



AGC
THE CONSTRUCTION
ASSOCIATION

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SC CMAA Program

Coronavirus Impacts and Implications for US, CA and Los Angeles Area Construction

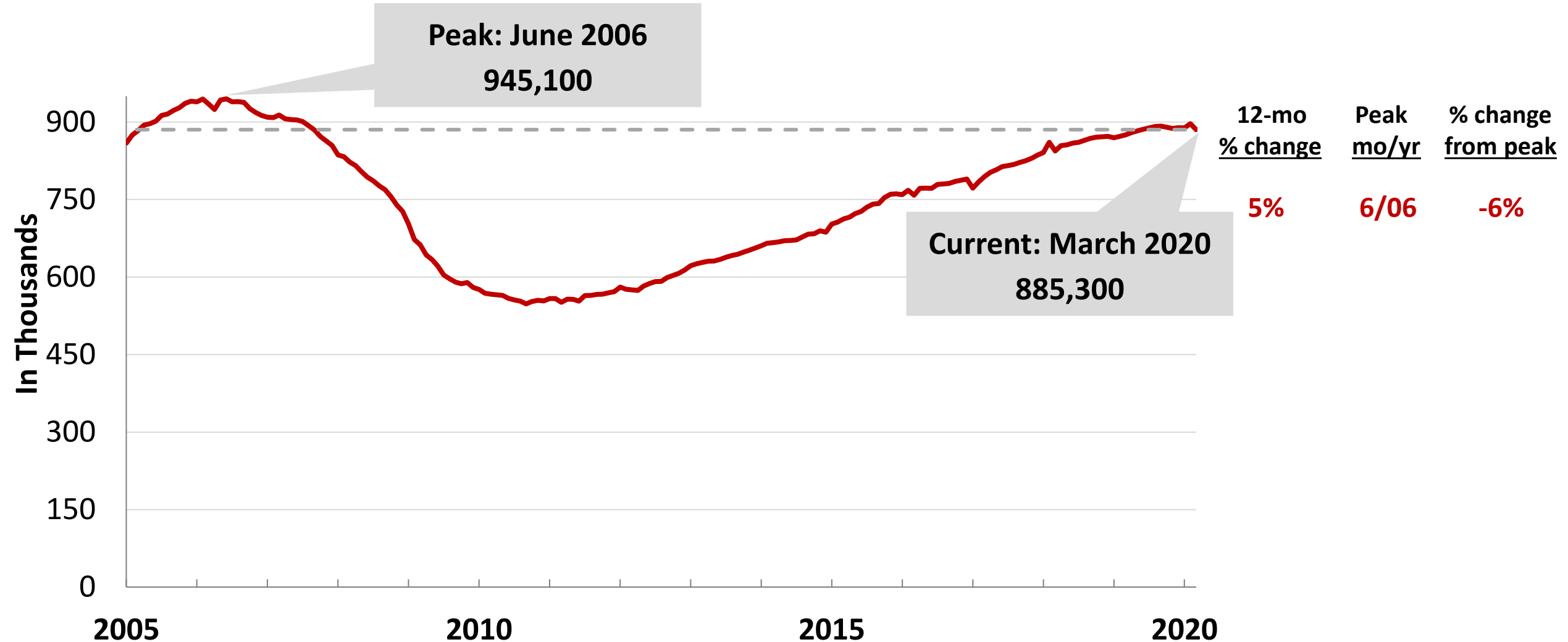
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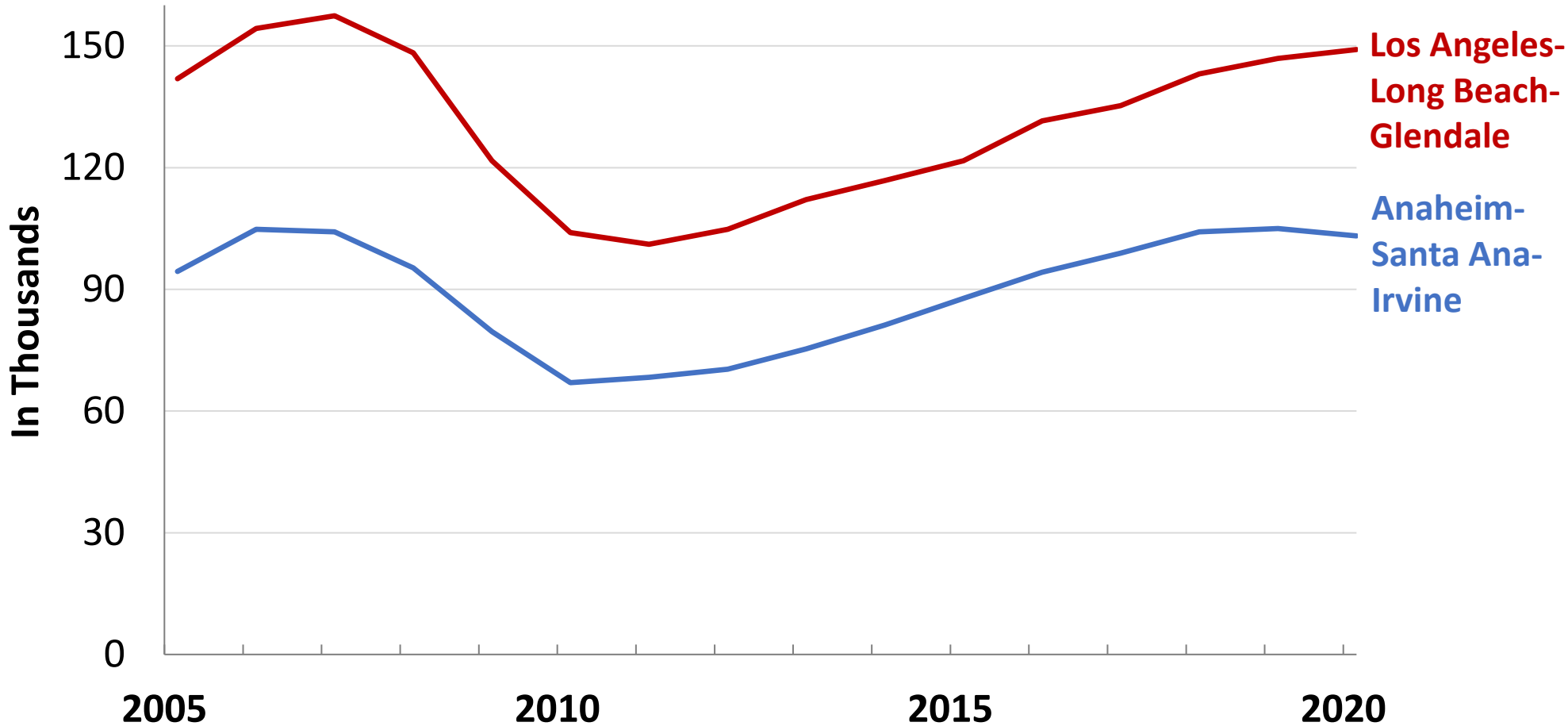
California Construction Employment

