

The Texas Triangle – the area that includes Dallas-Fort Worth, Houston, San Antonio, and Austin, has become one of the country’s most active markets. Dallas and Houston are the third and fourth-most active markets in the country, despite being mid-sized cities in terms of population. As these cities have all grown outwards rather than upwards, turning them into a cohesive urban area will be difficult. To this end, officials are hoping to capitalize on the federal government’s interest in high-speed rail. Until then, however, the area is expected to invest in schools, hospitals, and other infrastructure that will turn it from a collection of subdivisions into a group of unique neighborhoods.

All this attention has presented a unique challenge for contractors in the region: normally, when demand drives up costs, contractors seek labor resources further afield – a general contractor in Chicago might draw workers from Milwaukee to ensure their project is completed on time, for instance.

However, this option isn't viable here, given that neighboring cities are grappling with similar construction surges. The costs associated with bringing workers in from Tulsa, El Paso, or New Orleans are too high to make these useful alternatives. Instead, businesses must accept higher labor costs.

We expect construction in the area to continue to increase, even as the economy cools. Economic recessions typically result in a decrease in high-profile projects that require substantial capital investment up-front. The recent population increase suggests that the market here should be able to sustain itself based primarily on the needs of its residents. Instead of coming from a few expensive, high-profile projects, growth will likely come from a lot of smaller residential, educational, and healthcare developments. This should also provide downward pressure on commodities prices and relief for escalation in the coming years as well.

# TX TRIANGLE

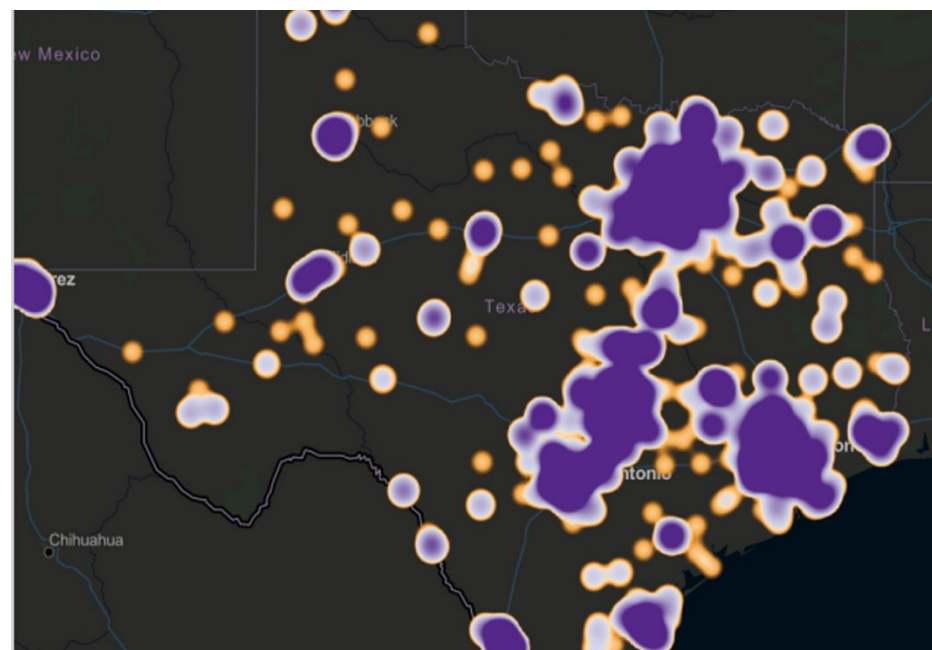
**CONTACT: Sean McDermott**, Regional Director  
[smcdermott@cumming-group.com](mailto:smcdermott@cumming-group.com)

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

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	-0.1%	1.1%	7.8%	9.4%	-0.9%	-3.2%	-0.3%	2.5%
<b>Residential</b>	5.8%	0.0%	5.8%	15.4%	8.8%	1.6%	-8.7%	2.2%
<b>Commercial</b>	4.8%	3.8%	2.6%	3.1%	-9.0%	-4.8%	5.0%	-8.9%
<b>Manufacturing</b>	-13.0%	-0.2%	8.1%	-8.2%	-2.1%	12.7%	30.0%	3.0%
<b>Healthcare</b>	5.1%	-2.0%	7.3%	8.6%	-3.8%	-6.4%	1.6%	1.8%
<b>Education</b>	5.0%	2.0%	5.1%	2.6%	-12.6%	-14.2%	-0.4%	3.1%
<b>Other Struct*</b>	6.3%	2.0%	1.9%	11.2%	-12.2%	-11.5%	0.1%	0.2%
<b>Infrastructure</b>	-9.9%	1.9%	14.3%	6.3%	-8.8%	-10.1%	10.5%	7.6%

