Data Digest

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Qualified workers remain scarce, AGC-Autodesk survey finds; Dodge Momentum Index slides

The search for workers remains nearly as challenging as a year ago, according to results from the 2023 AGC of America-Autodesk **Workforce Survey**, which AGC posted on Wednesday. Of the 1,401 responses received between July 7 and August 16, 85% of firms had open positions for hourly craft workers (down from 93% in the 2022 survey) and 69% had openings for salaried workers (vs. 71% in 2022). Among firms with open positions 88% report having a hard time filling craft positions and 86% report the same for salaried positions (vs. 91% and 89%, respectively, in 2022). The most common reason for difficulty, cited by 68%, was "available candidates are not qualified." In seeking to connect better with younger applicants, 63% of respondents report they "added online strategies (e.g., social media, targeted digital advertising)." Among respondents whose projects had been canceled, postponed, or scaled back, half cited increased costs as a reason while 36% listed "financing unavailable or too expensive." Respondents hold mixed views regarding impacts of artificial intelligence (AI) and robotics: 44% say they "will positively impact construction jobs by automating manual, error-prone tasks" and 41% say these tools "will improve the quality of construction jobs and make workers safer and more productive;" but 17% said they will eliminate jobs and 30% predict "no effect on construction jobs." Most firms expect to add employees in the next 12 months: 69%, compared to 27% that expect no change and 4% expect to shrink. Results are broken out by region and 22 states, three revenue size ranges, four project types, and union vs. open-shop firms.

The Dodge Momentum Index fell 6.5% in August from July but remained 4% higher year-over-year (y/y), Dodge Construction Network reported today. The index "is a monthly measure of the initial report for **nonresidential building projects in planning**, shown to lead construction spending for nonresidential buildings by a full year." The commercial component fell 1.6% for the month but rose 3% y/y; the institutional component fell 15% in August but increased 7% y/y.

"**Economic activity in the services sector** expanded in August for the eighth consecutive month," the Institute for Supply Management reported on Wednesday. Construction is among the 12 sectors (out of 18) that reported paying higher prices for materials and services, faster supplier deliveries (8 sectors), and increased business activity (12), employment (8), and order backlogs (5) but is one of three sectors reporting a decrease in new orders. **Items** significant for construction reported **up in price** include copper wire, diesel fuel (2 months in a row), electrical components (31 months), lumber (3), and oriented strand board (3). Steel products were listed as **down in price. Items** listed **in short supply** include construction contractors (4 months) and subcontractors (3); electrical components (5); engineered wood products; heating, ventilation and air conditioning equipment; and transformers (12).

"Contacts from most districts indicated economic growth was modest during July and August," the Federal Reserve reported on Wednesday in the latest "Beige Book," which summarizes comments received by August 28 from contacts made by the Fed's 12 regional district banks. **Construction-related comments** from the districts, which are identified by their headquarters cities, were mixed. The Cleveland district noted: "nonresidential construction activity increased somewhat;" Philadelphia: "Market participants in commercial real estate reported a slight uptick in construction activity;" Chicago: "construction and real estate was flat;" San Francisco: "plans for new projects were delayed or abandoned. Some inputs, such as electrical components and appliances, became harder to find."

The Bureau of Labor Statistics on Wednesday issued its annual **projections of 10-year employment change**, covering 2022-2032. The agency projects **construction industry** employment to increase by 114,900 or an annual average of 0.1% per year, below the 0.3% growth rate for total nonfarm payroll employment. Growth among **construction managers** (whether employed in construction or other sectors) is projected to total 22,900 or 4.5% over 10 years. But retirements and departures mean there will be an annual average of 38,700 openings. Growth among all **construction trades occupations** is projected to total 157,100 (2.8%) over 10 years, with an average of 488,100 openings per year. Laborers are projected to have the largest 10-year numerical increase, 61,900 (4.4%). The largest projected percentage increase, 22%, is for solar photovoltaic installers, but this would be an addition of only 6,600 jobs.

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