

The construction market in Los Angeles has had a tepid showing in recent years, and this is expected to continue throughout the 2020s. Things like earthquakes and wildfires pose unique threats to the area, while a higher-than-average cost of living has deterred prospective residents. Zoning laws that favor single-family dwellings have pushed development outwards, and now the area is running out of usable land. This explains both the high cost of living and the damaging effects of wildfires. Fortunately, redeveloping areas closer to downtown into higher-density, mixed-use neighborhoods can solve both problems simultaneously. To this end, officials have amended zoning laws across the state. It will take time for the full effect to be felt, but early figures are promising: renovations make up more than half of all residential spending already.

Los Angeles has the third-largest economy of any city in the world – behind just Tokyo and New York. It has grown steadily and today is as big a player in the tech and finance sectors as it is in the entertainment sector. The city is investing in mixed-use projects and redeveloping its formerly industrial land. LA is somewhat unique in terms of water scarcity - and it is therefore unsurprising that the largest project in the region is a water recycling facility. As the city grows and as climate change moves to the forefront of the market, we expect trends like this to continue.

# LOS ANGELES

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

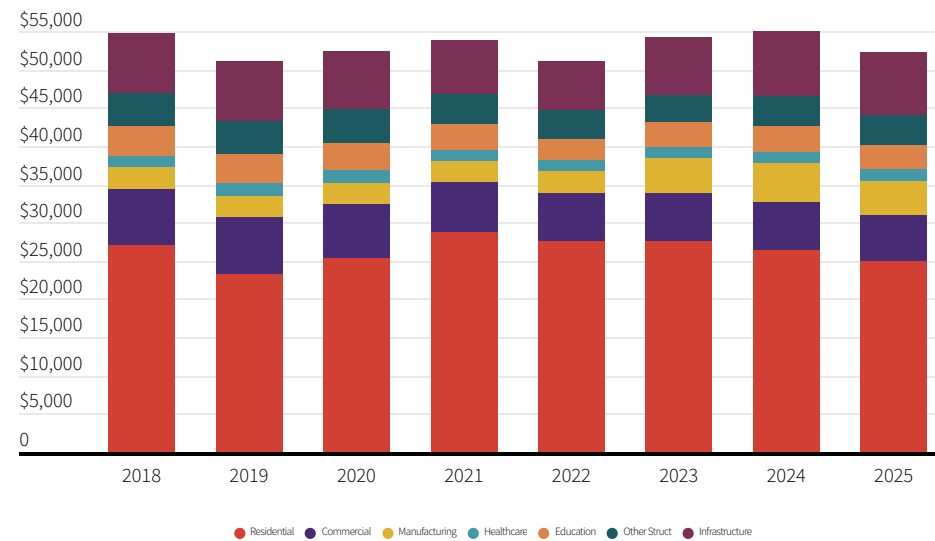
|                       | 2018  | 2019   | 2020   | 2021   | 2022   | 2023  | 2024  | 2025   |
|-----------------------|-------|--------|--------|--------|--------|-------|-------|--------|
| <b>Total</b>          | -2.1% | -6.5%  | 2.6%   | 2.8%   | -4.9%  | 6.1%  | 1.2%  | -4.9%  |
| <b>Residential</b>    | -5.4% | -14.3% | 9.4%   | 13.0%  | -3.8%  | 0.1%  | -4.9% | -4.8%  |
| <b>Commercial</b>     | 2.9%  | 0.5%   | -3.9%  | -6.8%  | -6.0%  | 1.2%  | 0.6%  | -5.3%  |
| <b>Manufacturing</b>  | -5.1% | 4.1%   | -11.1% | 0.6%   | 13.2%  | 58.0% | 10.8% | -14.7% |
| <b>Healthcare</b>     | -2.8% | -1.1%  | 0.8%   | -1.6%  | -9.4%  | 7.3%  | 6.6%  | -1.6%  |
| <b>Education</b>      | 1.5%  | 3.5%   | -3.1%  | -13.6% | -14.2% | 8.2%  | 10.7% | -2.2%  |
| <b>Other Struct*</b>  | 1.0%  | -3.5%  | 0.1%   | -8.9%  | -4.1%  | -2.1% | 5.6%  | -0.2%  |
| <b>Infrastructure</b> | 3.9%  | 2.8%   | -2.1%  | -5.9%  | -10.0% | 17.0% | 11.3% | -3.0%  |

