Minneapolis, MN

U.S. Construction Market | Market Snapshot Q1 - 2021

CUMMING
Building Value Through Expertise

The construction market in the Twin Cities grew by quite a bit in 2020, but this is expected to be short-lived. By the end of 2022, all gains from the last few years are expected to be erased. This is driven mainly by contracting residential and commercial sectors. The manufacturing and education sectors were hit hard by the pandemic, as most people are still working and attending school remotely. Construction labor declined slightly due to the pandemic, but is now near its pre-pandemic levels. Overall unemployment tells a similar story — after rising in April and May, it is now near what it was before the pandemic struck. We expect escalation to remain low, as firms still report difficulty filling key positions. In the near future, Minneapolis-St. Paul is expected to invest in the infrastructure and office sectors. Extensions to the city's light rail network and a new data center for Google are expected to begin construction in the next few years.

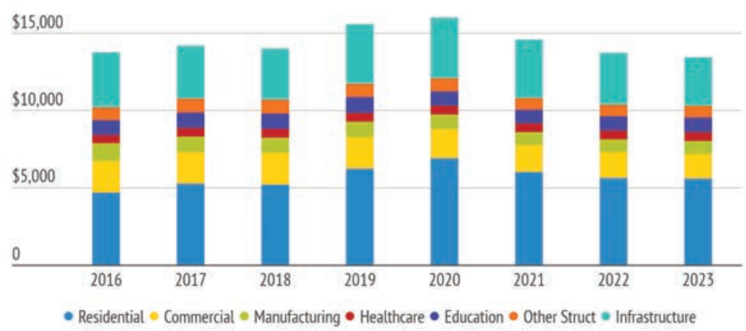
Total Construction Market Volume by Sector (x $1m, Nominalized 2012$)

Sector		2016	2017	2018	2019	2020	2021	2022	2023
Total (x $1m)		**13,730**	**14,167**	**13,983**	**15,562**	**16,422**	**14,571**	**13,712**	**13,439**
Residential		4,703	5,223	5,148	6,208	6,859	5,979	5,601	5,542
Commercial		1,973	2,043	2,093	2,027	1,920	1,740	1,672	1,632
Manufacturing		1,157	996	971	1,017	916	827	820	811
Healthcare		530	570	542	565	594	576	555	556
Education		981	1,019	1,027	1,014	924	883	940	965
Other Struct*		833	891	903	867	848	779	763	751
Infrastructure		3,553	3,425	3,299	3,864	4,361	3,786	3,361	3,183
Total Increase	**Y-O-Y %**		**3.2%**	**-1.3%**	**11.3%**	**5.5%**	**-11.3%**	**-5.9%**	**-2.0%**
Residential	Y-O-Y %		11.1%	-1.4%	20.6%	10.5%	-12.8%	-6.3%	-1.1%
Commercial	Y-O-Y %		3.5%	2.5%	-3.2%	-5.3%	-9.4%	-3.9%	-2.4%
Manufacturing	Y-O-Y %		-13.9%	-2.6%	4.8%	-9.9%	-9.7%	-0.9%	-1.0%
Healthcare	Y-O-Y %		7.6%	-4.9%	4.2%	5.2%	-3.0%	-3.6%	0.1%
Education	Y-O-Y %		3.9%	0.8%	-1.3%	-8.9%	-4.4%	6.4%	2.6%
Other Struct*	Y-O-Y %		7.0%	1.4%	-4.0%	-2.2%	-8.1%	-2.1%	-1.6%
Infrastructure	Y-O-Y %		-3.6%	-3.7%	17.1%	12.9%	-13.2%	-11.2%	-5.3%

SOURCE: IHS-Markit

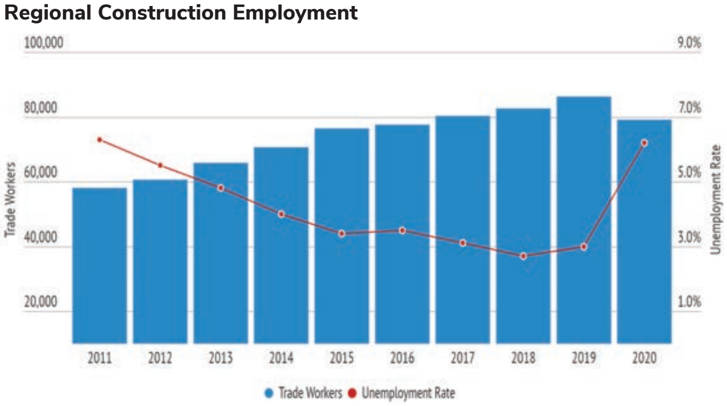
* This includes religious buildings, amusement, government communications and public recreation projects.

Annual Volume (x$1m, 2012$)

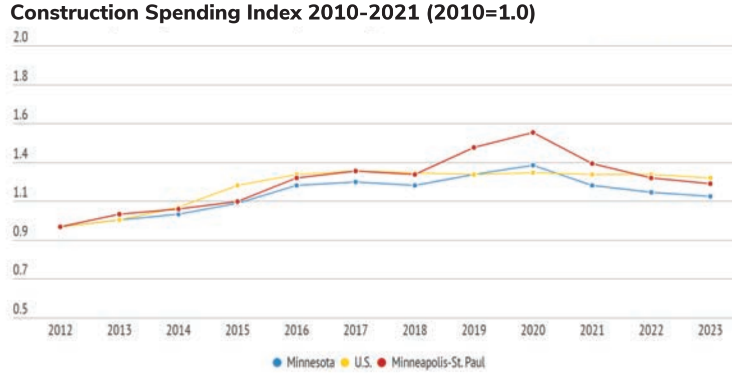


SOURCE: IHS-Markit

Regional Construction Employment

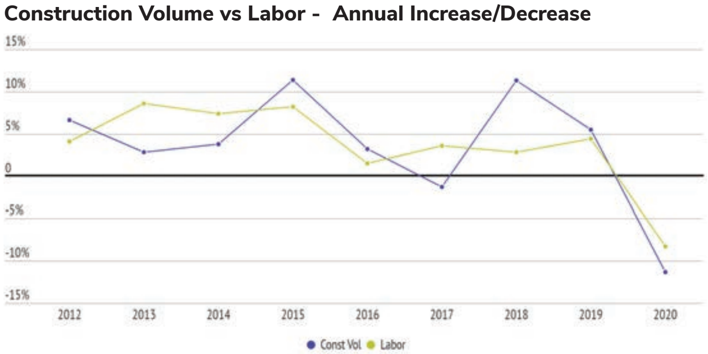


Construction Spending Index 2010-2021 (2010=1.0)



SOURCE: IHS-Markit

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value

Project	Location	Value
Bottineau Light Rail	Minneapolis	$1.5B
Urban Village Mixed-Use Development	Saint Paul	$500m
Rondo Land Bridge	Saint Paul	$459m
The Rush Line BRT Project	Saint Paul	$420m
Rice Street Sears Redevelopment	Saint Paul	$350m
Upper Harbor Redevelopment	Minneapolis	$300m
Riversedge	Minneapolis	$280m
North Loop Green 3	Minneapolis	$205m
University Avenue Office Building	Minneapolis	$200m
Silver Lake Road Apartments	Minneapolis	$188m

SOURCE: ReedConnect

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