CLRM

U.S. Construction Outlook:
Workforce Worries, Project Prospects, Supply Snags

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Logistics

Phones

- Mute if you’re in a noisy location
- Don’t put us on hold – even if you have great music!

Join the discussion!

CLRM

To help protect your privacy, PowerPoint has blocked automatic download of this picture.

The conference will begin with a reception on **Monday, March 28, 2022**, with sessions and activities through **Wednesday, March 30**.

This year's roundtable will take place in historic Koreatown, in the heart of downtown Los Angeles, at the Line Hotel.

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January 20, 2022

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Total Nonfarm & Construction Employment, Feb. 2020–Dec. 2021
cumulative change (seasonally adjusted)

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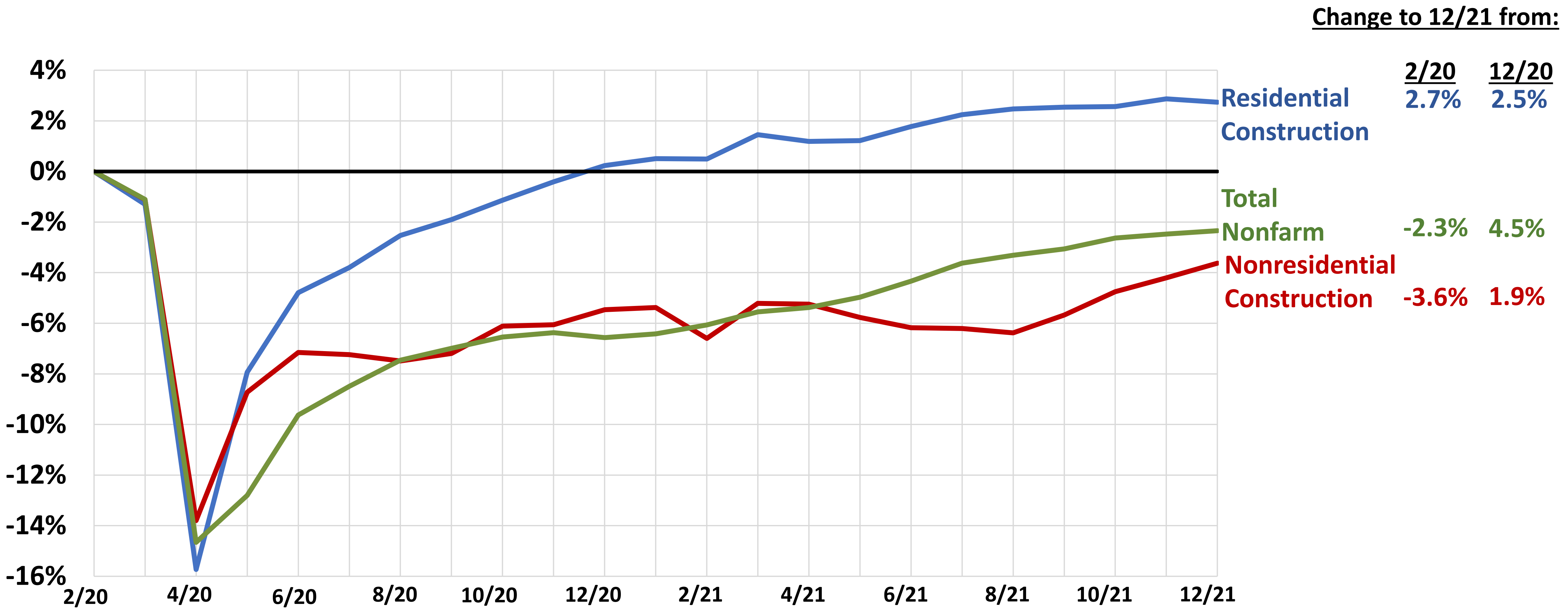

 Source: BLS current employment statistics, https://www.bls.gov/ces/

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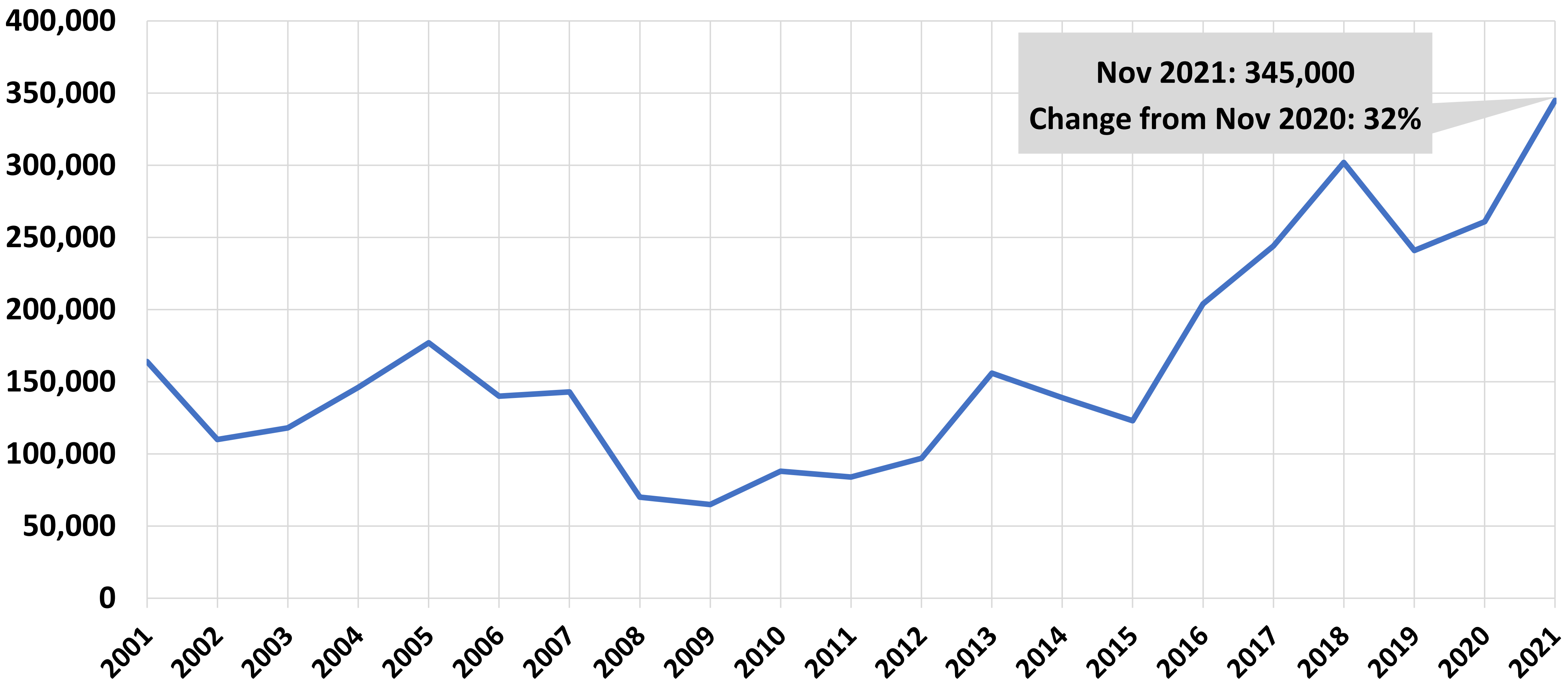
Construction Job Openings

