

Q1-2022

# Quarterly Construction Metrics Index

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# About the Index

Welcome to the Trimble Viewpoint Quarterly Construction Metrics Index: Q1 2022, the first index of the year! The quarterly report uses real-time Trimble Viewpoint customer data inputted during the first quarter of 2022, to highlight project statistics, contract values, hiring metrics, and cash flows trends.

These stats have been analyzed and compared to data from the previous quarter (Q4 2021) as well as to the first quarter of 2021, as a year-over-year comparison. The index is produced quarterly and designed to provide industry leaders with early insights into the construction business landscape so that they can assess how their own companies are tracking against industry averages.



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# Audience Demographics

- Trimble Viewpoint's Quarterly Construction Metrics Index data is aggregated from anonymized, real-time data from roughly 1,000 Trimble Viewpoint customers.
- The data has been secured and masked to protect customer identities. It was entered into Trimble Viewpoint's software management systems during the first quarter of 2022 and compared to data from the previous quarter (Q4 2021), as well as to the first quarter of 2021.
- The data is sourced from Trimble Viewpoint's North American clients, who are located in all 50 states and Canada.
- Some data, including contract values, may be slightly delayed, since contractors often don't completely enter contract costs until well after a project begins.

- Data is categorized into three distinct vertical types, which corresponds to how companies identify themselves in Trimble Viewpoint's system of record:
  - › **General Contractors:** Includes prime contractors in the commercial, industrial, and custom residential markets who deliver vertical construction projects. They may or may not self-perform work across one or more trades.
  - › **Heavy Highway/Civil:** Includes contractors who often serve as prime on horizontal construction projects such as roads and bridges, pipelines, energy and other utility projects. They often self-perform work even when serving as prime; for example, paving.
  - › **Specialty Contractors:** Includes all trade contractors such as electrical, mechanical, concrete, drywall, and landscaping. These firms typically serve as subcontractors on projects; but larger trade contractors, particularly electrical and mechanical, may also take on the role of prime contractor on certain projects.





**Executive  
Summary**

# Executive Summary

The start of a new year brings renewed expectations and optimism. 2022 was no different for the construction industry, particularly given the challenges of the previous two years, which included supply chain disruptions, material challenges and record inflation, in addition to increased global political instability brought on by Russia's invasion of Ukraine.

Unfortunately, many of these challenges are continuing to impact the construction industry and the entire business community, as reflected by key indicators tracked by Trimble Viewpoint.

From a project standpoint, new projects increased quarter over quarter (Q1 2022 v. Q4 2021); however, new projects declined when evaluated against Q1 of 2021. This pattern was repeated by all verticals, with specialty contractors faring the best and heavy highway and civil contractors faring the worst overall.



Contract values were also down across the industry and across verticals when compared to Q4 and against the same time period last year.

The good news is that hiring is up across the industry, regionally and by vertical. While most of the gains aren't dramatic, any hiring gain is worth celebrating, given the challenges in hiring, not just in the construction industry, but nationwide. Cash flow also increased substantially, demonstrating that contractors are likely gearing up to launch new projects, many of which are coming online as part of the recently passed \$1 trillion-plus Bipartisan Infrastructure Law.

The Q1 2022 findings of Quarterly Construction Metrics Index findings are summarized on the next few pages.

# Project Trends

- New projects increased 10% compared to Q4 2021; however, they were down 20% compared to a year ago (Q1 2021)
- New projects for specialty contractors increased 70% compared to Q4 but were down 12% when compared to Q1 2021
- General contractors saw a 14% increase in projects compared to Q4, but experienced a 36% decrease when compared to Q1 2021
- Heavy highways and civil contractors saw a 10% increase in projects compared to Q4, but a 41% decline when compared to Q1 2021

## Potential Impact

The slight bumps in new projects from quarter to quarter is heartening, but ongoing challenges like rising material costs, supply chains and economic uncertainty ahead are preventing a big return to the new project levels seen a year ago.

Some challenges, such as seasonal, regional extended inclement weather, are starting to wane, and we could see more projects come online. Q2 and Q3, then, might be the true test to see where the project start trend is really headed.



