



SECOND  
QUARTER  
2024

# CIRT SENTIMENT INDEX



in partnership with



Construction Industry  
Round Table

MAY 2024

# EXECUTIVE SUMMARY

The second quarter 2024 CIRT Sentiment Index shows continued and improving optimism. The overall index score rose to 67.0 from 64.9 in the first quarter. The second quarter Design Index retreated somewhat, falling to 71.1 from 74.3.

Going into the second quarter of 2024, CIRT members reported mixed sentiment across index components, including stable or declining optimism toward the overall U.S. economy, the economy where members operate and members’ construction businesses. Sentiment improved toward the nonresidential building sector and is further supported by strengthened backlog measures and ongoing productivity improvements. As such, it’s no surprise that most members anticipate rising labor and material costs in the near term.

Comparing segment expectations from last quarter, design and construction results are mixed. Design sentiment was generally weakened by expectations for education, healthcare and predesign. Conversely, construction sentiment generally improved, led by strengthened expectations for transportation and international work.

This quarter, members were asked current issues questions regarding their firms’ adoption of a companywide health and wellness culture as well as their top priorities for managing talent in 2024.

Over the past few years CIRT members have focused on reducing safety incidents on projects and creating a culture that highlights safety and wellness.

More than 9 out of 10 members report at least partially embracing a holistic health and wellness approach companywide. Separately, 60% of responding members

CIRT Index Movement			
Sentiment Index		Design Index	
<b>67.0</b>		<b>71.1</b>	
		Q2 2024	Q1 2024
Overall U.S. Economy	↓	60.00	60.32
Economy Where We Do Business	↓	63.33	65.08
Our Construction Business	↓	69.29	77.33
Nonresidential Sector	↑	64.41	62.10
Backlog	↑	67.50	62.96
Cost of Labor	↑	85.00	84.13
Cost of Materials	↑	66.67	57.14
Productivity	↑	50.83	47.62

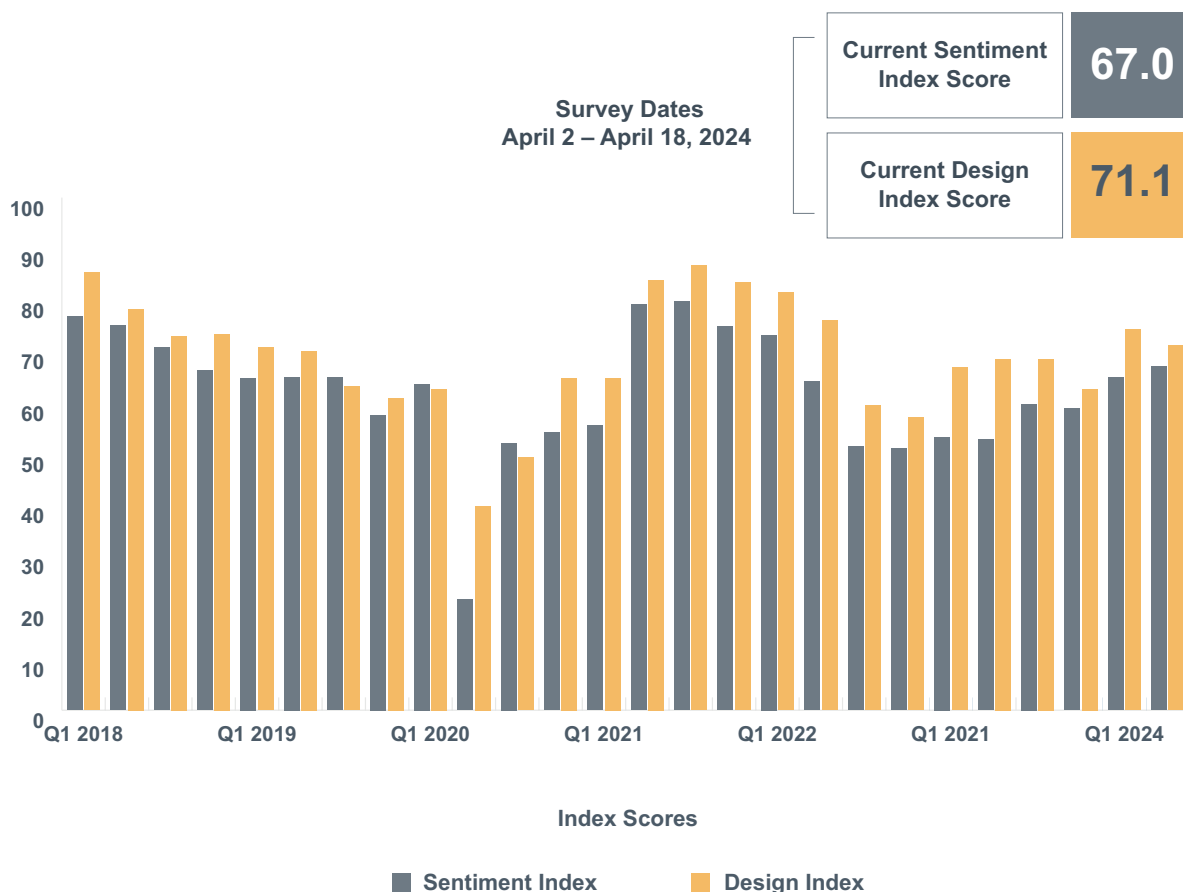
report that mental health issues have increased since the COVID pandemic.

