



AGC
THE CONSTRUCTION
ASSOCIATION

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Coronavirus Impacts and Implications for U.S. Construction

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AGC Survey Highlights

Coronavirus surveys conducted Oct. 7-19 (1,077 responses) & June 9-17 (635)

Workforce survey conducted Aug. 4-26; 2,005 responses

(Note: All percentages are % of respondents, not % of projects, dollars, etc.)



Scheduled project was canceled: 75% of respondents in Oct. survey, vs. 60% in Aug., 32% in June

Won additional project or add-on to project: 23%, similar to 21% in June

Currently experiencing any project delays/disruptions: 78%, vs. 57% in June

due to shortage of construction materials, equipment, or parts: 42%, vs. 25% in June

due to shortage of craftworkers or subcontractors: 35%, unchanged from June

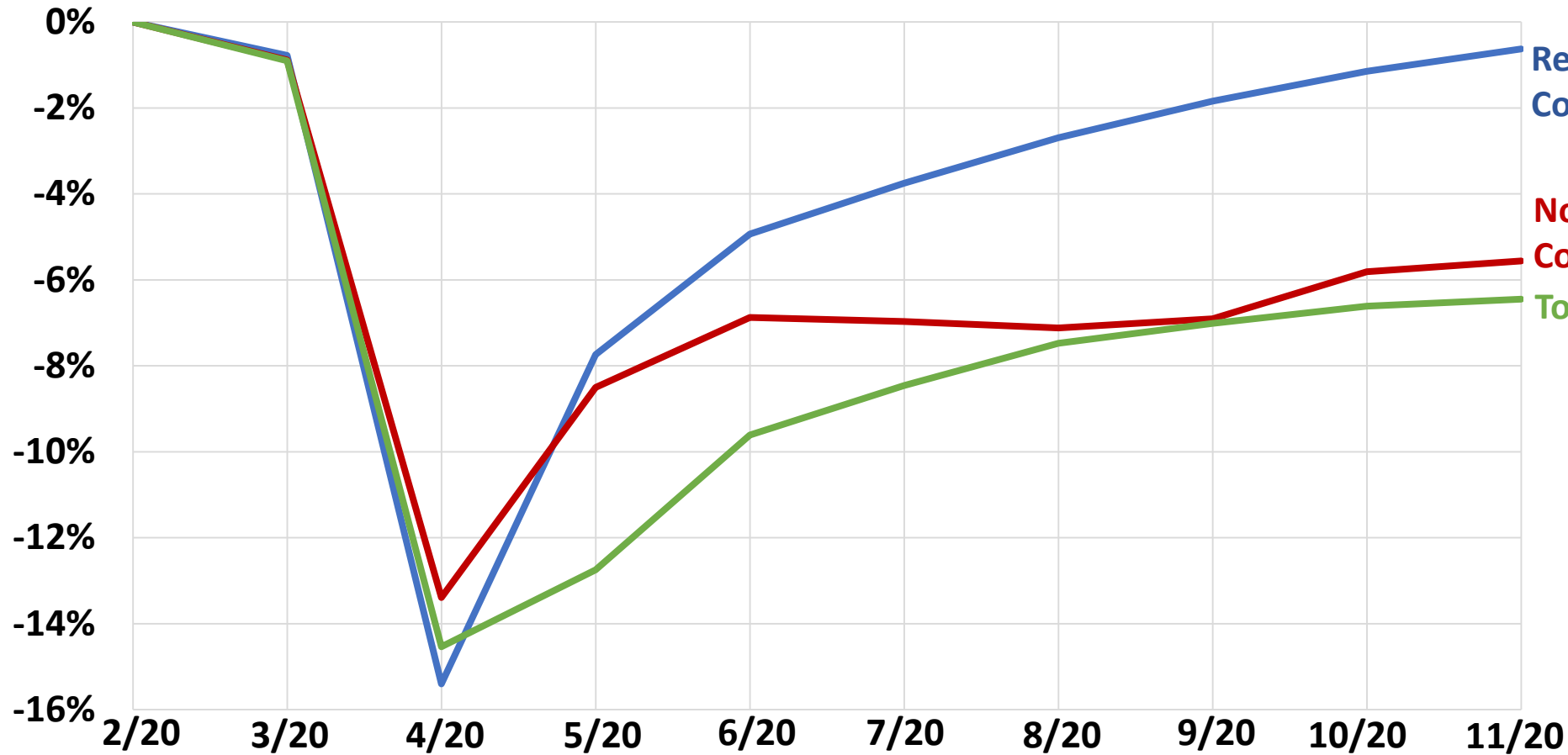
Return to normal volume of business: already there 35%; will take more than 6 months 34%

