

# Q2

## CUMMING INSIGHTS

Construction Market Analysis



# U.S. CONSTRUCTION MARKET OVERVIEW Q2 2023

The current economic moment remains extremely complex. Declines in single-family residential and residential improvements will lead a contraction in overall industry spending, while most nonresidential building and nonbuilding structure segments are expected to experience growth through 2023. Strong investment growth is expected across lodging, commercial, transportation, manufacturing, highway and street, water supply, and conservation and development, each with year-over-year growth rates nearing or exceeding 10%. Additionally, above-average investment growth is anticipated across office, healthcare, amusement and recreation, and sewage and waste disposal. Corrections in residential construction spending are anticipated to last into 2026, due to softening economic conditions, rate hikes and a possible recession. Consistent with historical industry cycles, similar corrections are expected to bleed over into nonresidential segments beginning late 2023 and into 2024.

New home sales are down nearly 20% year over year while median new home prices have fallen more than 10%. High interest rates and inflation have sidelined many first-time buyers and most institutional investors.

Office construction spending will be challenged by high vacancies, increasing sublease activity, rising unemployment, and tighter lending standards. Data centers (a subset of offices) will continue to outperform traditional office space. Warehouse and distribution, a subset of the commercial sector, remains in high demand and has grown in recent years to represent more than 50% of U.S. commercial investment.

Economy-wide, concerns have shifted from a potential energy crisis to a potential banking crisis – more specifically, risk-averse investors upending regulators' carefully-laid plans. We do not expect anything on the scale of 2008 (or even 1990), but tightening credit conditions will have sweeping consequences. Regulators remain mindful of inflation, and interest rates will be high for the foreseeable future. We are also beginning to see the long-forecasted effects of these rate hikes – from both the construction industry and the banking sector. Still, we would like to continue to sound a note of caution for those in the industry. We have seen markets change almost daily since 2020, and we expect this to continue. Fortunately, most of us have adapted to this situation, and contractors are less likely to be caught off-guard by sudden changes in the market.



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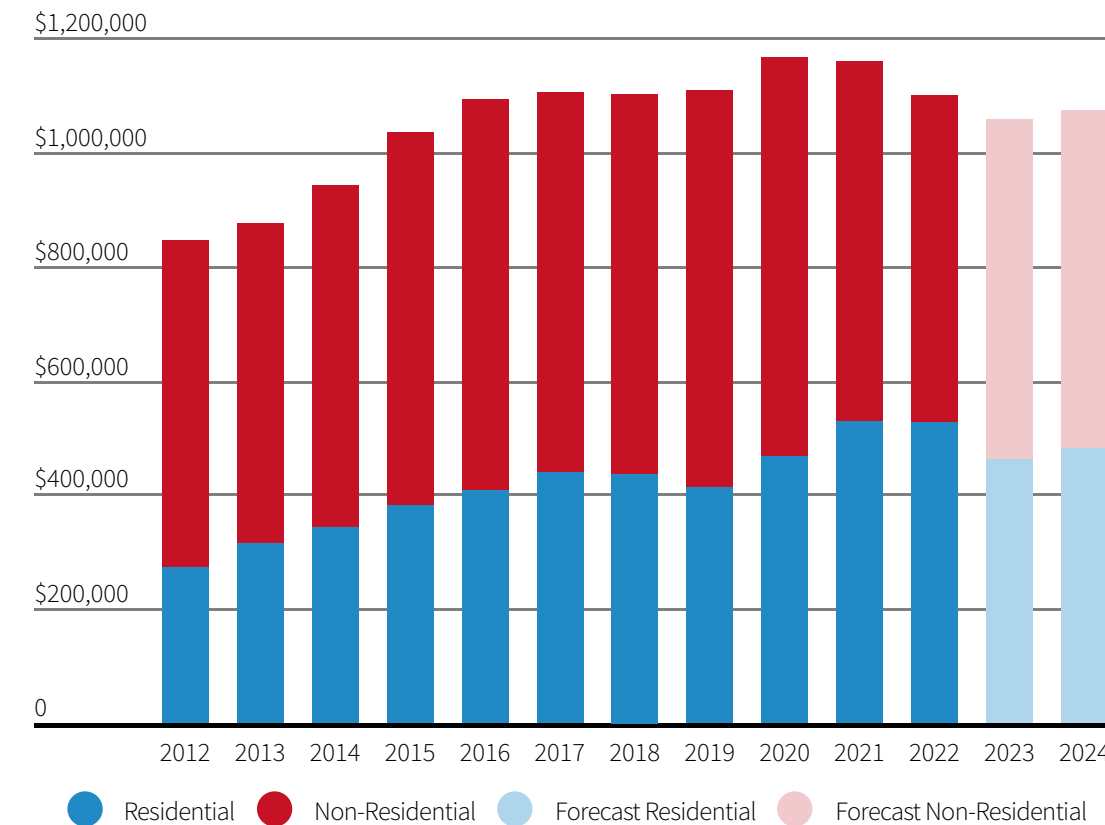


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## TOTAL CONSTRUCTION MARKET FORECAST

(x \$1M, Nominalized 2014)



SOURCE: IHS Market





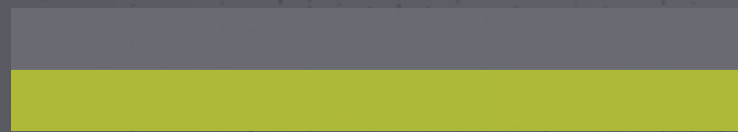
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# MATERIAL

## PRICE TRENDS



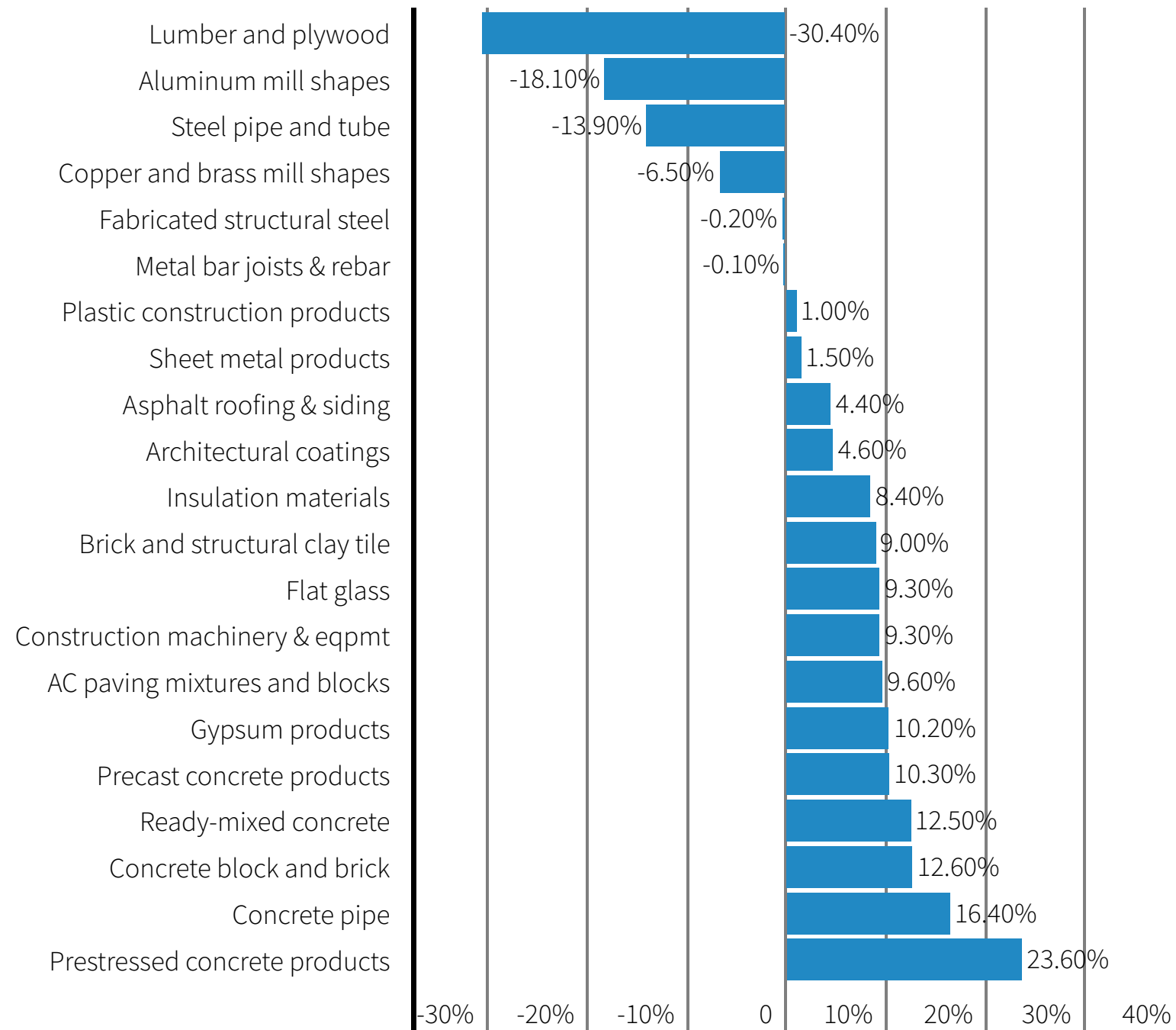


# DOMESTIC MATERIALS

Prices for exchange-traded nonferrous metals have strengthened over the last quarter despite questionable underlying fundamentals. Government spending in the U.S. and policy support in China have tipped the scale somewhat and kept prices from declining as demand tapers off. While additional fiscal and monetary support is likely to be announced to help stabilize the mainland Chinese economy as downside risks mount, we believe that the overall policy stance will be accommodative but not aggressive given mainland China's debt concerns.

We expect the prices for copper and nickel will continue to decline as a growing supply surplus will provide downward pressure into the third quarter, while aluminum and zinc prices will rise over the second half of the year. For the second quarter of 2023, Lumber price has a significant decrease of -30.4% year-of-year change as compared with its price level one year ago.

## Construction Materials Price Movement - Last 12 Months



SOURCE: U.S. Bureau of Labor Statistics

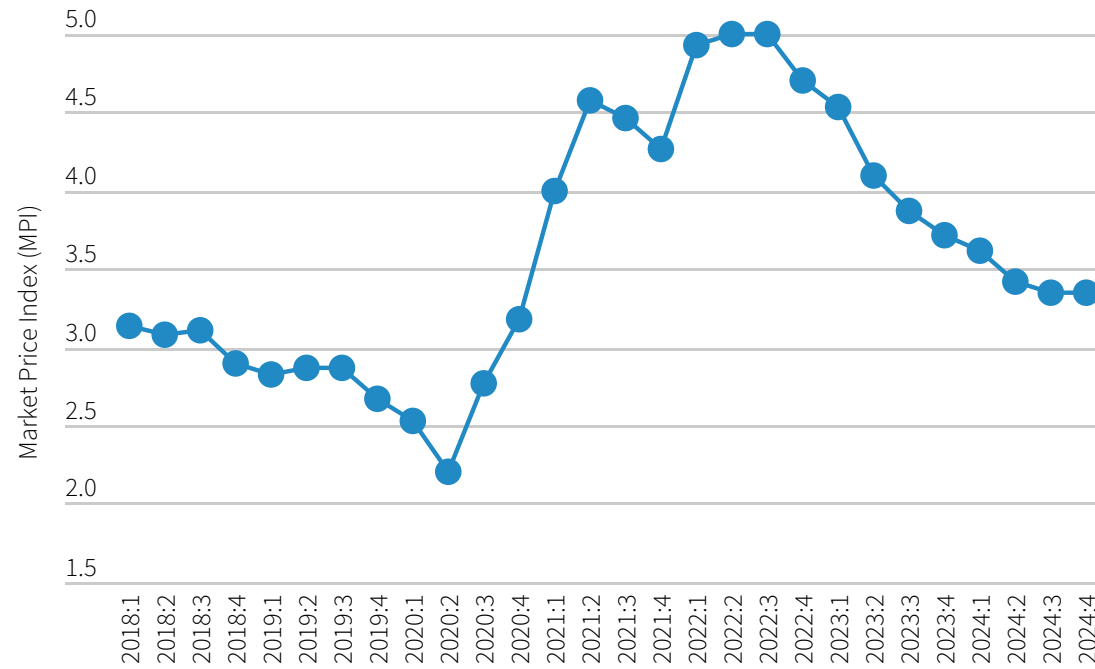
# COMMODITIES MATERIAL PRICE INDEX

The Materials Price Index (MPI) by S&P Global Market Intelligence turned up 0.6% in early June, reversing nine consecutive weekly declines. The increase was mixed, however, with exactly half of the 10 subcomponents rising. Despite last week's price rise, the story so far for the year remains one of falling commodity prices, with the MPI decreasing in 17 of the last 22 weeks. The index also sits 36% below its level at this time in 2023.

Rising iron ore prices were the major driver of the recent increase in the MPI. The main reason for this increase was news that the six state-owned banks in China planned to cut deposit rates, which were expected to boost construction activity. This news also led traders to speculate that further stimulus measures would be implemented, creating optimism on near-term demand conditions. However, global chemical prices have now fallen 20% since mid-April because of oversupplied markets, low feedstock costs, and weak demand in China.

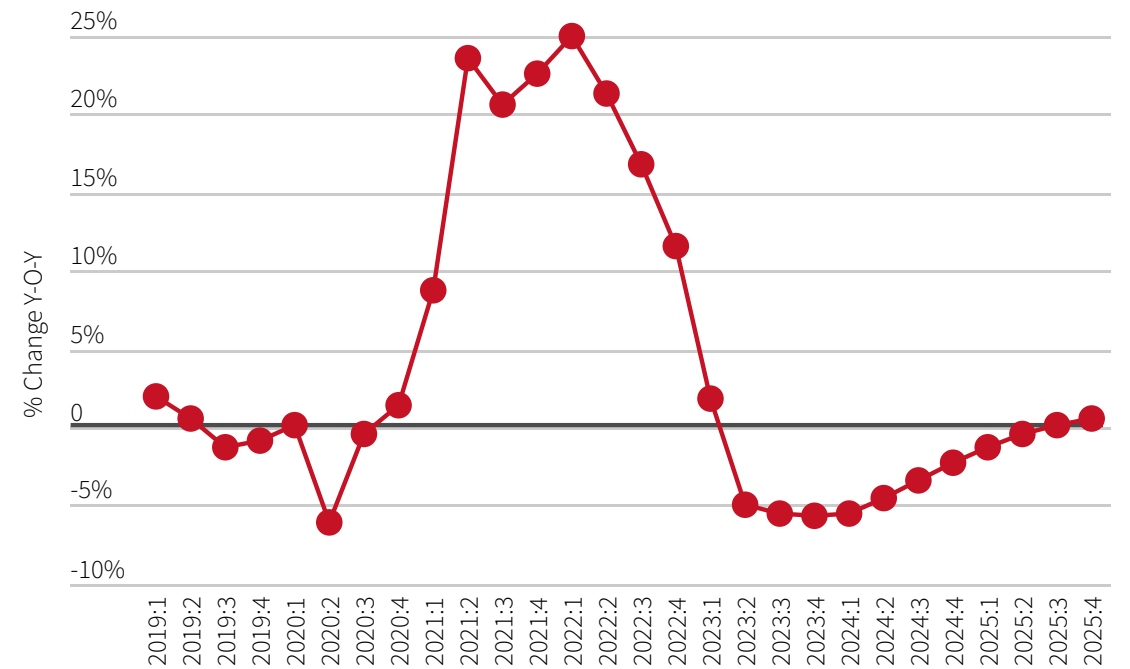
Strong consumer credit data in the U.S. added some optimism but also suggested that inflation remains stubbornly high. Consumer credit outstanding increased at an annual rate of 5.7% in April, the month following the failure of Silicon Valley Bank. Higher interest rates, uninspiring Chinese output, and globally weak demand will ultimately lead to lower commodity prices through this year.

IHS-Markit Materials Price Index 2019- 2024(MPI-2002Q1=1.0)



SOURCE: IHS - Markit

PPI, Inputs to Construction Industries, Goods, Annual Year-Over-Year Change

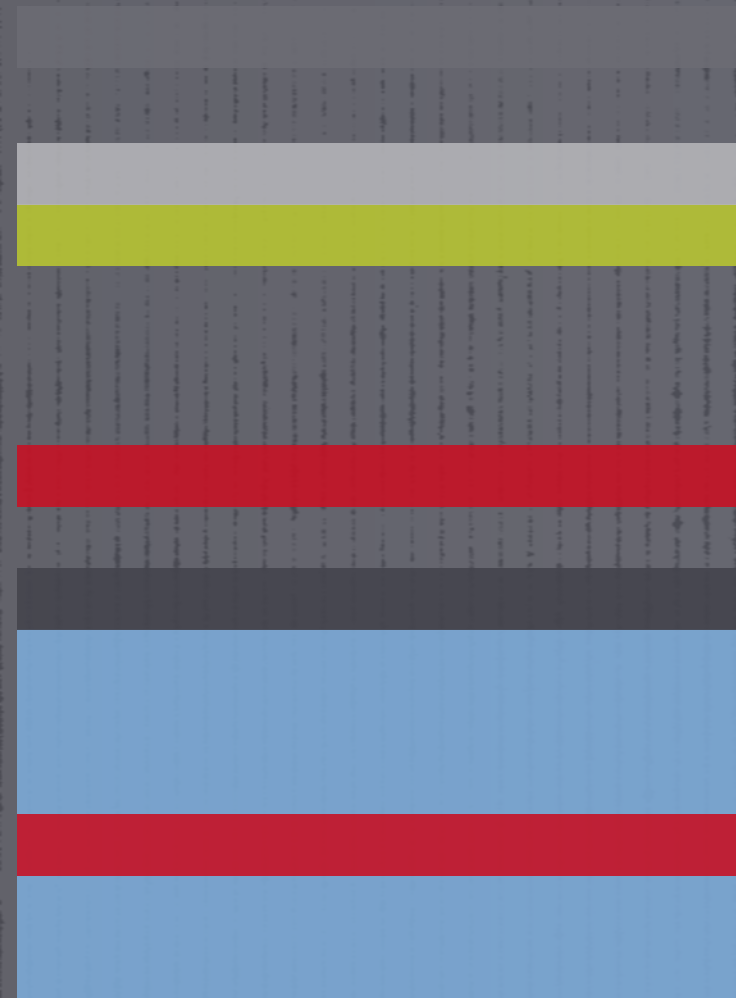


SOURCE: IHS - Markit

**“The Materials Price Index (MPI) by S&P Global Market Intelligence turned up 0.6% in early June, reversing nine consecutive weekly declines.”**

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# LABOR TRENDS

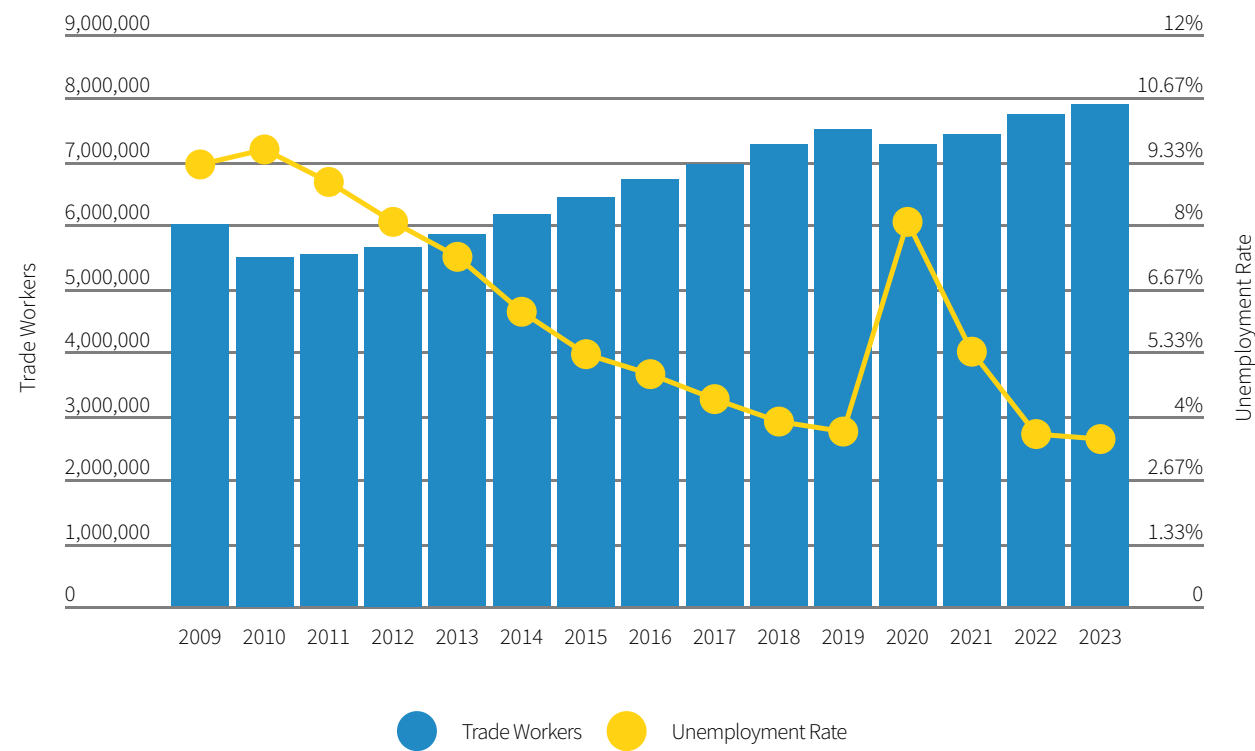


# U.S. CONSTRUCTION LABOR TRENDS

The construction unemployment rate declined from 3.8% in May 2023 to 3.5% in May 2023, the second lowest return for the month since records began in 2000. The construction industry will need to attract an estimated 546,000 additional workers over 2023 to meet the demand for labor. As the demand for construction services remains high, filling these roles with skilled craft professionals is vital to America's economy and infrastructure rebuilding initiatives. Next year, the industry will need to bring in more than 342,000 new workers on top of normal hiring to meet industry demand.

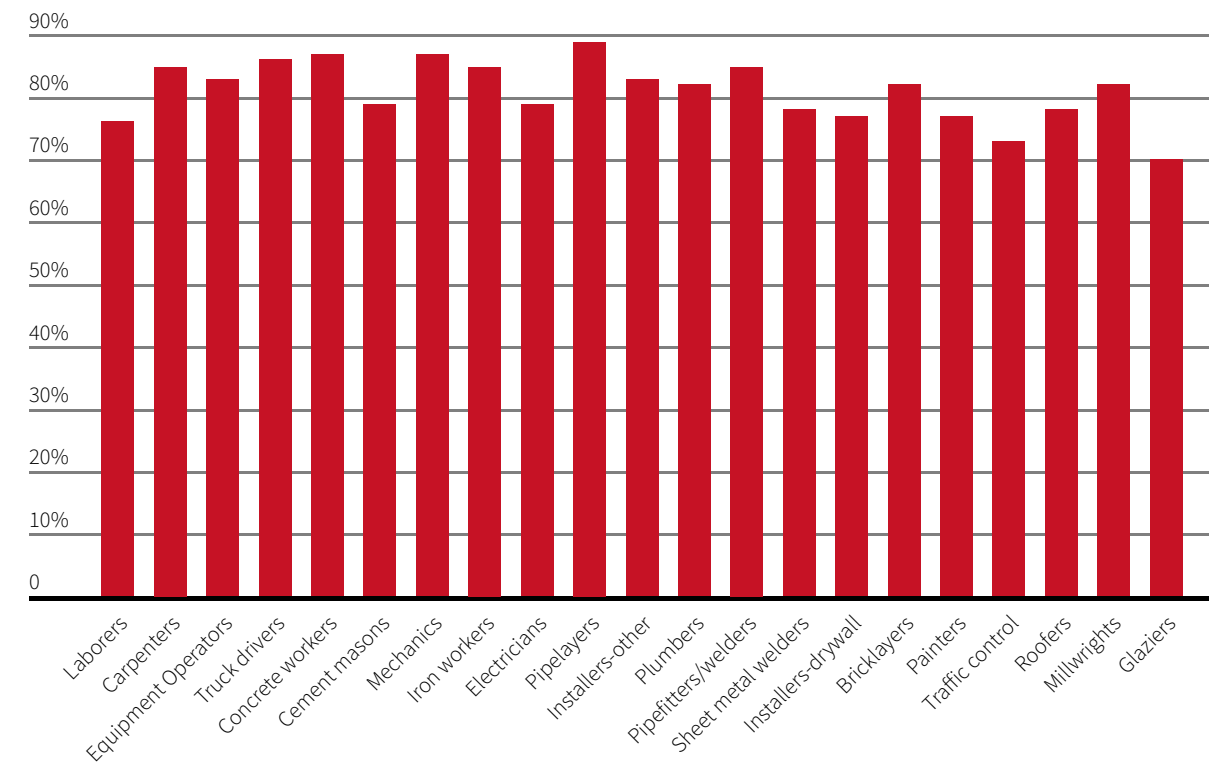
While single-family home building activity has moderated, many contractors continue to experience substantial demand from a growing number of mega-projects associated with semiconductor manufacturing plants, clean energy facilities and infrastructure upgrades. Second, too few younger workers are entering the skilled trades, meaning this is not only a construction labor shortage but also a skills shortage, especially with nearly one in four construction workers older than 55. Meanwhile, the number of skilled workers has grown at a much slower pace or, in the case of certain trades like carpenters, declined.

**National Construction Employment (2009-2022)**



SOURCE: U.S. Bureau of Labor Statistics  
AGC Labor Survey - 2018

**% of Contractors Having Increased Difficulty Filling Craft Positions in 2020 over 2019**

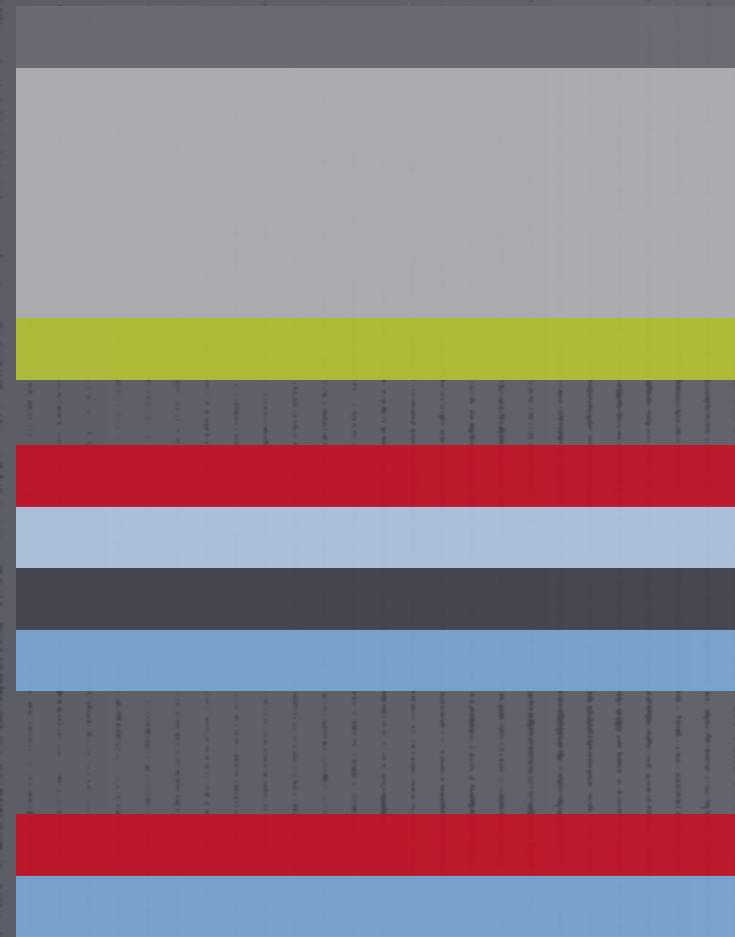




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# VOLUME

## + ACTIVITY



# U.S. CONSTRUCTION VOLUME

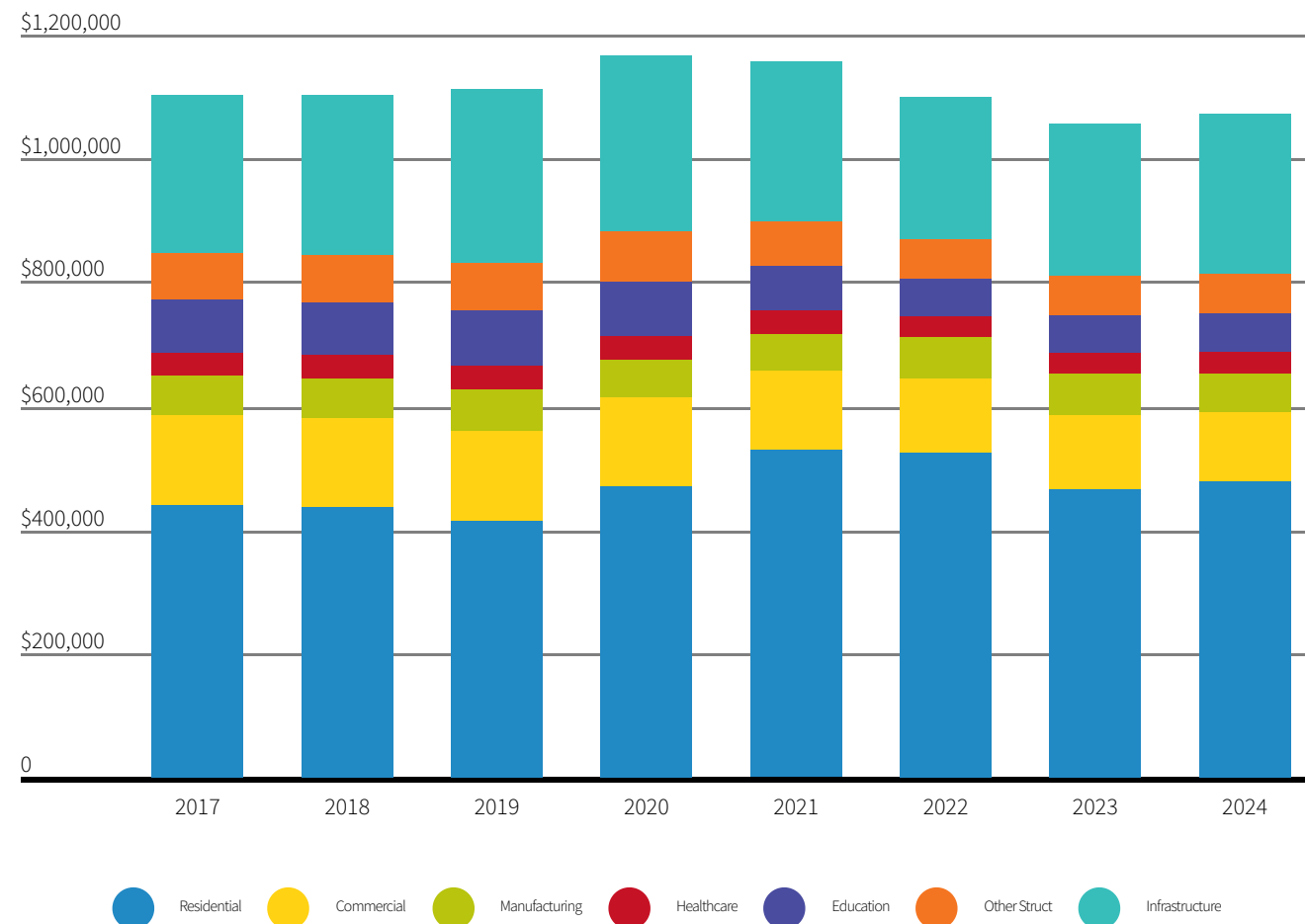
The overall U.S. construction volume is set to decline by 3.96% over 2023, after a 5.20% decrease last year. Residential construction starts fell 21% in January 2023 compared to the same month in 2023. The data indicates that the surge in construction projects due to the housing boom is likely coming to an end. New residential construction data from the past few years shows a sharp decline in new projects in early 2020, which aligns with the initial onset of the COVID-19 pandemic. They rose again and surged well above pre-pandemic levels in the second half of 2020 through the first half of 2023. The current rate of housing starts is down compared to 2023, but it is roughly on par with pre-pandemic levels.

## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

		2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	<b>Y-O-Y %</b>	<b>0.99%</b>	<b>-0.16%</b>	<b>0.76%</b>	<b>5.22%</b>	<b>-0.67%</b>	<b>-5.20%</b>	<b>-3.96%</b>	<b>1.60%</b>
Residential	Y-O-Y %	7.97%	-1.38%	-4.86%	13.28%	12.66%	-0.25%	-11.75%	3.48%
Commercial	Y-O-Y %	3.39%	1.89%	0.36%	-0.77%	-11.12%	-7.77%	-0.54%	-7.23%
Manufacturing	Y-O-Y %	-13.29%	-1.96%	5.72%	-9.59%	-0.86%	8.85%	5.87%	-10.83%
Healthcare	Y-O-Y %	5.02%	-3.12%	1.79%	2.50%	-4.49%	-7.61%	-2.49%	1.86%
Education	Y-O-Y %	2.89%	0.55%	2.49%	-0.72%	-15.26%	-16.47%	-0.72%	3.62%
Other Structure*	Y-O-Y %	5.70%	1.32%	1.34%	7.43%	-13.23%	-12.71%	-1.75%	1.07%
Infrastructure	Y-O-Y %	-8.95%	1.03%	8.36%	1.54%	-8.62%	-11.53%	7.69%	5.31%

◀ HISTORIC | FORECAST ▶

## Annual (x \$1m, Nominalized 2012\$)



SOURCE: IHS Market

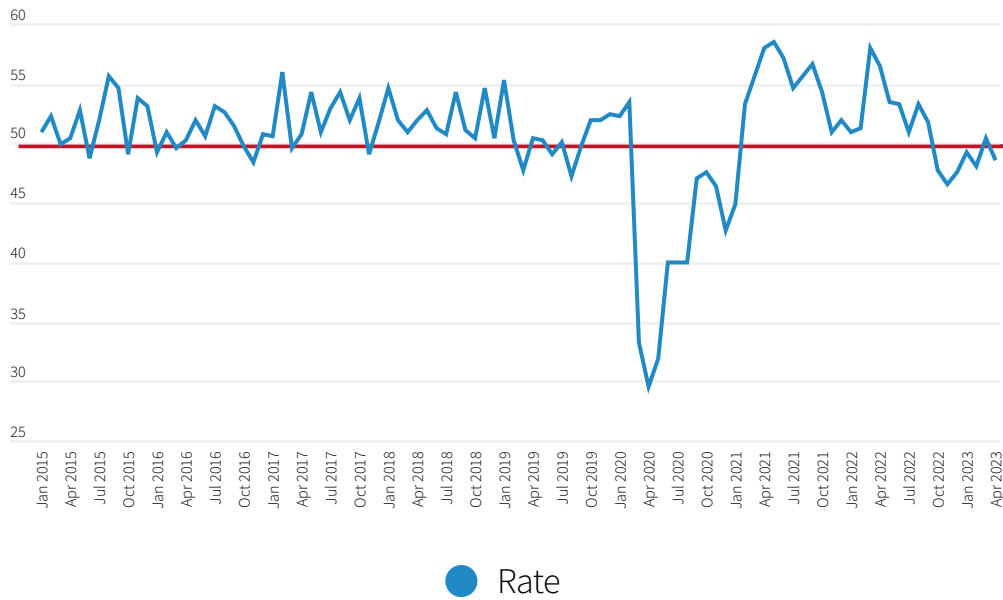
**“The overall U.S. construction volume is set to decline by 3.96% over 2023, after a 5.20% decrease last year.”**

# AIA ARCHITECTURAL BILLINGS INDEX (ABI)

The American Institute of Architects' Architectural Billings Index (ABI) is a leading indicator of growth in the construction industry. Any score above 50 indicates an increase in billings relative to the previous month (and therefore an increase in construction activity) while a score below 50 indicates a decline. The most recent ABI score is 48.5: indicating slight decrease going forward.

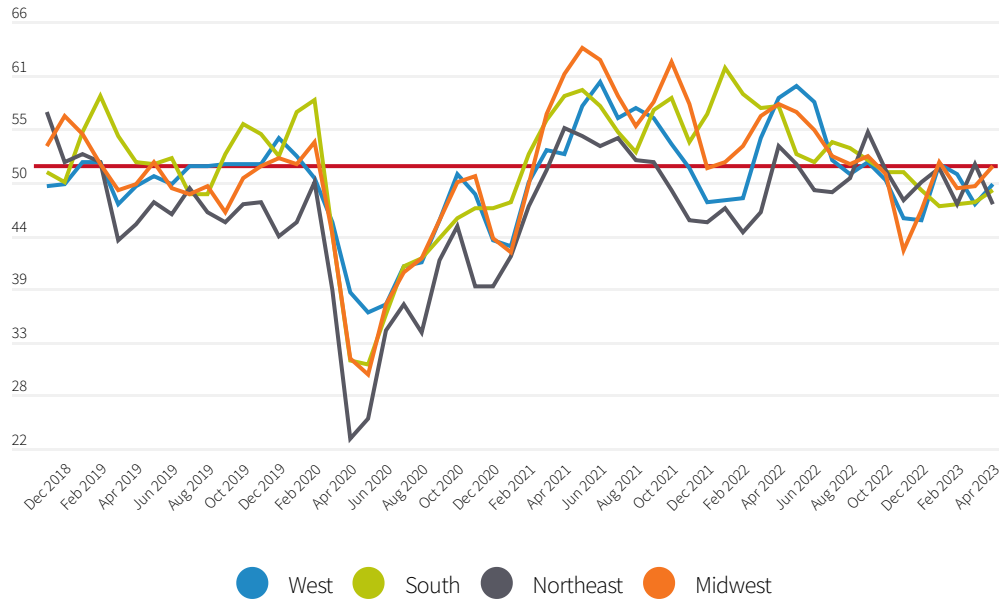
The Midwest region saw the highest value at 51.2, while other three regions all saw values below 50. The residential sector is the only sectoral figure to register shrinking, with an impressive 41.5 value. This sector has been shrinking since September 2023 with a value of 47.9. Both commercial and institutional sectors' billings had been decreasing for the past five months but began to increase this April.

