



Insight on Industry Trends:

2019 Construction Outlook and Wage Survey

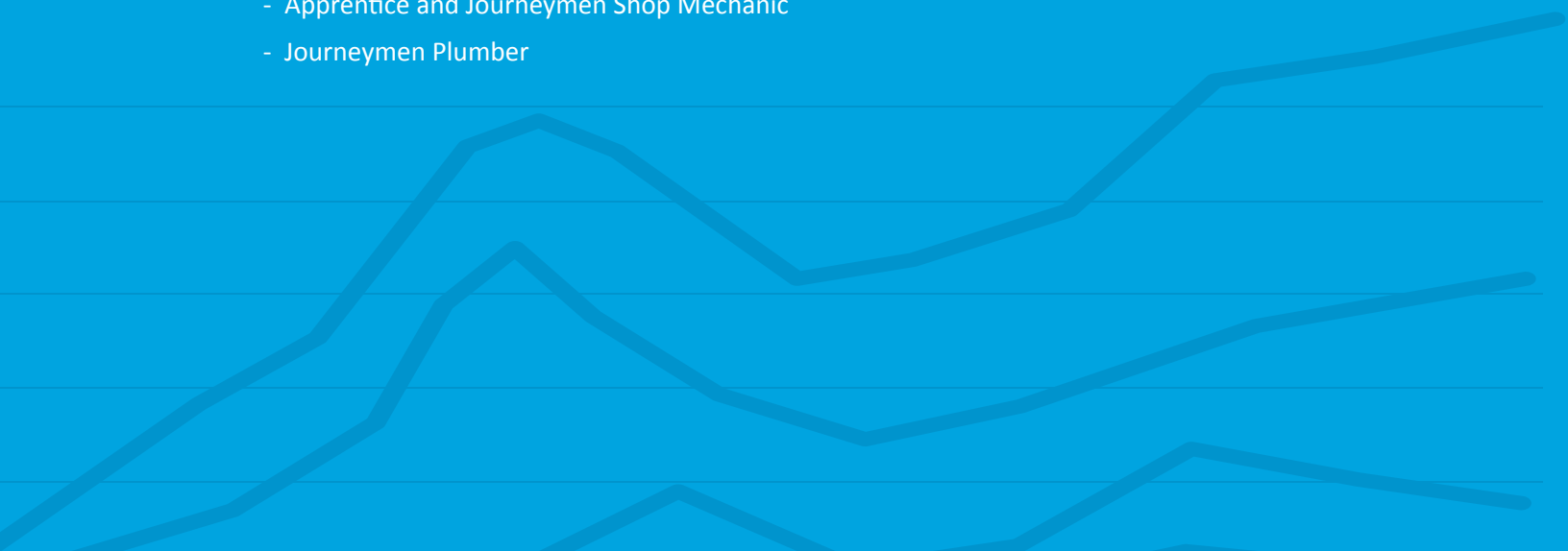


2019 Wage Survey Indicates Continued Labor Shortage and Wage Increases for the Utah Construction Industry

This CLA report focuses on trends in wages and hiring in Utah's construction industry. This year's narrower focus makes it easier to answer questions in the minds of Utah's contractors, who want to know how to retain and attract talented management and tradespeople. Compensation, benefits, and new issues raised by changes in the tax code are some of the challenges in the construction industry, but there is much to be hopeful about in the coming year.

Executive summary

- The number of respondents indicating their business is thriving decreased from 74 percent to 64 percent.
- Of contractors surveyed, **26 percent** had more employees than in the previous year, down from **40 percent** last year.
- In 2018, **30 percent** of survey respondents gave wage increases of **7 percent** or more.
- More than **40 percent** of respondents anticipate 2019 wage increases of 4 percent or more.
- Within the next six months or sooner, **80 percent** of contractors expect to hire additional employees and nearly **30 percent** have immediate hiring needs.
- Wage categories with double digit percentage increases include:
 - Experienced General Laborer
 - Apprentice Heavy Equipment Operator
 - Journeymen HVAC Installer and Technician
 - Apprentice and Journeymen Shop Mechanic
 - Journeymen Plumber



Overview of Participants

Data for this report was collected from 125 surveys received from December 11, 2018, through January 29, 2019, from contractors in Utah.

