

CONTACT: Brooks Rehkopf, Regional Director
brehkopf@cumming-group.com

San Diego's construction market is set to see renewed attention in the next few years. Decades of expansion and single-family zoning laws caused the city to grow outwards instead of upwards. Today, San Diego occupies an area about the size of Connecticut. Thanks to the mountains surrounding the city, however, land available for this kind of development is disappearing fast. This has sent the cost of living skyrocketing, although not quite as high as in Los Angeles or the Bay Area.

The area is missing hundreds of thousands of housing units, and the city is already pushing for higher-density residential projects – representing an opportunity for those of us in the construction industry. The residential sector is predicted to remain the largest driver of construction demand through at least 2024. San Diego is in serious need of new housing, but it will soon need new schools, offices, roads, and everything else that makes a neighborhood feel like a neighborhood. The construction labor force has been growing steadily in anticipation, which should be enough to offset increased demand and keep labor costs from rising too much.

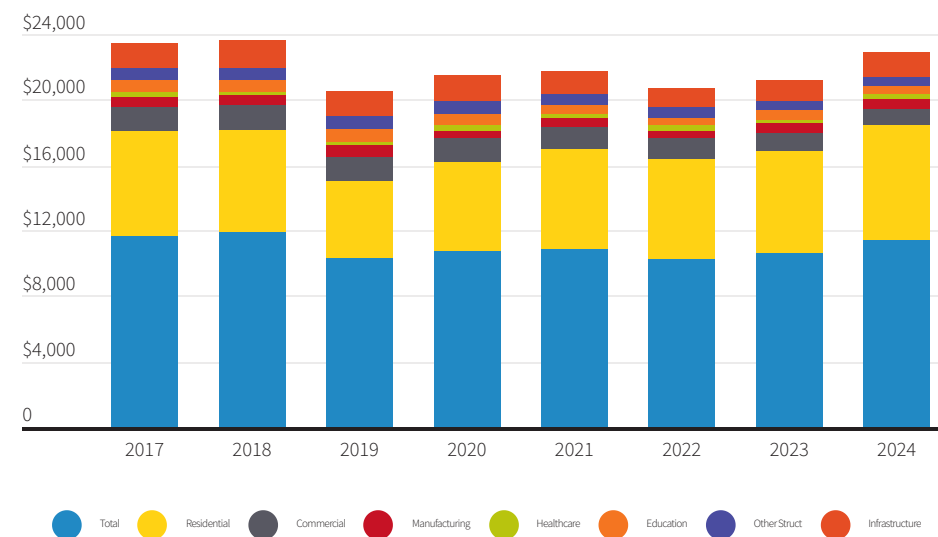
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	5.9%	1.1%	-13.3%	4.6%	1.4%	-4.9%	2.4%	7.8%
Residential	13.7%	-1.8%	-24.0%	12.9%	13.4%	-0.7%	3.3%	11.6%
Commercial	2.9%	2.3%	0.7%	-4.0%	-12.2%	-10.1%	-5.7%	-5.7%
Manufacturing	-13.1%	-1.1%	7.8%	-5.9%	-2.2%	1.6%	5.1%	-3.4%
Healthcare	5.3%	0.9%	-3.7%	0.5%	-5.8%	-9.1%	-4.1%	5.1%
Education	2.6%	0.9%	4.3%	-3.4%	-16.3%	-14.8%	-0.2%	4.1%
Other Structure*	6.5%	1.8%	1.4%	2.8%	-14.3%	-12.2%	-3.2%	2.2%
Infrastructure	-9.6%	12.5%	-8.2%	-3.8%	-9.2%	-12.6%	10.1%	10.4%

◀ HISTORIC FORECAST ▶

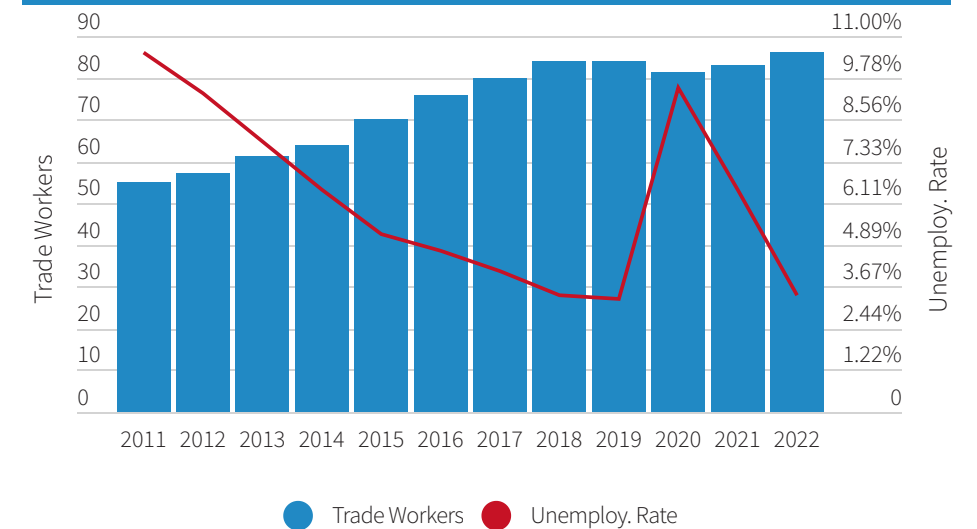
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



