



Grassi & Co.'s 2019 Construction Industry Survey – The results are in!

September 03, 2019 - Long Island

Jericho, NY Industry survey highlights contractors remain optimistic despite facing significant challenges relating to regulations, labor conditions, environment, safety compliance, technology, cybersecurity and insurance.

In order to take the pulse of today's New York construction industry, the professionals of Grassi & Co. recently embarked on a three-month-long survey, conducted by an independent research firm, of contractors and industry leaders in the New York region, and the results are in.

The topics covered include labor conditions, the regulatory environment, safety compliance, technology, cybersecurity, and insurance – all issues that impact the profitability of the construction contractor's business. Reflecting the responses of over 100 industry insiders, over 82% of the respondents were either general contractors (43%) or sub-contractors (39%).

The survey focused on these most significant issues and trends, as identified by an advisory panel of industry experts including: James Bifulco, Total Safety Consulting; Christine Cascio, Total Safety Consulting; Lou Colletti, Building Trades Employers Association (BTEA); Susan Hayes, Susan Hayes Enterprises; Hank Kita, Subcontractor Trade Association; Mark Kleinknecht, Kleinknecht Electric Co., Inc.; Denise Richardson, General Contractors Association; and Steven Schertz, Henegan Construction.

Among the many issues that are top-of-mind for contractors, including skilled labor shortages and general business conditions, the challenge of complying with regulatory oversight stood out. Regulatory compliance was cited by over 25% of the survey respondents as a top industry concern.

When respondents were asked about union trends in the construction industry by sector, 46% of industry professionals said that non-union and open shop work had greatly increased in the residential sector, and further indicated that the share of non-union and open shop in the residential sector was increasing, as well, but at a slower pace. This trend was cited less frequently in the civil/infrastructure sector, with almost half seeing no change on projects in that sector. Over 87% of the survey respondents said they expect these current union vs. non-union and open shop trends to continue. "This shift in share, between union and non-union contractors has broad implications for the competitive landscape," said Carl Oliveri, construction practice leader at Grassi & Co.

Another challenging issue for contractors has been compliance with the Minority/Women-Owned

Business (MWBE) requirements. Over half of the survey respondents (54%) said MWBE compliance was difficult or very difficult while only 13% said it was easy or very easy. Roughly, a third (34%) indicated that MWBE compliance was not a significant issue for their business.

On another compliance-related topic, survey respondents were also asked how NY Labor Law Sections 240 & 241 is impacting their profitability. While the consensus was generally negative, assessments on the scale of the impact varied considerably among industry professionals. For 42%, the negative impact on the bottom line was large, while 46% said the impact was negative or slightly negative. Only 12% said that there was no impact.

“NY & NYC regulations are becoming unbearable...I think a sensible tradeoff for having to provide so much OSHA training is that the contractors should be able to hold employees who have height-related injuries partially responsible for their negligence,” was just one of the many comments received.

Respondents were also asked how Local Law 196 (construction safety training) was impacting their businesses. 63% said they were factoring compliance costs into their project bids. Safety training seemed to be a significant investment focus of compliance for respondents, with 60% saying that they were investing or planning to invest in safety training. 40% of firms were complying with Local Law 196 by hiring in-house safety personnel and 36% said they were engaging outside firms. Twenty-nine percent said they were investing or planning to invest in safety technology.

Cybersecurity awareness was another key issue raised in the survey. With an ever-increasing reliance on data at the core of every construction business, around 45% of respondents strongly agreed or agree that construction projects are increasingly susceptible to cybercrimes and 76% said that the number of people with access to worksite data was a significant security concern. 62% of respondents currently have an internal policy to protect data on laptops and mobile devices.

Cybersecurity is an issue the professionals of Grassi & Co. continue to stress the importance of to their clients. “We advise our clients to think beyond their four walls to ensure they have not only a physically safe job site, but also a cyber-safe job site,” said Oliveri.

Overall, 86% of those surveyed see revenues remaining the same or increasing, demonstrating optimism in the construction market. This growth comes despite the many challenges these companies face.

Grassi and Co. is an accounting firm that specializes in auditing, tax, technology and business consulting services. The construction sector is one of many verticals the firm specializes in and has earned respect and credibility within the industry. The firm has 40 years serving this sector. Grassi has one of the largest construction practices nationwide, providing professional services to 300 clients across all segments of construction and contracting.

This background gives the firm depth of knowledge and experience that allows Grassi to effectively work alongside construction and contractor clients, giving them marketplace information and

awareness of trends they require to make smart and strategic business decisions.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540