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THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
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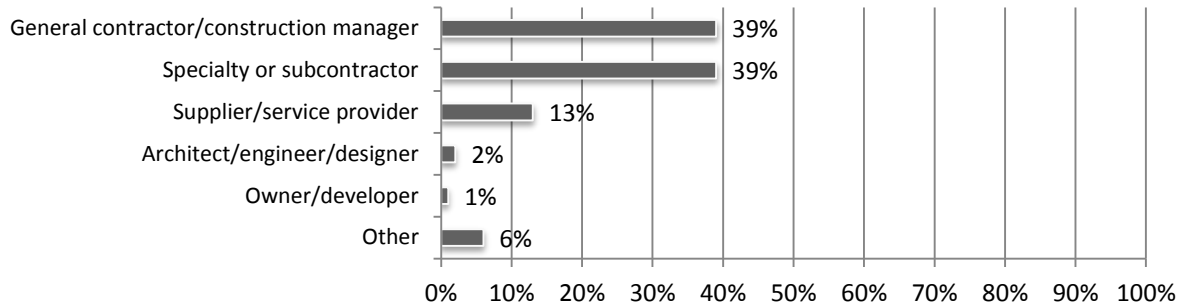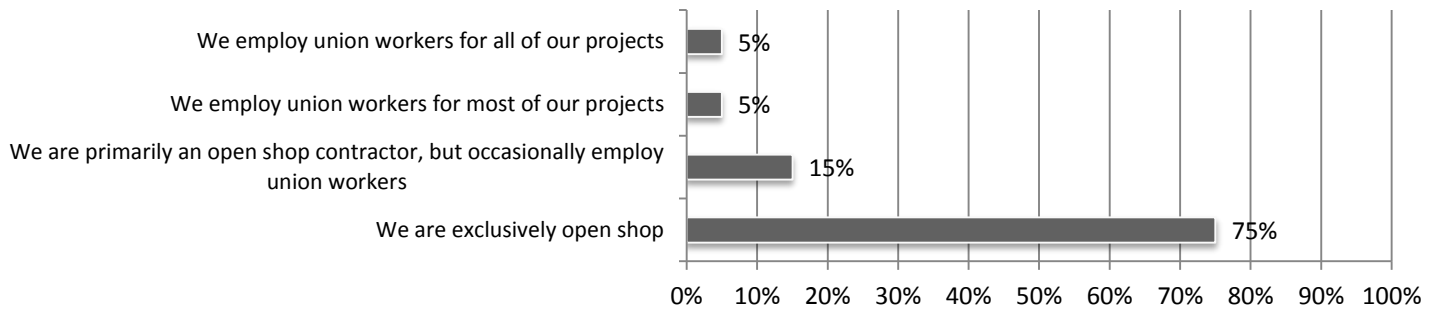
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2018 Construction Outlook Survey Results
Regional Results - South

Total Responses: 377. Responses varied for some questions. Percentages are based on responses to each question and may not sum to 100 due to rounding.
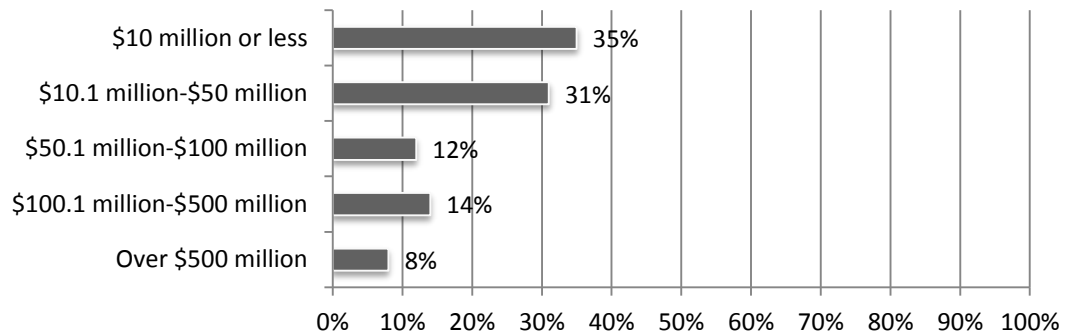
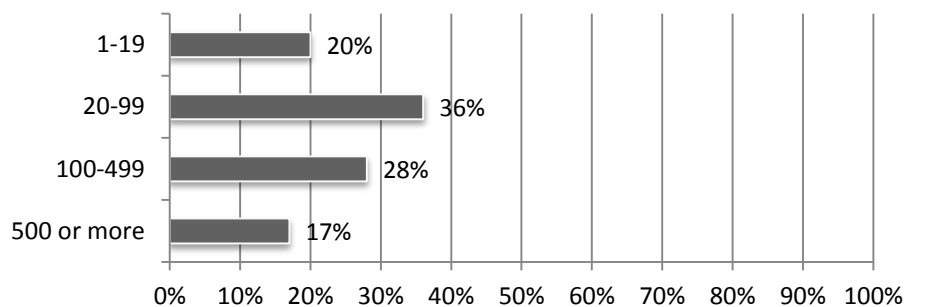## 1. What best describes your firm:

Category	Percentage
General contractor/construction manager	39%
Specialty or subcontractor	39%
Supplier/service provider	13%
Architect/engineer/designer	2%
Owner/developer	1%
Other	6%

