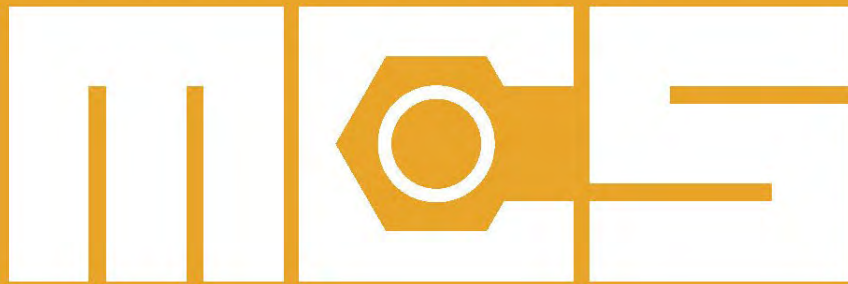


WELCOME TO THE 2022



MARCUM  
**CONSTRUCTION  
SUMMIT**



**SEPTEMBER 29, 2022**

Omni New Haven Hotel | New Haven, Connecticut | 12:45 PM – 7:00 PM



## PRESENTATION I



### THE VIEW FROM WASHINGTON: LEGISLATIVE & POLITICAL UPDATE

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PRESENTED BY

**MATTHEW TURKSTRA**

*Director of Congressional Relations for Tax, Fiscal Affairs,  
and Accounting, Associated General Contractors  
of America*



## Overview

- Implementation of new laws
  - Infrastructure Investment & Jobs Act
  - American Rescue Plan Act
  - Inflation Reduction Act
  - CHIPS Act
- The Regulatory Onslaught
- 2022 Election Outlook
- Longer-Term Outlook

# Infrastructure Investment & Jobs Act

# Transportation & Utility Infrastructure



- Highways
  - \$54B/\$273B – Formula to states
  - \$8B/\$37B - Bridges
  - \$1B/\$5B - National Electric Vehicle Infrastructure Program
- Transit - \$20B/\$108B
- Airports - \$3.89B/\$20B
- U.S. DOT Discretionary Grants
  - \$2.2B – RAISE Grants
  - \$1.5B – INFRA Grants
  - \$1B – Mega Grants
  - \$300M – Rural Grants
- CWSRF and DWSRF - \$7.1B
- Broadband – Eventually \$42B



# Environmental Reforms



- Lead Agency / Concurrent Reviews \*
- 2 Year Deadline for EIS \*
- 200 Page Limit \*
- Permits 90 Days After \*
- Expanded Use Categorical Exclusions \*
- Early Utility Relocation \*
- Transparency & Accountability \*
- FAST-41 Permanent (similar to above) \*\*

# More Permitting Reform Ahead?

- Sen. Manchin (D-WVa) – Permitting Bill
  - Will not “ride” on Continuing Resolution (CR), but could be renegotiated and included in National Defense Authorization Act (NDAA)
- Sen. Capito (R-WVa) - START Act (Simplify Timelines and Assure Regulatory Transparency Act)
  - Makes permanent 2020 **WOTUS** definition
  - Prohibits use of interim **social cost of carbon/GHGs**
  - Codifies **One Federal Decision** for energy projects
  - More state authorization on hydraulic fracturing
  - Supported by most Republican Senators



# Build America, Buy America



- **April 18:** OMB issues [preliminary guidance](#)
- **April 21:** OMB issues [RFI](#) on “construction materials”
- AGC submits two sets of comments to RFI; awaiting further OMB guidance
- **May 14:** Per OMB guidance, applicable new contract awards must include BABAA requirements
- Federal Agencies **patchwork of implementation:**
  - USDOT delays “construction materials” requirement for 6 months
  - HUD proposed delay for 6 months for all requirements; Issued RFI
  - EPA waiver for WIFIA/SRF projects that initiated design planning before May 14;
  - Direct Federal Construction Agencies (e.g., USACE GSA, VA) appear to be waiting for a FAR clause



# Employee Retention Tax Credit

<b>Form 7200</b> (Rev. April 2021) Department of the Treasury Internal Revenue Service		<b>Advance Payment of Employer Credits Due to COVID-19</b> ▶ Go to <a href="https://www.irs.gov/Form7200">www.irs.gov/Form7200</a> for instructions and the latest information.		OMB No. 1545-0029
Name (not your trade name)			Employer identification number (EIN)	
Trade name (if any)			Applicable calendar quarter in <b>2021</b> (check only one box) <b>Caution:</b> See instructions before completing to determine if the credits and advance are available for the applicable quarter in 2021.	
Number, street, and apt. or suite no. If a P.O. box, see instructions.				
City or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)				
Foreign country name	Foreign province/county	Foreign postal code	(2) <input type="checkbox"/> April, May, June (3) <input type="checkbox"/> July, August, September (4) <input type="checkbox"/> October, November, December	
Name on employment tax return (third-party payer) that will report the wages and credits related to the advance you're requesting in Part II (leave blank if return is filed under your name and EIN). See instructions.			EIN on employment tax return (if other than your own)	

- Expiration date moved from 12/31/21 to 9/30/21 with passage of IIJA.
- AGC participated in coalition effort to retroactively reinstate ERTC for 4<sup>th</sup> quarter of 2021.
- Likelihood of success diminishes more each day.
- In other news, LOTS of rumors about IRS massively stepping up audits/enforcement actions on ERTC claims...

# American Rescue Plan Act



# American Rescue Plan Act

Category	Funds Budgeted	Projects
Infrastructure: Water, Sewer, Broadband	\$16.42B	5,182
Housing: Emergency Aid, Affordable Housing, Homelessness	\$12.97B	1,311
COVID-19 Public Health Response	\$9.12B	4,192
Worker Support Unemployment Aid, Job Training, Public Workforce, Essential Worker Premium Pay	\$8.95B	2,752
Small Business Assistance	\$4.8B	700
Child Care Early Learning	\$617.9M	220

- \$1.9T COVID-Relief Law
- \$350B for state, local, territorial govts
- Through March 31, 2022:
  - 1. TOTAL BUD: \$150.73B (~43%)**
  - 2. TOTAL OBL: \$100.85B (~29%)**
  - 3. TOTAL EXP: \$69.27B (~20%)**

\*State, Local, Territorial Funding Use through March 31, 2022

## ARPA: Flexibility Efforts



Coronavirus State & Local  
Fiscal Recovery Funds:  
Overview of the Final Rule

U.S. DEPARTMENT OF THE TREASURY

- **U.S. Congress**

- Sen. John Cornyn (R-Texas) and Padilla (D-Calif.) Bill (S. 3011)
- Reps. Dusty Johnson (R-SD) and Carolyn Bourdeaux (D-Ga.) Bill (H.R. 5735)

- **Treasury Guidance**

- Material Price Increases

- **List of Approved Projects Available at:**

- <https://home.treasury.gov/system/files/136/April-2022-Quarterly-and-Annual-Reporting-Data-through-March-31-2022.xlsx>



# **From “Build Back Better” to the “Inflation Reduction Act”: A Brief History**

# Build Back Better Act Tax Provisions (November 2021)

- Limits Maximum Qualified Business Income Deduction (Section 199A) – \$500,000
- Increases top individual rate – 37% --> 39.6%
- Lowers top rate threshold – \$628,301 --> \$450,001
- Imposes 3.8% surtax on active business income >\$400,000
  - Lower threshold for businesses held in trusts >\$13,000
- Imposes 3% surtax on income >\$5 m
- Increases corporate tax rate to 25%
- Increases the top capital gains tax rate from 20% to 25%
  - +3.8% surtax >\$500,000 (28.8%)
  - +3% surtax >\$10 m (31.8%)
- Increases the estate tax
  - Exemption would be reduced from \$11.7 m to ~\$6 m
- "Excess Loss Limitation" Rule modified and made permanent
  - TCJA Provision that limits losses for pass-through businesses to \$250,000 / \$500,000

\*Does NOT include proposal to tax capital gains at death/repeal stepped-up basis



## Build Back Better Act Tax Provisions (Rumored Manchin-Schumer Bill)

- ~~• Limits Maximum Qualified Business Income Deduction (Section 199A) — \$500,000~~
- ~~• Increases top individual rate — 37% —> 39.6%~~
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The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
H-232 U.S. Capitol  
Washington, DC 20515

The Honorable Charles Schumer  
Senate Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
House Minority Leader  
U.S. House of Representatives  
H-204 U.S. Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Senate Minority Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

We, the undersigned organizations representing millions of Main Street businesses and employing tens of millions of American workers, urge you not to raise taxes on small, individually, and family-owned businesses as part of any effort to enact a reconciliation bill this year. In the face of a possible recession, 40-year high inflation, unprecedented supply-chain challenges, and chronic labor shortages, raising taxes on small, individually, and family-owned businesses is the wrong approach and should be rejected.

According to recent media reports, two tax increases under consideration would fall entirely on small, individually, and family-owned, closely-held businesses: 1) expanding the 3.8 percent Net Investment Income Tax (NIIT) to individuals and families who actively participate in their business, and 2) limiting the ability of small, individually, and family-owned businesses to fully deduct their losses during an economic downturn by expanding and extending the so-called “excess business loss limitation” for “noncorporate taxpayers.” Combined, these would increase revenues by more than \$400 billion over ten years, shouldered entirely on the backs of small, individually, and family-owned businesses.

While expanding the NIIT is sometimes characterized as closing a tax loophole and that it would increase Medicare funding, neither of these claims are true. When the NIIT was created as part of the Affordable Care Act, it was meant to apply to investment income only. The business income of small, individually, and family-owned firms where the owners ran the business was specifically exempted. This exemption was intentional and in no way constitutes a loophole.

Moreover, the revenue raised by the NIIT does not fund Medicare. As the NIIT initially was adopted as part of a reconciliation bill, attributing the funds of this new tax to the Hospital Insurance trust fund would have violated the Byrd Rule. That is why the NIIT did not fund

# AGC Responds

- Organized "Main Street" Letter with nearly 200 trade associations opposing “small business surtax” and extending “excess loss limitation rule”



# Inflation Reduction Act (as passed)

- Limits Maximum Qualified Business Income Deduction (Section 199A) — \$500,000
- Increases top individual rate — 37% —> 39.6%
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- Increases the estate tax
  - Exemption would be reduced from \$11.7 m to ~\$6 m
- "Excess Loss Limitation" Rule extended through 2028 (After Adoption of Private Equity Amendment)
  - TCJA Provision that limits losses for pass-through businesses to \$250,000 / \$500,000

## Inflation Reduction Act (as passed)

- New Corporate Alternative Minimum Tax - \$222.2 Billion
  - Only applies to corporations with three-year average annual “adjusted financial statement income” over \$1 Billion
  - Notably, accelerated depreciation was carved out at the last minute
- New Excise Tax on Repurchase of Corporate Stock - \$73.7 Billion
  - One percent excise tax beginning in 2023
  - Only applicable to publicly-traded C-Corps
- And...\$79.6 Billion in IRS Funding!



## New IRS Funding



\$79.6 Billion in (mandatory) new funding over the next 10 years

- \$3.181 Billion for “taxpayer services” including: “pre-filing assistance and education, filing and account services, taxpayer advocacy services, and other services
- \$45.637 Billion for enforcement, including funding to:
  - Collect owed taxes, provide legal and litigation support, conduct criminal investigations, and monitor digital assets, etc.
  - Purchase and hire passenger motor vehicles(!)
- \$25 Billion for operations support, including:
  - Rent payments, facilities services, printing, postage, physical security, research and SOI, etc.
  - The hire of passenger motor vehicles(!)
- \$4.750 Billion for business systems modernization, including:
  - Developing callback technology, “and other technology to provide a more personalized customer service but not including the operation and maintenance of legacy systems”

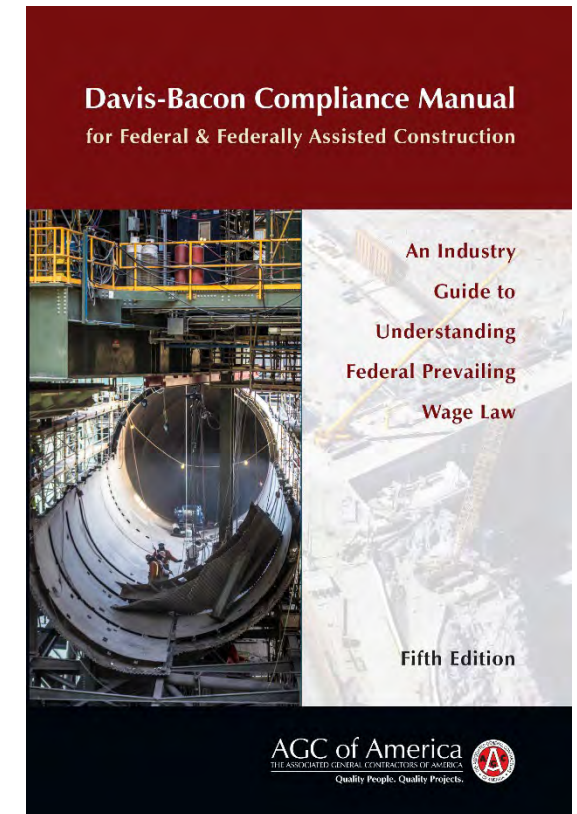
Tax Credit	Objective	Estimated Cost Over 10 Years*
Production Tax Credit & Investment Tax Credit	Incentivize construction of renewables	\$65.024 Billion
Clean Energy Investment Credit	Incentivize net-zero energy production and energy storage advancement	\$50.858 Billion
Advanced Manufacturing Tax Credit	Induce GHG reduction for manufacturing facilities	\$30.622 Billion
Nuclear Production Tax Credit	Aimed at preventing decommissioning of nuclear plants	\$30.001 Billion
Residential Clean Energy Tax Credit	Encourage homeowner purchase of energy efficient systems, products	\$22.022 Billion
EV/Clean Vehicle Tax Credits	Increase purchases of EVs/clean energy vehicles	\$14.209 Billion
Hydrogen Tax Credit	Spur hydrogen cell energy production facilities	\$7.849 Billion
Energy Efficient Commercial Building Deduction (179D)	Ties labor mandates to this deduction used for retrofitting buildings	\$362 Million



# Prevailing Wage Requirements

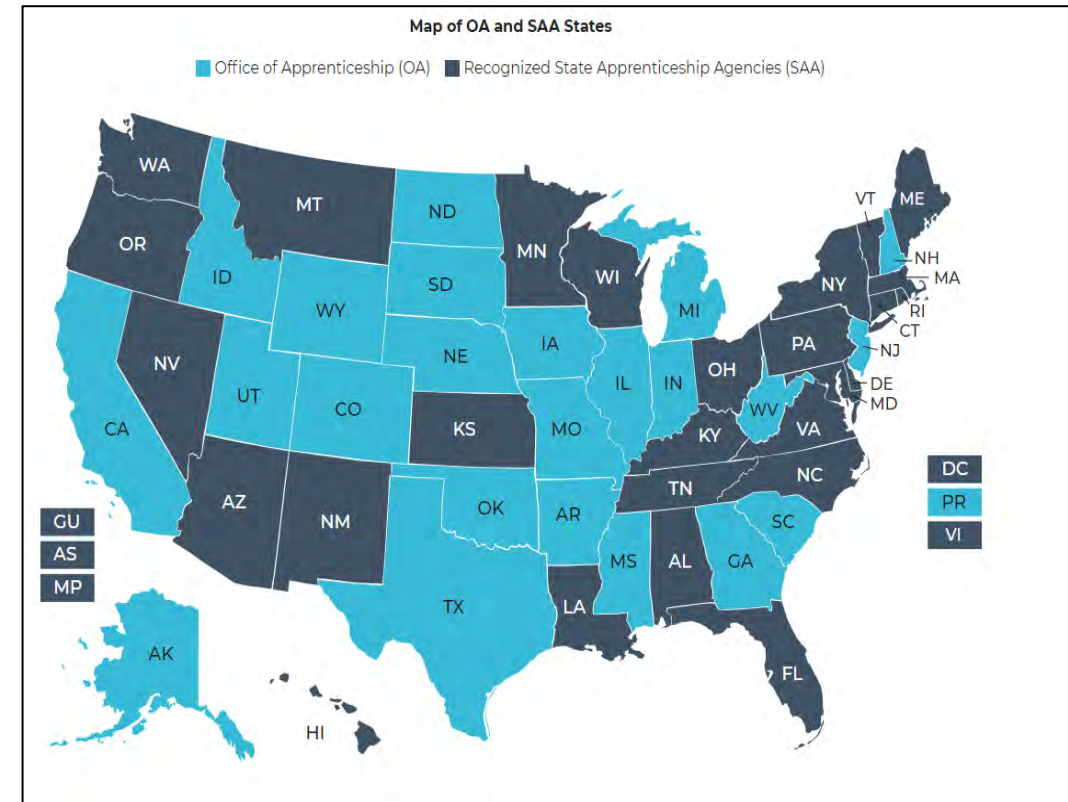
- Ensure contractors and subs pay prevailing wages during construction (and alteration & repair in some cases)
- Satisfy noncompliance to maintain credit eligibility
  - Provide back pay + plus interest + (\$5,000 fine per worker or \$10,000 if intentional)
  - Penalties differ from Davis-Bacon Act
- Further clarification to follow in regulatory guidance

*\*concurrently the US DOL is updating Davis-Bacon regulations*



# Registered Apprenticeship Requirements

- Apprenticeship utilization requirements:
  - 10% of craft hours in 2022 → 12.5% in 2023 → 15% in 2024 and later
- Must follow apprentice-to-journeyworker ratios set by US DOL or State agency
- Each contractor with 4 or more workers on a project must employ one or more qualified apprentices
- Satisfy noncompliance to maintain credit eligibility
  - Pay \$50 x total labor hours short of requirement (can increase to \$500 if deliberate)
  - Make good faith effort and request denied by Registered Apprenticeship program
- *Further clarification to follow in regulatory guidance*

