Craft Compensation & Demand

Current Conditions in the Open Shop Industrial Construction & Maintenance Craft Labor Market

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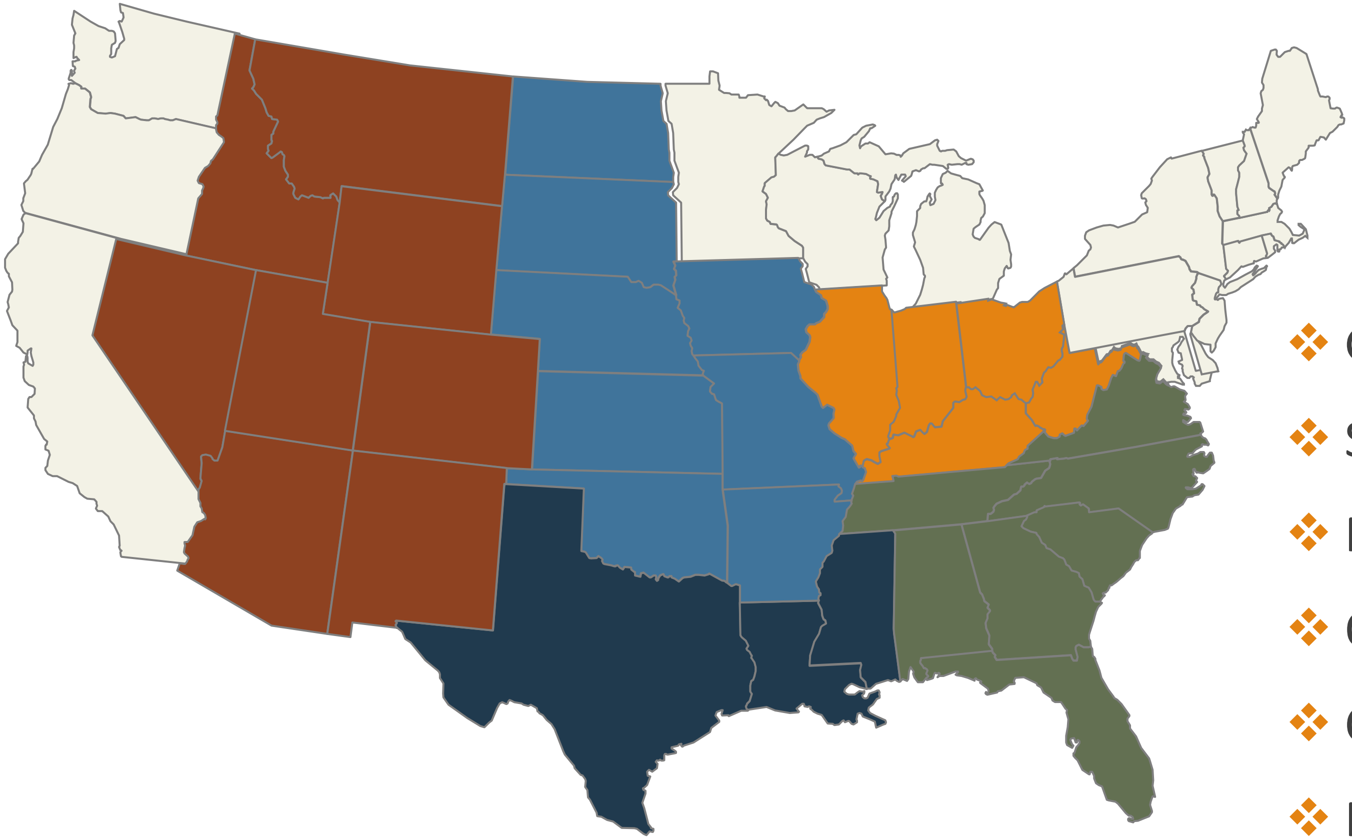
About Alpha Resources

- Human Resources consulting firm
- Founded in 1999
- Based in Birmingham, AL
- Craft wage & labor surveys
- Project housing surveys
- Systematic research cycles
- Reliable “real time” craft comp data

www.alpharesources.net

Routine Research Regions



- Gulf Coast
- Southeast
- Mid-Atlantic
- Ohio Valley
- Central US
- Rocky Mountains

Current Market Conditions

- Sept – Inflation 3.7% Y/Y
- Nov – Federal Reserve held interest rates 5.25 – 5.5%
- Oct – General unemployment 3.9%
- Oct – Labor force participation rate 62.7% (63.3%)
- Extremely tight labor market continues
- Consumer Confidence slipping – 3 months of decline
- Sept – Retail Sales estimates ↑ 3.8% Y/Y

Current Market Conditions

- Sept – Material prices ↑ 0.3% Y/Y (↑ 41% since 02/2020)
- Sept – ABI 44.8 lowest score since Dec 2020
- Nov – Baker Hughes US Rig Count ↓ 19.7% Y/Y to 618
- Sept – Nonresidential construction spending ↑ 19% Y/Y
- Construction spending led by Manufacturing ↑ 61.9%
- Oct – Construction unemployment 4.0%
- Q3 – Construction Employment Cost Index 4.5% Y/Y

Economic Outlook for Construction

CBI Sept 2023
9.0 months

↓ 0.2 months Mo/Mo

No Change Y/Y

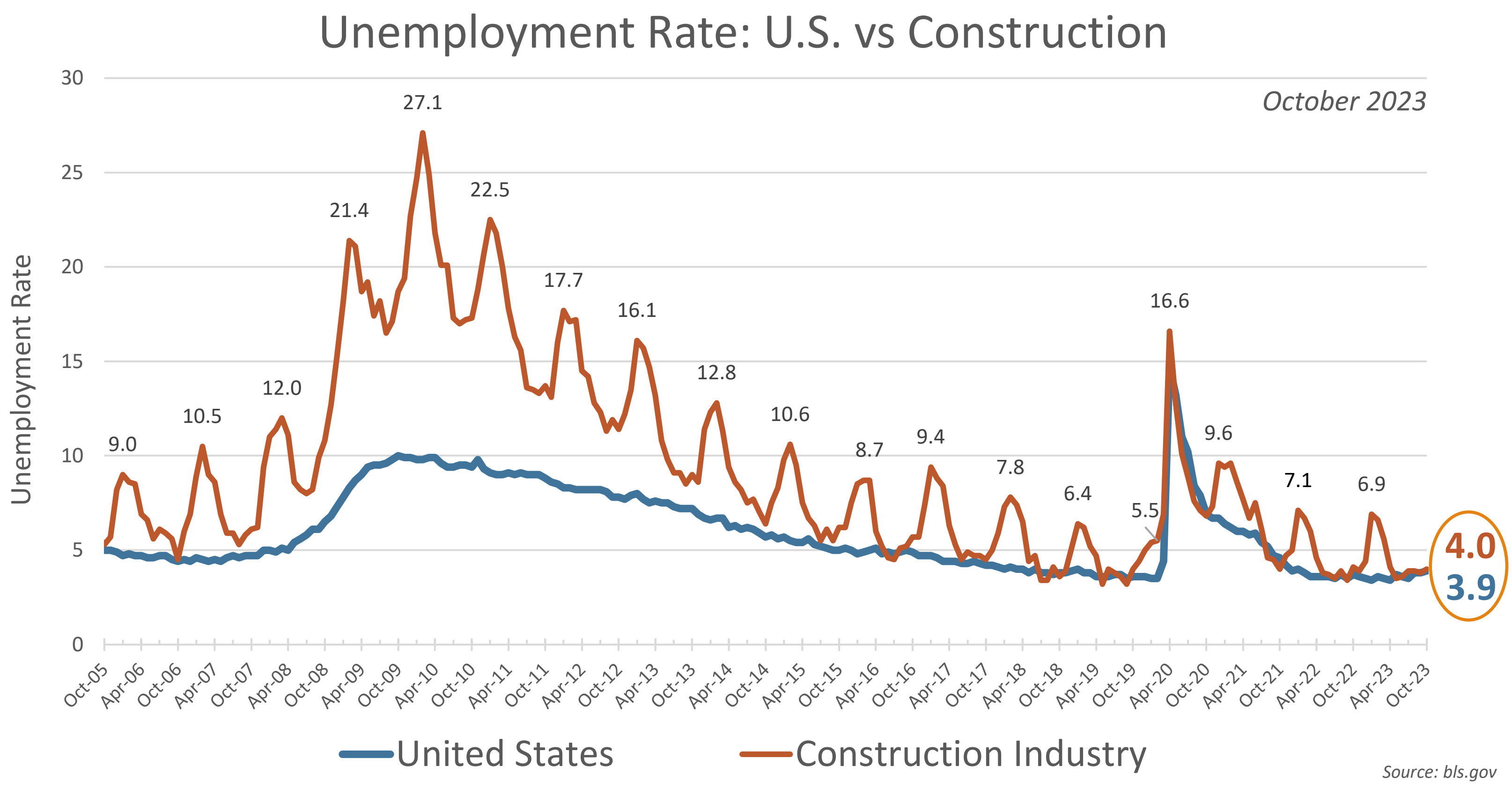
October 2023

ABC Chief Economist, Anirban Basu, said:

