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AGC report: Construction spending increases

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Washington, DC Construction spending increased by 1% from January to February, while construction employment increased compared to February 2018 levels in 275 out of 358 metro areas, according to an analysis of new government data today by the Associated General Contractors. Association officials called on federal officials to support more career and technical education programs to prepare workers for in-demand careers like construction.

“The spending increase in February follows an extremely strong 2.5% gain in January, which aligns with contractors’ reports that they were busy early in the year and expect to stay that way through 2019,” said Ken Simonson, the association’s chief economist. “The major challenge they face is finding enough workers.”

Construction spending totaled \$1.32 trillion in February, up 1% from the January rate and a gain of 1.1% compared to February 2018. Public construction accounted for the bulk of the monthly and annual increases, while private categories were mixed, the economist noted. Public construction spending jumped 3.6% for the month and 11.5% year-over-year. The largest public category, highway and street construction, soared 22.8% from a year ago. Educational construction, the next-largest segment, rose 5.5% year-over-year.

Private nonresidential spending slipped 0.5% for the month and inched up 0.1% from a year ago, while Residential spending climbed 0.7% from January to February but declined 3.4% from February 2018. Among the largest private nonresidential segments, power construction (electric power plus oil and gas field and pipeline projects) gained 1.4% year-over-year; commercial construction (retail, warehouse and farm structures) declined 6.6%; manufacturing construction increased 3.4%; and office construction rose 4.8%. Among residential segments, new multifamily construction spending rose 7.5% year-over-year but new single-family construction spending decreased by 7.1%, while improvements slipped 1.5%.

Construction employment grew in 232, or 65%, out of 358 metro areas between February 2018 and February 2019, declined in 73 (20%) and was unchanged in 53, according to a new analysis of federal employment data the association released today. Industry employment set a new high for February in 62 metro areas and a new low, in records that date back to 1990 for most metros.

The Phoenix-Mesa-Scottsdale, Ariz. metro area added the most construction jobs during the past year (11,900 jobs, 10%), followed by Atlanta-Sandy Springs-Roswell, Ga. (9,700 jobs, 8%) and Dallas-Plano-Irving, Texas (7,600 jobs, 5%). The largest%age gain occurred in Monroe, Mich. (28%,

500 jobs), followed by St. Cloud, Minn. (19%, 1,000 jobs) and Chico, Calif. (18%, 700 jobs).

The largest job occurred in Anaheim-Santa Ana-Irvine, Calif. (-3,300 jobs, -3%), followed by San Jose-Sunnyvale-Santa Clara, Calif. (-2,600 jobs, -6%) and Riverside-San Bernardino-Ontario, Calif. (-2,500 jobs, -2%). The largest percentage decrease took place in Danville, Ill. (-20%, -100 jobs), followed by Niles-Benton Harbor, Mich. (-17%, -400 jobs).

Association officials said contractors in many metros can't find enough trained workers and they urged federal officials to invest more in career and technical education. They warned firms may be unable to satisfy rising demand for construction unless more young adults are exposed to, and consider pursuing, high-paying construction careers.

"Contractors nationwide report difficulty finding enough workers to keep pace with the strong demand for projects," said Stephen Sandherr, the association's chief executive officer. "Expanding high school career and technical education programs will expose students to the rewarding career paths offered by high-paying construction jobs."

View the metro employment data, rankings, top 10, history and map.

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