In continuing the topic of labor, with a focus on members’ talent strategies, evaluation practices and compensation measures, we found that most members are prioritizing filling new job openings (likely driven by strong backlogs). Those with differing priorities are working toward succession planning, replacing existing positions or workforce retention.

Among the industries represented by CIRT’s members, segment expectations remain mixed. Both short- and long-term design gains are anticipated across health care, heavy civil, industrial, international, predesign and transportation opportunities (growth figures reported above 3.5). Conversely, strong industrial sentiment is fading, and commercial, education and residential design opportunities are all expected to remain challenged through this time next year.

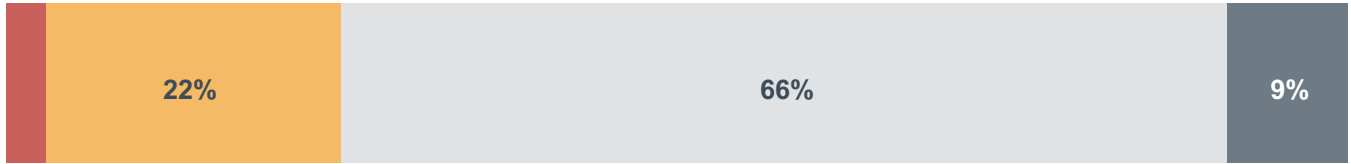
Among the construction segments, health care, industrial, manufacturing, public works and transportation stand out as the top five areas with expanding opportunities over both the short term and long term. Conversely, office, lodging and commercial are expected to remain challenged into early 2025, with education and international work suppressed into late 2024.