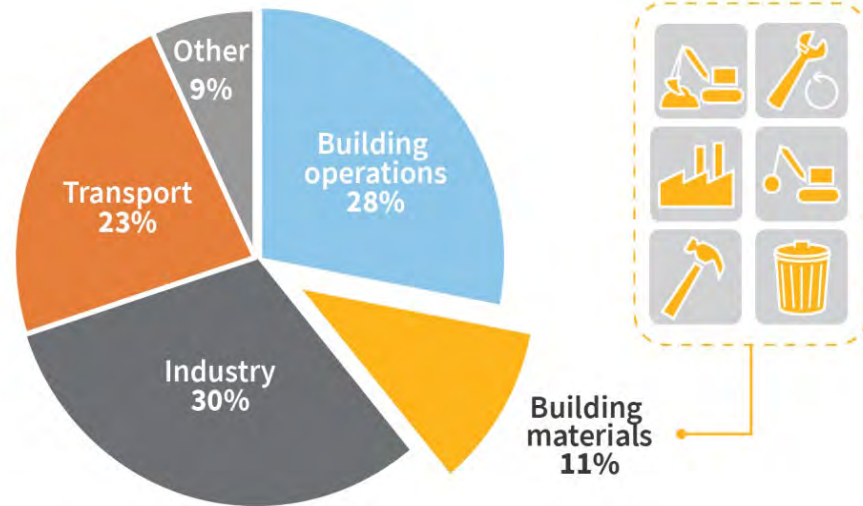




## Major Funding Line Items

Funding	Objective	Estimated Cost Over 10 Years
GSA Low Carbon Emissions Construction Materials/Products Sec. 60503	Fund low-embodied carbon materials in construction projects	\$2.15 Billion
Federal Highway Administration Sec. 60506	Fund low-embodied carbon materials in construction projects	\$2 Billion
Environmental Product Declaration Sec. 60112	Funds to EPA to develop and carry out a program to support the development, enhanced standardization and transparency, and reporting criteria for environmental product declarations	\$250 Million
Low Embodied Carbon Labeling for Construction Materials Sec. 60116	EPA—in consultation with GSA and FHWA—to identify and label construction materials and products that have substantially lower levels of embodied carbon	\$100 Million

# “Buy Clean” Construction Materials



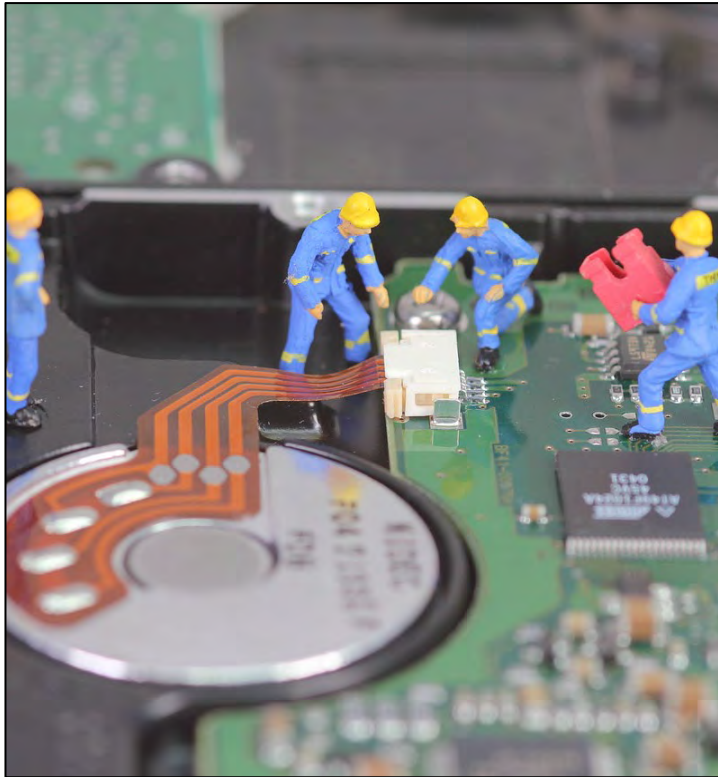
Global energy-related CO<sub>2</sub> emissions.  
Adapted from the UNEP 2019 Global Status Report

- Material choices based on lowest carbon emissions during production, transportation, installation, etc.
- Relies on Environmental Product Declarations (EPDs) for data
- EPA to administer new EPD program
- **New WH Program 9/15/22:** Purchasing rqmts for steel, asphalt, concrete and flat glass on fed & fed-funded projects. Forces supply chain reporting. More materials to be added.



# CHIPS Act

# SEMICONDUCTOR PLANT CONSTRUCTION



- **6/8/21:** Senate passes (68-32) international competitiveness bill
- **2/4/22:** House passes (222-210) its version with AGC-opposed labor mandates:
  - **Card Check**
  - **Forced arbitration on CBAs**
  - **Discriminate against registered apprenticeship programs w/o union**
- **8/9/22:** CHIPS Act enacted and includes \$39B for semiconductor chip plant construction w/o labor mandates



# Regulatory Onslaught Lightning Round

## **Occupational Safety & Health Admin.**

National heat standard  
National Emphasis Program on heat  
Electronic injury and illness reporting

## **Environmental Protection Agency**

Roll back reforms - WOTUS + water quality cert  
Disposal of PVC pipe as hazardous waste  
PFAS treated as hazardous substance  
Development and standardization of EPDs  
Fuel economy standards

## **Department of Interior**

Roll back of Trump Endangered Species Act reforms

## **Council on Environmental Quality**

Roll back reforms - Streamlining NEPA  
Guide on factoring GHG emissions in NEPA process

## **Securities & Exchange Commission**

GHG emissions reporting mandate

## **Treasury Department**

Prevailing wage and apprenticeship rules for IRA  
Rules and guidance on ARPA  
Beneficial Ownership Disclosure

## **U.S. Department of Transportation**

GHG performance measure  
Disadvantaged Business Enterprise rules modernization  
Buy Clean, EPDs, and low emissions

## **Office of Management & Budget**

Build America, Buy America Act guidance  
Social cost of GHG in reg, permit & policymaking

## **Federal Acquisition Regulation Council**

Govt-mandated project labor agreements  
Federal contractor covid-19 vax mandate  
Disclosure of GHG emissions and climate-related financial risk  
Standardizing cybersecurity requirements for unclassified information systems

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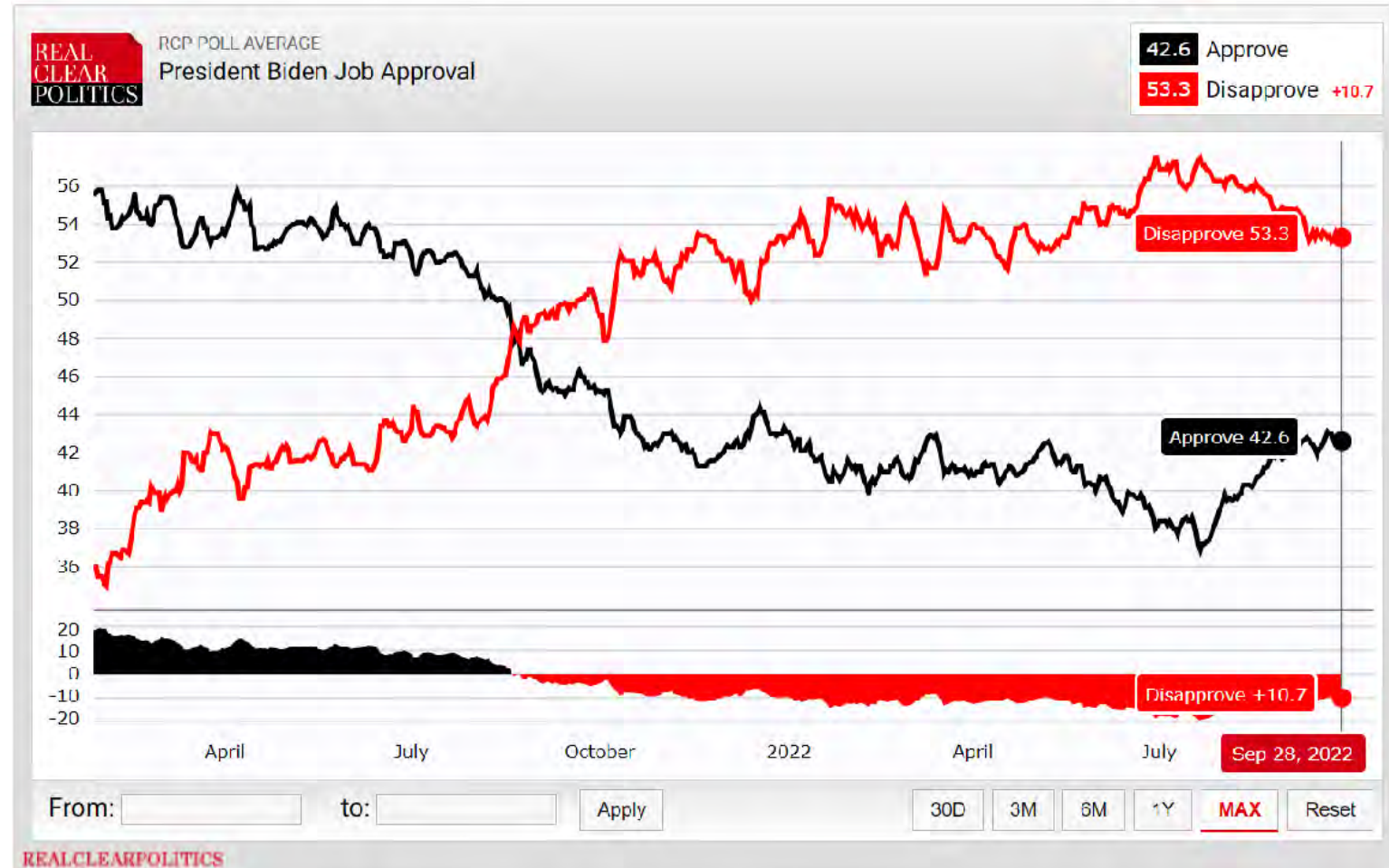
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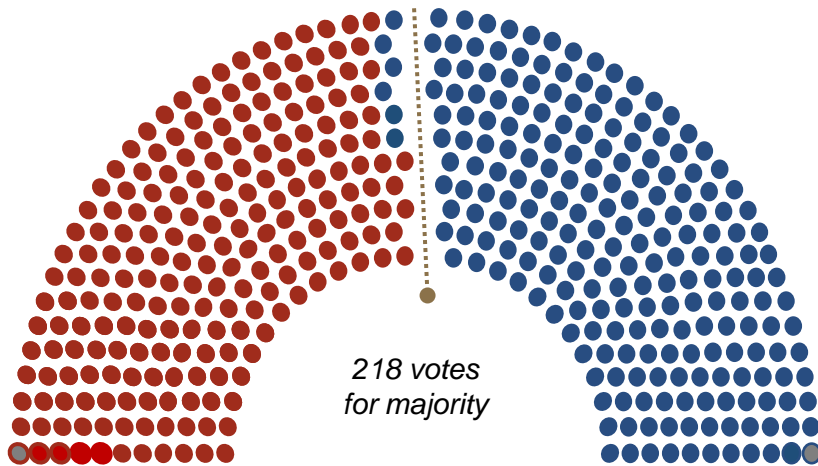
# 2022 Election Outlook

- Despite recent strength, President Biden's approval rating continues to be a drag on Democratic election prospects
- By comparison, President Trump's approval rating in 2018 was -10.7%, exactly the same as President Biden currently.
- Direction of the country: 65% say country is on the wrong track (net -36.9%)





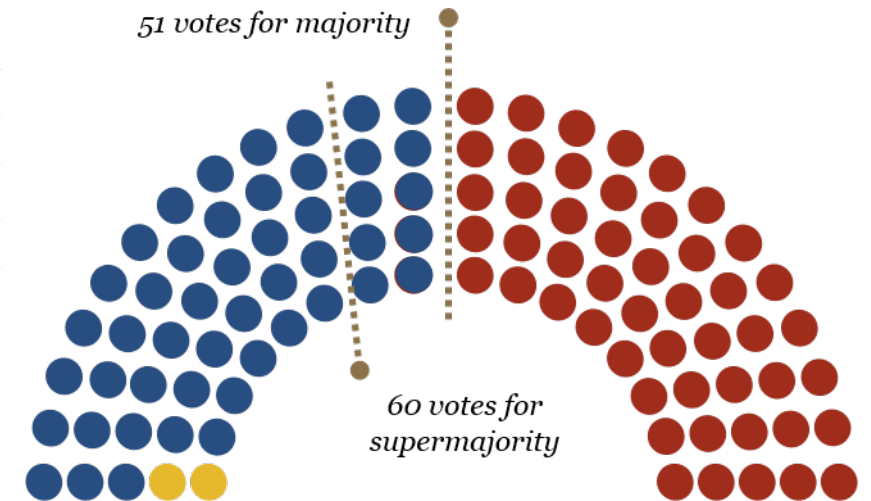
# 2022 Election Outlook



## House of Representatives

- 218 votes yields a majority and full control of floor activity
- All taxing and spending measures must originate here
- Republicans only need **6 seats** to retake the majority

Party	House	Senate
Republican	212	50
Democrat	221	48
Independents	0	2
Vacancies	2	0
<b>Total Seats</b>	<b>435</b>	<b>100</b>



## US Senate

- VP's vote yields organizational control of 50-50 chamber
- Under current rules, need 60 votes to move most legislation
- Democrats must pursue major legislative goals via budget reconciliation (only requires majority vote)

## Cook Political Report Ratings of 2022 House Seats

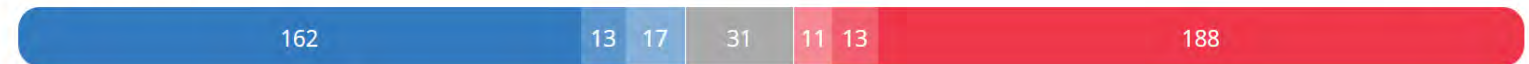
The **GOP** needs **6 seats** to retake House  
Post-WWII History favors a **GOP** takeover:

- Party out of power averages gain of 26 seats
- Sub-50% POTUS sees party lose 37 on avg.
- Only 2 cycles where party in WH gained
  - Impeachment-era Clinton; post-9/11 W
- Rs begin with historically high baseline
  - Raw gains could be muted

### RATINGS SUMMARY

SOLID DEMOCRAT

SOLID REPUBLICAN



■ **Likely** : These seats are not considered competitive at this point, but have the potential to become engaged.

■ **Lean** : These are considered competitive races, but one party has an advantage.

■ **Toss Up** : These are the most competitive; either party has a good chance of winning.



### Republicans' path to power

- Net one seat for a majority
- Defend 5 open seats; win at least one pickup

### Dems insulated from major losses

- Big drop-off after NH
  - CO, WA in play in a wave

### Consensus "Toss-Up" Seats

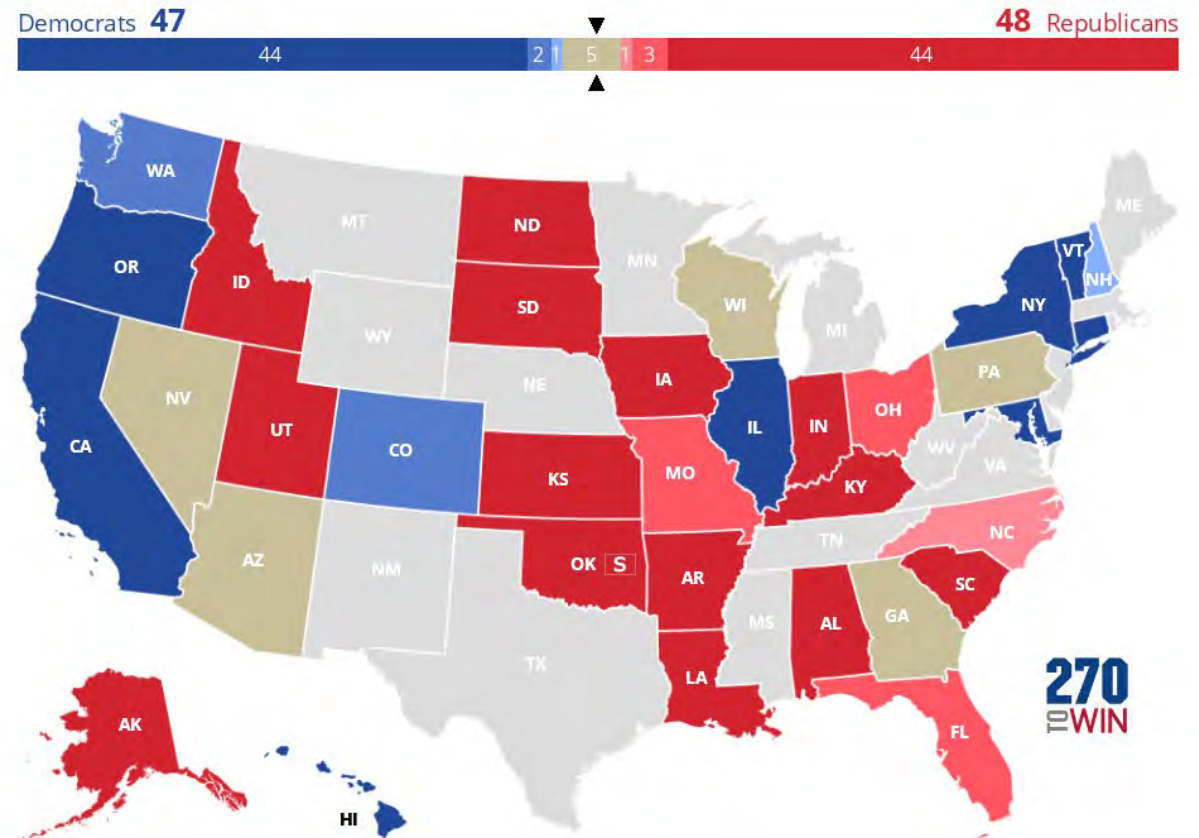
- Nevada
- Georgia
- Arizona
- Pennsylvania
- Wisconsin

