WE MAY HAVE MORE to celebrate this July 4th than just the 238th anniversary of our independence from England. July 4th may well be the day when full-time employment in the United States reaches the same level it was at when the Great Recession began at the end of 2007. Why is that important? The level of construction activity following a recession typically accelerates once employment exceeds the level of employment at the beginning of the recession. And that will be good news for construction in general and the structural steel industry in particular.

According to the U.S. Department of Labor, full-time nonfarm employment on a seasonally adjusted basis reached a peak in January of 2008 with 138.365 million Americans employed full-time. By February 2010 that number had fallen to 129.65 million. As of this February full-time employment had recovered back to a level of 137.699 million. Six years after the beginning of the Great Recession, 665,000 fewer Americans were employed on a full-time basis than at the start of the recessionary period. At the current rate of job creation, full-time employment will reach the January 2008 level of 138.365 million on Independence Day.

In early 2008 adequate building inventory existed to support the space requirements for working Americans, whether those jobs were in retail, commercial, service, industrial, hospitality or other sectors of the economy. The decline in the number of employed individuals has resulted in an increasing building vacancy rate, triggering a significant downturn in nonresidential building construction. During the past six years the main focus of building activity was on replacing existing inventory rather than expanding it. This was evidenced by nonresidential building construction starts dropping by 59% from 2007 to 2010, and even by 2013 the level was still 51% below the 2007 peak.

Over the past six years, much attention has been focused on the unemployment rate in the U.S. Economists have debated which measure of unemployment provides the most accurate picture of the U.S. economy. But as far as the construction economy is concerned, the unemployment rate is meaningless. What matters is the actual number of individuals employed and working on a full-time basis. That is not to say that unemployment is unimportant; it is an important social issue that needs to be addressed. However, it is employment that drives building construction activity.

Not all employment sectors have rebounded on an equal basis. For example, retail, still down 2.5%, has lagged behind healthcare, which is up 14.6%. At the same time, the construction of retail buildings is still down 75% from the 2007 peak while healthcare construction is down only 37% from peak levels.

Even as residential construction rebounded, nonresidential building construction has lagged.

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John Cross is an AISC vice president. You can reach him at cross@aisc.org.
This is not to say that there will be a robust rebound in construction volume in the second half of 2014, but rather that there will be a point of inflection in the current growth rate. No single factor controls the level of construction activity in the U.S. Some factors, such as increasing productivity in the manufacturing sector, will drive increased construction activity even as employment levels decline. And on the opposite side of the ledger, decreasing average square footage requirements for office space and an increasing number of remote employees will slow office construction even as employment in the professional sector increases.

At the same time, a variety of factors other than employment levels impact building construction activity. The rate of economic growth—as measured by the gross domestic product, availability of financing, government funding of capital projects, the growth of Internet-based sales and consumer confidence—all impact the building construction market.

But what is clear from past construction cycles is that a return to earlier employment levels is a critical factor for a rebound in construction activity. Without it, construction growth will not occur. With it, one less hurdle remains to be cleared on the way to a full recovery in the construction market.

All of that said, we should look forward to breaking out the fireworks on the Fourth of July and celebrating our return to pre-recession employment levels. It’s been a long time coming and bodes well for future growth in the building construction market.