## NAT'L (2016-CURRENT) RATE



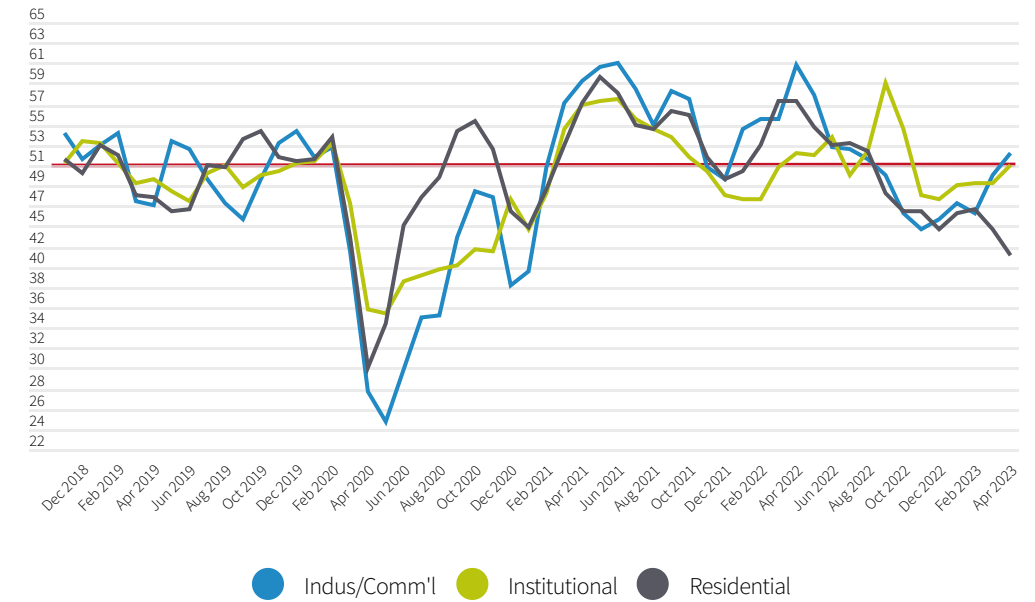
SOURCE: American Institute of Architects

## REGIONAL



SOURCE: American Institute of Architects

## SECTOR

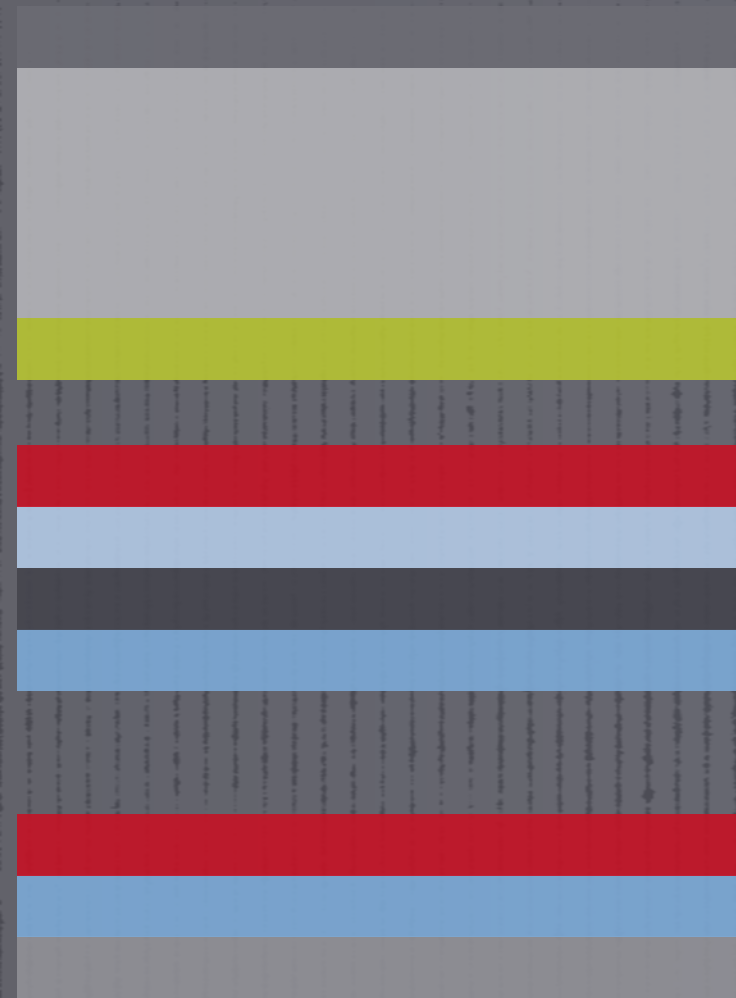


SOURCE: American Institute of Architects



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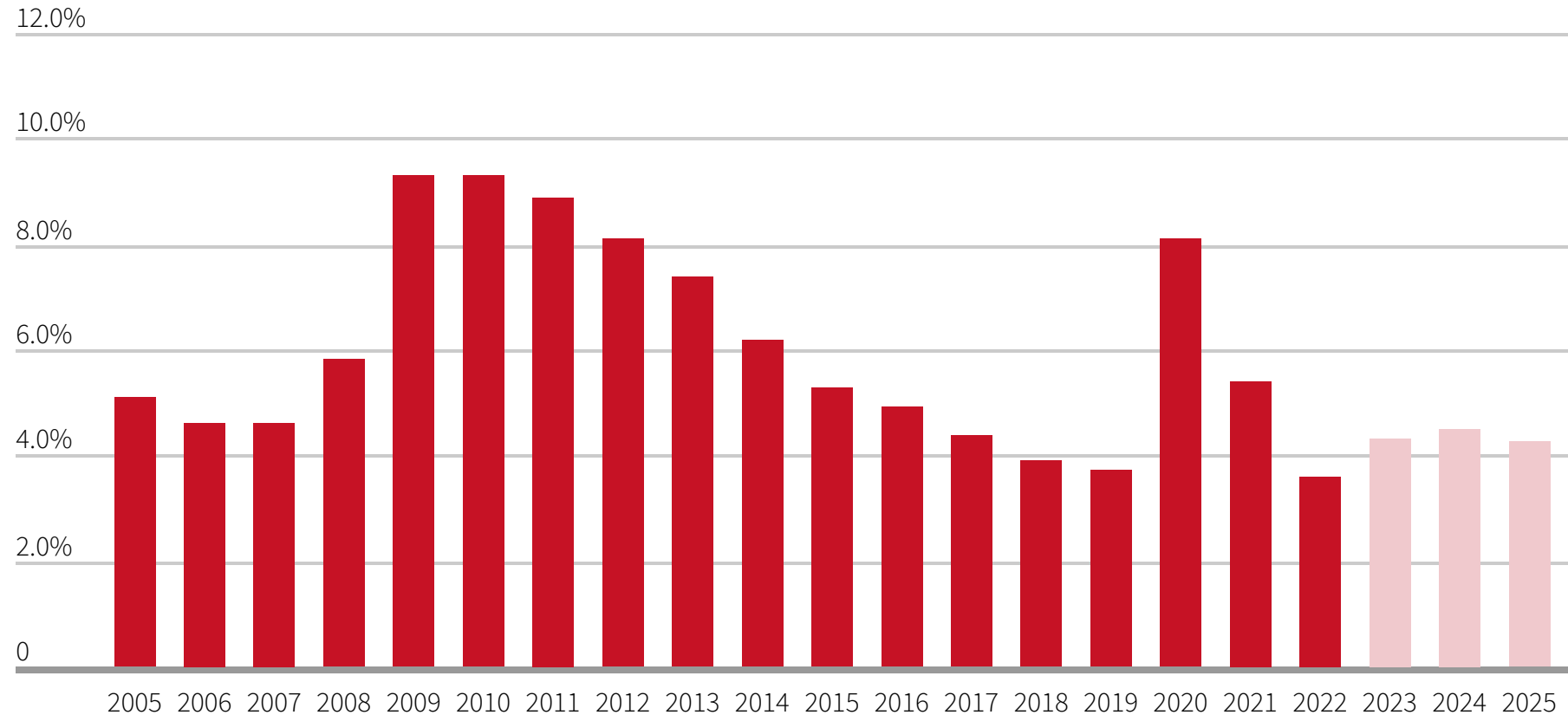
# NATIONAL INDICATORS



## UNEMPLOYMENT RATE

The U.S. unemployment rate is projected to increase from 3.6 % at the end of last year to 5.1 % at the end of 2023 before gradually declining to 4.5 % by the end of 2027. There are a few signs that the labor market is softening, which indicates that the impact of rate increases is beginning to be felt across the economy. According to the Bureau of Labor Statistics, nearly one hundred million workers voluntarily left their job over the past two years. However, this January, the level of resignations came in under four million for the first time since May 2021. January also saw an uptick in the number of workers who were laid off: 1.7 million, the highest number since early 2020 when the covid-19 pandemic forced millions out of the workforce. Increasing layoffs in February and March would indicate that the demand for labor is falling, which puts workers in a worse position to negotiate pay and benefits with future employers. All of these indicators point towards a softening in the labor market that the Federal Reserve hopes will decrease aggregate demand among consumers and lead to a fall in prices.

### U.S. Unemployment Rate Forecast (2005-2025)



SOURCES:  
 Historic - U.S. Bureau of Labor Statistics  
 Forecast - Wall Street Journal - Bi-monthly Survey

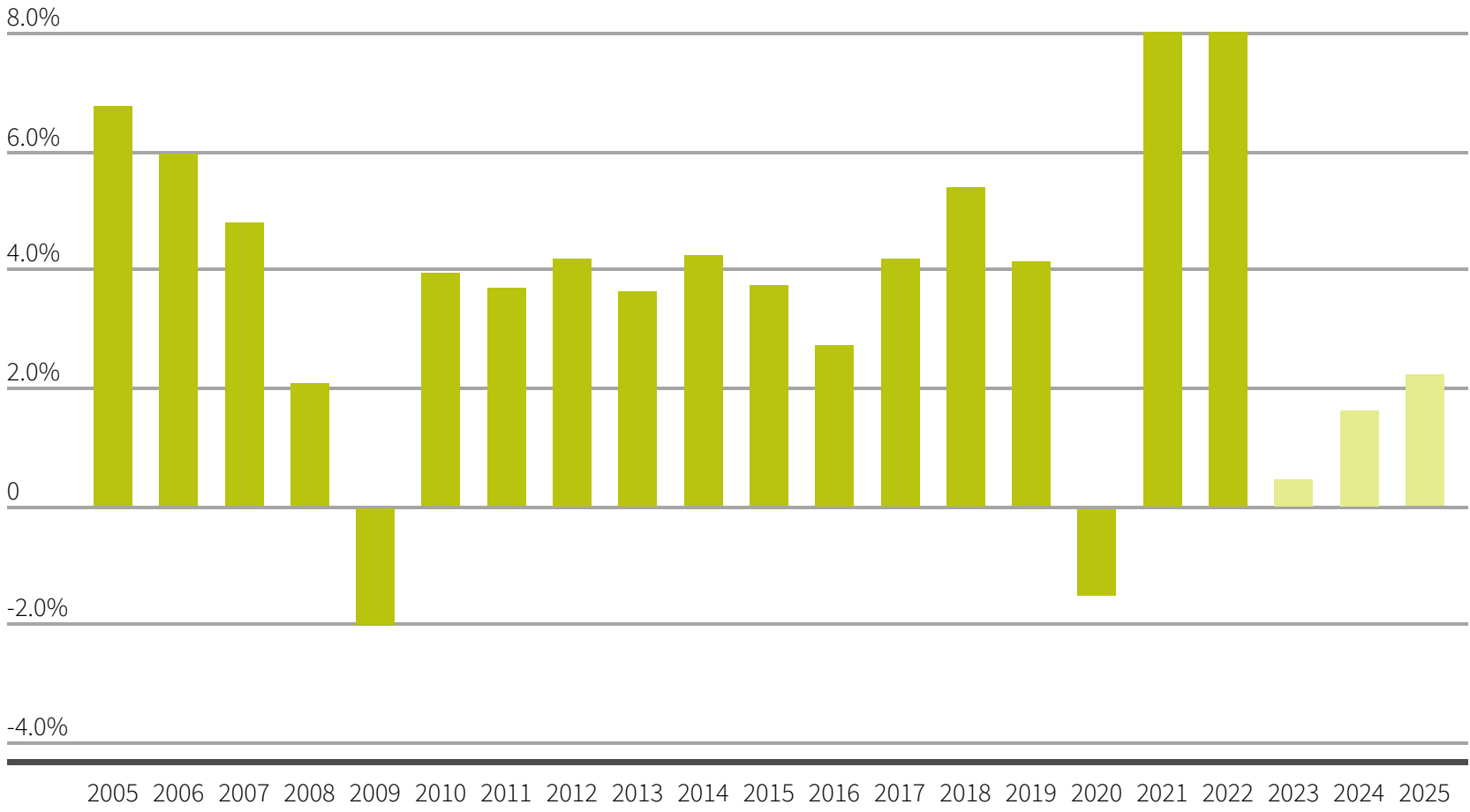
**“The U.S. unemployment rate is projected to increase from 3.6 % at the end of last year to 5.1 % at the end of 2023 before gradually declining to 4.5 % by the end of 2027.”**

## GDP ANNUAL GROWTH RATE

Gross Domestic Product (GDP) is the leading indicator of economic activity within a country, which tracks the sum of all final goods and services that change hands within its borders in a given period of time. Data for the third quarter of 2023 show that GDP grew by around 1.8 % on June 15, down from 2.2 % on June 8. We forecast annual GDP growth for 2023 around 0.5% and 1.6% for the year of 2024.

The U.S. economy is expected to continue to soften despite a healthy labor market, falling energy prices, and supply chain improvements. Stubborn inflation combined with rising consumer financial stress and tightening regulations in response to high-profile bank failures will add to financial sector woes. The growth of real GDP is expected to be tempered in 2023 by declines in home building and inventory investment. It is, fortunately, projected to rebound in the coming years as the growth of investment and exports increases as a result of lower interest rates, faster economic growth abroad, and a weaker dollar.

### U.S. Annual GDP Growth Forecast (2005-2025)

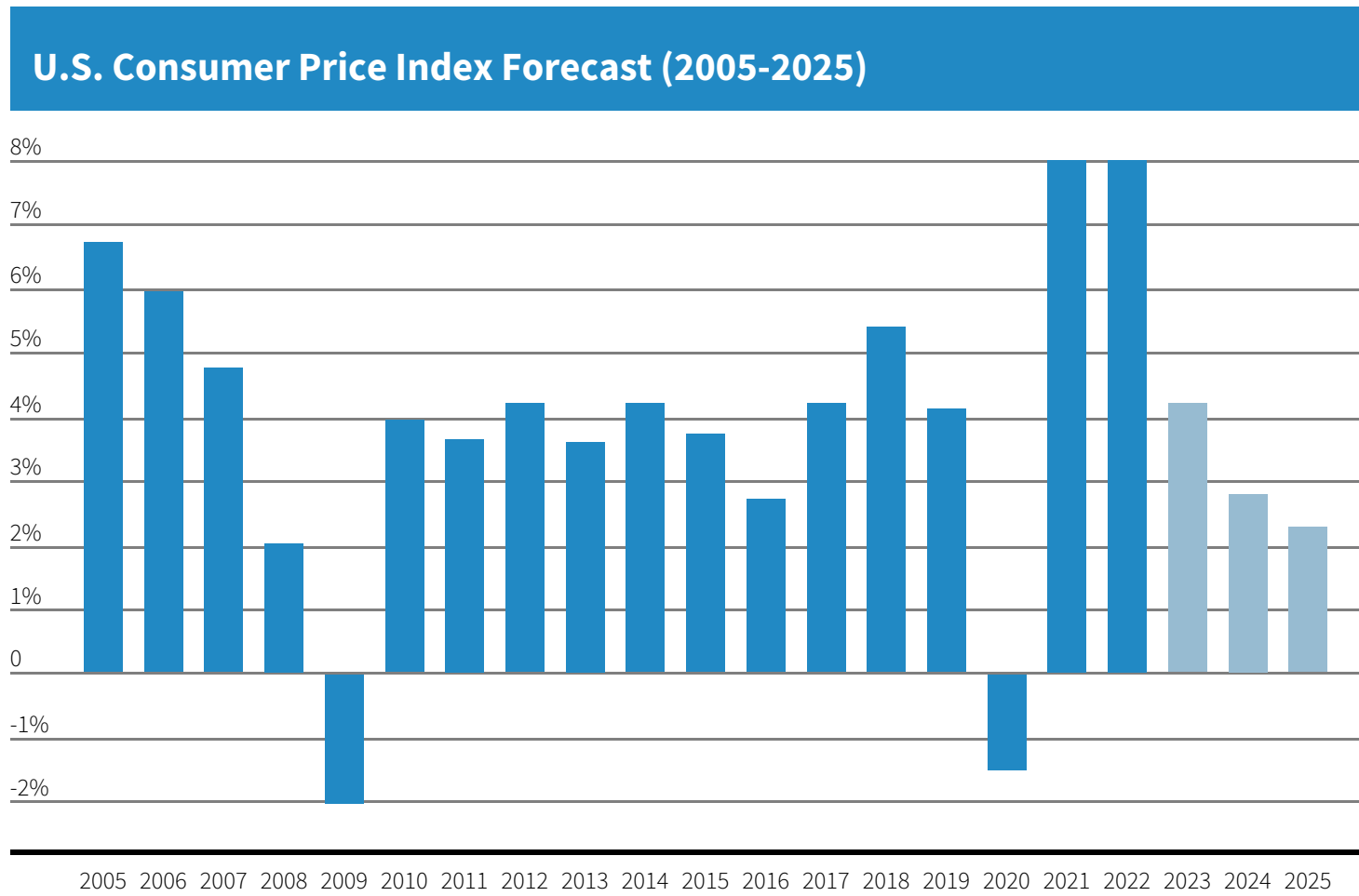


SOURCES:  
Historic - U.S. Dept. of Commerce - Bureau of Economic Analysis  
Forecast - Wall Street Journal - Bi-monthly Survey



## CONSUMER PRICE INDEX (CPI)

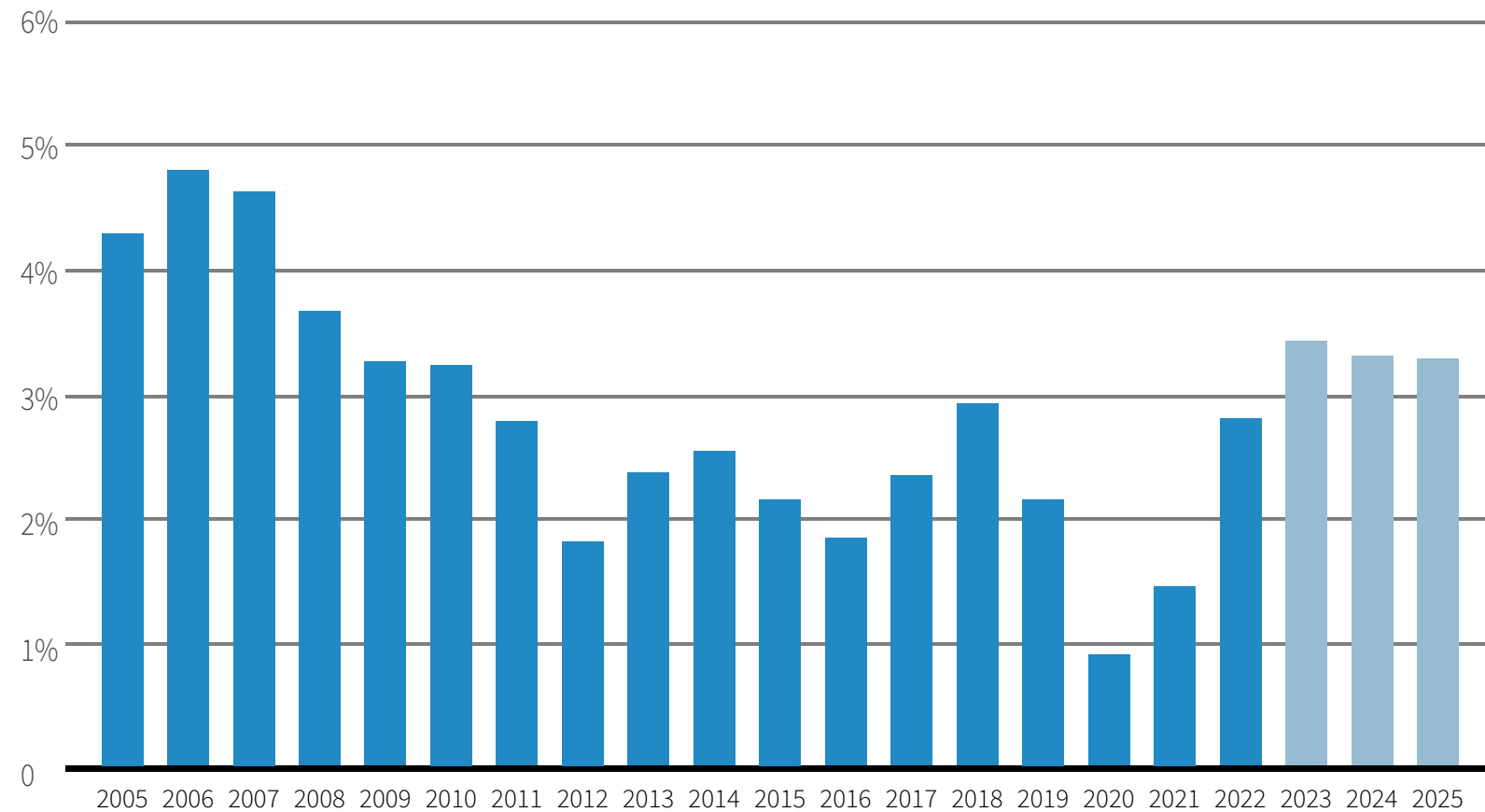
As the most well-known indicator of inflation, the Consumer Price Index measures the percentage change in the price of a basket of goods and services consumed by households. In addition, core inflation, which excludes volatile items such as food and energy, has slowed to 5.3%, the lowest since November 2021. This broadly supports the argument for the Federal Reserve to consider pausing its current cycle of monetary tightening. We expect inflation to settle in at around 2.5% for the next two years. This should translate into activity increases in the construction industry, as lower interest rates make borrowing money to finance new projects easier.



SOURCES:  
Historic - Federal Reserve Bank of Minneapolis  
Forecast - Wall Street Journal - Bi-monthly Survey

**“Core inflation, which excludes volatile items such as food and energy, has slowed to 5.3%, the lowest since November 2021.”**

## U.S. 10-Year Treasury Note Forecast (2005-2025)



SOURCES:  
Historic - Federal Reserve Bank of St. Louis, NSA  
Forecast - Wall Street Journal - Bi-monthly Survey

**“The U.S. benchmark bond yield is expected to trade at 3.4% or higher through at least the end of 2025 as the Federal Reserve averts an economic contraction in its fight against inflation.”**

### National Indicators

## 10-YEAR TREASURY NOTE

The 10-Year Treasury note is the most popular debt instrument in the world. It is generally seen as a safe place to invest when the market is volatile because its returns are low but effectively guaranteed. The yield is analogous to the current interest rate demanded by the market to hold this debt for 10 years. The yield on the 10-year U.S Treasury notes briefly traded near their highest levels since March as investors pondered the economic outlook and debt ceiling negotiations dragged on. The Fed has been ratcheting up interest rates since March 2023 as it aims to ease

inflation and cool down the economy. The U.S. benchmark bond yield is expected to trade at 3.4% or higher through at least the end of 2025 as the Federal Reserve averts an economic contraction in its fight against inflation. Concern has been raised that this policy, if not eased, could put certain sectors into the market into recession.

The Federal Reserve raises rates to rein in spending when the economy is growing and lowers them to encourage spending when it is contracting.

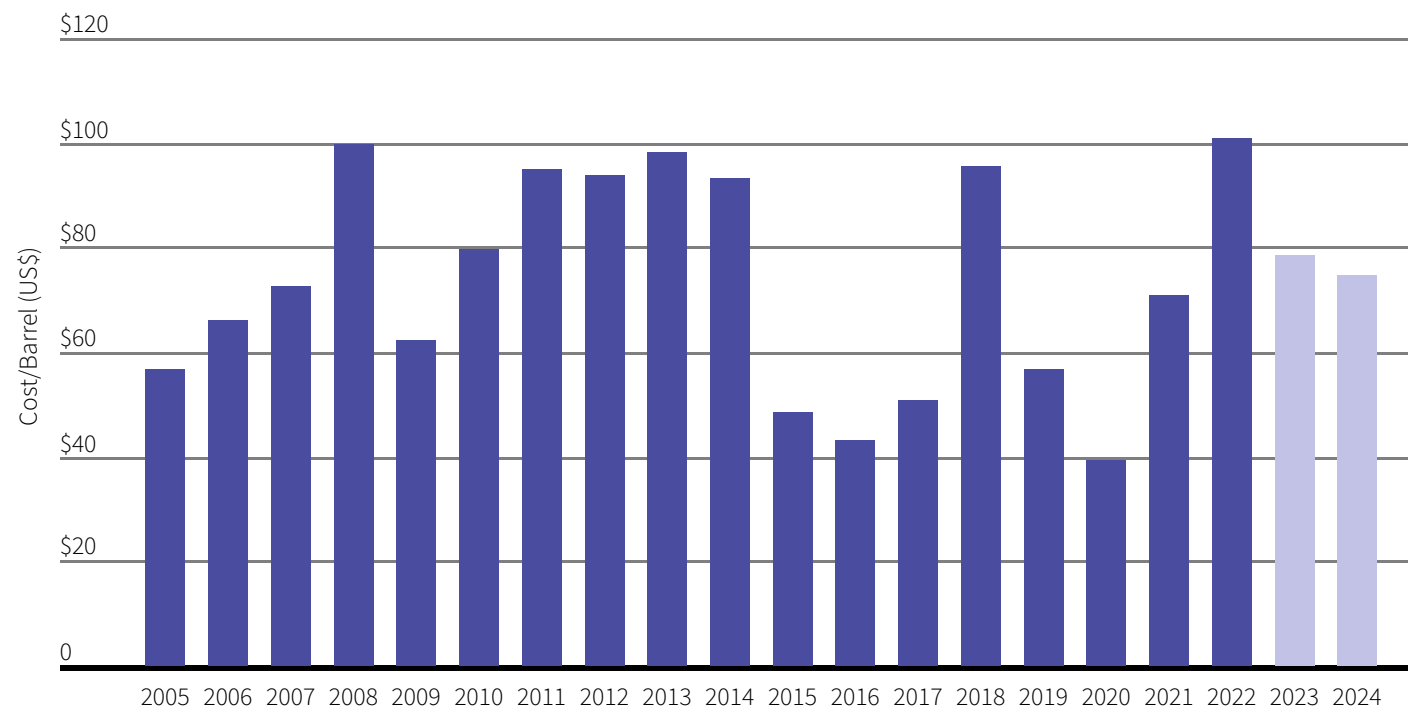
Commercial banks lend money at similar interest rates, which can drive demand for real estate and thereby shore up the construction industry. Overall, the yield of the 10-year Treasury note is expected to increase over the years to 2023 due to long-term Treasury yields following increases in interest rates. It is important to note that as more investors turn to bonds, the yield will drop.

# ENERGY COSTS

Oil prices are expected to reach above \$90/barrel in the third quarter, propped up by Chinese demand growth and OPEC+ production curtailment. Prices rose above \$85/barrel after OPEC+ cuts at the beginning of April before slumping below \$75/barrel at the beginning of May, representing market fears regarding recession risks in the U.S. and Europe. We believe that Chinese demand will grow sufficiently over the coming months to offset the faltering global demand. If the coming months show a weaker mainland China than expected, prices may fall below expectations.

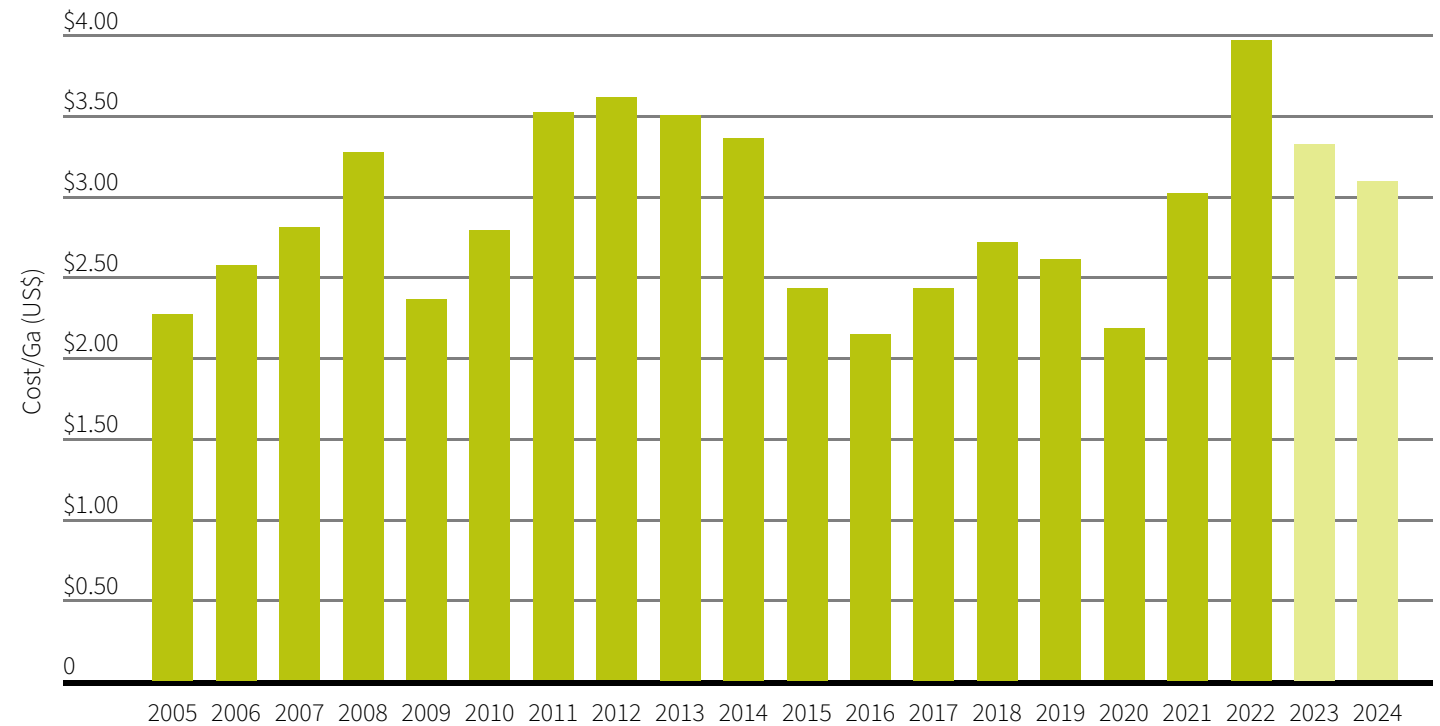
U.S. natural gas prices will continue to rise steadily through the year but will only crest at \$3/MMBtu during the winter months. Prices have remained stubbornly low over the past months after coming down in January after a warm winter. Inventories ended the winter season at 1.8 trillion cubic feet (Tcf), as much above the five-year average as they were below in 2023 (0.3 Tcf). Freeport LNG and Calcasieu Pass LNG are both up and running, but this additional export demand has been insufficient to budge prices. Continued coal plant retirements do add volatility to the forecast, as they no longer act as a buffer. Extreme weather could change the pricing situation more quickly than it has in the past.

## West Texas Intermediate Oil Price Forecast (2005-2024)



SOURCES:  
 Historic - Federal Reserve Bank of St. Louis, NSA  
 Forecast - Wall Street Journal - Bi-monthly Survey

## U.S. Regular All Formulations Gas Forecast (2005-2024)

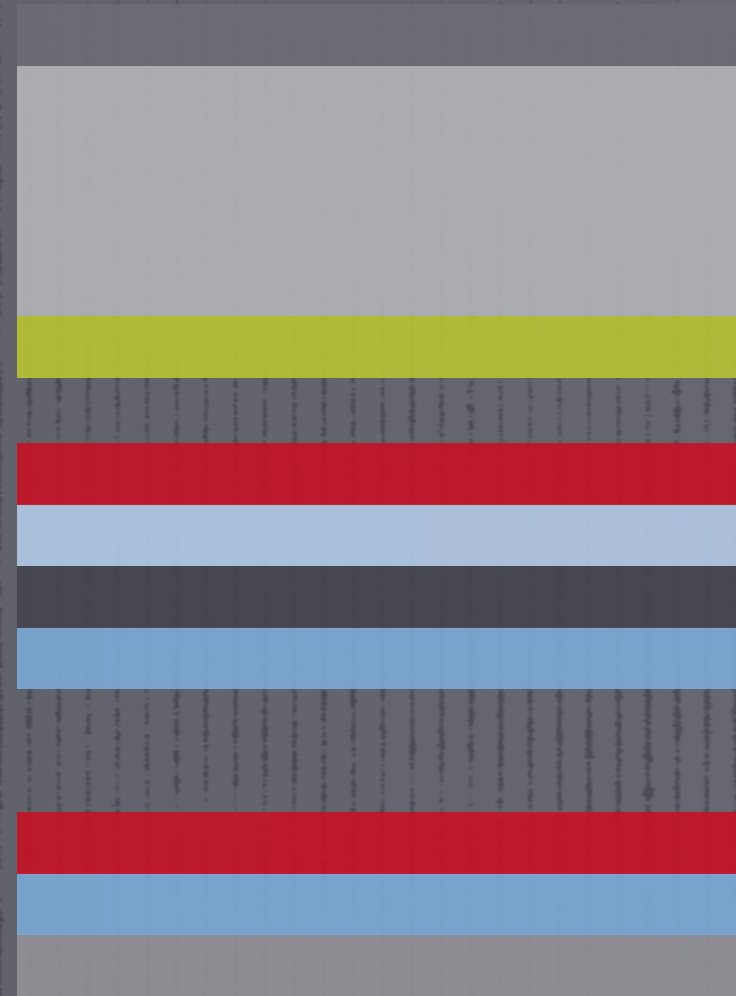


SOURCES:  
 Historic - Federal Reserve Bank of St. Louis, NSA  
 Forecast - Wall Street Journal - Bi-monthly Survey

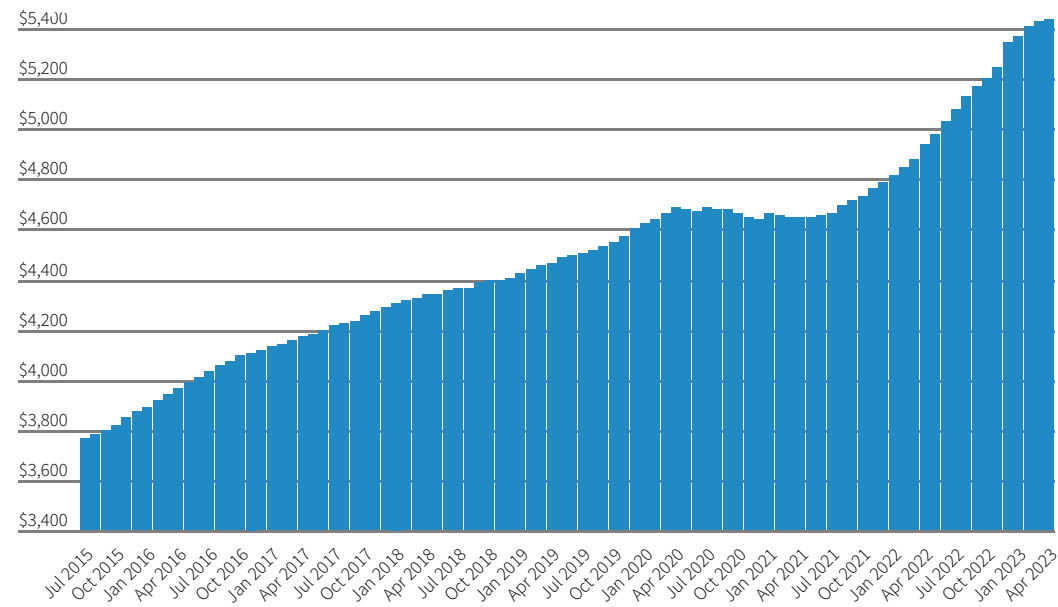


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# CREDIT MARKETS

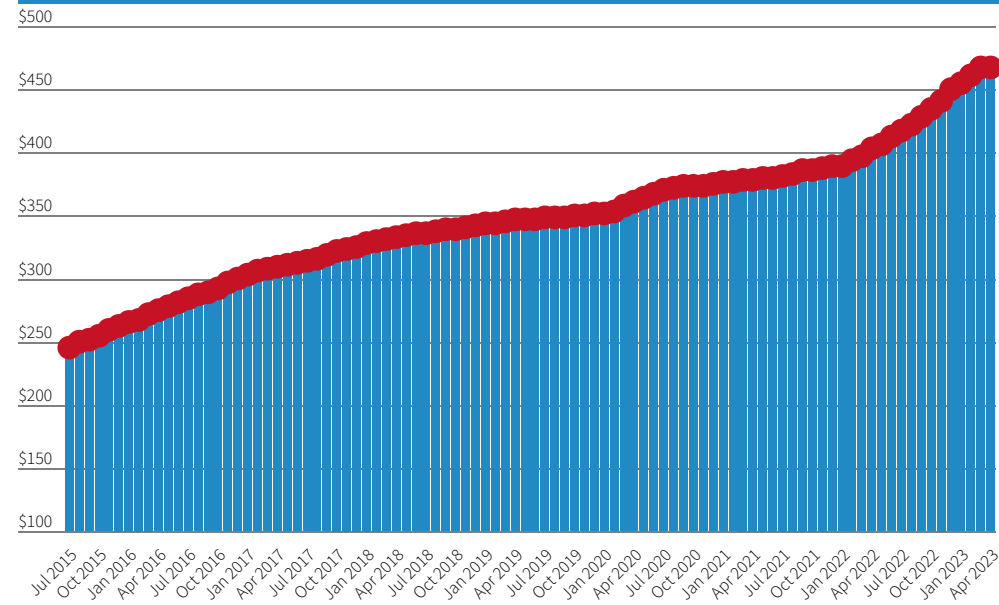


### Loan Origination Activity - Residential & Commercial Real Estate



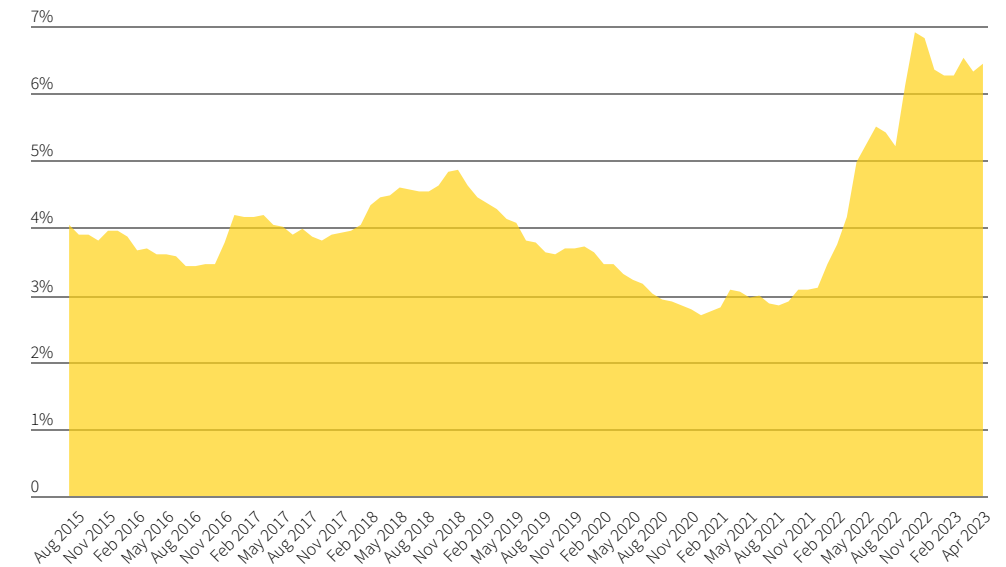
SOURCE: Federal Deposit Insurance Corporation

### Loan Origination Activity - Construction & Development (\$B, Annualized)



SOURCE: Federal Deposit Insurance Corporation

### Lending Interest Rate - 30 Year Conventional Fixed Mortgage (2015-Current)



SOURCE: Bankrate.com

## Credit Markets

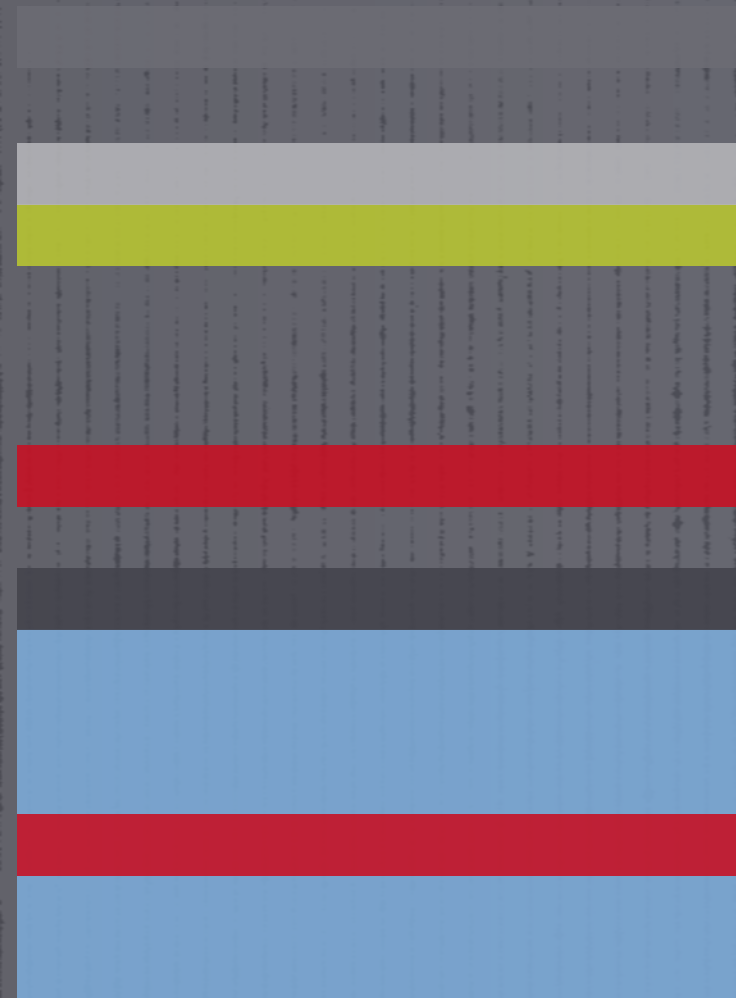
# LENDING ACTIVITY

The fourth quarter of 2023 and the first of 2023 saw a continued rise in construction loan balances. Last year, banks reported around \$467 billion in the fourth quarter, up from \$447 billion in the third quarter. Construction loans made up 3.82% of all loans and leases, up from 3.73% in the third quarter. That put construction lending at its highest percentage of gross loans since the second quarter of 2011.

