



## ABC Construction Backlog Indicator Methodology

### Definition and Methodology

The Construction Backlog Indicator is a forward-looking national economic indicator that reflects the amount of work that will be performed by 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.

### Methodology

This national assessment of construction backlogs is based upon a confidential, monthly survey sent to ABC member companies located throughout the United States. 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:

$$\text{Current month's level of backlogs (reported in dollars)} \div \text{prior fiscal year revenues} \times 12 = \text{total months of forward-looking work under contract}$$

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 in which region they primarily work: Northeast, South, Middle States and West. The composition of regions is as follows:

<b>Northeast</b>	<b>South</b>	<b>Middle States</b>	<b>West</b>
Maine Vermont	Virginia	Ohio Michigan	Montana
New Hampshire	North Carolina	Wisconsin	Wyoming
Massachusetts	South Carolina	Minnesota	Colorado
Rhode Island	Georgia	North Dakota	New Mexico
Connecticut	Florida	South Dakota	Arizona
New York	Alabama	Nebraska	Utah
Pennsylvania	Louisiana	Kansas	Idaho
New Jersey	Mississippi	Missouri Iowa	Nevada
Maryland	Tennessee	Indiana	Washington
Delaware	Kentucky	Illinois	Oregon
District of Columbia	Texas		California
West Virginia	Oklahoma		Alaska
	Arkansas		Hawaii

**Industry Highlights**

CBI survey participants also identify the segment/category in which they primarily work. 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.