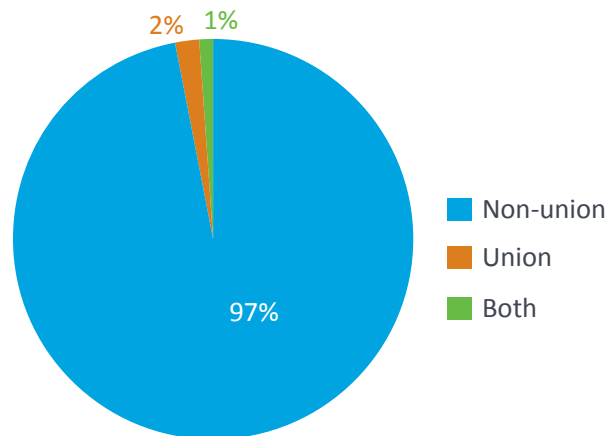
General Contractor

Commercial	60%
Industrial.....	8%
Highway	3%
Residential	23%
Other.....	8%

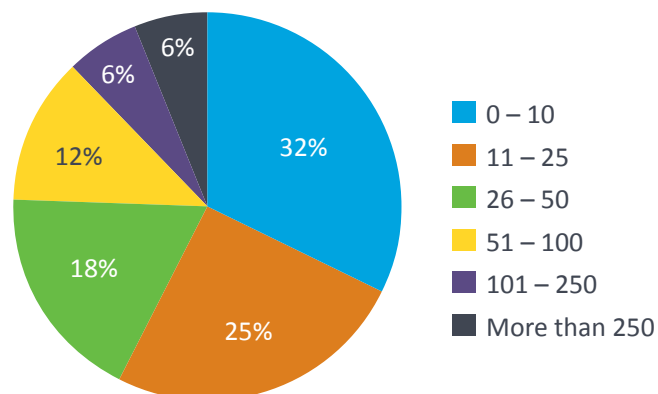
Subcontractor

Acoustical and drywall.....	4%
Concrete.....	4%
Carpentry and framing	6%
Drilling and boring.....	1%
Electrical.....	13%
Excavation.....	8%
HVAC.....	1%
Landscaping	2%
Masonry	2%
Mechanical.....	7%
Painting.....	1%
Plumbing.....	21%
Steel fabrication and erection.....	4%
Tile and ceramic.....	2%
Utility	1%
Other subcontractor	21%