2. Does your firm employ union workers, or is your firm primarily open shop?

Category	Percentage
We employ union workers for all of our projects	5%
We employ union workers for most of our projects	5%
We are primarily an open shop contractor, but occasionally employ union workers	15%
We are exclusively open shop	75%

3. Estimate the total dollar amount of work your firm performed in 2017.

Category	Percentage
$10 million or less	35%
$10.1 million-$50 million	31%
$50.1 million-$100 million	12%
$100.1 million-$500 million	14%
Over $500 million	8%

4. How many total employees does your firm employ at all of its locations?

| Category	Percentage
1-19	20%
20-99	36%
100-499	28%
500 or more	17%

5. Compared to 2017, do you expect the available dollar volume of projects you compete for in 2018 to be:

Market	Higher	Lower	Same	Net*
All projects	57%	8%	35%	49%
Federal (e.g., VA, GSA, USACE, NAVFAC)	20%	15%	64%	5%
Higher Education	32%	14%	54%	18%
Highway	28%	14%	58%	14%
Hospital	34%	14%	52%	20%
K-12 School	38%	14%	48%	24%
Manufacturing	35%	11%	54%	25%
Multifamily Residential	34%	18%	48%	16%
Power	22%	13%	65%	9%
Private Office	41%	11%	47%	30%
Public Building	29%	12%	60%	17%
Retail, Warehouse, Lodging	38%	11%	51%	26%
Transportation (e.g., transit, rail, airport)	29%	11%	60%	18%
Water/Sewer	26%	10%	63%	16%

Net equals difference between number of "Higher" and "Lower" responses as percent of total.

6. What numerical change do you expect in your headcount in 2018?

More than 25	18%
11-25	17%
1-10	40%
No change	23%
Decrease	2%
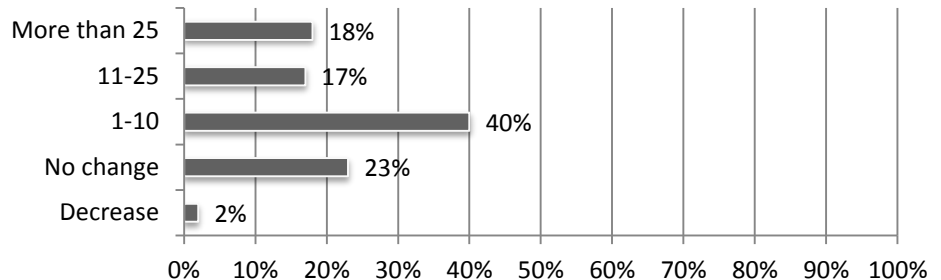
7. What percentage change do you expect in your headcount in 2018?

More than 25%	6%
11-25%	20%
1-10%	50%
No change	23%
Decrease	1%
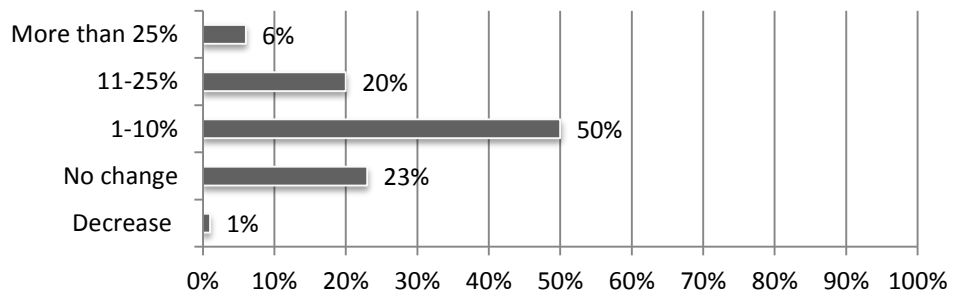
8. How would you describe your firm's current conditions for filling key salaried positions (project manager/supervisor, estimator, etc.) and hourly craft positions (carpenter, laborer, equipment operator, etc.)? My firm is:

having a hard time filling both salaried and craft worker positions	45%
having a hard time filling some salaried positions, but no trouble filling craft worker positions	5%
having a hard time filling some craft worker positions, but no trouble filling salaried positions	25%
having no trouble filling any positions	9%
not doing any hiring	14%

9. Do you expect any changes in the availability of salaried/hourly craft construction professionals over the coming 12 months? Finding and hiring qualified construction professionals will:

Category	Percentage
continue to be easy	2%
become easier	2%
become harder	28%
continue to be hard	52%
unsure	16%
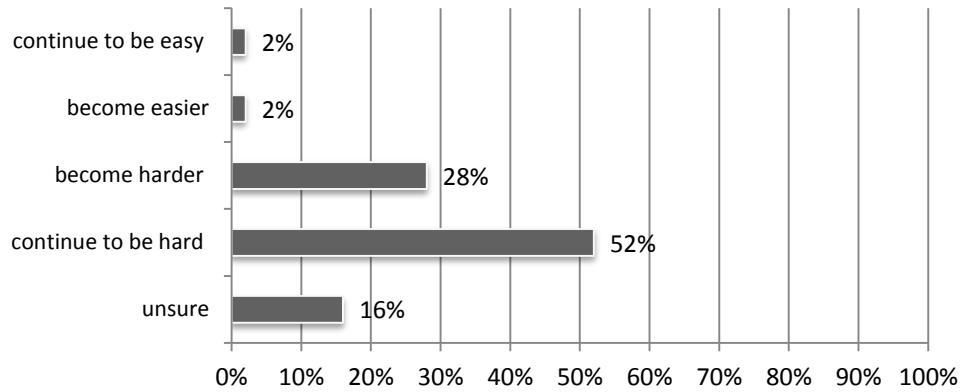
10. Did your firm increase pay or benefits in 2017 to retain or recruit salaried/hourly craft professionals?
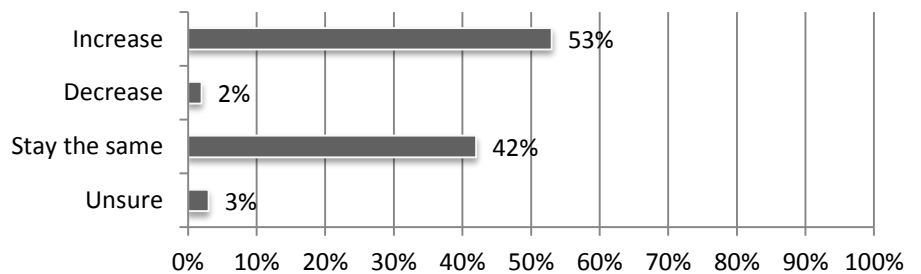
Category	Percentage
Increased base pay	58%
Provided incentives/bonuses	35%
Increased contributions and/or improve employee benefits	25%
Paid more overtime	17%
No, but we are considering increases in pay and/or benefits in the near future	8%
No, and we are not considering increases in pay and/or benefits	8%
Unsure	8%
We did not seek to hire any salaried/hourly craft professionals in 2017	3%
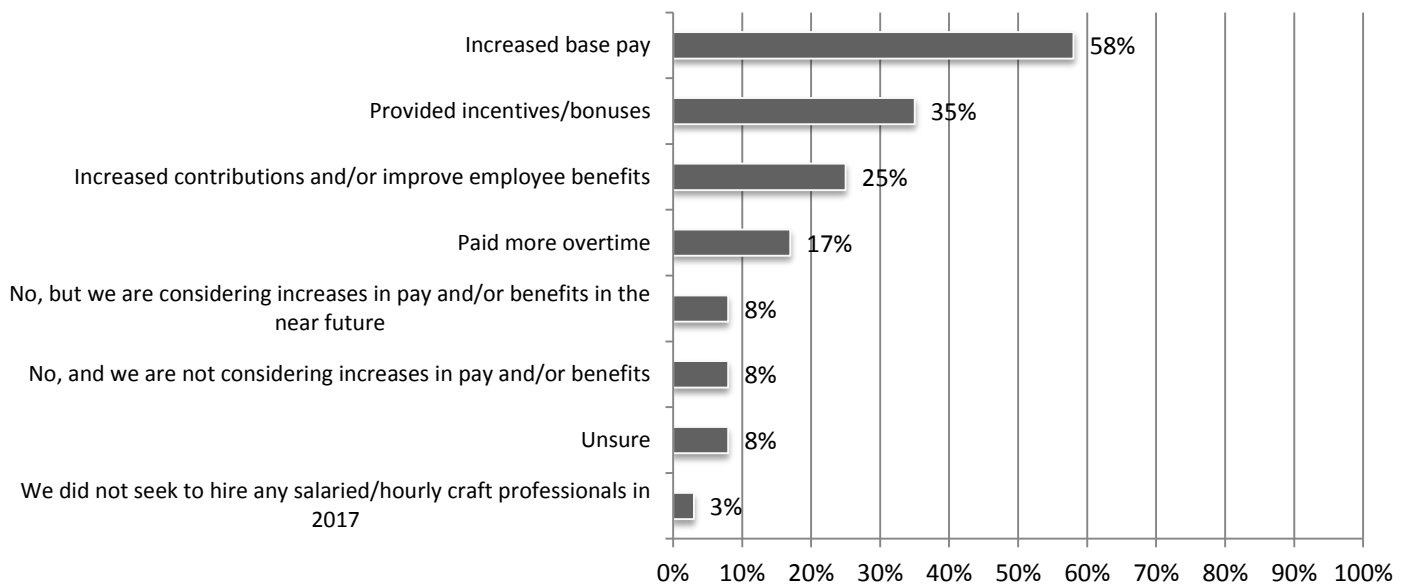
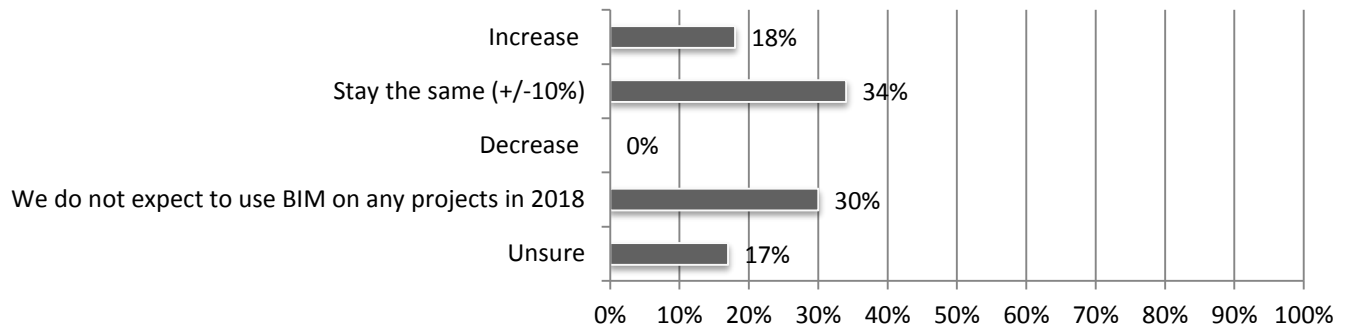**11. Compared to 2017, how will your firm's 2018 investment in training and development change?**

