

# Los Angeles, Orange County, CA

U.S. Construction Market | Market Snapshot Q2 - 2022

Los Angeles is a market with a lot of issues, but also a lot of potential. Most of its buildings are not compliant with seismic ordinances and will need to be renovated or face steep fines. Ordinances that heavily favor single-family detached houses mean that the only places to house its new residents are directly in the path of wildfires. Fortunately, however, there is more reason to be optimistic. Seismic renovations can potentially add billions of dollars to an already very active market. Zoning laws are being amended, which will open up new parts of the city to mixed-density developments.

The Los Angeles area has the third-largest economy of any city in

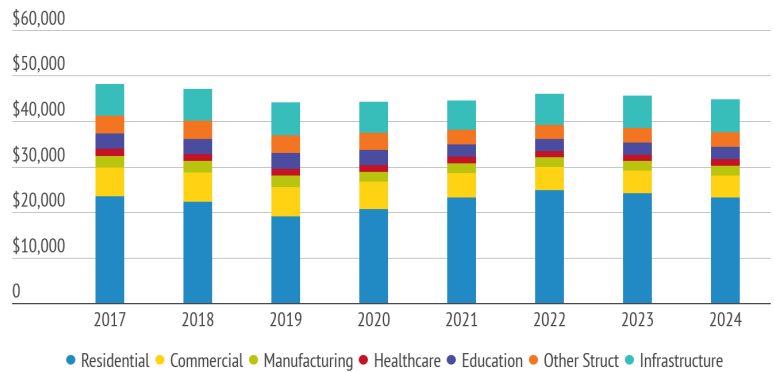
the world – behind just Tokyo and New York. It is home to two of the busiest ports in the country and is where most of our imports are unloaded. It is known across the world as an entertainment hub but is increasingly becoming a financial hub as well. Even so, the next few years should be relatively tepid for the LA market. Growth has slowed in the last 10 years as a higher-than-average cost of living deters prospective residents. LA is also expected to invest heavily in transit, as single-use zoning has led almost all available land to be built on. The city is betting that walkable, interconnected neighborhoods will bring people back to the city center and in the process alleviate some of its environmental woes.

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

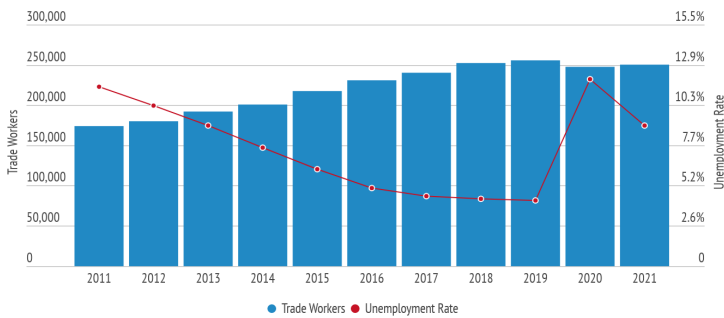
Sector	HISTORIC  FORECAST								
	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Total Increase</b>	<b>Y-O-Y %</b>	<b>-2.1%</b>	<b>-6.4%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>3.3%</b>	<b>-0.9%</b>	<b>-1.9%</b>	
Residential	Y-O-Y %	-5.1%	-14.6%	8.8%	12.2%	6.9%	-2.9%	-3.7%	
Commercial	Y-O-Y %	2.8%	0.4%	-7.6%	-11.0%	-5.6%	-1.5%	-2.2%	
Manufacturing	Y-O-Y %	-5.4%	4.1%	-15.2%	-1.3%	-0.5%	-0.8%	-0.3%	
Healthcare	Y-O-Y %	-2.9%	-1.1%	1.3%	-1.8%	-2.9%	0.2%	1.3%	
Education	Y-O-Y %	1.5%	3.5%	-5.2%	-16.6%	-3.8%	-1.4%	0.9%	
Other Struct*	Y-O-Y %	1.2%	-3.6%	-4.3%	-14.3%	-2.0%	3.9%	3.8%	
Infrastructure	Y-O-Y %	1.4%	1.8%	-3.5%	-6.8%	6.3%	4.6%	-0.5%	

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

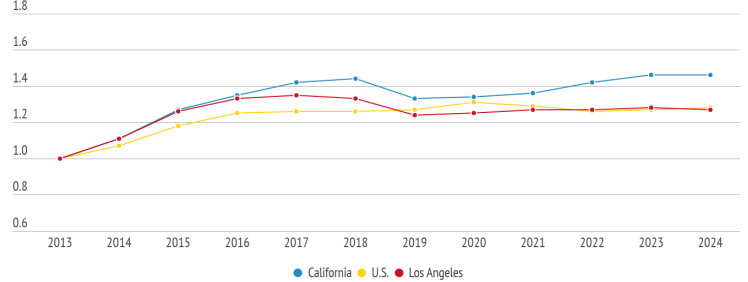
## Annual Volume (x\$1M, 2012\$)



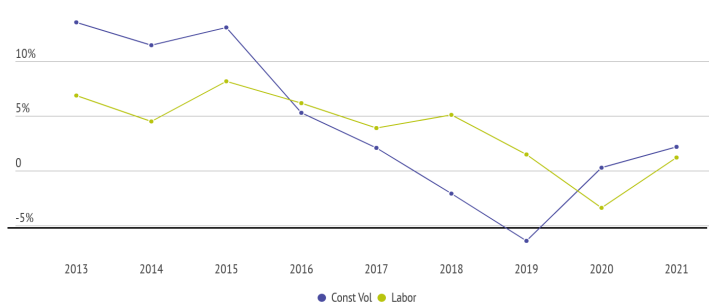
## Regional Construction Employment



## Construction Spending Index 2013-2023 (2013=1.0)



## Construction Volume vs Labor - Annual Increase/Decrease



## Top Regional Projects Sorted by Construction Value

Project	Location	Value
Purple Line Extension Section 2 Stations Project	Los Angeles	\$31.0B
I-605 Hot Spots Projects / Valley/ Beverly / South and SR 60/7th - LA Metro	Norwalk	\$10.0B
Centennial at Tejon Ranch	Santa Clarita	\$10.0B
West Santa Ana Branch Light Rail Line - West Santa Ana Branch Transit Corridor	Los Angeles	\$8.5B
I-710 LA River Bike Path - Maywood to Long Beach - LA Metro	East Los Angeles	\$4.0B
Crenshaw Line Extension - City of West Hollywood	West Hollywood	\$2.2B
Fourth & Central Mixed-Use Redevelopment	Los Angeles	\$2.0B
One Beverly Hills	Beverly Hills	\$2.0B
Automated People Mover (APM) - Site Work	Los Angeles	\$2.0B
Metro Regional Connector Project	Los Angeles	\$1.8B

SOURCE: ReedConnect