

A Positive Outlook

Constructing Economic Growth



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Not to be outdone, the industrial sector currently has 2.3 million square feet going vertical and another 3.2 million square feet planned for future development. Buoyed by incremental fuel tax revenue, there are literally hundreds of millions of dollars in roadway construction actively underway, including the \$900-million project NEON, the largest public works project in Nevada's history. In total, commercial permits totaled \$660 million during the past 12 months, up nearly 30 percent from the total reported just one year ago. Perhaps more impressive, \$21.6 billion in new construction projects is underway statewide, with another \$7 billion in planned projects in the development pipeline.

The sight of so many hard hats, earthmovers and orange cones is certainly welcome for an industry that was hit harder than any other by the economic downturn. Statewide, the construction industry lost more than 100,000 jobs between 2006 and 2012, the vast majority of those losses coming in southern Nevada. The state has recouped nearly half of those jobs so far, and today the industry is again a growing, albeit smaller, piece of Nevada's more diversified economy.

The construction industry's recovery has been steady over several years, but what had been a gradual expansion has recently accelerated to levels not seen for more than a decade. Nevada closed 2017 with 11,300 more construction jobs than a year before, the highest annual growth since 2005 and nearly twice the number of construction jobs created in 2016. Construction employment expanded by 14.0 percent last year, more than four times the statewide job growth rate and nearly three times the 5.1 percent reported by the second-fastest growing sector, education and health services.

The construction surge is also apparent in industry trends for weekly hours worked and wages. While weekly hours for all private workers and other sectors have been on the decline or flat, weekly hours worked in the construction industry increased 2.5 percent over the past year. Those additional work hours combined with rising hourly wages mean more pay for construction workers. Compared to a year ago, their weekly wages grew by 5.5 percent, five times the 0.9 percent growth rate for private wages overall.

While the construction industry's impact on Nevada's economy cannot be understated, a key point to remember amid the rapid growth is how much more the economy has diversified over the past decade. In 2006, construction jobs accounted for more than 11 percent of statewide employment. Today, that number is 6.7 percent, which is above the national average of 4.8 percent, but well below the worrisome levels of years past.

Nevada's construction industry has long proven to be an accurate barometer for the economic health of the state as a whole. When the construction industry is thriving as it is now, it's a good bet that the rest of our economy is, too. Obviously, avoiding the feverish pace reported more than a decade ago is critical to the long-term stability of the region. But for now, the resurgence of the state and regional construction sector is a welcome sign of both recovery and revitalization.

