Quick Facts about the Construction Industry

The construction industry has played a powerful role in sustaining economic growth and helping the recovery.

- **Construction is a major source of jobs.** The industry provides employment to 7.5 million employees—more than 5% of the total nonfarm workforce. From June 2005 to June 2006, construction employment rose by 228,000 or 3.1%—more than double the 1.4% increase in all new nonfarm jobs, according to the Bureau of Labor Statistics (BLS).

- Construction jobs are **good-paying jobs**. In June 2006, seasonally adjusted hourly earnings in construction averaged $20.03 per hour, 20% higher than the average for all private industry nonsupervisory workers, according to BLS.

- **Construction makes a disproportionately large contribution to GDP.** The value of construction put in place in 2005 exceeded $1.14 trillion—more than 9% of gross domestic product (GDP), which was considerably higher than the construction industry’s share of employment.

- **Construction is a major purchaser of U.S. manufactured products.** In 2005, shipments of construction materials and supplies topped $500 billion for the first time—nearly 11% of total manufacturing shipments. Shipments of construction machinery totaled $33 billion—10% of total machinery shipments.

- The typical construction **firm size** is very small. In 2004, according to the Census Bureau, there were 760,000 construction establishments with 6.6 million paid employees, plus more than two million firms without paid employees—mainly self-employed individuals but also partnerships and holding companies. Thus, **average employment** was only nine per establishment. (An establishment is a permanent business location. Most construction firms have only one establishment.)

- **Small business** is big in construction. In 2004, 91% of construction establishments had fewer than 20 employees. Only 1% had 100 or more.

- Construction is a **low-margin** industry. Internal Revenue Service data for 2002 shows that the 649,000 corporations in construction had net income (less deficit) of $28.4 billion, or 2.6% of total receipts of $1.1 trillion.

- 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 nearly 79,000 of 600,000 construction firms with employees in 2002 (13%) had no employment in 2001, while 81,000 firms closed.

- The 2003 Construction Industry Annual Financial Survey, conducted by the Construction Financial Management Assn., included responses from 575 companies. **Net margins** in 2002 compared averaged 1.7%. The **return on assets** averaged 5.1%.

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Updated July 7, 2006