So far, in 2023, residential construction loans have surged again. But rapidly rising rates and slowing home sales may hamper future gains. U.S. financial institutions reported over \$92 billion in one- to four-family construction loans at the end of March. This surge was a 5.3% increase from the last quarter and an 18% increase since the first quarter of 2021—making it the largest annual increase since 2016. As for nonresidential construction loans, the first quarter of 2023 saw a 2.3% increase to \$320.45 billion. Lenders are shying away from investment in certain sectors starting with commercial real estate, and also in some hospitality and life science sectors.

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# GLOBAL DEMAND



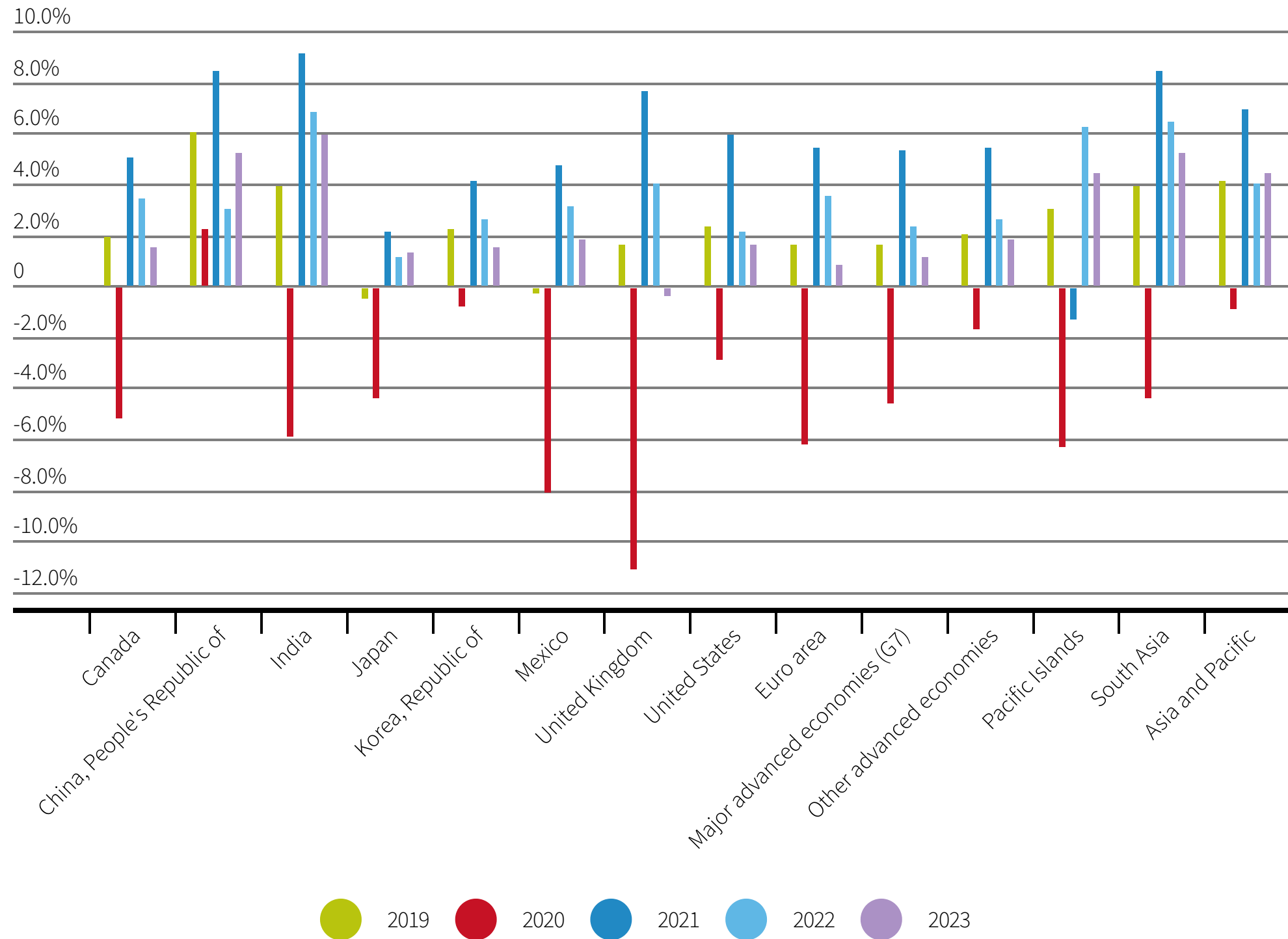


# GLOBAL GROWTH FORECASTS

The strongest headwind for the global economy has shifted from an energy crisis and the related squeeze on real incomes to a potential banking crisis and associated drag on credit. We do not anticipate a full-blown banking crisis, but we do expect a tightening of credit conditions to weigh on economic activity across the board. With central banks still mindful of inflation risks, interest rates will stay at their peaks for several months. The lagged effects of previous policy tightening have begun to happen as we had long warned that they would. The most prominent evidence of this has been in the banking sector, where the collapse of two U.S. banks and forced takeover of Credit Suisse have raised fears about the health of banks more generally.

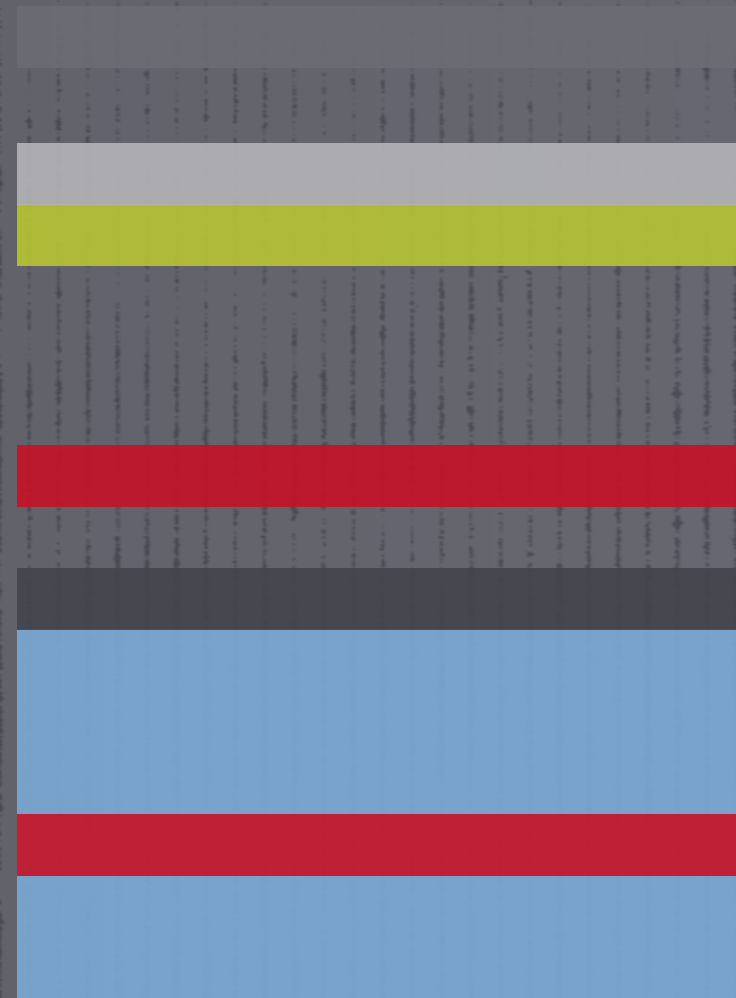
Additionally, labor markets in the United States, Europe and other developed economies have continued to show remarkable resilience, contributing to sustained robust household spending. Amid widespread worker shortages and low unemployment rates, wage gains have picked up. Employment rates are at record high levels in many developed economies with gender gaps narrowing since the pandemic.

## GDP Growth 2019-2021, Selected Regions



SOURCE: International Monetary Fund (IMF) - October 2018

# CURRENCY TRENDS

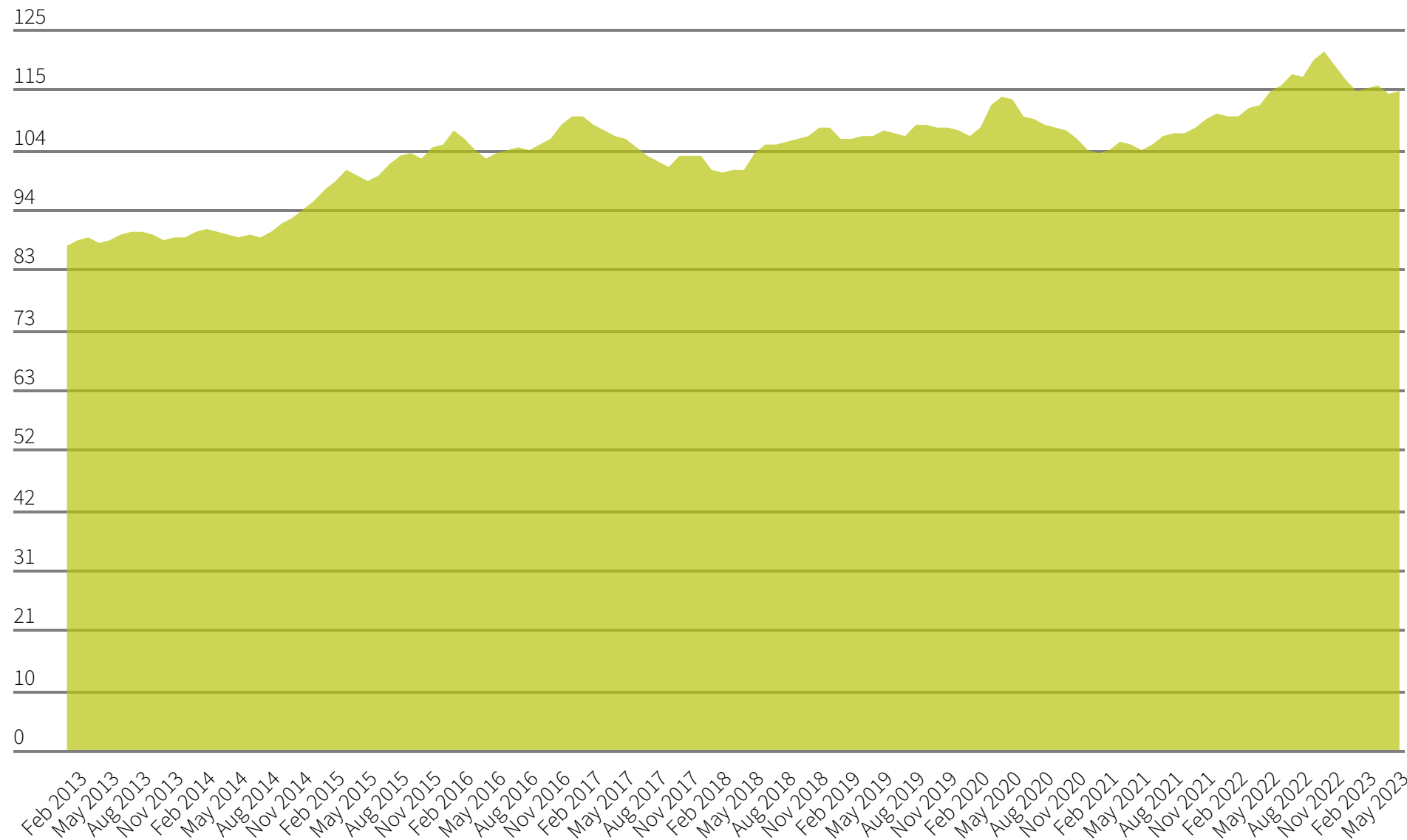


## U.S. DOLLAR INDEX

The U.S. dollar is coming off its best year in two decades, pushed up more than 12% by the Federal Reserve's consecutive—and aggressive—interest-rate hikes to try to tame stubborn inflation. The dollar started to cool in the final quarter of 2023 as the Federal Reserve hammered rising inflation with interest rate increases. So far in 2023, inflation and interest rate expectations have whipsawed back and forth. The dollar has responded largely in kind. In early March, the dollar hit its highest level since November, before investors' concerns over stability of the U.S. banks triggered a sharp reversal. With the U.S. economic outlook for 2023 uncertain, the path forward for the U.S. dollar could have significant implications for inflation, international trade, technology stocks and fiat currency alternatives such as gold and cryptocurrencies.

In most of the major currency pairings, the U.S. dollar gained strength over the past 12 months. The strength of the dollar will continue to be tied closely to U.S. inflation and interest rates. If the Fed raises interest rates while other central banks maintain or even lower their interest rates, then the return on savings is more attractive in the U.S. than in other countries. Given this higher rate in the U.S., international capital should flow from other countries to the U.S., resulting in the dollar's appreciation.

### U.S. Dollar Spot Index: DXY (2013-Current)



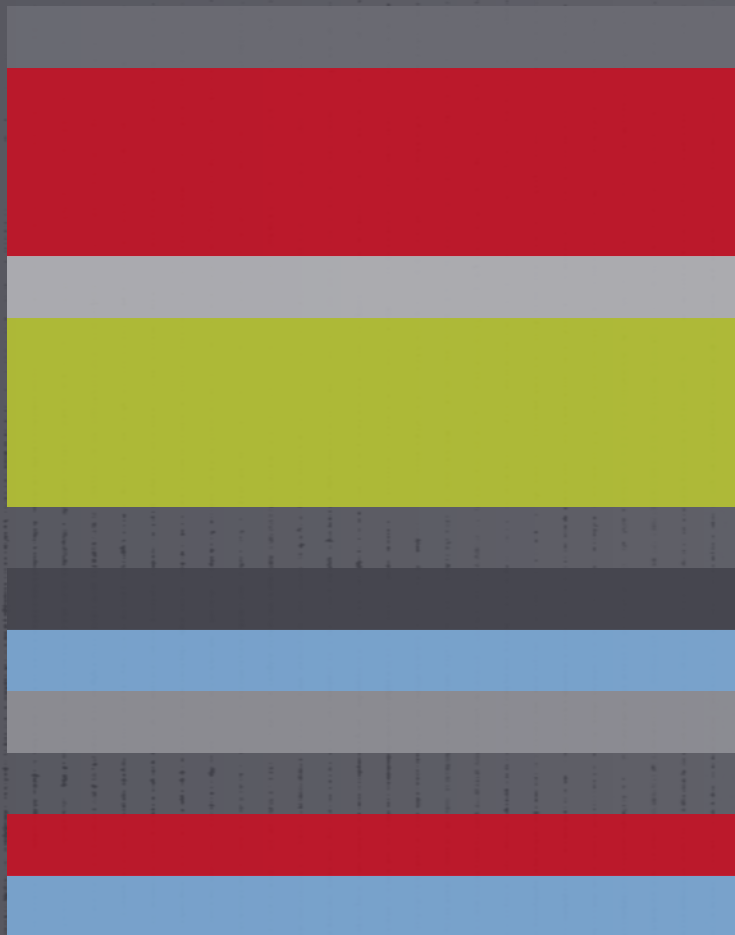
SOURCE: Sourced from FRED - Monthly Data



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# REGIONS

## WEST





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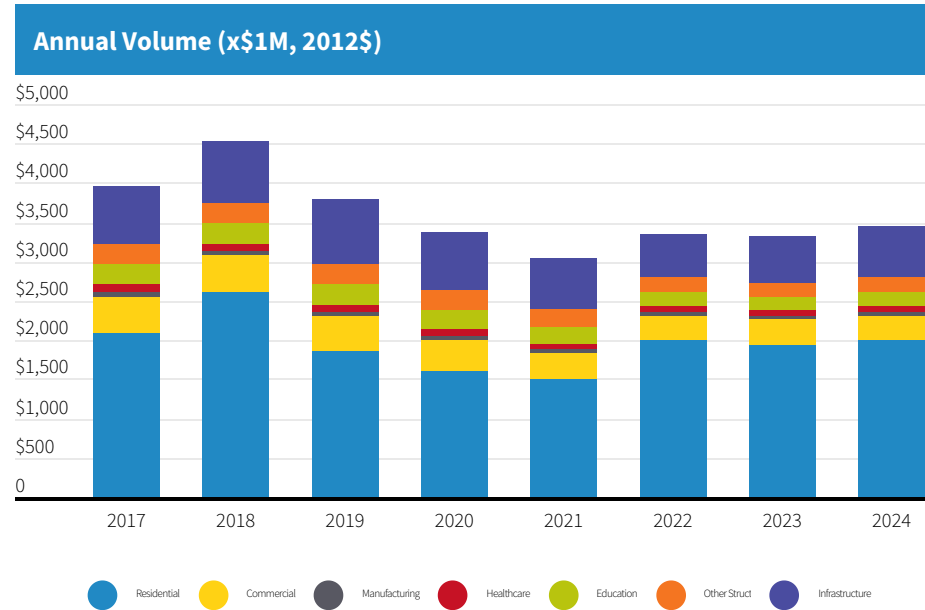
The construction market in Honolulu (and all of Hawaii for that matter) is set to benefit from the rebounding tourism sector, with activity close to 2019 levels and RevPAR up 6%. New projects are lagging for want of a permit, as the DPP has and continues to be challenged with approvals regularly taking over a year to secure. There are still almost 8,000 projects in various stages of permitting across the city.

Unemployment is effectively nil at 3.5% and the net out-migration to the mainland (during Covid) is still being felt. This will keep labor costs high

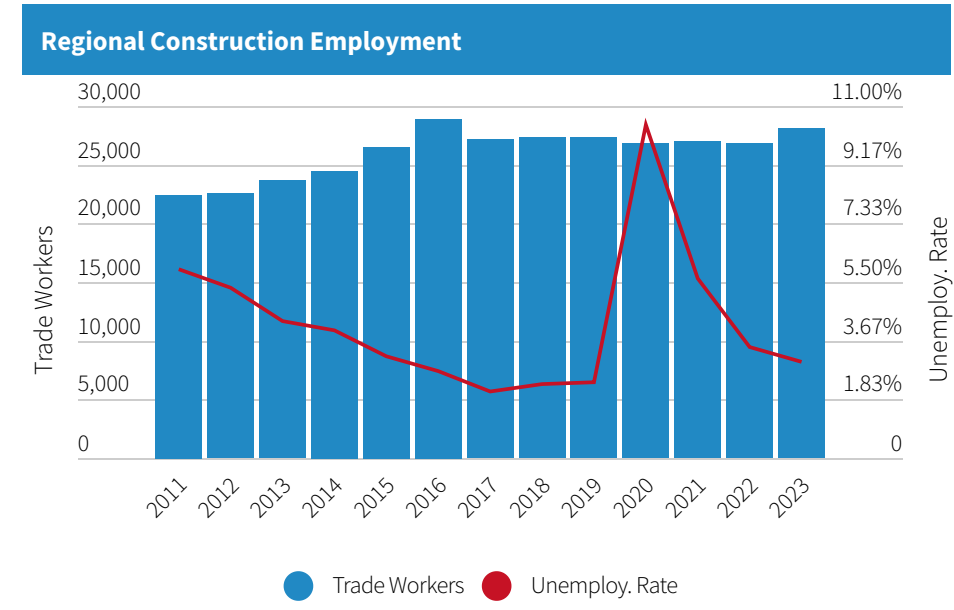
for the next few years, as new projects will have to compete for a smaller labor pool. The state's high cost of living and scarcity of developable land, however, have presented unique challenges, especially in affordable housing. The Fed high interest rate policy looms large; however, Hawaii is likely to avoid an outright recession. Major infrastructure project is one of the reasons that the Construction industry is so resilient with major Rail, HDOT and U.S. Navy projects (\$4B at Pearl Harbor) underway and in planning. The market continues to grow and should do so throughout the decade. There are many reasons to be optimistic.

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-0.8%	14.6%	-16.2%	-11.0%	-9.8%	9.8%	-0.6%	3.5%
Residential	4.2%	25.3%	-29.2%	-13.1%	-6.9%	33.9%	-3.3%	3.8%
Commercial	2.9%	0.8%	-0.8%	-13.6%	-13.9%	-8.9%	0.9%	-4.4%
Manufacturing	-12.5%	-5.8%	0.1%	-18.4%	-6.0%	6.9%	5.6%	-8.6%
Healthcare	1.2%	-3.0%	-2.7%	-3.2%	-6.5%	-11.5%	-2.4%	4.1%
Education	-0.8%	-2.1%	-2.0%	-8.9%	-12.4%	-14.7%	-0.8%	3.4%
Other Structure*	5.9%	1.5%	0.5%	3.7%	-14.8%	-14.0%	-1.8%	1.3%
Infrastructure	-15.5%	7.2%	5.4%	-10.2%	-12.1%	-17.4%	8.7%	8.6%

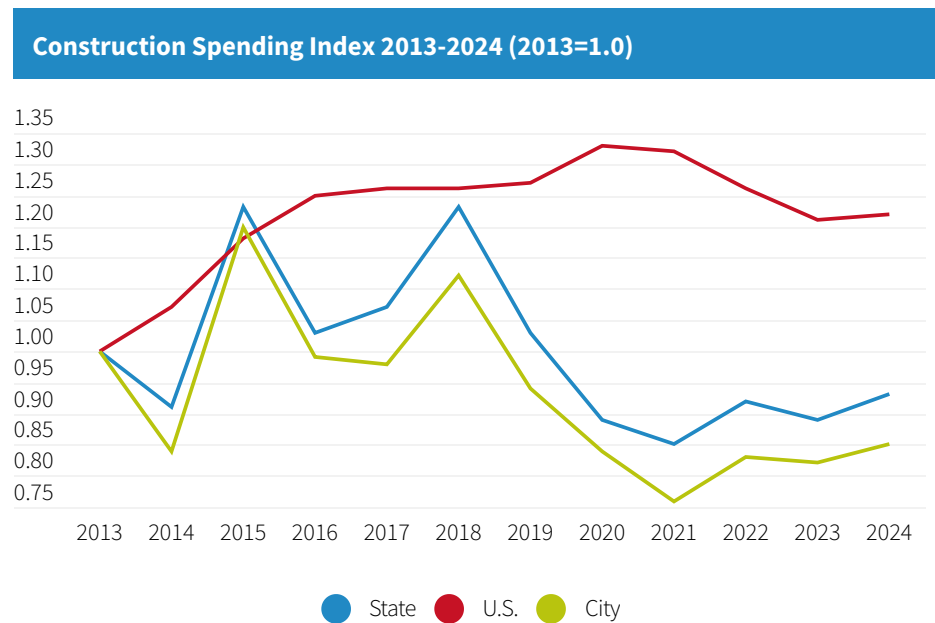
\* This includes religious buildings, amusement, government communications, and public recreation projects.



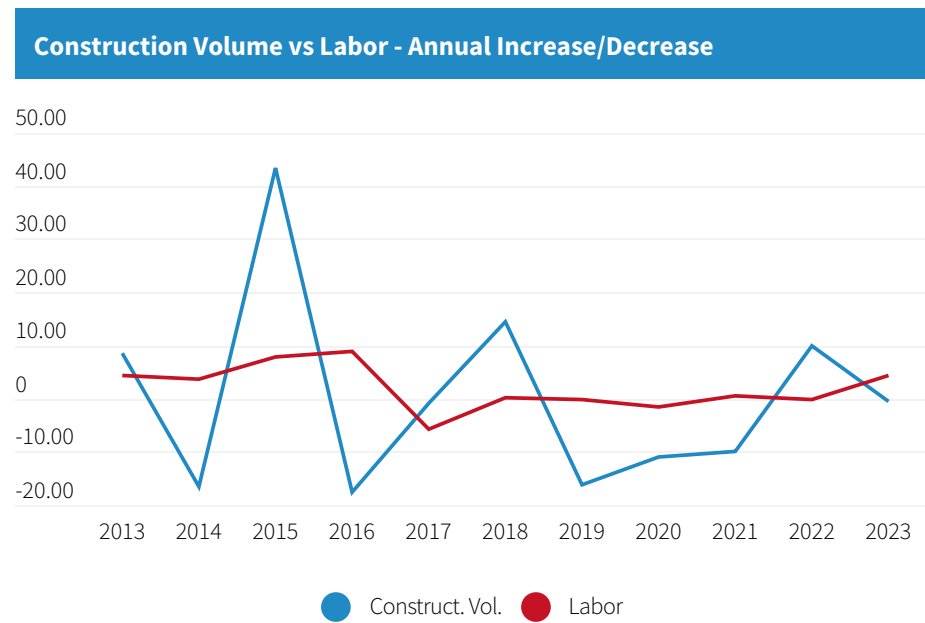
SOURCE: IHS-Market



SOURCE: U.S. Bureau of Labor Statistics



SOURCE: IHS-Market



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Koa Ridge	Waipahu	\$2B
Koa Ridge Makai	Waipahu	\$2B
TMT Telescope Observatory	Hilo	\$1.4B
Maui Research and Technology Redevelopment	Kihei	\$1.4B
Mayor Wright Homes Redevelopment	Honolulu	\$1.3B
Straub Medical Center Modernization & Reconstruction	Honolulu	\$1B
Kam Drive-in Towers	Aiea	\$800M
Honolulu International Airport Upgrades/Renovations	Honolulu	\$739M
Oahu Community Correctional Center Replacement	Aiea	\$525M
Queen's Medical Center - West Oahu Expansion	Ewa Beach	\$500M

SOURCE: ReedConnect

The construction market in Las Vegas is still showing strength. Projects nearing completion such as the Sphere and potential new stadia for baseball and other sports continue to drive construction as Vegas moves from Casino-led entertainment into a more family entertainment diversity. Nevada could also benefit from the recent restrictions on residential construction in neighboring Arizona.

With increased entertainment opportunities the need for residential and hospitality, schools and healthcare remain strong, and many projects are currently in the planning phases. CRE continues to be a challenge as mentioned in our previous report, but manufacturing and light industrial seem stable.

# Las Vegas, NV

CONTACT: **Steven Cullen**, Director, CM  
[steven.cullen@cumming-group.com](mailto:steven.cullen@cumming-group.com)

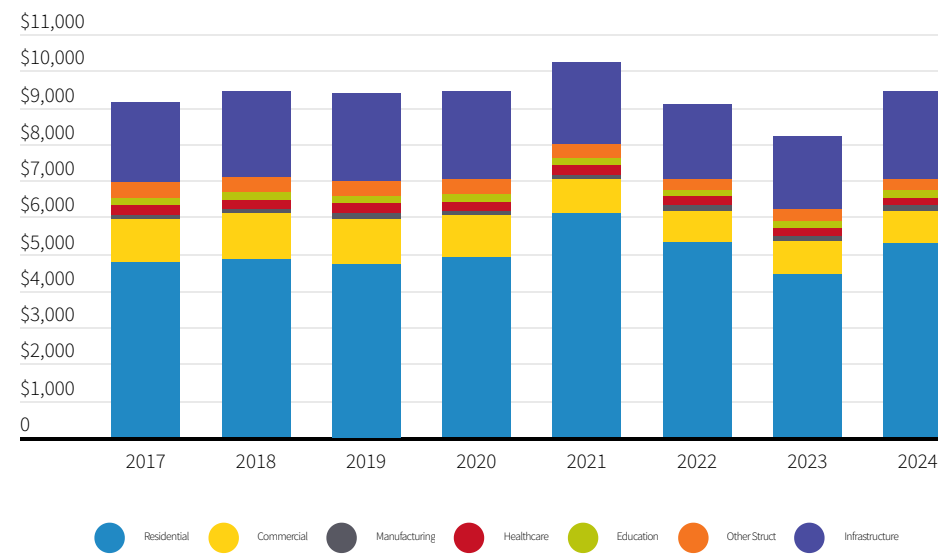
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	<b>4.1%</b>	<b>2.9%</b>	<b>-0.6%</b>	<b>1.0%</b>	<b>8.0%</b>	<b>-11.1%</b>	<b>-9.5%</b>	<b>14.7%</b>
<b>Residential</b>	7.6%	2.6%	-3.2%	4.6%	23.6%	-12.8%	-16.3%	19.0%
<b>Commercial</b>	2.8%	2.7%	1.7%	-12.3%	-16.1%	-7.4%	2.9%	-2.1%
<b>Manufacturing</b>	-10.1%	2.4%	9.6%	-10.1%	2.7%	17.2%	8.7%	-11.6%
<b>Healthcare</b>	12.0%	1.3%	1.5%	5.5%	-1.2%	-6.2%	-7.4%	9.7%
<b>Education</b>	5.6%	2.7%	-1.0%	-4.2%	-7.1%	-15.2%	0.9%	3.3%
<b>Other Structure*</b>	8.6%	3.4%	1.6%	1.2%	-11.4%	-13.2%	-2.5%	1.3%
<b>Infrastructure</b>	-2.8%	3.9%	2.6%	1.5%	-7.1%	-9.3%	-0.6%	18.3%

\* This includes religious buildings, amusement, government communications, and public recreation projects.

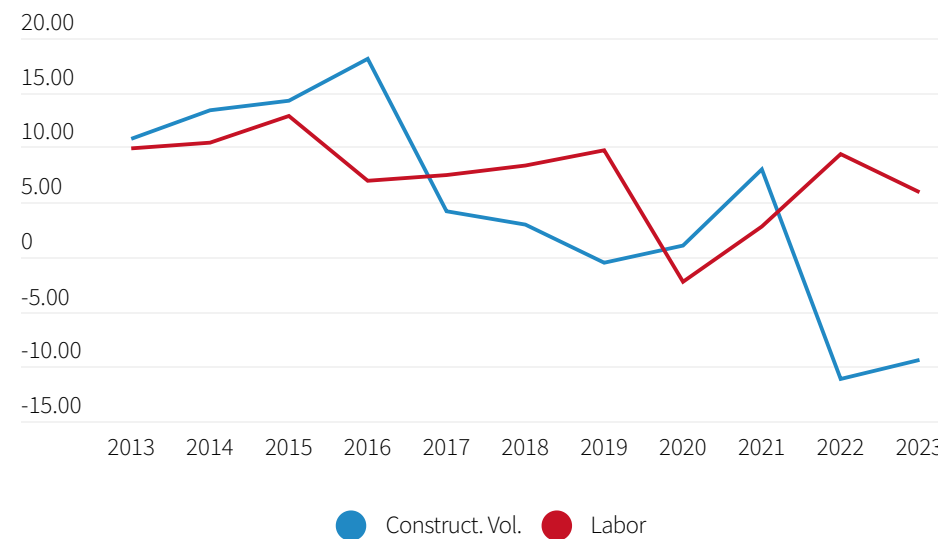
◀ HISTORIC FORECAST ▶

## Annual Volume (x\$1M, 2012\$)



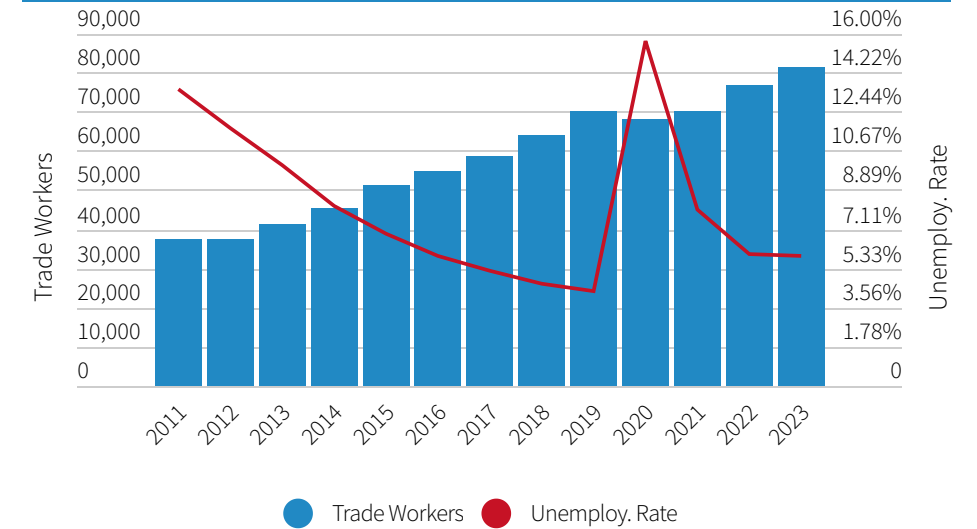
SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



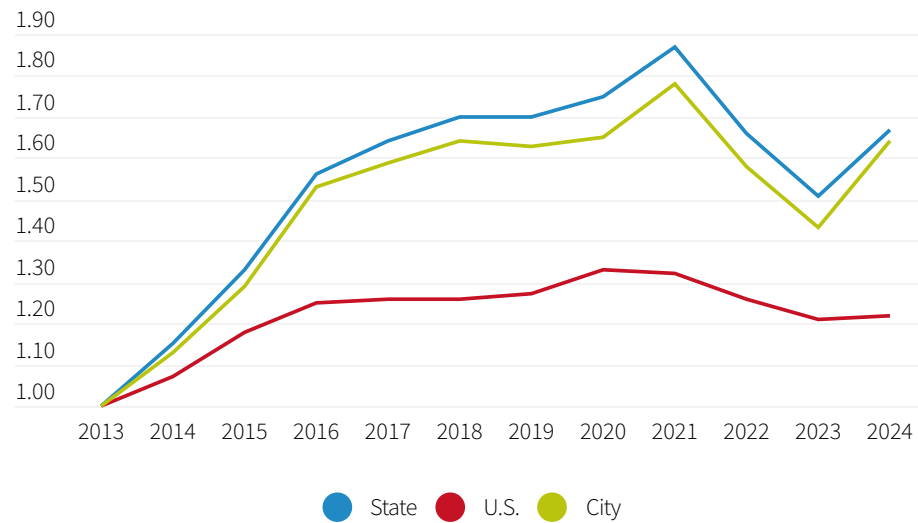
SOURCE: ReedConnect

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Bleutech Park Las Vegas	Las Vegas	\$7.5B
Laughlin Solar Energy Plant	Laughlin	\$6B
Helios Medical Campus	Las Vegas	\$5B
All Net Arena and Resort	Las Vegas	\$4B
Las Vegas Boulevard and Blue Diamond Road Retail and Entertainment District	Las Vegas	\$3B
Oakland Athletics Stadium	Las Vegas	\$1.5B
Union Village Development	Henderson	\$1.5B
West Second Street District	Reno	\$1.2B
Majestic Las Vegas	Las Vegas	\$850M
Durango Station Casino and Hotel	Las Vegas	\$750M

SOURCE: ReedConnect

The Los Angeles market has continued the slowdown that began at the beginning of the year. It has one of the highest costs of living in the country, and restrictive zoning laws mean that almost all developable land is already in use. To this end, officials have amended zoning laws across the state particularly with support from Mayor Karen Bass with a hope to provide more affordable housing and support for small business.

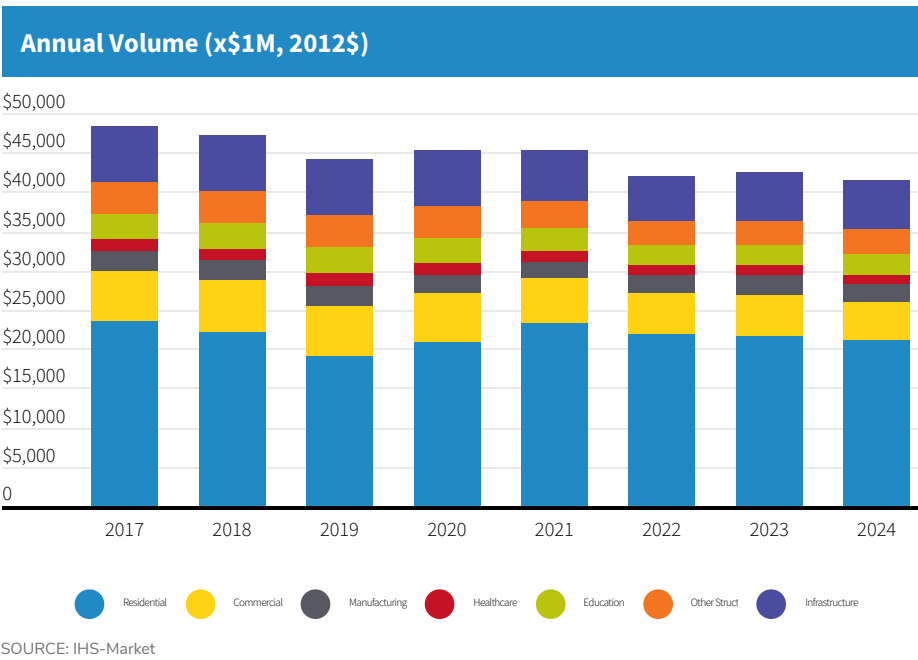
Despite the slowdown, the city's strong economy has reliably supported new construction. This is especially true of the entertainment and technology sectors, of which LA is a leader. Los Angeles has the third largest economy of any city in the world, behind only Tokyo and New York. Elements indicating a slowdown are starting to be seen across the city particularly in the urban cores.