Nov 2001-Nov 2021, seasonally adjusted



 Source: Source: Bureau of Labor Statistics, www.bls.gov/jlt, JOLTS

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State construction employment change, Feb. 2020-Nov. 2021

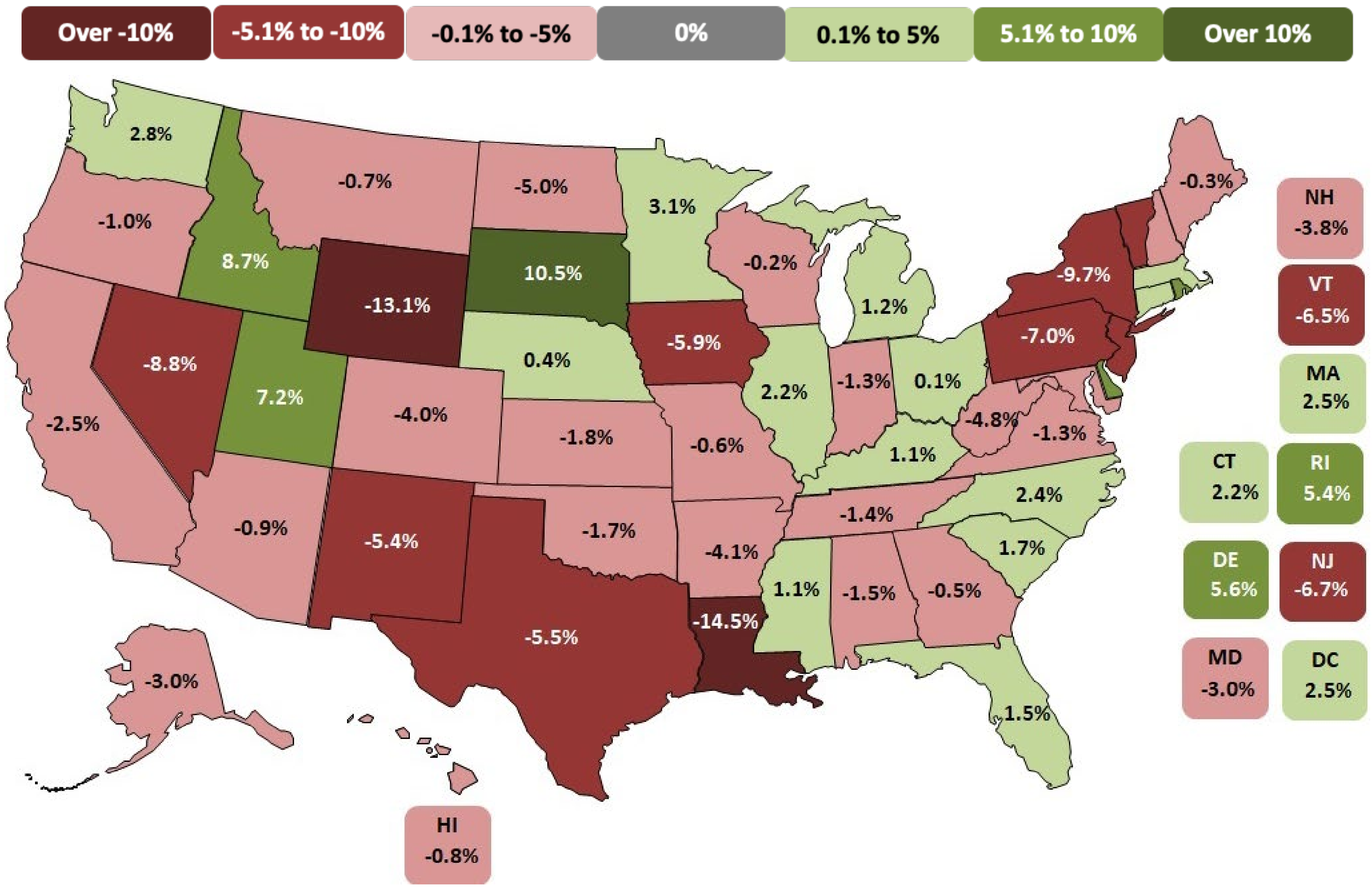
18 states and DC **up**, 32 states **down** (U.S.: -1.5%)

