

Seattle has made the ambitious pledge of divesting from fossil fuels by 2030 and becoming completely carbon neutral by 2050. Both dates are approaching quickly. Fortunately, like seismic ordinances in LA, this presents a tremendous opportunity for the construction industry. Buildings will need to be renovated to comply with climate laws, light-rail lines will need to be built to tie neighborhoods together without cars, and new, sustainable sources of energy will be needed as well. City officials have made big investments in trams, light-rail, and mixed-use developments, betting that these will get residents out of their cars and living more sustainably.

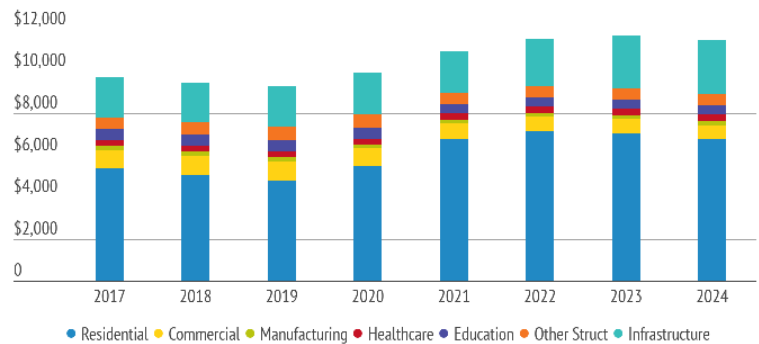
The residential sector makes up the largest chunk of construction volume here by a wide margin. Within the residential sector, almost 40% of spending is on renovations. This should only increase in the coming years as the city tries to meet its emissions targets. Construction labor has steadily grown to meet this demand, but this has not been enough to keep costs from rising. Many contractors have been looking to nearby cities for the labor needed for their projects.

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

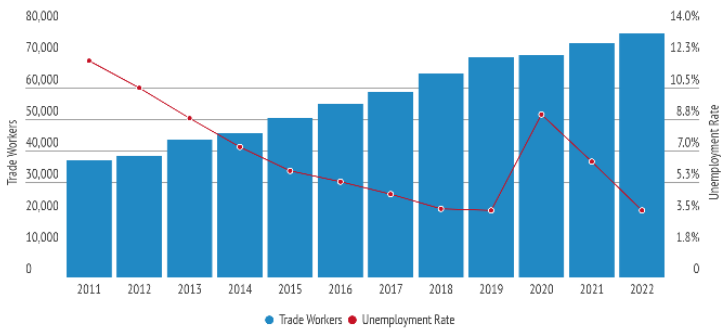
Sector	HISTORIC (2017-2021) FORECAST (2022-2024)							
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	9.7%	-5.1%	-1.9%	8.4%	17.1%	-9.8%	0.5%	7.8%
Residential	19.5%	-5.6%	-5.6%	14.7%	77.0%	-8.8%	-5.6%	1.4%
Commercial	5.8%	7.9%	-0.7%	-7.5%	-1.54%	-13.6%	-1.5%	-3.8%
Manufacturing	-15.0%	-5.0%	7.1%	-6.5%	1.5%	4.2%	5.4%	-8.0%
Healthcare	10.4%	-7.6%	1.5%	5.1%	0.8%	-9.9%	-1.4%	5.7%
Education	4.8%	7.6%	4.8%	-7.5%	-16.4%	-10.2%	-0.4%	7.2%
Other Struct*	5.1%	1.7%	5.4%	7.4%	-15.6%	-14.7%	-2.6%	1.6%
Infrastructure	-4.1%	-1.9%	2.1%	3.0%	2.0%	-11.9%	16.9%	9.8%

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

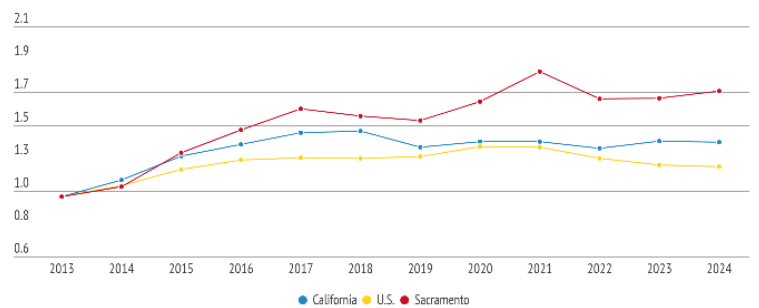
Annual Volume (x\$1M, 2012\$)



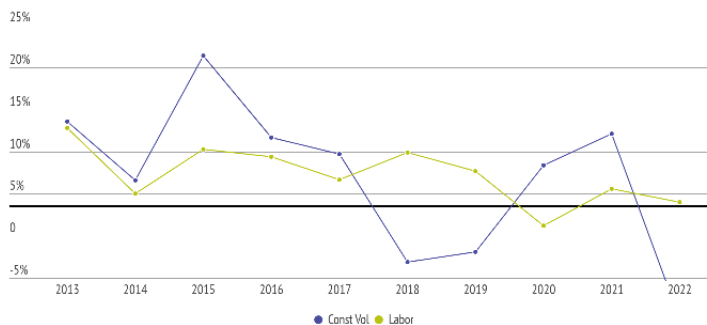
Regional Construction Employment



Construction Spending Index 2013-2023 (2013=1.0)



Construction Volume vs Labor - Annual Increase/Decrease



Top Regional Projects Sorted by Construction Value

Project	Location	Value
California Hospital Tower - UC-Davis Medical Center	Sacramento	3.8B
RFQ D/3 - Replacement Hospital Tower (RHT)	Sacramento	2.0B
Horizontal Construction Contracts For Southwestern Border Security & Immigration Enforcement Improvements	Sacramento	1.8B
Delta Shores - Future Sections	Sacramento	1.5B
Mather South Mixed Use Development	Sacramento	1.3B
Aggie Square Mixed Use Project Phase 1 - University of California	Sacramento	1.1B
Sacramento Kings Sleep Train Arena / CA Northstate University Teaching Hospital & Campus	Sacramento	1.0B
Aging in Place Acres	Folsom	0.9B
Easton Research Park West	Rancho Cordova	0.8B

SOURCE: ReedConnect