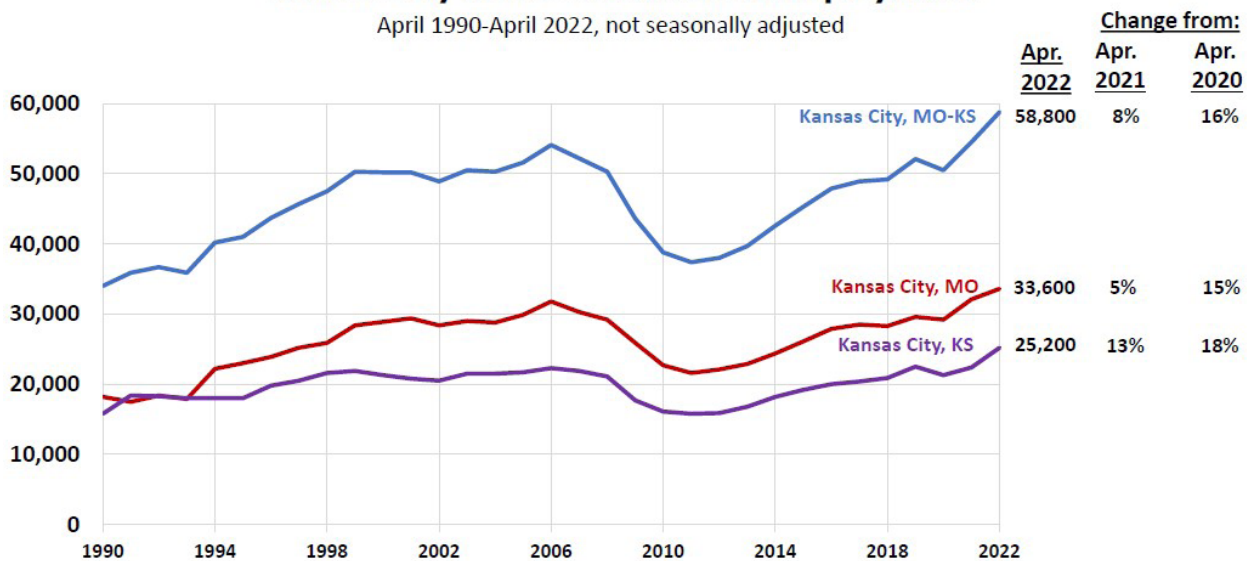
# Employment

Construction employment in the Kansas City Metropolitan Statistical Area (MSA) is rising rapidly—far more than for the economy as a whole. Industry employment totaled 58,800 in April 2022, the most for any month in the 33-year history of the series and an increase of nearly 8% from one year earlier.

Growth is occurring on both sides of the state line, as shown in the figure below. Construction employment in the Kansas side of the MSA jumped by 13% to 25,200, also a record high. Construction employment in the Missouri portion of the MSA rose 5% from a year ago to 33,600, which was the largest amount ever for April. Since April 2020, when much of the economy was shut down in the early days of the coronavirus pandemic, construction employment in the MSA has soared by 16%, with nearly equal gains in each state.

## Kansas City Metro Construction Employment

April 1990-April 2022, not seasonally adjusted



Construction employment has grown much faster than total private-sector employment, which increased less than 3% from April 2021 to April 2022. As a result, construction now constitutes 6.3% of the region's entire private workforce, the sector's highest share since the building boom of 2004-2007.

But the impact of construction activity extends far beyond direct employment and far beyond the immediate metro area. Every construction project supports indirect jobs among the firms producing goods and services for the construction project, and so-called induced jobs throughout the economy supported by spending from the additional wages and profits of the workers and owners in the construction and supplier businesses.

A model created for AGC of America by Brian Lewandowski, a leading regional economist at the University of Colorado Boulder, traces these indirect and induced job impacts through the regional economy. An investment of \$1 billion in nonresidential building structures in 2022 would support 17,100 jobs in the 22-county Kansas City Combined Statistical Area (CSA). (See the Notes for a list of counties in the MSA and broader CSA.) Additional jobs that are not captured by the model would be supported elsewhere in Missouri, Kansas, and beyond.

# Construction spending

The industry's contribution to the regional economy is continuing to expand at a rapid pace. Following the pandemic-induced downturn in the economy in early 2020, construction starts rebounded strongly in the Kansas City MSA. The value of all starts totaled \$8.3 billion in 2021, according to construction data firm Construct Connect—a 27% leap above the 2020 total. The bulk of the starts—80% in 2021—have been in nonresidential and multifamily construction.

A diversity of projects contributed to the pickup, indicating that the industry is not dependent on a single sector. Among the larger segments, there was a 443% increase in the value of bridge starts in 2021. The value of manufacturing construction starts more than doubled, rising 141%. Elementary and preschool starts soared 93%. Office and data-center starts jumped 77%. Multifamily starts rose 56%, while water and sewage treatment starts climbed 55%.

The gains have accelerated so far in 2022. In the first three months of the year, the value of nonresidential and multifamily construction starts in the MSA soared 72% from the first quarter of 2021.

