



## EXPECTING GROWTH WHILE COPING WITH THE LINGERING IMPACTS OF THE PANDEMIC: THE 2022 CONSTRUCTION HIRING AND BUSINESS OUTLOOK

Their ability; providing opportunities for firms to learn about ways to become more accomplished; and connecting them with the resources and individuals they need to be successful businesses and corporate citizens. Over 27,000 firms, including more than 6,500 of America's leading general contractors, nearly 300,000 subcontractors, 100,000 trade professionals, and 200,000 experienced employees, are participating in the Sage Cre program. To learn more about our construction-specific technology, visit [www.sagecre.com](http://www.sagecre.com).

economic inequality and the climate crisis. To learn more about our construction-specific technology, visit [www.sagecre.com](http://www.sagecre.com).

Contractors are, overall, very optimistic about the outlook for 2022. They expect demand for most types of projects to increase and, as a result, most firms plan to add staff. This is in marked contrast to last year, when contractors expected demand for many types of projects to contract and

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Contractors are upbeat about the available dollar value of projects to bid on in 2022. The net reading—the percentage of respondents who expect the available dollar value of projects to expand compared to the percentage who expect it to shrink—is positive for 15 of the 17 categories of construction included in the survey. This represents a stark turnaround from 2021.



Nearly three-fourths (74 percent) of the respondents expect their firm's headcount will increase in 2022, compared to just 9 percent who expect a decrease. While just under half (47 percent) of firms expect to increase their headcount by 10 percent or less, more than one-quarter anticipate larger increases. Twenty-two percent of respondents say their headcount will grow by 11 to 25 percent, and 5 percent of respondents anticipate an increase in headcount of more than 25 percent.

However, respondents expect difficulty adding workers. 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. (The remaining 9 percent have no openings.) In addition, three-fourths of respondents say either it will continue to be hard to hire (49 percent) or it will become harder (26 percent). Only a relative handful say it will become easier to hire (6 percent) or will continue to be easy (1 percent), while 19 percent expect (645(19)Tjj-06Tw98 19

anticipated, while 72 percent say projects have taken longer than anticipated. On the other hand, 29 percent of firms say they have won new projects or add-ons to existing projects. Only 3 percent report no impacts.

Contractors have reacted to these impacts. More than two out of three (69 percent) have put higher prices into bids or contracts, while 44 percent have specified longer completion times.

Supply chain bottlenecks, many of which stem from the pandemic, have led contractors to respond in multiple ways. Only 10 percent of firms report they have not had any significant supply chain problems. Two-thirds (67 percent) of respondents have reacted by accelerating purchases after winning contracts, and nearly as many--61 percent--have turned to alternative suppliers. Almost half--48 percent--have specified alternative materials or products, while close to one-quarter--23 percent--have stockpiled items before winning contracts.

Most contractors have experienced project delays or cancellations. Only 35 percent report no projects have been postponed or canceled. Close to half (46 percent) of respondents report a project was postponed in 2021 but rescheduled, while 32 percent had a project postponed or canceled last year that has not been rescheduled. Nine percent of firms have already experienced a canceled or postponed project that was scheduled to begin in the first half of 2022.

The main reason for cancellations and postponements was rising costs, cited by 48 percent of contractors. Another 16 percent said the owner had reduced funding available, while 11 percent said a project was canceled or postponed because of a delay in the likely completion date. Nine percent cited reduced demand for the completed project as the reason for a cancellation or postponement.

Whatever their state of recovery, contractors have similar concerns for 2022. Material costs are the most widespread top concern, cited by 86 percent of respondents.

Availability of materials/supply chain disruptions and the continuing impact of the pandemic on projects, workers, or the supply chain are each listed as top concerns by 79 percent of firms.

Worker shortages and quality are also among the top concerns. Almost three-quarters (73 percent) of firms list worker shortages as a top concern, while two-thirds (66 percent) pick the impact of immigration policy on labor supply. In addition, 58 percent cite rising direct labor costs, including pay, benefits, and employer taxes, as a top concern.

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As in the 2021 survey, most firms plan to keep their technology investment about the same as the year before. When asked whether they planned to increase or decrease investment or stay the same in 15 different types of technologies, the majority of respondents (the range was between 66 and 89 percent) said their investment would remain the same as last year in each of the 15 technologies. The most likely candidate for increased technology spending is document management software, which one-third (33 percent) of respondents plan to increase spending on. Project management software came in a close second, cited by 31 percent of firms. Roughly one-fourth of firms plan to increase investments in estimating software, tool and asset management or tracking, accounting software, human resources software, and/or fleet tracking/management software. Only 1-2 percent of respondents expect to decrease investment in any of the 15 technologies.

Contractors are expecting to use numerous varieties of mobile software technology. As in the 2021 survey, more than two-thirds (68 percent) of firms plan to use mobile technology for daily field reports, while 60 percent will use it for employee time tracking and approval. More than half plan to use mobile software technology for access to customer and job information from the field (57 percent) or sharing of drawings, photos and documents (55 percent). All of these percentages are nearly identical to those in the 2021 survey.

The use of information technology, however, continues to pose challenges. Forty-one percent of contractors say it's difficult to find the time to implement and train on new technology, down slightly from 44 percent last year. Thirty-nine percent of firms, more than previously, cite keeping company data secure from hackers as one of the biggest IT challenges. And more than one-third of firms cite connectivity to remote job sites (35 percent) or communication (33 percent) as one of the biggest IT challenges.



add to their headcount and invest in new technologies. But, while the outlook for this

reason why contractors are so optimistic about the demand for infrastructure this year. Yet Congress failed to actually appropriate the additional, promised infrastructure funds when it passed a temporary spending extension bill at the end of last year. This means that despite the fact the infrastructure bill is now law, federal infrastructure investments have not yet increased. Without those additional federal funds, the outlook for many segments of public construction will be less positive than most contractors are predicting.

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