

# **Examining the Post-Recessionary Change in Workforce Age within Arizona's Construction Industry**

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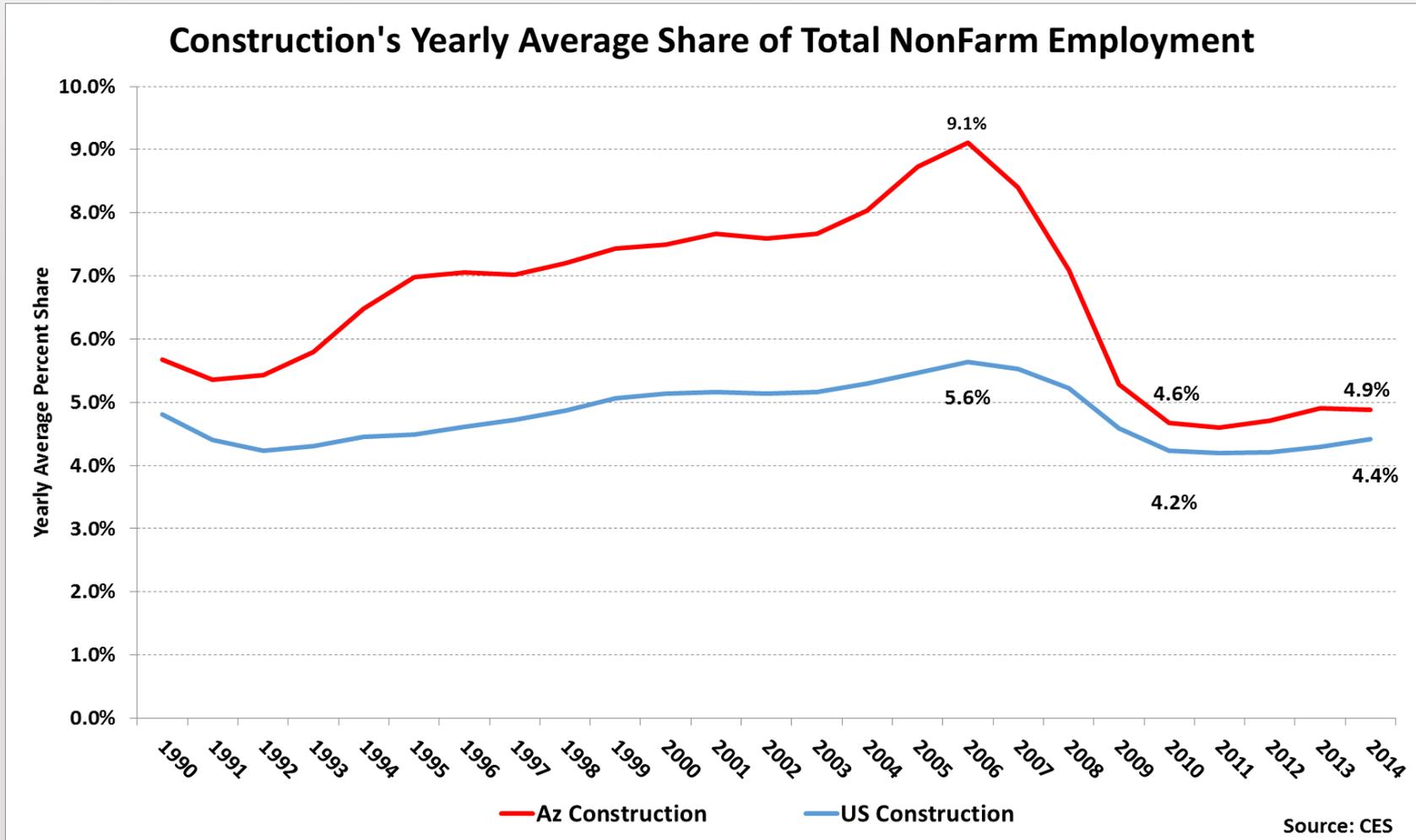
## Overview

- Construction's Role in Arizona's Economy
- Construction's Employment Trends over Time
- Analyze the Demographic Trends (Workforce Age) Revealed by LED Data

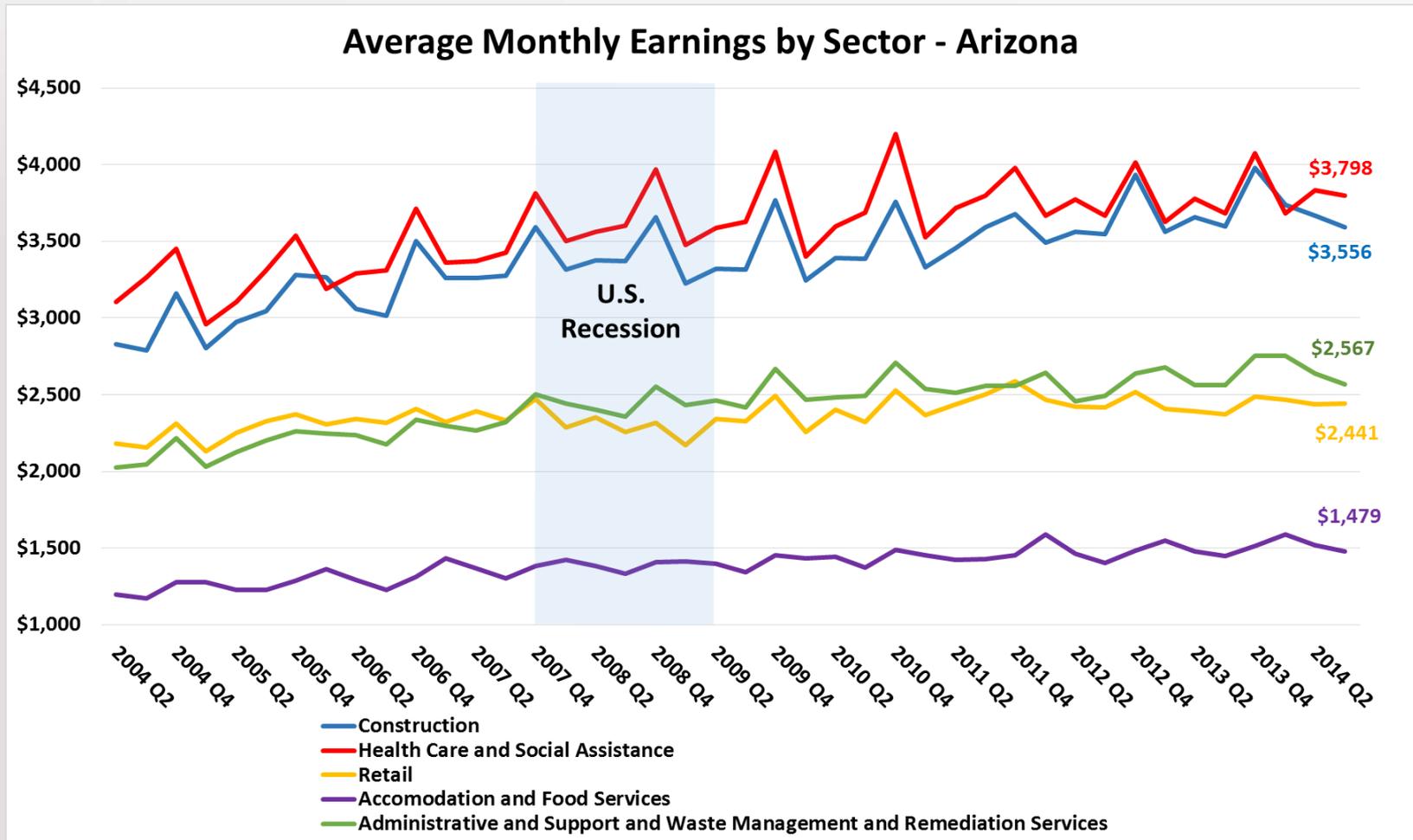
# The Construction Industry and Arizona

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Arizona Construction's Share of Total Nonfarm Employment above 6% from '94-'08  
U.S. never above 6%



