

SOUTH CENTRAL

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Texas and California are the two largest construction markets in the country. Just as California drives most of the spending in the Southwest, Texas dominates construction spending in the South Central region. A typical day here will see around 1,200 new residents – a trend that we expect to continue, particularly around the Texas Triangle. This influx has led to rising labor and materials costs, driven by the demand for new construction. Typically, contractors look for labor resources from other regions when demand increases. For example, a general contractor in Chicago might bring in workers from Milwaukee to meet deadlines. However, in this case, such options aren't feasible, as neighboring areas are also experiencing similar surges in construction. The costs associated with bringing plumbers in from Tulsa, El Paso, or New Orleans are too high to make these feasible options. Instead, businesses must accept higher labor costs.

Outside of Texas, oil and gas refineries have attracted significant attention, thanks to the oil fields along the Gulf Coast. We will discuss these in greater detail later in this report. Data centers are also going up 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.

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

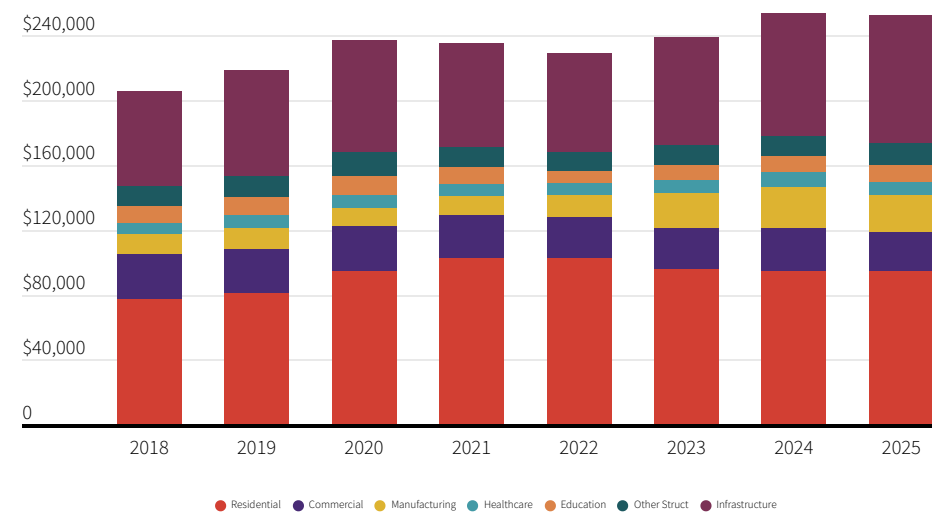
	2018	2019	2020	2021	2022	2023	2024	2025
Total	-0.1%	6.5%	7.9%	-0.4%	-2.9%	4.7%	6.2%	-0.4%
Residential	-2.2%	4.4%	16.2%	9.0%	-0.2%	-6.9%	-0.2%	-0.7%
Commercial	2.3%	0.6%	1.5%	-7.2%	-4.2%	3.5%	-1.2%	-4.4%
Manufacturing	-1.6%	6.6%	-9.0%	2.8%	14.9%	62.0%	16.3%	-13.2%
Healthcare	-3.7%	5.0%	5.7%	-0.3%	-5.8%	7.0%	10.8%	0.4%
Education	0.8%	3.8%	2.0%	-11.5%	-14.9%	6.5%	13.2%	1.3%
Other Struct*	1.2%	4.0%	11.3%	-12.2%	-11.5%	4.2%	11.9%	-1.4%
Infrastructure	2.0%	13.5%	4.1%	-6.8%	-6.1%	11.7%	12.5%	5.5%

