Recap of Current Construction Business Conditions
MEMORANDUM

TO: AGC Members
FROM: Brian Turmail, Vice President of Public Affairs & Strategic Initiatives
DATE: May 1, 2020
SUBJECT: Contextual Information Regarding the State of the Construction Market

AGC of America has prepared the attached packet of information to help document current market conditions that helped influence many firms’ decisions to apply for Paycheck Protection Program loans. The intent of this packet is to provide a snapshot of media coverage starting on March 27th — the launch of the initial round of Paycheck Protection Program loans — covering topics like declining demand, growing layoffs and general worries about market conditions for the construction industry.

In addition to a sampling of national, trade and local media coverage, we also include a summary of the findings from the five editions of the coronavirus survey AGC of America compiled starting in mid-March. These survey results provide an additional data point documenting the many economic headwinds construction firms have faced since the start of the coronavirus pandemic.

Finally, we have included in this packet copies of the various news releases AGC of America issued since the start of the pandemic. These releases provide our analysis of current market conditions and their impacts on the construction industry. These too demonstrate the many negative economic impacts of the coronavirus pandemic on the construction industry.

If you feel it appropriate, please consider including this packet of material in the records you retain relating to your application for a Paycheck Protection Program loan. This packet should provide an overview of the nationwide market conditions the industry faced when firms opted to apply for the loans.

And of course, please do not hesitate to contact me with any questions, comments or concerns you may have. I can be reached at brian.turmail@agc.org.
Q1. Did an owner (including a public owner regarding its own projects) direct or cancel work on any current or upcoming projects? (check all that apply)

- Yes
- No
- Unaware of this new lending program, but interested in learning more
- Wasn't aware of program
- Not eligible or not interested

Q2. To the best of your knowledge, why did the owner halt construction? (check all that apply)

- Total
- 3/17-19
- 3/23-3/26
- 3/30-4/2
- 4/20-4/23

To comply with state/local ordinance or “non-essential” activity
- Owner's concern about covid-19 danger surrounding project
- Owner's expectation of reduced demand for project
- Loss of private funding (for example, from owner/investor/landlords/tenants)
- Loss of current or expected tax/fee/toll revenue
- Don't know

Q3. Are you currently experiencing any project delays or disruptions due to the following (check all that apply):

- Total
- 3/17-19
- 3/23-3/26
- 3/30-4/2
- 4/20-4/23

- Construction
- Supplies/equipment
- Labor shortage
- Other
- Loss of tax/fee/toll revenue
- Owner's concern about covid-19 danger surrounding project
- Loss of private funding
- Low bid contracts
- Owner's concern about covid-19 danger surrounding project
- Not in need of loans at this time

Q4. Did your firm apply or intend to apply for a PPP loan?

- Yes, applied but told no more funds available
- Yes, approved but did not receive funds yet
- Yes, applied and did not receive funds
- No, not eligible or not interested
- No change in headcount
- Other

Q5. Did you begin working on any new or expanded construction as a result of the pandemic?

- Medical (e.g. hospital, remodel, screening/testing facility, lab)
- Other building (e.g. manufacturing, distribution, shelter)
- Highway (e.g. more hours or lane closure allowed)
- Utility infrastructure (e.g. new, maint., repair)
- Other

Q6. Has your firm's headcount changed as a result of project delays, cancellations, new federal emergency paid leave requirements, or booking new projects? (check all that apply)

- Furloughed or terminated workers
- Added workers
- No change in headcount

Q7. The Federal Reserve announced that it is establishing the Main Street Lending Program to support lending for small- and mid-sized businesses by offering 4-year loans to companies employing up to 10,000 workers or with revenues of less than $2.5 billion. Is your firm:

- In need of loans, but not interested in this new lending program
- Currently investigating this new lending program
- Aware of this new lending program, but not interested in it
- Unaware of this new lending program, but interested in learning more
- No additional legislation is needed

Q8. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) created a new forgivable loan program for businesses with 500 or fewer employees, called the Paycheck Protection Program (PPP). Did your firm apply or intend to apply for a PPP loan?

- Yes, applied and received funds
- Yes, applied and did not receive funds
- Yes, approved but did not receive funds yet
- Yes, have applied and are awaiting an answer
- No, not eligible or not interested
- Not aware of program
- Other

Note: Results from various surveys may not be comparable due to changes in some questions, mix of respondents, etc. Blank cells indicate question or answer choice was not included in that survey.
The coronavirus pandemic has caused more than one out of four contractors to halt or delay work on current projects, according to a survey released today by the Associated General Contractors of America. The survey results show how quickly market conditions have changed compared to data showing a majority of metro areas added construction jobs through January. Association officials noted that a relief bill the Senate is considering includes some favorable tax and loan provisions. But they said the bill also needs new infrastructure investments and improvements to the new paid sick and family medical leave measures.

“The coronavirus pandemic has the potential to undermine what had been a very robust construction market, threatening the livelihood of countless workers and the viability of many firms,” said Ken Simonson, the association’s chief economist. “Providing additional tax credits and loans will help, but contractors also need the certainty that comes with infrastructure funding and improvements to the new paid sick and family leave measures.”

In an online survey conducted by the association between March 17 and 19, 28 percent of the 909 respondents replied yes to the question, “Has any owner, government agency or official directed you to halt or delay work on any projects that are either active or expected to start within the next 30 days?” In addition, 22 percent of respondents said a supplier had notified them that deliveries would be late or cancelled.

Contractors listed numerous types of delays and shortages. Nearly one out of five (18 percent) cited shortages of required government actions or personnel, for instance to issue permits or certificates of occupancy, conduct inspections or lettings, or make project awards. Sixteen percent noted a shortage of materials, parts or equipment, including workers’ personal protective equipment such as respirators. Eleven percent reported a shortage of craft workers as individuals self-quarantine or stay home to care for others.

Underscoring how rapidly market conditions have changed, the association also released data on construction employment changes between January 2019 and January 2020 in 358 metro areas that showed how strong the market was two months ago. A majority—200 areas (56 percent)—added construction jobs, while 95 areas lost jobs, and 63 metros had no change. Houston-The Woodlands-Sugar Land, Texas added the most construction jobs from January 2019 to January 2020 (12,400 jobs, 5 percent). The largest construction job decline occurred in Baton Rouge, La. (-6,500 jobs, -12 percent).

Association officials said the newly released Senate relief measure does too little to help the increasingly hard-hit construction industry. They noted that the tax and loan provisions in the measure will help offset declining demand. However, they urged Senate leaders to include new funding for infrastructure projects and to protect the retirements and health care of construction workers in multiemployer plans. They also called for additional fixes to measures enacted earlier this week that force employers to front the cost of newly mandated paid family and sick leave measures.

“The Senate proposal offers a good start to helping offset the sudden drop-off in work many contractors are experiencing,” said Stephen E. Sandherr, the association’s chief executive officer. “But without real investments in new infrastructure, compensation for contractors’ lost work and up-front funding for paid sick and family medical leave, it does too little to help the industry and its nearly eight million employees.”

View the metro employment data, rankings, top 10 and map. View AGC’s coronavirus resources and survey. 

###

FOR IMMEDIATE RELEASE
Friday, March 20, 2020

CONTACT: Brian Turmail
(703) 459-0238; brian.turmail@agc.org

PANDEMIC HAS HALTED OR DELAYED PROJECTS FOR 28 PERCENT OF CONTRACTORS, SURVEY FINDS; NEW SENATE RELIEF BILL WILL PROVIDE SOME HELP FOR INDUSTRY

Coronavirus-caused Slowdown Contrasts with January Figures Showing a Majority of Metro Areas Added Construction Jobs; Officials Note New Infrastructure Funding and Paid Family Leave Fixes are Needed
SHARP JUMP IN OWNERS CANCELING OR DELAYING CONSTRUCTION PROJECTS ACROSS THE COUNTRY, NEW SURVEY FINDS, PUTTING MANY JOBS AT RISK

After 42 States Added Jobs in February, Coronavirus is Taking a Swift and Severe Toll on the Industry, Prompting Association Officials to Call for Additional Measures to Help Workers and Firms Recover

Thirty-nine percent of contractors report that project owners have halted or canceled current construction projects amid deteriorating economic conditions, according to a survey released today by the Associated General Contractors of America. Association officials warned that these cancellations mean massive job losses are likely soon unless Congress passes targeted recovery measures to boost infrastructure funding, compensate firms for lost or delayed federally funded work and provide needed pension relief. The project cancellations are particularly severe in light of new data showing that 42 states added construction jobs through February.

“The abrupt plunge in economic activity is taking a swift and severe toll on construction,” said Ken Simonson, the association’s chief economist, noting that only 18 percent of respondents have been ordered to halt work by elected officials. “The sudden drop in demand stands in sharp contrast to the strong employment levels this industry was experiencing just a few weeks ago.” Click here for additional video comments from Mr. Simonson.

In the association’s latest online survey, conducted between March 23 and 26, 45 percent of the 1,640 respondents reported experiencing project delays or disruptions. Shortages of material, parts and equipment, including vital personal protective equipment for workers such as respirators, were reported by 23 percent of respondents. Eighteen percent reported shortages of craftworkers, while 16 percent said projects were delayed by shortages of government workers needed for inspections, permits and other actions. Thirteen percent said delay or disruption had occurred because a potentially infected person had visited a jobsite.

The survey also found that 35 percent of firms said suppliers had notified them or their subcontractors that some deliveries would be delayed or canceled, the economist added. He noted that only 22 percent reported similar supply chain challenges last week. That survey was conducted between March 17-19. However, eight percent of firms did report they have added new work expanding health care and other facilities needed to respond to the growing health crisis.

In contrast to the rapidly deteriorating current market conditions, the association also released new construction employment data showing that most states – 42 – added construction jobs between February 2019 and February 2020. Industry employment declined over the year in eight states and the District of Columbia. From January to February, 37 states and D.C. added construction jobs, while 11 states shed jobs and two states had no change.

Association officials warned that while the coronavirus relief measure scheduled for a vote in the House today will provide some immediate help for construction workers and their employers, Congress must do more to protect high-paying construction jobs. They said new investments in infrastructure, relief from losses incurred on delayed or canceled federally funded projects and protections for multi-employer pensions will help the industry recover from the economic impacts of the pandemic.

“The steps firms are taking to protect workers from the coronavirus unfortunately won’t be enough to save many of them from the economic damage the pandemic is creating,” said Stephen E. Sandherr, the association’s chief executive officer. “Construction workers and employers need more than a lifeline, they need a recovery plan.”

View the state employment data, rankings, and map. View AGC’s coronavirus resources and survey.
FOR IMMEDIATE RELEASE
Friday, April 3, 2020

CONTACT: Brian Turmail
(703) 459-0238; brian.turmail@agc.org

TWENTY-SEVEN PERCENT OF CONSTRUCTION FIRMS REPORT LAYOFFS SINCE THE CORONAVIRUS AS NEW JOBS REPORT OFFERS EARLY SNAPSHOT OF THE LOSSES
Association Survey Conducted This Week Suggests Industry’s Job Losses are Spreading Rapidly; Officials Call for Additional Federal Measures to Help Avoid Further Layoffs and Economic Pain

The fast-worsening covid-19 pandemic has triggered layoffs at more than a quarter of construction firms responding to an online survey released today by the Associated General Contractors of America. The finding, based on responses from earlier this week, contrasts with the government’s monthly employment report for March, which found that construction employment declined by 29,000 as of mid-March.

“The March employment data does a better job reflecting market conditions before the pandemic than it does the widespread disruptions that have occurred during the past few weeks,” said Ken Simonson, the association’s chief economist. He noted that the federal employment figures are based on payrolls as of March 12, when relatively few states or individual owners had directed contractors to stop work. “Our survey, meanwhile, indicates rapidly deteriorating labor and market conditions for the construction sector.” Click here for additional video comments from Mr. Simonson.

