

# MARKET ANALYSIS

Q4 2023

CUMMING  
GROUP





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# U.S. Construction Market Overview

## Q4 2023

The construction industry managed to grow by a little over 1% in 2023. This is almost entirely due to inflation rather than an increase in overall volume. When controlling for inflation, spending declined by a little over 1%. In addition to ongoing inflation, the industry is grappling with volatility in material prices and increasing labor costs. Workers who left the industry in 2020 have yet to be replaced, and this has pushed labor costs up across the board. Moreover, tighter monetary policy and stricter lending standards are also impacting construction activity. Looking further into 2024, an influx of federal money is expected to boost construction in manufacturing, transportation, and energy infrastructure. Confidence in the market therefore remains high, with Associated Builders and Contractors expecting an increase in profit margins and staffing levels, particularly in the first half of the year.

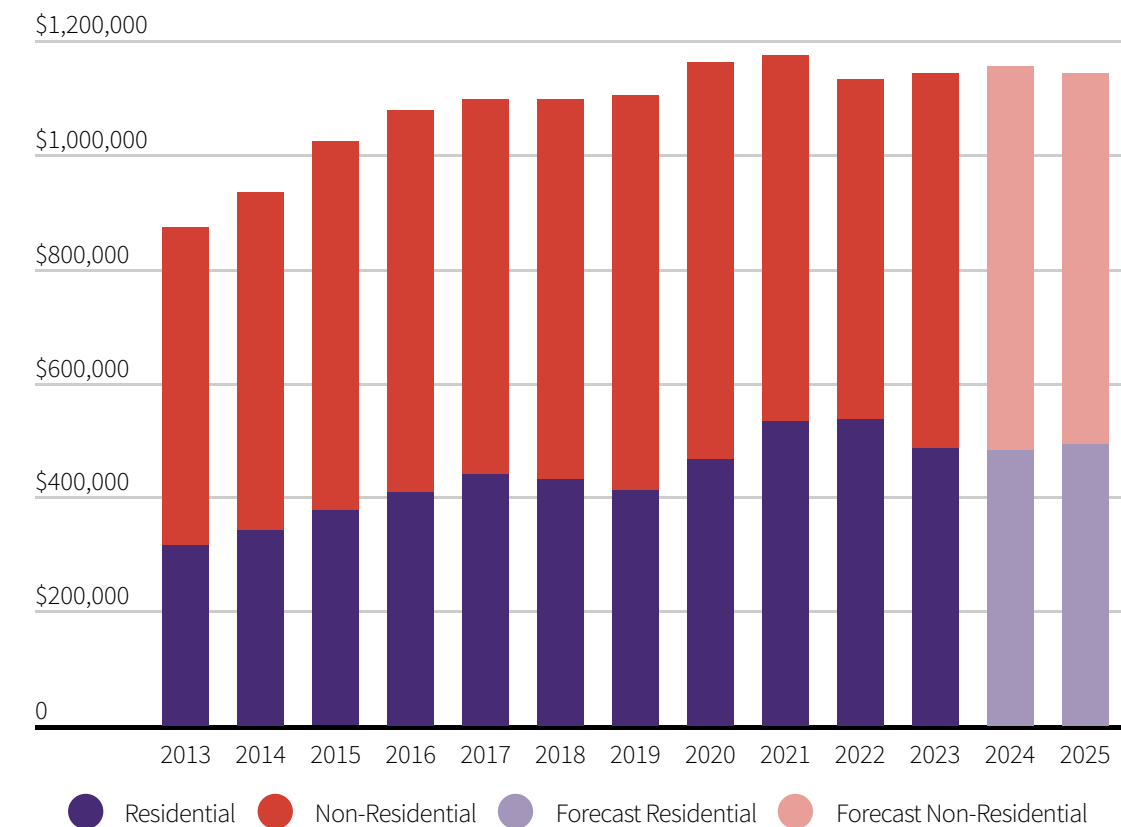
For the residential sector, performance during 2024 depends on broader economics. From January to August 2023, total housing starts decreased by 9% compared to the same period the previous year largely due to a rise in interest rates and inflation. According to the Bureau of Labor Statistics, housing prices in US cities rose to 5.7% year-over-year in August 2023 and were a significant contributor to core consumer price inflation. Nonresidential spending, on the other hand, is likely to continue to grow steadily as federal funds flow into the construction of semiconductor fabrication plants, biotechnology facilities, EV battery factories, and other clean energy projects in 2024, and as several high-value projects break ground. Manufacturing construction spending had the largest annual

increase in construction spending of 65.5% as of August 2023. Manufacturing construction is likely to grow further in 2024, buoyed by funding of more than US\$52 billion from the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, and close to US\$152 billion from the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA). The IIJA allocates around \$60 billion for transportation, broadband, climate, and energy projects. We expect this to impact construction spending through 2024. The IRA has also created opportunities for the construction industry through tax credits and incentives for the expansion of clean energy infrastructure, such as renewable energy generation facilities and electric transmission facilities, with various funding opportunities available through late 2024.

Despite the flow of public funds, market uncertainty will likely play a large role in nonresidential construction in the coming year. Project deliveries may be delayed due to financing challenges and disruptions in the supply chain. Margins could diminish as the costs of materials and labor fluctuate in response to economic uncertainty. Financing could become more expensive if the Federal Reserve raises interest rates, and this could impact the feasibility of certain projects. Finally, backlogs—which can help firms sustain operations through economic uncertainties—may be reduced if ambiguity in timelines and financing of new projects persist in the coming year. As of last August, backlogs in nonresidential construction had increased to 9.2 months and are expected to sustain the market going into next year.

## Total Construction Market Forecast

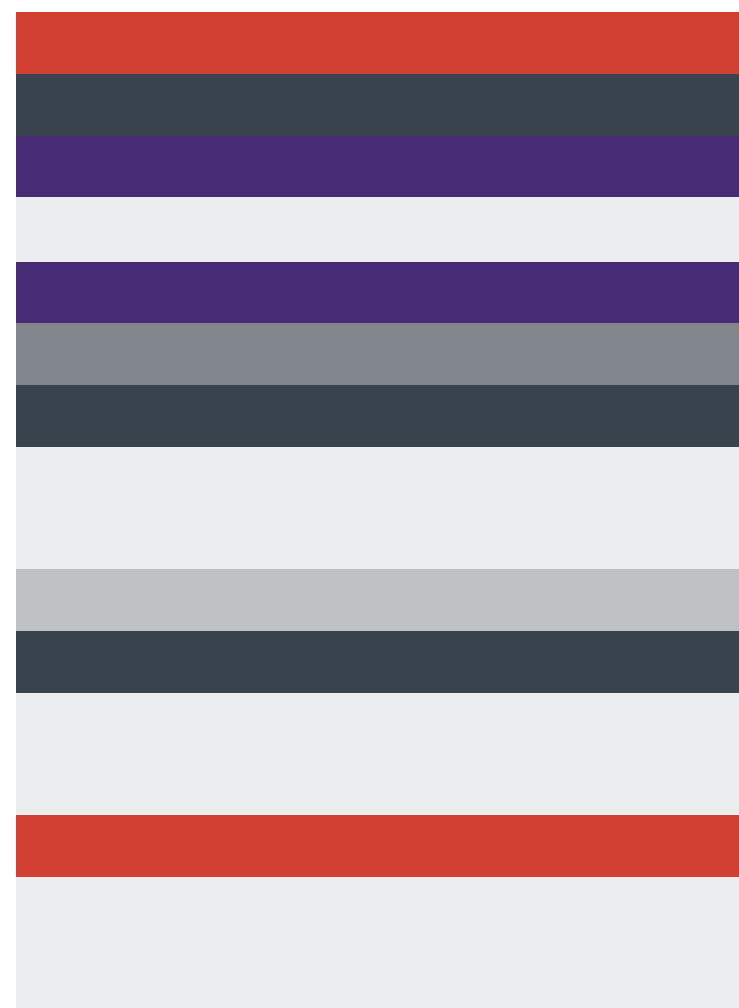
(x \$1M, Nominalized 2014)



SOURCE: IHS Market

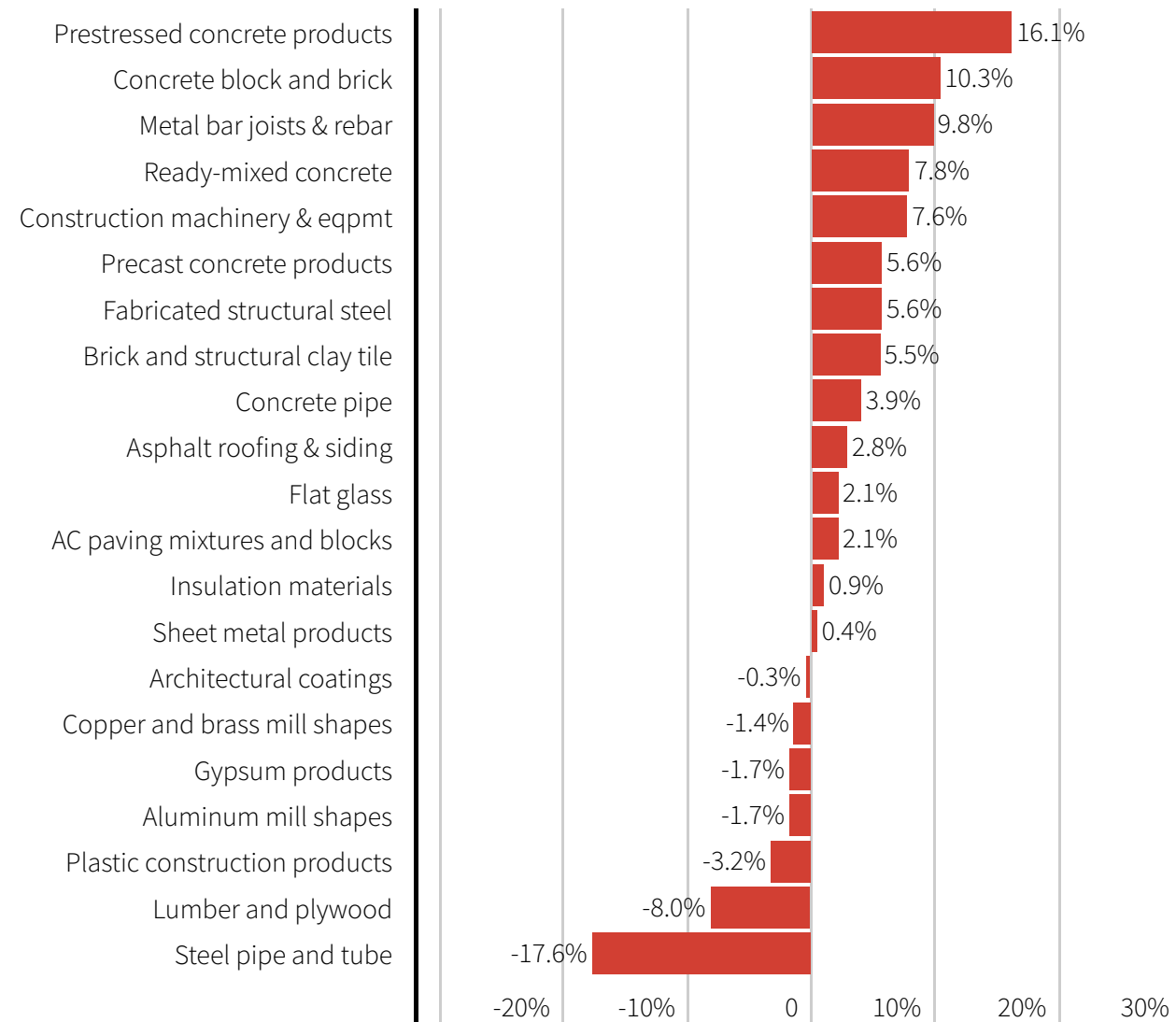
# MATERIAL

## Price Trends





## Construction Materials Price Movement - Last 12 Months



SOURCE: U.S. Bureau of Labor Statistics

### Material Price Trends

## Domestic Materials

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index fell in November to 49.4. The fall in total new orders was focused on the domestic market as new export sales returned to growth for the first time since May 2022 in November. Inventories continued to be run down and input buying stagnated. This has, in turn, meant fewer costs are being passed on to the consumer and has caused selling prices to moderate. Nonetheless, manufacturers continued to work through

their current holdings of finished goods and purchases in a bid to cut costs. Notably, the price of natural gas has decreased by around 40% as compared to the same period last year. The price for lumber and plywood also decreased by approximately 11% while ready-mix concrete's price increased by just over 9% from Q4 of 2022. Meanwhile, concrete pipe and construction machinery and equipment prices have also risen by more than 5%.

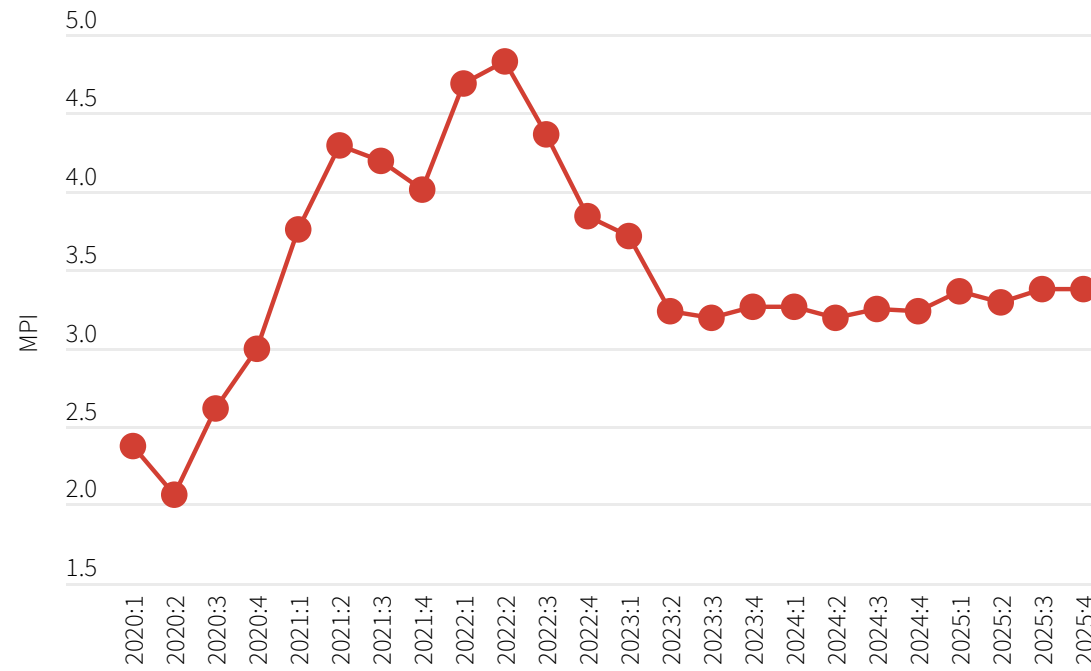
## Commodities Trend Summary

Commodity	% Change Month	% Change Quarter	% Change Year	Annual Trend
Aluminum Mill Shapes	→ -1.69%	→ -1.98%	↓ -5.49%	
Concrete Pipe	↑ 2.17%	↑ 3.52%	↑ 5.91%	
Construction Machinery and Equipment	→ 0.59%	→ 1.67%	↑ 4.53%	
Copper and Copper Alloy Pipe and Tube	→ -0.36%	→ 1.21%	↓ -4.94%	
Crude Oil	↑ 3.13%	↓ -13.42%	↓ -5.08%	
Fabricated Structural Metal	→ 0.76%	↑ 3.50%	↑ 3.99%	
Fabricated Structural Metal Bar Joists and Concrete Reinforcing Bars	→ 1.95%	↑ 6.01%	↑ 8.60%	
Flat Glass	→ -0.24%	→ 0.62%	↑ 2.44%	
Gypsum Products	→ 0.00%	→ -0.23%	→ -1.60%	
Iron and Steel	↑ 2.87%	↑ 4.38%	↑ 4.47%	
Lumber and Plywood	→ 0.46%	→ -0.37%	↓ -5.57%	
Metals and Metal Products	→ 1.08%	↑ 2.56%	→ 0.72%	
Natural Gas	↓ -2.43%	↑ 2.74%	↓ -55.81%	
Nonferrous Metals	→ -0.80%	→ 0.38%	↓ -5.23%	
Paint Materials	→ -0.35%	→ 0.57%	→ -0.83%	
Plastic Resins and Materials	→ 0.61%	↑ 3.52%	↓ -5.10%	
Ready-Mix Concrete	↑ 2.16%	→ 0.62%	↑ 6.88%	
Roofing Asphalts and Pitches, Coatings, and Cements	→ 0.00%	→ 0.14%	→ 0.51%	

# COMMODITIES MATERIAL PRICE INDEX

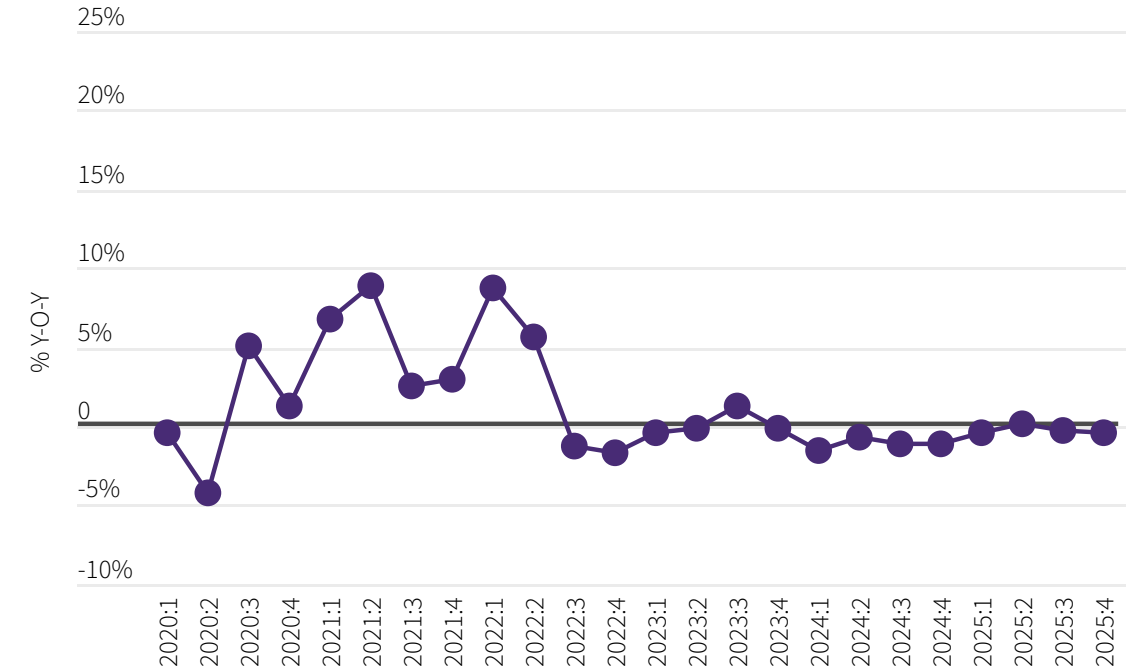
Most commodity prices reached their floor in the 3rd quarter of 2023, although they have begun ticking upward again. Prices only grew in four of the last ten weeks of the year. This is expected to push the Materials Price Index (MPI) by S&P Global Market Intelligence to an almost 6% increase in the final quarter of 2023 before continuing its decline this year. Industrial materials, meanwhile, remain somewhat rudderless: prices cannot go much lower because suppliers are at below production cost, yet demand is too soft to drive significant increases. Most have managed to find their bottom and are expected to see a modest rebound in 2024. There is an upward trend in the forecast into early 2024 if producers cut production to minimize losses. The uptrend is not large and is not for all commodities. The increases are not a sign of demand strength.

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



SOURCE: IHS - Markit

PPI, Inputs to Construction Industries, Goods, Annual Y-O-Y Change



SOURCE: IHS - Markit

**“There is an upward trend in the forecast into early 2024 if producers cut production to minimize losses.”**

# LABOR

## TRENDS



# U.S. CONSTRUCTION LABOR TRENDS

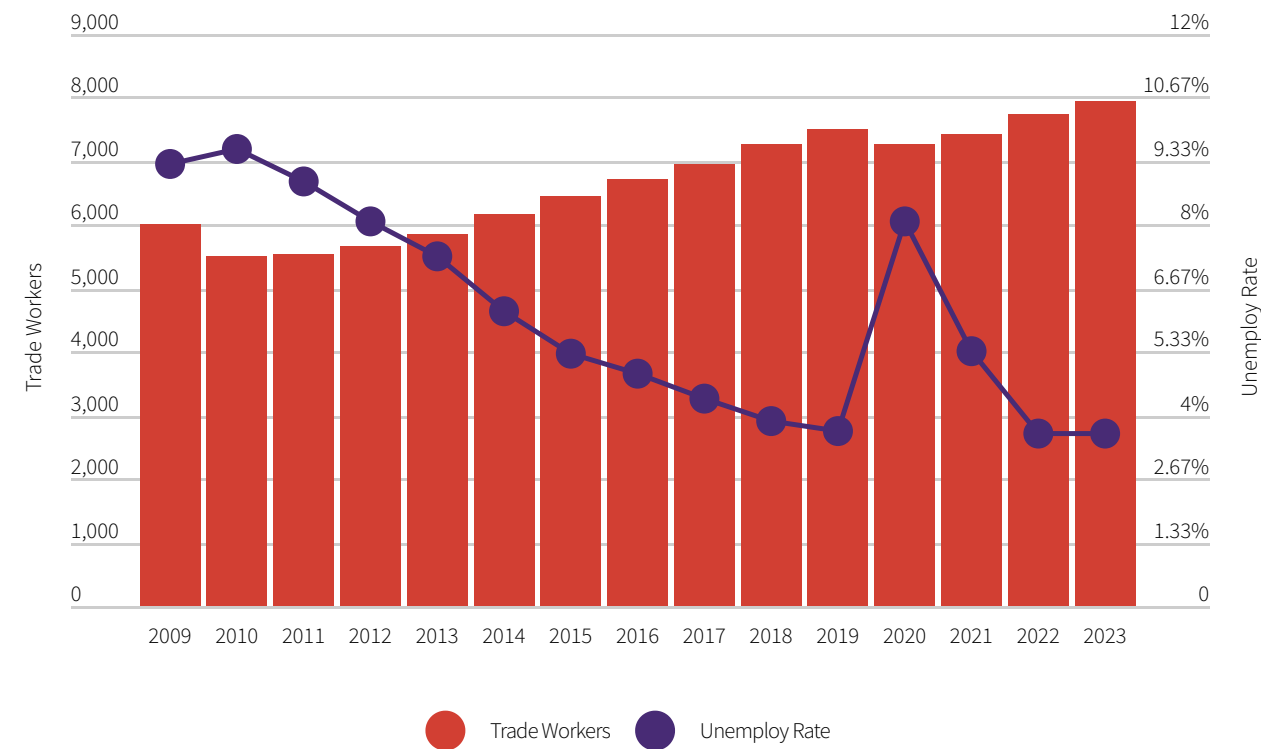
According to the U.S. Bureau of Labor and Statistics (BLS), the construction industry labor force increased by just over 4% over the last six months while construction unemployment remains at just under 4%. Finding skilled labor continues to present a major challenge for all aspects of the industry, including shipping and trucking, manufacturing, and on-site construction. Average wage rates in construction have been rising steadily as a result. The BLS reports that average hourly wages increased almost 7% year over year to \$37.24 in December 2023 and around 19% relative to the beginning of the pandemic lockdowns in March 2020. Construction wages are

expected to experience upward pressure in 2024 as labor demand continues to outpace supply. Rising wage rates can also have an impact on project execution and profit margins, especially if the elevated costs cannot be transferred to clients.

