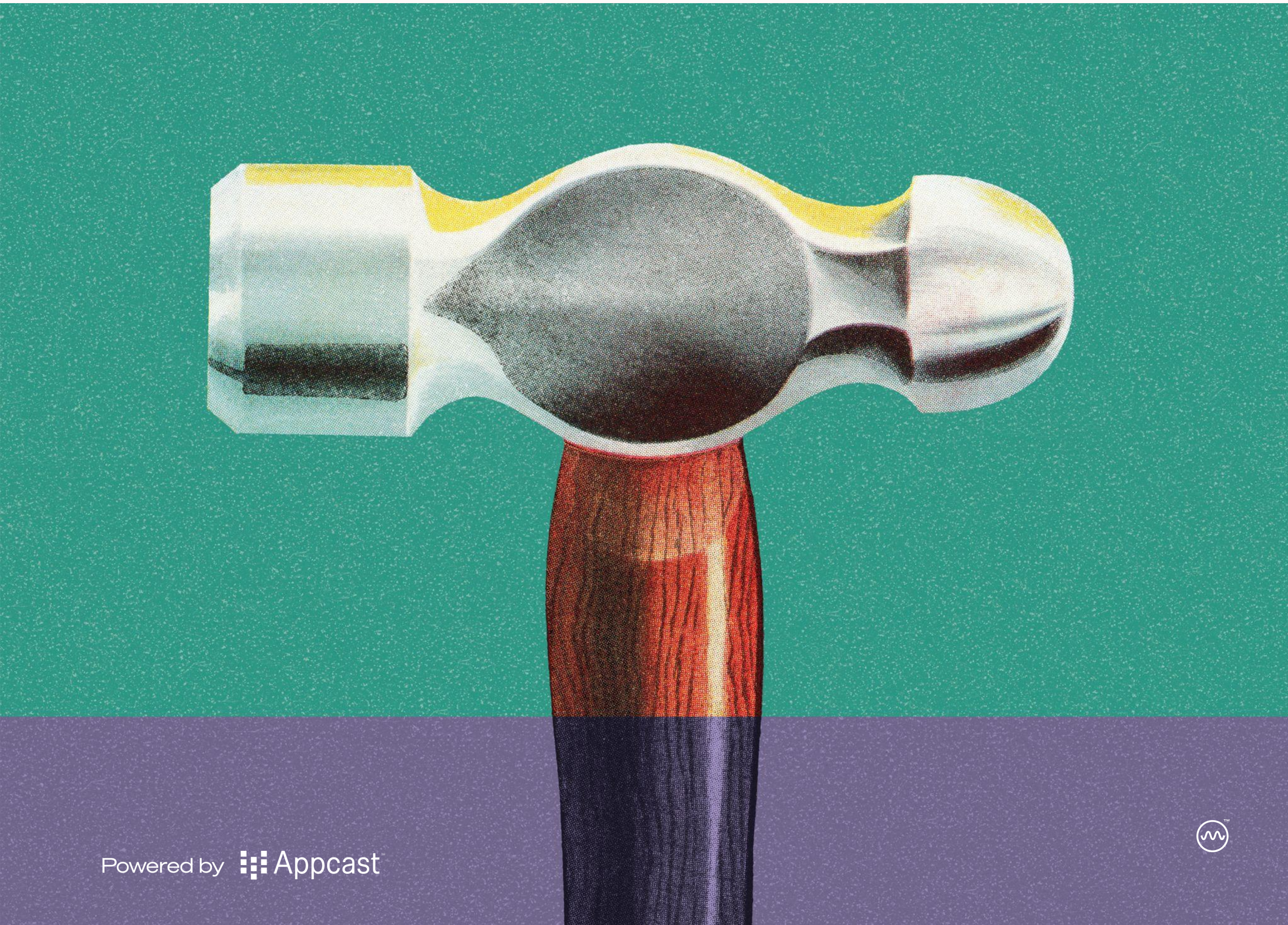
Recruitonomics™

Appcast Construction Snapshot

Resilience in the Face of Higher Mortgage Rates



Economy-wide breakdown

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- The U.S. economy added 267,000 net new jobs in September, subdued gains compared to the 420,000 average monthly gains so far this year. Though lower than average for 2022, these gains show the resilience of the labor market against several challenges. The unemployment rate dropped to a historically low 3.5%.