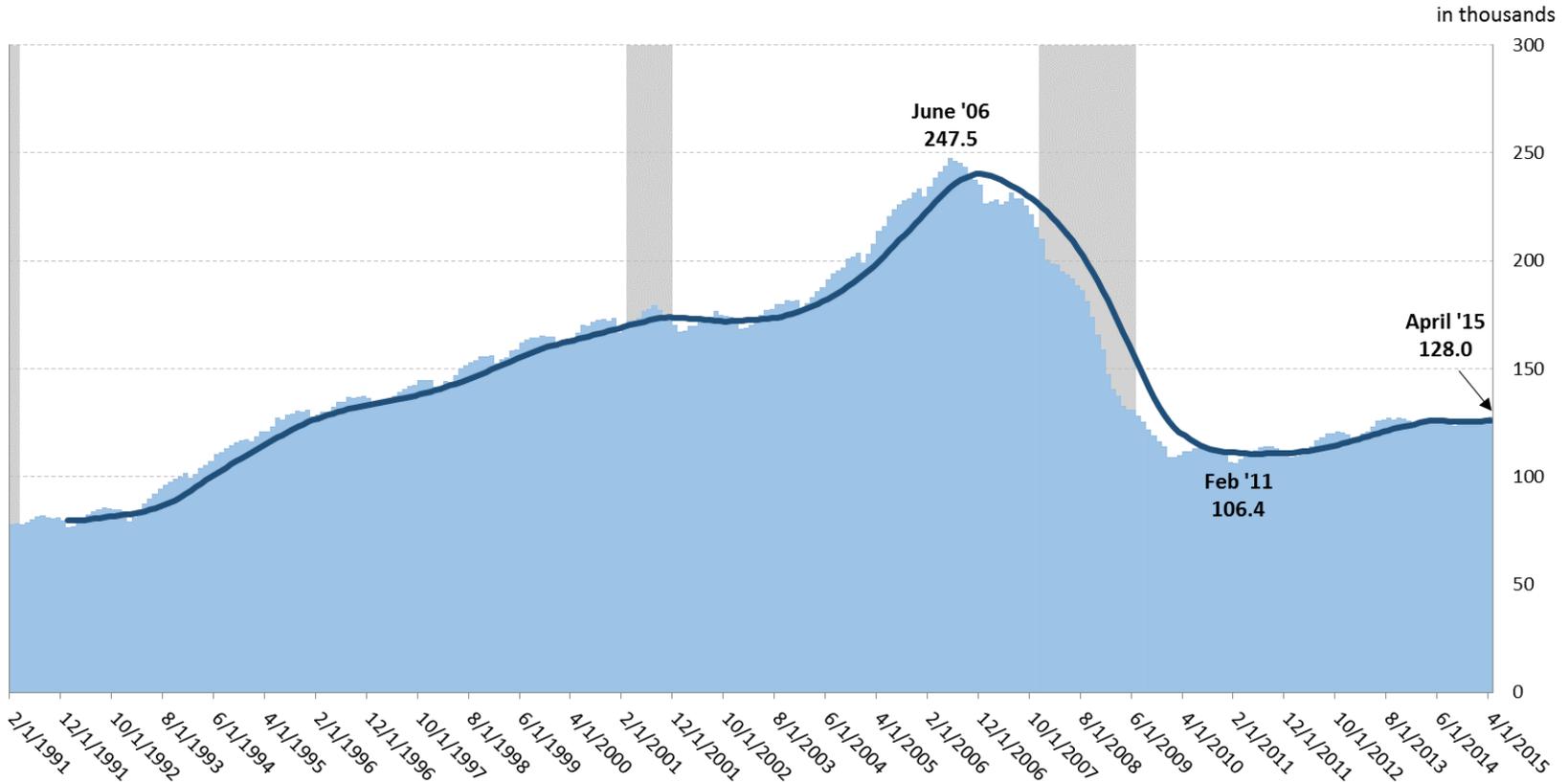
Arizona Construction Workers Earn Roughly \$1,000 More a Month than Retail and Administrative and Support and Waste Workers; \$2,000 More than Accommodation and Food Service



141,100 Arizona Construction Jobs Lost from June '06 (Peak) to Feb '11 (Trough)  
 Employment Decline begins 1.5 Years before Great Recession

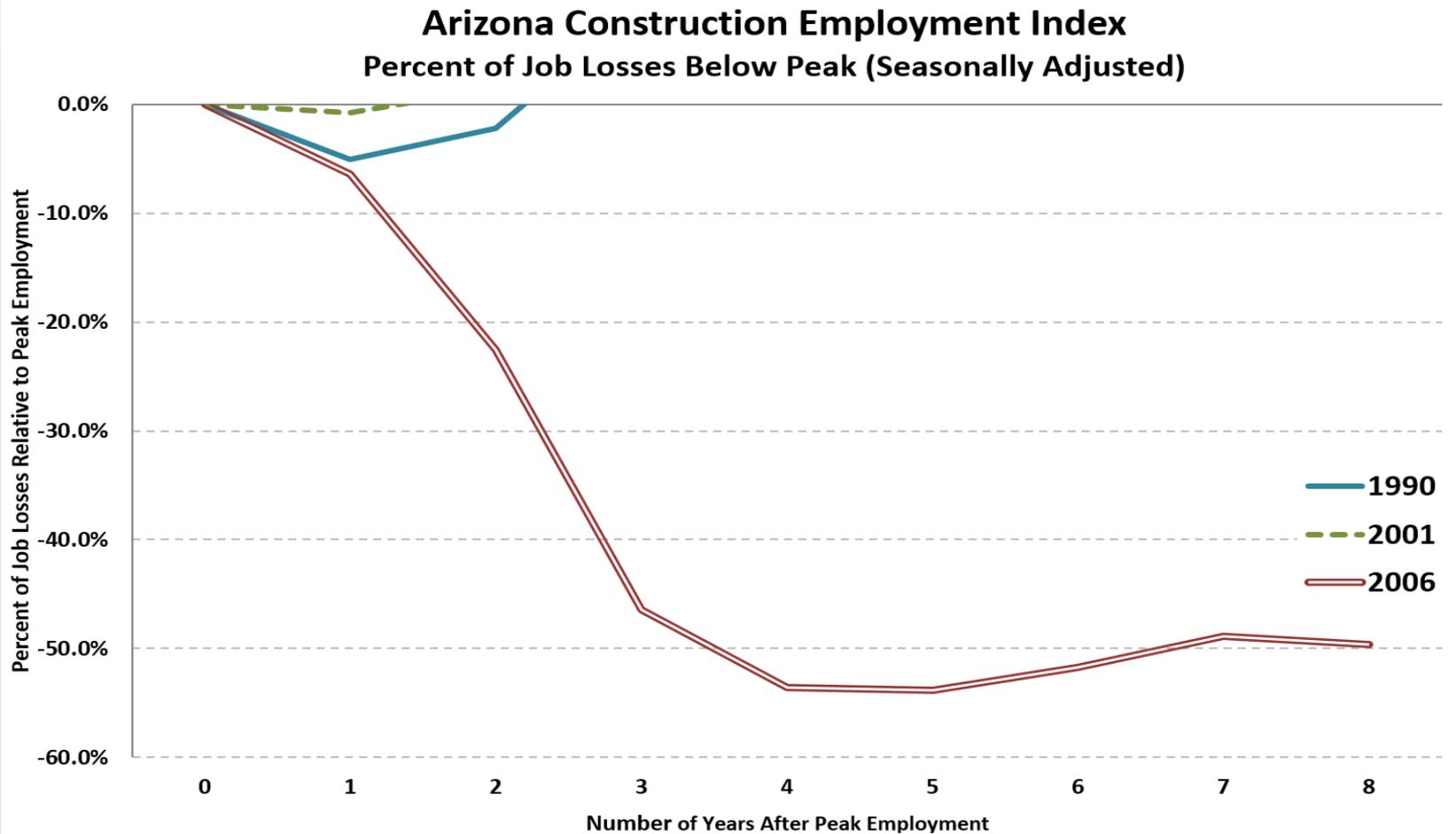
## Arizona Construction Employment Level

