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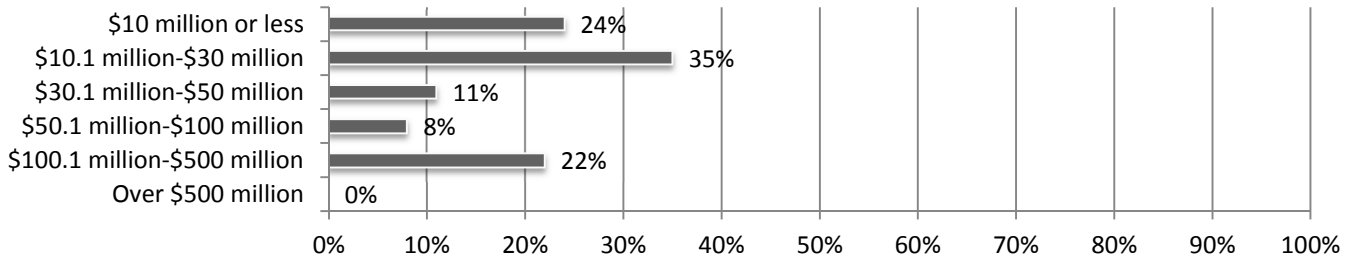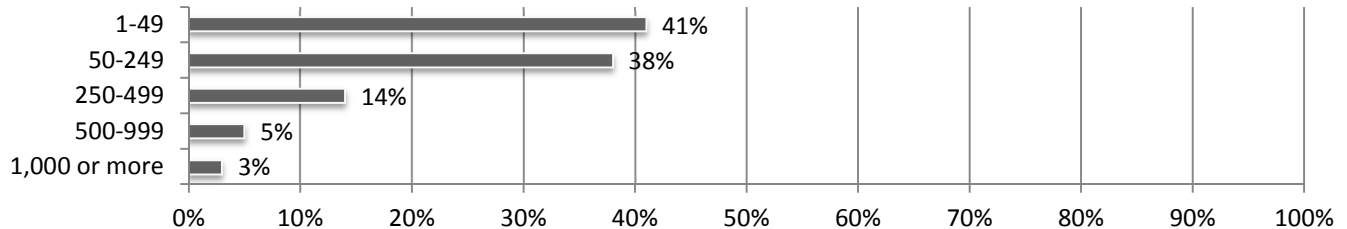THE ASSOCIATED GENERAL CONTRACTORS · OF AMERICA ·

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2016 Construction Outlook Survey Results
North Carolina Results

(Results from 48 respondents who listed North Carolina as the state where their firm performs the largest amount of its work; total differs for some questions)
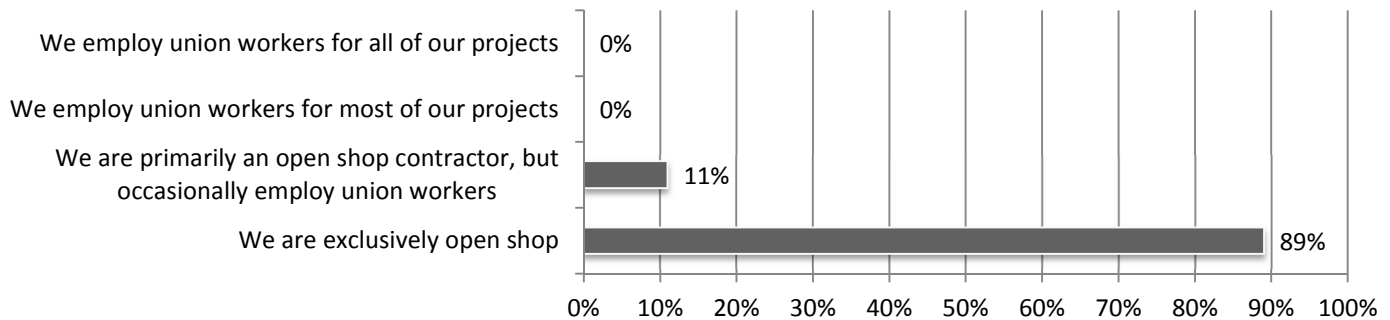
1. Estimate the total dollar amount of work your firm performed in 2015.

Category	Percent
$10 million or less	24%
$10.1 million-$30 million	35%
$30.1 million-$50 million	11%
$50.1 million-$100 million	8%
$100.1 million-$500 million	22%
Over $500 million	0%

2. How many total employees does your organization employ at all of its locations?

Category	Percent
1-49	41%
50-249	38%
250-499	14%
500-999	5%
1,000 or more	3%

3. Do you employ union workers, or is your firm primarily open shop?

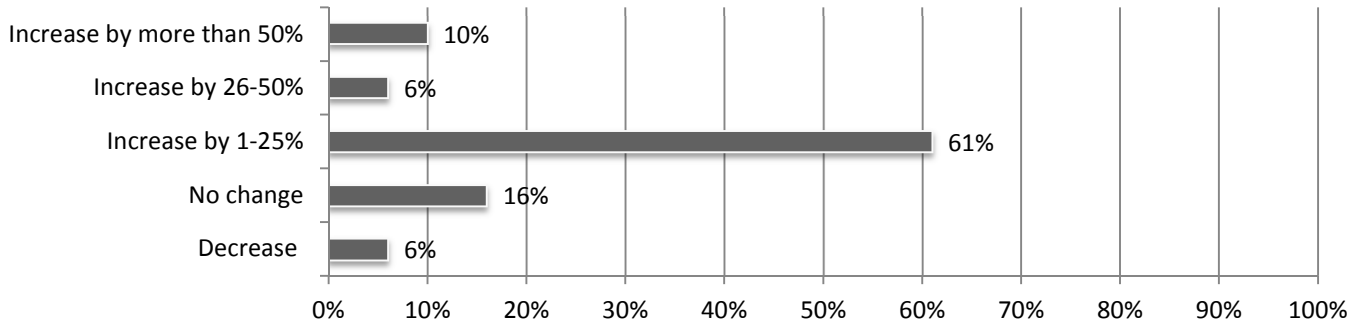| Category	Percent
We employ union workers for all of our projects	0%
We employ union workers for most of our projects	0%
We are primarily an open shop contractor, but occasionally employ union workers	11%
We are exclusively open shop	89%

