An Industry on the Increase

The U.S. Census Found that Volume, Companies Increased
In the Wall and Ceiling Industry For 1977

It’s a year or so after the event, but the U.S. Census reports that in 1977 the plastering, drywall, acoustical and insulation contracting group performed some $6.5 billion worth of work compared to $4.1 billion in 1972.

That total is the dollar sign for all the business receipts counted among these special trade contractors.

The census of the construction industry for 1977 was the sixth census of construction establishments in the United States. Data was compiled from reports from a probability sample of approximately 181,000 establishments selected from about 536,000 construction establishments with payroll.

Of the $6.5 billion total, some $6.3 billion were receipts for construction work, an increase of 54 percent compared to 1972 and an increase of 210 percent compared to 1967.

The percentages represent absolute values and do not include any adjustment for inflation. Inflation from 1972 to 1977 was about 37%, according to government figures.

The 16,845 establishments in this industry made payments for materials, components, supplies and fuels, and for construction work subcontracted to others amounting to $2.7 billion. This was an increase of 69 percent over the 1972 figures and 224 percent over the 1967 figure.

Total average employment in 1977 in the wall and ceiling industry showed an increase of 9 percent from 1972 and 60 percent from 1967 to a total of 186.2 thousand employees. Payroll for 1977 totaled $2.4 billion.

The sample included all construction establishments with a payroll equivalent of 15 or more full-time employees and a sample of those with fewer employees.

The Census figures pretty much corroborate the findings of CONSTRUCTION DIMENSIONS MAGAZINE’S annual business volume survey which projected construction receipts of slightly more than $1 billion for IAWCC/GDCI contractors.

The magazine’s studies measured association contractor volume as somewhere between 30% and 42% of all commercial-industrial-institutional. Figures compiled by the Census show that of the $5.5 billion total for building construction, some $1.9 billion was in single-family houses.

The remaining $3.6 billion consisted of non-residential type construction. Of this total, approximately $1 billion was in receipts for 1977 insulation work.

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The value added by drywall, plastering, acoustical and insulation contractors amounted to $3.7 billion. “Value added” is the best measure for comparing the relative economic importance of industries or areas. It eliminates the duplication in receipts because of subcontracting.

It also eliminates from the output measure the cost of materials, which differs in relative importance among areas and industries.

The payrolls paid by specialty contractors in the wall and ceiling group totaled, in 1977, some $2.3 billion of which construction craftsmen received $1.9 billion.

Contractors paid some $2.7 billion for materials, components, and supplies, and subcontracted $248 million worth of work to other contractors.

During 1977, contractors made approximately $115 million in capital expenditure investments with the bulk of the expenses—$86 million—going for machinery and equipment.

The Census also found that the number of subcontractors in this specialty category (Standard Industrial Classification 1742) had climbed to a total of 16,845 in 1977. In 1967, the number of establishments had been 11,411 and this total had climbed to 13,415 by 1972.

Thus a significant growth in the number of SIC 1742 firms has taken place during a period when competition and pricing wars have been most violent. And growth has also occurred while two of the years experienced record rates in bankruptcies.

Of the 16,845, a surprising high number of firms consist of proprietors and working partners—10,124.

It is believed—judging from the annual business volume study conducted by CONSTRUCTION DIMENSIIONS MAGAZINE—that a sizeable portion of the firm total growth took place in the insulation contractor category. Insulation had a popular run for a three-year period with thousands of new one-man contractors, franchised insulation contractors, and just about anyone who could afford a Cellulose chopper coming into the industry.

This growth was mostly in single house insulation contracting. A reversal took place starting late in 1977—after the census was taken—and the public backed away from its headlong flight into insulation. Many of the new insulation contractors—many short on cash reserves and cash flow—dropped out of the market.

Others were virtually forced out of business, such as by government attack on polyurethane use. An entire franchise operation in the midwest was wiped out by this development alone.

Still, in 1977 employment by drywall, plastering, acoustical and insulation contractors averaged more than 170,000 persons. The March, 1977, average was 169,855 and summer employment increases moved the yearly average up to more than 186,000 employees.