- Consumer spending shifts officially made their mark on the jobs report in September – many goods-producing sectors suffered employment losses, while service-providing sectors added jobs at an impressive clip.

- Wage growth once again steadied – promising news for the Federal Reserve and its commitment to price stability. Job openings also cooled significantly (without layoffs rising), suggesting its hope for a "soft-landing" is within grasp.

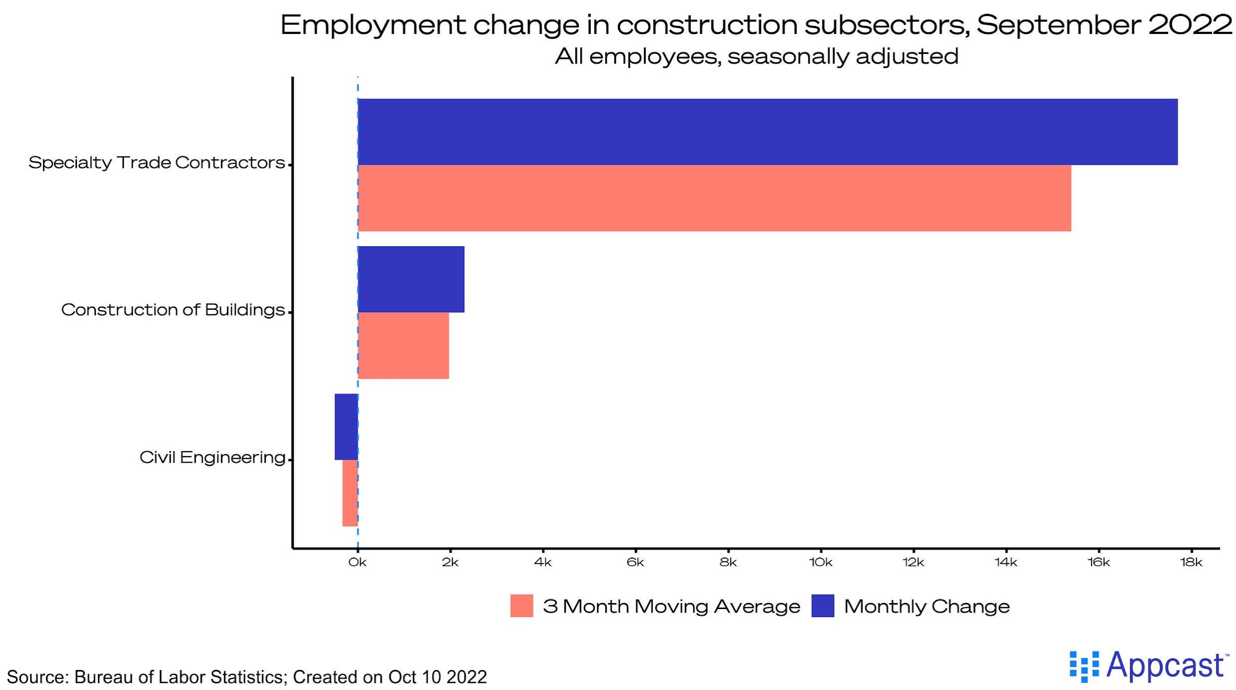
- Labor force participation rates continue to disappoint and have yet to return to pre-COVID levels. In September, prime-age labor force participation was at 82.7%, compared to 83% in February 2020.

- Read our economy-wide breakdown of the September numbers.

