

# Phoenix, AZ

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

Phoenix is one of a handful of cities that hope to capture businesses that leave the Bay Area. Nearby universities provide a pool of talented workers who can enjoy the same standard of living as those in San Jose for significantly less money. This makes Phoenix an attractive option for tech companies looking to cut costs while retaining key talent. Phoenix has been courting this sector of the economy for a long time – at one point offering the city as a test market for Amazon’s drone delivery program – and its efforts are beginning to bear fruit. Office rentals grew

throughout the pandemic, with big-name tech companies as some of the largest investors.

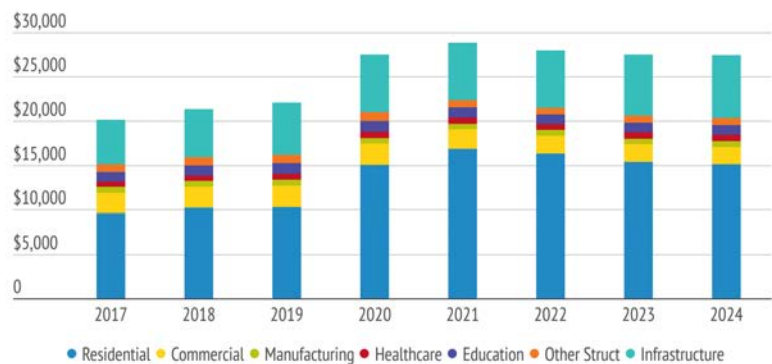
The construction volume of Phoenix should remain steady through the early part of the decade, although it looks like 2021 was the market’s high-water mark. Construction spending in the next few years should average around 20% higher than before the pandemic and our team expects the overall costs to decline as the problems in commodities markets are ironed out.

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

Sector	HISTORIC  FORECAST							
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Increase</b>	8.9%	5.9%	3.4%	27.1%	5.5%	-7.5%	-7.6%	1.8%
Residential	19.0%	6.6%	0.3%	49.1%	14.2%	-3.4%	-12.8%	0.9%
Commercial	3.9%	3.7%	2.8%	2.6%	-11.1%	-14.5%	-6.9%	-4.1%
Manufacturing	-12.1%	0.0%	8.8%	-4.3%	0.2%	5.3%	4.1%	-8.4%
Healthcare	11.2%	1.1%	5.4%	13.1%	0.9%	-11.0%	-6.6%	4.1%
Education	6.9%	6.2%	4.1%	0.3%	-16.5%	-15.0%	-1.1%	0.6%
Other Struct*	7.0%	2.6%	1.7%	7.3%	-12.6%	-14.4%	-2.1%	1.0%
Infrastructure	-1.6%	7.5%	8.7%	12.7%	-0.6%	-14.8%	4.6%	7.0%

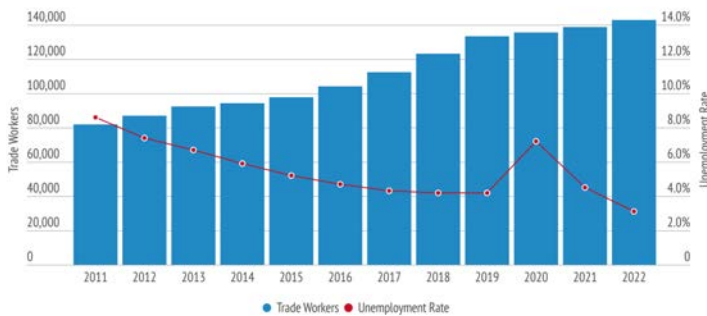
\* This includes religious buildings, amusement, government communications, and public recreation projects.

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



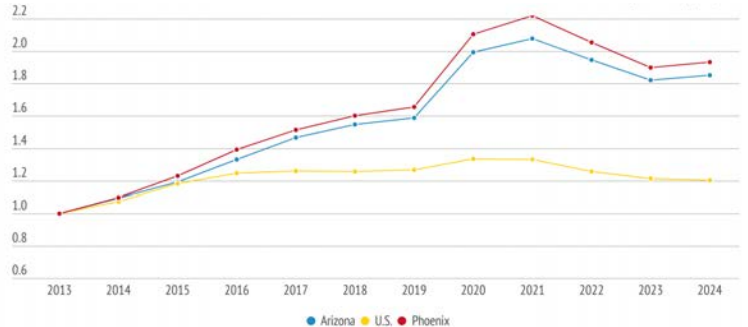
SOURCE: IHS-Markit

## Regional Construction Employment



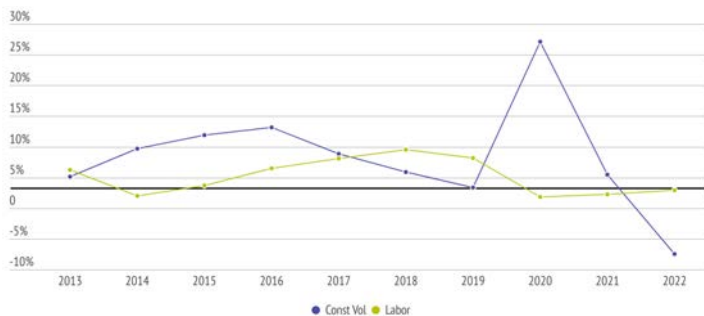
SOURCE: U.S. Bureau of Labor Statistics

## 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
Villages at Vigneto	Benson	4.0B
Navajo Energy Storage Station - U.S. Bureau of Reclamation	Phoenix	3.6B
Nacero Gasoline Manufacturing Development	Casa Grande	3.3B
Project Alpha - LG Energy Solution Ltd	Queen Creek	2.8B
Rainbow Valley	Goodyear	2.0B
Rosemont Copper Mine	Corona de Tuc	1.9B
South Pier at Tempe Town Lake	Tempe	1.8B
LogistiCenter at Copperwing	El Mirage	1.5M
KOREPlex Manufacturing Facility	Buckeye	1.25M

SOURCE: ReedConnect