

Precast is booming

Are you delivering?



Public and private investment in infrastructure keeps rising as America gets back to building more livable communities. The precast concrete industry is booming as a result. In an economic climate ripe for opportunity, precasters will need to reinvest in tools, equipment, and technology to compete.

MARCH 5, 2019

Sales of precast concrete continue to grow as residential, commercial, and municipal projects drive market demand. Public and private investment in infrastructure projects is rising in step with economic indicators. Precasters positioned to take advantage of current market trends will need the right tools, equipment, and technology to compete for new customers and to meet expectations of existing ones.

National Precast Concrete Association (NPCA) sees a steady boost in business for precasters in the foreseeable future. “Our *Precast Forecast* predicts a 3% increase in total sales next year, raising the industry’s bottom line to \$21.2 billion in annual sales of precast concrete, prestressed concrete, and reinforced pipe products in North America.”¹

While policymakers push for a national infrastructure bill, many municipal agencies are using recent increases in revenue to fund projects favored by constituents, reports The Wall Street Journal. “State and local government investment in roads, bridges, buildings, and other infrastructure is now showing signs of a real recovery. New money is going into projects aimed at making cities and towns more livable and efficient. Bigger state and local tax collections, propelled in part by an acceleration in sales tax receipts from consumer spending, is boosting capital projects and driving a municipal borrowing boom. At a time when other engines of US economic growth show signs of slowing, public spending at the state and local level could help keep the expansion going.”²

Private sector investment is also solidifying the precast mix for 2019. Equity firms are on course to raise a record amount for infrastructure outlay, according to The Wall Street Journal. “The US is the largest market for energy infrastructure assets, which by and large aren’t owned by the government. The energy industry’s fracking revolution and the country’s shift to being a net exporter of natural gas, as well as the boom in green energy projects, have created new opportunities for investment.”³

Given the solid backing by municipal agencies and private equity firms, coupled with the call for more livable communities, America may be seeing the next wave of infrastructure development, especially so if funding passes at the federal agency level.

Ready or not

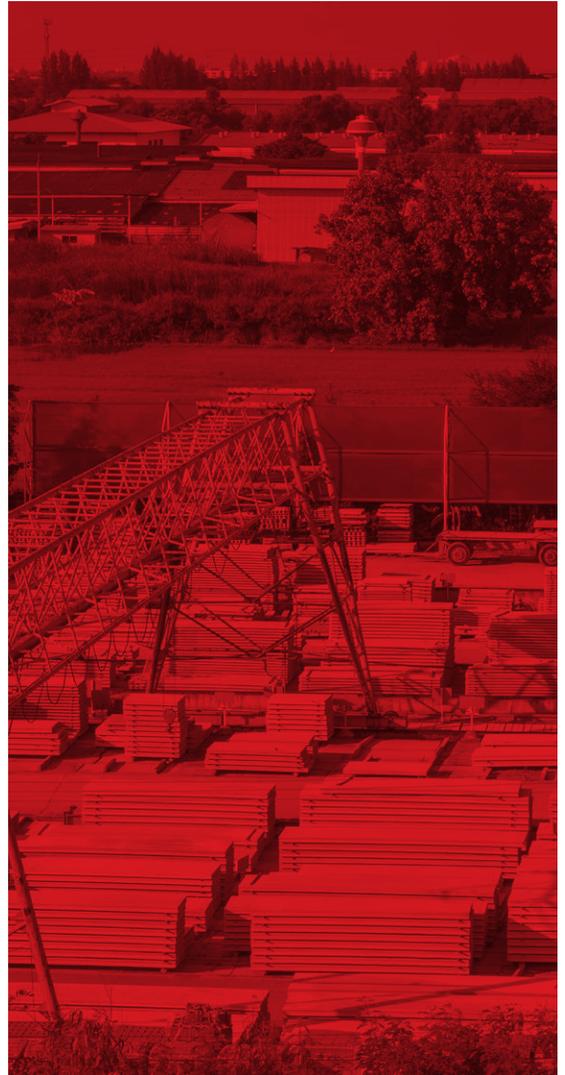
Precast concrete businesses ready to take on new market opportunities and increased project loads will benefit most from the boom. The level of preparedness runs the gamut from having experienced workers—and enough of them—to the degree of technology deployed effectively.

Technology, tools, and equipment are among the key differentiators at a tactical level for winning bids, delivering on expectations, and gaining repeat business.

Reinvestment in capital equipment is especially strong industrywide. Wells Fargo Equipment Finance surveyed 441 construction executives in 48 states for *2019 Construction Industry Forecast* and found nearly universal agreement in the timing to reinvest. “Ninety-six percent of contractor respondents plan to purchase new or used equipment in the coming year. Of those 76% plan to maintain or increase their purchases of new equipment compared to the prior year.”⁴

For precasters the right equipment may mean the difference between landing more business or losing market share. Productivity, safety, and project size and scope can all be impacted by the type of equipment a precaster brings to each job.

“We had a number of precasters stop by our booth at the recent NPCA The Precast Show 2019 and ask about the latest designs, software applications, and safety upgrades with our products,” says Brent Petring, General Manager of QMC Cranes. “There seems to be a genuine interest in reinvesting in state of the art equipment during the precast boom. We can help make that happen. QMC is ready.”



Industry Brief prepared for and presented by QMC Cranes as an overview of recent industry trends compiled from various public sources. For more information visit QMCcranes.com.

SOURCES

¹ *Public Works Could Fuel Positive Year in Precast*, National Precast Concrete Association, February 1, 2019.

² *State and Local Investment Gets Life From Rising Revenue*, The Wall Street Journal, December 15, 2018.

³ *Investment in Infrastructure Is Booming*, The Wall Street Journal, October 7, 2018.

⁴ *2019 Construction Industry Forecast*, Wells Fargo Equipment Finance, February 27, 2019.