



## CONSTRUCTION ECONOMIC UPDATE

### Construction Input Prices Edge up Slightly in September

	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08
<b>Month by Month Percentage Change</b>	<b>1.2%</b>	<b>2.6%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>0.0%</b>	<b>0.5%</b>

#### Summary

The nation's nonresidential building construction job market in September continued to decline, losing 7,400 jobs on a seasonally-adjusted basis, according to the Oct. 3 employment report released by the U.S. Labor Department. Since September 2007, nonresidential building has lost 34,000 jobs (3.4 percent). Meanwhile, residential building construction continues to post much larger losses and is down 10,700 jobs since August and 118,600 since last September (see graphic below).

Total private construction employment, which includes specialty trade contractors and accounts for 7,125,000 jobs nationally, fell by 35,000 jobs in September and is down by 464,000 jobs since September of last year, a 6.1 percent decline. The last time the nation lost this many construction jobs on a year-over-year basis was September 1991, when job losses stood at 469,000 and the economy was operating at recessionary levels.

Overall, national employment declined by 159,000 jobs in September. During the first nine months of 2008, the economy has lost 760,000 jobs. However, the nation's unemployment rate stayed unchanged at 6.1 percent in September.

#### What This Means

"Today's numbers on the nonresidential building construction job market is further evidence that the U.S. economy is now deteriorating rapidly," said Anirban Basu, Associated Builders and Contractors (ABC) Chief Economist. "As has been predicted in prior months by ABC, the second quarter of 2008 was not a signal of broader and sustained economic recovery, but served as a temporary respite from the underlying weakness of the nation's economy.

"Since that time, the credit crunch has deepened, the tax rebate money has been spent and the global economy has begun to decelerate rapidly," said Basu. "Construction volumes will continue to decline as developers find it more difficult to put forth workable pro-forma

statements for their projects and as banks become increasingly wary of acquisition, development and construction loans.

"Moreover, employment declines will accelerate in the months ahead, reducing the demand for new office buildings because of the surplus of existing office space," added Basu. "Much of this is unavoidable and will occur whether or not a financial rescue package is passed by Congress and implemented. Still, the passage of this legislation may be critical to limit further downward trajectory of the U.S. economy and help accelerate the nation's recovery."

**Construction Employment Growth: Residential vs. Nonresidential September 1998  
through September 2008**

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