

Chicago is one of a few cities that has successfully pivoted from heavy industry to the service sector. Offices do not need the same kinds of facilities as factories, however, and what to do with formerly industrial land has become the subject of debate. Of the ten largest projects in the city, four are mixed-use projects built on land formerly occupied by heavy industry. The city is also redeveloping O'Hare Airport, which was the world's busiest until reaching capacity in the early 2000s. Officials hope that by adding more runways and modifying the terminals to accommodate bigger planes, more flights will arrive and more people will visit. Another surprisingly large part of the market here is data centers and offices. The Midwest is increasingly being seen as safe from extreme weather – hurricanes, wildfires, and earthquakes are all unlikely in Chicago. This makes it an attractive place for data centers and other mission-critical infrastructure.

Overall spending in Chicago has not returned to pre-2008 Financial Crisis levels, but this is primarily due to shifting demographics rather than economic instability. Residents have broadly moved away as the country's economic center shifts to the West Coast, and much of the area's net population growth has come from new residents moving to the suburbs rather than the city itself. Today, Chicago has roughly the same number of residents as it did 100 years ago and there just isn't the same need for new projects here as there is out West. Chicago has instead focused on upgrading and modernizing existing facilities, with renovations making up a large share of total spending. The city's labor pool has steadily added workers to meet some of this new demand although Chicago's overall construction volume has been declining. This should keep labor costs stable going forward. A recent upturn in office occupation and diversification of sectors centered around tech, sports and entertainment could cause this equilibrium to change and may result in increased cost for resources as demand increases.

CHICAGO

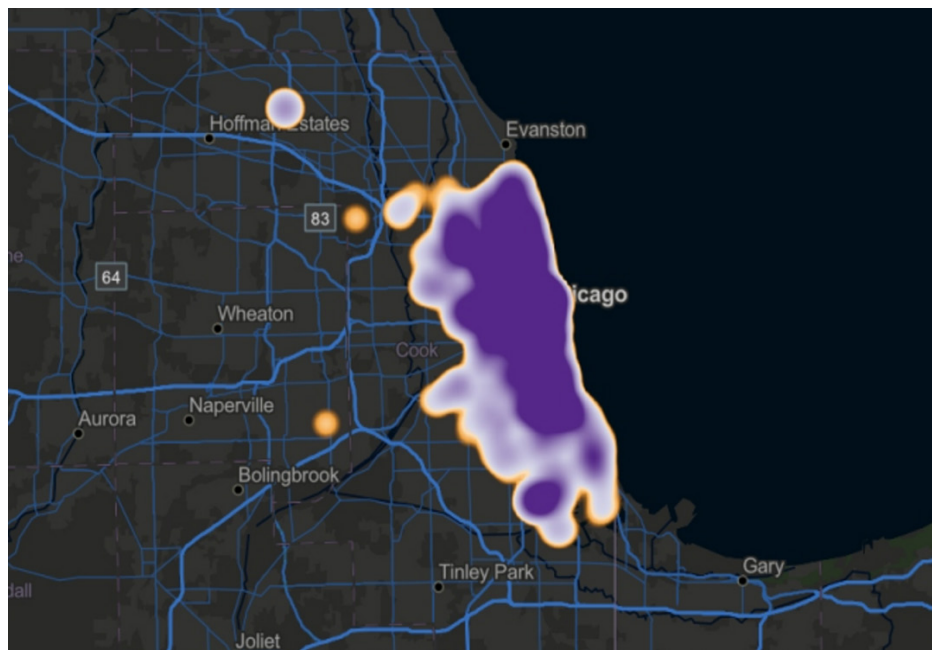
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Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

	2017	2018	2019	2020	2021	2022	2023	2024
Total	-0.8%	-4.8%	0.2%	-1.3%	-8.8%	-8.8%	4.1%	4.4%
Residential	5.8%	-19.0%	-11.0%	2.2%	0.6%	-4.0%	-4.4%	18.5%
Commercial	3.5%	1.9%	1.0%	-1.2%	-10.3%	-7.5%	1.6%	-10.2%
Manufacturing	-13.8%	-2.6%	4.6%	-9.3%	-2.8%	8.6%	27.9%	2.3%
Healthcare	4.2%	-5.1%	-1.6%	-1.3%	-6.2%	-9.3%	-2.6%	3.0%
Education	1.3%	-1.2%	0.3%	-1.0%	-15.4%	-18.2%	1.6%	2.2%
Other Struct*	5.4%	0.3%	0.2%	3.4%	-13.8%	-11.8%	-2.5%	-0.5%
Infrastructure	-7.7%	-1.9%	6.5%	-2.3%	-11.2%	-14.2%	7.4%	10.5%

