

A Perspective on Construction

Utah's construction industry's worst days are behind it, but employment levels have yet to make any kind of "healing" rebound. Utah construction jobs have increased by 900 over the past 12 months, but keep in mind that this rise is from a rock bottom loss of some 40,000 construction jobs* over the past three-plus years.

The industry does not need those 40,000 jobs to return to be healthy. It can be argued that it was an excess of jobs that made it unhealthy in the first place. Historically, construction accounts for around 6 percent of the Utah employment base. At the height of the construction boom in 2007, that proportion had risen to over 8 percent. In hindsight, we will have to label that as both unsustainable and unhealthy.

Currently, construction has receded to around 5.5 percent of Utah's employment foundation. This implies there is room for construction's job share to move higher to regain its potential contribution. But it doesn't have to increase dramatically to do that (about 5,000 additional construction jobs would propel this industry to approximating a 6-percent employment share). Going forward, if the Utah economy were to return to its long-term 3.2-percent annual overall growth rate, and construction re-established and maintained its 6-percent share of overall employment, it would take approximately 13 years to replace those departed 40,000 jobs. That offers some perspective as to how inflated the construction industry had become in Utah.

How could Utah increase its construction employment level so far above its historic norm? By borrowing workers from elsewhere. Many of the homebuilding workers of the recent boom were transitory, out-of-state types who came here for a job. Many of them have since left. The point is that Utah does not need to re-create 40,000 construction jobs to re-employ 40,000 unemployed Utah construction workers. Utah only needs enough new jobs to re-employ the idled who remain. ⓘ

**Bureau of Labor Statistics seasonally-adjusted series.*

