

Alabama immigration law blamed for drop in construction jobs

By Roy L. Williams -- The Birmingham News

BIRMINGHAM, Alabama -- Alabama's construction industry is losing jobs faster than almost every state in the nation, and industry experts say some of the losses are due to the state's strict new immigration law.

Figures from the Associated General Contractors, an Arlington, Va.-based trade group, showed that construction-related employment in Alabama has fallen from 85,900 in June, when the law was passed, to 80,700 in October.

Construction employment in the Birmingham-Hoover metro declined from 24,900 in June to 23,800 in October, according to AGC figures.

"Some of it has to do with the immigration law," said Henry Hagood, head of Alabama AGC chapter. "Crews have left the state. That's not the only reason for the numbers. Our market is down at the bottom. Every little thing, when you don't have as much work, contributes to it."

Alabama's one-month loss of 3.2 percent, or 2,700 construction jobs from September to October, was the second highest nationally, surpassed only by Nevada's 4.6 percent decline, according to AGC figures.

For the 12-month period ending in October, according to the trade group, Alabama lost 7 percent of its construction jobs, a steeper decline than all but three states -- Georgia (9.5 percent), New Mexico (9.2 percent) and Wisconsin (8.6 percent).

John Wyatt, a vice president at Gary C. Wyatt General Contractor in Birmingham, said the immigration law has caused job shortages for construction companies across the state.

"There have been no-show employees in various trades from job sites since the immigration law has taken effect," he said.

Ahmad Ijaz, an economist for the University of Alabama, said he believes the immigration law probably had some impact on construction industry job losses across the state, but a slowdown in both industrial and commercial projects also played a major role.

"Financing is still very hard to get for most commercial projects," Ijaz said. "It was way over-built prior to the recession, judging by the high vacancy and delinquency rates in existing commercial properties."

Ken Simonson, chief economist for Associated General Contractors' national office in Arlington, Va., said he thinks it is too soon to link the immigration law with the drop in construction jobs in

Alabama. The overall labor force in Alabama has dropped steadily from June to October after rising the previous nine months, he said.

"Without knowing more about what is happening in Alabama and nearby states, I can't speculate as to whether the immigration law accounts for the drop," Simonson said. "The sample size is too small to be confident that the apparent trend is real until more months of data are in."

Hagood said the industry in Alabama and Georgia has not recovered from the slump tied to the recession that began in December 2007.

"When you look at the big picture, Alabama and Georgia's construction industry was far above normal for so long that we thought that was the new norm," he said. "And then the market fell to the old normal and then down below that. So it's a big drop. Couple that with the number of contractors in both states who work regionally and what happens in the entire region has a big effect on our state."

Though there were spikes in construction jobs caused by rebuilding tornado-affected areas of Alabama, Wyatt said it was short-lived. "I am sure there were some temporary jobs added during the immediate recovery period that are now finished," he said.

Hagood said internal reports show that contractor sales volume is down about 40 percent from the heyday of a few years ago. That means what he hoped would be a good year in 2012 doesn't look so great anymore.

"A year ago I felt that 2012 was going to be the start of the recovery, but now I'm hoping it's no later than 2013," Hagood said. "I don't see anything on the horizon, both statewide and nationally, that will pull the construction industry up enough in 2012 to make a turnaround."

Hagood said this construction downturn is worse than anything he has experienced in more than 40 years.

"Every one before has been the result of high interest rates," he said. "Not now. The low rates do give us the opportunity for the housing industry to have a better chance of starting its recovery, which should signal the very beginning of a turnaround for the commercial and industrial markets. We are in a world economy and this recession is not just state or regional, but national in scope and has behaved differently than all previous models."

http://blog.al.com/businessnews/2011/11/alabama_immigration_law_blamed.html