# Los Angeles, CA

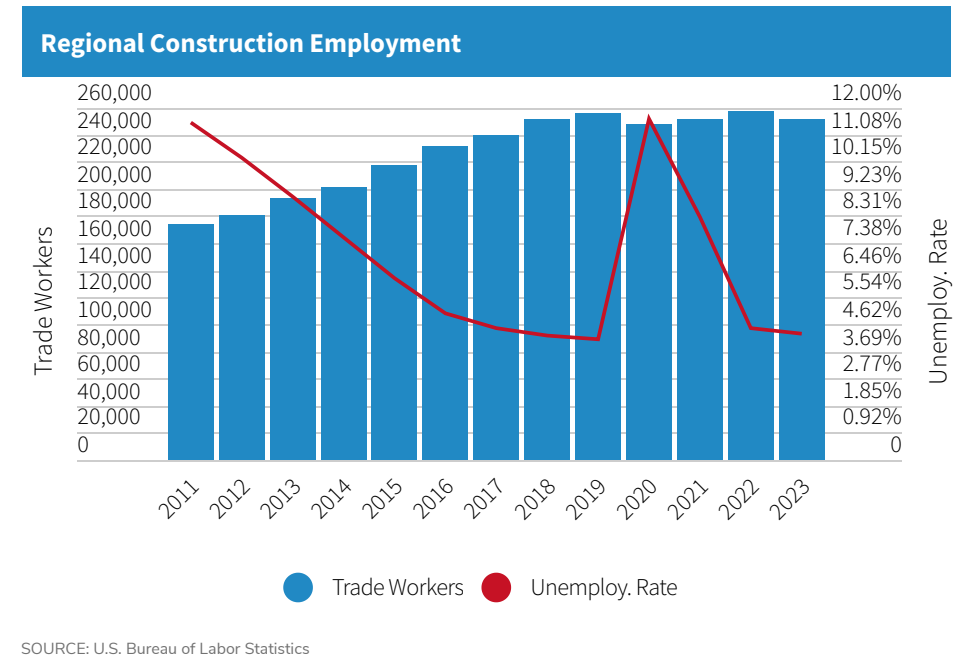
CONTACT: Trevor Shulters, Regional Director  
tshulters@cumming-group.com

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
Sector	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	2.2%	-2.3%	-6.5%	2.4%	0.3%	-7.6%	1.3%	-2.2%
Residential	7.7%	-5.4%	-14.6%	9.7%	11.4%	-6.1%	-0.5%	-2.2%
Commercial	4.2%	2.8%	0.4%	-3.8%	-10.6%	-7.8%	-0.9%	-7.7%
Manufacturing	-15.4%	-5.2%	4.1%	-11.3%	-3.6%	8.7%	6.1%	-10.9%
Healthcare	5.7%	-2.9%	-1.1%	0.8%	-4.0%	-7.8%	-0.9%	1.4%
Education	3.7%	1.6%	3.4%	-3.3%	-15.8%	-11.8%	0.4%	2.1%
Other Structure*	3.7%	1.2%	-3.8%	0.3%	-8.1%	-9.3%	-2.1%	0.9%
Infrastructure	-10.1%	1.3%	1.8%	-2.2%	-8.3%	-15.6%	11.5%	2.0%

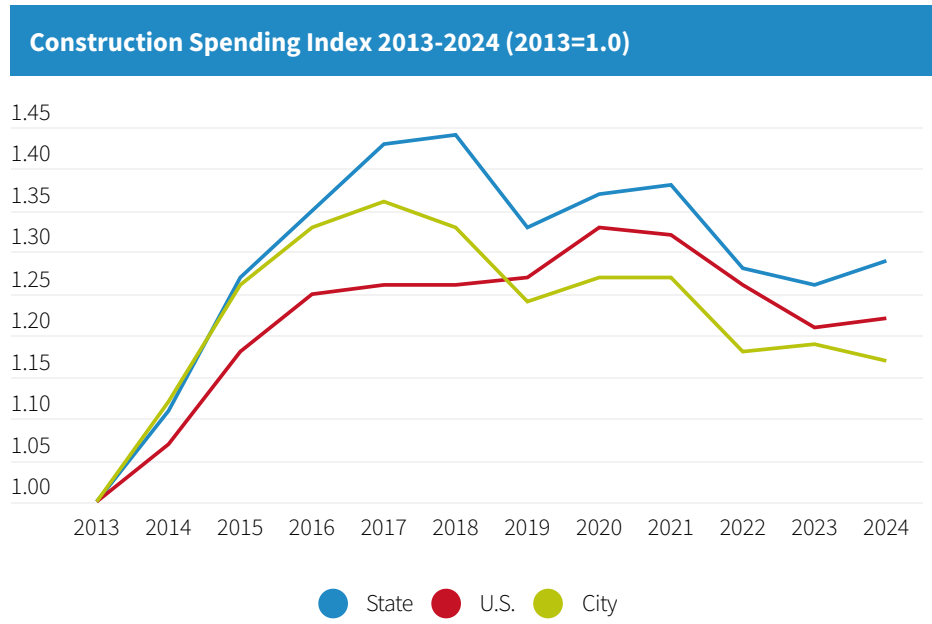
\* This includes religious buildings, amusement, government communications, and public recreation projects.



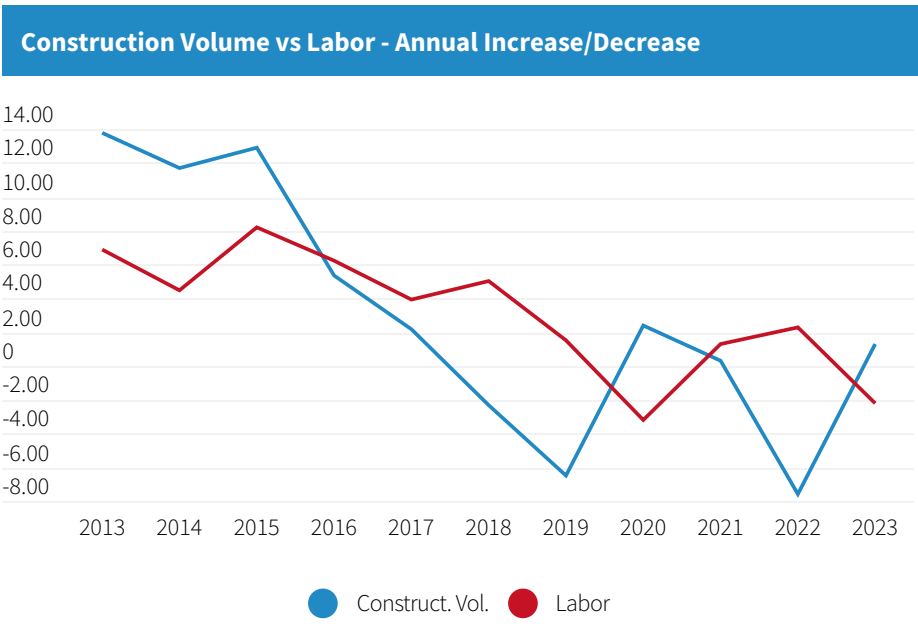
SOURCE: IHS-Market



SOURCE: U.S. Bureau of Labor Statistics



SOURCE: IHS-Market



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Warner Center 2035	Los Angeles	\$5B
One Beverly Hills Mixed-Use Development	Beverly Hills	\$2B
CONRAC Facility	Los Angeles	\$2B
6 AM Art District Mixed Use	Los Angeles	\$2B
Hollywood Park Redevelopment	Inglewood	\$2B
Promenade 2035	Los Angeles	\$1.5B
Intuit Dome	Inglewood	\$1.2B
San Pedro Waterfront Project	San Pedro	\$1.2B
Hollywood Center Mixed Use Complex	Los Angeles	\$1B
LAX/Metro Transit Center	Los Angeles	\$900M

SOURCE: ReedConnect

CONTACT: Jeff Mazmanian, Sr. Vice President, PM  
[jmazmanian@cumming-group.com](mailto:jmazmanian@cumming-group.com)

The recent interest rate hike has tempered the Phoenix market and restrictions in residential properties caused by concern of water supply shortage may cool the market in the short to medium term. A number of large multiyear manufacturing plants, particularly in advanced manufacturing, continue to drive the construction market here. As a result, the labor market continues to grow and a shortage of qualified skilled blue- and white-collar workers maintains construction costs in the market. Phoenix still has a low cost of living compared to other major west coast areas, but it is showing a rise. The economic outlook has improved from late 2023, but impacts of new restrictions remain to be seen.

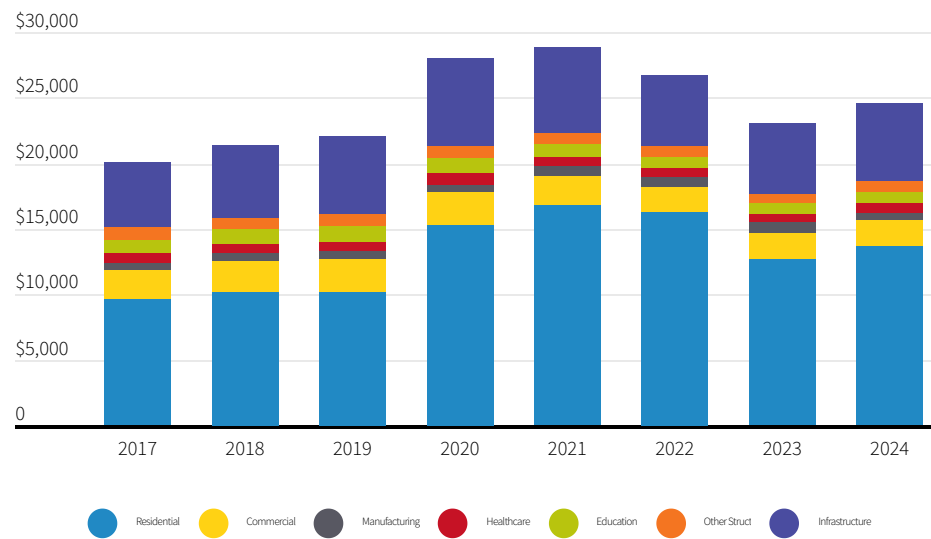
### Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	8.8%	6.0%	3.3%	27.2%	2.8%	-7.3%	-13.4%	6.7%
Residential	18.9%	6.6%	0.2%	49.2%	10.5%	-3.7%	-21.8%	8.2%
Commercial	3.9%	3.7%	2.8%	2.8%	-10.6%	-9.9%	-0.8%	-6.1%
Manufacturing	-12.1%	0.0%	8.8%	-4.3%	0.2%	12.0%	7.9%	-11.1%
Healthcare	11.2%	1.1%	5.4%	13.2%	0.2%	-8.6%	-7.5%	4.7%
Education	6.9%	6.2%	4.1%	0.4%	-16.1%	-17.5%	0.5%	3.9%
Other Structure*	7.0%	2.6%	1.7%	7.5%	-12.1%	-12.8%	-0.9%	1.8%
Infrastructure	-1.6%	7.6%	8.7%	12.7%	-3.8%	-15.4%	-0.5%	12.0%

\* This includes religious buildings, amusement, government communications, and public recreation projects.

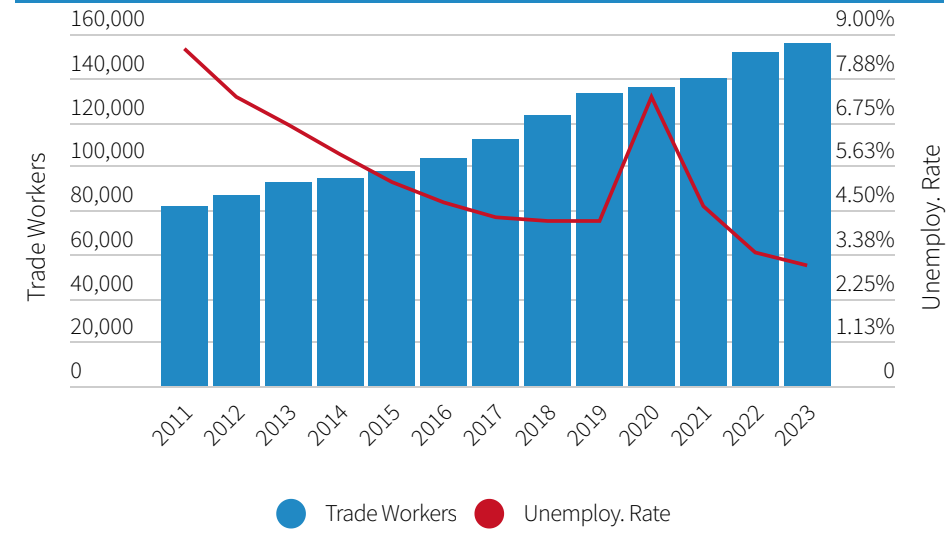
◀ HISTORIC FORECAST ▶

### Annual Volume (x\$1M, 2012\$)



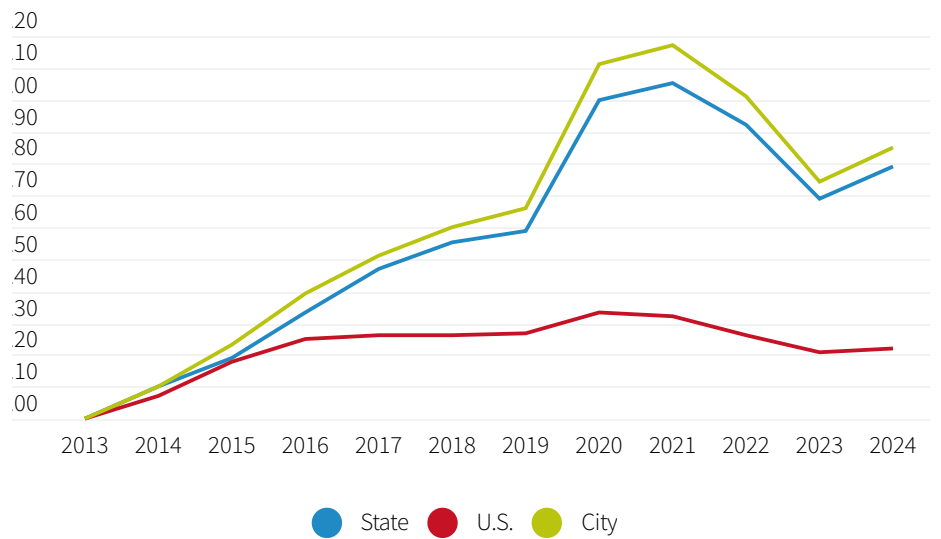
SOURCE: IHS-Market

### Regional Construction Employment



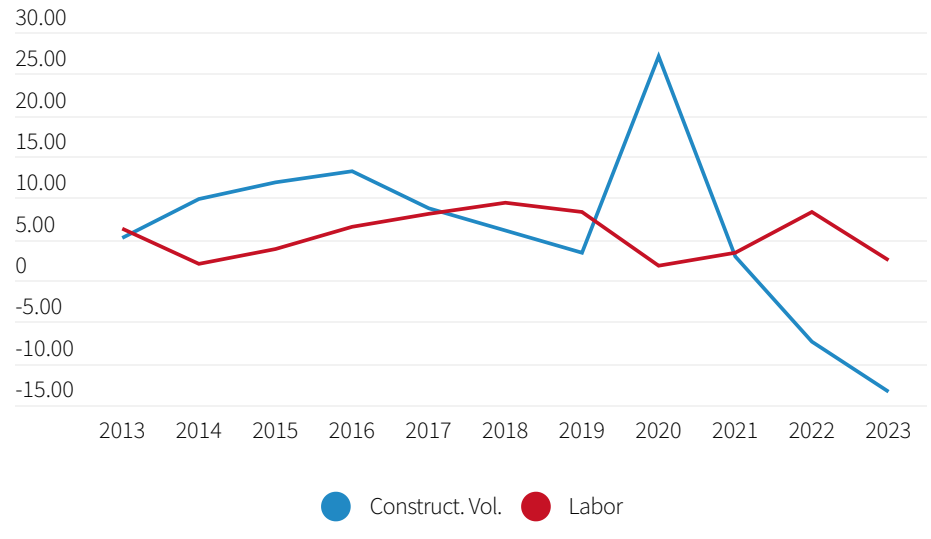
SOURCE: U.S. Bureau of Labor Statistics

### Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

### Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Taiwan Semiconductor Manufacturing Company Wafer Plant	Phoenix	\$12B
LG Plant	Queen Creek	\$5.5B
Nacero Plant	Casa Grande	\$3.3B
IndiCap - Olive and Reems	Glendale	\$2B
Camelback 303	Glendale	\$1.5B
The KOREplex Facility	Buckeye	\$1.25B
American Battery Factory Manufacturing Facility	Pima County	\$1.2B
Meta Mesa Data Center Expansion	Mesa	\$1B
Optima McDowell Mountain Village	Scottsdale	\$1B
Google Data Center/Red Hawk Employment Opportunity District	Mesa	\$1B

SOURCE: ReedConnect



Portland enjoys a thriving technology sector that has spurred the construction of office buildings, data centers, and research facilities. This makes it a good option for companies in Silicon Valley looking for an affordable alternative. As the government looks to invest in semiconductor manufacturing, Portland uniquely stands to benefit. Forecasts have been revised downwards as the economic outlook has become foggier, but we expect higher education, data centers, and semiconductor manufacturing to be key drivers of the industry throughout the 2020s.

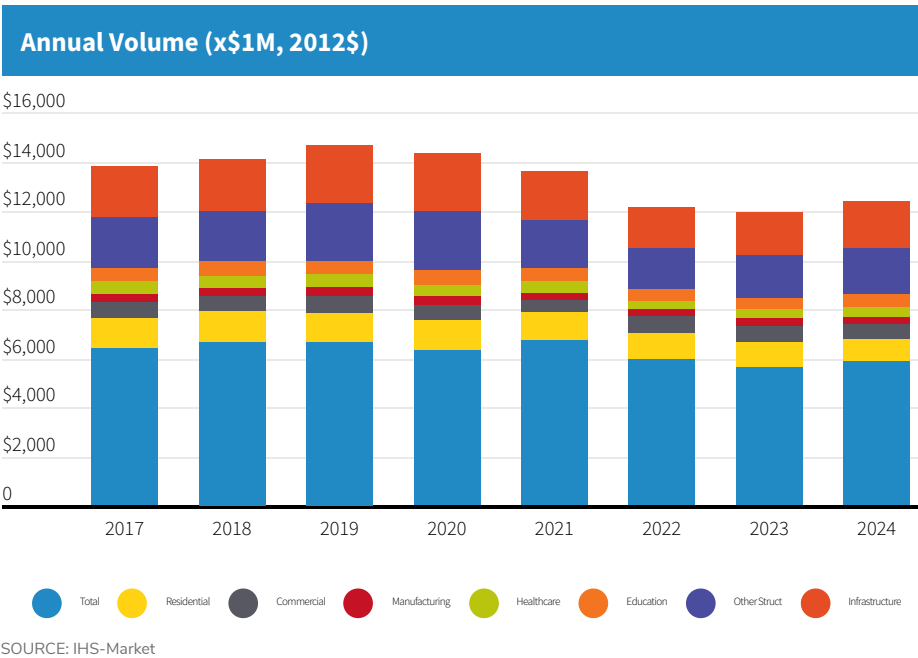
On the other side of the Cascades, construction in Bend is growing too fast for contractors to keep up. The city is expected to more than triple its population by 2050. To meet this new demand, city officials have re-zoned areas of the city for low and high-density developments. Providing housing and accommodations for these residents will be key drivers of Oregon's construction industry for years to come.

# Portland, OR

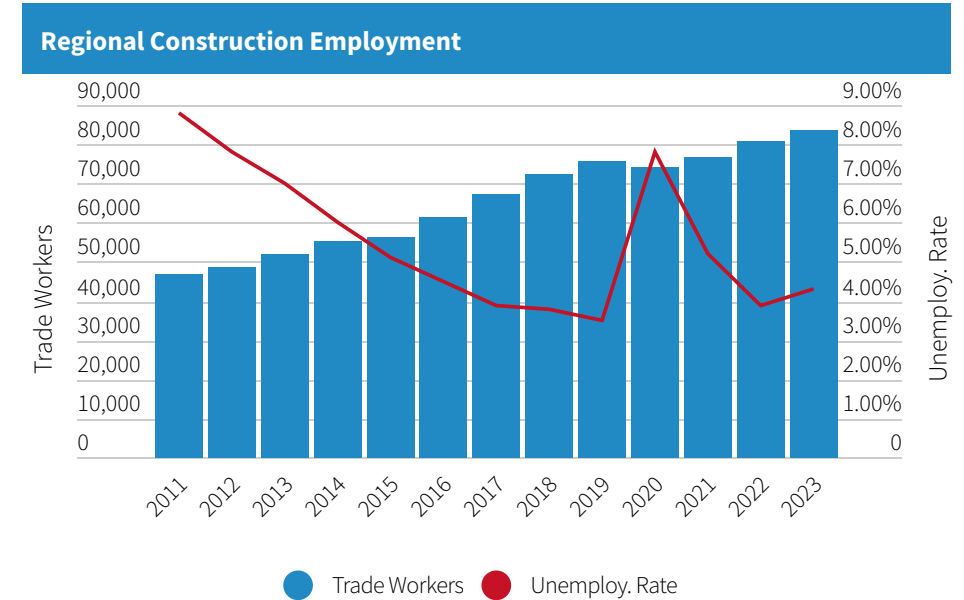
CONTACT: Mark Toles, Vice President, CM  
[mtoles@cumming-group.com](mailto:mtoles@cumming-group.com)

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-3.5%	2.3%	2.4%	-2.8%	-3.0%	-9.8%	-2.3%	2.4%
Residential	-2.5%	3.4%	-0.4%	-4.4%	5.7%	-10.6%	-6.0%	4.1%
Commercial	5.3%	2.6%	1.3%	-0.8%	-10.1%	-7.3%	-0.7%	-7.8%
Manufacturing	-13.5%	-0.6%	6.2%	-10.4%	-1.8%	11.9%	5.9%	-11.1%
Healthcare	3.3%	-0.1%	3.6%	2.0%	-8.8%	-8.8%	-4.2%	3.1%
Education	2.7%	-0.7%	1.3%	-8.4%	-15.9%	-10.3%	3.4%	3.6%
Other Structure*	6.3%	-1.4%	0.8%	5.2%	-12.5%	-10.1%	-0.7%	1.7%
Infrastructure	-12.0%	1.6%	11.4%	1.4%	-16.9%	-15.2%	5.5%	7.7%

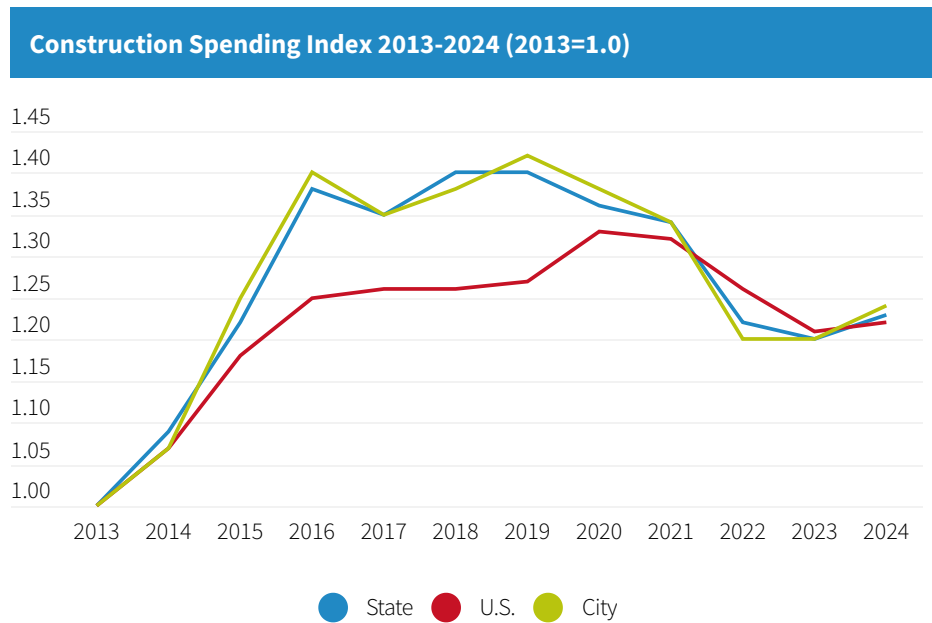
\* This includes religious buildings, amusement, government communications, and public recreation projects.



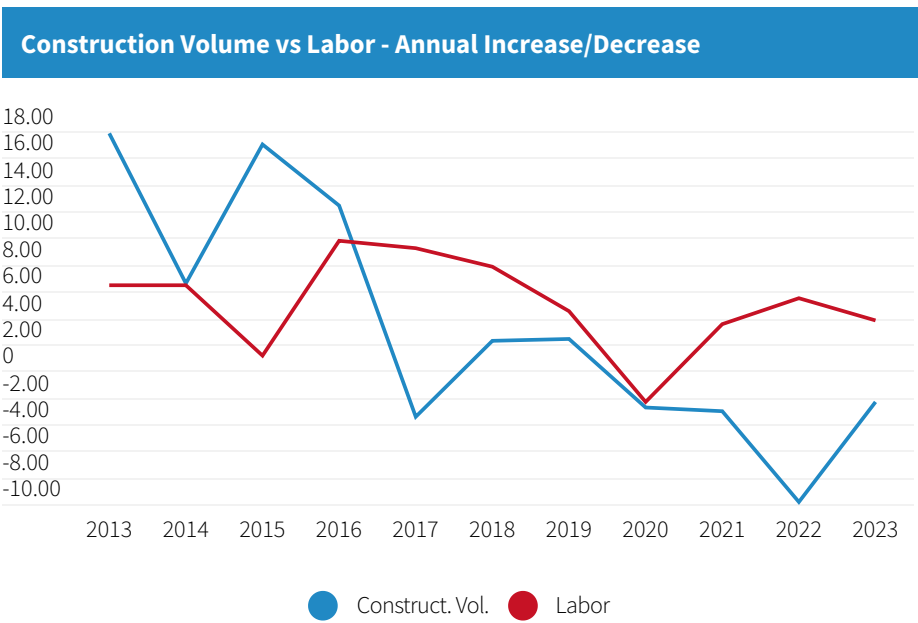
SOURCE: IHS-Market



SOURCE: U.S. Bureau of Labor Statistics



SOURCE: IHS-Market



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Portland Westward Renewable Diesel Plant	Clatskanie	\$1.1B
OHSU Hospital Expansion	Portland	\$650M
Sunset Station and Barnes Road Mixed-Use Development	Beaverton	\$520M
Oregon Health and Science University Inpatient Tower	Portland	\$500M
Block 216	Portland	\$460M
Expion360 Lithium Cell Manufacturing Facility	Redmond	\$450M
Rogue Regional Medical Center Expansion	Medford	\$420M
Jefferson High School Renovation	Portland	\$366M
Beaverton High and Raleigh Hills K-8 School Replacement	Beaverton	\$308M
North End	Oregon City	\$300M

SOURCE: ReedConnect

CONTACT: **Tim Brown**, Director, CM  
[tim.brown@cumming-group.com](mailto:tim.brown@cumming-group.com)

The residential sector has emerged as a key driver of Sacramento's construction market. The city benefits from a number of factors: it is California's capital city and enjoys an abundance of government jobs. It is close enough to Silicon Valley to enjoy the economic benefits, but far enough from it that it is still more affordable. This has caused a rapid influx of new residents over the last ten years, briefly turning it into the fastest growing city in California.

City officials have taken a proactive approach to accommodating these new residents – hence the large role of the residential sector – but have been met with mixed success. The construction market has been slowly adapting Sacramento's turn away from manufacturing and logistics and towards healthcare and tech. Of the ten largest projects in the market, four are healthcare and four are office and mixed-use.

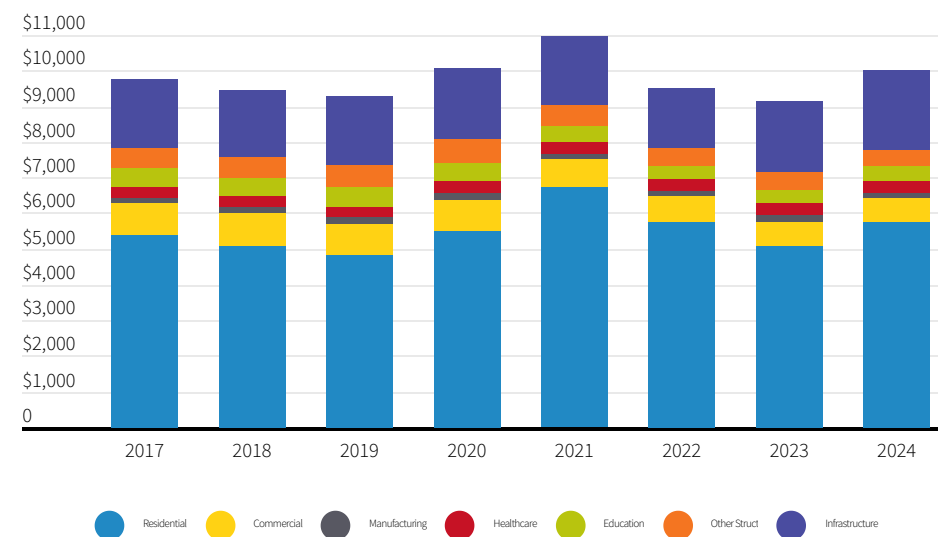
### Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

Sector	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	<b>9.7%</b>	<b>-3.2%</b>	<b>-1.8%</b>	<b>8.3%</b>	<b>8.9%</b>	<b>-13.4%</b>	<b>-3.7%</b>	<b>9.5%</b>
Residential	19.5%	-5.7%	-5.5%	14.6%	22.5%	-14.5%	-12.1%	13.5%
Commercial	3.8%	2.9%	-0.2%	-2.2%	-12.9%	-9.7%	-0.8%	-5.3%
Manufacturing	-15.0%	-3.0%	7.1%	-6.3%	1.3%	8.4%	6.7%	-10.1%
Healthcare	10.4%	-2.6%	1.3%	5.1%	-0.5%	-8.9%	3.6%	4.3%
Education	4.8%	2.6%	4.8%	-2.4%	-15.9%	-11.8%	1.1%	3.0%
Other Structure*	3.1%	1.8%	5.4%	7.5%	-15.1%	-13.4%	-2.0%	1.5%
Infrastructure	-4.1%	-1.9%	2.1%	3.0%	-2.5%	-14.2%	20.1%	10.5%

◀ HISTORIC FORECAST ▶

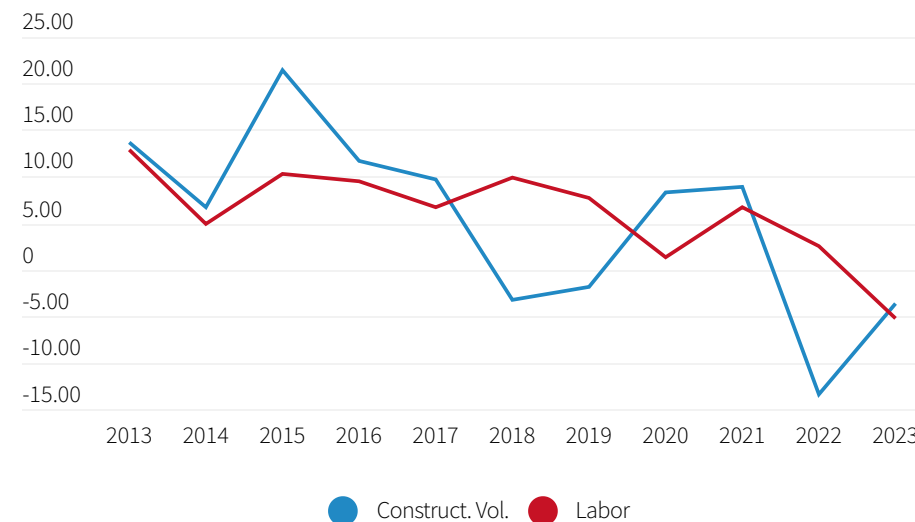
\* This includes religious buildings, amusement, government communications, and public recreation projects.

### Annual Volume (x\$1M, 2012\$)



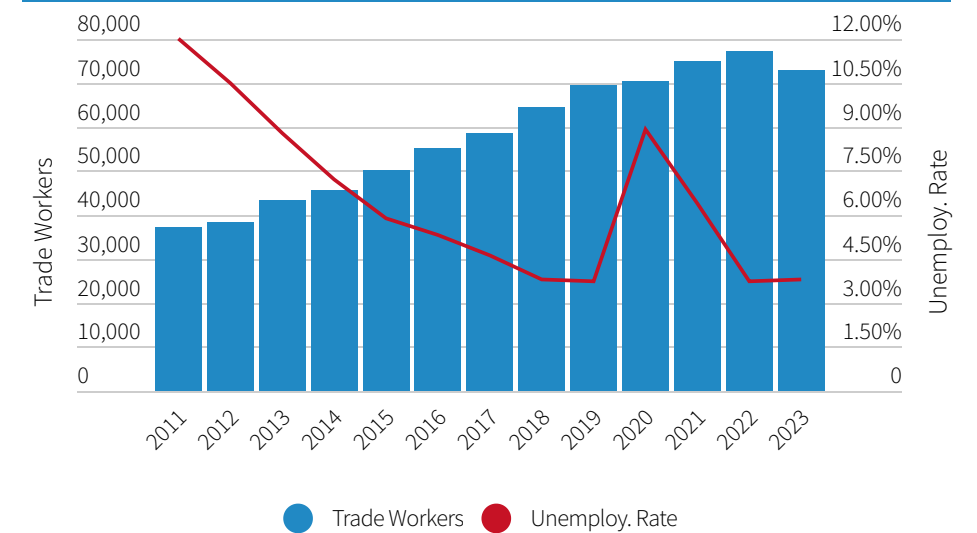
SOURCE: IHS-Market

### Construction Volume vs Labor - Annual Increase/Decrease



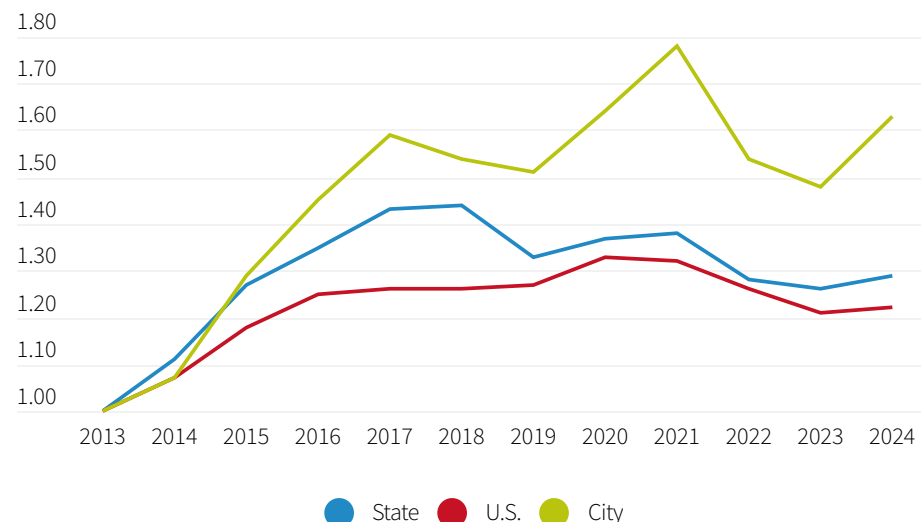
SOURCE: ReedConnect

### Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

### Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Downtown Sacramento Railyards Redevelopment	Sacramento	\$4.5B
UC Davis Medical Center California Tower	Sacramento	\$3.75B
Sacramento International Airport - SMF orward	Sacramento	\$1.3B
Aggie Square	Sacramento	\$1B
Richards Boulevard Office Complex	Sacramento	\$940M
California Northstate Teaching Hospital & Medical Center Phase I	Sacramento	\$755M
Project Elevate - Lifestyle Mixed-Use Development	Elk Grove	\$600M
48X Ambulatory Surgery Center	Sacramento	\$579M
Resources Building Renovation	Sacramento	\$460M
Kaiser Permanente Medical Center Replacement	Sacramento	> \$100M

SOURCE: ReedConnect

San Diego is one of many markets that benefits from the rising cost of living in Silicon Valley. It is still one of the most expensive markets in the country, but is quite affordable by California standards. Combined with a thriving life-sciences sector, the construction market here is set to grow through at least 2025.

The Residential sector is still the largest here, as San Diego is – like all of California – in a severe housing shortage. It is currently estimated that the area needs to double housing construction in order to accommodate all its residents. Statewide officials have made movements to address this in recent years, streamlining the approval process for new permits and encouraging multifamily development. It will take time for these efforts to bear fruit, but in San Diego we expect higher-density residential projects to enter the pipeline.