### Consensus D Favored

- New Hampshire

### Consensus R Favored

- North Carolina
- Ohio
- Missouri
- Florida



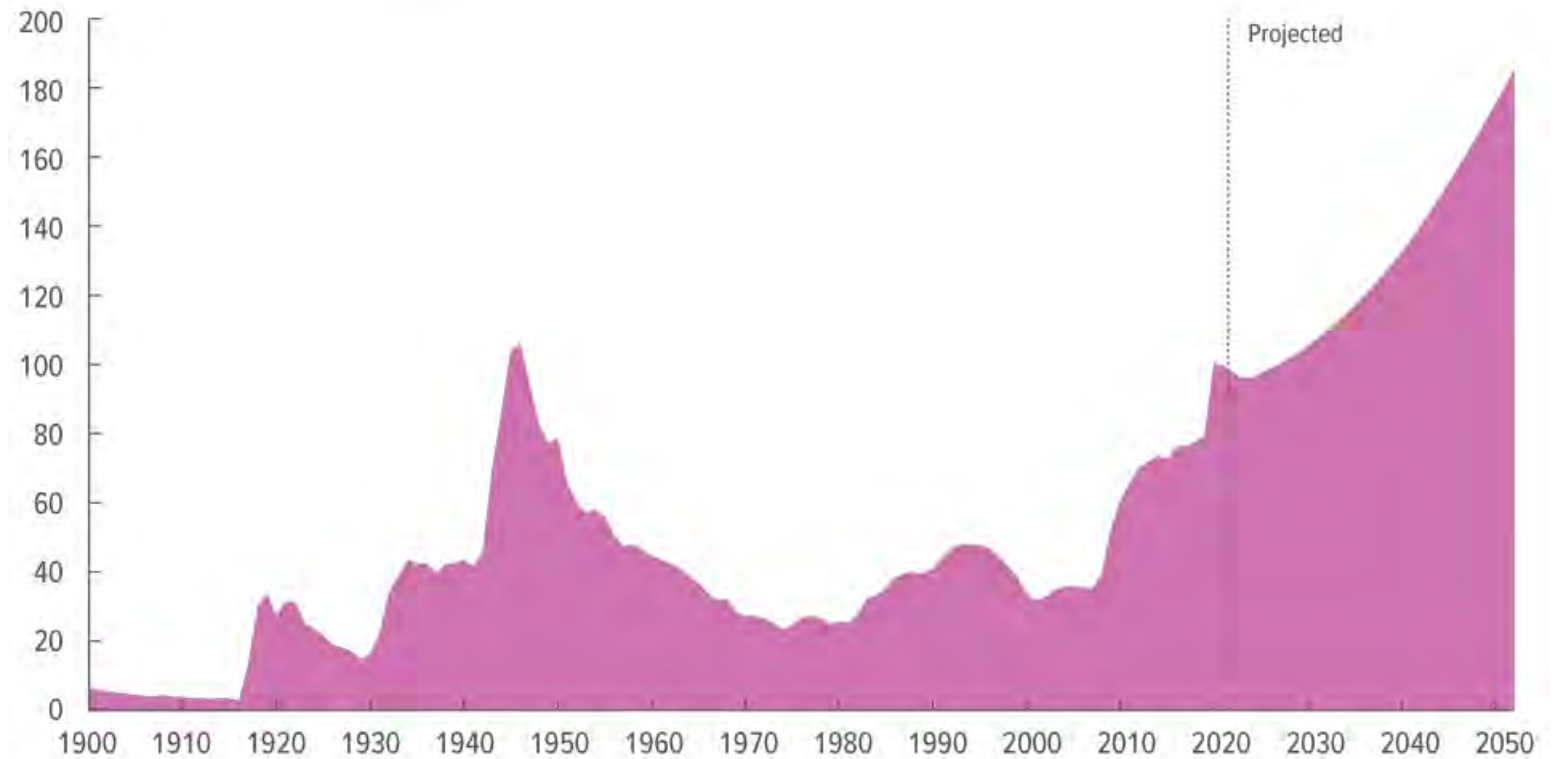
# Longer-Term Outlook



Provision	2020	2021	2022	2023	2024	2025	2026	2027
Individual rate cuts								
Individual AMT exemption amount								
20% pass-through deduction								
Estate tax doubled exemption								
\$10,000 State and local deduction								
Excess Loss Limitation								
21% corporate rate								
Corporate AMT repeal								
100% expensing – effective 9/27/17								
Interest deduction 30% of EBITDA								
Amortization of R&D expense								
GILTI deduction at 50%								
FDII deduction at 37.5%								
BEAT rate: 10%/11% for banks/dealers								
20+ tax provisions that expired in 2021								

## Federal Debt Held by the Public

Percentage of Gross Domestic Product

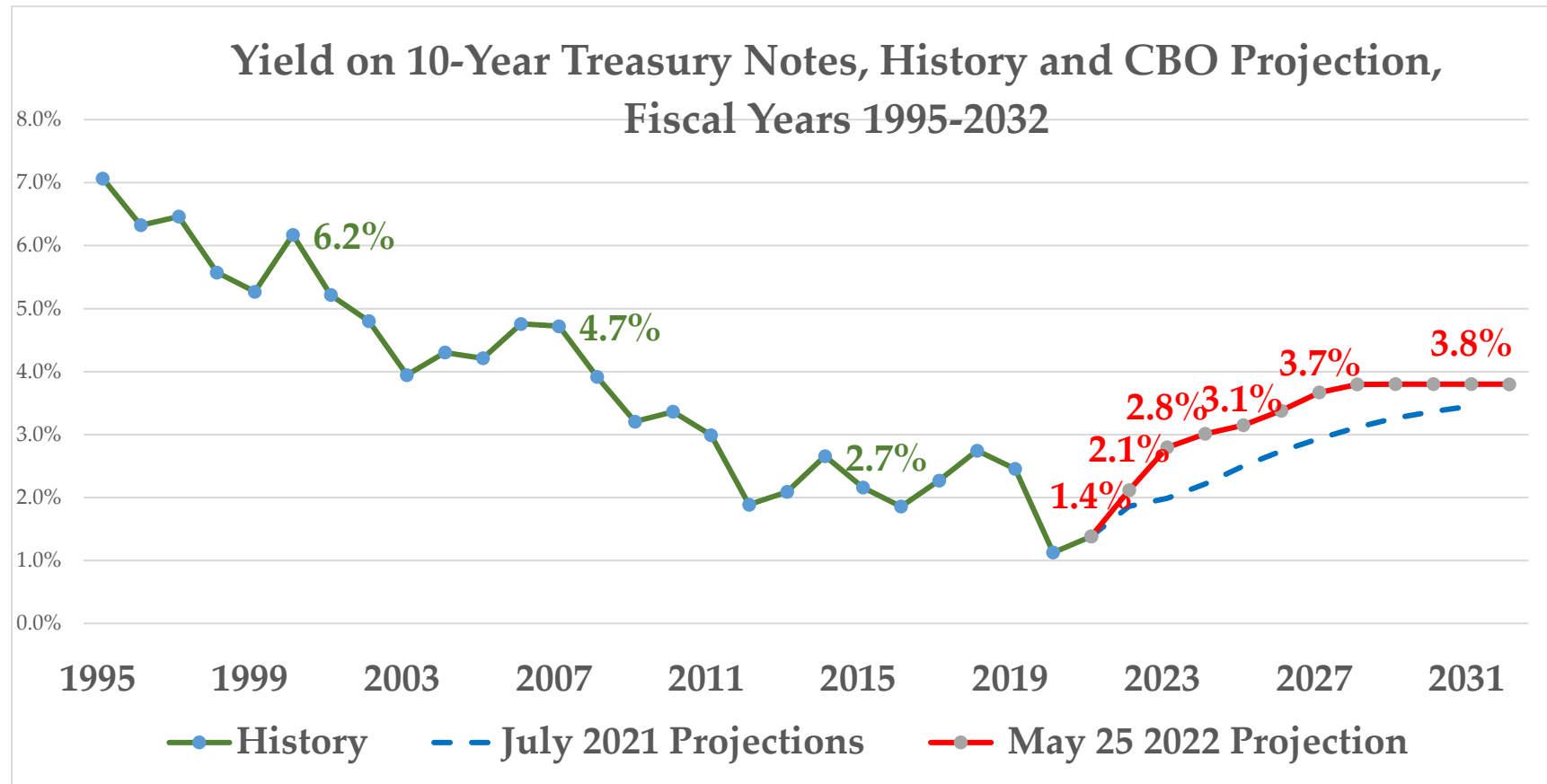


Periodic Reminder...

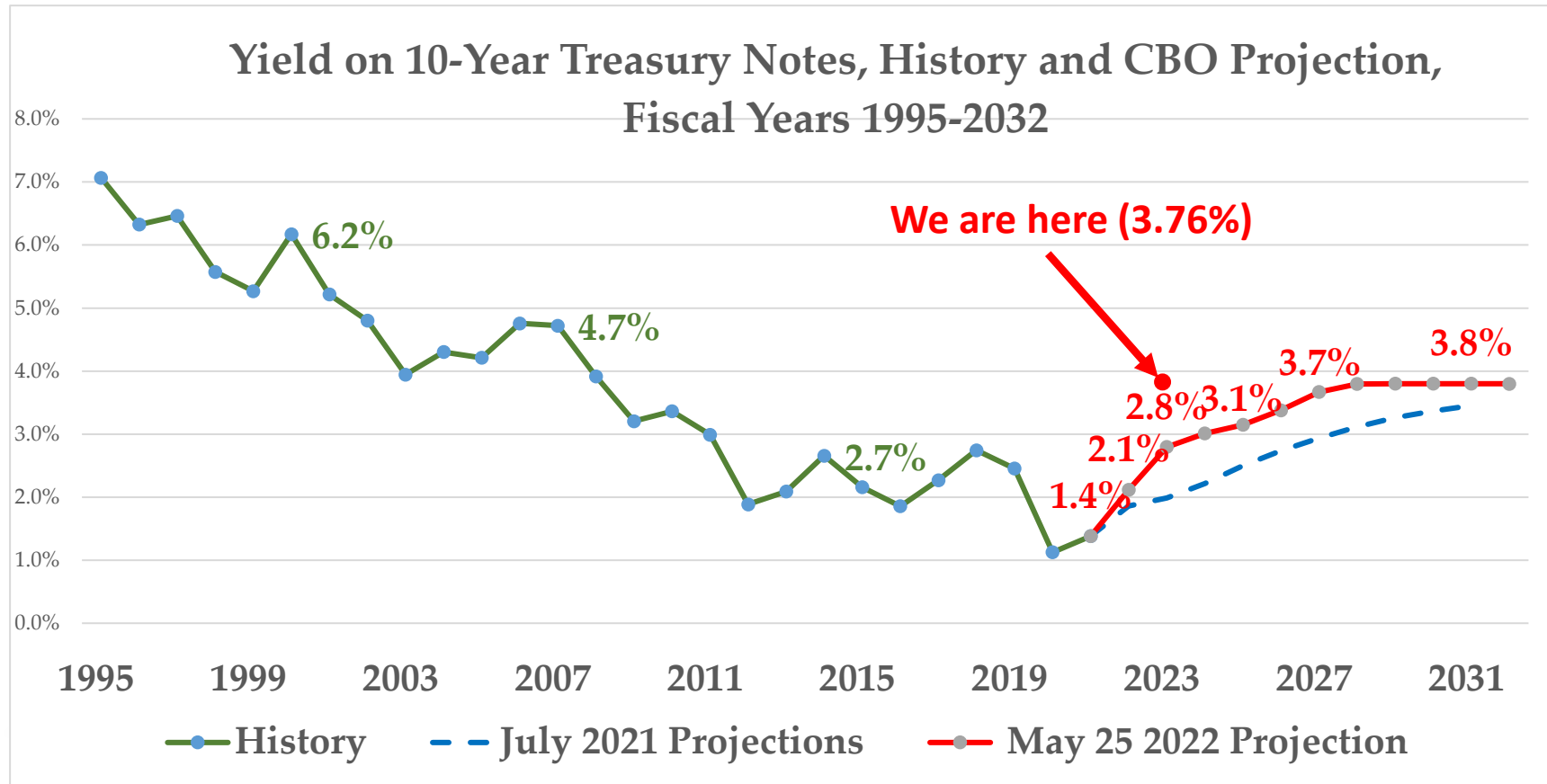
Source: Congressional Budget Office, 2022 Long  
Term Budget Outlook



# Longer-Term Outlook

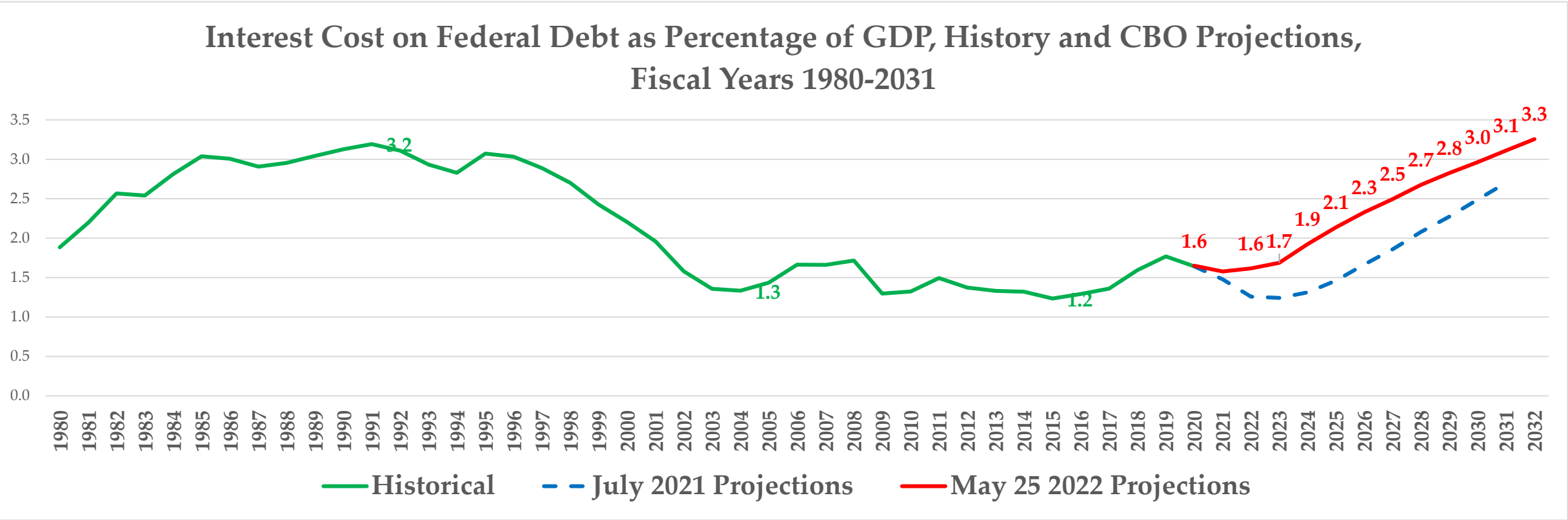


# Longer-Term Outlook

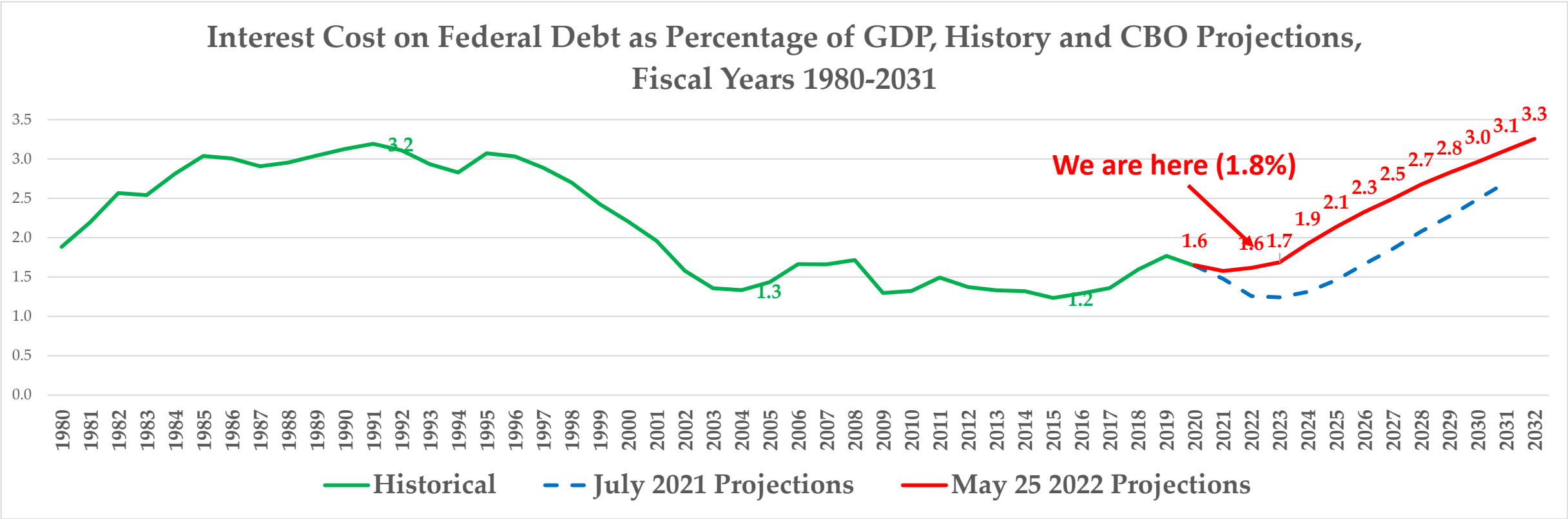




# Longer-Term Outlook



# Longer-Term Outlook





# Longer-Term Outlook

- Persistent budget deficits and higher interest rates = greater percentage of federal budget will go towards debt service
- What does this mean for tax policy going forward?
- 2025 “tax cliff” looms large
- Last significant deficit reduction package ~25 years ago. Time for a repeat?