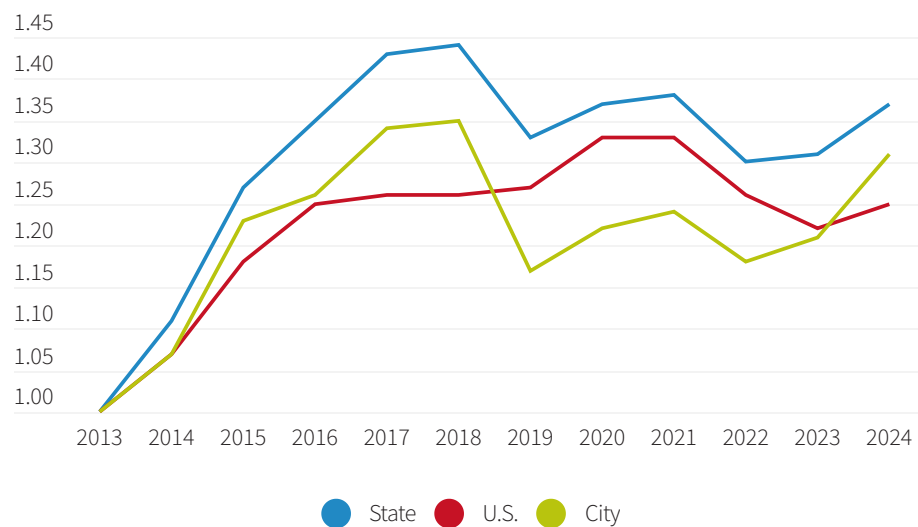
SOURCE: IHS-Market

Regional Construction Employment



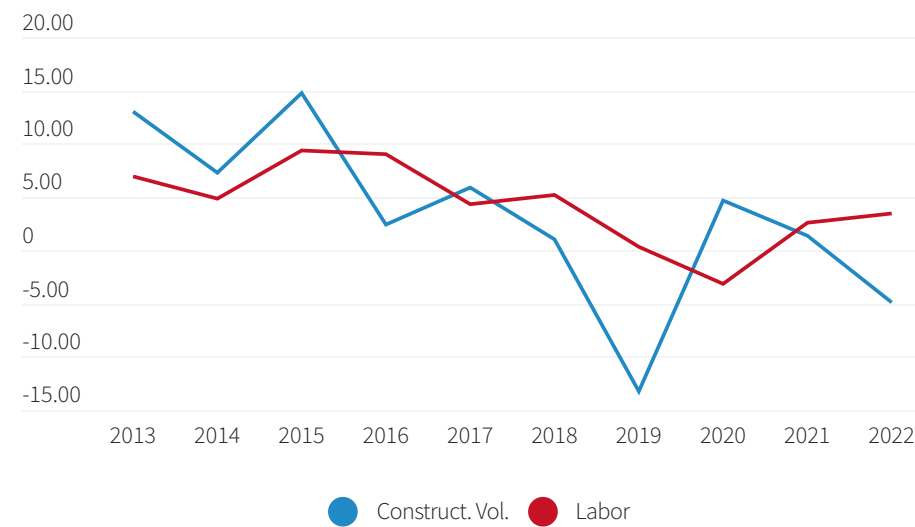
SOURCE: U.S. Bureau of Labor Statistics

Construction Spending Index 2013-2024 (2013=1.0)



SOURCE: IHS-Market

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
Navy Old Town Complex Revitalization Project	San Diego	4.00B
2020 Bond/Measure - Convention Center Expansion - Measure C	San Diego	3.80B
San Diego International Airport Terminal Replacement	San Diego	3.40B
Seaport San Diego Redevelopment - Protea Waterfront Development	San Diego	3.00B
Riverwalk Golf Club	San Diego	2.50B
San Vicente Energy Storage Facility/Lakeside	Lakeside	1.50B
East Village Quarter - Tailgate Park	San Diego	1.50B
Disposition & Development of E. Village Quarter/Tailgate Park	San Diego	1.50B
Scripps Mercy Hospital San Diego	San Diego	1.30B
SMS: RFQ Design - IDIQ Multiple Award Construction Contract	San Diego	1.00B

SOURCE: ReedConnect