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# Data Digest

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## Employment increases by 34,000, unemployment hits record August low of 3.2%; July spending slips

**Construction employment**, seasonally adjusted, totaled 8,280,000 in August, a gain of 34,000 from July and 228,000 (2.8%) year-over-year (y/y), according to AGC's [analysis](#) of data the Bureau of Labor Statistics (BLS) [posted](#) today. The y/y growth rate outpaced the 1.5% increase in total nonfarm payroll employment. Residential construction employment rose by 5,600 in August (4,800 at residential building firms and 800 at specialty contractors) and 63,100 (1.9%) y/y. Nonresidential construction employment increased by 28,300 for the month (800 at building firms, 14,000 at specialty trade contractors, and 13,500 at heavy and civil engineering construction firms) and 164,500 (3.5%) y/y. The seasonally adjusted average hourly earnings (AHE) for production and nonsupervisory employees rose 4.1% y/y for the total private sector, 3.8% for all construction (i.e., most craft and office workers), and (through July) 4.6% for nonresidential building firms, 3.5% for heavy and civil engineering construction firms, and 9.7% for residential building firms. The industry **unemployment** rate in August, not seasonally adjusted, was 3.2%, the lowest August rate in the history of the series, and the number of unemployed jobseekers with construction experience totaled 338,000, a decrease of 86,000 (-20%) y/y.

**Construction spending** (not adjusted for inflation) totaled \$2.16 trillion in July at a seasonally adjusted annual rate, down 0.3% from the upwardly revised June rate but up 6.7% y/y, the Census Bureau [reported](#) on Monday. Private nonresidential spending dipped 0.2% for the month. The largest subsegment, manufacturing, was flat; power construction slumped 0.7%; commercial slid 0.4% (comprising warehouse, down 1.0%; retail, down 0.4%; and farm, up 3.1%); and office rose 0.6% (with data centers up 0.4% and other "offices" down 0.2%). Private residential spending declined 0.4% (single-family, down 1.9%; multifamily, flat; and improvements, up 1.2%). Public construction inched up 0.1%, with highway and street down 0.8%; educational down 0.9%; transportation up 0.5%; and sewage and waste disposal up 0.2%.

There were 248,000 **job openings in construction**, seasonally adjusted, at the end of July, a drop of 103,000 (-29%) y/y, BLS [reported](#) on Tuesday. **Hires** for the full month totaled 371,000, a drop of 8,000 (-2.1%). **Layoffs** totaled 174,000, an increase of 14,000 (8.8%). The data does not distinguish between residential and nonresidential firms.

"**Multifamily construction permit activity** experienced declines across all regions for the second quarter of 2024," the National Association of Home Builders (NAHB) [reported](#) on Tuesday, based on its Home Building Geography Index ([HBGI](#)). The index divides markets into seven population density categories, ranging from "large metro—core county" to nonmetro/micropolitan county. "This can be contributed to high levels of multifamily units under construction and tighter financial conditions. Only two markets had larger declines than the first quarter, with large metro suburban counties down 21% and nonmetro/micro counties down 15%. Notably, nonmetro/micro counties were the last market to experience a decline in multifamily construction. These counties were an area of growth in the second, third and fourth quarters of last year while all other markets experience declines or negligible growth."

"**Economic activity in the services sector** [covering 18 sectors] expanded for the second consecutive month in August," the Institute for Supply Management (ISM) [reported](#) on Thursday. Construction was listed first among 13 sectors reporting paying higher prices for materials and services and was among sectors reporting increases in inventories (8 sectors), decreased order backlogs (8), negative growth (7), a decline in new orders (5) and a decrease in business activity (4), despite being among sectors reporting increased employment (7) and was among sectors reporting faster supplier deliveries (4). **Items** significant for construction reported **up in price** include construction contractors (8 months), labor (2), and trades; electrical equipment; and softwood lumber. **Price declines** were reported for copper wire, diesel fuel, and steel products (4). **Items** listed in **short supply** include construction labor, electrical equipment (3), and transformers (3).

"**Economic activity** grew slightly in three [of 12 Federal Reserve] districts, while the number of districts that reported flat or declining activity rose from five in the prior period to nine in the current period," the Fed [reported](#) on Wednesday in its latest Beige Book, which "characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from each district's sources.... **reports on commercial construction** and real estate activity were mixed.... **Skilled tradespeople** and other workers with specialized skills remained in short supply and continued to see stronger wage increases, as did those in unions.... A number of districts observed that both freight and insurance **costs** continued to increase. By contrast, some districts noted that cost pressures moderated for food, lumber, and concrete." AGC [posted](#) construction-related comments from the 12 district summaries.

Data Digest is a weekly summary of economic news. Sign up [here](#). Editor: [Ken.Simonson@agc.org](mailto:Ken.Simonson@agc.org), Chief Economist, AGC. Go here for [Ken's PPT](#) or more [construction data](#).

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