4. Compared to 2015, do you expect the available dollar volume of projects you compete for in 2016 to be:

Market	Higher	Lower	Same	Net
All projects	60%	0%	40%	60%
Private Office	38%	10%	52%	29%
Higher Education	38%	13%	50%	25%
Water/Sewer	24%	0%	76%	24%
Highway	29%	7%	64%	21%
Power	25%	6%	69%	19%
Manufacturing	24%	6%	71%	18%
Hospital	26%	11%	63%	16%
Retail, Warehouse, Lodging	17%	6%	78%	11%
Federal (e.g., VA, GSA, USACE, NAVFAC)	31%	25%	44%	6%
K-12 School	29%	24%	47%	6%
Multifamily Residential	20%	20%	60%	0%
Other Transportation (e.g., transit, rail, airport)	17%	33%	50%	-17%
Public Building	6%	39%	56%	-33%

5. What numerical change do you expect in your headcount in 2016?

- Increase by more than 25: 16%
- Increase by 16-25: 10%
- Increase by 6-15: 16%
- Increase by 1-5: 35%
- No change: 19%
- Decrease: 3%

(Axis: 0% to 100%)
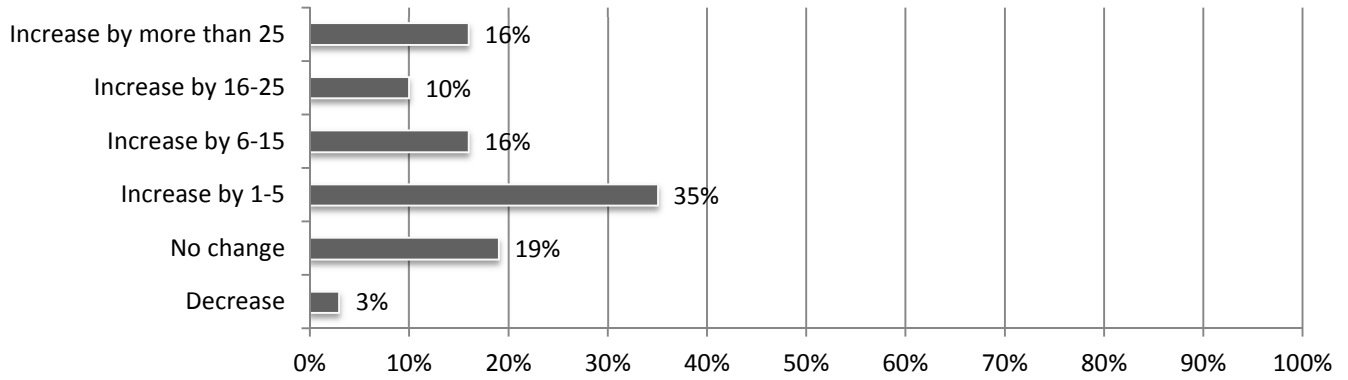
6. What percentage change do you expect in your headcount in 2016?

- Increase by more than 50%: 10%
- Increase by 26-50%: 6%
- Increase by 1-25%: 61%
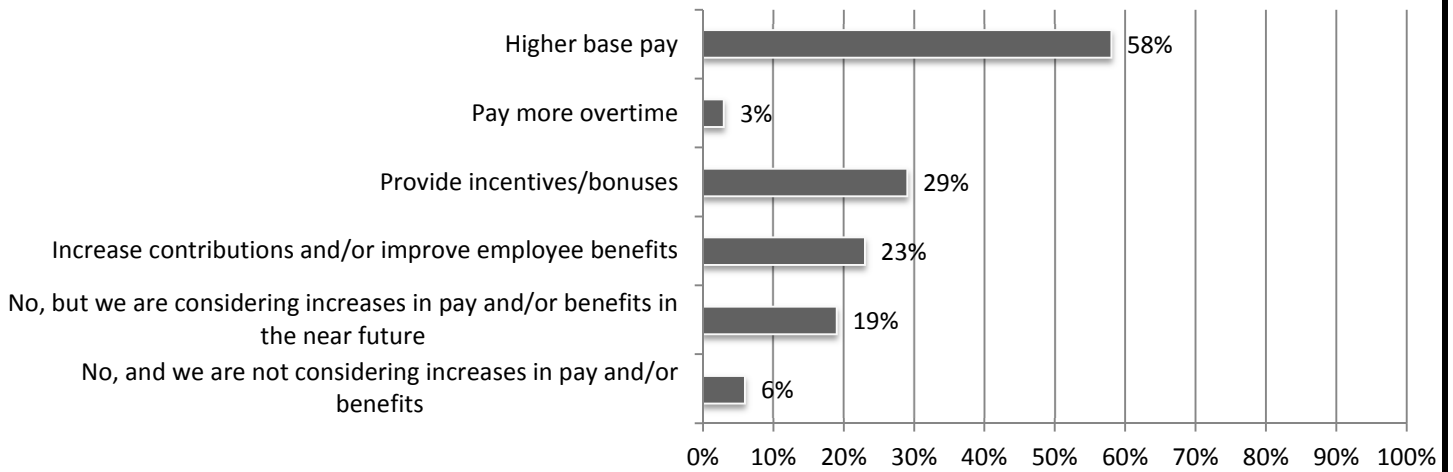- No change: 16%
- Decrease: 6%

(Axis: 0% to 100%)

7. How would you describe your current conditions for filling key salaried positions (project manager/supervisor, estimator, etc.) and hourly craft positions (carpenter, laborer, equipment operator, etc.)?

- I am having a hard time filling both salaried and craft worker positions: 50%
- I am having a hard time filling some salaried positions, but no trouble filling craft worker positions: 10%
- I am having a hard time filling some craft worker positions, but no trouble filling salaried positions: 23%
- I am having no trouble filling any positions: 13%
- I am not doing any hiring: 3%

(Axis: 0% to 100%)

8. Do you expect any changes in the availability of salaried/hourly craft construction professionals over the coming 12 months?