◀ HISTORIC FORECAST ▶

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

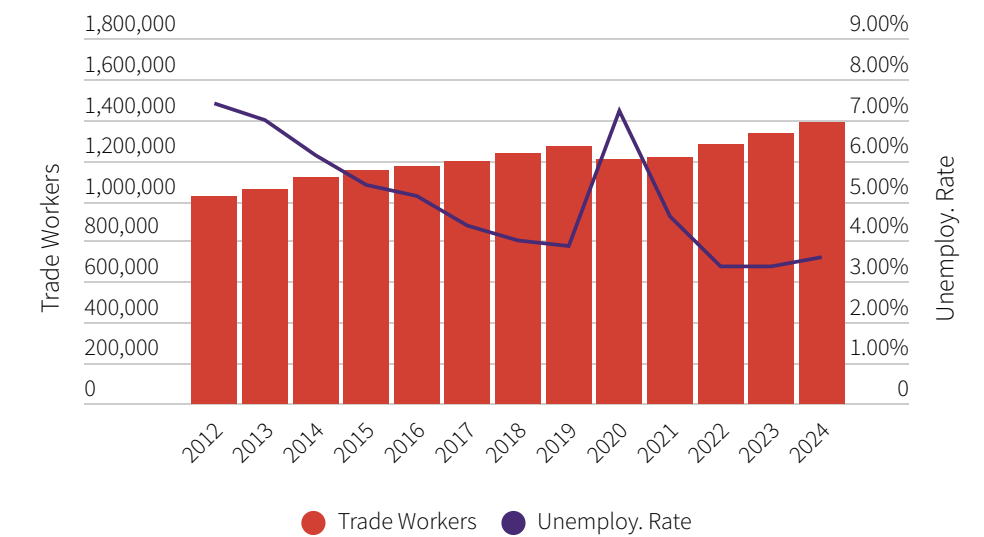
SOURCE: IHS-Markit

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



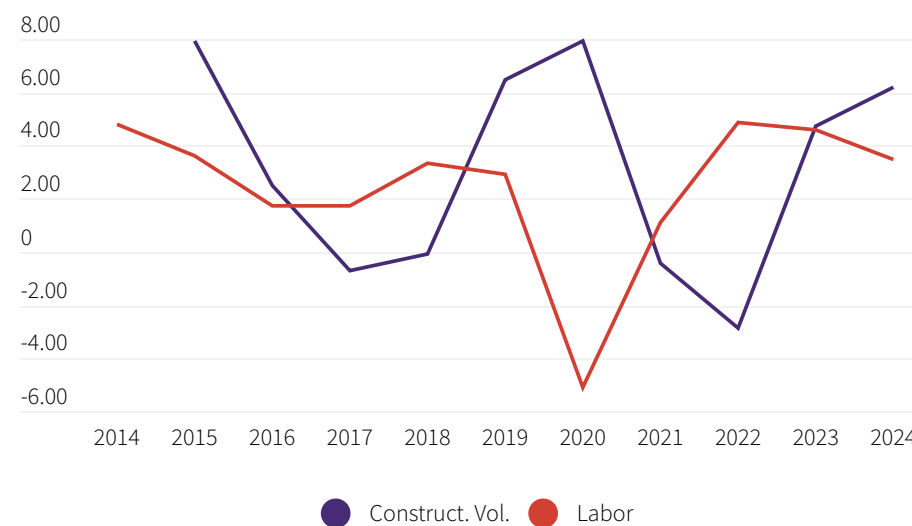
SOURCE: IHS-Markit

Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

Construction Volume vs Labor - Annual Increase/Decrease

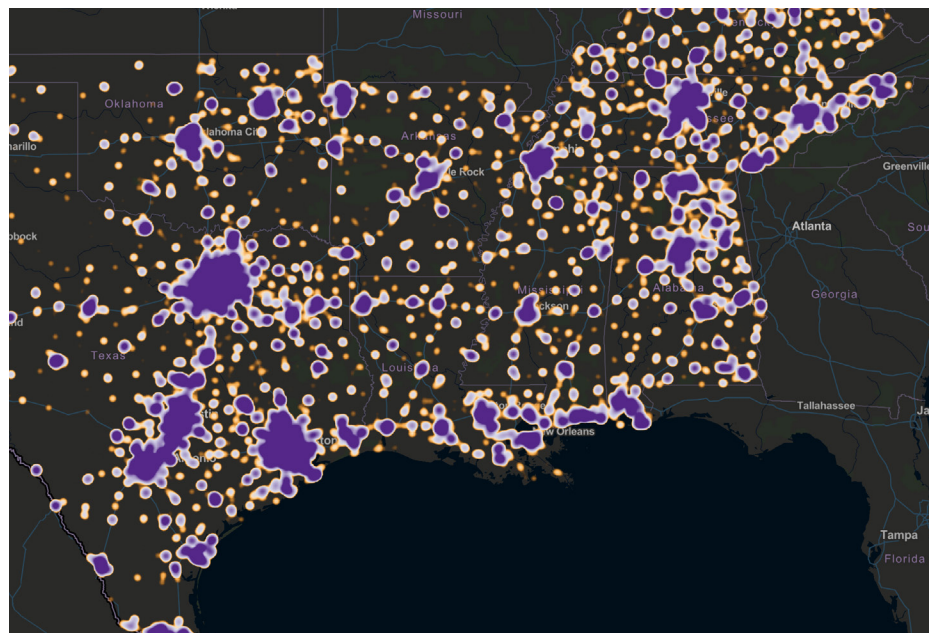


SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Marcel Joseph Shopping Center	Katy, TX	\$95B
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
Dollar General	Jewett, TX	\$10.64B
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	\$6.50B

SOURCE: Build Central



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