Recession Construction 12 per. Mov. Avg. (Construction)



Source: Produced by the Arizona Office of Employment and Population Statistics in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

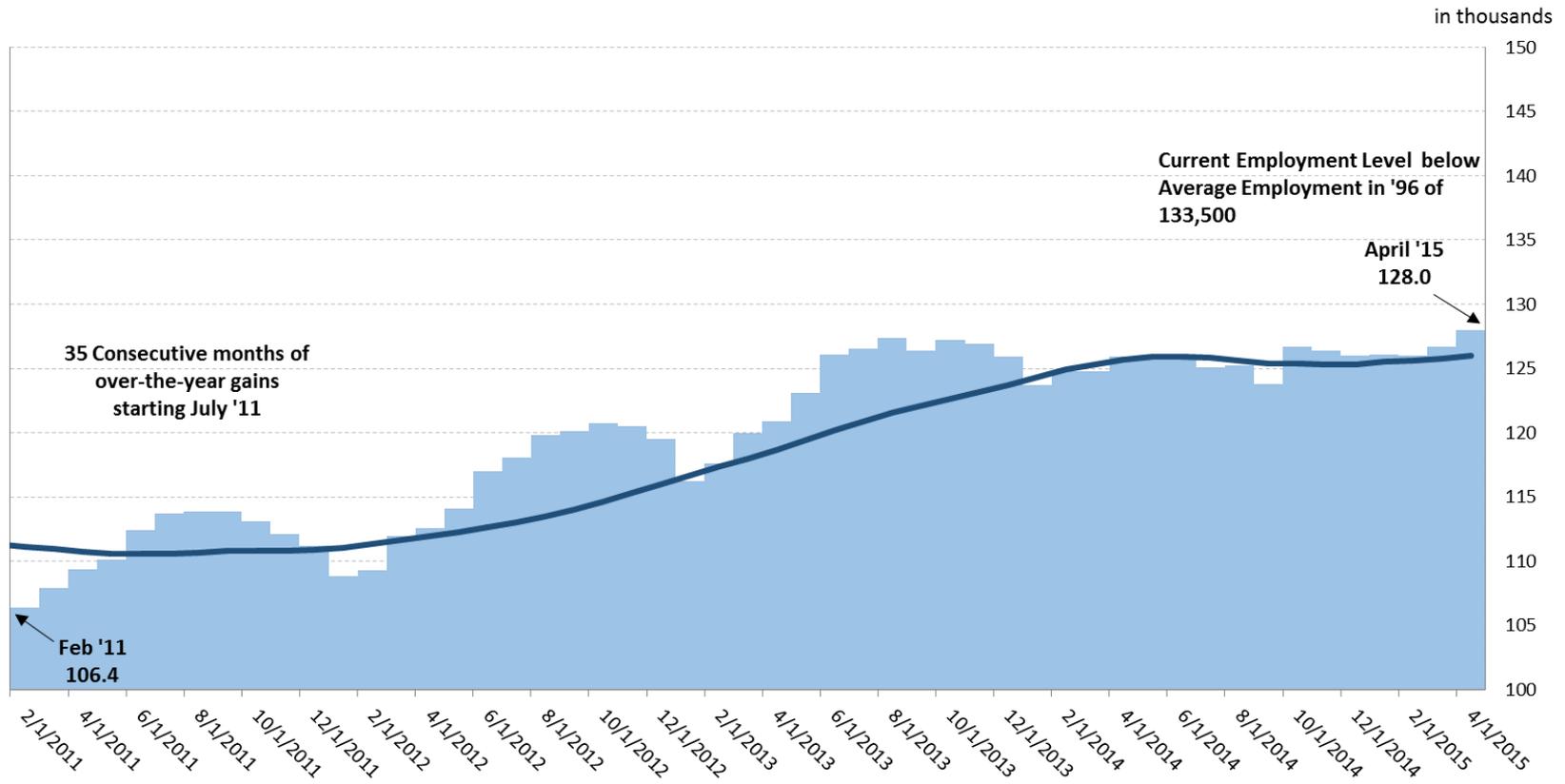
6 Years after the End of the Great Recession, Arizona Construction Employment only at 50% of Peak Employment; 24% of Jobs lost during Great Recession were from Construction



## Arizona Construction Employment Recovery has been Sluggish Only 21,600 Jobs Recovered by April '15

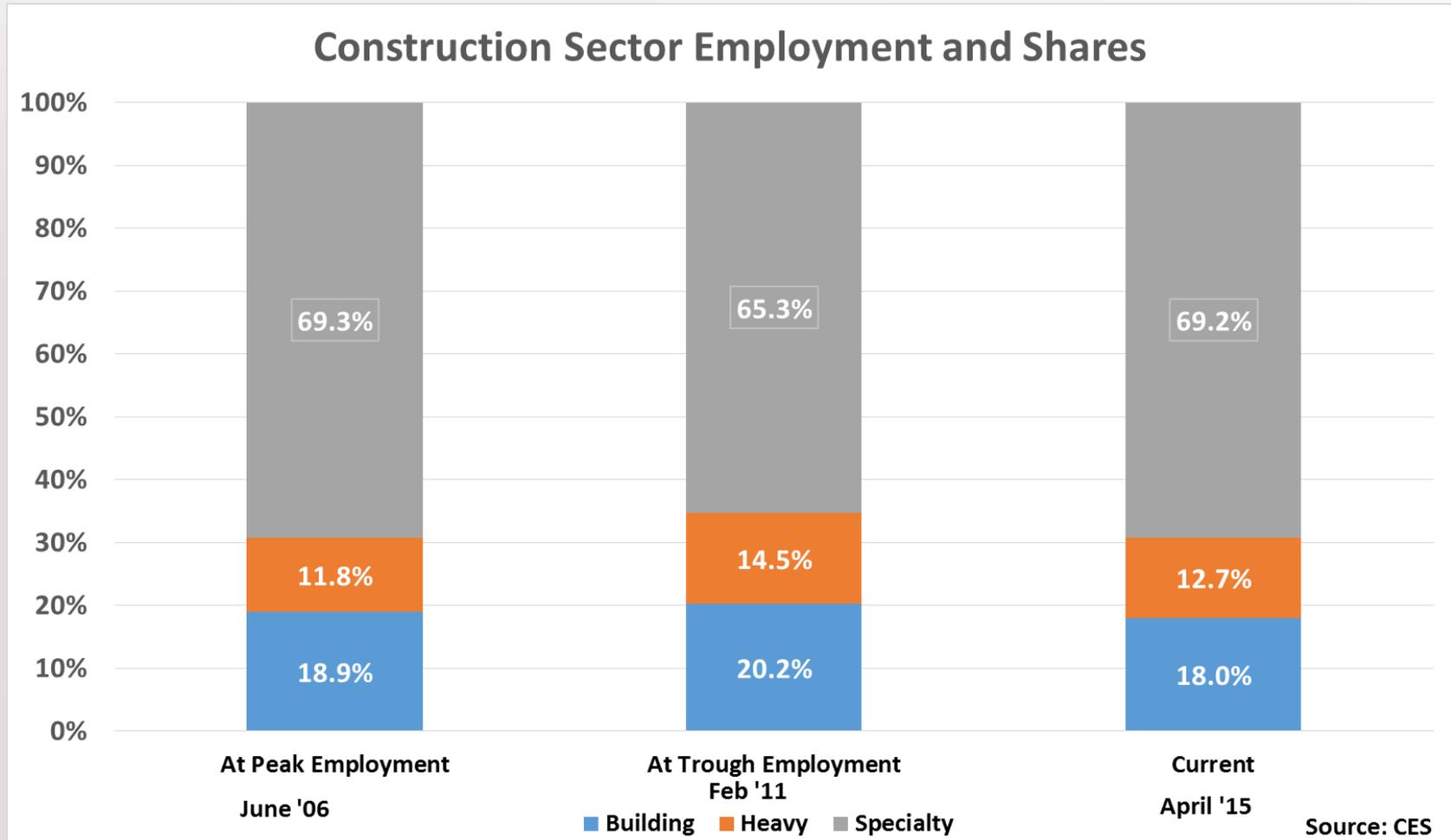
### Arizona Construction Employment Level - Recovery Years