Workforce survey:

Having **hard time filling: craft positions** 52% (80% in 2019 survey); **salaried** 28% (57% in 2019)

Total Nonfarm & Construction Employment, Feb.-Nov. 2020

cumulative change (seasonally adjusted)

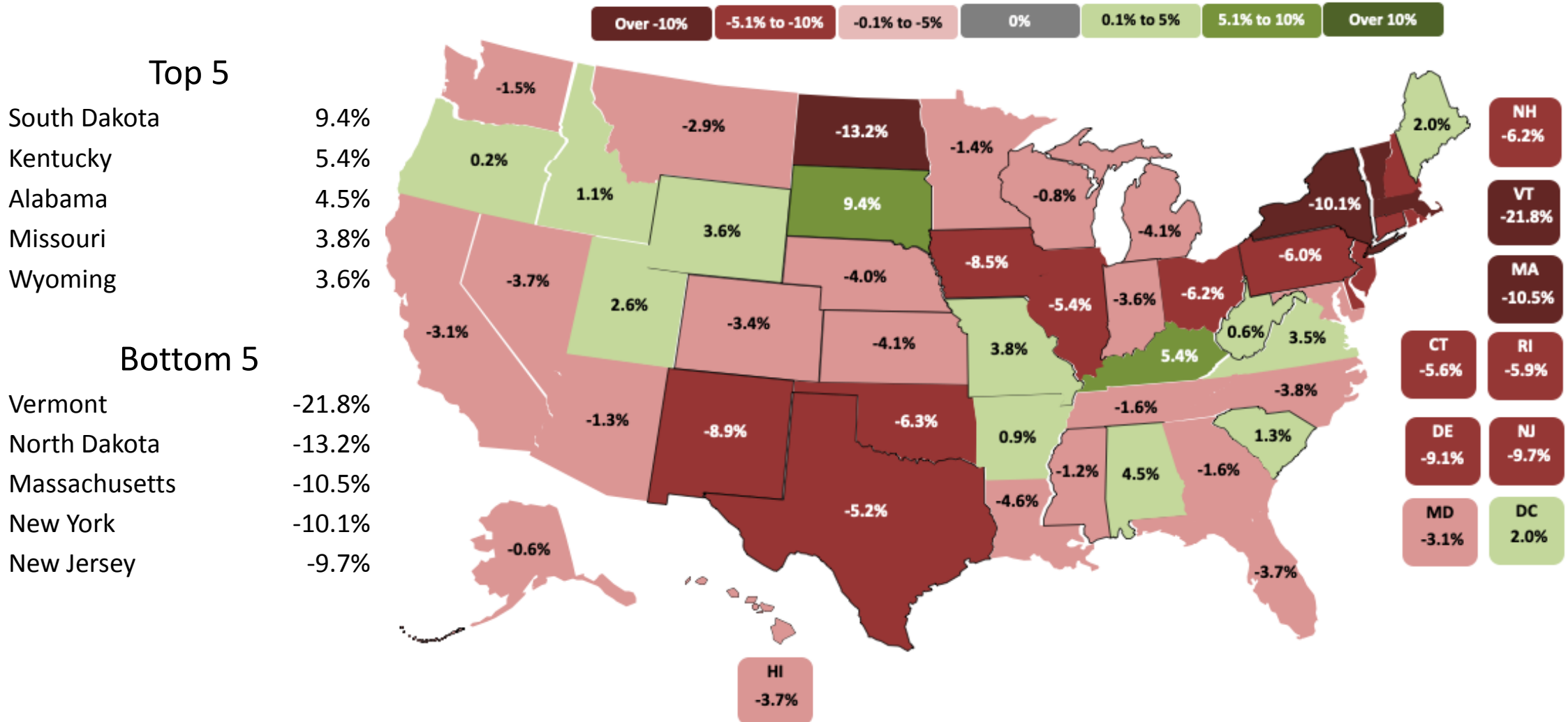


Change to 11/20 from:

	<u>2/20</u>	<u>4/20</u>
Residential Construction	-0.6%	17.5%
Nonresidential Construction	-5.6%	9.0%
