



U.S. CHAMBER OF COMMERCE



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## **Commercial Construction Index Shows Surge in New Business Confidence**

### *Backlog of Construction Projects Reaches New High*

**WASHINGTON, D.C.** – June 20, 2019 – Results from the Q2 2019 [USG Corporation + U.S. Chamber of Commerce Commercial Construction Index \(Index\)](#) indicate that more than half of contractors are highly confident that the market will provide sufficient new business opportunities in the next 12 months.

Overall, the Q2 composite score of 74—up two points from 72 in Q1—shows a vibrant commercial construction sector, although contractors’ revenue expectations slightly decreased.

“The construction industry is a reflection of our country’s broader economic health, so contractor optimism is a great sign for everyone,” said Chris Griffin, President and Chief Executive Officer of USG Corporation. “Even so, it is important that we think about solutions to our big challenges, like building a healthy pipeline of new workers and incorporating technology to make our job sites safer and more efficient.”

More than half of contractors (52%) are highly confident about the ability of the market to provide new business opportunities in the next 12 months, an 11% increase over last quarter’s findings. The backlog ratio—comparing contractors’ average current backlog of projects to the ideal amount of work companies would like to take on—reached 82, the highest since the CCI launched in 2017. Hiring expectations also recovered between Q1 and Q2 2019, with most contractors (60%) anticipating employing more people in the next six months.

Additional data further shows the positive state of the industry, with 60% of contractors reporting confidence that revenue will remain stable. They also expect access to capital to continue, with 66% believing access to financing will get easier or remain the same over the next six months.

In a notable shift from the last three quarters, the number of contractors who report “high concern” about the availability of skilled labor declined to 46% (down from 54% in Q1). While confidence in having access to skilled labor shows some improvement, 85% of contractors still express high concerns about the cost of that skilled labor.

“The second quarter findings suggest that the construction industry remains strong, optimistic, and focused on the future,” said Neil Bradley, U.S. Chamber of Commerce Executive Vice President and Chief Policy Officer. “To sustain this momentum, we need durable, bipartisan policy solutions from Washington that promote trade, improve our immigration system, and better prepare America’s workforce for 21<sup>st</sup> century jobs.”

For the third time since the launch of the Index in 2017, this quarter’s survey explored sustainability practices in construction. The findings show that the average share of green projects for contractors is declining. This finding is interesting, since other industry studies reveal no slowdown in the number of green construction projects. One explanation may be that the majority of green work is becoming more concentrated among a smaller group of specialized companies. The study shows that green projects are done more frequently by large contractors.

The Index also reports a mismatch between green standards and green incentives, with most contractors (84%) saying they must meet green standards on at least some projects, but fewer than half (47%) take advantage of green incentives. Finally, general contractors report that the most important green attributes swaying their purchasing decisions are: energy efficiency (80%), materials without harmful chemicals (65%), and water efficiency (64%).

The Index comprises three leading indicators to gauge confidence in the commercial construction industry, generating a composite index on the scale of 0 to 100 that serves as an indicator of health of the contractor segment on a quarterly basis.

The Q2 2019 results from the three key drivers were:

- **Backlog:** Contractors’ ratio of actual to ideal backlog rose five points (to 82 from 77), hitting its highest point since the Index launched in 2017.
- **New Business Confidence:** The level of overall confidence rose three points (to 74 from 71), suggesting a return of optimism about the market’s ability to provide new business opportunities in the next 12 months.
- **Revenue:** The revenue score dropped one point (to 66 from 67), although most contractors (60%) expect revenue to remain the same.

The research was developed with Dodge Data & Analytics (DD&A), the leading provider of insights and data for the construction industry, by surveying commercial and institutional contractors.

## **About the Index**

The USG Corporation + U.S. Chamber of Commerce Commercial Construction Index is a quarterly economic index designed to gauge the outlook for, and resulting confidence in, the commercial construction industry. USG Corporation and the U.S. Chamber produce this Index, along with Dodge Data & Analytics (DD&A). Each quarter, researchers from DD&A source responses from their Contractor Panel of more than 2,700 commercial construction decision-makers in order to better understand their levels of confidence in the industry and other key trends. This panel allows DD&A to provide findings that are representative of the entire U.S. construction industry by geography, size, and type of company.

Click [here](#) to see the full report, methodology, and graphics.

Please note the Commercial Construction Index report is intended for general informational purposes only. It is not intended to support an investment decision with respect to USG Corporation, nor is it intended to be used for marketing purposes to any existing or prospective investor of USG. This report is not a forecast of future results for USG and actual results of USG may differ materially from those of the commercial construction industry.

## **Where the Index is Available:**

Each quarterly Index published is available on the USG Corporation website at [www.usg.com/commercialconstructionindex](http://www.usg.com/commercialconstructionindex) as well as on the website [www.CommercialConstructionIndex.com](http://www.CommercialConstructionIndex.com)

## **About USG Corporation**

USG Corporation is an industry-leading manufacturer of building products and innovative solutions. Headquartered in Chicago, USG serves construction markets around the world through its Gypsum, Performance Materials, Ceilings, and USG Boral divisions. Its wall, ceiling, flooring, sheathing and roofing products provide the solutions that enable customers to build the outstanding spaces where people live, work and play. Its USG Boral Building Products joint venture is a leading plasterboard and ceilings producer across Asia, Australasia and the Middle East. For additional information, visit [www.usg.com](http://www.usg.com).

## **About the U.S. Chamber of Commerce**

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors and regions, as well as state and local chambers and industry associations. For more information, visit [www.uschamber.com](http://www.uschamber.com).

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