

2022 Construction Hiring & Business Outlook Media Call Remarks

STEPHEN SANDHERR

Hello and thank you for logging in today. My name is Stephen Sandherr and I am the chief executive officer of the Associated General Contractors of America. Joining me today are: our chief economist, Ken Simonson, and Vice President of Construction and Real Estate at Sage, Dustin Stephens. We also have several contractors on the line. They are Charlie Wilson, the president of Durham, North Carolina-based CT Wilson Construction;

and (*add names*).

Each year we survey the construction industry for the coming business year. We talk about the Hiring and Business Outlook. We discuss the Outlook and have included the Outlook and have included the Outlook and have included remain competitive.

representing a broad range of firms in terms of size, business volume and geographic distribution. Their responses make it clear that contractors are, overall, very optimistic about the outlook for 2022.

They expect demand for most types of projects to increase and, as a result, object 0.29 0 Td(of Tj 0.83 0 Td()Tj-

Respondents are most optimistic about highway and bridge construction. Sixty-three percent expect there will be a larger dollar value of projects to compete for, compared to 5 percent who expect a lower volume, for a net positive reading of 57 percent.

Contractors are also upbeat about the demand for transportation projects such as transit, rail and airports, with a net reading of 51 percent, as well as water and sewer projects, with a net reading of 50 percent. Federal construction projects and power construction had net positive readings of 37 percent and 29 percent respectively.

The highest expectations among predominantly private-sector categories, with a net positive 41 percent each, are for warehouses and other healthcare, which includes clinics, testing facilities and medical labs. And the outlook for hospitals, with a net reading of 38 percent, is nearly as favorable as for other healthcare facilities.

Contractors were also optimistic about multifamily residential construction, with a net reading of 32 percent, and manufacturing construction, which scored a net positive of 27 percent. Expectations were more subdued, however, for public buildings, with a net reading of 20 percent; kindergarten through 12th grade school construction, 19 percent; higher education facilities, 16 percent; and lodging, 6 percent.

Only two categories received negative net readings, both of -8 percent: retail and private office construction.

Optimism about growing demand for most types of construction projects is leading many firms to plan to hire workers this year. Nearly three-fourths of respondents expect their firm's headcount will increase in 2022, compared to just 9 percent who expect a decrease. Forty-seven percent of firms expect to increase their headcount by 10 percent or less. However, 22 percent say their headcount will grow by 11 to 25 percent and 5 percent of respondents anticipate an increase of more than 25 percent.

Adding those new workers will not be easy, however. An overwhelming 83 percent report they are having a hard time filling some or all salaried or hourly craft positions, compared to only 8 percent who say they are having no difficulty. And three-fourths of respondents say it will continue to be hard to hire or will become harder to hire this year.

Workforce challenges are likely a key reason 62 percent of respondents increased base pay rates more than in 2020, compared to 23 percent that provided similar

These challenges are prompting many firms to invest o

As the industry navigates the lasting effects of the pandemic, technology will continue to have a big impact in keeping projects moving by providing increased flexibility, efficiency, and collaboration tools. This will play an integral role in helping businesses bounce back and succeed in the current environment.

Now I would like to turn things back over to Stephen who has some additional observations about this year's Outlook.

STEPHEN SANDHERR

Thank you Dustin and Ken for your insights and observations. After enduring a difficult 2021, contractors have high expectations for 2022. They foresee growing demand for a wide range of construction market segments. They plan to add to their headcount and to invest in new technologies.

But while the outlook is far more positive than it was for last year, the construction industry still faces many challenges. These include widespread supply chain problems that have impacted many other parts of the economy. And as demand rebounds, labor shortages continue to become more acute.

In addition, some federal measures crafted to respond to the coronavirus have the potential to add to the industry's challenges. For example, the Biden administration's coronavirus vaccine mandates – for firms that employ 100 or more people and for federal contractors – will add to the industry's current workforce shortages. That is because the two rules cover only a small percentage of the total construction workforce.

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