Total Nonfarm	-6.5%	9.5%

State construction employment change, Feb.-Oct. 2020

13 states and DC **up**, 37 states **down** (U.S.: -4.0%)



Construction spending impacts: October vs. February

seasonally adjusted at annual rate



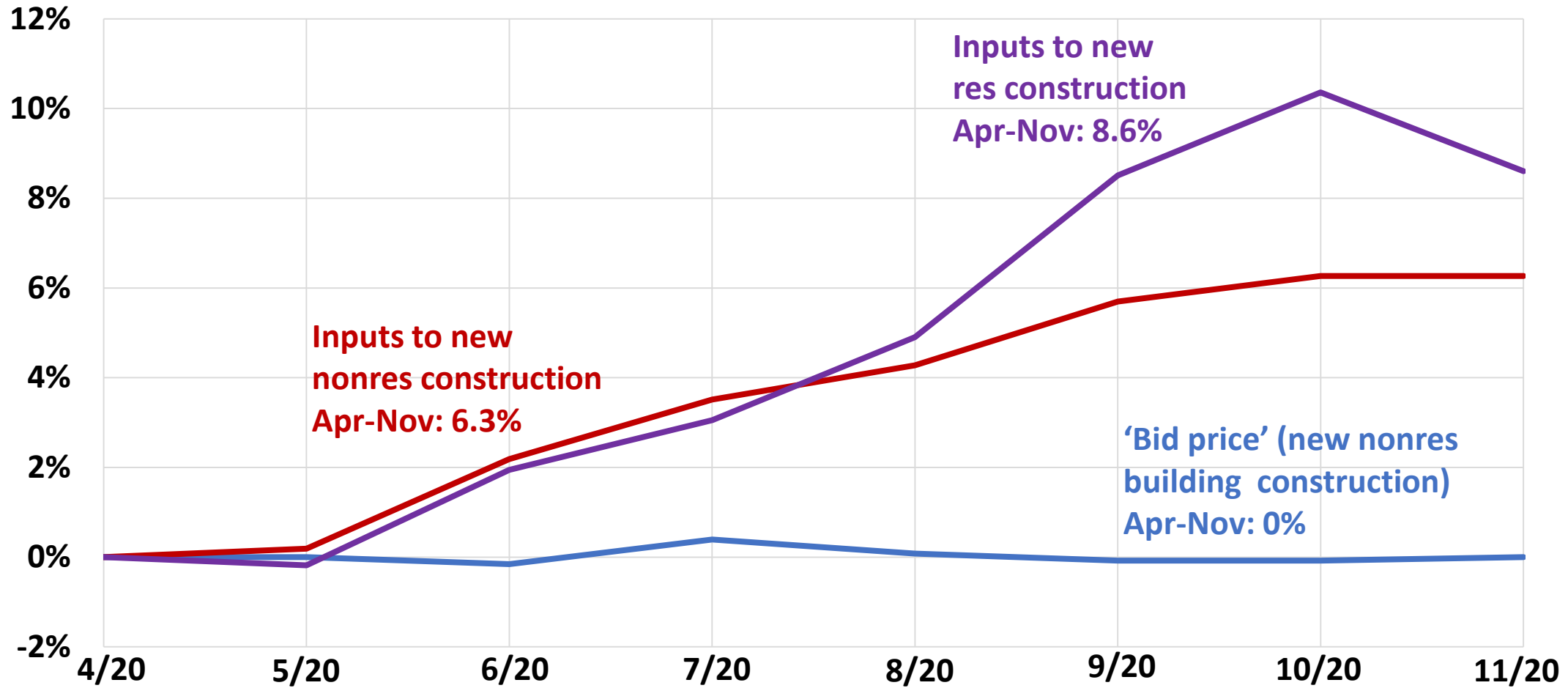
- Total -0.2%; private residential 7% (single-family 4%; multi 11%); private nonres -6%; public -2%