# Contract Value Trends

- Across the industry, Q1 contract values were 17% less than in Q4 2021 and 35% less compared to Q1 2021
- By vertical, heavy highway and civil contractors experienced a 9% increase in contract values compared to Q4, but a 24% decline compared to Q1 2021
- Specialty contractors saw a 16% increase compared to Q4, but a 19% decrease when compared to Q1 2021
- General contractors experienced a 15% decline compared to Q4, and a 9% decline compared to Q1 2021

## Potential Impact

This is in line with the contract value trends we've seen in recent quarters. That contract values continue to decline speaks to contractors hedging their bets a bit. Many are taking on smaller projects of lesser value in order to reduce their risk exposure while economic uncertainty is in the air and real-world construction challenges like rising materials costs and skilled labor shortages remain.





# Hiring Trends

- Net hiring increased 16% compared to Q4 and 3% compared to Q1 2021
- Hiring for specialty contractors increased 1.8% compared to Q1 2021
- Heavy highway and civil contractor hiring increased 1.5% when compared to Q1 2021
- Hiring for general contractors increased 0.5% compared to Q1 2021
- Regional hiring increased 1.15% compared to both Q4 and Q1 2021.
- Most regions saw modestly positive gains; however, five states accounted for 34% of new hires, including California, Texas, Florida, Pennsylvania and North Carolina.



## Potential Impact

Here is some welcome good news! Not only is hiring up quarter over quarter, it's up year over year. This mirrors what we are following in industry news and reports, as well as a recent survey of our own Trimble Viewpoint clients.

While contractors are hesitant at the moment to jump feet first into multiple big projects (often opting instead for smaller slices of new work or tackling existing backlogs), they appear to be full steam ahead with ramping up their workforces.

This makes sense as it allows time for contractors to ramp up their teams and prepare for the larger projects a little further down the line. It also signals contractor confidence in the near-term future and the promise of significant work—and profit opportunities—ahead.

# Cash Flow Trends

- Cash flow increased 25% compared to Q4, and increased 28% compared to Q1 2022
- Cash flow for general contractors increased 31% compared to Q4 and 33% compared to Q1 2021
- Cash flow for specialty contractors increased 11% compared to Q4 and 57% compared to Q1 2021
- Cash flow for heavy highway and civil contractors increased 11% compared to Q4 and declined 7% compared to Q1 2021.



## Potential Impact

The trend in cash flow is perhaps one of the strongest positive indicators we've seen in years.

Even before the pandemic, many contractors have been squirreling money away into their own rainy day funds—aimed at weathering any potential storms ahead. In some cases,

this approach helped contractors successfully pivot and adapt during the pandemic.

Now, as the worst of the pandemic appears to be waning, contractors appear ready to start spending again. And, in many ways, they already have been: investing in their workforces and modernizing their operations

by upgrading to new technologies and more connected, cloud-enabled business and project management suites.

These double-digit cash flow increases in Q1 signal that confidence is high, despite industry challenges and economic uncertainty remaining. Big projects await, and contractors in all verticals appear eager to get started.



# Construction Metrics Index

# Project Trends

Projects are the heart of the construction business as they influence everything that follows, including contract values, hiring and cash flow.

New projects increased by a modest 2% over the course of 2021, increasing 10% in Q1 2022 when compared to Q4 2021. However, when evaluated against Q1 2021, new projects are down 20%.

New projects are projected to increase 5% through the end of 2022.

## Potential Impact

Projects rebounded in Q1 from seasonal winter lows, but new projects are still behind where they were this time last year. This is due in part to high material costs, inflation and variable supply chains, which continue to hobble the construction industry and the business community in general. In fact, according to the AIA, nearly eight out of ten architecture firms say that the impact of

supply chain disruptions on projects is more serious now than a year ago, which may help explain the large dip in new projects year over year.

Furthermore, concerns of a potential coming recession could also be driving contractors to pump the brakes slightly, taking a wait-and-see approach with their project commitments.



# Project Trends **by Vertical**

New projects by vertical reflected the overall project trends, which increased compared to Q4. However, new projects by vertical are down when compared to the same time period last year.

Specialty contractors fared the best in Q1 2022, with 70% more projects compared to Q4 2021—far more than the 10% increase that was projected for the quarter. However, when compared to Q1 2021, new projects are still down 12%.

