

Project delays and cancellations remain high

Backlog holding steady, if not improving, construction industry executives report

Compiled by Jenni Chase
Source: FMI Corp.

Project delays and cancellations continue to be much higher than normal, according to FMI Corp.'s Nonresidential Construction Index (NRCI) Report, Second Quarter 2010. Participants in the Raleigh, N.C., management consulting firm's NRCI study reported a "normal" rate of project delays to be 5 percent of

annual projects. For the second quarter of 2010, those same construction industry executives reported project delay rates of 18 percent. The good news: The second quarter marked the first time panelists indicated a drop in project delays since third quarter 2008. "It is a small change from 20 percent to 18 percent, but we can

take it as a good sign," the report stated. Contractors reported backlogs of eight months in the second quarter of 2010, down from 11 months in first quarter 2008. About 44 percent of study participants said they expect backlog to stay about the same. To purchase the full version of the NRCI report, visit www.fminet.com.

Project delays and cancellations

	Q3, 2008	Q1, 2009	Q2, 2009	Q3, 2009	Q4, 2009	Q1, 2010	Q2, 2010
If you are experiencing project delays, what percentage of your projects would you estimate are affected?	15%	20%	20%	20%	20%	20%	18%
If you are experiencing cancellations due to owner financing problems, what percentage of your projects would you estimate are affected?	5%	10%	10%	10%	10%	10%	10%
What would you consider a normal rate of project delays as a percentage of annual projects?	5%	5%	5%	5%	5%	5%	5%
What would you consider a normal rate of cancellations as a percentage of annual projects?	3%	2%	3%	2%	3%	3%	2%

Source: FMI Corp.'s Nonresidential Construction Index Report, Second Quarter 2010, <http://www.fminet.com>

Backlog in months

	NRCI results Quarter1, 2010			NRCI results Quarter2, 2010		
	High	Median	Low	High	Median	Low
Approximate current signed backlog (in months)	72.0	8.0	1.0	72.0	8.0	1.0
Expected change in backlog	Grow faster than last quarter	Stay about the same as last quarter	Shrink compared with last quarter	Grow faster than last quarter	Stay about the same as last quarter	Shrink compared with last quarter
	21.3%	47.3%	31.3%	30.5%	44.6%	24.9%

Source: FMI Corp.'s Nonresidential Construction Index Report, Second Quarter 2010, <http://www.fminet.com>