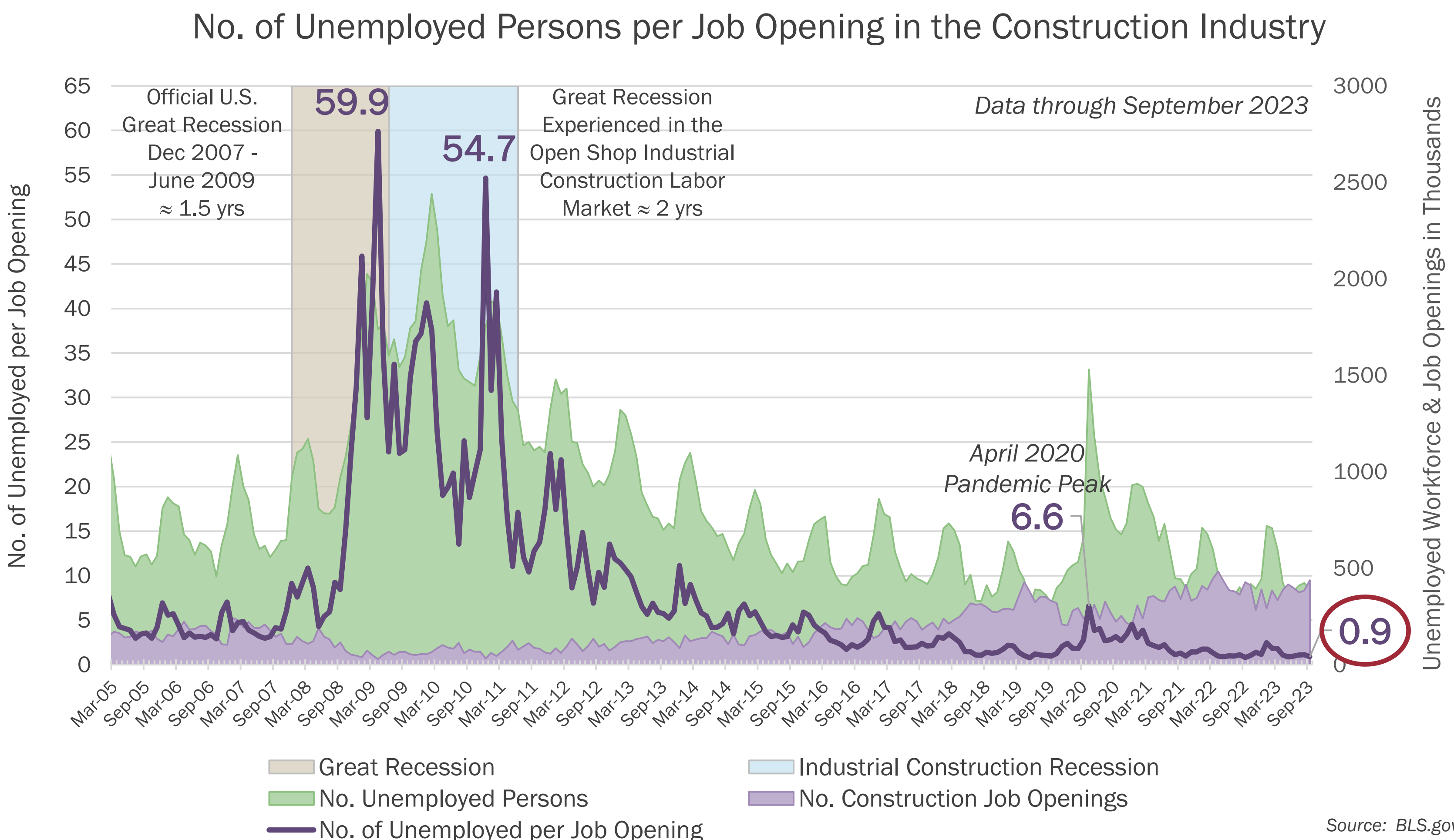
"**Construction continues to defy the downward gravitational pull of tightening credit conditions.** Despite high and rising project financing costs, **ABC contractor members continue to report lofty backlog, rising employment, expanding sales and stable profit margins**."

"That said, **industry headwinds grow in force**. **Interest rates** are still edging higher. **Political dysfunction** in Washington persists. **Rising worker compensation costs** and **lingering supply chain issues** are still frustrating industry performance and profitability. **The U.S. economy appears poised to slow further.** If the past is any indication, that will eventually **catch up to construction in the form of dissipating demand**. But economists have talked about recession for more than a year, and the industry still shows substantial forward momentum. It remains to be seen whether that momentum can survive the latest set of challenges."

