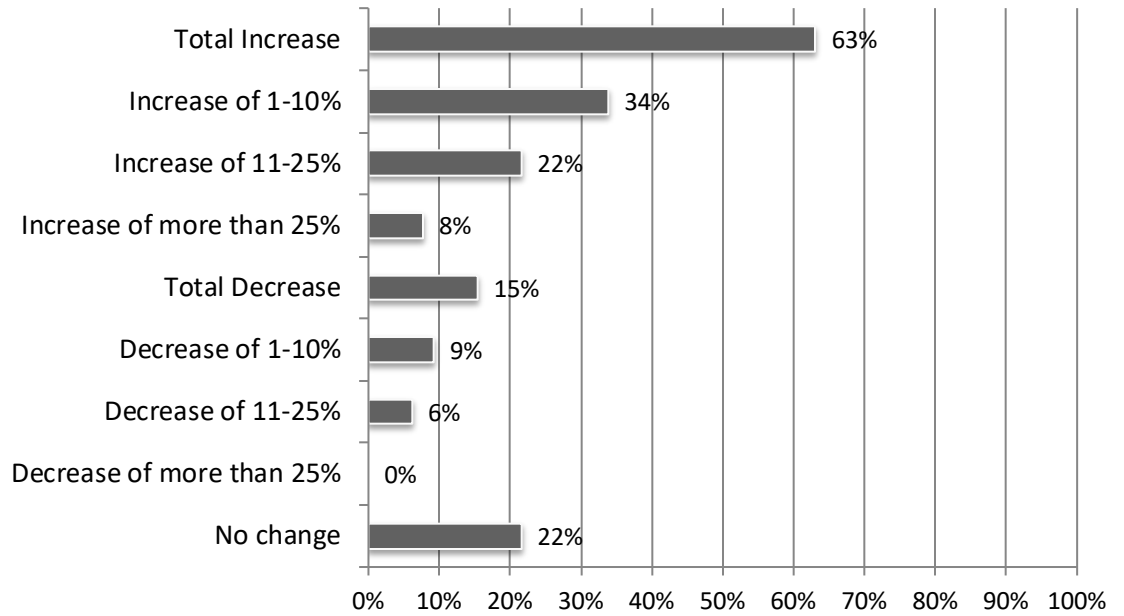# 2023 Construction Outlook
California Survey Results

Total Responses: 65. Responses varied for some questions. Percentages are based on responses to each question and may not sum to 100 due to rounding.

1. **Compared to 2022, do you expect the available dollar value of projects you compete for in 2023 to be higher/lower/about the same? (answer for all market areas in which your business operates): Responses: 64**
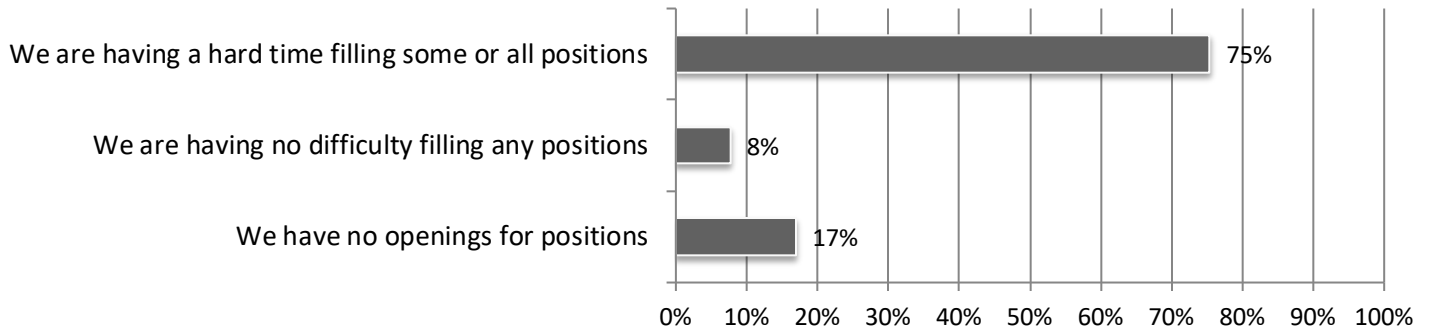
Market	Higher	Lower	Same	Net*	US Net
Federal (e.g., VA, GSA, USACE, NAVFAC)	57%	14%	29%	43%	37%
Higher Education	39%	14%	48%	25%	16%
Bridge/Highway	40%	3%	57%	37%	42%
Hospital	47%	11%	42%	37%	23%
Other Healthcare	54%	5%	41%	49%	28%
K-12 School	42%	12%	47%	30%	16%
Manufacturing	33%	28%	38%	5%	14%
Multifamily Residential	41%	32%	27%	10%	1%
Power	57%	9%	34%	49%	28%
Private Office	21%	44%	36%	-23%	-21%
Data Center	42%	16%	42%	26%	12%
Public Building	41%	23%	36%	18%	23%
Retail	15%	50%	35%	-35%	-22%
Warehouse	29%	26%	46%	3%	10%
Lodging	30%	33%	36%	-3%	-4%
Transportation (e.g., transit, rail, airport)	62%	3%	35%	59%	42%
Water/Sewer	49%	14%	37%	34%	38%
Other	33%	8%	58%	25%	10%