### CIRT SENTIMENT INDEX AND DESIGN INDEX SCORES FROM Q2 2018 TO Q2 2024

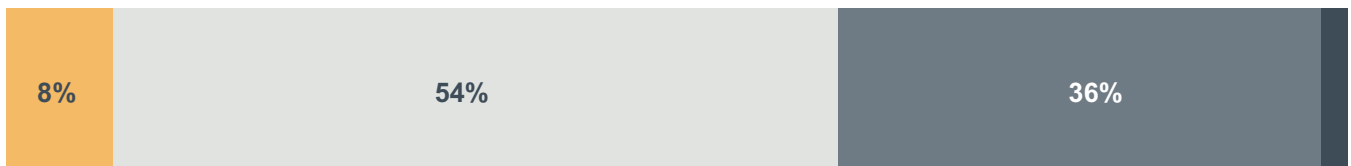


## EXPECTATIONS FOR THE RESIDENTIAL AND NONRESIDENTIAL BUILDING MARKETS FOR NEXT QUARTER

### Residential Building Construction Market

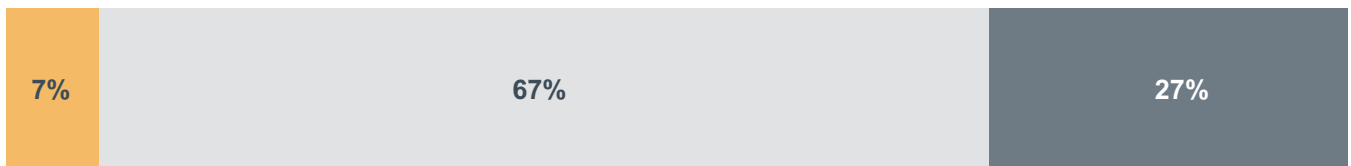


### Nonresidential Building Construction Market

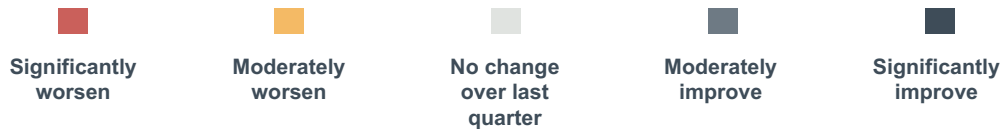
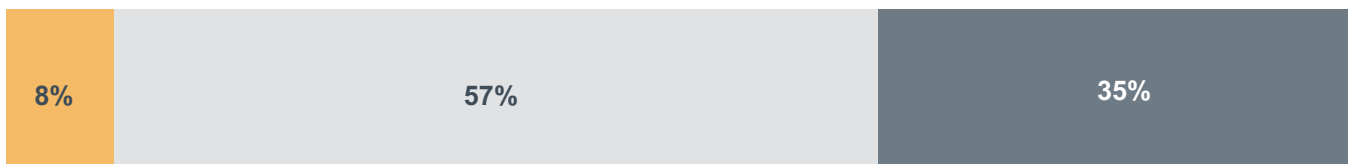


## LOCAL AND NATIONAL ECONOMIC PREDICTIONS FOR NEXT QUARTER

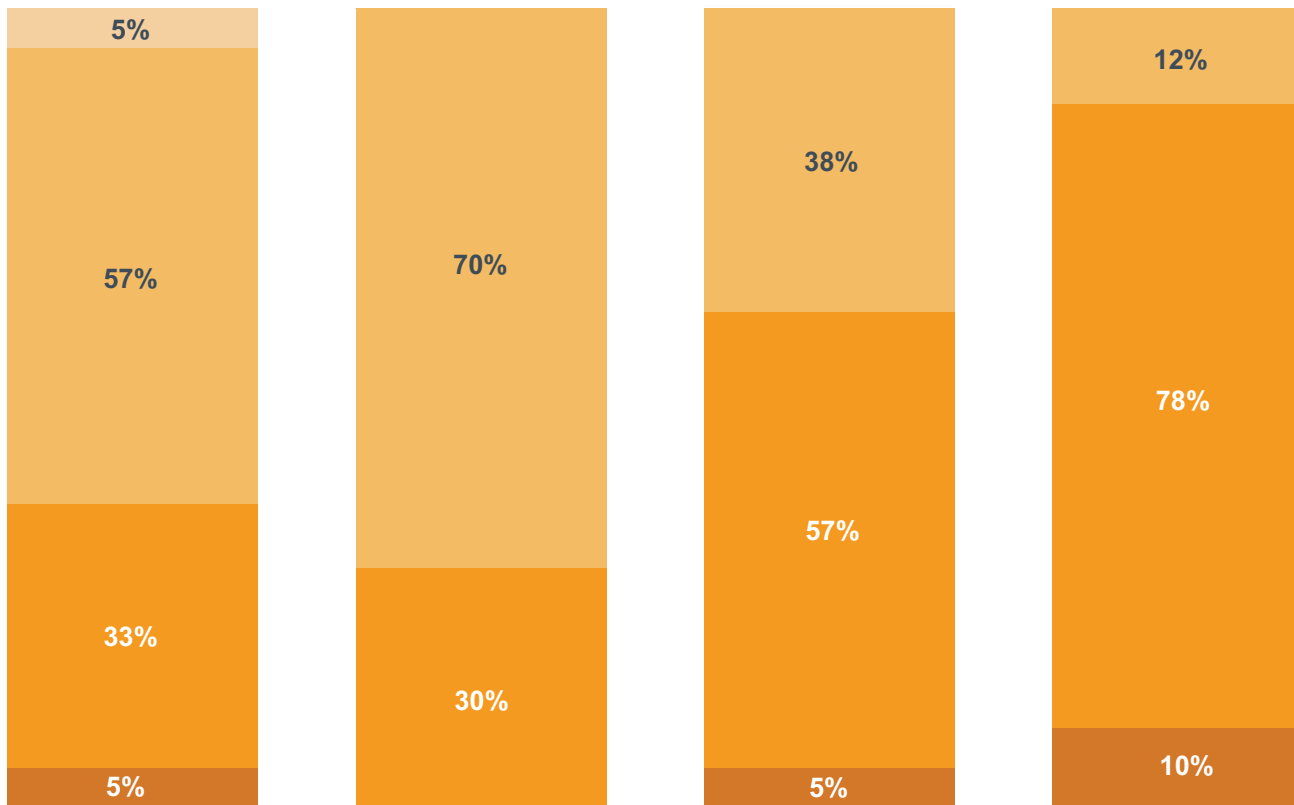
### The overall U.S. economy will:



### The economy where we do business will:



## CONSTRUCTION INPUT PREDICTIONS FOR NEXT QUARTER



Backlog

Cost of Labor

Cost of Materials

Productivity

Significantly lower

Moderately lower

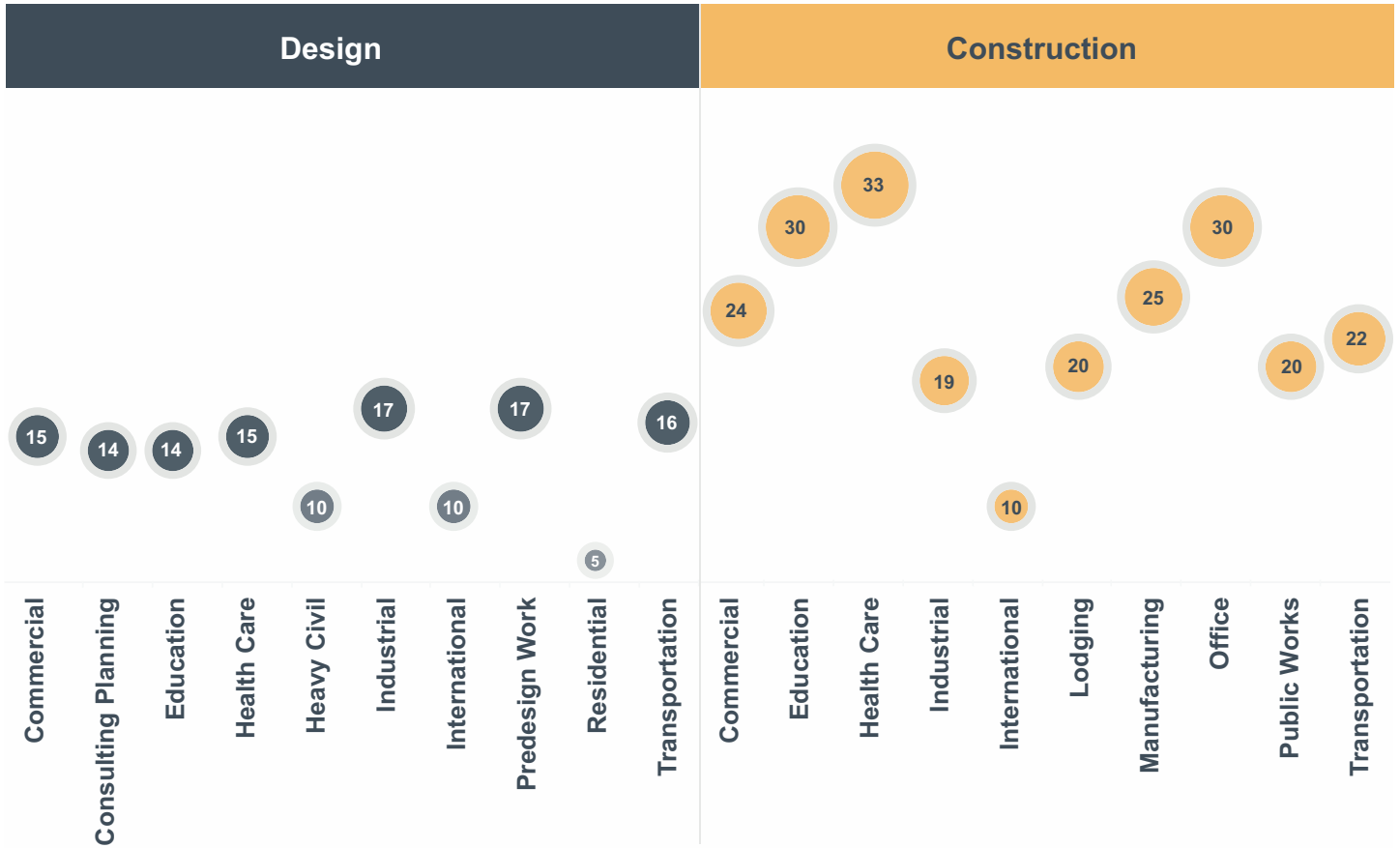