Category	Percentage
Increase	53%
Decrease	2%
Stay the same	42%
Unsure	3%

12. Which of the following issues is the biggest concern to your firm out of the following list?

Issue	Percentage
Increased competition for projects	38%
Worker shortages	38%
Growth in federal regulations	29%
Safety	24%
Internal company process inefficiencies	21%
Rising direct labor costs (pay, benefits, employer taxes)	19%
Worker quality	17%
Lack of infrastructure investments	15%
Growth in state and local regulations	14%
Lack of public non-infrastructure work	14%
Not enough private sector work	12%
Relations with external process inefficiencies (such as collaboration with owners, subs and/or vendors)	9%
Rising materials costs	9%
Rising subcontractor costs	5%
Subcontractor defaults	4%
Rising indirect labor costs (recruitment, training)	3%

13. What challenges, if any, do you see regarding the safety and health of your firm's workers?

Challenge	Major	Minor	No challenge
Inexperienced skilled labor/workforce shortage	54%	35%	11%
Lack of cooperation from federal agencies or regulators	19%	47%	34%
Low quality of available safety and health training	6%	42%	52%
Poor subcontractor safety and health performance	19%	46%	35%

≡ Major   ■ Minor   ⋯ No challenge
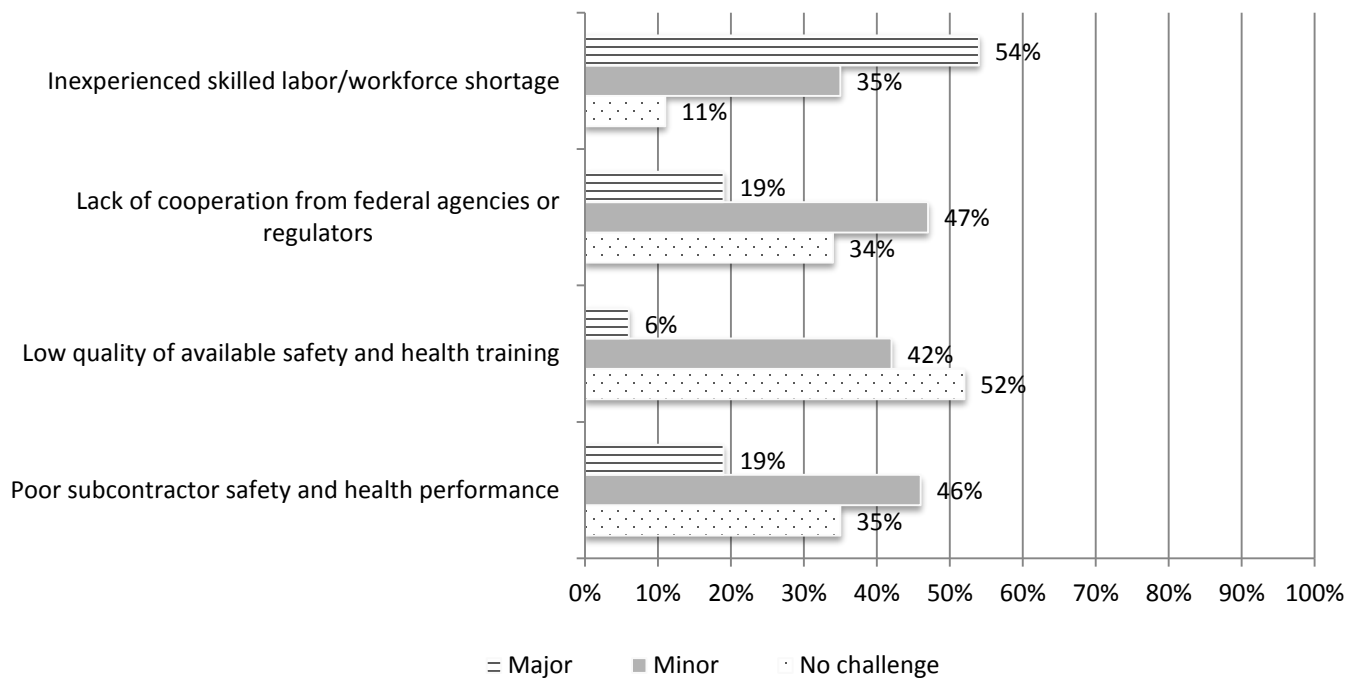
14. What change do you expect in 2018 in the number of your firm's projects that involve Building Information Modeling (BIM)?