Largest segments (in descending order of October 2020 spending)

- Power -11% (electric -13%; oil/gas fields & pipelines -5%)
- Education -4% (primary/secondary 3%; higher ed -14%)
- Highway and street -11%
- Commercial -3% (warehouse 5%; retail -12%)
- Office -4%
- Mfg. -9% (chemical -2%; electronic -16%; transp. equip. -20%; food/beverage -10%)
- Transportation -1% (air -3%; freight rail/trucking -2%; mass transit 18%)
- Health care -0.4% (hospital -2%; medical building -2%; special care 3%)
- Lodging -17%

Construction input and 'bid price' producer price indexes

cumulative change in PPIs, April-Nov. 2020 (not seasonally adjusted)



Construction impacts to date



- Steep job loss, Feb.-April: -1.1 million (14% of Feb. total)
- Rebound, April-November: 804,000 (74% of Feb.-April loss)
- Diverging job gains as % of loss: residential, 96%; nonresidential, 58%
- PPP loans helped firms (re)hire workers but funds are running out
- Few new project announcements; cancellations are growing
- Home building, additions and renovations are very strong; mixed multifamily
- Increasing weakness among private nonres, state & local segments

Medium-term impacts as recovery begins

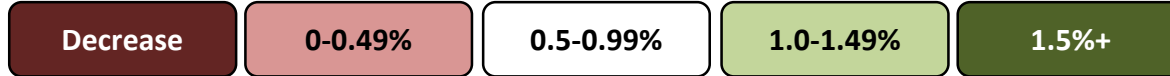


- Sustained economic recovery depends on safe, effective vaccine that enough of the public actually takes
- Slower rebound than for other sectors as owners, investors/lenders, institutions and public agencies have lost revenue and face uncertainty about future demand
- Best private prospects: remodeling, local distribution centers, data centers
- Less demand than pre-crisis for retail, offices, higher ed, cultural facilities
- Probably less demand for sports, entertainment, lodging & travel-related
- Best public prospects: depends on federal funding & election outcome
- Additional highway funding likely; other infrastructure remains uncertain
- Less state & local building construction, especially higher ed



- 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
- Continuing demand for K-12 but much less for higher ed construction
- Demand for restaurants should revive sooner than hotels, travel-related construction
- Not clear if offices will decentralize or remain in less demand
- No sign of change yet in urban/rural or state-to-state trends

Population change by state, July 2019–July 2020 (U.S.: 0.35%)

