U.S. Construction Outlook: Recession or Resurgence?

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October 2022
Total Nonfarm & Construction Employment, Feb. 2020 - Aug. 2022

cumulative change (seasonally adjusted)

Change since Feb. 2020:

<table>
<thead>
<tr>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Construction</td>
<td>201,900</td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>240,000</td>
</tr>
<tr>
<td>Nonresidential Construction</td>
<td>-118,300</td>
</tr>
</tbody>
</table>

Source: BLS current employment statistics, https://www.bls.gov/ces/
Construction job openings & new hires

Job openings and hires, August 2001-August 2022, not seasonally adjusted

Job openings August 2022: 437,000
change from August 2021: 12%

New hires August 2022: 378,000
change from August 2021: 1%

Construction unemployment rate
August 2000 - August 2022, not seasonally adjusted

Sources: Unemployment from BLS [www.bls.gov/cps](http://www.bls.gov/cps)
Construction employment change by state, August 2021-2022
43 states + DC up, 5 states down, 2 unchanged (U.S.: 4.2%)

Top 5
- NM 14.2%
- WV 11.9%
- ND 11.5%
- SD 11.3%
- AL 11.2%

Bottom 5
- HI -1.7%
- MN -1.4%
- SC -1.1%
- AR -0.4%
- GA -0.2%

Costs vs. bid prices for new nonresidential construction

Year-over-year change in PPIs, Sep 2020 - August 2022, not seasonally adjusted

Inputs PPI: 1.8% 13.0%
Bid price PPI: 1.8% 23.9%


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PPIs for construction bid prices and selected inputs

Cumulative change in PPIs, April 2020 - August 2022 (not seasonally adjusted)

% change
April 2020-Aug. 2022:

- Lumber and plywood: 53%
- Plastic construction products: 57%
- Copper & brass mill shapes: 55%
- Lumber and plywood: 53%
- Gypsum building materials: 49%
- Aluminum mill shapes: 36%
- Truck transportation: 36%
- ‘Bid price’ (new nonres building construction): 30%

Cost squeeze on contractors can last two years or more
Difference between year-over-year change in materials costs vs. bid prices, Jan 2007-Aug 2022

Source: Bureau of Labor Statistics, www.bls.gov/ppi, producer price indexes for goods inputs to nonresidential construction (material costs) and new school building construction (bid prices)
Change in construction spending: August 2022 vs. August 2021

Current (not inflation-adjusted) dollars, seasonally adjusted

- Total 9%: private res 12% (single-family 0%; multi -0.2%; improvements 37%); priv. nonres 6%; public 3%

Largest segments (in descending order of August 2022 spending)
- Commercial 19% (warehouse 21%; retail 21%; farm 10%)
- Power -13% (electric -13%; oil/gas fields & pipelines -11%)
- Highway and street 2%
- Mfg. 19% (computer/electronic 179%; chemical -13%; food/beverage/tobacco -1%; transp. equip. -10%)
- Education 0.3% (primary/secondary -4%; higher ed 5%)
- Office -1%
- Transportation -0.4% (air -11%; freight rail/trucking 8%; mass transit 4%)
- Health care 8% (hospital 5%; medical building 7%; special care -6%)
- Sewage and waste disposal 12% (wastewater 15%; sewage/dry waste 7%)
- Water supply 23%

Source: Author, from U.S. Census Bureau, www.census.gov/constructionspending
Population change by state, July 2020 – July 2021
(U.S.: 0.12%)

**Top 6**
- ID: 2.9%
- UT: 1.7%
- MT: 1.7%
- AZ: 1.4%
- SC, DE: 1.2%

**Bottom 5**
- DC: -2.9%
- NY: -1.6%
- IL: -0.9%
- HI: -0.7%
- CA: -0.7%

Source: U.S. Census Bureau, Dec. 2021 estimates, [www.census.gov/popest](http://www.census.gov/popest)
**AGC economic resources**
(email kensimonson@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at [http://store.agc.org](http://store.agc.org))
- ConsensusDocs Price Escalation Resource Center: [https://www.consensudocs.org/price-escalation-clause/](https://www.consensudocs.org/price-escalation-clause/)
- Surveys, state and metro data, fact sheets: [www.agc.org/learn/construction-data](http://www.agc.org/learn/construction-data)
- Monthly press releases: construction spending; producer price indexes; national, state, metro employment with rankings: [https://www.agc.org/newsroom](https://www.agc.org/newsroom)