- It will continue to be easy to find and hire qualified construction professionals: 3%
- It will become easier to find and hire qualified construction professionals: 0%
- It will become harder to find and hire qualified construction professionals: 29%
- It will continue to be hard to find qualified construction professionals: 45%
- Unsure: 23%

(Axis: 0% to 100%)
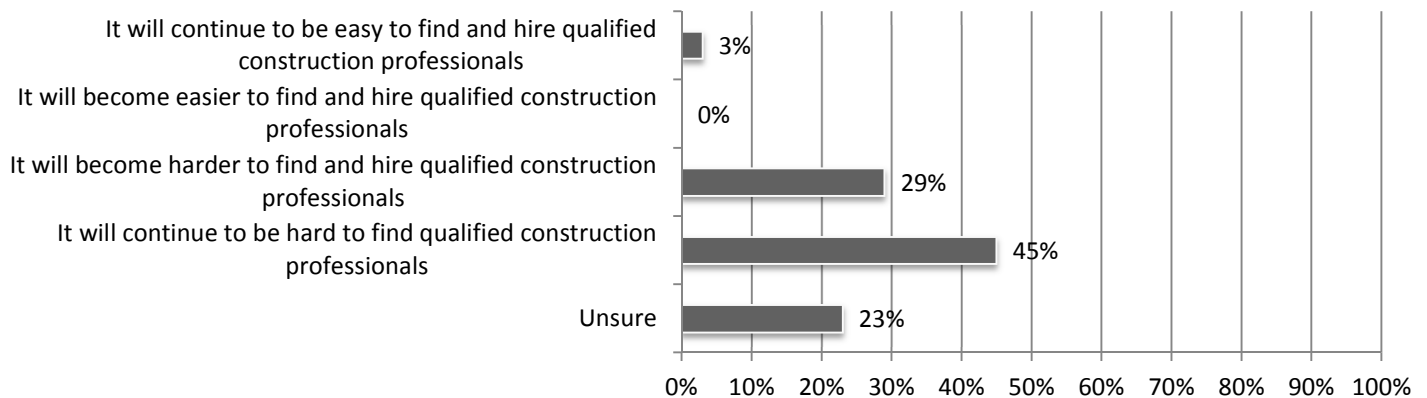
9. Has your firm increased pay or benefits to retain or recruit salaried/hourly craft professionals?

Response	Percentage
Higher base pay	58%
Pay more overtime	3%
Provide incentives/bonuses	29%
Increase contributions and/or improve employee benefits	23%
No, but we are considering increases in pay and/or benefits in the near future	19%
No, and we are not considering increases in pay and/or benefits	6%

10. Compared to 2015, how will your 2016 investment in training and development change?

Response	Percentage
Increase	48%
Decrease	0%
Stay the same	48%
Unsure	3%
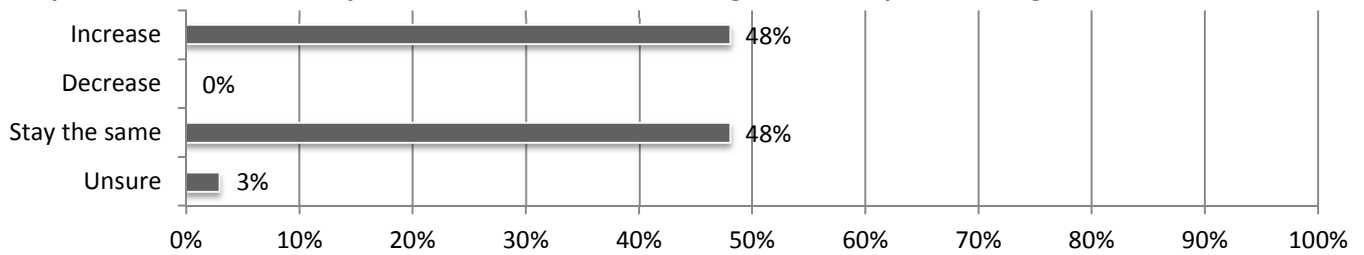
11. Which of the following issues are the biggest concerns to you and your business?

Issue	Percentage
Worker shortages	57%
Worker quality	43%
Rising direct labor costs	53%
Subcontractor defaults	0%
Growth in federal regulations	40%
Growth in state and local regulations	37%
Rising materials costs	27%
External process inefficiencies (such as collaboration with owners, subs and/or vendors)	23%
Rising subcontractor costs	27%
Internal company process inefficiencies	17%
Increased competition for projects	37%
Lack of infrastructure investments	13%
Not enough work private sector work	17%
Lack of public non-infrastructure work	10%

12. Have you seen an increase, decrease or level amount of subcontractor defaults from 2014 to 2015?

Response	Percentage
Increase	10%
Decrease	14%
No change	66%
Unsure	10%
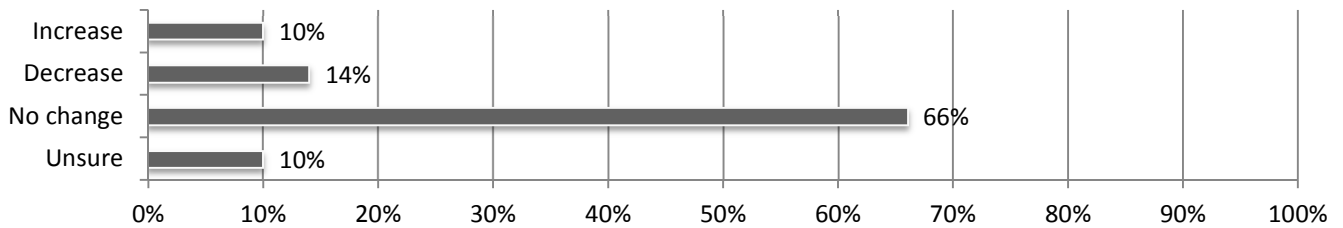
13. What challenges, if any, do you see regarding the safety and health of your workers?

