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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 personal protective equipment (PPE)**: 10% (5/21: 22%, 5/7: 28%, 4/23: 33%, 4/9: 39%)

  - **shortage of construction materials**, equipment or parts: 28% (5/21: 28%, 5/7 & 4/23: 26%, 4/9: 23%)

  - **shortage of craftworkers** (incl. subs): 24% (5/21 & 5/7: 25%, 4/23: 28%, 4/9: 26%)

- 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%

Source: Author

Coronavirus Survey: Wave 8

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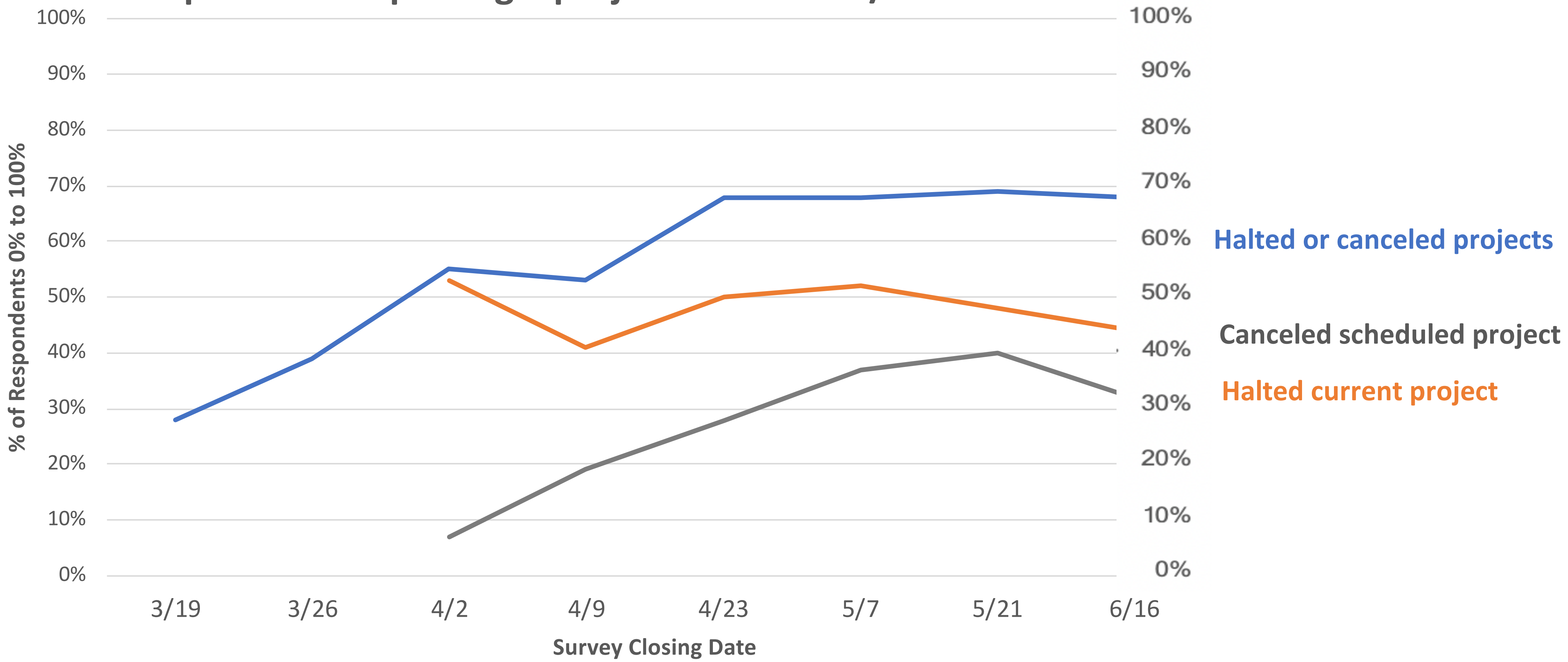
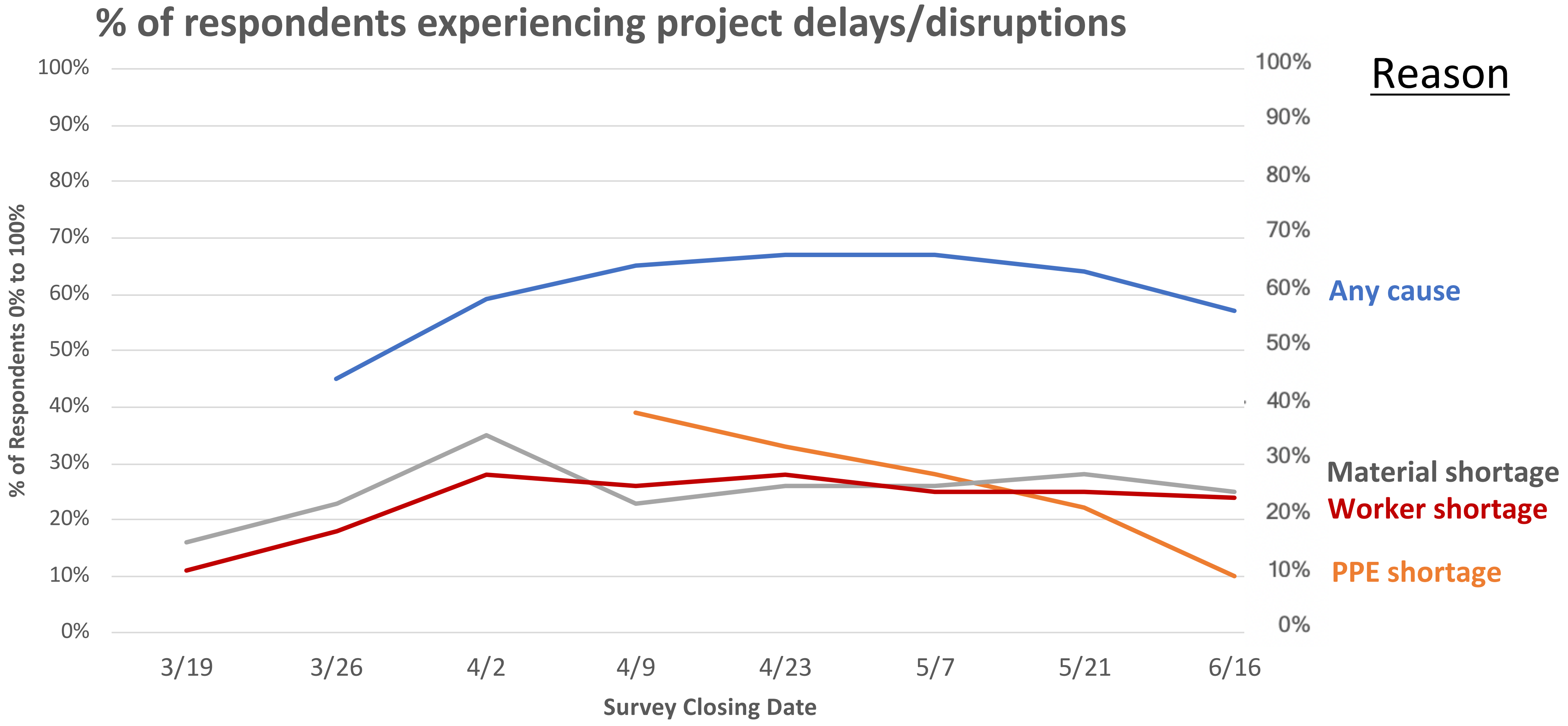
% of respondents reporting a project was halted/canceled



