Insight on Industry Trends:
Construction Outlook and Wage Survey
2018 Wage Survey Suggests Another Strong Year for the Construction Industry

This CliftonLarsonAllen report focuses on construction industry trends in wages and hiring. These two issues can raise a lot of questions in the minds of construction business owners. Contractors want to know how to retain and attract talented management and tradespeople. They are concerned about the amount of compensation and benefits to offer. And there are a whole new set of issues raised by changes in the tax code that are beyond the scope of this report. In short, while there are always challenges in the construction industry, there is much to be hopeful about in the coming year.

Executive summary

- Nearly three-quarters of respondents say their construction business is thriving.
- Increases in construction wages continue to outpace increases in the average private market wages.
- Forty percent of contractors surveyed have more employees than the previous year.
- Eighty-seven percent of respondents anticipate wage increases in 2018, and more than 20 percent of respondents anticipate 2018 wage increases of more than 6 percent.
- Four out of five contractors expect to hire additional employees within the next 12 months or sooner, and nearly 40 percent have immediate hiring needs.
Overview of Participants

Data for this report were collected from 142 surveys received from January 9 through February 13, 2018, from contractors in Colorado, Nevada, and Utah.

**General Contractor**
- Commercial .................. 26%
- Industrial .................... 3%
- Highway ..................... 3%
- Residential .................. 8%
- Other .......................... 2%

**Subcontractor**
- Acoustical and drywall .......................... 3%
- Concrete ............................ 4%
- Carpentry and framing ......................... 1%
- Electrical ............................ 8%
- Excavation ............................ 3%
- HVAC ................................. 1%
- Landscaping ........................... 1%
- Masonry ............................... 1%
- Mechanical ............................ 4%
- Painting .............................. 1%
- Paving ................................. 1%
- Plumbing .............................. 8%
- Roofing ............................... 1%
- Steel fabrication and erection .................. 2%
- Tile ceramic ............................ 2%
- Utility ................................. 1%
- Other subcontractor ...................... 14%

**Workforce**
- Union ................................ 5%
- Non-union ............................ 95%

**Average number of employees**
- 0 – 10 ................................. 32%
- 10 – 25 ................................. 16%
- 26 – 50 ................................. 24%
- 51 – 100 ............................... 9%
- 101 – 250 ............................ 13%
- More than 250 ........................ 6%

**Projected Gross Revenue for 2017**
- Less than $1 million .............. 1%
- $1 – 5 million ....................... 18%
- $5 – 10 million ..................... 12%
- $10 – 25 million ................... 17%
- $25 – 50 million ................. 17%
- $50 – 100 million ............... 18%
- $100 – 250 million ............. 27%
- $250 – 500 million ............... 7%
Economic Impact

Value of Construction in Place in the United States

How tight is the labor market?

Although there is no way to know with precision, the labor market appears to be near or possibly a little beyond full employment. The unemployment rate of 4.1 percent is somewhat below most estimates of its longer-run normal rate, and the labor force participation rate appears to be stabilizing at its current rate of 63 percent.

However, despite reports that employers are now having more difficulties finding qualified workers, hiring has continued rapidly. Payroll employment gains have gradually slowed from an average of 250,000 per month in 2014, to an average of 180,000 per month in 2017. Job growth remains consistent with further strengthening in the labor market. Finally, the pace of wage gains has been moderate. While wage gains have likely been held down by the sluggish pace of productivity growth in recent years, serious labor shortages would probably bring about larger increases than have been observed thus far.

Construction wage increases continue to outpace the average private market wages. Construction wages increased 7 percent between January 2016 and January 2018, while the total private market increased only 4.8 percent during the same period.

Average Hourly Earning

Source: U.S Department of Labor, Bureau of Labor Statistics

Source:
Utah economy

The 2018 forecast for the Utah economy shows a modest slowdown in employment growth. For the first time in four years, employment growth could dip below three percent. Almost all sectors of the Utah economy are projected to perform well, but the largest job increases in 2018 are expected to be in professional and business services, construction, and health care.

Labor shortages

Tight conditions in Utah’s labor market continued in 2017. The annual unemployment rate held steady at 3.5 percent, the fourth consecutive year the rate has been below 4 percent. No relief is expected for most employers, as the unemployment rate is projected to drop slightly to 3.3 percent in 2018. Large public and private projects will increase pressure on the labor market, particularly for the construction sector.