Labor Availability

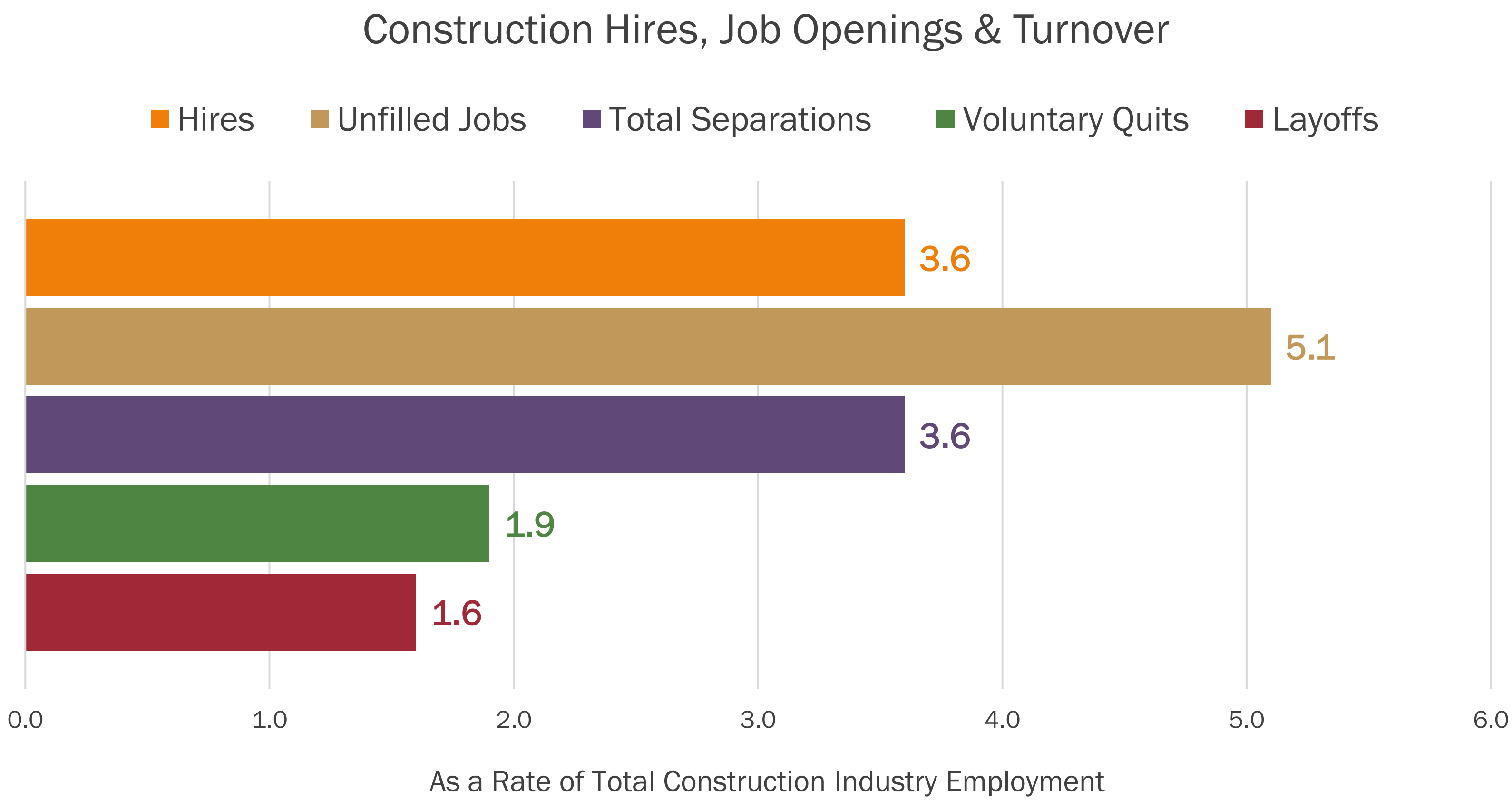


Labor Availability



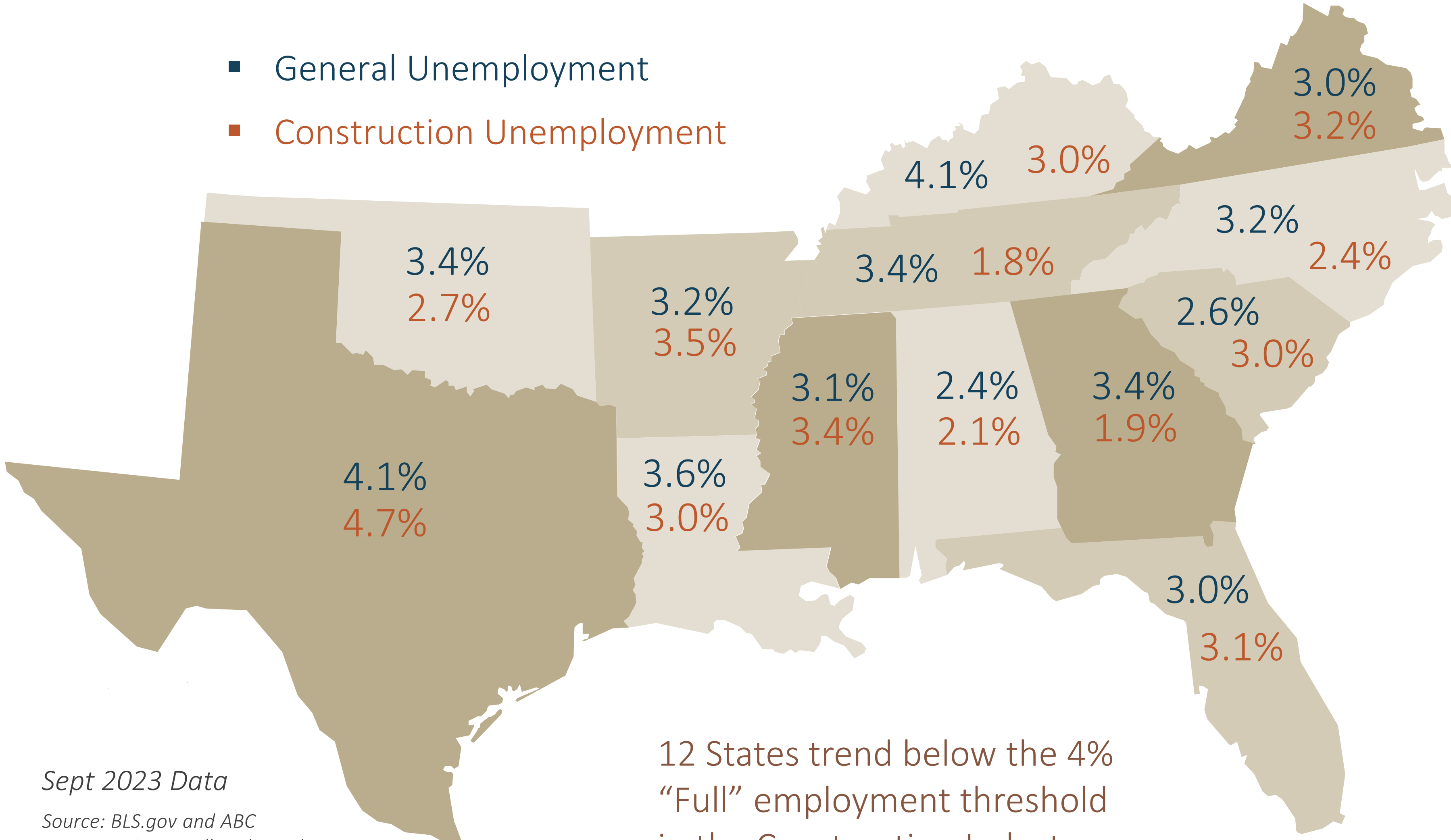
Source: BLS.gov
Not Seasonally Adjusted Data

Stats for September



Regional Unemployment

- General Unemployment
- Construction Unemployment



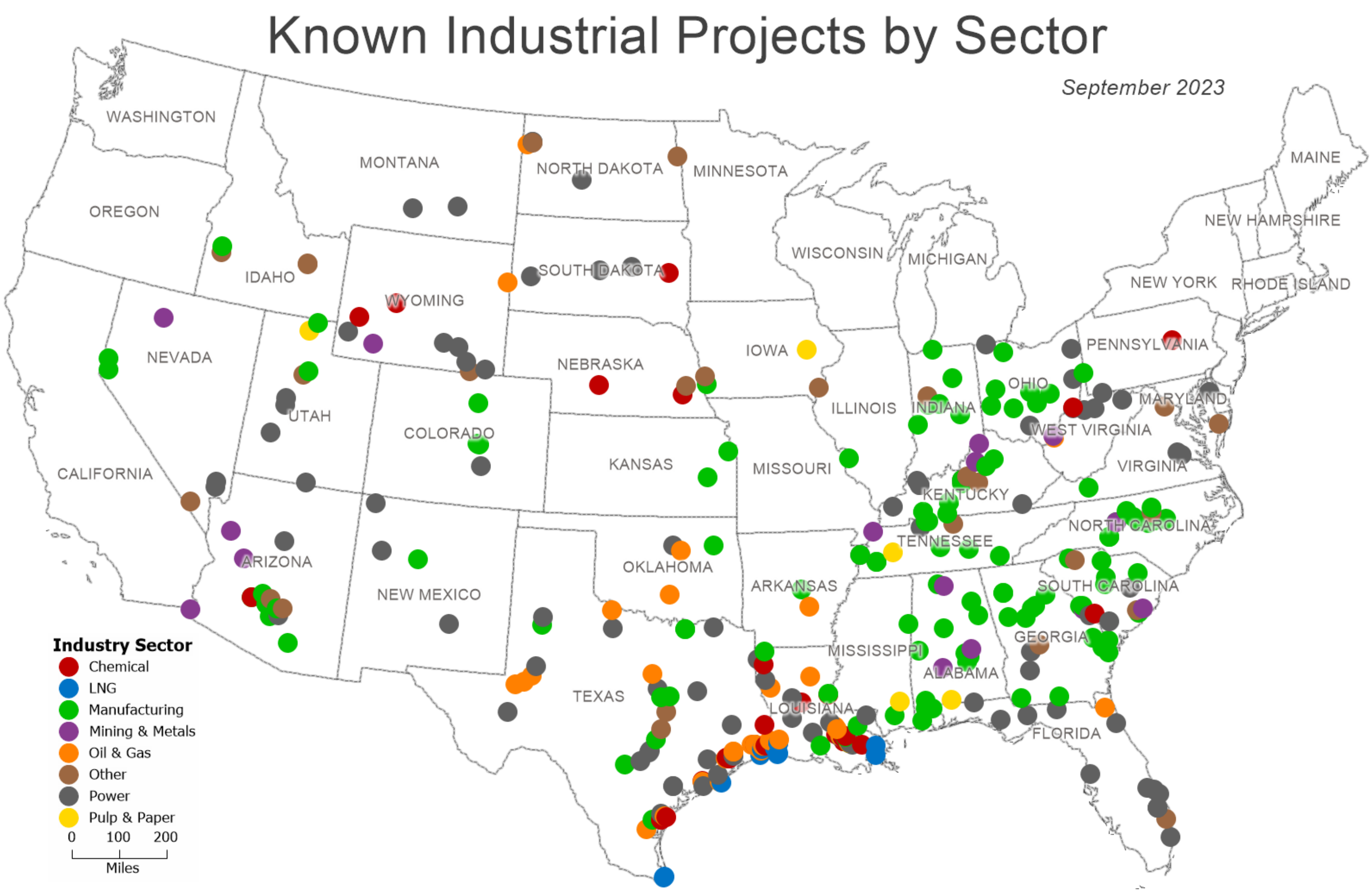
12 States trend below the 4%
"Full" employment threshold
in the Construction Industry

Sept 2023 Data

Source: BLS.gov and ABC
Rates Not Seasonally Adjusted

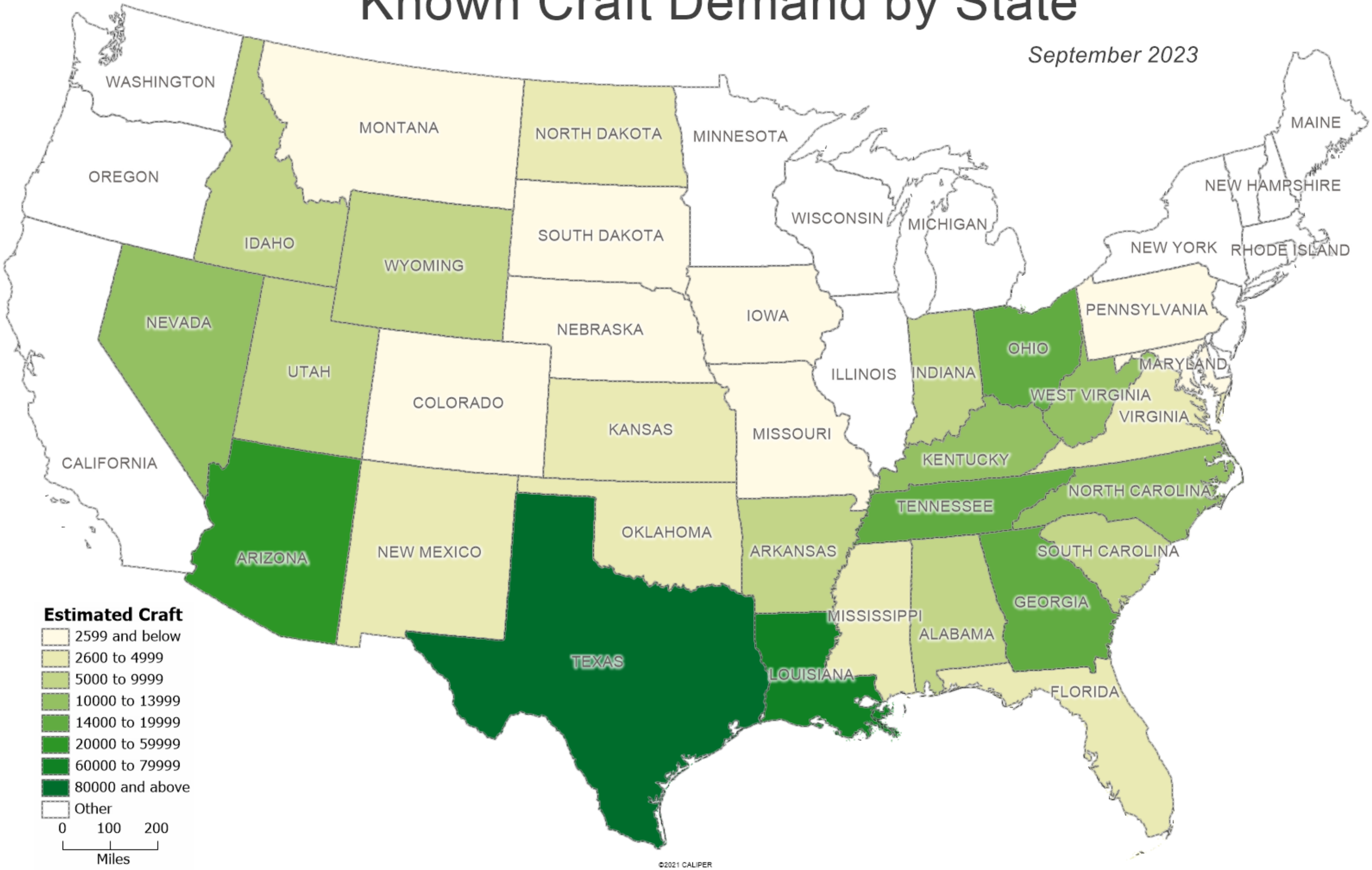
Alpha Resources *Where Business Begins With People*

