

Region 4 (AR, LA, OK, TX) Greg Hughes, Kinnunen Sales & Rental, Stillwater, OK:

Economics:

Distributors and Manufacturers Representatives in Region 4 are somewhat split in terms of how 2017 is shaping up. Arkansas, Texas, and Oklahoma are reporting modest sales growth over 2016 and are cautiously optimistic about Q3 and Q4. The Distributors and Manufacturers Representatives covering Louisiana are reporting flat to slightly lower sales figures compared to 2016. Unemployment rates and labor participation rates for each state are as follows respectively: Arkansas 3.5% & 57.6%, Louisiana 5.8% & 58.8%, Oklahoma 4.3% & 61.2%, and Texas 5.0% & 63.6%.

Texas – Construction employment posted its strongest first quarter in three years and the DFW market is booming, second only to New York City, with the most new construction. Toyota North American invested heavily in the Plano area and is expected to have a \$7 billion impact on the local economy. There will be over 4,000 employees moving to the area and into the seven buildings on campus. This project has already led to the construction of new luxury apartments and retail businesses in the Legacy West area. Since Toyota made this change public, several other corporations have also announced plans to relocate. Facebook’s Data Center in Fort Worth will also add to the landscape in the City of Fort Worth by building a \$267 million addition to the 100 acre data center project.

Louisiana – This state has definitely felt the effects of the energy sector first hand. There were a few very lucrative projects in the Southwest Region, as well as an upswing in residential construction. This stemming from the rebuilding of structures in 20 parishes that were designated federal disasters as a result of the flooding in August 2016. The overwhelming feeling is one of maintaining for the remaining part of 2017 with sales numbers flat to slightly below 2016 figures.

Oklahoma – Construction spending in 2017 is expected to double the increase in 2016 in all facets of construction with a projected \$501 billion coming from residential spending and \$732 billion coming in the form of commercial, institutional, industrial, and civil construction.

Arkansas – Commercial, residential and institutional spending continues to thrive while infrastructure spending is down slightly while waiting to see what happens with the federal infrastructure spending bill that has been proposed. Residential spending in 2017 is expected to continue its growth with a rate of 8.4% over 2016.

Industry Concerns:

One of the most pressing issues facing STAFDA distributors today is the trend of online retailers entering the construction supply markets and the battle to “keep up” in such a competitive space. It is a bit overwhelming to say the least if one is to attempt to begin building an online presence in 2017 and expect to see concrete results anytime soon. For those brick and mortar locations it is more important

than ever to rely on what has got us where we are today, with that being the relationships we continue to build by having boots on the ground and offering a level of service that the online suppliers are unable to provide. The true definition of success is not to try to be the best at doing what everybody else is already doing but to be the only one doing what we do.

Another pressing issue facing our industry, and specifically construction companies, is that job openings are outpacing job additions. The Associated General Contractors of America reported that two-thirds of the construction firms are having a difficult time hiring qualified workers to fill craft positions. Stephen Sandherr, CEO for the AGC, stated that “These shortages have the potential to undermine broader economic growth by forcing contractors to slow scheduled work or choose to not bid on projects, thereby inflating the cost of construction.”

Emerging Products and Technology: Tool loss and inventory tracking products have been developed by power tool manufacturers using blue tooth technology to reduce the time our customers spend looking for tools on a jobsite. As the popularity for power tools increases, so does the need to maintain control of that inventory thereby introducing products like the TICK from Milwaukee and the TAG from DeWALT. These types of devices will likely become more prevalent in the market as more products are introduced.