The construction industry continues to grapple with filling open workforce positions and is faced with a significant labor gap. At the same time, the quit rate is still higher than the rate of layoffs and discharges—highlighting the voluntary exit of the workforce. The rise of remote work and greater career flexibility has

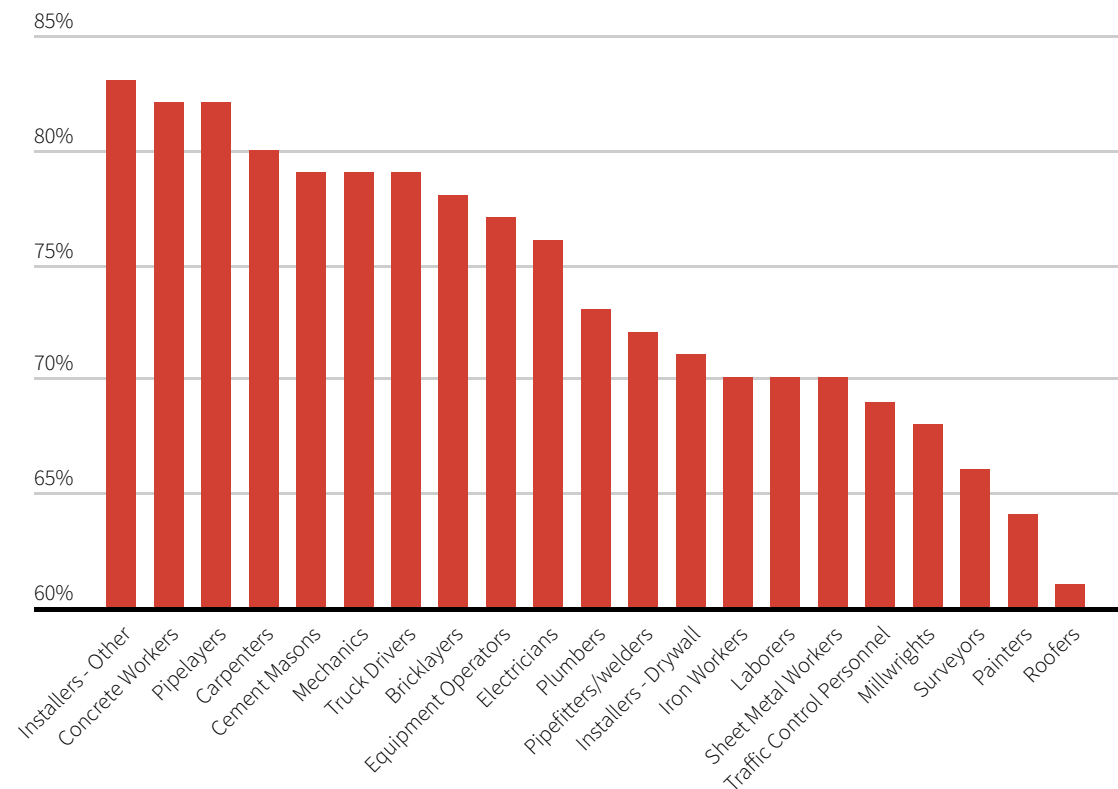
likely contributed to retention issues, and an aging workforce has muddied the waters even further. Associated Builders and Contractors recently reported that the construction industry will need more than 342,000 new workers in 2024. This severe a shortage of skilled workers can directly influence a company’s capability to meet its commitments. Due to a lack of available qualified candidates, 68% of construction firms surveyed are struggling to fill open positions. In order to meet the incoming demand for work, 69% of surveyed firms expect to increase headcount in the next year.

### National Construction Employment (2009-2023)



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

### % of Contractors Having Increased Difficulty Filling Craft Positions in 2022 over 2023



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



# VOLUME

+ ACTIVITY



# U.S. CONSTRUCTION VOLUME

We expect overall construction volume to slightly increase in 2024, as compared with a decrease in 2023. The residential sector is expected to suffer a decrease of roughly 9% this year, reflecting a marked decline in leading indicators; new privately owned residential building permits authorized in the first four months of 2023 fell by 21% year on year, while new housing starts in the first five months of the year declined by just over 15%. However, non-residential buildings – particularly the infrastructure sector

– and energy and utilities have been improving, following weakness in the past few years. Major fiscal stimulus packages such as the IIJA, IRA, and CHIPS Act will be key drivers of construction activity across these sectors.

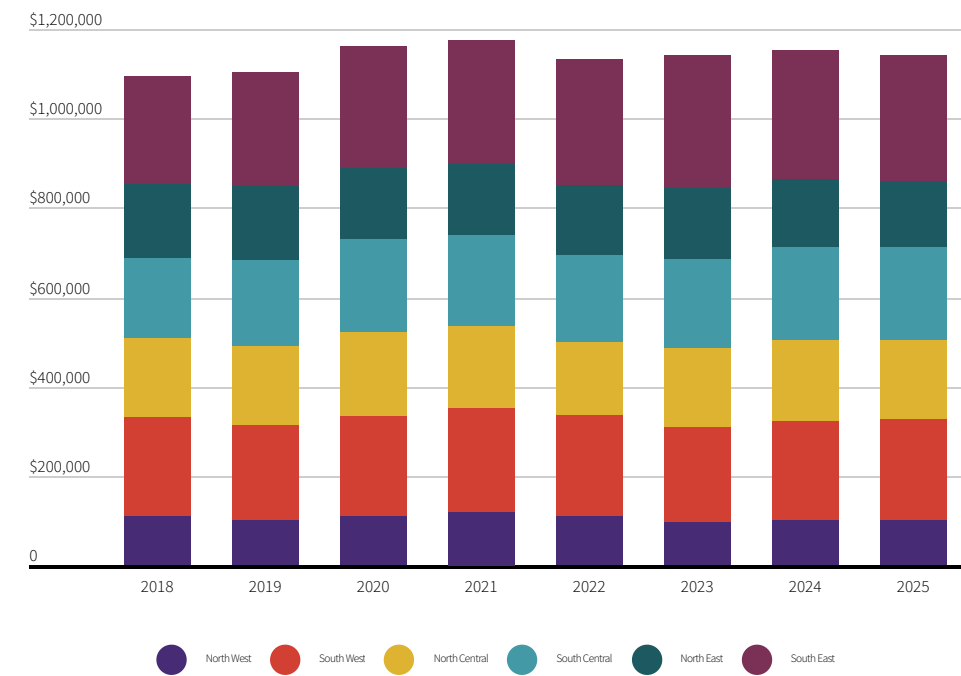
White House reported that as of June 2023, over \$491 billion in projects had been announced by private companies under the Manufacturing the Future program, over \$255 billion had been announced by the government under the Rebuilding Infrastructure program, and another \$76 billion had been announced by the Internet for All program. Therefore, we saw a significant 62% increase in manufacturing construction throughout 2023.

As of May 2023, the Biden administration had announced over \$220 billion in funding under the IIJA, including over 32,000 specific projects and awards. Additionally, the

## Construction Spending by Region (x\$1m, 2012)

	2018	2019	2020	2021	2022	2023	2024	2025
North West	\$108,494.57	\$102,499.70	\$108,964.62	\$117,667.44	\$109,187.37	\$99,198.99	\$100,646.57	\$102,626.60
South West	\$223,617.83	\$211,965.77	\$227,374.56	\$236,148.57	\$223,720.40	\$210,725.19	\$220,506.06	\$224,995.72
North Central	\$177,737.64	\$179,382.59	\$186,983.91	\$180,210.37	\$167,933.94	\$176,724.41	\$183,510.02	\$177,299.20
South Central	\$178,582.06	\$190,152.03	\$204,894.28	\$202,643.10	\$194,495.47	\$202,115.05	\$207,546.96	\$206,257.81
North East	\$163,134.17	\$165,588.13	\$164,274.19	\$161,737.37	\$155,613.71	\$155,248.68	\$151,824.42	\$149,521.30
South East	\$243,634.70	\$253,606.76	\$268,519.82	\$275,516.70	\$279,126.84	\$296,439.13	\$289,068.41	\$281,696.21

SOURCE: IHS-Markit



SOURCE: IHS-Markit

Healthcare	🔥	Hospitality	🔥 ❄️
Senior Assisted Living	🔥	Single Family Residential	❄️
Manufacturing	🔥	Multi-Family Residential	🔥 ❄️
Data Centers	🔥	Logistics	🔥
Life Science	🔥 ❄️	Retail	❄️
“Traditional” Office	❄️	Neighborhood Retail	🔥
Next Generation Office	🔥	Infrastructure	🔥
Education: K-12 & Higher Ed	🔥 ❄️	Culture & Entertainment	🔥

SOURCE: Mark Fergus, Executive Vice President

- Manufacturing, which includes semiconductors and electric vehicle components, remains strong as manufacturers look to untangle supply chains by opening facilities in the US.
- Hospitality is being led by high-end luxury developments. These were less impacted by economic conditions than mid-level and other kinds of hospitality projects.
- The life sciences sector has been impacted both by renewed interest in the pharmaceutical industry and the increasing cost of borrowing money.
- Traditional offices face some of the toughest challenges in the entire industry with reduced occupancy, increased costs of finance, and debt maturation. This has led to a drop in property valuation and led to potential conversions. Many companies that went remote in 2020 realized that they still needed places for workers to collaborate. So-called “next-generation offices” is a new category but a quickly growing one.
- The life sciences sector has been impacted both by renewed interest in the pharmaceutical industry and the increasing cost of borrowing money.
- Healthcare has remained stable with regional variations due to changes in labor and materials costs. The year saw growth in long-term care facilities as healthcare becomes redefined to include mental, physical, and spiritual wellbeing.
- Residential construction saw a slowdown in starts primarily due to the cost of finance. Demand remains strong but fluctuations in labor and materials costs heavily impacted the sector. Growth in the residential sector was primarily driven by demand for ground-up, multifamily projects.

# AIA ARCHITECTURAL BILLINGS INDEX (ABI)

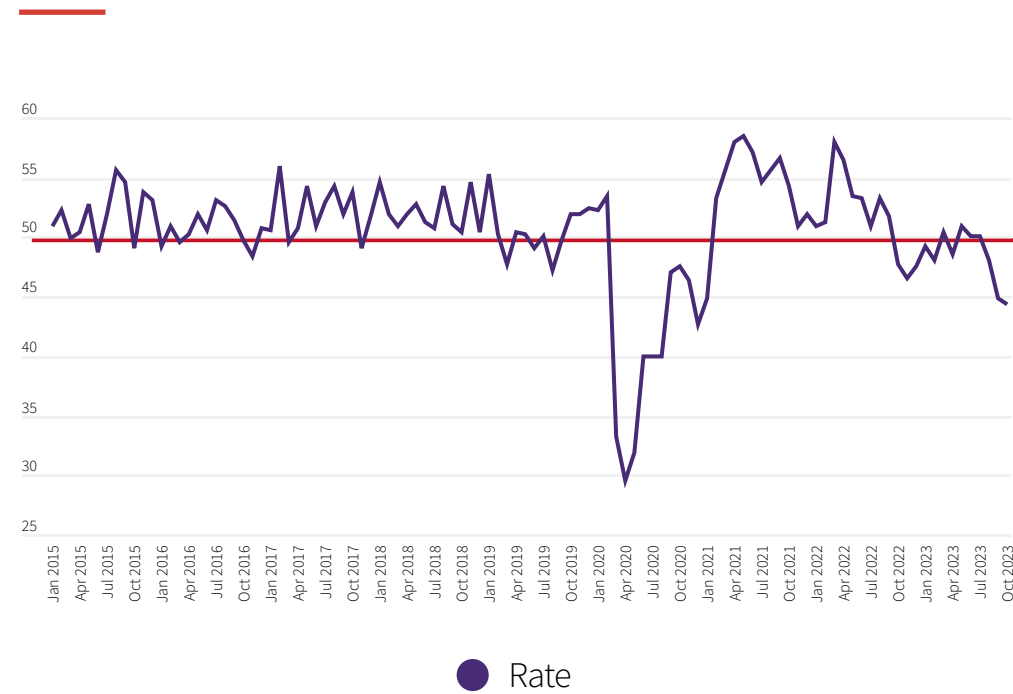
The American Institute of Architects' Architectural Billings Index (ABI) is a leading indicator of growth in the construction industry. Any score above 50 indicates an increase in billings relative to the previous month (and therefore an increase in expected construction activity) while a score below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

The West region saw an ABI value of 40. It has not recorded a value above 50 since February 2023. The South and Northeast regions are seeing a slight decline, with values of 48.5 and 48.9, according to October 2023 data. The overall picture is a mixed bag, with

interest rates stubbornly high and many projects looking to take advantage of federal money rather than begin construction as soon as possible.

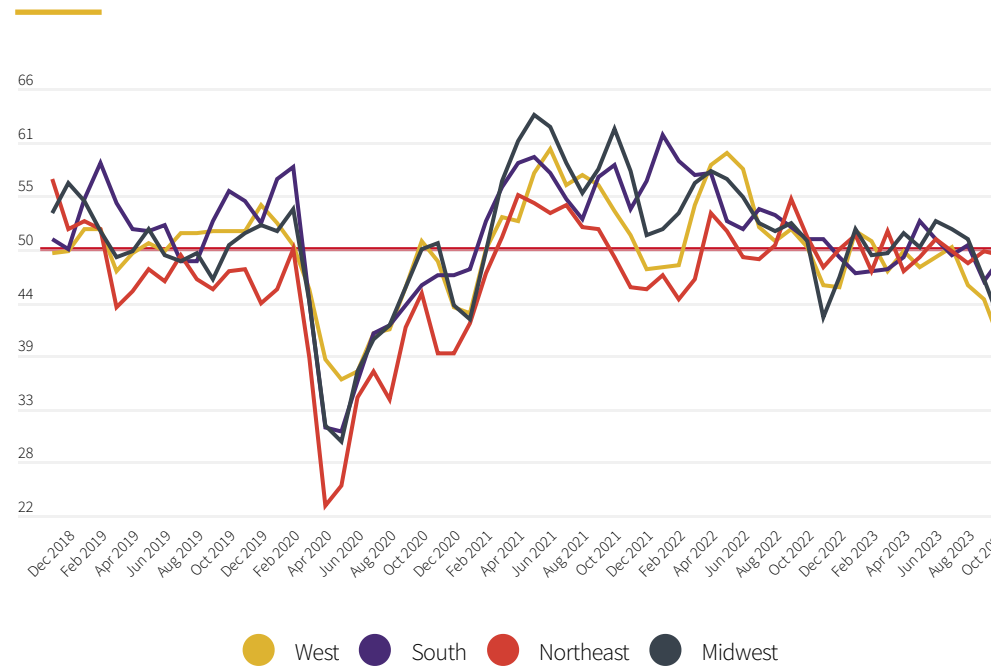
All three sectors – industrial/commercial, institutional, and residential– shrank during the 4th quarter of 2023. This seems to hint at underlying uncertainty about the state of the economy going forward – a recession on the horizon looks less likely than it did last January, but remains a distinct possibility. Many in the industry appear to be keeping their powder dry in anticipation of a policy change.

## National (2016-Current) Rate



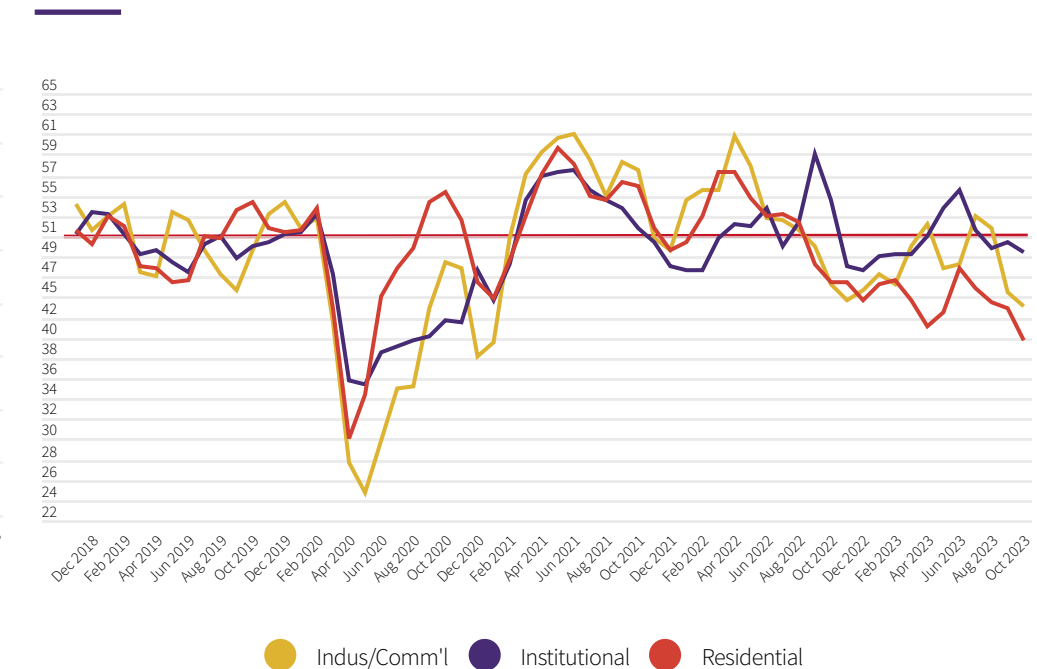
SOURCE: American Institute of Architects

## Regional



SOURCE: American Institute of Architects

## Sector



SOURCE: American Institute of Architects

# NATIONAL

## INDICATORS

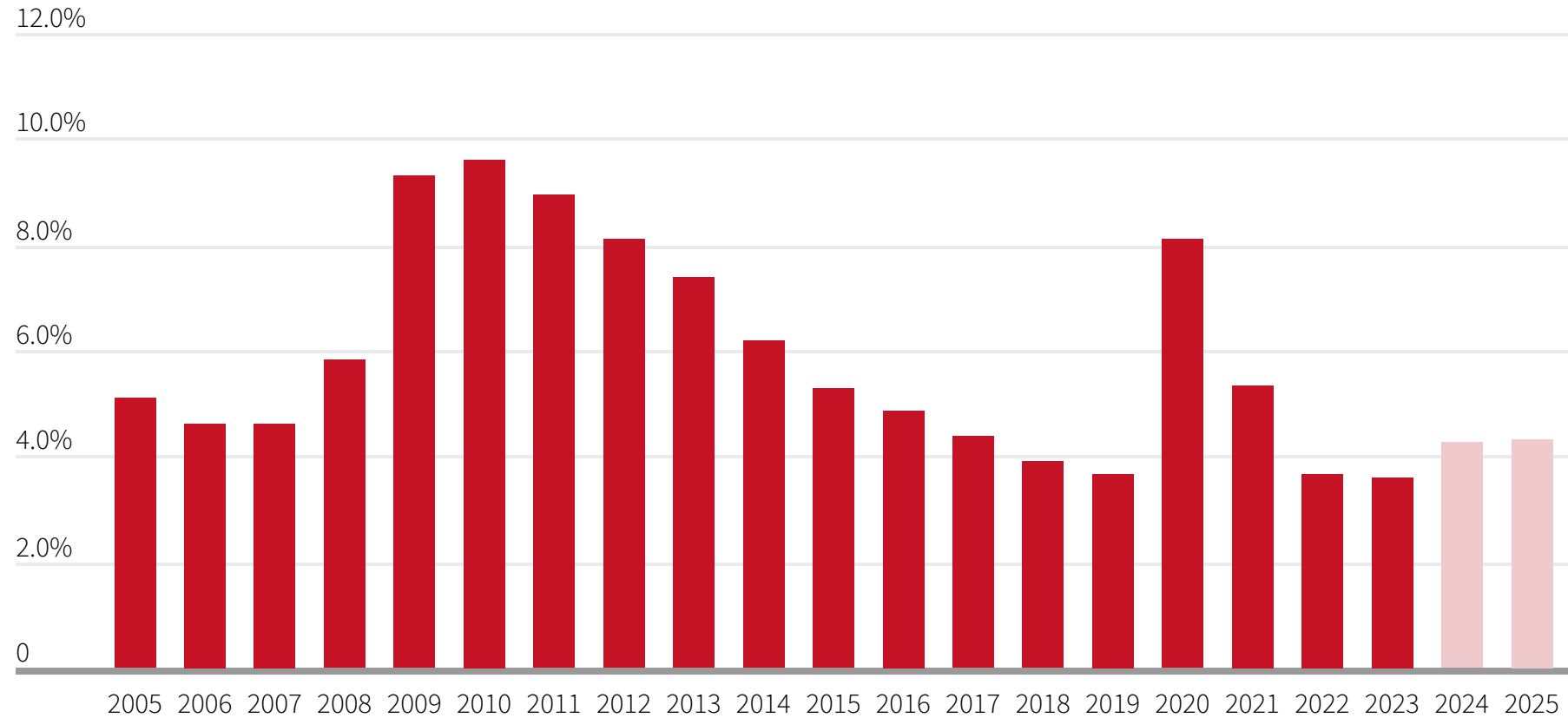


## UNEMPLOYMENT RATE

Nonfarm payrolls rose by a seasonally adjusted 199,000 in November, which was boosted by sizeable gains in government hiring as well as workers returning from strikes in the auto and entertainment industries. The unemployment rate declined to 3.7%, and signs of underlying labor market strength suggest that financial market expectations of an interest rate cut early in 2024 were probably premature. Average hourly earnings, a key inflation indicator, increased by 0.4% for the month and 4% from a year ago.