Simonson added that 27 percent of respondents to the survey reported that they have furloughed or terminated construction workers. The share of firms that said they had been directed to halt or cancel projects by their clients had jumped to 55 percent from 39 percent the week prior. Over one-quarter of respondents reported they had been directed to stop construction activities by government officials.

In addition, 59 percent of respondents in the latest survey reported a variety of problems causing project delays or disruptions, compared to 45 percent last week. The most common source of delay or disruption, cited by 35 percent of respondents, was shortages of material, parts and equipment, including vital personal protective equipment for workers such as respirators. Twenty-eight percent reported shortages of craftworkers, while 16 percent said projects were delayed by shortages of government workers needed for inspections, permits and other actions.

The government employment data showed employment as of mid-March totaled 7,605,000, an increase of 162,000 (2.2 percent) from a year earlier. The March total followed a mild winter in which industry employment hit an 11-year high in February.

Association officials said the new employment and survey figures indicate that more needs to be done to prevent broader job losses and economic hardship for the construction sector as demand continues to shrink. They urged federal officials to begin working on new recovery measures, including greater investments in infrastructure, compensation for pandemic-related losses on federal projects and measures to protect pensions for many construction workers.

“We are just beginning to appreciate the severity of the economic impacts of the pandemic for construction workers and their employers,” said Stephen E. Sandherr, the association’s chief executive officer. “Washington officials have an opportunity, however, to use the construction industry as the vehicle for rebuilding our economic once the pandemic passes.”

View AGC’s coronavirus resources and survey. View comparative data here.

###
FOR IMMEDIATE RELEASE
Friday, April 10, 2020

CONTACT: Brian Turmail
(703) 459-0238; brian.turmail@agc.org

FORTY PERCENT OF CONSTRUCTION FIRMS REPORT LAYOFFS AMID WIDESPREAD PROJECT CANCELLATIONS AS ECONOMIC IMPACT OF CORONAVIRUS GROWS

Survey of Construction Firms by the Associated General Contractors of America Finds More Than Half of Firms Have Had Projects Halted as 74 Percent Seek New Paycheck Protection Loans to Retain Staff

With the covid-19 pandemic worsening by the week, an ever-increasing share of contractors are reporting cancellations of upcoming projects and shortages of equipment or materials, forcing nearly 40 percent of firms to lay off employees, according to an online survey released today by the Associated General Contractors of America. Association officials added that 74 percent of firms are seeking new Paycheck Protection Program loans and urged Congress to quickly add more funding for the over-subscribed program, among other recovery measures needed.

“Owners are not only halting many current construction projects but are canceling a growing number of projects that have not yet started,” said Ken Simonson, the association’s chief economist. “Inevitably, that has caused a growing number of contractors to furlough or terminate jobsite workers.” Click here for additional video comments from Mr. Simonson.

Simonson noted that that 53 percent of firms report they had been directed to cancel current projects or ones scheduled to start within 30 days in this week’s survey, which was conducted April 6-9. There was a steep increase in the share of firms reporting that an owner canceled an upcoming project – from 7 percent a week ago to 19 percent this week. In a question asked this week for the first time, 11 percent of the survey’s 830 respondents reported that an owner had canceled a project that was still in the preconstruction phase.

In addition, 39 percent of respondents in the latest survey said they had encountered project delays or disruptions due to shortages of personal protective equipment such as masks for jobsite workers, while 23 percent reported shortages of construction materials, equipment or parts. In the previous survey, which had combined those questions, only about one-third (35 percent) of respondents had reported equipment shortages.

The share of respondents who reported furloughs or terminations rose to 40 percent in the latest survey from 31 percent a week earlier. More than one out of three firms (36 percent) had furloughed or terminated jobsite workers, while 18 percent had laid off office or other workers.

In a sign that contractors are eager to maintain their payrolls if possible, three-fourths of the respondents said they had already applied or intend to apply for the new Paycheck Protection Program loans. However, only 10 percent said they had already received a loan through the program, which began on April 3. Association officials noted that 48 percent of respondents said they wanted Congress to increase funding for the federal loan program, given the widespread demand for the program.

They called on Congress to quickly inject more capital into the loan program. Association officials also urged Washington leaders to begin work on broader recovery measures that include new funding for infrastructure programs, among other measures to rebuild the economy. “The construction industry is ready to rebuild our economy, but that can’t happen without strong federal support and investments,” said Stephen E. Sandherr, the association’s chief executive officer.

View AGC’s coronavirus resources and survey. View comparative data here.

###
PAYCHECK PROTECTION PROGRAM IS ALLOWING CONSTRUCTION FIRMS TO ADD AND RETAIN EMPLOYEES DESPITE DECLINING DEMAND, NEW SURVEY FINDS

Nearly Half of Firms Have Received Loans, But Growing Number of Project Cancellations, Delays and Delivery Problems Imperil Industry; Association Leaders Call for Immediate Infrastructure Funding

A large share of construction firms promptly received loan funds under the new Paycheck Protection Program, enabling many of them to hire or retain employees despite a surge in project cancellations, according to a survey released today by the Associated General Contractors of America. Association officials said the job-saving measure appeared to be working but cautioned that longer term recovery measures, like new infrastructure funding and establishing a recovery fund, are needed.

“Most contractors report they have applied for the new federal loans, which are intended to enable small businesses to keep employees on their payrolls,” said Ken Simonson, the association’s chief economist. “This program has already delivered funds to nearly half of the survey respondents, and many of them have already brought back furloughed workers or added employees, even though more clients are halting and canceling projects.” Click here for additional video comments from Mr. Simonson.

Simonson noted that 44 percent of the 849 firms responding to the survey reported they had already received funds through the loan program, which began on April 3. Another 15 percent said their applications had been approved but they had not yet received funding, while 8 percent were awaiting a reply to their applications and 7 percent had applied but been told no more funds were available. Partly as a result of the loans, 13 percent of respondents said they had added workers.

“Although the loan program has helped, it will cover only a limited part of company expenses and is not enough to offset the huge drop in projects,” the economist added. He noted that half of the respondents report that clients have ordered a halt to projects underway, and more than one-fourth report that clients have canceled projects that had been expected to begin as far out as June or later.

In addition, 67 percent of respondents in the latest survey, which was conducted April 20-23, said they had encountered project delays or disruptions. Moreover, 49 percent said suppliers had notified them or their subcontractors that deliveries would be late or canceled. That percentage has risen each week since the association’s first survey, conducted March 17-19, in which 22 percent of respondents reported delivery woes.

Association officials added that 43 percent of firms would benefit from larger federal investments in infrastructure, while 35 percent would benefit from a pandemic risk insurance/COVID-19 business and employee continuity and recovery fund. They called on federal officials to begin work on new infrastructure investments, explore ways to establish pandemic insurance and a recovery fund to help offset expected declines in construction demand because of the coronavirus.

“The new federal loans are helping protect many construction jobs for now, but those funds are likely to run out well before demand for construction rebounds,” said Stephen E. Sandherr, the association’s chief executive officer. “The President and Congress need to start putting in place measures to revive our economy by rebuilding our infrastructure and restoring private-sector demand for construction.”

View AGC’s coronavirus resources and survey.

###
Construction Companies Lobby to Keep Working as Coronavirus Spreads

Push for workers to be deemed essential highlights tension between economic and health goals

The construction site for a Diageo distillery in Lebanon, Ky., on Thursday.

PHOTO: LUKE SHARRETT FOR THE WALL STREET JOURNAL

By

David Harrison and

Keiko Morris

March 27, 2020
The construction industry is pushing to keep projects up and running even as some begin to shut down around the country to slow the spread of the coronavirus. In Washington, D.C., and in state capitals, industry groups are lobbying to designate construction workers as essential personnel exempt from stay-at-home orders. The industry employs 7.6 million Americans, or 5% of the workforce.

That effort has had mixed success. Illinois and California have deemed construction essential but Pennsylvania and Washington state have ordered building sites closed except those deemed essential, such as health care facilities. New York state at first exempted construction but amended its order Friday to shut down all projects except those deemed critical, such as those involving roads, transit, bridges and health care.

Last week, industry groups and the U.S. Chamber of Commerce wrote to President Trump, urging his administration to exempt construction workers from local quarantine orders.

Signs related to the pandemic are posed at the construction site for Diageo’s new bourbon distillery. PHOTO: LUKE SHARRETT FOR THE WALL STREET JOURNAL
“Shutting down the ability of our industries to serve our nation and maintain our physical infrastructure will impact the economic viability of the entire nation, not to mention numerous businesses,” they wrote.

Their plea highlights the trade off between battling the spread of the virus and keeping the economy on track. On Tuesday, President Trump said he hoped to have the country back at work in just two weeks—a timeline at odds with the advice of health professionals.

Construction accounts for 4.1% of gross domestic product, but the impact of a nationwide shutdown would spread to manufacturers of building materials and equipment as well as to architects and engineers, said Ken Simonson, chief economist of Associated General Contractors of America, a trade group.

While most construction sites remain open, a growing number are shutting down in response to state orders. A survey by the Associated General Contractors released Friday found that 39% of companies had projects stopped by clients or local authorities, up from 28% last week.

As sites close, more workers will likely turn to unemployment benefits, further swelling the ranks of recipients. On Thursday, the Labor Department reported a record 3.28 million applications for unemployment benefits in the week ended March 21. The $2 trillion rescue package approved by Congress won’t be enough to help the industry, the AGC said. The group wants lawmakers to spend more on infrastructure, grant relief from losses on federally funded projects and protect construction worker pension plans.

Industry groups say construction workers are less at risk from the virus because they often work outdoors and wear protective equipment such as masks and gloves. About 13% of respondents to the AGC’s latest survey said they knew of an infected person on their job site, up from 8% in last week’s survey.
North America’s Building Trades Unions has joined industry groups in urging local authorities to keep sites open. Its president, Sean McGarvey, estimated that “tens of thousands” of its roughly 3 million members had been laid off. Legislation enacted in Congress last week gave some construction workers sick days for the first time, Mr. McGarvey said.

On Friday, Gary LaBarbera, president of the Building and Construction Trades Council of Greater New York, said the union would support New York state’s decision to close non-essential construction.

“Everybody’s concerned about being out of work,” Karl Pogelschek, a laborer in New York working on the overhaul of LaGuardia Airport, said before New York state’s decision.

Construction is a seasonal business that keeps many workers idle in the winter. Many had been expecting to get back to work in the coming weeks, Mr. Pogelschek said.

At sites around the country, the epidemic is changing the rhythm of work.

Workers who assemble at morning meetings are reminded to keep their distance from each other and asked if anyone feels sick or has been exposed to the virus, said Frank Sciame, chief executive of New York City-based Sciame Construction LLC.

Meetings of 10 to 15 people that were typical before the pandemic have been downsized, said Stephen Gray, chief executive of Gray, an engineering, design and construction company. The Kentucky-based company has offices throughout the U.S. and some 300 active projects.
The distillery construction site. Industry groups and the U.S. Chamber of Commerce have urged the Trump administration to exempt construction workers from local quarantine orders.

PHOTO: LUKE SHARRETT FOR THE WALL STREET JOURNAL

“Most job sites that are run well are run with a high level of interaction and require people to be face to face in these trailers,” said Mr. Gray. “Now we’re breaking up meetings, making them much smaller and cleaning these trailers up and sanitizing them more frequently.”

Some in the industry say extra safety protocols are insufficient. Even before the pandemic, ensuring workers followed safety guidelines was difficult, and adding new measures probably will be tough to enforce consistently, said a construction superintendent in New York state who declined to be identified because he wasn’t authorized to speak with the press.

“I don’t think that right now we should be putting guys at risk building things that are less than essential for their communities,” the superintendent said.
Keeping workers a safe distance apart involves complex choreography on a construction site as workers shift between tasks, said Steve Lesser, an attorney at Becker & Poliakoff. One worker not showing up because they are quarantined or caring for someone who is sick can hold up other jobs on the project, he said.

Delays can quickly turn a profitable project into an unprofitable one, said Richard Sussman, an attorney at Rosenberg & Estis, P.C. Although most borrowers are protected from default in case of unforeseen circumstances, they still must repay principal and interest on their loans.