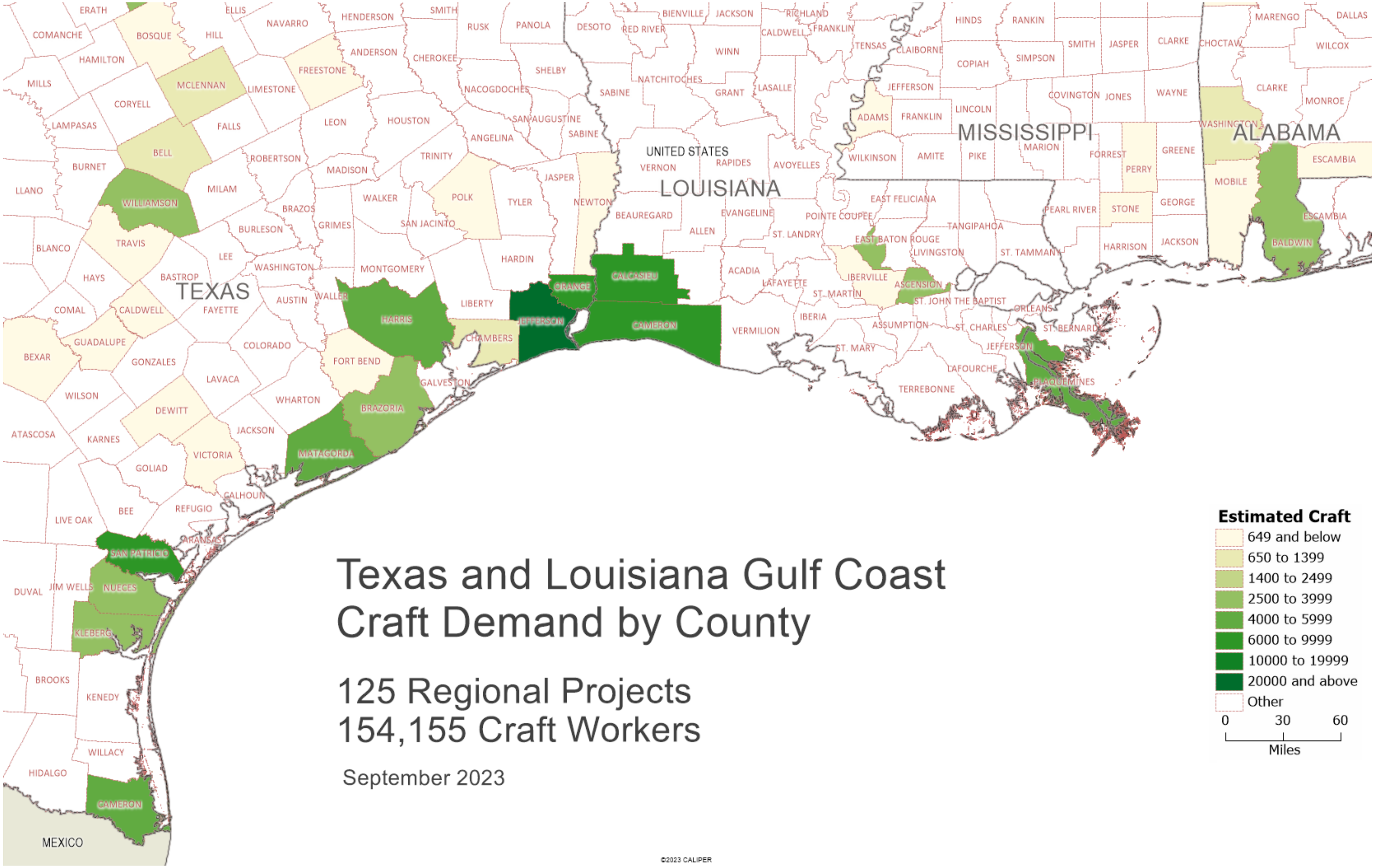
Craft Workers: 342,325 ↑ 17.5% Y/Y



Known Craft Demand by State

September 2023





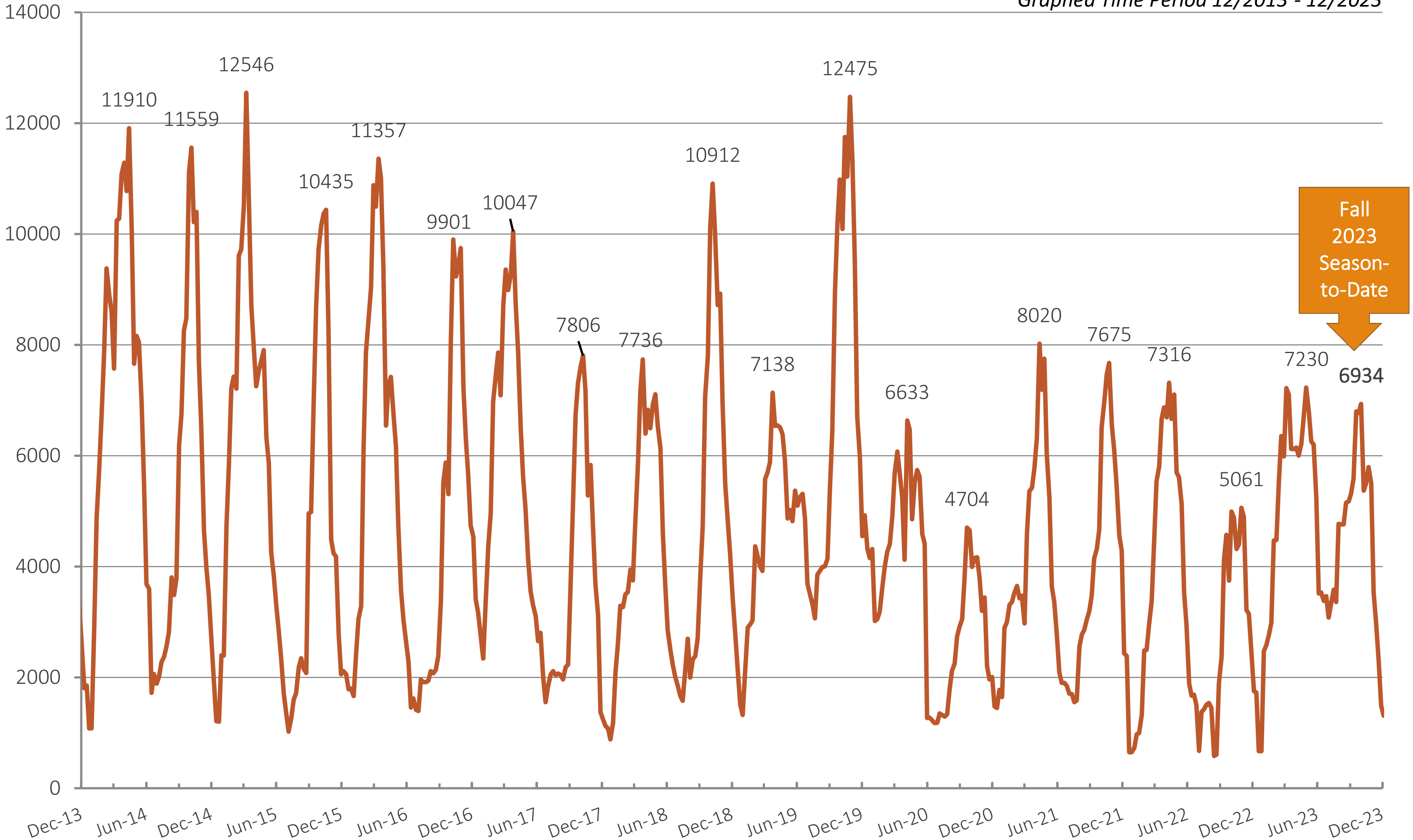
Texas and Louisiana Gulf Coast Craft Demand by County

