

Construction in Minnesota is tapering off as the economy slows. The state has generally enjoyed population growth over the last 50 years, and this is beginning to come to an end. Commodities prices and overall construction activity have both been unusually high for a few years and are recovering as well. Therefore, the cumulative effect of these trends is a reduction in total volume of almost 12% over 2022 and a forecasted decline of almost 8% in 2023. After that, the market should level off.

The Twin Cities, the largest metro area in the state, recently amended their land-use laws to effectively outlaw single-family residential zoning. This has translated into more than 21,000 new projects in the pipeline

and kept rents lower than in comparable cities. It will take some time for the full effect of this trend to be seen, but it will most likely mean more multifamily projects and less infrastructure spending as the area has a reduced need for highways.

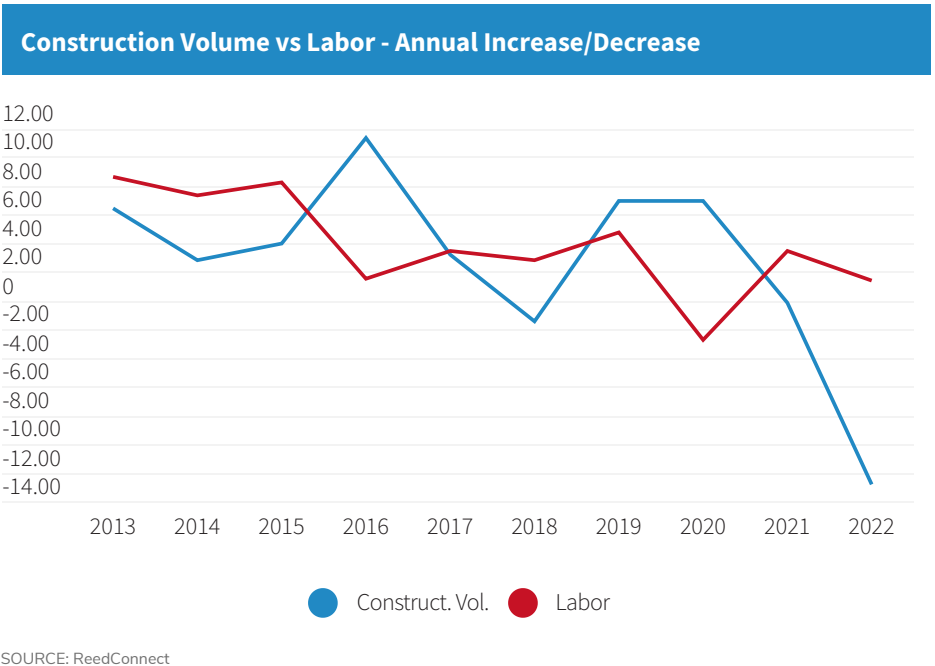
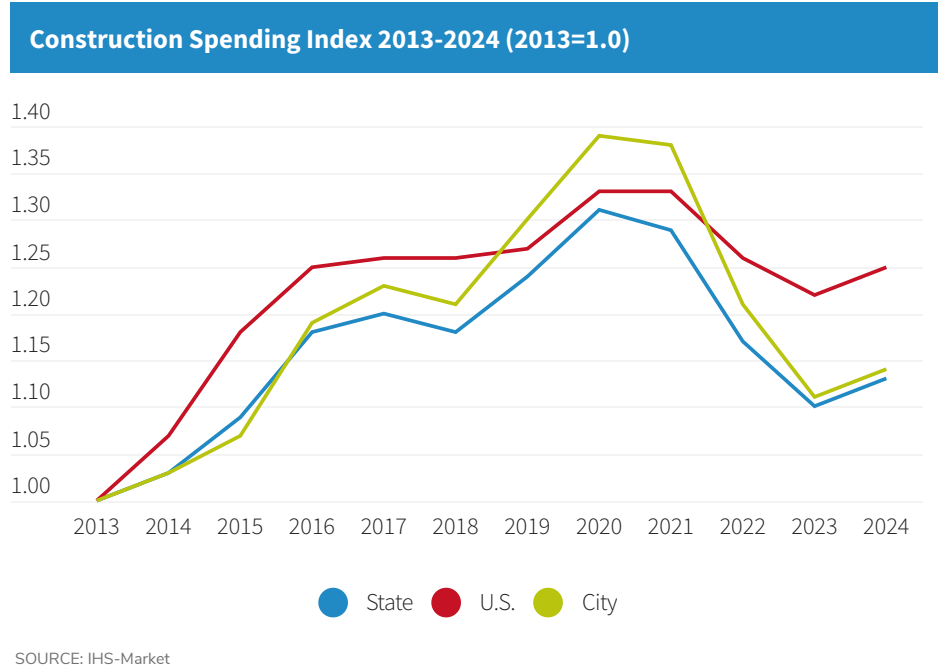
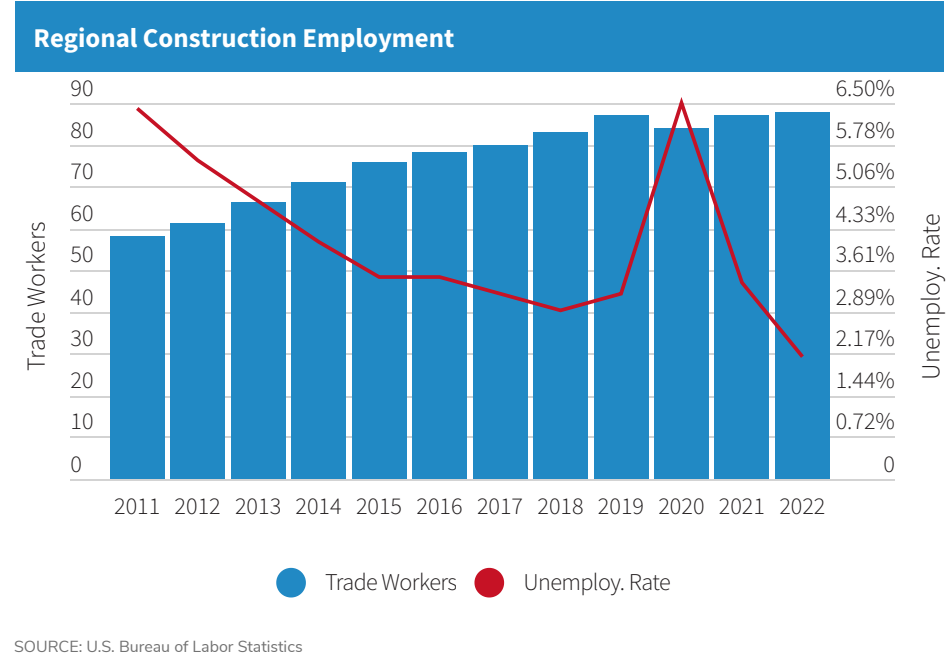
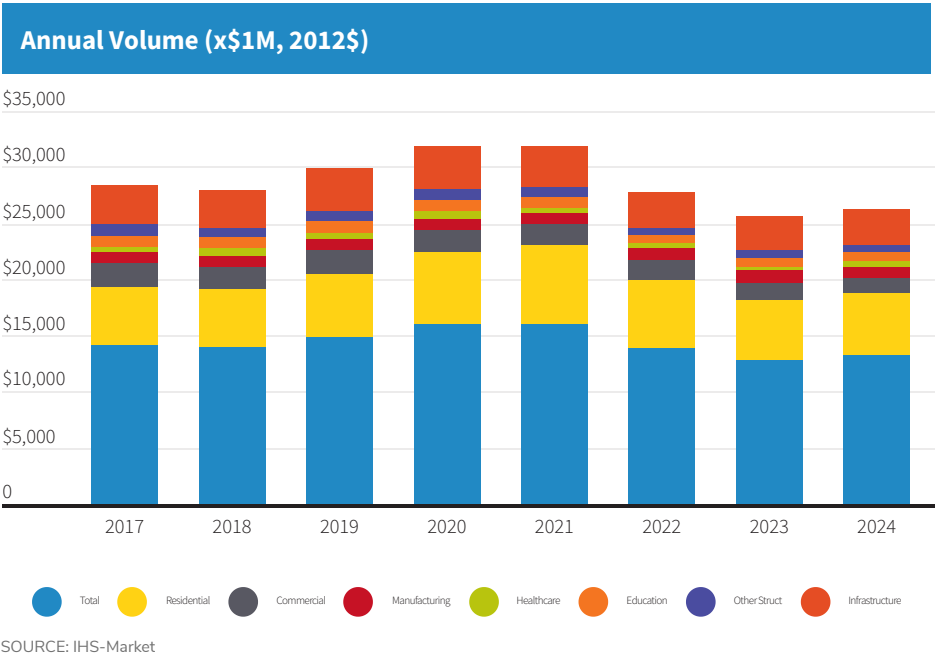
The local economy is approaching what economists call “full employment,” with the unemployment rate hovering at around 2%. It has been ticking up as the economy cools, however. We expect unemployment and inflation to settle at around 3% by the end of next year.