And unfinished projects may pose a safety hazard, said Mr. Pogelschek, the worker at LaGuardia Airport.

“You can’t walk away from a trench in the street,” said Mr. Pogelschek. “It’s no different than doing a roof on your house. Once you start, you’re going to have to finish.”
UNEASE AT KENTUCKY PROJECT MIRRORS CONSTRUCTION INDUSTRY’S FEARS

A $35 million plan to redevelop one of Louisville’s oldest and poorest neighborhoods is threatened by the coronavirus outbreak.

Roughly 10,000 people live in the Portland neighborhood of Louisville, Ky., which is being redeveloped but still has hundreds of vacant properties. Credit...Aaron Borton for The New York Times

By Keith Schneider

Louisville, Ky. — Until the coronavirus pandemic, Gill Holland spent six years and $35 million constructing new residences and renovating 19th- and 20th-century warehouses in Portland, a historic neighborhood on the Ohio River that is Louisville’s oldest and one of its poorest.

Mr. Holland’s Portland Investment Initiative had bought more than 60 properties and filled them with businesses and residents new to the racially diverse neighborhood, where roughly 10,000 people live.
The project, the largest real estate investment in Portland in at least a century, is awakening civic energy that has been dormant for decades.

But its momentum is threatened by the coronavirus outbreak. Gov. Andy Beshear closed sit-down service in Kentucky restaurants and bars on March 16, and issued a separate closure order for other businesses nine days later.

Store and restaurant owners whom Mr. Holland attracted to Portland said they were nervous their businesses might not survive. As a fog of economic insecurity settles over the project, Mr. Holland is confronting the same financial impediments and social anxiety challenging real estate developers across the country.

Nearly 40 percent of construction projects have been suspended or canceled, according to a national survey by the Associated General Contractors of America, an industry trade group. Thousands of industry workers have been laid off.

In Louisville, Mr. Holland has renovated 241,000 square feet of empty brick warehouses, most built in the 19th century, for commercial space. Big tenants include the University of Louisville’s Archaeology Laboratory and master of fine arts program, and a Mercedes-Benz auto technician training center. More than a dozen smaller businesses have settled into renovated warehouses, including the headquarters for Heine Brothers’ Coffee, a locally owned chain.

Image

Gill Holland in a warehouse he renovated that now houses a University of Louisville program.Credit...Aaron Borton for The New York Times

Farm to Fork, a popular cafe and catering business, operates in a renovated firehouse built in 1903. Before the closure order, the company employed nine people; it now operates with two employees selling meals delivered directly to customers.
The favorable lease that Farm to Fork’s owner, Sherry Hurley, negotiated with Mr. Holland gives her the right to buy the building for $225,000, terms she is determined to meet. “I have personally and professionally made a big investment in Portland,” Ms. Hurley said. “I am committed to weathering the Covid-19 storm.”

New projects Mr. Holland planned for later this year are unsettled. One of them, the largest and most expensive he has undertaken, is a $17 million mixed-use renovation of three 19th-century wood and brick warehouses overlooking a riverfront park. The 126,000-square-foot project encompasses 60 market-rate apartments and 37,000 square feet of commercial space.

“This has always been challenging,” Mr. Holland said. “Nothing about what’s happening now makes it easier.”

One hopeful note is that construction on existing projects has not shut down. Mr. Holland is set to close the loan on a new $3 million mixed-use building on 17th and Bank Streets that will include 20 small market-rate apartments aimed at students and young professionals and 7,000 square feet of retail space.

Construction is set to start in April. But he’s nervous about the schedule. Pennsylvania became the first state to close construction projects on March 21. Boston, New York and San Francisco, among other cities, stopped “nonessential construction.”

The epidemic is professional and personal for Mr. Holland, who shut his Portland Avenue office, housed in a former Boys and Girls Club he renovated in 2014 for $250,000. His staff now works from home.

He was conducting dozens of tours every month for buyers, renters and investors, but traffic has come to a near standstill. City permitting, inspection and licensing offices are closed to walk-in traffic.

The pandemic has roiled his plans, but it is not likely to be fatal. Mr. Holland has a reputation for developing sound projects in tough neighborhoods in this Ohio River city of 630,000 residents, said Mayor Greg Fischer of Louisville.

In 2006, Mr. Holland and his wife, Augusta, started to invest in a block of similarly old and blighted buildings across town along East Market Street to create a $13 million nexus of new restaurants, businesses and residences. They named the area NuLu. More than a decade later, it has attracted $500 million in investments in new residences and business start-ups and has become one of Louisville’s most active dining and entertainment districts.

NuLu and the Portland project join a number of Louisville neighborhoods, including those in West Louisville, a predominantly African-American area, that are experiencing strong redevelopment activity.

“Gill knows what he’s doing,” Mr. Fischer said in an interview before the pandemic unfolded. “Portland is a much bigger project than NuLu. He knows it will take more time.”
An apartment building with 24 affordable units already has a waiting list. Credit...Aaron Borton for The New York Times

Mr. Holland also bought and renovated 55,000 square feet of residential space in Portland, much of it in single-story shotgun-style and two-story Victorian homes along Portland Avenue, the spine of the redevelopment. He worked with the Housing Partnership, a nonprofit local housing developer, to build the $3 million Montgomery Apartments. The neighborhood’s first new multifamily residential building in a generation, it already has a waiting list for the 24 units of affordable housing.

“Just like he did in NuLu, Gill has been surgical in his development in Portland,” said Jason Ferris, a partner in the Louisville appraisal firm Bell Ferris. “His intention is to create micro-markets that over time will overlap and elevate the entire neighborhood.”

Portland has endured natural and economic disasters just as serious as the coronavirus pandemic. Established in 1811 as an Ohio River port, Portland was flooded twice in the 20th century, and made it through the Great Depression and a bank-fueled real estate boom and bust in the 2000s. Bankruptcies and joblessness in the last recession left hundreds of homes and buildings vacant.

Portland deteriorated, but the architectural character of its homes and the sturdiness of its old warehouses remained. The prices of Mr. Holland’s early acquisitions in the neighborhood were attractive. Empty shotgun houses sold for $5,000.

Sturdy old buildings were available at low prices, too. He paid $400,000 for the 17,000-square-foot Montgomery Street School, an 1853 building on the National Historic Register once used as a Civil War hospital. After a $250,000 renovation, the building includes a studio for the visual artist Richard Sullivan and offices for nonprofit organizations and businesses.
Richard Sullivan has a studio in an 1853 building once used as a Civil War hospital. Credit...Aaron Borton for The New York Times

On nearby Rowan Street, Mr. Holland bought a 60,000-square-foot warehouse built in 1880 for $250,000 and persuaded the University of Louisville to lease most of the space. With lease in hand, he raised $5 million to renovate the interior. Instructors and students moved in last year. As the neighborhood improved, concerns were voiced that rising home values and rents would push out longtime residents. But Mr. Holland responded that, with 1,400 abandoned properties, the neighborhood could accommodate decades of new construction and much higher population growth before it would reach prices that would force residents to move.

“Over all, people have welcomed and are excited to see business improvements on Portland Avenue,” said Judy Schroeder, a fifth-generation Portland resident active in Portland Now, a neighborhood association.

Mr. Holland has been recruiting “value-add” investors, business owners and residents who intend to stay and make a difference. One of those is Danny Seim, an artist who moved from Portland, Ore., in 2015 and bought a home in the Portland neighborhood. His wife is a resident psychiatrist at the University of Louisville.
Mr. Seim has painted colorful murals on neighborhood walls, and last summer, he became co-director of the Portland Museum. Next to the museum was a vacant 1870 Victorian home that Mr. Seim painted using excess materials from one of his murals. “I thought if something wasn’t done, if it wasn’t made more attractive, that beautiful house would be torn down,” he said.

The building turned out to be owned by Mr. Holland, who offered to sell it to Mr. Seim for $40,000. The two are now collaborating on a $1 million project to renovate the house, landscape the backyard and build a 2,000-square-foot events center for a children’s museum and play area.

“People want to stake their claim in the neighborhood,” said Mr. Seim, who has already raised $100,000 for the center. “Most of what we need to do with this project is right here.”
The construction industry lost 29,000 jobs in March and its unemployment rate climbed, the Bureau of Labor Statistics says, in a report that charts the early economic impact of the coronavirus pandemic.

The latest monthly BLS employment snapshot, released on April 3, draws on data from early to mid-March, predating the late March surge in overall unemployment claims.

But the report does depict the start of an abrupt reversal for the construction industry, which had posted employment increases in the previous three months, including jumps of more than 40,000 in January and in February.

The BLS report shows that job losses were starting to hit nearly all construction sectors in March. The exception was residential building, which recorded an increase of 2,200.

But otherwise, the news was negative, with nonresidential building and heavy and civil engineering construction each losing more than 10,000 jobs.

The two specialty trade contractors’ categories combined for a loss of 10,200, as well.

The figures are based on a survey from March 8-14.

Ken Simonson, Associated General Contractors of America chief economist, said in a statement, "The March employment data does a better job reflecting market conditions before the pandemic than it does the widespread disruptions that have occurred during the past few weeks."

Simonson pointed to more-recent information from an AGC survey of its members that found that 27% of firms that responded said they have furloughed or laid off workers.

Anirban Basu, Associated Builders and Contractors chief economist, said in a statement that it’s unclear how much of a factor in construction employment declines are due to project suspensions in some states and how much to "the emergence of recessionary forces."
Basu noted that in past economic downturns, nonresidential construction was "one of the last segments of the economy to enter recession as contractors continue to work down their collective backlog."

But he added that the new focus on social distancing indicates that "nonresidential construction is susceptible to large-scale job losses immediately."

Construction’s unemployment rate for March was 6.9%, up from February’s 5.5% and the year-earlier 5.2%.

BLS rates aren’t adjusted for seasonal differences.

The bureau’s data showed that for the 12 months ended March 31, construction's workforce grew by 162,000 or 2.2%, and the industry’s average hourly earnings climbed year over year by 81¢, or 2.7%, to $31.31.

But those two indicators are likely to decline when BLS issues its April employment report, scheduled to be released on May 8.

The overall economy lost a total of 701,000 jobs in March, BLS also reported.

*Story updated to include comments from Associated General Contractors.*
Nearly 40% of Contractors Have Laid Off Workers, AGC Survey Says

April 13, 2020

In addition to increased safety protocols and disruptions on jobsites around the country, the construction industry is facing something it has seen very little of in recent years—layoffs due to work slowdowns and postponed projects.

An April 10 national survey from the Associated General Contractors revealed that 53% of firms report they have been directed to cancel current projects or those scheduled to start within 30 days. As a result, nearly 40% of firms said they have laid off employees, and 74% are seeking Paycheck Protection Program loans.

Most contracting firms in Colorado are continuing to work, says AGC of Colorado CEO Michael Gifford. “We’re not hearing about any widespread layoffs here, other than some on the office side of things, and we haven’t had companies asking us for help with layoffs.”

Firms are continuing with estimates and proposals and are seeking permits in some cases, Gifford adds. “It may be reflective of the super-strong demand that exists in the Colorado market,” he says. However, some government entities may need to reallocate capital funds toward health and safety, which could hurt future projects.

“ Owners are not only halting many current construction projects but are canceling a growing number of projects that have not yet started,” said Ken Simonson, AGC’s chief economist. “Inevitably, that has caused a growing number of contractors to furlough or terminate jobsite workers.”

Nearly 19% of AGC firms said they had already experienced project cancellations, and more than 11% of the survey’s 830 respondents reported that an owner had canceled a project still in the preconstruction phase.

The share of firms that reported furloughs or terminations rose to 40% in the latest AGC report, up from 31% in earlier surveys. More than one out of three firms (36%) has furloughed or terminated jobsite workers, while 18% have laid off office or other workers.

No region-specific data exists for firms in the Mountain States, where industry leaders report scattered project shutdowns, mostly in counties that have gone beyond statewide requirements to limit personal contact on jobsites.

