

## Delta Variant Seen As Cloud Over Construction Industry for 2022

The Delta variant of Covid-19 is a cloud over prospects for the construction industry in 2022 from but without it would likely be a booming economy, cautions Marcum, a national accounting and advisory services firm.

By **Ted Knutson** | September 07, 2021 at 03:00 AM

The Delta variant of Covid-19 is a cloud over prospects for the construction industry in 2022 from but without it would likely be a booming economy, cautioned Anirban Basu, chief construction economist for Marcum, a national accounting and advisory services firm.

Basu also sees inflation as a risk: “Elevated inflation is likely to persist into 2022 as global suppliers continue to struggle to keep up with elevated demand for goods and services. Accordingly, contractors should assiduously work contingencies into their contracts to protect themselves from additional materials’ price spikes.”

The newly released **Marcum Commercial Construction Index** for the second quarter of 2021 reports that the construction industry has lagged the broader rate of economic recovery with residential construction outpacing nonresidential.

As of July, residential construction employment was up 6% year-over-year, well above the 1.2% growth in the nonresidential segment, Basu noted in commenting on the results of the index.

He said both puts the blame for a lack of better growth in both sectors on a shortage of construction workers, many who have retired since the Covid-19 pandemic began while some are being lured away by other industries.

The Delta variant has the potential to stifle construction starts this year, Richard Branch, chief economist for Dodge Data & Analytics has asserted:

“It is a risk that cannot be fully discounted.”

Construction starts fell 3% in July to a seasonally adjusted annual rate of \$854.8 billion, Dodge Data & Analytics has said.

All three major sectors—residential, nonresidential building and nonbuildings—moved lower.

According to a recently GlobeSt.com article, Dodge found Commercial planning **fell 3%** and institutional planning dropped 9% in July from higher material prices and shortages of skilled labor

Even with the decline, the company said the Dodge Momentum Index sits near 2018 levels. In addition, the index was 25% higher than in July 2020, with institutional planning up 27% and commercial planning 25% higher than last year.

In July, the National Association of Home Builders predicted the [shortage of labor](#) will be a rising challenge for construction firms in the coming quarters.

NAHB Chief Economist Robert Dietz asserted [more workers are needed in the construction industry](#) for housing supply to increase. He pointed out to accomplish this, labor force participation needs to be better than its current 61.6% rate for both construction and the overall economy.