

Denver, CO

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

The Denver market has seen unprecedented growth over the last ten years. The 2020 Census revealed that roughly one in five residents moved to Denver in the last ten years. This kind of growth, however, simply is not sustainable. We expect the Denver market to slowly decline this year and into 2023 as the residential sector contracts before settling at roughly its 2017 levels. The decline in the residential sector should provide availability of different building elements such as drywall and roofing materials, which should have beneficial cost impacts to other construction sectors. It is important to note that the Denver market has proven to be surprisingly robust and has consistently outperformed forecasts. Doing so again is certainly a possibility.

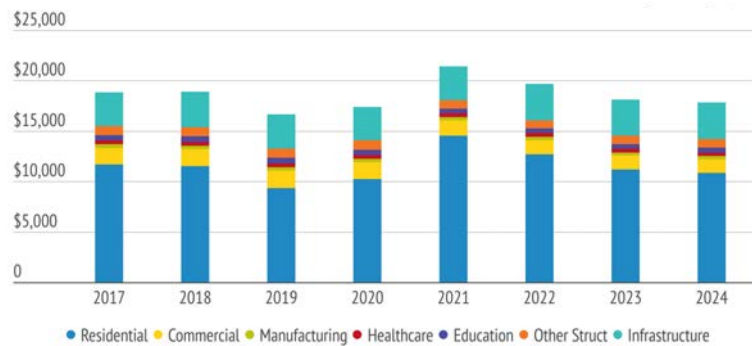
Besides the swelled residential construction market in 2022, Denver has also started seeing non-residential construction increase across the entire region. In the years ahead, however, we expect the non-residential sector to decrease and the growth to come from healthcare, education, and infrastructure. Now that people have houses, they will need schools, medical care, and a way to get around the city. Most of Denver's population growth has occurred outside of the city itself. Officials now must shift spending towards tying these disparate communities together. To that end, highways and commuter rail should be a priority in the coming years.

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

| Sector | HISTORIC ○ ○ FORECAST | | | | | | | |
|-----------------------|-----------------------|-------|--------|-------|--------|--------|--------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Total Increase | 11.2% | 0.3% | -11.9% | 6.4% | 24.4% | -8.8% | -14.4% | -1.2% |
| Residential | 16.9% | -1.6% | -19.1% | 11.2% | 44.2% | -8.5% | -19.6% | -2.1% |
| Commercial | 4.8% | 3.5% | 2.9% | 0.9% | -9.4% | -12.3% | -8.4% | -5.8% |
| Manufacturing | -13.9% | -2.8% | 6.2% | -6.8% | -1.1% | 5.7% | 3.8% | -8.6% |
| Healthcare | 9.7% | -1.7% | -3.5% | 1.3% | 2.7% | -7.6% | -10.6% | 2.2% |
| Education | 1.9% | 2.0% | 4.6% | -0.1% | -13.0% | -13.2% | -0.6% | 1.2% |
| Other Struct* | 7.8% | 4.3% | -0.9% | 8.7% | -12.2% | -14.6% | -2.9% | 0.8% |
| Infrastructure | 2.2% | 4.9% | -3.5% | -1.8% | 2.5% | -8.0% | -1.4% | 3.2% |

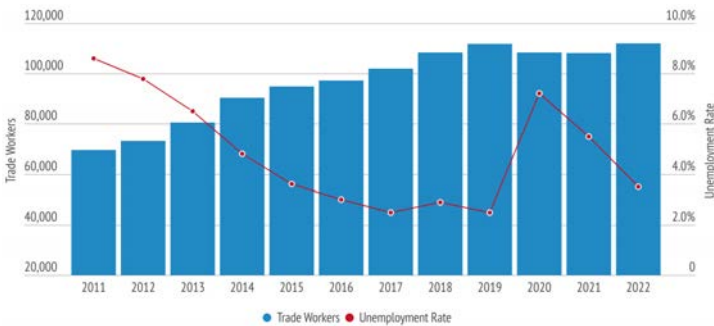
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



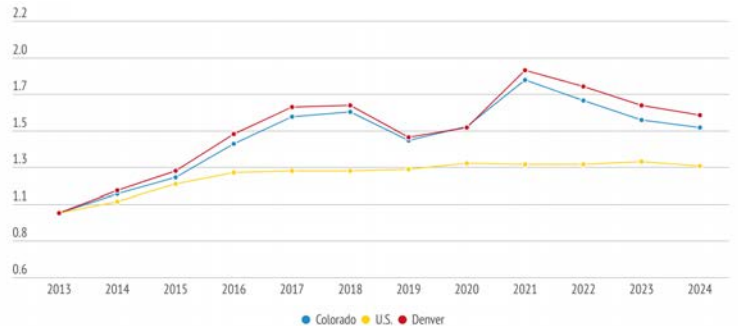
SOURCE: IHS-Markit

Regional Construction Employment



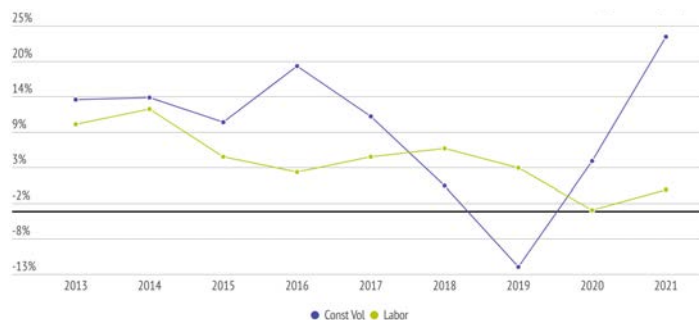
SOURCE: U.S. Bureau of Labor Statistics

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 |
|--|----------------|-------|
| Steadfast Flatirons Vista Apartments | Broomfield | 83.0B |
| Xcel Energy Pawnee Power Plant Conversion | Fort Morgan | 8.0B |
| East Villages at RidgeGate / Lone Tree | Littleton | 3.9B |
| Lone Tree City Center At Ridgegate | Lone Tree | 2.8B |
| Sun Empire Industrial Park Phase 2-3 | Aurora | 1.3B |
| Northern Integrated Supply Project and Glade Reservoir | Fort Collins | 1.1B |
| Cherry Creek West | Denver | 1B |
| Ever Vail | Vail | 1B |
| Parterre - Future Phases | Thornton | 1B |
| The Village at Wolf Creek | Pagosa Springs | 1B |

SOURCE: ReedConnect