



CORONAVIRUS

CONTRACTOR SURVEY 4: STABILITY & ANXIETY

OCTOBER 5, 2020

Survey Highlights & Methodology

Top Contractor Concerns

- A second wave of Covid-19 is still the biggest concern of contractors
- There has been little change over concerns with other top concerns since previous surveys. These concerns include: supply chain disruptions, skilled labour availability, and ensuring health and safety of workers and staff
- There has been a significant decline in concern regarding project cost over-runs due to sanitation, safety and social distancing protocols

Status of Construction Activity

- Contractors report that on average, 23% of their work is stopped because of the coronavirus, down from 28% in Survey 3
- They also report that 29% of work is delayed on average, down from 41% in Survey 3
- 56% of contractors say most or all of their work has now resumed, up from 49% in Survey 3

Financial Impact

- 54% of contractors said before the pandemic their business was growing, now only 13% report that their business is growing
- Only 3% said their business was in decline before the pandemic, since the pandemic 33% say their business is declining
- 66% of firms expect less revenue in 2020 compared to 2019
- 2020 revenue expectations have improved, with a -16% decline expected on average compared to last year (In Survey 2 the expectation was -26%, and -23% in Survey 3)
- Half (50%) of firms expect less revenue in the Sept-Dec period compared to Sept-Dec 2019

Other Disruptions

- Supply chain disruptions have not improved since the pandemic began, with 64% reporting high or medium impacts
- 52% of contractors report that building permit processing has been slower than usual this summer (since July 1)
- 46% had more difficulty getting skilled labour this summer (since July 1) compared to last

Forecasting Remainder of 2020

- 51% of contractors expect to do less work in the Sept-Dec period compared to last year, 19% expect more work
- 37% expect it will be more difficult to get skilled labour compared to Sept-Dec last year, while 10% expect it to be less difficult

Methodology

300

Telephone Interviews
with ICI Contractors
between September 8-18

+/-5.6

Margin of Error
(percentage points
19 times out of 20)

35%

General
Contractors

61%

Trade
Contractors

Coronavirus Contractor Survey Series Timeline

INTERACTIVE
TIMELINE
CLICK THE
CIRCLE



Top Contractor Concerns

Top 4 contractor concerns



A second wave of COVID-19



The impact of supply chain disruptions

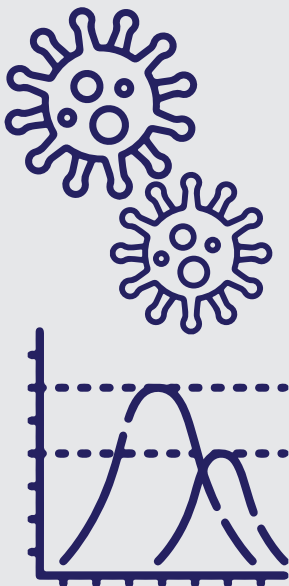


Ability to get skilled labour



Ensuring health and safety of workers and staff

Intensity of concern (Mean score on 7-point scale)

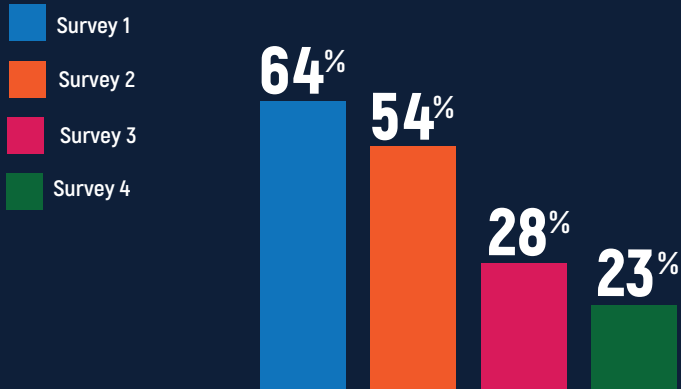


- 5.5** A second wave of Covid-19
- 5.1** The impact of supply chain disruptions
- 5.0** Ability to get skilled labour
- 5.0** Ensuring health and safety of workers and staff
- 4.7** Maintaining adequate cash flow between now and the end of 2020
- 4.6** Maintaining productivity while meeting physical distancing requirements
- 4.5** Ability of government to quickly roll out infrastructure stimulus spending
- 4.5** Ability of government to issue building permits or planning permission
- 4.3** Project cost over-runs due to sanitation, safety and social distancing protocols
- 4.2** The availability of projects to bid on between now and the end of 2020
- 4.1** Your work picture between now and the end of 2020

