



# CIRT SENTIMENT INDEX

## 2021 Second Quarter Report



In partnership with: **Construction Industry  
Round Table**



# EXECUTIVE SUMMARY

INDEX MOVEMENT			
		Q1 2021	Q2 2021
Overall U.S. Economy	↑	58.62	87.10
Economy Where We Do Business	↑	54.31	87.10
Our Construction Business	↑	55.00	80.82
Nonresidential Sector	↑	47.37	85.48
Backlog	↑	57.47	76.61
Cost of Labor	↑	60.34	82.26
Cost of Materials	↑	68.10	96.77
Productivity	↑	43.97	50.81

The second quarter of 2021 report shows strong signs of optimism that recovery across most of the industry is either underway or coming soon, as seen in both the Sentiment Index and in the Design Index.

The Sentiment Index rose to the highest on record, soaring from 55.5 last quarter to 79.1 (+43%). The Design Index followed trend, jumping from 64.8 to 83.9 (+29%). These greatly improved results are led by an increase in component scores across the nonresidential sector (+80%), the local economies where respondents conduct business (+60%), and the overall U.S. economy (+49%).

Aggressive U.S. vaccine distribution programs, ongoing and new government stimulus, and increased consumer spending are all believed to have contributed to improved industry enthusiasm and confidence.

For this quarter's current issues questions, CIRT members were asked to reflect on the many market disruptions seen through 2020 and rate perceived impacts, either positive or negative, based on professional observations and experience, considering various segments (external) and organizational factors (internal) impacting their business. Respondents were also asked to quantify permanence or lasting effects on those same factors over the years ahead.

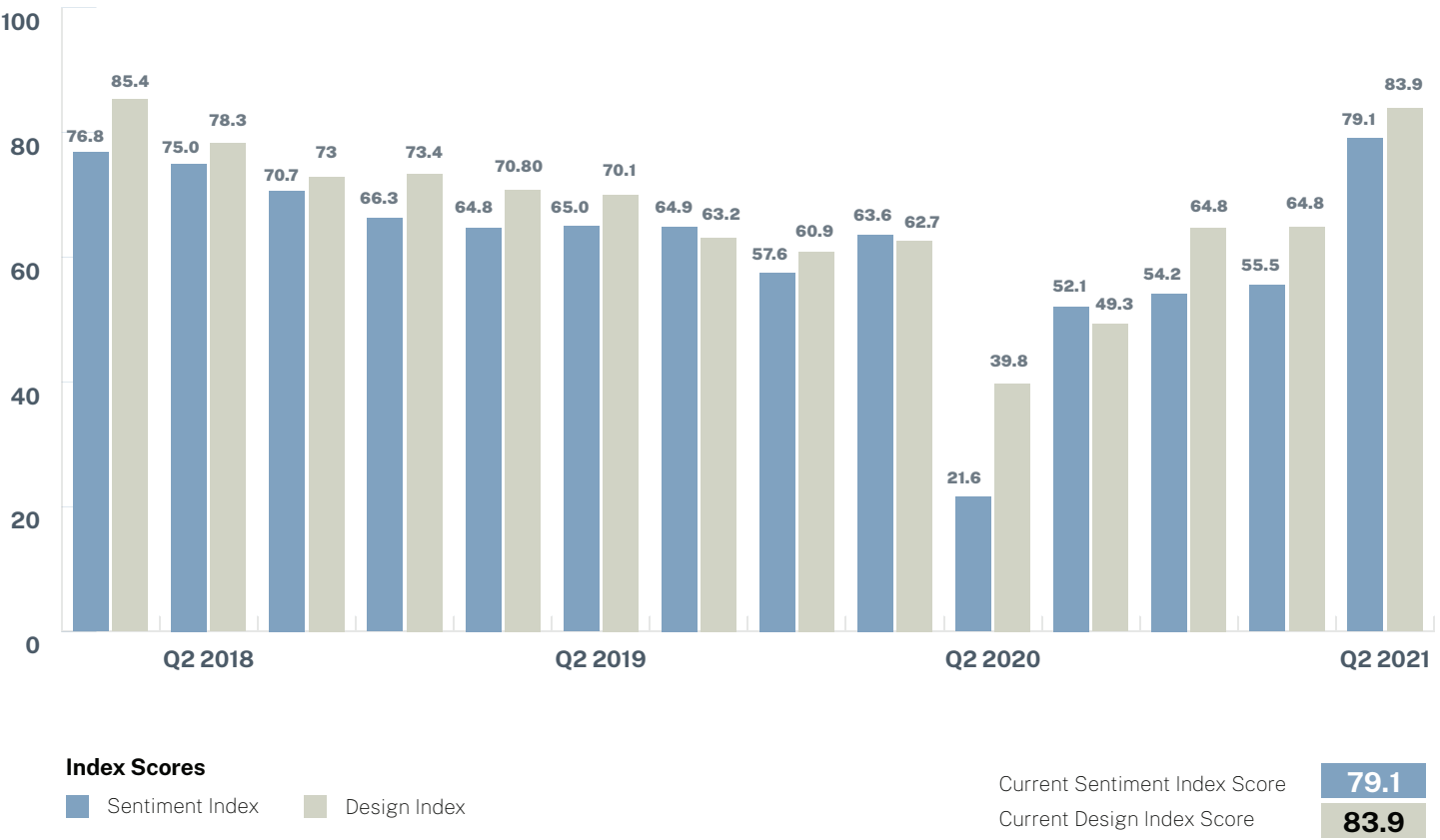
From an external or segment perspective, members reported long-lasting positive impacts on demand in warehouse and distribution. Other segments experiencing improved outcomes, but lower permanence, include K-12 education, hospitals, medical offices and outpatient facilities, railways, ports and waterways, heavy industrial and other heavy civil. Conversely, respondents suggested significant and permanent negative impacts on demand across retail, corporate office, business lodging, amusement and recreation, and convention centers.