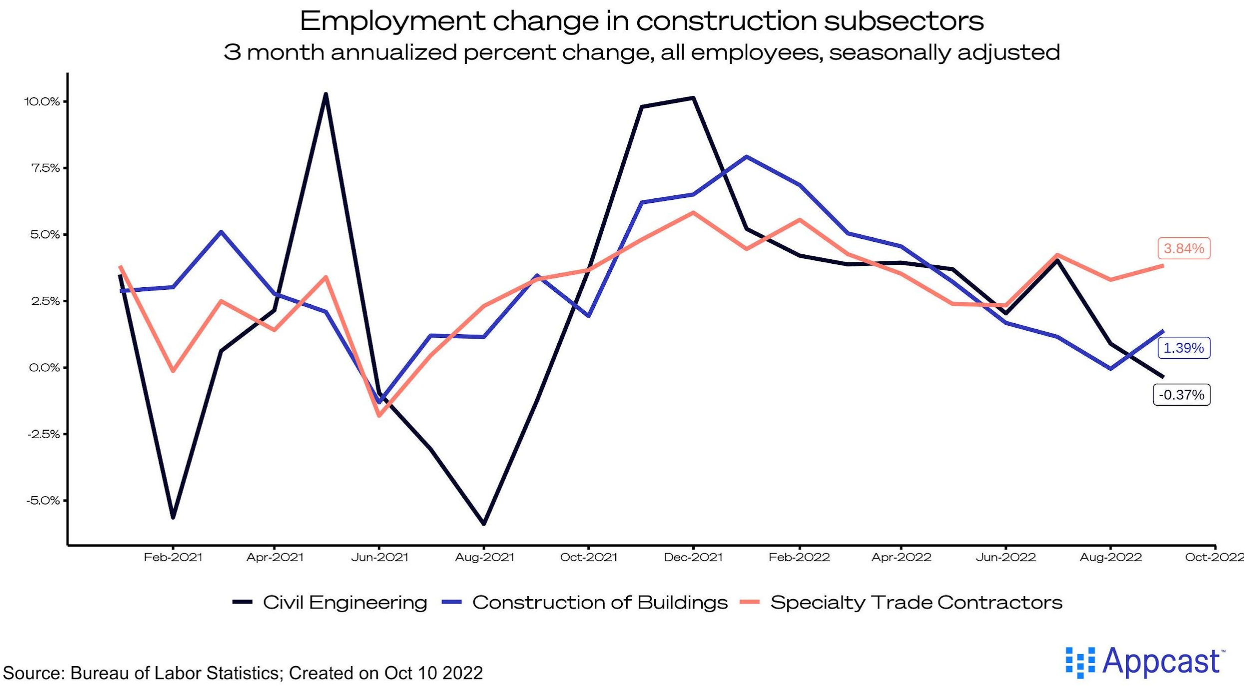
Employment Trends in Construction

Thirty-year fixed rate mortgages have passed 6.5%, the highest since 2008. This rapid increase in the cost to borrow is cooling home purchases. Despite this, construction continues to add jobs at a steady clip – 19,000 net new jobs in September. This is a puzzling fact, possibly explained by the idea of "labor hoarding." Facing a potential recession, employers don't want to lose valuable talent they gained in 2020 and 2021, so they continue to hire.

Speciality trade contracts have had especially high growth, gaining 17,700 new jobs in September. Building construction employers gained a moderate 2,300 jobs. Civil engineering is the only negative subsector, losing 500 jobs.



