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MISSOURI CONTRACTORS LOWER EXPECTATIONS FOR 2017& 2018

Lack of sustainable infrastructure plan and shrinking skilled workforce loom over market

ST. LOUIS—Contractors in both the AGC of Missouri’s Building Division and its Heavy Highway/Infrastructure Division report lowered growth expectations for the rest of 2017 and for 2018. However, most results from the quarterly, online Contractor Confidence (CCI) Index, looking six, 12 and 18-24 months ahead, continue to surpass 50 pts. (NOTE: All results above 50 pts. indicate a favorable construction climate.)

According to Leonard Toenjes, CAE, president, AGC of Missouri, uncertainty in both Washington, D.C. and Jefferson City, including the lack of a permanent, sustainable infrastructure program, and a developing critical shortage of skilled workers in the building trades and project management roles continue to weigh heavily on the industry.

Contractors in the AGC of Missouri’s Building Division lowered their optimism from an identical survey taken just three months ago, especially looking 18 to 24 months out. Their six-month forecast moved from 63.46 pts. in Q1 2017 to 53.8 pts. in Q2 2017. Looking ahead 12 months, their forecast decreased from 69.23 pts. in Q1 2017 to 51.9 pts. in Q2 2017. Forecasting business conditions 18-24 months ahead, they anticipate a significant pullback, from 63.46 pts. in Q1 2017 to 46.2 pts. in Q2 2017.

“Our contractors are relatively busy right now, but are seeing projects ahead that are making them more selective about the work they accept and the teams they assign,” added Toenjes. “There is a shortage of seasoned project managers, technical support staff, and skilled trades workers. Our members are mobilizing their teams and concentrating on delivering high-quality work for repeat clients. In other words, they simply don’t have the time or resources to take on high-risk projects.”

Contractors in the AGC of Missouri’s Highway Division also are becoming more pessimistic, with concern building over inaction on infrastructure in Washington, D.C and Jefferson City, MO. For the six-month outlook, their forecast dropped from 66.7 pts in Q1 2017 to 59.1 pts. in Q2 2017. Their forecast for a year from now plummeted over 13 pts., moving from 72.2 pts. in Q1 2017 to 59.1 pts. in Q2 2017. Their forecast for 18-24 months also dropped from 72.2 pts. in Q1 2017 to 69.9 pts. in Q2 2017.

According to Toenjes, the highway contractors are working right now because of summer bridge and road repairs, part of MoDOT’s spend down of the state’s transportation funding reserves. However, without a permanent funding solution in place, the future of Missouri’s transportation systems is in jeopardy.