125 Regional Projects
154,155 Craft Workers

September 2023

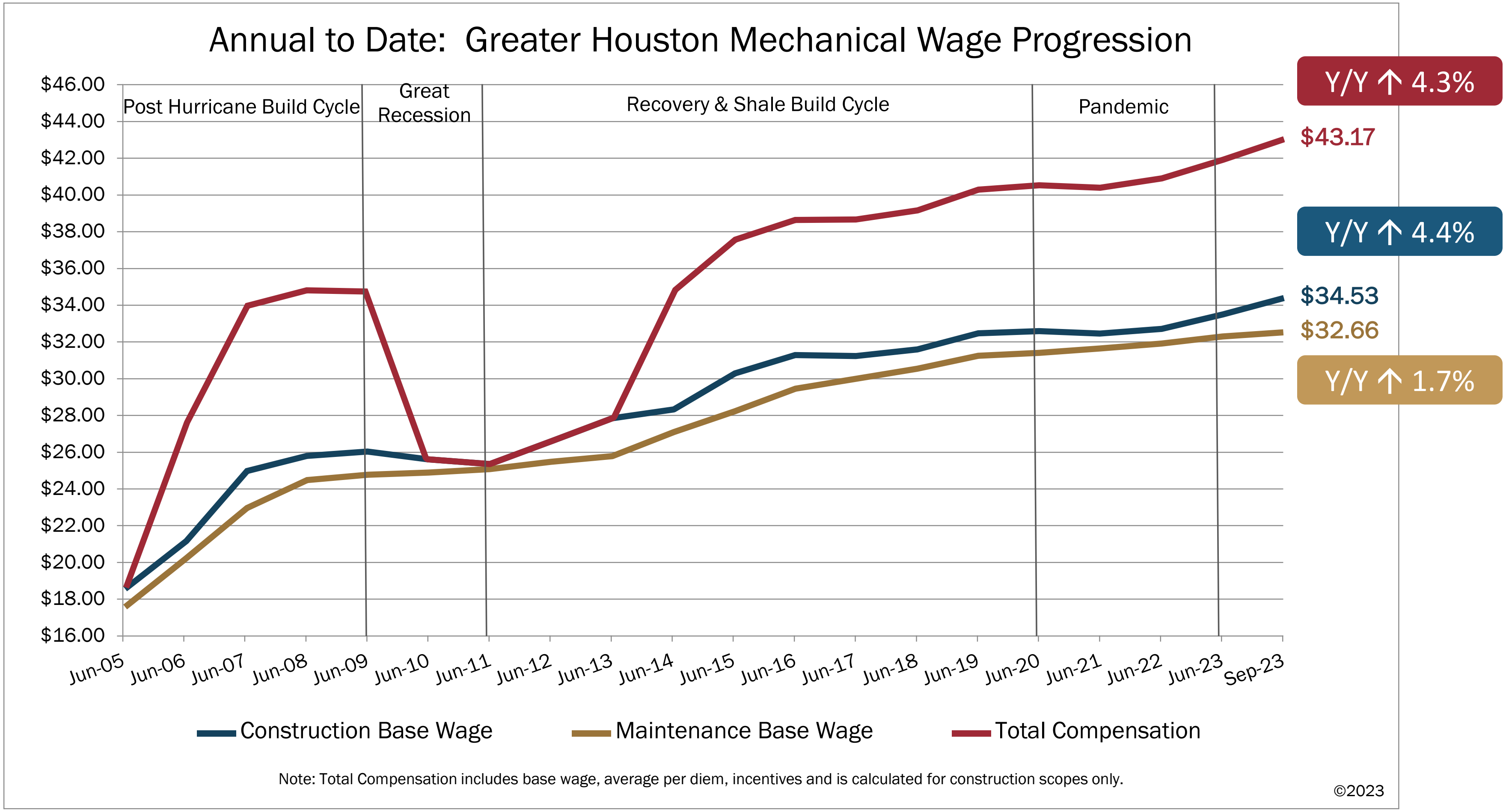
Contractor Turnaround Craft Demand Forecast

Forecast Data as of October 31, 2023
Graphed Time Period 12/2013 - 12/2023

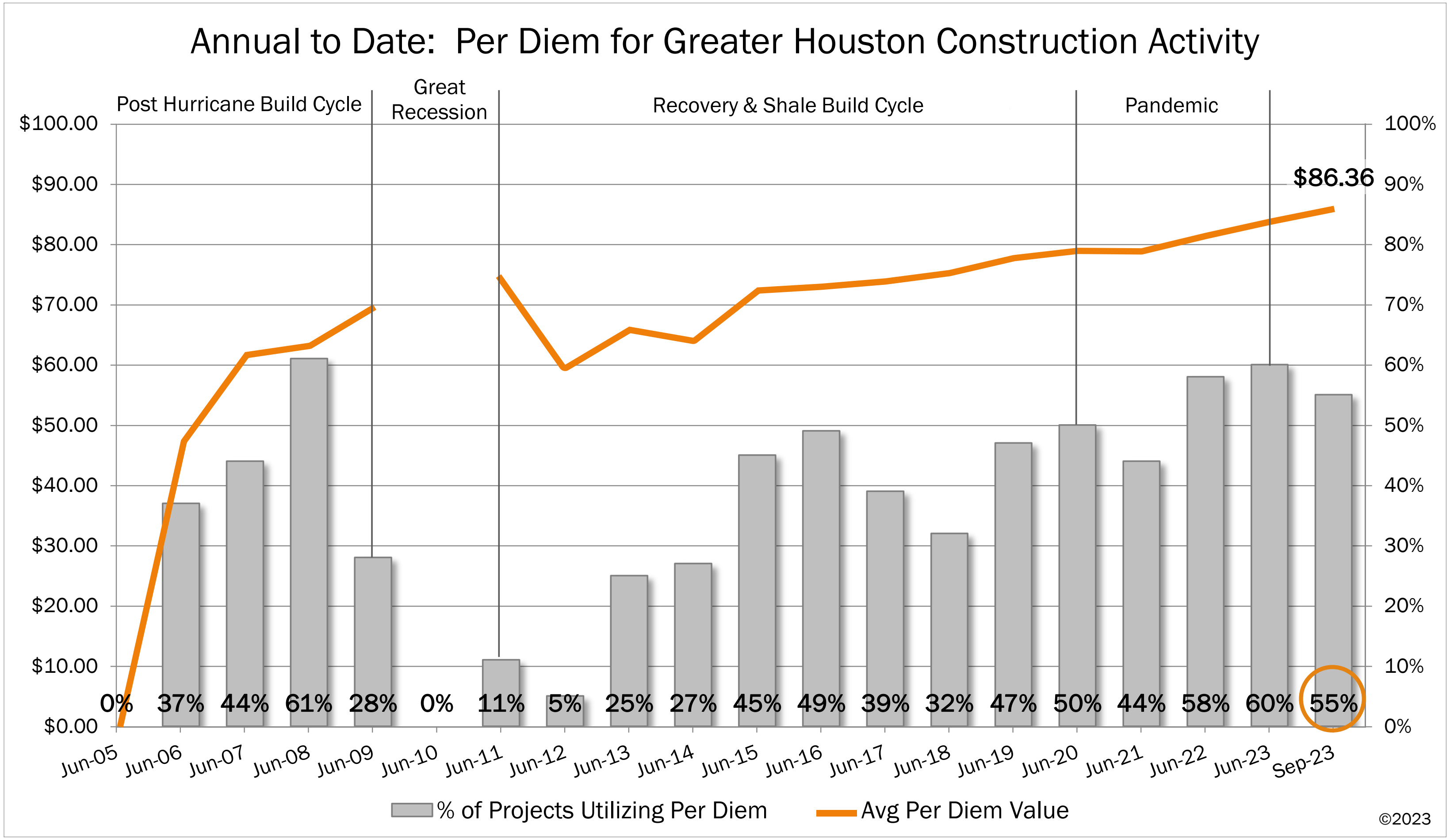


Footnotes:
2,832 Identified Work Scopes – All Industries
Gulf Coast requires 68% of craft resources
Outlying Regions require remaining 32%