Recession Construction 12 per. Mov. Avg. (Construction)



Source: Produced by the Arizona Office of Employment and Population Statistics in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

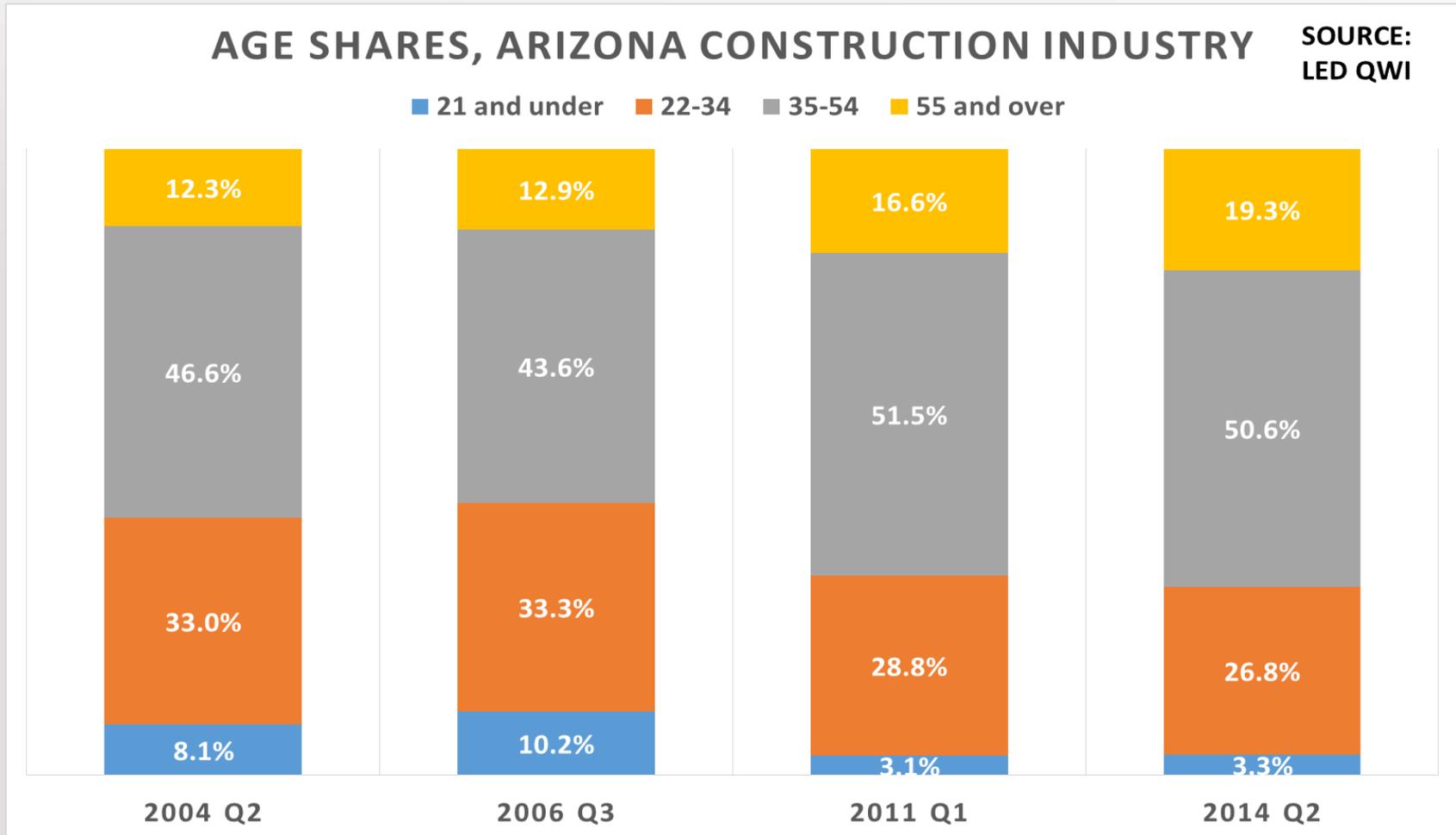
## Construction Subsector Shares Largely Unchanged After Great-Recession