From an internal or organizational perspective, members found that flexibility in working from home or remotely, technology adoption (for both internal and external functions), stakeholder collaboration, and safety and staff health needs increased and will hold lasting effects on how their organizations function. Similarly, office and real estate needs for the next several years decreased across most respondents.



Among the industries represented by CIRT’s member base, office, lodging, commercial and international work are projected to experience the biggest short-term declines across design and construction. The design industry’s long-term view of project growth remains quite positive, with every sector tracking above 3.5. The construction industry’s long-term view is similarly optimistic, with just one sector, office, tracking below 3.0.

### CIRT Sentiment Index and Design Index Scores from Q1 2018 to Q2 2021







## Local and National Economic Predictions for Next Quarter

The economy where we do business will:



The overall U.S. economy will:








## Expectations for the Residential and Nonresidential Building Markets for Next Quarter

Nonresidential Building Construction Market



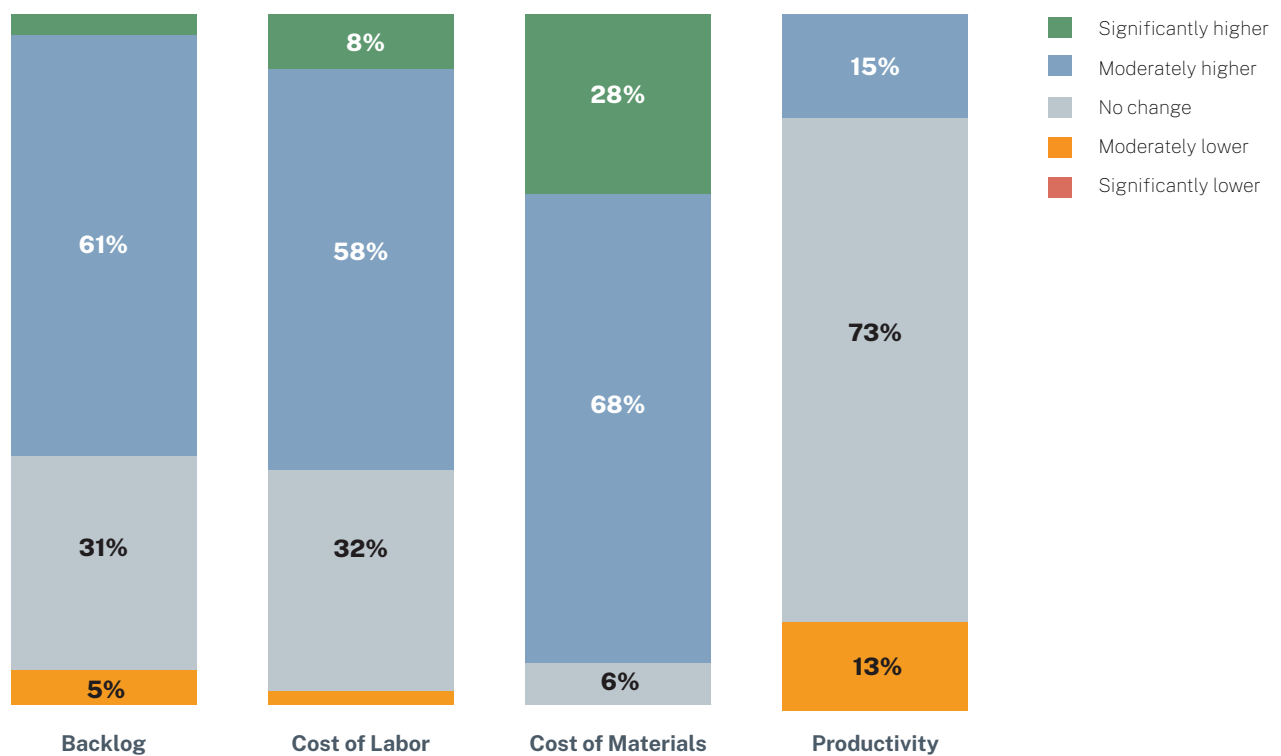
Residential Building Construction Market