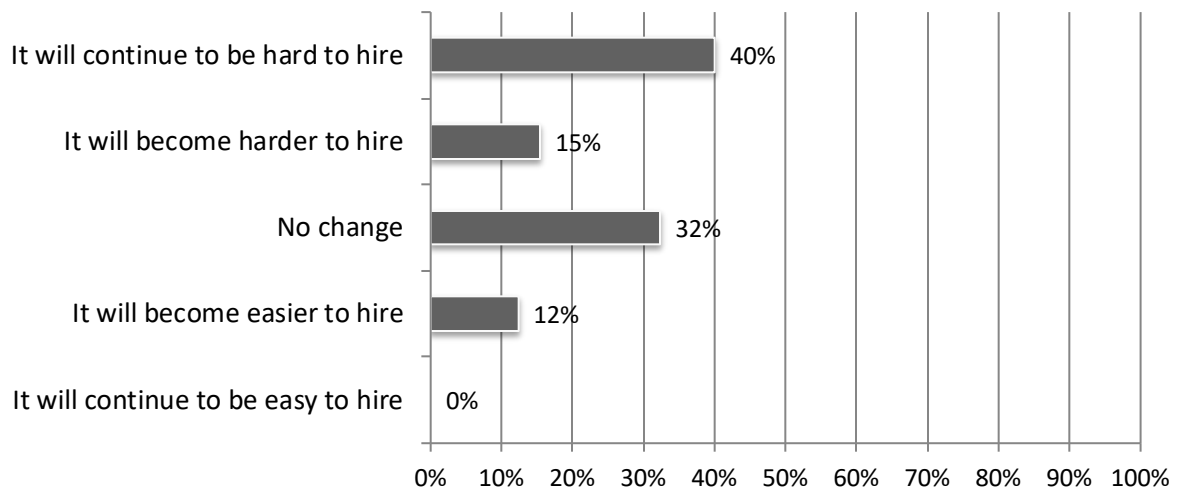**Net equals difference between number of "Higher" and "Lower" responses as percent of total.*

2. What percent change do you expect in your headcount in 2023? Responses: 65

Category	Percent
Total Increase	63%
Increase of 1-10%	34%
Increase of 11-25%	22%
Increase of more than 25%	8%
Total Decrease	15%
Decrease of 1-10%	9%
Decrease of 11-25%	6%
Decrease of more than 25%	0%
No change	22%

3. How would you describe your current situation in filling salaried and hourly craft positions? Responses: 65

Category	Percent
We are having a hard time filling some or all positions	75%
We are having no difficulty filling any positions	8%
We have no openings for positions	17%

4. Do you expect any changes in the availability of hourly craft or salaried personnel over the coming 12 months? Responses: 65

Category	Percent
It will continue to be hard to hire	40%
It will become harder to hire	15%
No change	32%
It will become easier to hire	12%
It will continue to be easy to hire	0%

5. **What changes did your firm make in pay or benefits in 2022? (mark all that apply) Responses: 65**