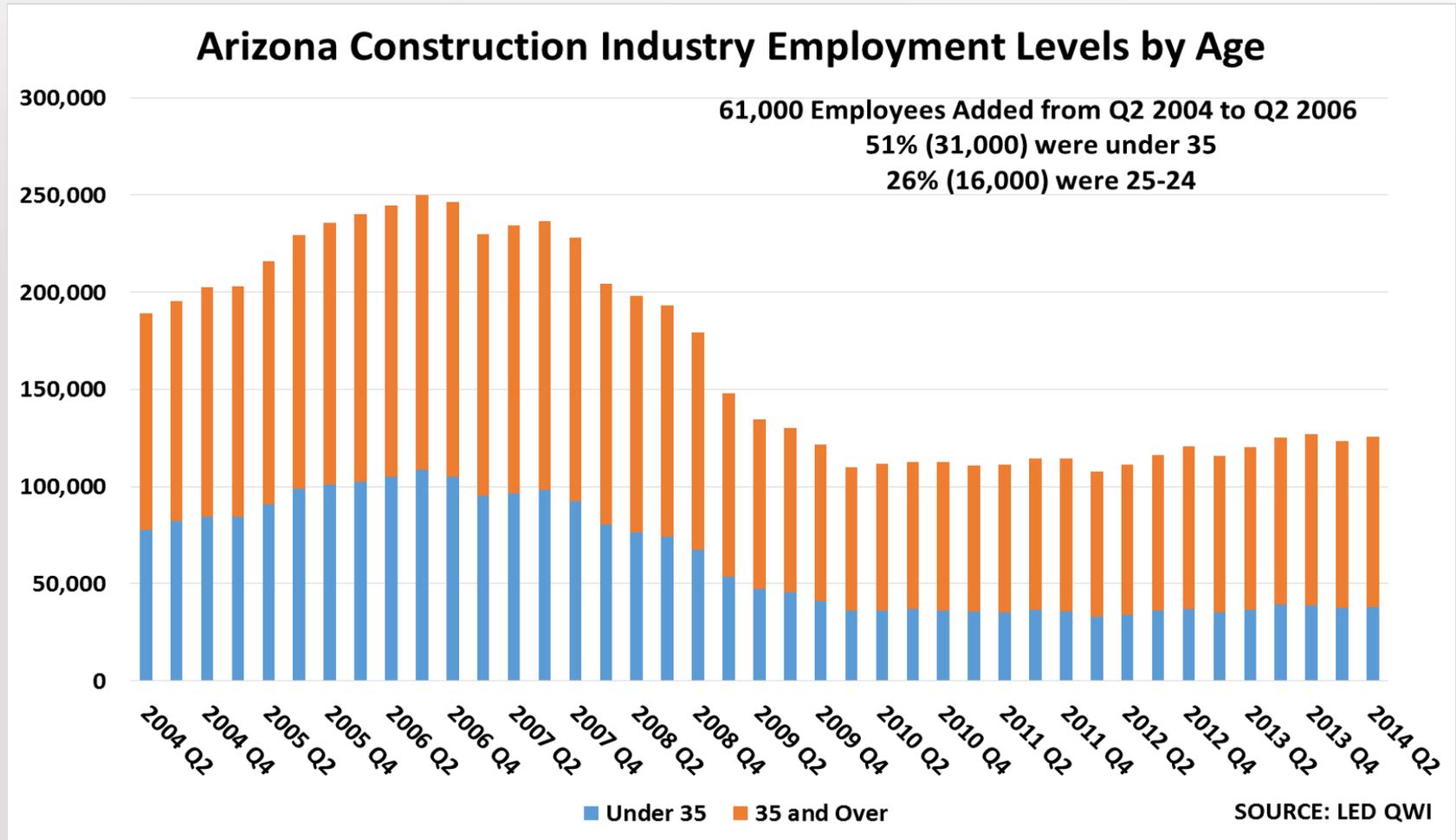
# Construction Employment by Age

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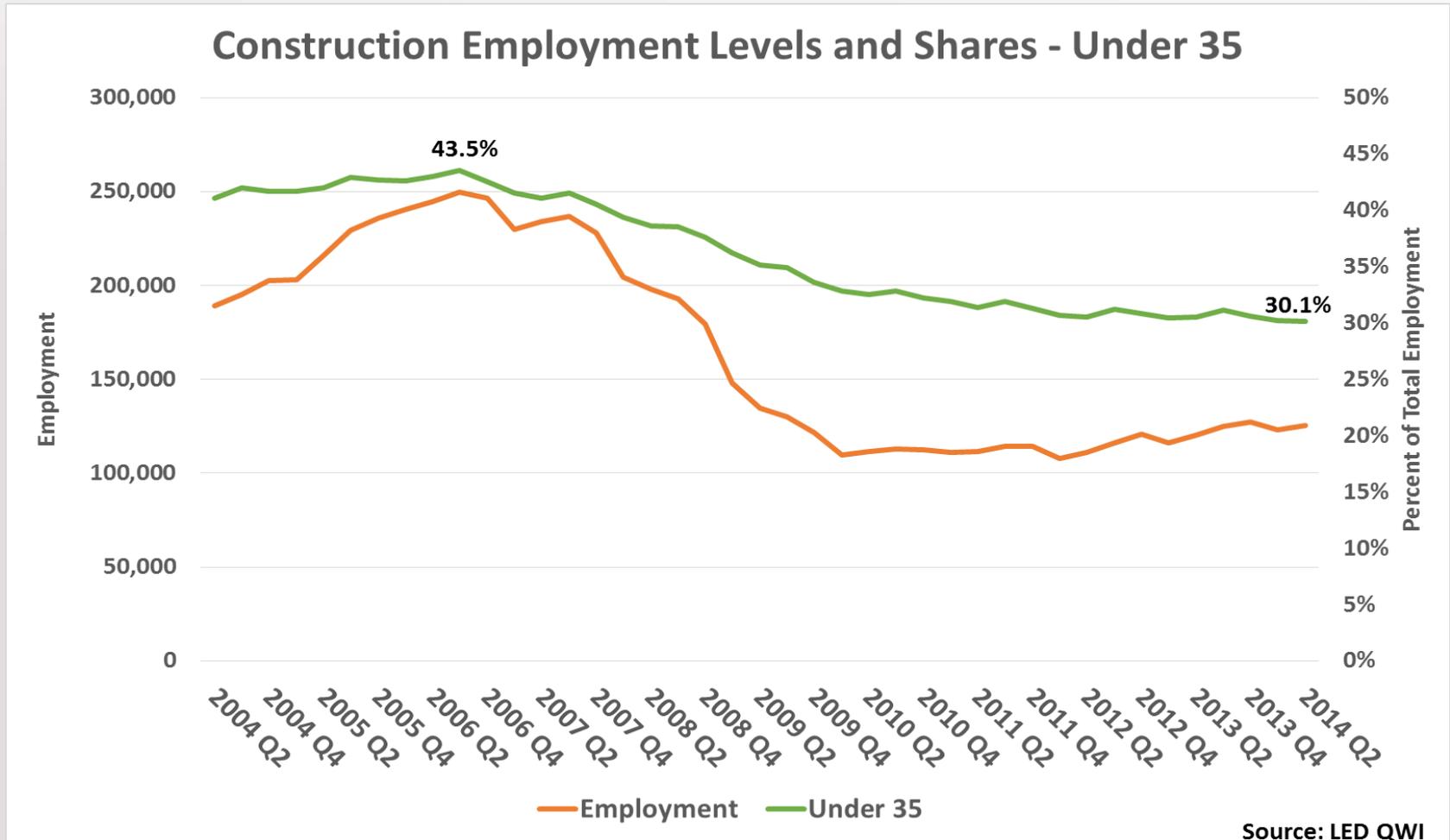
Workers under 35 Comprised 43.5 % of Employment in 2006, only 30.1 % in 2014