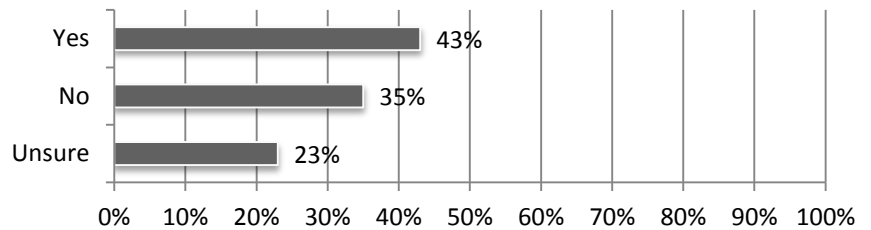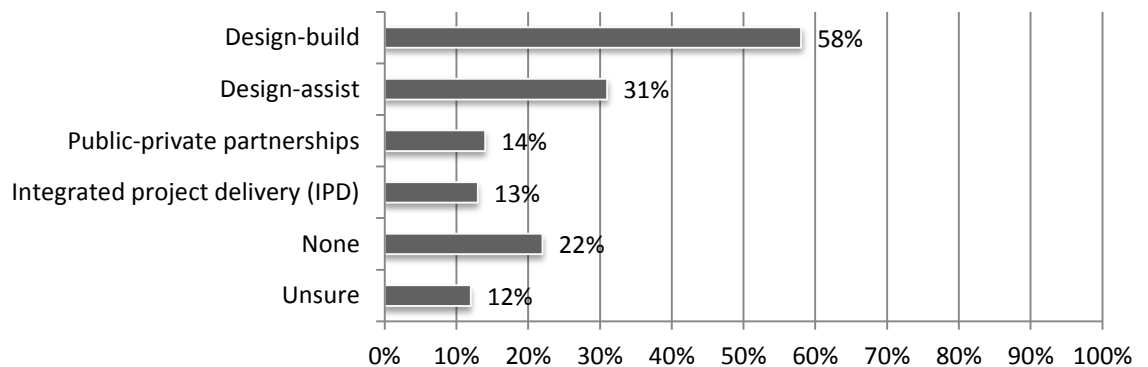| Response	Percentage
Increase	18%
Stay the same (+/-10%)	34%
Decrease	0%
We do not expect to use BIM on any projects in 2018	30%
Unsure	17%

15. What is your firm using BIM for?

Use	Percentage
Constructability input into the design process	40%
Visually communicate project scope to clients	38%
3D model-based takeoff for cost estimating	36%
Clash detection	36%
Scheduling and workforce planning	36%
Design of 3D model	31%
Safety (identify safety issues, safety by design, safety training, etc.)	20%
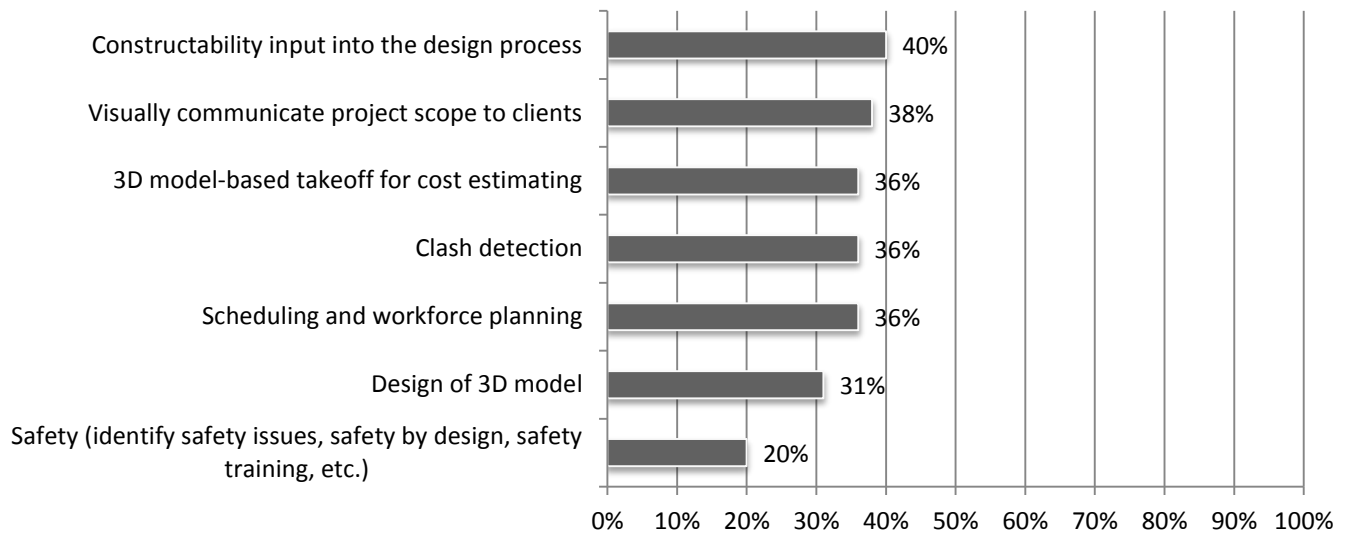
16. Does your firm utilize lean construction principles on its projects and/or in its operation?

Response	Percentage
Yes	43%
No	35%
Unsure	23%

17. Does your firm use any of the following collaborative project delivery methods?

Method	Percentage
Design-build	58%
Design-assist	31%
Public-private partnerships	14%
Integrated project delivery (IPD)	13%
None	22%
Unsure	12%