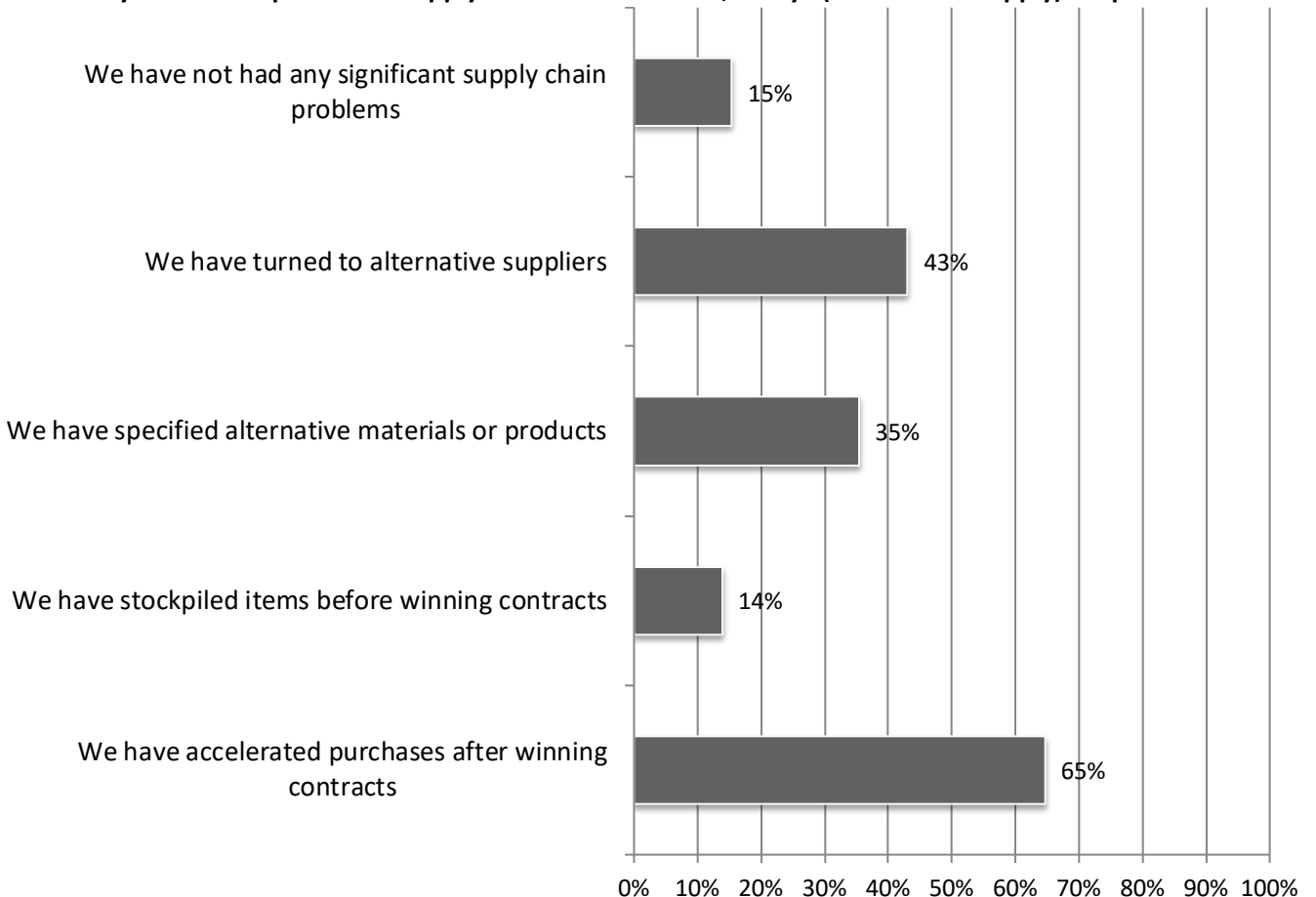| Response	Percentage
Increased base pay rates more in 2022 than in 2021	55%
Provided similar or smaller increases in 2022 than 2021	31%
Introduced or increased incentives/bonuses	26%
Increased our portion of benefit contributions and/or improved employee benefits	15%
No increases in pay, incentives, or benefits in 2022	12%
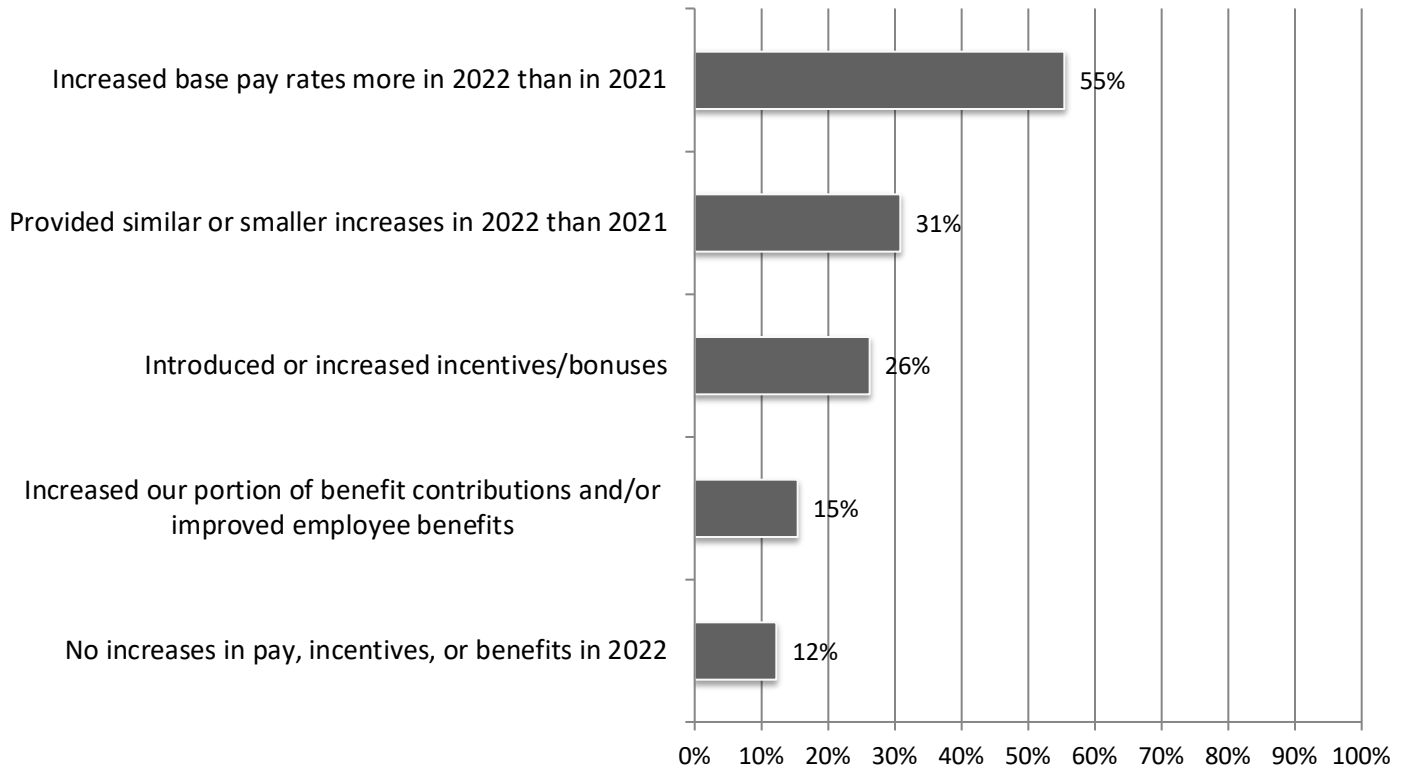
6. **How has your firm responded to supply-chain issues in 2022, if any? (mark all that apply) Responses: 65**

Response	Percentage
We have not had any significant supply chain problems	15%
We have turned to alternative suppliers	43%
We have specified alternative materials or products	35%
We have stockpiled items before winning contracts	14%
We have accelerated purchases after winning contracts	65%

7. Do you anticipate purchasing/leasing new work vehicles or equipment in 2023? Responses: 65

Response	Percentage
Yes	51%
No	29%
Uncertain	20%
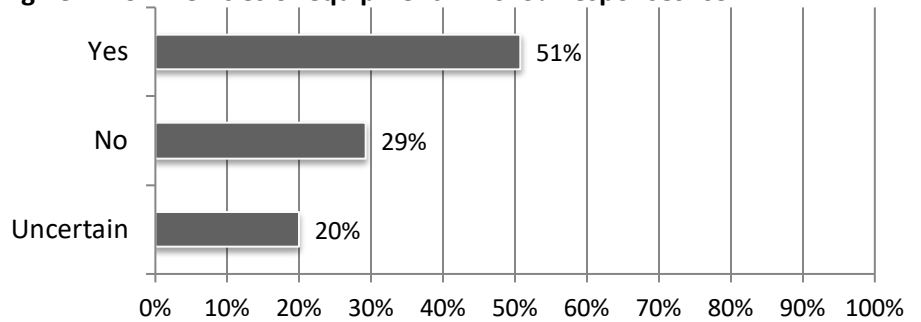
8. What difference, if any, has the Infrastructure Investment and Jobs Act of 2021 (the "Bipartisan Infrastructure Law") made to your business? Responses: 65

