



## Quick Facts About the Construction Industry

Editors Note: Our industry has been the focus of plenty of attention during the past one and a half years. Many outside of our industry may not realize the significant role of construction in the areas of jobs, manufacturing and domestic earnings. The following information was taken from an article appearing on the SBC Magazine news on the web. The data was originally gathered by Kenneth D. Simonson, Chief Economist, AGC, January 2008.

- The construction industry has played a powerful role in sustaining economic growth, in addition to producing structures that add to productivity and quality of life.
- Construction is a significant source of jobs. The industry provides jobs for 7.6 million employees--more than 5% of the total non-farm workforce. In contrast to the steep drop in homebuilding, nonresidential construction employment grew at least 0.9% from November 2006 to November 2007. This estimate is likely understated as many "residential" construction employees are now doing non-residential work, even though their employers are still counted as residential contractors.
- Construction makes a disproportionately large contribution to GDP (gross domestic product). For the past two years, investment in private nonresidential structures has grown faster than the GDP. Construction spending totaled \$1.6 trillion in October 2007; non-residential was \$647 billion (56%).
- Construction is a substantial purchaser of U.S. manufactured products. In 2006, shipments of construction materials and supplies topped \$500 billion--nearly 11% of total U.S. manufacturers' shipments. Shipments of construction machinery totaled \$36 billion--11% of all U.S. machinery.
- Small business is "big" in construction. In 2005, 91% of construction establishments had fewer than 20 employees. Only 1% had 100 or more.
- In 2005, there were 788,000 construction companies with 6.8 million paid employees. Average employment was less than nine per establishment. An establishment is a permanent business location. Most construction firms have only one establishment. More that 2 million additional construction firms had no paid employees--mainly self-employed individuals, but also partnerships and holding companies.
- Construction is a high-turnover industry in terms of entering and exiting firms. Census data prepared for the Office of Advocacy of the U.S. Small Business Administration shows that 99,000 of 630,000 construction firms with employees in 2004 (16%) opened since 2003, while 77,000 (12%) firms closed.