However, Wayne Hammon, CEO of Idaho AGC, says that all work in Idaho’s Blaine County has been suspended. “While there has not been any blanket shutdowns anywhere else in the state, a number of contractors have reported a few projects, mostly public works, being placed on hold by owners.”

“Our governor has not enacted any shelter-at-home mandates yet,” says Russ Hanson, executive vice president, AGC of North Dakota. The state’s DOT is continuing with bids, awarding contracts and is working to implement virtual preconstruction meetings.
The coronavirus pandemic is causing construction companies to cut back on their employees, something that seemed unthinkable a few months ago.

Just weeks into government shutdowns and shelter-in-place restrictions, a growing number of contractors have turned to layoffs and furloughs. As of April 3, 27% of construction firms responding to an online survey conducted by the Associated General Contractors of America reported they had furloughed or terminated workers as a result of the coronavirus pandemic. That number was at 40% by April 10.
The economic woes are tied to a slowdown in work, respondents said, and 30% of firms said they had been asked by government officials to shut down construction sites. In addition, 53% of respondents said their projects have been delayed by owners and another 7% said owners had canceled their projects.

The survey found that contractors are facing a range of issues related to COVID-19, including materials shortages, PPE shortages, potential infected workers, lack of government action and a shortage of craftworkers.

According to Associated Builders and Contractors analysis released last week of U.S. Bureau of Labor Statistics data, all three nonresidential construction segments registered job losses in March. They are:

- building (-10,700)
- heavy and civil engineering (-10,200)
- specialty trades (-3,700)

Large-scale job losses

The dismal national employment numbers of the past few weeks signal the end of the lengthiest expansion in American history, ending a 113-month streak of employment gains, according to ABC chief economist Anirban Basu. More than 6.6 million Americans filed for unemployment in the last few weeks, according to the Bureau of Labor Statistics.

But Basu said that while the March jobs report is “horrific,” employment reports in upcoming months are likely to be even worse. It’s unclear how much of the construction employment declines are due to mandated suspension of projects in states like New York and California, he said, and how much of it is due to the emergence of recessionary forces.

“Generally, nonresidential construction is one of the last segments of the economy to enter recession as contractors continue to work down their collective backlog,” which stood at nearly nine months in ABC’s Construction Backlog Indicator, he said.

“The need for social distancing renders that statistic less pertinent, meaning that nonresidential construction is susceptible to large-scale job losses immediately,” he noted.

While the recently passed economic stimulus package helps support the U.S. economy, Basu added, recovery won’t occur until the coronavirus health crisis is over. He predicted the impending downturn will be vicious, but may have a silver lining: “It could finally induce policymakers to fashion and implement a long-awaited infrastructure stimulus package.”
Construction employment declined in 99 out of 358 metro areas from March 2019 to last month as the coronavirus pandemic triggered the first shutdown orders and project cancellations, according to an analysis released by the Associated General Contractors of America today.

Association officials urged federal and state officials to boost investments in infrastructure to help put more people to work amid rising unemployment levels.

“These new figures foreshadow even larger declines in construction employment throughout the country as the pandemic’s economic damage grows more severe,” said Ken Simonson, the association’s chief economist.

“Unfortunately, the data for April and later months are sure to be much worse. In our latest survey, more than one-third of firms report they had furloughed or terminated workers—a direct result of growing cancellations.”

The largest percentage decline in construction employment between March 2019 and last month occurred in Laredo, Texas, which lost 19 percent or 800 jobs, followed by Lake Charles, La., which lost 18 percent (4,600 construction jobs). Lake Charles had the largest numerical decrease, followed by New York City, which lost 3,500 construction jobs (2 percent).

Construction employment increased over the year in 205 metro areas and was flat in 54. The largest percentage increases in construction employment occurred in Lewiston, Idaho-Wash. (23 percent, 300 jobs), followed by Walla Walla, Wash. (22 percent, 22 jobs). The largest numerical gain occurred in Dallas-Plano-Irving, Texas (10,200 jobs, 7 percent).

Association officials noted that new infrastructure investments would help offset some of the sudden and dramatic declines to demand for construction that have taken place since the start of the coronavirus pandemic.

They noted, for example, that 68 percent of construction firms report in the association’s April 20-23 survey that they have had projects cancelled or delayed during the past two months.
“New infrastructure funding will put more people back to work in high-paying construction jobs in communities throughout the nation,” said Stephen E. Sandherr, the association’s chief executive officer.

“New infrastructure funding will also give a needed boost to manufacturing and service sector firms that supply construction employers, all of which have been hard-hit by the coronavirus and the related economic shutdowns.”
Arkansas construction executives discuss impacts of COVID-19

by Talk Business & Politics
Tuesday, April 14th 2020

LITTLE ROCK, Ark. (TB&P) — Effects of the COVID-19 pandemic being felt nationally in the construction industry are, largely, not being felt in Arkansas.

A survey of construction firms by the Associated General Contractors of America (AGC) found more than half of firms have had projects halted, and 74% of businesses have sought loans from the Paycheck Protection Program (PPP) to retain staff. The analysis was released Friday.

“Owners are not only halting many current construction projects but are canceling a growing number of projects that have not yet started,” said Ken Simonson, the association’s chief economist. “Inevitably, that has caused a growing number of contractors to furlough or terminate jobsite workers.”
The combination of project cancellations and shortages of equipment or materials is forcing nearly 40% of firms to lay off employees, according to the survey, which was conducted April 6-9 and had 830 respondents.

Greg Fogle, a chief operating officer of Conway-based commercial contractor Nabholz, said two customers have discussed the possibility of project cancellations, but have not done so as of Friday. In the most recent list of Largest Commercial Contractors published in June 2019 in the Northwest Arkansas Business Journal, Nabholz ranked No. 1, followed by C.R Crawford Construction of Fayetteville and Kansas-based Crossland Construction Co. The annual list is ranked by annual revenue generated by Northwest Arkansas operations.

Read the full story on the Talk Business & Politics website.
Coronavirus brings Pennsylvania’s construction industry to a near standstill

By Daniel Urie | durie@pennlive.com

The sudden shutdown of the construction industry has led to layoffs across Pennsylvania. Some projects have been halted in the middle of construction and some future projects are being put on hold.

Construction companies are losing income and municipalities are bracing for a delay of future tax money. And the pandemic has generated discussions about how to keep workers safe and whether they should even be working at all.

For most construction projects in central Pennsylvania, work has stopped.

On March 20, Gov. Tom Wolf ordered all non-life sustaining businesses to close physical locations in Pennsylvania, and construction was banned in virtually every category. That order was later modified. Construction is now able to continue only for emergency repairs as well as for the construction of health care facilities and for a select few companies that have been able to obtain a waiver.

“Pennsylvania is the only state to shut down all active public and private construction sites,” Pennsylvania Speaker of the House Mike Turzai (R-Allegheny County) said in a memo to House members last week. He’s pushing legislation to get construction companies working.

There are thousands of workers in the construction industry, both in Pennsylvania and also in the Harrisburg-Carlisle region. More than 230,000 people in Pennsylvania work in the construction industry, including 11,050 managers, according to the U.S. Bureau of Labor Statistics.

In the Harrisburg-Carlisle region about 8,790 workers, including 490 managers, work in the construction industry, which is a little less than three percent of workers in this area.
A Change in Plans
Jon O’Brien, the executive director of the Keystone Contractors Association in Lemoyne, which represents commercial construction companies, said when Wolf ordered construction companies to cease activity on March 19 until March 22, companies and trade organizations were lobbying Wolf to make construction a life-sustaining industry. “The plan was to bombard state government,” he said.

But last Sunday night into Monday, those plans changed as industry leaders and representatives from both management and labor took a step back to ask if they should really be lobbying for a reversal, O’Brien said. He added it is definitely a struggle in the industry on whether to immediately go back to work or not.

In the meantime, O’Brien said that the General Contractors Association of Pennsylvania and other groups have created guidelines designed to assist construction projects with implementing an effective coronavirus response plan for their job sites.

And while some companies are able to work on heath-related construction projects, that doesn’t mean that all those projects are continuing. O’Brien said not everyone is in favor of going back to work near a hospital, adding that he had heard of an incident where an entire team of subcontractors didn’t show up, causing the project to shut down.

In other cases, where inspectors are needed, they aren’t always showing up either, O’Brien said.
A Homewood Suites by Hilton hotel is being constructed on Carlisle Springs Road at the former IAC/Masland plant site in Carlisle. April 1, 2020. Dan Gleiter | dgleiter@pennlive.com

What have construction companies decided to do?
One construction company in Susquehanna Township that is able to work took a step back to look at the big picture.

Paul Williams, president of A.P. Williams, said his company shut down all field operations after Wolf’s order.
“We got the same order everyone else did,” he said. “When we got that order -- basically all construction needed to shut down.”

But a day later, the administration gave a green light to construction companies working on health-related projects, meaning A.P. Williams could go back to work on some specific projects.

But it wasn’t that easy, Williams said.

First they were concerned about the health and safety of their workers. Also, field jobs are dependent on subcontractors and others. So even if they were able to continue working on job sites – many of them quite a distance from their headquarters – would they be able to actually get anything done anyway? Would they be able to get inspections? Would they be able to get materials delivered? Would subcontractors even show up?

In the end, the company decided not to move forward on most projects.

“There’s a lot of other hurdles by us just sending our guys out there,” he said, adding that even though most of their field people are at home, they’re continuing to get paid.
“We have continued to pay our people in full, kept them on the payroll and continued their benefits,” he said.

One midstate homebuilder that did get a waiver was Landmark Homes, which is based in Clay Township, Lancaster County. But the waiver doesn’t mean it’s business as usual. The company’s leader said that every current project has been impacted, with some projects on hold and the company forced to layoff employees.

“We keep monitoring things very closely on an hourly basis to understand what’s changing,” Cliff Weaver, Landmark Homes president said. “We’re using extreme caution.”

Weaver said that the company has some clients that have sold their homes and are planning to move into a new home nearing completion. In other cases, where construction hasn’t started yet, some clients are reconsidering.

“Obviously our first concern is the health of our employees and the people who work in the construction industry,” Weaver said.

One of Landmark Homes’ projects in the Harrisburg area is Legacy Park, a 185-acre, mixed-use project that will eventually include more than 700 residential units in Mechanicsburg. And although the company has a waiver, it doesn’t mean the project will go on as usual.

The borough of Mechanicsburg declared a “State of Emergency” on March 21, which included an order that new building permit applications not be accepted, including land development plan submissions. Since the borough issued permits to Landmark Homes before the declaration, the township agreed to continue the inspections associated with the building codes but the builder was notified that the borough would not be accepting any new applications from them, according to Roger Ciecierski, Mechanicsburg borough manager.
For a home builder based in Upper Allen Township, construction remains at a standstill.

Brent Roland, president of Roland Builder, which builds and remodels homes, said that all of his company’s projects have been put on hold. “We followed the government mandate when it came out last Thursday,” he said. “So we closed off our offices and secured our job sites.”

Roland said he didn't pursue a waiver because he assumed he wouldn't receive one. He said all of his employees were home last week and paid. But in the meantime he is worried about two of the company’s houses that are in the middle of construction, including one that has an open foundation.

He said the potential impact on his business will depend on how long the company goes without being able to work.

“My whole approach in this is to trust God and take this one day at a time,” Roland said.

**What about PennDOT?**

If you lived in Pennsylvania long enough, you’ve probably heard the joke: What are the three seasons in Pennsylvania?

Answer: Summer, winter and construction.

There always seems like there is construction going on, on the state’s highways but with the shutdown in effect, all of that construction as well has come to a halt. But this week PennDOT, announced that it will continue work on only 61 emergency and critical highway and bridge projects.

![A Homewood Suites by Hilton hotel is being constructed on Carlisle Springs Road at the former IAC/Masland plant site in Carlisle. April 1, 2020. Dan Gleiter | dgleiter@pennlive.com](image)

**Protecting the workers**

There has always been an awareness when it comes to safety in the construction industry, but with the coronavirus pandemic among us, the industry has a new set of
safety concerns for those currently working and for when the rest of the industry goes back into the field -- whenever that might be.