Response	Percentage
We have worked on new projects funded by the law	2%
We have won bids but have not started work	8%
We have bid on projects but not won any awards yet	6%
We plan to bid on projects but nothing suitable has been offered yet	22%
We do not expect any change in our business as a result of the law	38%
Don't know	25%
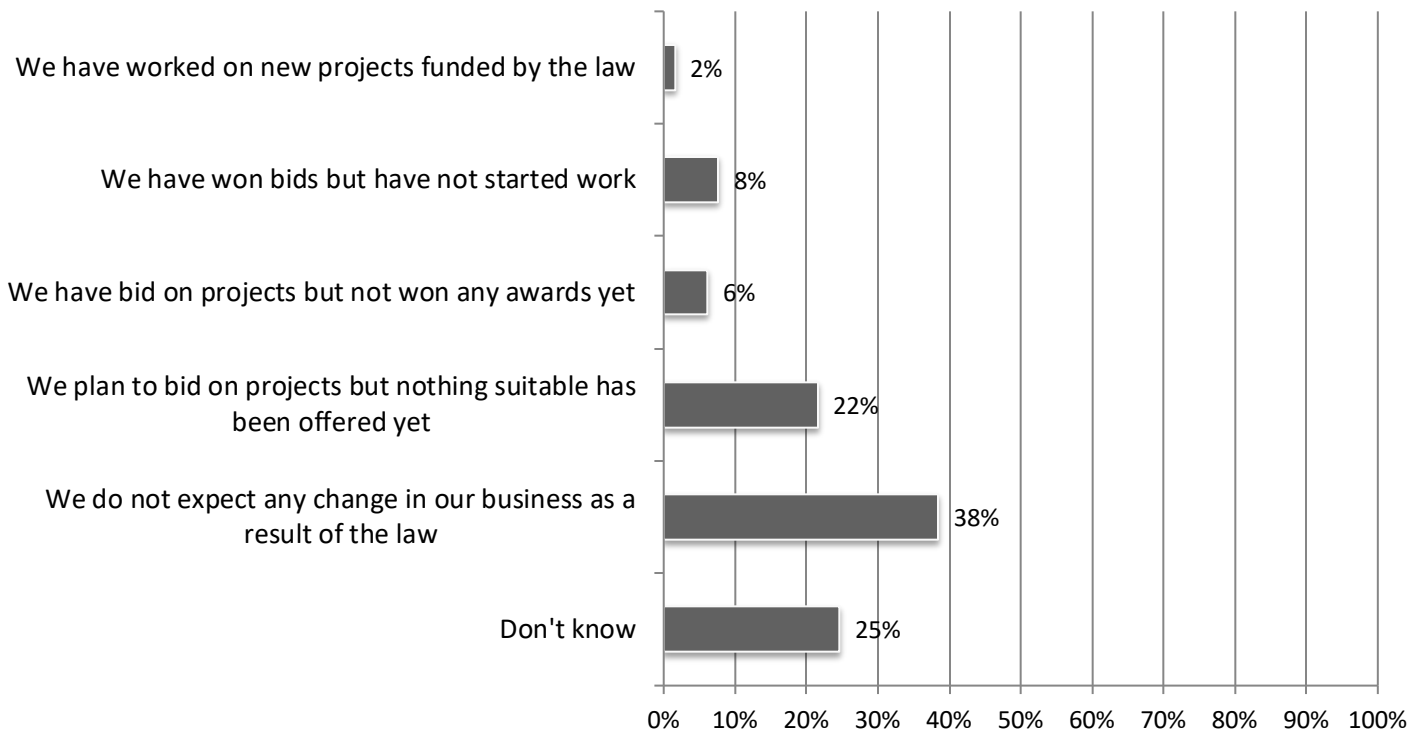
9.   Did an owner postpone or cancel any projects that were scheduled to start in 2022 or 2023? (mark all that apply) Responses: 65