Greater Houston

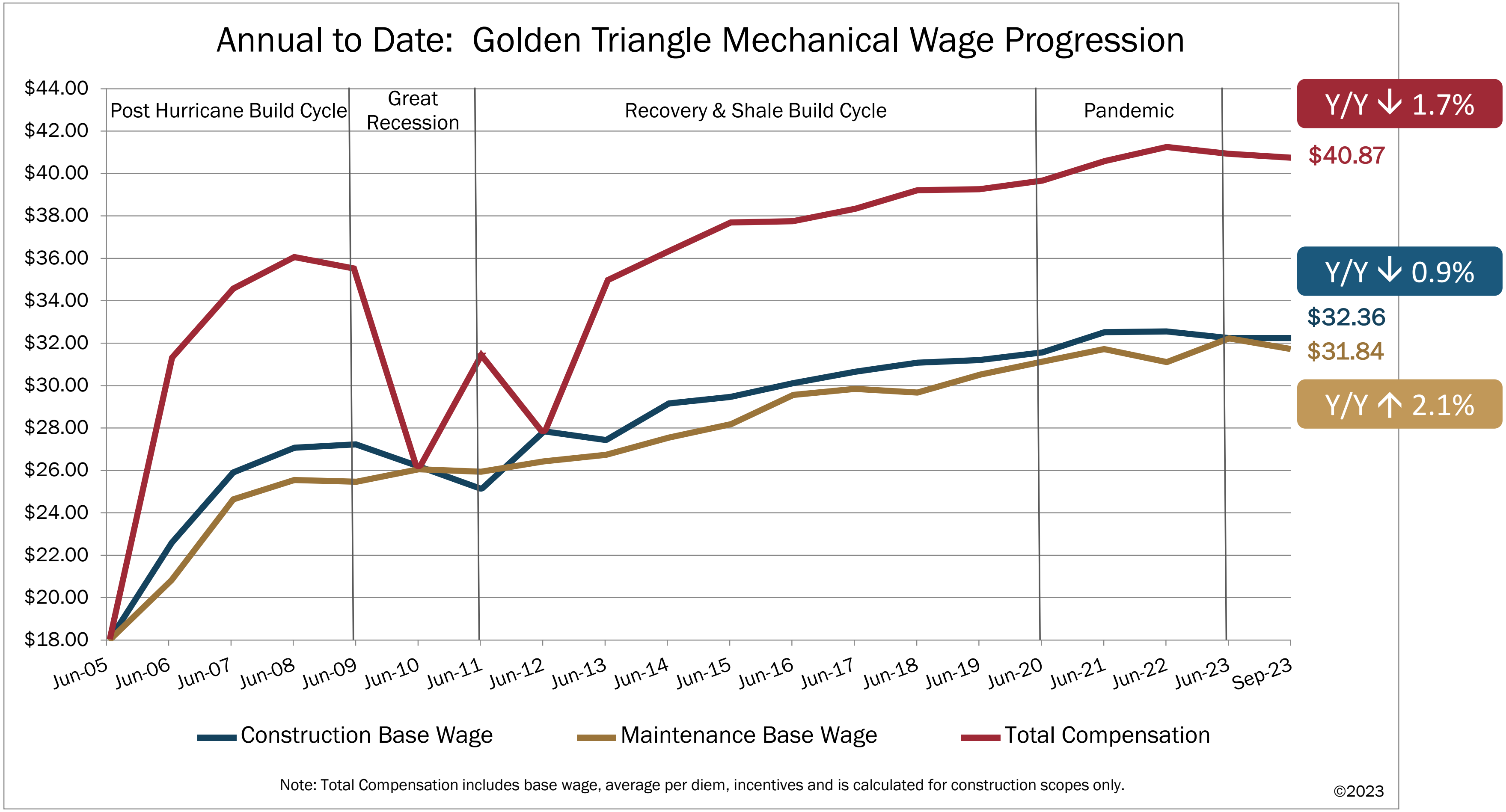


Greater Houston

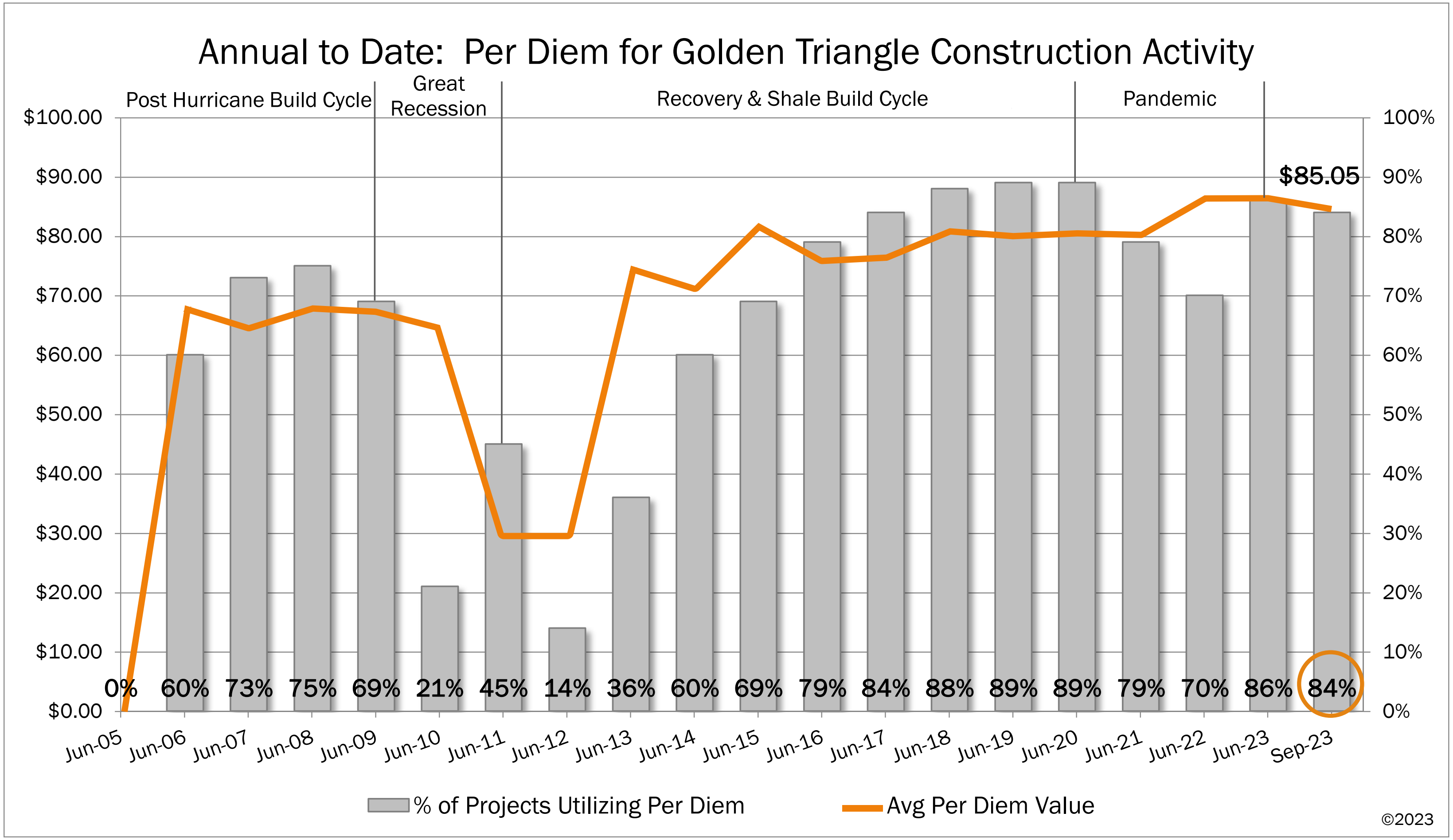


Y/Y PD Value: ↑ 3.6%
Y/Y PD Availability: ↓ 4%

Golden Triangle

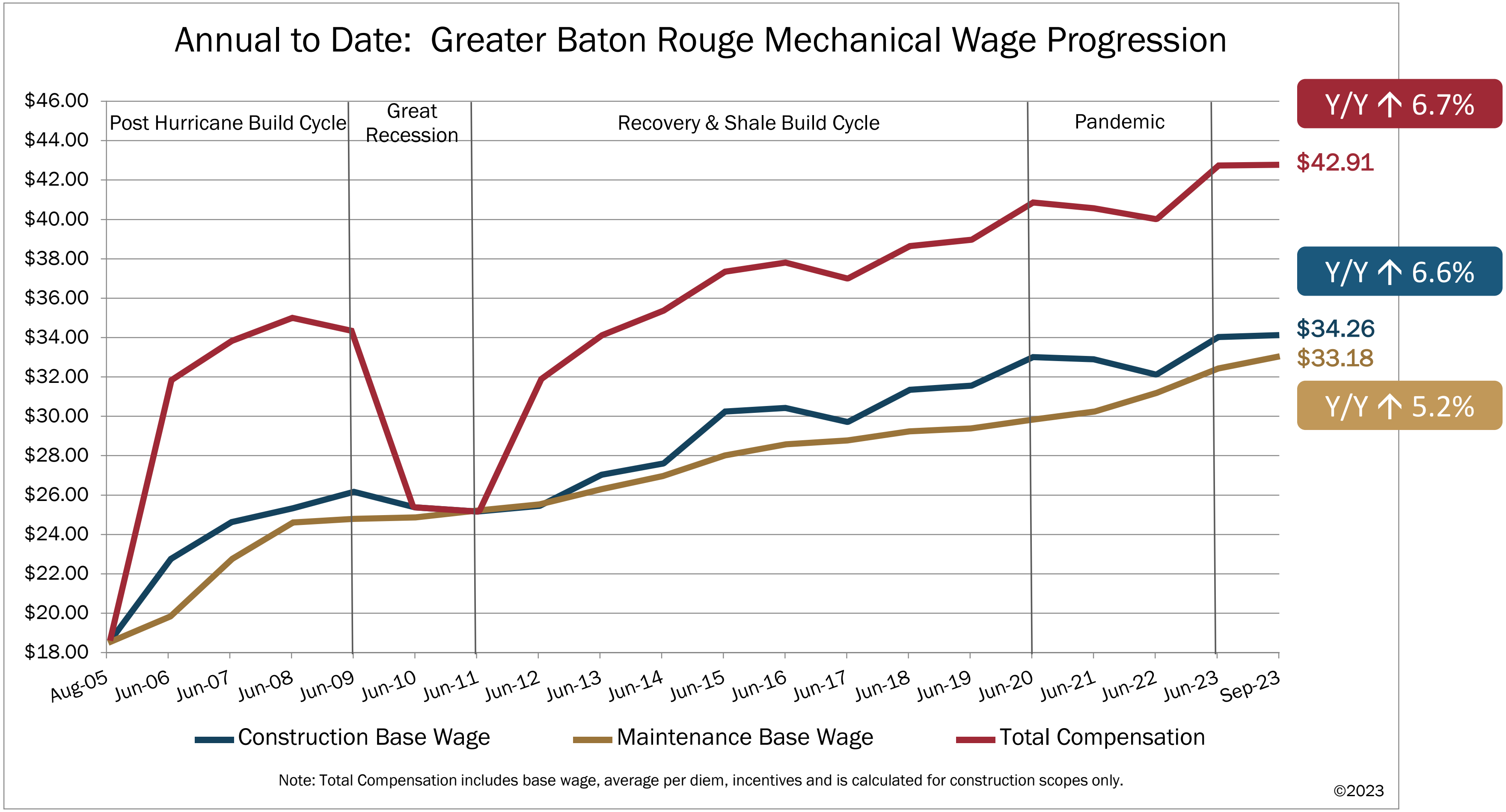


Golden Triangle

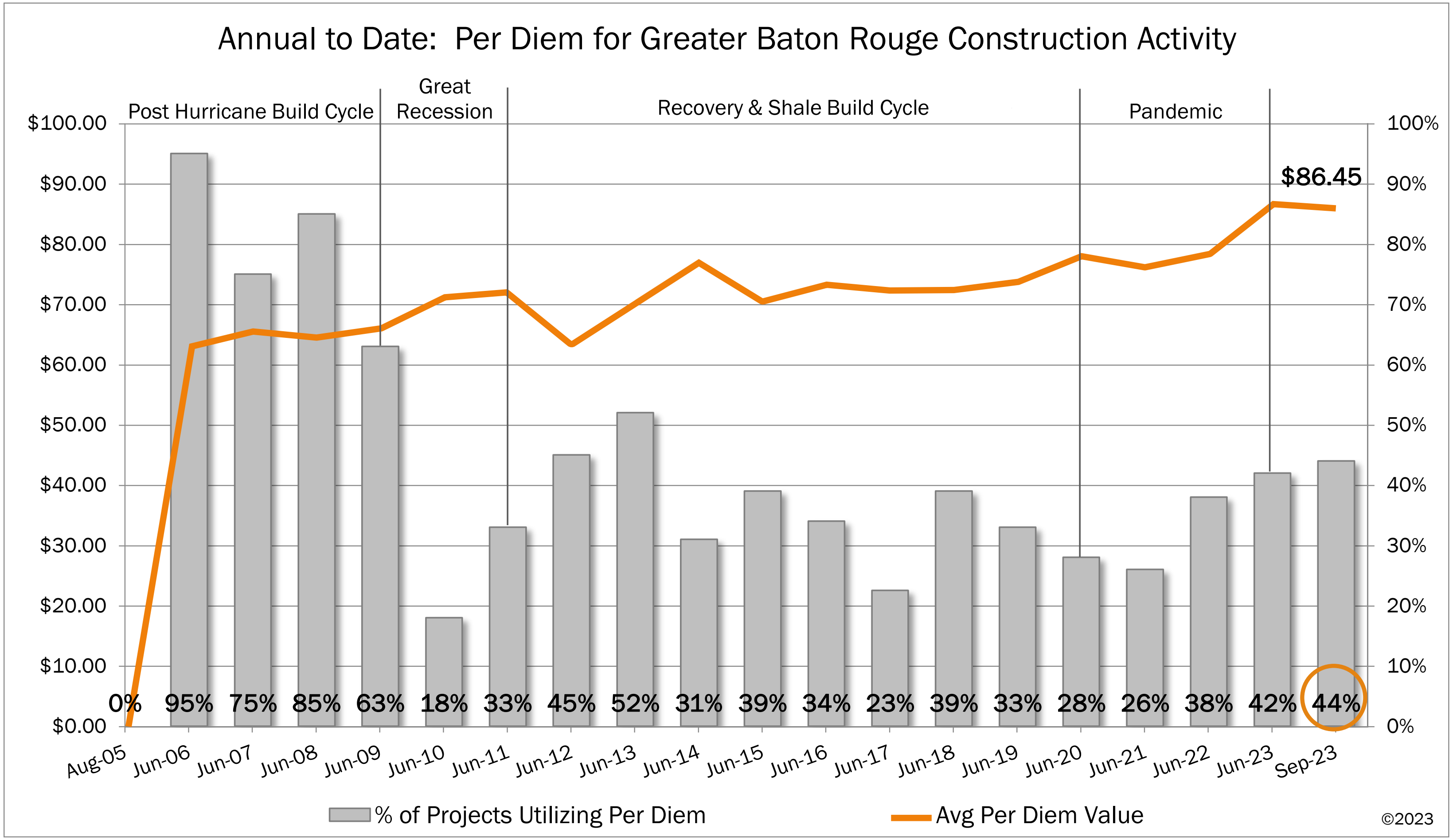


