



Since 1919

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AGC of Minnesota Construction Industry Field/Craft Employment Outlook August, 2009

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The following is a summary of a twelve month Minnesota Construction Industry Field/Craft Employment Outlook.

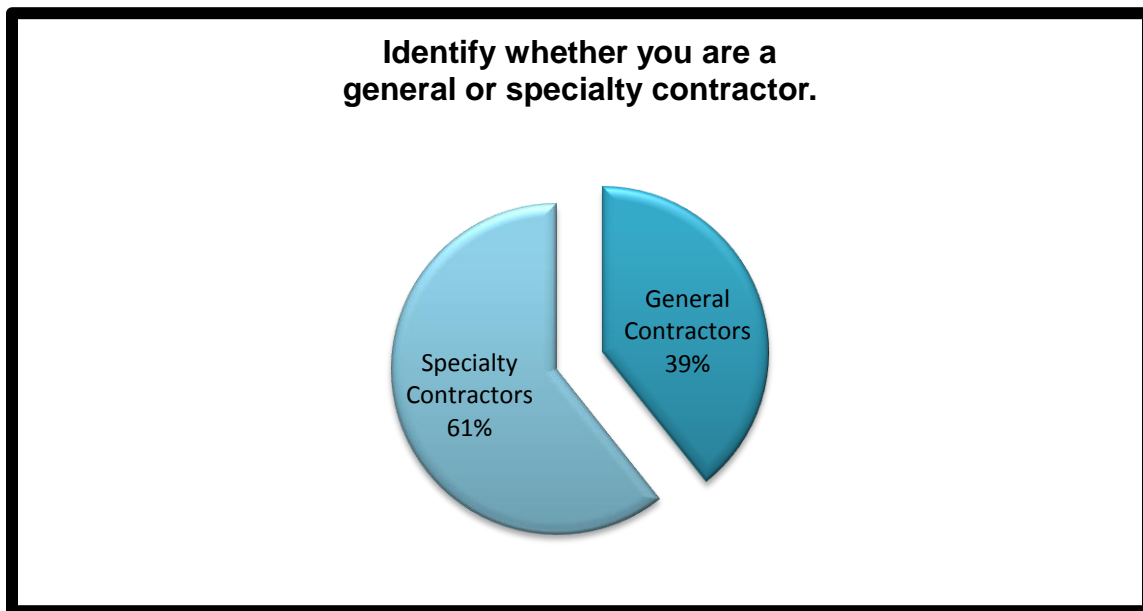
This survey was conducted from July thru August, 2009. The survey was entirely voluntary and limited to one response per company. Percentages are rounded and some respondents skipped questions.

The primary purpose of the survey is to:

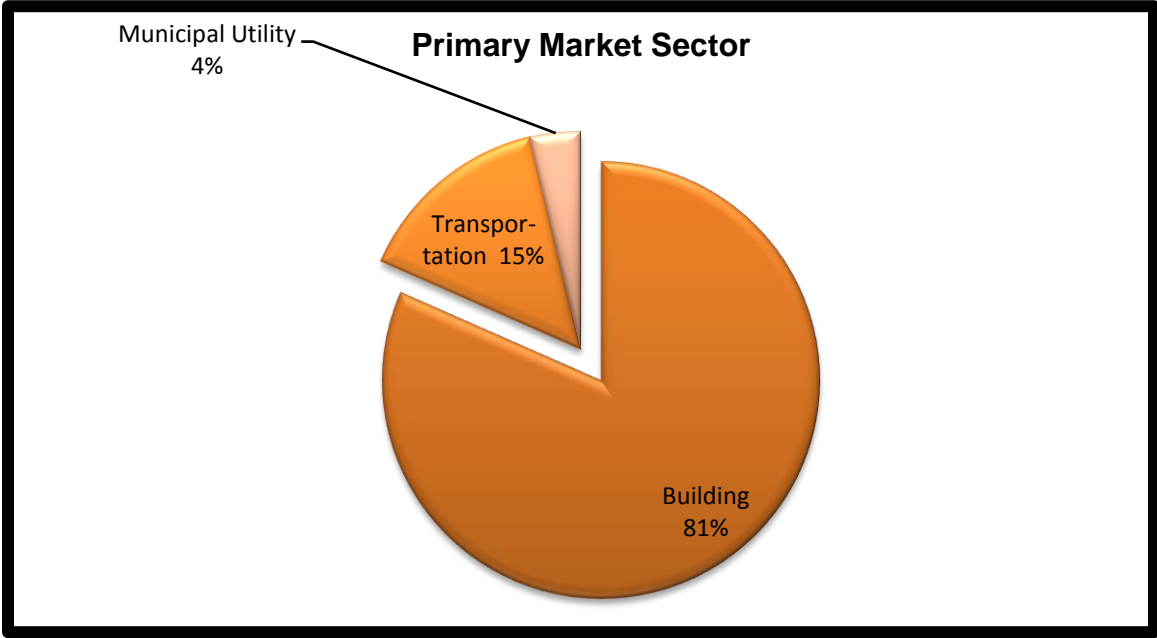
1. Measure the field/craft hiring levels of participating contractors during the next 12-months and;
2. If contractors are hiring, will it be through recall of furloughed employees*, new hires, or a combination of recall and new hires.
3. Additionally, if the contractor adds to field/craft employment, to what extent is it due to the federal stimulus package.

