

San Francisco – San Jose, CA

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

The San Francisco Bay Area experienced its share of economic headwinds as we navigated through Shelter in Place and the broader implications of the COVID-19 pandemic. As both workers and companies have departed the area, and the lasting implications of infrastructure imbalance have become increasingly apparent, the outlook for construction is increasingly turbid; highly competitive markets with low barriers to entry are experiencing a comfortable level of competition, while negotiated work and projects of a specialized nature still encounter upward

price pressure and a lack of readily available resources.

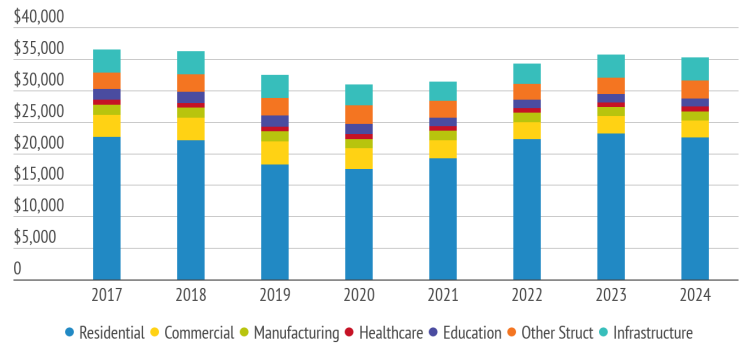
Local jurisdictions have made positive movements towards addressing the area's lack of housing, and the appetite for large scale-mega projects persists. The San Francisco Bay Area continues as a known incubator of talent with substantial economic upside. Discussions of broader economic shifts and the decreased availability of private investment dollars may serve to only temper the feverish pitch of the local construction market.

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 % | -0.7% | -10.4% | -4.6% | 1.2% | 9.3% | 4.1% | -1.2% |
| Residential | Y-O-Y % | -2.2% | -17.6% | -4.0% | 10.0% | 15.7% | 4.2% | -2.7% |
| Commercial | Y-O-Y % | 2.2% | 1.9% | -8.6% | -13.5% | -5.2% | -1.3% | -2.3% |
| Manufacturing | Y-O-Y % | -0.7% | 5.0% | -11.0% | 1.6% | -0.5% | 0.2% | 0.8% |
| Healthcare | Y-O-Y % | -3.6% | -1.8% | -1.2% | -1.9% | -2.9% | 2.1% | 1.2% |
| Education | Y-O-Y % | 0.6% | 3.3% | -6.7% | -16.7% | -4.2% | -1.7% | 0.0% |
| Other Struct* | Y-O-Y % | 5.7% | -0.2% | 6.1% | -11.5% | -3.5% | 5.4% | 7.4% |
| Infrastructure | Y-O-Y % | 1.2% | -1.0% | -8.1% | -9.1% | 7.4% | 11.8% | 1.8% |

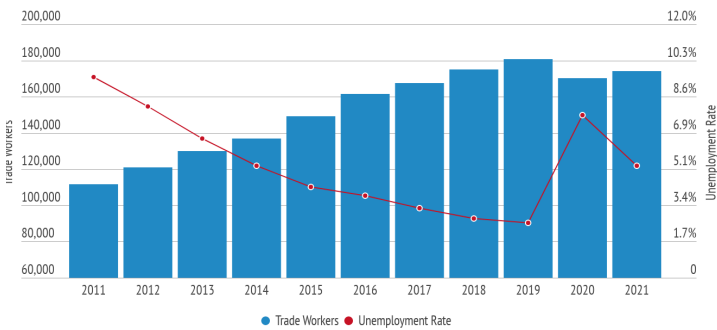
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



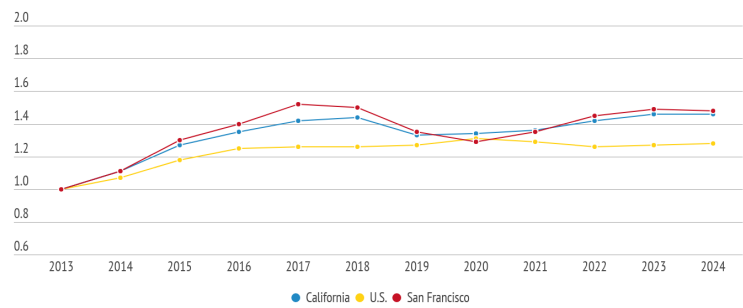
SOURCE: IHS-Markit

Regional Construction Employment



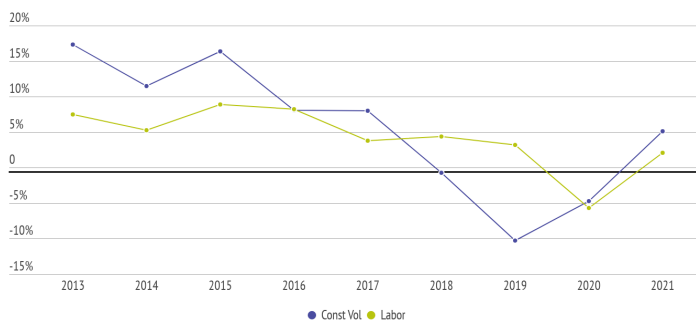
SOURCE: U.S. Bureau of Labor Statistics

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 |
|----------------------------------------------------------------------------------|---------------|--------|
| Related Santa Clara (Formerly City Place) | Santa Clara | \$6.5B |
| BART Extension Phase II - San Jose / Santa Clara Valley Transportation Authority | Santa Clara | \$6.5B |
| High Speed Rail - Downtown Extension - San Francisco Transportation Authority | San Francisco | \$6.1B |
| Google North Bayshore Master Planned Development | Mountain View | \$3.0B |
| The Rise Mixed Use | Cupertino | \$2.7B |
| Pacheco Reservoir Enlargement - Santa Clara Valley Water District | Gilroy | \$2.5B |
| Mission Point Mixed-Use | Santa Clara | \$2.5B |
| RFQ D/B - Super Sub Site Plus Contract - New Hospital at Parnassus Heights | San Francisco | \$2.0B |
| Potrero Power Plant Site Redevelopment | San Francisco | \$2.0B |
| Dumbarton Rail Bridge Development | Fremont | \$2.0B |

SOURCE: ReedConnect