Response	Percentage
No projects have been postponed or canceled	25%
Postponed in 2022 but rescheduled	55%
Postponed or canceled in 2022; not rescheduled	31%
Scheduled in January-June 2023 but postponed or canceled	14%
Scheduled to start in July 2023 or later but postponed or canceled	3%
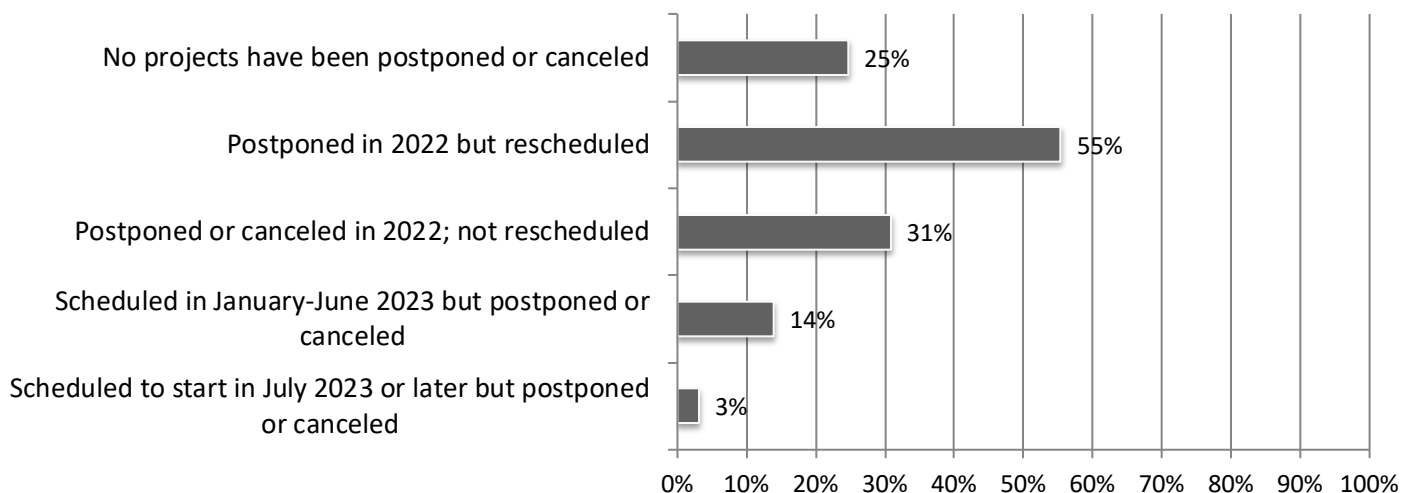
10. If projects were postponed or canceled, what was the main reason? Responses: 58

- Rising costs (for construction, financing, insurance, etc.) — 38%
- Delay in likely completion date — 14%
- Reduced funding available — 22%
- Reduced demand for completed projects — 5%
- Don't know — 12%
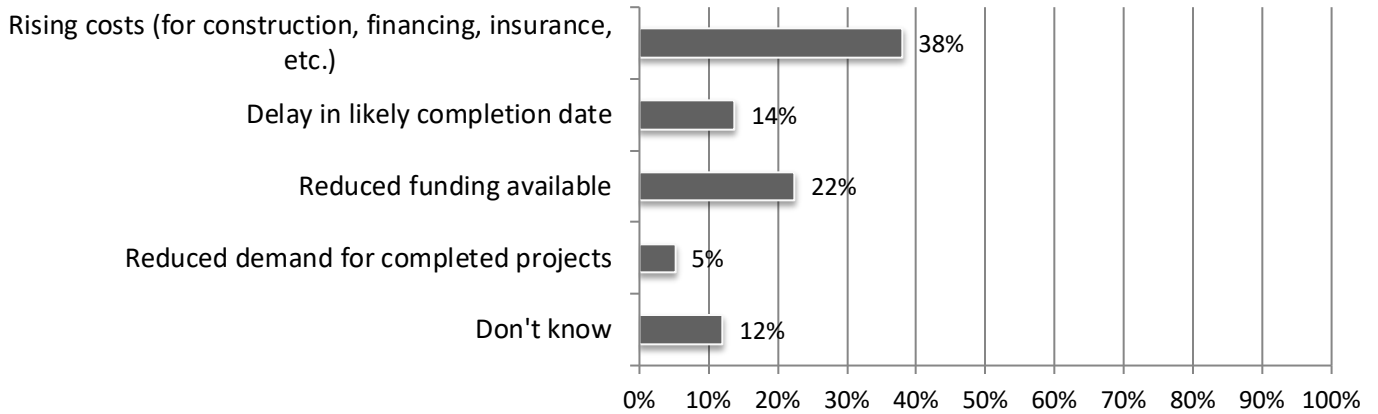
11. What are your biggest concerns for 2023? (mark all that apply) Responses: 65