Challenge	Major	Minor	No challenge
Inexperienced skilled labor/workforce shortage	56%	37%	7%
Lack of cooperation from federal agencies or regulators	17%	61%	22%
Low quality of available safety and health training	0%	28%	72%
Poor subcontractor safety and health performance	13%	67%	21%
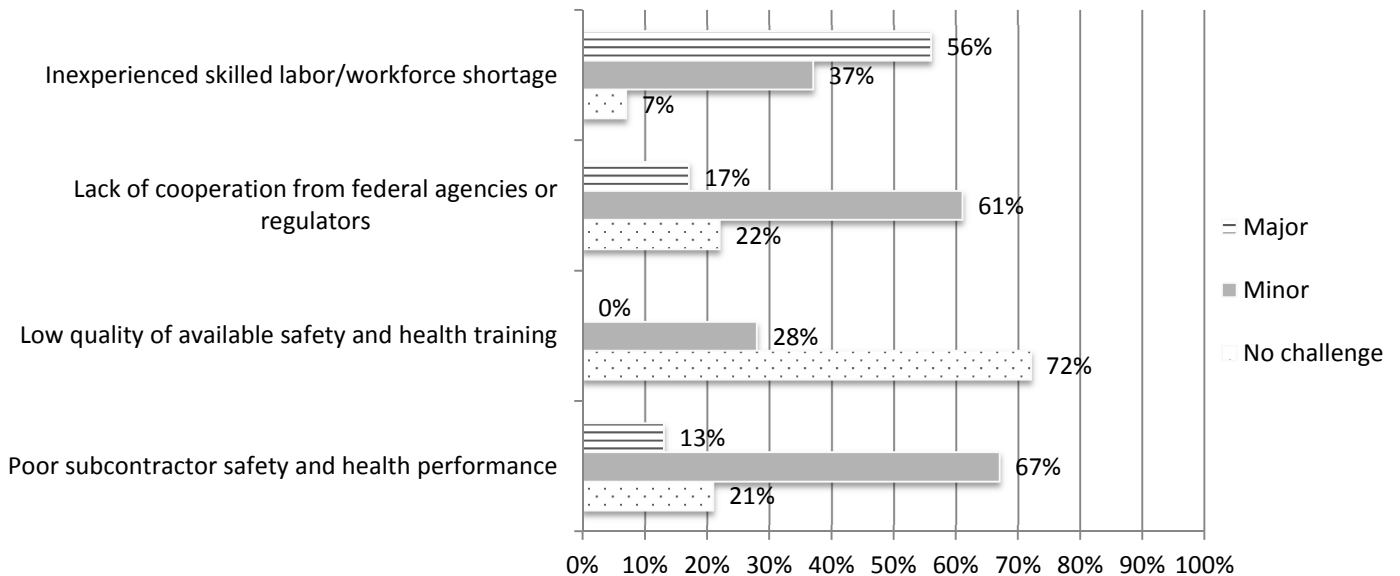
14. How would you describe credit or lending conditions for your company?

Response	Percentage
My firm has had a harder time getting bank loans than a year ago	3%
My firm has had an easier time getting bank loans than a year ago	14%
Bank credit has not been an issue for my firm, but has caused my customers' projects to be delayed or canceled	21%
Easier bank credit has enabled customers to move ahead with previously delayed projects	7%
There has been no change in bank lending with regard to my firm or customers	55%

15. Did the cost of providing health care insurance for your employees increase or decrease in 2015?

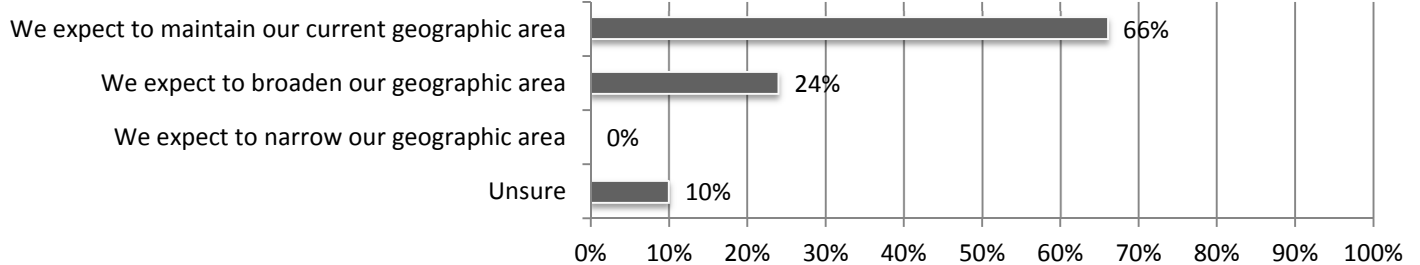| Response	Percentage
Increased	79%
Decreased	7%
Stayed the same	10%
We did not provide health care insurance in 2015	3%
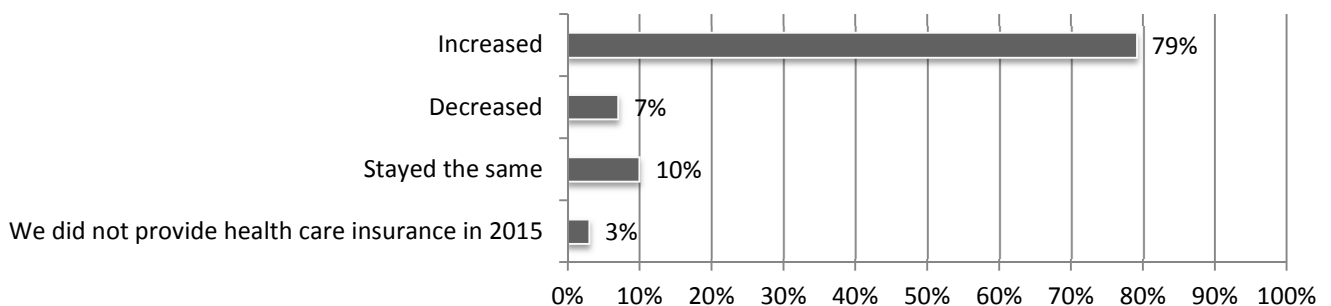
16. Do you expect the cost of providing health care insurance for your employees to increase or decrease in 2016?

