In the same way that construction in the Southwest region is dominated by California, construction in the South Central region is dominated by Texas. Major companies that left Silicon Valley have relocated here, mainly to the area around Austin. Cities in the Texas Triangle have seen impressive growth as a result – office buildings here have high occupancy levels and new commercial spaces have sprung up to accommodate all the new residents. The most recent Texas state budget shows a 10% increase in spending relative to the last year – half of that increase is due to education spending, while another third is for improving the state's healthcare system.

The Texas Triangle continues to be one of the country's most active regions. This has been true for the last several years and we expect it to be true for years to come. The overall outlook has not changed significantly since our last report – the market has grown dramatically and while the cost of living remains manageable, the cost of building has increased considerably. Nominal construction spending has more than doubled over the last ten years, but the labor force has only grown by about 30%. More projects competing for fewer workers means that workers can demand higher wages. This, in turn, has pushed labor costs up considerably. We expect this to continue for years to come as well.

Outside of Texas, data centers are being built across the Deep South. These can be built anywhere with cheap land, plentiful electricity, and lots of water access – things that states like Louisiana and Mississippi have in spades. As commerce continues to move online, demand for these facilities has only accelerated. New projects are announced each week, making it difficult for contractors to keep up.

SOUTH CENTRAL

CONTACT: Sean McDermott, Regional Director
smcdermott@cumming-group.com

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

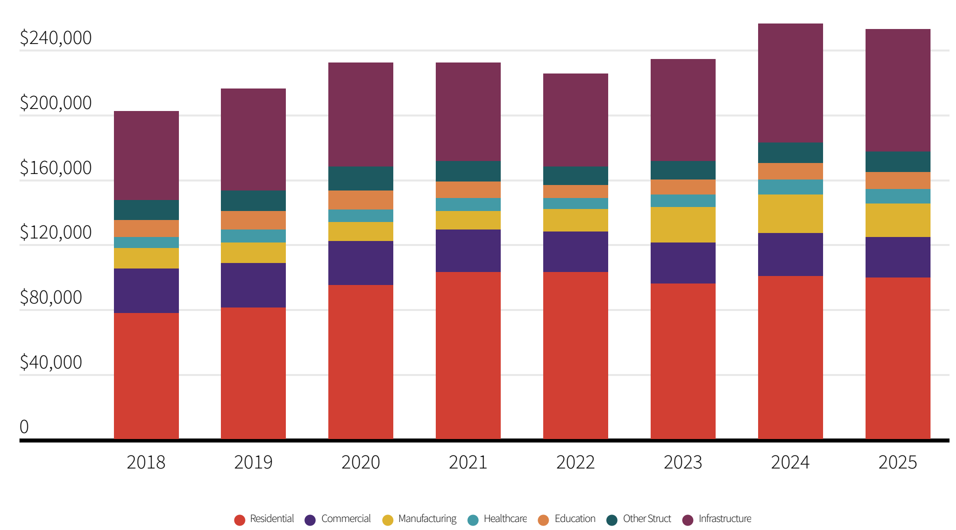
	2018	2019	2020	2021	2022	2023	2024	2025
Total	-0.1%	6.4%	7.9%	-0.3%	-3.0%	4.3%	9.2%	-1.2%
Residential	-2.2%	4.4%	16.2%	9.0%	-0.2%	-6.9%	4.8%	-1.1%
Commercial	2.3%	0.6%	1.5%	-7.3%	-4.3%	3.3%	1.0%	-4.7%
Manufacturing	-1.6%	6.6%	-9.0%	2.8%	15.0%	61.7%	13.7%	-14.5%
Healthcare	-3.7%	5.0%	5.7%	-0.4%	-5.8%	6.5%	10.9%	0.8%
Education	0.8%	3.8%	2.0%	-11.6%	-15.6%	4.9%	13.6%	0.0%
Other Struct*	1.2%	4.0%	11.3%	-12.2%	-11.5%	3.8%	9.1%	-1.6%
Infrastructure	2.1%	13.5%	3.9%	-6.7%	-6.4%	11.2%	17.0%	3.9%

◀ HISTORIC FORECAST ▶

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

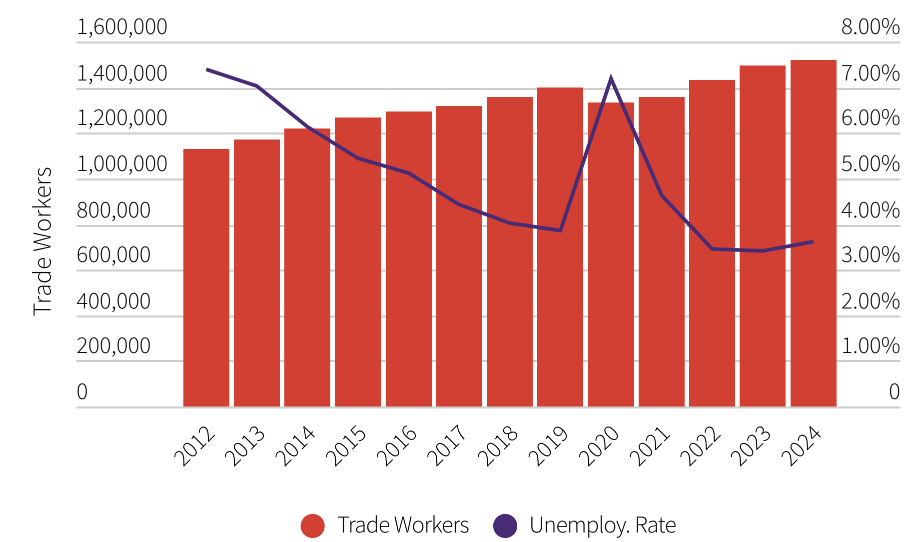
SOURCE: IHS-Markit

Annual Volume (x$1M, 2012$)