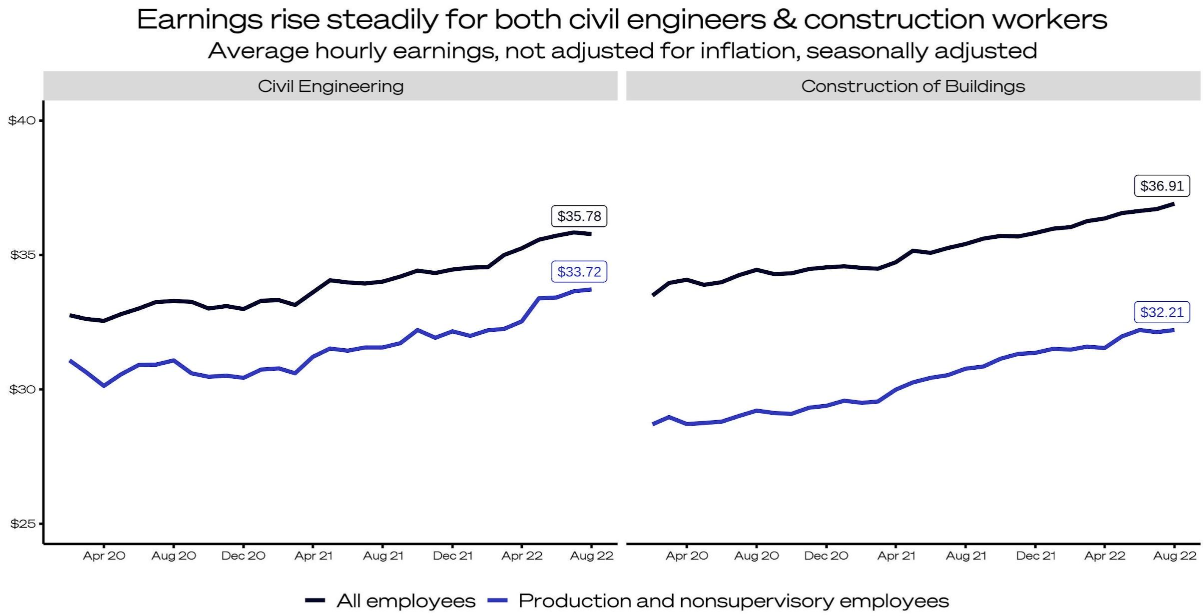
Employment Trends in Construction



Source: Bureau of Labor Statistics; Created on Oct 10 2022

Wage Trends in Construction

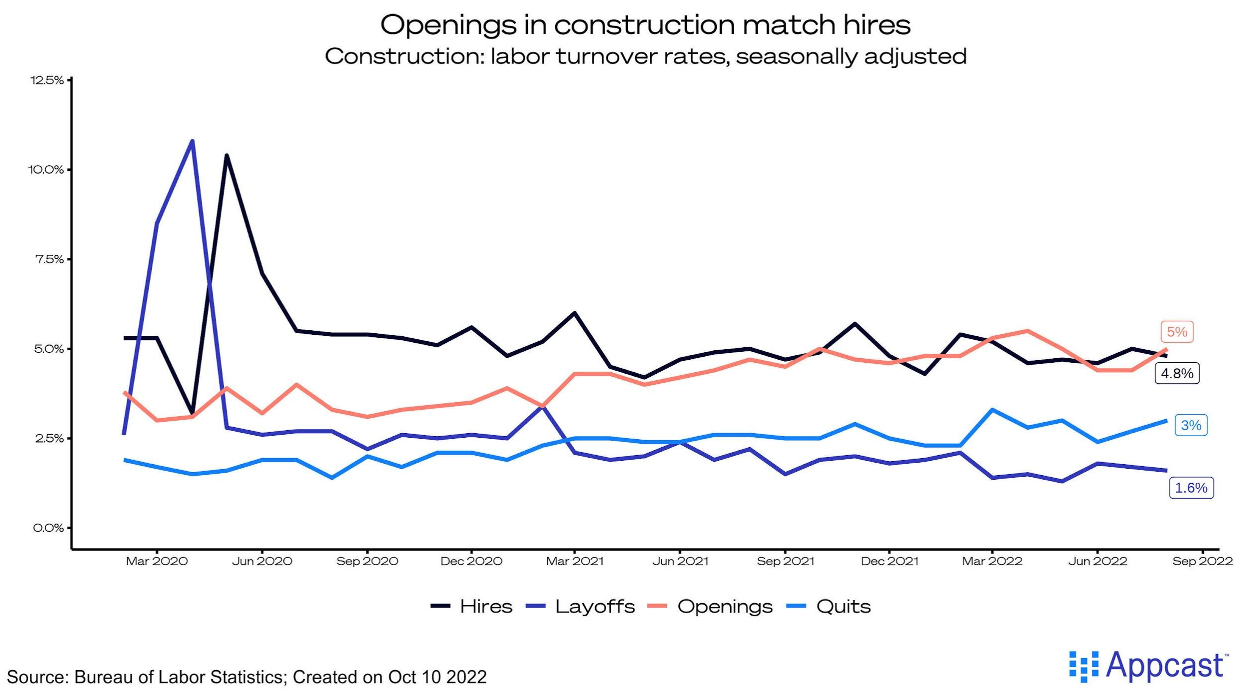
Nominal average hourly earnings remained flat for civil engineering employees and rose for building construction workers in August. For rank-and-file civil engineering employees, wages increased slightly to $33.72. For those same level employees in construction of buildings, wage growth ticked up to $32.21. Both subsectors have experienced significant wage growth throughout 2022 so far.



Source: Bureau of Labor Statistics; Created on Oct 10 2022

Openings and Turnover Trends in Construction

During the summer months, the openings rate fell below hiring for some time, indicating softening conditions. In August, however, that trend reversed. The openings rate ticked up to 5%, and the hiring rate fell to 4.8%. Quits had a strong increase to 3%. Layoffs fell to 1.6%, high compared to the national rate of 1.0%.