18. Does your firm use any of the following to collaborate with project partners?

Category	Value
File-sharing sites such as Dropbox	70%
Online project collaboration software	46%
BIM	32%
Home-grown project website	15%
None	13%
Unsure	7%
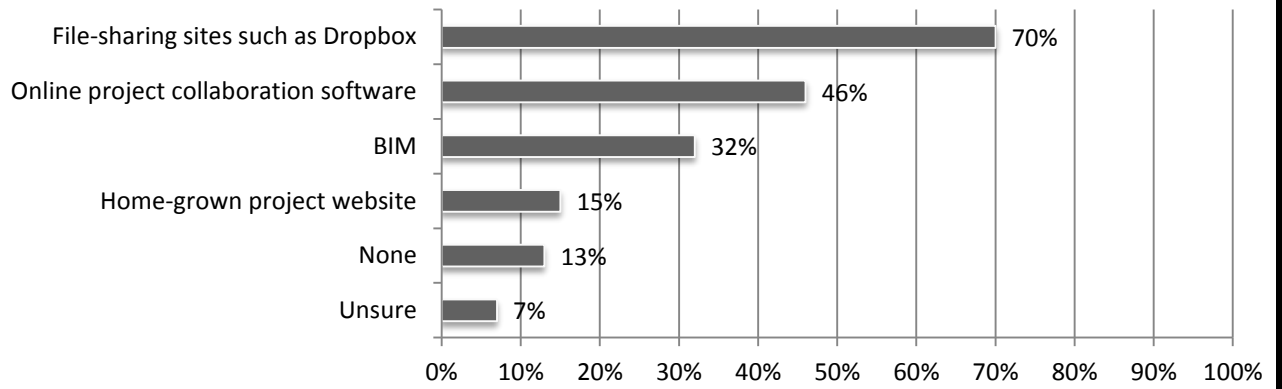
19. What business of IT functions does your firm outsource or plan to outsource to a technology provider?

Category	Currently outsource	Plan to outsource
Accounts payable automation	4%	1%
Accounts receiveable payment automation	1%	1%
Inventory	1%	0%
Lien waiver processing	4%	1%
Payroll	17%	2%
Prequalification	2%	1%
Subcontractor insurance processing	6%	1%
Backup and disaster recovery	21%	3%
Desktop (light maintenance)	18%	2%
Network management	34%	3%
Voice over IP (phone service over the internet)	25%	2%
Our firm doesn't currrently outsource or plan to outsource	17%	2%

Currently outsource   Plan to outsource

20. Approximately what percent of your firm's gross annual revenue is spent on IT?

Category	Percentage
Less than 1%	39%
1 to 1.9%	26%
2 to 2.9%	9%
3% or more	5%
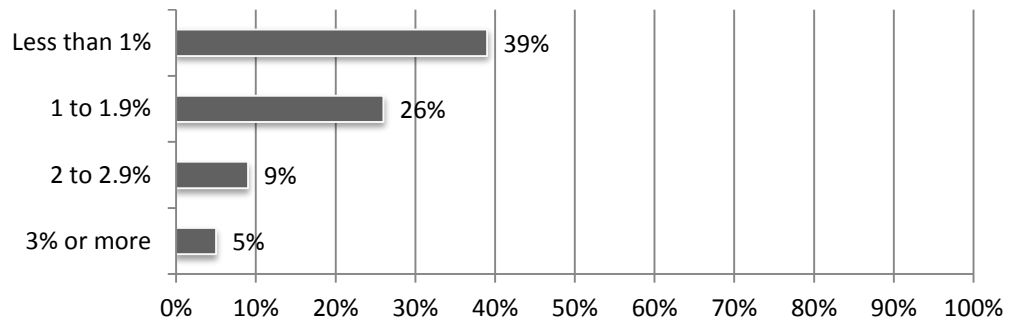
21. Compared to 2017, how will your firm's 2018 investment in IT change?