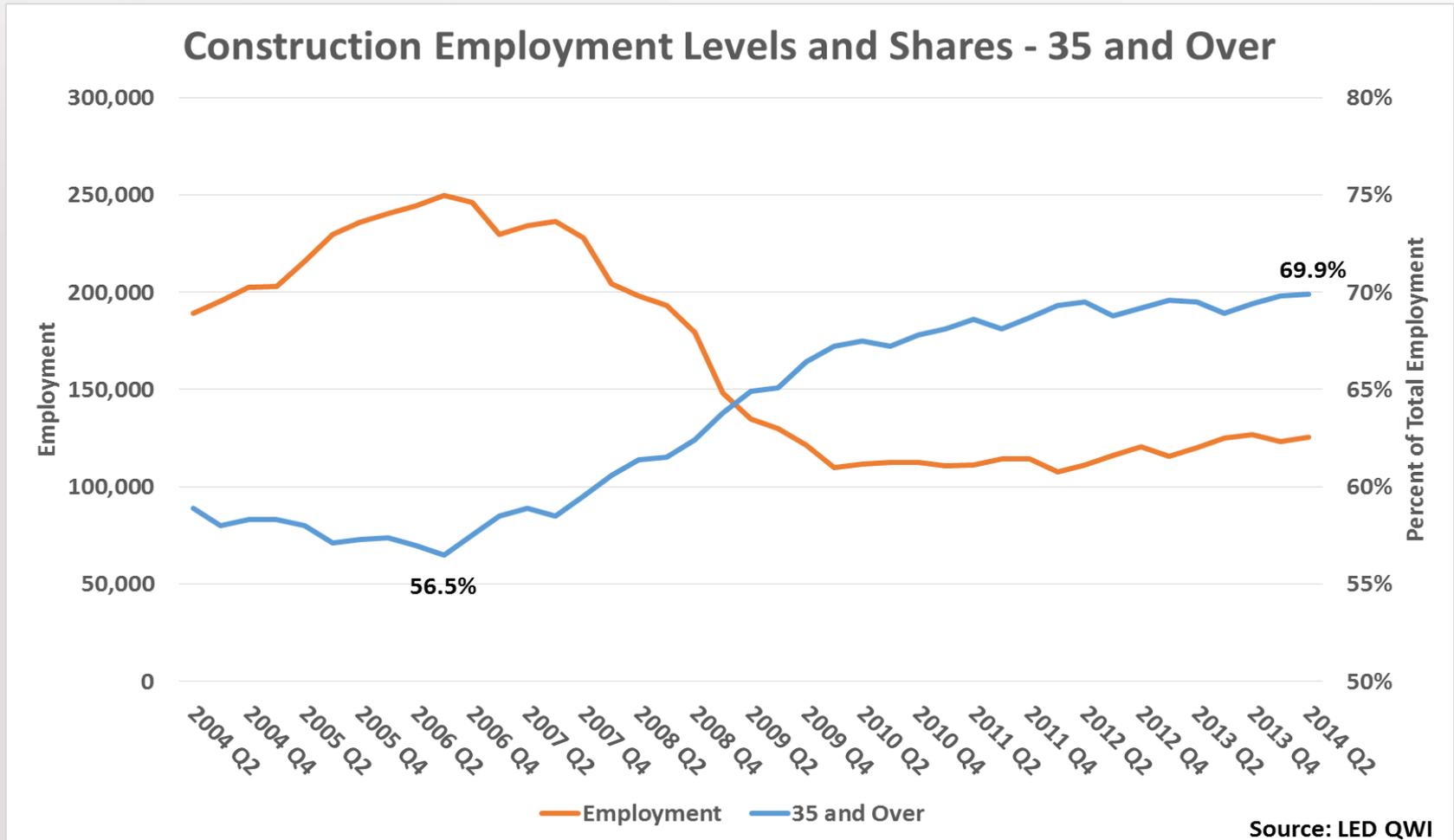
Shares for Workers Under 35 Growing from Q2 2004 to Q3 2006



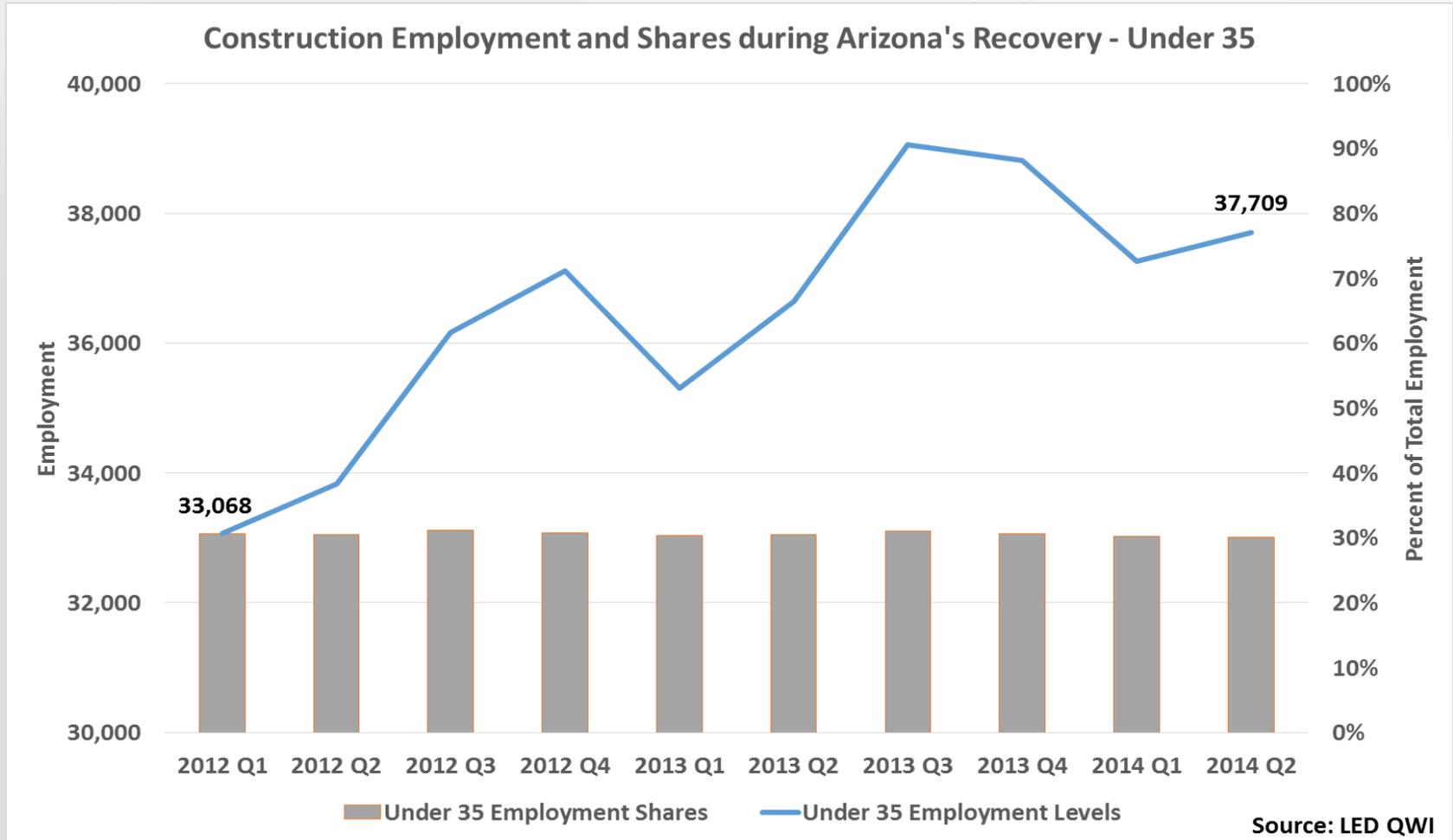
Young Workers Left Construction Disproportionately from Q2 2006 to Q1 2012  
 75,572 Jobs lost for Employees under 35



