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## Construction Expected to Increase in 2015

About ten years ago, during the real estate boom, construction contractors and almost every facet of the American economy linked to construction industry were experiencing substantial profits and a backlog of work and/or orders. When the real estate market crashed, demand for construction plummeted. When owners wanted to build, they often experienced significant difficulty financing new construction projects. The combination of a flat or decreasing economy and a tightening financial market had a significantly negative impact on nearly every facet of the construction industry. Recently, however, the construction industry has rebounded nicely. Even better news for the industry is that trends continue to show current and projected growth.

The Associated Builders and Contractors (ABC) reported earlier this month that its Chief Economist Anirban Basu forecasts a steady recovery among the U.S. commercial and industrial construction industries in 2015. Mr. Basu forecasts nonresidential construction spending will expand by roughly 7.5% next year. "The segments that will experience the largest growth in construction spending in 2015 include power, lodging, office space and manufacturing. The public sector will see far more sluggish growth in construction spending. However, this fits a multi-year pattern with private nonresidential spending exceeding public nonresidential spending by 28% in 2014, up from 15.6% in 2013." Basu was quoted in the ABC publication Newswire.

To back up that prediction, Mr. Basu pointed out that that on December 5, 2014 the Bureau of Labor Statistics reported that the U.S. construction industry added 20,000 jobs in November, including 4,900 in nonresidential construction. This increase in employment numbers added to Basu's prediction that industry growth would continue into 2015, but also addresses the affect the lack of skilled workers has on the potential nonresidential job growth. "It is important to note that the greatest constraint on nonresidential job growth may no longer be a lack of demand for construction services, but rather a lack of supply of sufficiently skilled workers," Basu said.

The anecdotal evidence of the vast majority of our construction clients supports this prediction. Nearly every sector of the construction industry sees an immediate need for skilled, well-trained workers. When the economy slowed down and construction employment contracted, many skilled workers fled the industry for other careers. As a result, the remaining experienced field trainers consistently discuss the shortage of younger, talented workers entering the construction field. With the current emphasis on sending as many American children to college as possible, they complain, very few children grow up thinking about a long-term career in the construction industry. Today, many projects are experiencing a shortage of skilled labor. As

the current workforce ages and many of the skilled workers retire, contractors expect this problem to exacerbate.

Nonetheless, the outlook for 2015 remains positive for the construction industry. Basu predicts that contractors "should continue to experience a lengthening backlog and the industry should continue to see increases in nonresidential construction spending and employment growth." At Burr & Forman we have an entire team of construction attorneys located in offices throughout the Southeast. Whether you are planning a project, financing a project, seeking economic incentives to locate a project, having difficulty during a project, or seeking to rectify issues that arose during or after a construction project, Burr & Forman attorneys have the skill and experience to serve your needs.

**For more information, contact:**

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