Top 5

South Dakota	10.5%
Idaho	8.7%
Utah	7.2%
Delaware	5.6%
Rhode Island	5.4%

Bottom 5

Louisiana	-14.5%
Wyoming	-13.1%
New York	-9.7%
Nevada	-8.8%
Pennsylvania	-7.0%



Note: Shading based on unrounded numbers

Source: BLS state and area employment, www.bls.gov/sae

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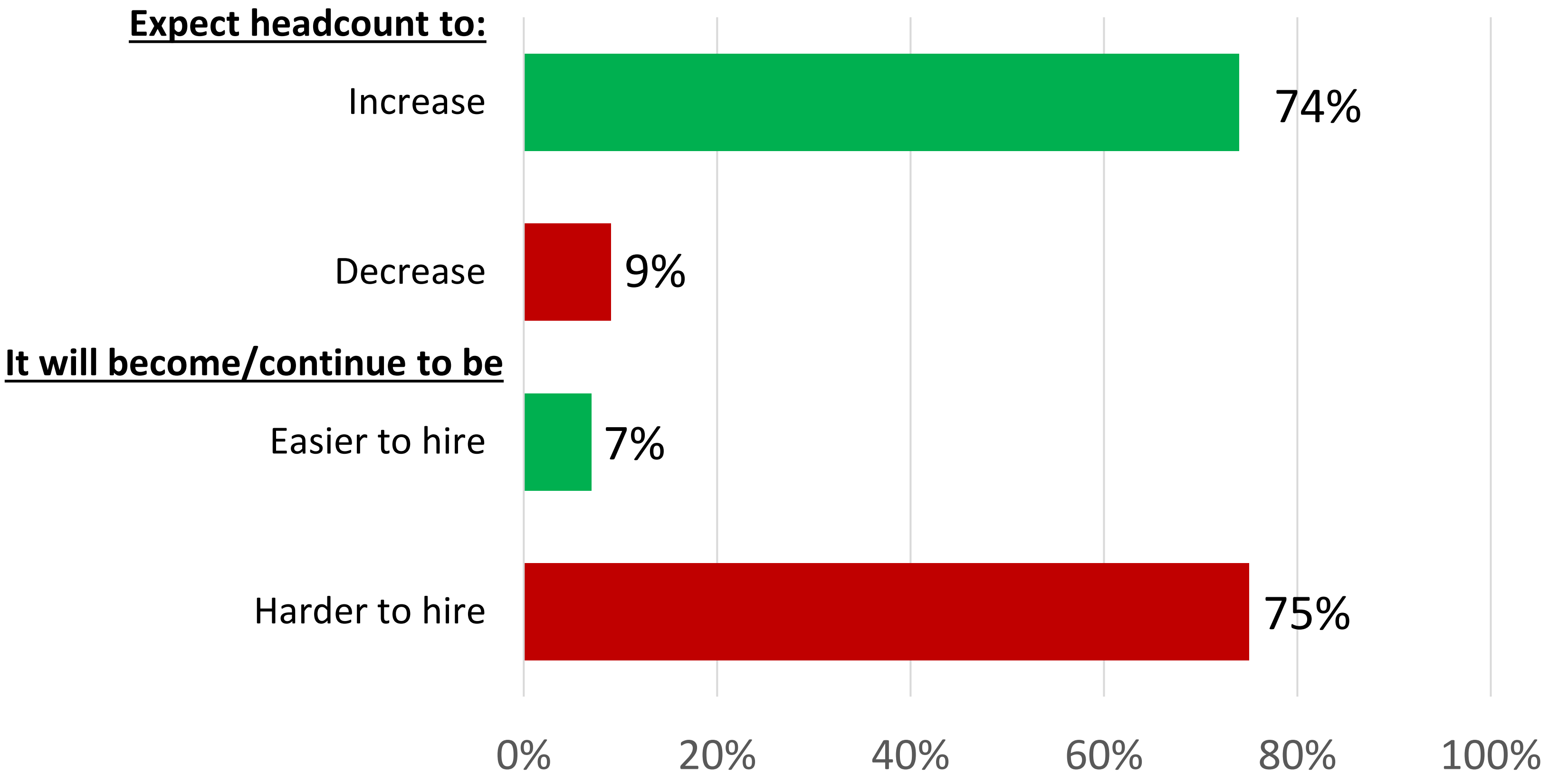
2022 AGC Hiring & Outlook Survey: Firms' expectations regarding headcount and hiring over next 12 months



Source: AGC 2022 Outlook Survey; 1,019 total respondents

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Year-to-date construction spending: Jan-Nov 2021 vs. Jan-Nov 2020

(not seasonally adjusted)

- Total 8%; private residential 24% (single-family 34%; multi 16%); private nonres -3%; public -4%

Largest segments (in descending order of 2021 year-to-date spending)

- Power -0.5% (electric 0.6%; oil/gas fields & pipelines -4%)
- Education -9% (primary/secondary -7%; higher ed -14%)
- Highway and street -0.2%
- Commercial 3% (warehouse 15%; retail -10%)
- Office -7%
- Mfg. 5% (chemical 7%; computer/electronic 7%; transp. equip. 2%; food/beverage/tobacco 29%)
- Transportation -5% (air -10%; freight rail/trucking -6%; mass transit -0.2%)
- Health care 1% (hospital 2%; medical building 0.3%; special care -7%)
- Lodging -33%

