

ABC Construction Employment Update

July 3, 2008

More Nonresidential Construction Jobs Lost in June

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08
Nonresidential Construction Employment (thousands)	4,357.5	4,341.2	4,329.6	4,302.6	4,296.1	4,274.6

Summary

The nation's nonresidential construction sector lost 5,600 jobs in June, on a seasonally-adjusted basis, according to the July 3 employment report by the U.S. Labor Department. However, the loss of jobs in June was less than the job losses recorded in May, which was revised upward to 7,400 in the most recent employment report. The 6-month job losses for nonresidential construction now stands at 29,100 and a 12-month net loss of 43,900 jobs since June 2007.

Residential construction continues to lose jobs more rapidly than nonresidential construction with reported job losses in June of 6,700 since May. Between June 2007 and June 2008, residential construction has lost nearly 115,000 jobs.

Total construction employment in June 2008 is down 452,000 since June 2007, a decline of nearly 6 percent. On a monthly basis, total construction employment has recorded 43,000 job losses since May. And, since the employment peak in September 2006, construction has now lost more than 500,000 positions, with building construction representing about 26.5 percent of the losses on a seasonally-adjusted basis.

Overall, the national unemployment rate in June has remained steady at 5.5 percent, unchanged from May. The last time the unemployment rate was this high was October 2004. Total nonfarm employment continues to contract as it netted another loss of 62,000 jobs since May.

What's New

Associated Builders and Contractors (ABC) concludes that, although June's job loss was

somewhat less than the job losses in May, a longer term view of the data suggests that nonresidential construction activities are decelerating. Of the total net nonresidential construction jobs lost in the past year, roughly two thirds have occurred over the past six months. With the economy continuing to deteriorate due to a host of factors, including overextended consumers and a stubborn credit crunch, ABC anticipates continued nonresidential construction job losses in the remaining months of 2008 and into 2009.

One of the construction industry's key leading indicators, the architectural billings index, is down to historic lows last seen in 1995, indicating a substantial slowing in nonresidential construction starts. Rising construction input prices represent another drag on the nonresidential construction industry as many developers find that their business plans do not reflect adequate cash flow to justify moving ahead with projects. However, there are exceptions as contractors are finding opportunities in both the power sector, as the need for generating facilities continues to grow, and the manufacturing sector, as America expands its export base.

Building Construction Employment Growth: Residential vs. Nonresidential

