

Industry Spotlight

September 2017

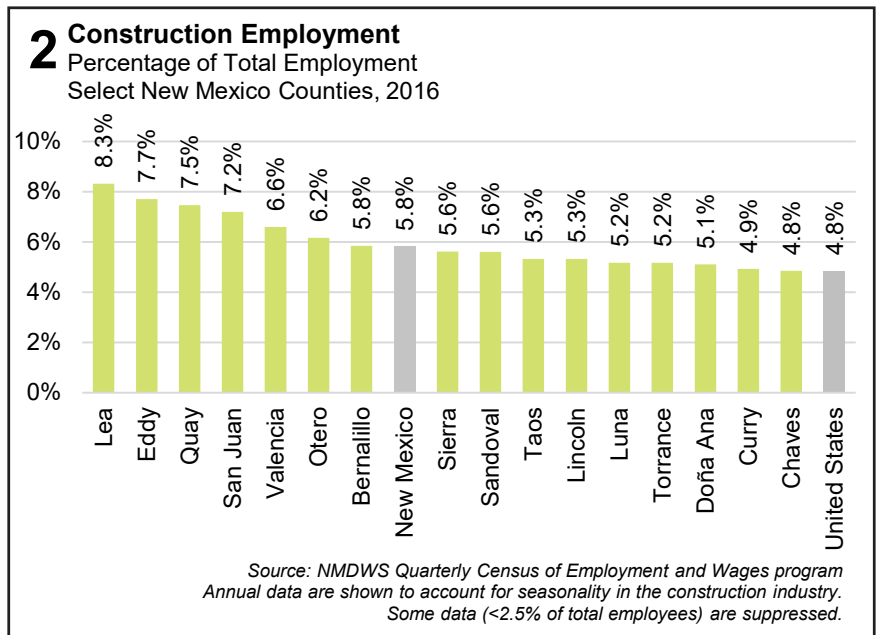
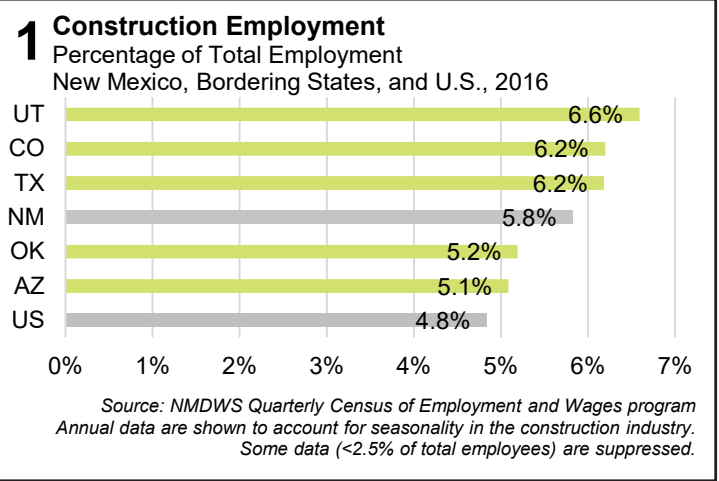
Construction

Summary

The construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction or in subdividing land for sale as building sites also are included in this sector. Construction work done may include new work, additions, alterations, or maintenance and repairs. (Source: North American Industry Classification System (NAICS))

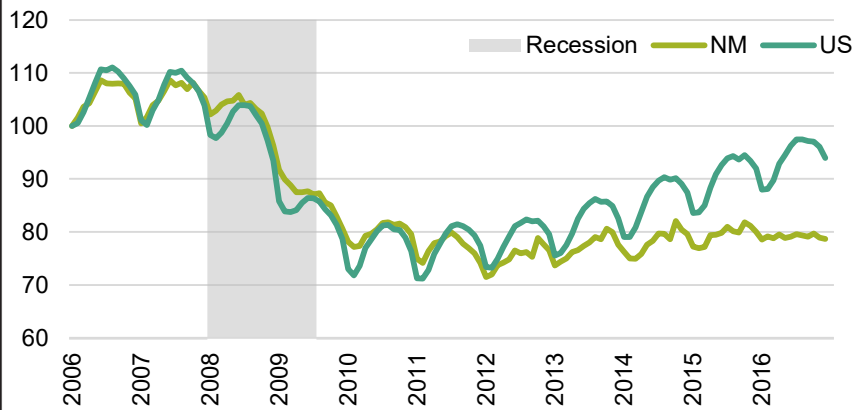
Exhibit 1 shows that in 2016, employment in the construction industry accounted for 5.8 percent of total nonfarm payroll employment in New Mexico, 1.0 percentage point higher than the national average of 4.8 percent. This share was the fourth-highest in the region and eleventh-highest in the country. Utah's share of 6.6 percent was the highest among neighboring states, followed by that in Colorado and Texas, at 6.2 percent each. All states in the region had shares greater than the national average.