# Questions?



## KEYNOTE PRESENTATION



# “No Time To Buy”

PRESENTED BY

**ANIRBAN BASU**

*Chairman & CEO, Sage Policy Group, Inc. and  
Chief Construction Economist, Marcum LLP*



By: Anirban Basu

MPP, MA, JD, PHD

Sage Policy Group, Inc.

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On Behalf Of

Marcum Northeast Construction Summit

September 29<sup>th</sup>, 2022



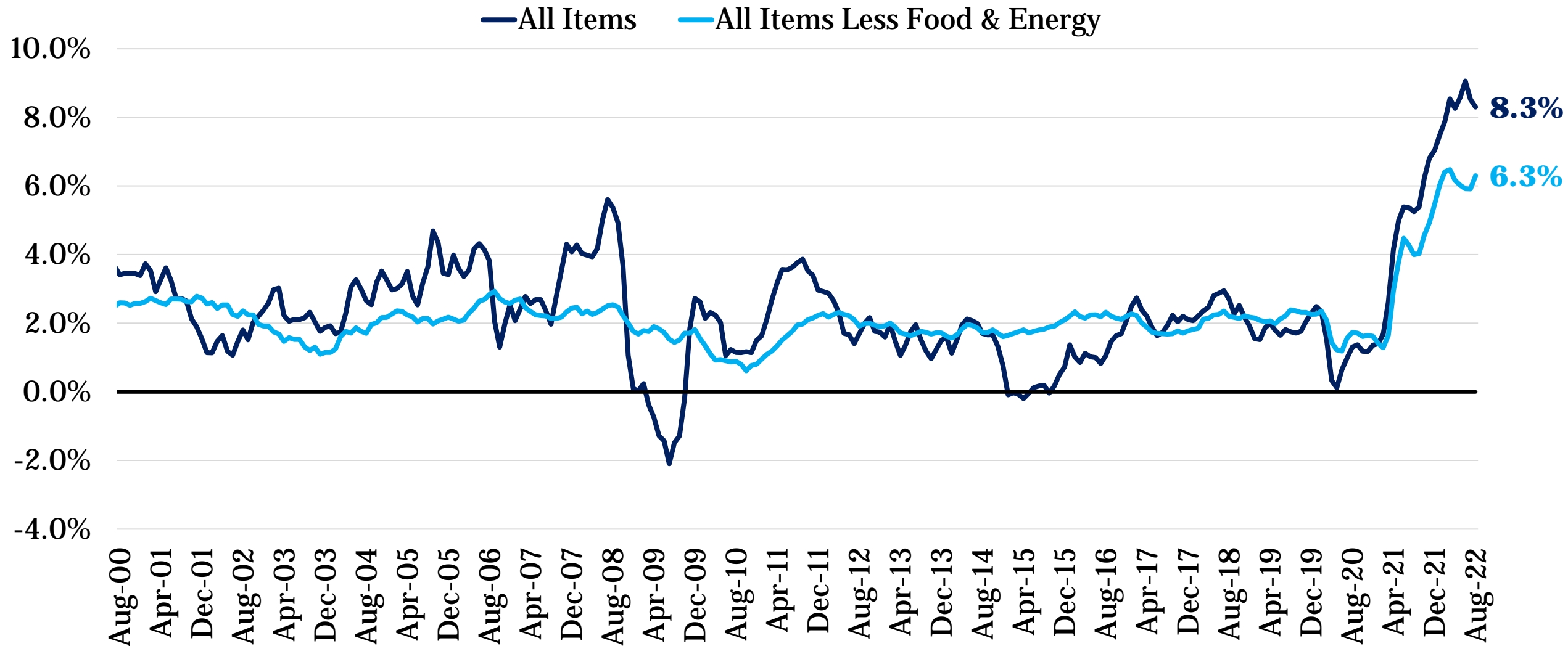
**NO TIME  
TO BUY**



# 2021 – Specter of Inflation

# U.S. Consumer Price Index

## 12-Month % Change, 2000 – August 2022





# A Statement is Not Enough

“...Inflation has risen, largely reflecting transitory factors...”

(FOMC Statement, June 2021)

“...Inflation has risen, largely reflecting transitory factors...”

(FOMC Statement, July 2021)

“...Inflation is elevated, largely reflecting transitory factors...”

(FOMC Statement, September 2021)

“...Inflation is elevated, largely reflecting factors that are expected to be transitory...”

(FOMC Statement, November 2021)

“Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation.”

(FOMC Statement, December 2021)

“...These problems have been larger and longer lasting than anticipated, exacerbated by waves of the virus. As a result, overall inflation is running well above our 2 percent longer-run goal and will likely continue to do so well into next year.” (FOMC Chair Jerome Powell, December 2021)

# U.S. Money Supply, 1959 – August 2022

\$ Trillions

\$25

\$20

\$15

\$10

\$5

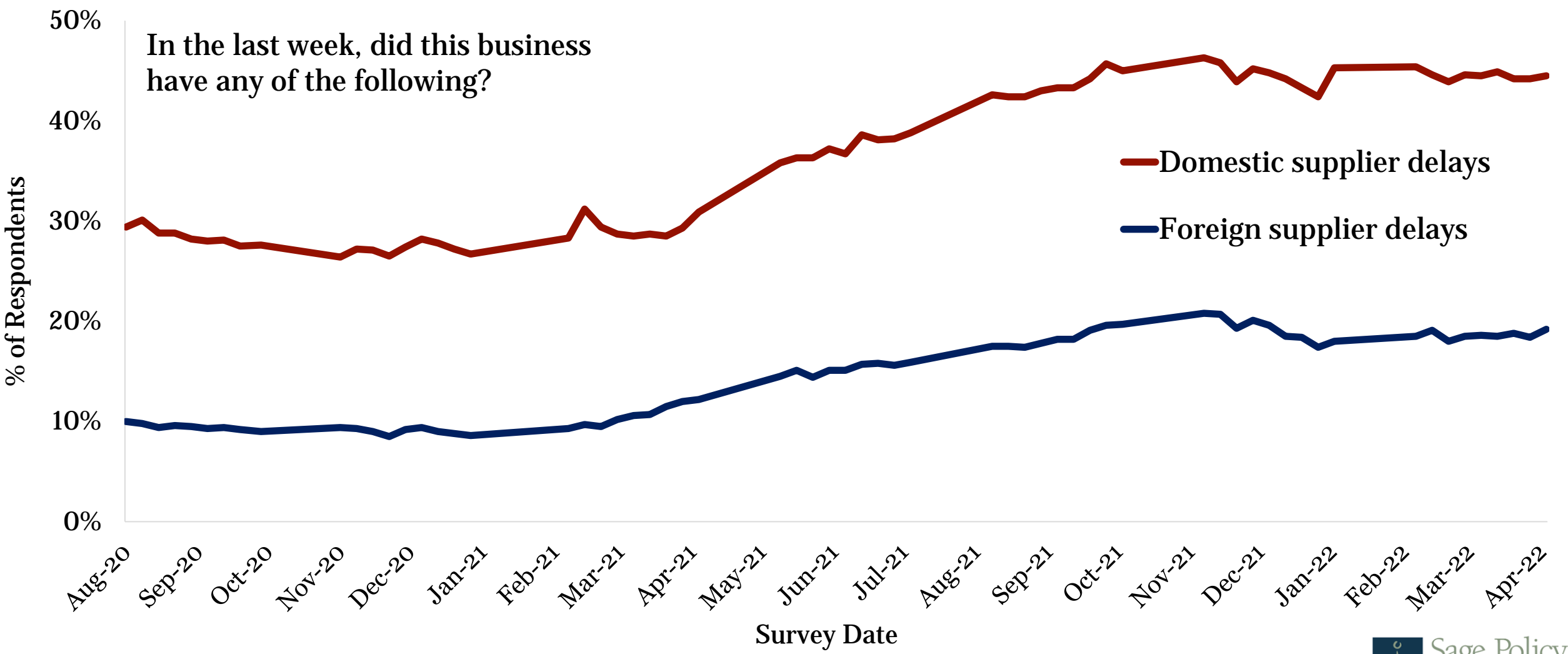
\$0

1959 1962 1965 1968 1971 1974 1977 1980 1983 1986 1989 1992 1995 1998 2001 2004 2007 2010 2013 2016 2019 2022