*Furloughed employees are previous employees of the company who have been laid off due to season or lack of work. Most of these workers return when the company resumes work.

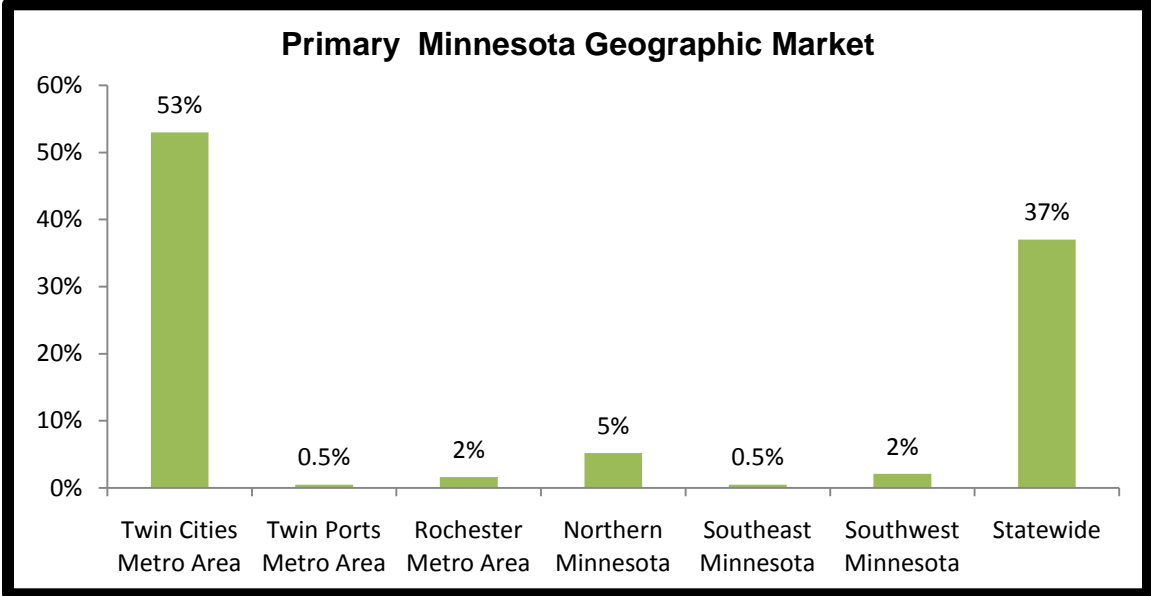
Part 1. Responses of all participants



192 contractors responded. All respondents are employers of construction craft workers. Most respondents are specialty contractors.