General contractors also saw an increase in projects in Q1, up 14% from Q4, but 36% less when compared to Q1 2021.

Heavy highway and civil contractors saw a 10% increase in contract values compared to Q4, but 41% less when compared to Q1 2021.

## Potential Impact

It's promising to see that all verticals similarly saw project increases from Q4, but their year-over-year comparisons demonstrate the continued variability of the business world—from concerns over inflation, high material prices and shortages, supply chain disruptions. Heavy highway and civil contractors

saw the smallest increase compared to Q4 and the largest dip when compared to Q1 2021; they also stand to benefit the most from the Bipartisan Infrastructure Law, which is intended to provide resources for transit, highways and other major infrastructure projects.



# Contract Value Trends

While new projects have seen improvements since Q4, contract values have not kept the same pace. Across the industry, Q1 contract values were 17% less than in Q4, and 35% less than Q1 2021. Projects remained smaller as contractors have continued to try to limit risk.

Across the verticals, heavy highway and civil contractors experienced a 9% increase in contract values compared to Q4; however, this is 24% less compared to the same time period last year.

Specialty contractors also increased, 16%, in Q1 2022 compared to Q4, but declined 19% compared to Q1 2021.

General contractors experienced a 15% decline in contract values compared to Q4, and declined 9% compared to Q1 2021.

## Potential Impact

Continued contract value declines reflect the uncertainties felt in the construction industry, as well as the overall business environment. With projects down year over year, it's not surprising that contract values were also down as contractors take on smaller projects of lesser value in order to reduce their risk exposure.



# Hiring Trends Overall

Hiring in Q1 was positive, resulting in a 16% increase compared to Q4, and a 3% increase compared to Q1 2021.

## Potential Impact

Hiring has been a major challenge for the construction industry well before the start of the pandemic. It's heartening to see that gains are being made, which can help fuel projects as more labor typically translates to more project starts.

This is on par with the Trimble Viewpoint survey conducted at the end of 2021 where 53% of respondents said they expect to hire more in 2022. Contractors will likely remain committed to hiring more in 2022 to fuel current projects and to meet the expected increase in projects once the infrastructure bill begins to roll out.



# Hiring Trends by Vertical

The increase in overall hiring was similarly reflected in the verticals, each of whom saw net positive hiring in Q1. Since the hiring gains were similar when compared to Q4 and Q1 2021, only one number is listed for simplicity.

- Hiring for specialty contractors increased 1.8% compared to Q1 2021
- Heavy highway and civil contractor hiring increased 1.5% when compared to Q1 2021
- Hiring for general contractors increased 0.5% compared to Q1 2021

## Potential Impact

All verticals came out with similarly modest hiring gains, which is good to see even if the gains aren't substantial. Given the challenges in finding skilled labor, any gains are good for the industry as they will help fuel other critical aspects for businesses, particularly project starts.

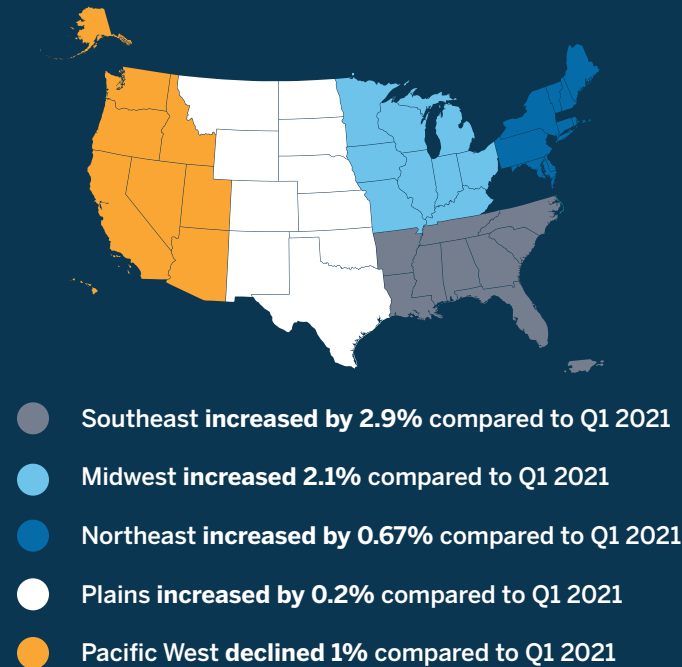




# Hiring Trends by Region

Regional hiring followed the same positive net hiring trajectory, increasing 1.15% compared to both Q4 and Q1 2021. Interestingly, five states accounted for 34% of new hires, including California, Texas, Florida, Pennsylvania, and North Carolina.