Source: Author

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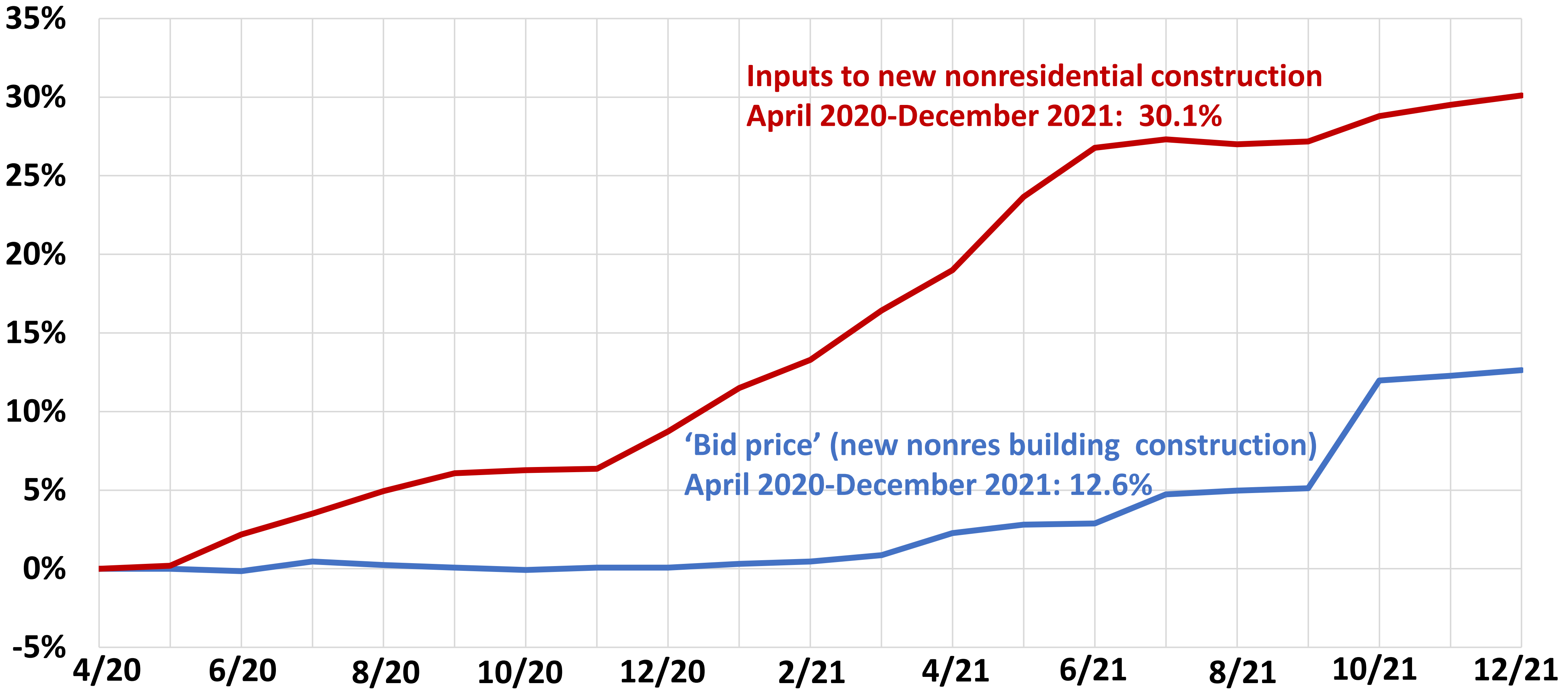
Inputs and 'bid price' producer price indexes (PPIs)

cumulative change in PPIs, April 2020 -December 2021 (not seasonally adjusted)



 Source: Bureau of Labor Statistics, producer price indexes, www.bls.gov/ppi

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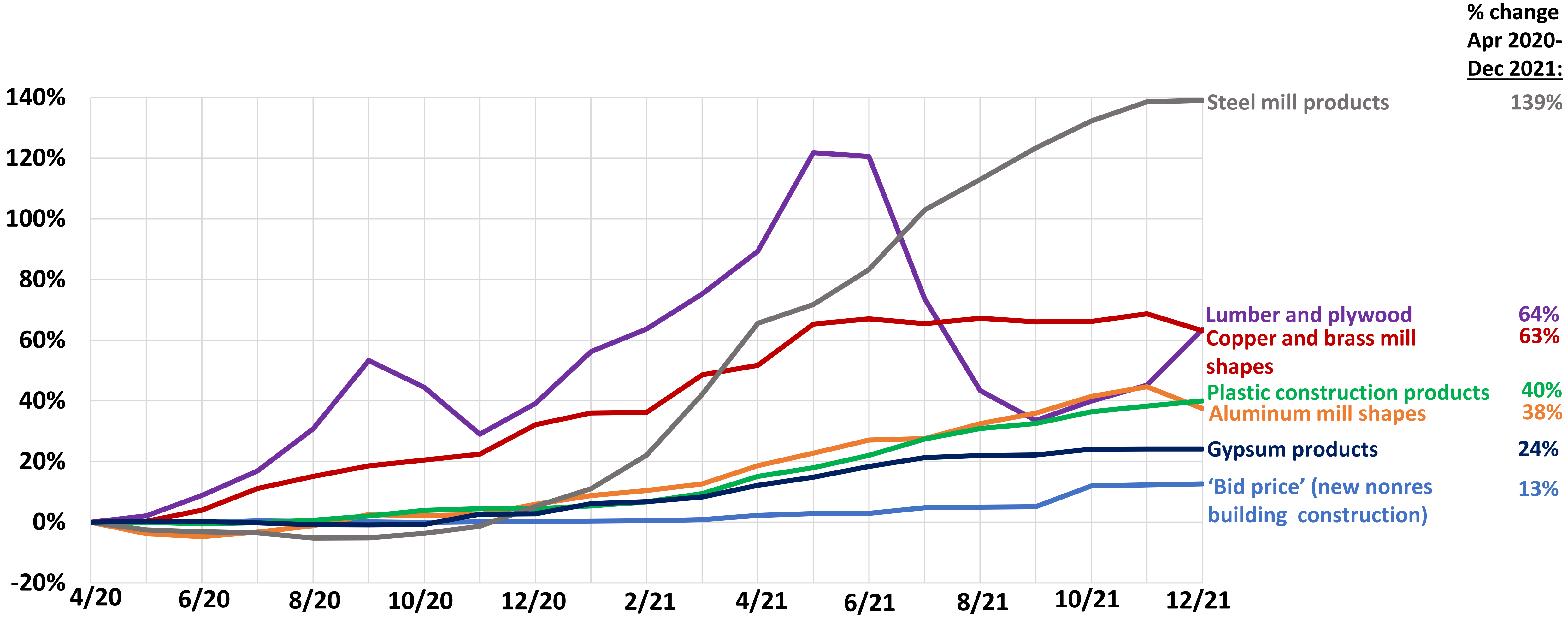
PPIs for construction and selected inputs

cumulative change in PPIs, April 2020 – December 2021 (not seasonally adjusted)