Y/Y PD Value: ↓ 3.9%
Y/Y PD Availability: ↑ 11%

Greater Baton Rouge

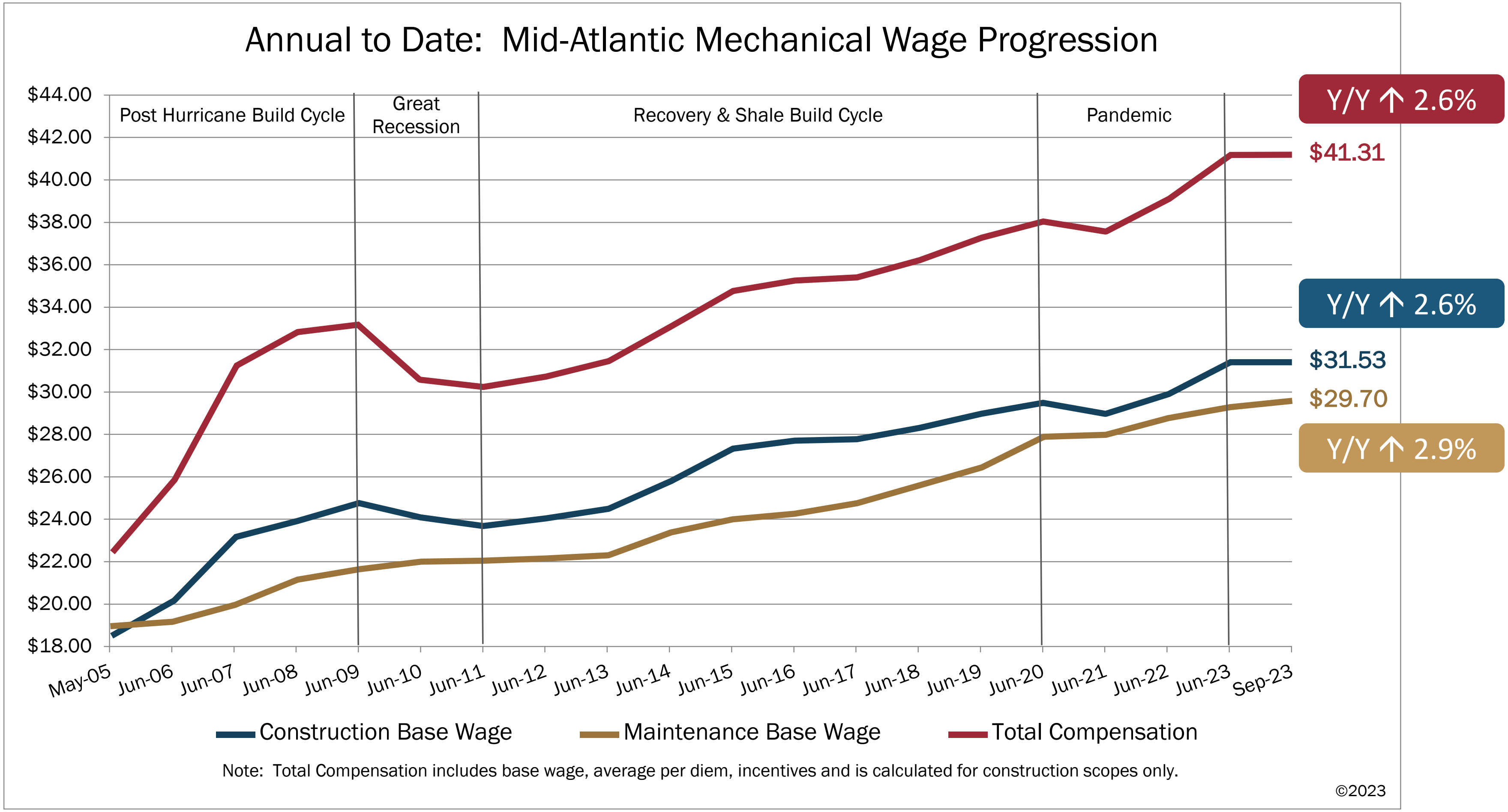


Greater Baton Rouge



Y/Y PD Value: ↑ 7.0%
Y/Y PD Availability: Equal

Mid-Atlantic / Southeast