 Source: AGC of America's coronavirus surveys, www.agc.org/coronavirus

Coronavirus Survey: Wave 8



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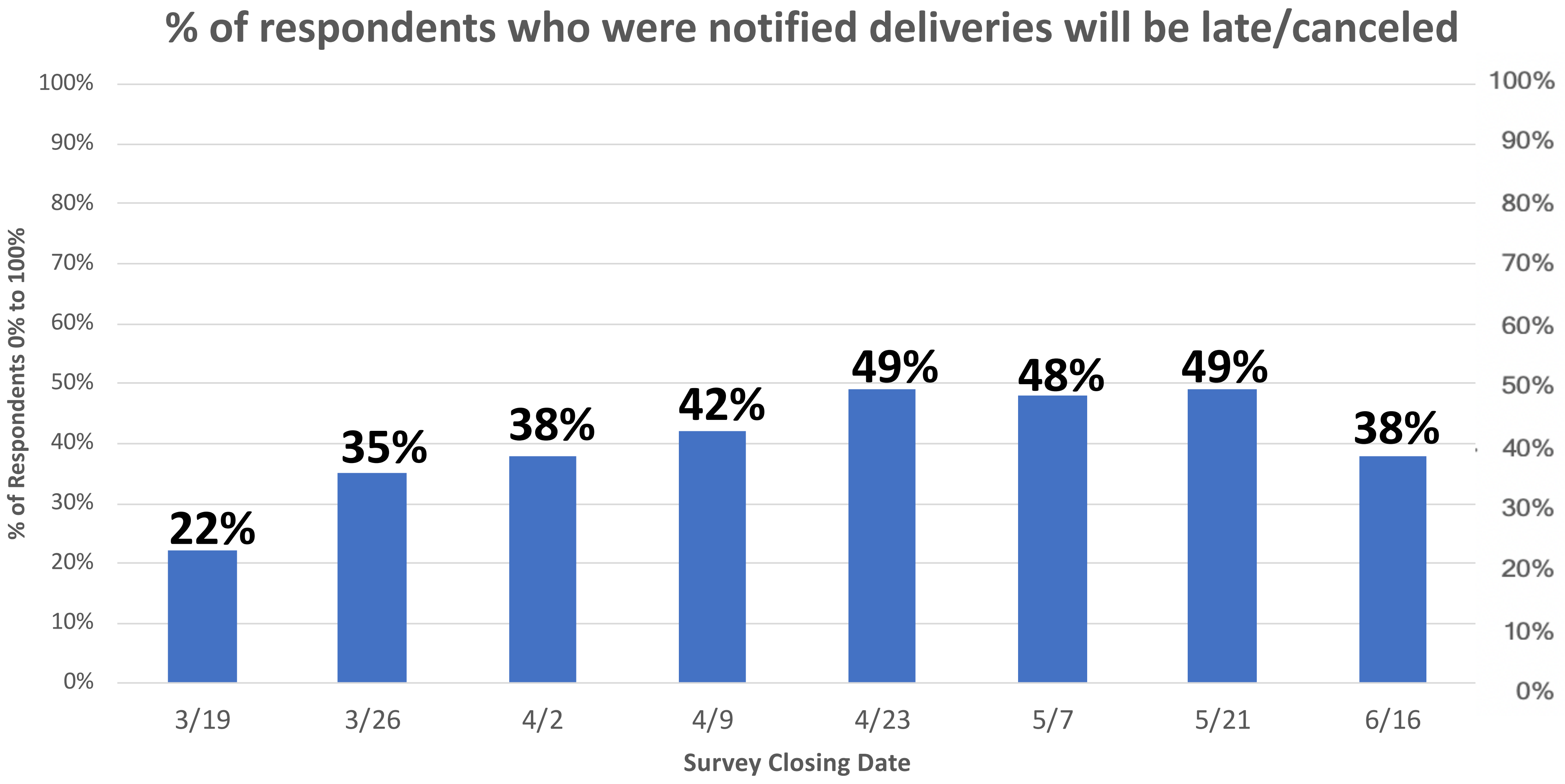