				
Significantly worsen	Moderately worsen	No change over last quarter	Moderately improve	Significantly improve

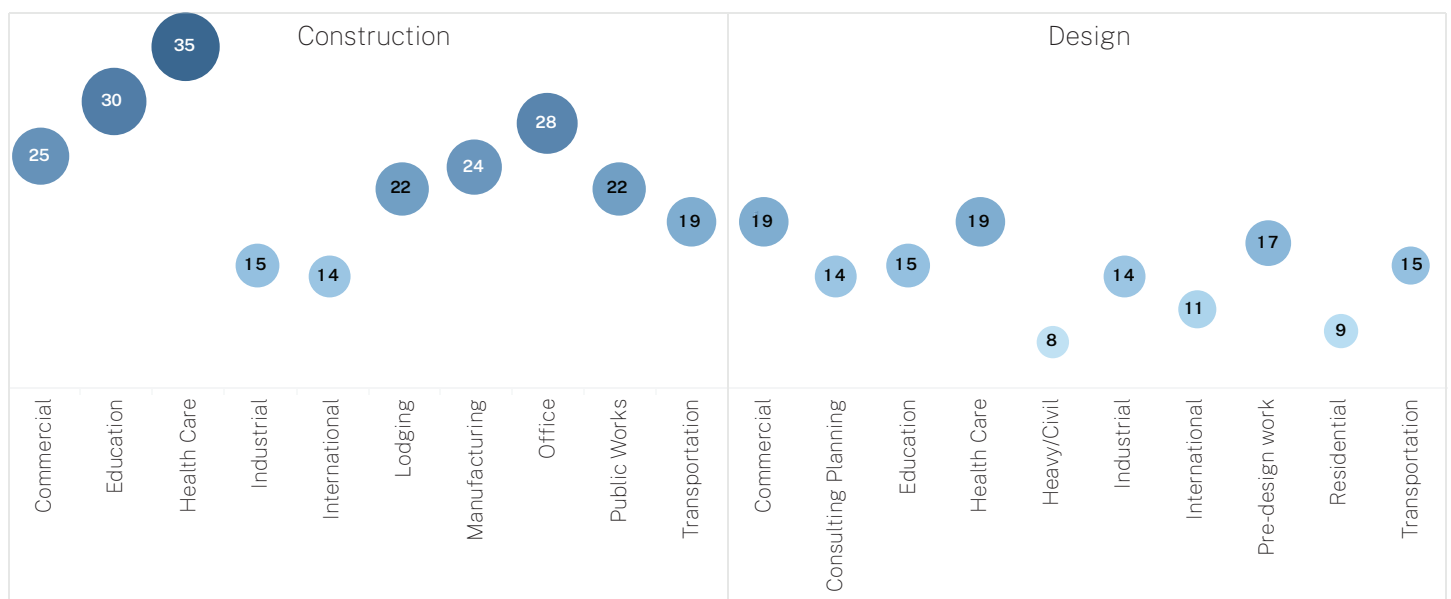


## Construction Input Predictions for Next