

Minneapolis, MN

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

The Twin Cities' population has seen steady growth over the last 50 years with no signs of slowing down. To keep housing prices from rising too much, Minneapolis has enacted ambitious land-use reform that requires multifamily projects to be allowed wherever single-family projects are. There are more than 21,000 new projects under development in the area – more than at any point since the 1990s. Whether this will keep housing affordable and commute times short remains to be seen, although initial reports are promising. Even so, the last few years have proven to be overly active.

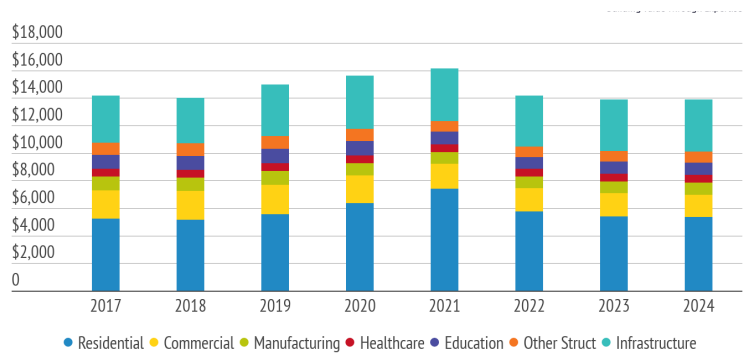
The construction market here is set to decline this year, as much of the pandemic boom in construction wears off. This is different from many other markets across the country: every sector is predicted to decline relative to last year. This doesn't seem to have a single cause but looks more like a return-to-form from 2020 and 2021. The labor market has followed suit, and trade employment remains roughly where it was before the pandemic. This should decrease labor costs before workers begin to move to nearby cities to find better wages.

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

Sector	2017	2018	2019	2020	HISTORIC FORECAST				
					2021	2022	2023	2024	
Total Increase	Y-O-Y %	-1.3%	6.8%	4.4%	3.3%	-12.2%	-2.0%	0.0%	
Residential	Y-O-Y %	-1.6%	7.7%	14.1%	16.7%	-22.0%	-6.4%	-1.2%	
Commercial	Y-O-Y %	2.5%	1.3%	-4.8%	-10.8%	-6.9%	-0.7%	-1.9%	
Manufacturing	Y-O-Y %	-2.5%	5.8%	-12.1%	-2.6%	-2.4%	2.2%	2.1%	
Healthcare	Y-O-Y %	-4.9%	2.7%	2.7%	-1.1%	-4.5%	0.1%	1.2%	
Education	Y-O-Y %	0.9%	2.4%	-2.8%	-10.4%	-6.2%	2.2%	1.4%	
Other Struct*	Y-O-Y %	1.3%	-0.1%	1.1%	-15.2%	-3.9%	5.3%	3.6%	
Infrastructure	Y-O-Y %	-3.6%	13.2%	3.0%	-1.1%	-2.3%	0.6%	0.9%	

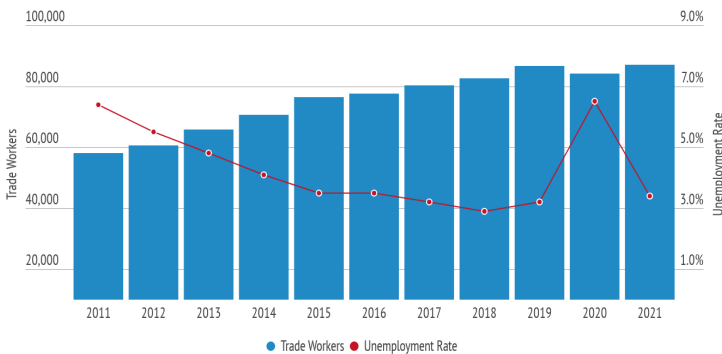
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



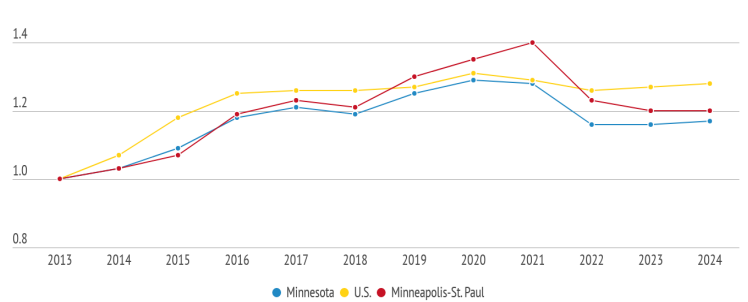
SOURCE: IHS-Markit

Regional Construction Employment



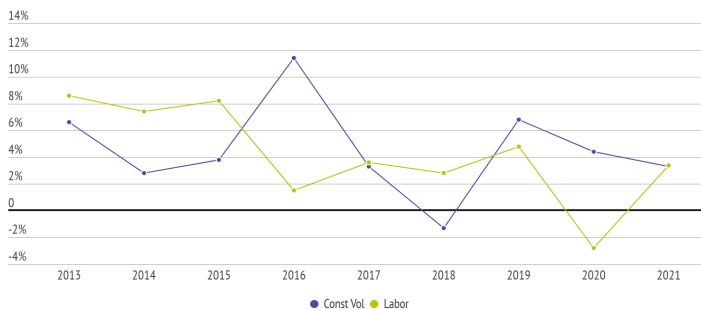
SOURCE: U.S. Bureau of Labor Statistics

Construction Spending Index 2013-2023 (2013=1.0)



SOURCE: IHS-Markit

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value

Project	Location	Value
Destination Medical Center - All Other Phases	Rochester	\$5.6B
Twin Metals Processing Facility	Ely	\$3.0B
Green Line Light Rail Transit Extension (Southwest Light Rail Transit) Civil Construction	Eden Prairie	\$2.0B
NorthMet Project	Hoyt Lakes	\$1.0B
Mississippi Landing	Otsego	\$1.0B
Rice Creek Commons	Arden Hills	\$750m
Amber Fields	Rosemount	\$740m
Essentia Health Vision Northland	Duluth	\$675m
Google Data Center / Becker	Becker	\$600m
The Cubes at French Lake	Dayton	\$537m

SOURCE: ReedConnect