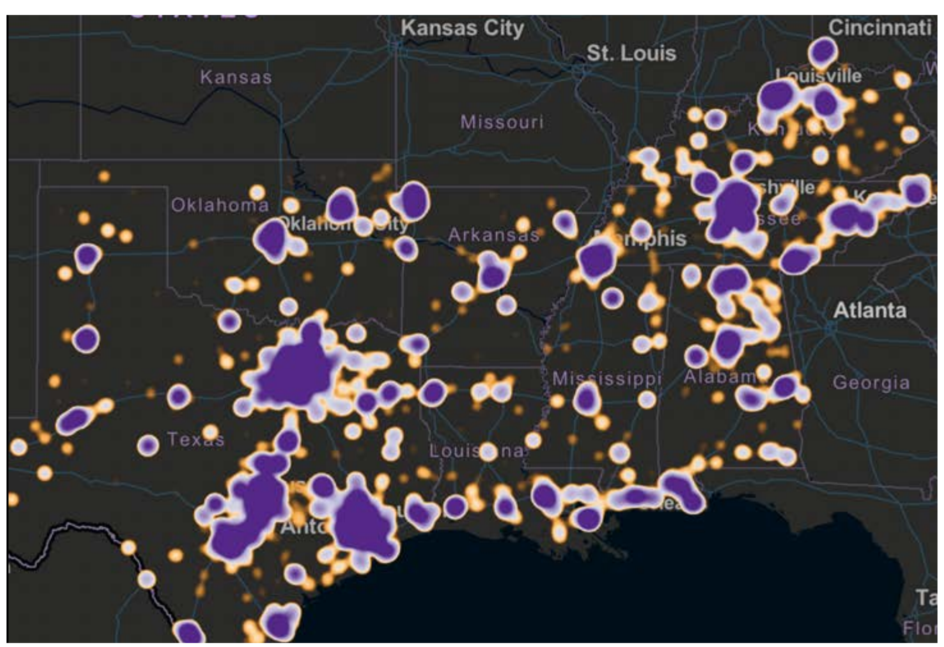


SOURCE: IHS-Markit

Regional Construction Employment

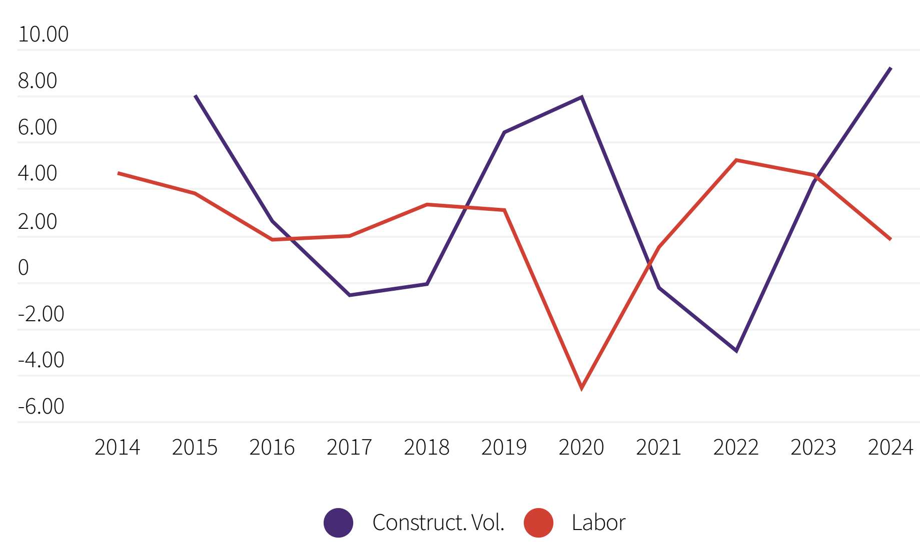


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Project Name	Location	Value (x$1b)
Legacy Drive Life Science Hub	Plano, TX	$36B
Greenport Airport/World Trade Center Austin	Bastrop County, TX	$19B
Driscoll Pavilion Infill - Project 2	Corpus Christi, TX	$14.6B
Formosa Petrochemical Sunshine Project	Saint James Parish, LA	$9.4B
Emerald Island	Webberville, TX	$8.7B
June Lake	Spring Hill, TN	$6.64B
Uranium Processing Facility	Oak Ridge, TN	$6.5B
Natural Gas Liquefaction Facility	Hackberry, LA	$6B
BlueOvalSK Battery Park Facility	Glendale, KY	$5.8B

SOURCE: Build Central