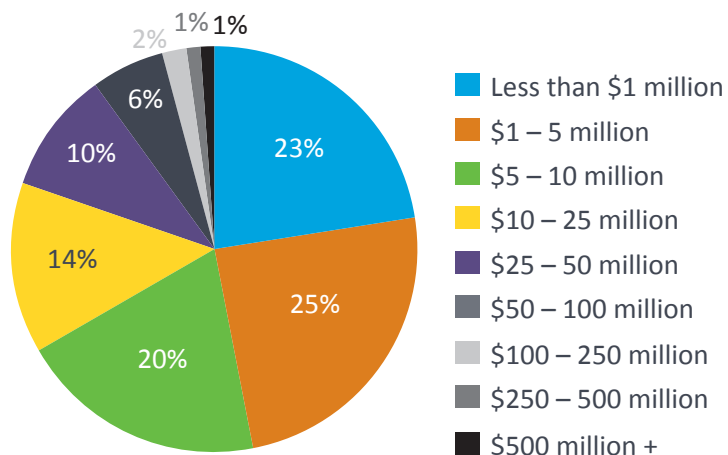
Workforce



Average number of employees

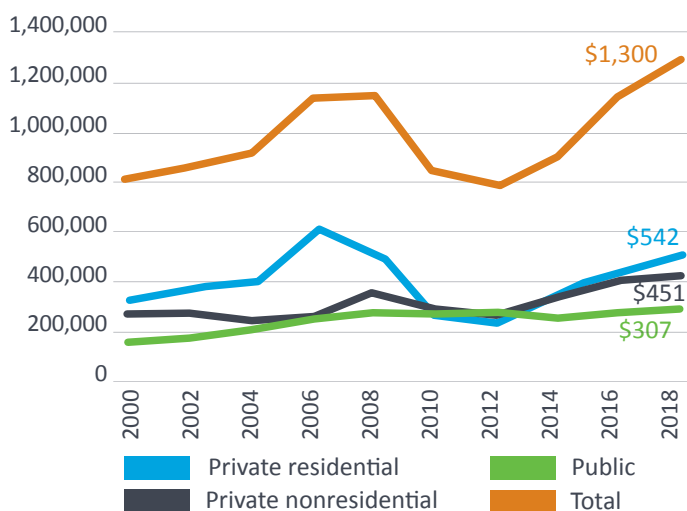


Projected gross revenue for 2018



Economic Impact

Value of construction in place in the United States



Source: www.census.gov/construction

National economy

The U.S. economy grew again in 2018, with gross domestic product (GDP) growth near 3 percent for the year. The growth was fueled by tax reform and low interest rates along with global growth.

The outlook for 2019 is for more growth, but likely at a slower pace. Headwinds for 2019 include interest rate hikes by the Federal Reserve and policy uncertainty created by a divided Congress.

Utah economy

Source: Economic Report to the Governor prepared by the Utah Economic Council

The rate of job growth increased in 2018 to 3.3 percent after declining the last four years to 3 percent in 2017. The job growth was driven by the professional and business services, construction, retail, and health care sectors.

Tight conditions in Utah's labor market continued in 2018, evidenced by a drop in the unemployment rate to 3.1 percent from 3.5 percent in 2017. The forecasted 2019 unemployment rate of 3 percent indicates further labor constraints on Utah employers.



Utah construction industry wages

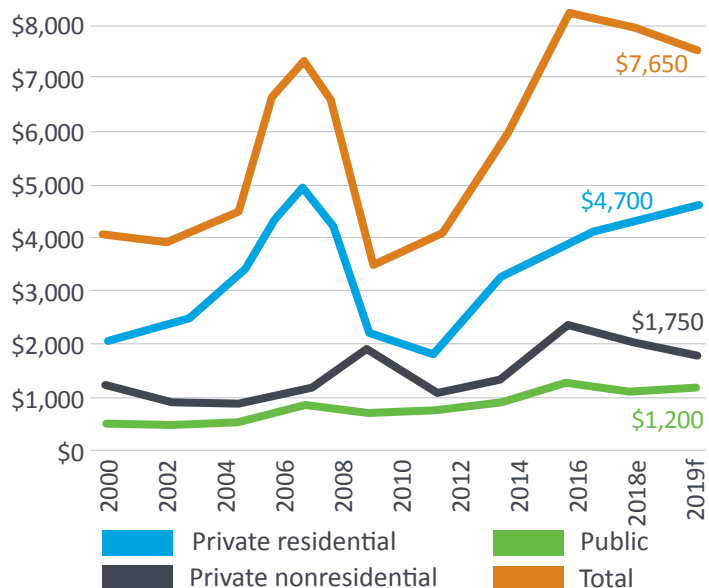
Weekly hourly earnings of Utah construction workers has grown only 18.2 percent since 2010, trailing the national and the western region.

Change in weekly hourly earnings

	2010	2018	% Change
Utah	\$896	\$1,059	18.2%
National	\$953	\$1,196	25.5%
California	\$980	\$1,339	36.6%
Nevada	\$845	\$1,115	32.0%
Colorado	\$910	\$1,189	30.7%
Washington	\$1,041	\$1,339	28.6%
Idaho	\$739	\$941	27.3%
Arizona	\$821	\$1,040	26.7%
Oregon	\$948	\$1,171	23.5%

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

Value permit authorized construction in utah



Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research

Utah's 2019 construction outlook

The 2019 forecast for the value of permit authorized construction in Utah is \$7.65 billion, a decrease of approximately 5 percent from 2018. The value of permit authorized nonresidential construction in 2019 is forecast to decline by 17 percent to \$1.75 billion. The traditional sectors of nonresidential construction — office, industrial, retail, hospitals, and churches — will continue to be strong, benefitting from Utah's strong job growth and expanding population.

