CONSTRUCTION SPENDING AND EMPLOYMENT: History and Forecast Terms and Sources

Construction Spending

Source: Census Bureau Value of Construction Put in Place Survey **Annual Historical Data** and **Annual Total Table**

Total Private Employment

Source: Bureau of Labor Statistics, **Current Population Survey**, **Table 42**
Excludes the self-employed. Only annual data are available.

Construction Spending Forecast Assumptions

Starting with the annual construction spending data for 2018 ($1.29 trillion), the estimate assumes 4 percent growth (to $1.35 trillion) for 2019, 3 percent growth above the 2019 construction spending level (to $1.39 trillion) for 2020 and 3 percent growth above 2020 construction spending (to $1.43 trillion) for 2021.

Construction Spending and Job Creation

According to a model developed by Markstein Advisors to calculate the relationship between the volume of construction spending and demand for private construction employment (excluding the self-employed), every $1 billion in extra in overall construction spending generates an average of at least 6,300 construction jobs. Every $1 billion in extra construction spending on infrastructure generates an average of at least 3,300 construction jobs.

Employment Demand Forecast

According to a model developed by Markstein Advisors to estimate total private construction employment demand based on the amount of construction spending, construction employers would have liked to have hired 278,000 more workers in 2018. The estimate for 2018 is consistent with sources reporting employment and available jobs in construction (such as the BLS **JOLTS** report), given that all openings are not always reported. According to the model, employers would like to hire 440,000 more construction workers in 2019 over the number they employed in 2018.

The model adjusts for expected increases in construction costs because construction spending is in nominal dollars (i.e., not adjusted for inflation). Also, the model includes productivity gains in construction, reducing the amount of labor needed to produce a certain dollar amount of construction output. Finally, the model is based on construction wages and salaries remaining at 2018 levels. Higher wages and salaries would reduce the demand for labor.

Employment Demand Forecast with Additional Infrastructure Spending

The employment projections assume that the administration's infrastructure plan, if enacted, would result in $25 billion in additional construction spending in 2019 on top of the baseline construction spending forecast; $150 billion additional spending in 2020; and $225 billion more in 2021. Thus, demand for additional construction workers above the baseline estimate for each year would be 82,500 in 2019, 495,000 more workers in 2020 and 742,500 more workers in 2021.

April 2019