Construction employment rises nationally in January and in most metros in December

Nonfarm **payroll employment** increased by 257,000 in January, seasonally adjusted, and by 3,207,000 (2.3%) over 12 months, the Bureau of Labor Statistics (BLS) reported on Friday. ***Construction employment*** *rose by 39,000 for the month and 308,000 (5.1%) over the year to 6,314,000, the highest total since February 2009. Residential construction employment (residential building and specialty trade contractors) climbed by 20,100 for the month and 162,400 (7.2%) over 12 months. Nonresidential employment (building, specialty trades, and heavy and civil engineering construction) increased by 18,600 in January and 145,600 (3.9%) year-over-year. The number of jobseekers who last worked in construction dropped from 1,045,000 in January 2014, not seasonally adjusted, to 811,000, the lowest January total since 2000. The **unemployment rate** for such workers fell from 12.3% to 9.8%, the lowest January rate since 2007. The steep decline suggests that contractors may have more trouble finding experienced workers in the months ahead, although some workers who have been laid off from oil drilling may return. (Industry unemployment data are not seasonally adjusted and should only be compared year-over-year, not across months.) BLS made annual "benchmarking" revisions that raised construction employment totals for prior periods.*

Construction employment, *not seasonally adjusted, increased from December 2013 to December 2014* **in** *257 of the 339* **metro areas** *(including divisions of larger metros) for which BLS provides construction employment data, decreased in 43 and was stagnant in 57, according to an AGC* <mark>analysis</mark> *of BLS data* released *on Wednesday. (BLS combines mining and logging with construction in most metros to avoid disclosing data about industries with few employers.) The Dallas-Plano-Irving division added the most jobs in the past year (15,200 combined jobs, 13%), followed by Houston-Sugar Land-Baytown (14,900 construction jobs, 8%) and the Chicago-Joliet-Naperville division (11,000 construction jobs, 10%). The largest percentage gain again occurred in Eau Claire, Wis. (38%, 3,300 combined jobs), followed by Ogden-Clearfield, Utah (28%, 3,300 combined jobs); Monroe, Mich. (25%, 600 combined jobs); and Pascagoula, Miss. (24%, 1,500 combined jobs). The largest job losses again were in the Bethesda-Rockville-Frederick, Md. metro division (-3,900 combined jobs, -13%), followed by Phoenix-Mesa-Glendale (-3,400 construction jobs, -4%); Riverside-San Bernardino-Ontario, Calif. (-2,700 construction jobs, -4%); and the Gary, Ind. division (-1,900 construction jobs, -11%). The largest percentage decline for the past year again was in Steubenville-Weirton, Ohio-W.Va. (-41%, -900 combined jobs), followed by Anniston-Oxford, Ala. (-13%, -100 combined jobs); Bethesda-Rockville-Frederick; and Gary.*

Construction spending *in December totaled $982 billion at a seasonally adjusted annual rate, up 0.4% from the rate in November, up 2.2% from December 2013, and the highest rate since December 2008, the Census Bureau* reported *on February 2* **Private residential spending** *in December climbed 0.3% from November but slid 4.0% from a year earlier, while* **private nonresidential spending** *slipped 0.2% for the month but rose 5.3% year-over-year.* **Public construction spending** *increased 1.1% from November and 6.7% from December 2013. The full year total of $961 billion was the highest since 2008 and was up 5.6% from 2013, following a 5.7% increase from 2012 to 2013. But the major components grew at quite different rates. For the full year, private residential spending rose 4.1% in 2014 and 20% in 2013; private nonresidential spending climbed 11% and 1.2%, respectively; and public spending grew 1.8% following four years of decline, including a 3.5% decrease in 2013. Of the three residential components, new single-family construction climbed 12% in 2014 after leaping 29% in 2013; new multifamily soared 34% and 44%, respectively; and improvements to existing residential structures tumbled 13% in 2014 after rising 5.6% in 2013. (Estimates for improvements are often substantially revised.) The largest private nonresidential segment was power construction (including conventional and renewable power plus oil and gas fields and pipelines), which climbed 14% in 2014 after shrinking 9.1% in 2013. The next largest private segments (in descending order of 2014 size) were commercial (new and renovated retail, warehouse and farm), which increased 13% and 10%, respectively; manufacturing, 16% and 1.0%; and office, 24% and 8.5%. Of the top two public segments, highway and street construction rose 4.1% and 0.9%, while public educational spending rose 1.2% after sliding 10%.*

"Just since December 2014, the U.S. has seen a $41.74 billion drop in **forecasted capital spending** *for 2015" for power, pipeline, terminal and manufacturing companies, market researcher Industrial Info* reported *on February 2, based on data it compiled. "Nonetheless, the U.S. is looking at an estimated $206.45 billion in construction start-ups in 2015, a 2.8% increase from last year, according to presenters at Industrial Info's most recent Industrial Market Outlook, held January 29."*

The Dodge Momentum Index, "a monthly measure of the first (or initial) report for **nonresidential building projects in planning**, *which have been shown to lead construction spending for nonresidential buildings by a full year," sank 4.8% from December to January, with declines in both its commercial and institutional components, Dodge Data & Analytics (formerly McGraw Hill Construction)* reported *on Friday. "During the final three months of 2014 the Momentum Index had jumped 11.7%, so while January's 4.8% drop showed decreased activity relative to December, it was still in line with the moderate if at times hesitant upward trend that's been present over the past three years. Compared to the same month a year ago, January's Momentum Index was up 5.8%."*