# San Diego, CA

CONTACT: Brooks Rehkopf, Regional Director  
brehkopf@cumming-group.com

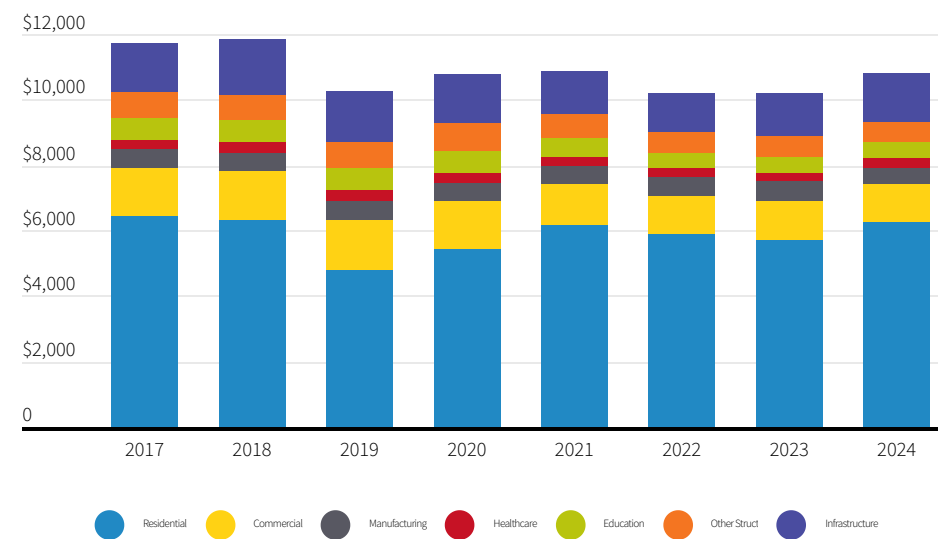
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	5.9%	1.0%	-13.3%	4.6%	1.3%	-6.3%	0.1%	6.0%
Residential	13.6%	-1.8%	-23.9%	13.0%	13.2%	-4.2%	-2.8%	9.7%
Commercial	2.9%	2.3%	0.7%	-4.0%	-12.2%	-8.4%	-0.2%	-5.3%
Manufacturing	-13.1%	-1.1%	7.8%	-5.9%	-2.3%	4.9%	5.9%	-9.0%
Healthcare	5.3%	0.8%	-3.7%	0.5%	-5.8%	-8.2%	-0.3%	5.0%
Education	2.6%	0.9%	4.3%	-3.4%	-16.3%	-14.0%	0.4%	3.1%
Other Structure*	6.5%	1.8%	1.4%	2.8%	-14.3%	-10.9%	-1.3%	1.3%
Infrastructure	-9.6%	12.5%	-8.2%	-3.7%	-9.6%	-12.4%	12.6%	10.7%

◀ HISTORIC FORECAST ▶

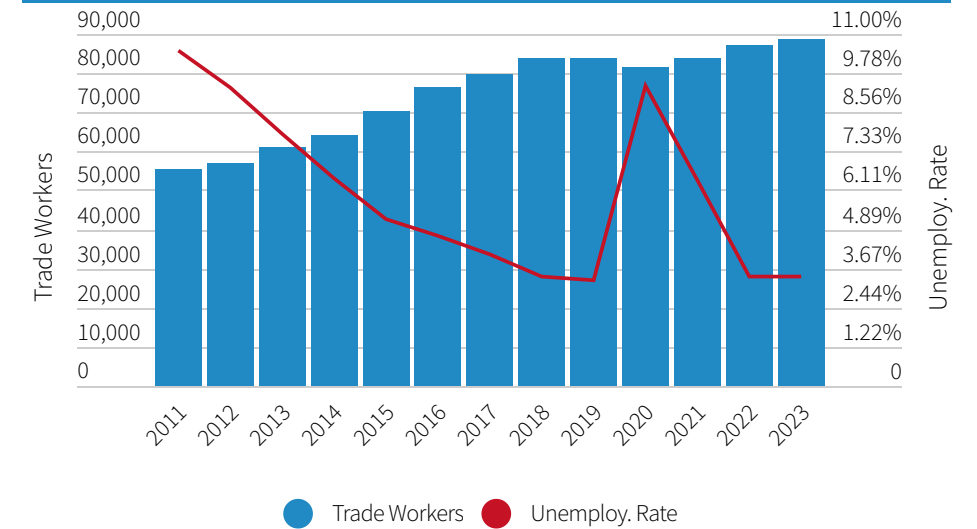
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



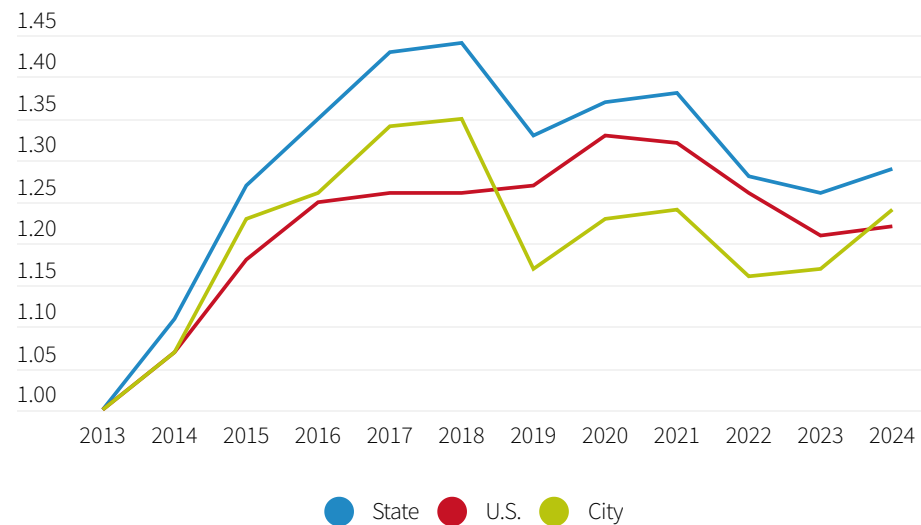
SOURCE: IHS-Market

## Regional Construction Employment



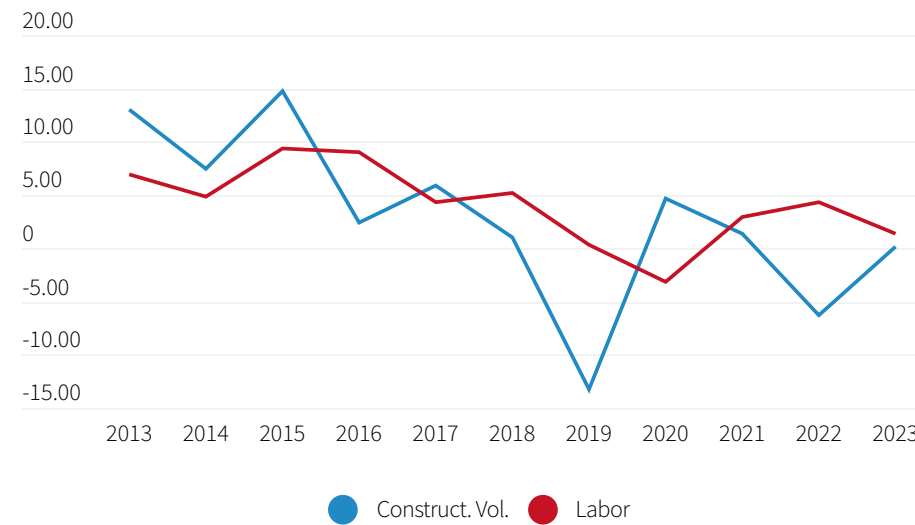
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
UCSD Health Hillcrest Campus Redevelopment: Parking Garage	San Diego	\$15B
San Diego International Airport Terminal 1 Replacement	San Diego	\$3.4B
San Diego State University Mission Valley Campus	San Diego	\$3B
Scripps Memorial Hospital La Jolla Replacement	San Diego	\$2B
San Diego Airport Expansion	San Diego	\$2B
I.D.E.A District	San Diego	\$1.8B
Tailgate Park Development - East Village Quarter	San Diego	\$1.5B
Central District Replacement Hospital - UC San Diego Hillcrest	San Diego	\$1.5B
Chula Vista Bayfront Development	Chula Vista	\$1.35B
Rady Children's Hospital Campus Expansion	San Diego	\$1.2B

SOURCE: ReedConnect

The San Francisco Bay Area had emerged as a key driver of the national economy. Companies here compete for talent by offering flashy, modern offices and generous benefit packages. The wave of layoffs brought on by interest rates and the drying-up of venture capital has acutely targeted the tech sector, however, and has led to the cancellation of many high-profile projects. Higher interest rates have also caused new housing projects to dry-up, exacerbating the area's already severe housing shortage.

The Bay Area already has one of the highest costs of living in the world. It is estimated that the area is short almost one million new houses, and workers commute from as far away as Sacramento or even Portland. This has caused many companies to set up shop elsewhere, where costs are cheaper. Forecasts have, in turn, been consistently revised downwards since the year began. We now expect the market to decline in 2023 and only see modest growth in 2024.

# San Francisco, CA

CONTACT: Kevin Herron, Sr. Vice President, CM  
[kherron@cumming-group.com](mailto:kherron@cumming-group.com)

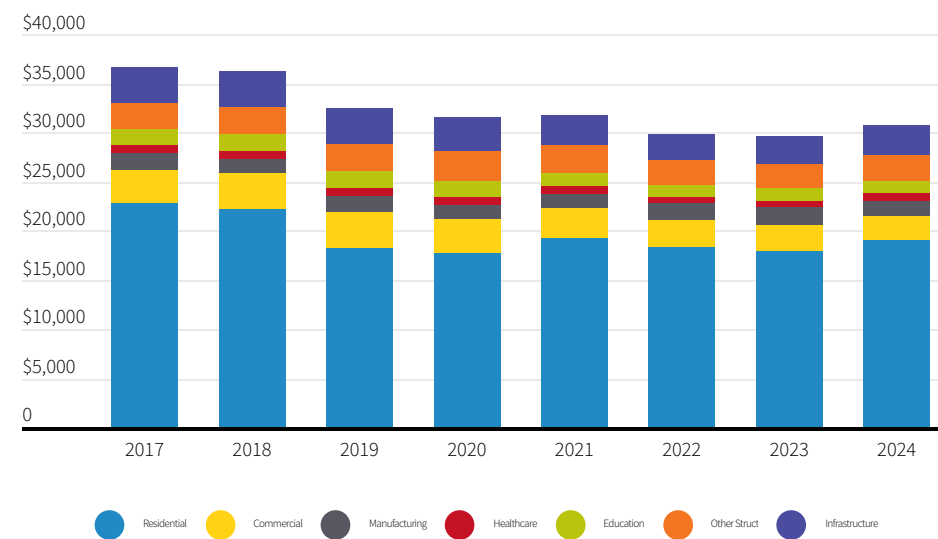
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	8.2%	-0.9%	-10.5%	-2.7%	0.7%	-1.8%	5.8%	1.8%
Residential	15.6%	-2.6%	-17.8%	-3.2%	8.9%	-4.4%	-2.6%	6.0%
Commercial	2.2%	2.1%	1.9%	-4.5%	-14.2%	-9.1%	-1.2%	-6.4%
Manufacturing	-12.2%	-0.6%	4.9%	-7.2%	-0.3%	9.8%	7.4%	-9.9%
Healthcare	4.3%	-3.6%	-1.8%	-1.1%	-3.9%	-8.8%	-2.1%	3.0%
Education	2.9%	0.6%	3.2%	-4.2%	-15.6%	-12.9%	-0.3%	1.9%
Other Structure*	12.2%	5.7%	-0.3%	10.3%	-8.7%	-9.9%	1.7%	2.5%
Infrastructure	-12.1%	1.0%	-1.0%	-6.3%	-9.6%	-14.8%	9.9%	7.2%

◀ HISTORIC FORECAST ▶

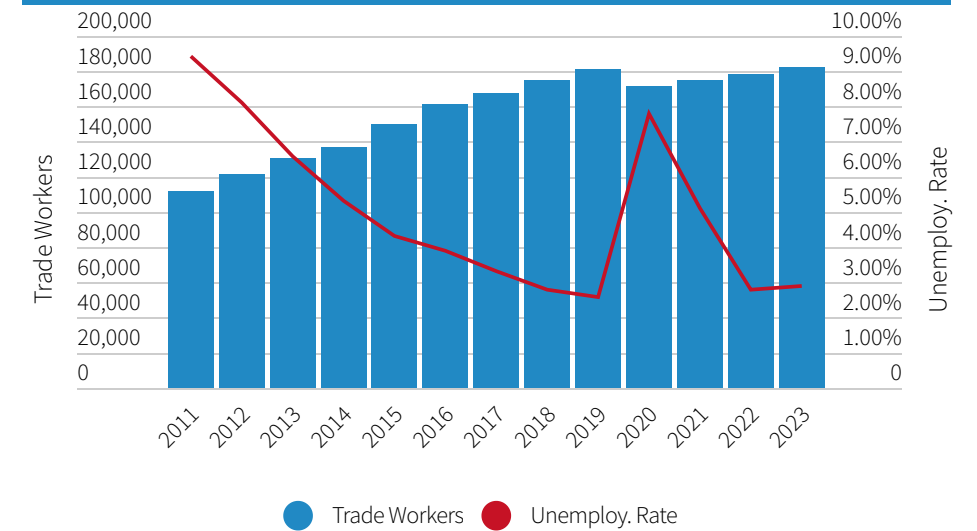
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



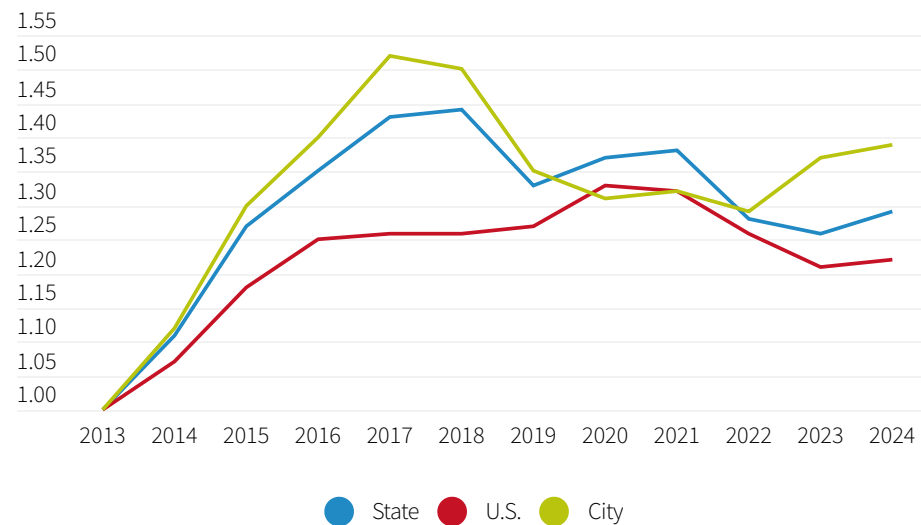
SOURCE: IHS-Market

## Regional Construction Employment



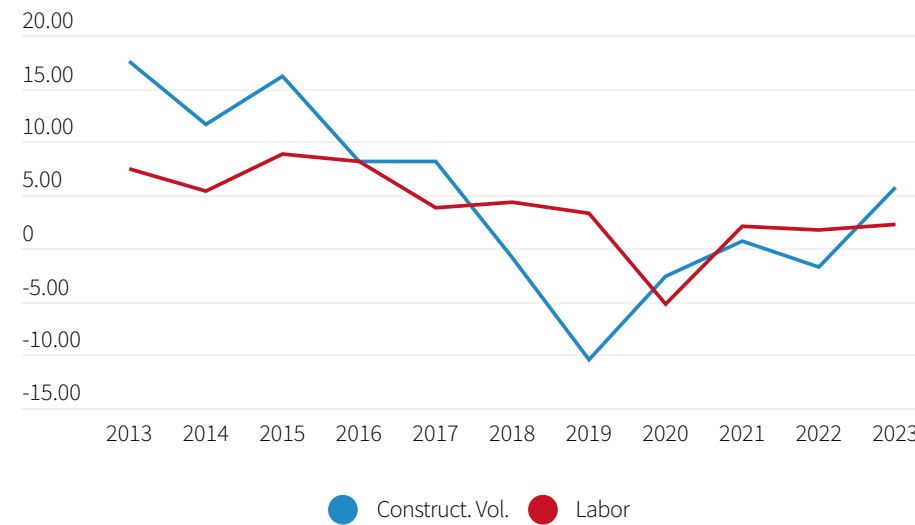
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Power Station	San Francisco	\$2B
Mission Rock	San Francisco	\$1.6B
US SF- New Parnassus Heights Hospital	San Francisco	\$1.5B
Parknerced Phase I	San Francisco	\$1.3B
Balboa Reservoir Redevelopment	San Francisco	\$600M
India Basin Mixed-Use	San Francisco	\$600M
10 South Van Ness Mixed Use	San Francisco	\$480M
Pier 15 Mixed-Use Redevelopment	San Francisco	\$400M
Potrero Hope SF	San Francisco	\$400M
Piers 38 and 40 Redevelopment	San Francisco	\$383M

SOURCE: ReedConnect



The Seattle market stands out from other cities in its commitment to sustainability. The city stands at the forefront of green building initiatives – the Seattle Kraken play on runoff from the arena’s roof – and officials have made plans to become completely carbon neutral within 30 years. As the city itself becomes more expensive to live in, growth has spilled over into neighboring cities like Tacoma and Bellevue. Of the ten largest projects in the state, only two are within the city limits.

Statewide, the outlook is similar. The majority of the population lives west of the Cascades, roughly along a corridor that connects Everett in the North with Vancouver in the South. The area is quite climate-conscious, and much of its infrastructure spending has focused on expanding rail coverage around the Puget Sound.

# Seattle, WA

CONTACT: Nick Mata, Regional Director  
nmata@cumming-group.com

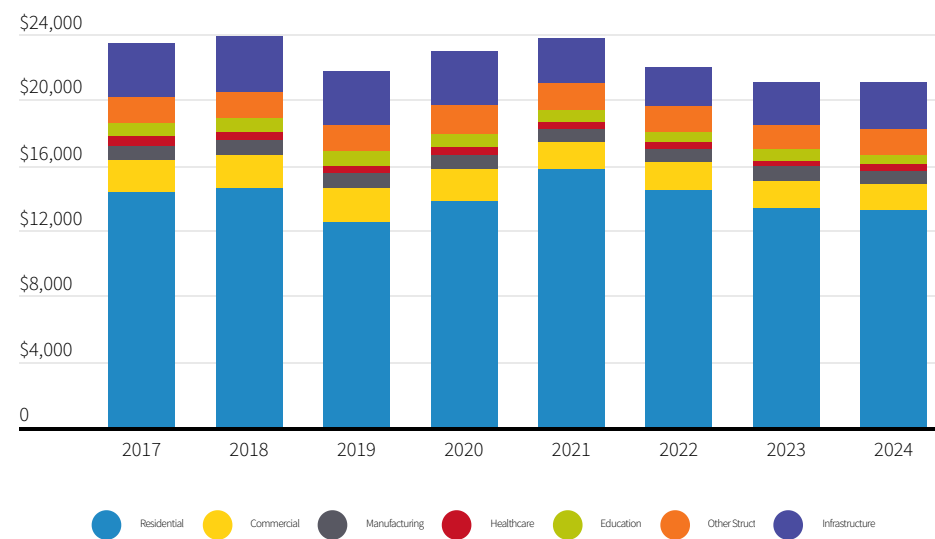
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	<b>10.2%</b>	<b>2.0%</b>	<b>-9.0%</b>	<b>5.7%</b>	<b>3.7%</b>	<b>-7.9%</b>	<b>-3.6%</b>	<b>-0.3%</b>
<b>Residential</b>	16.5%	1.6%	-14.4%	9.6%	14.0%	-7.4%	-7.7%	-1.0%
<b>Commercial</b>	5.8%	3.1%	1.1%	-0.2%	-11.2%	-6.5%	-0.4%	-7.6%
<b>Manufacturing</b>	-17.2%	-3.6%	7.9%	-12.4%	-10.2%	10.0%	8.3%	-9.0%
<b>Healthcare</b>	6.5%	-1.9%	-2.4%	2.1%	-6.6%	-10.1%	-1.3%	3.9%
<b>Education</b>	5.8%	2.6%	2.7%	-6.0%	-11.6%	-15.0%	-0.7%	3.2%
<b>Other Structure*</b>	10.4%	4.3%	-1.4%	11.6%	-8.3%	-8.5%	1.6%	2.1%
<b>Infrastructure</b>	-0.5%	3.8%	-3.9%	0.1%	-15.1%	-14.1%	10.4%	8.2%

◀ HISTORIC FORECAST ▶

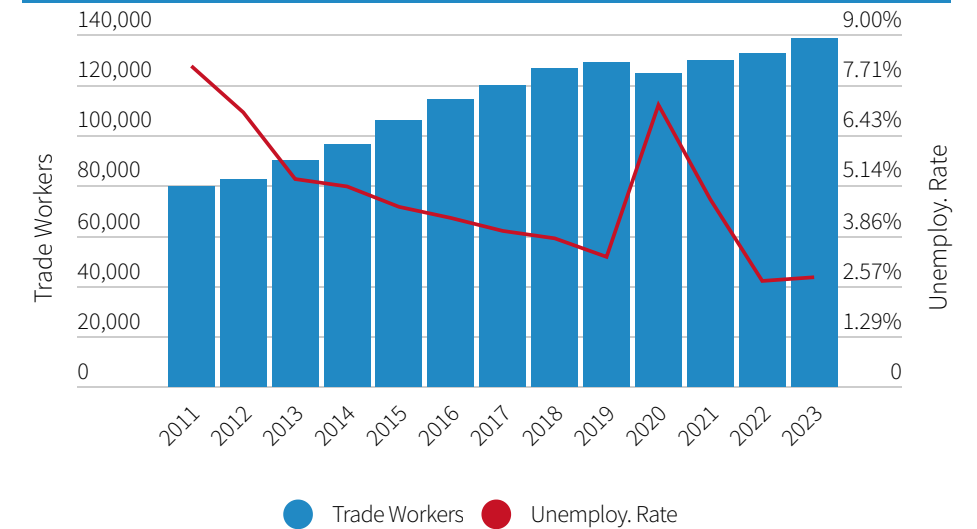
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



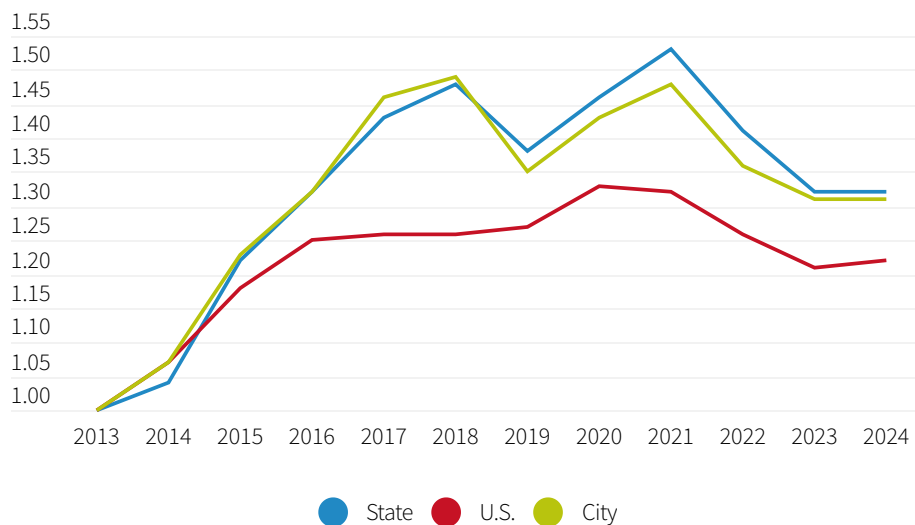
SOURCE: IHS-Market

## Regional Construction Employment



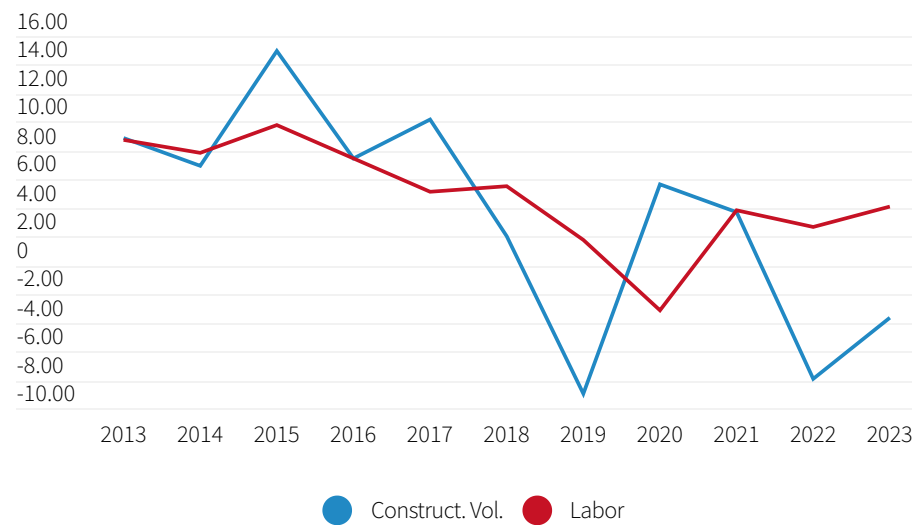
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

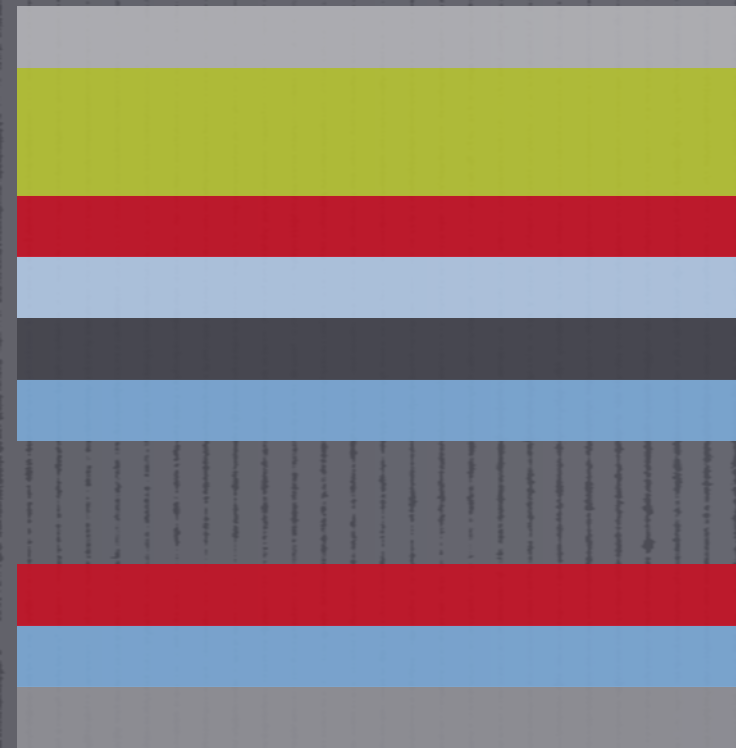
Project Name	Location	Value
Spring District	Bellevue	\$2.3B
Vancouver Waterfront	Vancouver	\$1.5B
Harborview Medical Center New Medical Tower	Seattle	\$925M
Esterra Park	Redmond	\$900M
Western State Hospital New Facilities	Lakewood	\$750M
LakePointe Urban Village	Covington	\$670M
Port of Kalama Methanol Plant	Kalama	\$660M
Darigold Processing Plant	Pasco	\$500M
Kaiser Permanente Special Care Facility	Seattle	\$500M
Mary Bridge Children's Hospital Addition	Tacoma	\$415M

SOURCE: ReedConnect

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# REGIONS

## CENTRAL



The central region has attracted a lot of attention from biomedical companies and semiconductor manufacturers. The area – spanning around 20 states – has a low cost of living and an educated labor force. Combined with rail and highway access to the rest of the country, these states are attractive options. This is historically what turned cities like Chicago into key drivers of the national economy. We expect this to continue well into the next few years.

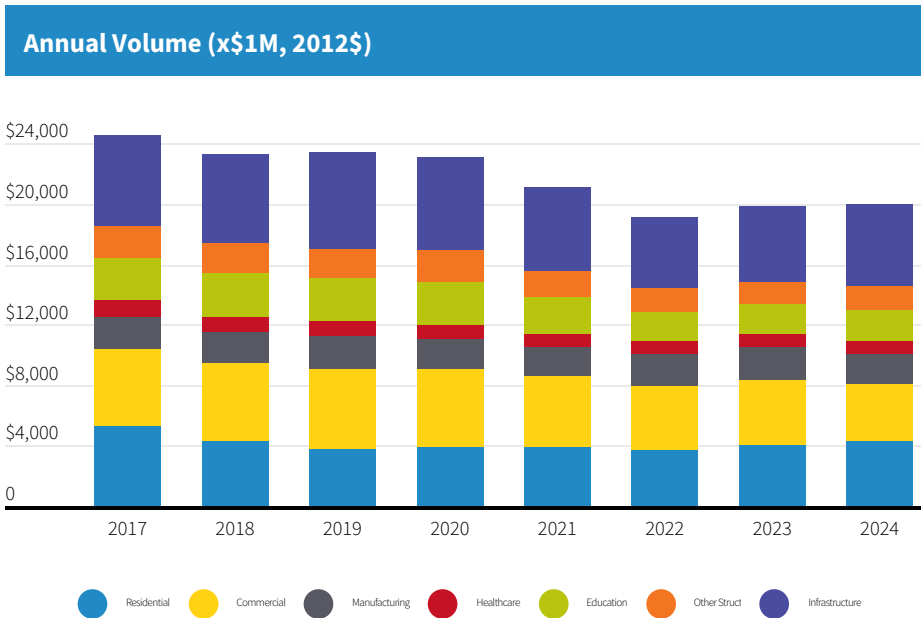
The Chicago market stands out thanks to the comparatively small role of the residential sector. Most of the new projects here are related to the commercial sector – several data centers are going up in areas around the city and a riverfront casino set to open in 2026. Expansions to O’Hare Airport and revitalization efforts on the city’s South and West Sides are also key drivers of the market.

# Chicago, IL

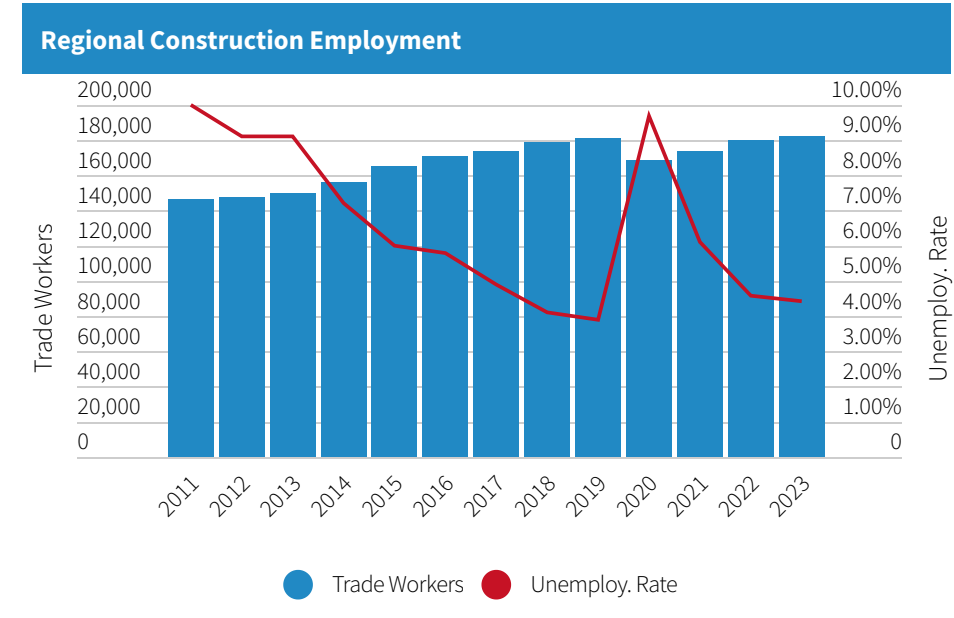
CONTACT: Etienne Nel, Managing Director  
[enel@cumming-group.com](mailto:enel@cumming-group.com)

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-0.8%	-4.8%	0.3%	-1.2%	-8.9%	-9.3%	4.4%	0.2%
Residential	5.8%	-18.9%	-10.8%	2.1%	0.3%	-5.8%	9.6%	4.8%
Commercial	3.5%	1.9%	1.0%	-1.0%	-10.2%	-7.9%	-1.1%	-8.8%
Manufacturing	-13.8%	-2.7%	4.7%	-9.2%	-2.3%	8.6%	6.7%	-11.5%
Healthcare	4.2%	-5.2%	-1.6%	-1.2%	-6.1%	-9.1%	-1.3%	3.2%
Education	1.3%	-1.3%	0.3%	-0.9%	-15.7%	-17.4%	-1.0%	3.3%
Other Structure*	5.4%	0.3%	0.2%	3.4%	-13.8%	-11.4%	-1.5%	1.4%
Infrastructure	-7.7%	-1.9%	6.6%	-2.4%	-11.5%	-15.1%	9.5%	7.3%

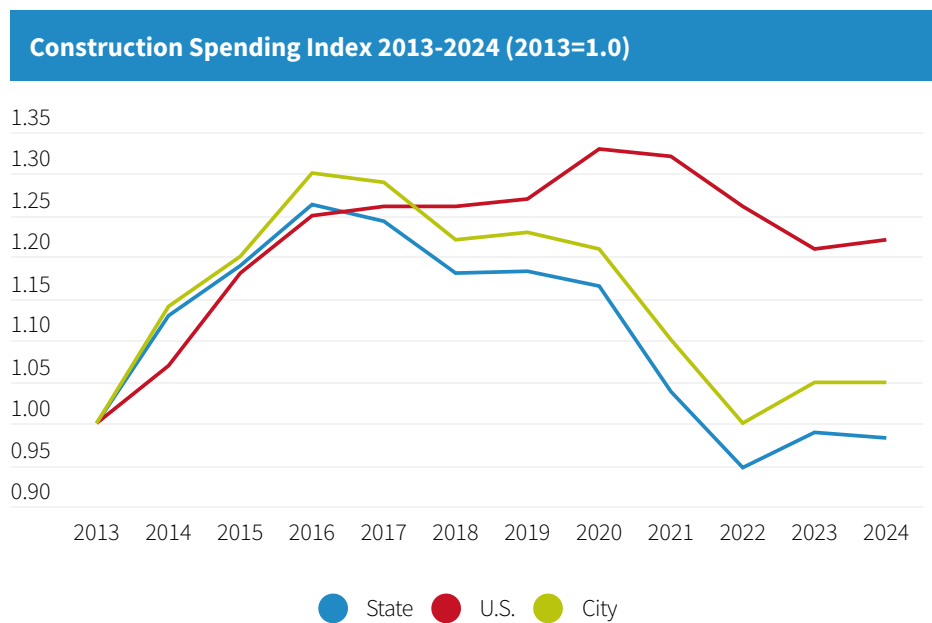
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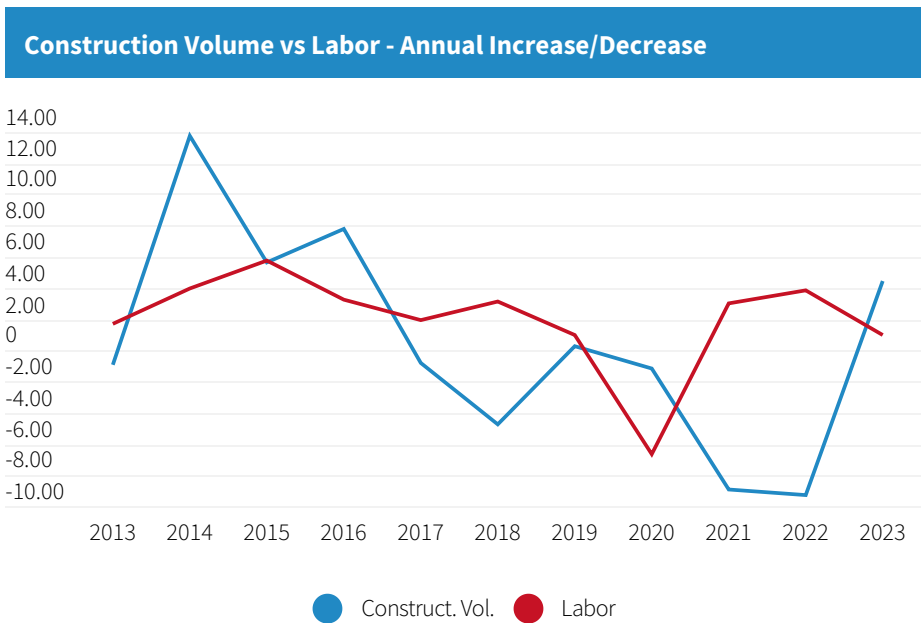
SOURCE: IHS-Market



SOURCE: U.S. Bureau of Labor Statistics



SOURCE: IHS-Market



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
The 78	Chicago	\$7,000M
O'Hare International Airport Terminal Expansions	Chicago	\$6,300M
Stadium District	Arlington Heights	\$5,000M
Lincoln Yards	Chicago	\$5,000M
Bronzeville Lakefront Development	Chicago	\$3,800M
Bronzeville Lakefront Development Phase II	Chicago	\$3,000M
ComEd Hyperscale Data Center Campus Phase I	Mount Prospect	\$2,500M
Bally's Temporary Casino	Chicago	\$1,700M
O'Hare International Airport New Global Terminal	Chicago	\$1,200M
Compass Business Park	Joliet	\$1,200M

SOURCE: ReedConnect

CONTACT: Steve Rutland, Vice President, PM  
[srutland@cumming-group.com](mailto:srutland@cumming-group.com)

Construction in the Dallas-Fort Worth Metroplex has had a very strong showing in recent years. Healthcare, education, and recently entertainment are all key drivers of the area's construction market. Statewide, the infrastructure sector is one of the largest. The Texas Triangle is one of the fastest-growing parts of the country. The area is largely flat, and this has allowed these communities to grow outwards rather than upwards. Tying these communities together is a key challenge for state officials.

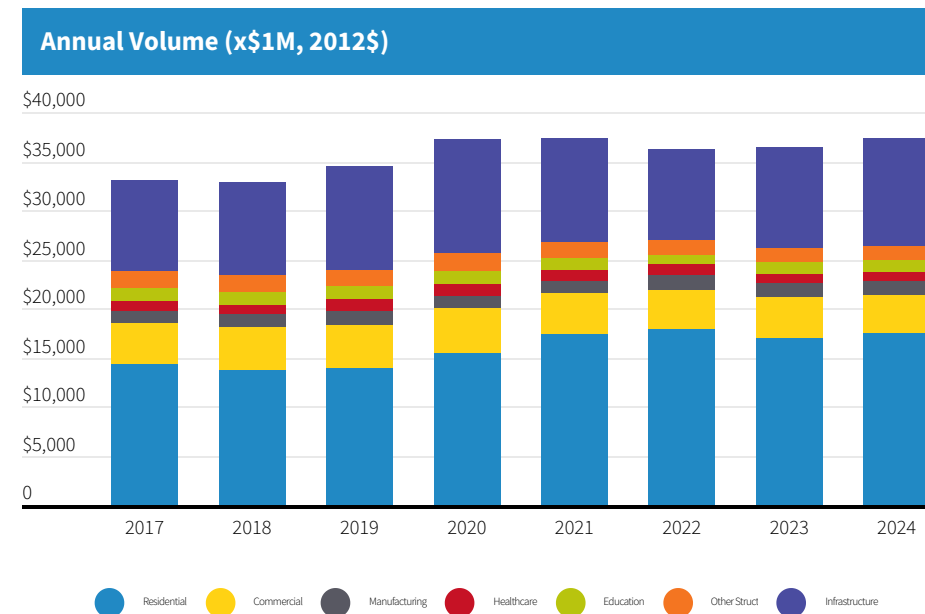
The entertainment industry has emerged as an important part of the economy in Dallas. The city doesn't have beaches or mountains nearby, so officials have invested heavily in things like restaurants and shopping spaces in order to bring in residents and tourists. Of the projects expected to cost more than \$1 billion, two are convention centers and the rest are upscale resorts and shopping districts.

### Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

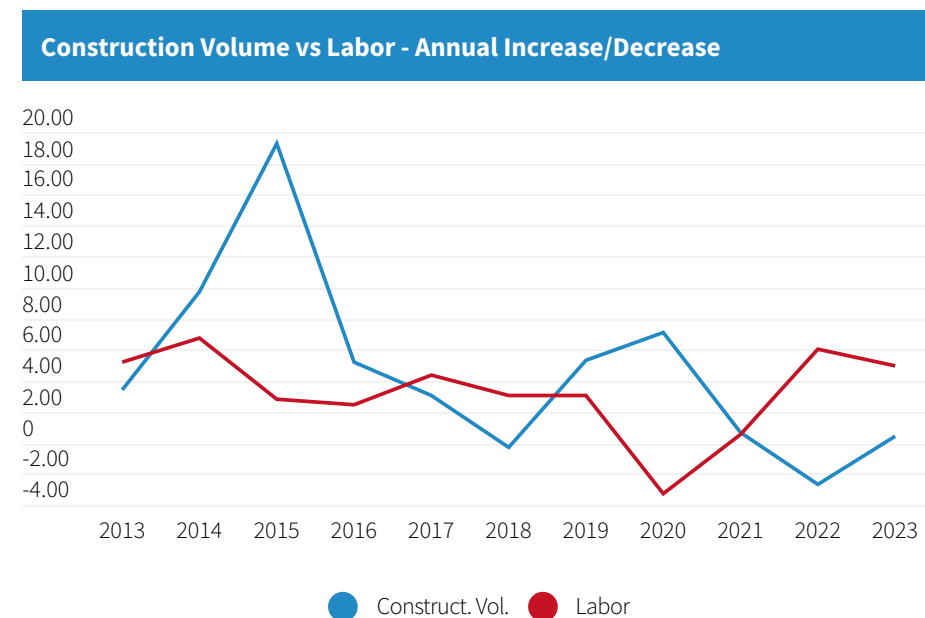
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	3.0%	-0.3%	5.3%	7.1%	0.6%	-2.7%	0.4%	2.4%
<b>Residential</b>	11.5%	-3.6%	1.1%	10.4%	11.8%	3.6%	-5.1%	3.8%
<b>Commercial</b>	5.0%	4.2%	3.3%	4.4%	-7.3%	-4.1%	-0.1%	-8.0%
<b>Manufacturing</b>	-12.1%	-0.7%	8.4%	-7.0%	-0.9%	10.2%	8.4%	-11.1%
<b>Healthcare</b>	6.2%	-2.2%	5.5%	7.2%	-2.3%	-6.5%	-0.2%	1.2%
<b>Education</b>	5.2%	1.8%	5.0%	1.6%	-12.3%	-9.5%	0.7%	3.6%
<b>Other Structure*</b>	6.8%	1.1%	-0.7%	10.4%	-12.0%	-12.3%	-0.1%	2.5%
<b>Infrastructure</b>	-7.6%	2.7%	12.9%	6.2%	-7.4%	-11.6%	10.1%	6.2%

◀ HISTORIC FORECAST ▶

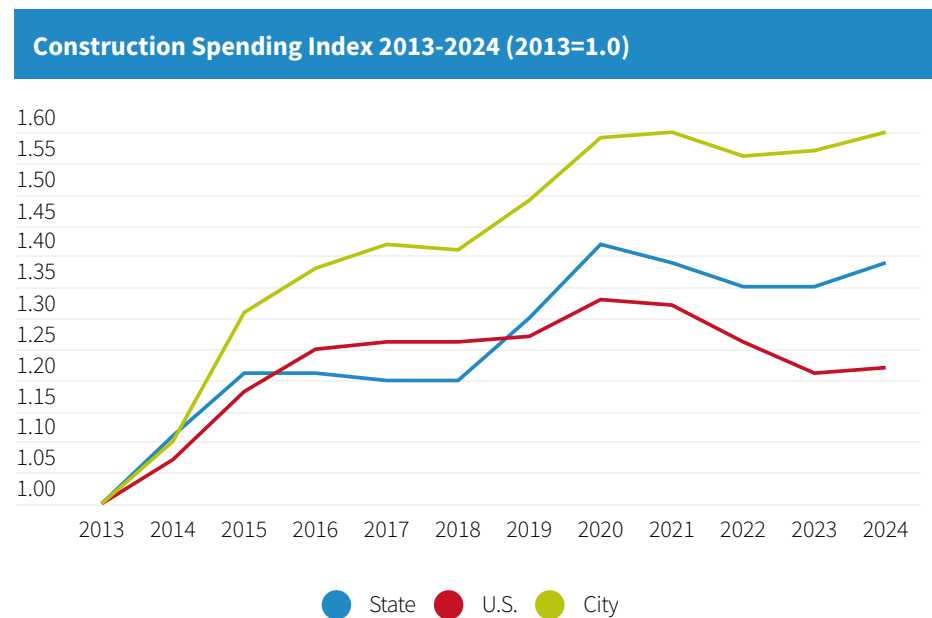
\* This includes religious buildings, amusement, government communications, and public recreation projects.



