



Q3 & Q4 - 2023

The Quarterly Construction Metrics Index



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About the Index

Welcome to the Trimble Viewpoint *Quarterly Construction Metrics Index: Q3 & Q4 2023*, which highlights construction project statistics, contract values, hiring and cash flows metrics, as well as copper pricing, which is considered a bellwether for materials costs.

The Construction Metrics Index is pulled from Trimble Viewpoint customer data and Trimble Construction Supply Chain data, which provides materials databases to help contractors find the best prices based on real-time product data. All data was inputted during the third and fourth quarters of 2023 and has been anonymized and aggregated to protect customer identities.

The stats have been analyzed and compared to data from the third and fourth quarters of 2023 as well as year-over-year for a high-level view of overall performance. The index is designed to give industry leaders 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

- Data for copper pricing comes from Trimble's Construction Supply Chain group.
- All other data—including for project, contract values, hiring and cash flow—is aggregated from anonymized, real-time data from about 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 third and fourth quarters of 2023 and compared to the third and fourth quarters of 2022, as well as compared year-over-year.
- 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 verticals, which companies self-identify 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 data from the second half of 2023 (July 1 - December 31) demonstrates that many of the themes we've seen in previous quarters—declines in project starts and contract values and an increase in cash flow—remained solidly in place for the back half of the year.

The main difference was hiring, which saw minor gains, reflecting the fact that contractors remain committed to building out their workforces. All of this could demonstrate that contractors are continuing to see new project starts slow down, and that many of those projects had lower contract values, causing contractors to hold onto cash rather than spend it.

Across the industry, project starts decreased 35% when compared to Q3 and Q4 of 2022, and they decreased 28% year-over-year. This was most pronounced with heavy highway and civil contractors who saw the largest decline—74% from Q3 to Q4 2023 and 73% year-over-year. General contractors also saw smaller declines—27% and 32%, respectively. Specialty contractors saw the lowest declines—20% in Q3/Q4 and 14% year-over-year, which could reflect the fact that they do a significant amount of routine service work.

Contract values also declined, though the declines didn't seem quite as dramatic—13% in Q3/Q4 and 7% year-over-year. In general, contract values tend to decrease as projects decline as contractors are forced to compete for smaller, less profitable projects. Interestingly, specialty contractors were the most hard hit, with a 69% decline in Q3/Q4, while heavy highway and civil contractors fared slightly better with a 38% decline in Q3/Q4. General contractors managed to increase their contract values 20% during the Q3/Q4 time period but still saw a 25% decline year-over-year.

When project starts and contract values decline, contractors tend to hold onto cash, which was seen in Q3/Q4 as cash flow increased 9% and remained flat when compared year-over-year. This was most pronounced with heavy highway and civil contractors who held onto the most cash, followed by specialty contractors. General contractors actually spent more money in Q3/Q4 2023 as compared to the same time period in 2022, which could correspond to the fact that they saw an increase in contract values during that same time period.

While the price of copper has been relatively stable in 2023, it dropped by about 2% in the second half of 2023. This may indicate that there is less demand for copper, given the overall decrease in project starts, contract values, and the fact that most contractors continue to hold onto cash.

Despite lowered project starts and contract values, contractors continued to build their workforces: Net hiring increased 1.5% compared to Q3/Q4 of 2022 while slightly decreasing when compared to year-over-year. Small increases were seen across all verticals in Q3/Q4, as contractors continue to struggle to find qualified talent.

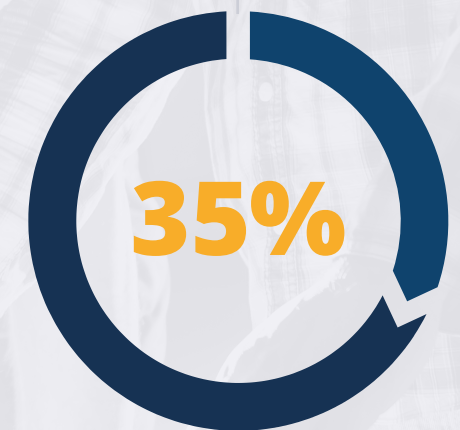
Project Trends

- New projects across the industry decreased 35% compared to Q3 and Q4 of 2022; they decreased 28% in 2023 as compared to 2022.
- New projects for heavy highway and civil contractors decreased 74% compared to Q3 and Q4 of 2022; they decreased 73% in 2023 as compared to 2022.
- New projects for general contractors decreased 27% compared to Q3 and Q4 of 2022; they decreased 32% in 2023 as compared to 2022.
- New projects for specialty contractors decreased 20% compared to Q3 and Q4 in 2022; they decreased 14% in 2023 as compared to 2022.