The General Contractors Association of Pennsylvania plan recommends that employers at construction sites take steps to protect their workers.

The steps involve simple measures such as making sure there is soap and single-use paper towels and mandating hand-washing before and after eating. Beyond that, the association recommends staging the job site to stagger work and limiting the number of workers, having separate work areas when possible and restricting access to visitors. And the group recommends providing appropriate personal protective equipment and preventing the sharing tools and equipment.

Williams says that until the coronavirus is completely behind us, there will be adjustments that will need to be made.

“There’s all kinds of new training that we’re going to have to do when we do go back to the jobs,” he said. “It’s going to really affect how you man a job.”

With jobs that have hundreds and sometimes thousands of workers, Williams said that the company will have to have more shifts to spread workers apart.

“It’s going to be a whole new world on how we’re going to man a job here in the future until this virus is completely behind us,” he said.

For the International Union of Painters and Allied Trades, concerns are centered not just around the correct protection on the job but to also how help to workers that are sitting idle.

John Doherty, the communications director for the International Union of Painters and Allied Trades, said that the union is worried that construction workers currently on the job might not have the proper protective equipment and also that at the moment the unemployment system is overwhelmed.

The union has argued that while the U.S. Congress is helping bailout the airline industry, it isn’t doing anything to help construction workers. The union is urging the federal government to do several things: provide immediate unemployment to laid off construction workers at 100 percent lost wages; provide continued health coverage; secure retirement plans affected by the crisis; and invest in American infrastructure to quickly put people back to work.

“Millions of construction workers and their families are getting totally wiped out, and Congress is doing very little about it,” Ken Rigmaiden, general president of the International Union said in a press release. “If construction workers don’t work, they don’t get paid. They can’t work remotely. They don’t receive furloughs, or paid leave.”

A move to make construction companies “life-sustaining” businesses in Pa.
Turzai plans to introduce legislation this week - House Bill 2400 - which would allow all construction projects in Pennsylvania to move forward.

The bill would require the Secretary of the Department of Community and Economic Development to issue a waiver to the governor’s COVID-19 Business Closure Order to all public and private construction activities that can adhere to social distancing practices and other mitigation measures defined by the Centers for Disease Control to protect workers and mitigate the spread of the virus.

State Sen. Dave Arnold (R-Lebanon County) also plans to introduce legislation in the Senate that would allow for waivers for construction activities that use “appropriate mitigation measures to prevent exposure to the virus.”

The Flats at Factory Square at the former Carlisle Tire and Wheel plant. April 1, 2020. Dan Gleiter | dgleiter@pennlive.com

**It’s not just large projects**
The construction stoppage also affects local government.

In Carlisle, its comprehensive plan centers around the properties of three former manufacturing operations -- International Automotive Components (IAC)/Masland, Tyco and Carlisle Tire & Wheel.

Construction has come to a standstill on two large projects. Three residential buildings and a clubhouse being built at the former Carlisle Tire and Wheel properties are 60 to 90 percent completed, according to Mike Skelly, community development manager for Carlisle.

Construction has also stopped at the former IAC property, where a Homewood Suites by Hilton is being built, according to Harold Brandt, CFO of Carlisle Events, which owns most of the former IAC property. Another project that will include 280 apartment units and 48 townhomes at that property will also be delayed.
But Skelly says the construction stoppage doesn’t just affect large projects. He also points to the affect on small independent contractors that are working on home renovation projects.

“Across the board it’s an unfortunate dilemma for the big builders and the small ones,” he said.

---Sign up for PennLive’s newsletters
Thanks for visiting PennLive. Quality local journalism has never been more important. We need your support. Not a subscriber yet? Please consider supporting our work.
You can follow Daniel Urie on twitter @DanielUrie2018 and you can like PennLive’s business page on Facebook at @PennLiveBusiness
Construction stoppage means another hit to Aspen economy

Alycin Bektesh, Aspen Daily News Staff Writer

Apr 2, 2020

The project to build new city offices at Rio Grande Place is dormant due to the March 23 public health order mandating that construction cease through April 17. On Wednesday, the Pitkin County Board of Health extended the order through April 30.

Craig Turpin/Aspen Daily News
The common Aspen chorus of digging, pounding and hammering officially ended Monday as all local construction sites ceased operations per a Pitkin County emergency public health order to quell the spread of the coronavirus.

The stay-at-home order issued March 23 directed citizens performing nonessential business to limit their movement and only leave the house for health and safety reasons. Construction was specifically cited in the list of definitions as a business sector that would need to shut down through the ordinance’s time frame of April 17. That order was extended to April 30 late Wednesday.

“For clarity, residential and commercial construction is a business not listed as an Essential Business above,” the order reads. A one-week delay in enforcement was given so that sites could be abandoned safely.

“Residential and commercial construction sites may continue Minimum Basic Operations until March 31, 2020 for the purpose of safely securing and closure of their construction site,” the order says.

Another exception was given for projects deemed critical, but workers may not violate other terms of the health order, such as a 6-foot separation between workers.

“Essential Infrastructure will be considered an Essential Business and may continue operations so long as they are in compliance with Social Distancing Requirements and otherwise in compliance with this Order,” it states.

The mandate comes just as the typical construction season would be launching. In Aspen there are 182 active building permits with a total valuation of more than $10 million.

In April 2019, the building sector brought in over $5 million in sales tax, or 14.1% of the city’s total earnings that month.
“It’s going to have a heck of an impact pretty quickly,” said Mike Metheny, chief building official for the city.

“It’s pretty damaging. It’s a large portion of the local economy,” Metheny added.

In a memo sent to city councilmembers this week, Finance Director Pete Stecker predicted an $18 million loss in taxable construction sales for 2020 — nearly a 30% decline.

He said that depending where in the project’s timeline the build is, there is potential that certain projects will cease indefinitely.

“Construction projects that are in motion … are believed will continue. But projects that are in the design phase or don’t necessarily have vertical build happening right now, could be pulled back given where sentiment may be from investors or owners,” Strecker said.

Metheny also predicted that there will be a number of projects that can not weather the delay, which in the best-case scenario for development will be through the end of April.

“I don’t know what some of the unintended consequences are down the road,” he said. “It’s going to turn some folks upside down I’m afraid.”

He said some projects may have financing that is tied to staying on schedule. And in general, the price of building goes up over time, so delays in development come with added costs.

Eagle and Garfield counties have not enacted the same restrictions on construction work. Gov. Jared Polis’ statewide distancing order lists construction projects as essential business if they are related to housing, including low-income housing, or if they are related to critical business, government functions and road maintenance.
Contractor Mark Bunchman has projects in the works throughout the Roaring Fork Valley. He is concerned for the workers that have been laid off due to the closure, and doesn’t think subcontractors will wait around for projects to start again, especially when there is other work to be had outside of Pitkin County.

“The cost of the county measures will be seen by massive struggle within the working communities,” Bunchman said, adding that he feared many workers would leave the county if the health order extends beyond April 17 — which is exactly what happened on Wednesday.

Bunchman suggested it would be helpful if the county could refund partial permit fees back to the job sites that have shut down, so that the money could be used to retain workers.

Metheny is sympathetic, but pointed out the call wasn’t made by the city or county community development departments, but by the Health and Human Services team that is working to curb coronavirus spread locally.

“It really wasn’t a building department decision,” he said. “It’s a matter of public health.”

Earlier this week he acted as the point person as job sites were getting weatherproofed and shut down safely.

“The contractors have been outstanding. They are really doing their best trying to work through a pretty difficult situation,” Metheny said.

In certain situations, construction may continue, including emergency structural repairs or other matters of public safety. Other building service providers who maintain safety and sanitation may continue to operate, such as plumbers, electricians, exterminators and broadband providers.
There also is a provision for vital government projects to continue, but locally, for now, the city and county have also complied with the order for their major development projects.

Current city developments such as the new city offices building under construction near Rio Grande Place is on pause, as are the three affordable rental developments nearly completed by Aspen Housing Partners.

Public Works Director Scott Miller, who also is serving as an interim assistant city manager, said that a few vital projects will begin this spring.

“The only ones that will start soon are utility projects that are essential for delivering water or electric services or emergency repairs,” Miller said.

Any essential service, including permissible construction projects, must still adhere to social distancing guidelines regarding a six-foot separation between any two people who do not reside together.

Social distancing measures are widely cited as the best way to slow down the spread of COVID-19 within a community. The slower pace is designed to ensure that the local health care system does not receive more cases than it is able to treat in any given time period.

The governor’s office has presented data using June 1 as the date when the state will know if the distancing measures have been successful in flattening the curve to levels that ensure the best outcome for all Coloradans.

Alycin Bektesh is a reporter for the Aspen Daily News. She can be reached at Alycin@aspendailynews.com or on Twitter @alycinwonder.
Coronavirus quiets the boom of Philly construction

by Michaele Bond, Updated: April 1, 2020

The constant cacophony that has trumpeted Philadelphia’s remarkable construction boom has quieted. Towering cranes are still, jackhammers are silent, and construction vehicles have stopped their beeping back-up warnings.

And thousands of people in construction-related jobs are out of work.

As part of sweeping business closures to slow the spread of the coronavirus, Gov. Tom Wolf ordered construction sites across Pennsylvania to shut down by last Friday evening. Pennsylvania is one of only a handful of states to stop all active construction, except sites granted waivers for medical-related work, emergency repairs, and limited residential work. States such as New Jersey and Delaware that have similar stay-at-home orders have carved out construction as essential and allowed it to continue with safety precautions.

Pennsylvania House Speaker Mike Turzai (R., Allegheny) plans to introduce a bill Friday to require the state to grant a waiver to allow all public and private construction work that
can be done following social distancing and other guidelines to prevent the spread of the coronavirus.

In a letter to fellow lawmakers, Turzai said that infrastructure jobs are vital and that stopping these open-air projects “makes no sense.”

“Halting home building sites and commercial construction sites has resulted in homes and other structures sitting half-finished and, as a result, poses risks to public health and safety that must be immediately addressed,” Turzai wrote. “Leaving partially built homes and other construction sites exposed to the elements will compromise the integrity of building materials and add additional financial loss.”

Partially completed job sites could invite illegal activities or squatters, damaging stormwater runoff, or mold, which could mean a half-finished house might have to be torn down, builders said.

Philadelphia has up to 20,000 construction jobs, and for every one of those, at least two indirect support jobs involving suppliers, engineers, architects, surveyors and others, said Leo Addimando, president of the Building Industry Association of Philadelphia, an organization of mainly residential developers. Tens of thousands of jobs are in danger of furlough or elimination during the pandemic.

Owners of construction businesses are faced with “a very personal and difficult set of decisions,” including how long a company can carry which part of the workforce and whether to cut salaries, said Addimando, founder and managing partner of Alterra Property Group, a real estate investment, development, and management company based in Philadelphia. Some companies have taken a “swift approach” and laid everyone off, he said.

"There’s been a tremendous amount of job loss already,” he said.

Building industry groups have been encouraging members to apply for waivers. The state Department of Community and Economic Development is accepting requests “on a case-by-case basis” and is encouraging any company that is unsure whether its work is considered life-sustaining to apply, a spokesperson said.
The Arthaus condo construction site at the corner of Broad and Spruce on Tuesday. While developer Dranoff Properties waits to hear whether it will get a waiver, the site is closed per Gov. Wolf's order last Friday due to the spread of coronavirus.

Addimando said he thinks halting construction but granting waivers is a “smart move” for Wolf.

“It sends a strong message he believes very strongly in the health and welfare of the people of Pennsylvania, but that has to be balanced with the need for housing,” Addimando said. “My understanding is that the state is looking favorably on housing as something that is essential to life in every respect.”

The state had granted more than 4,900 waivers to businesses in various industries as of Monday evening and denied more than 7,700. It plans to continue to “review and refine” the waiver process, a spokesperson said. But confusion among construction companies abounds as to who qualifies, why, and for what work.