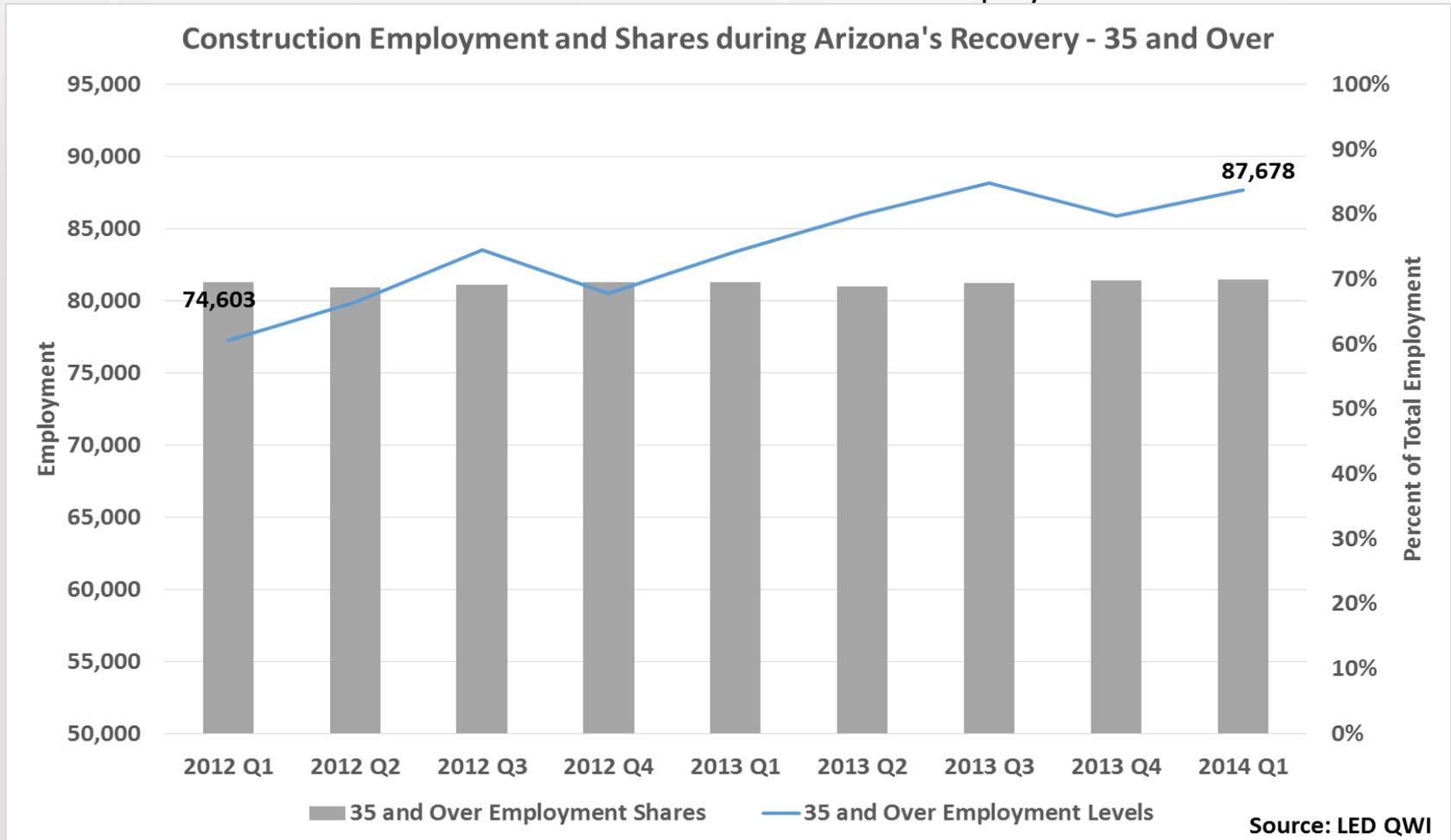
Employees 35 and Over also lost Jobs, but their Shares grew from Q2 2006 to Q1 2012  
 66,573 Jobs lost for Employees 35 and Over



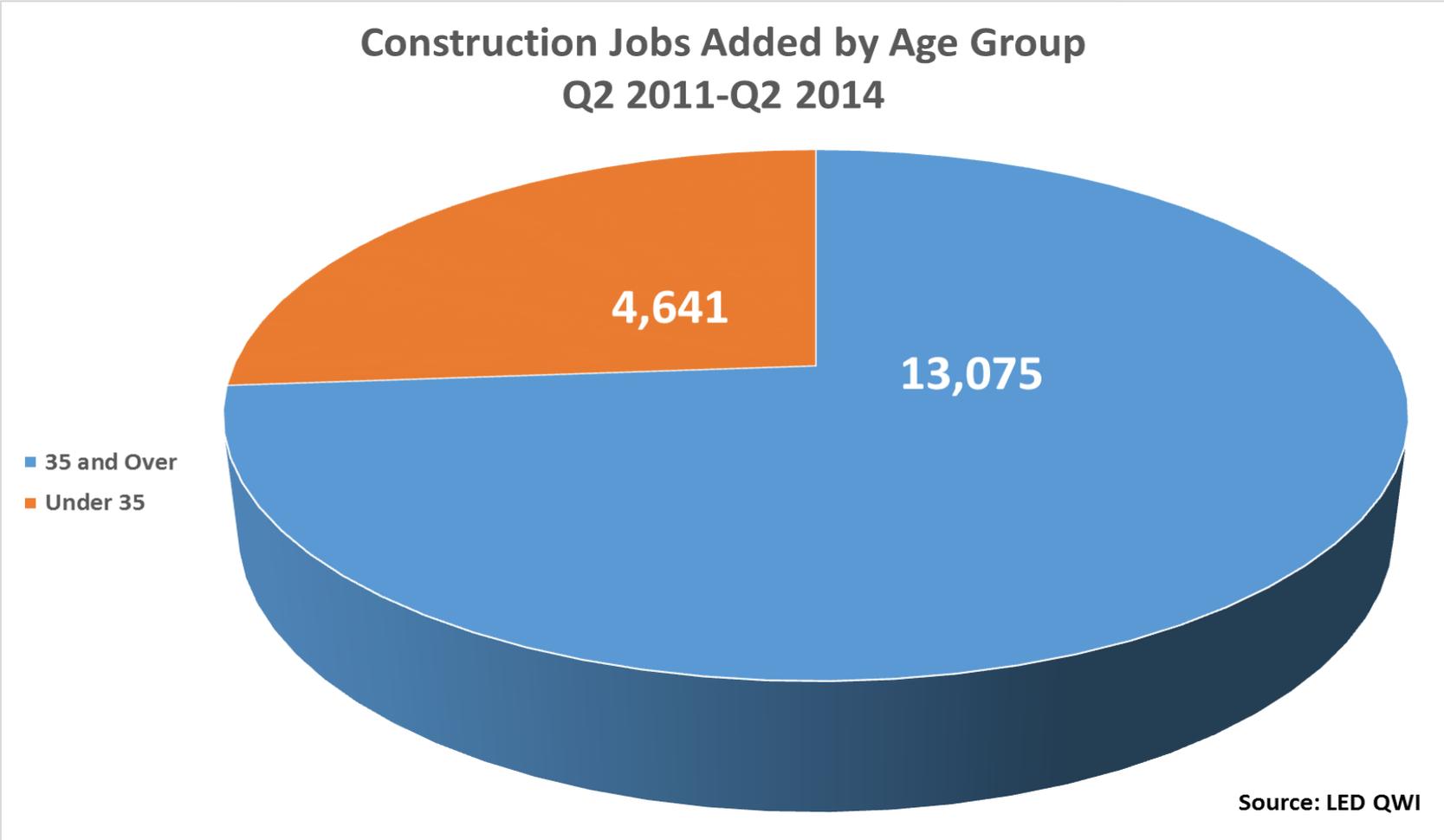
Age Shares have Remained Stable during Mild Employment Recovery from 2012 to 2014  
 Under 35 Shares Around 30% of Total Employment



Age Shares have Remained Stable during Mild Employment Recovery from 2012 to 2014  
 35 and Over Shares Around 70% of Total Employment



## Employment Recovery Gains Dominated by Employees 35 and Over



## Conclusion

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## 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)