Still, the labor market is cooling. The economy added 35,000 fewer jobs in September than previously estimated. November's employment gains were below the monthly average of 240,000 over the previous year. Nonetheless, payroll gains are well above the 100,000 jobs per month needed to keep up with growth in the working-age population. Employment numbers were boosted in part by the return of automobile workers and actors after their strikes. The healthcare sector led the increase in payrolls, adding 77,000 jobs – most of which were in ambulatory services as well as at hospitals, nursing, and residential care facilities. Government payrolls jumped by 49,000 jobs, boosted by local government hiring. Manufacturing employment increased by 28,000 jobs, with motor vehicles and parts jobs rising the most as members of the United Auto Workers (UAW) returned to work after striking against Detroit's "Big Three" car makers.

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



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

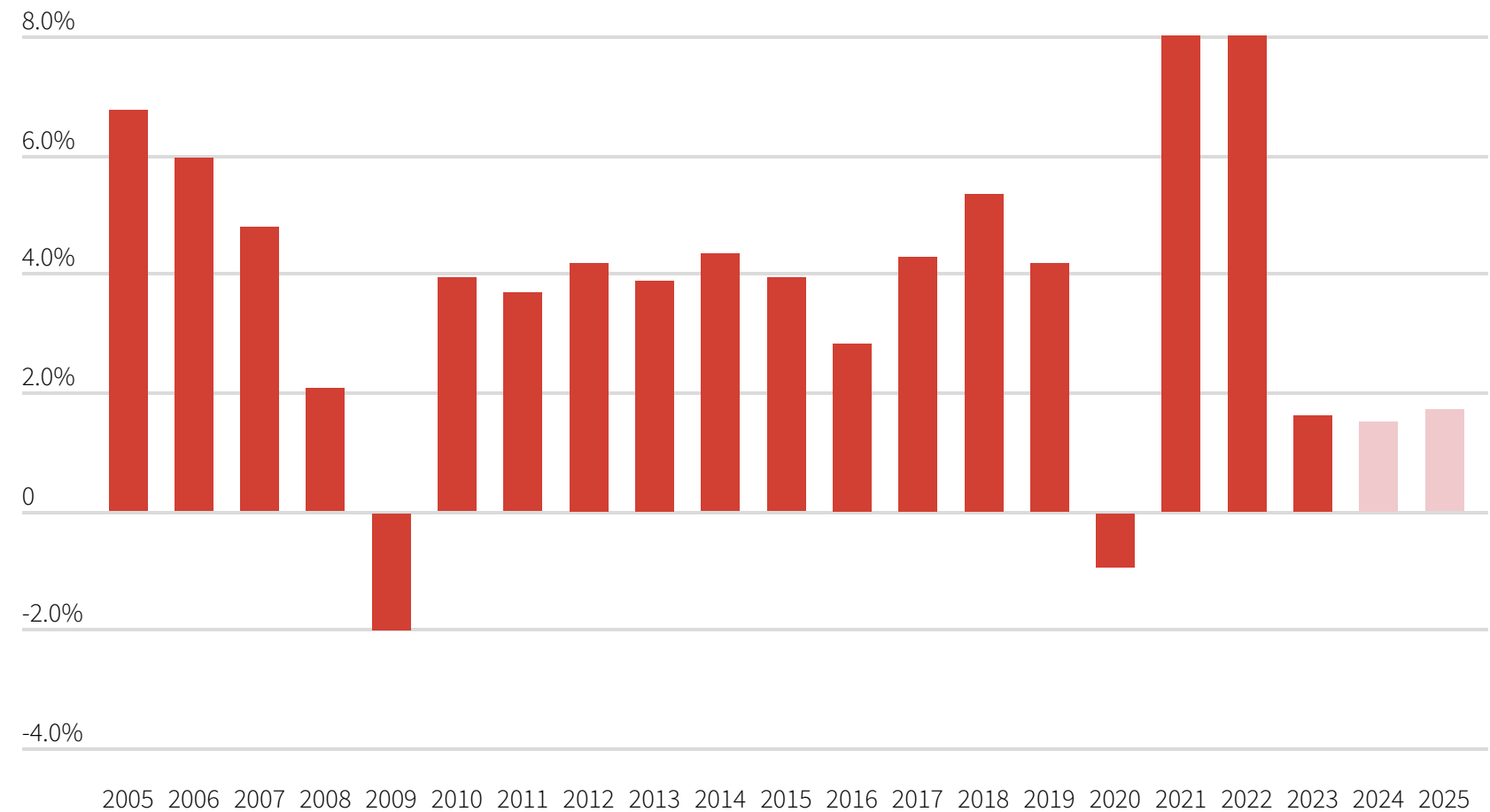
**“The unemployment rate declined to 3.7%, and signs of underlying labor market strength suggest that financial market expectations of an interest rate cut early in 2024 were probably premature.”**



## GDP ANNUAL GROWTH RATE

We expect GDP growth to slow sharply from 4.9% in the 3rd quarter to roughly 1% in both the 4th quarter of 2023 and 1st quarter of 2024, with a 1.61% annual GDP growth for the year 2023. More than half of the deceleration in the 4th quarter is due to inventory investment, a development that would not be too surprising given the elevated pace of inventory building in the 3rd quarter. The idling of several auto assembly plants from mid-September through most of October also contributed to the slowdown in inventory investment, even as sales remained in line with recent averages. This resulted from the UAW's strike, which now appears to be resolved.

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

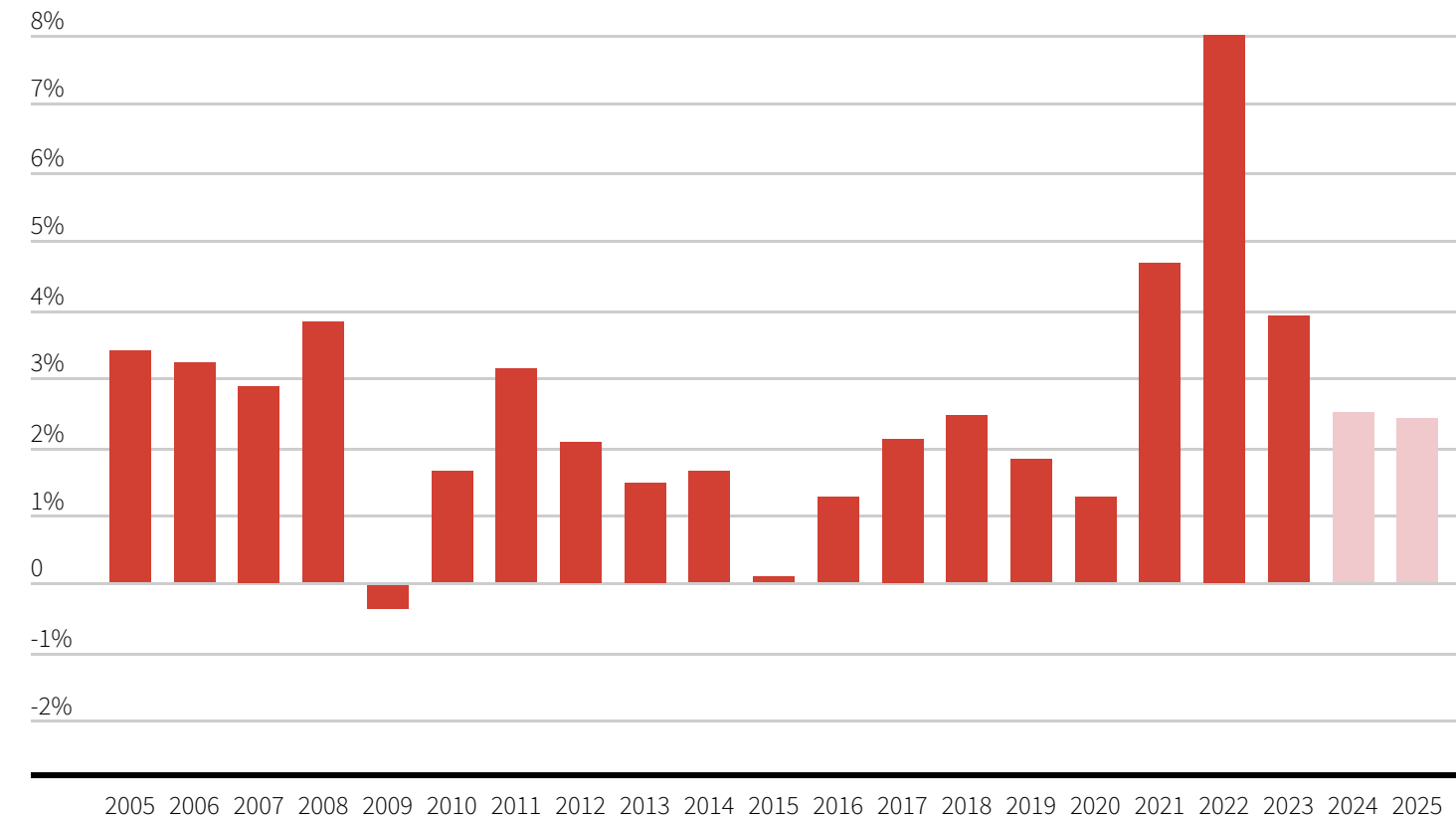


SOURCES:  
 Historic - U.S. Dept. of Commerce - Bureau of Economic Analysis  
 Forecast - Wall Street Journal - Bi-monthly Survey

## CONSUMER PRICE INDEX (CPI)

The CPI is a key barometer of inflation, measuring how quickly price levels are changing across the American economy. The inflation rate decreased from 3.20% in October to 3.10% in November of 2023. Inflation in the United States is expected to end the year around 4% higher than 12 months previously, while it is expected to end the 4th quarter around 3% higher than three months previously. In the long term, the US inflation rate is projected to trend around 2.5% in 2024 and 2.4% in 2025. Even as November's core inflation ticked up to a pace more consistent with 3% annual inflation, long-term measures suggest the Fed has made significant progress on disinflation over the past six months. There are also signs that China's deflation is giving another disinflationary boost to core goods. Short-term inflation expectations have come down sharply in recent months on lower prices of gasoline and energy. Our baseline is for the Federal Reserve to start cutting interest rates in March 2024.

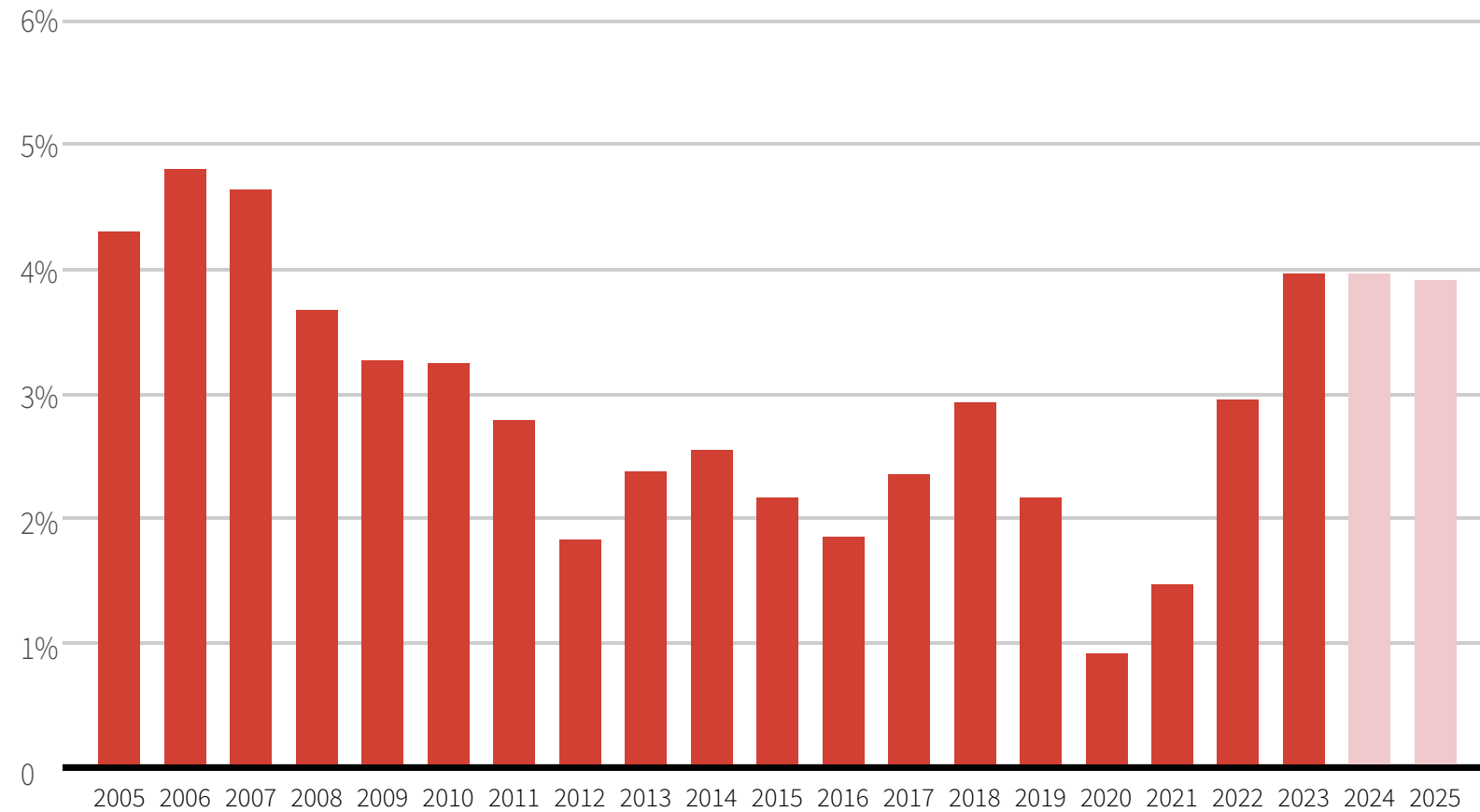
U.S. Consumer Price Index Forecast (2005-2025)



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

**“The inflation rate decreased from 3.20% in October to 3.10% in November of 2023. In the long term, the US inflation rate is projected to trend around 2.5% in 2024 and 2.4% in 2025.”**

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



SOURCES:  
 Historic - Federal Reserve Bank of St. Louis  
 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

2023 was a momentous year for Treasury yields as the Federal Reserve continued its aggressive hiking campaign and investors fretted over high inflation and a potential recession. The yield on the 10-year note passed 5% in October for the first time since 2007, before dropping below 4% in late November on bets of an end to rate increases and cuts in the new year.

In December 2023, the Federal Reserve signaled they may begin cutting interest

rates in 2024. An inverted yield curve occurs when longer-term bond yields are below those of short-term bonds. It’s an unusual but not unprecedented occurrence, as investors typically expect to earn higher yields on longer-term bond investments. In addition, some consider an inverted yield curve to be a harbinger of recession. But so far, the U.S. economy continues to exhibit moderate growth with no immediate signs of a recession. We now see 10-year US Treasury yields averaging just over 4% over the long term.

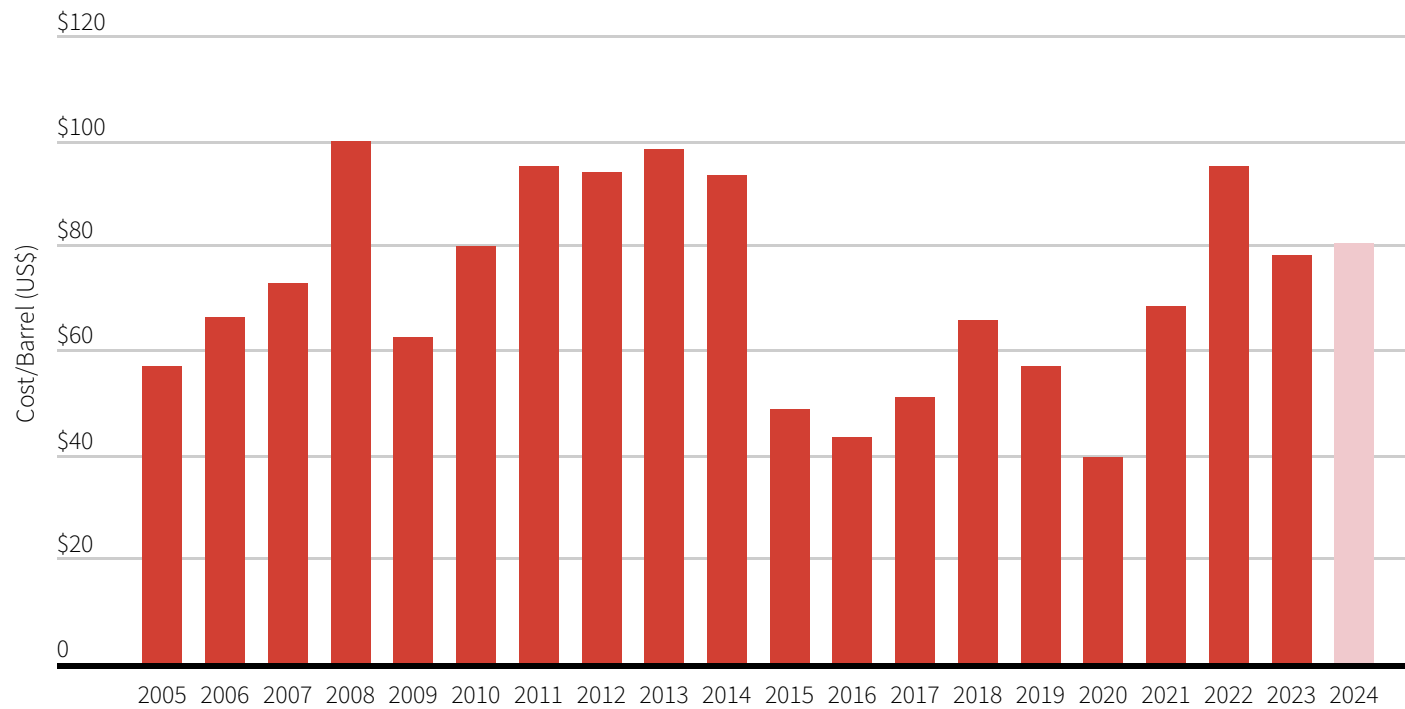
# ENERGY COSTS

Gasoline prices have continued to fall owing to seasonally weak winter demand and the prevalence of cheaper blends. Diesel prices have the opposite seasonal effect and cracks — the difference between crude and diesel prices — remain elevated during winter. A delayed start to Nigeria’s Dangote refinery will continue to put pressure on refined product balances for 2024. The buying advice for the first quarter is to lock in gasoline prices while waiting on diesel prices.

The US natural gas forecast has been revised upwards over the course of the year. The fourth quarter of 2023 averaged just under \$3/MMBtu before the first quarter of 2024 posts

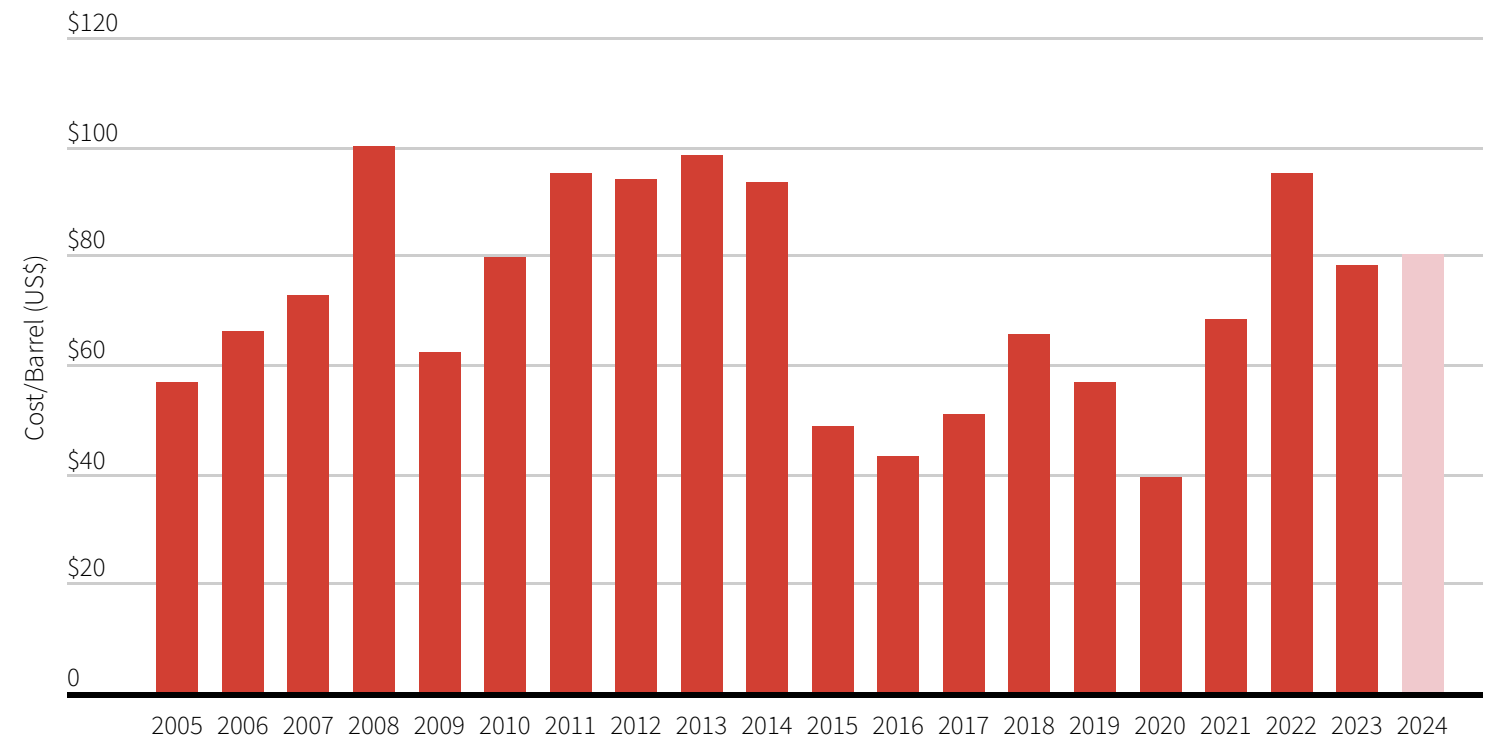
prices around \$3.50/MMBtu. Thereafter, prices decline for the summer before additional export capacity sends prices increasing from the end of 2024 onward. US natural gas prices experienced considerable increases over the last few months of 2023, with daily prices occasionally exceeding \$3.50/MMBtu. Record gas burns in the power sector since late June have reduced inventories dramatically, but they remain significantly above the five-year average. Low gas prices, coal-fired generation retirements, and warmer weather have supported the strong gas burns. Ultimately, however, strong production will leave the US well-stocked for the winter withdrawal season.