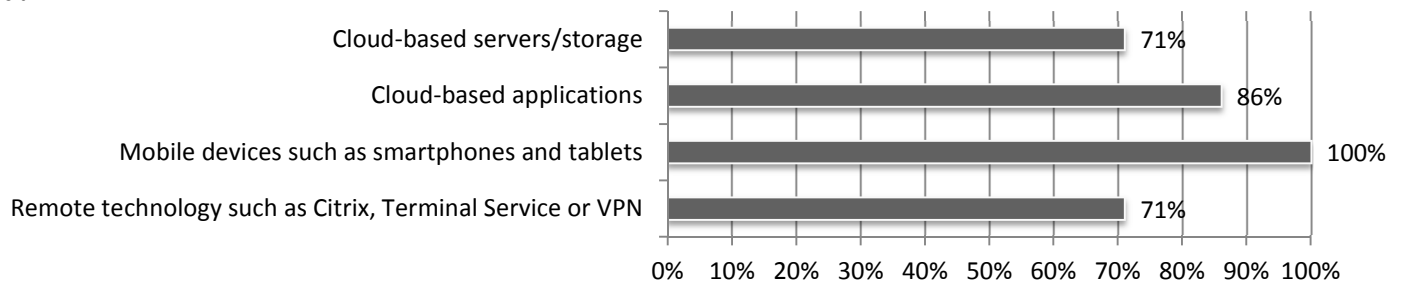| Response	Percentage
Increase	83%
Decrease	0%
Stay the same	10%
We did not provide health insurance in 2015 and do not plan to do so in 2016	0%
We did not provide health insurance in 2015, but plan to do so in 2016	3%
We provided health insurance in 2015, but do not plan to do so in 2016	3%
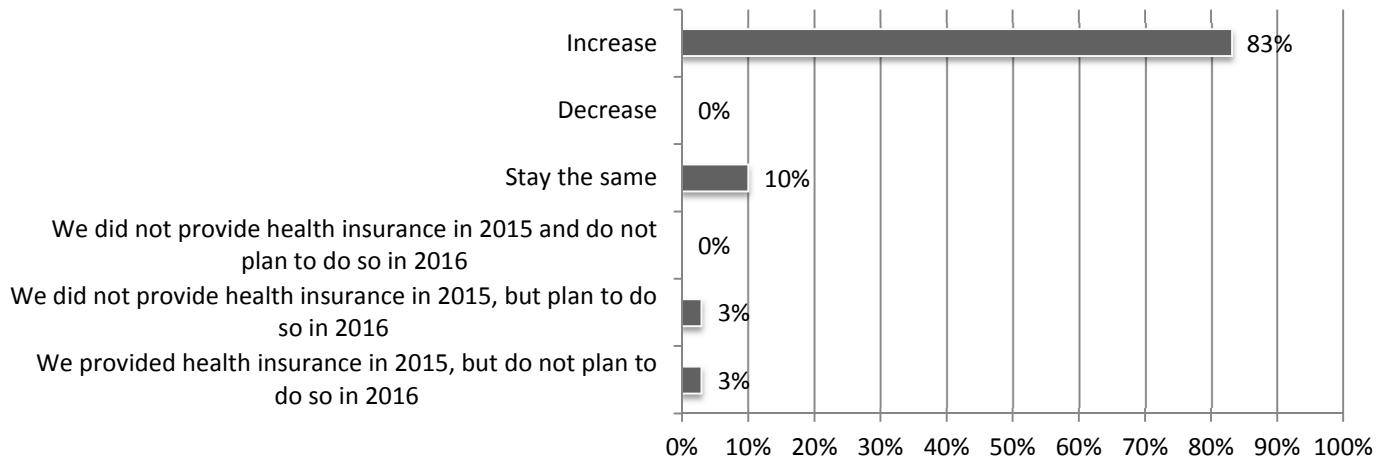
17. Do you expect your firm will work on a project using modular construction and/or off-site construction/prefabrication in 2016?
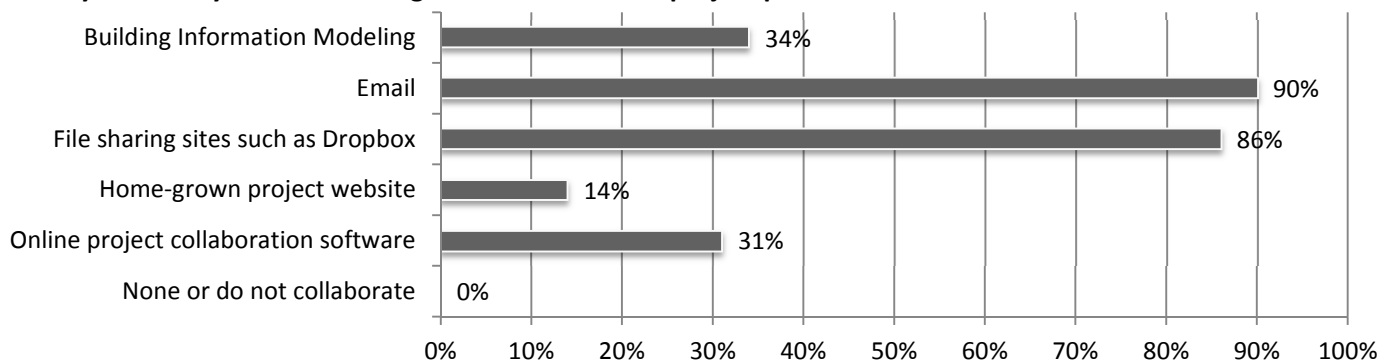
Response	Percentage
Yes	21%
No	38%
Unsure	41%
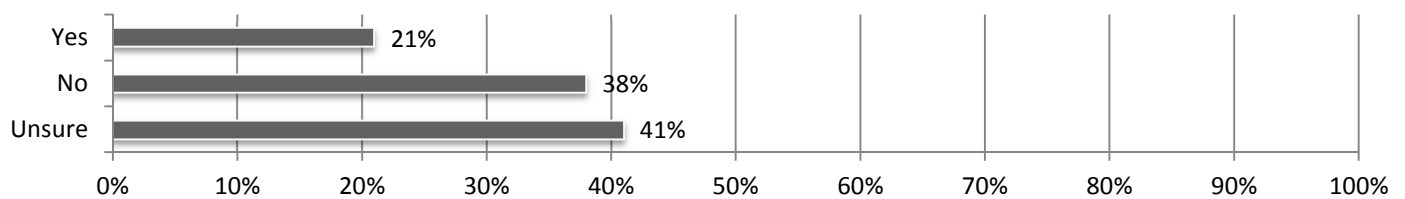
18. How do you expect your geographic market area will change in 2016?

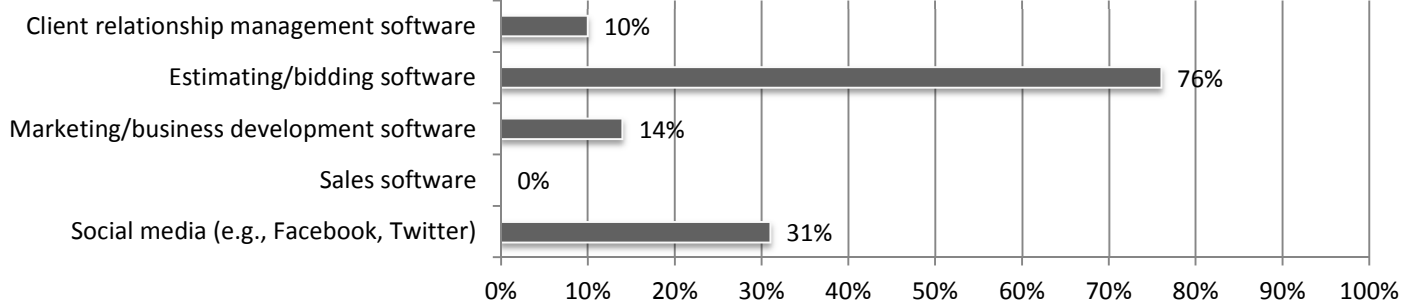| Response	Percentage
We expect to maintain our current geographic area	66%
We expect to broaden our geographic area	24%
We expect to narrow our geographic area	0%
Unsure	10%