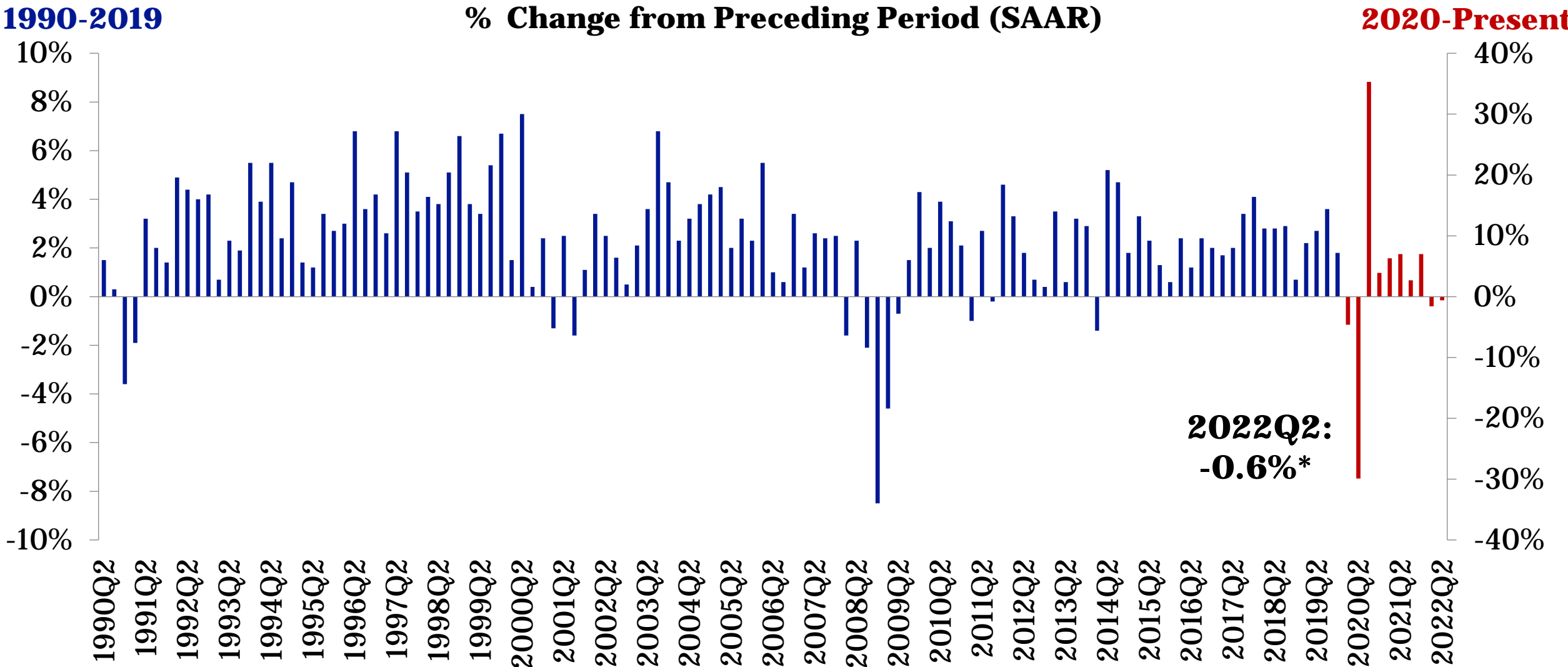


# U.S. Supply Chain Disruptions & Supplier Delays

## Census Bureau Small Business Pulse (SBP) Survey



# U.S. GDP - For Your Eyes Only

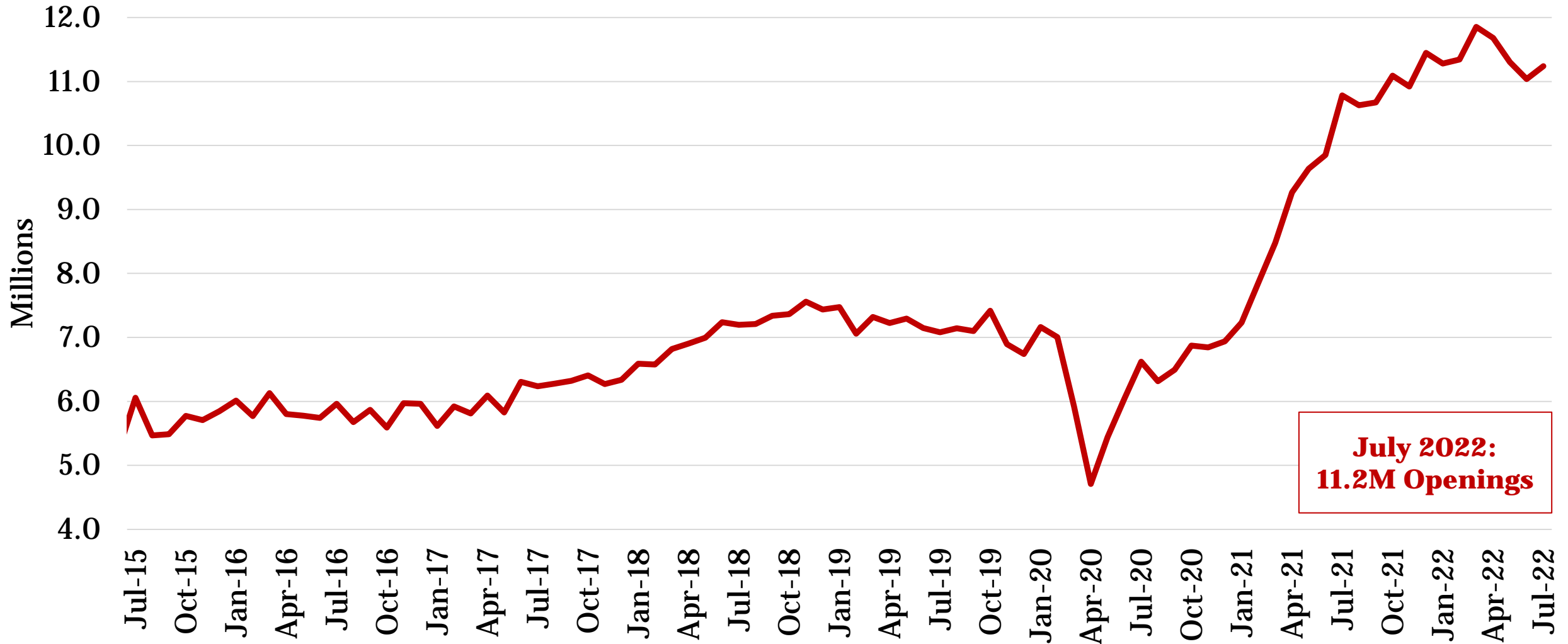




# The Employer Who Loved Me

# Work Another Day

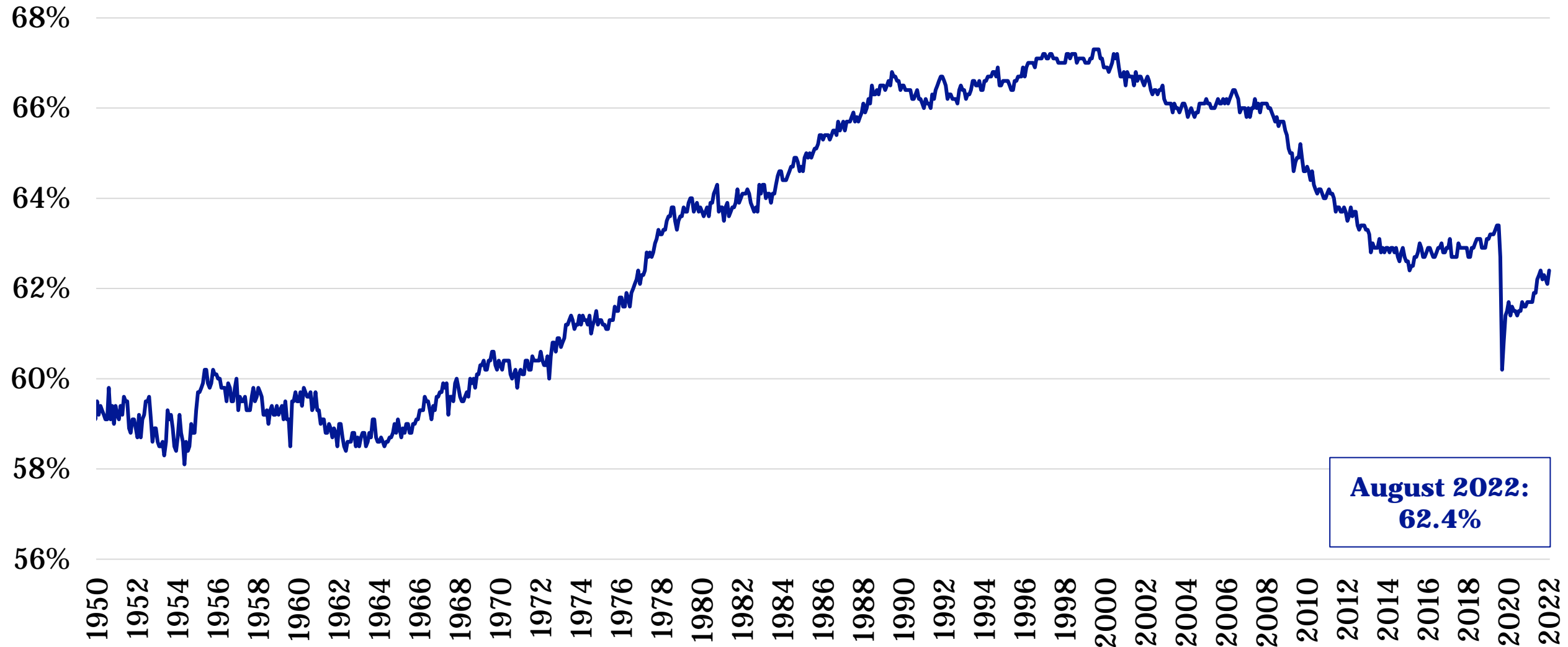
## U.S. Job Openings, 2015 – July 2022



**July 2022:  
11.2M Openings**

# Skyfall

## U.S. Labor Force Participation Rate, 1950 – August 2022





# A View to a Remote Worker

**GoodHire's** survey of 3,500 Americans found that:

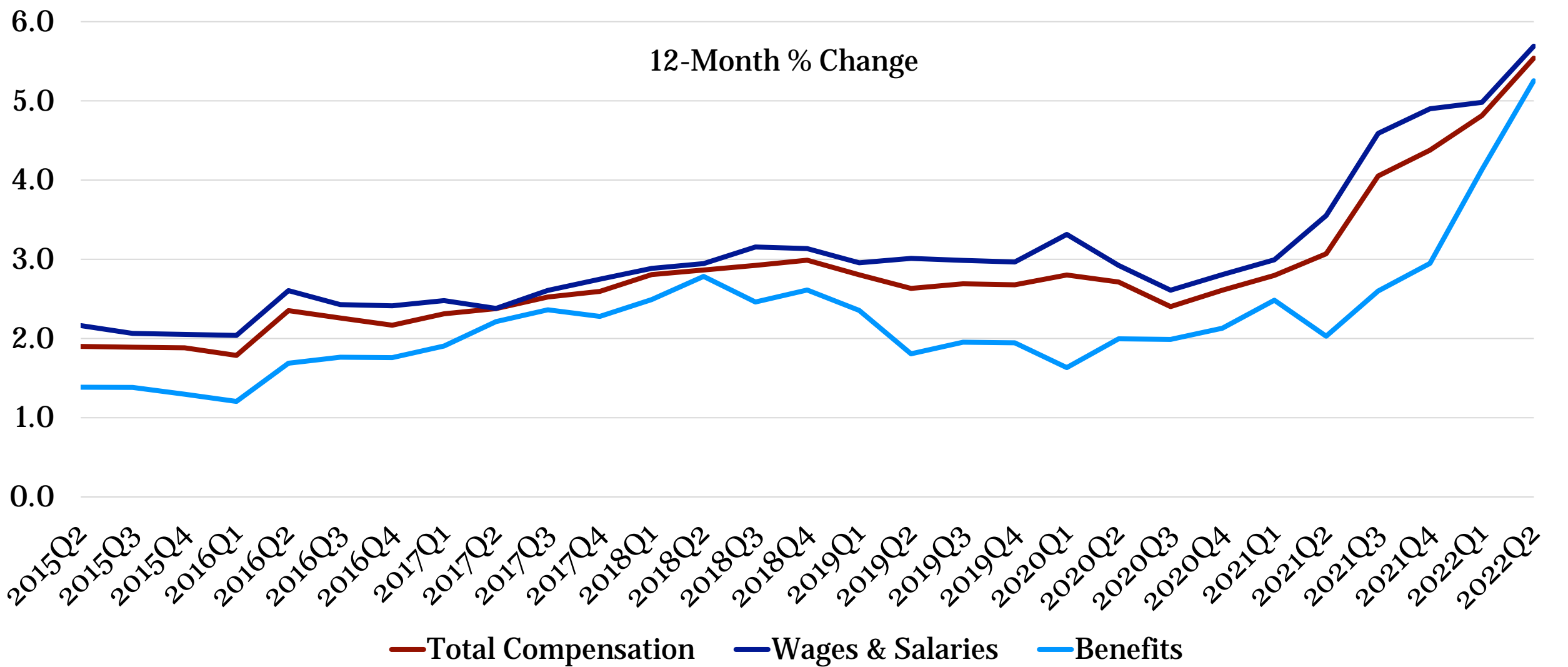
- 68% of Americans would choose remote work options over in-office work;
- 45% would either quit their job or begin searching for a new one if their employer required them to return to their office full-time;
- 74% of Americans believe that companies not offering remote working arrangements will lose major talent in the workforce.

**Ipsos'** survey of more than 12,000 people across 29 countries found that two-thirds of working adults surveyed say that:

- They are more productive with a flexible work schedule (65%);
- They want flexibility in the amount of time they go into the office (64%);
- When COVID restrictions are no longer in effect, employers should be more flexible in terms of requiring employees to go to an office (66%).

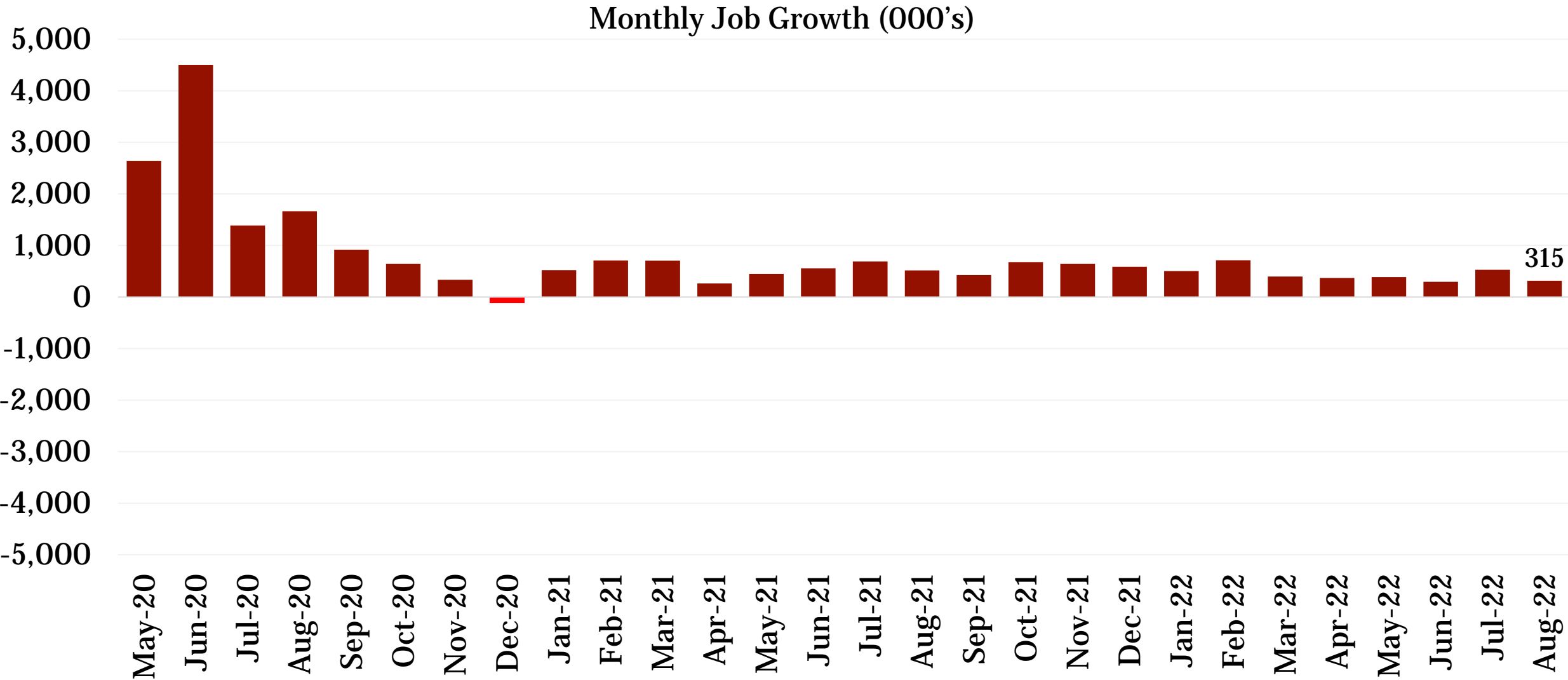
# License to be Paid

## Employment Cost Index, Private Sector Workers, 2015 – 2022



# Net Change in U.S. Jobs

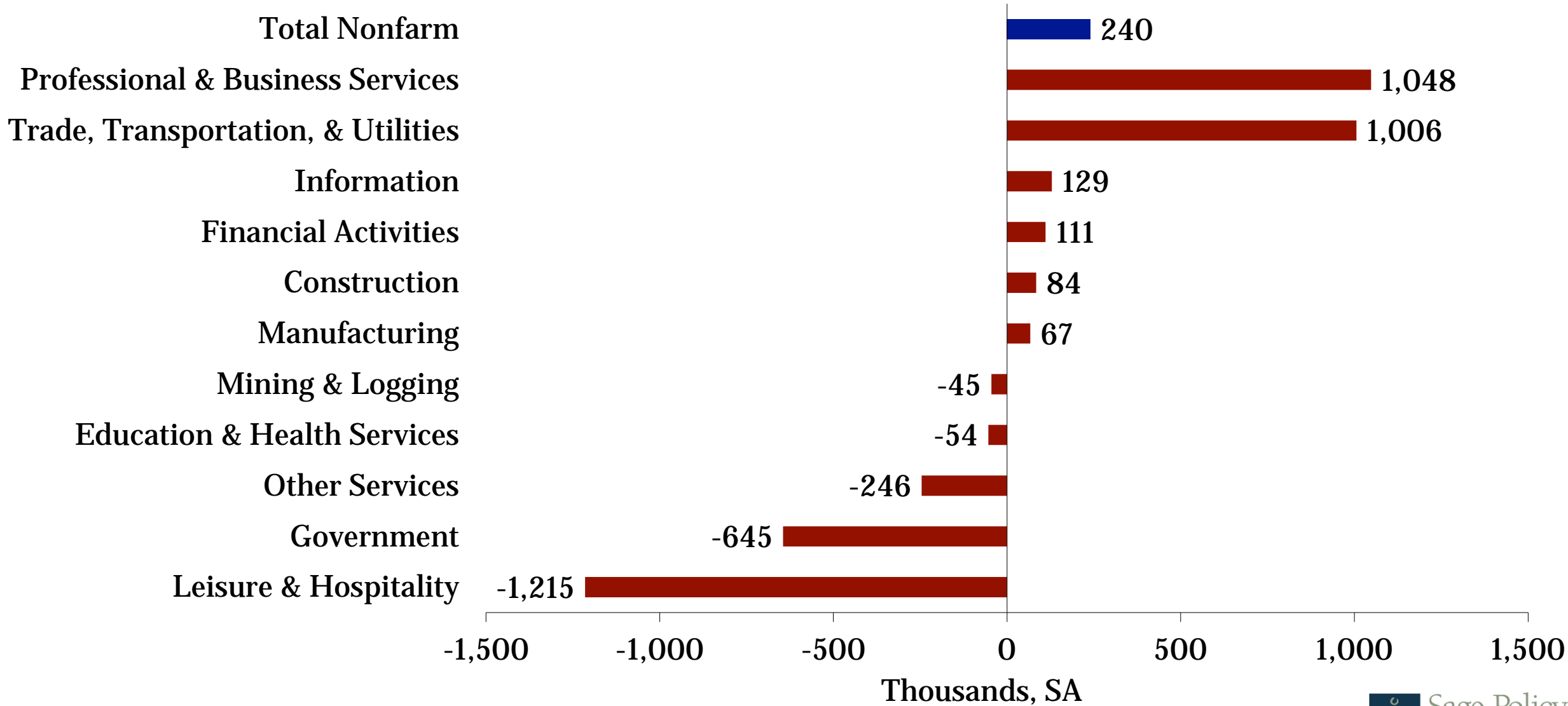
## May 2020 – August 2022





# U.S. Nonfarm Employment by Industry Sector

## February 2020 v. August 2022



# Employment Growth, 25 Largest Metros

## February 2020 v. August 2022 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	7.5%	14	Seattle-Tacoma-Bellevue, WA	1.0%
2	Charlotte-Concord-Gastonia, NC-SC	4.9%	15	Baltimore-Columbia-Towson, MD	0.8%
3	Riverside-San Bernardino-Ontario, CA	4.7%	<b>16</b>	<b>Boston-Cambridge-Nashua, MA-NH</b>	<b>0.3%</b>
4	Atlanta-Sandy Springs-Roswell, GA	4.2%	17	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	0.2%
5	Tampa-St. Petersburg-Clearwater, FL	4.1%	18	San Diego-Carlsbad, CA	0.1%
6	Phoenix-Mesa-Scottsdale, AZ	3.1%	19	Minneapolis-St. Paul-Bloomington, MN-WI	-0.1%
7	Denver-Aurora-Lakewood, CO	3.0%	20	Detroit-Warren-Dearborn, MI	-0.3%
8	San Antonio-New Braunfels, TX	2.6%	21	St. Louis, MO-IL	-1.1%
9	Houston-The Woodlands-Sugar Land, TX	2.5%	22	New York-Newark-Jersey City, NY-NJ-PA	-1.2%
10	Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	23	Washington-Arlington-Alexandria, DC-VA-MD-WV	-1.3%
11	Orlando-Kissimmee-Sanford, FL	1.6%			
12	Chicago-Naperville-Elgin, IL-IN-WI	1.2%	24	San Francisco-Oakland-Hayward, CA	-1.7%
12	Portland-Vancouver-Hillsboro, OR-WA	1.2%	25	Los Angeles-Long Beach-Anaheim, CA	-2.3%

Source: U.S. Bureau of Labor Statistics,  
Current Employment Statistics (CES) Survey.  
Note: data are not seasonally adjusted.

U.S. % Change v. February 2020: +0.2%

# Unemployment Rates, 25 Largest Metros

## August 2022

Rank	MSA	%	Rank	MSA	%
1	Minneapolis-St. Paul-Bloomington, MN-WI	2.1	14	Charlotte-Concord-Gastonia, NC-SC	3.6
2	Miami-Fort Lauderdale-West Palm Beach, FL	2.6	14	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6
3	Tampa-St. Petersburg-Clearwater, FL	2.7			
4	San Francisco-Oakland-Hayward, CA	2.8	16	Dallas-Fort Worth-Arlington, TX	3.7
5	Orlando-Kissimmee-Sanford, FL	2.9	17	San Antonio-New Braunfels, TX	3.8
6	Atlanta-Sandy Springs-Roswell, GA	3.0	18	Portland-Vancouver-Hillsboro, OR-WA	4.0
<b>7</b>	<b>Boston-Cambridge-Nashua, MA-NH</b>	<b>3.2</b>	19	Riverside-San Bernardino-Ontario, CA	4.2
8	Denver-Aurora-Lakewood, CO	3.3	20	Baltimore-Columbia-Towson, MD	4.3
8	St. Louis, MO-IL	3.3	21	Los Angeles-Long Beach-Anaheim, CA	4.5
10	Phoenix-Mesa-Scottsdale, AZ	3.4	21	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.5
10	San Diego-Carlsbad, CA	3.4	23	Houston-The Woodlands-Sugar Land, TX	4.6
12	Detroit-Warren-Dearborn, MI	3.5	24	New York-Newark-Jersey City, NY-NJ-PA	4.8
12	Seattle-Tacoma-Bellevue, WA	3.5	25	Chicago-Naperville-Elgin, IL-IN-WI	4.9

Source: U.S. Bureau of Labor Statistics,  
Local Area Unemployment Statistics (LAUS) program.  
Note: data are not seasonally adjusted.