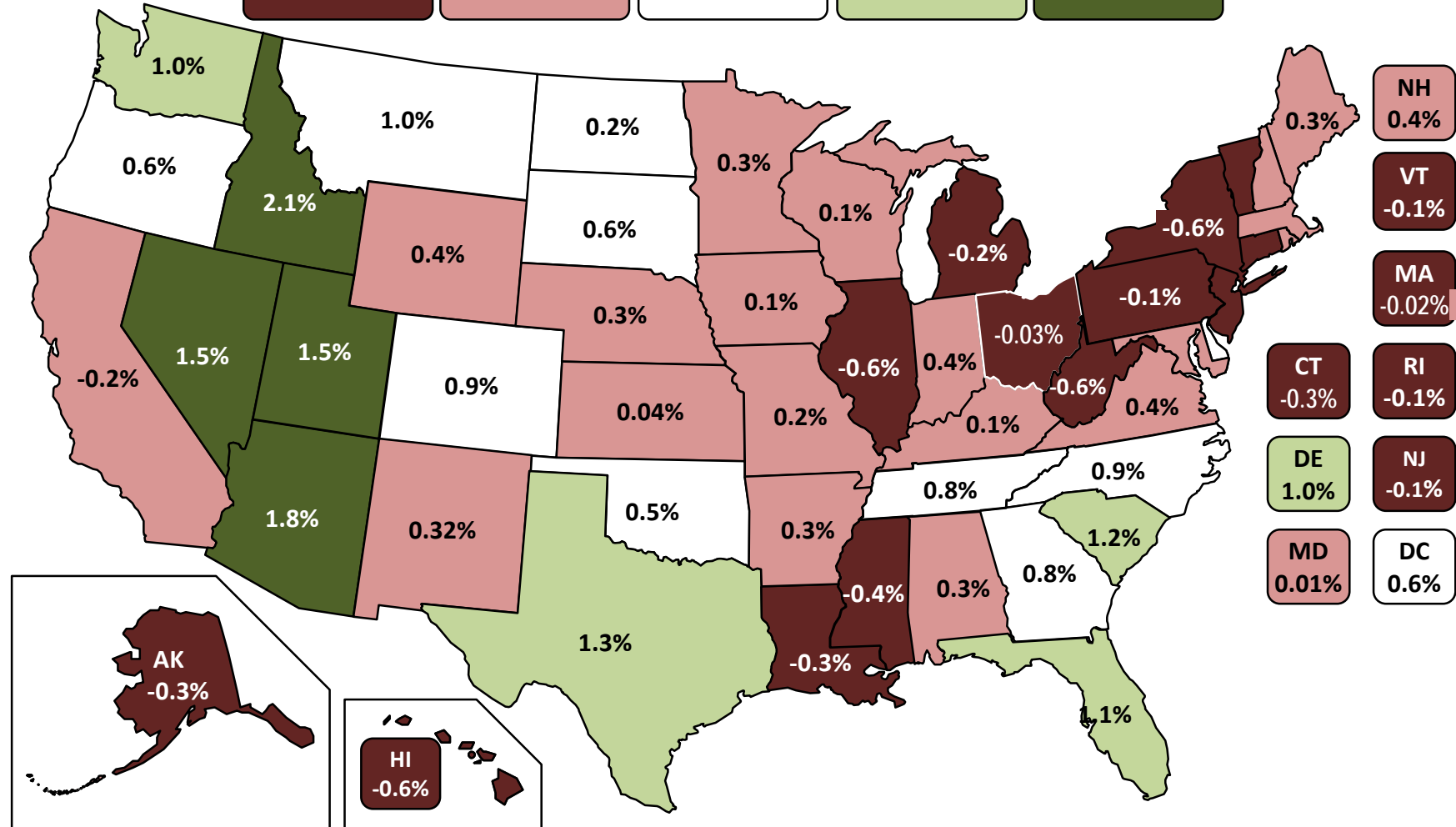


Top 5

ID	2.1%
AZ	1.8%
NV	1.5%
UT	1.5%
TX	1.3%

Bottom 5

NY	-0.6%
IL	-0.6%
HI	-0.6%
WV	-0.6%
MS	-0.4%



AGC economic resources

(email ken.simonson@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at <http://store.agc.org>)
- Surveys, state and metro data, fact sheets: www.agc.org/learn/construction-data
- Monthly press releases: construction spending; national, state, metro employment with rankings
- Coronavirus resources: www.agc.org/coronavirus

