

Data Digest

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Construction employment increases in June, unemployment hits new low; spending rises in May

Construction employment, seasonally adjusted, totaled 7,947,000 in June, a gain of 23,000 from May and 198,000 (2.6%) year-over-year (y/y), according to AGC's [analysis](#) of data the Bureau of Labor Statistics (BLS) [posted](#) today. **Residential construction employment** (residential building and specialty contractors) rose by 10,800 in June and 52,400 (1.6%) y/y. **Nonresidential construction employment** (building, specialty trade, and heavy and civil engineering construction firms) rose by 12,200 for the month and 146,300 (3.2%) y/y. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees in construction (craft and office) rose 5.7% y/y to \$34.09 per hour, a "premium" of 18.2% over the private sector average of \$28.83, which increased 4.7% 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 dipped from 3.7% in June 2022 to 3.6%, the lowest June rate since the series began in 2000.

Construction spending (not adjusted for inflation) totaled \$1.93 trillion in May at a seasonally adjusted annual rate, up 0.9% from the upwardly revised April rate and up 2.4% y/y, the Census Bureau [reported](#) on Monday. 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 2.2%, with single-family homebuilding up for the first time since April 2022, by 1.7%; multifamily construction spending down for the first time in 10 months, by 0.1%; and owner-occupied improvements up 3.4%. **Private nonresidential construction** spending dipped 0.3%. The largest private nonresidential segment (based on the seasonally adjusted May rate)—manufacturing construction—rose 1.0%, including computer/electronic/electrical, up 3.6%; chemical and pharmaceutical, down 2.1%; and transportation equipment, up 0.8%. Commercial construction fell 1.8% (comprising warehouse, down 1.8%; retail, down 2.5%; and farm, up 1.5%). Power slid 0.4% (with electric power down 0.3% and oil and gas field structures and pipelines down 0.8%). Private office and data center construction increased 0.7%. **Public construction** spending rose 0.1%. The largest public segment, highway and street construction, slipped 0.4%. Public education was flat. Public transportation construction fell 0.8%.

There were 396,000 **job openings in construction**, not seasonally adjusted, at the end of May, the second-highest May total in the 23-year history of the series and a decrease of 37,000 (-8.5%) y/y from the all-time May high of 433,000 in 2022, BLS [reported](#) on Wednesday in its monthly Job Openings and Labor Turnover Survey (JOLTS) release. There were 464,000 **hires** for the full month, an increase of 29,000 (6.7%) y/y. **Layoffs and discharges** totaled 99,000, an increase of 14,000 (16%) y/y but the second-smallest May total. **Quits** totaled 219,000, up 13,000 (6.3%) y/y, the highest May total. Together, these figures suggest some slowing in demand from a year ago but still a tighter construction labor market.

Housing "geared to college students at popular schools is a rare bright spot in the beleaguered commercial real-estate business," the [Wall Street Journal](#) reported on Wednesday. "Rents for **student housing** are poised to grow, boosted by limited supply and strong demand at many colleges, especially top research universities and schools in the five highest-earning athletic conferences for U.S. college football. However, with college enrollment declining overall, student housing is facing higher risks at smaller colleges with less name recognition and falling enrollment."

"**Economic activity in the services sector** expanded in June for the sixth consecutive month," the Institute for Supply Management [reported](#) on Thursday. **Construction** (including homebuilding) is among 15 sectors (out of 18) that reported increased business activity, along with paying higher prices for materials and services (12 sectors), growth in new orders (13), employment growth (9), faster supplier deliveries (9), and increased order backlogs (7). **Items** significant for construction reported **up in price** included construction subcontractors; copper-based materials; heating, ventilation and air conditioning equipment, lumber (also reported down in price), and oriented strand board. **Items** listed in **short supply** included construction contractors (for the second month in a row) and subcontractors; construction labor (5 months); and transformers (10 months).

Contractors are invited to fill out the 2023 Autodesk/AGC **Workforce Survey**. Results will be posted in late August.

Data DiGest is a weekly summary of economic news. Sign up [here](#). Editor: Ken.Simonson@agc.org, Chief Economist, AGC. Go here for [Ken's PPT](#) or more [construction data](#).

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