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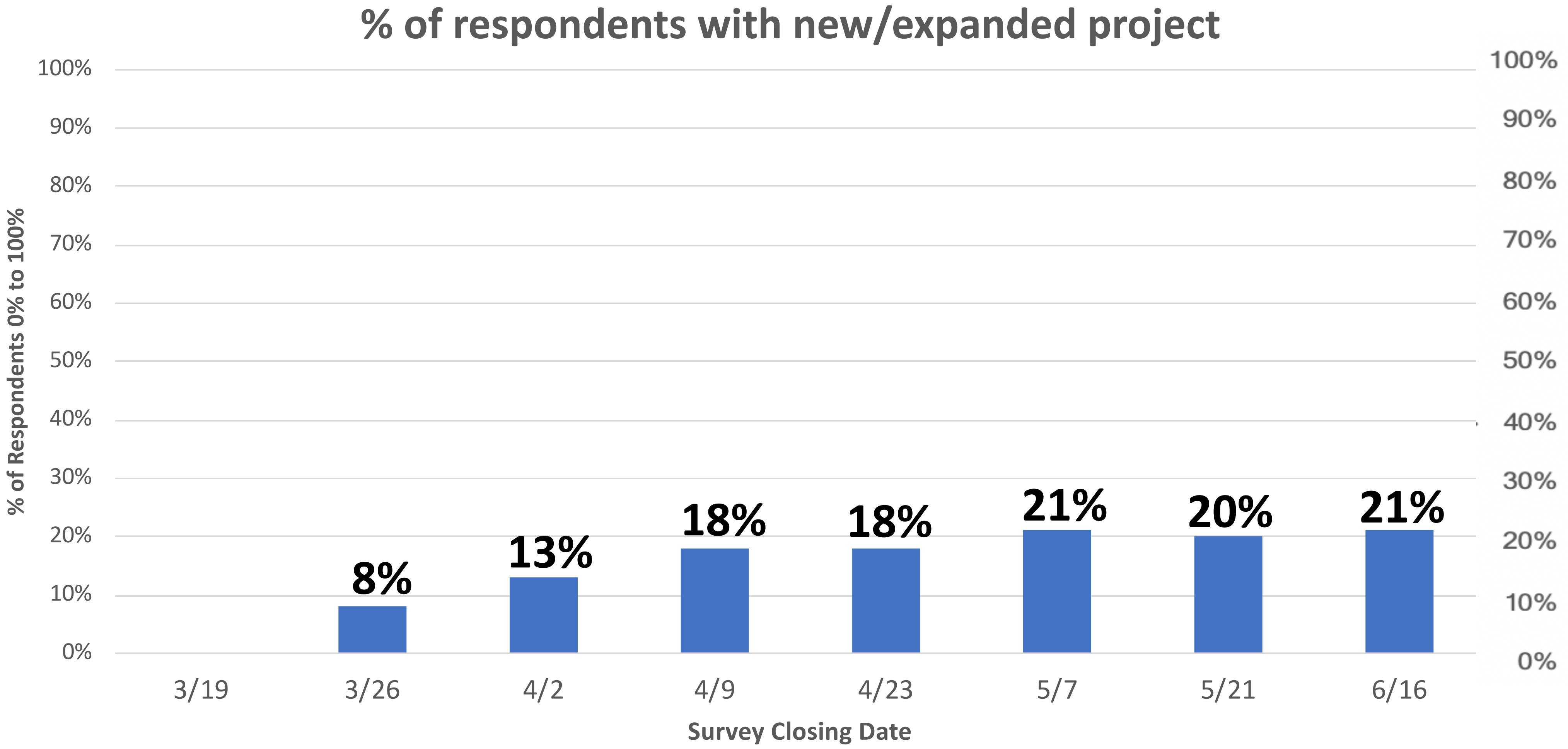