No change

Moderately higher

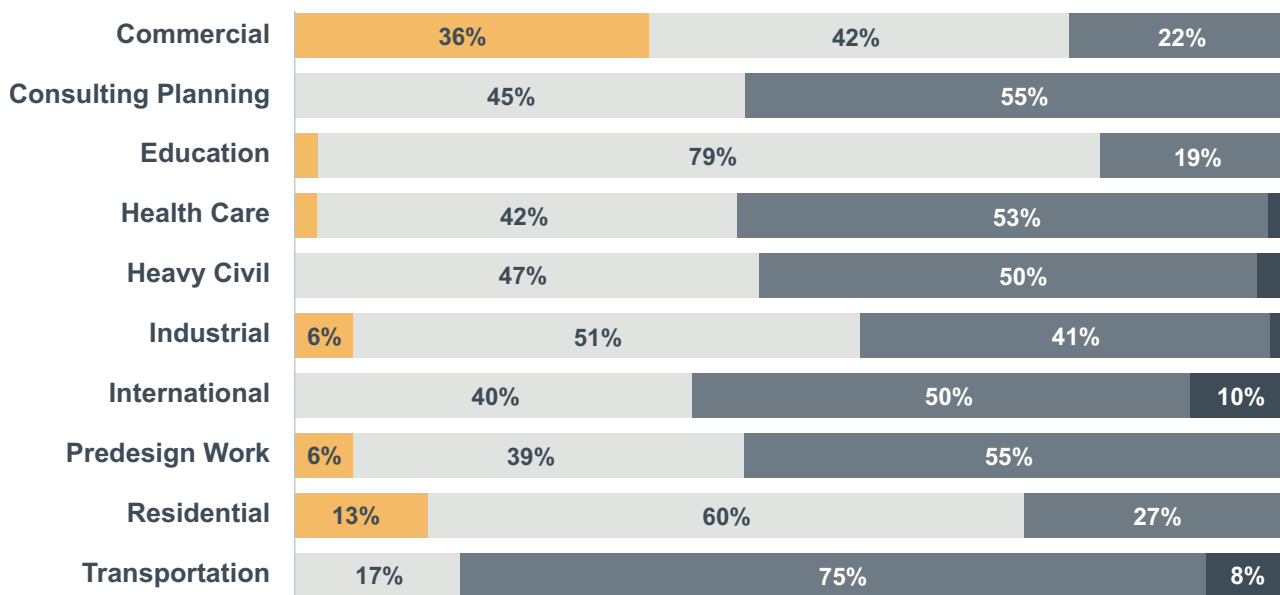
Significantly higher



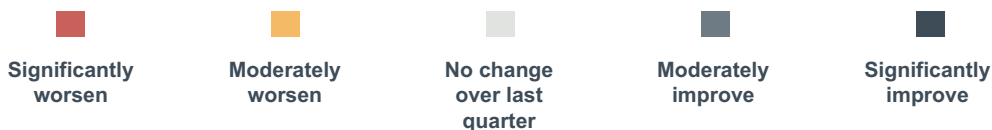
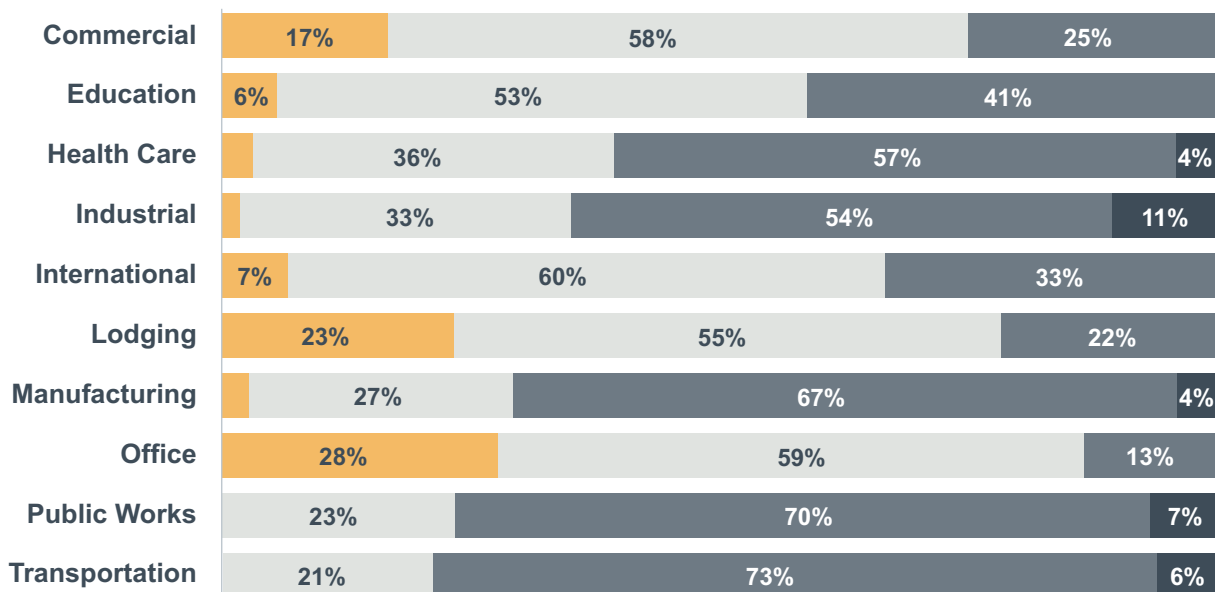
## MEMBER PROFILE: NUMBER OF CIRT MEMBER COMPANIES IN EACH SECTOR