Despite a housing shortage, the value of residential construction is expected to be unchanged from 2018 at \$4.7 billion. The composition of residential building will see a 7 percent decrease in single family, a shift to more condominiums and townhomes, and a modest decline in apartment construction.

Headwinds

- Uncertainty of national politics
- International instability, especially in China
- Higher interest rates
- Labor shortage

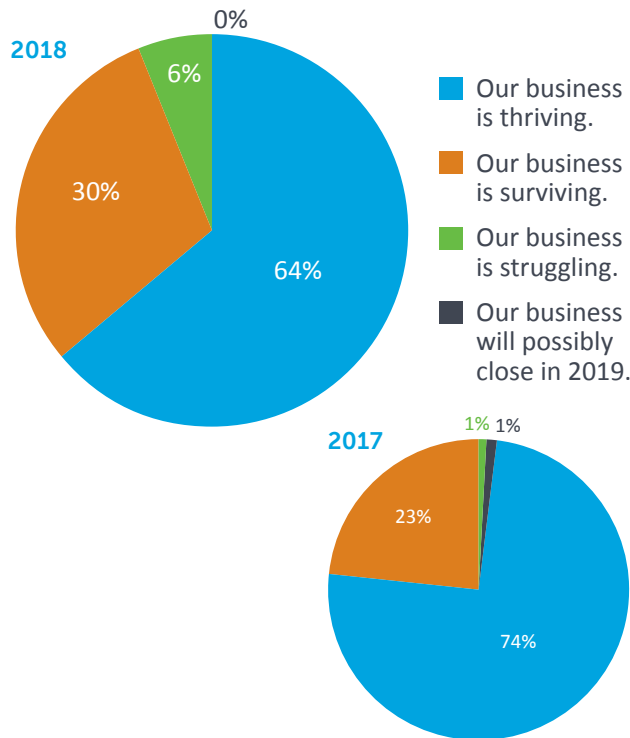
Tailwinds

- Diverse economy
- Strong job growth and improving wages
- Several large construction projects including the Salt Lake City Airport expansion and the Utah State Prison
- Growth in Utah's technology industry

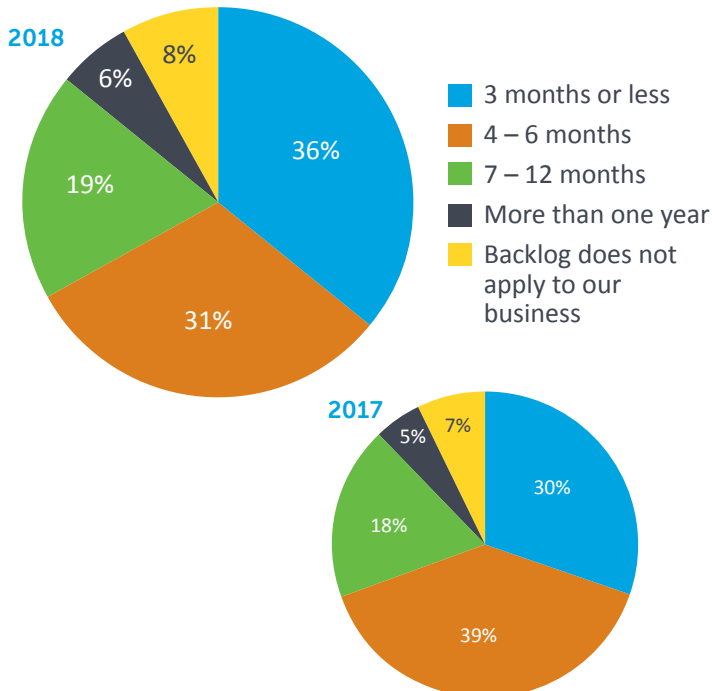
Survey Results*

Current state of business

64 percent say their business was thriving, down from 74 percent of the 2018 respondents.