Q "How much of a concern are the following on a 7-point scale where 7 means a major concern, and 1 means not a concern at all?"

Status of Construction Activity

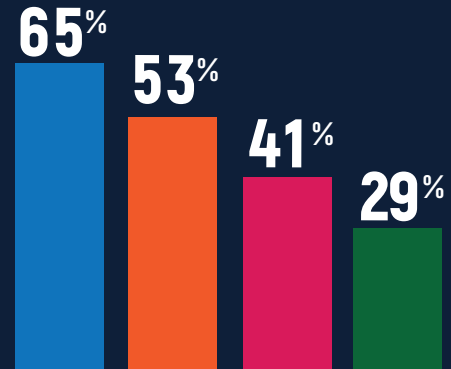
On average, how much of individual firms' work has been impacted by the coronavirus



STOPPED

% of their firm's activity that was stopped as of survey period

Q "As of today, what percentage of your firm's construction activity is stopped because of the coronavirus?"

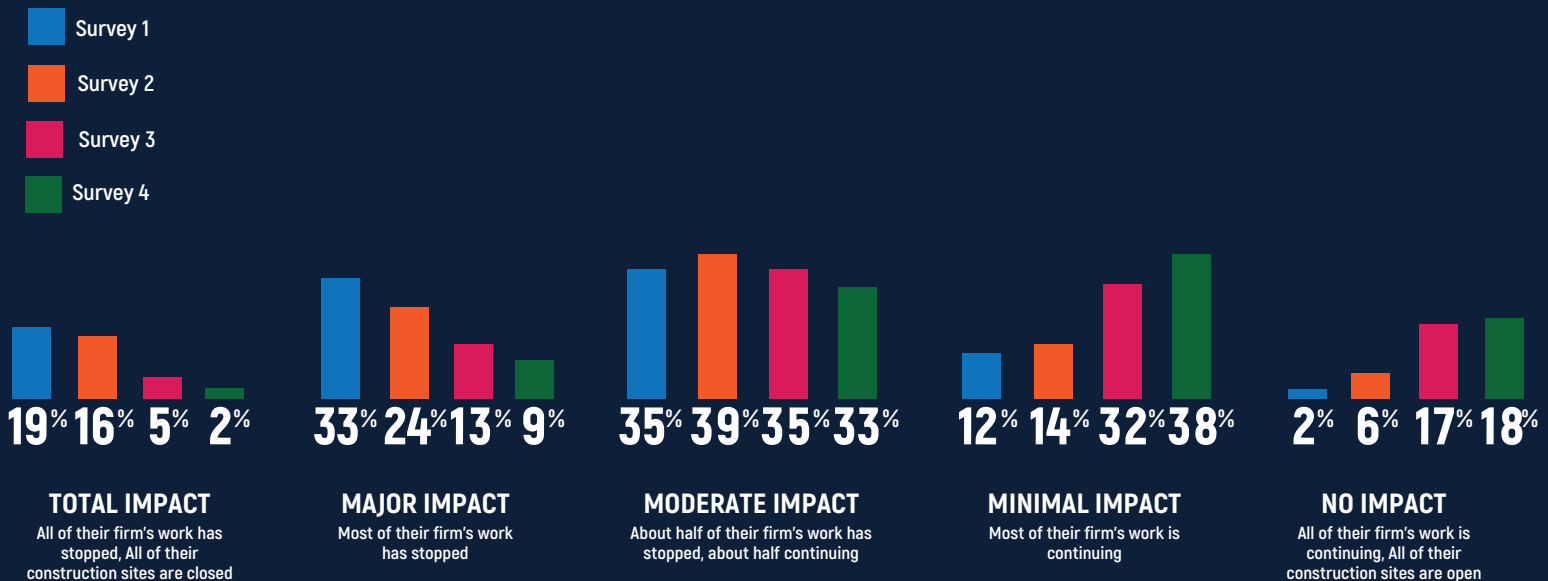


DELAYED

% of their firm's scheduled work that was delayed as of survey period

Q "Thinking of work that you were scheduled to start between now and the end of the year, what percentage of this work has now been delayed because of the coronavirus?"