19. What technology do you use or will you implement to see or manage projects outside your traditional market area?

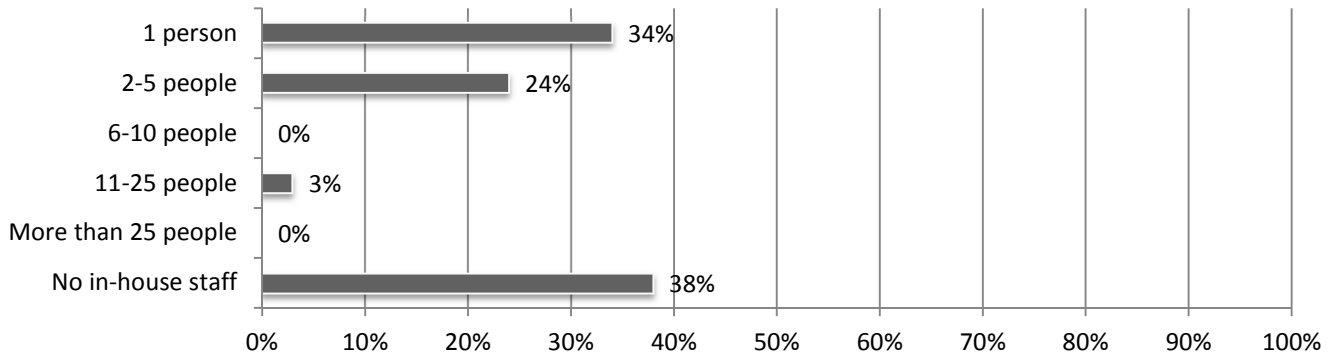| Response	Percentage
Cloud-based servers/storage	71%
Cloud-based applications	86%
Mobile devices such as smartphones and tablets	100%
Remote technology such as Citrix, Terminal Service or VPN	71%

20. Do you use any of the following to collaborate with project partners?

Response	Percentage
Building Information Modeling	34%
Email	90%
File sharing sites such as Dropbox	86%
Home-grown project website	14%
Online project collaboration software	31%
None or do not collaborate	0%

21. What information technology (IT), if any, do you use to obtain work?

Category	Percentage
Client relationship management software	10%
Estimating/bidding software	76%
Marketing/business development software	14%
Sales software	0%
Social media (e.g., Facebook, Twitter)	31%

22. What is the size of your in-house IT staff?

Category	Percentage
1 person	34%
2-5 people	24%
6-10 people	0%
11-25 people	3%
More than 25 people	0%
No in-house staff	38%

23. Do you use an outsourced service for IT?

Category	Percentage
Yes	76%
No	24%
No, but plan to do so in 2016	0%
Unsure	0%
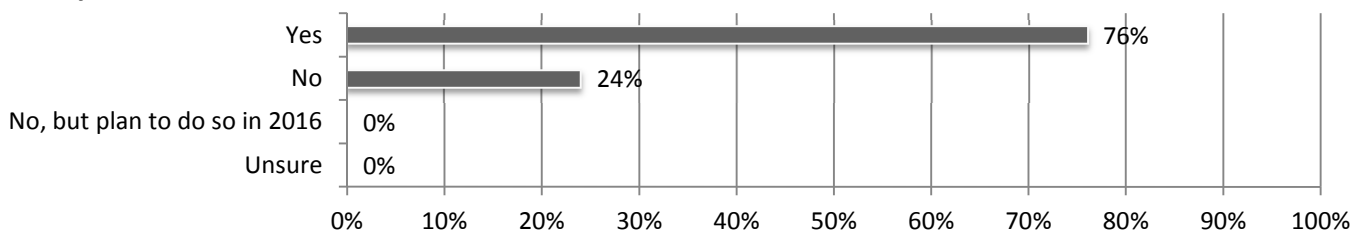
24. Approximately what percent of your gross annual revenue do you spend on IT?

Category	Percentage
Less than 1%	55%
1 to 1.9%	14%
2 to 2.9%	0%
3 to 3.9%	3%
4 to 4.9%	0%
5 to 9.9%	3%
10% or more	3%
Unsure	21%
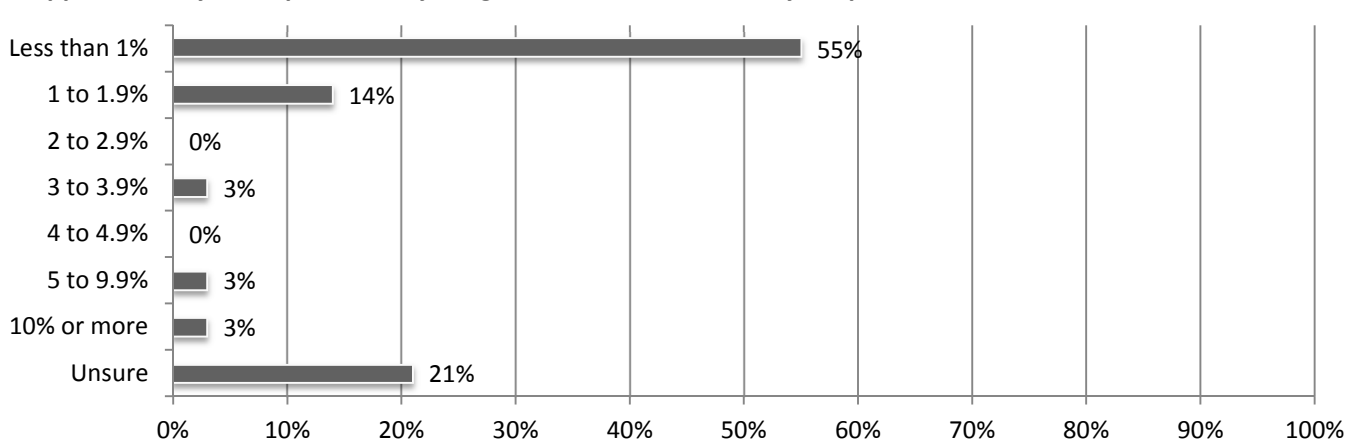
25. Compared to 2015, how will your 2016 investment in IT change?