West Texas Intermediate Oil Price Forecast (2005-2024)



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

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



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

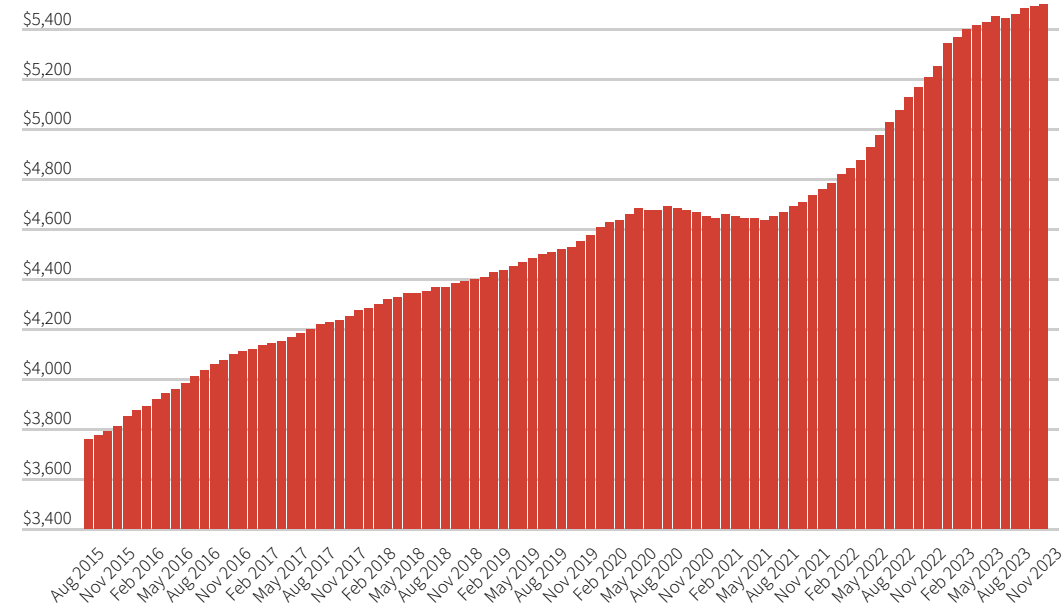
# CREDIT

## MARKETS



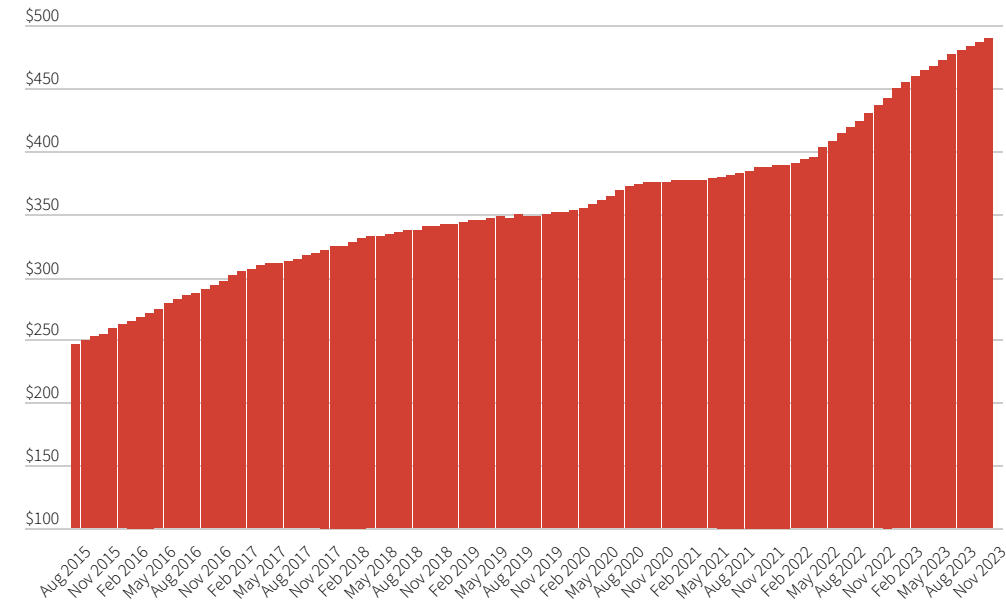


## Loan Origination Activity - Residential & Commercial Real Estate



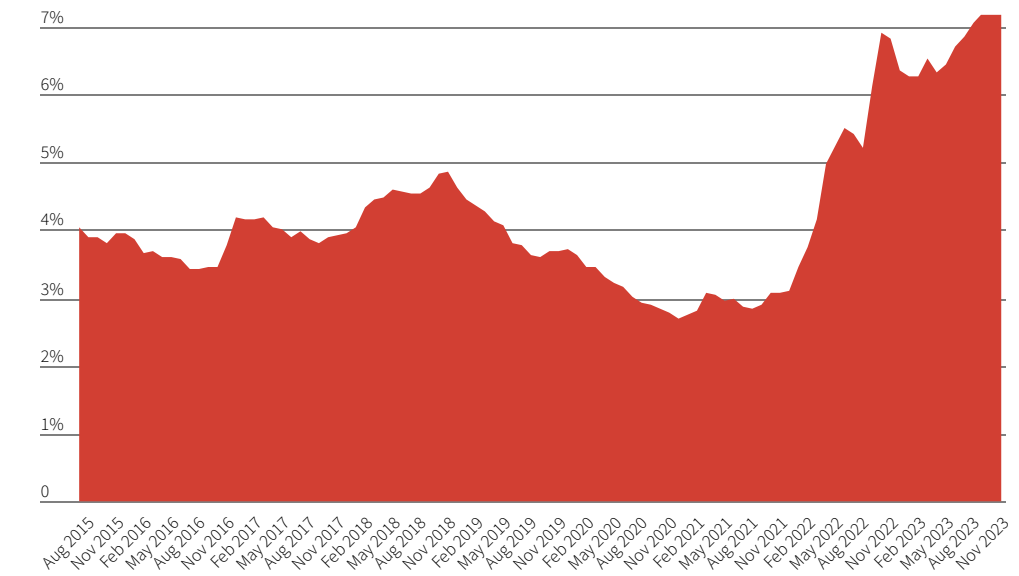
SOURCE: FRED

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



SOURCE: FRED

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



SOURCE: FRED

### Credit Markets

## LENDING ACTIVITY

The fourth quarter of 2022 and the first quarter of 2023 saw a continued rise in construction loan balances. In 2022, banks reported around \$467 billion in the fourth quarter, up from \$447 billion in the third quarter. Construction loans made up 3.8% of all loans and leases, up from 3.7% in the third quarter. That put construction lending at its highest percentage of gross loans since the second quarter of 2011.

In 2023, residential construction loans surged again. But rapidly rising rates and slowing home sales may hamper future gains. US financial institutions reported over \$92 billion

in one- to four-family construction loans at the end of March 2023. This surge was a 5% 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% increase to \$320 billion. Construction loan activity among top lenders is diverging despite the overall surge in residential construction lending. The US's top construction lenders – Wells Fargo, Bank of America, and JPMorgan Chase – reported year-over-year declines in both residential and nonresidential construction loans.

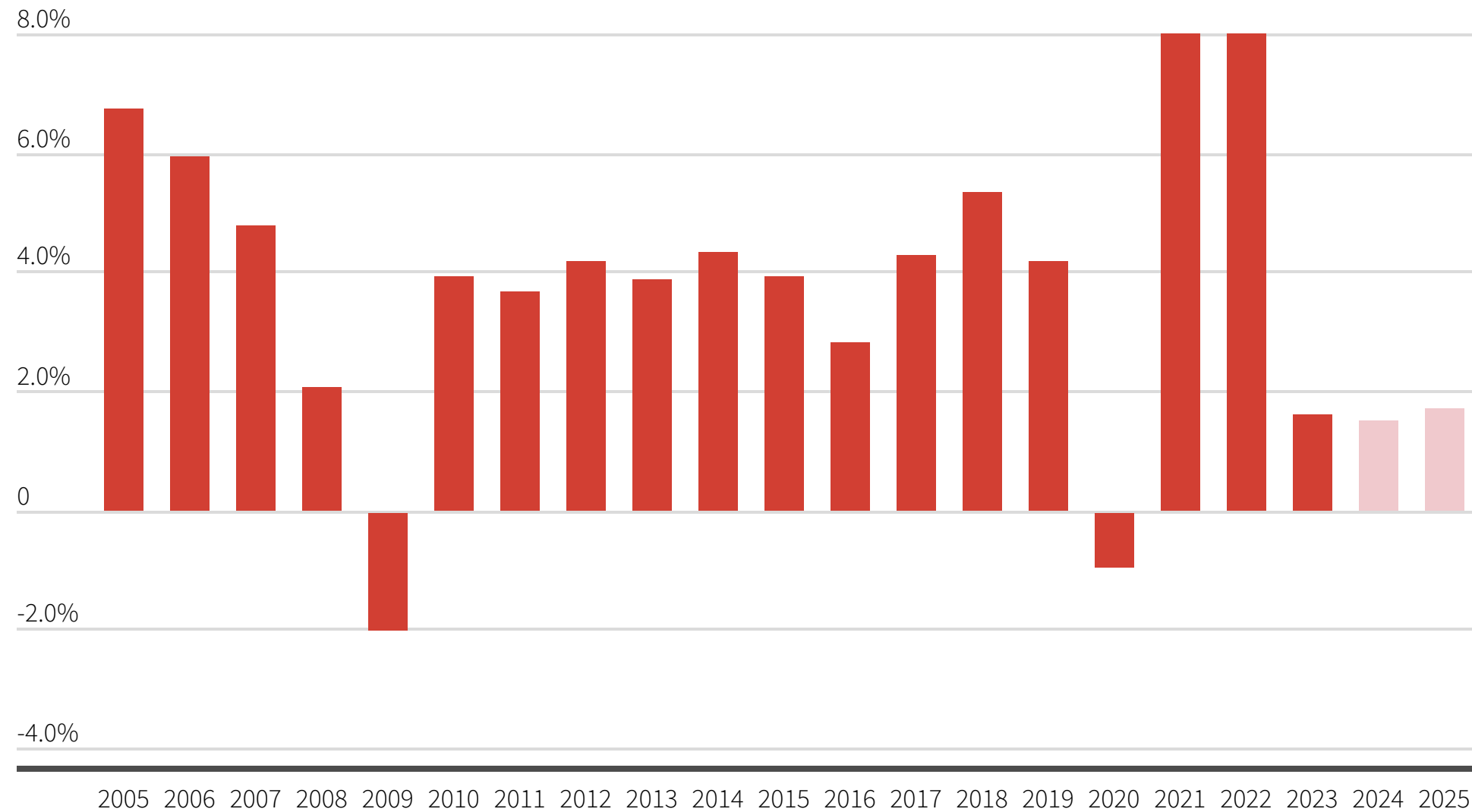
# GLOBAL

DEMAND



## GLOBAL GROWTH FORECASTS

### 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

Our global growth forecast for 2024 remains at 2.3%, though there are potential downside risks including escalation of conflicts in Eastern Europe and the Middle East, related disruptions to energy supply and prices, sticky core inflation rates, and tighter-for-longer financial conditions. Recent growth divergence in the US and Western Europe will not last. Fourth-quarter data has not been published at time of writing, so we continue to forecast “technical” recessions across many parts of Western Europe during the second half of 2023, including the eurozone and UK, in tandem with weakness in initial third-quarter GDP prints. The Bank of England’s latest analysis of downbeat UK economic prospects has emphasized that the full effects of tighter financial conditions are yet to be felt.

Growth prospects in North America are set to weaken markedly in 2024. In addition, the mix of growth, with final sales weaker and inventory investment stronger than expected, led to a markdown of expected fourth-quarter growth to 1.1% – well below the market’s potential. More of the same is expected during 2024 as tighter financial conditions work through the economy. Our forecasts for Canadian growth have also been revised markedly downward particularly for 2024, which is largely due to weakness in household consumption, reflecting the impact of high borrowing costs and tight credit conditions.

# CURRENCY

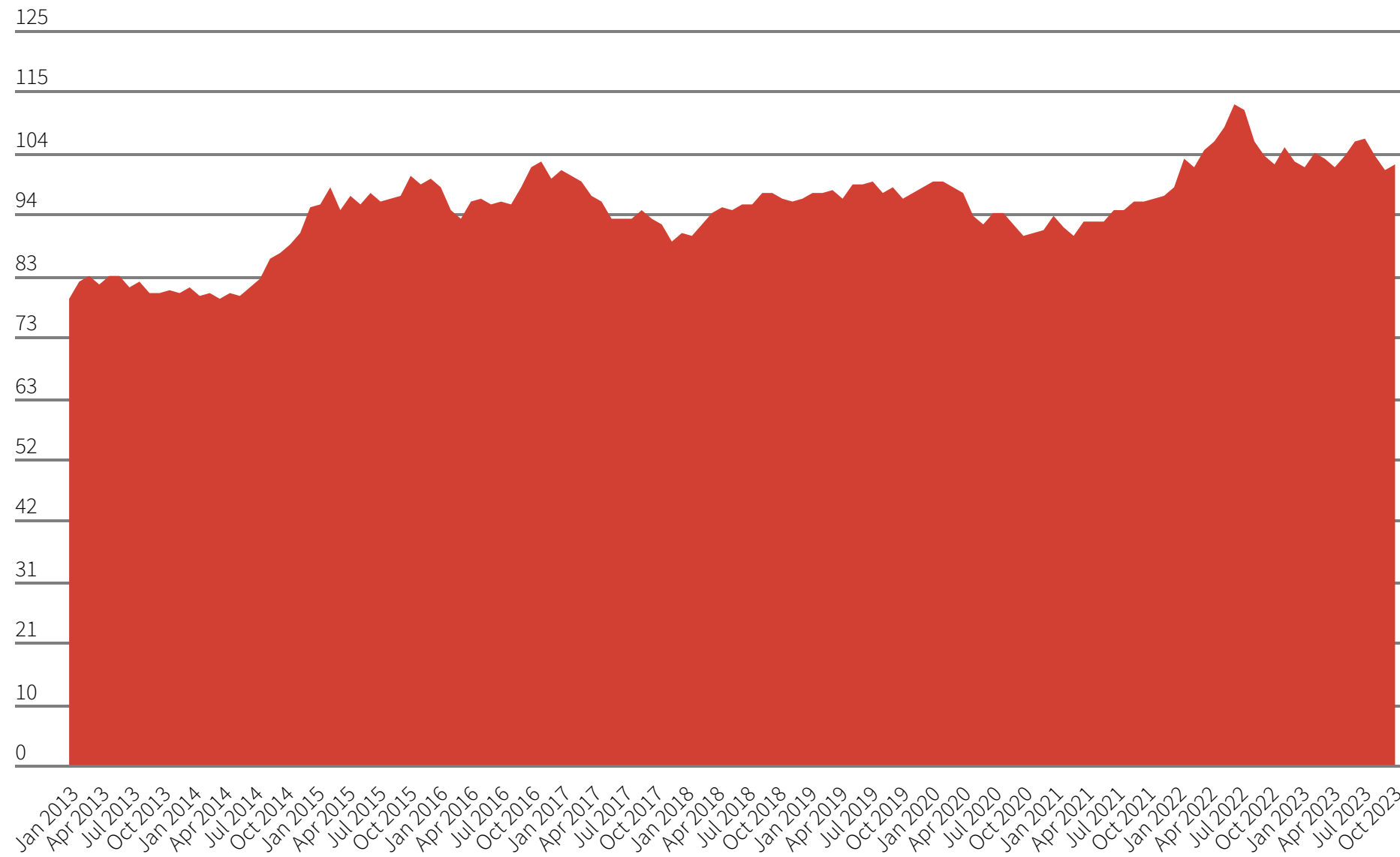
## TRENDS



## U.S. DOLLAR INDEX

The US dollar has been trending lower since mid-December when Federal Reserve policymakers unveiled a dovish pivot in their interest-rate projections. The index at the end of the year was at 101.5, compared to 103.9 before the announcement was made. The dollar, as measured by the DXY index, sunk to its lowest level in five months, with thin liquidity conditions likely amplifying the selloff. Growing expectations that the Fed will substantially ease its stance in 2024 have been the main driver of the greenback's retreat in recent weeks. While market moves were likely amplified by thin liquidity conditions, characteristic of this time of year, wagers that the Federal Reserve will cut rates materially in 2024 have been the primary bearish driver for the greenback in recent weeks. The Fed's pivot at its December FOMC meeting has reinforced ongoing market trends. For context, the central bank embraced a dovish stance at its last gathering, indicating that talks about reducing borrowing costs have begun, possibly as part of a strategy to prioritize growth over inflation.

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



SOURCE: Sourced from FRED - Monthly Data



# LOCATION

COST IMPACT



# CONSTRUCTION COST RANGE BY REGION

Cost Per Unit 2023

**NOTES:**

- a. Costs for each Region are based on the minimum, median, and maximum \$/unit of the major cities within that Region.
- b. Costs represent current construction costs only. Land acquisition, professional fees, permits, FF&E and soft costs are not included.
- c. Costs represent new-build projects for complete structure shell and interior build-out to five feet out and excludes sitework.
- d. **Costs represent typical specifications for the region identified, and do not account for unique site conditions.**

		West						Central						East					
		Northwest			Southwest			North Central			South Central			Northeast			Southeast		
	Unit	Low (\$/UNIT)	Median (\$/UNIT)	High (\$/UNIT)	Low (\$/UNIT)	Median (\$/UNIT)	High (\$/UNIT)	Low (\$/UNIT)	Median (\$/UNIT)	High (\$/UNIT)	Low (\$/UNIT)	Median (\$/UNIT)	High (\$/UNIT)	Low (\$/UNIT)	Median (\$/UNIT)	High (\$/UNIT)	Low (\$/UNIT)	Median (\$/UNIT)	High (\$/UNIT)
<b>Education</b>																			
K-12 School	SF	\$350	\$490	\$770	\$340	\$520	\$760	\$330	\$460	\$680	\$300	\$413	\$520	\$370	\$523	\$750	\$290	\$435	\$620
Higher Ed Instructional Building	SF	\$510	\$750	\$1,220	\$490	\$795	\$1,210	\$470	\$703	\$1,080	\$430	\$633	\$820	\$530	\$798	\$1,190	\$420	\$665	\$990
<b>Healthcare</b>																			
Hospital	SF	\$760	\$940	\$1,350	\$730	\$1,225	\$1,550	\$700	\$878	\$1,190	\$640	\$793	\$910	\$790	\$995	\$1,310	\$630	\$835	\$1,090
Medical Office Building	SF	\$420	\$540	\$790	\$410	\$630	\$810	\$390	\$505	\$690	\$360	\$458	\$530	\$440	\$573	\$770	\$350	\$475	\$640
<b>Hospitality &amp; Lodging</b>																			
Three-Star Hotel	SF	\$280	\$380	\$590	\$270	\$400	\$580	\$260	\$355	\$520	\$230	\$320	\$400	\$290	\$400	\$570	\$230	\$340	\$470
Five-Star Hotel	SF	\$470	\$710	\$1,170	\$460	\$750	\$1,150	\$440	\$663	\$1,030	\$400	\$600	\$790	\$490	\$753	\$1,130	\$390	\$630	\$940
<b>Office</b>																			
Shell & Core	SF	\$280	\$340	\$490	\$270	\$360	\$480	\$260	\$320	\$430	\$230	\$290	\$330	\$290	\$363	\$480	\$230	\$305	\$400
Tenant Improvement	SF	\$160	\$270	\$470	\$150	\$285	\$470	\$150	\$250	\$420	\$130	\$228	\$320	\$170	\$285	\$460	\$130	\$240	\$380
Life Sciences / Lab	SF	\$520	\$880	\$1,550	\$500	\$935	\$1,530	\$480	\$820	\$1,370	\$430	\$743	\$1,050	\$540	\$938	\$1,510	\$430	\$785	\$1,260
Data Center	MW	\$7,700,000	\$11,400,000	\$18,700,000	\$7,400,000	\$12,050,000	\$18,400,000	\$7,100,000	\$10,650,000	\$16,400,000	\$6,400,000	\$9,650,000	\$12,600,000	\$8,000,000	\$12,100,000	\$18,200,000	\$6,300,000	\$10,150,000	\$15,100,000
<b>Parking Structures</b>																			
Above Grade-Multi-Level (330 SF / Stall)	Stall	\$26,000	\$37,000	\$59,000	\$25,000	\$39,000	\$58,000	\$24,000	\$34,000	\$52,000	\$21,000	\$31,000	\$40,000	\$27,000	\$39,000	\$57,000	\$21,000	\$33,000	\$47,000
Below Grade-Multi-Level (400 SF / Stall)	Stall	\$78,000	\$105,500	\$162,000	\$75,000	\$111,500	\$160,000	\$72,000	\$98,000	\$142,000	\$65,000	\$89,000	\$109,000	\$81,000	\$111,750	\$157,000	\$64,000	\$93,500	\$131,000
<b>Residential</b>																			
Market Grade Apartment	SF	\$300	\$395	\$590	\$290	\$415	\$580	\$280	\$365	\$520	\$250	\$330	\$400	\$310	\$415	\$570	\$250	\$350	\$470
Condominium	SF	\$390	\$545	\$840	\$380	\$575	\$830	\$360	\$508	\$740	\$330	\$458	\$570	\$410	\$575	\$820	\$330	\$480	\$680
<b>Entertainment &amp; Culture</b>																			
Professional Sports Stadium	Seat	\$15,000	\$26,000	\$46,000	\$14,000	\$27,500	\$45,000	\$14,000	\$24,000	\$40,000	\$12,000	\$21,750	\$31,000	\$15,000	\$27,500	\$44,000	\$12,000	\$23,000	\$37,000
<b>Retail</b>																			
Fashion Center	SF	\$340	\$515	\$840	\$330	\$545	\$830	\$320	\$480	\$740	\$290	\$433	\$570	\$360	\$545	\$820	\$280	\$455	\$680

# REGIONS

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The Northwest region spans seven states – the largest of which in terms of spending are Colorado, Washington, and Oregon. We discuss those areas extensively in our spotlight markets, so instead we would like to talk about the northern end of the Rockies and Cascades. Beyond the highlighted markets later in this report, states in the region have taken advantage of their favorable climate and geography. In these regions, Boise and Anchorage are the clear standouts.