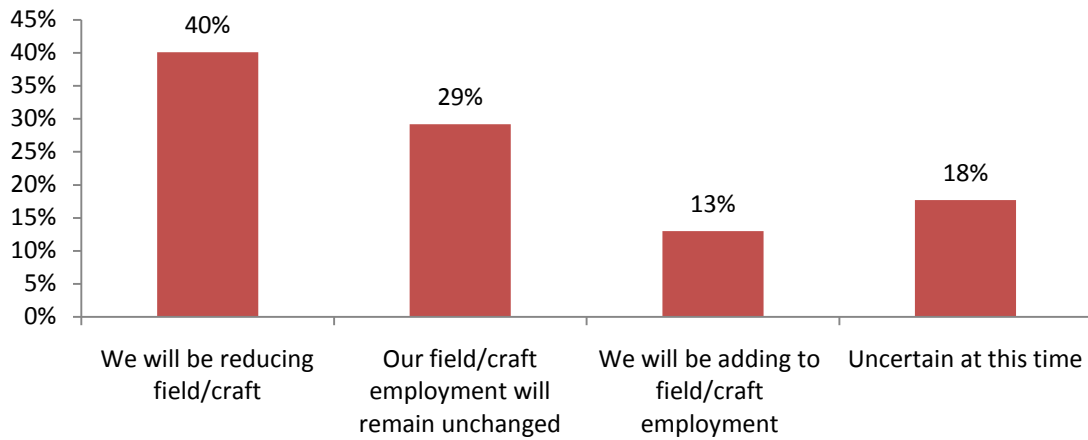


Most respondents are from the building sector.



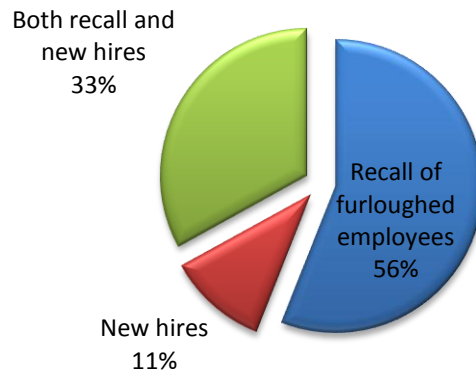
The Twin Cities Metro Area market is dominant for this group, while many respondents work statewide.

Based on current and projected 12-month market conditions for your firm, describe field/craft hiring plans.



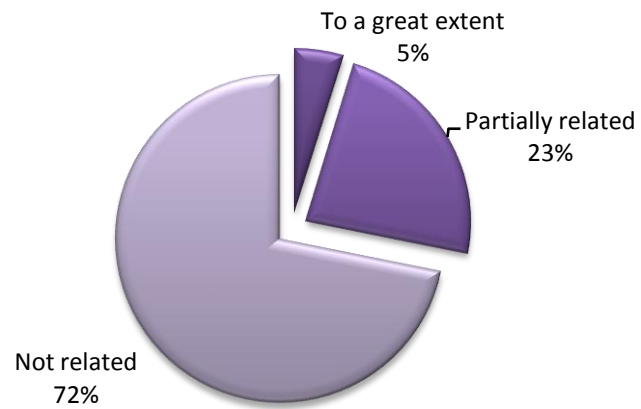
Nearly 70% of the contractors will either reduce field/craft or field/craft employment will remain unchanged.

If you will be adding to field/craft employment, will this be primarily through recall of employees currently on furlough or new hires?