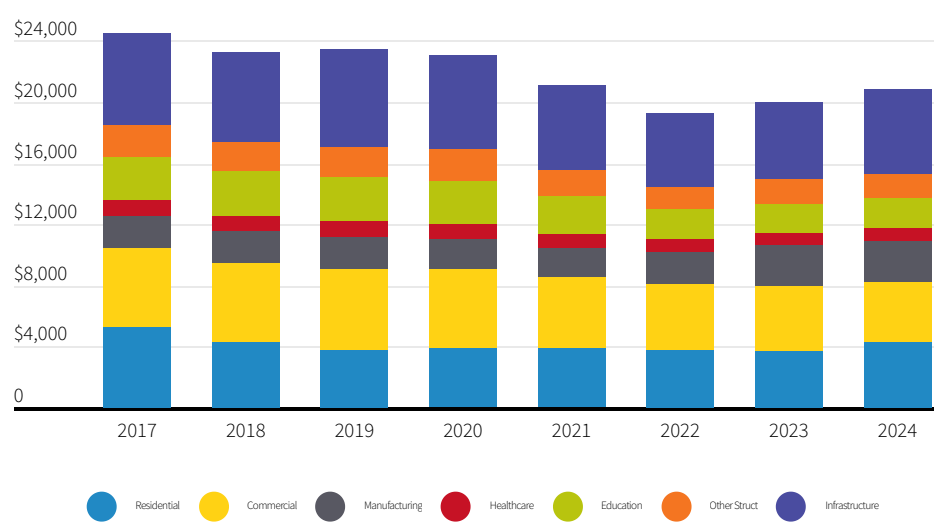
* This includes religious buildings, amusement, government communications, and public recreation projects.

SOURCE: IHS-Markit



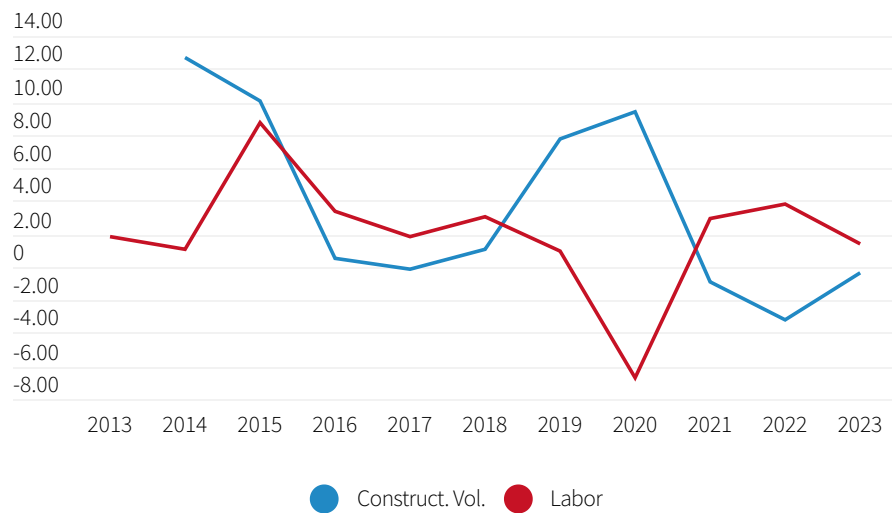
SOURCE: BuildCentral

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



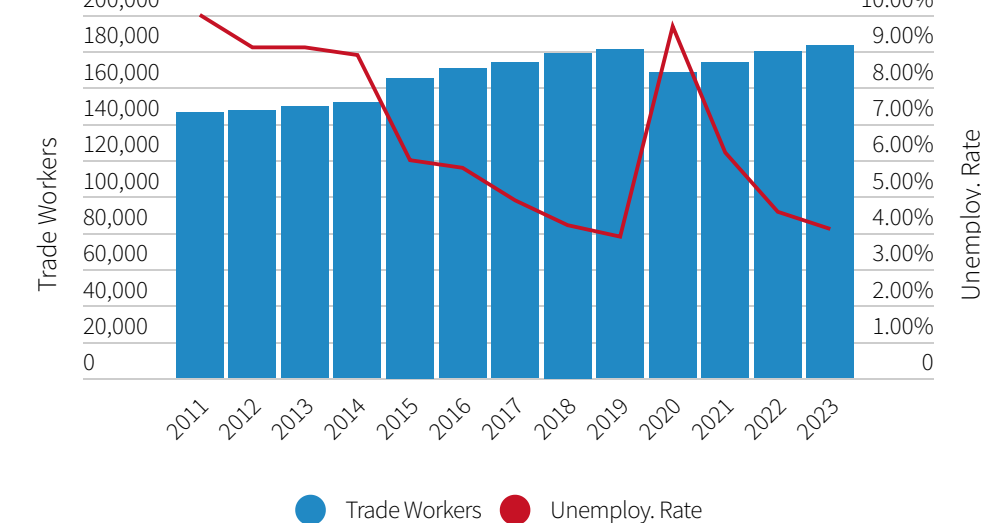
SOURCE: IHS-Markit

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

Top Regional Projects Sorted by Construction Value

Project Name	Location	Value
The 78	Chicago	\$7B
O'Hare International Airport Terminal Expansions	Chicago	\$6.3B
Stadium District	Arlington Heights	\$5B
Lincoln Yards	Chicago	\$5B
Bronzeville Lakefront Development	Chicago	\$3.8B
Bronzeville Lakefront Development Phase II	Chicago	\$3B
ComEd Hyperscale Data Center Campus Phase I	Mount Prospect	\$2.5B
O'Hare International Airport New Global Terminal	Chicago	\$1.2B
Compass Business Park	Joliet	\$1.2B
708-732 West Hubbard Multifamily	Chicago	\$960M

SOURCE: Build Central