

**PORTLAND, OR**

While the COVID-19 response forced much of the region to shutter, construction projects in Oregon remained active as essential business. However, out of an abundant concern for public health and safety, many projects and workers voluntarily stopped work until proper safety regulations could be implemented. While the long-term effects remain to be seen, large projects wait in the pipeline with a labor market that remains tight in the near term. Meanwhile, Portland continues to be at the forefront of building technology, with the largest living building in Oregon — the PAE Living Building — breaking

ground. While we have yet to see the effects of the recent statewide gross receipts tax, Portland Metro has doubled down and passed a new \$2.5 billion tax to fund homelessness services.

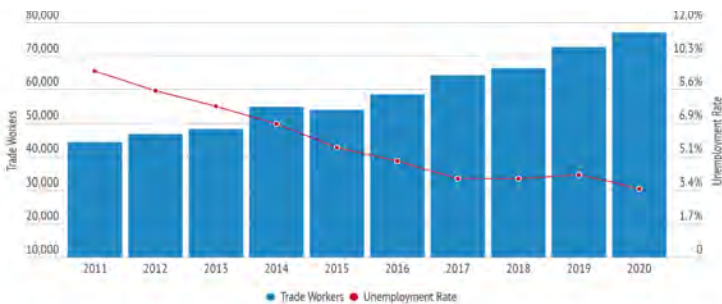
Local construction costs are likely to be pushed upwards through 2020 by a combination of factors. The tight labor market will keep wages high, as will an increase in the state minimum wage that goes into effect on July 1st. Difficulties sourcing materials will also drive up costs, as international supply lines and domestic production are both hampered by the pandemic. These will counteract any downward pressure on escalation that could be exerted by the slight drop in overall construction volume in the region.

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

Sector	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total (x \$1m)</b>	10,678	11,993	11,521	11,718	11,498	11,164	10,772	10,676
Residential	5,408	6,407	6,194	6,416	6,135	6,080	5,727	5,745
Commercial	929	1,144	1,206	1,254	1,178	1,045	978	968
Manufacturing	759	725	627	609	607	545	538	542
Healthcare	300	311	321	315	320	324	335	354
Education	493	518	532	509	478	450	467	517
Other Struct*	504	537	571	562	549	504	490	482
Infrastructure	2,286	2,351	2,070	2,053	2,230	2,216	2,238	2,088
<b>Total Increase</b>	<b>Y-O-Y %</b>	<b>12.3%</b>	<b>-3.9%</b>	<b>1.7%</b>	<b>-1.9%</b>	<b>-2.9%</b>	<b>-3.5%</b>	<b>-0.9%</b>
Residential	Y-O-Y %	18.5%	-3.3%	3.6%	-4.4%	-0.9%	-5.8%	0.3%
Commercial	Y-O-Y %	23.1%	5.4%	4.0%	-6.0%	-11.3%	-6.5%	-0.9%
Manufacturing	Y-O-Y %	-4.5%	-13.5%	-2.9%	-0.3%	-10.2%	-1.2%	0.7%
Healthcare	Y-O-Y %	3.7%	3.2%	-1.8%	1.5%	1.3%	3.2%	-0.3%
Education	Y-O-Y %	5.2%	2.7%	-4.4%	-6.1%	-5.8%	3.7%	10.9%
Other Struct*	Y-O-Y %	6.5%	6.4%	-1.5%	-2.3%	-8.3%	-2.7%	-1.7%
Infrastructure	Y-O-Y %	2.9%	-11.9%	-0.9%	8.7%	-0.6%	1.0%	-6.7%

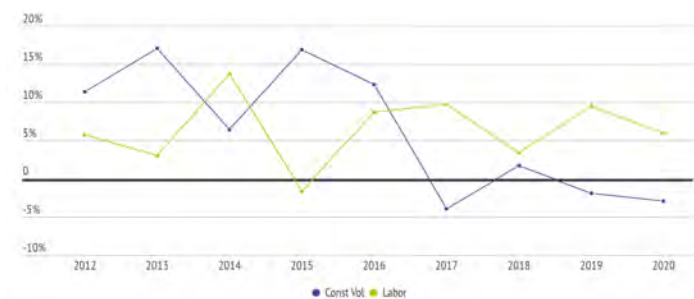
\* This includes religious buildings, amusement, government communications and public recreation projects.

**Regional Construction Employment**



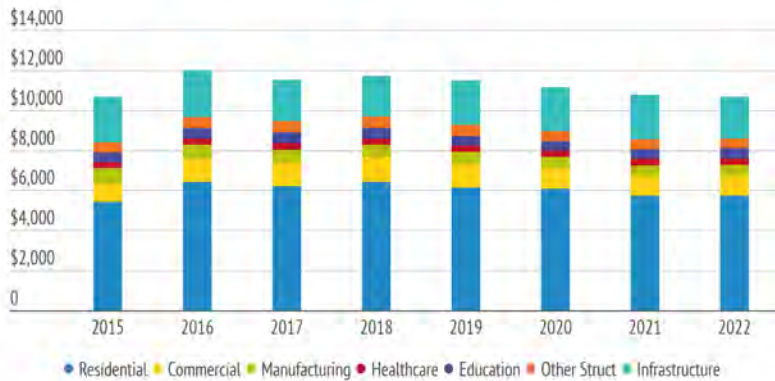
SOURCE: U.S. Bureau of Labor Statistics

**Construction Volume vs Labor - Annual Increase/Decrease**



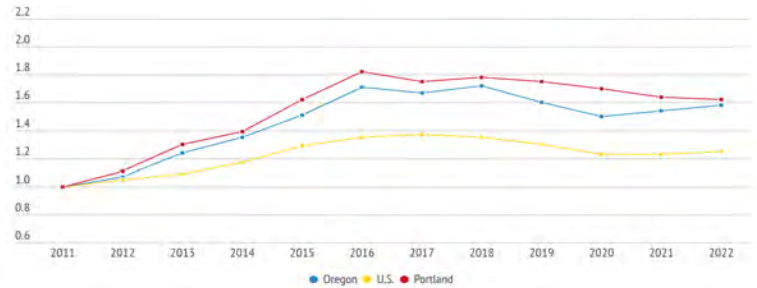
SOURCE: ReedConnect

**Annual Volume (x\$1m, 2012\$)**



SOURCE: IHS-MARKIT

**Construction Spending Index 2010-2021 (2010=1.0)**



SOURCE: IHS-MARKIT

**Top Regional Projects Sorted by Construction Value**

Project	Location	Value
Columbia River I-5 Bridge	Vancouver	\$3.0B
Southwest Corridor Transit	Portland	\$2.9B
Goldendale Energy Storage	Portland	\$2.0B
Portland MAX Rail	Portland	\$1.9B
The Broadway Corridor	Portland	\$1.1B
Portland Public Schools 2020 Bond	Portland	\$1.0B
Burnside Bridge	Portland	\$850m
Evergreen Public School Bond	Vancouver	\$695m
2018 Affordable Housing Bond	Portland	\$653m
Portland VA Medical Center	Portland	\$650m

SOURCE: ReedConnect