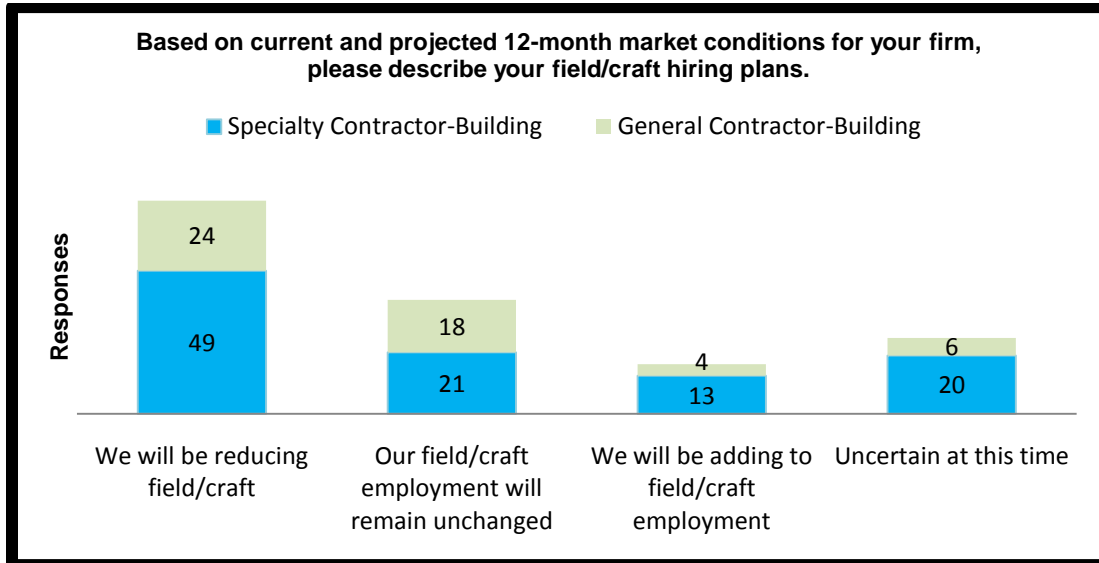
If contractors do add to field/craft employment, most will come from the furloughed employee group.

If you will be adding to field/craft employment, to what extent is this due to the federal stimulus package?

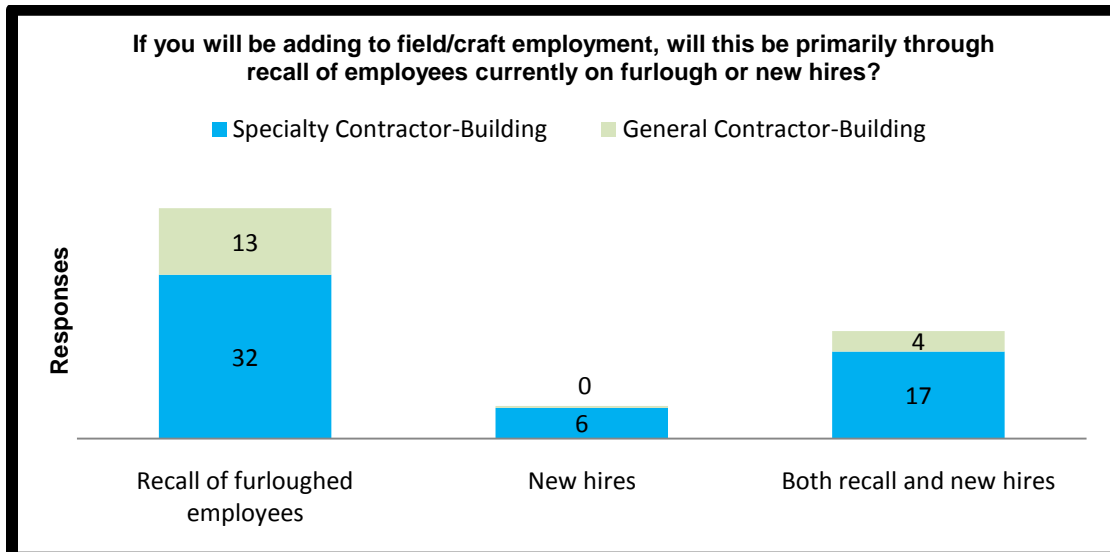


Over 70% of the respondents report that projected additions to field/craft employment are not related to the federal stimulus package.

Part 2. This section shows responses of General and Specialty Contractors in the Building Sector



Most building contractors will be reducing field/craft employment in the next 12-months.