- $3 billion redevelopment of the Salt Lake International Airport, which is near midpoint
- $600 million state prison with a completion date of 2020
- 855,000 square foot Amazon fulfillment center
- $1 billion in state road construction over the next three years
- $600 million in public school construction planned over the next three years

Utah’s 2018 construction outlook

The 2018 forecast for the value of permit-authorized construction in Utah is $8.3 billion, off about 2 percent from 2017. The value of residential construction is expected to increase by 2 percent to $4.9 billion due to increases in labor and material costs. The number of residential units is forecast to increase from 23,500 units in 2017 to 25,500 units in 2018. Most of the increase in residential construction will be concentrated in the single-family sector.

The value of permit-authorized nonresidential construction in 2018 is forecast to decline by 21 percent to $1.9 billion in 2018, a level of activity still well above the annual average since 2000 ($1.6 billion). In 2018, the traditional sectors of nonresidential construction — office, industrial, retail, hospitals, and churches — will continue to have solid activity, benefitting from Utah’s strong job market and expanding population.

Source: Economic Report to the Governor prepared by the Utah Economic Council
Economic Impact (Continued)

Nevada economy

Nevada posted generally positive signals in economic activity. Based on November 2017 data, employment is up 2.7 percent over last year, and taxable sales and gasoline sales (in gallons) in October climbed by 5.2 and 3.0 percent, respectively, year-over-year. November gaming revenue declined by 2.3 percent compared to a year ago.

The 2017 Clark County construction index performed better on a year-over-year basis, rising 3.1 percent. Commercial permits fell 31.7 percent, but there was a 35.6 percent rise in housing permits in November 2017. Construction employment continued its rise, increasing 16.3 percent from the previous year. Even with the continued rise, construction employment remains below its pre-recession peak.

Nevada’s 2018 construction outlook

In 2018, Nevada will continue to experience a shortage of construction tradespeople and laborers. RCG Economics data showed about 82,700 construction jobs recorded in Nevada for September 2017, reflecting a 5.5 percent year-over-year growth. According to the Collier’s Q3 2017 Las Vegas Research and Forecast Report, the Las Vegas Valley is an estimated 10,000 construction workers short for projects to be built in 2018.

Survey Results

Nearly three-quarters of respondents say their business is thriving.

Current Business State
- 74%: Our business is thriving.
- 18%: Our business is surviving.
- 5%: Our business will possibly close in 2017.
- 1%: Our business is struggling.

Backlog in Months
- 30%: 3 months or less
- 18%: 4 to 6 months
- 18%: 7 to 12 months
- 7%: More than one year
- 5%: Backlog does not apply to our business

Thirty-eight percent of contractors report an increase in revenue between 2016 and 2017 of 11 percent or more.

Change in Revenue From 2016 to 2017
- 43%: None
- 21%: 1% - 10%
- 19%: 11% - 20%
- 8%: 21% - 30%
- 2%: 31% - 40%
- 7%: 40%+

Forty percent of contractors surveyed have more employees than the previous year.

Number of Employees
- 46%: More employees
- 40%: Fewer employees
- 14%: No significant change in number of employees

Thirty percent of survey respondents gave 2017 wage increases of 6 percent or more. The national average was only a 3 percent increase.

Wage Rate Increase in 2017
- 43%: No change
- 21%: 1% - 5%
- 8%: 6% - 10%
- 7%: 11% - 15%
- 5%: 16%+

Eighty-seven percent of respondents anticipate wage increases in 2018, with over 20 percent of respondents anticipating 2018 wage increases of more than 6 percent.

Wage Increase Anticipated in 2018
- 74%: No change
- 23%: 1% - 5%
- 19%: 6% - 10%
- 7%: 11% - 15%
- 5%: 16%+
Four out of five contractors expect to hire additional employees within the next 12 months or sooner, and nearly 40 percent have immediate hiring needs.

**When do you expect to hire additional employees?**

- As soon as possible: 35%
- Next 6 months: 25%
- 6 - 12 months: 15%
- Do not plan to hire additional employees: 5%

Medical insurance, vacation, holiday pay, and cell phone continue to be the top benefits offered to employees.

