



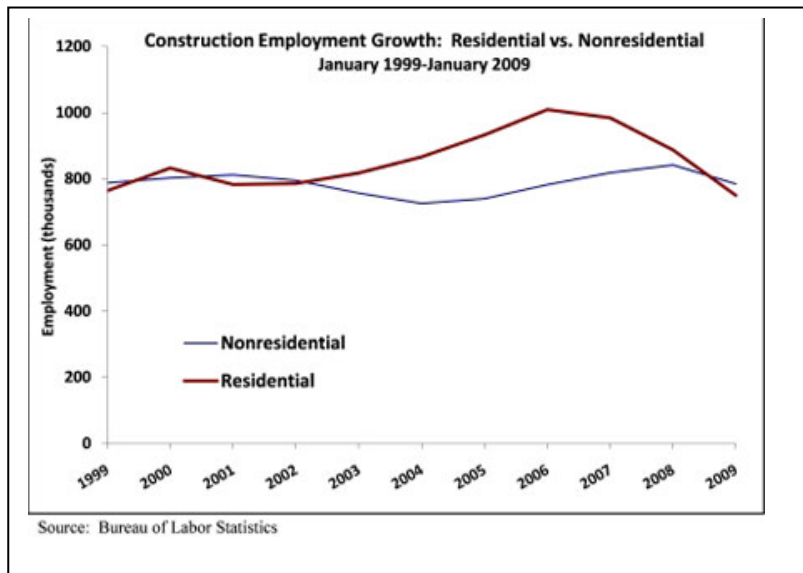
CONSTRUCTION ECONOMIC UPDATE

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Nonresidential Construction Employment Hits 20-Year Low

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Employment in the nation's nonresidential building construction industry suffered its worse monthly drop in more than 20 years as employers slashed 20,400 jobs in January, according to the Feb. 6 report released by the U.S Labor Department. Since January 2008, employment in nonresidential building construction has fallen by 57,000 jobs or 6.8 percent. (See [what this means](#) below)



Meanwhile, the residential building construction industry lost 20,300 in January and 137,200 jobs on a year-over-year basis. Total private construction, which includes specialty trade contractors, lost 111,000 last month and 747,000 jobs since last January 2008, which makes this the largest year-over-year loss since 1943.

Overall, employers shed 598,000 jobs in January and 3,500,000 on a year-over-year basis, with about a half of those losses occurring in the past six months. The nation's unemployment rate continues to climb and now stands at 7.6 percent for January 2009.

What This Means

"Remarkably, the most recent jobs numbers could have been worse," said Associated Builders and Contractors (ABC) Chief Economist Anirban Basu. "During the final two months of 2008, net job loss nationally had already surpassed the 500,000 mark. Many economists thought that the jobs report for January could be much worse given the fact that many employers are inclined to delay layoff announcements until after Christmas.

“However, the Bureau of Labor Statistics initial estimates for January indicate that labor market conditions are deteriorating steadily but not necessarily dramatically,” added Basu. “Nonetheless, there is certainly the potential for dramatic deterioration in monthly job losses through the initial months of 2009.

“By contrast, the jobs numbers for nonresidential construction did deteriorate dramatically in January,” stated Basu. “The pace of job losses was more than it was in December, an implication of the deeper impacts the credit crunch is having on the construction industry.”

“This decline has been described by some economists as bottomless, meaning that any hope for near term stability in construction activities is not yet visible,” said Basu. “ABC has warned of this for months and the data confirm that the commercial and industrial construction industry may be deteriorating at an accelerating pace.

“For those firms that continue to enjoy steady or growing business, there is a rare opportunity to recruit skilled talent in large numbers,” added Basu. “Contractors also have an opportunity to limit hourly labor cost growth in ways that they have not in the past.”