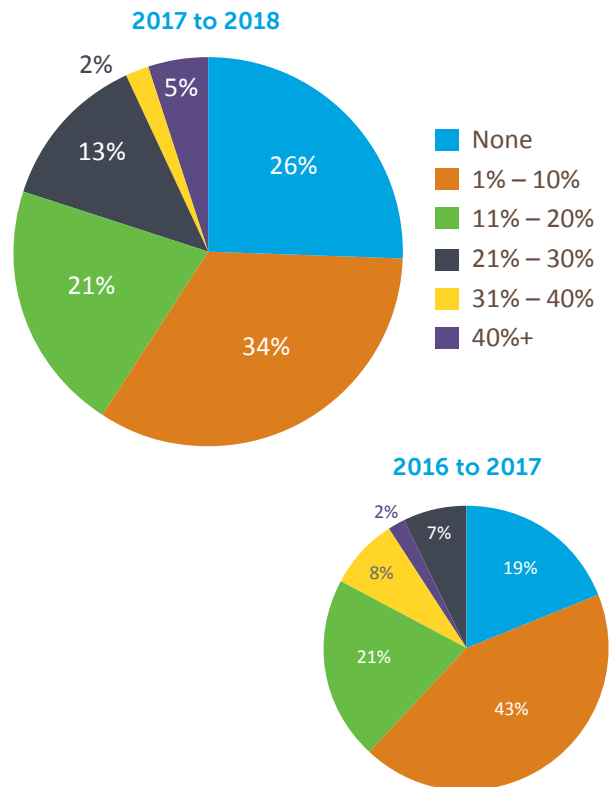


Backlog in months



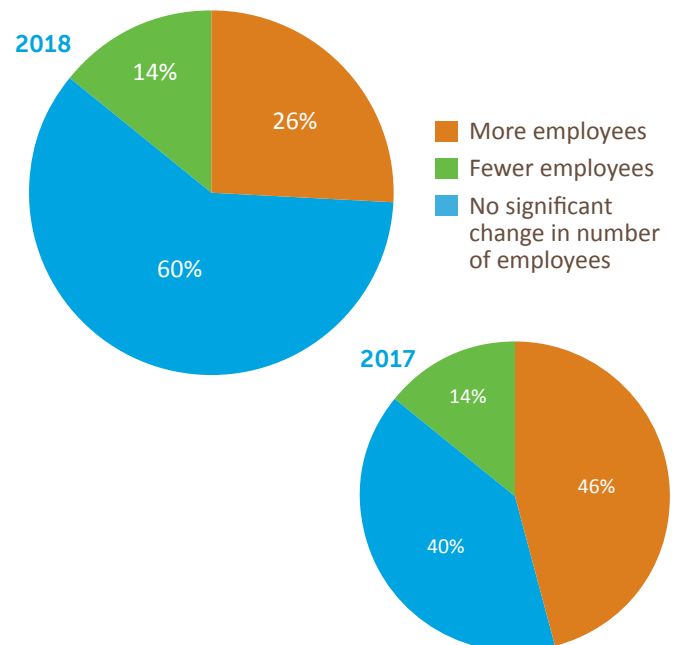
Change in revenue

Up from 38 percent last year, 41 percent of contractors surveyed reported an increase in current year revenue over the prior year of 11 percent or more.



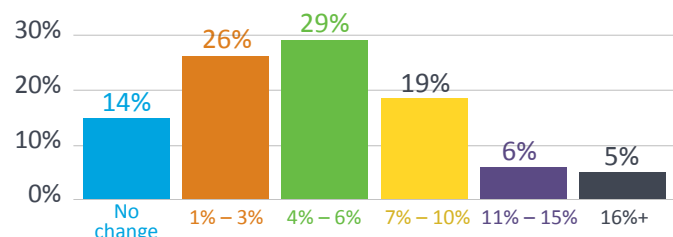
Number of employees

Of contractors surveyed, 26 percent had more employees than in the previous year, down from 40 percent in 2018.

