

San Francisco – San Jose, CA

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



The San Francisco Bay Area added an average of more than 100 people to its population every day over the last 20 years. It is not uncommon for residents to have a commute of two hours or more, as restrictive zoning laws in the Bay Area's cities create sprawling, single-family houses. Something as simple as a two-flat was literally illegal for much of this period.

Fortunately, this represents a tremendous opportunity for those of us in the construction industry. Local jurisdictions have made progress addressing the area's lack of housing, and the appetite

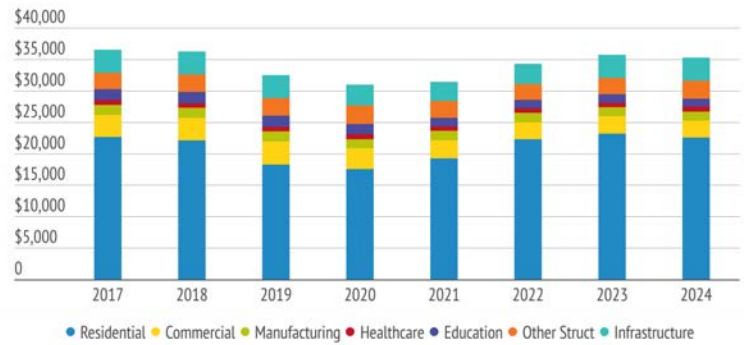
for large-scale mega projects persists. As barriers to new permits are removed, new projects enter the pipeline. The residential sector will continue to make up most of the construction volume throughout the 2020s. Many companies that initially offered work-from-home indefinitely are beginning to request workers come back into the office. Inflation remains a concern, but it is still too early to sound alarm bells. The Bay Area should remain a leader in technology for the foreseeable future. This should, in turn, cause its construction market to grow.

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

Sector	HISTORIC ○ ○ FORECAST							
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	8.2%	-0.9%	-10.4%	-2.6%	2.0%	-7.0%	8.4%	1.7%
Residential	15.6%	-2.5%	-17.7%	-2.9%	11.1%	-4.3%	13.2%	2.1%
Commercial	2.3%	2.2%	1.9%	-4.6%	-14.7%	-13.5%	-7.2%	-5.3%
Manufacturing	-12.2%	-0.6%	4.9%	-7.2%	-0.3%	5.0%	5.2%	-7.6%
Healthcare	4.2%	-3.6%	-1.8%	-1.1%	-3.4%	-10.4%	-2.9%	5.1%
Education	2.9%	0.6%	3.2%	-4.3%	-16.1%	-11.8%	-3.4%	0.7%
Other Struct*	12.2%	5.7%	-0.3%	10.3%	-8.8%	-13.0%	-4.5%	2.1%
Infrastructure	-12.1%	1.1%	-1.1%	-6.4%	-7.1%	-15.0%	11.8%	9.1%

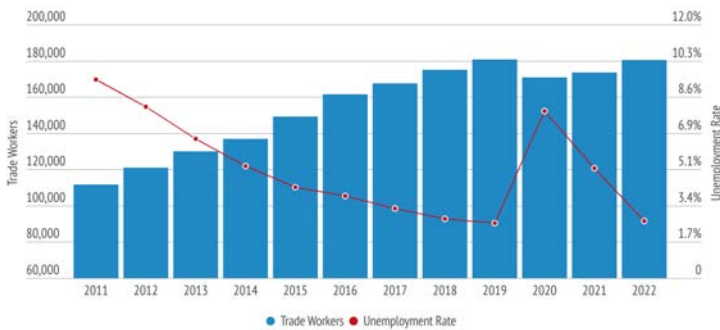
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



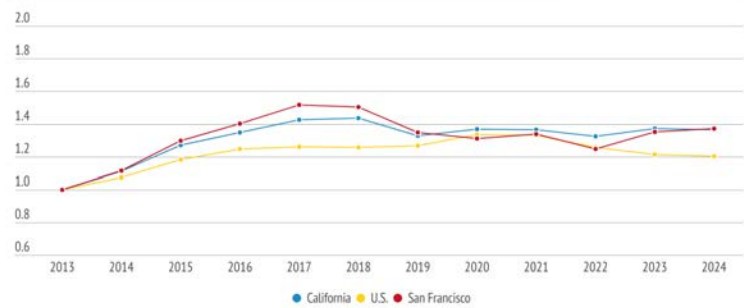
SOURCE: IHS-Markit

Regional Construction Employment



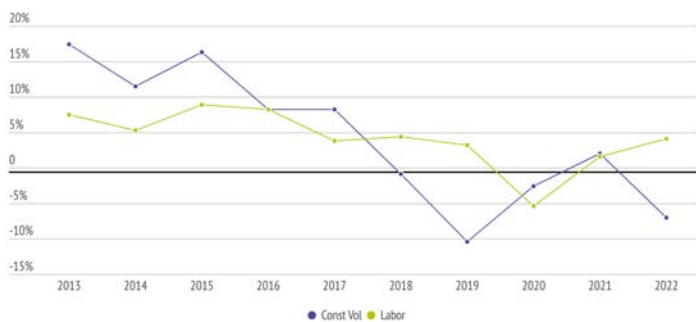
SOURCE: U.S. Bureau of Labor Statistics

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
Potrero Power Plant Site Redevelopment	San Francisco	2.0B
Freedom West 2.0	San Francisco	2.0B
Stonestown Galleria Multi-family Development	Annapolis	2.0B
San Francisco Flower Mart Redevelopment	San Francisco	1.5B
Piers 30-32 and Seawall Lot 330 Mixed Use Development	San Francisco	1.2B
Expansion of the Los Vaqueros Reservoir	San Francisco	1.0B
India Basin Mixed-Use Development	San Francisco	1.0B
Biosolids Digester Facilities Project - Southeast Water Pollution Control Plant T-07.01 Below Grade Waterproofing (Package 1) Facilities	San Francisco	0.9B
Biosolids Digester Facilities - T-40.03 Process Mechanical B615, B613	San Francisco	0.9B
Balboa Park Reservoir Mixed-income Development	San Francisco	0.6B

SOURCE: ReedConnect