



2020 engineering and construction industry outlook

Executive summary

The engineering and construction (E&C) industry experienced robust activity in 2019. The year ahead promises continued dynamism as E&C firms are positioned to be active participants in building the smart, connected future. Much of this activity will be focused on the increasing urban global footprint, where smart city mega-projects are on the rise. Closer to home, the US transportation and infrastructure upgrade initiative promises to infuse the country's failing bridges and roadways with investments for E&C companies to participate. However, there are some challenges that face E&C firms moving forward as well. These include continued cost pressure and labor shortages that could complicate the productivity of the industry and constrict revenue. The adoption of digital technology and artificial intelligence could alleviate some of these issues, but there is the additional challenge of efficiently and effectively implementing the technology.

What to expect in 2020:



Market disruptions

Traditionally low margins combined with increasing project complexity, fierce competition from Asian companies, and supply chain costs will likely continue to put pressure on US companies' profitability in 2020. However, trends like rising modularization and prefabrication and assembly of building elements off-site is positively impacting productivity and margins.



Smart cities

The projection that 68 percent of the world could be living in urban areas by 2050 presents opportunities for the E&C industry support environmentally sustainable city development that includes digital enablement to improve urban quality of life.



Infrastructure projects

There are plans for significant investments in infrastructure projects by the US government, which could possibly drive significant revenue and create additional jobs for the E&C industry.



Digital

Disruptive technologies have the potential to provide efficiency, productivity, and safety breakthroughs that the industry has sought for decades.

How to prepare for 2020:

Emerging technologies and megatrends like urbanization are the driving forces of business in the 21st century, and they both present opportunities for the engineering and construction industry today. The companies that successfully create and execute a strategy to embed digital in their businesses will likely be better positioned to survive the cost pressures and labor shortages that currently face the industry. These firms will also be well situated to support the rise of smart cities, and the year ahead promises opportunities for savvy E&C firms to take the lead.

For more information, or to download the full report, visit:
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