## PERCEPTION OF CHANGE FOR NEXT QUARTER: DESIGN



## PERCEPTION OF CHANGE FOR NEXT QUARTER: CONSTRUCTION



Members were asked current issues questions regarding their firms' adoption of a companywide health and wellness culture as well as their top priorities for managing talent in 2024.



# CURRENT TRENDS

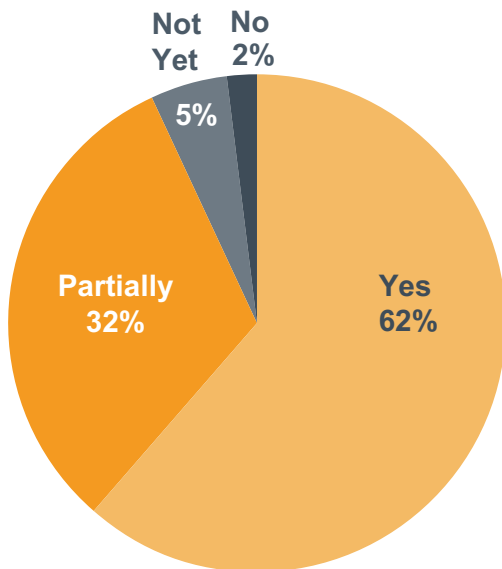


## HEALTH AND WELLNESS CULTURE

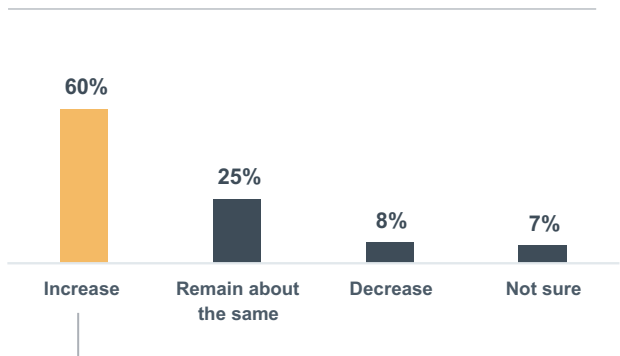
Over the past few years CIRT members have focused on reducing incidents on projects and creating a culture that highlights safety and wellness. When asked if members have embraced a holistic health and wellness approach companywide, more than 9 out of 10 members report having done so, at least partially.

Separately, 60% of responding members report that mental health issues have increased since the COVID pandemic. Of the 60% of members seeing some increase, 78% reported their firms are providing sufficient support in meeting these recently raised concerns and/or needs.

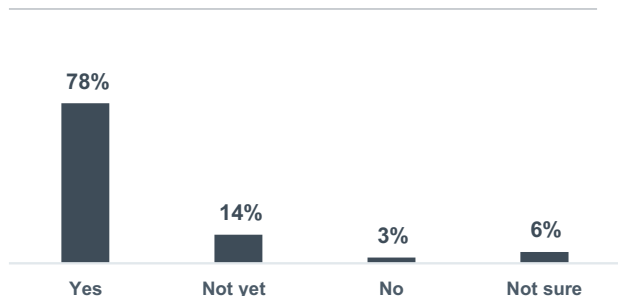
### HAS YOUR COMPANY EMBRACED A CULTURE OF EMPHASIZING HEALTH AND WELLNESS COMPANYWIDE?