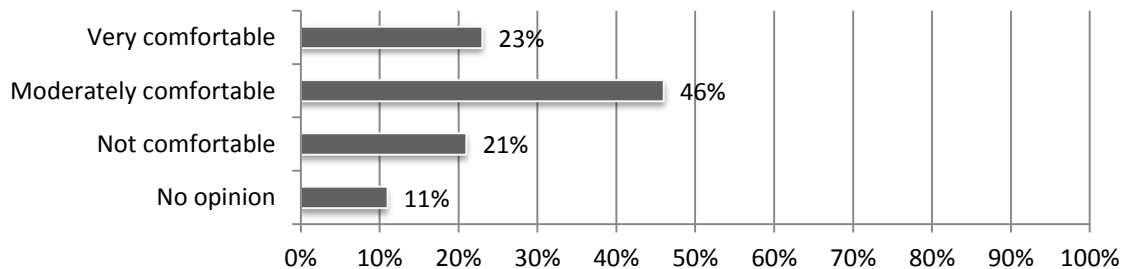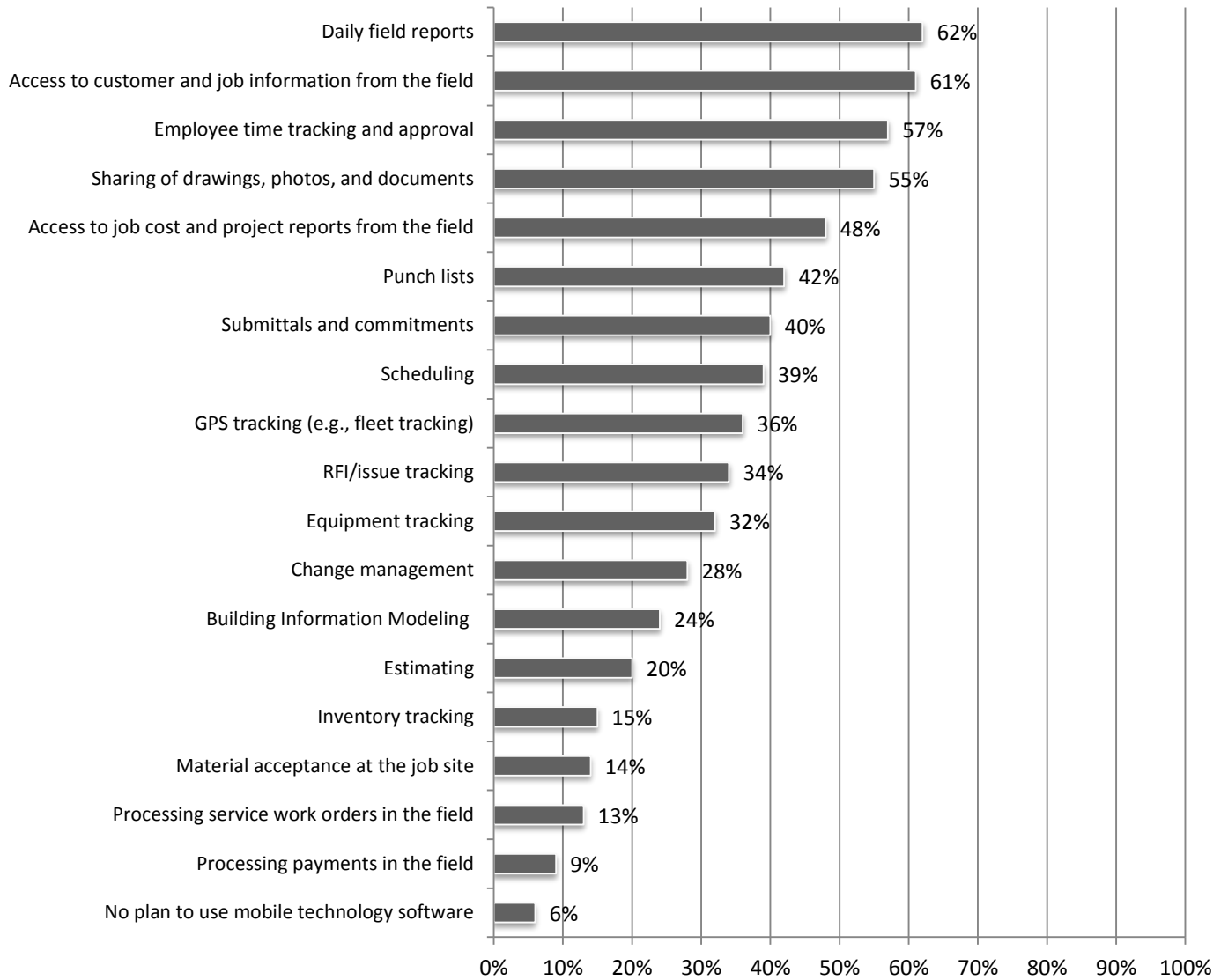| Category	Percentage
Increase	41%
Decrease	2%
Stay the same	39%
Unsure	18%
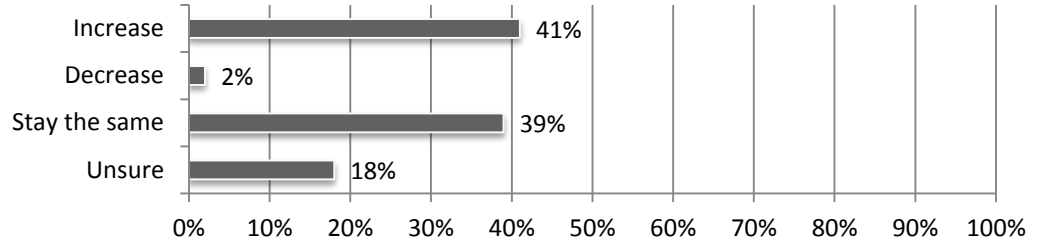
22. Compared to 2017, how will your firm's 2018 investment in the following technologies change?

Technologies	Increase	Stay the same	Decrease	Unsure
Accounting software	20%	72%	1%	7%
Building Information Modeling	20%	53%	0%	27%
Client relationship management software	18%	58%	0%	24%
Document management software	31%	57%	0%	11%
Estimating software	25%	65%	0%	11%
Fleet tracking/management software	22%	58%	0%	21%
Human resources software	18%	66%	0%	16%
Payroll software	10%	79%	0%	10%
Prequalification software	6%	71%	0%	23%
Project collaboration software	20%	61%	0%	19%
Project management software	28%	57%	0%	13%
Scheduling software	15%	73%	0%	12%
Service management software	7%	69%	0%	4%
Subcontractor bid management/ITB software	9%	72%	0%	18%

23. How comfortable is your firm with moving its data to the cloud?

Category	Percentage
Very comfortable	23%
Moderately comfortable	46%
Not comfortable	21%
No opinion	11%

24. How does your firm plan to use mobile software technology?

Category	Percentage
Daily field reports	62%
Access to customer and job information from the field	61%
Employee time tracking and approval	57%
Sharing of drawings, photos, and documents	55%
Access to job cost and project reports from the field	48%
Punch lists	42%
Submittals and commitments	40%
Scheduling	39%
GPS tracking (e.g., fleet tracking)	36%
RFI/issue tracking	34%
Equipment tracking	32%
Change management	28%
Building Information Modeling	24%
Estimating	20%
Inventory tracking	15%
Material acceptance at the job site	14%
Processing service work orders in the field	13%
Processing payments in the field	9%
No plan to use mobile technology software	6%

