



Construction Jobs Rebounding

The momentum in the housing market is forecasted to continue this next year.

Of all industries in Utah, construction took the hardest hit from the Great Recession of 2008/2009. Undoubtedly this was due to the unprecedented housing bubble that developed from 2004 to 2006 as a consequence of large excess housing construction, speculative purchases, overvaluation and huge accumulations of debt obligations.

A run-up of construction employment in Utah began after 2003, which was the low point for construction jobs after the “dot-com” recession of 2001. Employment increased rapidly over the next four years, reaching its zenith in 2007 when average annual employment stood at 103,450, an increase of almost 36,000 jobs, or 53.1 percent (see Figure 1). In 2008 the major housing bubble that had developed during the previous four years burst. By September the financial system fell into disarray, credit was unavailable and businesses in virtually all industries were shedding jobs.

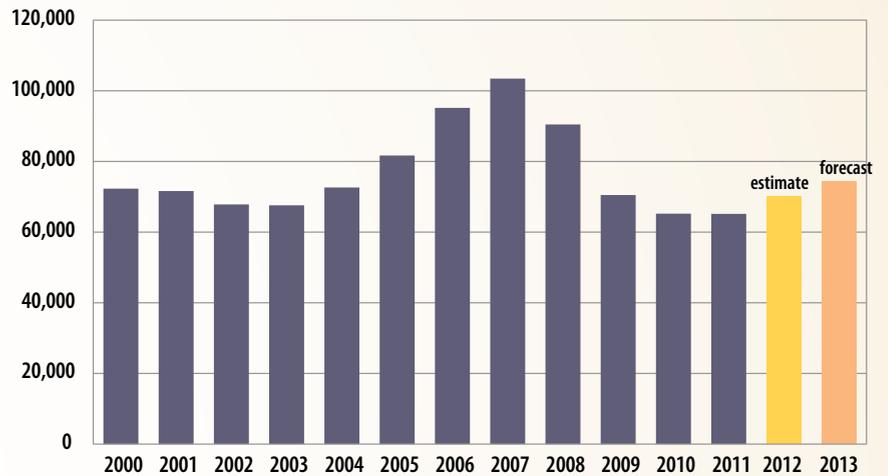
In Utah, construction jobs were declining rapidly in 2008 and 2009. The Great Recession officially ended in July 2009, but many industries like construction continued shedding jobs, finally hitting bottom in 2010. Utah construction employment averaged 65,233 in 2010,

falling 2,365 below numbers recorded in 2003. During 2011, construction employment stayed at virtually the same levels as in 2010, averaging just above 65,000 jobs.

Another way to look at construction jobs over this housing boom and bust cycle is to divide employment among three major types of construction firms: (1) residential building and specialty trade contractors, (2) nonresidential building and specialty trade contractors and (3) heavy and civil engineering construction. Employment levels for firms classified among these three categories are detailed in Figure 2. The housing boom and bust cycle that began after 2003 and ended in 2011 is particularly evident among construction firms and contractors involved in residential construction activities. In 2000, total jobs in residential activities were 30,828 and grew to a peak level of 57,155 in 2007. Residential job losses in the housing bust reduced jobs by more than one half to 28,032, or about 2,800 fewer than in 2000.

Finally, in 2012 construction employment was on the rebound. The recovery took hold in housing during 2012, with single family housing permits increasing off the bottom levels recorded since 2008. Along the Wasatch Front this past year, home prices and sales have shown year-

Figure 1:
Utah Annual Average Construction Payroll Jobs • 2000–2013



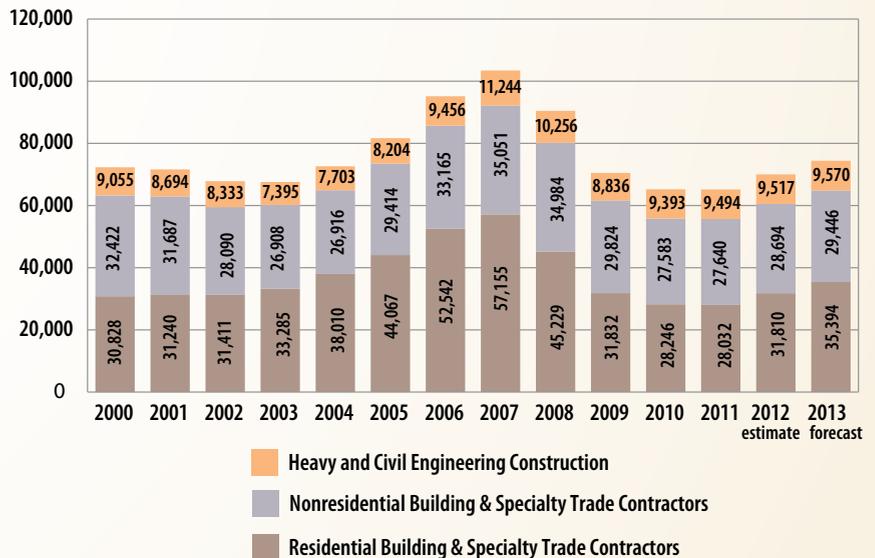
over increases as housing demand has picked up and inventories have dropped. Residential construction jobs reflect the improving housing market. Residential housing related employment in 2012 averaged 31,800, or about 3,800 more jobs and 13.5 percent above 2011.

Given the exceptionally low mortgage interest rates and improving overall labor market in Utah, the momentum in residential activity is forecast to continue next year with 2013 jobs increasing by 3,600 on average, or a gain of 11.3 percent. Modest nonresidential construction job gains are also expected in 2013 and heavy/civil engineering construction should maintain current employment levels.

After four difficult years, construction jobs, particularly those related to residential construction, showed substantial improvement in 2012. Expanding housing activities are adding to the overall economic vitality in Utah. ●

Single family housing permits increased off the bottom levels recorded since 2008.

Figure 2:
Utah Annual Average Construction Payroll Jobs by Type • 2000–2013



Source: Utah Department of Workforce Services.