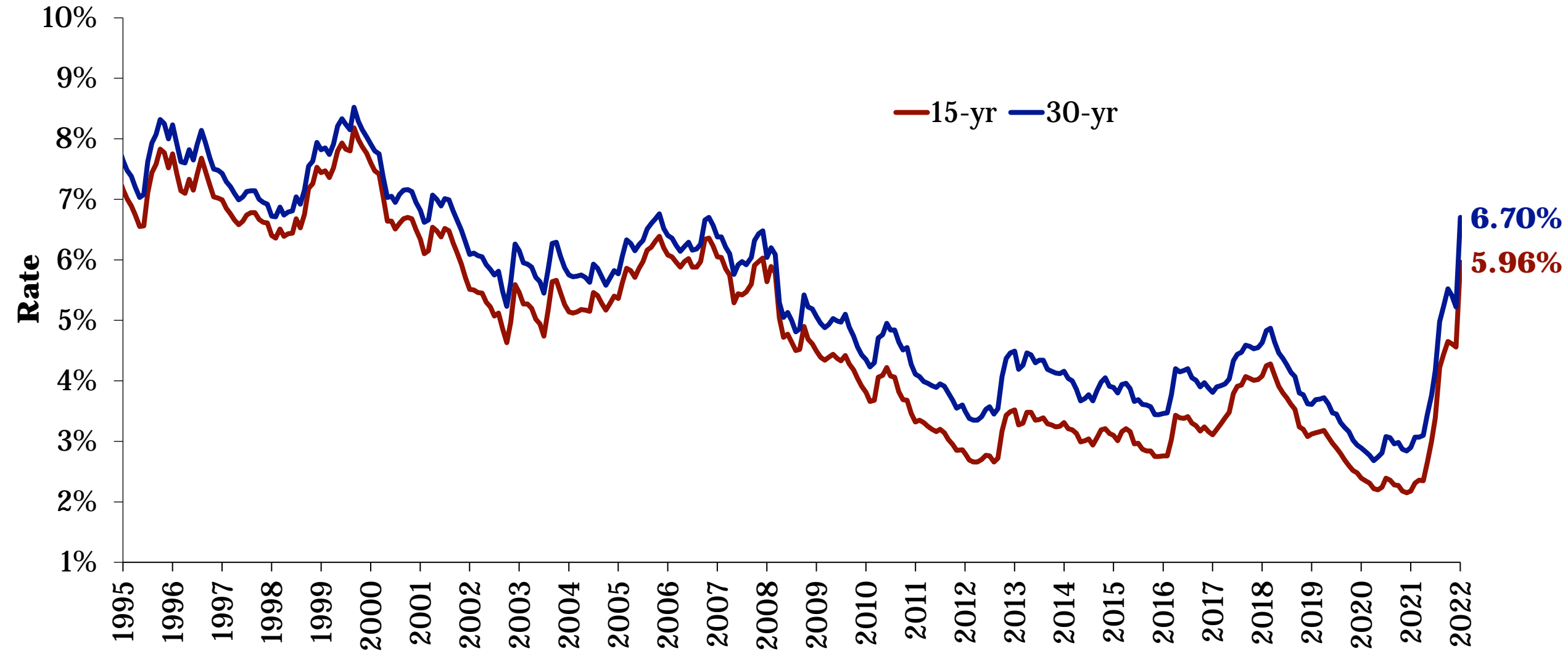
U.S. Unemployment Rate: 3.7%



# Quantum of Construction

# License to Borrow (at Low Rates)

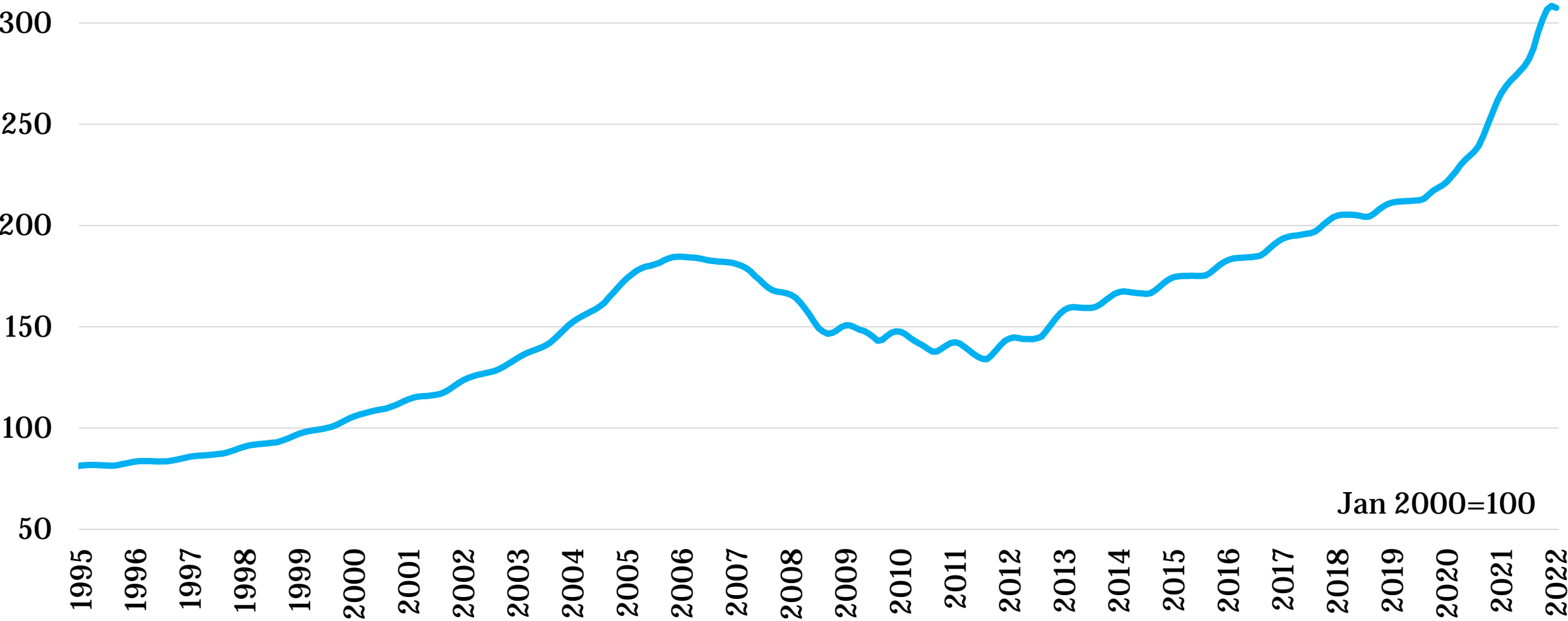
15-Year & 30-Year Fixed Mortgage Rates, 1995 – September 2022\*