Exhibit 2 shows the 16 counties that had a higher reported share of employment in construction than the national average. Lea County had the highest share, at 8.3 percent of total employment, followed by Eddy (7.7 percent), Quay (7.5 percent), and San Juan (7.2 percent). (Note that some data are suppressed, especially in smaller counties with a small number of employers.) The largest number of construction jobs was in Bernalillo County, which had a share approximately equal to the state's.



3 Historical Construction Employment

Indexed to January 2006
New Mexico and the U.S., January 2006 to December 2016



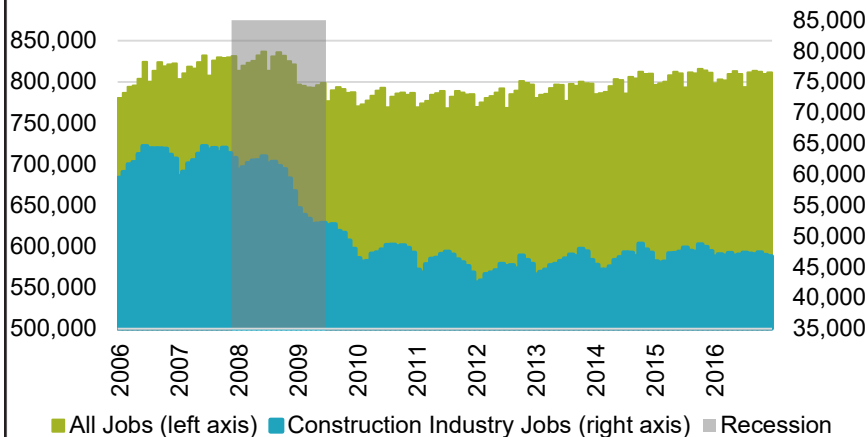
Source: NMDWS Quarterly Census of Employment and Wages program

Employment Trends

Exhibit 3 shows employment in the United States and New Mexico from 2006 to 2016, indexed to January 2006 levels. Construction industry employment in New Mexico and the country as a whole grew significantly in the years preceding the Great Recession. During the Great Recession, the state's construction industry employment fell, as did construction employment nationwide. National construction employment bottomed out in 2011, whereas New Mexico's employment didn't hit a trough until 2012. From 2012 onward, construction employment growth between the state and the nation diverged. New Mexico's growth increased at a much slower rate than the nation's.

4 Total Employment

New Mexico, All Industries and Construction
January 2006 to December 2016

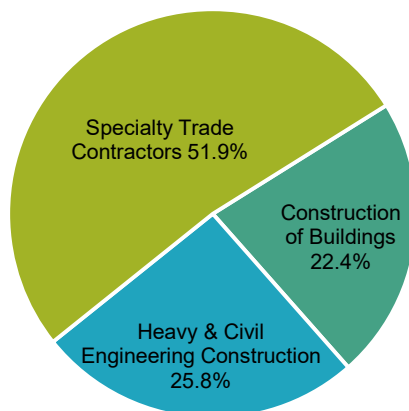


Source: NMDWS Quarterly Census of Employment and Wages program

Exhibit 4 shows employment in construction and all industries in New Mexico since 2006. Employment losses during the Great Recession were much more significant in the construction industry than across all industries combined. After hitting a high in early 2007, employment in construction plummeted during the Great Recession and into the early years of the recovery. Employment across all industries didn't really begin to fall until late 2008 and early 2009. Employment in construction finally hit its period low in 2012, whereas employment across all industries leveled out between 2010 and 2012 before starting to rise again. By 2016, employment across all industries had finally reached the level reported in 2006, while construction employment still had not recovered the jobs it had lost between 2007 and 2012.

5 Construction Subsector Employment

Percentage of All Construction Employment
New Mexico, 2016



Source: NMDWS Quarterly Census of Employment and Wages program
Less than 1% of total employment data are suppressed.
Percentages do not add up to 100% due to rounding.

Subsector and Industry Group Employment

The construction industry is divided into three subsectors: construction of buildings, heavy and civil engineering construction, and specialty trade contractors. As shown in Exhibit 5, more than half of all construction industry jobs were in the specialty trade contractors subsector in 2016, with slightly more than a quarter in heavy and civil engineering construction and slightly less than a quarter in construction of buildings. In total there were 47,049 construction jobs reported in 2016.