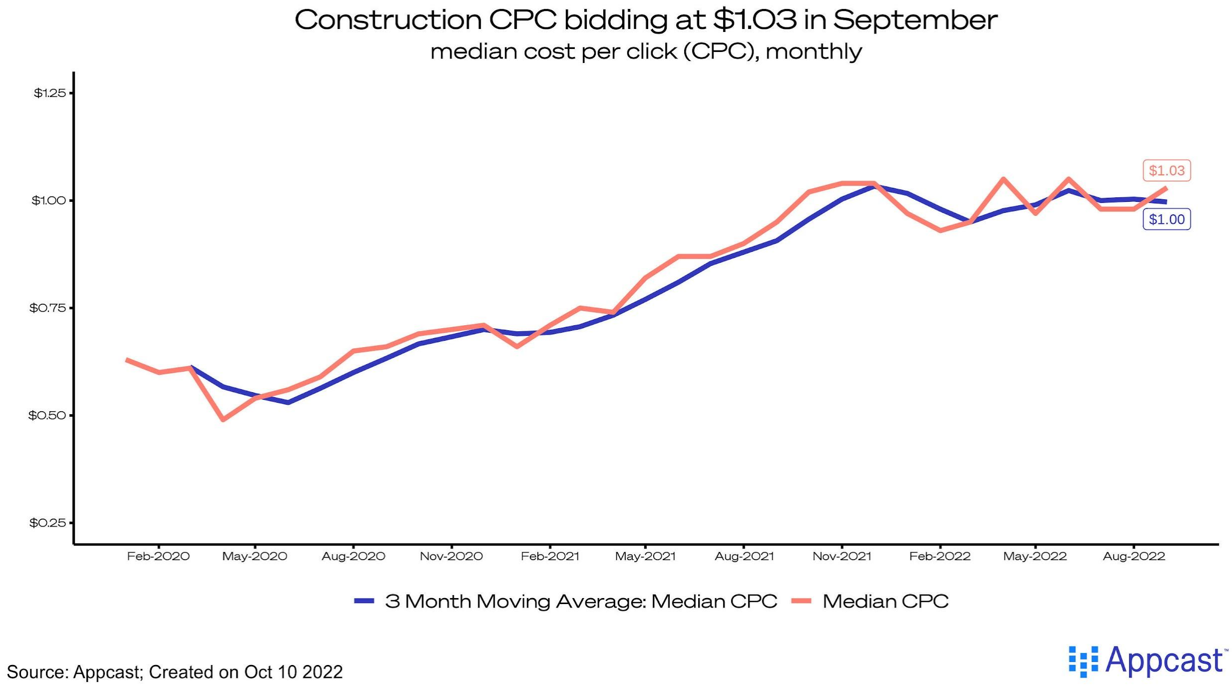


Recruitment Marketing Trends in Construction

Recruiting costs may have reached a plateau. After a summer of consistent increases prices have seemingly remained steady in August and now September as well. A near 1-1 openings-to-hires ratio indicates that recruiting is easier for this industry compared to the national average.

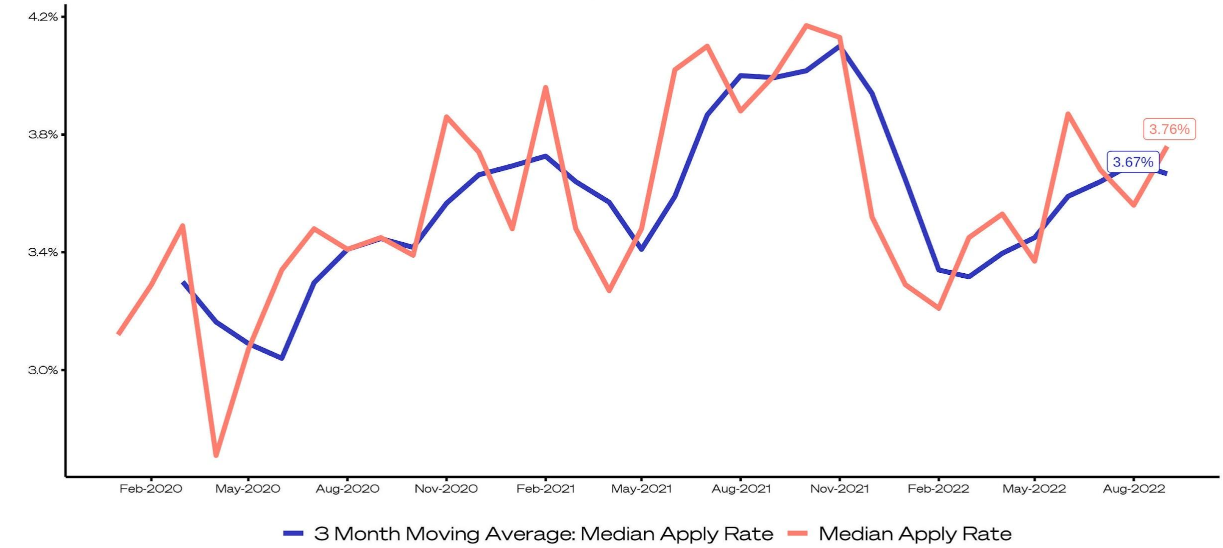
Cost per click (CPC) ticked up slightly to $1.03, and the moving average remained at $1.00. Cost per apply (CPA) moved up to $28.73. Overall, CPAs have been declining in 2022, so this small increase does not indicate a wider trend.