Minneapolis, MN

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Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)								
	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	3.2%	-1.4%	6.9%	6.9%	-0.2%	-12.9%	-7.8%	2.6%
Residential	11.4%	-1.7%	7.9%	15.9%	11.4%	-13.9%	-14.2%	5.9%
Commercial	3.5%	2.5%	1.3%	-0.3%	-10.7%	-11.6%	-5.5%	-7.3%
Manufacturing	-14.1%	-2.4%	5.8%	-8.1%	-1.1%	8.0%	4.3%	-6.0%
Healthcare	7.6%	-4.9%	2.7%	4.2%	-2.6%	-11.2%	-9.7%	2.6%
Education	3.9%	0.7%	2.4%	-1.2%	-14.6%	-16.2%	-0.5%	4.2%
Other Structure*	7.0%	1.4%	-0.2%	3.7%	-14.5%	-14.6%	-2.8%	2.4%
Infrastructure	-3.7%	-3.7%	13.3%	5.3%	-5.6%	-15.8%	-2.6%	4.7%

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



Top Regional Projects Sorted by Construction Value		
Project Name	Location	Value
Blatnik Bridge Replacement - Minnesota Department of Transportation	Duluth	3.00B
CloudHQ Data Center / Chaska	Chaska	1.00B
Rice Creek Commons	Arden Hills	0.75B
Essentia Health Vision Northland	Duluth	0.68B
The Cubes at French Lake	Dayton	0.54B
Audubon Business Park	Chanhassen	0.50B
Cottage Grove Logistics Park	Cottage Grove	0.38B
Dodge County Wind Project	Dodge Center	0.30B
Mall of America Water Park	Bloomington	0.25B
CSAH 17 (Lexington Ave) - North Road (CR 49) to 112th Avenue - Anoka County	Blaine	0.24B

SOURCE: ReedConnect