Exhibit 6 shows private construction subsector employment in 2016 and changes since 2006. (Only private figures are used because of data suppression in local government construction employment.) Job losses from 2006 to 2011 were significant in all subsectors, with the largest loss in specialty trade contractors (9,298 jobs), the greatest percentage loss in construction of buildings (33.4 percent), and the smallest loss in heavy and civil engineering construction (2,290 jobs, or 22.6 percent). Overall industry job losses totaled 16,983 (28.7 percent). Construction of buildings was the only subsector to experience job losses from 2011 to 2016 (465 jobs, or 4.3 percent), with the other subsectors experiencing an increase in employment during this period (660 jobs, or 8.4 percent,

6 Construction Subsector Employment

Private Sector
New Mexico, 2006–2016

	2016			2006–2011		2011–2016		2006–2016	
	Employment	Establishments	Average Weekly Wage	Numeric Change in Jobs	Percent Change in Jobs	Numeric Change in Jobs	Percent Change in Jobs	Numeric Change in Jobs	Percent Change in Jobs
Construction of Buildings	10,314	1,683	\$856	-5,395	-33.4%	-465	-4.3%	-5,860	-36.2%
Heavy & Civil Engineering Const.	8,519	492	\$1,019	-2,290	-22.6%	660	8.4%	-1,630	-16.1%
Specialty Trade Contractors	24,385	3,038	\$794	-9,298	-28.3%	814	3.5%	-8,485	-25.8%
Construction Total	43,218	5,213	\$853	-16,983	-28.7%	1,009	2.4%	-15,975	-27.0%

Source: NMDWS Quarterly Census of Employment and Wages program

Private data are shown due to suppression in local government employment.

Total private construction counts may vary slightly based on the subsector level used in calculations.

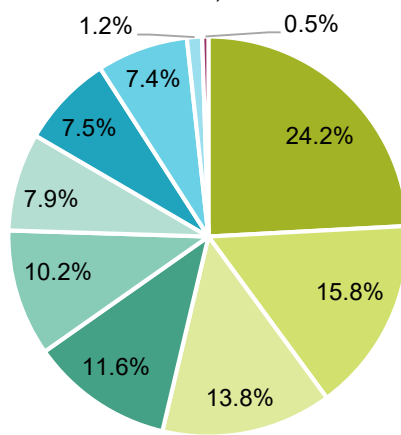
in heavy and civil engineering construction and 814 jobs, or 3.5 percent, in specialty trade contractors). From 2006 to 2016, total industry jobs decreased by 15,975, or 27.0 percent.

In 2016, the average weekly wage in construction of buildings, at \$856, was almost identical to the average overall construction industry wage of \$853 per week. With an average weekly wage of \$1,019, heavy and civil engineering construction workers earned almost 20 percent more per week than the construction industry average, while specialty trade contractors, on average, earned about 7 percent less (\$794).

The construction industry's three main subsectors are further divided into ten industry groups. The employment shares of these industry groups for 2006 and 2016 are shown in Exhibit 7. (Note that private employment tallies are used due to data suppression in government figures.) Building equipment contractors made up the largest industry group in both years (24.2 percent and 25.8 percent, respectively), while all other industry groups changed rankings. The largest change in share occurred in residential building construction, which ranked second in 2006, with 15.8 percent of total construction employment, and fell to sixth in 2016, with 10.3 percent. This drop represented a decrease in share of 5.5 percentage points and 4,889 jobs. The utility systems construction industry group saw the largest increase (542 jobs), moving from the sixth position, at 7.9 percent of total construction employment, to the third, at 12.1 percent, an increase in share of 4.2 percentage points. The most dramatic percentage change occurred in the land subdivision subsector; employment fell 87.1 percent, from 726 jobs, or 1.2 percent of total construction employment, in 2006 to 94 jobs, or 0.2 percent, in 2016. In total, private construction jobs numbered 59,193 in 2006, decreasing to 43,218 in 2016.

