

FOR IMMEDIATE RELEASE

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JOBS REPORT SHOWS QUICK ACTION NEEDED TO REVIVE CONSTRUCTION, AGC SAYS

States, Developers Choke off Funding for Projects, Economist Simonson Warns

Washington, D.C.--"The drop in construction employment accelerated in September and will get much worse unless credit markets reopen," Ken Simonson, Chief Economist for The Associated General Contractors of America (AGC), said today following a Bureau of Labor Statistics report that showed construction lost 35,000 jobs last month. "State governments from California to Maine have been shut out of the bond market, while developers have had bank credit windows slammed shut on their fingers as they reached for their loans.

"All types of construction shed workers in September, following an uptick in nonresidential hiring in August," Simonson noted. "Another ominous sign is that architectural and engineering services employment--a harbinger of demand for future construction--rose until recently but stalled this summer and fell in September.

"Further, these numbers only reflect payrolls as of September 12, before the takeover of Fannie Mae and Freddie Mac triggered the current freeze in bank lending," Simonson observed. "Unless Congress adopts a rescue plan immediately, the October report--due out just after Election Day--will be much uglier.

"The bad news on employment comes on the heels of a report from the Census Bureau on Wednesday that private nonresidential construction spending fell by nearly 1 percent in both July and August," Simonson stated.

"State and local construction spending was up, but I fear that will change as more states each week announce budget shortfalls. Highways and schools--60 percent of public construction spending--are in particular jeopardy, because of drops in fuel and property taxes.

"Even the private categories with the best chance of growth in 2009, such as power plants, refineries, hospitals and higher education, have slowed and risk losing access to affordable

loans," Simonson concluded. "The 2009 construction employment and spending outlook will be very bleak unless credit markets revive promptly."

NOTE: Contact Simonson for a set of contractor and developer comments describing current credit conditions.

The Associated General Contractors of America (AGC) is the largest and oldest national construction trade association in the United States. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors, and over 12,500 specialty-contracting firms. More than 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. Visit the AGC Web site at www.agc.org.

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