The major projects outside of our breakout markets are data centers in Boise and upgrades to the cargo terminals of the Anchorage airport. The cool and arid climates of much of Wyoming and Idaho

are ideal for building data centers, which require strict climate and moisture controls. There are 21 operating in these two states and another six working their way through the planning phase.

Venturing quite a bit northwards, Anchorage’s international airport has emerged as one of the world’s leading cargo hubs. The city sits roughly midway between factories in East Asia and markets in North America, which makes it a convenient entrepot for air freight. In response to the surge in shipping, the airport is building a new 300,000-square-foot warehouse. This stands as the largest project in the state by a considerable margin.

# NORTHWEST

**CONTACT: Nick Mata**, Regional Director  
[nmata@cumming-group.com](mailto:nmata@cumming-group.com)

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

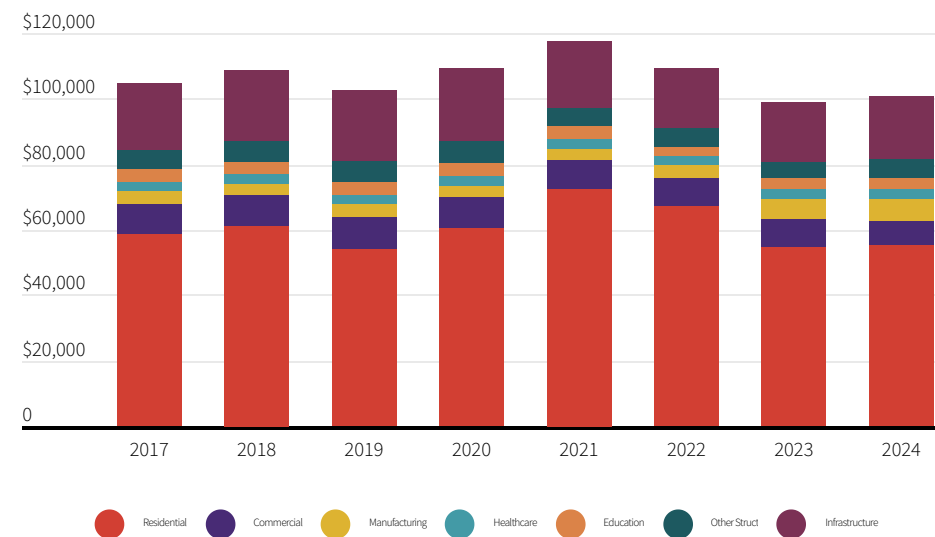
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	7.4%	3.5%	-5.5%	6.3%	8.0%	-7.2%	-9.1%	1.5%
<b>Residential</b>	12.7%	3.8%	-11.2%	11.3%	19.9%	-7.0%	-18.6%	0.5%
<b>Commercial</b>	4.4%	2.5%	1.0%	0.5%	-7.0%	-5.4%	-1.4%	-6.8%
<b>Manufacturing</b>	-14.0%	-1.8%	6.6%	-9.5%	0.5%	13.4%	62.3%	5.8%
<b>Healthcare</b>	8.5%	0.0%	0.0%	3.8%	0.3%	-7.2%	0.2%	2.4%
<b>Education</b>	4.1%	1.4%	3.0%	-2.7%	-11.2%	-13.6%	4.5%	4.8%
<b>Other Struct*</b>	7.0%	2.3%	1.4%	9.4%	-11.2%	-9.1%	-1.3%	1.1%
<b>Infrastructure</b>	0.3%	5.3%	1.4%	0.3%	-7.0%	-10.8%	0.8%	6.0%

◀ HISTORIC FORECAST ▶

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

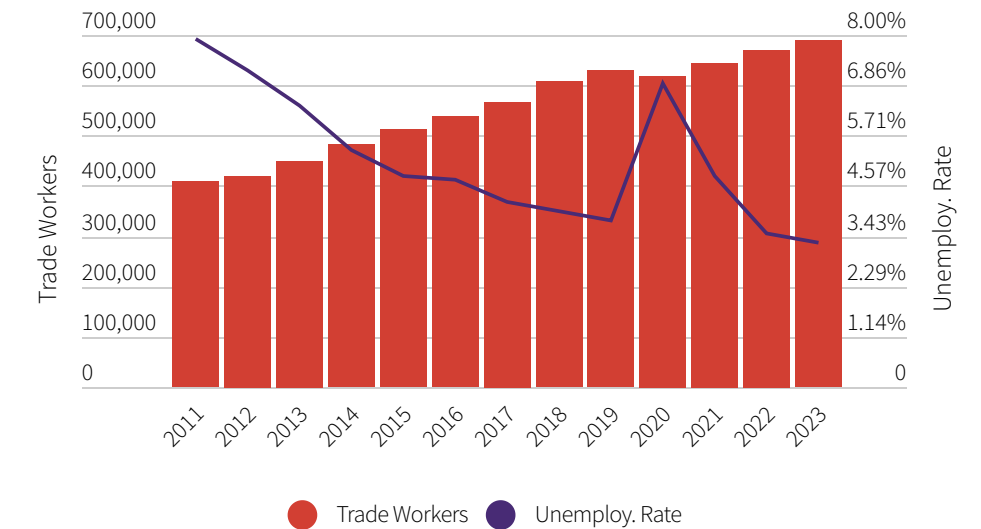
SOURCE: IHS-Markit

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

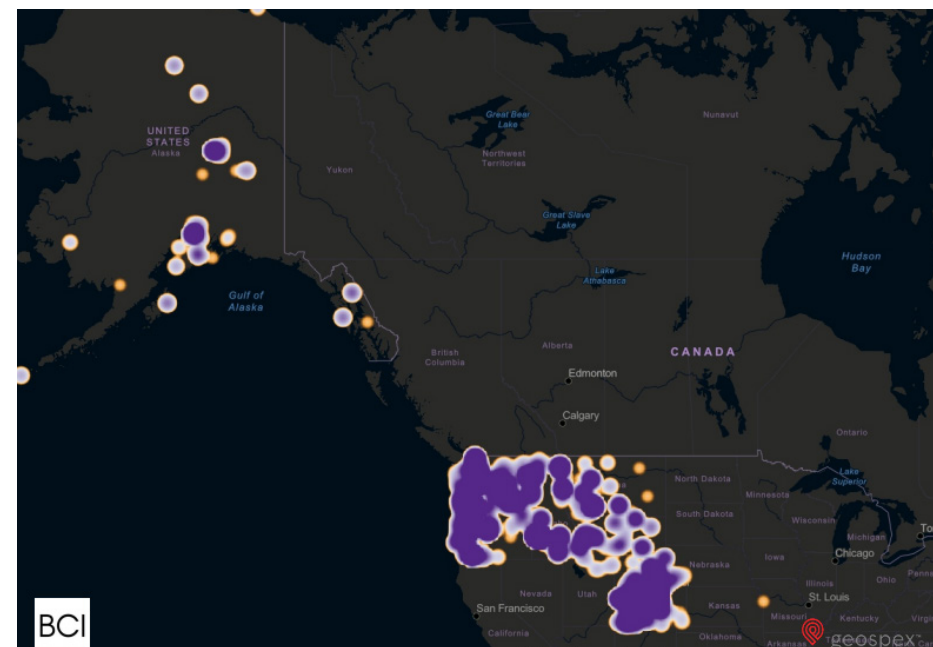


SOURCE: IHS-Markit

## Regional Construction Employment

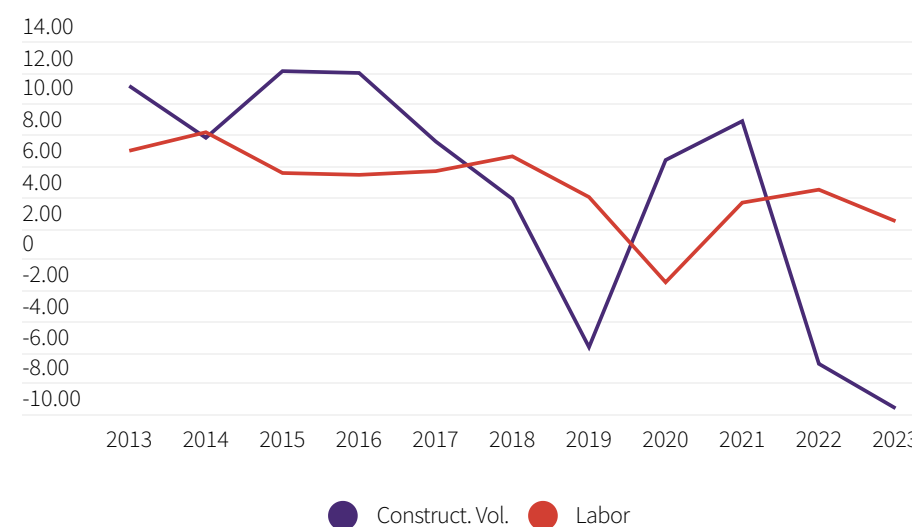


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Spring District	Bellevue, WA	\$2.30B
Vancouver Waterfront	Vancouver, WA	\$1.5B
Seabrook Community Expansion	Seabrook, WA	\$1.5B
Micron Technology Inc Industrial Development	Boise, ID	\$1.5B
Cherry Creek West Redevelopment	Denver, CO	\$1B
Portland Major League Baseball Stadium	Portland, OR	\$1B
Bellevue Square Expansion	Bellevue, WA	\$1B
Harborview Medical Center New Medical Tower	Seattle, WA	\$930M
Esterra Park	Redmond, WA	\$900M
Windler - Mixed-Use Development - Commercial Portion	Aurora, CO	\$850M

SOURCE: Build Central



# SOUTHWEST

**CONTACT: Trevor Shulters**, Regional Director  
[tshulters@cumming-group.com](mailto:tshulters@cumming-group.com)

California is a clear standout in the Southwest – to the point where it is almost a separate market. The state, which represents more than half of the region’s population and construction spending, is in the grip of a serious housing shortage. This is particularly acute in the Bay Area but has spilled over into places like Sacramento and San Diego.

Los Angeles in particular must contend with the housing crisis, preparing for the 2028 Olympics, addressing residents’ climate concerns, and tackling an ambitious seismic retrofit program. All buildings built before 1978 must be brought up to modern seismic standards before the end of 2024 or face steep fines. The LA Metro is being extended both to lessen the area’s carbon footprint and provide a way to get around ahead of the 2028 Olympics.

In the non-California part of the region, we expect cities like Phoenix and Las Vegas to benefit from the federal government’s effort to improve high-tech manufacturing in the US. This typically requires specially climate-controlled, low moisture facilities. As Arizona and Nevada are already low-moisture states, building such facilities is comparatively easier here. Taiwan Semiconductor Manufacturing Company (TSMC) and LG are both building facilities in the Phoenix area for exactly this reason. Other companies are beginning to follow suit, as the region already has business-friendly policies and lower-than-average corporate taxes.

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

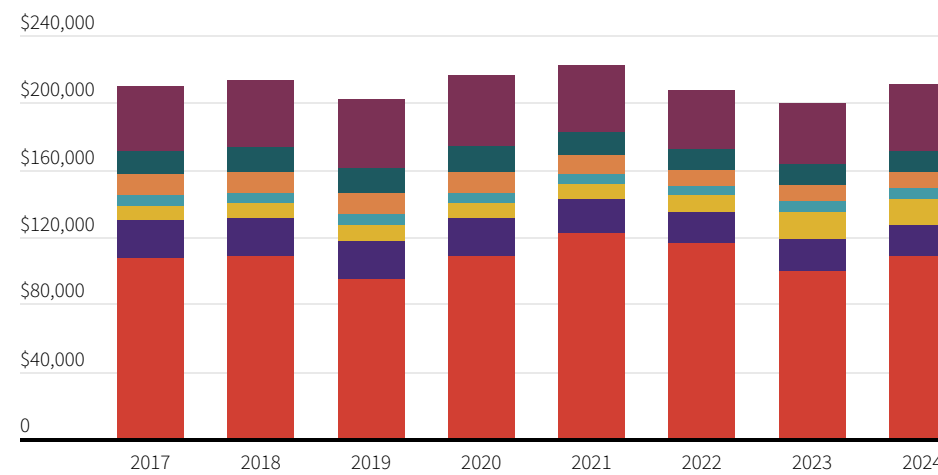
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	6.5%	2.0%	-5.5%	7.5%	2.0%	-7.0%	-5.8%	5.7%
<b>Residential</b>	14.9%	1.3%	-12.6%	14.7%	12.8%	-5.1%	-14.1%	8.7%
<b>Commercial</b>	3.7%	2.4%	0.5%	-2.1%	-11.4%	-7.5%	3.2%	-8.2%
<b>Manufacturing</b>	-13.4%	-2.4%	5.5%	-7.9%	3.0%	14.5%	61.0%	5.3%
<b>Healthcare</b>	7.2%	-1.2%	0.0%	4.2%	-0.1%	-7.7%	2.3%	3.8%
<b>Education</b>	3.8%	1.6%	3.5%	-2.1%	-15.7%	-15.0%	2.9%	1.6%
<b>Other Struct*</b>	6.5%	2.0%	0.5%	5.5%	-10.8%	-7.2%	-1.9%	0.6%
<b>Infrastructure</b>	-2.7%	5.1%	2.5%	3.6%	-6.0%	-12.0%	3.6%	9.0%

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

SOURCE: IHS-Markit

◀ HISTORIC FORECAST ▶

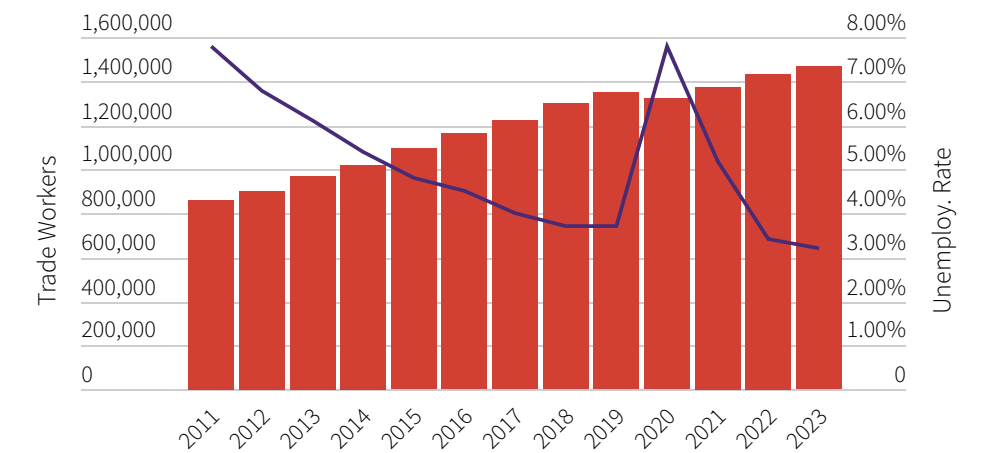
## Annual Volume (x\$1M, 2012\$)



● Residential ● Commercial ● Manufacturing ● Healthcare ● Education ● Other Struct ● Infrastructure

SOURCE: IHS-Markit

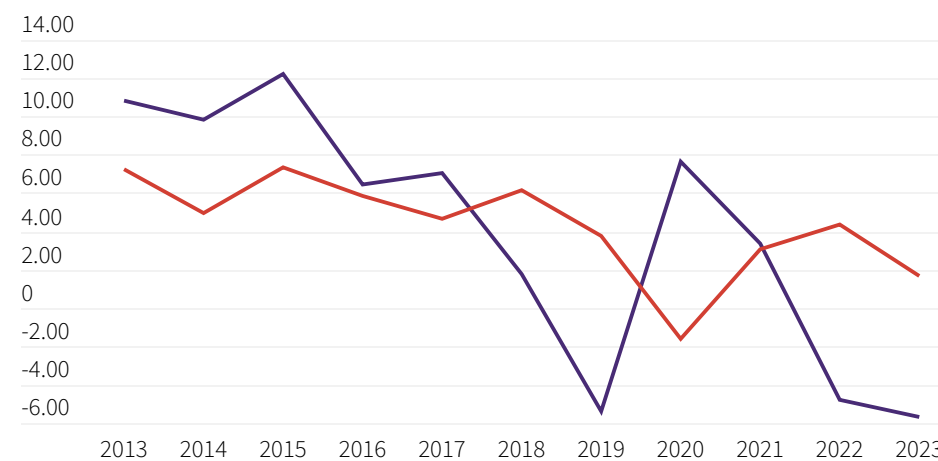
## Regional Construction Employment



● Trade Workers ● Unemploy. Rate

SOURCE: U.S. Bureau of Labor Statistics

## Construction Volume vs Labor - Annual Increase/Decrease



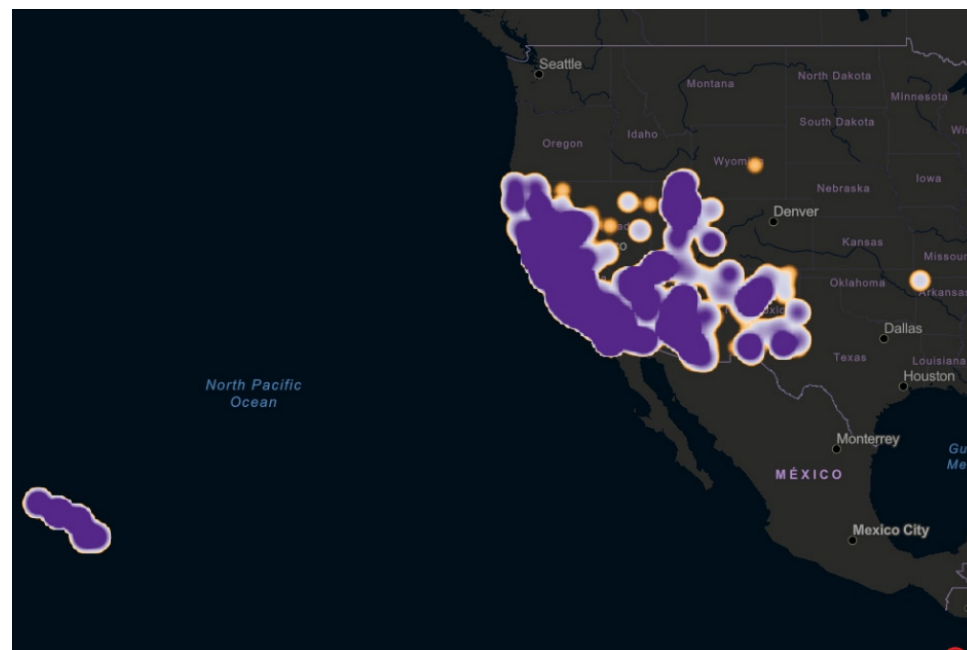
● Construct. Vol. ● Labor

SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Taiwan Semiconductor Manufacturing Company Wafer Plant	Phoenix, AZ	\$12B
Kaiser Permanente Roseville Medical Center Inpatient Bed Tower Expansion	Roseville, CA	\$10B
Bleutech Park Las Vegas	Las Vegas, NV	\$7.5B
Related Santa Clara	Santa Clara, CA	\$6.2B
Laughlin Solar Energy Plant	Laughlin, NV	\$6B
LG Energy Solution Manufacturing Plant	Queen Creek, AZ	\$5.5B
LG Plant	Queen Creek, AZ	\$5.5B
Helios Medical Campus	North Las Vegas, NV	\$5B
Warner Center 2035	Los Angeles, CA	\$5B
Downtown Sacramento Railyards Redevelopment	Sacramento, CA	\$4.5B

SOURCE: Build Central



SOURCE: BuildCentral

# NORTH CENTRAL

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

Cities in the North Central region – particularly those around the Great Lakes – have an abundance of formerly industrial land that must be redeveloped. Pivoting from industrial manufacturing to professional services brings some unique challenges, primarily that offices do not need the same kind of space as factories. The central question facing cities across the region is, therefore, what do we do with all this land?