**What benefits does your company provide and pay all or some of the cost?**

- Medical insurance: 80%
- Dental insurance: 55%
- Life insurance: 30%
- Disability insurance: 20%
- Retirement plan (401(K)): 60%
- 401(k) company match or profit sharing: 75%
- Vacation pay: 80%
- Holiday pay: 75%
- Personal or sick time: 70%
- Cafeteria (125) plan: 15%
- Tuition reimbursement: 30%
- Training: 65%
- Company-provided vehicle: 70%
- Automobile allowance: 20%
- Company-provided cell phone and cell phone allowance: 60%

The primary factor for most bonus calculations is overall company profit. Fifty-nine percent of respondents said company profit impacted bonuses.

**Basis for employee bonuses**

- Overall company profit: 70%
- Specific job profit: 20%
- Meeting job goals: 10%
- Hours worked: 5%
- Safety record: 0%
- Other: 0%
- No bonus provided: 0%
## 2018 Industry Wages - Mountain West

Colorada, Nevada, Utah

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Wage</th>
<th>Median Wage</th>
<th>Average</th>
<th>2017 Average Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td><strong>Project Supervision</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Superintendent</td>
<td>$58,791</td>
<td>$77,469</td>
<td>$59,452</td>
<td>$75,000</td>
</tr>
<tr>
<td>Assistant Superintendent</td>
<td>$51,614</td>
<td>$64,351</td>
<td>$45,000</td>
<td>$61,100</td>
</tr>
<tr>
<td>Senior Project Manager</td>
<td>$83,867</td>
<td>$102,889</td>
<td>$84,000</td>
<td>$99,836</td>
</tr>
<tr>
<td>Project Manager</td>
<td>$64,126</td>
<td>$81,489</td>
<td>$65,000</td>
<td>$80,000</td>
</tr>
<tr>
<td><strong>Estimators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Estimator/Engineer</td>
<td>$89,625</td>
<td>$101,877</td>
<td>$81,250</td>
<td>$97,500</td>
</tr>
<tr>
<td>Project Estimator</td>
<td>$59,528</td>
<td>$77,987</td>
<td>$60,000</td>
<td>$78,000</td>
</tr>
<tr>
<td>Project Estimator - Apprentice</td>
<td>$45,172</td>
<td>$58,531</td>
<td>$50,000</td>
<td>$59,842</td>
</tr>
<tr>
<td><strong>Office/Accounting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretary/Receptionist</td>
<td>$29,752</td>
<td>$36,539</td>
<td>$30,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>Accounting Clerk</td>
<td>$37,677</td>
<td>$46,613</td>
<td>$35,140</td>
<td>$45,760</td>
</tr>
<tr>
<td>Office Manager</td>
<td>$48,839</td>
<td>$60,166</td>
<td>$47,880</td>
<td>$57,392</td>
</tr>
<tr>
<td>Controller/Supervisor</td>
<td>$67,791</td>
<td>$79,437</td>
<td>$63,700</td>
<td>$80,000</td>
</tr>
<tr>
<td>HR Manager</td>
<td>$58,395</td>
<td>$66,080</td>
<td>$50,000</td>
<td>$59,842</td>
</tr>
<tr>
<td>CFO</td>
<td>$102,434</td>
<td>$132,219</td>
<td>$96,000</td>
<td>$117,050</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dispatcher</td>
<td>$20.26</td>
<td>$26.60</td>
<td>$18.62</td>
<td>$24.04</td>
</tr>
<tr>
<td>Runner &gt;</td>
<td>$12.67</td>
<td>$14.99</td>
<td>$13.01</td>
<td>$16.00</td>
</tr>
<tr>
<td>Purchasing Agent &gt;</td>
<td>$19.61</td>
<td>$25.87</td>
<td>$20.00</td>
<td>$28.61</td>
</tr>
<tr>
<td>Safety Manager</td>
<td>$29.59</td>
<td>$38.42</td>
<td>$28.57</td>
<td>$38.46</td>
</tr>
<tr>
<td><strong>General Laborers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprentice</td>
<td>$13.03</td>
<td>$16.50</td>
<td>$13.25</td>
<td>$16.00</td>
</tr>
<tr>
<td>Journeymen</td>
<td>$17.34</td>
<td>$22.70</td>
<td>$16.50</td>
<td>$22.00</td>
</tr>
<tr>
<td><strong>Carpenter Finish</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprentice</td>
<td>$12.95</td>
<td>$16.50</td>
<td>$12.00</td>
<td>$18.00</td>
</tr>
<tr>
<td>Journeymen</td>
<td>$23.42</td>
<td>$27.33</td>
<td>$21.00</td>
<td>$24.50</td>
</tr>
<tr>
<td>Foreman</td>
<td>$28.40</td>
<td>$35.90</td>
<td>$23.00</td>
<td>$28.50</td>
</tr>
<tr>
<td><strong>Carpenter Rough</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprentice</td>
<td>$13.59</td>
<td>$17.90</td>
<td>$13.50</td>
<td>$17.00</td>
</tr>
<tr>
<td>Journeymen</td>
<td>$17.57</td>
<td>$22.29</td>
<td>$17.50</td>
<td>$21.50</td>
</tr>
<tr>
<td>Foreman</td>
<td>$21.50</td>
<td>$25.63</td>
<td>$21.50</td>
<td>$25.00</td>
</tr>
<tr>
<td><strong>Concrete</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprentice</td>
<td>$14.56</td>
<td>$17.02</td>
<td>$15.00</td>
<td>$18.00</td>
</tr>
<tr>
<td>Journeymen</td>
<td>$21.98</td>
<td>$22.23</td>
<td>$15.00</td>
<td>$22.00</td>
</tr>
<tr>
<td>Foreman</td>
<td>$23.23</td>
<td>$26.66</td>
<td>$22.00</td>
<td>$26.72</td>
</tr>
<tr>
<td><strong>Drywall</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprentice</td>
<td>$13.50</td>
<td>$16.75</td>
<td>$13.50</td>
<td>$16.50</td>
</tr>
<tr>
<td>Journeymen</td>
<td>$19.20</td>
<td>$24.60</td>
<td>$19.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>Foreman</td>
<td>$23.50</td>
<td>$26.50</td>
<td>$23.00</td>
<td>$27.50</td>
</tr>
<tr>
<td><strong>Electrician</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprentice</td>
<td>$14.83</td>
<td>$23.36</td>
<td>$14.00</td>
<td>$23.90</td>
</tr>
<tr>
<td>Journeymen</td>
<td>$26.18</td>
<td>$31.30</td>
<td>$26.00</td>
<td>$32.00</td>
</tr>
<tr>
<td>Foreman</td>
<td>$31.29</td>
<td>$34.23</td>
<td>$30.00</td>
<td>$34.00</td>
</tr>
</tbody>
</table>

