Data Digest

WWW.AGC.ORG

Supported by: constructconnect

Vol. 23, No. 20   May 31-June 5, 2023

Construction employment rises in May; most spending segments grow in April; openings remain high

Construction employment, seasonally adjusted, totaled 7,928,000 in May, a gain of 25,000 from April and 192,000 (2.5%) year-over-year (y/y), according to AGC's analysis of data the Bureau of Labor Statistics (BLS) posted on Friday. **Residential construction employment** (residential building and specialty contractors) rose by 2,500 in May and 39,100 (1.2%) y/y. **Nonresidential construction employment** (building, specialty trade, and heavy and civil engineering construction firms) rose by 22,100 for the month and 153,100 (3.4%) y/y. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees in construction (craft and office) rose 6.0% y/y to $34.07 per hour, a "premium" of 18.5% over the private sector average of $28.75, which increased 5.0% y/y. But the construction wage premium remained considerably below the 2000-2019 average of 21.5%. The **unemployment rate** for workers with construction experience fell from 4.1% in May 2022 to 3.5%, the second-lowest May rate since the series began in 2000.

Construction spending (not adjusted for inflation) totaled $1.91 trillion in April at a seasonally adjusted annual rate, up 1.2% from the upwardly revised March rate and up 7.2% y/y, the Census Bureau reported on Thursday. However, without a deflator, it is impossible to say how much of the y/y gain is in units vs. price. **Private residential construction** increased 0.5%, with single-family homebuilding down 0.8%, multifamily construction spending up 0.6%, and owner-occupied improvements up 1.7%. **Private nonresidential construction** spending rose 2.4%. The largest private nonresidential segment (based on the seasonally adjusted April rate)—manufacturing construction—jumped 8.6%, including computer/electronic/electrical, up 13%; chemical and pharmaceutical, up 6.8%; and transportation equipment, up 3.8%. Commercial construction fell 3.1% (comprising warehouse, up 1.7%; retail, down 0.9%; and farm, up 0.9%). Power slid 1.4% (with electric power down 1.5% and oil and gas field structures and pipelines down 1.1%). Private office and data center construction increased 0.3%. **Public construction** spending rose 1.1%. The largest public segment, highway and street construction, climbed 1.3%. Public education dipped 0.1%. Public transportation construction increased 2.0%.

There were 438,000 **job openings in construction**, not seasonally adjusted, at the end of April, a decrease of 45,000 (-9.3%) y/y from the all-time April high of 483,000 in 2022, BLS reported on Wednesday in its monthly Job Openings and Labor Turnover Survey (JOLTS) release. The number of openings at the end of the month nearly matched the total number of **hires** for the full month (460,000), suggesting that contractors wanted to hire almost twice as many workers as they were able to find. Hires increased by 13,000 (2.9%) y/y.

Construction employment, not seasonally adjusted, rose y/y in April **in** 231 (65%) of the 358 **metro areas** (including divisions of larger metros) for which BLS posts construction employment data, fell in 78 (22%), and was unchanged in 49, according to an analysis AGC released on Wednesday. (AGC treats as construction-only the totals for metros in which BLS reports only combined totals for mining, logging, and construction.) The Dallas-Plano-Irving division added the most jobs (12,400 combined jobs or 8%), followed by Phoenix-Mesa-Scottsdale (8,200 construction jobs, 5%) and New York City (7,300 combined jobs, 5%). The largest percentage gains were in Hanford-Corcoran, Calif. (18%, 200 combined jobs) and Wausau, Wis. (17%, 400 combined jobs). The largest losses occurred in the Los Angeles-Long Beach-Glendale division (-5,400 construction jobs, -4%) and Houston-The Woodlands-Sugar Land, Texas (-5,100 construction jobs, -2%). The largest percentage losses were in Monroe, Mich. (-13%, -300 combined jobs) and Huntsville, Ala. (-10%, -1,100 combined jobs).

"**Economic activity** was little changed overall in April and early May," the Federal Reserve reported on Wednesday in the latest "Beige Book," a summary of informal soundings of firms and community groups in the 12 Fed districts. "**Commercial construction** and real estate **activity** decreased overall, with the office segment continuing to be a weak spot….contacts across Districts also noted that the labor market had cooled some, highlighting easier hiring in construction, transportation, and finance." Despite the negative Beige Book findings, the increase in employment nationally and in most metros, plus the widespread spending gains and large number of job openings, suggests construction demand remains hot.

AGC posted a summary of comments relevant to construction in each district.