Quarter



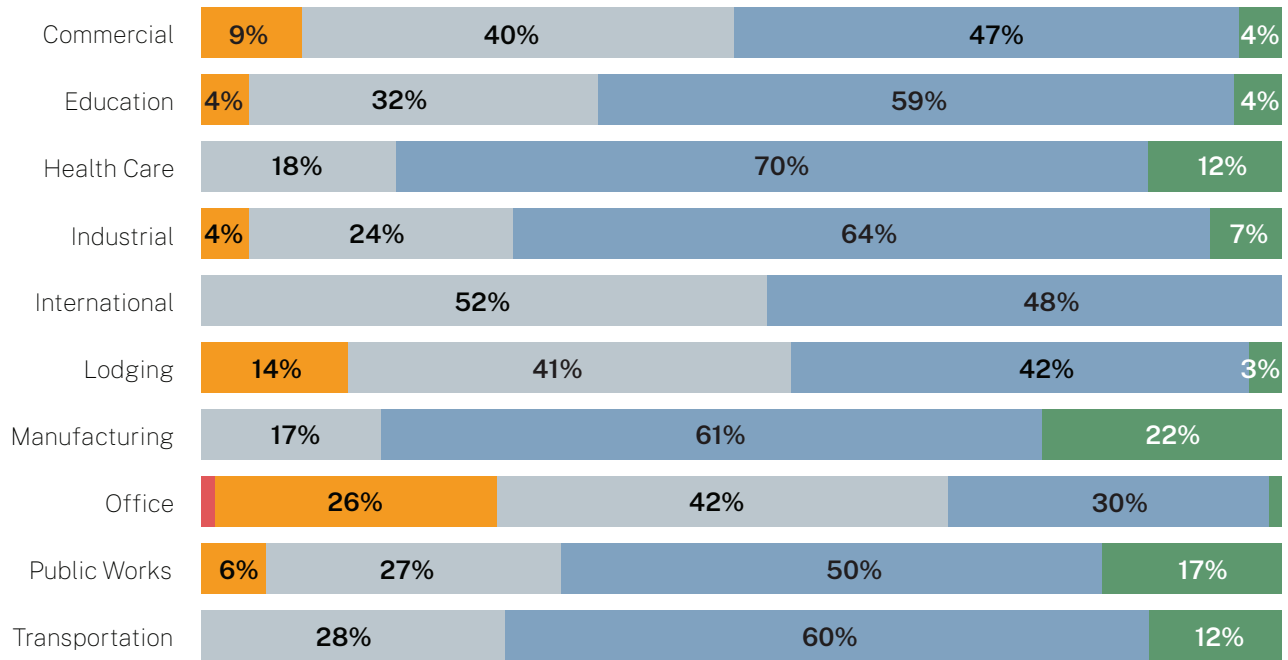


## Member Profile: Number of CIRT Member Companies in Each Sector

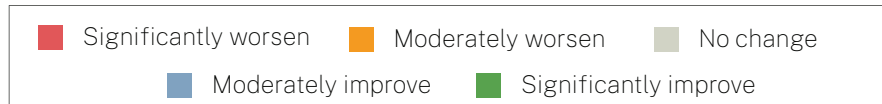
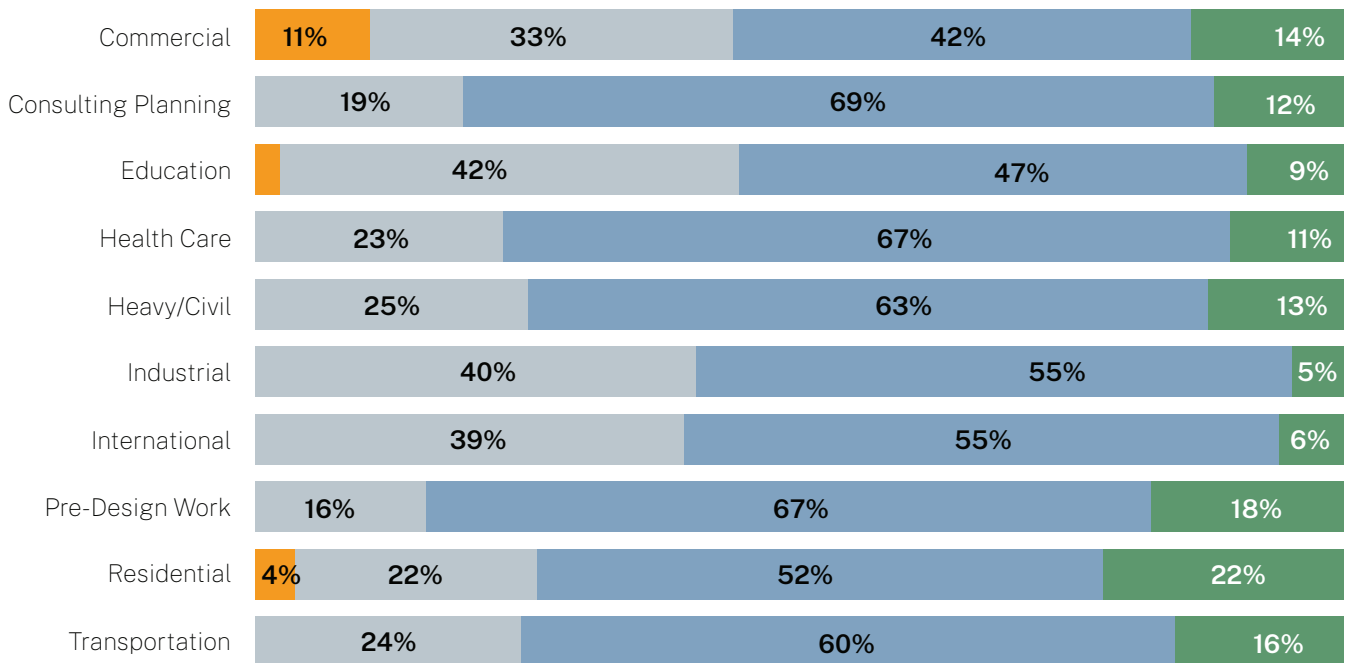




