

Philadelphia, PA

U.S. Construction Market | Market Snapshot Q4 - 2022

Philadelphia has struggled to recover from the COVID-19 pandemic, although the market is making gains. Job postings have increased across the state as has the number of construction workers. Unemployment, however, remains higher than before the pandemic. As the South and West assert themselves as centers of growth, young people are increasingly moving away from the East Coast. This causes the population to both age and shrink. COVID-19 did not cause this trend, but rather accelerated it. Rising housing costs and labor shortages have also made it harder for young people to find their footing.

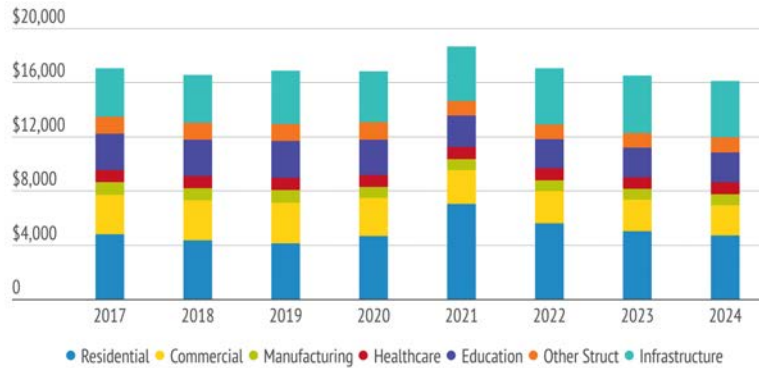
Even so, the construction industry made gains over the last two years. This was primarily due to the residential sector growing in 2021, and it is expected to remain above average for the next two years. This should provide some respite for the industry, and the number of trade workers has increased to keep pace. Philadelphia also stands to benefit from the potential reshoring of manufacturing, as it is a city with cheap land, abundant labor, and a low cost of living. However, since the onset of the Covid-19 pandemic, record-high construction costs and delays have plagued the development and homebuilding industries. We expect that construction costs may escalate as high as 14% this year and relief will only occur next year.

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

Sector	HISTORIC					FORECAST		
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	-0.7%	-2.8%	1.7%	2.1%	10.5%	-18.0%	-6.5%	0.6%
Residential	4.3%	-9.5%	-5.3%	13.9%	53.4%	-27.4%	-14.8%	0.5%
Commercial	2.8%	1.8%	0.7%	-1.9%	-10.0%	-12.9%	-8.1%	-5.5%
Manufacturing	-13.5%	-3.1%	5.6%	-9.6%	-2.7%	3.8%	3.3%	-8.5%
Healthcare	4.3%	-3.8%	0.5%	-1.9%	-0.5%	-10.6%	-5.1%	4.4%
Education	2.5%	-0.4%	1.5%	-2.0%	-15.9%	-13.2%	0.2%	1.6%
Other Struct*	6.9%	2.5%	1.3%	5.8%	-14.8%	-14.4%	-3.4%	0.4%
Infrastructure	-10.9%	-1.1%	10.5%	-1.6%	6.5%	-14.2%	-0.7%	5.6%

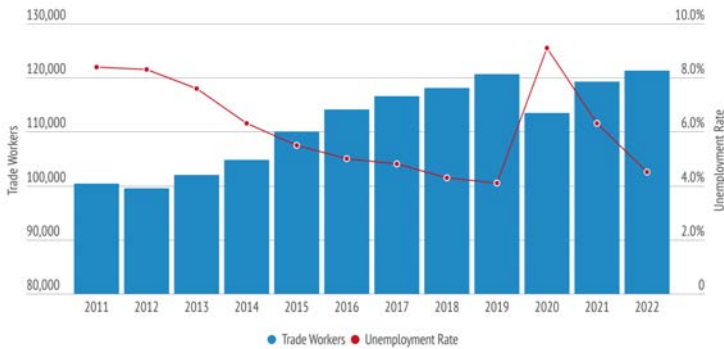
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



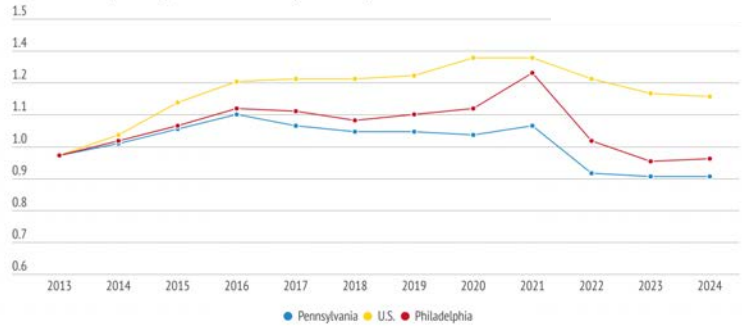
SOURCE: IHS-Markit

Regional Construction Employment



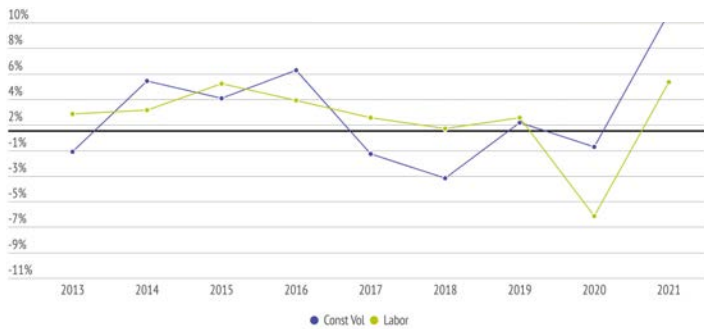
SOURCE: U.S. Bureau of Labor Statistics

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
Penn America Energy Liquid Natural Gas Plant	Philadelphia	7.0B
30th Street Station District Plan / Philadelphia	Philadelphia	6.5B
Philadelphia Navy Yard Redevelopment	Philadelphia	2.6B
New Inpatient Tower - Children's Hospital of Philadelphia	Philadelphia	1.9B
Philadelphia 76ers New Stadium	Philadelphia	1.3B
Girard Point Bridge Improvement Project - Pennsylvania Department of Transportation	Philadelphia	800M
Schuykill Avenue Research Center - Children's Hospital of Philadelphia	Philadelphia	600M
Spark Therapeutics at Drexel University Abbott's Dairy Site	Philadelphia	575M
Broad & Washington - Future Phases	Philadelphia	450M
Cuthbert Street Life Sciences Research Building	Philadelphia	400M

SOURCE: ReedConnect