

Phoenix, AZ

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

Phoenix is one of many cities that is hoping to capture businesses looking to relocate. Workers here do not need to make as much as those in New York or San Francisco to enjoy a similar standard of living. Combined with its talent pool from nearby universities, this makes it a good option for companies looking for a cheap place to set up shop. Local officials have been courting these companies for a long time – even offering themselves as a trial for delivery via drone – and these efforts are beginning to bear fruit. Phoenix is one of a handful of

markets that saw a lot of growth in 2020 and 2021.

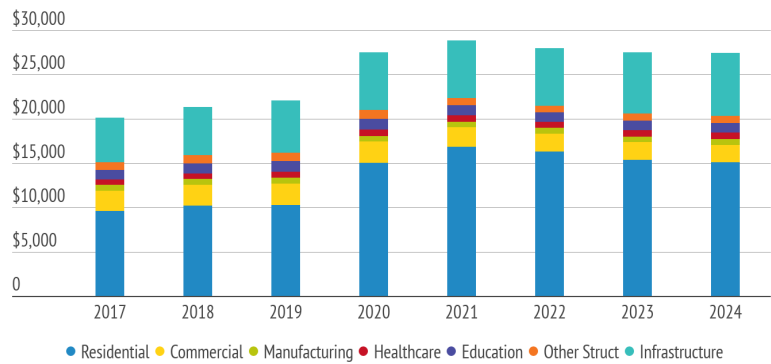
Construction volume is expected to remain steady through the early part of the decade. 2021 is looking like the market's peak, but spending in the next few years is significantly higher than before the pandemic. Labor will have some distance to cover before it can catch up, so costs should be higher than average in the short term. The first half of 2022 has seen the market make an almost full recovery in terms of unemployment as well.

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

Sector	HISTORIC FORECAST								
	2017	2018	2019	2020	2021	2022	2023	2024	
Total Increase	Y-O-Y %	5.8%	3.5%	24.6%	4.8%	-2.9%	-1.9%	-0.2%	
Residential	Y-O-Y %	6.4%	0.4%	46.9%	12.2%	-3.4%	-5.7%	-1.9%	
Commercial	Y-O-Y %	3.8%	2.8%	-2.1%	-10.5%	-5.8%	-1.0%	-0.6%	
Manufacturing	Y-O-Y %	-0.1%	8.8%	-8.9%	2.2%	-2.2%	0.5%	1.3%	
Healthcare	Y-O-Y %	1.1%	5.5%	10.8%	2.4%	-6.1%	1.1%	2.5%	
Education	Y-O-Y %	6.3%	4.3%	1.7%	-7.9%	-4.6%	-0.7%	0.8%	
Other Struct*	Y-O-Y %	2.6%	1.8%	4.5%	-15.4%	-6.8%	3.6%	4.1%	
Infrastructure	Y-O-Y %	7.5%	8.8%	10.2%	-0.6%	0.5%	6.2%	2.6%	

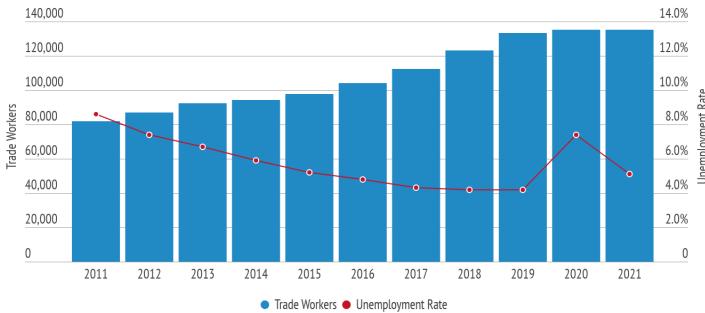
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



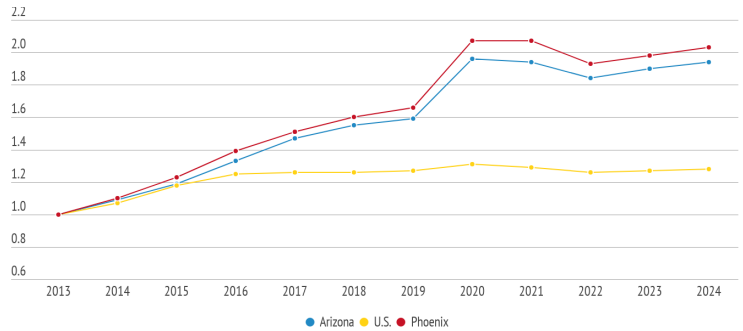
SOURCE: IHS-Markit

Regional Construction Employment



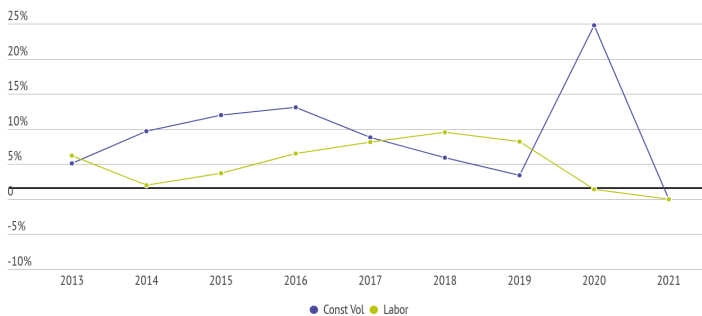
SOURCE: U.S. Bureau of Labor Statistics

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
Taiwan Semiconductor Manufacturing Development / Phoenix	Phoenix	\$12.0B
Intel Chandler Ocotillo Campus Expansion	Chandler	\$8.0B
Navajo Energy Storage Station - U.S. Bureau of Reclamation	Phoenix	\$3.6B
Nacero Gasoline Manufacturing Development	Casa Grande	\$3.3B
Rainbow Valley	Goodyear	\$2.0B
Rosemont Copper Mine	Corona de Tuc	\$1.9B
South Pier at Tempe Town Lake	Tempe	\$1.8B
Copperwing Logistics Center	El Mirage	\$1.5B
Camelback 303	Glendale	\$1.5B
KOREPlex Manufacturing Facility	Buckeye	\$1.3B

SOURCE: ReedConnect