January 2005–March 2020; seasonally adjusted



California Metro Construction Employment

March data 2005-2020; not seasonally adjusted



	% Change to Mar 2020 from		
	<u>Mar</u>	<u>Peak</u>	<u>Peak</u>
	<u>2019</u>	<u>Mar</u>	<u>Year</u>
Los Angeles-Long Beach-Glendale	1%	-5%	2007
Anaheim-Santa Ana-Irvine	-2%	-2%	2019

AGC Coronavirus Survey Summary

conducted April 20-23, 849 responses



- Owner ordered **halt to current work**: 50% of respondents (March 38%, April 31%)
 - canceled scheduled project: 28% (April 19%, May 16%, June 16%)
- Are you experiencing **project delays/disruptions** (total: 67% of respondents) due to:
 - **shortage of personal protective equipment (PPE)**: 33%
 - **shortage of construction materials, equipment or parts**: 26%
 - **shortage of craftworkers** (incl. subs): 28%
- Have suppliers sent notice that **deliveries will be late/cancelled**: 49% of respondents
- **Laid off** workers: 35% of respondents (March 25%, April 22%)
- **Added** workers: 13% of respondents (March 4%, April 12% incl. 3% laid off in March)
- **PPP loan**: 74% applied (funded 44%; approved, awaiting funds 15%; no answer 8%)

Current economic impacts on construction

- Owners are increasingly halting projects, canceling scheduled starts
- Some governors, local officials tightened previous exemptions
- Disruptions are increasing due to shortages of PPE, materials, workers
- Growing number of suppliers are warning of late/canceled deliveries
- Layoffs are widespread but quick funding of PPP loans may be helping

A few positives:

- Small # of new projects to respond to crisis (healthcare, mfg., lodging)
- A few cases of accelerated highway, airport work as traffic declines
- Substantial price reductions for fuel, other commodities

Construction outlook for 2020



- Virtually no new private starts except pandemic-related and emergency repair work
- State DOTs likely to continue lettings but with some delays, cutbacks
- Other infrastructure will depend on amount of advance or assured funding
- Many state/local building projects will be canceled or postponed
- Contractor layoffs, closures/bankruptcies will increase sharply
- PPP loans may keep many firms afloat if disbursed in time

Likely longer-term economic impacts on construction



- Slower rebound than for other sectors as owners, consumers await certainty and repair of balance sheets
- Public spending will vary according to revenue source, amount of unbudgeted costs incurred to combat pandemic
- Less demand than pre-crisis for retail, offices, higher ed, cultural facilities
- Possibly less demand for sports, entertainment, lodging & travel-related
- Possibly even greater demand for distribution facilities, data centers
- Little long-term change in outlook for K-12 education, water/sewer, federal
- Unclear: additional infrastructure funding, healthcare construction

AGC economic resources

(email ken.simonson@agc.org)

- *The Data DIGest*: weekly 1-page email (subscribe at <http://store.agc.org>)
- Monthly press releases: spending; producer price indexes; national, state, metro employment with ranking
- Yearly employment & outlooks surveys, state and metro data, fact sheets: www.agc.org/learn/construction-data
- Coronavirus resources: www.agc.org/coronavirus

