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Wood Production, Strong in February, Saw Lumber and Hiring Rise

Bill Esler

Construction employers added 15,000 workers in February, despite harsh weather, raising industry employment to the highest level since June 2009, continuing an upbeat trend. "The rate of construction hiring has outpaced job growth in the overall economy for the past year," said Ken Simonson, chief economist for the Association of General Contractors. Construction employment at 5,941,000 was at its highest total in 4-1/2 years. Residential construction employers added 1,700 workers in February; commercial construction firms added 12,700 employees since January and 50,600 since February 2013. Purchasing for construction services decreased in February, at least in part a product of the bad weather, according to a monthly report issued by the Institute for Supply Management (ISM) "Winter weather is slowing down our projects; but it should only be until April," said one construction purchasing manager. ISM also reported wood products manufacturing was lead new orders among all manufacturing segments, and was number 2 for growth of 18 sectors tracked by supply managers. These sectors include wood industry segments such as custom cabinetmaking, remodeling, and architectural woodworking, as well as furniture, flooring, millwork and production cabinetry manufacture. "Business continues to be stronger," reported one furniture manufacturer. "I was at the KBIS/IBS show last week, and the feeling was much the same. Good last year, and this year shows great promise." Two factors - rising lumber prices, and worker shortages - continue to challenge the woodworking businesses.

Wood Products manufacturers led 18 manufacturing industries in reporting price hikes in February 2014. "While demand for construction employees is rising at a healthy clip, workers are still leaving the industry faster than they are being hired," says AGA's Simonson. "In the past four years, nearly a million experienced workers have left the industry for jobs in other sectors, retirement or school." The break in the weather will exacerbate employment issues in construction, he says. "Because persistently severe winter weather delayed many projects in the past few months, contractors are likely to be posting 'help wanted' signs on even more job sites this spring," Simonson says. An AGA survey found two-thirds of construction firms are having a hard time finding enough qualified workers to fill vacant positions.

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