“If people are refused a waiver, many applicants are mystified,” said Dan Durden, chief executive officer of the Pennsylvania Builders Association. The association is not arguing that all construction should continue, he said, but wants members "to carry out the work they’re allowed to do for as long as they’re allowed to do it.”

A department spokesperson said that while general construction is suspended, residential construction projects that are “substantially completed,” meaning they have final occupancy permits, can continue. Emergency repairs also are allowed, but builders would like clarity on what constitutes an emergency, Durden said. An association member wondered: If a house has cracked
windows but they’re not yet leaking water into the house, does that mean there’s no emergency?

Even if a builder gets a waiver, it doesn’t mean work can continue if a site needs permits or inspections that the pandemic has made difficult to get or if ancillary businesses are closed. Some businesses that got waivers have decided to halt work due to restrictions or safety concerns. In some cases, homeowners have asked contractors to stay away.

Wolf gave companies a few days last week to secure work sites, but "more time would have been a huge amount of help," Durden said.

James Gallagher, a construction industry consultant based in Marlton, predicted that there are “going to be issues later on about whether there were ill effects to their projects that might have caused cost overruns.”

Remodeling companies can do emergency repairs and projects that pose an imminent hazard, such as fixing a roof or stabilizing unfinished structures from weather, said Will Giesey, president of the Chester and Delaware County chapter of the National Association of the Remodeling Industry.

Some homeowners living in Airbnbs or other temporary housing during remodeling will have to extend their stay for months. "They are obviously the hardest hit,” he said. Giesey, founder and general manager of Philadelphia-based Bellweather Construction, said his company develops projects for months before starting, so his designers can continue working with clients. But a third of the clients have put projects on hold. Giesey said he has furloughed some workers and hopes to hire them back after the pandemic ends.

He has not applied for a waiver.

“It’s a balance of managing the risk of infection vs. the benefits to all the suppliers, trade partners, homeowners, all the stakeholders that are affected by this,” he said. "Everybody would like to stay in business, but it may not be appropriate to do so.”

Companies with just a few employees will be hardest hit, and owners who can borrow money will have to figure out how much debt they can take on to keep their businesses stable for an unknown period of time, Giesey said.

“For small businesses, it’s very difficult to determine how to survive," he said. He said "it seems a little unfair" for the state to grant waivers to specific firms "just because they’re a little better at negotiating.”

“It’s so individual," he said. "And if you spin it in a way that makes it appear your case is urgent, then you’re a great negotiator, you’re probably a good salesperson, but I don’t know that should be the reason you can continue working and others shouldn’t.”
Local construction, once brimming with activity, grinds to a halt

Santa Clara County restrictions have left 80-90% of construction workers unemployed

In order for all area residents to have important local information on the coronavirus health emergency, MV-Voice.com has lifted its pay meter and is providing unlimited access to its website. We need your support to continue our important work. Please join your neighbors and become a subscribing member today.

There is not a construction worker in sight at the large apartment development at 2700 W. El Camino Real in Mountain View, after the county ordered the majority of construction come to a stop. Photo by Magali Gauthier.

by Kevin Forestieri / Mountain View Voice
Up until recently, the Bay Area's construction market was so red-hot that workers were traveling from other states to sate the heavy demand for skilled laborers. But under new restrictions imposed by public health officials, building activity that once peppered the region has abruptly reached a standstill.

In response to the spread of the new coronavirus, public health officers across six Bay Area counties introduced sweeping restrictions last month that banned numerous commercial activities, including some types of construction. Santa Clara County went a step further last week, with further prohibitions quashing most residential and commercial projects at least through the beginning of May.

Active construction sites throughout the region — teeming with workers, tractors and heavy machinery — have since been forced to "button up" and go dormant, pausing a yearslong surge in development in the Bay Area.

It also means one more sector of the economy with employees out of work.

"The construction economy has been devastated," said David Bini, executive director of the Santa Clara and San Benito Building and Construction Trades Council. "We have about 80% or 90% of our members out of work right now."

Under the March 31 order, only a narrow subset of construction is allowed to continue, including affordable housing projects and market-rate housing projects that include at least 10% affordable units. Public works projects deemed essential for health and safety reasons are also permitted, as are projects that provide temporary housing and shelter space.

Bini said his organization, which is affiliated with 25 labor unions, has been pushing back against the restrictions, arguing that active construction sites are not inherently a
public health hazard. With some exceptions, he said more jobs fall within the recommendations on safe social distancing.

The trade council sent a letter to the Santa Clara County Board of Supervisors with its concerns on March 28, adding that professional boards had not been consulted, only to have the county crack down even harder on building activity three days later.

"It seemed to add insult to injury to have that second order tighten even further on construction," he said.

In the immediate term, Bini said emergency funding at the state and federal level should be enough to support Bay Area construction workers who have been forced to file for unemployment benefits. But the assistance is only a stopgap measure, and won’t cover costs in the event that the prohibitions continue for multiple months.

"Most construction workers are sitting at home right now without a paycheck," he said.

What's baffling in the order, Bini said, is that it enumerates several types of construction activities that are exempt and will be allowed to continue under the public health order. Why is it not safe to build market-rate housing, he wondered, if it's safe to build affordable housing?

Another concern is that housing projects that barely penciled out financially before the crisis could wither on the vine because of delays. The cost of construction in the Bay Area -- largely considered the highest in the world -- and the smaller profit margin on housing projects makes them particularly susceptible to market fluctuations. In other words, entire projects may have to be scrapped.

A months-long halt on construction definitely wasn't in the plans, said Robert Freed, president and CEO of SummerHill Homes. His company currently has four projects under construction in Mountain View, including a 211-unit project at 2700 W. El Camino Real, along with multiple others in the development pipeline. Freed said that SummerHill is in strong shape financially and will be able to keep all of its projects alive, but it is a "very big bump in the road."

Freed said he is reluctant to criticize public health officers making decisions to safeguard the public during the global pandemic, but that he does feel there is room for contractors to abide by social distancing and other safety precautions. He also found it odd that projects with affordable housing can proceed, while projects that provide in-lieu fees for affordable housing elsewhere must shut down.
Most Mountain View projects halted

As of last month, Mountain View's busy development pipeline reportedly had 24 projects currently under construction. When asked how many of them are permitted to continue and how residents are supposed to know which construction sites are exempt, city staff referred the Voice to a reference guide.

All but one project, the Shorebreeze Apartment complex at 460 N. Shoreline Blvd., appear to be prohibited by the county order. The developer for Shorebreeze, MidPen Housing, did not respond to requests for comment.

Community Development Director Aarti Shrivastava said the city is complying with the county order, and that there may have been ongoing work at construction sites over the last week as contractors finish tasks and ensure projects are safe and secure for the hiatus.

Anyone who believes building activities are continuing in violation of the county health order is asked to contact the Santa Clara County District Attorney's Office, which reviews and redirects complaints to local police departments for enforcement. As of Monday, the Mountain View Police Department had received 46 complaints from the DA's office for violators, resulting in three citations.

The city of Mountain View, for its part, has dropped almost all of its own municipal construction activity. Public Works Director Dawn Cameron said all but two projects have been suspended until the shelter order has been lifted, the exceptions being the Shoreline sewage pump system project and water and sewer main replacement work along Leong Drive, both of which have been deemed critical for public infrastructure.

Also still brimming with activity this week is a major landscaping operation off of Stevens Creek Trail, due south of Crittenden Lane, where tractors, workers and dozens of trucks outfitted with wood chippers are still busy. A PG&E spokeswoman confirmed Wednesday, April 8, that the location is a parking yard for contractors doing vegetation management work in the area, which is allowed to continue in the interest of public safety.

Caltrain electrification work along the train corridor is also scheduled to continue through the shelter order, with closures at the Castro Street intersection on April 11, April 13 and April 17.
How hospitality job losses will spill over into real estate, construction

*St. Louis Federal Reserve estimated 33,972 and 22,314 jobs losses in the real estate and construction industries, respectively*

**TRD INSIGHTS /**

April 09, 2020 05:35 PM

By *Jerome Dineen*

The executive chef of Otto Enoteca stands in front of the closed restaurant caused by the coronavirus pandemic. (Photo by ANGELA WEISS/AFP via Getty Images)

*Editor’s Note: Introducing TRD Insights, our answer to the industry’s unspoken data deficit. With clear and concise analysis, our insights will provide a closer look at the real estate market on a macro and micro level.*
Stay tuned for what’s to come, and in the meantime, please enjoy our first post below!

The job losses across the hospitality and food service world are spilling over into the real estate and construction industries.

A 50 percent drop in accommodation and food services jobs nationwide in the second quarter of 2020 could translate to 3.1 million job losses in those industries and an additional 1.2 million job losses in the broader economy, according to a new report from the St. Louis Federal Reserve. That could lead to the loss of 33,972 and 22,314 jobs in the real estate and construction industries, respectively.

The study, released April 2, used data from the United States Bureau of Labor Statistics (BLS) to estimate the “spillover” — the impact that events in one sector or industry have on a seemingly unrelated sector or industry. The report did not break down the types of jobs in the real estate and construction sectors that could be impacted.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Loss</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food services and drinking places</td>
<td>2,674,889</td>
<td>21.8</td>
</tr>
<tr>
<td>Accommodation</td>
<td>514,524</td>
<td>24.6</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>85,060</td>
<td>3.5</td>
</tr>
<tr>
<td>Educational services</td>
<td>147,591</td>
<td>3.8</td>
</tr>
<tr>
<td>Administrative and support services</td>
<td>142,494</td>
<td>1.6</td>
</tr>
<tr>
<td>Sector</td>
<td>Loss</td>
<td>%</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-------</td>
<td>----</td>
</tr>
<tr>
<td>Retail, except motor vehicle and parts dealers, food and beverage stores, and general merchandise stores</td>
<td>44,774</td>
<td>0.6</td>
</tr>
<tr>
<td>Amusement, gambling and recreation industries</td>
<td>52,809</td>
<td>2.9</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>36,954</td>
<td>0.6</td>
</tr>
<tr>
<td>Real estate</td>
<td>33,972</td>
<td>1.9</td>
</tr>
<tr>
<td>Construction</td>
<td>22,314</td>
<td>0.3</td>
</tr>
</tbody>
</table>

SOURCE: Bureau of Labor Statistics

However, the real estate industry isn’t immune to direct job losses stemming from the coronavirus pandemic. This month, some of New York City’s biggest brokerages began laying off and furloughing large chunks of their workforce. Redfin, an outlier in the industry for employing salaried brokers, laid off 41 percent of its agents.

Last week’s jobs report from the BLS showed that the real estate rental and leasing workforce shrank by 3.8 percent in March 2020. Overall, the number of coronavirus-related business shutdowns has sent jobless claims skyrocketing, totaling almost 17 million over the past three weeks, according to the U.S. Department of Labor.
Baton Rouge lost 2,000 construction jobs in the 12-month period extending through March 2020, according to an analysis released today by the Associated General Contractors of America, with total construction employment declining 4% to 52,700 jobs.

The Capital Region isn’t alone in its loss. The coronavirus pandemic prompted a sudden and severe drop in construction demand that caused unemployment to rise throughout Louisiana’s largest metro areas over the time period.
In terms of percent change in construction employment, Baton Rouge ranked 311th out of 358 metro areas in the U.S. Meanwhile, employment in Lake Charles plummeted by 4,600 jobs—an 18% decrease that gave the metro area a second-worst-in-the-country ranking of 357th.

By comparison, New Orleans ranked 349th, seeing the fifth-largest total construction job loss (-2,800) and the seventh-highest rate of job losses (-10%). Moreover, the city’s total construction employment in March (26,500) is the lowest it’s been for the month since the data first became available in 2005. Shreveport also lost 100 jobs, a 1% decline.

Louisiana’s metro areas are also among 99 nationally that lost construction jobs for the year, while employment remained stagnant in another 54 areas. Already, 68% of construction firms report they have had projects delayed or canceled over the past two months, according to a recent AGC member survey.