\*Week ending 9/29/2022

# S&P Case-Shiller U.S. National Home Price Index

1995 – July 2022

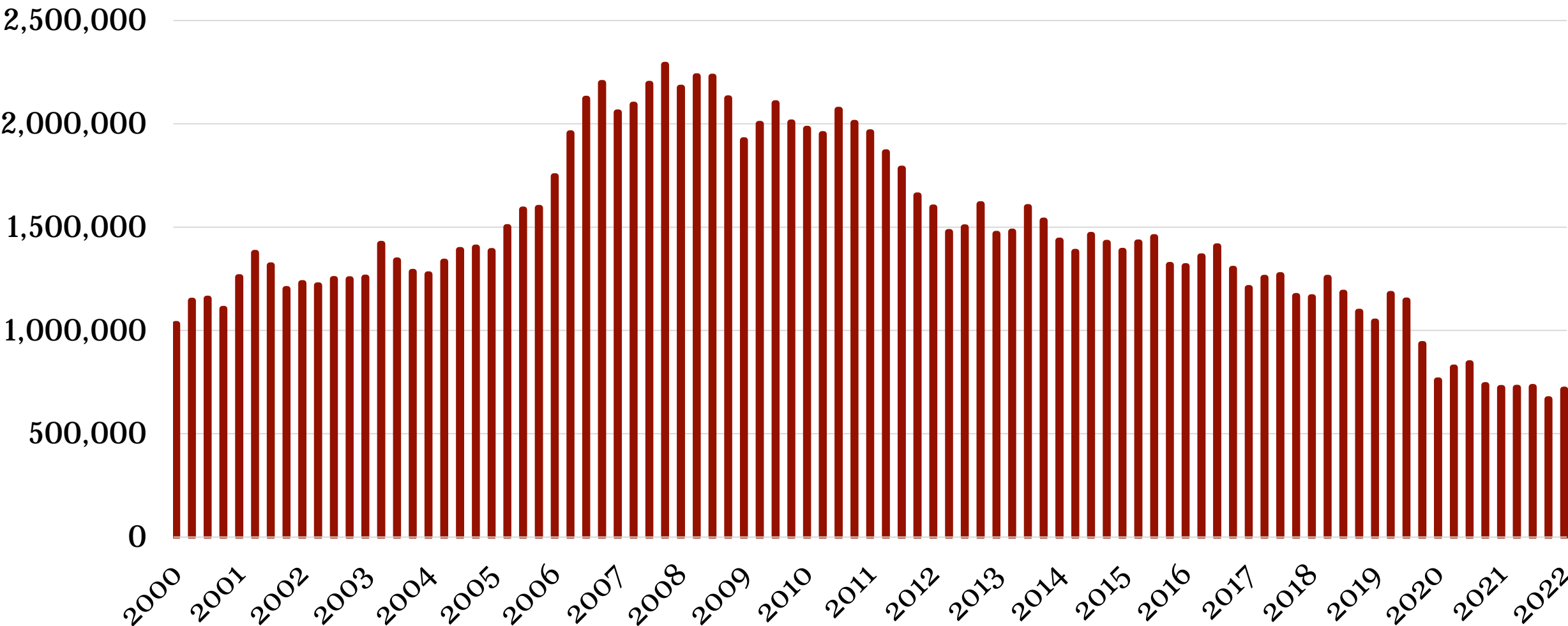




# Inventory of Unsold Homes: Vacant Housing Units for Sale\*

## 2000 – 2022Q2

Vacant Housing Units for Sale

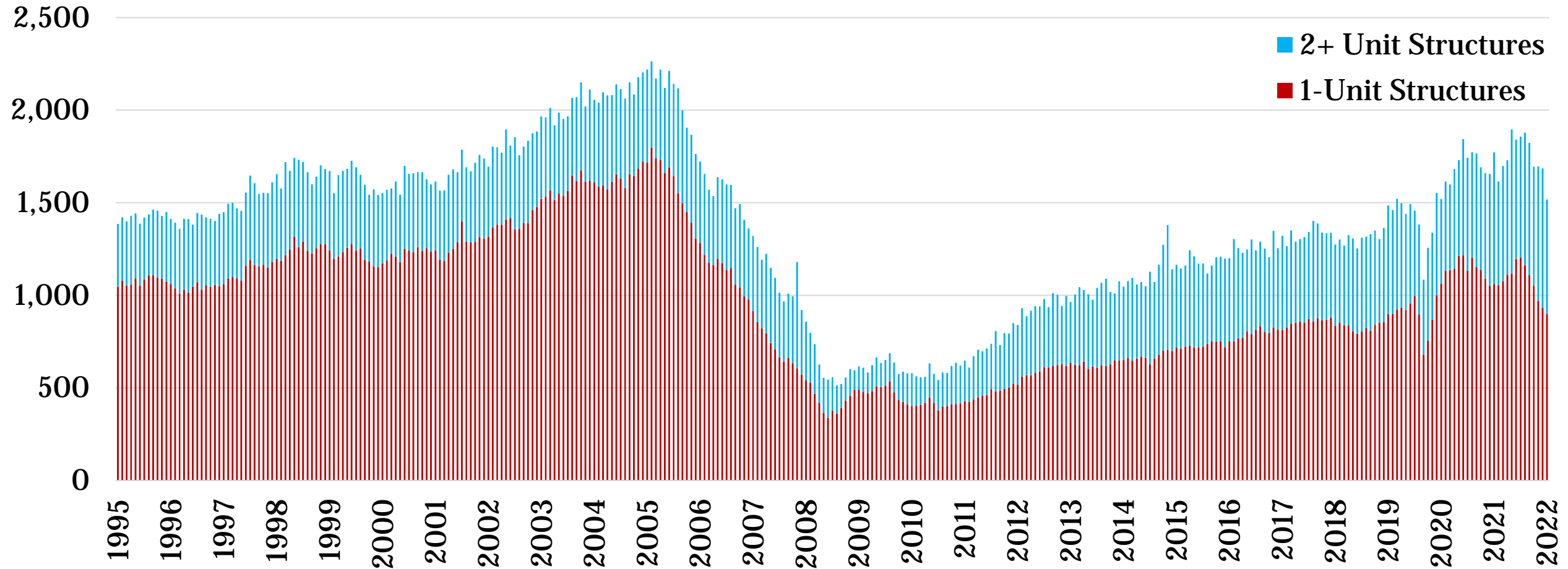


\*Units for sale only, excludes units both for rent and sale

# U.S. Residential Building Permits

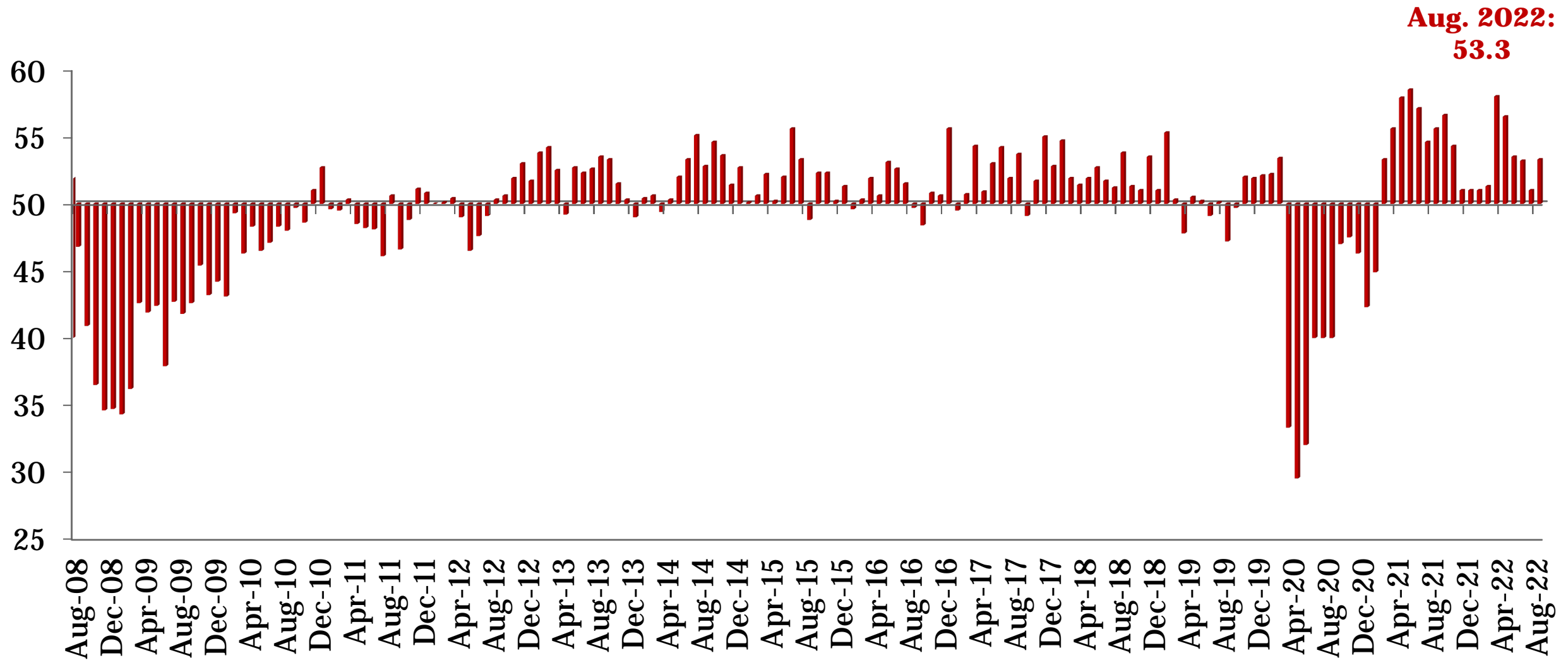
## 1995 – August 2022

Building Permits (000's of Units), Seasonally Adjusted Annual Rate



# Architecture Billings Index

## 2008 – August 2022

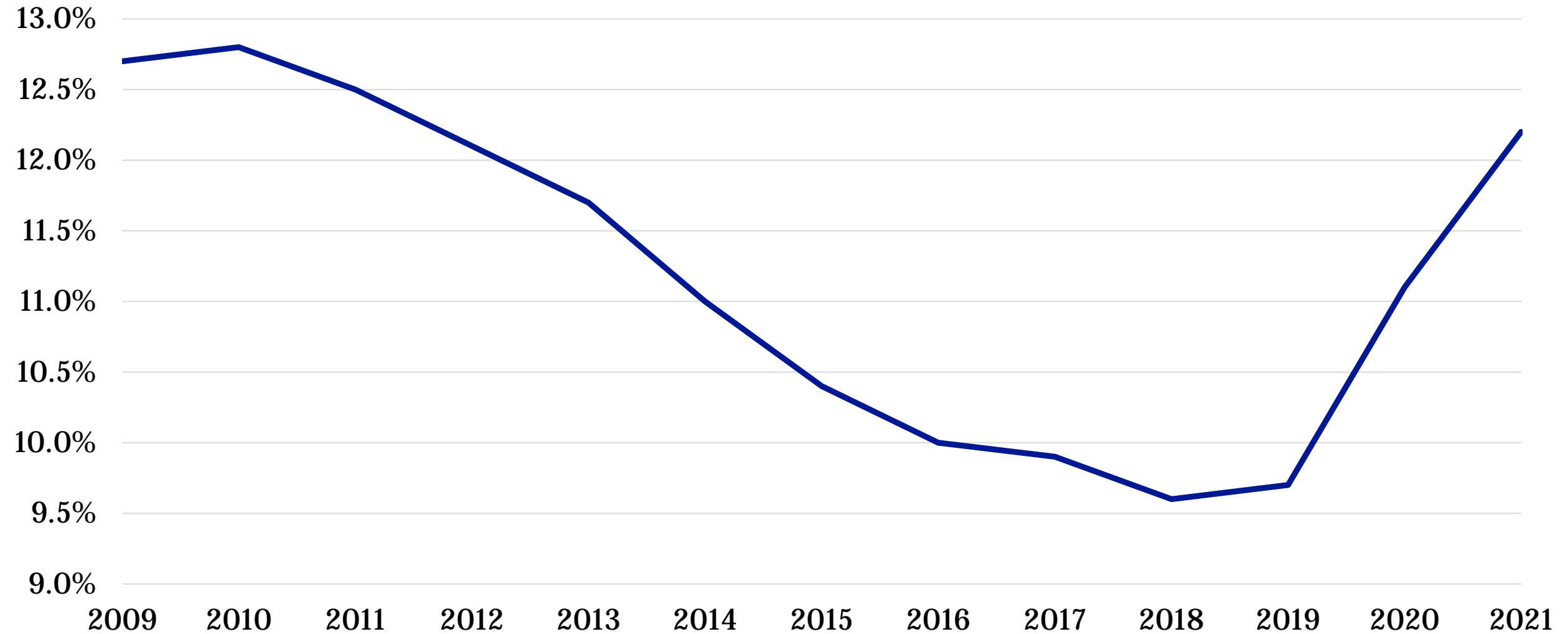


**Aug. 2022:**  
**53.3**

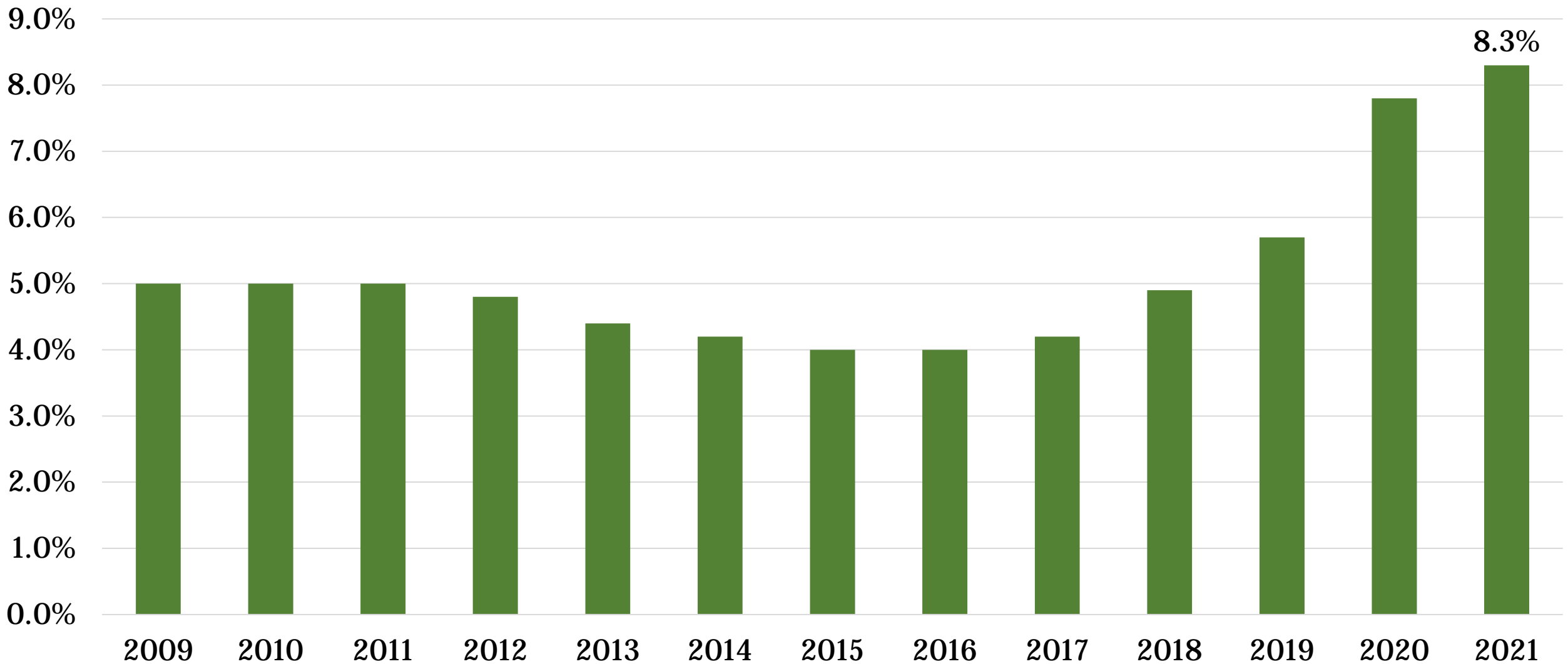


# Occupancy is Not Enough

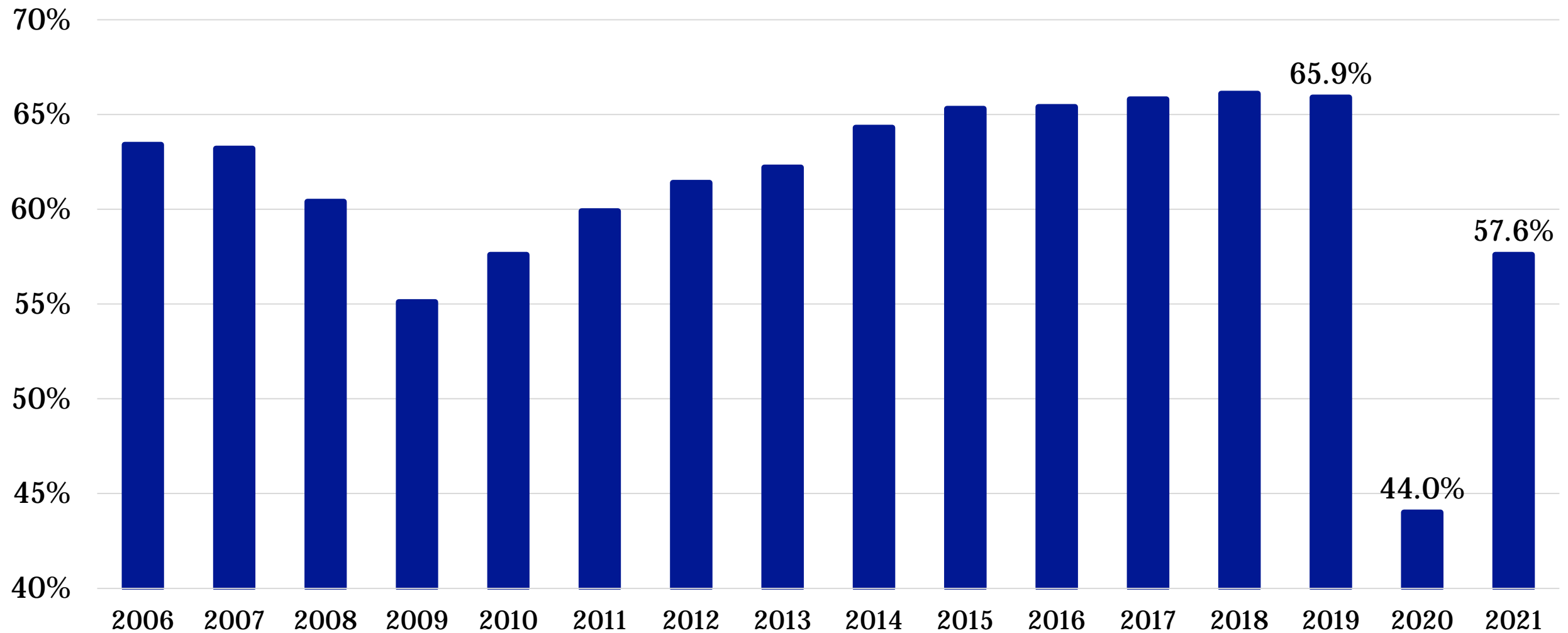
## U.S. Office Vacancy, 2009 – 2021



# U.S. Retail Space Vacancy: Malls, 2009 – 2021



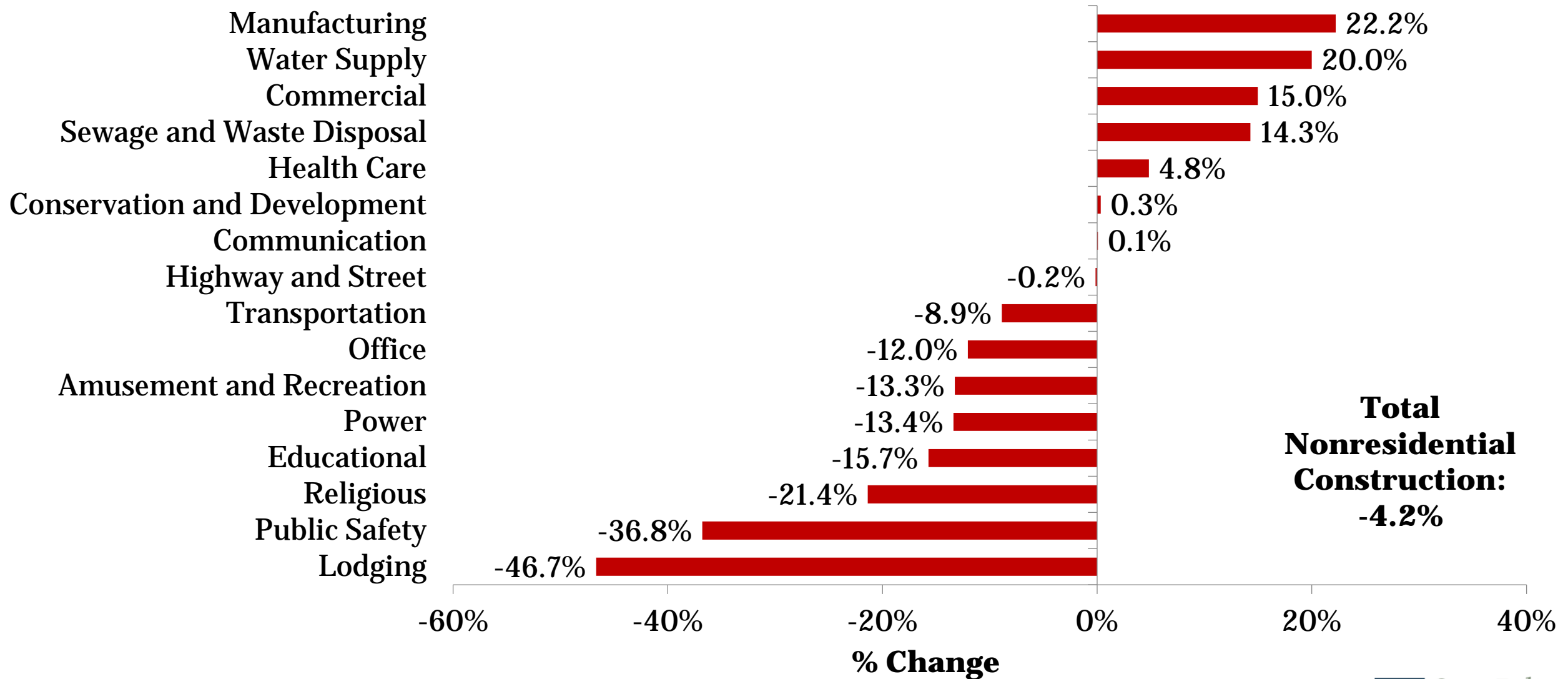
# U.S. Hotel Occupancy, 2006 – 2021





# Nonresidential Construction Spending by Subsector

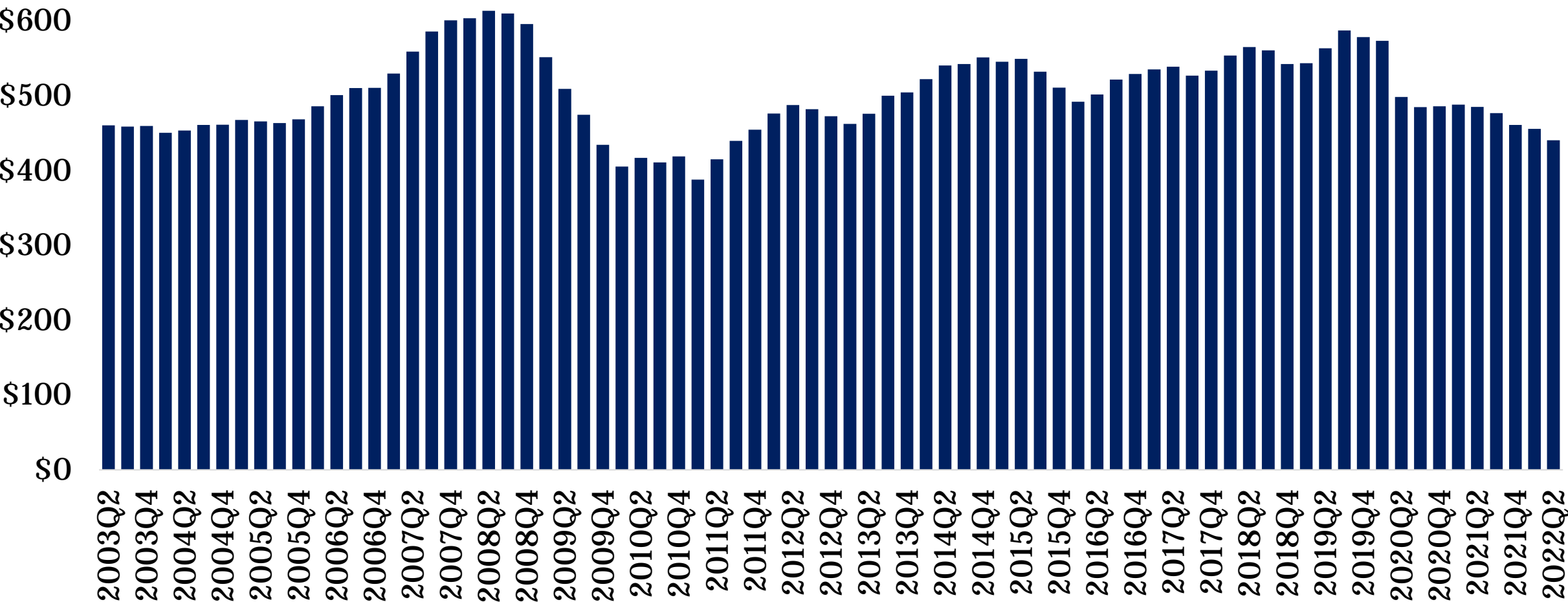
## February 2020 v. July 2022



# U.S. GDP: Nonresidential Fixed Investment in Structures

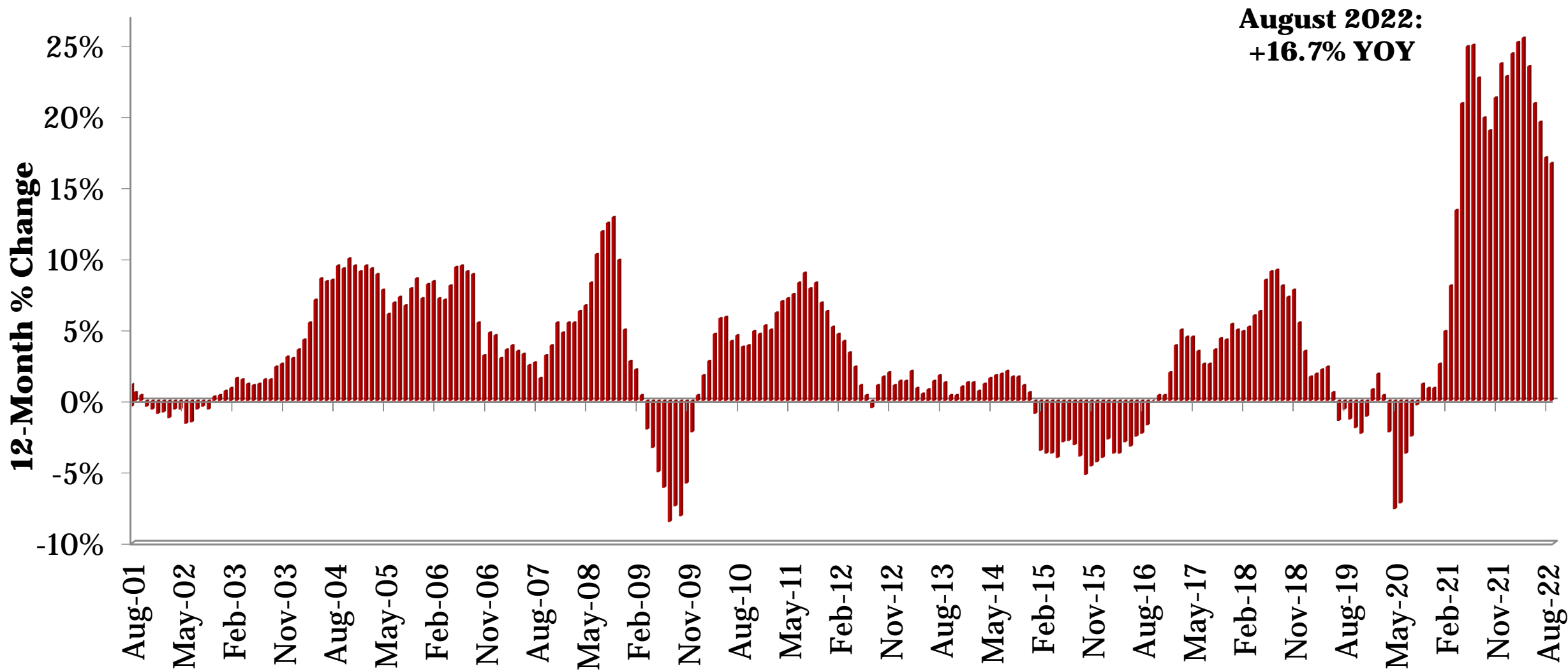
## 2003 – 2022Q2\*

\$ Billions of chained 2012 dollars, seasonally adjusted annual rate



# Inputs to Construction PPI

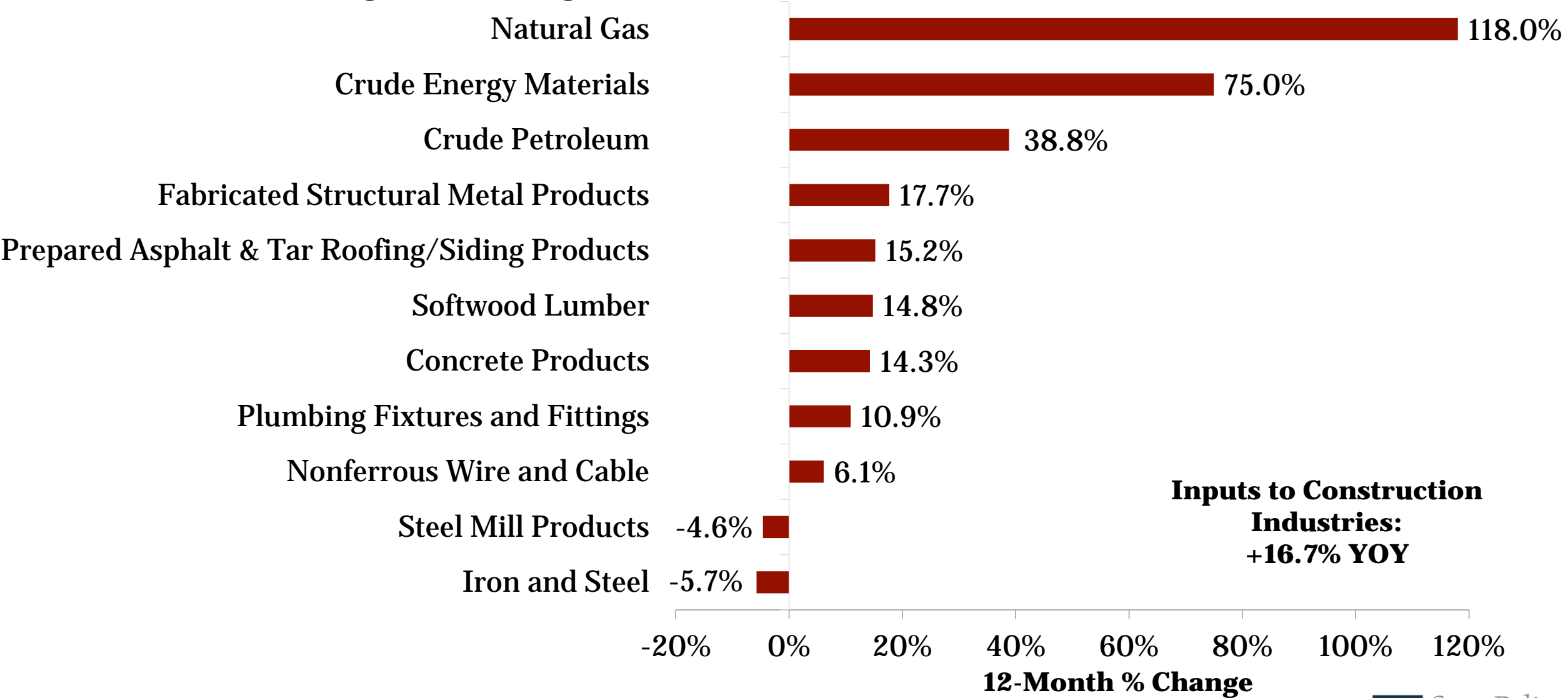
## 12-Month % Change, 2001 – August 2022