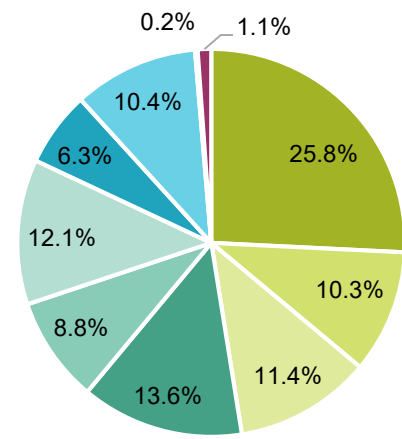
7 Construction Industry Group Employment

Private Sector, Share of All Private Construction Employment
New Mexico, 2006 and 2016



2006: 59,193 Jobs

- Bldg Equipment Contractors
- Residential Bldg Const.
- Foundation, Structure & Bldg Ext. Contractors
- Nonresidential Bldg Const.
- Bldg Finishing Contractors
- Utility Const.
- Hwy/St/Bridge Const.
- Other Specialty Trade Contractors
- Land Subdivision
- Other Heavy & Civil Engineering Const.



2016: 43,218 Jobs

Source: NMDWS Quarterly Census of Employment and Wages program

Private data are used due to suppression in local government employment.

Total private construction counts may vary slightly based on the subsector level used.

Other Measures

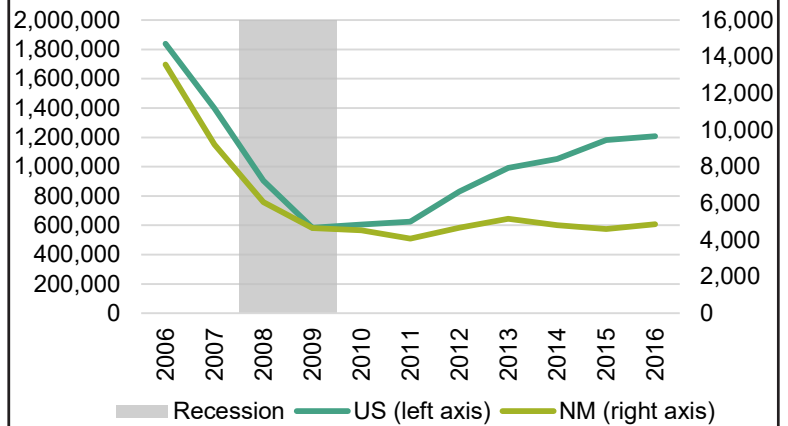
Another measure of change in the construction industry is the number of new residential building permits issued each year, as seen in Exhibit 8. In 2006, 13,573 permits were issued in New Mexico. This year, which immediately preceded the Great Recession that began in 2007, was also the first of several in which new permits declined precipitously. New permits continued a sharp downward trend from 2006 until 2009 and then slowly continued to fall in 2010 and into 2011, when 4,076 were issued. Thereafter, the number of permits generally began to increase at a slow pace. In 2016, 4,863 permits were issued in New Mexico. In the country as a whole, the decline in the number of permits issued followed a similar pattern until 2009. But, permits in the US began to rebound in 2010, with the number of new permits increasingly quickly from 2011 onward. (Note that these are the numbers of permits issued, not buildings constructed, as not all buildings approved are ultimately built.)

Occupational Employment

Of the 798 occupations in the New Mexico workforce in 2014, 164 were represented in the construction industry. (Note that occupations are defined by work tasks, while industries are defined by business activities.) Of these 164 occupations, the ten most common are shown in

Exhibit 9. Construction laborers made up the largest group, with a 17.9 percent share of all construction employment. The next most common occupation was construction supervisors, at 7.8 percent. Electricians, carpenters, and operating engineers and other construction equipment operators rounded out the top five most common occupations. Taken together, the ten most common occupations accounted for 24,906 positions, equaling 58.2 percent of all employment in the construction industry.

8 New Private Residential Building Permits Issued United States and New Mexico, 2006–2016



Source: NMDWS United States Census Bureau Building Permits Survey program

9 Occupational Employment Most Common Occupations Within the Construction Industry New Mexico, 2014

	Estimated Employment	Share of All Construction Employment
Construction Laborers	7,633	17.9%
Supervisors of Construction & Extraction Workers	3,333	7.8%
Electricians	2,751	6.4%
Carpenters	2,687	6.3%
Operating Engineers & Other Construction Equipment Operators	1,989	4.7%
Secretaries & Admin. Assistants, Except Legal/Medical/Executive	1,549	3.6%
Plumbers, Pipefitters & Steamfitters	1,386	3.2%
Construction Managers	1,250	2.9%
General & Operations Managers	1,218	2.9%
Cement Masons & Concrete Finishers	1,110	2.6%

Source: NMDWS Occupational Employment Statistics and Employment Projections programs



The *Industry Spotlight* is a publication from the New Mexico Department of Workforce Solutions, Economic Research & Analysis Bureau. Contributing Economist is Randall McElroy III.

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