> Caution, category average comes from a sample size of < 10.
### 2018 Industry Wages - Mountain West (Continued)

<table>
<thead>
<tr>
<th>Industry/Classification</th>
<th>Apprentice Average Wage</th>
<th>Journeymen Average Wage</th>
<th>Foreman Average Wage</th>
<th>2017 Apprentice Average Wage</th>
<th>2017 Journeymen Average Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equipment Operator Heavy</strong></td>
<td>$15.90 - $19.22</td>
<td>$16.41 - $20.00</td>
<td>$23.37 - $29.35</td>
<td>$15.13 - $18.40</td>
<td>$18.00 - $23.37</td>
</tr>
<tr>
<td><strong>Flaggers</strong></td>
<td>$15.41 - $19.24</td>
<td>$16.00 - $17.75</td>
<td>$21.62 - $21.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Glazers</strong></td>
<td>$15.50 - $19.50</td>
<td>$15.50 - $19.50</td>
<td>$20.33 - $26.00</td>
<td>$22.67 - $25.67</td>
<td></td>
</tr>
<tr>
<td><strong>HVAC Installer and Tech</strong></td>
<td>$14.39 - $19.16</td>
<td>$13.56 - $18.33</td>
<td>$21.00 - $27.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Landscapers</strong></td>
<td>$11.90 - $14.80</td>
<td>$12.00 - $15.00</td>
<td>$14.70 - $20.00</td>
<td>$14.94 - $20.44</td>
<td></td>
</tr>
<tr>
<td><strong>Shop Mechanic Machine or Auto</strong></td>
<td>$14.79 - $18.11</td>
<td>$13.91 - $17.75</td>
<td>$19.67 - $21.00</td>
<td>$17.82 - $23.65</td>
<td></td>
</tr>
<tr>
<td><strong>Service Mechanic</strong></td>
<td>$17.00 - $20.50</td>
<td>$16.00 - $19.50</td>
<td>$22.00 - $31.00</td>
<td>$19.92 - $24.31</td>
<td></td>
</tr>
<tr>
<td><strong>Paver</strong></td>
<td>$18.25 - $23.50</td>
<td>$19.00 - $24.00</td>
<td>$21.17 - $25.00</td>
<td>$18.50 - $22.50</td>
<td></td>
</tr>
<tr>
<td><strong>Pipayer</strong></td>
<td>$14.58 - $17.60</td>
<td>$13.00 - $18.27</td>
<td>$22.77 - $26.54</td>
<td>$17.38 - $21.35</td>
<td></td>
</tr>
<tr>
<td><strong>Tile Installers</strong></td>
<td>$14.70 - $18.40</td>
<td>$13.50 - $18.00</td>
<td>$27.00 - $32.00</td>
<td>$25.77 - $28.91</td>
<td></td>
</tr>
<tr>
<td><strong>Welder</strong></td>
<td>$13.17 - $19.50</td>
<td>$13.00 - $18.00</td>
<td>$23.66 - $26.10</td>
<td>$22.21 - $26.04</td>
<td></td>
</tr>
</tbody>
</table>

