

# Construction Dive

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## **Contractors brace for more lockdowns as coronavirus cases spike nationwide**

Construction pros are doing what they can now to prepare for potential slowdowns or halts to construction work.

Joe Bousquin  
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*This is the first in a two-part series about the potential impacts of the country's surging coronavirus outbreak on the construction industry. [Click here for Part 2.](#)*

Eran Polack is hunkering down for a long, cold winter. As CEO of HAP Construction in New York City, he knows the signs that precede government orders to stop construction work, and lately, he's been seeing a lot of them.

"We've heard this song before," Polack said. "They closed the schools, so that's a sign. You can't have a restaurant open after 10 p.m. You can't open a gym, or have a gathering of more than 10 people. So, it's getting there."

Those signals have spurred Polack and his crews to step up work at Maverick, the 20-story, 312,500-square-foot condominium and ground floor retail project on West 28th Street where they're in the final stages of construction, in a race to beat the shutdown clock. That includes going to three shifts and working weekends before what Polack now feels is inevitable comes to pass.

"We will see another lockdown in New York City," Polack said. "I'm 100% sure about that."

He's taking other steps to prepare, too. For example, going into the Thanksgiving holiday, he shut down his firm's Midtown Manhattan headquarter offices with the plan of not opening again until Jan. 15, at the earliest.

“Safety’s the most important thing,” Polack said. “I’m closing the gates, and asking everybody to work from home.”

## **Nervousness about winter work**

Polack isn’t alone. As national virus case counts spike, and daily death tolls of nearly 2,100 people reach their highest levels since May, contractors around the country have been fretting about the potential for more stop-work orders to prevent the continued spread of COVID-19, similar to initial shutdowns that were put in place in the first weeks of the pandemic, prior to construction being deemed essential in most regions.

“I am worried about another shutdown, or some other hindrance to our work,” said Kyle Peacock, CEO of San Francisco-based Peacock Construction, a purveyor of health care and life sciences construction services, as well as commercial interior work. “Our leaders are incredibly challenged right now.”

And in Miami, Florida, Don Neff, president of LJP Construction Services, which deals in risk management and owner representation, said shutdowns are again a topic of conversation.

“They may lock it down again,” said Neff, who recently listened to a conference call for members of the Associated General Contractors of South Florida. “Everybody’s nervous about what may happen now.”

After the announcements of multiple vaccines coming to market in November, there were a few weeks of optimism in the construction industry that projects that have been put on hold would soon start up again. But now, as cases continue to spike nationally, there’s a growing realization among contractors that more shutdowns may be necessary even for ongoing projects, and that it may be a while before they open up again.

“I have clients right now that are thinking March and April to come up with the re-mobilization plan, and then getting people on the ground again in May and June,” said Joe Natarelli, leader of the construction practice at New York City-based national accounting firm Marcum.

He noted a hesitancy among contractors and owners to re-start shuttered jobs too early, with the possibility of future shutdowns still looming. “I know May and June sounds pretty far away, but contractors are using that as a starting point,” Natarelli said. “The last thing you want to do is start and then have to stop again.”

## **Possibility of federal shutdowns**

Beyond the immediacy of rising case numbers, however, construction thought leaders are also anticipating the very real chance of major pullbacks once Joe Biden becomes president in January.

“If you look at the parabolic shape of the infection curve and the current trends, and try to imagine what America looks like in January, it could be horrific,” said Anirban Basu, chief economist for Associated Builders and Contractors. “At that point, a newly inaugurated president might make the decision to shut things down to save lives, thinking that we’re only two or three months from a vaccine, and we’ve got to survive the next 60 to 90 days.”

Indeed, there’s even the possibility, given the change in the administration, that construction may not continue to enjoy the exceptional status it did in 2020 that allowed firms to continue working.

“This viral spread is so intense, it is conceivable that policymakers will decide in a more significant fraction of the country that construction is not an essential industry,” Basu said.

Biden has not said that he will push for mandatory federal shutdowns. Since being declared president-elect he has named a coronavirus advisory panel made up of medical and economic experts to help him decide how best to combat the virus.

## **More potential labor shortages**

Even if mandated stoppages don’t materialize, others are concerned with the ability to keep jobs going in the near-term, as more workers are impacted by the virus either by being infected themselves, or having to miss work to care for others.

“Even if it’s not a government shutdown, it could be a workforce absenteeism issue,” said Bob Barone, director at Torrance, California-based consultant Partner Engineering and Science. “There’s more people testing positive these days, and it’s more prevalent. And with schools shutting down. If you’re someone who has to leave your home to go to your job, like a construction worker, and you have a 6 year old, now you can’t go to work anymore. It has a ripple effect.”

Basu said contractors should take steps ahead of time to prepare for any potential pauses.

“If I’m looking at this scenario as a contractor and saying, ‘OK, what do I do?’ I basically have to put my business in hibernation and preserve cash,” Basu said. “It’s winter, we’re shut down. Once a vaccine liberates the economy and allows for more rapid growth, the question boils down to how many contractors will survive to take advantage of it.”

*For tips on how to prepare for potential shutdowns, [click here to read Part 2](#).*