

Los Angeles, Orange County, CA

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

Los Angeles has the third-largest economy of any city in the world – behind just Tokyo and New York. Zoning laws that favor single-family dwellings have pushed development outwards, and now the area is running out of usable land. This explains both the high cost of living and the damaging effects of wildfires. Fortunately, redeveloping areas closer to downtown into higher-density, mixed-use neighborhoods can solve both problems simultaneously. To this end, officials have amended zoning laws across the state. It will take time for the full effect to be felt, but early figures are promising, as renovations make up more than half of all residential spending already.

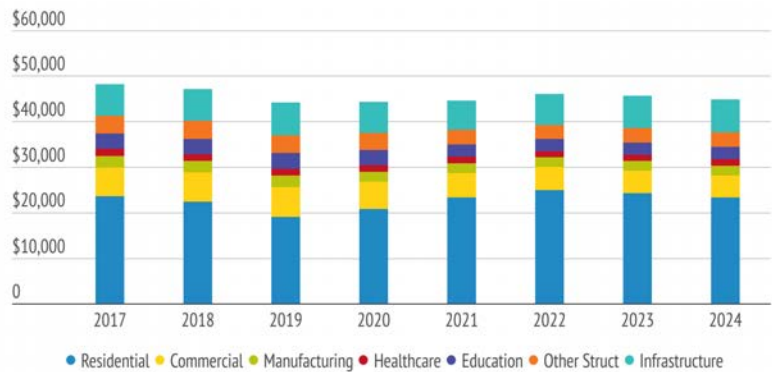
Even so, the overall LA market has had a tepid showing in recent years and is expected to continue. Things like earthquakes and wildfires pose unique threats to the area, and combined with a higher-than-average cost of living have deterred prospective residents. Fortunately, however, the above amendments to the city code and compliance with seismic ordinances could add billions of dollars in renovations alone. As California looks to become a leader in sustainability, LA is expected to invest heavily in transit infrastructure – the largest projects are all expansions of the LA metro.

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

Sector	HISTORIC FORECAST							
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	2.2%	-2.2%	-6.5%	2.4%	1.7%	-6.8%	2.0%	-2.6%
Residential	7.8%	-5.3%	-14.7%	9.8%	14.0%	-3.3%	4.4%	-4.0%
Commercial	4.2%	2.8%	0.4%	-3.9%	-11.1%	-12.7%	-7.5%	-5.4%
Manufacturing	-15.4%	-5.2%	4.1%	-11.3%	-3.6%	4.1%	4.3%	-8.9%
Healthcare	5.7%	-2.9%	-1.1%	0.8%	-3.7%	-9.0%	-3.4%	4.0%
Education	3.7%	1.6%	3.4%	-3.4%	-16.3%	-10.9%	-2.0%	1.3%
Other Struct*	3.7%	1.2%	-3.8%	0.2%	-8.4%	-10.1%	-3.3%	-0.9%
Infrastructure	-10.1%	1.3%	1.7%	-2.2%	-6.5%	-13.9%	5.2%	3.6%

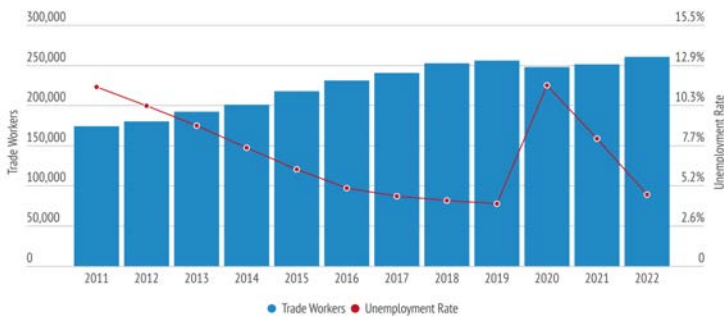
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



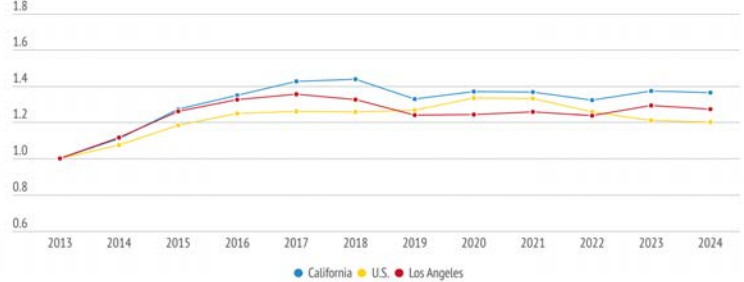
SOURCE: BLS-Markit

Regional Construction Employment



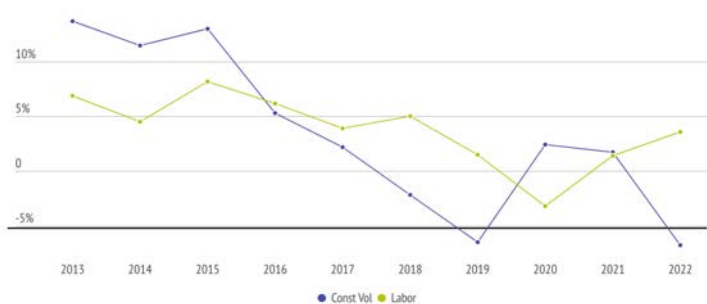
SOURCE: U.S. Bureau of Labor Statistics

Construction Spending Index 2013-2023 (2013=1.0)



SOURCE: ReedConnect

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value

Project	Location	Value
West LA Veterans Purple Line Station - Section 2	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
2022 Bond - Los Angeles Community College	Los Angeles	5.3B
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
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One Beverly Hills	Beverly Hills	2.0B

SOURCE: ReedConnect