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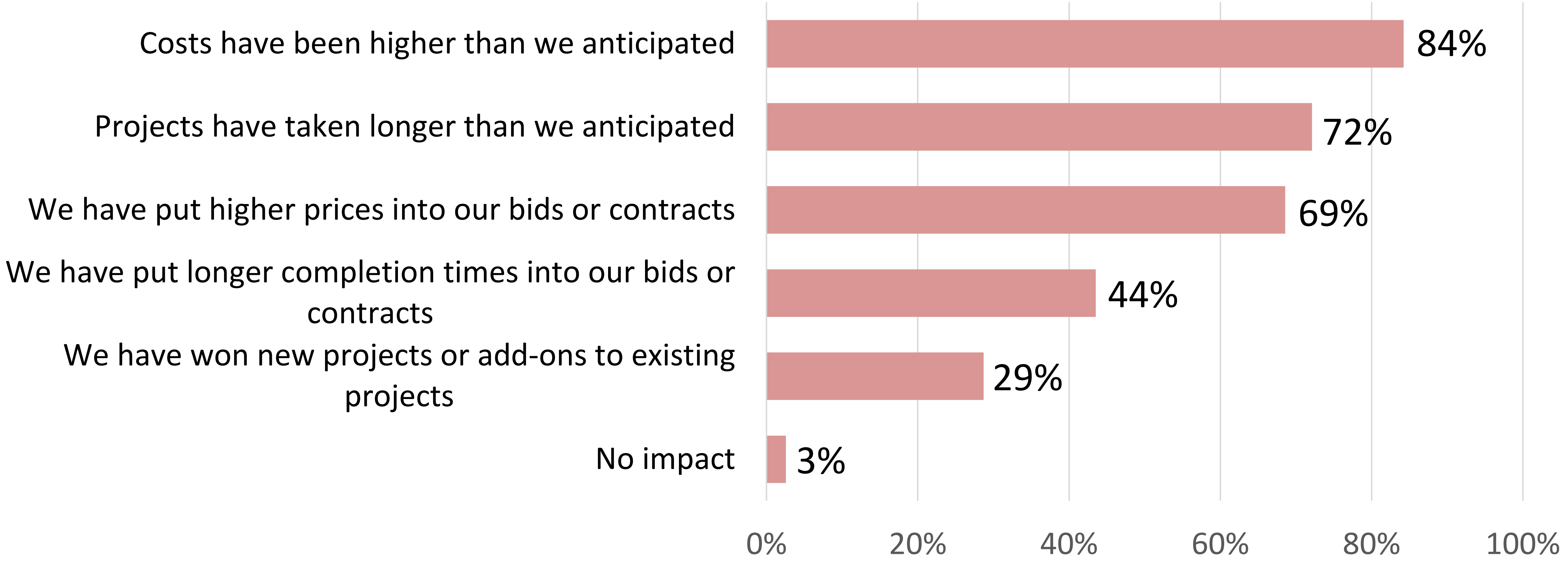
AGC 2022 Outlook Survey: Firms cite pandemic impact as cause for higher cost and delays



Source: AGC 2022 Outlook Survey; 1,019 total respondents

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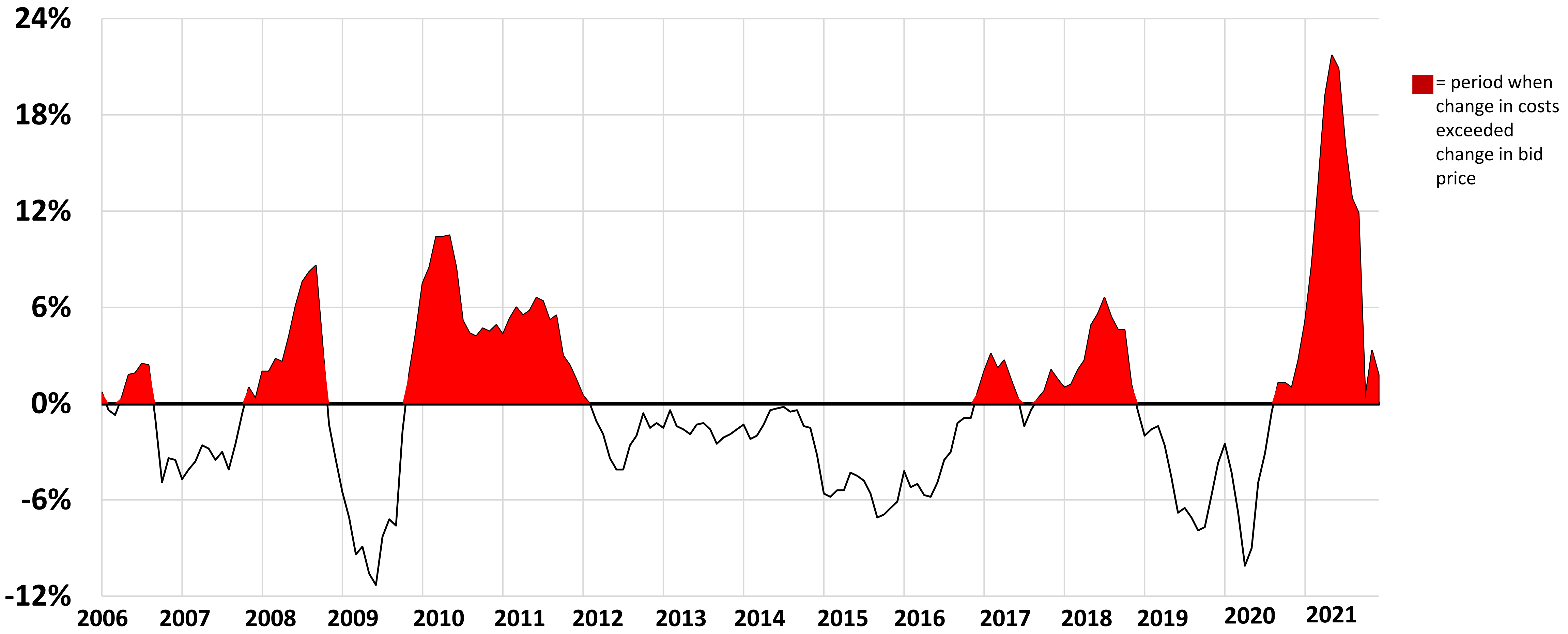
Cost squeeze on contractors can last two years or more

