Data Digest

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AGC survey finds contractors cautiously optimistic about 2024; sector adds employees in December

Contractors are generally optimistic about the **outlook for nonresidential and multifamily construction** in 2024, but optimism is less widespread than a year ago, based on the 2024 AGC-Sage Construction Hiring and Business Outlook Survey, which AGC released on Thursday. The survey included 1,293 responses submitted November 9-December 8. Respondents were asked whether the dollar value of projects they compete for would be higher or lower in 2024. The net reading (the percent of respondents expecting a higher dollar value less the percent expecting a lower value) was positive for 14 out of 17 project types. The broadest optimism was for water and sewer projects, with a net positive reading of 32 percentage points, followed by highway and bridge projects and transportation facilities, 30 each; federal agency work, 37; power, 25; hospital, 23; other health care (such as clinics, labs, and testing facilities), 22; data centers 20; K-12 schools, 18; higher education, manufacturing, and public building construction, 15 each; warehouse, 10; and multifamily, 4. Net readings were negative for lodging, -3; retail, -15, and office, -24. As in 2023, 69% of firms expect to add employees. But 55% of respondents expect doing so will be as hard or harder than in 2023.

Construction employment, seasonally adjusted, totaled 8,056,000 in December, a gain of 17,000 from November and 197,000 (2.5%) 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 1.7% increase in total nonfarm payroll employment. **Residential construction employment** (at residential building and specialty contractors) rose by 5,500 in November and 40,100 (1.2%) y/y. **Nonresidential construction employment** (at building, specialty trade, and heavy and civil engineering construction firms) increased by for the month and 11,900 (3.4%) y/y. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees in construction (craft and office) rose 5.1% y/y to $34.92 per hour. This "wage premium" for nonsupervisory construction workers amounted to 18.7% over the private sector average of $29.42, still considerably below the average premium in 2000-2019 of 21.5%. There were 442,000 **unemployed jobseekers with construction experience**, not seasonally adjusted, and the unemployment rate for such workers was 4.4%, unchanged from a year ago.

Construction spending (not adjusted for inflation) totaled $2.05 trillion in November at a seasonally adjusted annual rate, up 0.4% from the upwardly revised October rate and up 8.5% y/y, the Census Bureau reported on Tuesday. However, without a deflator, it is impossible to say how much of the y/y gain is in units vs. price. Private residential construction decreased for the seventh-straight month, by 1.1%, with single-family homebuilding up 2.9%, multifamily construction spending up 0.1%, and owner-occupied improvements down 0.8%. Private nonresidential construction spending rose 0.2%. The largest private nonresidential segment—manufacturing construction—rose 0.5% (including computer/electronic/electrical, up 3.2%, and chemical and pharmaceutical, down 2.0%). Commercial construction was flat (consisting of warehouse, down 4.6%; retail, up 0.1%; and farm, up 4.6%). Power rose 1.2% (with electric power up 0.6% and oil and gas field structures and pipelines up 1.5%). Private office and data center construction was flat. Public construction spending fell 2.2, with highway and street construction up 0.1% and public education down 0.3%.

There were 390,000 **job openings in construction**, not seasonally adjusted, at the end of November, an increase of 121,000 (38%) y/y and the largest November total in the 23-year history of the data, the BLS reported on Wednesday. Openings topped the 271,000 **hires** during the entire month, suggesting contractors wanted to hire twice as many workers.

Construction employment, not seasonally adjusted, rose y/y from November 2022 **in** 213 (59%) of the 358 **metro areas** (including divisions of larger metros) for which BLS posts construction employment data, fell in 81 (23%), and was unchanged in 64, 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 (12,500 combined jobs, 7%), followed by New York City (9,900 combined jobs, 7%). The largest percentage gain again occurred in Baton Rouge, La. (9,400 construction jobs, 19%), followed by Tulsa, Okla. (16%, 4,000 construction jobs). The largest number and percentage of losses occurred in the Orange-Rockland-Westchester, N.Y. division (-5,100 combined jobs, -11%).

NOTE: The next issue of the Data DIGest will be sent the week of January 29-February 3.

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.