By region, this equated to the following increases, which are reflected only compared to Q1 2021 since the numbers compared to Q4 weren't substantially different.



## Potential Impact

Past Construction Metrics Indexes have shown great disparity among regional hiring numbers, so it's interesting to see that all regions had very similar gains this quarter compared to the previous year. Equal hiring parity could suggest that there is a consistent hiring movement happening across the United States where no one region is gaining or losing employees at the expense of the other.

# Cash Flow Trends

Cash flow typically indicates whether contractors are comfortable spending money on projects, demonstrating their overall confidence in the business. Cash flow increased 25% compared to Q4 and 28% compared to Q1 2022.

- By vertical, cash flow for general contractors increased the most - 31% compared to Q4 and 33% compared to Q1 2021.
- Specialty contractors' cash flow increased 11% compared to Q4 and 57% compared to Q1 2021.
- Cash flow for heavy highway and civil contractors increased 11% compared to Q4 and declined 7% compared to Q1 2021.

## Potential Impact

In 2020, contractors typically held on to cash so it's a welcome surprise to see cash flowing again. These positive gains show that contractors may be ramping up their operations in anticipation of more projects coming down the pipeline in the coming year.





**Key Takeaways**  
**by Vertical**

# General Contractors

- New projects increased by 14% compared to Q4, but decreased by 36% when compared to Q1 2021
- Contract values declined by 15% compared to Q4, and by 9% compared to Q1 2021
- Hiring increased 0.5% compared to Q1 2021
- Cash flow increased 31% compared to Q4 and 33% compared to Q1 2021



# Specialty Contractors

- New projects increased 70% compared to Q4 but were still down by 12% compared to Q1 2021
- Contract values increased by 16% compared to Q4, but declined by 19% when compared to Q1 2021
- Hiring increased 1.8% compared to Q1 2021
- Cash flow increased 11% compared to Q4 and 57% compared to Q1 2021



# Heavy Highway and Civil Contractors

- New projects increased by 10% compared to Q4, but declined by 41% when compared to Q1 2021
- Contract values increased 9% compared to Q4 but declined 24% compared to Q1 2021
- Hiring increased 1.5% when compared to Q1 2021
- Cash flow increased 11% compared to Q4 and declined 7% compared to Q1 2021



# Additional Resources

Trimble Viewpoint is here to help you run your business, manage through change and get the most from your software investments. Here are a few more resources to help keep a finger on the pulse of the construction industry.

**Related Content on Construction Industry Trends** › Our blog is always covering the most recent industry news, issues and hot topics. Subscribe to receive weekly updates.

**Trimble Construction One** › The connected, cloud-based Trimble Construction One construction management suite helps contractors manage their projects, processes and people, bringing disconnected data together for analysis and action so you can achieve better margins.

**Viewpoint Analytics Virtual Tour** › Explore our Construction Analytics solution to understand how easy self-service reporting can be in this quick product tour.

**Construction Infrastructure Resource Center** › Keep up with the latest on the future of infrastructure in America and what the Infrastructure Investment and Jobs Act means for contractors' business and technology needs





Reach out today to find out how construction-specific software solutions to tracking your business operations can help lower your risk and increase your margins.

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Trimble Viewpoint, a Trimble division, is a leading global provider of integrated software solutions for the construction industry. Trimble Viewpoint software enables customers to integrate operations across the office, team and field to improve project profitability, enhance productivity, manage risk and effectively collaborate across the broad construction ecosystem. With nearly 8,000 clients, including more than 40 percent of the ENR 400, Trimble Viewpoint's innovations are transforming the construction industry by fully integrating operations across financial and HR systems, project management tools and mobile field solutions.

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