

**FOR IMMEDIATE RELEASE – June 15, 2017**

Contacts:

U.S. Chamber of Commerce

Megan Van Etten

(202) 463-5682

[mvanetten@uschamber.com](mailto:mvanetten@uschamber.com)

USG Corporation

Kathleen Prause

(312) 436-6607

[kprause@usg.com](mailto:kprause@usg.com)

## **Inaugural ‘Commercial Construction Index’ Indicates High Revenue and Employment Expectations for 2017**

*USG Corporation (USG) and U.S. Chamber of Commerce Release  
Survey Results Gauging Confidence among Industry Leaders*

**WASHINGTON, D.C.** – Commercial construction is in high demand across the country and contractors are confident in the trajectory of the industry, according to the [USG + U.S. Chamber of Commerce Commercial Construction Index](#) (‘Index’), launched today. Nearly all contractors surveyed – 96 percent – expect revenues to grow or remain stable this year compared to 2016, with 40 percent expecting an increase and only 3 percent expecting a decrease in revenue.

The Index is a new quarterly economic indicator designed to gauge what drives the commercial construction industry and its leaders, including specific issues like backlog of work, new business pipeline, revenue projections, workforce issues, and access to financing. Given the sector’s importance to the U.S. economy and the outsized role it could play in years to come, the data contained in the Index will be vital to better understanding trends, challenges and opportunities. The research was developed with Dodge Data & Analytics (DD&A), the leading provider of insights and data for the construction industry, by surveying commercial and institutional contractors.

“This first-of-its-kind Index was born out of a need to understand the issues that affect commercial construction. The Index will deliver critical insights into the future health of the industry,” said Jennifer Scanlon, president and chief executive officer of USG Corporation. “USG is committed to providing solutions for our customers in order to help the entire industry make strong contributions to the U.S. economy. Through the Index we are able to identify areas of strength and pinpoint areas of improvement where industry leaders must focus.”

Two-thirds (66 percent) of contractors said they expect to employ more workers in the next six months, indicating growth in a sector that employs approximately 3 million Americans. But 61 percent of Index respondents reported difficulty finding skilled workers. The contractors reported the biggest shortages in the concrete, interior finishes/millwork, masonry, electrical and plumbing trades.

“The commercial construction industry is a vital engine for the American economy,” said Tom Donohue, president and CEO of the U.S. Chamber. “The projected growth uncovered in this research is good news for employers and workers, but there is reason for concern in the lack of qualified talent available in vital specialties. To get our economy growing to its full potential, we must ensure that we have a workforce that is ready to fill the available jobs. Each quarter, this first-of-its-kind research will make us smarter about future challenges and inform solutions for our country’s leaders.”

The report looks at the results of three leading indicators – backlog levels, new business opportunities and revenue forecasts – to generate a composite index on a scale of 0-100 that serves as an indicator of health for the contractor segment on a quarterly basis. The Q2 2017 composite index score was 76, representing continued health in the sector. This composite score is up two points from a 74 in the Q1 survey, driven primarily by a bump in the ratio between actual and ideal backlog. New business and revenue results also saw slight increases quarter-over-quarter.

The composite scores from the three drivers of confidence were:

- **Backlog: 81, up four points in Q2 over Q1.**  
Contractors’ current average backlog levels represent 81 percent of their ideal backlog levels, up from 77 percent in Q1. On average, contractors currently hold 9.9 months of backlog, while the ideal amount is 12 months.
- **New Business: 77, up two points in Q2.**  
Nearly all contractors continue to report high or moderate confidence in the market. Well over half of contractors (59 percent) reported high confidence in new business over the next 12 months (up from 51 percent in Q1), indicating a shift to higher levels of confidence among some respondents.
- **Revenues: 71, up two points in Q2.**  
An overwhelming 96 percent of contractors expect revenues to grow or remain stable in 2017 over 2016. Of those expecting revenue increases, the actual percentage of expected increases varies widely. Forty percent expect revenue increases of 7 percent or more in the next 12 months.

The Index findings are compiled using survey results from contractors within a DD&A panel of more than 2,700 decision makers from across key facets of the commercial construction industry. This first public report was developed using research from previous quarters, which puts into context the state of contractor sentiment in the U.S. building industry.

### **About the Index**

The USG + U.S. Chamber of Commerce Commercial Construction Index is a quarterly economic index designed to gauge the outlook for, and resulting confidence in, the commercial construction industry. USG Corporation and the U.S. Chamber produce this Index, along with Dodge Data & Analytics (DD&A). Each quarter, researchers from DD&A source responses from their Contractor Panel of more than 2,700 commercial construction decision-makers in order to better understand their levels of confidence in the industry and other key trends. This panel allows DD&A to provide findings that are representative of the entire U.S. construction industry by geography, size, and type of company.

Click [here](#) to see the full methodology.

Please note the Commercial Construction Index report is intended for general informational purposes only. It is not intended to support an investment decision with respect to USG, nor is it intended to be used for marketing purposes to any existing or prospective investor of USG. This report is not a forecast of future results for USG and actual results of USG may differ materially from those of the commercial construction industry.

#### **Where the Index is Available**

The inaugural Index is, and each quarterly Index published going forward will be, available on the USG website at [www.usg.com/news](http://www.usg.com/news) as well as on the website [www.CommercialConstructionIndex.com](http://www.CommercialConstructionIndex.com).

#### **About the U.S. Chamber of Commerce**

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors and regions, as well as state and local chambers and industry associations. For more information, visit [www.uschamber.com](http://www.uschamber.com).

#### **About USG Corporation**

USG Corporation is an industry-leading manufacturer of building products and innovative solutions. Headquartered in Chicago, USG serves construction markets around the world through its United States Gypsum Company and USG Interiors, LLC subsidiaries and its international subsidiaries, including its USG Boral Building Products joint venture. Its wall, ceiling, flooring, sheathing and roofing products provide the solutions that enable customers to build the outstanding spaces where people live, work and play. Its USG Boral Building Products joint venture is a leading plasterboard and ceilings producer across Asia, Australasia and the Middle East. For additional information, visit [www.usg.com](http://www.usg.com).

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