## Perception of Change for Next Quarter: Construction



## Perception of Change for Next Quarter: Design





# CURRENT ISSUES

For this quarter's current issues questions, CIRT members were asked to consider the many market disruptions seen through 2020 and rate perceived impact, either positive or negative, based on professional observations and experience, considering various segments (external) and organizational factors (internal) impacting their business. Respondents were further asked to quantify permanence, or the lasting effects for those same factors, using a 1-10 scale where the value of the scale is aligned with future years associated with those disruptions.

## External/Segment Disruptions

From an external or segment perspective, members reported long-lasting positive impacts on demand in warehouse and distribution as seen in the top right of the chart following. Other segments experiencing heightened demand, but lower permanence, include K-12 education, hospitals, medical offices and outpatient facilities, railways, ports and waterways, heavy industrial and other heavy civil.

Conversely, respondents suggested significant and permanent negative impacts on demand across retail, corporate office, business lodging, amusement and recreation, and convention centers. Vacation lodging, government office and religious buildings all experienced a similar regression in demand, but with much lower permanence in comparison. Responses captured minimal demand impact for higher education and airport construction.

Considering design-only responses, impact on demand was generally more positive. This trend is most apparent across retail, office, business lodging, higher education, warehouse and distribution, and government office. Also, design-only responses suggest lower disruption permanence across all health care segments (hospitals, medical offices and nursing homes), K-12 education, amusement and recreation, and vacation lodging facilities.

## Internal/Organizational Disruptions

From an internal or organizational perspective, members found that flexibility in working from home or remotely, technology adoption (for both internal and external functions), stakeholder collaboration, and safety and staff health experienced increased needs and will hold lasting effects on how their organizations function. Similarly, office and real estate needs for the next several years decreased across most respondents. Other factors, including staffing needs, competitive intensity, productivity and profitability, registered minimal impact.