The largest cities in the region, Chicago and Minneapolis, have answered this question by redeveloping industrial land into new communities. Federal creation of a tech hub in the Chicagoland area also helps with attracting developments to the area. Some of the largest projects here are exactly this – turning former factories and warehouses close to downtown into mixed-use

office and residential developments. Land further out in the suburbs is mostly staying industrial but is instead being devoted to higher-end manufacturing like semiconductors or electric vehicle batteries.

The region is also contending with broad trends in where people live and work. Cities in the Southeast have seen massive population increases – due in part to people in the Midwest looking for warmer (and more tax-friendly) places to live. This has pushed the median age of people who stay in the region up and caused the market to pivot towards services like healthcare. Upgrading infrastructure is also set to be a major theme going forward, as the region is a historic hub for highway and rail transit.

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

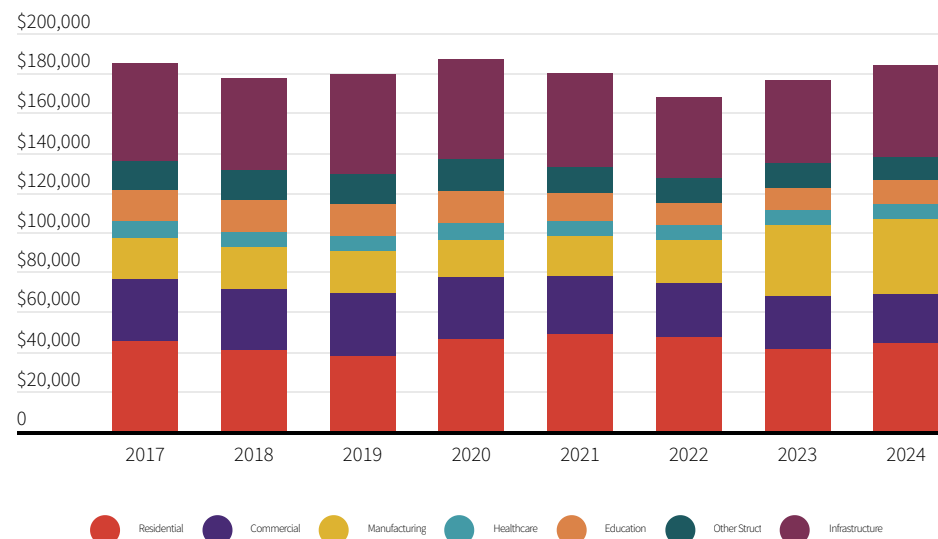
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	-1.7%	-3.8%	0.9%	4.2%	-3.6%	-6.8%	5.2%	3.8%
<b>Residential</b>	0.8%	-10.9%	-6.5%	21.9%	6.3%	-4.3%	-11.8%	5.9%
<b>Commercial</b>	3.3%	1.2%	-0.4%	0.1%	-7.4%	-6.2%	-1.7%	-7.8%
<b>Manufacturing</b>	-13.2%	-1.8%	5.1%	-10.4%	3.3%	13.3%	61.3%	5.8%
<b>Healthcare</b>	4.1%	-5.4%	-0.8%	1.0%	-2.5%	-9.7%	1.0%	3.6%
<b>Education</b>	1.3%	-0.8%	1.5%	-1.5%	-13.4%	-17.2%	2.2%	4.0%
<b>Other Struct*</b>	4.7%	0.4%	1.5%	6.7%	-12.1%	-11.5%	-1.5%	0.6%
<b>Infrastructure</b>	-5.3%	-3.2%	6.4%	1.2%	-7.4%	-13.2%	2.8%	8.5%

◀ HISTORIC FORECAST ▶

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

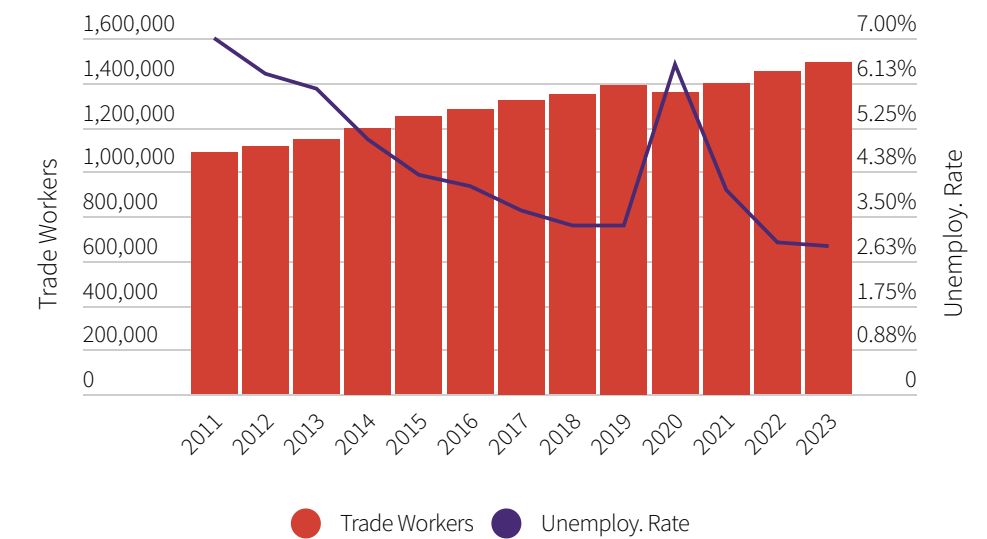
SOURCE: IHS-Markit

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



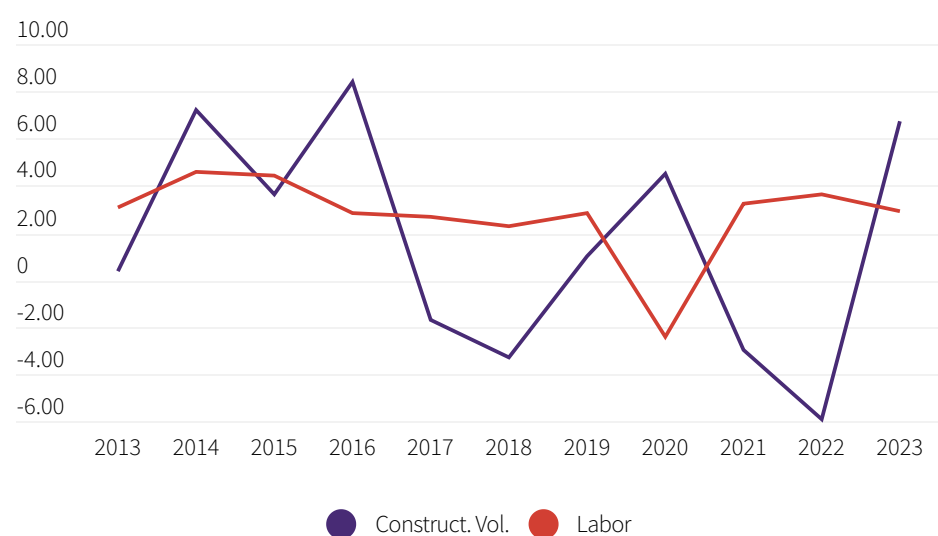
SOURCE: IHS-Markit

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Construction Volume vs Labor - Annual Increase/Decrease

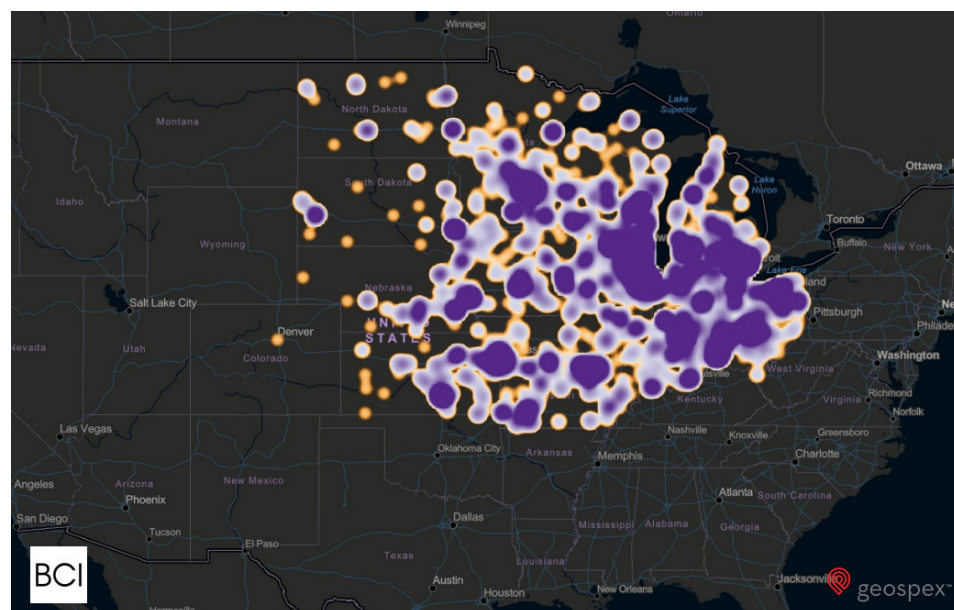


SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
The 78	Chicago, IL	\$1.5B
Destination Medical Center Initiative	Rochester, MN	\$800M
O'Hare International Airport Terminal Expansions	Chicago, IL	\$400M
Stadium District	Arlington Heights, IL	\$380M
Lincoln Yards	Chicago, IL	\$350M
Cerner Innovation Campus/Trails Campus	Kansas City, MO	\$310M
Panasonic Battery Plant	De Soto, KS	\$300M
Bronzeville Lakefront Development	Chicago, IL	\$250M
Red Line Extension	Chicago, IL	\$200M
Bedrock Riverfront Development	Cleveland, OH	\$200M

SOURCE: Build Central



SOURCE: BuildCentral

# SOUTH CENTRAL

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

The South Central region has benefitted immensely from trends in where Americans live and work. Spending here is dominated by Texas, which is home to the region's largest cities. Cities like Houston, Dallas, and Austin are all emerging as science and technology hubs to rival Silicon Valley, with spillovers in the biotech and pharmaceutical industries. The region has seen impressive growth over the last few years – in cities like Nashville, Austin, or Houston, it is not uncommon for almost one in five residents to have moved in since 2010. The region has a favorable climate and enough land to accommodate new residents without increasing costs too much, and we see no reason why this growth can't continue.

The Texas Triangle – the area bounded by Dallas, Houston, and San Antonio – has emerged as one of the country's largest and most active regions. This was true in our last report and we expect it to be true for years to come. The Samsung Austin Semiconductor project is expected to bring in almost 20,000 jobs across the Austin area and is expected to cost \$17 billion over the next 5 years. The key challenge over the coming decade will be keeping these new residents and tying these disparate communities together. The state budget has already increased spending by 10%, with most of it going to new education and healthcare projects. Cities like Dallas, which don't have mountains or beaches, have invested in fine dining and upscale shopping, hoping to offer residents an outlet for their disposable income.

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

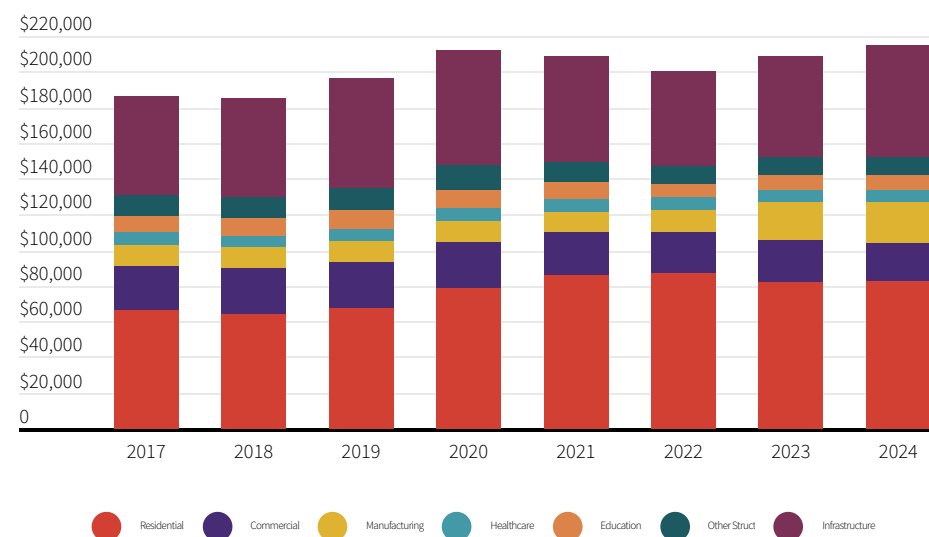
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	-0.9%	-0.6%	6.5%	7.8%	-1.3%	-3.8%	4.0%	2.6%
<b>Residential</b>	4.1%	-2.4%	4.5%	16.7%	8.7%	1.0%	-4.9%	0.2%
<b>Commercial</b>	3.7%	2.2%	0.5%	1.7%	-7.2%	-4.5%	0.1%	-6.9%
<b>Manufacturing</b>	-13.3%	-1.7%	6.5%	-9.0%	2.8%	14.8%	63.3%	5.8%
<b>Healthcare</b>	4.3%	-3.7%	4.8%	5.8%	-0.5%	-5.8%	4.7%	3.9%
<b>Education</b>	3.0%	0.8%	3.7%	2.1%	-11.6%	-15.7%	1.4%	4.2%
<b>Other Struct*</b>	4.8%	1.1%	3.6%	11.3%	-12.3%	-11.1%	-0.1%	1.0%
<b>Infrastructure</b>	-7.7%	0.4%	13.0%	4.3%	-7.9%	-10.5%	6.8%	8.7%

◀ HISTORIC FORECAST ▶

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

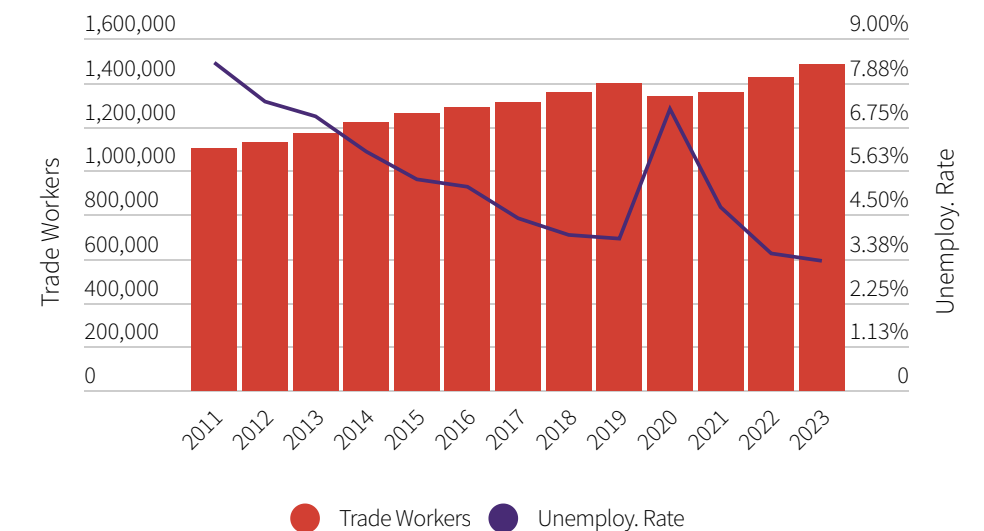
SOURCE: IHS-Markit

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



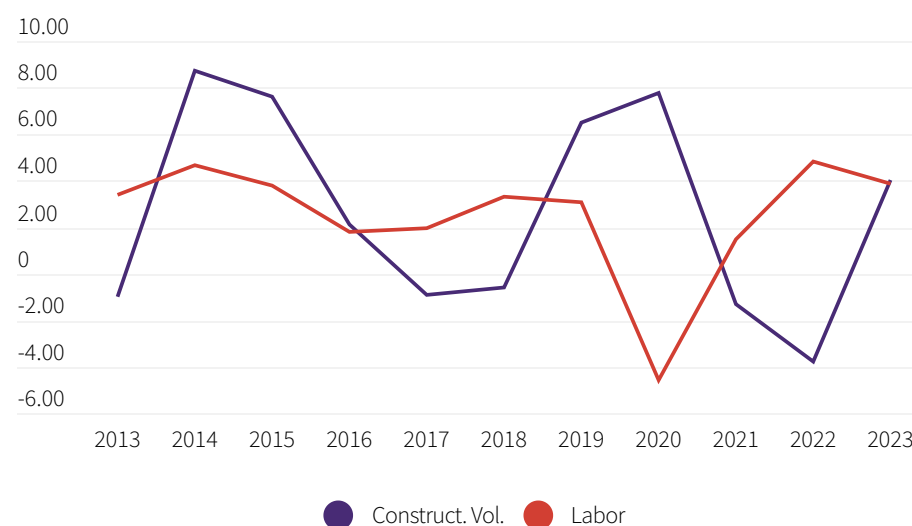
SOURCE: IHS-Markit

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Construction Volume vs Labor - Annual Increase/Decrease

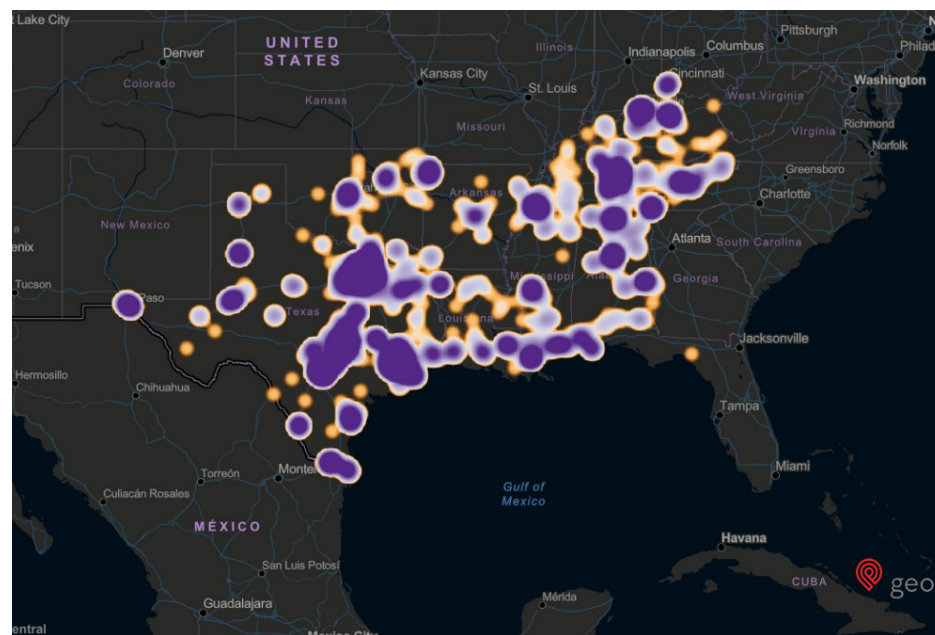


SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Legacy Drive Life Science Hub	Plano	\$36B
Greenport Airport/Word Trade Center Austin	Bastrop County	\$19B
Formosa Petrochemical Sunshine Project	Saint James Parish	\$9.4B
June Lake	Spring Hill	\$6.64B
Uranium Processing Facility	Oak Ridge	\$6.5B
Natural Gas Liquefaction Facility	Hackberry	\$6B
BlueOvalSK Battery Park Facility	Glendale	\$5.8B
Blue Oval City	Stanton	\$5.6B
Globalwafers America	Sherman	\$5B
Texas Live!	Arlington	\$4B

SOURCE: Build Central



SOURCE: BuildCentral



# NORTHEAST

**CONTACT: Mo Shehata**  
 Senior Vice President, Cost Management  
[mshahata@cumming-group.com](mailto:mshahata@cumming-group.com)

Construction in the Northeast is set to benefit from federal funding for projects like high-speed rail and other infrastructure. Amtrak's Northeast Corridor, which runs between the District of Columbia and Boston, connects roughly 50 million people and is one of the only profitable routes. Officials in the region are betting that upgrades to the route will make trains faster and more profitable, and have economic spillovers into the whole region. The federal government is making a similar bet, and the Infrastructure Investment and Jobs Act allocates almost \$2 billion for this purpose.

Elsewhere in the region, construction is expected to see a boost from the CHIPS Act, which was passed in August. The government is only just beginning to award grants for qualifying projects, but many manufacturers haven't bothered. Two facilities in upstate New York and New Hampshire are already working their way through the planning phase. We expect this to be a region-wide (and national) trend, particularly among defense companies that like to spread their footprint around.