## \$8.3 Billion

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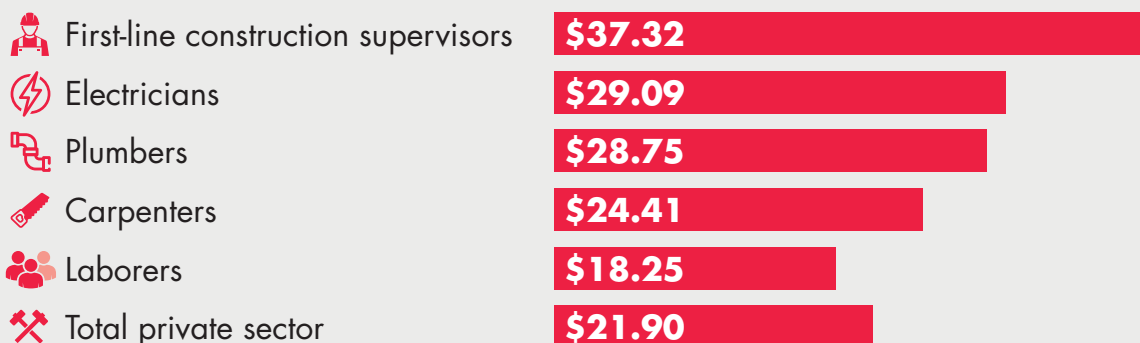
## Wages

Construction pays well in Kansas City. Weekly wages in Jackson County, Mo. averaged \$1,405 in the third quarter of 2021, 16% higher than the \$1,211 average for all private-industry employees. In Johnson County, Kan., construction wages averaged \$1,357, 8% more than the private-industry average of \$1,254.

Higher-than-average pay characterizes the vast majority of construction occupations. In 2021, the median hourly wage in most construction occupations—the level above which half of all workers are paid—exceeded the \$21.90/hour median for all occupations in the Kansas City MSA. While the largest construction occupation, laborers (the entry-level position for many workers who go on to manage and own construction businesses) had a median of \$18.25, the next four-largest occupations paid well above the all-occupation median.

Median pay for electricians was \$29.09/hour, a premium of 33% over the all-occupation median. Carpenters earned a median of \$24.41/hour, a premium of 11%. The median for first-line supervisors was \$37.32, a premium of 70%. And plumbers, pipefitters, and steamfitters earned a median of \$28.75, a premium of 31%.

### Median hourly wages in KC MSA





# Regional economic contributions

In addition to supporting employment, construction boosts economic activity throughout the region. For example, \$1 billion invested in 2022 in nonresidential building structures would increase gross output or sales of other businesses in the 22-county Kansas City CSA by an additional \$1.29 billion, according to AGC's Construction Impact Model.

This "multiplier," like that for employment, varies with project type and regional economic profile. But the \$8.3 billion of construction started in 2021 can be expected to add as much as \$10.7 billion in additional sales across the metro region (and additional amounts elsewhere). The combined impact of the direct, indirect, and induced spending would support as many as 142,000 jobs across all industries in the region.

## Summary

Construction in the Kansas City metro area is a high-paying, fast-growing industry that supports and stimulates additional employment and investment throughout the bi-state region. Construction employment in the MSA increased by 8% from April 2021 to April 2022, more than three times as fast as total private employment. The activity that generated nearly 59,000 construction jobs in April also supports tens of thousands of additional jobs in the Kansas City region alone. Average construction industry wages in the metro area's two largest counties top the private-industry average by 8 to 16%.

Increased investment in construction locally would help the entire economy. An increase in investment in nonresidential building construction of \$1 billion in 2022 locally would support more than 17,000 jobs locally and \$1.29 billion in additional sales throughout the area. Most important are the long-term economic benefits from these projects. A rebuilt airport, safer and less congested highways, and major new manufacturing and distribution facilities will make major contributions to the Kansas City region's already high quality of life and economic competitiveness.

# Notes

This report was prepared by Ken Simonson, [ken.simonson@agc.org](mailto:ken.simonson@agc.org), chief economist for the Associated General Contractors of America, with assistance from AGC's research analyst, Macrina Wilkins, [macrina.wilkins@agc.org](mailto:macrina.wilkins@agc.org).

The federal government uses two definitions for the Kansas City metro area. The Metropolitan Statistical Area (MSA) comprises 15 counties: six in Kansas (Franklin, Johnson, Leavenworth, Linn, Miami, and Wyandotte) and nine in Missouri (Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray). The broader Combined Statistical Area (CSA) includes seven additional counties: three in Kansas (Atchison, Doniphan, and Douglas) and four in Missouri (Andrew, Buchanan, DeKalb, and Johnson).

Employment data for the Kansas City MSA is from the Bureau of Labor Statistics (BLS)'s state and area employment website, [www.bls.gov/sae](http://www.bls.gov/sae). BLS posts combined employment for construction, mining, and logging. Because the latter two industries are very minor sources of employment in the MSA, this report treats the totals and percentage changes as if they represent construction alone.

Information on the value of construction starts in the Kansas City MSA was kindly provided by Construct Connect, [www.constructconnect.com](http://www.constructconnect.com).

Data on weekly wages and employment counts by occupation for counties is from BLS's occupational employment and wage statistics, [www.bls.gov/oes](http://www.bls.gov/oes).

Estimates for the Kansas City CSA were calculated by Brian Lewandowski using data from the Bureau of Economic Analysis (BEA)'s RIMSII model as of June 7, 2022.