

Data Digest

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Construction adds 2,000 jobs in November; pay accelerates; job openings set record for October

Construction employment, seasonally adjusted, totaled 8,033,000 in November, a gain of 2,000 from October and 200,000 (2.6%) year-over-year (y/y), according to AGC's [analysis](#) of data the Bureau of Labor Statistics (BLS) [posted](#) today. The y/y growth rate outpaced the 1.8% increase in total nonfarm payroll employment. **Residential construction employment** (at residential building and specialty contractors) rose by 1,000 in November and 53,000 (1.6%) y/y. **Nonresidential construction employment** (at building, specialty trade, and heavy and civil engineering construction firms) increased by 1,400 for the month and 147,800 (3.2%) y/y. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees in construction (craft and office) rose 5.9% y/y to \$34.96 per hour, an acceleration from the 5.5% y/y increase in October. The "premium" for nonsupervisory construction workers rose to 19.3% over the private sector average of \$29.30, still considerably below the average premium in 2000-2019 of 21.5%. The number of **unemployed jobseekers with construction experience** climbed to 496,000, not seasonally adjusted, from 393,000 in November 2022 and the unemployment rate for such workers rose to 4.8% from 3.9%.

There were 457,000 **job openings in construction**, not seasonally adjusted, at the end of October, the highest October total in the 23-year history of the series and up 11% from the October 2022 total of 411,000, BLS [reported](#) on Tuesday. **Hires** for the full month totaled 393,000, an increase of 28,000 (7.7%) y/y. Layoffs totaled 188,000 or 2.3 per 100 employees, the third-lowest layoff rate in series history, indicating firms expect to stay busy. The record openings suggest the dip in employment gains in November may reflect an inability to find qualified workers, not a slowdown in demand.

The Dodge Momentum Index decreased 1% in November from October 14% y/y, Dodge Construction Network [reported](#) on Thursday. 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 decline 1% for the month and 20% y/y; the institutional component slipped 1% for the month but rose 2% y/y.

The **value of construction starts** in current dollars (not adjusted for inflation) inched down 0.2% y/y in October, data firm ConstructConnect [reported](#) on November 21. Nonresidential building starts decline 10%, with the largest component—institutional starts—down 21%, commercial starts down 24%, and industrial (manufacturing) starts up 21%. Engineering (civil) starts jumped 22%, with roads/highways up 10%, water/sewage up 11%, power and miscellaneous civil up 85%, bridges down 14%, dams/marine up 33%, and airports up 26%. Residential starts slumped 36%, with single-family up 1.2% and multifamily down 71%.

Total **construction starts** in current dollars fell 7% from September to October at a seasonally adjusted annual rate, Dodge Construction Network [reported](#) on November 21. Nonbuilding starts tumbled 32%. "A decline in utility/gas starts drove category starts to a 12-month low. Miscellaneous nonbuilding starts dropped 20%, and environmental starts were 15% lower. However, highway and bridge starts improved 6%." Nonresidential starts rose 8%, "led by the groundbreaking of several very large manufacturing plants...If not for those plants, total commercial starts would have lost 28%. Commercial starts dropped 18% during the month due to a very sharp pullback in office activity, while institutional starts fell 15%, despite a solid gain in healthcare starts....Residential building starts fell 1%...Single-family starts lost 2%, while multifamily starts were flat."

"**Economic activity in the services sector** expanded in November for the 11th consecutive month," the Institute for Supply Management [reported](#) on Tuesday. Construction is among four sectors (out of 18) that reported a decrease in business activity and in backlog of orders (5 sectors), but also reported an increase in new orders (11 sectors), employment (10), and faster supplier deliveries (6). Construction is one of two sectors reporting no change in prices paid for materials and services. **Items significant for construction reported up in price** include construction labor; electrical components; heating, ventilation, and air conditioning equipment; oriented strand board panels; personal protective equipment; and plumbing supplies. **Price declines** were reported for fuel (2 months in a row), lumber (2), and steel products. **Items listed in short supply** include building materials, construction labor (3 months), electrical components (8), and transformers (15).

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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