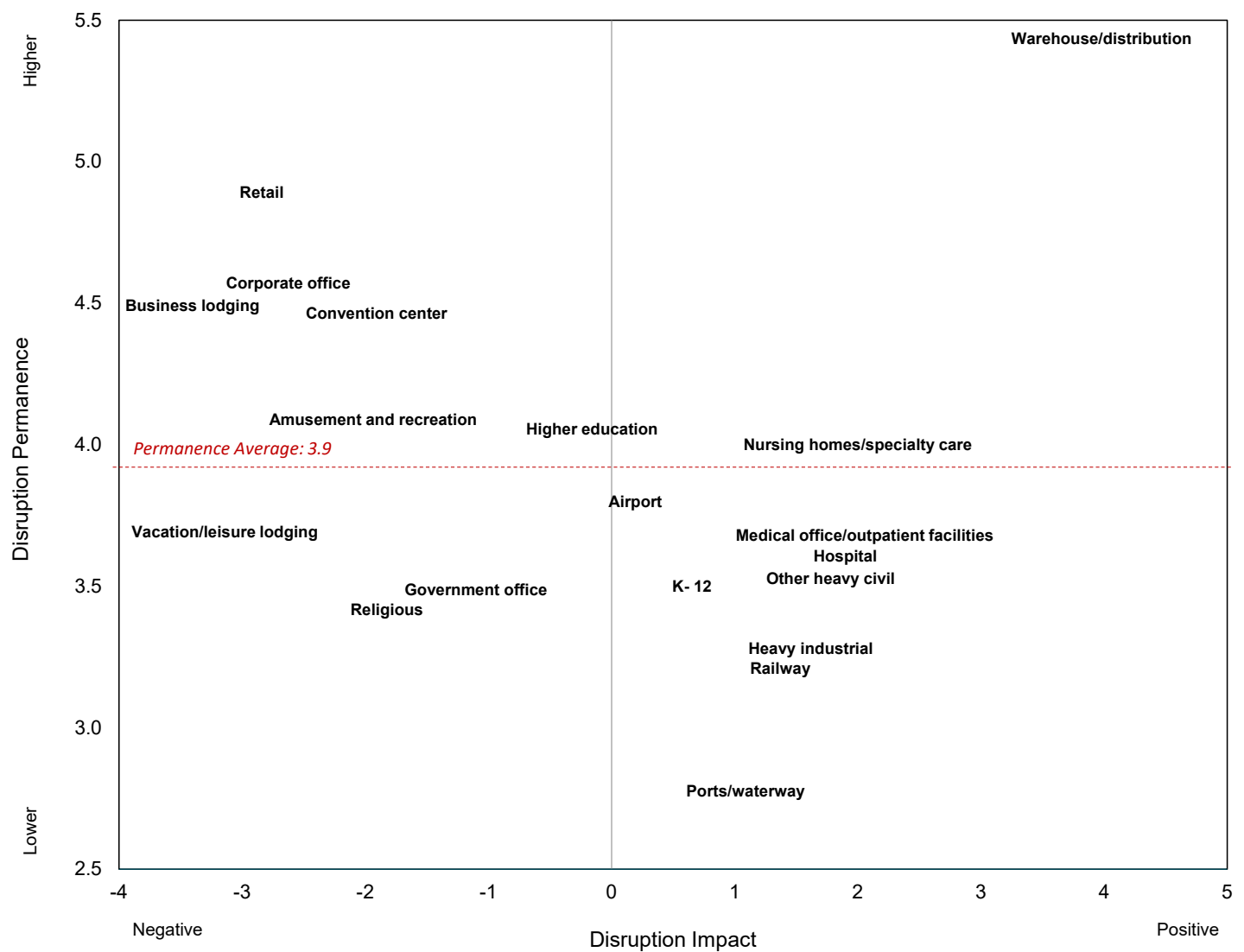
Design-only response comparisons suggest both increased impact and permanence across most factors. This trend is illustrated best across technology, flexibility in working from home, safety and staff health, external stakeholder collaboration, and office and real estate needs. Lower-impact categories (e.g., staffing needs, competitive intensity, productivity, etc.) remain mostly in place.

Respondents were asked open-ended current issues questions at the end of the survey about the most positive and negative impacts felt either externally or internally as a result of the many 2020 market disruptions. A significant portion of the positive comments mentioned the productivity benefits of increased technology adoption and flexibility in geographical working conditions, resulting in lasting and encouraging change across the industry. Similarly, however, most respondents also noted the tradeoffs in increased flexibility may have lasting negative consequences, tied to a loss of social benefits and/or organizational culture due to fewer in-person interactions.



