

The San Francisco Bay Area had emerged as a key driver of the national economy. Companies here compete for talent by offering flashy, modern offices and generous benefit packages. The wave of layoffs brought on by interest rates and the drying-up of venture capital has acutely targeted the tech sector, however, and has led to the cancellation of many high-profile projects. Higher interest rates have also caused new housing projects to dry-up, exacerbating the area's already severe housing shortage.

The Bay Area already has one of the highest costs of living in the world. It is estimated that the area is short almost one million new houses, and workers commute from as far away as Sacramento or even Portland. This has caused many companies to set up shop elsewhere, where costs are cheaper. Forecasts have, in turn, been consistently revised downwards since the year began. We now expect the market to decline in 2023 and only see modest growth in 2024.

San Francisco, CA

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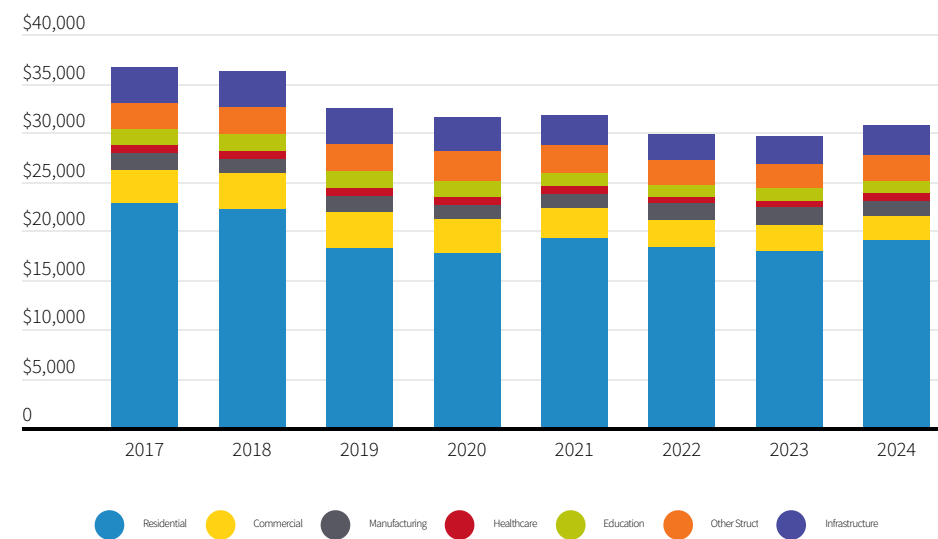
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total Increase	8.2%	-0.9%	-10.5%	-2.7%	0.7%	-1.8%	5.8%	1.8%
Residential	15.6%	-2.6%	-17.8%	-3.2%	8.9%	-4.4%	-2.6%	6.0%
Commercial	2.2%	2.1%	1.9%	-4.5%	-14.2%	-9.1%	-1.2%	-6.4%
Manufacturing	-12.2%	-0.6%	4.9%	-7.2%	-0.3%	9.8%	7.4%	-9.9%
Healthcare	4.3%	-3.6%	-1.8%	-1.1%	-3.9%	-8.8%	-2.1%	3.0%
Education	2.9%	0.6%	3.2%	-4.2%	-15.6%	-12.9%	-0.3%	1.9%
Other Structure*	12.2%	5.7%	-0.3%	10.3%	-8.7%	-9.9%	1.7%	2.5%
Infrastructure	-12.1%	1.0%	-1.0%	-6.3%	-9.6%	-14.8%	9.9%	7.2%

◀ HISTORIC FORECAST ▶

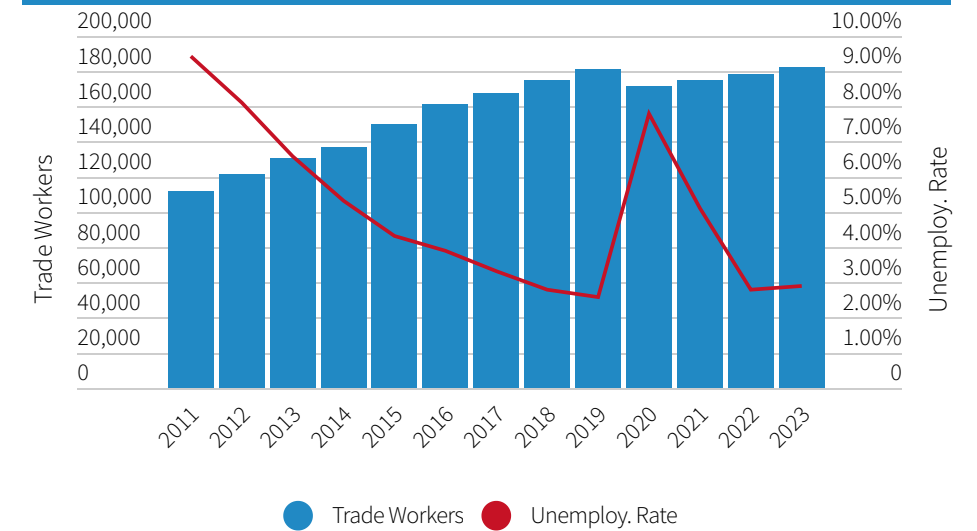
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



