



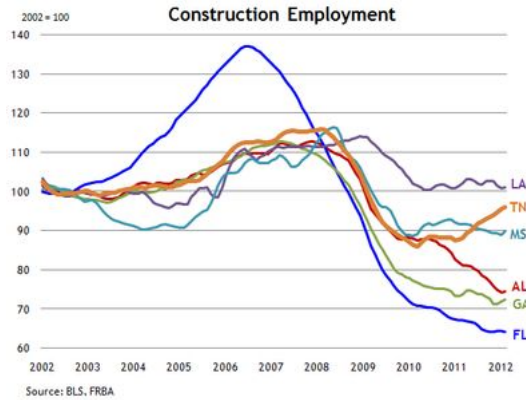
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What's the story behind Tennessee's strong construction employment data?

Among the interesting developments with regional employment data is Tennessee's mini-boom in construction employment. Well, it's not really a "boom," but when compared with other states in the region, it is clearly an outlier. The Volunteer State has added nearly 10,000 construction jobs over the past year while other states continue to post declines. The chart below shows total employment in the construction sector over the last 10 years, and we can clearly see the jump in Tennessee that begins in early 2011.



I asked [David Penn](#), director of the [Business & Economic Research Center](#) at Middle Tennessee State University, about this development. Dr. Penn's center publishes detailed reports on Tennessee's employment picture, among them a sector-by-sector view of recent data. My question was a two-parter, the first asking if there was something odd going on with seasonal developments and whether the jump in Tennessee construction employment was actually picking up on an increase in energy extraction activity. (Tennessee construction data are not reported separately as in other states. Rather, it is part of a broader measure called "Construction, Mining, and Logging.")

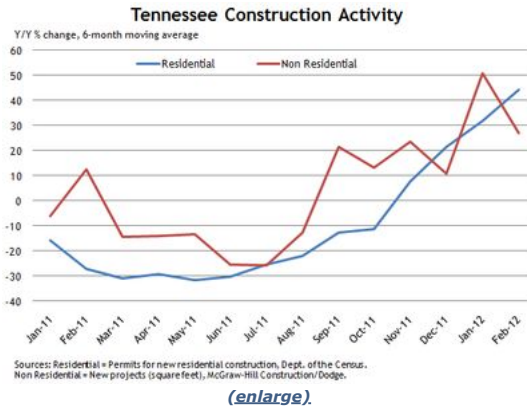
Dr. Penn replied that there was some evidence of warmer winter weather playing a role in boosting some construction activity, but if seasonal factors were the driving factor, these same seasonal factors should have affected other states as well (and clearly did not). Furthermore, he said there was no large pick-up in mining activity that could have been captured in the broader measure of construction employment. The increase in the state's construction employment was real. He looked into more detailed employment data from the [Quarterly Census of Employment and Wages](#) (QCEW) series from the U.S. Bureau of Labor Statistics, which showed that:

"Within construction, roughly equal numbers of jobs have been created in building construction, heavy construction, and specialty trade contractors. Within these categories, nonresidential building is important (college campus construction, the Nashville convention center), as are utility construction and an 'other' category under heavy construction and building equipment contractors (electrical, plumbing, HVAC)."

Dr. Penn was also quoted in the [Nashville Post](#), where he provided some context to the relative strength of the state's construction sector:

"The level of employment in this sector had dropped so low that it didn't take a major increase in jobs to show a large growth rate," he said. "The lion's share of this increase is driven by construction," Penn added. "We've seen double-digit increases in housing permits, especially in this area."

I checked the numbers, and there has indeed been a jump in the state's permits for new residential construction, although the latest data (February) did simmer down a bit (see the chart below). Commercial construction, as measured by new projects in terms of square feet, has also trended up.



We don't know yet whether or not the improving trend in Tennessee construction activity and employment will persist, but for this beleaguered sector, any improvement anywhere in the Southeast is good news.



By [Mike Chriszt](#), a vice president in the Atlanta Fed's research department

April 17, 2012 in [Construction, Tennessee](#) | [Permalink](#)

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