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STRONG DEMAND FOR WORK AMID STRONGER DEMAND FOR WORKERS: THE 2020 CONSTRUCTION HIRING AND BUSINESS OUTLOOK

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14,000 employees in 24 countries. For more information about our construction-specific technology, visit www.sagecre.com.

SUMMARY

Contractors are very optimistic about demand for construction in 2020 despite numerous signs the overall economy may be slowing. At the same time, many construction executives are troubled by labor shortages and the impacts those shortages are having on their operations, training & safety programs and bottom lines. Both the optimism about workloads and the worry about worker

revamped initiatives to recruit labor. One in three firms increased money allocated to technical education and nearly as many restructured or changed programming for current craft professional recruits. Nevertheless, more than half of respondents see inexperienced workers and workforce shortages as a major challenge to the safety and health of their workforce.

Many firms are seeking to cope with labor shortages by adopting new, labor-saving technologies. For example, 32 percent of firms report adopting technologies like drones, robots, 3-D printers and laser- and GPS-guided equipment to become more efficient. In addition, more than a quarter of firms (28 percent) have adopted labor-saving methods like lean construction and Building Information Modeling (BIM).

Nearly half the firms expect to increase their investment in information technology (IT) in 2020, with the largest share planning to increase investments in project management software. Respondents cited a wide range of reasons for increasing IT investment, with the most common being to improve productivity and efficiency.

segment to expand exceeds the percentage who expect it to contract for all 13 categories of projects included in the survey.

As in the 2019 survey (conducted in November-December 2018), this year

was for private office projects, although even in that niche, more than one-quarter of respondents who compete in the category foresee growing opportunities in 2020.

The results are also largely similar by region—with one notable difference. Respondents from the Northeast have a net negative outlook for seven of the 13 project categories, although they have a slightly more positive expectation than the national average for higher education and power construction.

Respondents in the South have the most upbeat outlook, with net positive readings that exceed national averages for all 13 categories. Like their counterparts nationally, respondents in the South are especially bullish on water/sewer construction.

Respondents in the West rate K-12 schools as the most favorable market in 2020. They are slightly less optimistic than respondents nationally, but have a positive view, on balance, for all 13 types of projects.

In the Midwest, as well, respondents are

in 2020 by

pass legislation establishing a temporary work visa program specifically focused on construction. The administration and Congress should also move forward on long-overdue comprehensive immigration reform. And it should take steps to provide legal certainty to the tens of thousands of construction workers lawfully in the country through either the Temporary Protected Status program, or via the so-called “Dreamers” program. At the same time, the Administration and Congress need to take additional steps to secure the nation’s borders. Allowing people to unlawfully work in this country sets them up to be exploited by unscrupulous firms who are able to under-bid more responsible firms.

A thriving, successful and diverse construction industry is the essential foundation for America’s continued economic prosperity, security and well-being. That is why the Associated General Contractors of America and its 27,000 member firms are committed to taking every possible step to educate federal officials about our key policy priorities. Investing in infrastructure and extending the work of regulatory reforms are essential to sustaining economic growth. At the same time, making needed investments and enacting measures that demonstrate the tremendous value of high-paying construction careers, along with reforming the immigration system, will ensure that contractors can keep pace with the kind of strong demand for their services most firms anticipate.

Our goal is to make sure contractors’ optimistic outlook becomes reality in 2020.

ABOUT THE SURVEY

AGC conducted the survey that serves as the basis for the 2020 Construction Hiring and Business Forecast during November and December 2019. A total of 956 firms from forty-eight states completed the survey. (Varying numbers responded to each question.) Participating firms represent a broad cross-section of sizes. Sixty-two percent report performing \$50 million or less worth of work in 2019. Thirty-two percent performed between \$50.1 million and \$500 million worth of work and six percent performed over \$500 million worth of work. Thirty-one percent of firms report they employ union workers most or all of the time, while the remainder are either exclusively open shop or only occasionally employ union labor. Firms and their employees were not compensated or in any other way reimbursed for completing the survey.

The regions covered in the survey included the following states:

Northeast

Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

South

Alabama, Arkansas, Delaware, District of Columbia, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia

Midwest

Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin

West

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, Wyoming