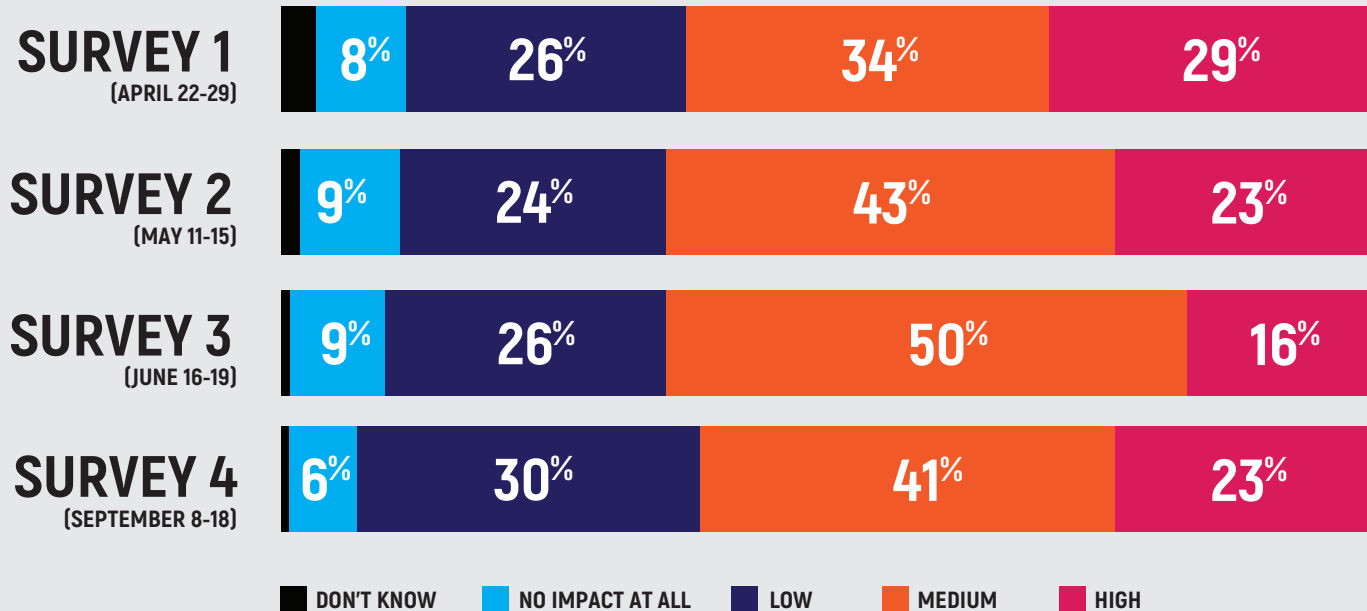
How individual construction firms report being impacted by the coronavirus



Q "As of today, which of the following best describes the current impact of the coronavirus on your firm's construction activities?"

Other Disruptions

Impact of coronavirus on supply chains



Q "How much of an impact is the coronavirus economic disruption currently having on your firm's supply chains?"

Impact of coronavirus on skilled labour availability

46% It is more difficult getting skilled labour this summer compared to last summer
(7% said less difficult, 43% same)

Q "Thinking of period starting July 1 until today, has it been more or less difficult to get the skilled labour you need compared the same period in 2019?"