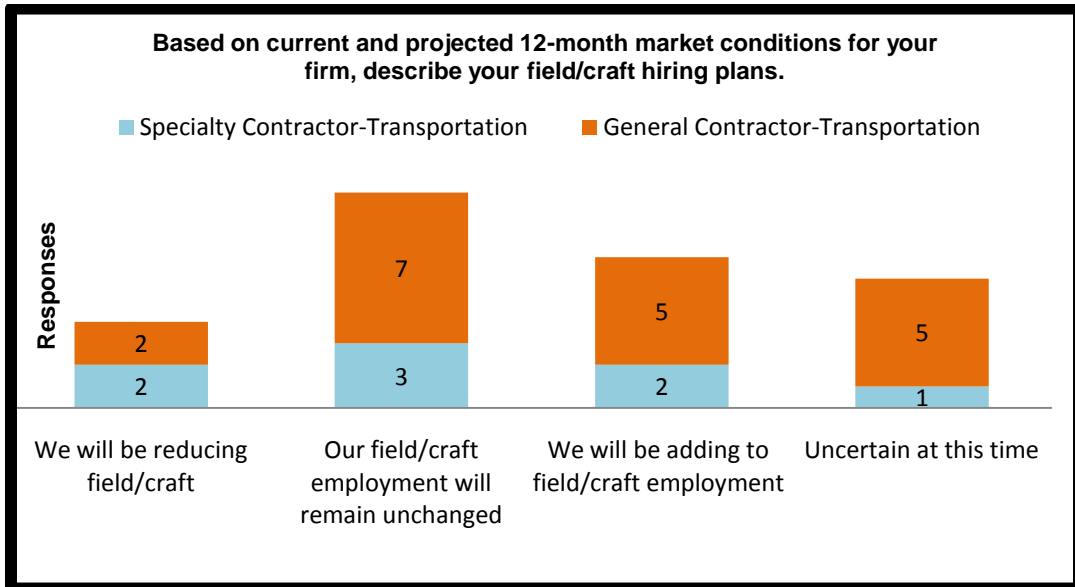


If building contractors do add to field/craft employment, most will come from the furloughed employee group.

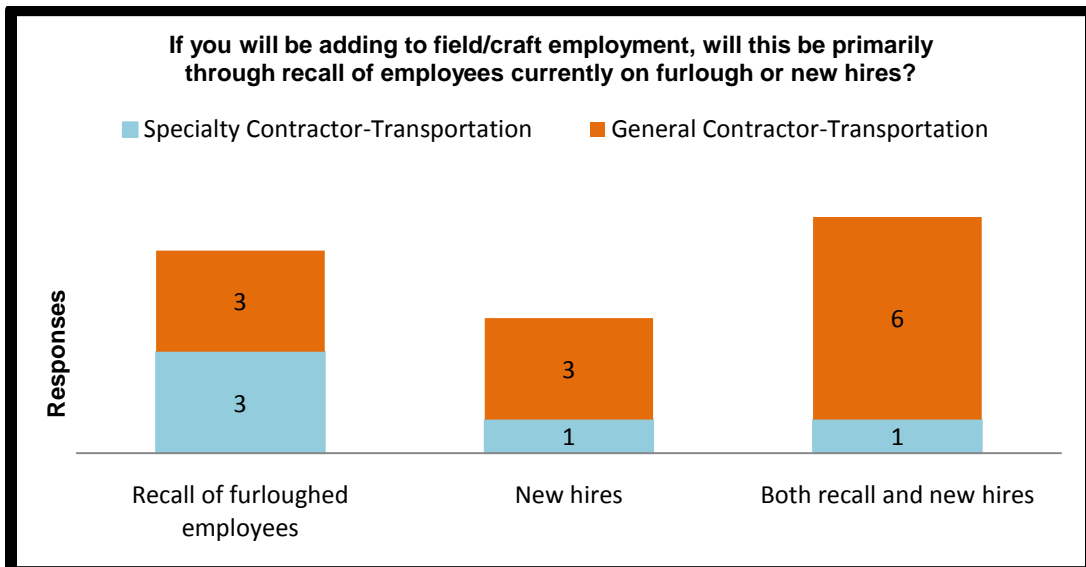


Most building contractors who project to add to field/craft employment in the next 12-months report that it is not related to the federal stimulus package.