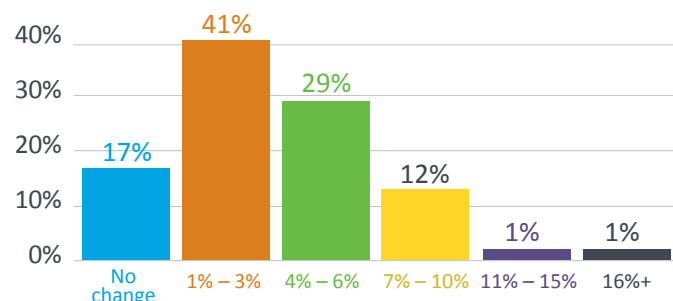


Wage rate increase in 2018

In 2018, 30 percent of survey respondents gave wage increases of 7 percent or more, a much higher rate than the national average of only 3 percent.

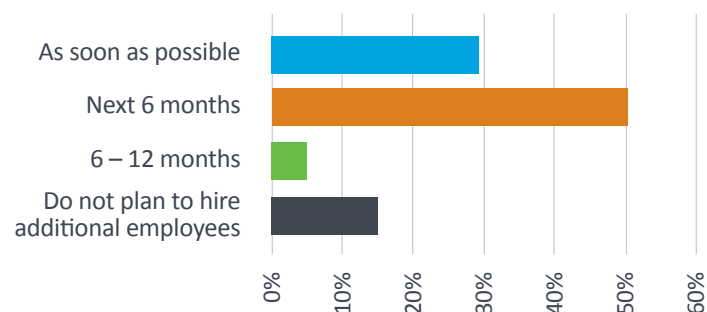


More than 40 percent of respondents anticipate 2019 wage increases of 4 percent or more.

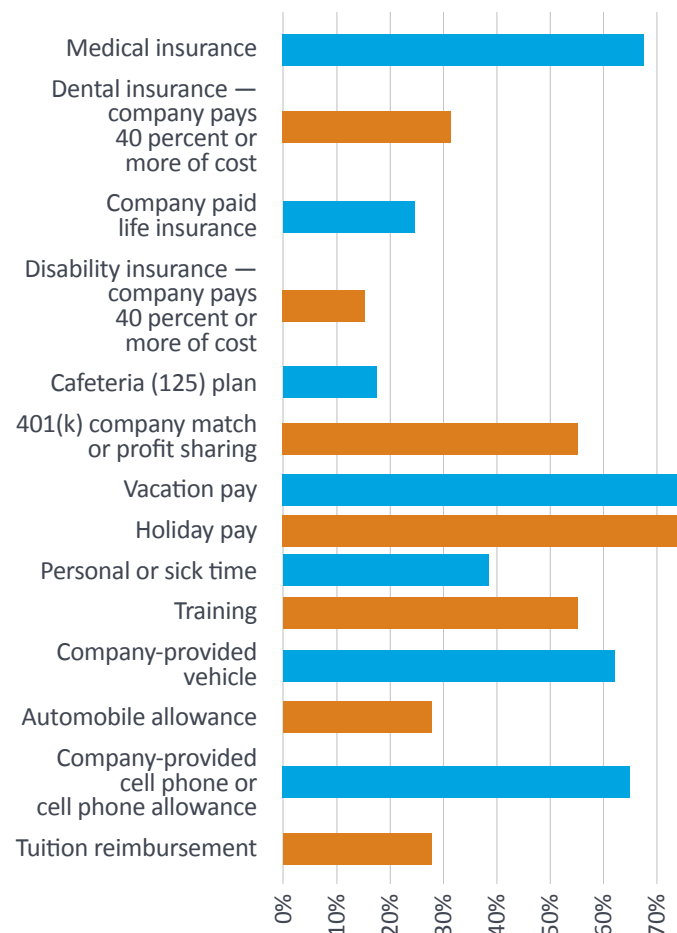


When do you expect to hire additional employees?

Nearly 80 percent of contractors expect to hire additional employees within the next six months or sooner, and 30 percent have immediate hiring needs.

