



www.agc.org/learn/construction-data

Vol. 17, No. 21 · June 5-9, 2017

Openings, hires, compensation growth, commercial 'momentum' index hit multi-year highs

There were 203,000 **construction industry job openings**, not seasonally adjusted, at the end of April—the highest April level since 2007, the Bureau of Labor Statistics (BLS) [reported](#) on Tuesday in its monthly Job Openings and Labor Turnover Survey (JOLTS). The number of **hires** (516,000, not seasonally adjusted) was the largest April total since 2008. April was the first month in 2017 in which openings exceeded year-ago levels, suggesting contractors would have hired even more workers if they had been able to find enough qualified candidates.

Total compensation—the average cost to employers for wages, salaries and benefits (including required employer contributions) per employee hour worked—for all construction industry employees averaged \$38.73 in March, 17% more than the private-industry average, BLS [reported](#) today in its quarterly release on employer costs for employee compensation. Construction industry compensation increased 4.7% from a year earlier, the biggest one-year increase since 2012. Average wages and salaries in construction increased 4.4% to \$26.96 per hour, and benefits increased 5.6% to \$11.77 per hour.

The Dodge Momentum Index rose 4.0% in May from a month earlier, Dodge Data & Analytics [reported](#) on Wednesday. Dodge calls the index “a monthly measure of the first (or initial) report for **nonresidential building projects in planning**, which have been shown to lead construction spending for nonresidential buildings by a full year. In May, the commercial component of the Momentum Index increased 4.8% to an 8-1/2 year high, which suggests that **construction activity for commercial buildings** will continue to rise over the next year, even with signs of decelerating improvement in market fundamentals (occupancies and rents). The **institutional component** of the Momentum Index rose 2.9% in May, making a partial rebound after pulling back 12.0% in April. During this year’s first quarter, the institutional component had re-established its often hesitant upward trend, with March up 21% compared to the end of 2016. May’s moderate gain, following the April retreat, provides evidence that the upward trend for the institutional sector remains underway.”

In its latest quarterly analysis of **occupancy and rent trends for five commercial property types** in 55 metro areas, Dividend Capital Research [reported](#) on May 26 a 0.3% increase in industrial occupancy in the first quarter of 2017 and no change for office, apartment, retail and hotel occupancy. The firm deemed apartments to be in “hypersupply, characterized by continuing new construction despite increasing vacancies. Suburban offices were listed as in “recovery,” marked by declining vacancy with no new construction. All other property types were in “expansion,” with new construction but declining vacancy, with hotels on the cusp of hypersupply. Regarding industrial property, “there are more than 50 mega projects under construction that are 1 million square feet or more across the U.S. It appears industrial is reaching a peak plateau in occupancy that could last for the next two years due to e-commerce demand.” As for apartments, “strong new construction completions continued in most analyzed markets, creating the hypersupply phase of the cycle. We do not forecast this continued oversupply to reverse course over the next year. There are too many projects in the pipeline that should complete in the next 12 months.” In retail, “new construction continues to run at very low levels, providing good demand/supply balance.”

Prices for construction materials have moved in divergent directions. “Current **hot-rolled coil** pricing is 3.5% lower than last year’s peak in late June/early July,” investment analyst Thompson Research Group [reported](#) on Wednesday in its monthly survey of building products distributors. Regarding a “June 2017 10% price increase: 75% believe the price increase will be partially successful.” Regarding “**wallboard** pricing trends: 75% of survey respondents reported ‘flat’ sequential pricing. [The] **insulation** industry has announced January and June mid-to-high single-digit price increases; 67% of May survey respondents reported ‘flat’ sequential pricing trend and 75% believe the June 2017 price increase will be partially successful. [As for] **ceiling** pricing trends, 50% of respondents reported ‘flat’ pricing over the past 30 days....AWI announced a 10% price increase on ceilings, 8% on architectural products and 16% on Textum products.” On May 30, New South Construction Supply [reported](#) in its May newsletter that several “manufacturers increased prices on polyolefin under-slab **vapor barriers** in May by approximately 7%...Resin manufacturers have announced another price increase for June and if they are successful, expect polyolefin vapor barrier manufacturers to increase prices again in July. Polyethylene resin manufacturers were unable to push through a price increase in May [but] will attempt to increase their price by \$.05/pound in June and if they are successful, expect **polyethylene sheeting** manufacturers to increase prices by early July. Domestic **rebar**...mills have indicated they will make no price changes for June orders.”

An analysis by the National Association of Home Builders [posted](#) on Wednesday in its “Eye on Housing” blog “of the most recent 2015 American Community Survey...data reveals that the median age of construction workers is 41, [matching] the overall labor force....Construction occupations with younger workers include helpers, roofers and equipment operators. Older workers are concentrated in managerial positions such as inspectors, construction supervisors and construction managers.”

Total **revenue for architectural and related services firms** in the first quarter of 2017 slumped 5.5%, not seasonally adjusted, from the fourth quarter of 2016, but increased 1.5% compared to the first quarter of 2016, the Census Bureau

[reported](#) on Thursday. **Revenue for engineering services firms** declined 3.0% for the quarter but increased 3.1% year-over-year.

The *Data DIGest* is a weekly summary of economic news; *items most relevant to construction are in italics*. **All rights reserved**. Sign up at <http://store.agc.org>.