---

CLAnnect.com/construction
Meeting the Construction Industry’s Challenges With CLA Resources

Contractors face unique challenges. We believe you shouldn’t have to face them alone, and we want to be there to help you. Professionally or personally, big company or small, we can help. We understand your business and your industry. We listen to you; we build a plan together to address your needs, and we bring that plan to life.

We know your industry
CLA’s 350 construction professionals provide audit, tax, and consulting services to more than 19,000 construction and real estate clients nationwide. Our clients include general commercial building contractors; highway and heavy contractors; earthwork, paving, and utility contractors; concrete and masonry contractors; demolition contractors; homebuilders; architects; engineers; specialty contractors; and commercial and residential real estate developers and managers.

We serve a large number of manufacturers and distributors that provide materials to companies in the building trades. We also have strong relations with the surety companies and banks that have a significant presence in the construction field. We know your suppliers, your subs, and your clients — just about everyone you do business with.

Uncommon resources
CLA develops a deep understanding of our clients so we can fully serve your needs. We listen to what you really want and apply our talents and experiences to help you get it. In our firm’s more than 60 years, we’ve continually adapted to meet our clients’ needs. Today, CLA serves more than 100,000 clients through 5,000+ professionals in more than 100 locations across the United States — in small towns and big cities. Our sensitivity to the needs of our clients has helped shape our company into the three integrated service lines we have today.

CLA Promise
CLA exists to create opportunities — for our clients, our people, and our communities. We do it by living the CLA Promise: We promise to know you and help you. We believe professional relationships can be personal and that those connections can last for generations.

CLA delivers integrated wealth advisory, outsourcing, audit, tax, and consulting services to help clients succeed professionally and personally. Grounded in public accounting, our broad professional services allow us to serve clients more completely and offer our people diverse career opportunities.

Wealth advisory
You can rely on one firm for all of your personal, family, and business guidance. We take the time to understand what you want out of life, and we’ll guide you on your financial journey.

Outsourcing
CLA can make your organization stronger by providing customized short- and long-term outsourced finance and accounting services. Our experienced CFOs, controllers, and staff accountants can help you with the data management and reporting you need to successfully grow and improve your organization. We will assess your company’s current processes as well as your finance, accounting, and industry-specific needs. Then we will design an outsourcing strategy.

Accounting, audit, tax, and consulting services
Our professionals focus on providing service with quality and integrity. This work ethic has helped us gain the public trust and retain a strong reputation in the industry. We begin our business relationships by obtaining a clear understanding of your business, personal situation, and goals. Our broad range of services can then be tailored to best serve you and the needs of your business.

A unique approach
You will develop a personal connection with people at CliftonLarsonAllen. We’ve immersed ourselves in the industry and work closely with owners and leaders to identify the information needed to make good business decisions and plan for long-term financial success.

For access to regional wage tables and additional information, contact Bryon DeStigter at 801-545-7115 or byron.destigter@CLAconnect.com.
Merger and acquisition, wealth management, and investment planning services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor and member FINRA/SIPC.

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting, investment or tax advice or opinion provided by CliftonLarsonAllen LLP (CliftonLarsonAllen) to the reader. The reader also is cautioned that this material may not be applicable to, or suitable for, the reader’s specific circumstances or needs, and may require consideration of nontax and other tax factors if any action is to be contemplated. The reader should contact his or her CliftonLarsonAllen or other tax professional prior to taking any action based upon this information. CliftonLarsonAllen assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein. ©2018 CliftonLarsonAllen LLP  |  27-0843