Difference between year-over-year change in materials costs vs. bid prices, Jan 2006-Dec 2021



Source: Source: Bureau of Labor Statistics, www.bls.gov/ppi, producer price indexes for goods inputs to nonresidential construction (material costs) and new warehouse construction (bid prices)

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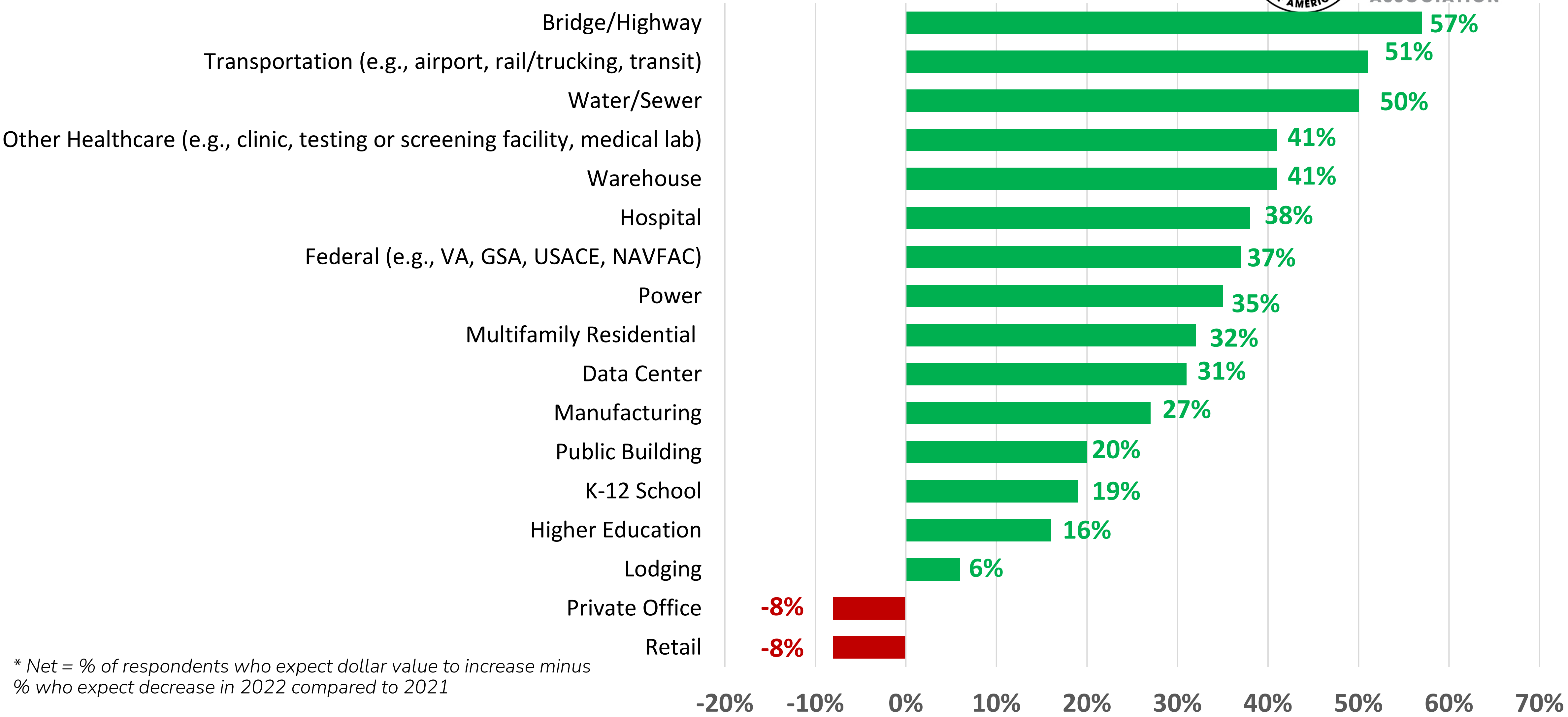
AGC Outlook Survey: Net* % who expect 2022 value of projects to be higher/lower than 2021



** Net = % of respondents who expect dollar value to increase minus % who expect decrease in 2022 compared to 2021*

Source: AGC 2022 Outlook Survey; 1,019 total respondents

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Medium-term impacts as recovery begins

