Coronavirus Impacts and Implications for Construction

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AGC Coronavirus Survey Summary
conducted June 9-17, 633 responses

• Owner ordered **halt to current work**: 44% of respondents (5/21 survey: 48%, 5/7: 52%)
  - canceled **scheduled project**: 32% of respondents (5/21 survey: 40%; 5/7 37%)

• Are you experiencing **project delays/disruptions** (total: 57% of respondents) due to:
  - shortage of construction materials, equipment or parts: 28% (5/21: 28%, 5/7 & 4/23: 26%, 4/9: 23%)

• Suppliers sent notice **deliveries to be late/canceled**: 38% (5/21: 49%, 5/7: 48%, 4/23: 49%, 4/9: 42%)

• **Laid off** workers: 27% of respondents (5/21: 30%, 5/7: 34%, 4/23: 35%, 4/9: 40%)

• **Added** workers: 26% of respondents (5/21: 30%, 5/7: 23%, 4/23: 13%, 4/9: 4%)

• **Anticipate in next four weeks**: lay off workers: 12%; add workers: 17%

• **Return to normal volume of business**: already there: 26%, 1-3 mo.: 14%, 4-6 mo.: 12%, 6+ mo.: 30%
Coronavirus Survey: Wave 8

% of respondents reporting a project was halted/canceled

Survey Closing Date

Halted or canceled projects
Canceled scheduled project
Halted current project

Source: AGC of America's coronavirus surveys, www.agc.org/coronavirus
Coronavirus Survey: Wave 8

% of respondents experiencing project delays/disruptions

Reason

- Any cause
- Material shortage
- Worker shortage
- PPE shortage

Source: AGC of America’s coronavirus surveys, www.agc.org/coronavirus
Coronavirus Survey: Wave 8

% of respondents who were notified deliveries will be late/canceled

Survey Closing Date

<table>
<thead>
<tr>
<th>Date</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/19</td>
<td>22%</td>
</tr>
<tr>
<td>3/26</td>
<td>35%</td>
</tr>
<tr>
<td>4/2</td>
<td>38%</td>
</tr>
<tr>
<td>4/9</td>
<td>42%</td>
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<tr>
<td>4/23</td>
<td>49%</td>
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<tr>
<td>5/7</td>
<td>48%</td>
</tr>
<tr>
<td>5/21</td>
<td>49%</td>
</tr>
<tr>
<td>6/16</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: AGC of America's coronavirus surveys, [www.agc.org/coronavirus](http://www.agc.org/coronavirus)
Coronavirus Survey: Wave 8

% of respondents with new/expanded project

Source: AGC of America's coronavirus surveys, www.agc.org/coronavirus
Construction impacts to date

• 995,000 (13%) of construction jobs lost in April, partial rebound (464,000) in May
• Widespread project halts & cancellations, possible easing lately
• Shortages have dropped sharply for PPE but not for materials, workers
• Recent drop in supplier warnings of late/canceled deliveries
• Widespread receipt of PPP loans may be helping firms (re)hire workers
• More firms anticipate hiring than laying off workers in next four weeks
• Steady share (around 20%) of firms winning new or expanded projects
• Substantial price reductions for fuel, steel, copper, aluminum

Source: Author
Construction outlook for 2020

- Private: mostly remodels, pandemic-related, emergency repair work
- State DOTs likely to continue lettings but with some delays, cutbacks
- Other infrastructure will depend on amount of advance or assured funding
- Many state/local building projects will be canceled or postponed
- Without new work, contractor layoffs, firm closures will increase sharply
- PPP loans offer only short-term relief and not to all
- Materials costs should remain low; labor availability is uncertain

Source: Author
Likely longer-term impacts

- Slower rebound than for other sectors as owners, consumers await certainty and repair of balance sheets
- Best private prospects: remodeling, local distribution centers, data centers
- Best public prospects: depends on federal funding
- Additional highway funding likely; other infrastructure remains uncertain
- Less state & local building construction, esp. higher ed
- Less demand than pre-crisis for retail, offices, higher ed, cultural facilities
- Possibly less demand for sports, entertainment, lodging & travel-related
- Little long-term change in outlook for K-12 education, water/sewer, federal
- No sign of change yet in urban/rural or state-to-state trends

Source: Author
Population change by state, July 2018–July 2019 (U.S.: 0.48%)

Top 5

- ID: 2.1%
- NV: 1.7%
- AZ: 1.7%
- UT: 1.7%
- TX: 1.3%

Bottom 5

- WV: -0.7%
- AK: -0.5%
- IL: -0.4%
- NY: -0.4%
- HI: -0.3%

Source: U.S. Census Bureau
AGC economic resources
(email ken.simonson@agc.org)

• *The Data DİGest*: weekly 1-page email (subscribe at [http://store.agc.org](http://store.agc.org))

• Monthly press releases: spending; producer price indexes; national, state, metro employment with ranking

• Yearly employment & outlook surveys, state and metro data, fact sheets: [www.agc.org/learn/construction-data](http://www.agc.org/learn/construction-data)

• Coronavirus resources: [www.agc.org/coronavirus](http://www.agc.org/coronavirus)