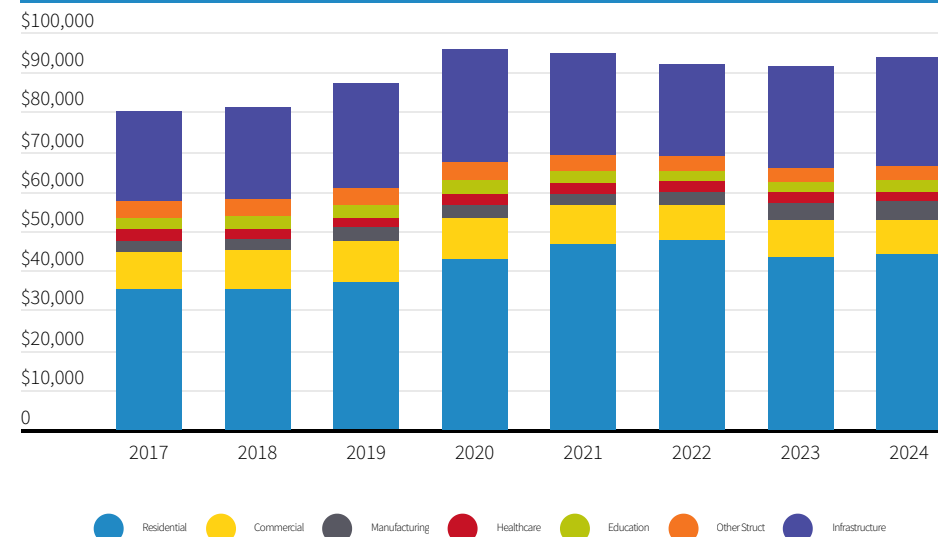
\* This includes religious buildings, amusement, government communications, and public recreation projects.

SOURCE: IHS-Markit



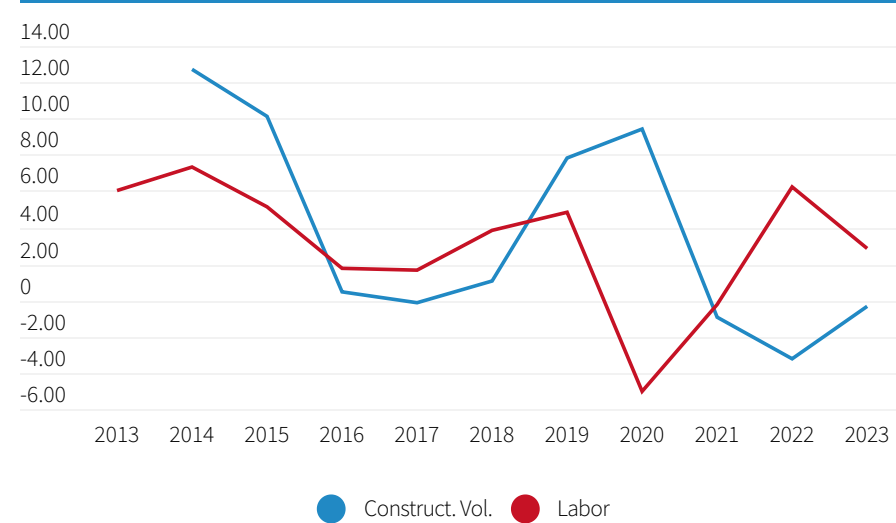
SOURCE: BuildCentral

## 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
Legacy Drive Life Science Hub	Plano	\$36B
Greenport Airport/World Trade Center Austin	Bastrop County	\$19B
Samsung Austin Semiconductor Taylor Additional Chipmaking Facilities	Taylor, TX	\$16.7B
Globalwafers America	Sherman	\$5B
Velocity	Austin	\$4.127B
Kay Bailey Hutchison Convention Center Reconstruction	Dallas	\$4B
Texas Live!	Arlington	\$4B
International District	Dallas	\$4B
Cypress Waters	Dallas	\$3.5B
Southeast Austin Community	Austin	\$3B

SOURCE: Build Central