Source: AGC of America's coronavirus surveys, www.agc.org/coronavirus

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

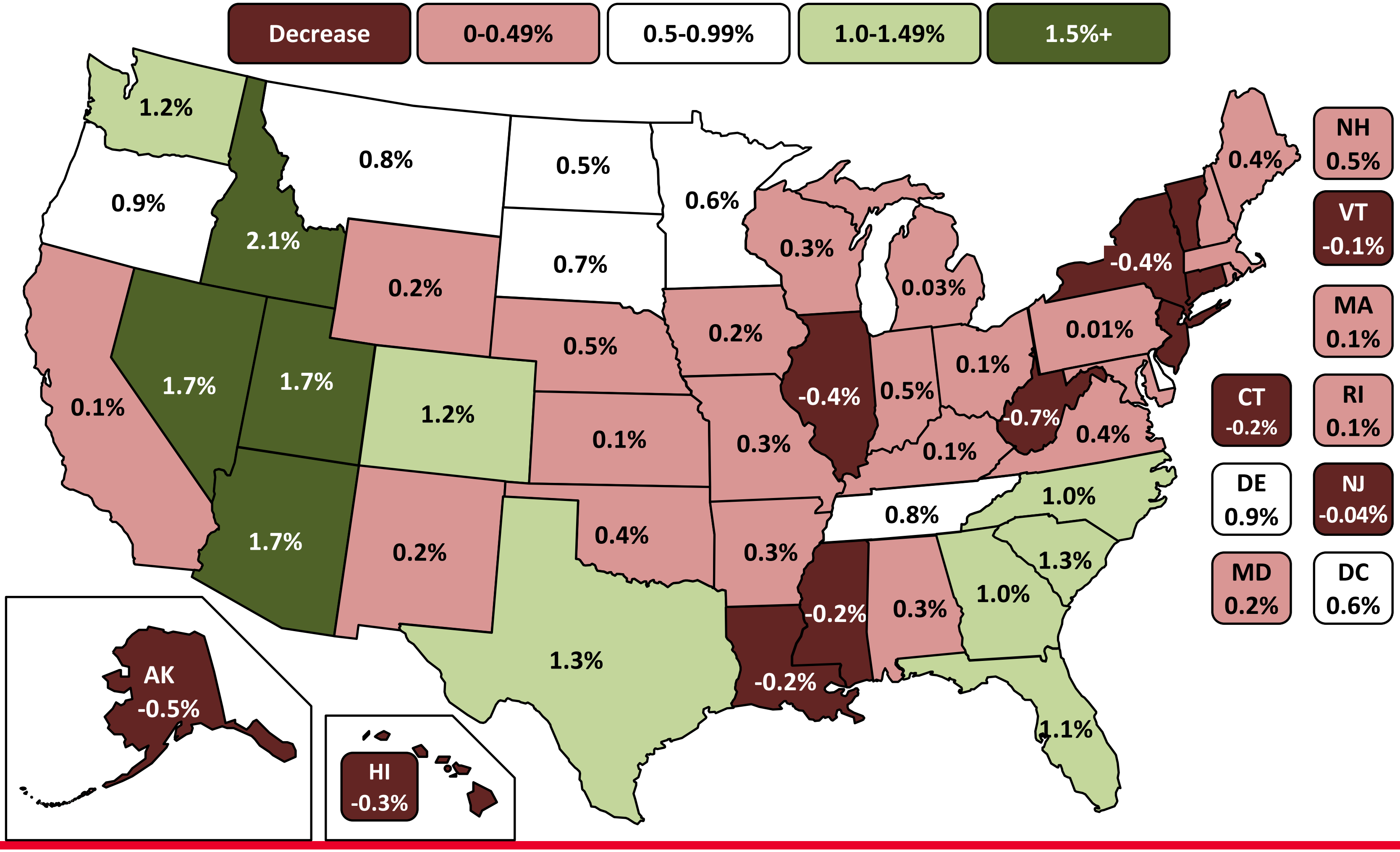
Population change by state, July 2018–July 2019 (U.S.: 0.48%)

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 DIGest*: weekly 1-page email (subscribe at 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
- Coronavirus resources: www.agc.org/coronavirus