- Economic slowdown/recession — 75%
- Rising interest rates/financing costs — 55%
- Material costs — 71%
- Project delays due to availability/supply chain issues — 58%
- Rising direct labor costs (pay, benefits, employer taxes) — 66%
- Other costs (e.g., trucking, insurance, design or other services) — 38%
- Insufficient supply of workers or subcontractors — 65%
- Worker quality — 45%
- Inadequate construction career education and training — 23%
- Impact of immigration policy on labor supply — 8%
- Safety — 15%
- Project delays due to government review/permitting/inspection delays — 32%
- Federal regulations — 23%
- State and local regulations — 34%
- Not enough private sector work — 22%
- Inadequate funding for public building projects — 11%
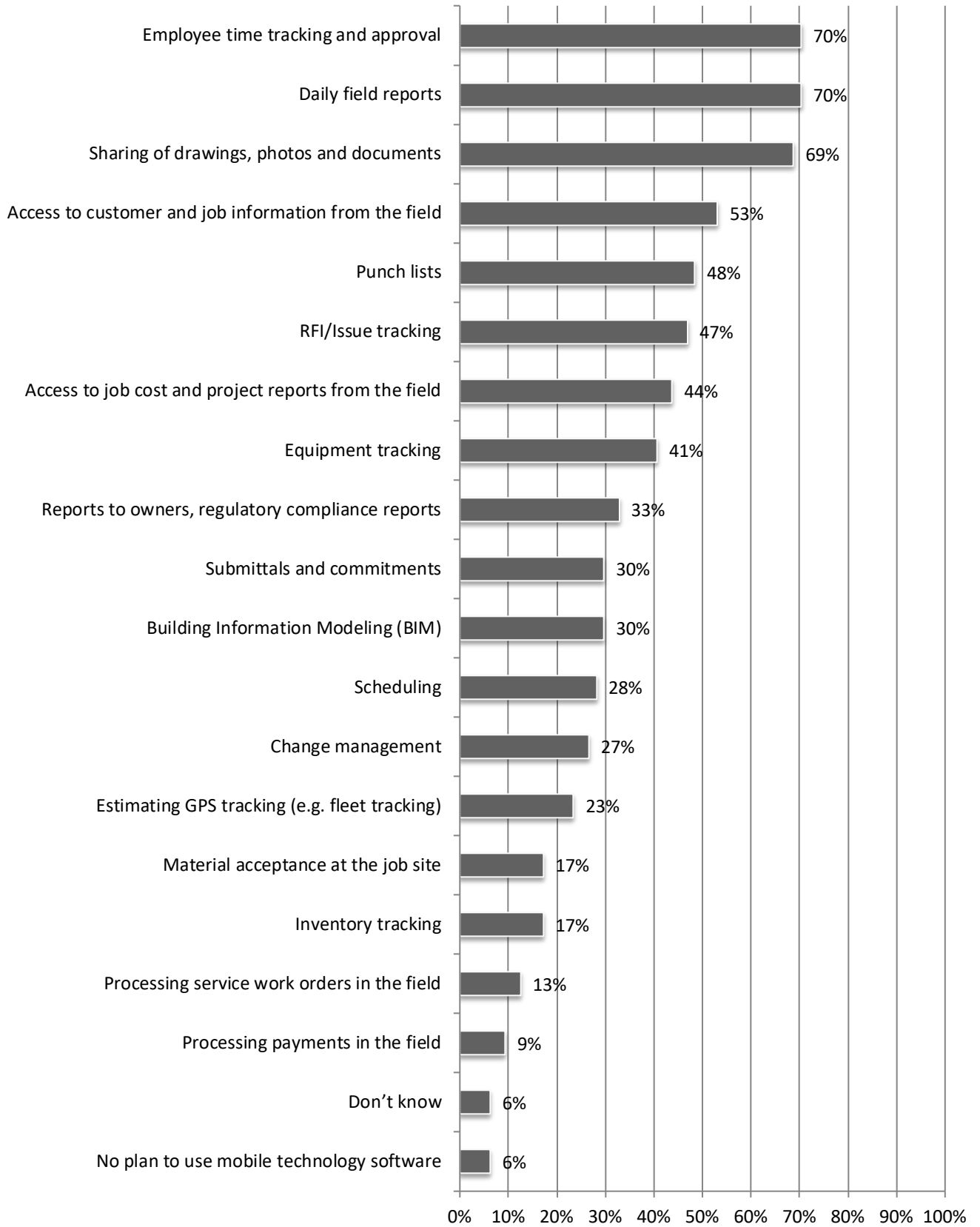- Increased competition for projects — 23%

12. What challenges, if any, do you see regarding the safety and health of your firm's workers? (mark all that apply) Responses: 52

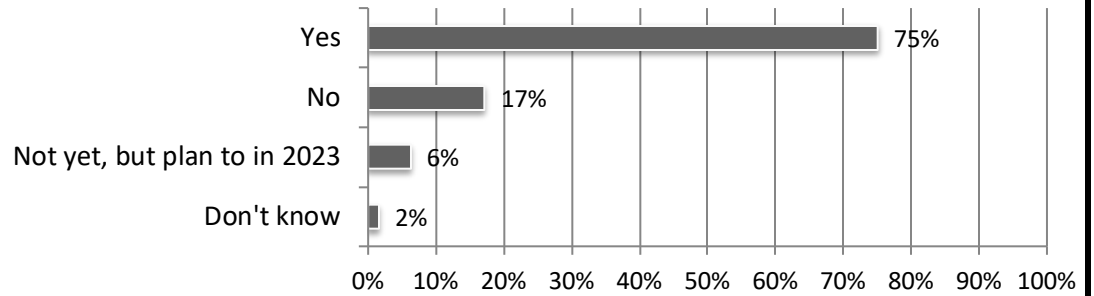| Challenge	Percentage
Inexperienced skilled labor/workforce shortage	83%
Lack of cooperation from government agencies or regulators	10%
Low quality of available safety and health training	4%
Poor subcontractor safety and health performance	23%
Safety hazards created by 3rd parties (e.g., motorist crashes into work zones)	37%
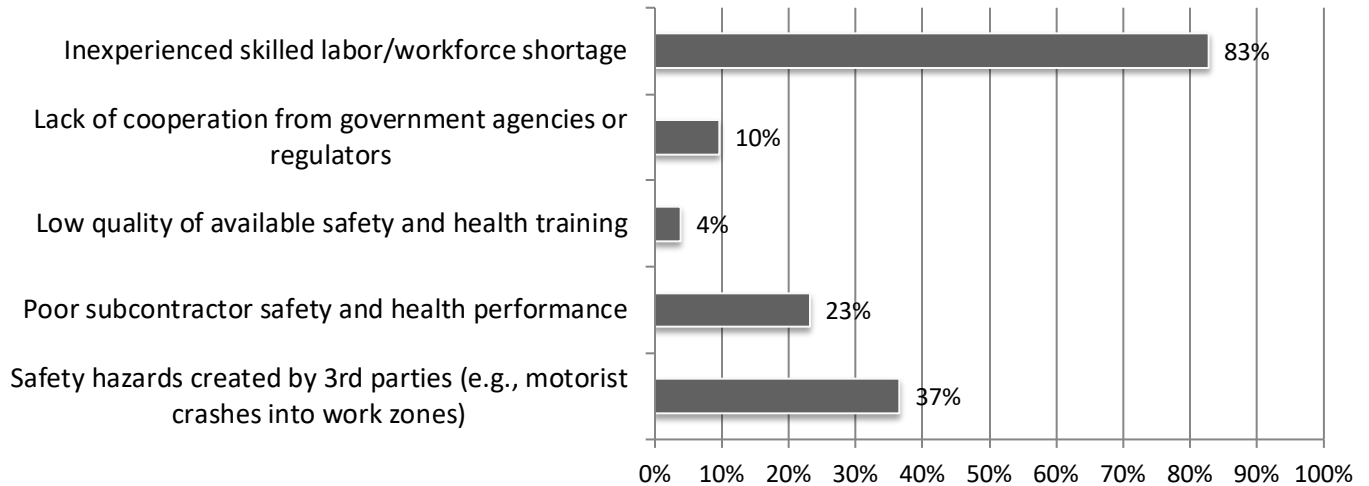
13. Compared to 2022, will your firm's 2023 investment in the following technologies change? (mark all that apply) Responses: 64