◀ HISTORIC FORECAST ▶

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

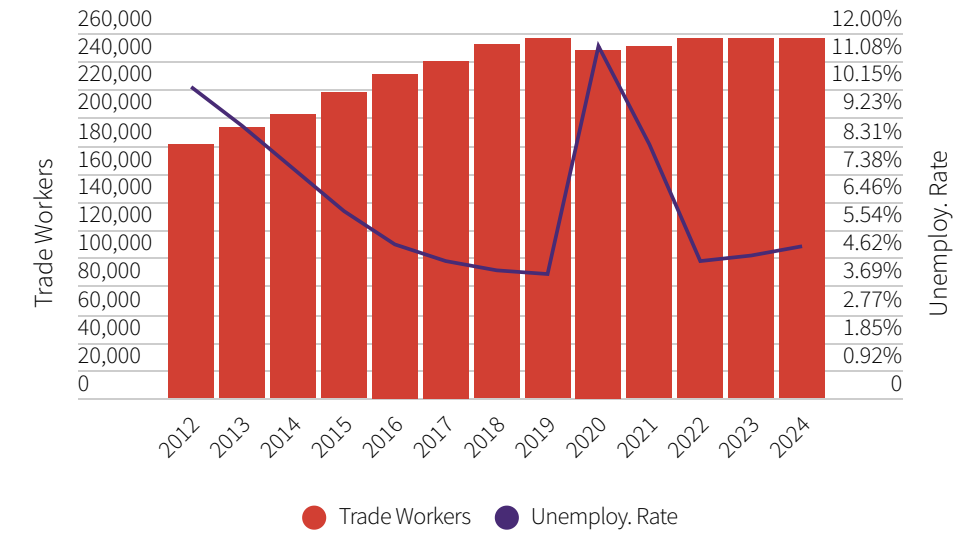
SOURCE: IHS-Markit

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

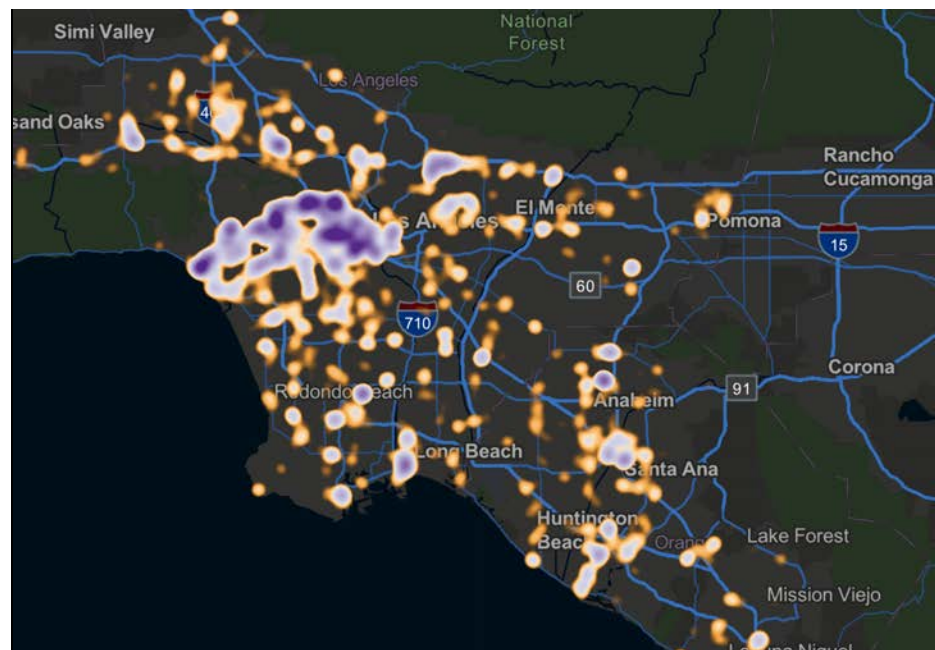


SOURCE: IHS-Markit

## Regional Construction Employment

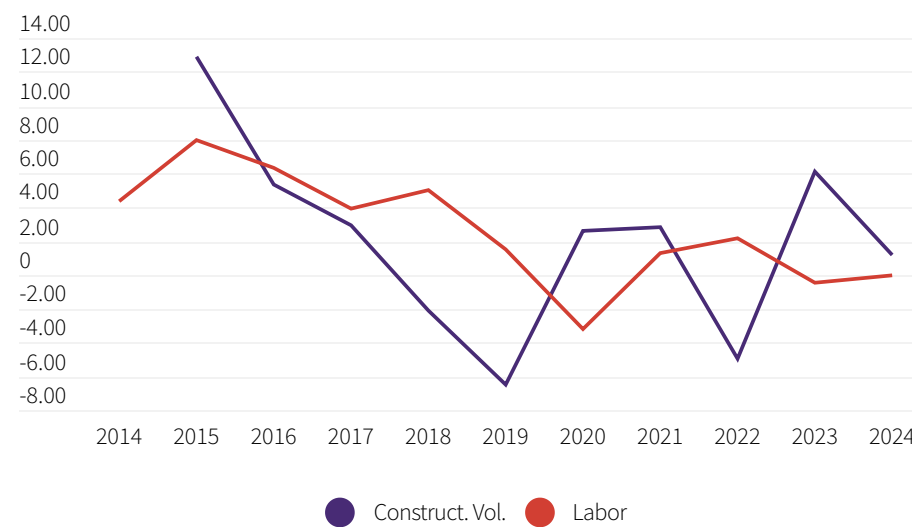


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

## Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

## Top Regional Projects Sorted by Construction Value

| Project Name                            | Location      | Value (x\$1b) |
|---|---------------|---------------|
| Carson Water-Recycling Facility         | Carson        | \$6.0B        |
| Warner Center 2035                      | Los Angeles   | \$5.0B        |
| Disneyland Forward                      | Anaheim       | \$2.5B        |
| Fourth and Central                      | Los Angeles   | \$2.0B        |
| One Beverly Hills Mixed-Use Development | Beverly Hills | \$2.0B        |
| 6 AM Art District Mixed Use             | Los Angeles   | \$2.0B        |
| Fox Future                              | Los Angeles   | \$1.5B        |
| UCI Medical Center Irvine-Newport       | Irvine        | \$1.3B        |
| Intuit Dome                             | Inglewood     | \$1.2B        |
| San Pedro Waterfront Project            | San Pedro     | \$1.2B        |

SOURCE: Build Central