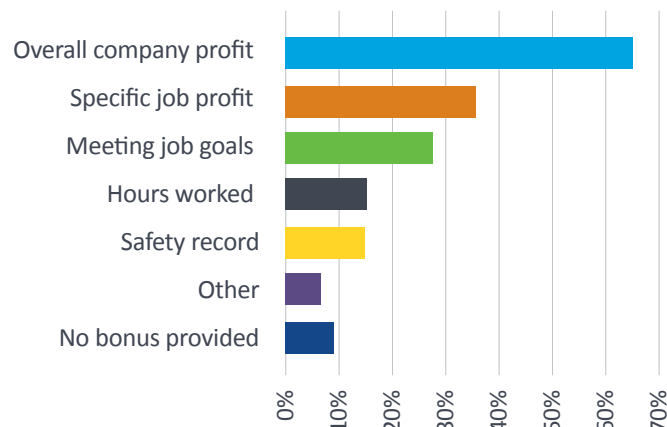


What benefits does your company provide and pay all or some of the cost?



Basis for employee bonuses

The primary factor for most bonus calculations is overall company profit, as well as specific job profit and meeting job goals.



2019 Utah Industry Wages

	Average Wage		Median Wage		Average	2018 Average Wage	
	Low	High	Low	High	Bonus	Low	High

Project Supervision

Superintendent	\$60,413	\$79,342	\$58,000	\$75,500	\$6,335	\$58,791	\$77,469
Assistant Superintendent>	56,039	69,296	46,386	69,579	3,900	51,614	64,351
Senior Project Manager	90,557	110,693	90,000	115,180	17,604	83,867	102,889
Project Manager	63,042	81,914	60,000	80,000	7,473	64,126	81,489
Project Assistant	40,809	54,033	40,000	52,000	2,163	N/A	N/A

Estimator

Chief Estimator/Engineer	86,362	102,941	85,000	100,000	21,486	89,625	101,877
Project Estimator with engineering degree>	73,333	101,667	75,000	100,000	3,000	N/A	N/A
Project Estimator	59,344	78,504	60,000	79,499	5,666	59,528	77,987
Project Estimator - Apprentice	41,848	52,122	41,741	51,000	2,071	45,172	58,531

Office/Accounting

Secretary/Receptionist	29,479	37,210	30,000	36,000	1,751	29,752	36,539
Accounting Clerk	36,634	44,563	35,360	45,000	2,879	37,677	46,613
Office Manager	45,224	55,274	45,380	52,000	2,829	48,839	60,166
Controller/Supervisor	68,774	82,382	65,000	81,000	9,720	67,791	79,437
CFO	116,408	126,738	116,000	125,000	28,355	102,434	132,219
HR Manager	64,954	74,896	63,000	80,000	4,813	58,395	66,080
Business Development Director>	72,863	103,644	80,000	110,000	17,750	N/A	N/A
CEO	129,186	160,628	120,000	160,000	35,539	N/A	N/A
COO>	117,114	124,619	110,000	125,000	17,700	N/A	N/A
Vice President	120,683	140,437	102,000	115,000	22,600	N/A	N/A
Division Manager>	99,222	117,278	80,000	110,000	15,212	N/A	N/A

Other

Dispatcher>	17.17	22.18	15.38	19.00		20.26	26.60
Runner >	13.85	16.33	14.42	16.00		12.67	14.99
Purchasing Agent	19.75	24.78	19.10	24.52		19.61	25.87
Safety Manager	34.33	38.75	34.00	38.46		29.59	38.42

General Laborer

Apprentice	13.79	18.13	14.00	17.86		13.03	16.50
Journeymen	19.02	25.22	18.00	24.02		17.34	22.70

	Average Wage		Median Wage		Average	2018 Average Wage	
	Low	High	Low	High	Bonus	Low	High

Carpenter, Finish

Apprentice>	13.80	17.80	12.00	18.00		12.95	21.16
Journeyman>	17.96	25.57	16.75	25.00		23.42	27.33
Foreman >	22.20	30.60	22.00	30.00		28.40	35.90

Caprepter, Rough

Apprentice	13.22	16.72	13.00	16.00		13.59	17.90
Journeyman	18.42	24.38	18.50	24.25		17.57	22.29
Foreman >	22.86	26.79	22.00	28.00		21.50	25.63

Concrete

Apprentice	15.07	18.71	15.00	18.00		14.56	17.02
Journeyman	19.24	24.31	18.00	24.00		21.98	22.23
Foreman	23.18	27.50	25.00	28.00		23.23	26.66