	Increase	Decrease	No change
Project management software	39%	2%	60%
Document management software	32%	2%	67%
Human resources (HR) software	31%	2%	68%
Project collaboration software	28%	2%	70%
Client relationship management (CRM) software	26%	2%	72%
Estimating software	26%	2%	73%
Tool/asset management/tracking	18%	3%	79%
Accounting software	18%	3%	79%
Fleet tracking/management software	18%	3%	79%
Building Information Modeling (BIM)	17%	3%	80%
Payroll software	16%	2%	82%
Scheduling software	16%	2%	82%
Subcontractor bid management/ITB software	12%	2%	87%
Prequalification software	5%	2%	93%
Service management software	5%	2%	93%

14. How does your company plan to use mobile software technology? (mark all that apply) Responses: 64

Category	Percentage
Employee time tracking and approval	70%
Daily field reports	70%
Sharing of drawings, photos and documents	69%
Access to customer and job information from the field	53%
Punch lists	48%
RFI/Issue tracking	47%
Access to job cost and project reports from the field	44%
Equipment tracking	41%
Reports to owners, regulatory compliance reports	33%
Submittals and commitments	30%
Building Information Modeling (BIM)	30%
Scheduling	28%
Change management	27%
Estimating GPS tracking (e.g. fleet tracking)	23%
Material acceptance at the job site	17%
Inventory tracking	17%
Processing service work orders in the field	13%
Processing payments in the field	9%
Don't know	6%
No plan to use mobile technology software	6%

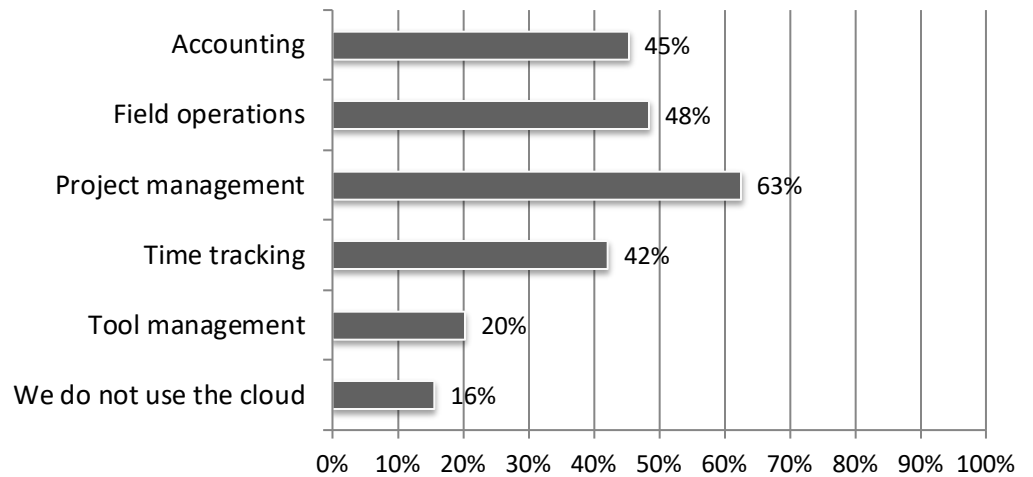**15. Does your firm currently have a formal IT plan to support your business objectives? Responses: 64**

Response	Percentage
Yes	75%
No	17%
Not yet, but plan to in 2023	6%
Don't know	2%

16. What are your biggest IT challenges? (mark all that apply) Responses: 65

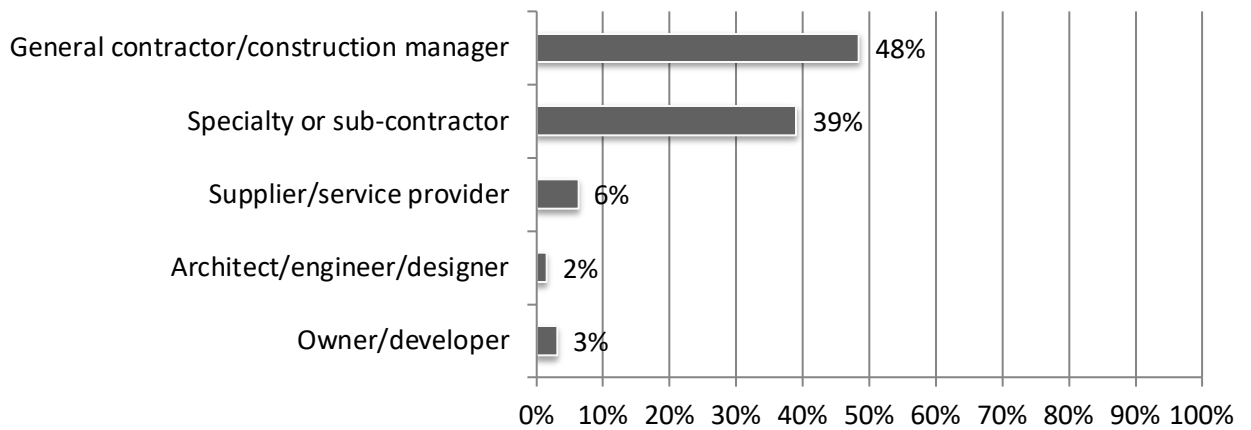| Challenge	Percentage
Connectivity to remote job sites	48%
Employee resistance to technology	46%
Keeping company data secure from hackers	43%
Integration between software used inside our company	43%
Time needed to implement and train on new technology	42%
Communication between field and office	37%
Keeping software current	28%
Integration with software used by project partners outside our company	26%
Keeping hardware current	15%
Outdated company software and systems	14%
Management resistance to technology	8%
None	6%
Don't know	3%