Building permit delays



Experience getting building permits since July 1

23% Permit processing is significantly slower than pre-pandemic
29% Permit processing is slower than pre-pandemic, but it is improving
28% No difference
20% Don't Know

Q "Since July 1, which of the following three options best characterizes your firm's experience in getting building permits processed?"

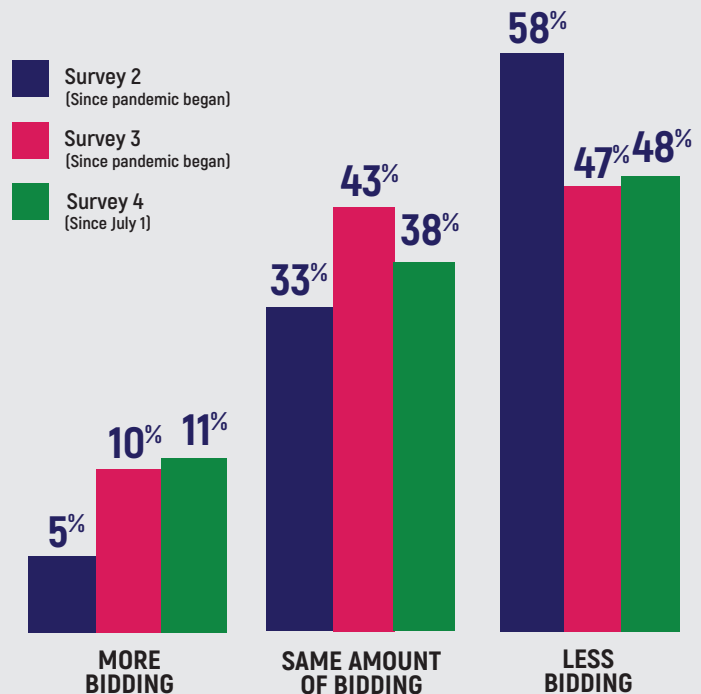
Bidding Trends

Bidding activity since July 1



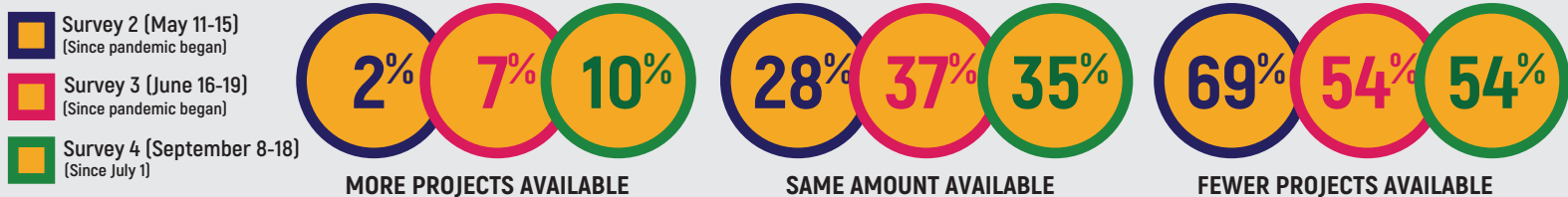
Q Survey 2 & 3: "Since the coronavirus pandemic began, has your firm been bidding on work more or less, or have you been doing the same amount of bidding as usual?"

Survey 4: "Thinking of your firm's bidding activity since July 1, has your firm been bidding on more or less work that you usually would over this period, or have you been doing the same amount of bidding as usual?"