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

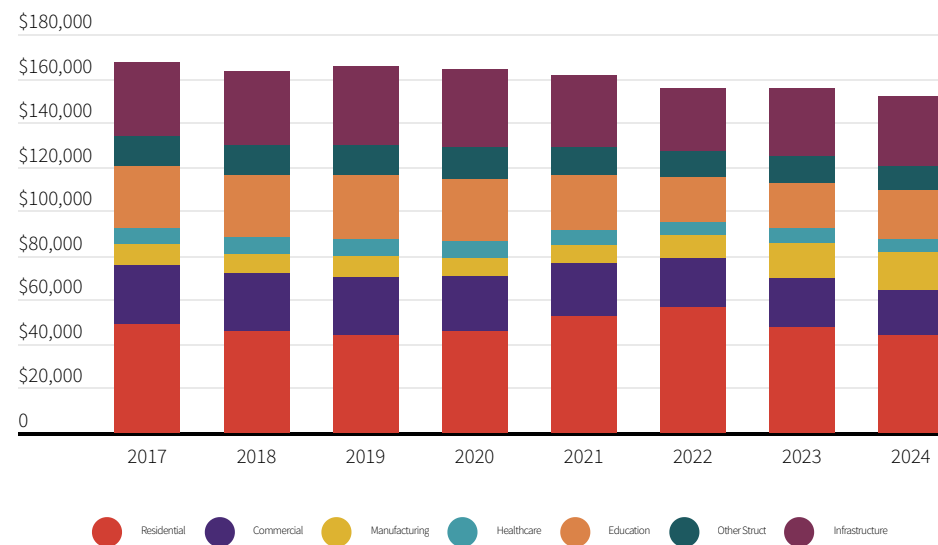
	2017	2018	2019	2020	2021	2022	2023	2024
Total	-2.4%	-2.6%	1.5%	-0.8%	-1.5%	-3.8%	-0.2%	-2.2%
Residential	-1.1%	-7.7%	-3.1%	2.9%	15.7%	7.6%	-15.5%	-7.9%
Commercial	2.7%	1.3%	0.1%	-3.9%	-6.9%	-6.0%	-1.2%	-7.0%
Manufacturing	-13.9%	-3.0%	5.0%	-10.6%	2.6%	13.3%	60.5%	5.1%
Healthcare	2.5%	-3.8%	0.7%	-2.2%	-2.5%	-9.3%	3.8%	0.0%
Education	2.5%	0.0%	2.0%	-1.1%	-13.7%	-15.8%	1.3%	4.1%
Other Struct*	5.9%	1.0%	-0.2%	4.7%	-10.9%	-9.5%	-2.2%	0.5%
Infrastructure	-11.6%	-1.5%	8.6%	-2.0%	-7.2%	-12.8%	8.6%	0.6%

◀ HISTORIC FORECAST ▶

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

SOURCE: IHS-Markit

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

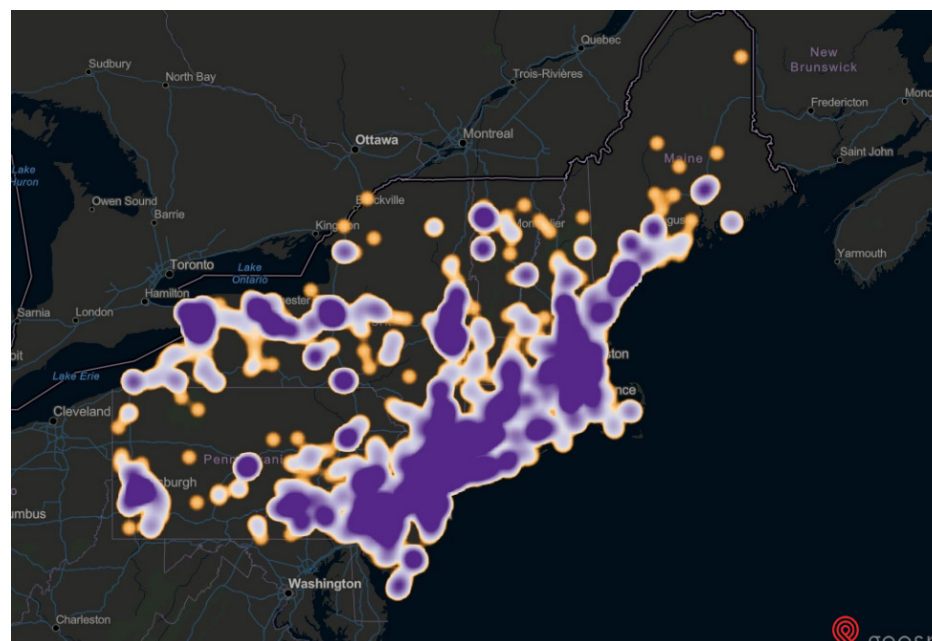


SOURCE: IHS-Markit

## Regional Construction Employment

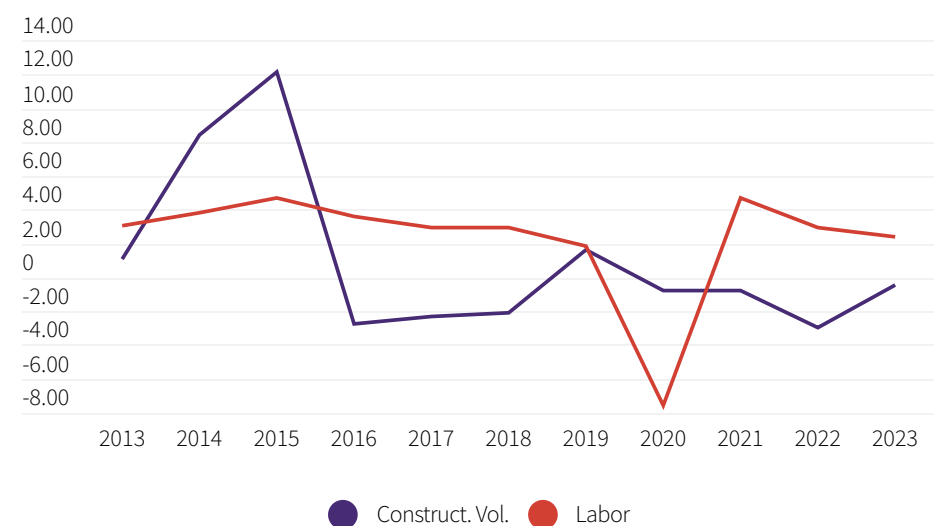


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Micron Chip Factory	Clay, NY	\$100B
Hudson Rail Yards Development	New York, NY	\$5B
Pacific Park Brooklyn	Brooklyn, NY	\$4.9B
Schuylkill Yards	Philadelphia, PA	\$3.5B
Somernova Development	Somerville, MA	\$3.3B
Brooklyn Detention Complex Expansion	Brooklyn, NY	\$3B
360 Tenth	New York, NY	\$3B
2 World Trade Center	New York, NY	\$2.8B
Westfield Data Center Campus	Westfield, MA	\$2.7B

SOURCE: Build Central

# SOUTHEAST

**CONTACT: Mo Shehata**  
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The Southeast has become the fastest-growing region in the country over the last ten years, outperforming the next largest market by several percentage points. This has, unsurprisingly, been driven by new luxury hospitality and residential projects in Florida, which has more than doubled in construction spending over the last ten years. Several high-profile finance and tech companies have relocated here recently as well. Miami has grown so fast that the term “Manhattanization” was revived to describe its skyline, while Orlando is one of the world’s most visited cities. This is unlikely to be sustainable, however, but spending further north in the region should be enough to pick up the slack.

The key challenge that the region faces comes from extreme weather. Around 150 hurricanes have hit the area since 1950, and each storm puts millions of lives at risk and causes billions of dollars in damage. Building codes have adapted (and the results speak for themselves) but this will continue to be a problem throughout the 2020s and beyond. New buildings across the region must meet ever more stringent wind-loading standards with each passing year. This is reflected in things like the large share of residential improvements taking place here. Officials here have declined to retrofit existing structures, however, leading to something of a premium being placed on new construction.

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

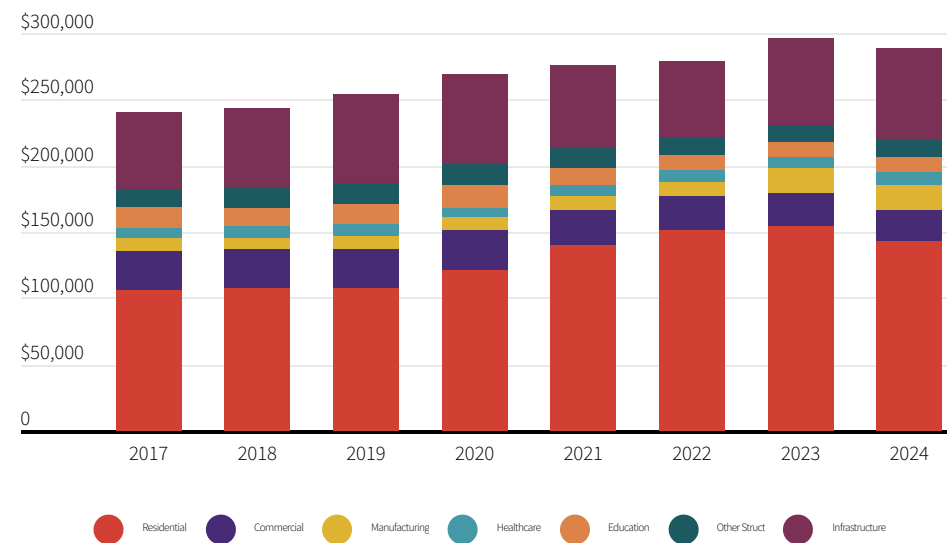
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	3.3%	1.0%	4.1%	5.9%	2.6%	1.3%	6.2%	-2.5%
<b>Residential</b>	9.2%	0.4%	0.8%	12.7%	14.8%	8.3%	1.9%	-7.2%
<b>Commercial</b>	3.2%	2.3%	0.9%	0.3%	-7.5%	-5.7%	-0.7%	-6.1%
<b>Manufacturing</b>	-12.6%	-1.6%	6.3%	-8.5%	3.4%	14.0%	61.7%	5.7%
<b>Healthcare</b>	6.0%	-2.3%	5.1%	3.4%	0.7%	-3.1%	8.2%	1.7%
<b>Education</b>	4.1%	1.5%	2.7%	0.3%	-13.5%	-15.5%	3.4%	4.6%
<b>Other Struct*</b>	5.8%	1.3%	1.7%	8.9%	-11.7%	-10.6%	-1.3%	0.5%
<b>Infrastructure</b>	-4.1%	2.2%	12.0%	0.5%	-7.5%	-6.2%	12.1%	5.3%

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

SOURCE: IHS-Markit

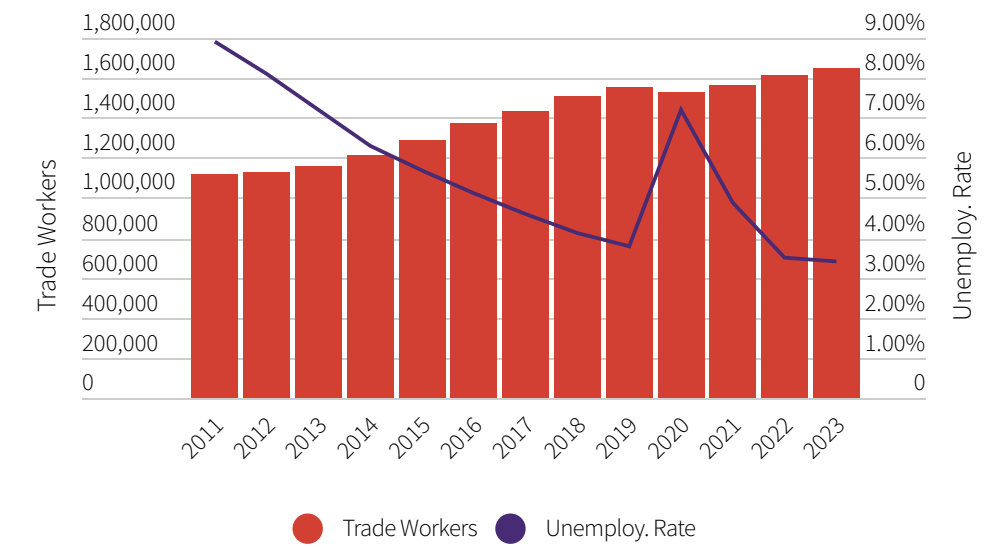
◀ HISTORIC FORECAST ▶

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



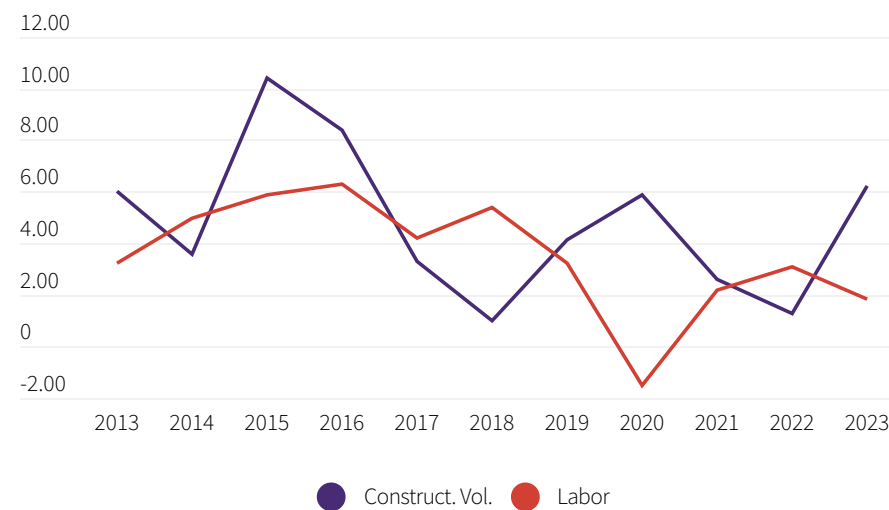
SOURCE: IHS-Markit

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Construction Volume vs Labor - Annual Increase/Decrease

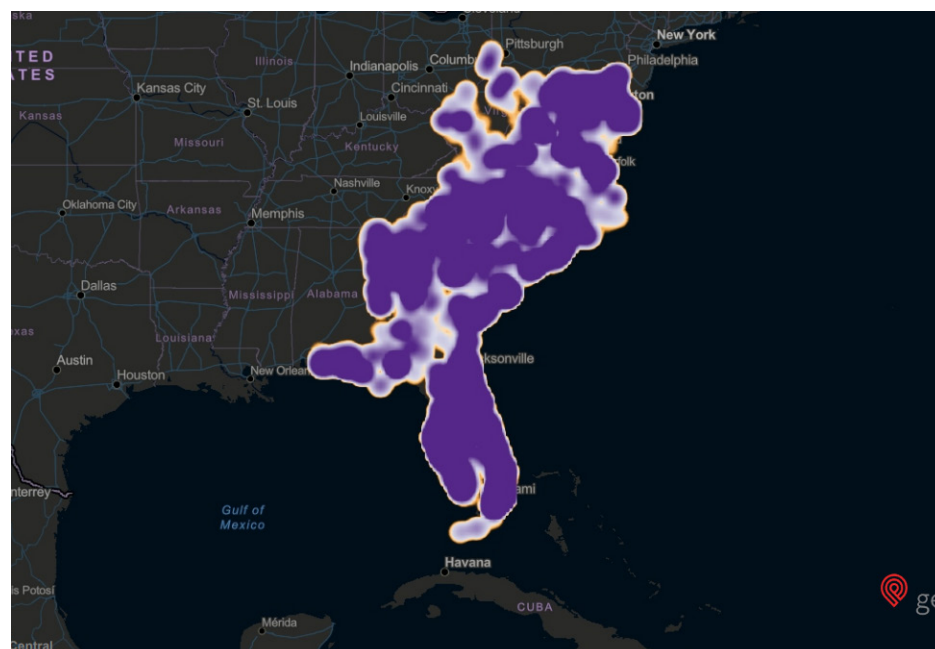


SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Global Villages or Gwinnett Place Mall Redevelopment	Duluth	\$10B
Burnham Place at Union Station	Washington DC	\$8.5B
ATL Next - Hartsfield-Jackson Airport Expansion	Atlanta	\$6B
Hyundai Electric Vehicle Manufacturing Plant	Ellabell	\$5.5B
Baltimore Peninsula	Baltimore	\$5.5B
Wolfspeed Factory	Siler City	\$5B
Wolfspeed's Factory	Siler City	\$5B
Hyundai Electric Vehicle Battery Plant	Kingston	\$5B
Project Tera Electric Vehicle Plant	Atlanta	\$5B
VinFast Manufacturing Plant	Moncure	\$4B

SOURCE: Build Central



SOURCE: BuildCentral

# SPOTLIGHTS

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**CONTACT: Trevor Shulters**, Regional Director  
[tshulters@cumming-group.com](mailto:tshulters@cumming-group.com)

Las Vegas is almost constantly reinventing itself to stay exciting and fresh for its almost 30 million annual visitors. It is sometimes said that the city has a new skyline every decade. This is still true, although the skyline over the 2020s is likely to be filled with office towers and apartment complexes in addition to casinos and convention centers. In the 1990s, the casinos began moving just outside the Las Vegas city limits to avoid paying city taxes. The famous Las Vegas Strip is actually in neighboring Paradise, which is the country's most populous unincorporated city. Since then, officials in Las Vegas have been courting other industries to make up for the drop in revenue. Sports and entertainment and diversification of activities away from pure play casinos is driving growth in Vegas both on and off the strip with major teams looking to relocate, driving more large-scale, mixed-use

development. Along with the increase in entertainment follows an increase in social infrastructure and residential requirements, driving the creation of a more stabilized market along with industrial, logistics, and manufacturing.

The climate of Southern Nevada is hot and dry, which makes it surprisingly good for some kinds of manufacturing. This has, in turn, led officials to lobby for CHIPS Act grants to build facilities here. So far, this has been unsuccessful. But the Act still has billions set aside that could transform the Las Vegas economy and construction industry.

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

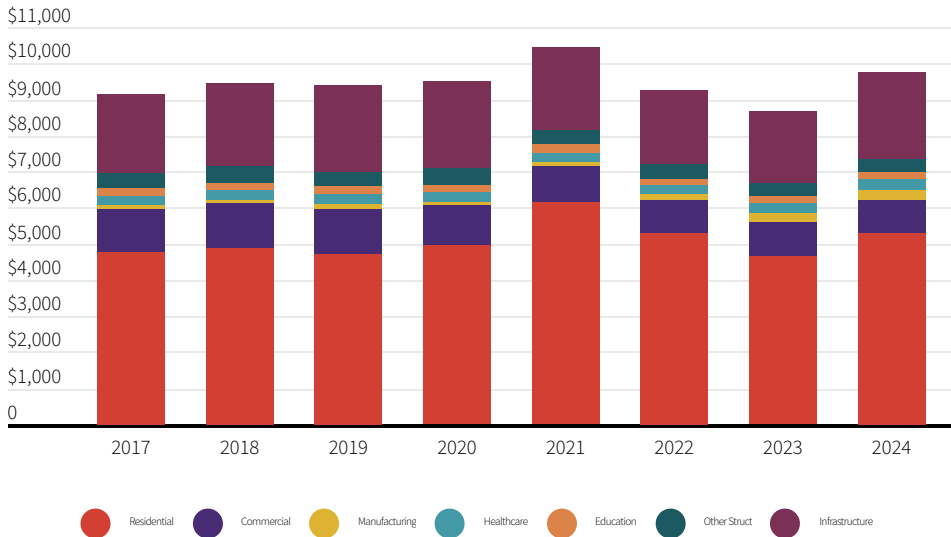
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	4.7%	2.9%	-0.6%	1.2%	9.9%	-11.5%	-6.0%	12.4%
<b>Residential</b>	7.7%	2.6%	-3.2%	4.9%	24.6%	-14.6%	-11.6%	13.3%
<b>Commercial</b>	2.7%	2.7%	1.6%	-12.0%	-12.3%	-3.9%	3.1%	-1.3%
<b>Manufacturing</b>	-10.1%	2.4%	9.6%	-10.0%	7.7%	23.1%	63.5%	5.6%
<b>Healthcare</b>	11.9%	1.3%	1.5%	5.8%	4.2%	-4.3%	-1.6%	12.8%
<b>Education</b>	5.6%	2.6%	-1.1%	-3.7%	-4.1%	-12.7%	1.5%	3.2%
<b>Other Struct*</b>	8.6%	3.4%	1.7%	1.5%	-6.9%	-5.3%	-2.0%	-0.6%
<b>Infrastructure</b>	-0.5%	4.0%	2.5%	1.6%	-5.3%	-10.2%	-2.9%	21.1%

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

SOURCE: IHS-Markit

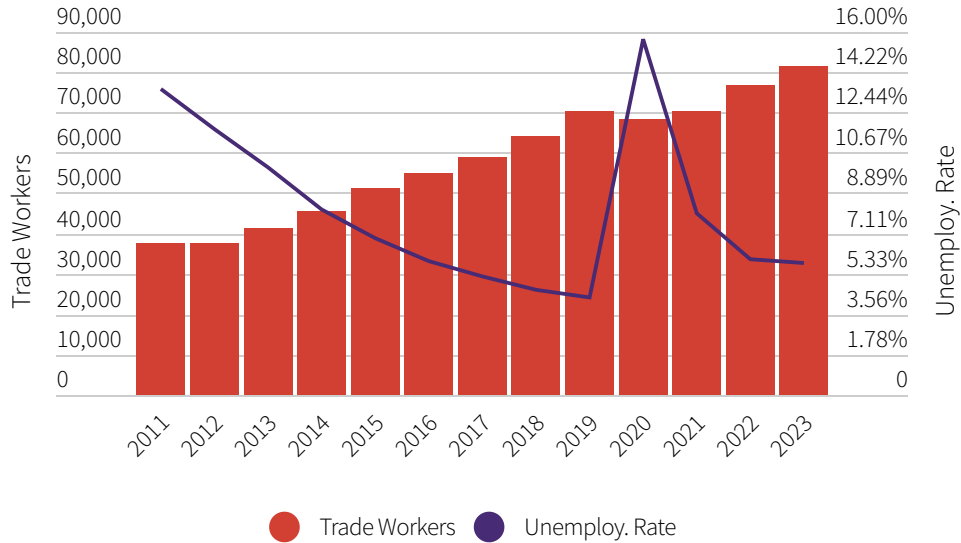
◀ HISTORIC FORECAST ▶

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

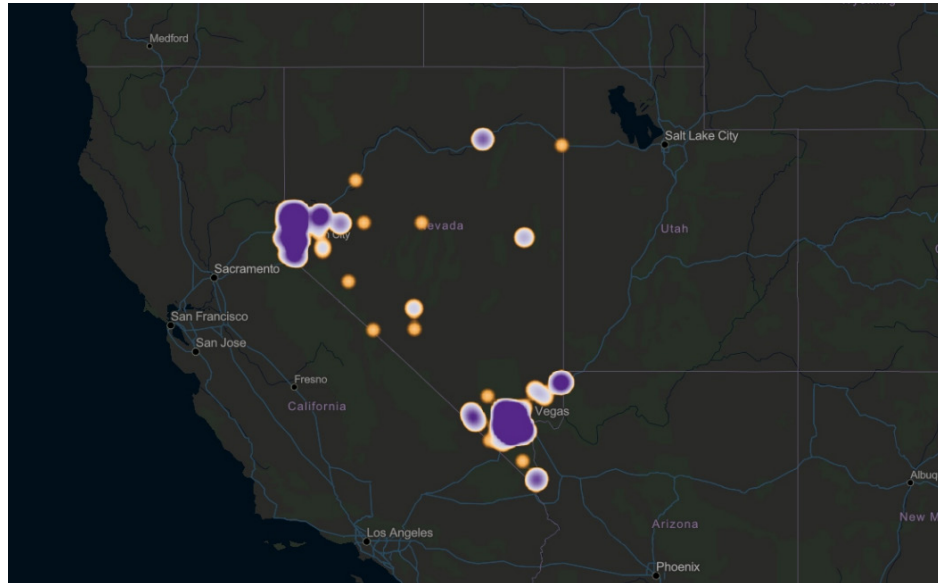


SOURCE: IHS-Markit

### Regional Construction Employment

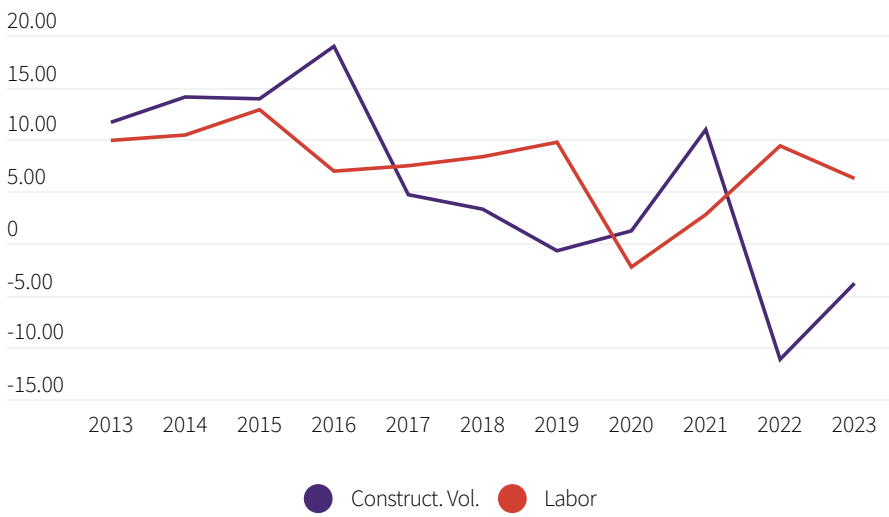


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

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



SOURCE: IHS-Markit and FRED

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Bleutech Park Las Vegas	Las Vegas	\$7.5B
Laughlin Solar Energy Plant	Laughlin	\$6B
Helios Medical Campus	N. Las Vegas	\$5B
All Net Arena and Resort	Las Vegas	\$4B
Las Vegas Blvd & Blue Diamond Rd. Retail & Ent. Dist	Las Vegas	\$3B
Las Vegas Strip Baseball Stadium	Las Vegas	\$1.5B
Oakland Athletics Stadium	Las Vegas	\$1.5B
Union Village Development	Henderson	\$1.5B
Majestic Las Vegas	Las Vegas	\$850M
Las Vegas Convention Center Renovation Phase 3	Las Vegas	\$440M