However, other parts of the state fared better. Houma-Thibodeaux actually saw a 4% uptick in construction jobs, while Lafayette saw a 2% increase.

In a prepared statement, AGC chief economist Ken Simonson says the figures foreshadow even larger declines in construction employment throughout Louisiana and the rest of the U.S. as the pandemic’s economic damage grows more severe. To mitigate these expected job losses, Simonson urges federal and state officials to increase their investments in infrastructure projects.

“Boosting infrastructure investments will create needed jobs and allow contractors to fix roads and other infrastructure at a time when traffic and usage are relatively light,” Simonson says.
Besides putting people back to work, new infrastructure funding would also drive demand for new buildings and other development projects, he says, while helping manufacturing and service sector firms that supply construction employers, all of which have been hard-hit by the coronavirus and the related economic shutdowns.

Simonson says the national association and its local chapter, the Louisiana AGC, are working to ensure that new infrastructure proposals are enacted in Washington, D.C., and Baton Rouge “as quickly as possible.” Check out the latest figures.
Construction employment declined in many of Louisiana's largest metro areas over the past year, particularly in New Orleans as the coronavirus pandemic prompted a sudden and severe drop in demand.

That's according to an analysis released Tuesday by the Associated General Contractors of America.

The analysis says 68% of construction firms in the nation have had at least one project either canceled or delayed since the start of the pandemic. This has resulted in construction employment in New Orleans dropping by 2,800 between March 2019 and March 2020, a 10% decrease.

The current construction employment number in New Orleans stands at 26,500 and is the lowest figure since this data first became available in 2005, the report said. New Orleans also had the fifth largest loss of construction jobs and the seventh highest rate of construction job losses out of the 358 metro areas the organization tracks.

Other regions in the state haven't fared well, either. Construction employment decreased by 4,600, or 18%, in Lake Charles and by 2,000 jobs, or 4%, in Baton Rouge. Nationwide, 99 of the 358 metro areas lost construction jobs for the year, and employment was stagnant in another 54 areas.

Other parts of the state have fared better. Houma-Thibodeaux saw a 4% uptick in construction jobs, while Lafayette saw a 2% increase.

“We expect the industry will shed more jobs in the coming months as the benefits of the Paycheck Protection Program run out and full economic impacts of nationwide lockdowns weigh on private and public sector demand,” AGC chief economist Ken Simonson said in a statement.

So what will it take to bring these jobs back and help the local and state economy recover from the shutdown?

Ken Naquin, CEO of the Louisiana Associated General Contractors, said the federal government needs to make an increased investment in infrastructure and other public works projects. He said Louisiana has the lowest investment on an annual basis on infrastructure.

Louisiana's largest neighbor, Texas, spends $1 billion each month on their highway construction, while Louisiana's base spending program is roughly $650 million per year, he said. Naquin estimated the state has lost billions of dollars in industrial investments in the last year to Texas because of the lack of infrastructure.

“The best way to kickstart the economy is to spend money on infrastructure,” he said.

Construction projects are still ongoing in New Orleans and other parts of the state. Mayor LaToya Cantrell and Gov. John Bel Edwards have declared both public and private construction as essential services. Naquin said most of the contractors in the state are working and are using Centers for Disease Control guidelines on job sites.

But the viral outbreak has hurt productivity, he said. A recent poll of members of the Louisiana Associated General Contractors showed these firms are operating at 40% capacity currently.

Asked why the numbers in Louisiana were comparatively worse than other parts of the nation, Naquin circled back to the lack of infrastructure spending in the state. Naquin said he has seen many general contractors based in north Louisiana take projects in Arkansas and northeast Texas because of the lack of work in this sector.

“When you don’t address infrastructure, it mushrooms because private investment in the economy dries up,” he said.

To sign up for free CityBusiness Daily Updates, click here.
March construction employment foreshadows more layoffs

AGC officials report that construction employment declined in 20 states and Washington D.C. in March.

April 17, 2020
Posted by Haley Rischar
Forecasts & Statistics

Construction employment declined in 20 states and Washington D.C. in March, aligning with the results of a recent survey by the Associated General Contractors of America (AGC) that found growing layoffs amid new project cancellations and state funding constraints.

Association officials warned that these cancellations mean massive job losses are likely to occur soon in even more states unless Congress helps cover rapidly declining state revenues, adds funding for Paycheck Protection Program loans and takes other measures to help the industry recover.

“While construction employment declined in many parts of the country last month, far more states, local governments and project owners have halted construction in the five weeks since the government collected this data,” says Ken Simonson, AGC’s chief economist. “Our two latest surveys show a steep rise in cancellations of scheduled projects, which is leading to furloughs and terminations for both job site and office workers.”

In the association’s latest online survey, conducted April 6 through 9, 53 percent of the 830 respondents reported that a project owner had ordered a halt or cancellation to a current or upcoming project. The share of respondents reporting cancellations jumped to 19 percent from 7 percent a week earlier, suggesting that the volume of work will shrink rapidly once current projects finish. Another impediment to construction—listed by 27 percent of respondents—comes from state and local officials who have ordered construction shutdowns.

The survey also found that 40 percent of respondents had furloughed or terminated workers by April 9, an increase from 31 percent just a week earlier. While 36 percent of
firms reported furloughs or terminations of job site workers, layoffs also affected office and other workers at 18 percent of firms.

Association officials warned that construction job losses were likely to accelerate in many states amid the coronavirus pandemic. They added those job losses will get worse now that several states have canceled or significantly delayed planned highway projects because the pandemic has resulted in dramatic declines in gas tax revenues.

“There is a historic opportunity to repair aging roads and other types of infrastructure,” says Stephen Sandherr, the association’s CEO. “Without more funding from Washington, government officials will not have the resources necessary to improve the nation’s infrastructure and protect tens of thousands of construction jobs.”
Layoffs reach staggering levels for Mass. hotel, restaurant, and construction workers

State jobless claims mount as more than 6.6 million nationally filed for unemployment pay last week.

By Larry Edelman Globe Staff, Updated April 9, 2020, 7:28 p.m.
Massachusetts suffered its third straight week of crushing layoffs caused by the coronavirus crisis, with cumulative job losses topping 25 percent for lodging, food, and construction workers.

Nearly 139,600 first-time jobless claims were filed in Massachusetts in the week ended April 4, the Baker administration said Thursday. More people have filed jobless claims in the past three weeks than in the prior 78 weeks combined, and workers everywhere know they are vulnerable.

“I was not surprised because I had been talking to friends and it seemed like it was pretty inevitable," said Samuel Kasten, who lost his sales job Tuesday at Toast, a Boston restaurant software startup that laid off or furloughed 1,000 workers. “I was prepared.”

Nationally, more than 6.6 million Americans submitted initial jobless claims last week, a dip of 4 percent from the prior week’s historic high, according to seasonally adjusted data released Thursday by the Labor Department.

Massachusetts filings, which are not adjusted, were down 23 percent, but that was still the third-worst week ever. Some 250,000 people are now receiving payments from the state.

“I don’t think we can take solace in the decline in filings," said Michael Goodman, an economist and executive director of the Public Policy Center at the University of Massachusetts Dartmouth.

The jobless claims report, until recently a minor event on the government statistics calendar, has become a widely watched tally of the economic carnage inflicted by the pandemic. Over the past three weeks — as businesses were ordered closed and stay-at-home restrictions were expanded to cover more than 95 percent of the US population — nearly 17 million people have sought benefits, or about one in 10 workers.

Minutes after the Labor Department release, the Federal Reserve provided details on its latest effort to calm markets and ease the flow of credit to businesses and individuals. The central bank said it has the firepower to inject $2.3 trillion into the economy through new and expanded programs, including those for state and local governments and for businesses with up to 10,000 workers or revenue of less than $2.5 billion.
The Fed’s announcement sparked a rally on Wall Street, where the S&P 500 rose 1.4 percent. The index gained 12.1 percent for the week, its biggest jump since late 1974. Markets will be closed for Good Friday.

Even with the Fed’s unprecedented lending, and trillions in rescue spending by the federal government, economists surveyed by The Wall Street Journal forecast a painful recession: On average, they expect a 25 percent contraction in the April-June quarter, following a drop of more than 3 percent in the quarter that just ended. Respondents estimated growth of 6 percent a quarter in the second half of 2020.

The outlook is a stunning reversal from just weeks ago. The US jobless rate sat at 3.5 percent in February, the lowest in five decades. The economy was in a record-long expansion, and US stocks were near their peaks.

Now, unemployment is expected to approach 13 percent by June, according to the Journal survey, though some economists predicted levels of 20 percent or more. The post-World War II record for the jobless rate was 10.8 percent at the end of 1982, during a painful recession. More than 20 percent of the workforce was out of a job from 1932 to 1935, according to estimates made by the government years after the Depression.

For some of the state’s industries, jobless claims are at staggering levels. In the lodging and food sector, for example, 87,500 people have filed for benefits in the past three weeks, or 27 percent out of a workforce of 320,000. Some 41,200 construction industry workers have submitted claims, or 25 percent of the labor pool. In retail, 16 percent of workers have filed claims, while in health care it is 8.5 percent.

Bill Rodgers, a Rutgers University economist and a former chief economist for the Labor Department, recently calculated the “true” March unemployment rate in Massachusetts to be 27 percent, up from 2.8 percent in February. His estimate includes laid-off workers who could not file claims for technical reasons, as well as independent contractors and people running their own businesses.

Congress has responded to the jobs crisis by beefing up unemployment benefits and establishing a $350 billion loan program for small businesses to cover payroll costs for about two months, with the debt forgiven in amounts based on how many workers are retained or rehired.
Implementation of the government’s rescue packages has been shambolic. Many states have yet to accept claims from workers previously ineligible to collect benefits or pay out the extra $600 a week authorized by Congress.

The Massachusetts Department of Unemployment Assistance said Thursday that the extra $600 will begin showing up in checks this week, retroactive to March 29. But the system to handle claims from newly eligible recipients, including gig workers and the self-employed, won’t be up and running until the end of the month. There may be an uptick in claims once those workers can file.

Meanwhile, demand for loans under the federal Payroll Protection Program has overwhelmed many lenders.

Steve Bergeron, owner of AMP Fitness in Boston, was forced to lay off his four employees, including his wife, after the state ordered gyms to close in mid-March. He has been waiting since Friday for his bank, Citizens Bank, to take his loan application. On its website, the Providence-based bank cautions customers that “due to the high demand, we are currently accepting reservations for applications.”

Bergeron also applied for a $5,000 grant from the city of Boston’s Small Business Relief Fund, and was told it would take up to 10 business days to get a check if he is approved.

“Like restaurants, we don’t have a huge war chest” to survive on until the fitness studio reopens, Bergeron said in an interview earlier this week. “We’ve got a little bit in our personal savings, but the goal is not to deplete that.”

In Washington, the Fed moved on several fronts to facilitate lending to hard hit sectors. Under its new Main Street Lending Program, a facility set up by the central bank will purchase as much as $600 billion in new or increased four-year loans made by banks to eligible borrowers. Principal and interest payments will be deferred for one year. Banks will retain 5 percent of the loans.

The Fed said that companies seeking Main Street loans must “commit to make reasonable efforts to maintain payroll and retain workers” and adhere to rules barring stock repurchases, dividend payments, and raises for certain employees laid out by Congress in the recently passed CARES Act. Businesses that borrowed money under the separate Payroll Protection Program may also take out Main Street loans, the Fed said.
In another step, the central bank added commercial mortgages and other securities to the list of assets that can be used as collateral in a previously announced $100 billion program to ensure that capital is available for student loans, auto loans, and credit card loans. The Fed also said it would back the purchase of up to $500 billion in short-term debt issued by US states and US counties with a population of at least 2 million people as municipalities are squeezed by pandemic-related spending increases.

“When the spread of the virus is under control, businesses will reopen, and people will come back to work,” Fed chairman Jerome Powell said in remarks Thursday at the Brookings Institution in Washington, D.C. “There is every reason to believe that the economic rebound, when it comes, can be robust.”