Potential Impact

The decrease in project starts across the industry demonstrates that many contractors aren't starting as many projects as they did during the same time the year before, or even as compared to the year prior. This is most pronounced with heavy highway and civil contractors who saw the largest decline—74% in Q3/Q4 2023 as compared to Q3/Q4 in 2022. General contractors saw lower declines (27%) while speciality contractors saw the lowest declines (20%). Most of these declines were similarly reflected year-over-year as well.

This could demonstrate a general softening in economic conditions as contractors are waiting for projects to begin, particularly heavy highway and civil contractors, many of whom are dependent on government funding. This could be indicative of the slow rollout of funding from the Infrastructure Investment and Jobs Act, which is still in the process of being distributed nationwide.



New projects across the industry **decreased 35%** year-over-year

Contract Value Trends

- Across the construction industry, contract values decreased 13% compared to Q3 and Q4 of 2022; they decreased 7% in 2023 as compared to 2022.
- Specialty contractors' contract values decreased 69% compared to Q3 and Q4 of 2022; they decreased 27% in 2023 as compared to 2022.
- Heavy highway and civil contractors' contract values decreased 38% compared to Q3 and Q4 of 2022; they decreased 45% in 2023 as compared to 2022.
- General contractors' contract values increased 20% compared to Q3 and Q4 of 2022; they decreased 25% in 2023 as compared to 2022.

Potential Impact

The decrease in contract values corresponds with the decline seen in project starts, although the declines don't seem to be quite as dramatic—13% in Q3/Q4 and 7% year-over-year. Interestingly, specialty contractors were the most hard hit, with a 69% decline in Q3/Q4, while heavy highway and civil contractors fared slightly better with a 38% decline in Q3/Q4. General contractors managed to increase their contract values 20% during the Q3/Q4 time period but still saw a 25% decline year-over-year.



Contract values across the industry **decreased 13%** year-over-year

Hiring Trends

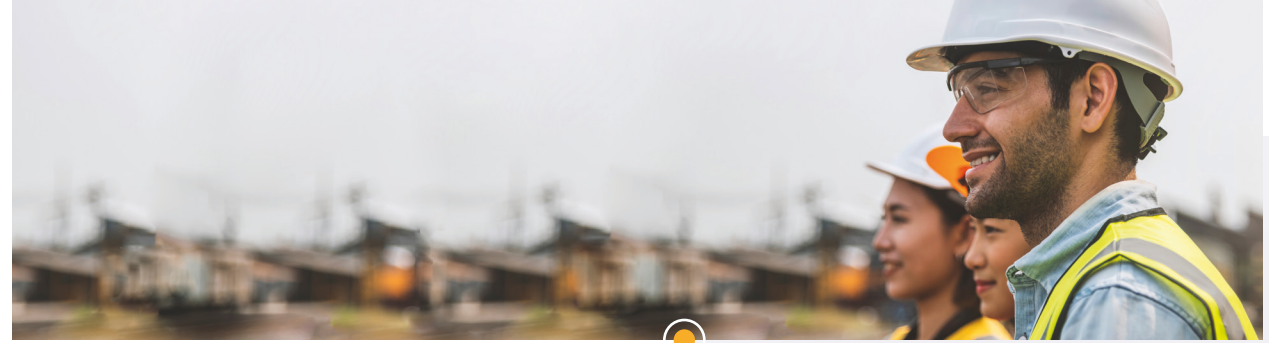
- Net hiring increased 1.5% compared to Q3 and Q4 of 2022; it decreased 1% in 2023 as compared to 2022.
- Hiring for specialty contractors increased 1.8% compared to Q3 and Q4 of 2022; it increased 0.8% in 2023 as compared to 2022.
- Hiring for general contractors increased 1.5% compared to Q3 and Q4 of 2022; it decreased 1% in 2023 as compared to 2022.
- Heavy highway and civil contractor hiring increased 1.2% compared to Q3 and Q4 of 2022; it decreased 2% in 2023 as compared to 2022.