17. Does your firm use cloud-hosted technology in any of the following ways (mark all that apply)?
   Responses: 64

Category	Percentage
Accounting	45%
Field operations	48%
Project management	63%
Time tracking	42%
Tool management	20%
We do not use the cloud	16%

18. What best describes your firm? Responses: 64

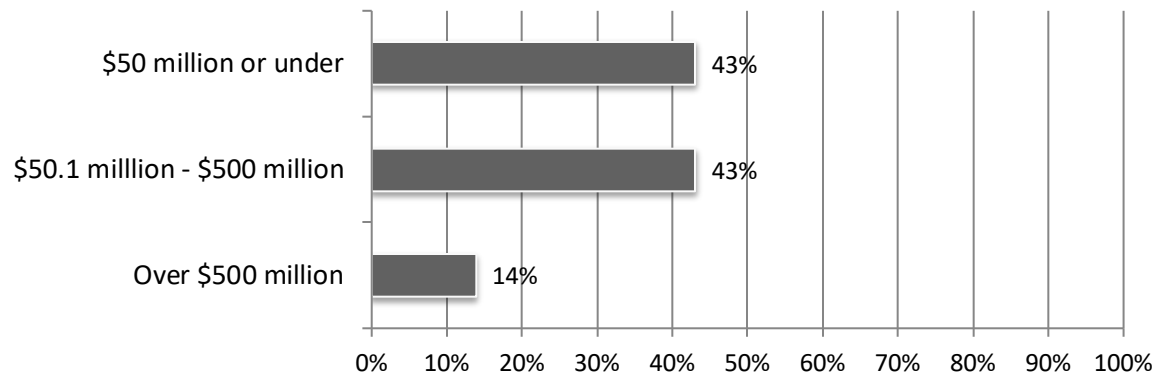| Category	Percentage
General contractor/construction manager	48%
Specialty or sub-contractor	39%
Supplier/service provider	6%
Architect/engineer/designer	2%
Owner/developer	3%

19. When you self-perform construction work, do you operate as a union contractor or an open-shop contractor?
   Responses: 65

Category	Percentage
We always operate as a union contractor	32%
We primarily operate as a union contractor but not always	6%
We primarily operate as an open-shop contractor but not always	9%
We always operate as an open-shop contractor	38%
We do not self-perform or directly hire craft personnel	14%
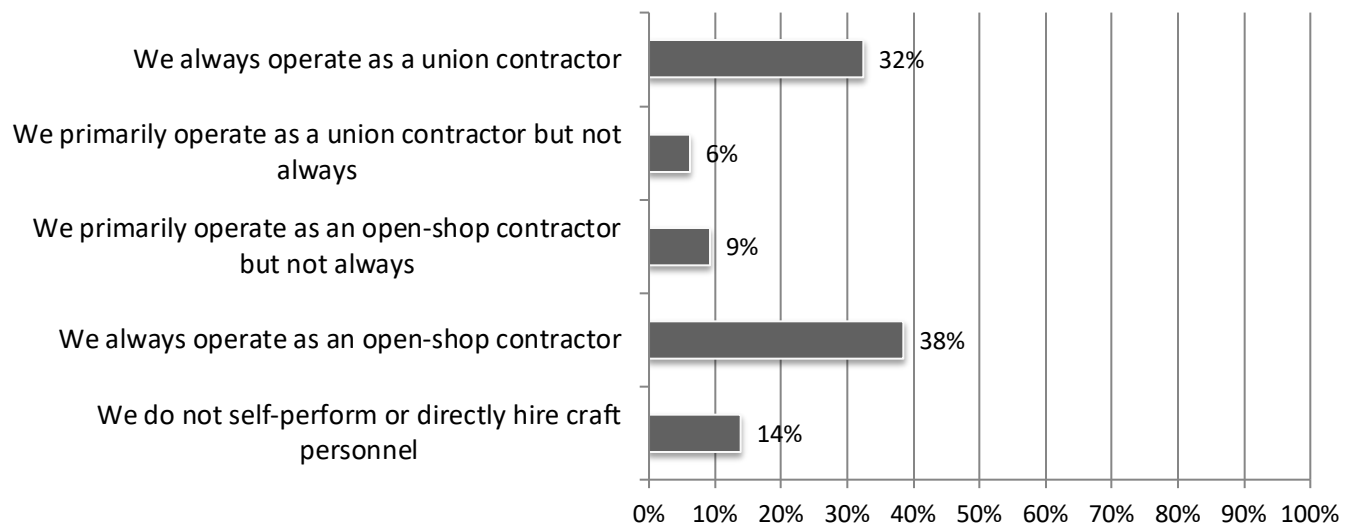
20. Estimate the total dollar amount of work your firm performed in 2022. Responses: 65

Category	Percentage
$50 million or under	43%
$50.1 milllion - $500 million	43%
Over $500 million	14%

21. How many total employees does your firm employ at all of its locations? Responses: 65

Category	Percentage
1-19	12%
20-99	26%
100-499	34%
500 or more	28%