### IN YOUR OPINION, HAS MENTAL HEALTH AND WELLNESS BECOME A MORE PROMINENT ISSUE?



### DO YOU BELIEVE YOUR COMPANY HAS BEEN ABLE TO ADJUST AND OFFER SUFFICIENT SUPPORT AND TOOLS TO ADDRESS THE RAISED CONCERNS AND/OR NEEDS?



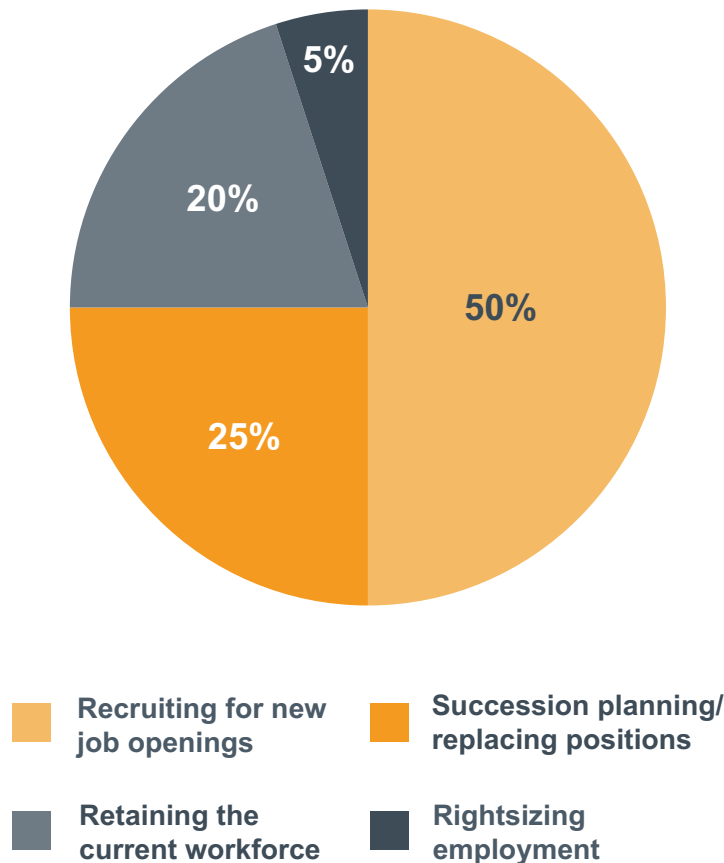
## PRIORITIZING AND EVALUATING TALENT

When asked about the top challenges for 2024 last quarter, the majority of members cited that labor shortages or the inability to find skilled labor was the biggest gap. This quarter we continued on this topic, focusing on members' talent strategies, evaluation practices and compensation measures.

Likely driven by strong backlog needs, half of responding members' top priority regarding talent in 2024 is to fill new job openings. Those with talent priorities elsewhere are either focused on succession planning and/or replacing existing positions (25%) or workforce retention (20%).