- Regionally:
 - › In the Plains region, hiring decreased 7.4% compared to Q3 and Q4 in 2022; it decreased 6.3% in 2023 as compared to 2022.
 - › Hiring in the Pacific West decreased 4.4% compared to Q3 and Q4 in 2022; it decreased 3.2% in 2023 as compared to 2022.
 - › Hiring in the Northeast decreased 1.5% as compared to Q3 and Q4 in 2022; it decreased 1.6% in 2023 as compared to 2022.
 - › Hiring in the Midwest increased 1.2% compared to Q3 and Q4 in 2022; it increased 1.3% in 2023 as compared to 2022.
 - › Hiring in the Southeast increased 0.8% compared to Q3 and Q4 in 2022; it increased 1.5% in 2023 as compared to 2022.

Potential Impact

Hiring is a bright spot for the construction industry as it has continued to increase quarter over quarter, although there were modest decreases year-over-year when comparing 2022 to 2023. All verticals fared roughly the same in Q3/Q4, with small increases seen across the board, with slight decreases year-over-year for general contractors and heavy highway and civil contractors, while specialty contractors saw a slight gain.

Regionally, the Plains and Pacific West both saw sizable gains in Q3/Q4—7.4% and 4.4%, respectively—yet they also experienced net decreases when compared year-over-year.



Cash Flow Trends

- Cash flow across the industry increased 9% compared to Q3 and Q4 in 2022; it was flat in 2023 as compared to 2022.
- Cash flow for heavy highway and civil contractors increased 80% compared to Q3 and Q4 in 2022; it decreased 28% in 2023 as compared to 2022.
- Cash flow for specialty contractors increased 62% compared to Q3 and Q4 in 2022; it increased 77% in 2023 as compared to 2022.
- Cash flow for general contractors decreased 30% compared to Q3 and Q4 in 2022; it increased 5% in 2023 as compared to 2022.

Potential Impact

An increase in cash flow means that contractors are not spending money, which may indicate that they have trepidations about economic conditions and are not building as much as anticipated. This was the most pronounced with heavy highway and civil contractors who held onto the most cash, which was followed by specialty contractors. General contractors actually spent more money in Q3/Q4 2023 as compared to Q3/Q4 in 2022, which could correspond to the fact that they saw an increase in contract values during the same time period.



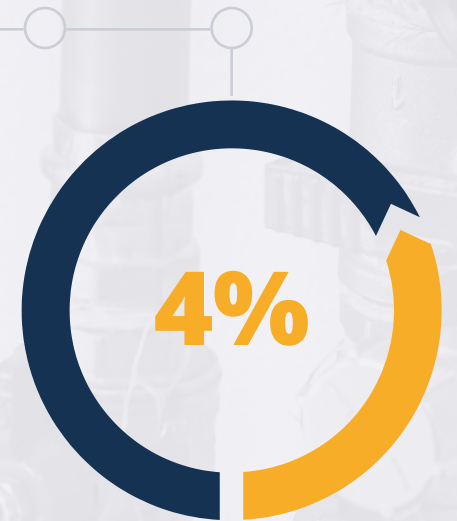
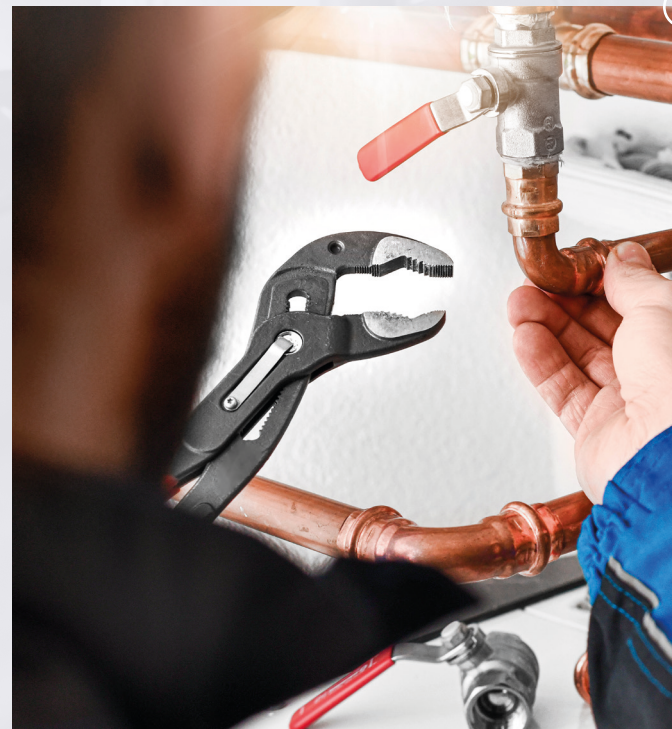
Cash flow across the industry **increase 9%** year-over-year

