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Construction Employment Tightens As Industry Reels From Pandemic Slowdown

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By **Lynn Pollack** | March 04, 2021 at 06:50 AM

One of the factors driving up construction costs shows little sign of abating: Employment in the industry is tightening as the sector begins to climb out of a COVID-19 trough, according to a new analysis from Marcum Construction Group.

The 2020 Marcum JOLTS Analysis of construction employment trends shows that job openings in the industry fell to 195,000 in December, which equates to approximately 2.6% of all available construction positions. The report, which relies on construction data from the US Bureau of Labor Statistics' Job Openings and Turnover Survey, also notes that when the pandemic began, many experts hoped that job losses in March and April would mitigate skilled labor shortages the industry had experienced for years.

“That simply hasn’t happened to any meaningful degree,” wrote Anirban Basu, author of the report and Marcum’s chief construction economist. “In December 2020, there were 13,000 more workers who quit their construction jobs than were laid off or discharged by their employers. This was just the 17th month in the past 20 years during which quits exceeded layoffs and discharges—a clear indication of labor market tightness.”

The shortages are particularly acute in certain parts of the country, which has in turn driven up wages. The average hourly earnings for construction employees hit a historic peak in January 2021 at $32.11, while average weekly hours also rose to their highest level since the third quarter of 2019.

“This is what might be expected from a strong economy operating under normal circumstances, not one facing a lingering pandemic and elevated unemployment,” Basu said. And historically, workers who lose their jobs during a recession don’t return to the industry: according to Census Bureau statistics cited in the report, more than 60% of construction workers who lost their jobs during the 2008-09 downturn left the industry for good by 2013.

At the same time, activity is contracting for various reasons. **Total construction starts fell by 10% to $766.3 billion in 2020**, according to data from Dodge Data & Analytics, and construction spending ended an almost decade-long expansion last spring. Experts predict nonresidential construction, which posted a 24% loss and hit the lowest levels since 2015, will remain in recession well into 2021.The office, hotel, and warehouse sectors all also posted double-digit declines in December, with total commercial starts falling 23% over the course of the month. In addition, the American Institute of Architects’ most recent Consensus Construction Forecast estimates that spending on nonresidential facilities will decline around 5% this year.