Category	Percentage
Increase	31%
Decrease	3%
Stay the same	52%
Unsure	14%
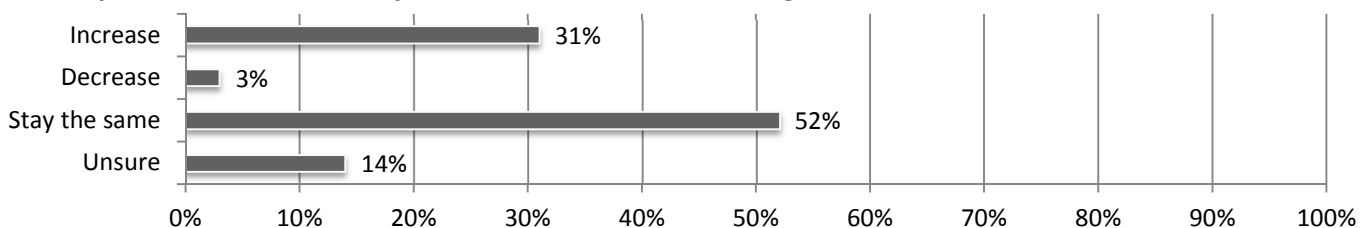
26. What software technology do you plan to invest in during 2016?

Category	Percentage
Accounting software	28%
Estimating software	21%
Document management software	17%
Scheduling software	17%
Fleet tracking/management software	14%
Human resources software	14%
Project management software	14%
Client relationship management software	10%
Outsource payroll	7%
Service management software	7%
Prequalification software	3%
Project collaboration software	3%
Subcontractor bid management/ITB software	3%
Building Information Modeling	0%
None	17%

27. Does your company plan to use mobile software technology in 2016?

Category	Percentage
Yes	68%
No	18%
Unsure	14%
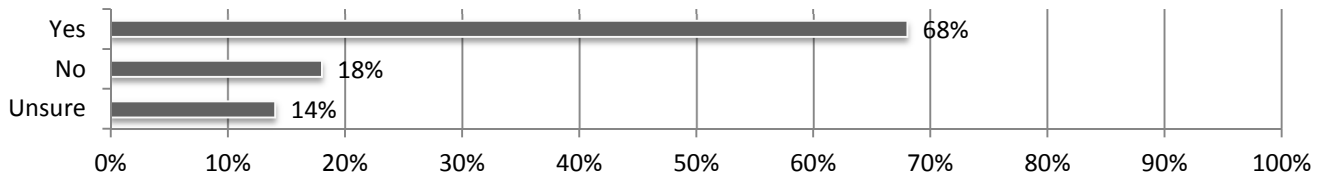
28. How do you plan to use mobile software technology?

Category	Percentage
Daily field reports	89%
Access to customer and job information from the field	74%
Access to job cost and project reports from the field	68%
Sharing of drawings, photos, and documents	47%
Equipment tracking	37%
GPS tracking (e.g., fleet tracking)	37%
Punch lists	37%
Scheduling	37%
Time capture and approval	21%
Processing service work orders in the field	16%
Building Information Modeling	11%
Inventory tracking	5%
Material acceptance at the job site	5%
Processing payments in the field	0%

29. How do you handle the use of mobile devices (e.g., tablets, smartphones) in your company?

- Company supplies mobile devices to staff; no staff-supplied devices — 68%
- Employees use their own mobile devices; no company-supplied devices — 0%
- We do a combination of both — 32%
- Unsure — 0%
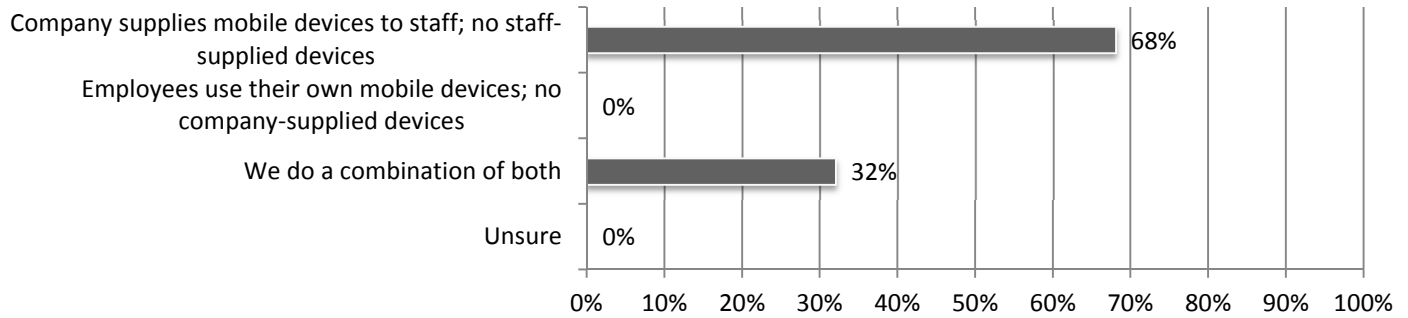
30. Do you currently have a mobile security policy in place?

- Yes — 57%
- No — 29%
- Unsure — 14%
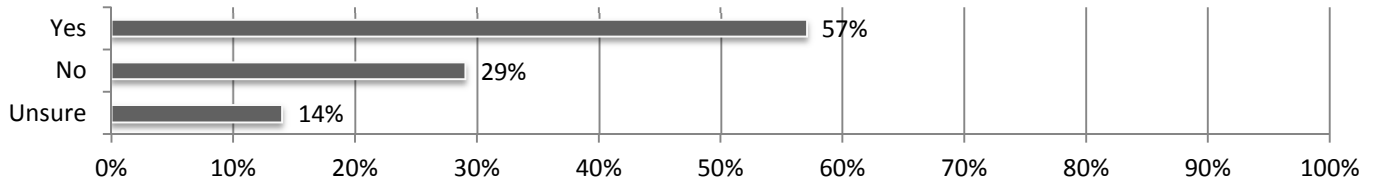
31. Do you currently have an overall IT security plan in place to protect against hacking?

- Yes — 81%
- No — 15%
- Unsure — 4%
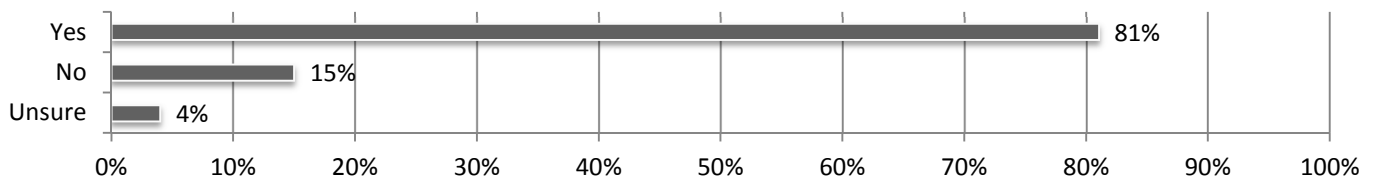
32. Do you have a formal IT plan that supports your business objectives?