Don't Know: Survey 2 = 1%, Survey 3 = 0%, Survey 4 = 2%

Availability of projects to bid on



Don't Know: Survey 2 = 1%, Survey 3 = 1%, Survey 4 = 1%

Q Survey 2 & 3: "Have you been finding that there are more or fewer projects available to bid on than usual, or the same number of projects as usual?" Survey 4: "Since July 1, have you been finding that there are more or fewer projects available to bid on than usual, or the same number of projects as usual?" (excludes respondents that don't bid on projects)

Bidding trends observed by contractors

82% New health and safety requirements from owners
(88% in Survey 3)

42% Redistribution of how project risk is shared
(51% in Survey 3)

40% Higher bids by contractors
(27% in Survey 3)

58% Fewer smaller projects to bid on

48% Project owners placing more risk on contractors

51% Larger firms bidding on smaller projects they normally wouldn't bid on

Q "Survey 3: "Have you observed any of the following in projects that you are bidding or seeking subcontractor bids?" Survey 4: "Since July 1, have you observed any of the following in projects that you are bidding or seeking subcontractor bids?"

Financial Impact of Coronavirus

Revenue estimates for the year so far



69%

of firms currently have less revenue than last year

Q "Thinking of the revenue generated by your business from January 1st up to today's date, is your firm's revenue higher, lower, or the same compared to the same time period in 2019?" (Lower: 69%, Same: 18%, Higher: 10%, Don't Know: 3%)



-21%

Average change in revenue

Q "Approximately how much higher/lower as a percentage?"

Revenue expectations for the 2020 calendar year



66%

of firms expecting less revenue in 2020 (73% expected less 2020 revenue in both Survey 2 and Survey 3)

Q "Thinking of the year 2020 as a whole, do you expect your firm's revenue to be higher, lower, or the same compared to 2019?" (Lower: 66%, Same: 18%, Higher: 15%, Don't Know: 1%)



-16%

revenue expected to fall 16% on average in 2020 (Expectation in Survey 2 was -26%, and -23% in Survey 3)

Q "Approximately how much higher/lower as a percentage?"

Revenue expectations for September-December period



50%

of firms expecting less revenue in Sept-Dec period (compared to Sept-Dec 2019)

Q "Thinking of the period between September 1st and the end of 2020, do you expect your firm's revenue for this period will be higher, lower, or the same compared to the September to December period in 2019?" (Lower: 50%, Same: 32%, Higher: 15%, Don't Know: 3%)



-14%

revenue expected to fall 14% on average in Sept-Dec period (compared to Sept-Dec 2019)

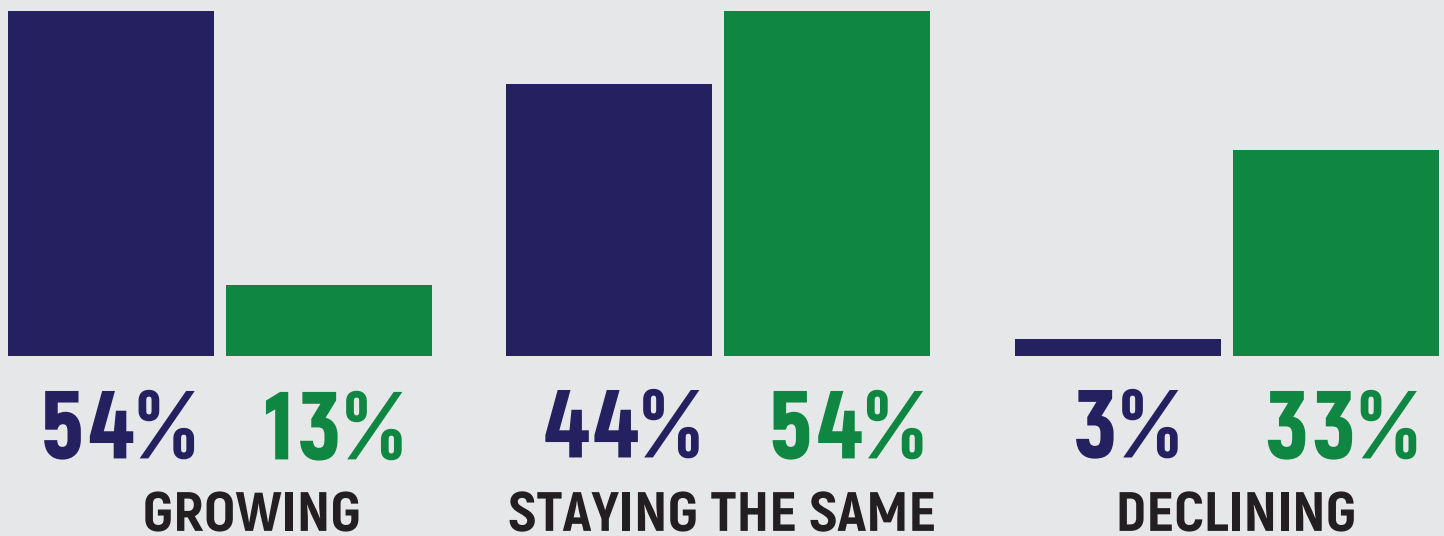
Q "Approximately how much higher/lower as a percentage?"