Apply rates in the industry ticked up to 3.76% in August and have been moving upwards for almost all of 2022. This increase in apply rates coincides with higher quits rates, as construction workers have outside options that can make wage gains easier.



Construction Apply Rates at 3.76% in September

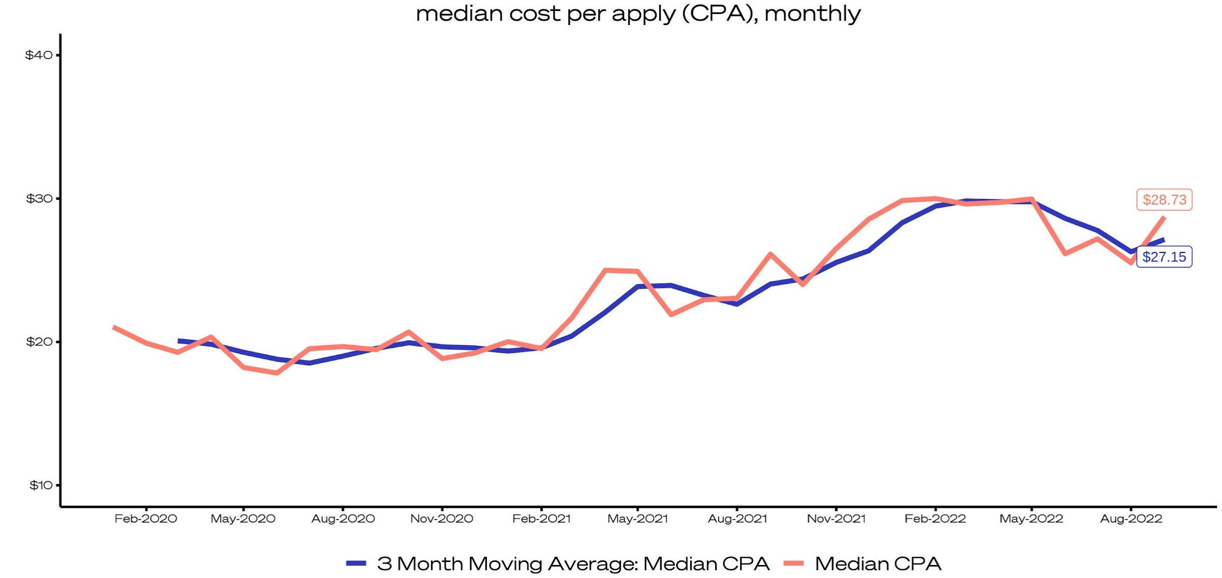
median apply rate, monthly



Source: Appcast; Created on Oct 10 2022

Construction CPA bidding at $28.73 in September

median cost per apply (CPA), monthly



Source: Appcast; Created on Oct 10 2022

What does this mean for Construction?

Construction remains one of the most resilient industries during a period of economic turbulence. Rising interest rates and stubbornly high inflation should induce a decline in employment for construction workers, but that has not materialized in the data. In fact, employment has been growing at a steady rate. Recruiting costs may have finally reached their "equilibrium." After costs increased in 2021 and early 2022, they stabilized in the later part of the year and remained steady in August and September. Overall, construction has played a significant role in the post-COVID economic recovery and rapidly evolving monetary policy has not affected it in a demonstrable way.

Thank you

Why Recruitonomics?

Recruitonomics is a hub for data-driven research, powered by Appcast, that aims to make sense of our evolving world of work. Combining labor economics and recruitment best practices, Recruitonomics seeks to bring clarity to the chaos of a changing economic landscape.