25. Which of the following cloud service models does your firm plan to use?

Category	Currently use	Plan to use
Cloud hosting: we outsource our servers and networking components to a cloud service provider's data center	39%	16%
Hybrid cloud: our software and data is on a private network but can be securely accessed with a web browser	55%	12%
SaaS: we use software-as-a-service (SaaS) applications that are fully cloud-based	19%	7%

= Currently use   ■ Plan to use
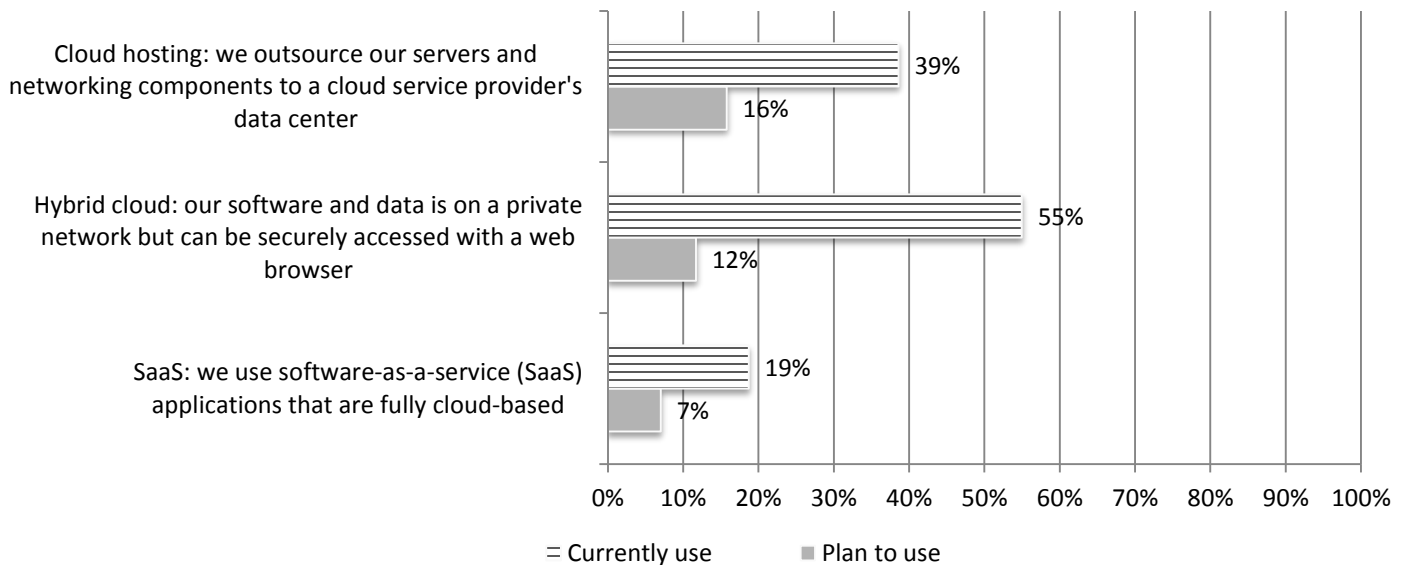
26. Does your firm currently have a mobile security plan in place?

Response	Percentage
Yes	33%
No	41%
Unsure	26%
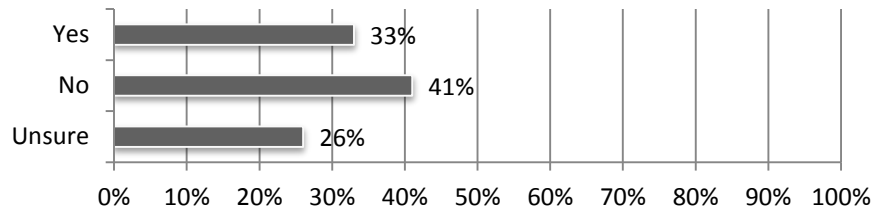
27. Does your firm currently have a formal IT plan that support your business objectives?

Response	Percentage
Yes	48%
No	35%
No, but plan to do so in 2018	5%
Unsure	12%
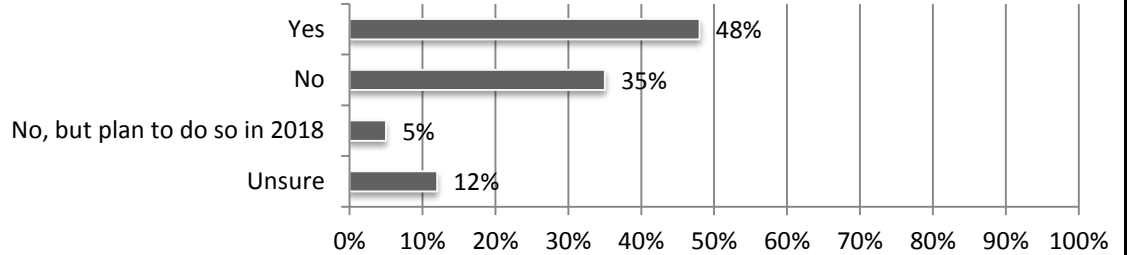
28. What are your firm's biggest IT challenges?

Challenge	Percentage
Employee resistance to technology	43%
Communication between field and office	41%
Time needed to implement and train on new technology	40%
Connectivity to remote job sites	36%
Keeping company data secure from hackers	33%
Integration between software used inside of our company	25%
Keeping software current	25%
Keeping hardware current	22%
Integration with software used by project partners outside our company	19%
Outdated company software and systems	19%
Management resistance to technology	10%
None	6%