Financial Impact of Coronavirus

Trajectory of business before and after start of pandemic and economic shutdowns

■ Trajectory of business before pandemic start

■ Trajectory of business since pandemic start



Q "Before the pandemic and economic shutdowns started, was your organization growing, declining, or staying the same size?"

Q "Since the pandemic and economic shutdowns started, is your organization growing, declining, or staying the same size?"

Percentage of firms that will need government support to stay in business



SURVEY 1

(APRIL 22-29)

56%

SURVEY 2

(MAY 11-15)

40%

SURVEY 3

(JUNE 16-19)

34%

SURVEY 4

(SEPTEMBER 8-18)

32%

Q "Do you expect your firm will need government support to stay in business?"

Impact of Coronavirus on Project Costs



↑ 18%

PPE and physical distancing have led to 18% increase in project costs on average

Contractors were asked to estimate how much their overall project costs have increased as a result of implementing PPE and physical distancing requirements on construction sites. In previous surveys, contractors were asked to project what the increases would be. In Survey 2 the average estimate was +23%, and in Survey 3 it was +13%.

Q Survey 2&3: "As a percentage, by how much to you estimate your overall project costs could increase as a result of implementing PPE and physical distancing requirements on construction sites?" Survey 4: "As a percentage, by how much to you estimate your overall project costs have increased as a result of implementing PPE and physical distancing requirements on construction sites?"

Impacts of new safety protocols such as PPE, physical distancing or contact tracing

	Profitability of your projects	Productivity	Project cost
High	17%	15%	18%
Medium	33%	43%	41%
Low	41%	33%	33%
No impact at all	9%	9%	7%
Don't Know	1%	1%	1%

Q "How much of an impact have new safety protocols such as PPE, physical distancing or contact tracing had on each of the following?"

Site Sanitation Practices

Future of site sanitation



Q "Which of the following is closest to your opinion regarding the future of site sanitation?"



96%

believe they are meeting enhanced sanitation standards
(compared to 93% in Survey 3)

Q "Do you believe your firm is meeting the enhanced sanitation standards required due to the coronavirus?"

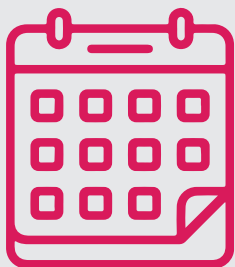


71%

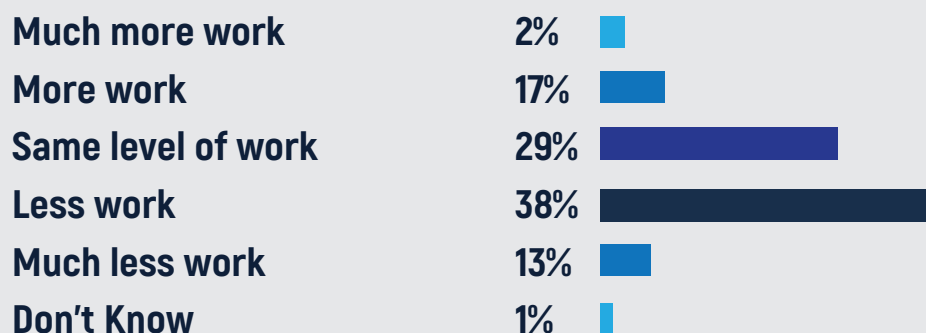
expect worksite sanitation practices to permanently change
(compared to 83% in Survey 2)

Q "Do you expect sanitization practices on work sites to change permanently because of the coronavirus?"