Correction: Due to a reporter’s error, a previous version of this story gave the wrong percentages for layoffs in the hospitality and food sector, as well as for health care and retail workers.

Globe correspondent Anissa Gardizy contributed to this report.

Larry Edelman can be reached at larry.edelman@globe.com. Follow him on Twitter @GlobeNewsEd.
Sharp jump in construction project cancellation or delay puts many jobs at risk

March 31, 2020

According to a new survey by the Associated General Contractors of America (AGC), COVID-19 is taking a swift and severe toll on the construction industry, prompting association officials to call for additional measures to help workers and firms recover.

Thirty-nine percent of contractors report project owners have halted or cancelled current construction projects amid deteriorating economic conditions, according to the survey. Association officials warned these cancellations mean massive job losses are likely soon unless congress passes targeted recovery measures to boost infrastructure funding, compensate firms for lost or delayed federally funded work, and provide needed pension relief. The project cancellations are particularly severe in light of new data showing 42 states added construction jobs through February.

“The abrupt plunge in economic activity is taking a swift and severe toll on construction,” said Ken Simonson, the association’s chief economist, noting only 18 percent of respondents has been ordered to halt work by elected officials. “The sudden drop in demand stands in sharp contrast to the strong employment levels this industry was experiencing just a few weeks ago.”

In the association’s latest online survey, conducted between March 23 and 26, 45 percent of the 1640 respondents reported experiencing project delays or disruptions. Shortages of material, parts and equipment, including vital personal protective equipment (PPE) for workers such as respirators, were reported by 23 percent of respondents. Eighteen percent reported shortages of craftworkers, while 16 percent said projects were delayed by shortages of government workers needed for inspections, permits, and other actions. Thirteen percent said delay or disruption had occurred because a potentially infected person had visited a jobsite.

The survey also found 35 percent of firms said suppliers had notified them or their subcontractors that some deliveries would be delayed or cancelled, Simonson added. He noted
only 22 percent reported similar supply chain challenges last week. That survey was conducted between March 17 and 19. However, eight percent of firms did report they have added new work expanding health care and other facilities needed to respond to the growing health crisis.

In contrast to the rapidly deteriorating current market conditions, the association also released new construction employment data showing most states, 42, added construction jobs between February 2019 and February 2020. Industry employment declined over the year in eight states and the District of Columbia. From January to February, 37 states and D.C. added construction jobs, while 11 states shed jobs and two states had no change.

Association officials said new investments in infrastructure, relief from losses incurred on delayed or canceled federally funded projects, and protections for multi-employer pensions will help the industry recover from the economic impacts of the pandemic.
Construction industry feels affects of COVID-19

By News Desk |
Posted: Thu 10:36 PM, Apr 16, 2020 |
Updated: Fri 8:20 AM, Apr 17, 2020

BANGOR, Maine (WABI) - The United States home-building activity collapsed in March as the coronavirus spread, with housing starts tumbling 22.3% from a month ago.

The effects are being felt in Maine too.
These essential workers have had to change their ways just like many of us.
Matt Marks is the CEO of Associated General Contractors of Maine.
He says people have canceled projects and others have held off for the time being.
From start to finish there's a lot that goes into the contracting process.
For example, public meetings have to happen in order to get certain permits.

He says with this virus that can be hard because not everyone has the ability to go virtual.

CEO of Associated General Contractors of Maine, Matt Marks, said, "The longer this goes on I think we will start to see some of those effects play throughout the industry and that impact could be pretty tough for everyone...we are hopeful that as we look at sort of where this peak is we start to some so the relaxation of some of those conditions because we build a lot of restaurants, a lot of hotels, a lot of small corner shops boutiques those are really essential for not just my industry but for everybody."

Marks says when it comes to safety, various measures are in place to ensure contractors are safe and protected.
Coronavirus fallout: California loses 11,600 construction jobs in early March

On a percentage basis, that’s a 1.29% drop — No. 3 worst among the states.

By Jonathan Lansner | jlansner@scng.com | Orange County Register

PUBLISHED: April 20, 2020 at 12:57 p.m. | UPDATED: April 23, 2020 at 3:53 p.m.

California construction employment, monthly change. (Source: St. Louis Fed)

The novel coronavirus hammered the state’s construction industries in early March.

California has 885,300 construction workers — No. 1 nationally — but was down 11,600 jobs in March, according to a study by Associated General Contractors of America. That was the third-largest statewide drop since 2010 and the No. 1 drop nationally. Jobs declined in 20 states in March, according to the trade group.

On a percentage basis, that’s a 1.29% drop — No. 3 worst among the states. The rankings were derived from federal job stats compiled from employer surveys taken in the first two weeks of a month.

Are you a real estate fan? Then sign up for The Home Stretch newsletter and its Bubble Watch edition. A twice-a-week review of what’s important for housing around the region! Subscribe here!

Construction is an “essential” business and can operate with modest limitations amid the pandemic. But many projects, from private industry and government, have been put on hold due to financial issues from the economic slowdown or questions about future demand for developments underway.

The industry had been a growth business in California. Employment is still up 9,800 workers in the past 12 months, the No. 4 expansion among the states. But the 1.12% growth rate for the year is ranked only 30th nationally.

Construction was roughly 1-in-9 lost jobs statewide last month. California officially lost 99,500 jobs in March, the worst drop in the nation.

Federal job stats show jobs fell in 31 states in March with Texas (down 50,900 jobs) and New York (41,700) showing the next-biggest declines.
AZ BIG MEDIA

Construction industry braces for disruptions as most projects stay on track

The construction industry, a cornerstone of Arizona’s economy, is one of the essential services that can continue operating under Gov. Doug Ducey’s stay-at-home order issued this week. As signs of distress are emerging for the construction industry as commerce slows, construction advocates are counting on the governor’s order and the nation’s new $2.2 trillion economic stabilization package to help.

“Obviously, public safety is the most important thing and how we support people who are displaced at this time, but we need to focus as well on recovery in an appropriate manner,” said Cheryl Lombard, CEO and president of the non-profit Valley Partnership that represents developers in the Phoenix region.
States, cities open — and closed — for construction

Some municipalities and states like New York and Washington have shut down construction except for critical repairs and projects.

But others like Arizona, California and Illinois, are trying to keep the construction industry alive even under orders to shelter in place or stay at home. Major projects such as the $1.9 billion Allegiant Stadium in Las Vegas, a $1.5 billion expansion of the Kansas City International Airport, and the $4 billion train route from Orlando to West Palm Beach are still on track.

Rigid safety guidelines in place

General contractors already are accustomed to “very rigid” safety standards and have initiated additional protocols during the outbreak, said Suzanne Kinney, president of the Arizona chapter of NAIOP, the voice of commercial real estate.

“They’re doing what they need to keep their workers safe, and what we’re hearing is their workers want to stay on the job and they can do that safely,” Kinney said.

Keeping construction industry going is critical

Industry leaders and advocacy groups like the NAIOP and the U.S. Chamber of Commerce are urging President Donald Trump to keep construction as an essential business nationwide.

Shutting down massive projects midway could put the country in a more dire state.

“Some of these projects are important for our country,” Kinney said. “They’re important in the short term in addressing the crisis, and they’re important in the long term because they’re projects that cannot be quickly closed out and then started again because of their scale.”

As a nation, the U.S. enjoys one of the largest construction markets worldwide. The industry has more than 680,000 employers and over 7 million employees and creates nearly $1.3 trillion worth of structures each year, according to the Associated General Contractors of America.

In Arizona, the industry employs close to 150,000 workers, according to the Arizona Office of Economic Opportunity.

Construction is also one of the largest customers for manufacturing, mining and a variety of services.

Commercial real estate starting to see signs of distress

For now, there have been few major development projects on the chopping block in Arizona because of the virus. But issues are emerging that need quick solutions, Kinney said.
Among them: tenants unable to pay rent, a need for forbearance on mortgages for building owners, and the inability to meet important deadlines because of travel restrictions and social distancing.

Rent payments stalling
Kinney reports seeing daily “exponential” growth of tenants unable to pay rent because of businesses slowing and shutting down.

“Unfortunately, our commercial real estate industry is experiencing quite a bit of pain already,” she said. “One of the main issues is that businesses, particularly smaller or those in restaurant and hospitality, have had such a decrease in their revenues that they are unable to pay their rents.

“There’s zero incentive to push tenants out, but it’s difficult for building owners because they do rely on that rent coming in to pay for building operations, and more importantly, to service their mortgages on their buildings.”

Deadlines impossible to meet
Real estate transactions in many instances are on hold because of travel restrictions. That means it can be impossible to meet deadlines for matters such as 1031 exchanges, Kinney said.

These common exchanges occur in commercial real estate when an investor in a property sells that property and immediately rolls it into another property. In doing so, investors do not have to pay capital gains tax on the gain from the property. Under the virus outbreak, legal deadlines for many of these transactions are impossible to meet.

“Because of this extraordinary situation, the whole process has slowed down and in some cases come to a screeching halt because part of real estate transactions require meetings to take place and tours and inspections of the property,” Kinney said. “But because there’s so many travel restrictions, that simply cannot happen, but the deadlines are still in place at the IRS.”

Solutions on the way
Currently, there are solutions surfacing. A new disaster loan program through the federal Small Business Administration can help small businesses with working capital and other expenses. The $2.2 trillion economic stabilization package recently passed by Congress should offer some solutions as well, industry advocates said. Included in the package is nearly $350 billion in loans and grant assistance for small businesses with 500 or fewer employees. The forgivable loans can be used for payroll, rent and other operating expenses.

“It should be okay as long as we can just get heard with all of the noise that’s taking place right now,” Kinney said.
For now, all parties are working together, but relief needs to come soon, she said.

Meanwhile, as cities and states issue more social distancing requirements, Gov. Ducey's essential services order provides certainty for the industry, she said.

“lt’s extremely helpful to have that consistency across the state,” Kinney said. “General contractors, developers and construction companies were really confused when we were facing city-by-city closures.”

**Governor’s order covers construction, maintenance, landscaping**

According to Gov. Ducey’s essential services order, most if not all construction projects can continue including public works projects, long-term care facilities, housing, building maintenance and management, and landscape management.

**Resources for the real estate industry**

As the virus hampers the ability to meet with some clients or visit a local planning department, the Valley Partnership has compiled a number of resources and links for the industry. Included are lists how city and county planning and zoning agencies are operating — mostly online — through the outbreak.

“Our members are working on a case-by-case basis with their tenants that are impacted by the crisis,” CEO Lombard said. “We’re asking tenants to contact their landlords. Most important is for everyone to stay healthy.”
In March, construction employment has declined in 20 states and D.C. The figures have aligned with the results of Associated General Contractors of America’s survey. The survey has found growing layoffs amid new project cancellations and state funding constraints. Association officials have warned that the cancellations will mean massive job losses.

The officials requested Congress to help cover the rapidly declining state revenues, adds funding for Paycheck Protection Program loans and takes other measures to maintain the industry recover. Between February and March, construction jobs in Illinois declined by 1100, about a 1 per cent increase to 225,000. The overall decline from the same period last year is slightly higher — a job loss of 2,000.

There is no doubt that in April we will see job loss numbers to be higher as the full effects of the COVID-19 pandemic take hold. Ken Simonson, the association’s chief economist, said, “While construction employment declined in many parts of the country last month, far more states, local governments and project owners have halted construction in the five weeks since the government collected this data.”
Simonson added, “Our two latest surveys show a steep rise in cancellations of scheduled projects, which is leading to furloughs and terminations for both jobsite and office workers.” Construction employment decreased in 20 states and the District of Columbia from February to March, according to association released an analysis of new government data.

The analysis showed increased employment in 24 states and steady in six states. Rapid deterioration is seen in the figures, in a previously vibrant job market for construction. Construction employment declined in only seven states, and D.C. held steady in two states and increased in 41 states over the course of 12 months ending in March.

*Jackson Sorbo*
Managing editor of the Chicago Morning Star