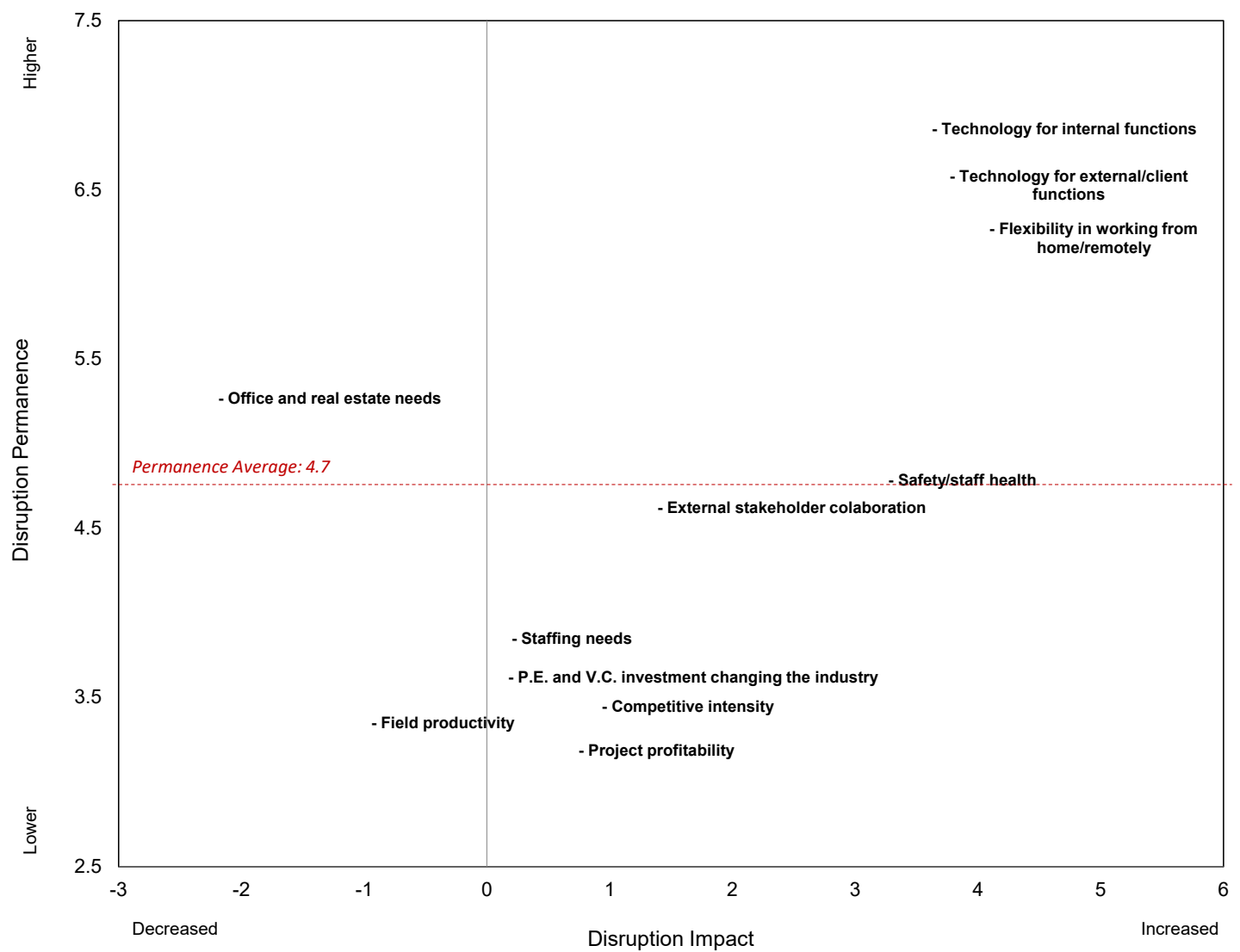


## External Disruption Impact and Permanence





## Internal Disruption Impact and Permanence





# DESIGN OUTLOOK

Industry	Design Sector Project Growth		
	Next Quarter	Six Months From Now	One Year From Now
Commercial	3.37	3.63	3.79
Consulting Planning	3.71	3.93	4.14
Education	3.40	3.60	3.87
Health Care	3.79	3.89	3.95
Heavy/Civil	3.50	4.13	4.00
Industrial	3.50	3.57	3.86
International	3.36	3.64	4.00
Pre-design Work	3.82	4.00	4.24
Residential	3.89	4.00	3.89
Transportation	3.60	3.93	4.20

Respondents were asked to comment on how the design sector will change next quarter, six months from now and one year from now. Each industry score is on a scale of 1 to 5, with 1 being the worst and 5 being the best.

Each percentage is a reflection of the change in score in comparison to the starting average score of the next quarter period. Please refer to the “Design Sector Project Growth by Industry” chart to see a visual representation of the scores. Below are the predominant perceptions of CIRT’s members:

## COMMERCIAL

Starting average score of 3.37 for next quarter, 3.63 for six months from now, and 3.79 for one year from now.

## CONSULTING PLANNING

Starting average score of 3.71 for next quarter, 3.93 for six months from now, and 4.14 for one year from now.

## EDUCATION

Starting average score of 3.40 for next quarter, 3.60 for six months from now, and 3.87 for one year from now.

## HEALTH CARE

Starting average score of 3.79 for next quarter, 3.89 for six months from now, and 3.95 for one year from now.





### HEAVY/CIVIL

Starting average score of 3.50 for next quarter, 4.13 for six months from now, and 4.00 for one year from now.