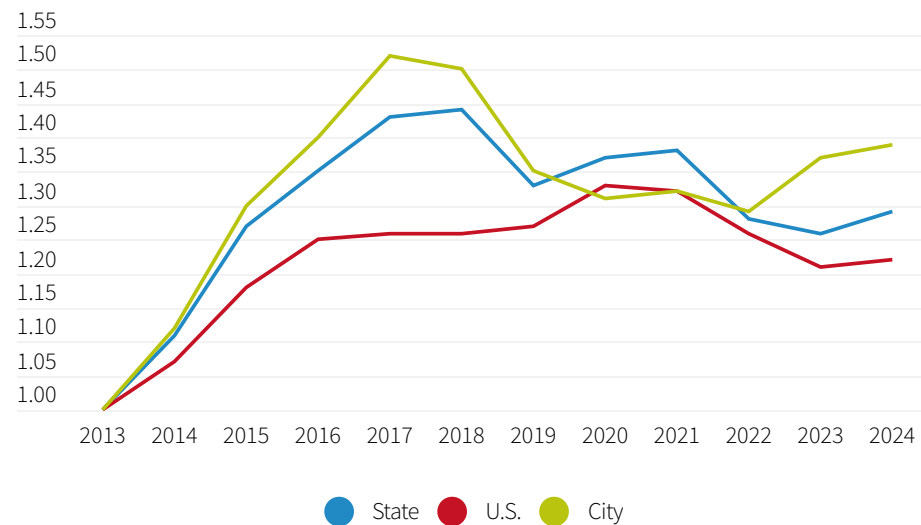
SOURCE: IHS-Market

Regional Construction Employment



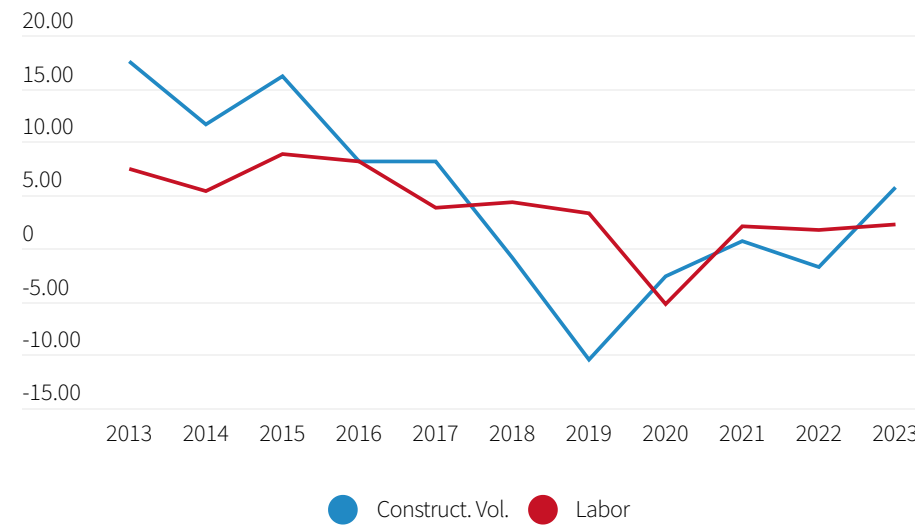
SOURCE: U.S. Bureau of Labor Statistics

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
Power Station	San Francisco	\$2B
Mission Rock	San Francisco	\$1.6B
US SF- New Parnassus Heights Hospital	San Francisco	\$1.5B
Parknerced Phase I	San Francisco	\$1.3B
Balboa Reservoir Redevelopment	San Francisco	\$600M
India Basin Mixed-Use	San Francisco	\$600M
10 South Van Ness Mixed Use	San Francisco	\$480M
Pier 15 Mixed-Use Redevelopment	San Francisco	\$400M
Potrero Hope SF	San Francisco	\$400M
Piers 38 and 40 Redevelopment	San Francisco	\$383M

SOURCE: ReedConnect