- Yes — 43%
- No — 36%
- No, but plan to do so in 2016 — 7%
- Unsure — 14%
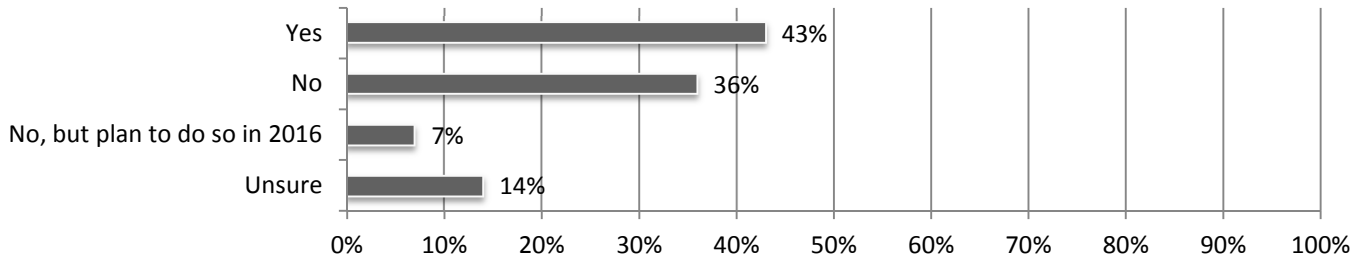
33. Do you use or plan to use cloud-based software?

- Yes — 74%
- No — 15%
- Unsure — 11%
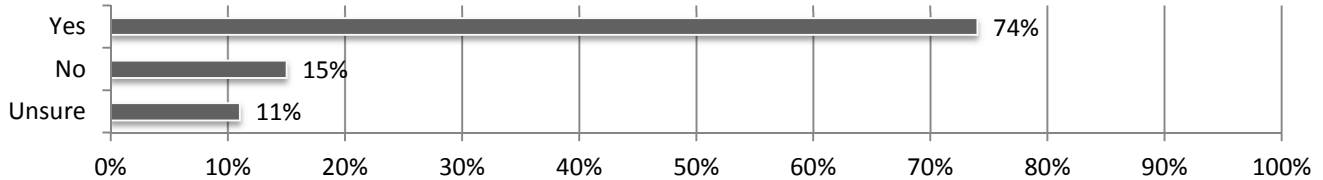
34. What is the main reason you use or plan to adopt cloud-based software?

- Ability to access information anytime and from anywhere — 62%
- Built-in security — 0%
- Faster implementation — 10%
- Reduced IT cost — 5%
- Redundancy and disaster recovery — 14%
- Other/unsure — 10%
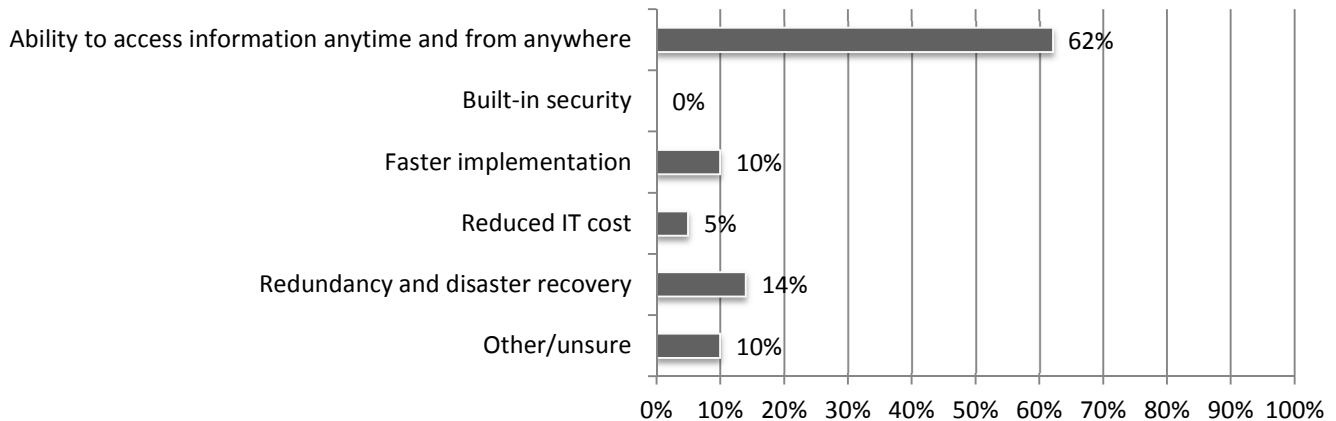
35. What is the main reason you do not use cloud-based software? Concerns about:

Category	Value
Concerns about security	100%
Less control	0%
Other/unsure	0%
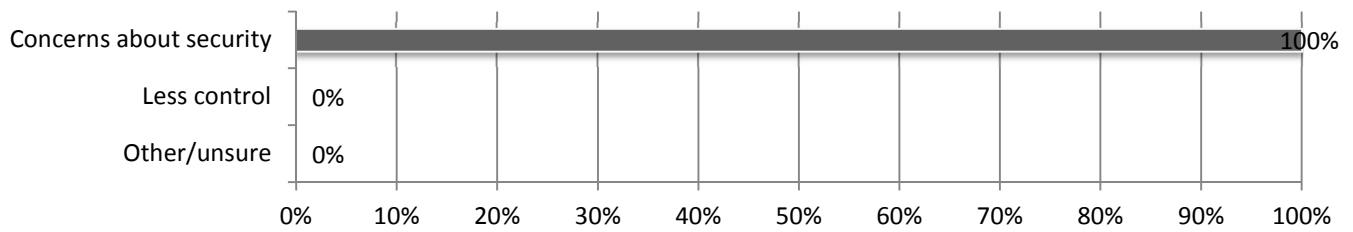
36. What are your biggest IT challenges?

Challenge	Value
Time to implement and train on new technology	46%
Communication between field and office	43%
Connectivity to remote job sites	36%
Employee resistance to technology	21%
Keeping company data secure from hackers	21%
Outdated company software and systems	18%
Integration between software used inside of our company	14%
Integration with software used by business partners outside our company	4%
Management resistance to technology	4%
None	14%