Part 3. This section shows responses of General and Specialty Contractors in the Transportation Sector



The majority of transportation contractors will either reduce field/craft or field/craft employment will remain unchanged. Some transportation contractors will either add to field/craft employment or are uncertain.



If adding to field/craft employment, the majority of transportation contractors will use a combination of recall and new hires.



Transportation contractors report that if adding to field/craft employment in the next 12-months, it is partially related to the federal stimulus package. A significant number of general transportation contractors report it is not related.

Part 4. Written comments

66 respondents (34%) submitted written comments

Comments from the Building, Highway and Municipal Utility sectors are below.

Building

1. We do all vertical work, and the stimulus package that is currently in place is only horizontal, which does not help my company at all.
2. Loosen up the financial and lending restrictions.
3. We need better enforcement of prevailing wage laws, especially now, with the Governor's unallotment plans eating into the State budgets. We rely on those budgets for the work that we do. The State of MN represents almost 25% of the work that we do, and we're seeing (and we suspect) that these laws are being ignored, resulting in a loss of tradesman's hours.
4. Because of the current state of the construction market in MN we have no plans to hire anyone.
5. The economy is slow right now, and there is less work to bid on. Therefore, we have been awarded fewer projects; necessitating reducing field and office staff proportionately.
6. We don't see an upswing in electrical construction work at this time, and we will be lucky to keep our doors open.
7. No changes.
8. The Minnesota market remains one of the slowest in the country and we have not seen any significant affect from the few stimulus dollars that have been put into place.
9. We have down-sized our sales, accounting, and installation team members and have no plans to hire additional team members. We will be able to handle an increase in revenue by streamlining and right-sizing our company in response to the economic compression.
10. Unions don't seem to care about working with us through the economic downturn.
11. There needs to be more privately funded projects. Most of the current workload is public.
12. It is a tight market out there. Many contractors are reducing profit margins or taking them out completely just to keep the doors open. It is hitting larger GC's as well. Their cash flow is tight and they are taking 90 days or more to pay subs.
13. We are down approximately 25% in the Twin Cities market. I don't foresee that the Twin Cities market will be back to 2008 levels of employment until 2011.
14. Where is the change?
15. We anticipate a downturn next year and are not seeing any significant improvements related to stimulus in our markets.
16. No financing - no work – no jobs.
17. I have laid off a good portion of my crew over the summer (15 workers). I have another 10-15 workers on partial weeks. That leaves me with 20 full-time employees. At this time of the year we should be running 50-60 full-time employees and all employees would have some overtime hours. This being said, it is the end of July and there is NO work in sight, let alone anything for this winter.
18. We cannot hire new or hire back laid-off employees unless there is work for them to do. The market looks bleaker than I have ever seen it in the past 30 years.
19. We are union and we can't compete. Our pricing had to come down to the point of 4 years ago. The industry, especially residential, is out of control with regard to cut-throat bidding. Also, distributors are now selling directly to contractors just to make a sale and that leaves us with labor only. There is no way we can continue in this market with the wages and benefits that the unions are requiring.
20. We have many carpenters on unemployment and want to get them back to work ASAP.
21. Owners are taking advantage of supply and demand to reduce cost. Stimulus money is too SLOW.
22. We are bidding, but there does not seem to be financing for the GC's to get projects going.
23. We are working very hard and bidding aggressively so we will not go through another winter like last year. To date we have not been successful.
24. Dismal.
25. There is little private work in our area. We are in a struggle to survive. If commercial construction does not pick-up, I fear many contractors like us will fail.
26. My company is low on several projects, but none of them seem to go ahead because of the financing.