Copper Pricing Trends

- In 2023 the copper spot price was on average 4% less than it was in 2022, equating to about \$0.15 per pound.
- While there was an overall year-over-year decrease in the price of copper, this was not the trend for each quarter.
 - › Q1 and Q2 saw year-over-year decreases of 10% and 11%
 - › Q3 and Q4 saw year-over-year increases of 8% and 1%
- The day-to-day pricing of copper has been stable, on average fluctuating plus or minus \$0.18. Q3 and Q4 were particularly stable months with the average price of copper fluctuating only 2% and 3%.

Potential Impact

The price of copper has been relatively stable in 2023, yet the price still dropped by about 4% in the second half of 2023, which could indicate that there is simply less demand for copper. This would make sense given the overall decrease in project starts, contract values and the fact that most contractors continue to hold onto cash.



Copper pricing across the industry **decreased 4%** year-over-year



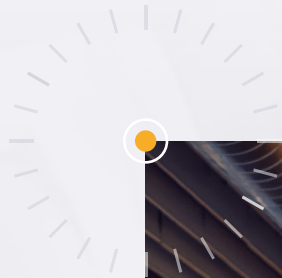
「Key Takeaways by Vertical」



Key Takeaways by Vertical

General Contractors

- New projects decreased 27% in Q3-Q4 of 2023, compared to Q3-Q4 2022; they decreased 32% in 2023 as compared to 2022.
- Contract values increased 20% compared to Q3 and Q4 of 2022; they decreased 25% in 2023 as compared to 2022.
- Hiring increased 1.5% compared to Q3 and Q4 of 2022; it decreased 1% in 2023 as compared to 2022.
- Cash flow decreased 30% compared to Q3 and Q4 in 2022; it increased 5% in 2023 as compared to 2022.



Key Takeaways by Vertical

Specialty Contractors

- New projects decreased 27% in Q3-Q4 of 2023, compared to Q3-Q4 2022; they decreased 32% in 2023 as compared to 2022.
- Contract values increased 20% compared to Q3 and Q4 of 2022; they decreased 25% in 2023 as compared to 2022.
- Hiring increased 1.5% compared to Q3 and Q4 of 2022; it decreased 1% in 2023 as compared to 2022.
- Cash flow decreased 30% compared to Q3 and Q4 in 2022; it increased 5% in 2023 as compared to 2022.



Key Takeaways by Vertical

Heavy Highway and Civil Contractors

- New projects decreased 74% compared to Q3 and Q4 of 2022; they decreased 73% in 2023 as compared to 2022.
- Contract values decreased 38% compared to Q3 and Q4 of 2022; they decreased 45% in 2023 as compared to 2022.
- Hiring increased 1.2% compared to Q3 and Q4 of 2022; it decreased 2% in 2023 as compared to 2022.
- Cash flow increased 62% compared to Q3 and Q4 in 2022; it increased 77% in 2023 as compared to 2022.

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.

[Connected Construction Virtual Tour](#)—Step into a world of connected construction! Experience a self-guided virtual tour of a real connected construction site, from the office to the field.

[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 Trade Service's Copper Pricing](#)—Check the daily price of copper, a leading indicator of materials prices, on Trade Service.

[Construction Accounting videos](#)—Surety bonds, certified payroll, progress billing, allocations ... dive deep with us on all things construction accounting!





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