**ABC Construction Backlog Indicator**

**Definition and Methodology**

The Construction Backlog Indicator (CBI) is a forward-looking national economic indicator that reflects the amount of work that will be performed by commercial and industrial contractors in the months ahead. This new, national economic data set is the only reliable leading economic indicator offering this level of specificity focused on the U.S. commercial and institutional, industrial, and infrastructure construction industries.

# What is Backlog?

Backlog is the amount of work, measured in dollars, that construction companies are contracted to do in the future. The greater the value of the backlog, the more comfortable contractors can be with respect to their near-term economic circumstances. The smaller the value of the backlog, as a share of annual revenues, the less comfortable are the circumstances in which contractors are

operating. Excessively small backlogs imply that contractors are running out of work and need to identify and secure additional sources of future revenues.

The measure is particularly timely given ongoing economic turbulence as well as initiatives designed to countervail economic weakness, including the American Recovery and Reinvestment Act of 2009.

# Methodology

This national assessment of construction backlogs is based upon a confidential, monthly survey sent to ABC member companies located throughout the U.S. These members are active in various nonresidential construction segments and the results are disaggregated by these segments.

The formula ABC uses to convert reported backlogs measured in dollars into months of available work is:

## Current month’s level of backlogs (reported in dollars) ÷ prior fiscal year revenues × 12 = total months of forward-looking work under contract

To maximize the comparability of one month versus another, ABC has worked to maximize consistent reporting among survey sample participants. The effort has been supported by the longstanding relationships between ABC and its members, as well as carefully crafted communications with those responsible for responding to each monthly survey.

# Regional Highlights

CBI survey participants are asked to provide information regarding the geographic source of their revenues. Companies indicate the percentage of work performed in each of four regions of the country: Northeast, South, Middle States and West. The composition of regions is as follows:

# Northeast

# Maine Vermont

# New Hampshire

# Massachusetts

# Rhode Island

# Connecticut

# New York

# Pennsylvania

# New Jersey

# Maryland

# Delaware

# District of Columbia

# West Virginia

# South

# Virginia

# North Carolina

# South Carolina

# Georgia

# Florida

# Alabama

# Louisiana

# Mississippi

# Tennessee

# Kentucky

# Texas

# Oklahoma

# Arkansas

# Middle States

# Ohio Michigan

# Wisconsin

# Minnesota

# North Dakota

# South Dakota

# Nebraska

# Kansas

# Missouri Iowa

# Indiana

# Illinois

# West

# Montana

# Wyoming

# Colorado

# New Mexico

# Arizona

# Utah

# Idaho

# Nevada

# Washington

# Oregon

# California

# Alaska

# Hawaii

# Industry Highlights

CBI survey participants also identify the approximate percentage of their company’s revenue performed in each of three construction segments/categories. These categories are:

Commercial and Institutional – Construction related to office space, retail, malls, restaurants, multifamily, mixed use, hotels/convention centers, arenas, stadiums, hospitals, nursing homes, assisted living centers, K–12 schools, colleges/universities, military bases, government research centers, distribution/fulfillment centers, warehouse space, flex space, data centers, etc.

Heavy Industrial – Construction related to manufacturing facilities, refineries, agricultural processing plants, automotive factories, cracker facilities, etc.

Infrastructure – Construction related to supply of water, wastewater disposition, power generation/distribution, roads/highways/bridges, ports, telecommunications infrastructure, etc.

# Company Revenue Highlights

CBI survey participants are asked to provide information regarding their company’s annual revenues. Using this data, firms are then placed into one of five revenue categories:

Less than $30 million;

$30 million-$50 million;

$50 million-$75 million;

$75 million-$100 million;

More than $100 million.