### INDUSTRIAL

Starting average score of 3.50 for next quarter, 3.57 for six months from now, and 3.86 for one year from now.

### INTERNATIONAL

Starting average score of 3.36 for next quarter, 3.64 for six months from now, and 4.00 for one year from now.

### PRE-DESIGN WORK

Starting average score of 3.82 for next quarter, 4.00 for six months from now, and 4.24 for one year from now.

### RESIDENTIAL

Starting average score of 3.89 for next quarter, 4.00 for six months from now, and 3.89 for one year from now.

### TRANSPORTATION

Starting average score of 3.60 for next quarter, 3.93 for six months from now, and 4.20 for one year from now.



# CONSTRUCTION OUTLOOK

Industry	Construction Sector Business Outlook		
	Next Quarter	Six Months From Now	One Year From Now
Commercial	3.16	3.48	3.72
Education	3.37	3.70	3.83
Health Care	3.74	3.97	4.11
Industrial	3.33	3.87	4.00
International	3.07	3.50	3.86
Lodging	3.09	3.36	3.59
Manufacturing	3.92	4.04	4.21
Office	2.79	3.04	3.29
Public Works	3.55	3.73	4.05
Transportation	3.68	3.84	4.00

This quarter respondents were asked to comment on how the construction sector will change next quarter, six months from now and one year from now. Each industry score is on a scale of 1 to 5, with 1 being the worst and 5 being the best. Each percentage is a reflection of the change in score in comparison to the starting average score of the next quarter period. Please refer to the previous chart to see a visual representation of the scores.

Below are the predominant perceptions of CIRT's members:

## COMMERCIAL

Starting average score of 3.16 for next quarter, 3.48 for six months from now, and 3.72 for one year from now.

## EDUCATION

Starting average score of 3.37 for next quarter, 3.70 for six months from now, and 3.83 for one year from now.

## HEALTH CARE

Starting average score of 3.74 for next quarter, 3.97 for six months from now, and 4.11 for one year from now.

## INDUSTRIAL

Starting average score of 3.33 for next quarter, 3.87 for six months from now, and 4.00 for one year from now.





## INTERNATIONAL

Starting average score of 3.07 for next quarter, 3.50 for six months from now, and 3.86 for one year from now.

## LODGING

Starting average score of 3.09 for next quarter, 3.36 for six months from now, and 3.59 for one year from now.

## MANUFACTURING

Starting average score of 3.92 for next quarter, 4.04 for six months from now, and 4.21 for one year from now.

## OFFICE

Starting average score of 2.79 for next quarter, 3.04 for six months from now, and 3.29 for one year from now.

## PUBLIC WORKS

Starting average score of 3.55 for next quarter, 3.73 for six months from now, and 4.05 for one year from now.

## TRANSPORTATION

Starting average score of 3.68 for next quarter, 3.84 for six months from now, and 4.00 for one year from now.





## ABOUT THE CONSTRUCTION INDUSTRY ROUND TABLE (CIRT)

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The Construction Industry Round Table (CIRT) is composed exclusively of approximately 115-120 CEOs from the leading architectural, engineering and construction firms doing business in the United States.

CIRT is the only organization that is uniquely situated as a single voice representing the richly diverse and dynamic design/construction community. First organized in 1987 as the Construction Industry Presidents' Forum, the Forum has since been incorporated as a not-for-profit association with the mission "to be a leading force for positive change in the design/construction industry while helping members improve the overall performance of their individual companies."

The Round Table strives to create one voice to meet the interests and needs of the design/construction community. CIRT supports its members by actively representing the industry on public policy issues, by improving the image and presence of its leading members, and by providing a forum for enhancing and developing strong management approaches through networking and peer interaction.

The Round Table's member CEOs serve as prime sources of information, news and background on the design/construction industry and its activities. If you are interested in obtaining more information about the Construction Industry Round Table, please call 202-466-6777 or contact us by email at [cirt@cirt.org](mailto:cirt@cirt.org).

## CIRT SENTIMENT INDEX

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The CIRT Sentiment Index is a survey of members of the Construction Industry Round Table conducted quarterly by FMI Research, Raleigh, North Carolina. For press contact or questions about the CIRT Sentiment Index, contact **Mark Casso** at [mcasso@cirt.org](mailto:mcasso@cirt.org).

## CONFIDENTIALITY

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All individual responses to this survey will be confidential and shared outside of FMI only in the aggregate. All names of individuals responding to this survey will remain confidential to FMI.

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