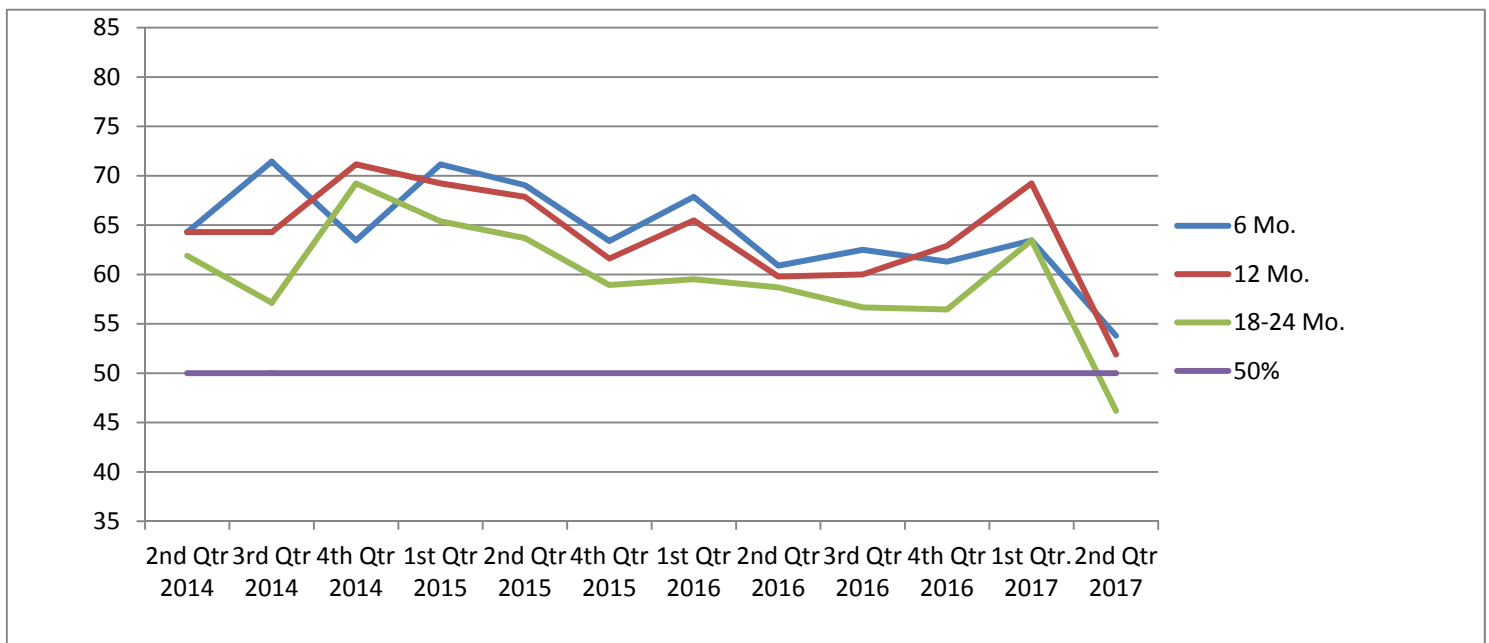
“Our roads and bridges are crumbling, and we’ve been told that, in some cases, MoDOT is doing repairs to hold things together when replacement is truly needed,” said Toenjes. “All those projects will need repairs again when the patches wear out. It’s a much better investment to do it right the first time.

“Investment in infrastructure also creates jobs and stimulates economic growth,” he added. “Kansas, Iowa and Arkansas all have increased their transportation investment in the past several years and are ‘moving forward’ while Missouri is, ‘quite literally,’ standing still.”

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2nd QTR 2017 AGC of Missouri Contractor Confidence Index Survey Results

Building Div.	2nd Qtr 2014	3rd Qtr 2014	4th Qtr 2014	1st Qtr 2015	2nd Qtr 2015	4th Qtr 2015	1st Qtr 2016	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016	1st Qtr. 2017	2nd Qtr 2017
6 Mo.	64.3	71.43	63.46	71.15	69.05	63.39	67.86	60.9	62.5	61.3	63.46	53.8
12 Mo.	64.3	64.29	71.15	69.23	67.86	61.61	65.48	59.8	60	62.9	69.23	51.9
18-24 Mo.	61.9	57.14	69.23	65.38	63.69	58.93	59.52	58.7	56.67	56.45	63.46	46.2
50%	50	50	50	50	50	50	50	50	50	50	50	50



- 6 Mo. How would you gauge the likely construction business conditions 6 months from now?
- 12 Mo. How would you gauge the likely construction business conditions 12 months from now?
- 18-24 Mo. How would you gauge the likely construction business conditions 18-24 months from now?

Both graphs are based on a 100 point basis.

HHI Division	1st Qtr 2015	2nd Qtr 2015	4th Qtr 2015	1st Qtr 2016	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016	1st Qtr 2017	2nd Qtr 2017
6 Mo.	36.76	52.08	42.5	63.54	55.6	61.11	65.3	66.7	59.1
12 Mo.	26.47	37.5	52.5	68.75	55.6	58.3	91.7	72.2	59.1
18-24 Mo.	32.35	31.42	45	71.88	61.1	63.9	68.1	72.2	69.9
50%	50	50	50	50	50	50	50	50	50

*NOTE: Due to scheduling difficulties, a 3rd Q 2015 survey was not conducted.

The [Associated General Contractors of Missouri](#) is the leading voice of the construction industry in Missouri, representing nearly 500 commercial, industrial, heavy and highway contractors, industry partners and related firms in 110 counties throughout Missouri

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