- 27.** Future hiring is directly related to new vertical construction.
- 28.** As long as the banks and lending institutions continue to delay financing of projects we will not be in a position to hire.
- 29.** There is nothing in the future that we know about as far as any work available.
- 30.** The present construction market is the slowest that we have ever seen. Without work we will not be hiring.
- 31.** Our plans are to grow even with the state of the economy being uncertain. We are taking advantage where other contractors are cutting back.
- 32.** We do not see a rebound in the market until late 2010 and then it will be a marginal improvement.
- 33.** We work nationwide mainly doing interior build-outs for national retailers. Normally we would start to see a surge in business now to get new stores open before Thanksgiving. We will be lucky to see half of the volume we did last year. Working in MN may represent 20% of our work this year.
- 34.** The government stimulus plan is overloading road & bridge contractors with work. Meanwhile there is nothing for commercial/industrial projects (who actually hire people when their jobs are done).
- 35.** We will need to continue reducing our work force.
- 36.** Hiring will be entirely dependent upon the construction market activity—and unfortunately, the construction market doesn't appear to be improving significantly.
- 37.** Due to market conditions, we are having difficulty finding quality bids (three or less contractors). Private money is minimal and the bulk of the work is Federal and State which usually goes to the lowest bidder, not lowest responsible, just lowest. That being said, we bid our work to make a profit and we will try not to take work just to keep people busy, as there is nowhere for them to go.
- 38.** Because of the construction economy we are not currently doing any work or see any short term future work in the metro area. We are concentrating on work closer to our home office.
- 39.** The Twin Cities market, at best, will likely see us reducing our local workforce to an unprecedented level. Unless there is some demand in the vertical construction, steel erection work is currently and will continue to be virtually nonexistent.
- 40.** Unfortunately, I do not see the need to hire any more field people for the foreseeable future. The building industry in this area of the state has shown no signs of growth for several years and it does not look like this will change in the short term.
- 41.** Until the banking situation gets resolved, construction will be on the decline.
- 42.** Approximately 12 months ago we reduced our field craft employees from about 15 to 6.
- 43.** There doesn't seem to be any federal stimulus money for building projects. Local governments will need to conserve. Private sector is still waiting to see what happens. The chances of any significant hiring in the near future are slim.
- 44.** We are just finishing up with work in the schools. We were back to almost normal for about 5 weeks. It is going to be a long winter and I believe many will not be around in the spring. The work is not out there and it will be a struggle to keep the guy's, many of whom have worked for us as long as 13 years.
- 45.** We do not expect any improvement in the next 12 months.
- 46.** We were primarily a site-work grading contractor for private projects. Because of the extremely depressed private sector, we have switched to bidding almost 100% public sector projects. Our backlog is the lowest it has been in many years. If we don't add work to our lists, we will be laying off many of our long time employees.
- 47.** Multi-state specialty contractor; industrial work in refinery, chemical, power, and food industries.
- 48.** Very slow in our SE Minnesota market.
- 49.** We are approximately 75% down in work load for fiscal 2009.
- 50.** We have not seen this poor of a commercial construction market in 50+ years.
- 51.** The non-union sector has taken the majority of the little work available. We see no improvement for the next 12 months.
- 52.** From all indications at this time and with the feedback from the architects there will be a continuing slide downward in commercial construction.
- 53.** Bleak at best.
- 54.** Future hiring will be on hold until there is considerable movement in construction spending and new development.
- 55.** Definite relationship between the construction market and our amount of work and hiring plans.

Highway

- 1.** We have not been hit as hard as others because we only do bridges. What will be happening is some of the commercial companies will start invading our highway work.
- 2.** While we haven't seen any projects due directly to the federal stimulus package, our work is holding up OK. It could be worse!
- 3.** Expect to continue to reduce size and hang on.
- 4.** Concerned about the amount of work for next year.
- 5.** The so called stimulus package is almost non-existent and certainly doesn't make up for the loss of revenues in highway user fees.
- 6.** Backlogs are down and the list of jobs to bid in transportation is very short for this time of year and continuing into 2010.
- 7.** We have had to expand our market area to maintain adequate work load.
- 8.** We have added personnel this season. We hope to maintain our current staffing level or add personnel next season.

Municipal Utility

- 1.** Very unsure of work load at this point. Where is MN stimulus money? We see it in large quantities in other states.
- 2.** No change in volume from last year. Our employment should remain steady.
- 3.** Everything is much more competitive, so you definitely want experienced craftworkers. Stimulus money has done nothing to help matters.

End of Report