



U.S. CHAMBER OF COMMERCE



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Commercial Construction Index Drops to Lowest Point Since 2017

Worker Shortage Still Negatively Impacting Project Schedules and Costs, 78% of Contractors Believe Technology Can Increase Jobsite Productivity

WASHINGTON, D.C. – Dec. 12, 2019 – The Q4 2019 [USG Corporation + U.S. Chamber of Commerce Commercial Construction Index](#) (Index) shows confidence levels among contractors are down after a record high last quarter. Labor shortages continue to negatively impact the construction industry, though over 70% of contractors say technology on the jobsite could improve project delivery and labor productivity, and anticipate increasing usage in the coming years.

This quarter, 89% of contractors report having at least a moderate level of difficulty finding skilled workers – a finding that has been consistent since the launch of the Index. As a result, contractors say they are asking skilled workers to do more, are challenged to meet schedule requirements, and are putting in higher bids for projects.

“The commercial construction industry is a barometer of the broader economy and contractors are indicating slowing economic and investment activity. As we look to 2020, it is clear that to keep the industry and economy growing, we must address our current workforce challenges,” said Neil Bradley, U.S. Chamber of Commerce executive vice president and Chief Policy Officer. “We need bipartisan policy solutions from Washington that promote practical and reasonable solutions and better prepare America’s workforce for the jobs of today and tomorrow.”

To address concerns over worker skill levels and availability, the construction industry – historically slow to digitize – is embracing technologies like drones, equipment tagging and augmented/virtual reality to improve project delivery. In fact, 60% of contractors already report using technology on the job site, up six points year-over-year, and 80% believe they will be using technology by 2022.

When asked about the benefits of investing in advanced technologies, most contractors indicated it will improve safety, productivity and meet or reduce project schedules. These numbers are all up year-over-year by at least 12 points.

“The construction industry is changing more rapidly than ever before and advanced technologies present a big opportunity to work smarter, faster and safer – especially when there are millions of construction jobs unfilled,” said Christopher Griffin, president and CEO of USG Corporation.

While the overall score this quarter, 71, is lower than previous quarters, it is in comparison to what has been a boom market since the Index launched in 2017. The instability between Q3 and Q4 might indicate greater uncertainty among contractors about what to expect from the construction market.

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.

Key Index Drivers

The Q4 2019 results from the three key drivers were:

- *Revenue*: Revenue expectations declined to 66 this quarter (from 72 in Q3). Over a third (36%) of contractors expect an increase in revenue in the next 12 months.
- *New Business Confidence*: Confidence that the market will provide sufficient new business opportunities slid from 76 down to 72.
- *Backlog*: The average current vs. optimal backlog component fell from 82 to 76. The average months of backlog dropped to 9.3 months (from 10.2 months last quarter).

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 as well as on the website 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 and Ceilings 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. For additional information, visit 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.

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