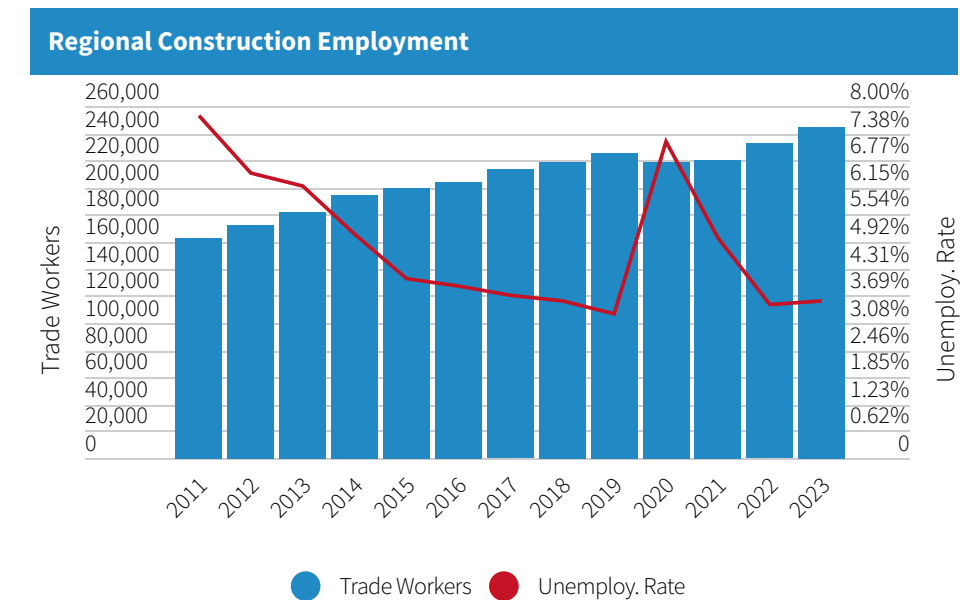
SOURCE: IHS-Market



SOURCE: ReedConnect



SOURCE: IHS-Market



SOURCE: U.S. Bureau of Labor Statistics

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Kay Bailey Hutchison Convention Center Reconstruction	Dallas	\$4B
International District	Dallas	\$4B
Cypress Waters	Dallas	\$3.5B
Lamar Street New Convention Center	Dallas	\$1B
Mercer Crossing West Mixed-Use Development	Farmers Branch	\$1B
Bayside	Rowlett	\$1B
Four Seasons Turtle Creek	Dallas	\$750M
Walmart Fulfillment Center	Wilmer	\$420M
Wells Fargo Corporate Campus - Building 1 and 2	Irving	\$400M
Trinity Mills Station	Carrollton	\$350M

SOURCE: ReedConnect



CONTACT: Sean McDermott, Regional Director  
[smcdermott@cumming-group.com](mailto:smcdermott@cumming-group.com)

Construction in Denver has remained strong over the first part of the year. The area has seen unsustainably fast growth over the last ten years, with the cost of living increasing in tandem. With Residential construction starting to slow, nonresidential construction has slowly increased since 2023. In the years ahead, we expect the growth to come from the education, healthcare, and infrastructure sectors. Now that people have houses, they will need schools, medical care, and a way to get around the city. Most of Denver's population growth has occurred outside of the city itself. Officials now must shift spending towards tying these disparate

communities together. To that end, highways and commuter rail should be a priority in the coming years.

Throughout recent months Denver/the Front Range has been seeing continued long lead times with MEP equipment and is experiencing some labor shortages as the current labor pool trails construction demand. In order to keep companies and teams staffed, incentives are starting to be included, which is having a knock-on effect on overall costs.

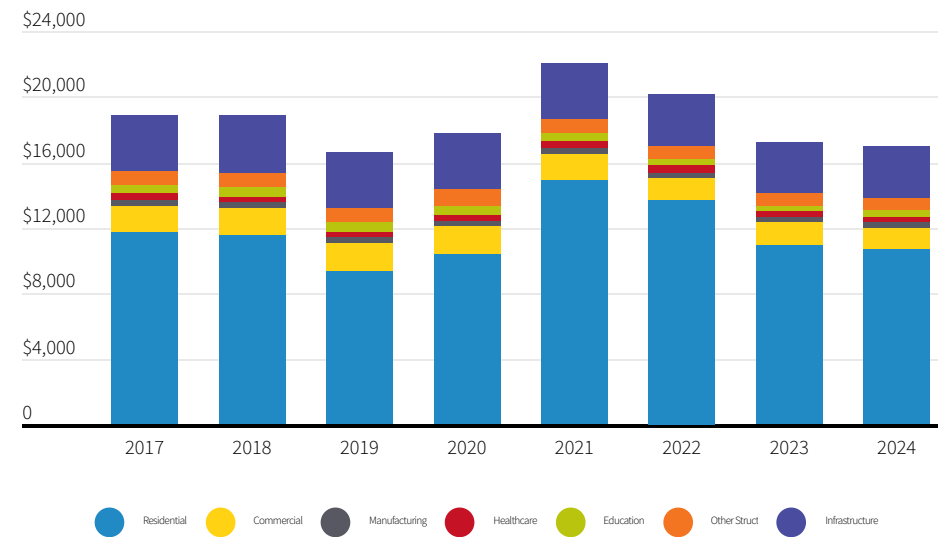
### Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	10.2%	2.0%	-9.0%	5.7%	3.7%	-7.9%	-3.6%	-0.3%
Residential	16.9%	-1.6%	-19.1%	11.2%	44.2%	-8.5%	-19.6%	-2.1%
Commercial	4.8%	3.5%	2.9%	0.9%	-9.4%	-12.3%	-8.4%	-5.8%
Manufacturing	-13.9%	-2.8%	6.2%	-6.8%	-1.1%	5.7%	3.8%	-8.6%
Healthcare	9.7%	-1.7%	-3.5%	1.3%	2.7%	-7.6%	-10.6%	2.2%
Education	1.9%	2.0%	4.6%	-0.1%	-13.0%	-13.2%	-0.6%	1.2%
Other Structure*	7.8%	4.3%	-0.9%	8.7%	-12.2%	-14.6%	-2.9%	0.8%
Infrastructure	2.2%	4.9%	-3.5%	-1.8%	2.5%	-8.0%	-1.4%	3.2%

◀ HISTORIC FORECAST ▶

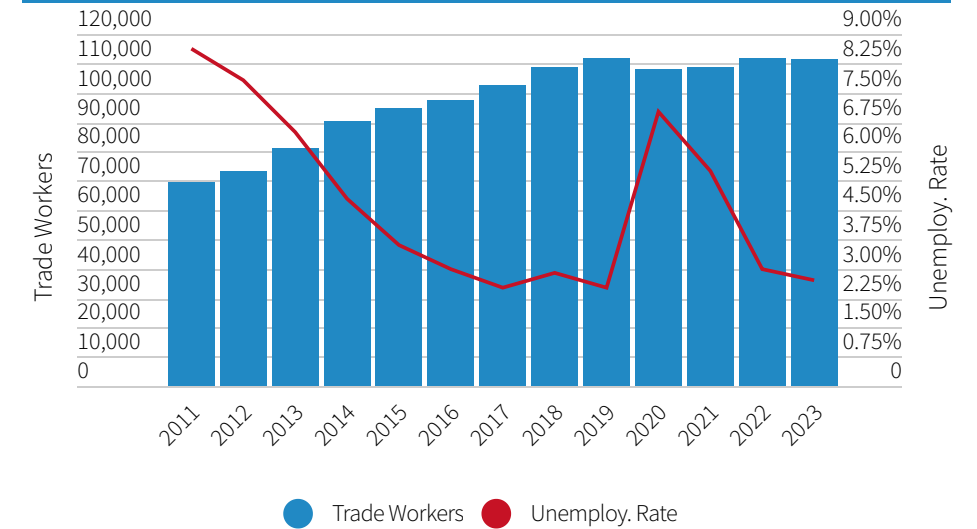
\* This includes religious buildings, amusement, government communications, and public recreation projects.

### Annual Volume (x\$1M, 2012\$)



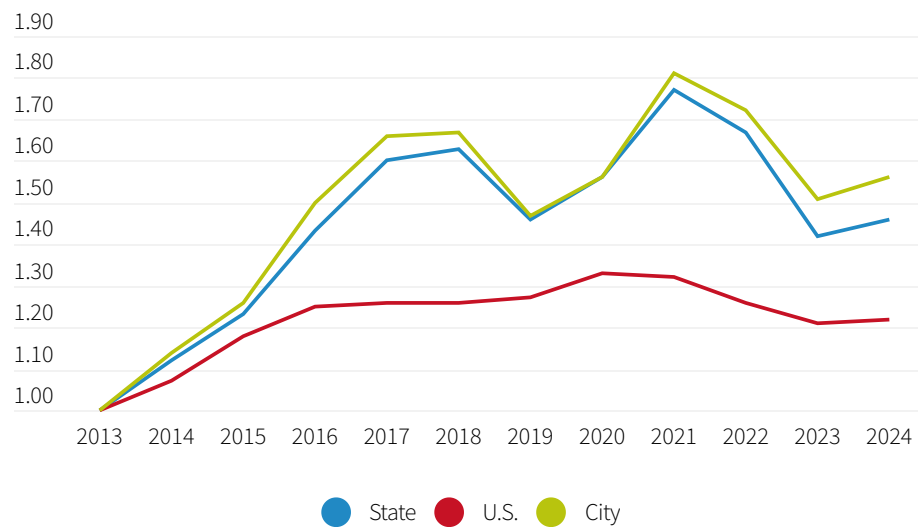
SOURCE: IHS-Market

### Regional Construction Employment



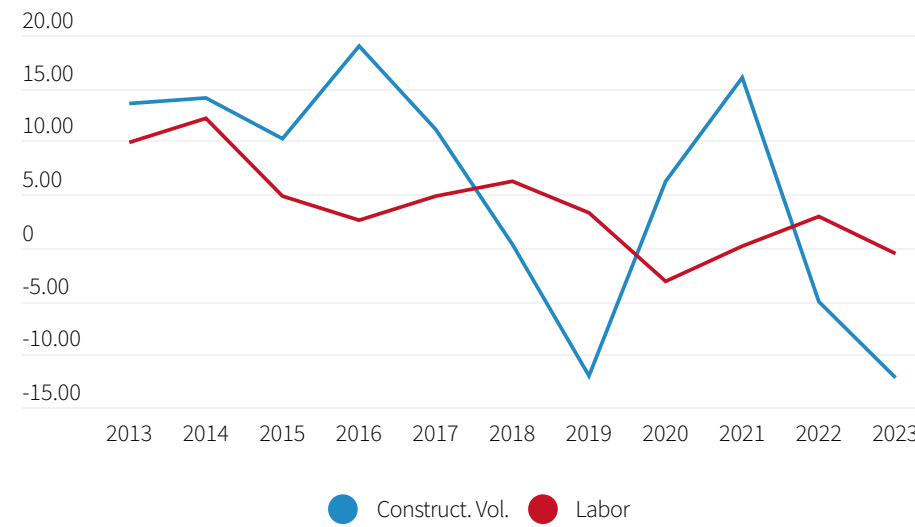
SOURCE: U.S. Bureau of Labor Statistics

### Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

### Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Cherry Creek West Redevelopment	Denver	\$1B
National Western Center	Denver	\$765M
Agilent Technologies Manufacturing Facility	Frederick	\$725M
Lutheran Medical Center at Clear Creek Crossing	Wheat Ridge	\$650M
Brands at the Ranch	Loveland	\$600M
Pepsi Plant	Denver	\$400M
Hurley Place Phase 2	Denver	\$400M
Greyhound Track Redevelopment	Commerce City	\$400M
University of Colorado Health Tower 3	Aurora	\$388M
Santa Fe Yards Apartments	Denver	\$334M

SOURCE: ReedConnect

As part of the city's ambitious 2040 Plan, Minneapolis has been investing heavily in affordable housing and public transit. This has so far taken the form of encouraging mixed-use developments and "complete neighborhoods," which have commercial spaces, schools, and healthcare facilities within walking distance for most residents. It will take some time for the results of this plan to be felt, but early initiatives are beginning to bear fruit. Minneapolis has rents lower than comparable cities and there are more than 21,000 new projects in the pipeline.

The city's market has slowly adapted to this change, with just over 20% of residential spending this year going to multifamily projects.

Infrastructure spending is set to decline this year but should grow over 2024 as federal money rolls in. With the goal of reducing carbon emissions from personal vehicles, the Minneapolis Metro is seeing a lot of new attention. An extension to the Green Line is already underway, while extensions to the Blue Line and three new bus rapid transit routes are under consideration from the local government.

# Minneapolis, MN

CONTACT: Sean McDermott, Regional Director  
[smcdermott@cumming-group.com](mailto:smcdermott@cumming-group.com)

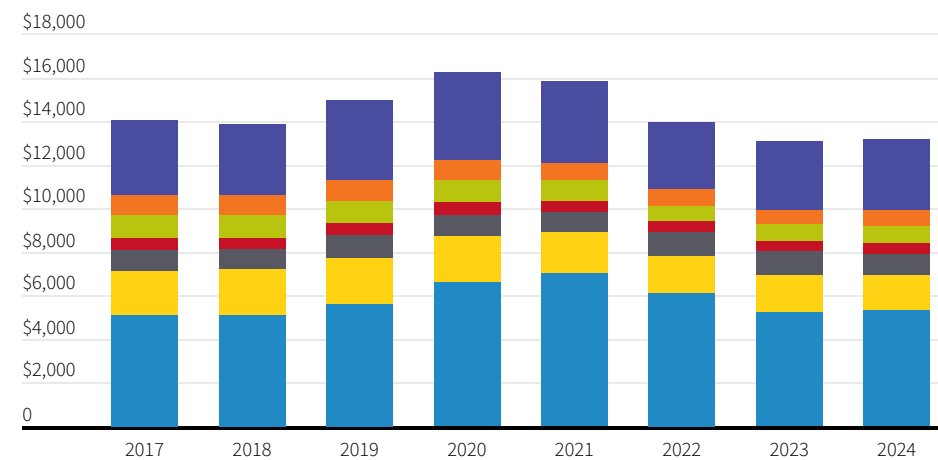
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	2.3%	-0.7%	7.9%	8.4%	-3.0%	-11.5%	-6.4%	0.6%
<b>Residential</b>	7.9%	0.3%	10.4%	18.0%	5.9%	-12.4%	-14.6%	2.8%
<b>Commercial</b>	3.5%	2.5%	1.3%	-0.3%	-10.7%	-9.8%	-1.1%	-7.5%
<b>Manufacturing</b>	-14.1%	-2.4%	5.8%	-8.1%	-1.1%	12.0%	7.0%	-11.7%
<b>Healthcare</b>	7.8%	-5.0%	2.8%	5.4%	-3.5%	-10.2%	-5.5%	2.1%
<b>Education</b>	3.9%	0.7%	2.4%	-1.2%	-14.6%	-15.5%	0.7%	3.0%
<b>Other Structure*</b>	7.0%	1.4%	-0.2%	3.7%	-14.5%	-13.3%	-0.9%	1.7%
<b>Infrastructure</b>	-3.0%	-3.8%	13.8%	7.9%	-8.1%	-15.6%	-0.8%	4.8%

◀ HISTORIC FORECAST ▶

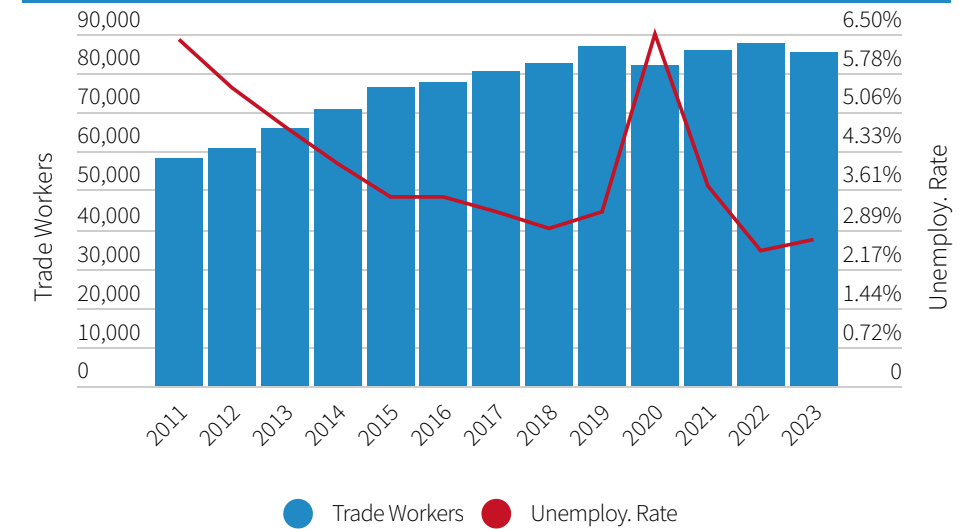
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



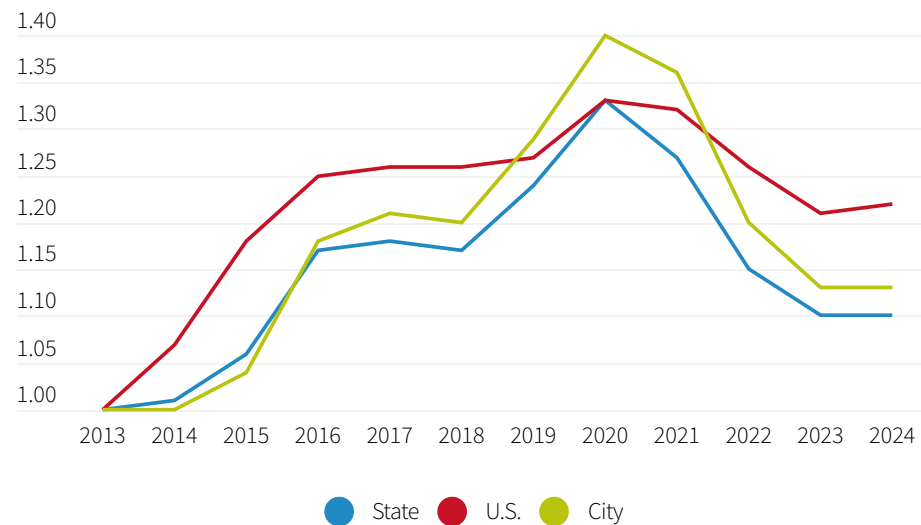
SOURCE: IHS-Market

## Regional Construction Employment



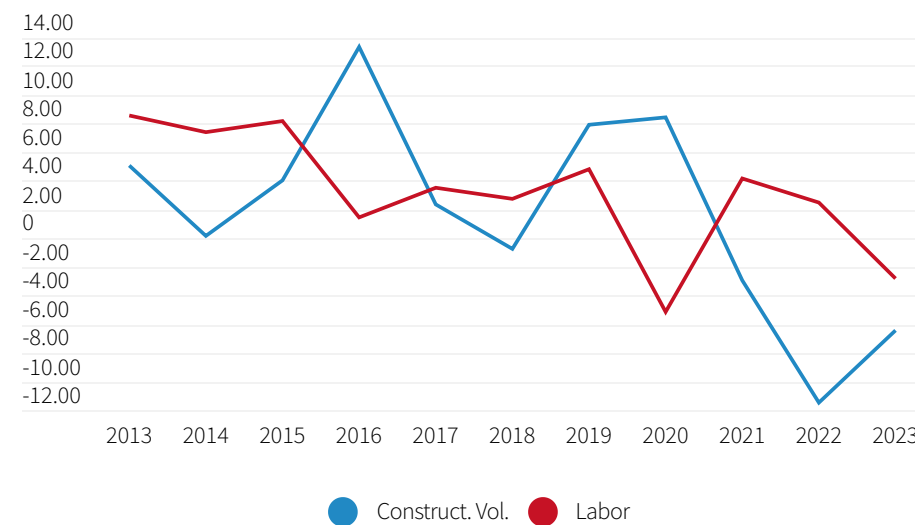
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Destination Medical Center Initiative	Rochester	\$6.5B
CloudHQ Data Center	Chaska	\$1B
Highland Bridge	Saint Paul	\$1B
Saint Mary's Hospital Replacement - Vision Northland	Duluth	\$915M
Xcel Energy Co Plant	Becker	\$800M
Data Center	Becker	\$700M
Nemaji Trail Energy Center Proposed Natural Gas Plant	Duluth	\$700M
Google Data Center	Becker	\$600M
State Capitol Renovation and Addition	Saint Paul	\$498M
Huber Engineered Woods - Cohasset	Cohasset	\$440M

SOURCE: ReedConnect

Nashville, like many major cities in the U.S., is experiencing a transition period, which is influenced by interest rate hikes and unsustainable inflation/escalation. After years of continued hot streaks, the iron is not as hot in the Multifamily/Residential sector, as rent growth has stabilized with increased vacancy from over supply. There are many reasons to remain optimistic for Nashville and the state of Tennessee with the following projects in construction, design or planned: LG Chem's \$3 billion EV battery plant in Clarksville, Vanderbilt University's \$1 billion campus projects, Ford's \$5 billion battery plant in Memphis, Oracle's \$5 billion planned new riverfront campus, and the new \$2 billion Tennessee Titans stadium.

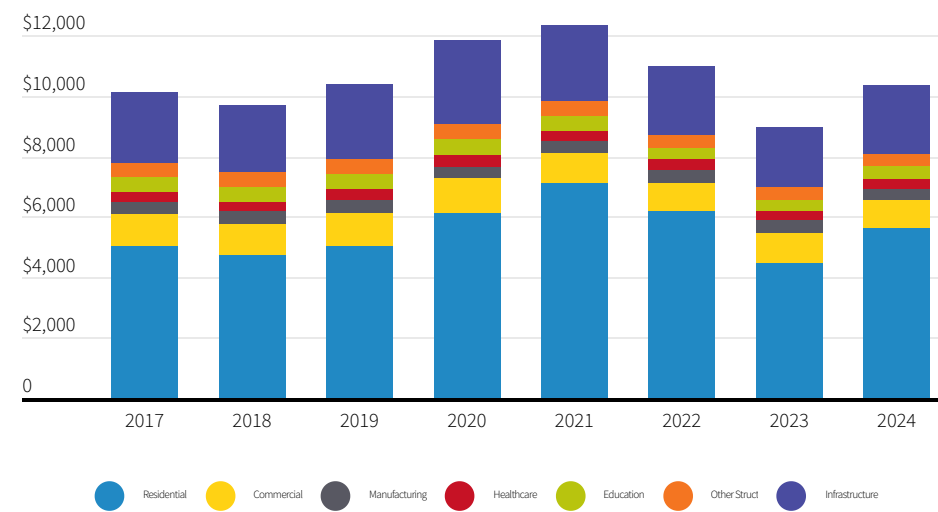
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-0.4%	-4.2%	7.1%	14.2%	3.9%	-11.1%	-18.4%	16.0%
Residential	2.3%	-6.4%	7.1%	22.4%	15.3%	-12.9%	-27.3%	26.1%
Commercial	5.5%	5.0%	3.2%	0.8%	-10.3%	-5.9%	-0.3%	-6.6%
Manufacturing	-11.7%	-3.9%	5.3%	-11.1%	1.9%	7.7%	5.2%	-10.9%
Healthcare	5.0%	-5.8%	4.7%	10.8%	-3.5%	-7.3%	-13.2%	6.6%
Education	3.0%	1.1%	2.5%	4.2%	-14.0%	-15.3%	3.6%	3.7%
Other Structure*	8.1%	2.3%	1.9%	9.6%	-9.8%	-10.0%	-1.2%	1.5%
Infrastructure	-8.5%	-5.6%	11.8%	11.4%	-8.6%	-11.3%	-14.0%	17.2%

◀ HISTORIC FORECAST ▶

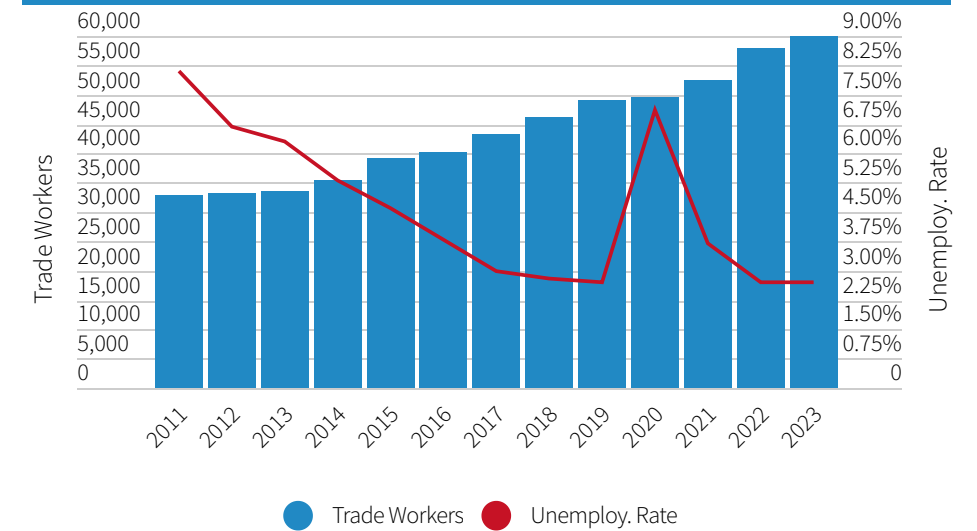
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



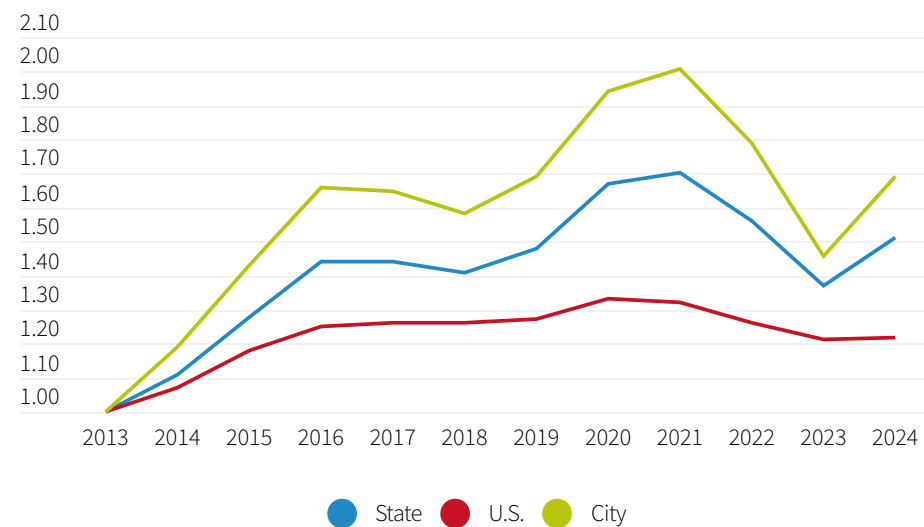
SOURCE: IHS-Market

## Regional Construction Employment



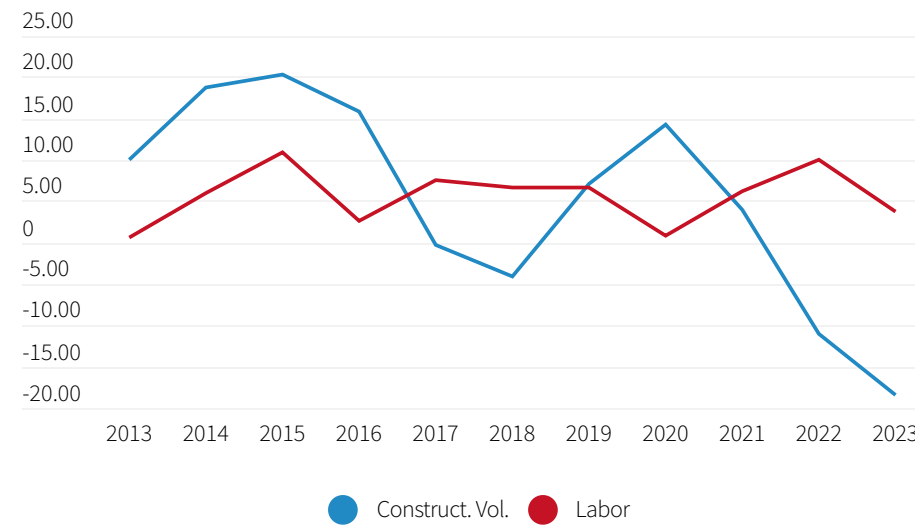
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
June Lake	Spring Hill	\$6.6B
Uranium Processing Facility	Oak Ridge	\$6.5B
Blue Oval City	Stanton	\$5.6B
The Riverside Mixed Use	Nashville	\$2.5B
Tennessee Titans Stadium	Nashville	\$2.1B
FedEx Super Hub Expansion	Memphis	\$1.5B
The Pinch Mixed Use	Memphis	\$1B
Avalon	Franklin	\$100M
Hobson Drive Mixed-Use	Nashville	\$861M
Facebook Gallatin Data Center	Gallatin	\$800M

SOURCE: ReedConnect

# Salt Lake City, UT

CONTACT: Sean McDermott, Regional Director  
smcdermott@cumming-group.com

The construction market in Salt Lake City – although not as active as in prior years – is expected to grow steadily throughout the next few years. The city has a strong economy and is one of a handful of places that is positioning itself to capture tech companies looking to escape the rising costs in Silicon Valley. Unlike cities further east like Nashville or Houston, Salt Lake City is sandwiched between the eponymous Great Salt Lake on one side and the Wasatch Mountains on the other. This limits available land and pushes costs up as the city expands. Still, people move here in droves and the residential market makes up more than half of all construction. We expect this to continue.

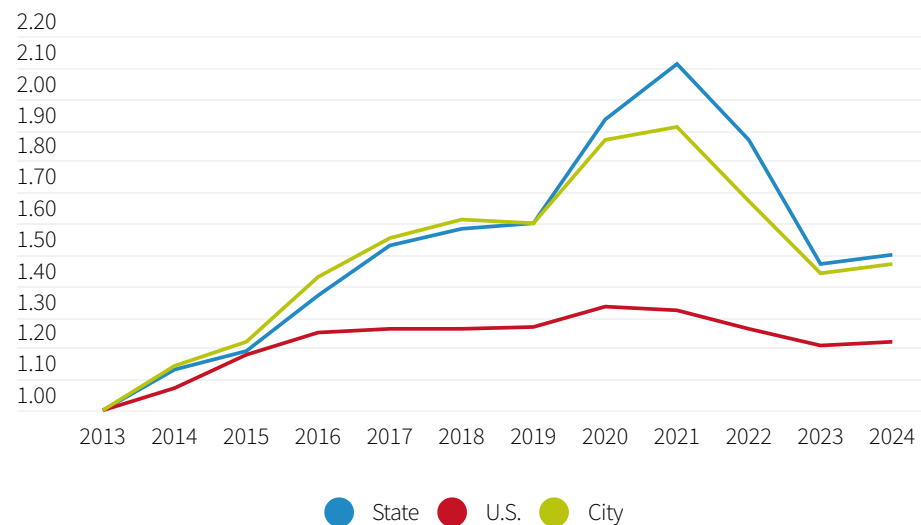
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	<b>8.0%</b>	<b>3.9%</b>	<b>-0.1%</b>	<b>16.7%</b>	<b>1.9%</b>	<b>-12.3%</b>	<b>-14.1%</b>	<b>2.3%</b>
<b>Residential</b>	14.0%	3.1%	-1.4%	28.1%	11.2%	-11.1%	-22.0%	2.5%
<b>Commercial</b>	3.9%	4.0%	2.9%	5.2%	-8.6%	-9.1%	-2.4%	-7.8%
<b>Manufacturing</b>	-12.5%	-2.3%	6.6%	-5.5%	2.0%	8.8%	5.8%	-10.5%
<b>Healthcare</b>	10.0%	0.3%	-2.1%	7.4%	-2.1%	-14.4%	-6.9%	5.5%
<b>Education</b>	5.7%	0.9%	3.8%	2.8%	-13.6%	-18.5%	-2.5%	5.6%
<b>Other Structure*</b>	9.7%	0.3%	0.6%	10.4%	-11.1%	-11.5%	-1.9%	1.6%
<b>Infrastructure</b>	1.3%	9.4%	-0.9%	6.7%	-10.6%	-21.0%	-2.5%	10.5%

◀ HISTORIC FORECAST ▶

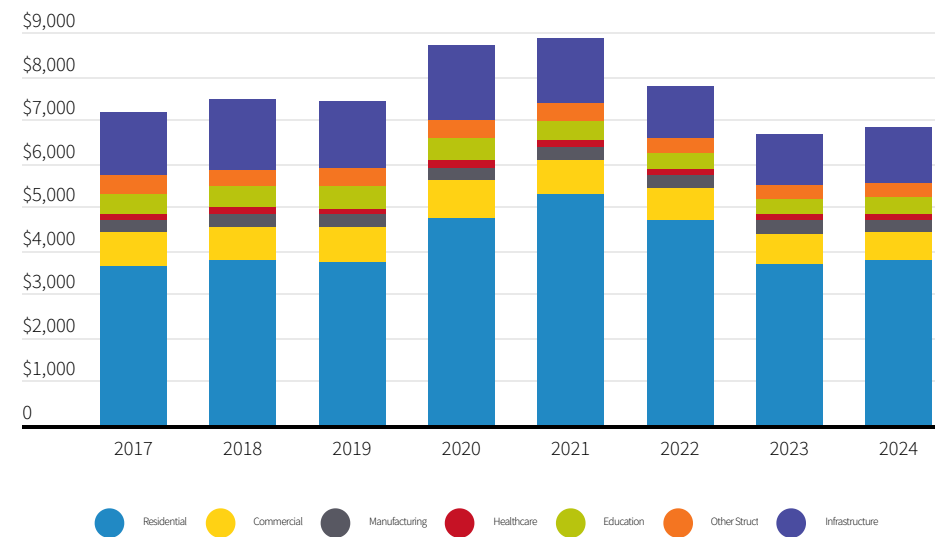
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Construction Spending Index 2013-2024 (2013=1.0)



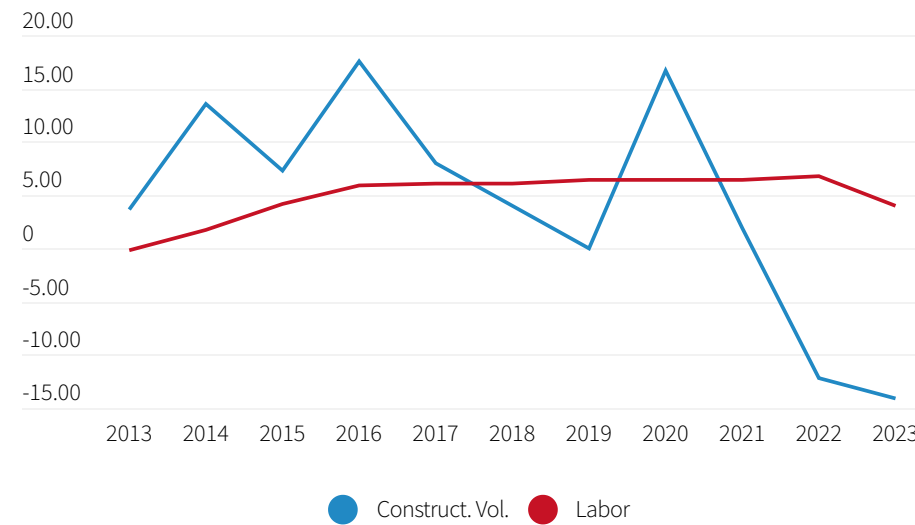
SOURCE: IHS-Market

## Annual Volume (x\$1M, 2012\$)



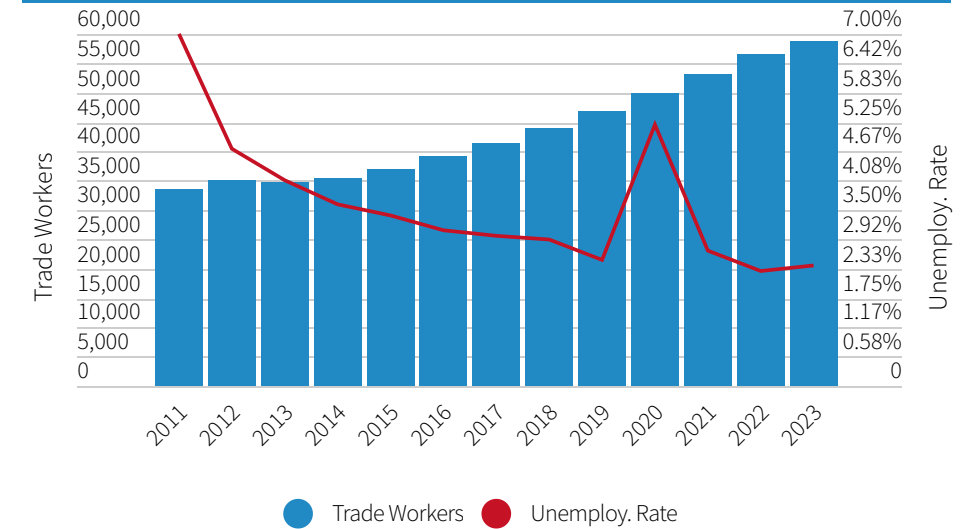
SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
The Point - Phase I	Salt Lake City	TBD
Salt Lake City International Airport Expansion	Salt Lake City	\$3B
IM Flash Technologies Expansion/Renovations	Lehi	\$1.5B
Fairbourne Station	West Valley City	\$500M
Northrop Grumman Rocket Motor Manufacturing Plant Expansion	Magna	\$451M
West Valley Health and Community Center Phase I	West Valley City	\$400M
Geneva	Vineyard	\$400M
MAP Facilities	Magna	\$340M
Firefly Residential 10	Cedar Valley	\$337M
Firefly Residential 3	Cedar Valley	\$292M
Firefly Residential 11	Cedar Valley	\$247M

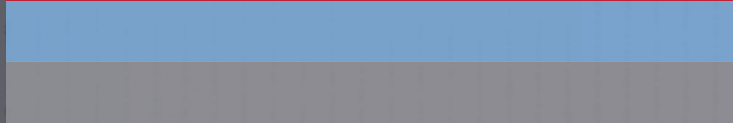
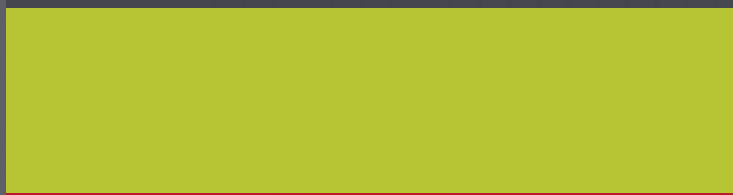
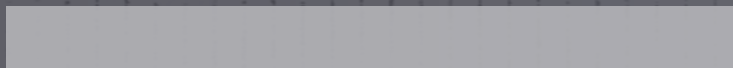
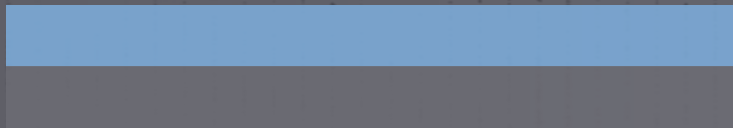
SOURCE: ReedConnect



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# REGIONS

## EAST



The Atlanta market has proven to be both reliable and resilient over the last few years. Overall spending here has remained relatively constant, never exceeding 5% over the last 5 years. We expect this to continue over the next five years, if not longer.