# Construction Materials PPI

## 12-Month % Change as of August 2022

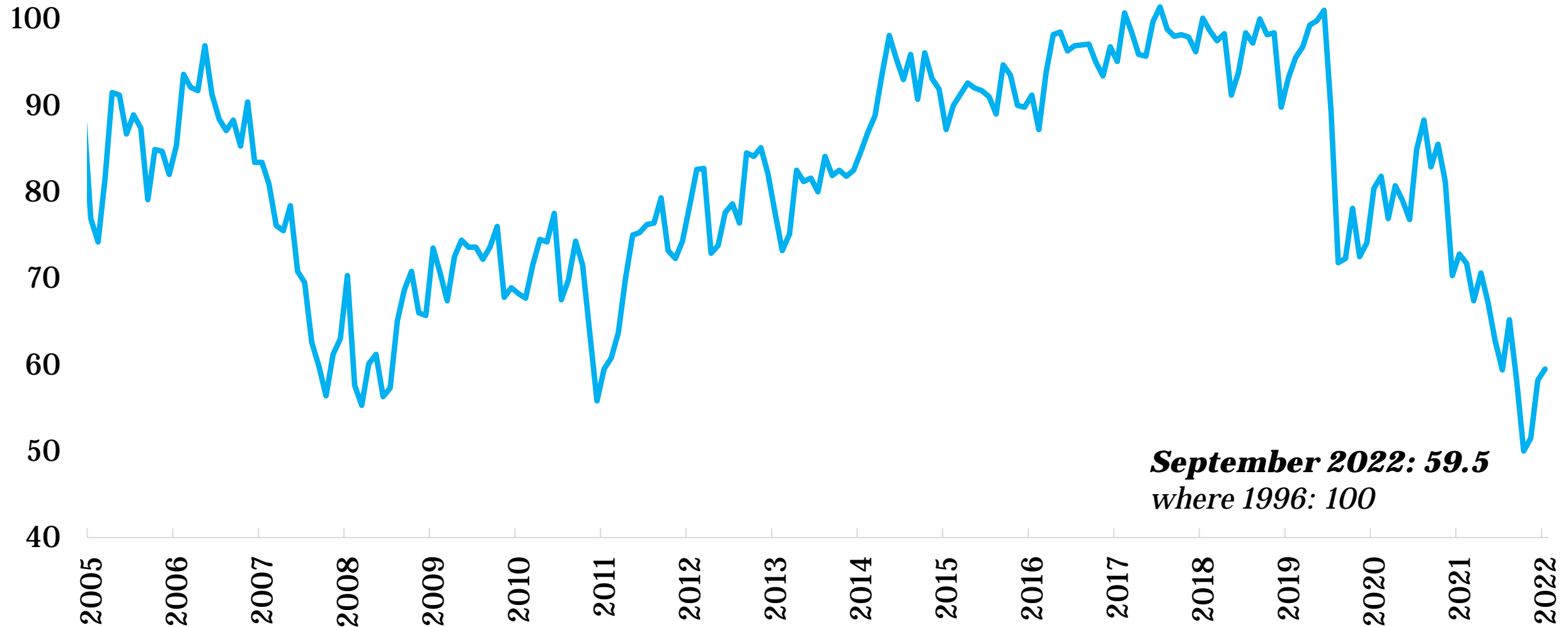


Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

# My Name is Ban, Anirban

# University of Michigan Index of Consumer Sentiment

## 2005 – September 2022

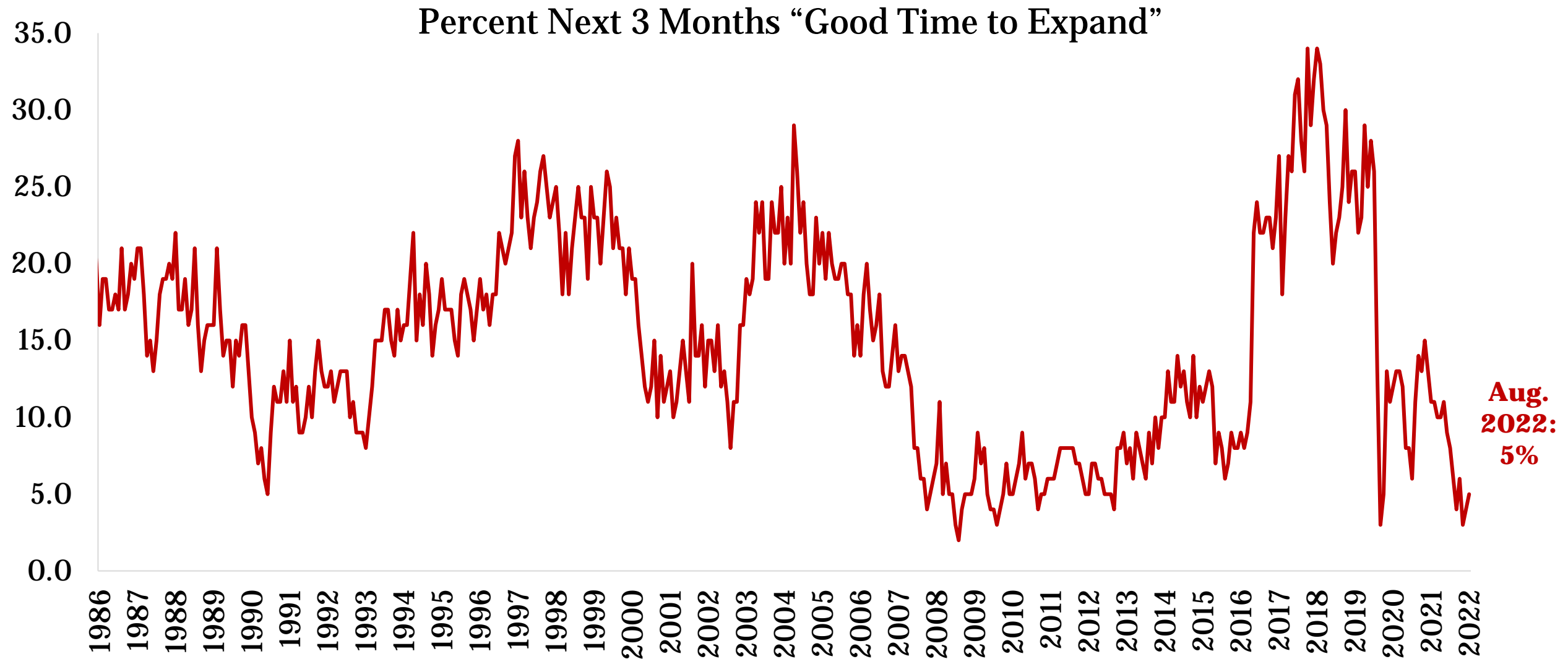


***September 2022: 59.5***  
*where 1996: 100*



# NFIB Index of Small Business Optimism: Good Time to Expand

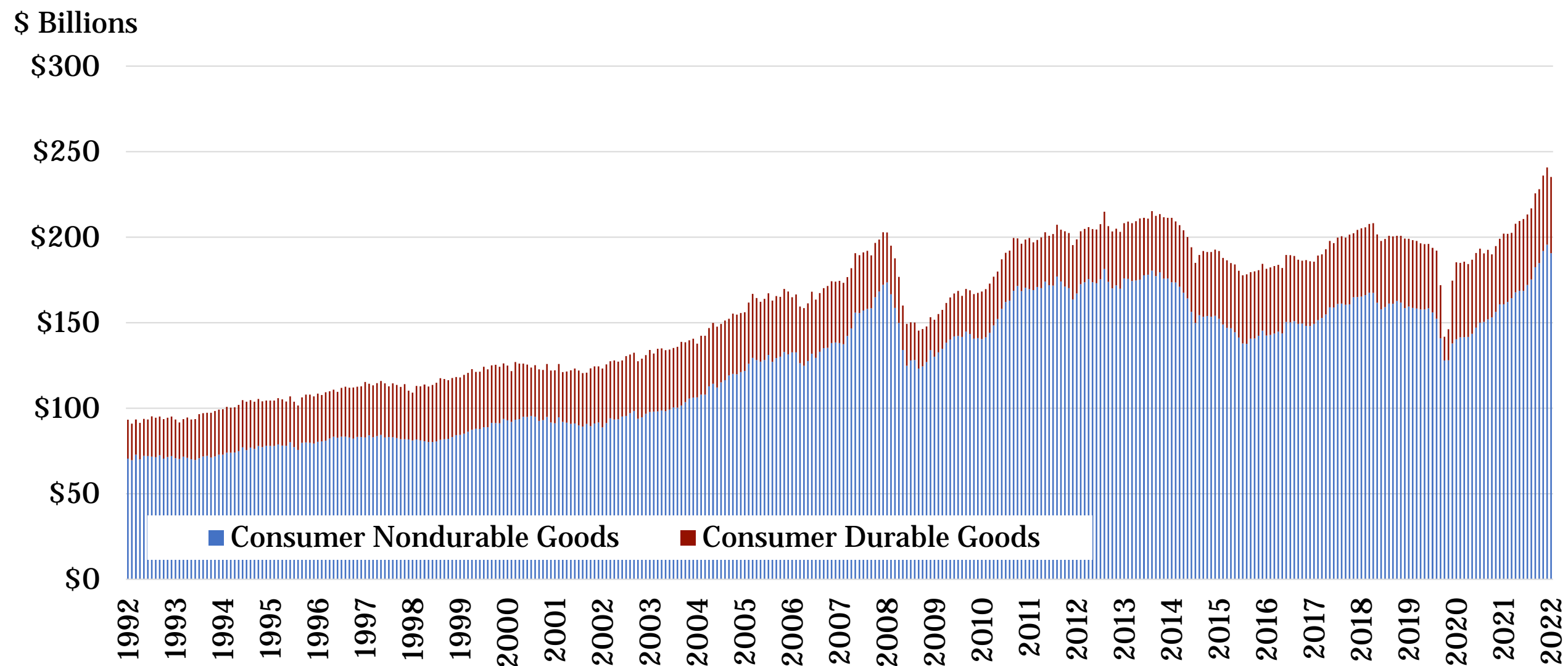
## 1986 – August 2022



**Aug.  
2022:  
5%**

# U.S. Manufacturers' New Orders: Consumer Goods

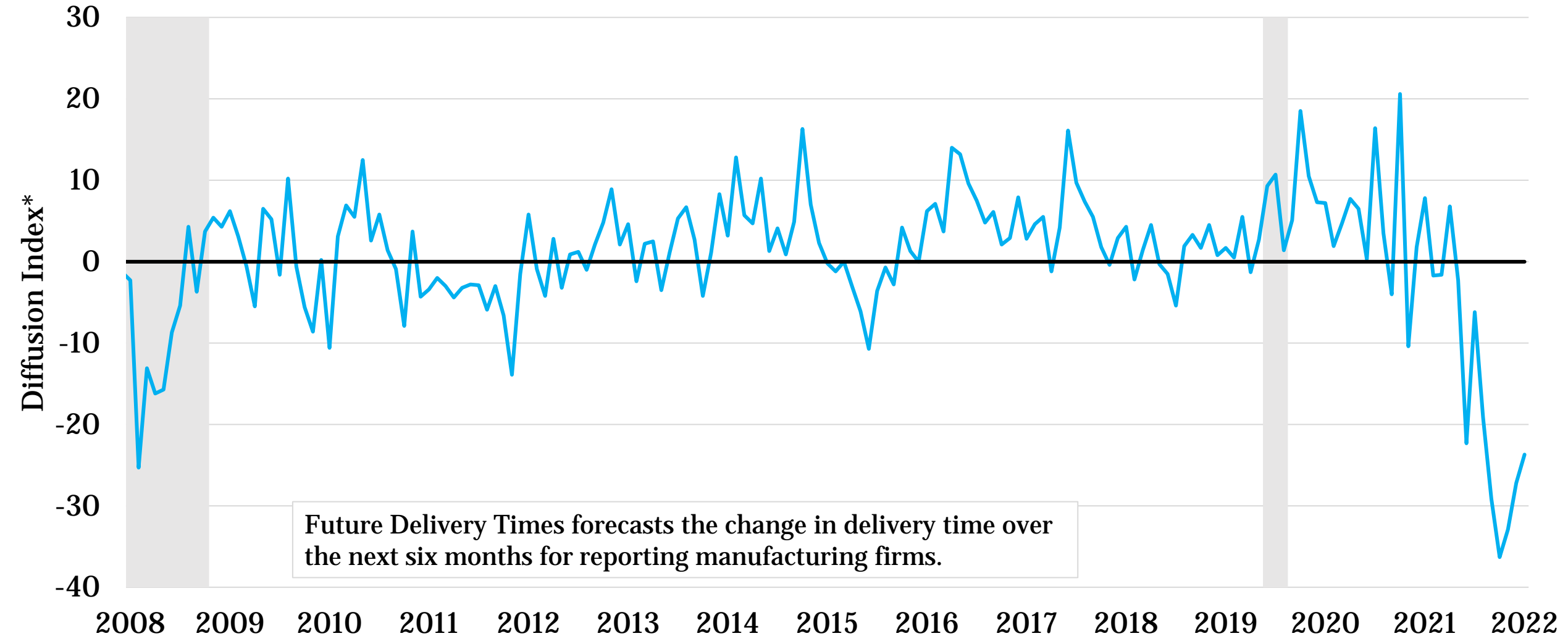
## 1992 – July 2022



Source: U.S. Census Bureau. Note: Due to the nature of nondurable goods, the reporting figure for both their Shipments and New Orders will be identical.

# Philly Fed Manufacturing Business Outlook Survey

## Future Delivery Times, 2008 – September 2022

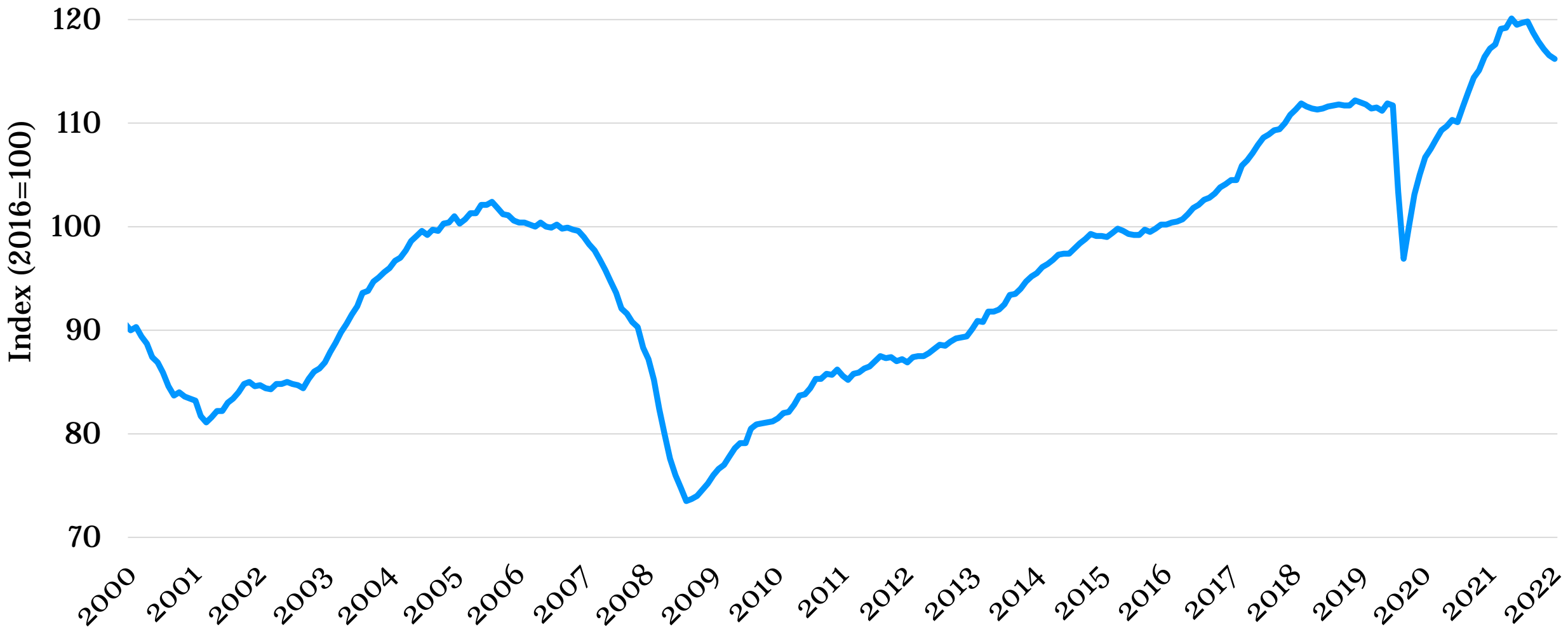


Source: Federal Reserve Bank of Philadelphia \*The diffusion index is calculated by taking the percent reporting increases and subtracting the percentage reporting decreases.

U.S. recessions

# Conference Board: U.S. Leading Economic Index

2000 – August 2022





# You Only Forecast Twice



- This will be a year of growth, but 2023 could be very different.
- The economy will remain unbalanced, with supply struggling to keep up with demand – Ukraine/Russia and Omicron/China/Europe hampering recovery.
- Along with rising wages amidst the Great Resignation, that translates into higher than average economywide inflation in 2022 & 2023 (stagflation anyone?).
- Yes, I'm an economist, so I am forecasting interest rates to increase.

# Speaking of “For Your Eyes Only”

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# Thank You

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