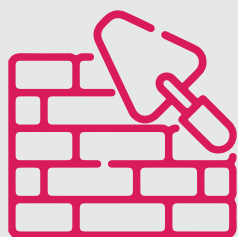
Forecasting the Remainder of 2020



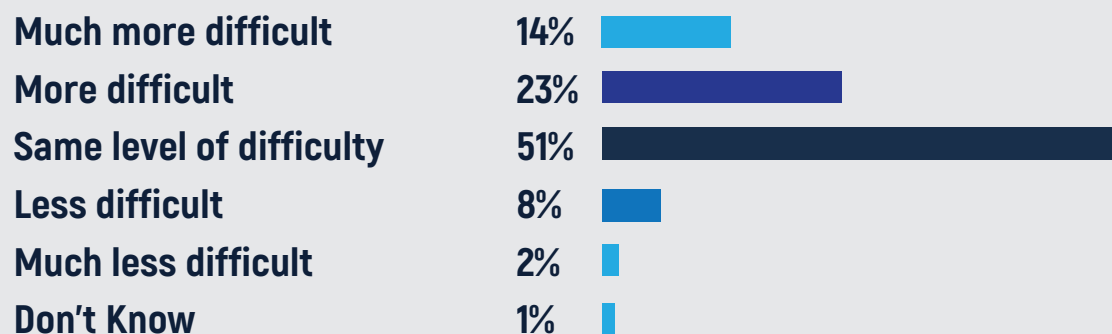
Work expectations for September-December compared to September-December 2019



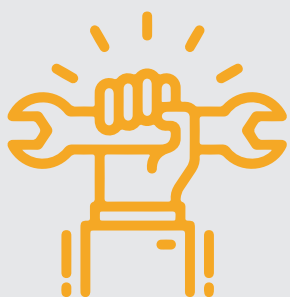
Q "Thinking again of the time between the September 1st and the end of 2020, how much work do you expect to conduct compared to the September to December period last year?"



Expectations for difficulty getting labour in September-December compared to September-December 2019



Q "Thinking of the availability of skilled labour to your firm between the beginning of September until the end of 2020, how difficult do you expect it will be to get the skilled labour you need compared to the September to December period last year?"



24% don't expect there will be enough workers available for their remaining 2020 projects (73% expect there will be enough)

Q "Do you expect there will be enough workers available for you to undertake the projects you will be doing between now and the end of 2020?"

Contractor Comments on Work Expectations for the Remainder of 2020

"With the opening of the economy more projects are coming forward, but owners are hesitant to make commitments on project start dates. They're moving forward on getting quotes and estimates, but non-committal on start dates."

"Municipalities are not giving permits. Not issuing permits is our biggest problem."

"2021 has us concerned. I don't think people have put out all the jobs they have, because no one knows what the second wave is going to be like."

"Not worried about 2020. I'm worried about 2021 and 2022."

"Work now depends on government stimulus. If they're not giving any, then everything could be slowing down. If government does not get involved or if they take too long, we will really feel this. I know a bunch of big companies who are in trouble now. It may be too late to get out of the trouble."

"I don't think it's going to change much for 2020. It's 2021 we're concerned about. I think this spending that the government is doing has to come to an end, and that's going to result in much less work being led by municipalities. If they're going to spend money they should spend it on infrastructure."

"We were anticipating more work to start but because of Covid-19 it has been deferred to 2021."

"Work will be extremely slow and money extremely tight."

"We feel a lot of anxiety whether the economy will recover long term. The government has been helpful but we had to take on debt."

"Work is non-existent."

"We've always had problems finding skilled help. It'll be worse now."

Q "Do you have any comments you'd like to add about your work expectations for the rest of 2020?"