Highways that were built in the 1950s are approaching the end of their lifespan. In Atlanta, the proposal to remove Interstate 75/85 is gaining

steam. Doing so would, proponents argue, encourage more walkable neighborhoods and spur investment in the city's light-rail network. Electric vehicle manufacturing is also seeing a lot of attention from city officials, and there are two factories – one for the vehicles themselves and one for batteries – in the works already. The construction market has added around 10,000 new workers in anticipation. Hopefully this will keep costs from rising too high.

# Atlanta, GA

CONTACT: Jarrod Ross, Director, CM  
jross@cumming-group.com

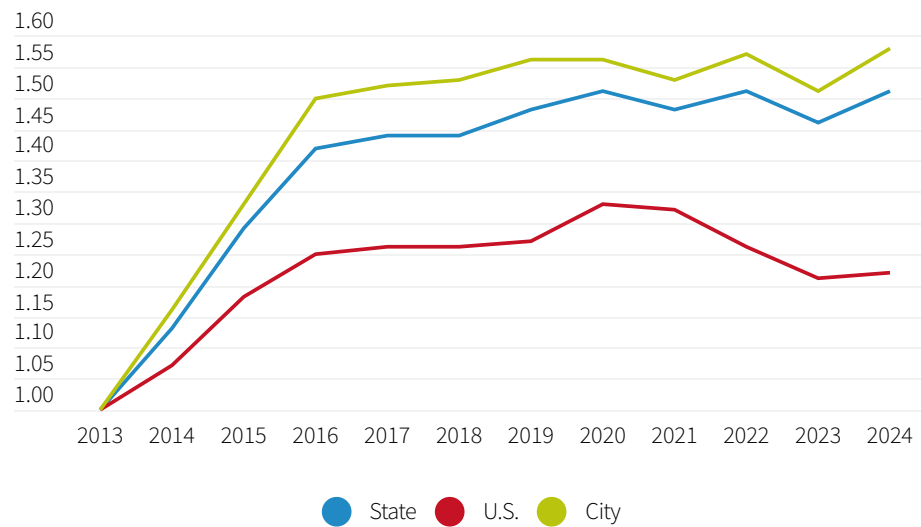
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	1.6%	0.7%	1.6%	0.2%	-1.5%	2.6%	-4.0%	4.5%
Residential	7.3%	0.4%	-6.0%	4.8%	9.0%	16.0%	-12.4%	8.0%
Commercial	4.6%	3.5%	2.1%	1.2%	-9.4%	-5.8%	-0.9%	-8.0%
Manufacturing	-11.8%	-1.5%	6.5%	-8.9%	0.2%	10.4%	5.3%	-10.6%
Healthcare	6.2%	-2.4%	5.5%	-1.6%	-2.8%	-5.2%	-1.3%	3.3%
Education	6.4%	4.1%	4.5%	1.4%	-14.4%	-15.4%	-1.2%	6.1%
Other Structure*	8.6%	0.0%	-2.4%	8.5%	-6.5%	-9.0%	1.4%	-0.3%
Infrastructure	-8.0%	0.0%	12.3%	-6.9%	-9.0%	-10.3%	9.6%	7.6%

◀ HISTORIC FORECAST ▶

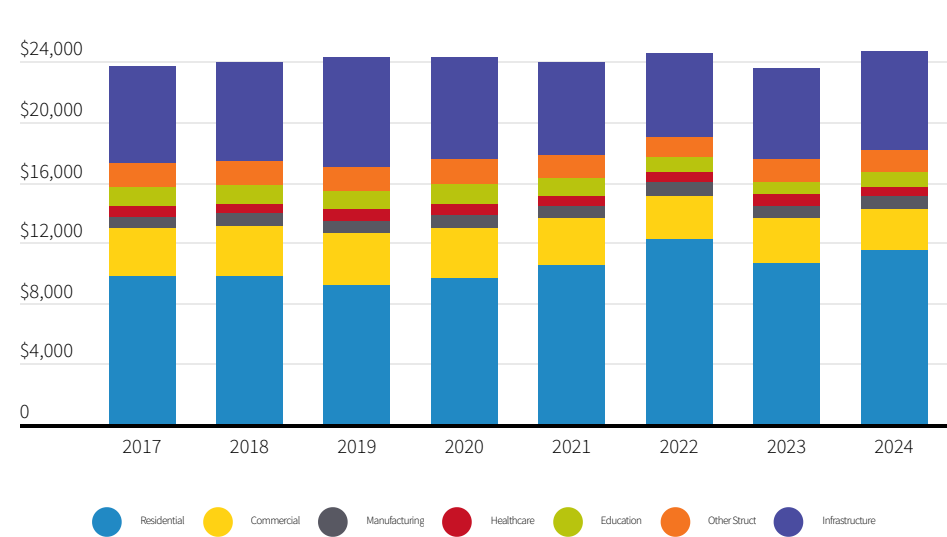
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Construction Spending Index 2013-2024 (2013=1.0)



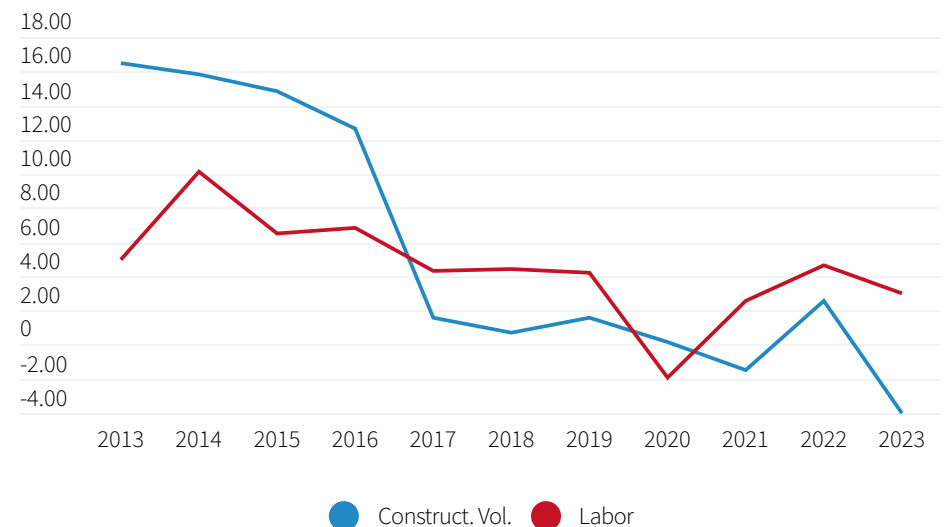
SOURCE: IHS-Market

## Annual Volume (x\$1M, 2012\$)



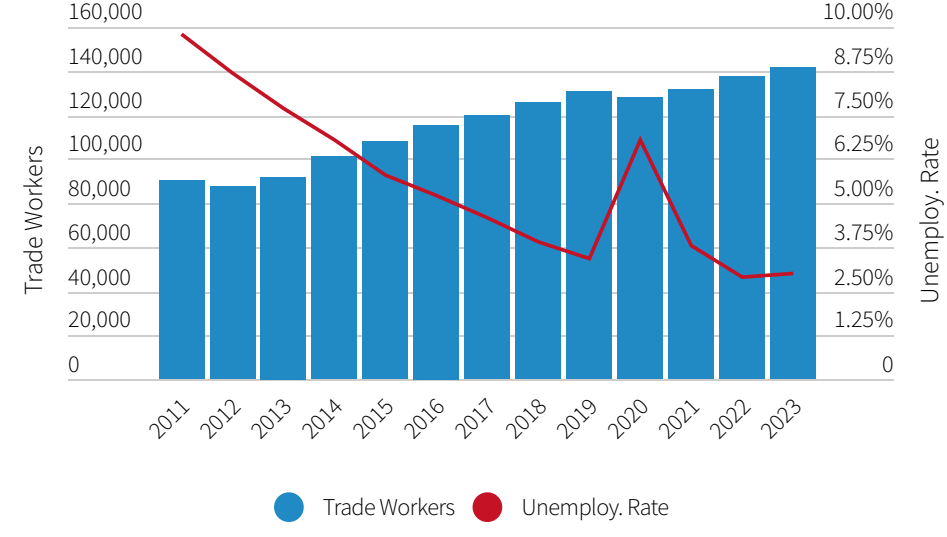
SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Global Villages or Gwinnett Place Mall Redevelopment	Duluth	\$10B
ATL Next-Hartsfield-Jackson Airport Expansion	Atlanta	\$6B
Hyundai Electric Vehicle Manufacturing Plant	Ellabell	\$5.5B
Hyundai Electric Vehicle Battery Plant	Kingston	\$5B
Project Tera Electric Vehicle Plant	Atlanta	\$5B
FREYR Lithium-Ion Manufacturing Facility	Newnan	\$2.6B
Arthur M. Blank Hospital	Atlanta	\$1.5B
Kane Studio Mixed-Use Development	Chattahoochee Hills	\$1.232B
Rowen Research Hub	Dacula	\$1.150B
Atlanta Motor Speedway Casino Resort	Hampton	\$1B

SOURCE: ReedConnect

The construction market in Boston is one of the most diverse in the country. Residential, life science, commercial, education, healthcare, and infrastructure projects are all present here in similar proportions. There are several high-profile projects underway here, including the redevelopment of the city's Seaport District, residential towers along the waterfront, and continued life science development across the Charles River in Cambridge and throughout greater Boston. Laboratories operate across the city serving the thriving biotech industry, which requires specialized workspaces, equipment, and workers who are predominately on-site. This has in turn spilled into other parts of the economy and

surrounding communities and kept adjacent businesses operating.

The overall market is on-track to slightly decline by about 0.5% this year and about 4% next year. Still, the pharmaceutical and technology manufacturing and infrastructure sectors are predicted to see some growth. Due to breakthroughs in vaccine advancement during the pandemic, the life sciences sector continues to see focused attention. Startups have been affected by the failure of investment banks and shortage of scientists, which has caused a slight slow down in the market.

# Boston, MA

CONTACT: Christine Mosholder, Sr. Vice President  
[cmosholder@cumming-group.com](mailto:cmosholder@cumming-group.com)

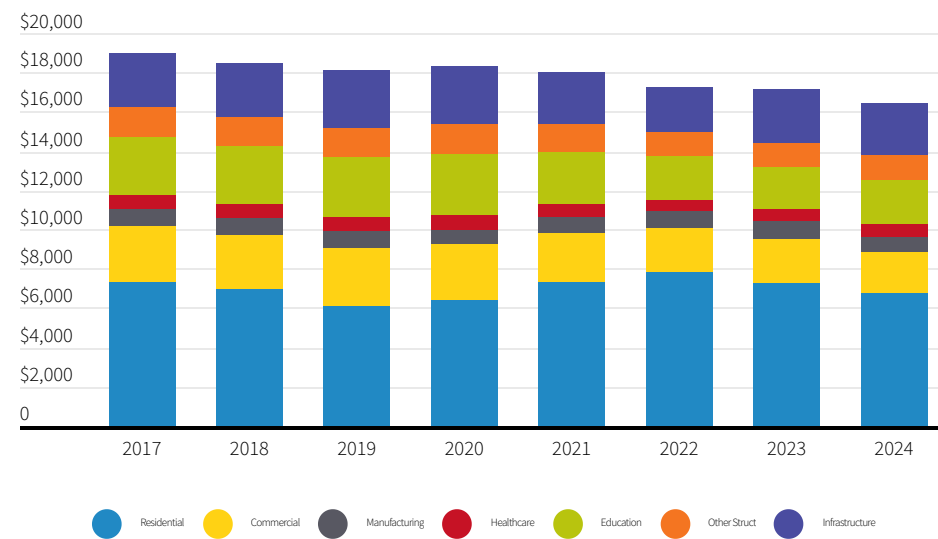
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	1.5%	-2.7%	-1.9%	0.7%	-1.2%	-4.4%	-0.5%	-4.1%
Residential	6.5%	-6.3%	-11.0%	4.5%	14.3%	6.0%	-6.8%	-7.3%
Commercial	2.5%	2.4%	2.4%	-3.0%	-11.5%	-8.9%	-0.5%	-6.8%
Manufacturing	-14.0%	-3.3%	5.1%	-9.6%	-1.7%	8.5%	5.1%	-10.5%
Healthcare	3.0%	-4.8%	-1.1%	-2.6%	-3.7%	-9.8%	-0.9%	0.9%
Education	2.7%	-0.9%	5.1%	1.7%	-14.2%	-16.5%	-0.7%	2.7%
Other Structure*	7.4%	0.6%	-2.2%	5.1%	-10.3%	-11.3%	-0.9%	0.9%
Infrastructure	-9.5%	-0.8%	6.8%	-2.6%	-6.5%	-16.0%	19.2%	-0.1%

◀ HISTORIC FORECAST ▶

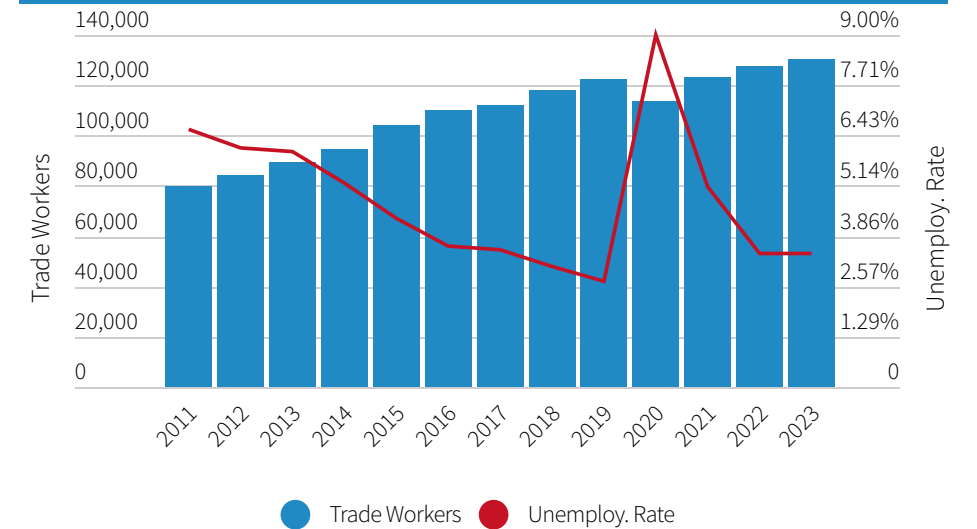
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



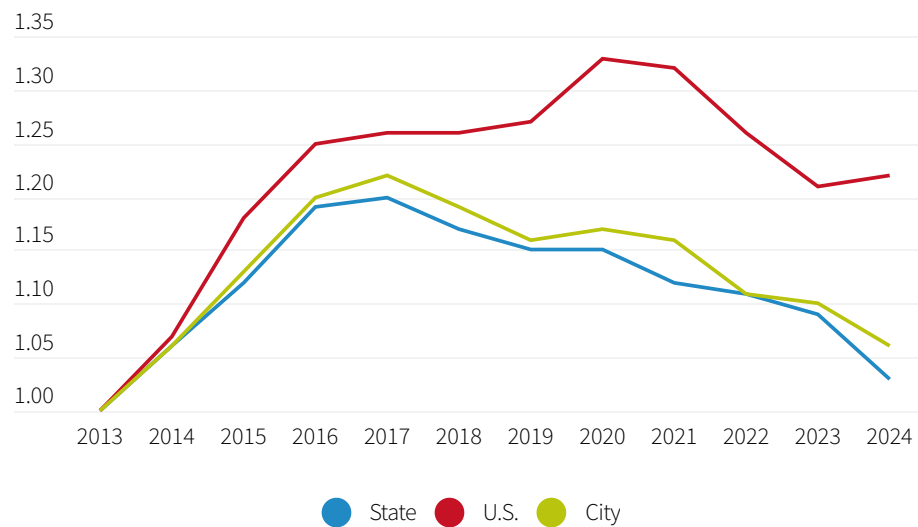
SOURCE: IHS-Market

## Regional Construction Employment



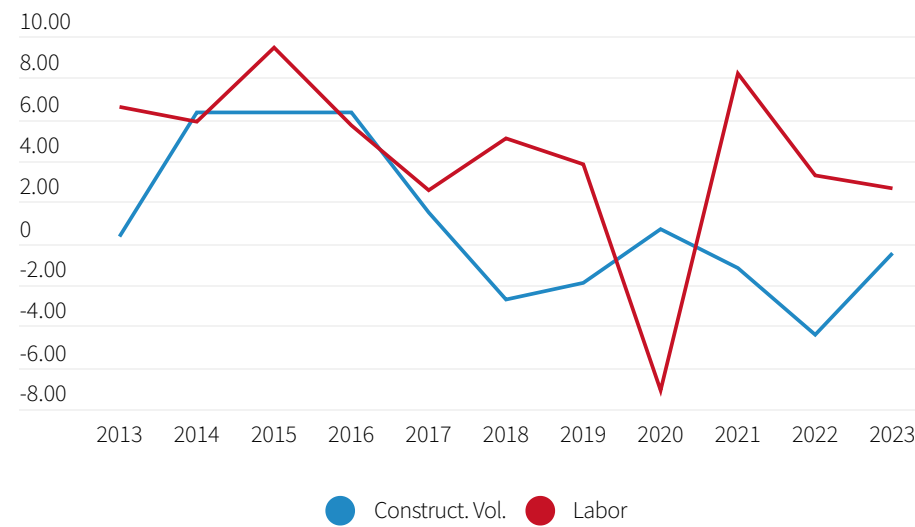
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Westfield Data Center Campus	Westfield	\$2.7B
Massachusetts General Hospital Expansion	Boston	\$1.9B
Winthrop Center	Boston	\$1.3B
Tower at Boston Harbor Garage	Boston	\$1.3B
Kendall Square Initiative	Cambridge	\$1.2B
Parcel P3 Mixed-Use Development	Boston	\$1.005B
Union Square	Somerville	\$1B
Back Bay Station	Boston	\$1B
Lilly Institute for Genetic Medicine	Boston	\$700M
Moderna Biomanufacturing Facility Expansion	Marlborough	\$322M

SOURCE: ReedConnect

Miami's skyline has quickly become one of the largest and tallest in the country. The area has been building high-rise condos, hotels, and offices at breakneck pace, leaving contractors scrambling to keep up. We expect this trend to continue well into the 2020s. Things like hurricanes pose a unique challenge to the industry, however, and building standards are becoming stricter as storms become stronger and more frequent.

Cost escalation here is higher than in other parts of the country, and supply-chain issues have increased the cost of a typical project by around 20%. This caused contractors to buy materials earlier than they normally would, which has in turn caused more of a project's cost to be paid upfront.

# Miami, FL

CONTACT: Bill Flemming, Sr. Vice President, PM  
 bflemming@cumming-group.com

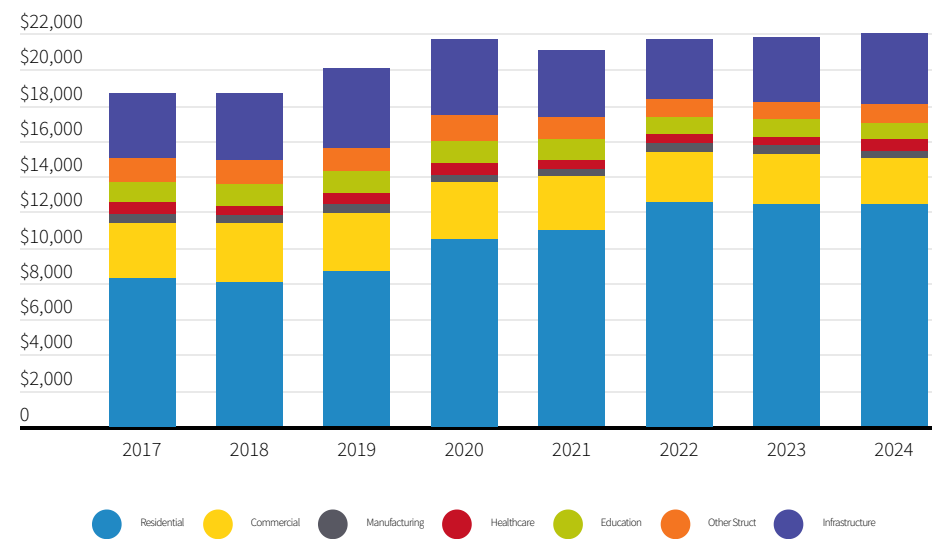
## Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	3.0%	-0.1%	6.9%	8.7%	-3.2%	3.1%	0.5%	0.9%
<b>Residential</b>	8.7%	-1.9%	7.3%	20.0%	189.2%	14.2%	-1.1%	0.5%
<b>Commercial</b>	4.2%	2.3%	0.2%	0.3%	-8.3%	-5.6%	-1.2%	-8.1%
<b>Manufacturing</b>	-13.3%	-2.4%	6.8%	-8.7%	-0.2%	12.2%	7.1%	-11.3%
<b>Healthcare</b>	3.3%	-5.1%	2.6%	-0.1%	-5.9%	-8.6%	-1.9%	5.2%
<b>Education</b>	5.5%	1.3%	3.9%	0.7%	-13.2%	-14.9%	1.0%	3.3%
<b>Other Structure*</b>	7.3%	1.3%	-0.6%	4.8%	-12.9%	-13.1%	-1.6%	0.8%
<b>Infrastructure</b>	-8.6%	2.3%	15.8%	-1.1%	-13.4%	-11.5%	7.9%	9.6%

◀ HISTORIC FORECAST ▶

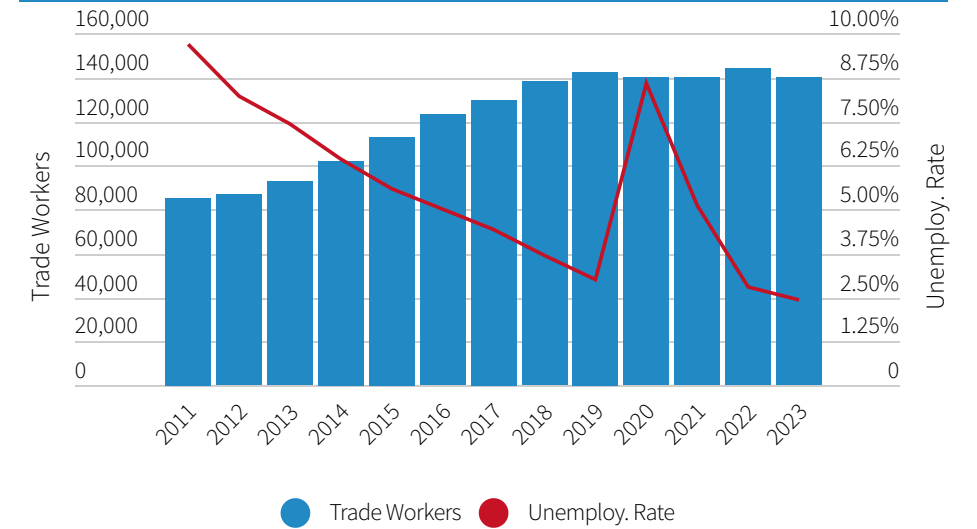
\* This includes religious buildings, amusement, government communications, and public recreation projects.

## Annual Volume (x\$1M, 2012\$)



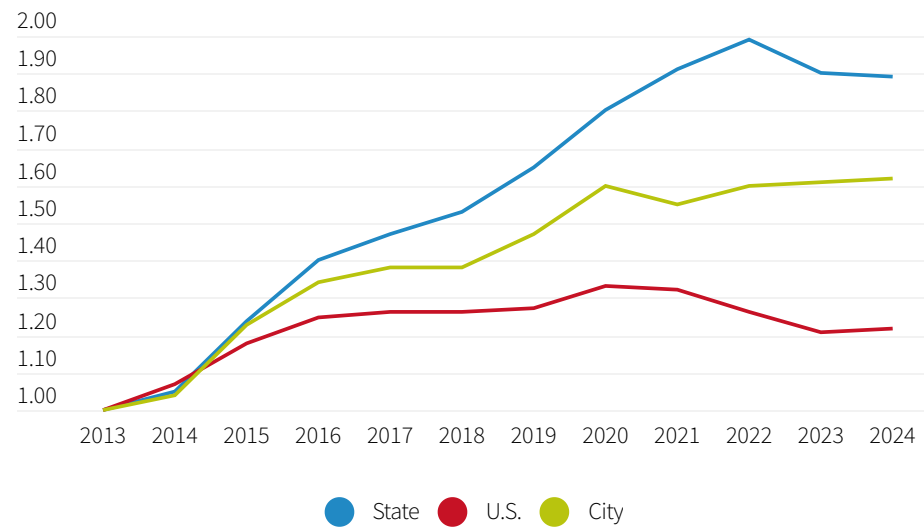
SOURCE: IHS-Market

## Regional Construction Employment



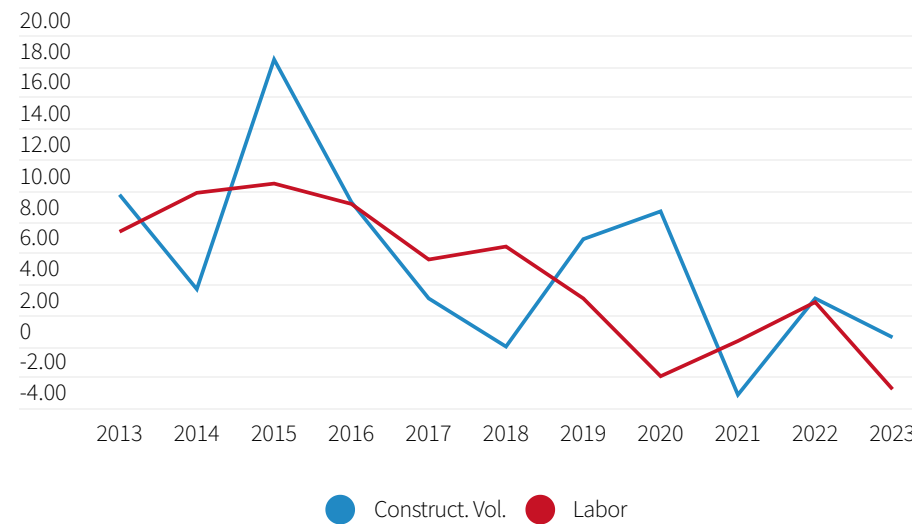
SOURCE: U.S. Bureau of Labor Statistics

## Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Vertical Medical City Biscayne	Miami	\$2.1B
Miami Freedom Park Mixed-Use Development	Miami	\$1B
Miami Riverwalk	Miami	\$1B
Cipriani Residences	Miami	\$875M
Beckham United ML S Stadium	Miami	\$500M
Waldorf Astoria Hotel and Residences Miami	Miami	\$426M
Miami Wave	Miami	\$400M
MSC Cruises Terminal - Port of Miami	Miami	\$350M
Block 55 at Sawyer's Landing	Miami	\$350M
Parterre 42	Miami	\$300M

SOURCE: ReedConnect



CONTACT: Mo Shehata, Vice President, CM  
[mshehata@cumming-group.com](mailto:mshehata@cumming-group.com)

New York City's construction market is expected to see a steep decline this year – spending almost 10% less than in 2023. We expect the market to remain well below its pre-pandemic levels for the foreseeable future. Supply-chain issues and high escalation have made their mark and have kept costs high and spending down. As the financial sector looks more uneasy, New York will likely feel the effects.

After Governor Kathy Hochul and the State Legislature decided that Downstate New York—which includes New York City, Long Island, and Westchester County—could potentially get three full casino licenses on a faster timeline than originally planned, the application process has begun

and concepts for proposals have been sporadically announced. The availability of the three casino licenses and the process for awarding them were finalized in the state budget passed in April 2023, in part accelerating a plan from a prior casino law passed in 2013 that allowed for the more immediate opening of several Upstate casinos. The market is also expected to see an influx of federal funding towards infrastructure projects due to the Inflation Reduction Act. Construction and real estate comprise 20% of New York City's GDP while providing 10% of jobs and 5% of wages. Labor costs will likely rise in the next few years, as there has not been a corresponding increase in the labor market to offset this rise in spending.

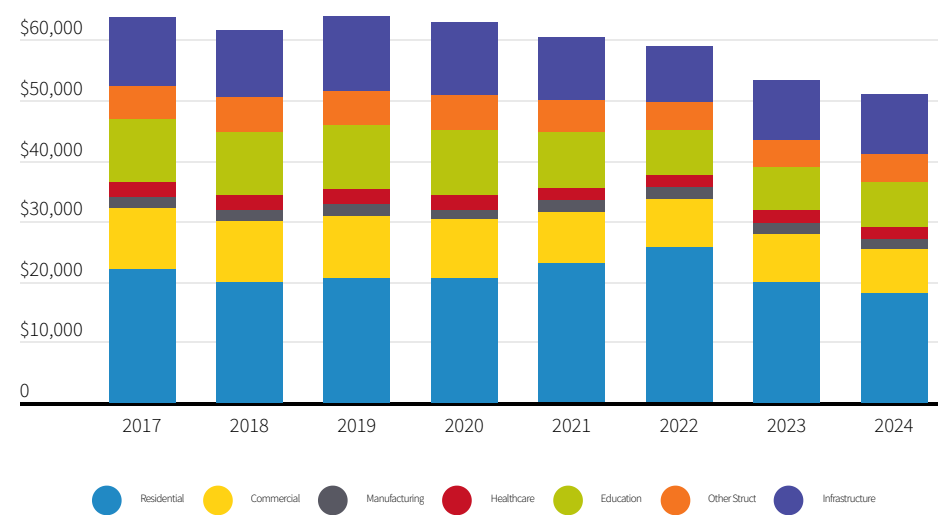
### Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-2.7%	-3.2%	3.2%	-1.6%	-3.6%	-2.6%	-9.4%	-4.6%
Residential	-1.9%	-10.5%	3.8%	-0.3%	11.6%	12.6%	-22.8%	-9.5%
Commercial	3.2%	2.0%	1.1%	-5.0%	-10.3%	-8.2%	-1.6%	-7.7%
Manufacturing	-14.5%	-4.3%	3.9%	-13.3%	-0.5%	7.5%	5.3%	-11.1%
Healthcare	3.2%	-2.6%	1.7%	-2.0%	-4.6%	-7.5%	-2.6%	0.4%
Education	3.2%	1.2%	2.2%	-1.0%	-15.0%	-19.1%	-2.1%	3.8%
Other Structure*	6.9%	1.2%	-1.8%	4.4%	-10.9%	-10.8%	-0.9%	0.9%
Infrastructure	-15.7%	0.1%	7.6%	-2.3%	-10.6%	-13.4%	6.7%	-0.7%

◀ HISTORIC FORECAST ▶

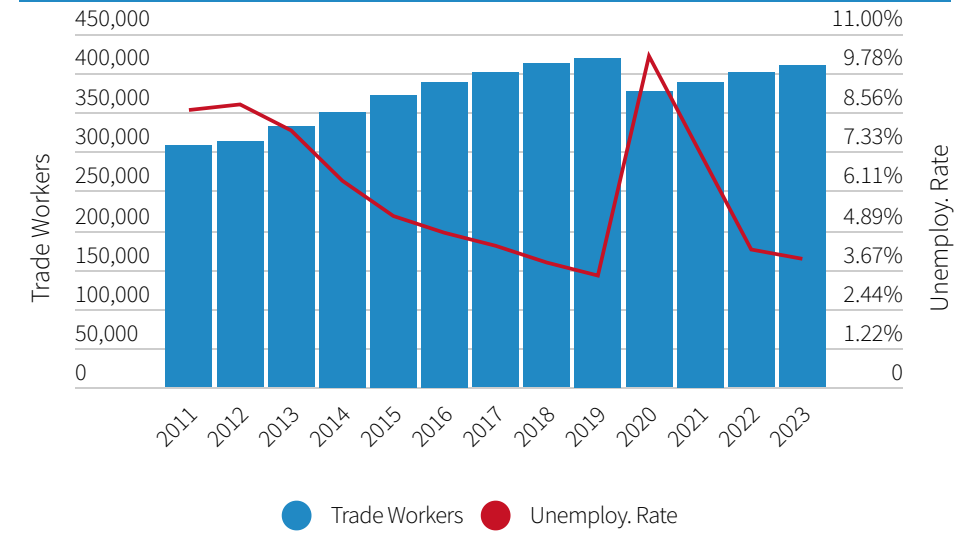
\* This includes religious buildings, amusement, government communications, and public recreation projects.

### Annual Volume (x\$1M, 2012\$)



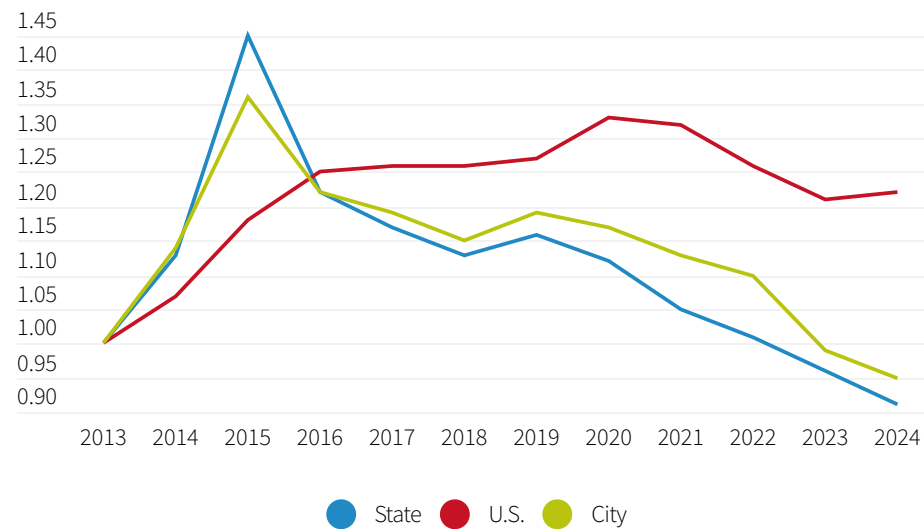
SOURCE: IHS-Market

### Regional Construction Employment



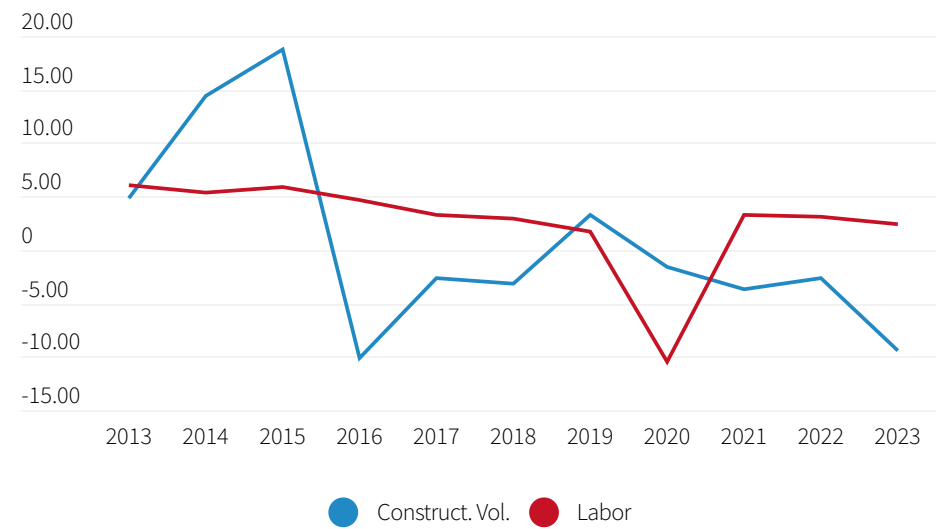
SOURCE: U.S. Bureau of Labor Statistics

### Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

### Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Micron Chip Factory	Clay	\$20B
Hudson Rail Yards Development	New York	\$5B
Pacific Park Brooklyn	Brooklyn	\$4.9B
2 World Trade Center	New York	\$2.8B
Innovation QNS	Queens	\$2B
Niagara International Sports & Entertainment Center Phase III	Niagara Falls	\$2B
Lenox Hill Hospital Rebuild	New York	\$2B
One Madison Avenue Expansion	New York	\$2B
Two Manhattan West	New York	\$2B
Stanford New York	New York	\$2B

SOURCE: ReedConnect

CONTACT: Bill Flemming, Sr. Vice President, PM  
 bflemming@cumming-group.com

The tourism industry gives the city of Orlando an outsized impact on Florida's construction market. More people will visit here in a typical year than Paris and Venice combined in order to experience the area's theme parks and convention centers. This makes the need for new hotels and resorts nearly constant. The tourism industry is unsurprisingly the driver of the entire market, although city officials have recently made efforts to court tech companies leaving the West Coast.

Orlando is a fast-growing city, and this is reflected in the city's construction market. The residential sector accounts for more than half of all spending here – mostly in the form of single-family developments on the city's periphery. Similar to cities like Los Angeles or Phoenix, zoning laws have kept the area mostly suburban. We expect this to continue for the foreseeable future. Construction employment has declined slightly over the first part of the year, however, which could push costs up during the busier summer season.

