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Engineering Business Sentiment 2022 Q1

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ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES



2022 Q1: Current Business Conditions

- Current sentiment in the engineering and design services industry is extremely optimistic. The Net Rating for the firm's overall finances is a staggering +88 and +82 for the engineering industry. Both metrics improved significantly compared to last quarter (2021 Q4).
- The Net Rating for the U.S. Economy is much lower, although still positive, at +29 and represents a significant decline from +40 last quarter.
- Current sentiment remains strongly optimistic within all market sectors.
- The median firm backlog stands unchanged at 10 months.

2022 Q1: Future Business Conditions

- Future sentiment is very optimistic for the firm's finances (Net Rating +51) and for the industry (+42), but very weak for the U.S. Economy (-3).
- Future sentiment increased slightly for firms and the industry but fell by 9 points for the U.S. Economy revealing continued concern about the economy at large.
- Sixty-six percent of respondents believe their firms will see an increase in backlog of projects over the next year, up slightly from 64% last quarter.
- Eighty percent of respondents predict there will be an increase in hiring over the next 12 months at their firms, up from 74% last quarter.

2022 Q1: Hot Button Issues

- Ninety percent of respondents currently indicate their organization has at least one opening, an increase from 87% last quarter.
- Respondents are very concerned about **inflation** (73% agree), and while they believe the Infrastructure Investment and Jobs Act (IIJA) will provide opportunities for their firms (62%), they are less likely to believe it will lead to **profitability** for their firms (39%).
- Ninety percent of respondents say that the average salary at their firm increased in the past year.
- The “average firm” salary increased five percent over the past year, although 14% of firms report average increases of 10% or more.

Future Industry Sector Sentiment

- Future sentiment is very optimistic in most sectors in the first quarter of 2022.
- Optimism is strongest in the Roads and Bridges (Net Rating +67) and Water/Wastewater (+59) sectors.
- Future sentiment is weakest in the Justice (Net Rating 0) and Convention Centers, Sports Facilities and Cultural Facilities sectors (-5).
- Compared to last quarter (2021 Q4), sentiment in most sectors is lower now, perhaps reflecting concerns about the U.S. Economy as a whole going forward.

Future Hiring Projections

- Eighty percent of respondents predict there will be an increase in hiring over the next 12 months at their firms, up from 74% last quarter.
- The Midwest is most optimistic about an increase in employment (87%), while the West is least optimistic at 74%. However, both regions saw significant improvements in sentiment compared to last quarter.
- Firms with 25 employees or fewer are significantly less optimistic about an increase in employment (59%) compared to other firms.
- However, firms of all sizes are more optimistic this quarter compared to last.

Methodology

- The ACEC Research Institute sent the survey to the leadership within ACEC member firms. Data collection occurred between January 12 and January 23, 2022.
- Of a total of 9,592 potential respondents, 612 individuals completed the survey for an overall response rate of 6%.
- “Net Rating” is calculated by subtracting the negative ratings from the positive ratings.
- Therefore, a positive Net Rating indicates overall sentiment is optimistic while a negative Net Rating indicates an overall pessimistic sentiment. The higher the numeric value the stronger the sentiment (either optimistic or pessimistic).

Questions?