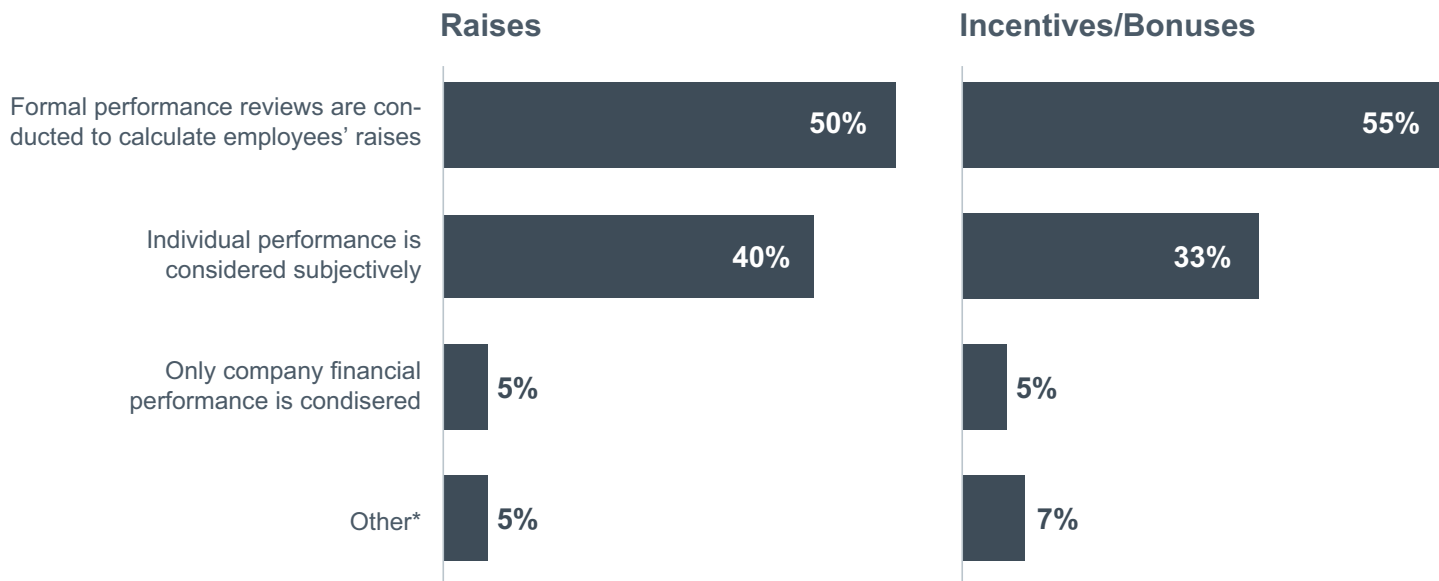
Members will be evaluating workforce performance for both pay raises and incentives/bonuses based on either formal performance reviews (50% and 55%, respectively) or subjective individual performance considerations (40% and 33%, respectively). Pay raises in 2024 for approximately two-thirds of members will be in line with 2023 levels. One in five responding members report higher pay raises this year over 2023 levels, and 14% report lower pay raises this year compared to last.

### WHAT IS YOUR FIRM'S TOP PRIORITY WITH REGARD TO TALENT IN 2024?



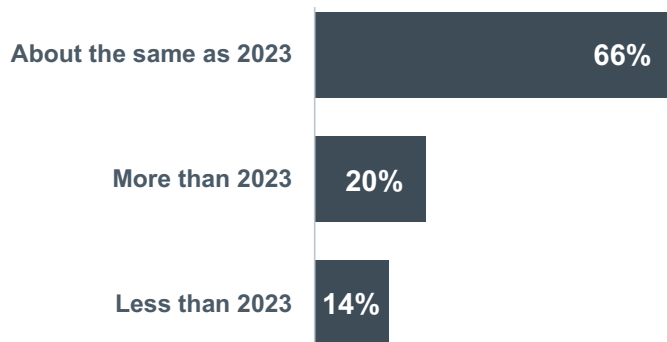
## PRIORITIZING AND EVALUATING TALENT

### HOW DOES PERFORMANCE INFLUENCE:



\*Written responses considered some combination of individual and company performance, level of employee, and/or external market factors.

### ON AVERAGE, 2024 PAY RAISES ARE:



## DESIGN AND CONSTRUCTION OUTLOOK BY SEGMENT

This quarter respondents were asked how the design and construction sectors 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 response reflects the change in score in comparison to the starting average score of the next quarter. Darker colors indicate higher optimism.

### DESIGN OUTLOOK

Industry	Next Quarter	Six Months From Now	One Year From Now
Commercial	2.73	2.87	3.00
Consulting Planning	3.43	3.50	3.71
Education	3.14	3.14	3.21
Health Care	3.47	3.47	3.73
Heavy/Civil	3.40	3.60	3.70
Industrial	3.35	3.35	3.47
International	3.60	3.80	3.70
Predesign Work	3.35	3.47	3.65
Residential	3.00	3.00	3.40
Transportation	3.81	3.94	4.00

### CONSTRUCTION OUTLOOK

Industry	Next Quarter	Six Months From Now	One Year From Now
Commercial	3.13	3.00	3.13
Education	3.23	3.33	3.50
Health Care	3.58	3.64	3.64
Industrial	3.68	3.79	3.74
International	3.10	3.20	3.50
Lodging	3.05	2.95	2.95
Manufacturing	3.64	3.68	3.84
Office	2.80	2.87	2.90
Public Works	3.70	3.85	3.95
Transportation	3.68	3.91	3.95

Darker shades indicate higher optimism.





## ABOUT THE CONSTRUCTION INDUSTRY ROUND TABLE (CIRT)

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The Construction Industry Round Table (CIRT) is composed exclusively of approximately 130 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. Under its mission statement, CIRT is “a network of leading design/construction firms in the U.S.,” which “seeks to inspire its members to be an innovative force creating a safe and sustainable quality of life for the future.”

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



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