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Projected Demand for Craft Labor for the Southeast United States (2012–2017)

Recession, recovery, growth...and back to the future. In 2008 and the first part of 2009, the nation's economy took a nosedive, during which we entered into a sustained recessionary period and commercial activity came to a near halt. The construction industry was particularly vulnerable to the downturn and as businesses abandoned their plans to expand (or at best, put them on hold), construction volumes plummeted and unemployment soared. While economic growth resumed in 2009, the recovery has been far from robust and construction remains anemic, with nonresidential volumes of just \$533 billion posted for the U.S. in 2011 (down from \$710 billion in 2008) and an unemployment rate still in the double digits. And the Southeast has proven to be no exception, with similar, if not greater declines in construction employment.

On the upside, there are signs of a strengthening economy. Construction volumes in the U.S. are beginning to trend slightly upward and particularly so for the private sector and industrial categories (i.e., manufacturing and power). Similarly, the industry's unemployment rate is falling. However, so too is its labor force. And while uncertainty with the upcoming presidential election and concerns of outstanding fiscal issues have been cited as reasons behind the sluggish recovery, once greater certainty and fewer risks unfold later in the year, our seemingly resilient economy should accelerate further. The construction industry will be a direct beneficiary of the anticipated growth, but with its weakened labor force (currently standing at about 4.5 to 5.0 million nonresidential workers nationwide compared to an estimated 5.5 to 6.0 million in 2008), there is worry that we will regress to a period reminiscent of the late 1990s and early 21st century, when labor shortages were widespread.

The construction industry's labor force suffered greatly during the downturn. As activity plummeted and employment opportunities became increasingly scarce, many unemployed workers left the industry, either moving to other industries requiring similar skills or opting for retirement. Unless the industry finds a way to quickly replenish its labor force with a supply of skilled workers, construction programs and project managers, as well as planners, will be faced with staffing issues as growth resumes. Use of the Construction Labor Market Analyzer® (CLMA®) will become ever more important to help address this need.

The CLMA® and its directly sourced industrial owner project data (coupled with non-industrial information from McGraw-Hill Dodge) were employed to estimate future labor demand for the SEMTA region. The CLMA® has identified potential shortages and surpluses of workers at the national, regional, and local levels. Selected highlights

A nationwide shortage of as many as 2,000,000 workers is looming and project planning will become increasingly more difficult.

- 2012 Mid-Year Report

What's included in this report...

- National and regional macroeconomic construction perspective
- Regional labor demand scenarios by state
- Regional supply/demand gap analysis by craft and state
- Open shop wage trend data
- Collective bargaining settlement trend data
- Raw demand data in table format

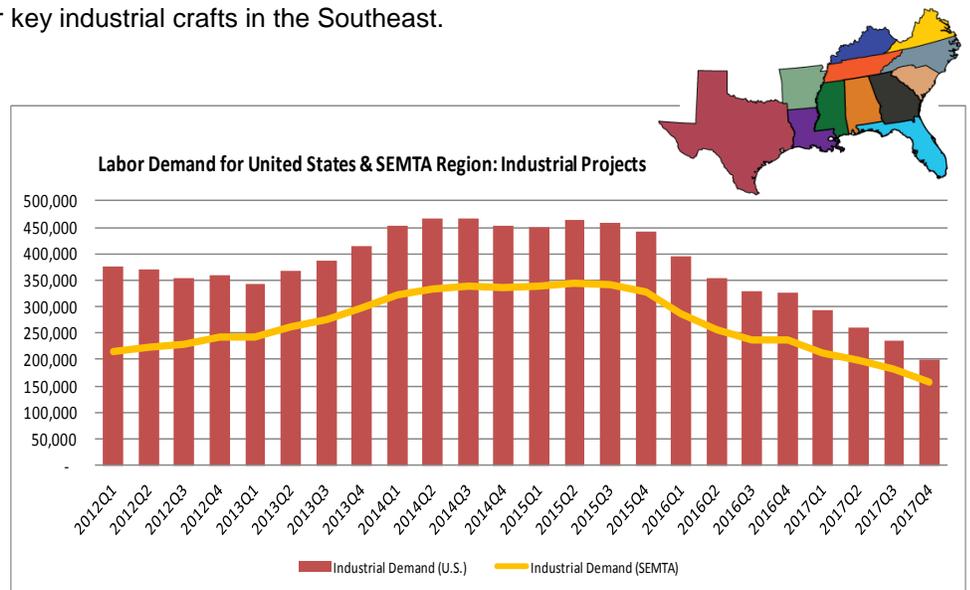
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of project volume and anticipated labor requirements are as follows with detail and craft-specific information contained in the full report.

- Projects starting in the U.S. between 2010 and 2017 have a total estimated value of \$2.7 trillion. In the southeastern United States' twelve-state region, a total value of \$1.3 trillion is reported.
- Among the twelve southeastern states, Texas leads with an estimated overall total project value of \$298 billion. Louisiana leads among the twelve states with an estimated industrial project volume of \$131 billion.
- Industrial projects commencing in the U.S. during the 2010 to 2017 time period total \$877 billion, while those in the Southeast total \$677 billion.
- Nationally, the CLMA® warns of steadily rising labor demand through much of the demand scenario period, increasing from 2.4 million at the start of 2012 to a peak of 6.7 million in 2016. Through 2017, quarterly nationwide labor demand is expected to average 5.3 million workers for all projects (vs. 4.5 to 5.0 million in today's labor force).
- Within the Southeast's twelve-state region, overall labor demand (industrial and non-industrial combined) is expected to average 2.3 million workers through 2017, peaking at 2.9 million at the end of 2016. Labor demand for the region's industrial projects is forecasted to peak at 344,000 workers in the second quarter of 2015.
- Among the twelve states, Texas should see the greatest overall demand, with a peak of 688,000 workers in the fourth quarter of 2016. Louisiana should experience the highest labor demand for industrial projects.

The CLMA® provides estimates not only of total labor requirements, but also of demand for forty-two individual crafts. Nearly all key crafts will see an increase in demand and without a replenished supply; shortages can be expected for most and particularly for key industrial crafts in the Southeast.

The economic downturn has left the construction industry with a smaller labor force and today, there are an estimated 4.5 to 5.0 million nonresidential workers nationwide (employed and unemployed). Looking ahead, planned projects will lead to an average demand of 5.3 million workers in the coming years and a peak of 6.7 million by 2016. And as more projects appear on the drawing board, we can expect demand to rise even further, taking us back to the future...to a time when shortages were the norm.



This study was prepared for the Southeast Manpower Tripartite Alliance (SEMTA). Conceived in 2005, SEMTA is an unincorporated organization of people from across the construction industry, including representatives from owner organizations, the trades and the contractor community, who share a common vision of a safe, skilled workforce, as well as a collective concern about the rapidly declining numbers of qualified craft in the southeastern United States construction industry.

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