

The Data DIGest

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Cement imports soar but shortages touch 23 states; contractors list few job openings

Imports of goods rose 16% in the first four months of 2005 compared to the same period of 2004, the Commerce Department reported today. *Imports of stone, sand, cement, etc. jumped 29%, reflecting record levels of construction and slow growth of domestic production. Last Friday, AGC CEO Steve Sandherr wrote to Commerce Secretary Carlos Gutierrez to warn that AGC had heard of shortages in 10 states, some of which had adequate supplies last year, and to seek relief from an anti-dumping duty that has discouraged imports of Mexican cement. Media reports triggered by that letter have documented shortages in many areas. On the same day, the Portland Cement Assn. (PCA) issued a survey that indicated 23 states had "tight conditions" or localized "spot tightness" (www.cement.org). PCA Chief Economist Ed Sullivan warned, "Market tightness may spread. Fragile market balances prevail in several other areas currently not characterized by tight supplies. Harsh weather conditions earlier in the year depressed construction activity and enabled cement companies to build inventories, staving off current tight supply conditions. As weather conditions improve, the release of pent-up construction demand could further tighten supplies in some regional markets. This is particularly evident for West Coast markets," where PCA did not find tight conditions. In contrast, AGC received multiple reports of shortages in central and eastern Washington, as well as southern Oregon.*

The Bureau of Labor Statistics (BLS) reported on Tuesday that the construction industry's **job openings** rate tumbled from 2.3% in March, seasonally adjusted, to 1.5% in April, a tad below the April 2004 rate of 1.6%. The rate equals the number of openings at the end of the month divided by employment for the month plus openings. The construction rate was well below the economy-wide rate, which rose from 2.6% in March to 2.7% in April. Despite the low number of openings, construction consistently had a **hire** rate well above the overall rate, 6% vs. 3.4% in April. This would seem to suggest that contractors are able to fill jobs more rapidly than most employers, hiring many but having relatively few unfilled positions.

One explanation for the industry's seeming ease of hiring may be the increase in **construction wages relative to trucking**. On May 25, the American Trucking Assns. (www.truckline.com) posted a study it had commissioned from the economic consulting and forecasting firm Global Insight, "The U.S. Truck Driver Shortage: Analysis and Forecasts." Citing BLS data, the study found, "Throughout the 1990s, average earnings in long-distance trucking were above those in construction, generally maintaining a 6-7% edge." During the "sharp downturn in trucking" in 2000-2001, trucking wages fell 7% while construction wages rose slowly. Weekly earnings in trucking grew 5.1% in 2004, while earnings growth in construction averaged just 2%. However, average weekly earnings in long-distance trucking – at \$725 in 2004 – still remain below the \$736 per week figure in construction." The study estimates that long-haul trucking currently has a shortage of 20,000 drivers, which could grow to 114,000 by 2014 unless the industry raises wages more than construction. That in turn, could lead to worker shortages in construction.

One major source of employees for construction in recent years has been Hispanic workers. The Census Bureau on Thursday reported that **Hispanics** accounted for about one-half of the national **population growth** of 2.9 million between July 1, 2003 and July 1, 2004.

Census also posted tables on the **number of individuals in each age group** on July 1, 2004, compared to the previous four years. For instance, the figures for children under five years old and 15-19 years old have risen each year. The number of 5-9 year-olds has declined annually since 2000, while the number of 10-14 year-olds peaked in 2003, then fell last year. *These figures suggest that demand for elementary **school construction** has tapered off but is likely to pick up again, while high school and college construction demand may be close to a peak.*

A report in the May issue of BLS's Monthly Labor Review sheds new light on the characteristics, including survival rates, of new firms. In "Survival and Longevity in the Business Employment Dynamics Data" (www.bls.gov/opub/mlr/2005/05/ressum.pdf), Amy Knaup tracked firms that first reported employment in the second quarter of 1998. About 80% of the firms survived for four quarters. The same survival rate held for the next three years. Put another way, 66% of the firms lasted two years, 44% for four years. The average starting employment was 3.8 employees, which grew to 7.2 by the fourth year. *The survival data for construction closely matched the average for all 10 sectors, but construction firms grew only from 3.6 to 5.9 employees on average.*