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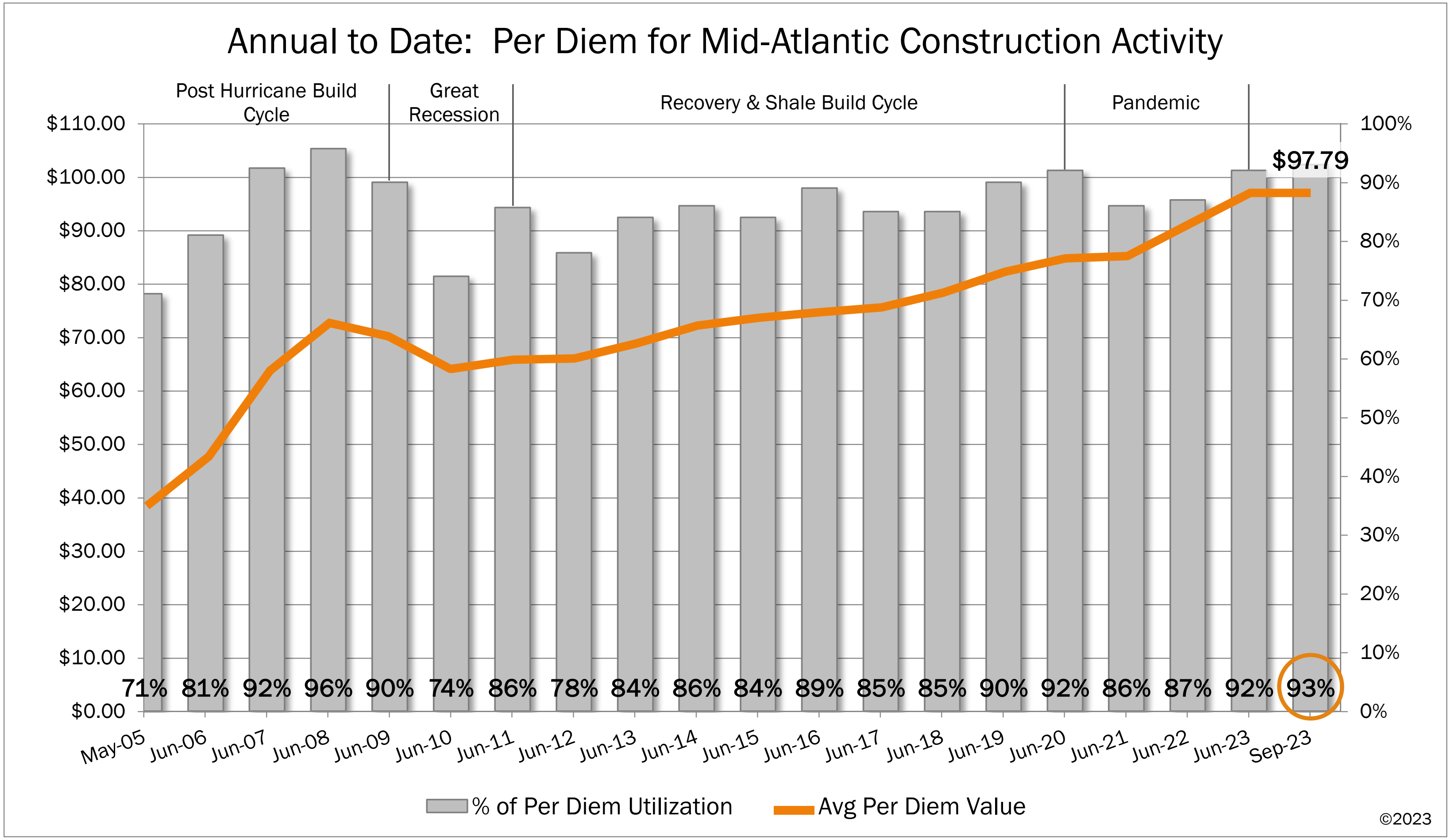
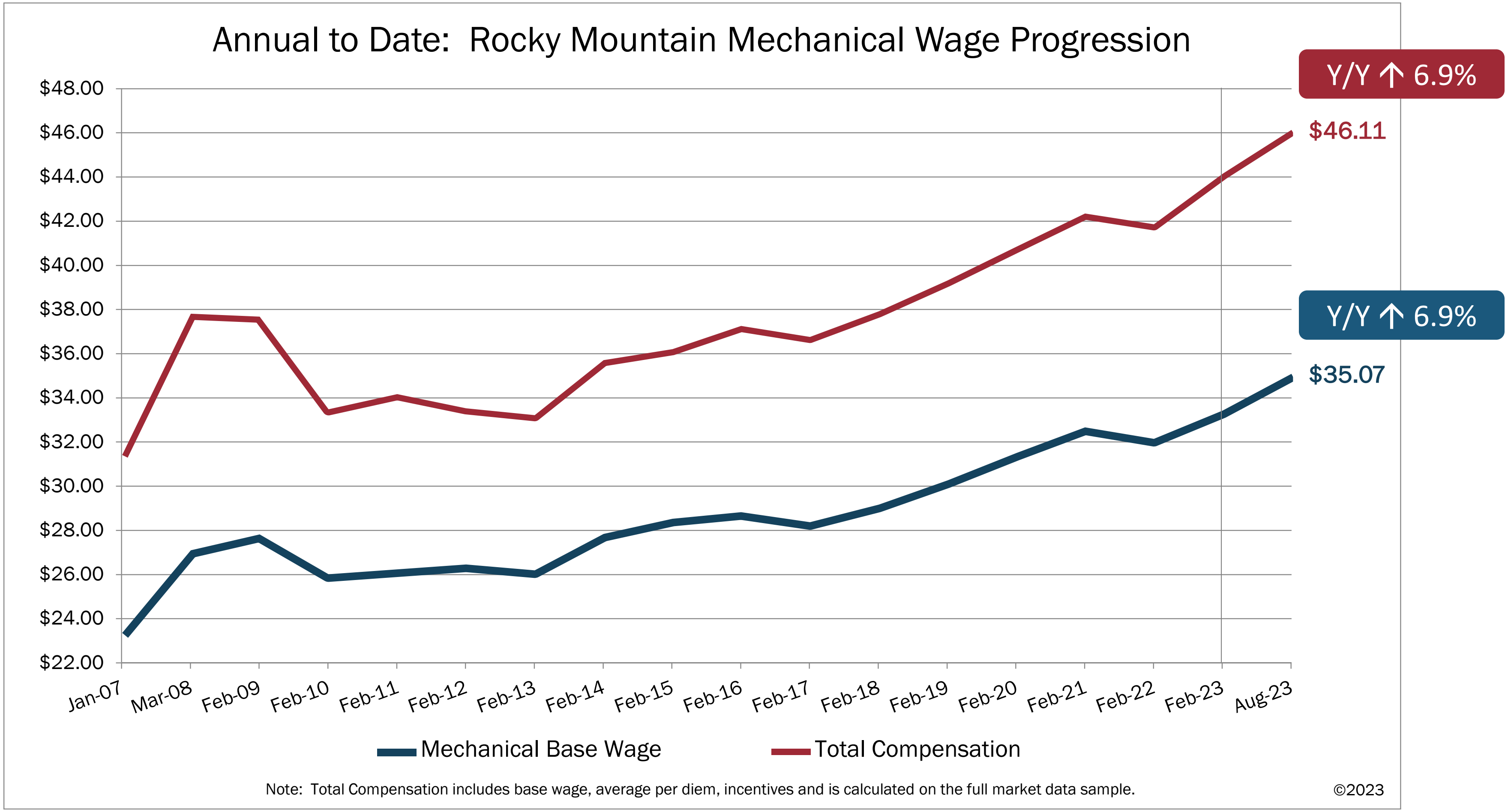
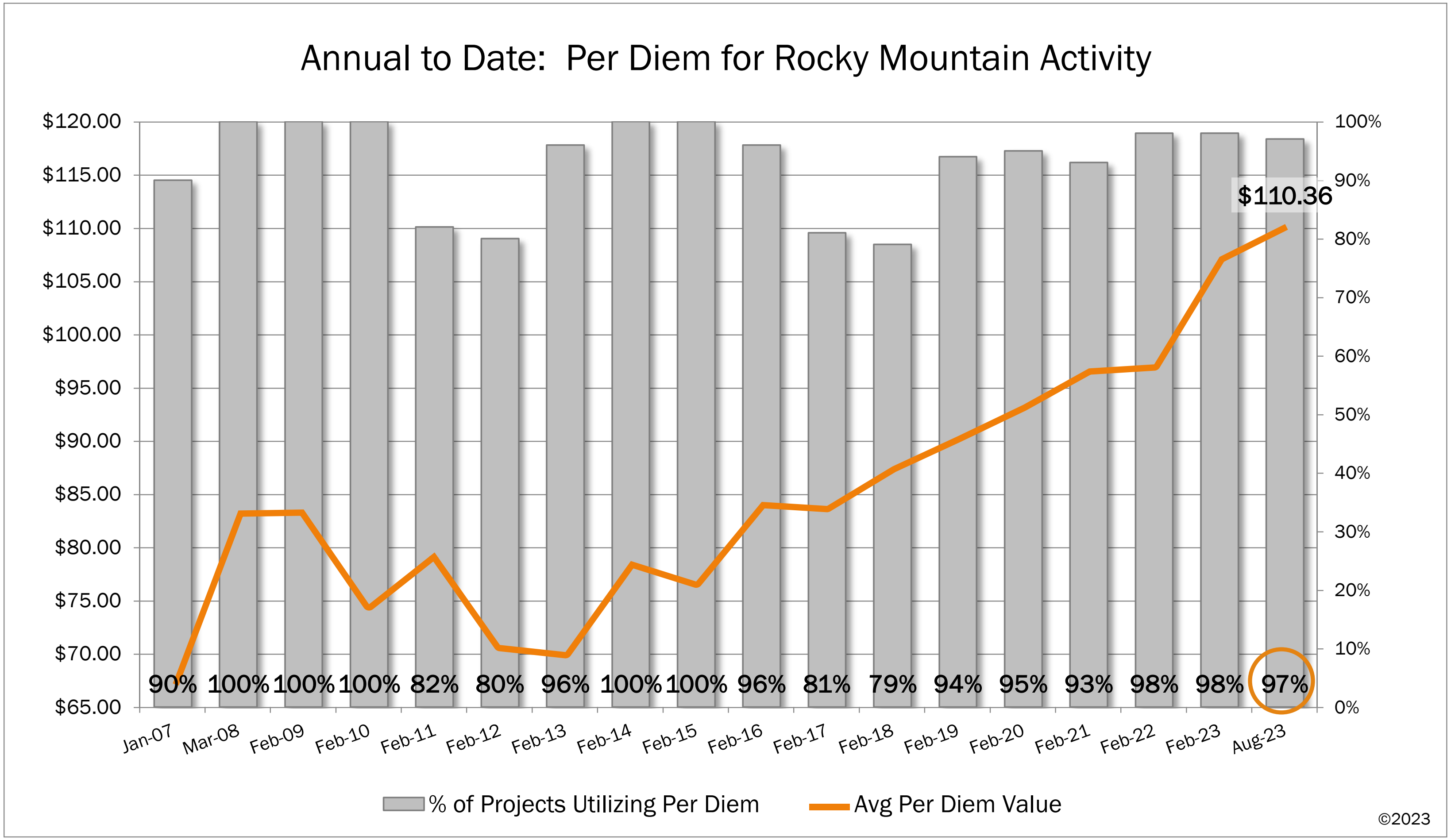


Y/Y PD Value: ↑ 2.6%
Y/Y PD Availability: ↑ 2%

Rocky Mountains



Rocky Mountains



Y/Y PD Value: ↑ 6.9%
Y/Y PD Availability: Equal