- Economic recovery looks more certain but virus risks remain, especially for construction: low worker vaccination rate; possible pullback by owners on project starts
- Slower rebound than for other sectors as owners, investors/lenders, institutions, and public agencies face uncertainty about future demand, project costs, and completion times
- Continuing cost and supply challenges may lead to more project deferrals
- Infrastructure funds will take time to distribute and award to individual projects, muting the medium-term impact on labor and materials supply
- Best prospects: manufacturing, distribution, data centers, renewable energy

Source: Author

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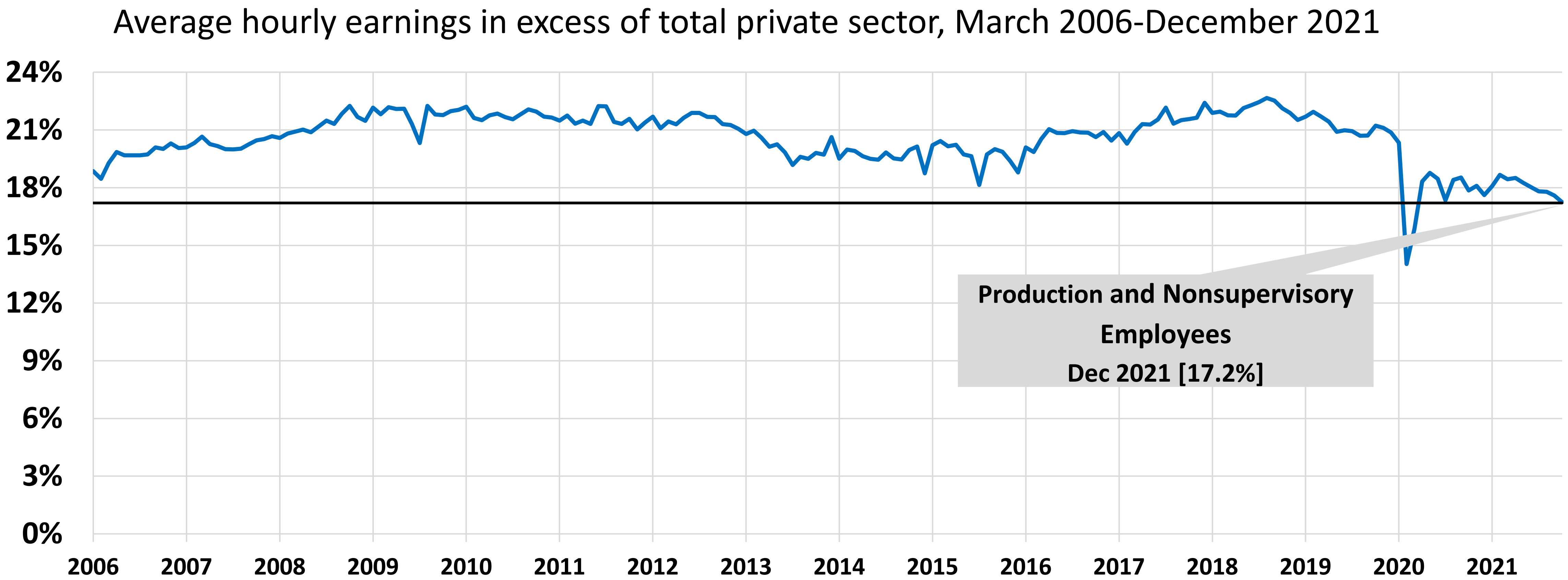
2 concerns about construction worker supply

- Low vaccination rate: 58% for construction workers, 84% for other occupations
- "Premium" for construction wages relative to total private sector has shrunk from 20-23% pre-pandemic to 17% for production & nonsupervisory employees



Sources: vaccine data from CPWR, www.cpwr.com; wages from BLS, www.bls.gov/ces

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Long-run construction outlook (post-pandemic)

- Slower population growth means slower demand growth for most construction
- Permanent shift from retail to e-commerce/distribution structures
- More specialized and online healthcare facilities; fewer hospitals, nursing homes
- More wind, solar, battery storage and charging facilities, and related manufacturing
- Less oil drilling and pipeline construction
- Continuing demand for K-12 but much less for higher ed construction
- Not clear if offices will decentralize or remain in less demand
- Not clear yet if urban/rural or state-to-state trends will change

Source: Author

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Population change by state, July 2020–July 2021 (U.S.: 0.12%)

