



## EXPECTING GROWTH TO CONTINUE: THE 2018 CONSTRUCTION HIRING AND BUSINESS OUTLOOK

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## SUMMARY

Construction firms appear to be very optimistic about 2018, as they expect demand for all types of construction services to continue to expand. This optimism applies to both private- and public-sector construction demand, perhaps reflecting both optimism with current economic conditions, an increasingly more business-friendly regulatory environment, and optimism that the Trump administration will finally deliver on its promise to boost infrastructure investments.

Contractor optimism appears to be translating into plans to hire new employees, with a majority of firms reporting plans to expand headcount in 2018. In addition, firms are embracing new technologies and new techniques to be more efficient. Many firms are also embracing cloud-based computing solutions and increasing their investments in new information technology. It is likely that many firms are taking advantage of relatively positive economic conditions to make the needed investments to become more innovation and efficient so they can be better positioned to thrive.

Despite the overall optimistic outlook, the construction industry faces a number of significant challenges this year. Top among those challenges are the growing workforce shortages that have

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Despite these challenges, 2018 should prove to be a good year for the construction industry, especially if the newly enacted federal tax cuts provoke the kind of economic growth many expect. It also appears that firms are choosing to cope with workforce shortages in two ways. First, many are opting to do more in-house training to prepare the less-experienced workers they are having to hire. At the same time, they are making investments in new technologies and new ways of operating to make their operations more efficient, so they can accomplish more with fewer people. Assuming current trends continue, by the end of the year, the construction industry will employ more people, do more to train them, and be hiring





Another 23 percent

## CONTRACTORS ARE THINKING MORE STRATEGICALLY ABOUT INFORMATION TECHNOLOGY

Perhaps because they are looking for ways to be even more efficient amid tight margins and growing labor shortages, a growing number of contractors appreciate that information technology (IT) needs to be part of their formal business plan. Fifty-two percent of contractors report that they currently have a formal IT plan that supports business objectives. This number continues an upward trend from 47 percent of contractors (2017 Outlook) and 42 percent of contractors (2016 Outlook) that had a formal IT plan in place. An additional 8 percent of contractors who don't currently have a formal IT plan are planning to create one in 2018.

The decision to outsource could be attributed to contractors taking a more strategic approach to IT. According to the survey, 77 percent of respondents outsource either IT or a business function. The top three IT functions outsourced are network management (43 percent), backup and disaster recovery (31 percent), and voice over IP (27 percent).

The survey also reports that contractors are continuing to increase their funding of IT plans. Fifty-one percent of contractors say they spend at least one percent of revenue on IT, compared to 47 percent in last year's survey (these percentages do not include those who responded that they were unsure of the percentage of revenue). In addition, 43 percent of contractors report they will further increase IT investment in 2018. The top three areas contractors plan to increase investment are document management (27 percent of respondents), estimating (27 percent), and project management (27 percent) applications.





## TIME AND TRADITION ARE THE BIGGEST CHALLENGES TO ADOPTING NEW INFORMATION TECHNOLOGY

Even as a growing number of firms embrace information technology, many admit that their biggest technology challenges are centered around time and tradition. Forty-five percent of firms report

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## ABOUT THE SURVEY

AGC conducted the survey that serves as the basis for the 2018 Construction Hiring and Business Forecast during November and December 2017. A total of 1,046 firms from the District of Columbia and forty-nine states completed the survey. (Varying numbers responded to each question.) Participating firms represent a broad cross-section of the construction industry.

## West

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, Wyoming