Drywall

Apprentice>	13.00	15.33	14.00	16.00		13.50	16.75
Journeyman>	19.00	23.75	20.00	25.00		19.20	24.60
Foreman >	21.00	25.33	23.00	26.00		23.50	26.50

Electician

Apprentice	13.96	24.19	14.00	25.00		14.83	23.36
Journeyman	25.84	31.57	26.00	32.37		26.18	31.30
Foreman>	30.88	35.44	30.00	37.20		31.29	34.23

Equipment Operator, Heavy

Apprentice	18.06	22.30	18.00	20.00		15.90	19.22
Journeyman	20.90	26.54	20.00	25.00		20.83	25.78
Foreman	24.62	31.53	25.00	30.91		23.37	29.35

Equipment Operator, Light

Apprentice	16.12	19.47	17.25	19.75		15.13	18.43
Journeyman	20.89	25.11	20.00	24.68		18.01	23.50
Foreman >	23.73	28.63	23.00	28.88		21.30	28.34

Flagger

Apprentice>	16.06	21.07	16.18	20.20		15.41	19.24
Journeyman>	19.57	21.17	18.00	20.00		21.62	24.30

Glazer

Apprentice>	16.17	19.17	15.50	18.50		15.50	19.50
Journeyman>	20.63	28.50	19.25	30.00		20.33	25.67

> Caution, category average comes from a sample size of < 10.

2019 Utah Industry Wages, continued

	Average Wage		Median Wage		Average	2018 Average Wage	
	Low	High	Low	High	Bonus	Low	High
HVAC Installer and Technician							
Apprentice>	14.32	23.30	14.00	22.50		14.39	19.16
Journeyman>	25.25	31.53	25.00	29.00		21.00	27.14
Foreman >	27.17	31.29	26.92	31.73		25.00	29.33
Landscaper							
Apprentice>	13.38	17.50	13.38	17.50		11.90	14.80
Journeyman>	18.00	20.00	18.00	20.00		14.70	19.40
Shop Mechanic - Machine or Auto							
Apprentice	16.71	20.21	16.25	20.00		14.79	18.11
Journeyman	21.97	28.10	21.63	27.00		19.67	25.31
Foreman	26.94	33.54	26.00	35.00		26.06	31.84
Service Mechanic							
Apprentice>	16.00	21.00	15.00	21.50		17.00	20.50
Journeyman>	23.43	31.14	24.00	30.00		22.00	28.58
Painter>							
Apprentice>	13.66	17.48	12.99	17.45		12.37	16.62
Journeyman>	16.57	19.98	15.50	20.00		16.57	20.81
Foreman >	22.06	25.84	22.62	26.00		N/A	N/A
Pipelayer							
Apprentice	15.66	18.65	16.00	18.00		14.58	17.60
Journeyman	19.86	24.71	19.50	24.00		19.09	23.80
Foreman >	23.67	29.67	24.00	30.00		22.77	28.51
Plumber							
Apprentice	14.26	22.56	14.00	24.00		13.62	21.43
Journeyman	25.33	33.30	25.00	30.00		23.90	29.81
Foreman	30.50	34.20	29.00	34.00		27.00	30.90
Truck Driver							
Apprentice	17.35	20.02	17.31	20.00		16.77	19.57
Journeyman	19.58	23.72	20.00	24.00		18.86	23.24
Welder							
Apprentice>	14.58	18.17	14.50	18.00		13.17	19.50
Journeyman	22.90	29.18	22.00	26.00		23.66	28.08

> Caution, category average comes from a sample size of < 10.

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 create opportunities. 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 5,200 construction clients nationwide including:

- 380 architects and engineers
- 350 civil contractors

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; and specialty contractors.

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 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. For more than 60 years, we've continually adapted to meet our clients' needs. CLA has more Certified Construction Industry Financial Professionals on staff than any other U.S. firm, and with the resources of more than 6,100 people, 120 U.S. locations, and a global affiliation, CLA serves clients in small towns and big cities across the United States. 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 CLA. 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.



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