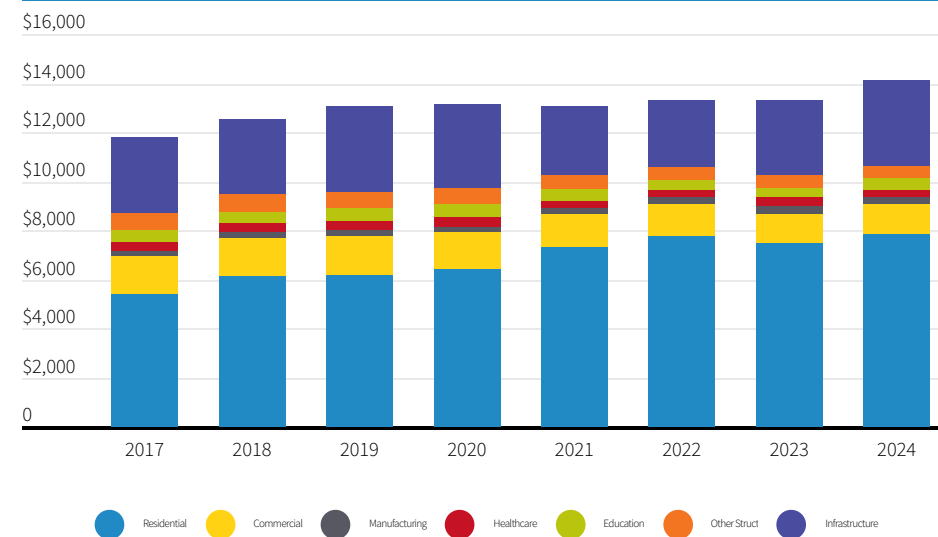
### Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-0.2%	6.2%	4.4%	0.4%	-0.2%	1.8%	-0.1%	6.3%
Residential	1.1%	12.7%	0.2%	4.0%	14.3%	6.7%	-4.6%	5.4%
Commercial	4.6%	3.7%	2.2%	-5.3%	-11.9%	-6.2%	1.3%	-4.8%
Manufacturing	-10.2%	1.1%	10.8%	-5.9%	0.4%	13.3%	10.3%	-11.1%
Healthcare	6.4%	-3.9%	8.2%	2.5%	-9.3%	-2.7%	-0.2%	8.3%
Education	5.1%	1.4%	4.5%	2.6%	-12.3%	-16.5%	2.2%	4.0%
Other Structure*	8.4%	3.4%	-1.2%	0.8%	-14.0%	-10.1%	-0.8%	1.3%
Infrastructure	-6.8%	-1.0%	14.6%	-3.5%	-17.0%	-2.0%	10.7%	15.9%

◀ HISTORIC FORECAST ▶

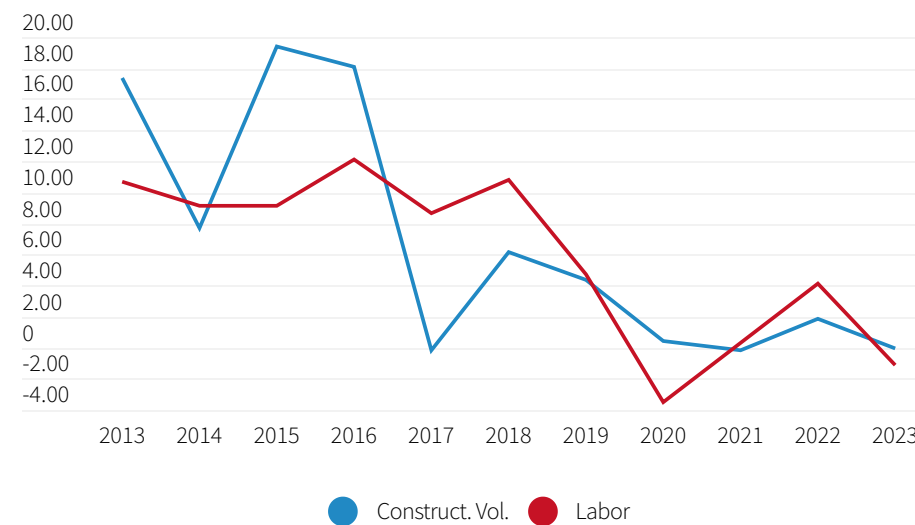
\* This includes religious buildings, amusement, government communications, and public recreation projects.

### Annual Volume (x\$1M, 2012\$)



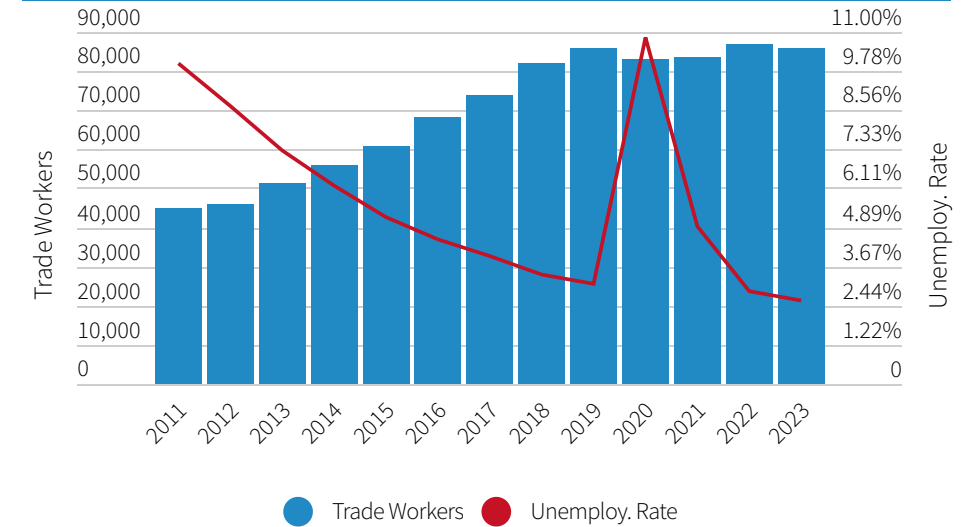
SOURCE: IHS-Market

### Construction Volume vs Labor - Annual Increase/Decrease



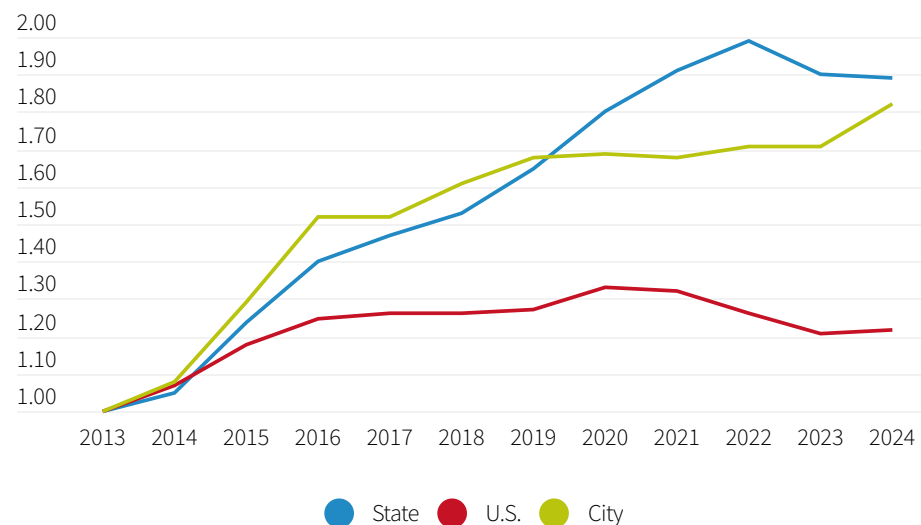
SOURCE: ReedConnect

### Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

### Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
RoseArts	Orlando	\$1B
Tao Hotel Orlando	Orlando	\$1B
Orlando Fashion Square Mall Redevelopment	Orlando	\$1B
O-Town West	Orlando	\$1B
Vertical Medical City - Orlando	Orlando	\$1B
Trio at Jubilee Park	Orlando	\$556M
Packing District Mixed-Use	Orlando	\$500M
Orlando Health Jewett Orthopedic Institute	Orlando	\$341M
Fieldstream Village	Orlando	\$300M
Lake Nona Development	Orlando	> \$100M

SOURCE: ReedConnect

For years, the construction industry in Philadelphia and across the country has suffered from a labor shortage — but with construction starts tailing off this year, the epicenter of pain has shifted. One form of labor shortage is arguably affecting commercial real estate more severely than any others: manufacturing and assembly plants that produce components critical to infrastructure and building operations.

Another element that building trades such as carpentry are newly embracing in Philadelphia is diversity. In the past four years, the Regional Council of Carpenters

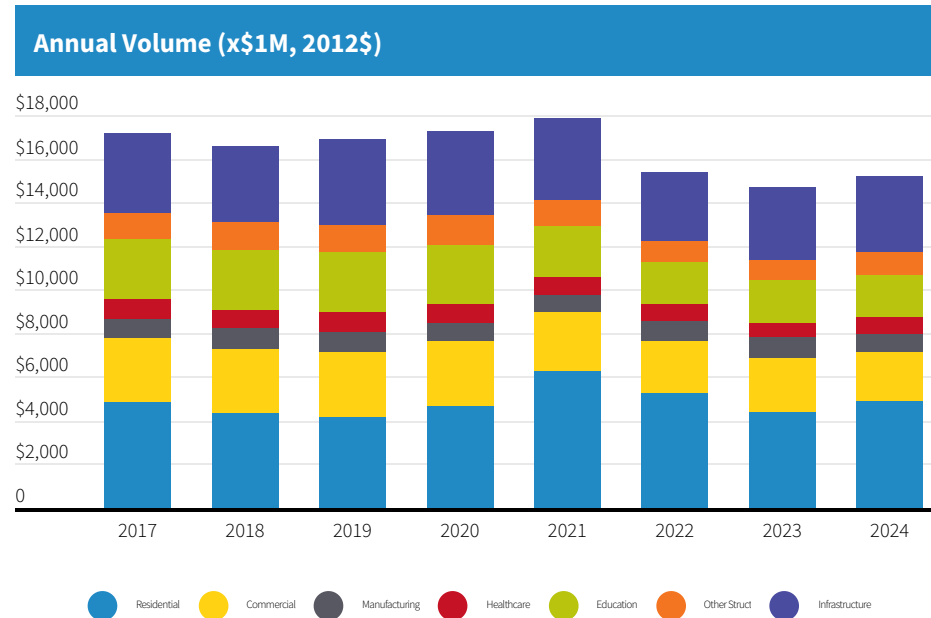
has seen the share of women in its workforce grow from 14% to 22%, according to panelists from BISNOW, which is in keeping with a nationally observed trend. Building trades have put more resources into recruiting younger workers to training programs that can eventually lead to skilled union jobs, and increased funding and attention from the entities behind Everybody Builds will accelerate those initiatives. It will take time to bear fruit, and until then, it will remain difficult for developers to meet diversity standards sought by community groups and, for projects on city-owned land, mandated by the city itself.

# Philadelphia, PA

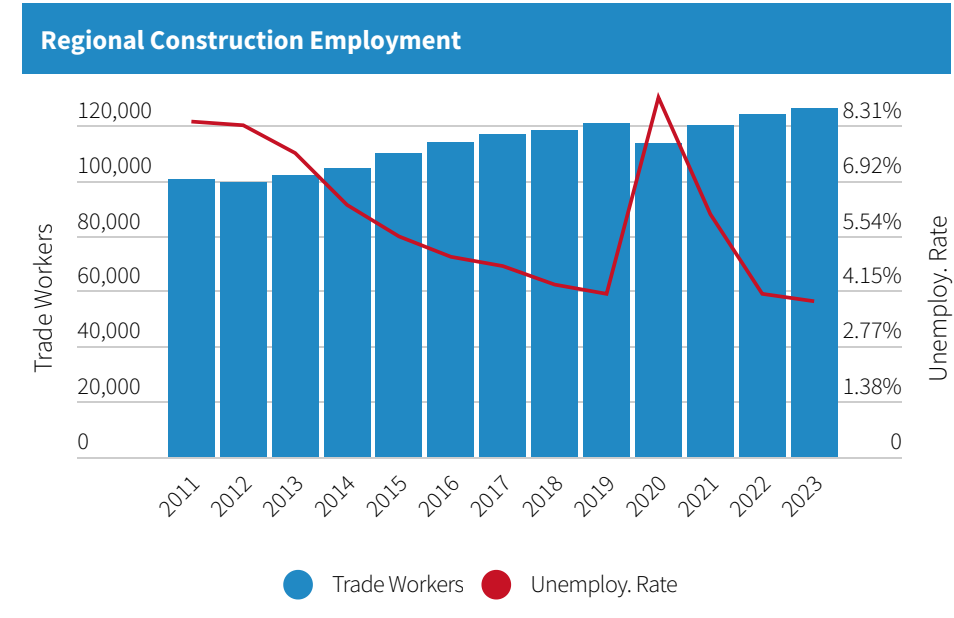
CONTACT: **Mo Shehata**, Vice President, CM  
[mshehata@cumming-group.com](mailto:mshehata@cumming-group.com)

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-0.9%	-3.1%	1.9%	1.9%	3.7%	-13.7%	-4.8%	3.6%
Residential	3.6%	-10.2%	-4.5%	12.9%	34.5%	-17.2%	-15.5%	11.0%
Commercial	2.8%	1.8%	0.7%	-1.8%	-9.5%	-8.1%	-1.3%	-7.7%
Manufacturing	-13.5%	-3.1%	5.6%	-9.6%	-2.7%	8.9%	6.1%	-11.5%
Healthcare	4.3%	-3.9%	0.5%	-1.9%	-2.9%	-10.0%	-2.9%	3.4%
Education	2.5%	-0.4%	1.5%	-1.9%	-15.5%	-15.2%	-1.0%	2.8%
Other Structure*	6.9%	2.5%	1.3%	5.9%	-14.4%	-13.5%	-2.8%	1.7%
Infrastructure	-10.9%	-1.4%	10.5%	-1.9%	-1.4%	-16.8%	3.4%	7.3%

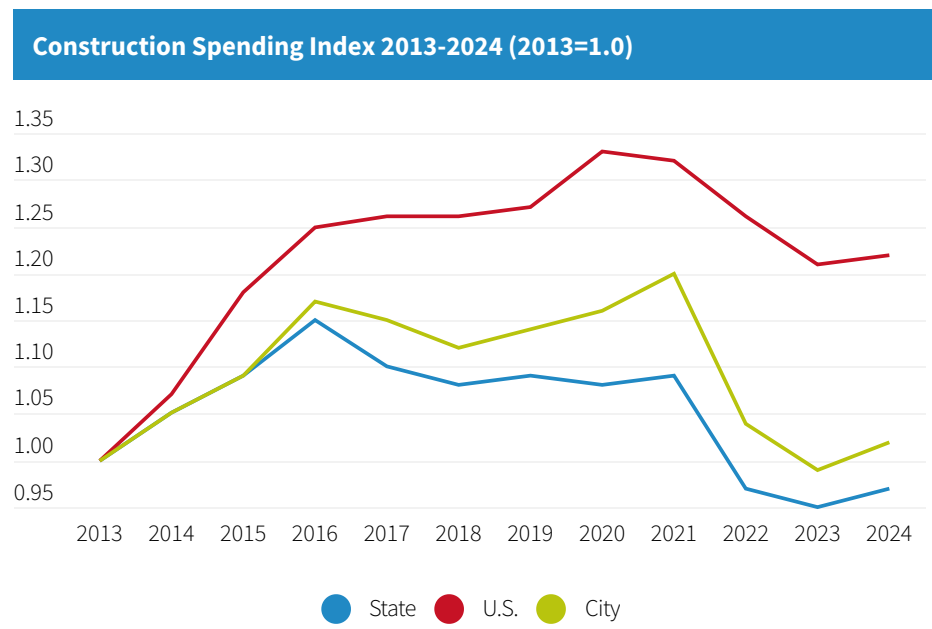
\* This includes religious buildings, amusement, government communications, and public recreation projects.



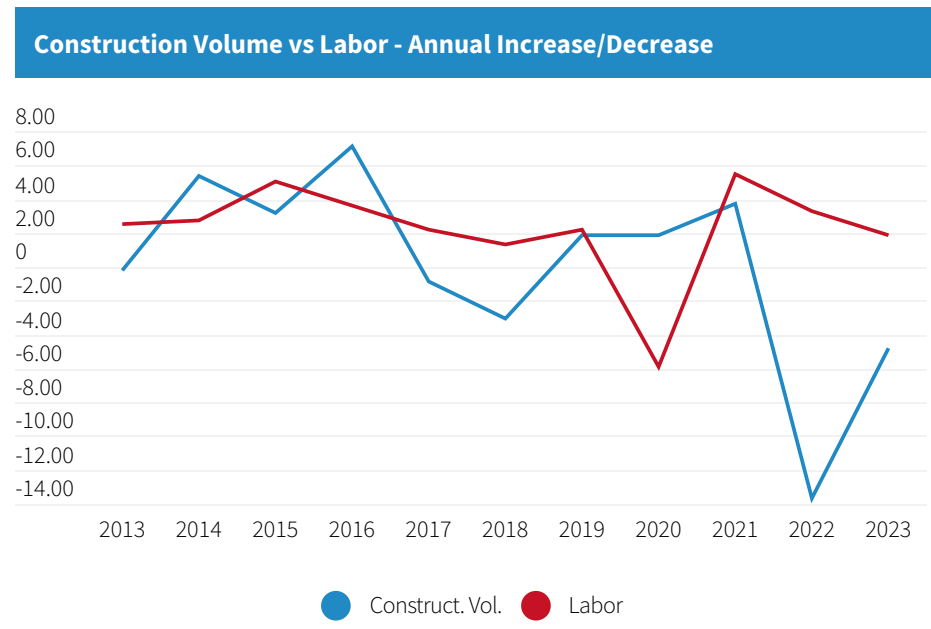
SOURCE: IHS-Market



SOURCE: U.S. Bureau of Labor Statistics



SOURCE: IHS-Market



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Schuylkill Yards	Philadelphia	\$3.5B
Navy Yard Mixed-Use	Philadelphia	\$2.5B
Children's Hospital of Philadelphia New Tower & Inpatient Expansion	Philadelphia	\$1.9B
76 Place	Philadelphia	\$1.3B
Point Township Circular Manufacturing Facility	Northumberland	\$1.1B
New Pittsburgh International Airport Terminal	Pittsburgh	\$1.1B
Almono Hazelwood Development	Pittsburgh	\$900M
Moxie Freedom Power Plant	Berwick	\$850M
Freedom Square Mixed-Use Development	York	\$800M
Honickman Center	Philadelphia	\$762M

SOURCE: ReedConnect

One of the world's largest life sciences clusters, North Carolina is home to 735 life sciences companies, 569 of which are located in the Research Triangle region in Raleigh/Durham. Demand for life sciences space remains strong, leading to numerous proposed projects (new construction and conversions) totaling approximately 8.2 million square feet. Nearly all new single-story construction is targeting cGMP/manufacturing occupants while new R&D buildings are typically multi-story facilities. While Raleigh/Durham has one of the smallest life science inventories among the top-tier markets, it has one of the highest shares of lab space as a percentage of the office inventory. Rental rates are anticipated to go

up as the quality of the life sciences space improves. Additional factors such as dwindling land availability, along with increased land basis and increasing construction costs will also accelerate the increase in cost of life sciences space in Raleigh/Durham. Attracted to an extensive talent pool and stable business environment, several life sciences firms have recently announced plans to expand or develop new facilities. In total, the announcements reflect a \$4 billion investment and the creation of 4,000 jobs. BioAgilytix Labs is one of many national companies that expanded their headquarters in 2021, with plans to create 878 jobs and invest \$61.5 million in Durham.

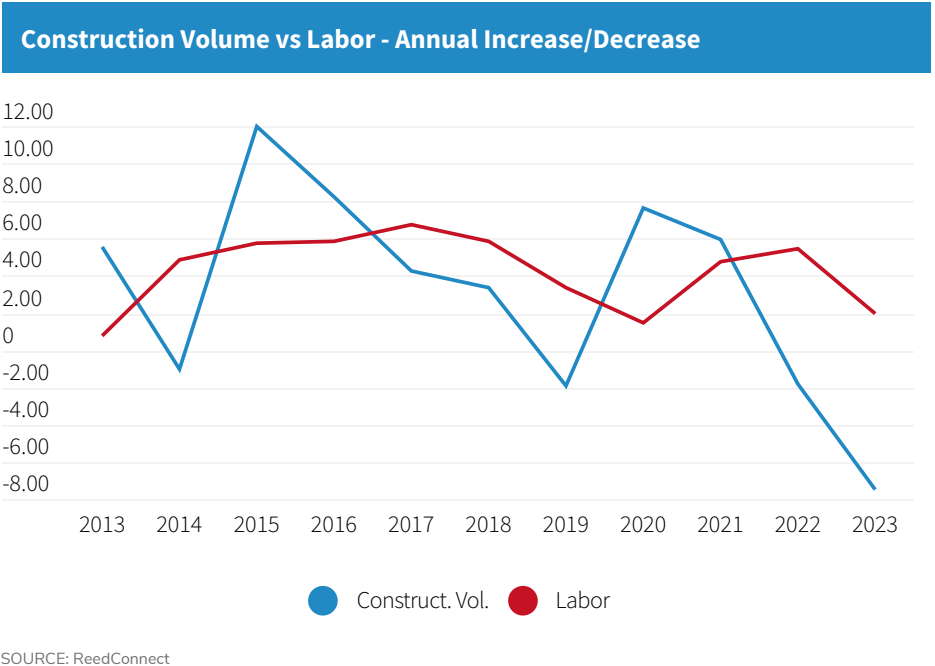
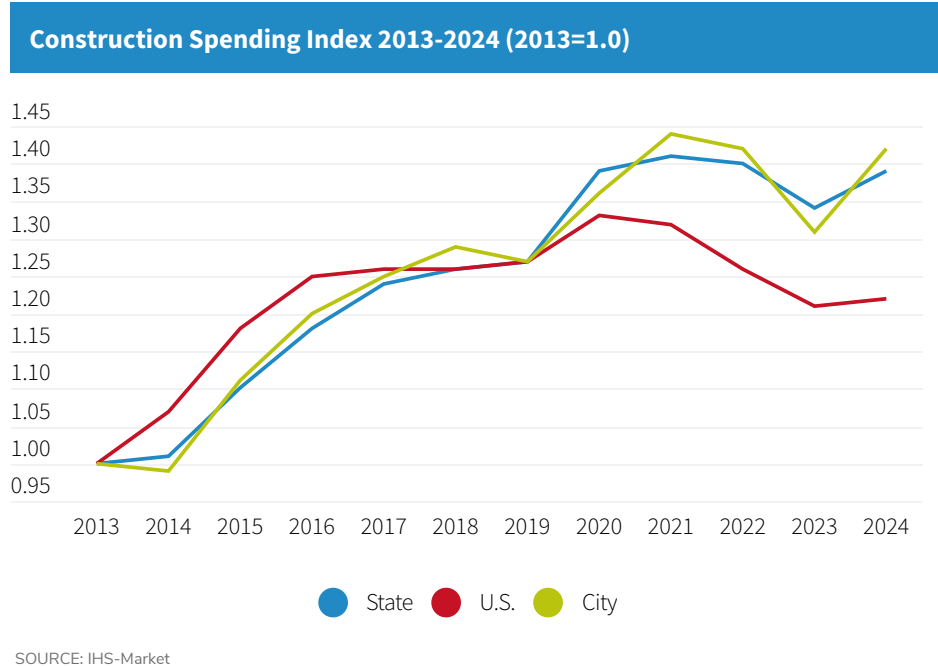
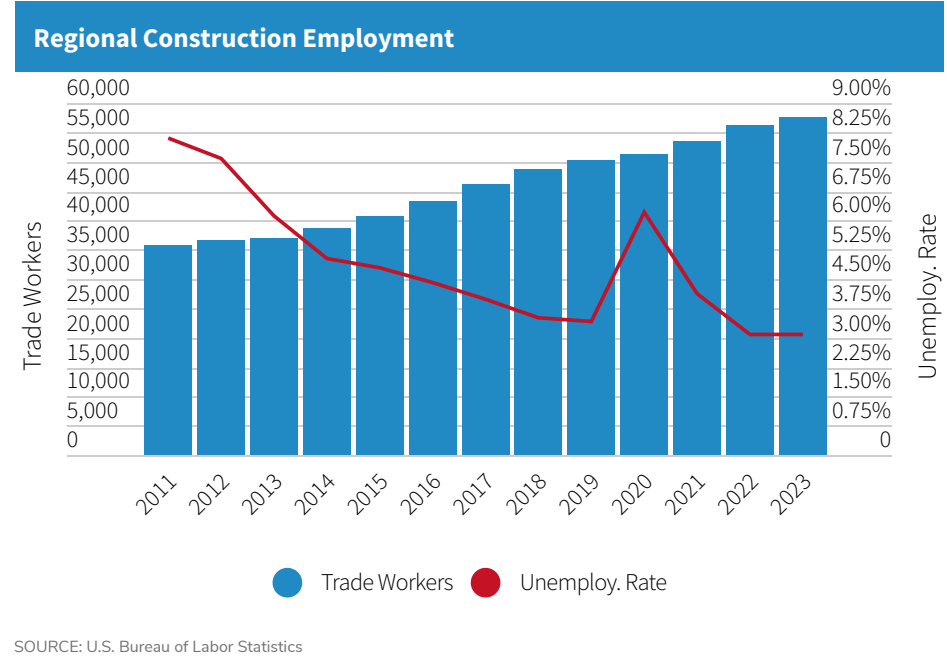
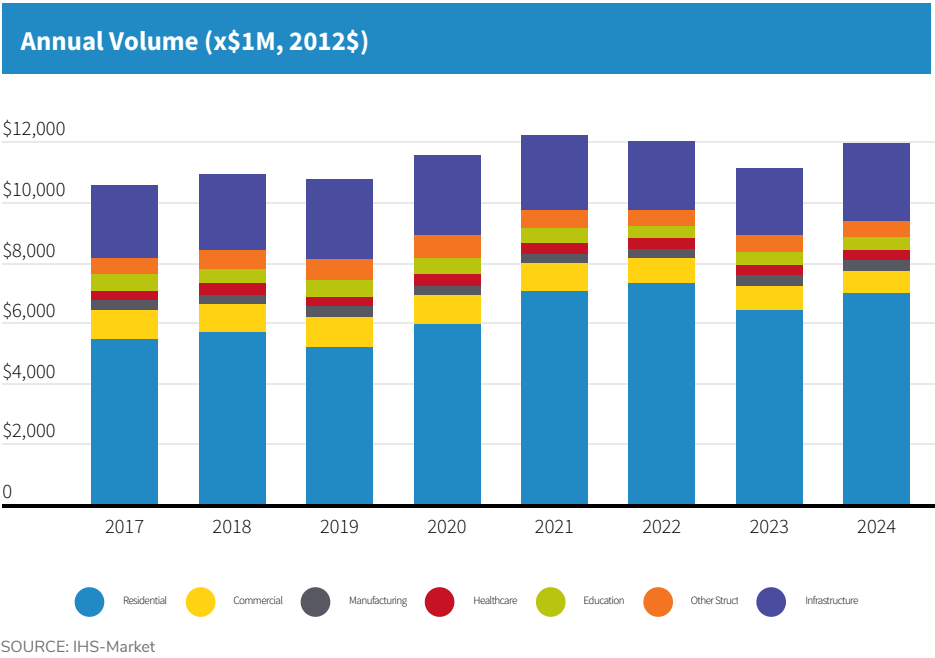
# Raleigh-Durham, NC

CONTACT: **Jeremy Holt**, Managing Director  
[jholt@cumming-group.com](mailto:jholt@cumming-group.com)

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)									
	2017	2018	2019	2020	2021	2022	2023	2024	
Total Increase	4.2%	3.3%	-1.9%	7.6%	5.9%	-1.8%	-7.5%	7.9%	
Residential	8.6%	3.5%	-7.9%	13.5%	19.0%	3.5%	-12.1%	8.5%	
Commercial	4.3%	3.4%	2.0%	2.7%	-10.0%	-8.1%	-0.8%	-5.8%	
Manufacturing	-14.1%	-2.2%	7.1%	-6.5%	1.2%	8.8%	5.9%	-10.8%	
Healthcare	9.6%	0.0%	4.1%	4.1%	-1.8%	-7.2%	-7.1%	8.0%	
Education	7.0%	3.3%	5.2%	1.8%	-12.4%	-16.7%	-1.5%	5.0%	
Other Structure*	7.0%	2.7%	1.1%	11.4%	-10.0%	-11.1%	0.1%	1.9%	
Infrastructure	-4.1%	4.2%	6.0%	0.4%	-7.6%	-9.8%	0.1%	16.5%	

◀ HISTORIC    FORECAST ▶

\* This includes religious buildings, amusement, government communications, and public recreation projects.



Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Wolfspeed's Factory	Siler	\$5B
Vinfast Manufacturing Plant	Moncure	\$4B
Currituck Station	Moyock	\$2.397B
VinFas Electric Vehicle Assembly Plant Phase 1	Moncure	\$2B
Downtown South/North Carolina FC Stadium Mixed-Use Development	Raleigh	\$1.9B
Wolfspeed Silicon Carbide Materials Facility Phase I	Durham	\$1.3B
Toyota Motor Battery Factory	Liberty	\$1.3B
The Grounds at Concord	Concord	\$1B
Spark LS	Morrisville	\$1B
Centene Office Campus	Charlotte	\$1B

SOURCE: ReedConnect



The ongoing economic uncertainty resulting from the pandemic and political instability could have an impact on the Washington DC housing market in 2023. While the city has a strong job market and economy, any external shocks to the wider economy could have an impact on the housing market. All eyes have been on the Federal Reserve as the unprecedented pace of their interest rate hikes attempt to rein in inflation. These historic increases have created turmoil for lenders, especially among local banks, which further complicates the already challenging housing market. The current market climate characterized by increased

costs of borrowing, large concessions, and record-high vacancies has created challenges for owners, who are finding it increasingly difficult to sell or refinance their properties. While D.C. didn't experience large rent decreases in recent years, the market did experience some of the highest concession packages in the country. Inflation has also significantly impacted commodity and construction prices. Overall, the Washington DC housing market is expected to remain strong in 2023, and the recent funding for affordable housing and infrastructure projects also provides a potential avenue for socially responsible investment opportunities.

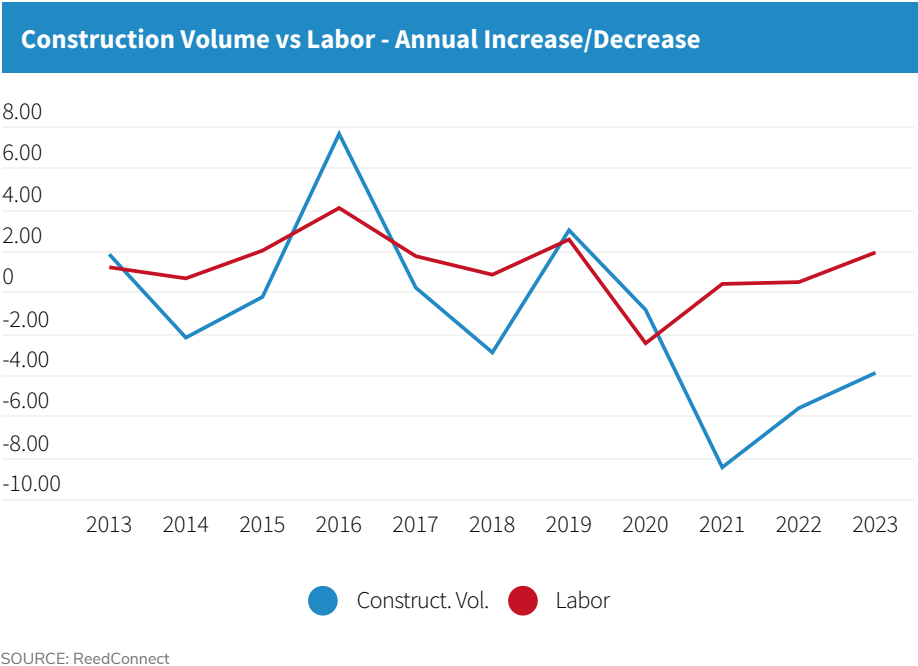
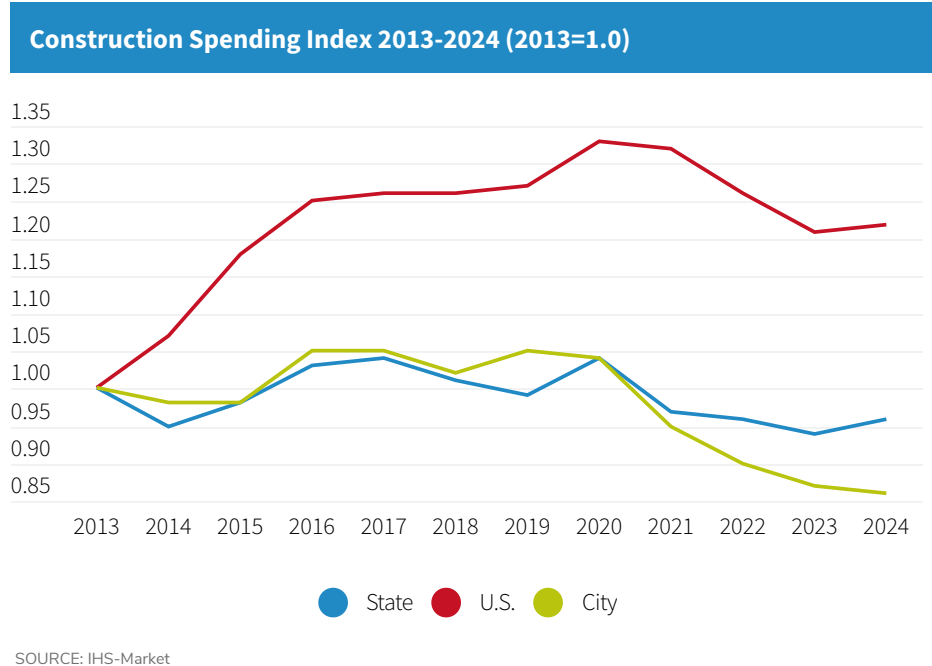
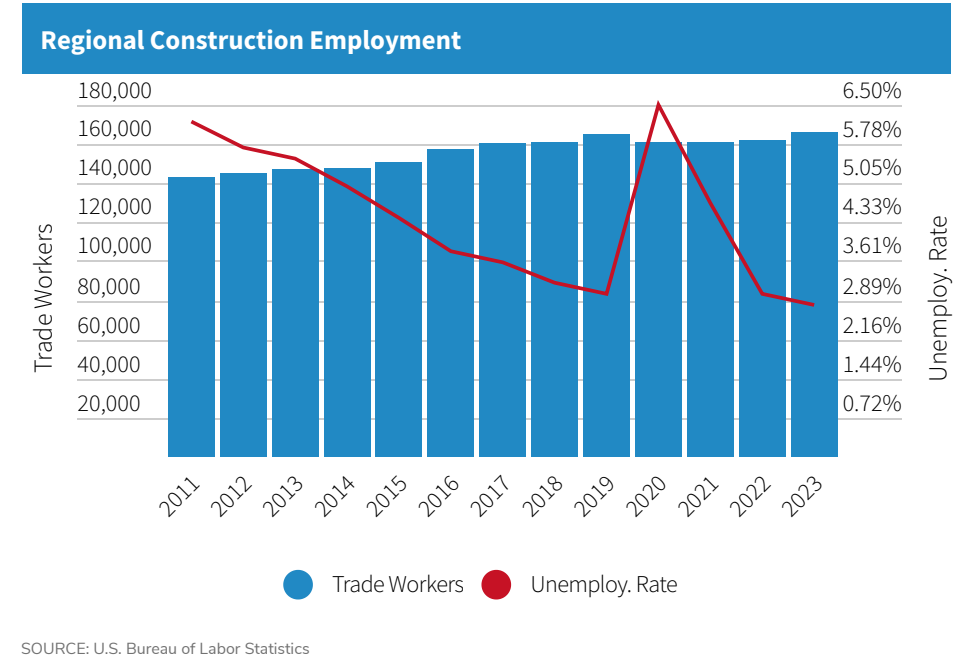
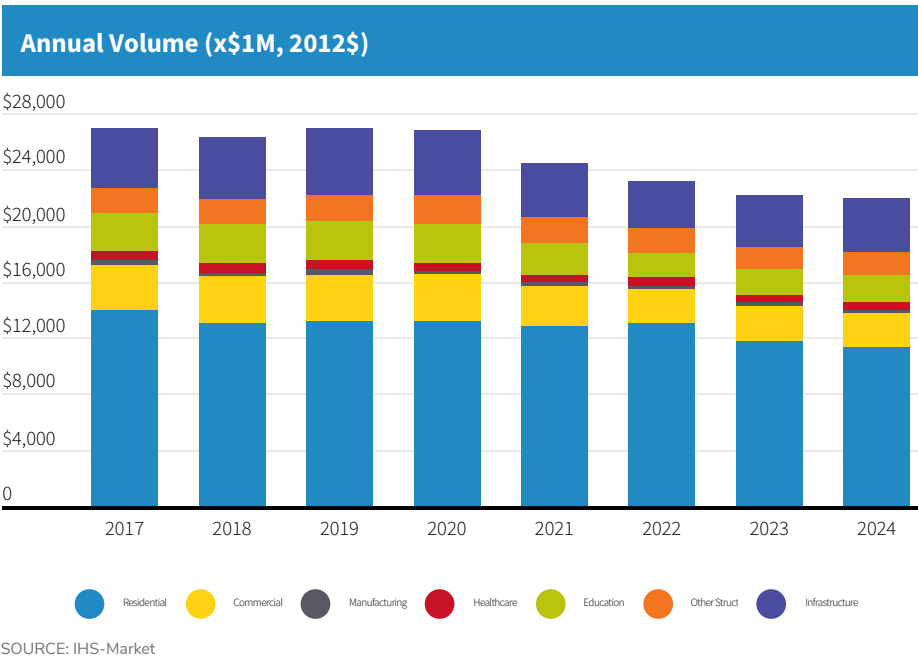
# Washington, D.C.

CONTACT: Steve Griffiths, Managing Director  
[steven.griffiths@cumming-group.com](mailto:steven.griffiths@cumming-group.com)

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	0.2%	-2.9%	3.0%	-0.9%	-8.5%	-5.6%	-3.9%	-1.2%
Residential	3.3%	-6.7%	0.8%	-0.3%	-2.4%	1.3%	-9.4%	-3.2%
Commercial	1.2%	2.3%	2.8%	-2.1%	-14.1%	-12.3%	-2.3%	-4.7%
Manufacturing	-12.8%	-2.6%	6.9%	-7.9%	-1.6%	7.6%	6.0%	-9.7%
Healthcare	3.8%	-2.5%	2.9%	-2.2%	-7.2%	-8.9%	-1.0%	1.9%
Education	2.1%	1.0%	1.2%	-1.4%	-18.9%	-17.3%	-0.4%	4.3%
Other Structure*	5.2%	1.7%	1.5%	11.8%	-13.3%	-13.8%	-2.9%	1.8%
Infrastructure	-11.3%	1.2%	11.2%	-5.8%	-14.0%	-13.2%	12.3%	3.8%

◀ HISTORIC    FORECAST ▶

\* This includes religious buildings, amusement, government communications, and public recreation projects.



Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Burnham Place at Union Station	Washington DC	\$8.5B
FBI Headquarters	Washington DC	\$2B
The Parks at Walter Reed	Washington DC	\$1B
Waterfront Station	Washington DC	\$750M
McMilan Park Reservoir Redevelopment	Washington DC	\$720M
Howard University Hospital Relocation	Washington DC	\$650M
Northeast Heights	Washington DC	\$650M
Barry Farm Mixed-Use Development	Washington DC	\$550M
CMC for Cannon House Office Building Renovation	Washington DC	\$525M
Naval History & Heritage Command Museum	Washington DC	\$475M

SOURCE: ReedConnect

# Q2

## CUMMING INSIGHTS

Construction Market Analysis

