

Electrical Construction & Maintenance

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Marcum Issues Q1 Construction Index

Construction spending data remains stable, investment in structures is down

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According to the [Marcum Commercial Construction Index](#) for the first quarter of 2020, construction employment fell by nearly one million jobs from March to April 2020 — a decrease of 12.8%. The industry's unemployment rate increased from 6.9% in March to 16.6% in April, the highest level since early 2012.

"Typically, construction is protected in the early months of a recession, as months of backlog acquired over prior periods allow contractors to continue working even as the broader economy slows down," wrote Anirban Basu, author of the report and Marcum's chief construction economist. "That was not the case this time around."

Despite elevated unemployment levels, Basu does not expect the crisis to assuage skilled labor shortages.

"Following the Great Recession, the U.S. Department of Labor found that roughly 60% of displaced construction workers found employment in another industry," he said. "Preventing this from happening again is crucial for construction during the potential recovery."

Nonresidential construction spending data from March does not reflect the severity of the economic contraction and stood at an annualized rate of \$802.6 billion, down 0.1% from February 2020 but up 2% year-over-year. Twelve of the 16 nonresidential construction sectors contracted on a monthly basis in March, and the largest increases were in primarily publicly financed segments like public safety (+5.4 percent) and highway and street (+4.5 percent).

"Based on March construction spending data, industry activity largely proceeded apace, with recessionary forces impeding broader industry activity to only a limited extent." Basu wrote. "These data, however, are inconclusive since they only embody the...the tip of the iceberg in terms of the economic impact of COVID-19."

For the complete Marcum Commercial Construction Index, visit www.marcumllp.com/construction.