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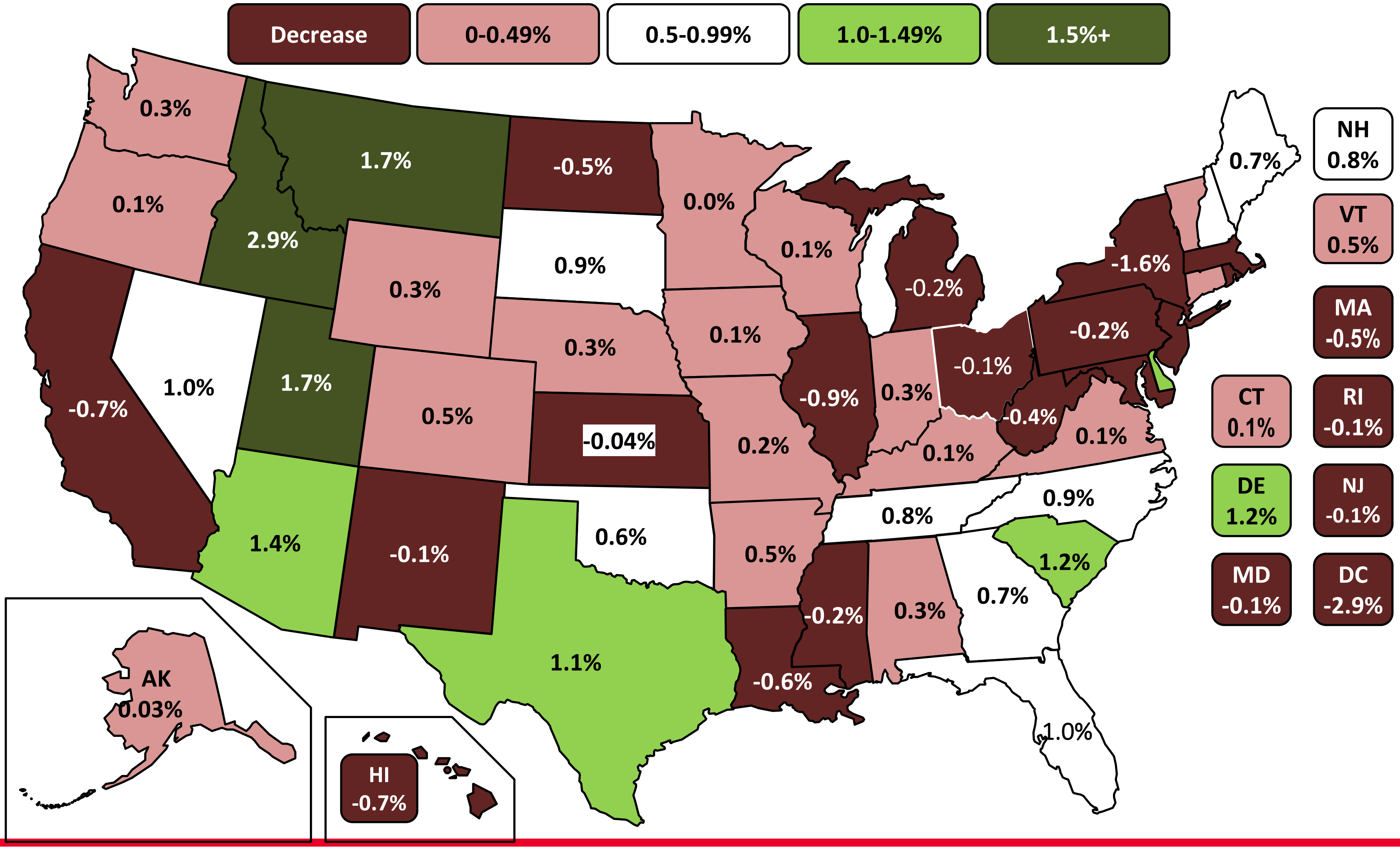
Top 6

ID	2.9%
UT	1.7%
MT	1.7%
AZ	1.4%
SC, DE	1.2%

Bottom 5

DC	-2.9%
NY	-1.6%
IL	-0.9%
HI	-0.7%
CA	-0.7%



Source: U.S. Census Bureau, Dec. 2021 estimates, www.census.gov/popest

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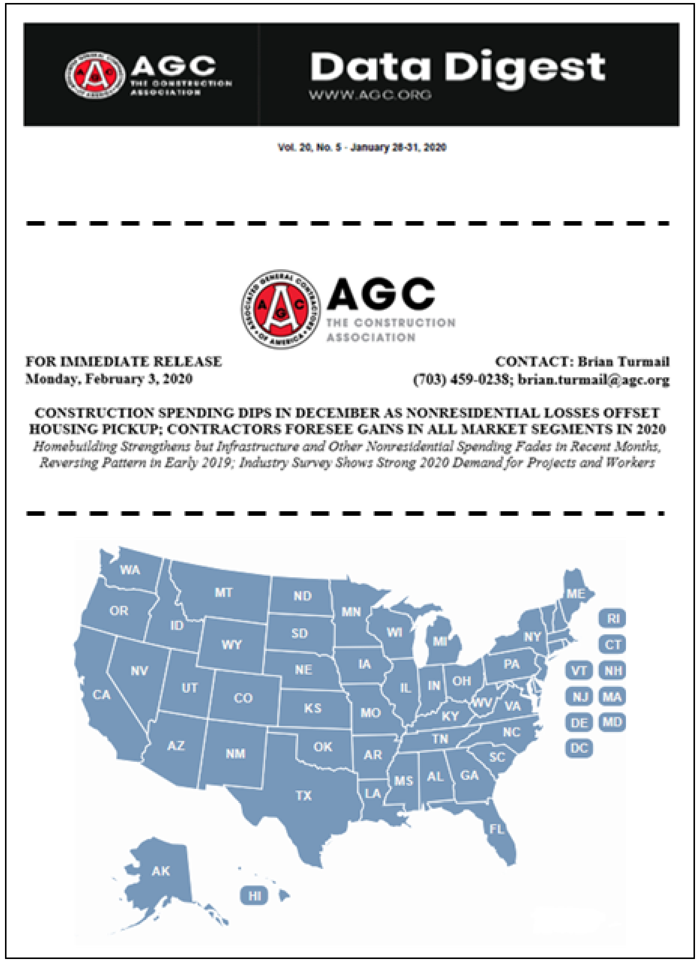
AGC economic resources
(email ken.simonson@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at http://store.agc.org)
- *Construction Inflation* *Alert*:

https://www.agc.org/learn/construction-data/agc-construction-inflation-alert

- ConsensusDocs Price Escalation Resource Center: https://www.consensusdocs.org/price-escalation-clause/
- Surveys, state and metro data, fact sheets: www.agc.org/learn/construction-data
- Monthly press releases: construction spending; producer price indexes; national, state, metro employment with rankings: https://www.agc.org/newsroom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CONSTRUCTION SPENDING DIPS IN DECEMBER AS NONRESIDENTIAL LOSSES OFFSET HOUSING PICKUP; CONTRACTORS FORESEE GAINS IN ALL MARKET SEGMENTS IN 2020

Homebuilding Strengthens but Infrastructure and Other Nonresidential Spending Fades in Recent Months, Reversing Pattern in Early 2019; Industry Survey Shows Strong 2020 Demand for Projects and Workers

 Source: Author

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