Data Digest

WWW.AGC.ORG

Supported by: constructconnect

Vol. 23, No. 13 April 3-7, 2023

Employment dips in March; job openings remain near February record; hourly, executive pay climb

Construction employment, seasonally adjusted, totaled 7,888,000 in March, a decrease of 24,000 from the downwardly revised February total but an increase of 196,000 (2.5%) 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) fell by 7,000 in March but rose 46,300 (1.4%) y/y. **Nonresidential construction employment** (building, specialty trade, and heavy and civil engineering construction firms) dipped by 1,800 for the month but rose 149,100 (3.3%) y/y. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees in construction (craft and office) rose 6.6% y/y to $33.82 per hour. For the seventh-straight month the y/y rise in pay topped the 5.1% rise for all private-sector production employees. The "premium" for hourly construction workers rose to 18.7% over the private sector average of $28.50 but remained considerably below the average premium in 2000-2019 of 21.5%.

There were 384,000 **job openings in construction**, not seasonally adjusted, at the end of February, a decrease of 4,000 (-1%) y/y from the all-time February high of 388,000 in 2022, BLS reported on Tuesday in its monthly Job Openings and Labor Turnover Survey (JOLTS) release. JOLTS data began in December 2000. **Hires** for the full month totaled 315,000, a decrease of 49,000 (-13%) y/y. **Layoffs and discharges** totaled 148,000, an increase of 31,000 (26%) y/y. **Quits** declined by 12,000 (9%) from February 2022 to 123,000. Data and comparisons for winter months can be affected by unusually mild or harsh weather. BLS does not break out residential from nonresidential construction in the JOLTS report; thus, it is not possible to determine if the increase in openings and decline in hires is attributable to the slump in single-family homebuilding or reflects a more widespread slowdown in construction.

"Contractors are projecting a 2023 executive increase of 4.7%," following a 2022 increase of 5.5%, construction data provided PAS reported on March 28 in its latest Contractor Compensation Quarterly. "Historically predictions are about .5% low, so initially we would expect the 2023 year-end actual increase to hover around the 5.2% mark. However, the projected 2022 compared to the 2022 actual did not follow this pattern (see below), so it is possible we will exceed our 5.2% forecast….For comparison, WorldatWork is projecting a 4.2% average increase for all executives in 2023.

"**Economic activity in the services sector** expanded in March for the third consecutive month," the Institute for Supply Management reported on Wednesday. Construction (including homebuilding) is among 14 sectors (out of 18) that reported increased business activity, along with paying higher prices for materials and services (13 sectors), growth in new orders (12), employment growth (11), faster supplier deliveries (10), and growth in order backlogs (5). Construction was one of five industries reporting a decrease in inventories. **Items** significant for construction reported **up in price** included aluminum products, HVAC equipment, and steel products. Diesel fuel and lumber were listed as **down in price**. **Items** listed **in short supply** included construction labor (for the second month in a row), transformers (7 months) and appliances (4 months).

Construction spending (not adjusted for inflation) totaled $1.84 trillion in February at a seasonally adjusted annual rate, down 0.1% from the upwardly revised January rate and up 5.2% 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** decreased for the ninth-straight month, by 0.6%, with single-family homebuilding down 1.8%, multifamily construction spending up 1.4%, and owner-occupied improvements flat. **Private nonresidential construction** spending rose 0.7%. The largest private nonresidential segment (based on the seasonally adjusted February rate)—manufacturing construction—rose 2.7% (including computer/electronic/electrical, up 5.9%, and chemical and pharmaceutical, up 4.9%). Commercial construction fell 3.1% (consisting of warehouse, up 0.4%; retail, down 2.6%; and farm, up 0.8%). Power rose 1.5% (with electric power up 0.9% and oil and gas field structures and pipelines up 3.2%). Private office and data center construction increased 0.5%. **Public construction** spending fell 0.6%. The largest public segment, highway and street construction, rose 0.3%. Public education slipped 0.9%. Public transportation construction retreated 0.7%.

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.