Examining the Post-Recessionary Change in Workforce Age within Arizona’s Construction Industry

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Overview

• Construction’s Role in Arizona’s Economy
• Construction’s Employment Trends over Time
• Analyze the Demographic Trends (Workforce Age) Revealed by LED Data
The Construction Industry and Arizona
Arizona Construction’s Share of Total Nonfarm Employment above 6% from ‘94-’08
U.S. never above 6%

Construction's Yearly Average Share of Total NonFarm Employment

Yearly Average Percent Share

Source: CES
Arizona Construction Workers Earn Roughly $1,000 More a Month than Retail and Administrative and Support and Waste Workers; $2,000 More than Accommodation and Food Service
141,100 Arizona Construction Jobs Lost from June ‘06 (Peak) to Feb ’11 (Trough)
Employment Decline begins 1.5 Years before Great Recession

Source: Produced by the Arizona Office of Employment and Population Statistics in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics
6 Years after the End of the Great Recession, Arizona Construction Employment only at 50% of Peak Employment; 24% of Jobs lost during Great Recession were from Construction
Arizona Construction Employment Recovery has been Sluggish
Only 21,600 Jobs Recovered by April ‘15

35 Consecutive months of over-the-year gains starting July ‘11

Feb ‘11 106.4

Current Employment Level below Average Employment in ‘96 of 133,500

April ‘15 128.0

Source: Produced by the Arizona Office of Employment and Population Statistics in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics
Construction Subsector Shares Largely Unchanged After Great-Recession

**Construction Sector Employment and Shares**

<table>
<thead>
<tr>
<th></th>
<th>June '06</th>
<th>Feb '11</th>
<th>April '15</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Peak Employment</td>
<td>69.3%</td>
<td>65.3%</td>
<td>69.2%</td>
</tr>
<tr>
<td>At Trough Employment</td>
<td>11.8%</td>
<td>14.5%</td>
<td>12.7%</td>
</tr>
<tr>
<td></td>
<td>18.9%</td>
<td>20.2%</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

Source: CES

6/23/2015
Construction Employment by Age
Workers under 35 comprised 43.5% of employment in 2006, only 30.1% in 2014.

<table>
<thead>
<tr>
<th>AGE SHARES, ARIZONA CONSTRUCTION INDUSTRY</th>
<th>2004 Q2</th>
<th>2006 Q3</th>
<th>2011 Q1</th>
<th>2014 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 and under</td>
<td>8.1%</td>
<td>10.2%</td>
<td>3.1%</td>
<td>3.3%</td>
</tr>
<tr>
<td>22-34</td>
<td>33.0%</td>
<td>33.3%</td>
<td>28.8%</td>
<td>26.8%</td>
</tr>
<tr>
<td>35-54</td>
<td>46.6%</td>
<td>43.6%</td>
<td>51.5%</td>
<td>50.6%</td>
</tr>
<tr>
<td>55 and over</td>
<td>12.3%</td>
<td>12.9%</td>
<td>16.6%</td>
<td>19.3%</td>
</tr>
</tbody>
</table>

**SOURCE:** LED QWI
Shares for Workers Under 35 Growing from Q2 2004 to Q3 2006

Arizona Construction Industry Employment Levels by Age

61,000 Employees Added from Q2 2004 to Q2 2006
51% (31,000) were under 35
26% (16,000) were 25-24

SOURCE: LED QWI
Young Workers Left Construction Disproportionately from Q2 2006 to Q1 2012
75,572 Jobs lost for Employees under 35

Source: LED QWI
Employees 35 and Over also lost Jobs, but their Shares grew from Q2 2006 to Q1 2012.
66,573 Jobs lost for Employees 35 and Over.

Source: LED QWI
Age Shares have Remained Stable during Mild Employment Recovery from 2012 to 2014
Under 35 Shares Around 30% of Total Employment
Age Shares have Remained Stable during Mild Employment Recovery from 2012 to 2014
35 and Over Shares Around 70% of Total Employment

Source: LED QWI
Employment Recovery Gains Dominated by Employees 35 and Over

Construction Jobs Added by Age Group
Q2 2011-Q2 2014

- 35 and Over: 13,075
- Under 35: 4,641

Source: LED QWI
Conclusion
Conclusion

• Construction Historically Important for Arizona, Reduced Role after the Great Recession
  • Arizona Construction Share of Total NonFarm Employment above 6% from ‘94-’08, US never above 6% from ‘90-’14. (CES)
  • Construction’s Yearly Average Share of Total NonFarm Employment 9.1% (Peak) to 4.9% (2014) (CES)
  • Relatively High Wage Industry, Average Monthly Earnings Above $3,000 from Q3 2005 (LED QWI)
Conclusion

- Dramatic Decline in Employment in Recent Years
  - 141,000 jobs lost Peak (June ‘06) to Trough (Feb ‘11) (CES)
  - Very Sluggish Recovery – 21,600 Jobs recovered to Date (CES)
    - Employment in April ‘15 at 128,000 (CES)
    - Below ‘96 Average Employment (133,500) (CES)
  - 9 Years after Start of Employment Decline in June ‘06, AZ still only at 52% of Peak Construction Employment (CES)
Conclusion

• Young Employees Lost Jobs Disproportionately from Q2 2006 to Q1 2012
  • Shares under 35 went from 43.5% to 30.1% of Construction Employment (LED QWI)
  • Conversely shares of workers over 35 went from 56.5% to 69.9% (LED QWI)
  • Over 53% of jobs of the 142,145 jobs lost from ‘06-’12 came from employees under 35 (LED QWI)
Conclusion

- Recovery did not reintegrate younger employees to previous share levels
  - Shares remained effectively flat over the recovery time period
  - 4,641 jobs came from individuals under 35, compared to 13,075 from over 35 (LED QWI)
Conclusion

- Implication – Another sign Construction has a way to go if its to return to its Previously Prominent Role in the Arizona Economy
  - Lack of younger and less experienced workers a symptom of lack of demand for labor
  - Corroborates Housing Permit Data and Low Population Growth
New Private Housing Units Authorized by Building Permit for Arizona

Source: FRED

Prepared by ADOA, Office of Employment and Population Statistics in cooperation with the U.S. Census Bureau
Any Questions?