SOURCE: Build Central

**CONTACT: Lucas Stover, Director, Cost Management**  
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Colorado is known the world over for its ski resorts, which bring millions of visitors to the state every year. Growing this business means attracting new skiers and, increasingly, getting them to spend more. Bringing upscale shopping, fine dining, lodging, and event spaces to towns that are by definition remote poses a unique challenge to the construction industry here. Work-from-anywhere policies have also caused an influx of new residents and pushed new developments to cater to both tourists and locals. This has, in turn, pushed housing costs up and created serious problems for the workers who keep the resorts running.

Affordable housing is a problem across Colorado. Many cities have begun to require a percentage of units in new developments to be set aside to be sold below market rate to qualifying families – something that is becoming increasingly common in major cities. In Denver, some of the largest projects are mixed-use redevelopments on downtown’s southwest side. This is one of the last parts of the urban core to be redeveloped in this way, and it will likely be the epicenter of development here in the coming decades.

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

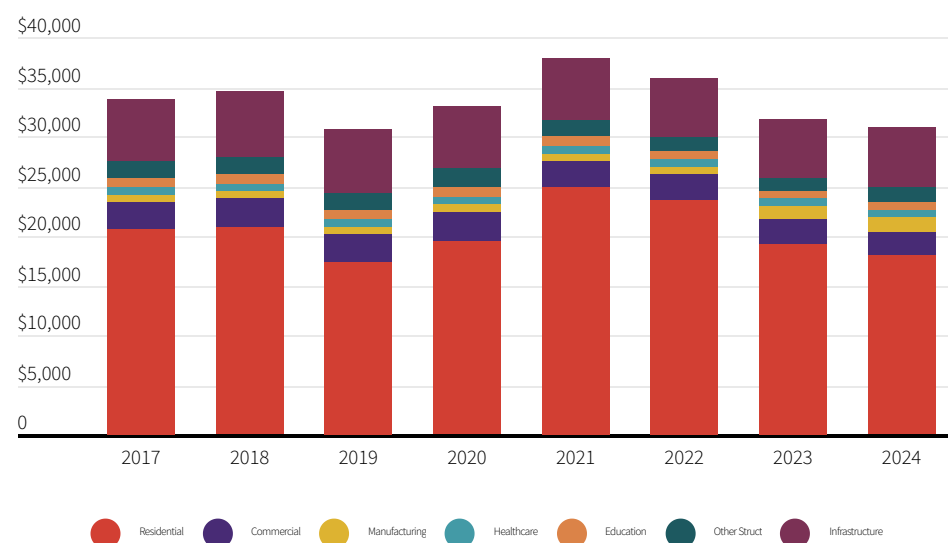
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	12.2%	2.0%	-10.9%	7.5%	14.6%	-5.6%	-11.5%	-2.6%
<b>Residential</b>	17.5%	1.6%	-17.7%	12.8%	27.5%	-5.0%	-19.0%	-5.3%
<b>Commercial</b>	4.1%	2.8%	2.1%	0.5%	-6.6%	-6.2%	-2.1%	-6.4%
<b>Manufacturing</b>	-12.9%	-1.6%	6.8%	-6.6%	2.8%	12.8%	62.0%	5.7%
<b>Healthcare</b>	12.7%	-1.5%	-2.5%	3.6%	5.3%	-4.5%	-2.1%	0.8%
<b>Education</b>	3.1%	2.0%	4.8%	0.5%	-11.9%	-15.2%	1.5%	4.6%
<b>Other Struct*</b>	7.1%	3.6%	1.0%	8.5%	-11.9%	-10.0%	-2.6%	1.8%
<b>Infrastructure</b>	6.3%	3.6%	-3.2%	-0.7%	-0.7%	-7.7%	-0.9%	3.6%

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

◀ HISTORIC FORECAST ▶

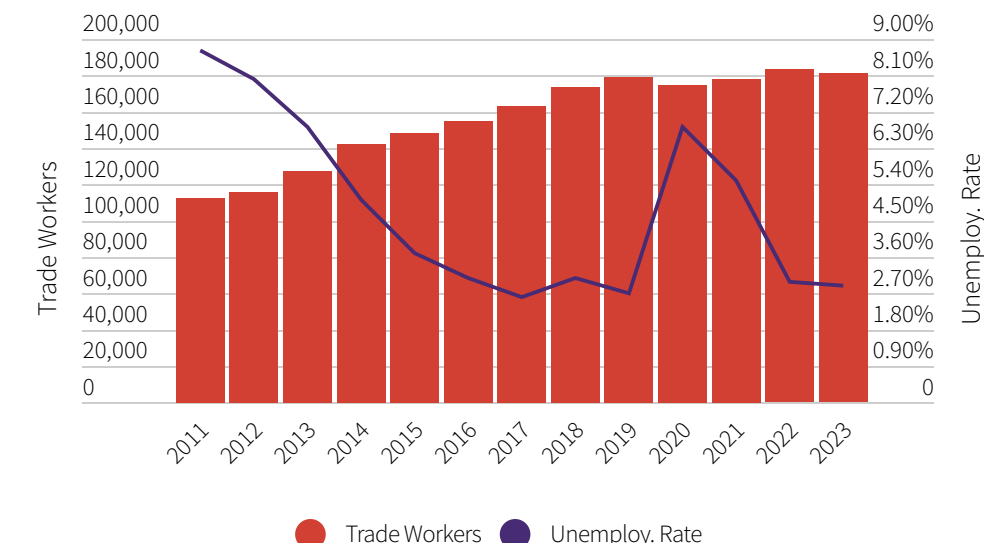
SOURCE: IHS-Markit

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

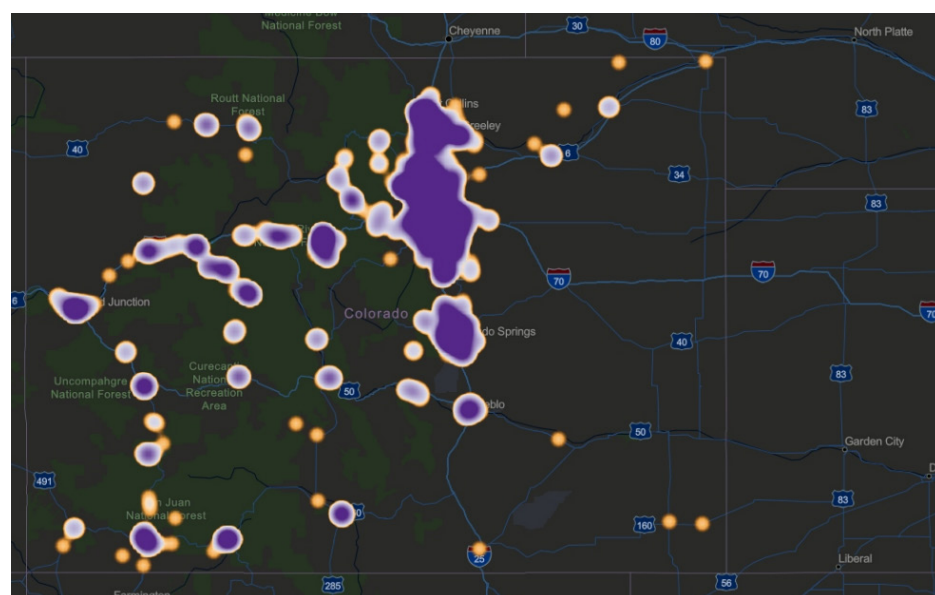


SOURCE: IHS-Markit

### Regional Construction Employment

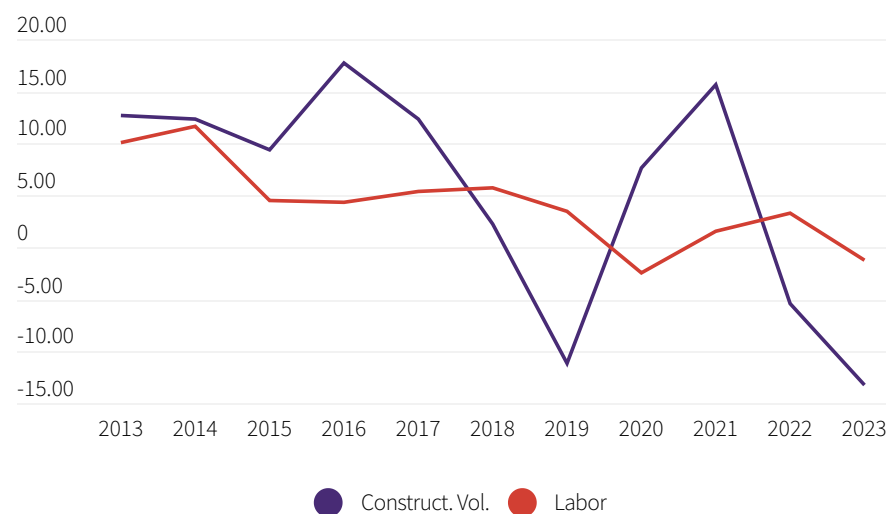


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

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



SOURCE: IHS-Markit and FRED

### Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Cherry Creek West Redevelopment	Denver	\$1B
Windler - Mixed-Use Development - Commercial Portion	Aurora	\$850M
National Western Center	Denver	\$770M
Agilent Technologies Manufacturing Facility	Frederick	\$730M
Lutheran Medical Center at Clear Creek Crossing	Wheat Ridge	\$650M
Brands at the Ranch	Loveland	\$600M
Sears Redevelopment	Denver	\$500M
Hurley Place Phase 2	Denver	\$400M
Greyhound Track Redevelopment	Commerce City	\$400M
University of Colorado Health Tower 3	Aurora	\$390M

SOURCE: Build Central



The Pacific Northwest stands out from other markets in its commitment to sustainability. Seattle's hockey team plays in Climate Pledge Arena on runoff from the stadium's roof. Both states in the region have pledged to become carbon neutral by 2050, with Seattle going a step further and pledging to divest from fossil fuels by 2030. To this end, both Portland and Seattle are investing in their light rail networks, which they see as key parts of their pledges to become

carbon neutral. Both networks draw their power from hydroelectricity. In Seattle, there has been a push to connect satellite cities like Tacoma or Redmond to its light rail network. As these cities have benefitted from the shift to remote work, this trend has accelerated. There are currently five planned expansions under construction, two of which are expected to open in the new year. Portland is finishing its Red Line out to Hillsboro, which should also open this year.

# PACIFIC NORTHWEST

**CONTACT: Nick Mata**, Regional Director  
[nmata@cumming-group.com](mailto:nmata@cumming-group.com)

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

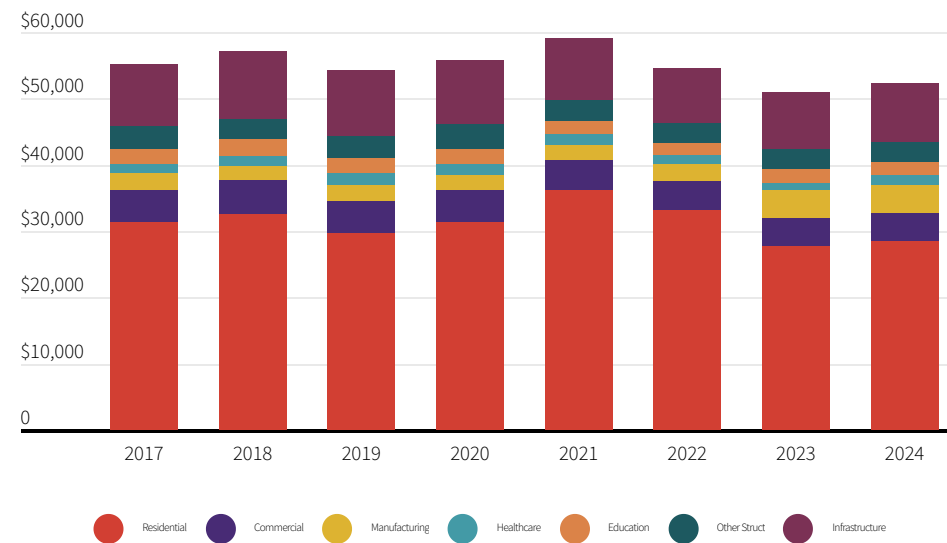
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	6.1%	3.3%	-4.7%	2.7%	5.9%	-7.5%	-6.9%	3.0%
<b>Residential</b>	9.7%	3.9%	-9.1%	5.7%	15.6%	-8.2%	-16.9%	3.9%
<b>Commercial</b>	4.9%	2.6%	0.7%	0.0%	-7.0%	-5.1%	-1.3%	-7.1%
<b>Manufacturing</b>	-14.7%	-1.9%	6.6%	-11.0%	-1.2%	13.8%	63.0%	5.8%
<b>Healthcare</b>	7.1%	0.4%	0.3%	2.8%	-2.6%	-8.4%	2.6%	3.0%
<b>Education</b>	4.4%	1.2%	2.3%	-6.0%	-11.5%	-12.8%	4.8%	4.8%
<b>Other Struct*</b>	7.7%	2.1%	1.2%	9.2%	-10.7%	-7.4%	-0.8%	0.8%
<b>Infrastructure</b>	1.6%	4.2%	-0.1%	-1.3%	-5.3%	-9.6%	2.2%	4.2%

◀ HISTORIC FORECAST ▶

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

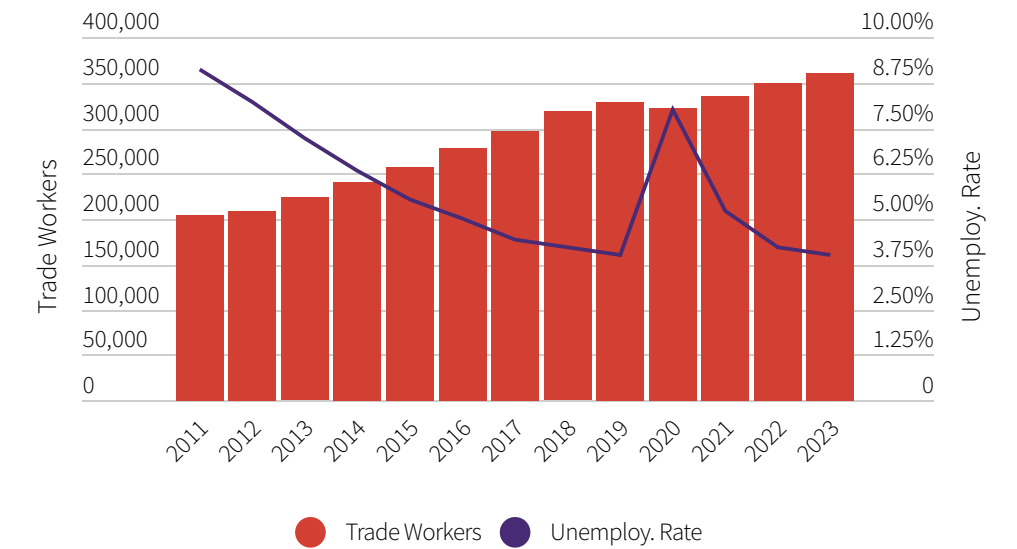
SOURCE: IHS-Markit

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



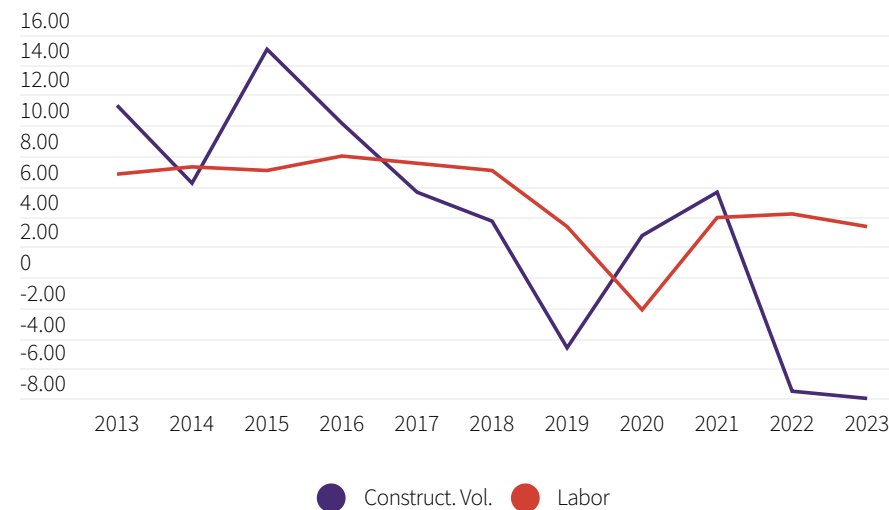
SOURCE: IHS-Markit

## Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

## Construction Volume vs Labor - Annual Increase/Decrease

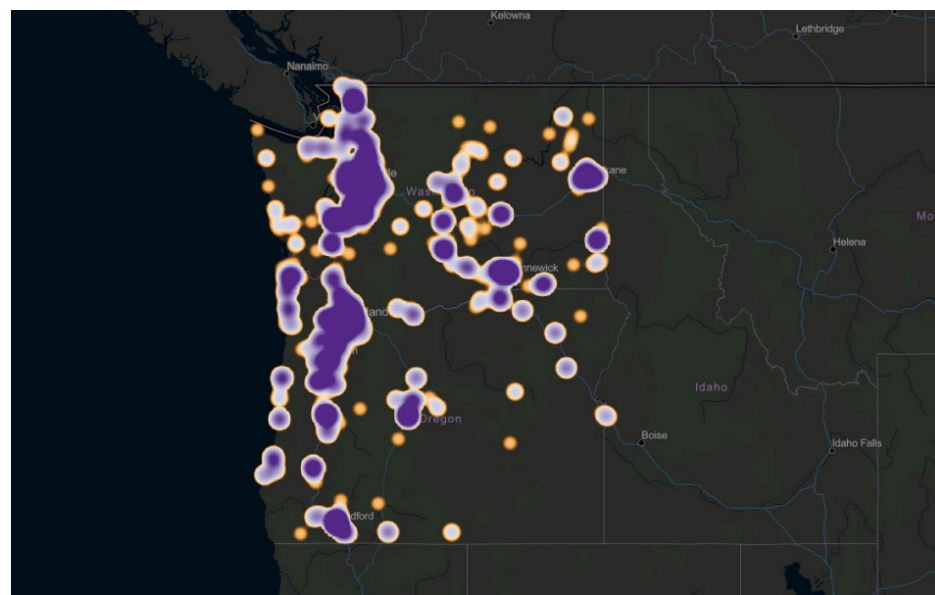


SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Spring District	Bellevue, WA	\$2.3B
Vancouver Waterfront	Vancouver, WA	\$1.5B
Seabrook Community Expansion	Seabrook, WA	\$1.5B
Portland Major League Baseball Stadium	Portland, OR	\$1B
Bellevue Square Expansion	Bellevue, WA	\$1B
Harborview Medical Center New Medical Tower	Seattle, WA	\$930M
Esterra Park	Redmond, WA	\$900m
Swedish Medical Center- Block 95 North Tower	Seattle, WA	\$800m
Western State Hospital New Facilities	Lakewood, WA	\$750m
LakePointe Urban Village	Covington, WA	\$670m

SOURCE: Build Central



SOURCE: BuildCentral

# MARKET ANALYSIS

Q4 2023



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