



News Release

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ANNOUNCEMENT

Construction Jobs still in Malaise September 2011

by Ken Simonson
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The number of job openings at the end of September was 3.4 million, seasonally adjusted (2.5 percent of employment plus openings at the end of the month), up from 3.1 million (2.3 percent) in August and 2.8 million (2.1 percent) a year ago, the Bureau of Labor Statistics reported Nov. 8. The hires rate (number of workers hired during the month as a share of employment at the end of the month) and separations rate (both 3.2 percent in September) "were little changed over the month," BLS stated, and were up only slightly from September 2010, when both rates were 3 percent.

"Although the number of job openings remained below the 4.4 million openings when the recession began in December 2007, the level in September was 1.2 million higher than in July 2009 (the most recent trough for the series)," the BLS said. "The number of job openings has increased 38 percent since the end of the recession in June 2009."

Construction Employment

In contrast, the hires rate in construction jumped to 7.3 percent in September from 5.6 percent in August and 5.9 percent in September 2010, while the separations rate rose less sharply, to 6.6 percent from 5.8 percent a month earlier and 6 percent a year before.

However, job openings remain scarce in construction: only 75,000 at the end of September, a rate of 1.3 percent, down from 102,000 (1.8 percent) in August and up only slightly from 68,000 openings (1.2 percent) in September 2010. In other words, contractors are hiring more workers but there are relatively few openings, perhaps because the ample pool of unemployment construction workers means openings are filled rapidly.

Bid Prices

Data compiled and analyzed by consultant Rider Levett Bucknall (www.rlb.com) and released Nov. 10 "suggests that between July 1, 2011 and October 1, 2011 the national average increase in construction cost was 0.52 percent. Once again, all [11] locations posted positive inflation for the period. At under 0.2 percent, Honolulu and Seattle posted the lowest levels of inflation, while all other locations saw bid price increases of between 0.4 percent and 0.7 percent for the quarter."



Home Sales

"Metro-area median existing-home prices in the third quarter generally were down from a year ago, while sales rose in every state from the third quarter of 2010," the National Association of Realtors (www.realtor.org) reported Nov. 9. "The median existing single-family home price rose in 39 out of 150 [metro areas] in the third quarter from a year earlier; 111 areas showed price declines. In the second quarter, 41 metro areas had posted annual price gains" vs. 109 areas with declines. Falling home prices mean the property-tax base in an area is shrinking, which puts downward pressure on construction budgets for school districts and local governments dependent on property taxes.



Realtors Chief Economist Lawrence Yun said, "Home sales need to recover first - only then can prices stabilize. Existing-home sales are little changed from the second quarter but are notably higher than a year ago. The good news is inventory levels have been trending gradually down."



Total state existing-home sales, including single-family and condo, slipped 0.1 percent at a seasonally adjusted annual rate in the third quarter from the second quarter, but were 17 percent higher than during the third quarter of 2010. "Every state and the District of Columbia saw sales rise from a year ago, with 45 states posting double-digit gains," the Realtors reported.

The metro areas with the largest gains in median prices from a year before were Grand Rapids, Mich., 24 percent; South Bend, Ind., 20 percent; Palm Bay-Melbourne, Fla., 18 percent; Youngstown, Ohio, and Green Bay, Wis., 13 percent each. All of these areas had suffered extreme price declines.

The largest percentage decreases in median prices over the past year were in Mobile, Ala., Phoenix and Allentown, Pa., -18 percent each; Salt Lake City, -15 percent; and Gulfport-Biloxi, Miss., -13 percent.

"In the condo sector, metro-area condominium and cooperative prices - covering changes in 54 metro areas - showed the national median existing-condo price was...down 2.2 percent from the third quarter of 2010. Twelve metros showed increases in the median condo price from a year ago and 42 areas had declines," NAR noted.

Falling house and condo prices suggest continued weak demand for new single-family and condo construction. However, as employment increases, demand for rental housing construction is likely to rise.

2010 Injuries And Illnesses

"The rate of nonfatal occupational injury and illness cases requiring days away from work to recuperate was 118 cases per 10,000 full-time workers in 2010, statistically unchanged from 2009," the BLS reported Nov. 9. "The total number of private industry, state government and local government cases decreased 4 percent to 1,191,100. The median days away from work - a key measure of severity of injuries and illnesses - was eight days, the same as the previous year....In construction, the number of days-away-from-work cases declined 19 percent to 74,950."

The incidence rate in construction was 150 cases per 10,000 full-time workers. Incidence rates were far higher for workers in construction occupations who were employed by state and local government than in private industry.

The BLS reported Aug. 25, based on preliminary results from the 2010 Census of Fatal Occupational Injuries: "The number of fatal work injuries in the private industry construction sector declined by 10 percent in 2010. Fatal work injuries in construction have declined every year since 2006 and are down nearly 40 percent over that time. Economic conditions may explain much of this decline with total hours

worked having declined another 6 percent in construction in 2010, after declines in both 2008 and 2009.

"Even with the lower fatal injury total, construction accounted for more fatal work injuries than any other industry in 2010....Construction trades worker fatalities were down 15 percent (from 621 in 2009 to 530 in 2010) and have declined 46 percent since 2006. Fatal work injuries involving construction laborers, the worker subgroup accounting for the highest number of fatalities in the construction trades worker group, were down by 16 percent in 2010 to 193 fatal work injuries."

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