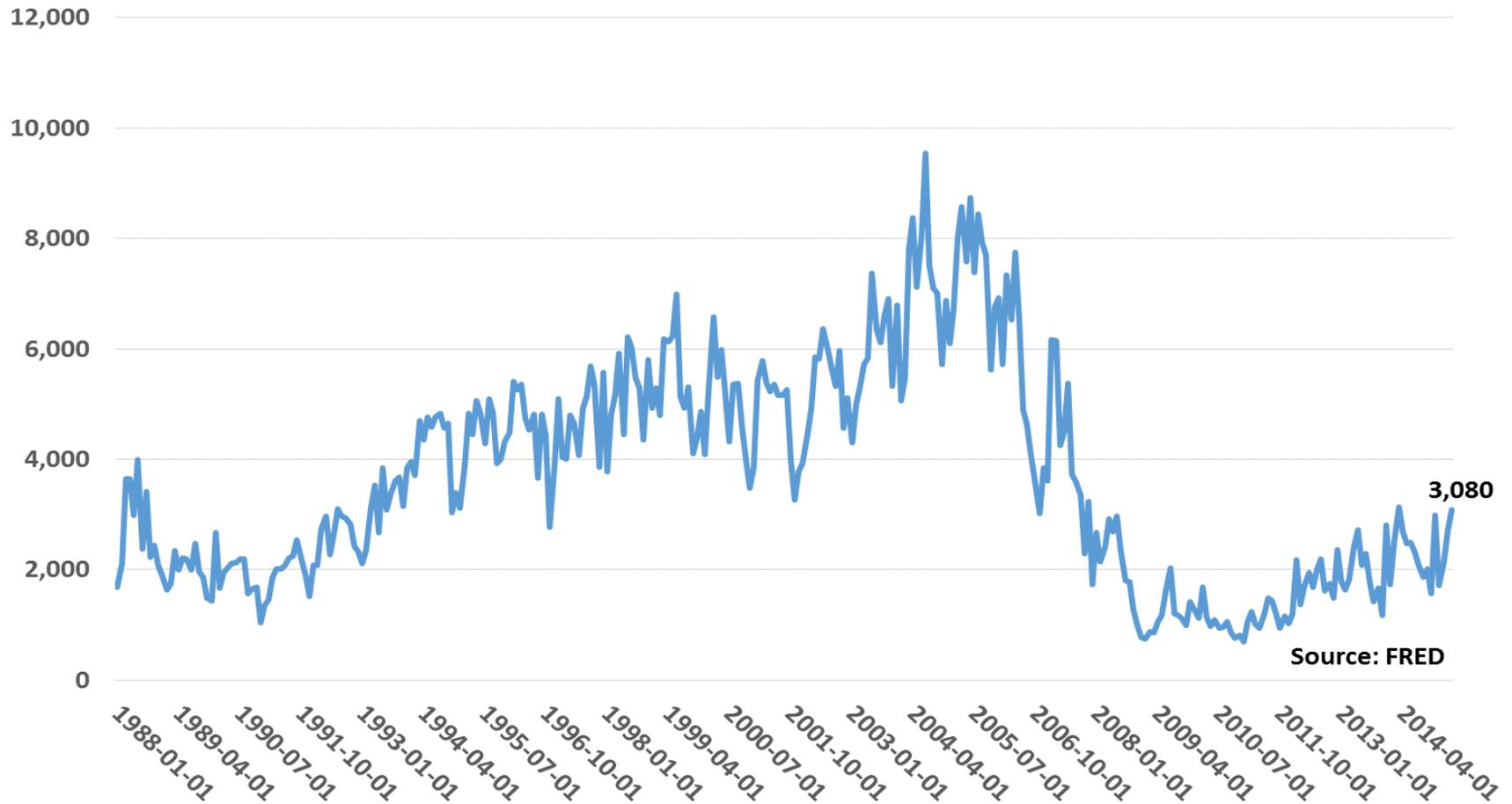
## Conclusion

- 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)

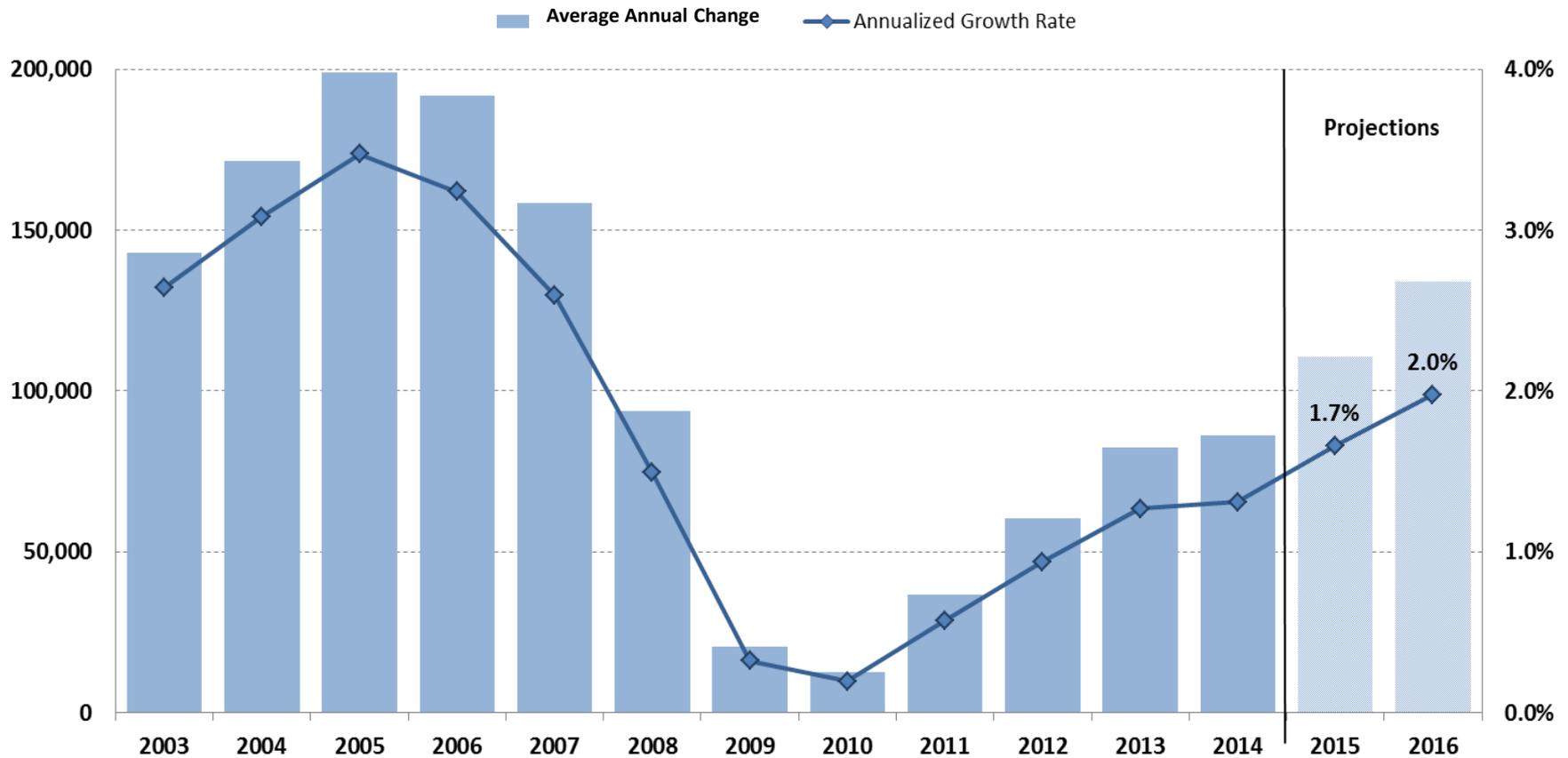
## Conclusion

- 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



## Arizona Population Growth, 2003 - 2016



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

**Any Questions?**

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