

Portland, OR

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

Portland's construction market has been holding steady for the past few years, and we expect that trend to continue. The pandemic hit the manufacturing and education sectors hardest, while the healthcare sector saw growth. Oregon deemed construction to be an essential industry, so trade workers here managed to avoid some of the layoffs that plagued the industry in other cities, with the total number of workers remaining relatively constant. Unemployment has been holding at about 6% since October. Portland is expected to invest heavily in its

infrastructure, as is a trend throughout the Northwest. High speed rail, bridges across the Columbia River, and light rail are all major projects here. There is also a plan to expand the Portland International Airport. Residential construction is still the largest sector of the construction industry here, seeing a lot of small projects rather than a few large ones. Costs here are higher than the rest of Oregon but have been holding steady since 2015. We expect this trend to continue.

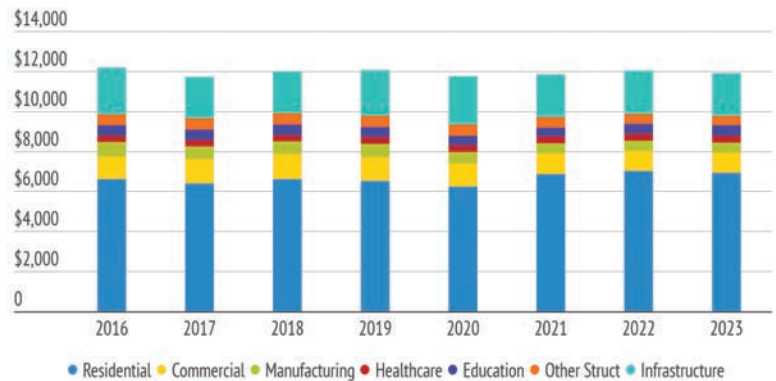
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

| Sector | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total (x \$1m) | 12,183 | 11,728 | 11,990 | 12,052 | 11,753 | 11,825 | 12,037 | 11,907 |
| Residential | 6,600 | 6,404 | 6,617 | 6,514 | 6,248 | 6,845 | 7,005 | 6,932 |
| Commercial | 1,143 | 1,204 | 1,235 | 1,201 | 1,134 | 1,042 | 1,005 | 985 |
| Manufacturing | 724 | 627 | 623 | 655 | 578 | 515 | 510 | 511 |
| Healthcare | 311 | 321 | 322 | 329 | 348 | 342 | 344 | 344 |
| Education | 518 | 531 | 526 | 513 | 456 | 442 | 492 | 521 |
| Other Struct* | 537 | 571 | 563 | 548 | 554 | 516 | 500 | 489 |
| Infrastructure | 2,350 | 2,069 | 2,105 | 2,292 | 2,455 | 2,124 | 2,179 | 2,126 |
| Total Increase | Y-O-Y % | -3.7% | 2.2% | 0.5% | -2.5% | 0.6% | 1.8% | -1.1% |
| Residential | Y-O-Y % | -3.0% | 3.3% | -1.6% | -4.1% | 9.6% | 2.3% | -1.0% |
| Commercial | Y-O-Y % | 5.4% | 2.6% | -2.8% | -5.6% | -8.1% | -3.6% | -2.0% |
| Manufacturing | Y-O-Y % | -13.4% | -0.8% | 5.3% | -11.8% | -10.9% | -0.8% | 0.1% |
| Healthcare | Y-O-Y % | 3.3% | 0.2% | 2.3% | 5.7% | -1.7% | 0.7% | -0.2% |
| Education | Y-O-Y % | 2.6% | -1.0% | -2.5% | -11.0% | -3.2% | 11.4% | 5.8% |
| Other Struct* | Y-O-Y % | 6.3% | -1.4% | -2.7% | 1.1% | -6.8% | -3.2% | -2.1% |
| Infrastructure | Y-O-Y % | -12.0% | 1.7% | 8.9% | 6.2% | -12.8% | 2.6% | -2.4% |

SOURCE: IHS-Markit

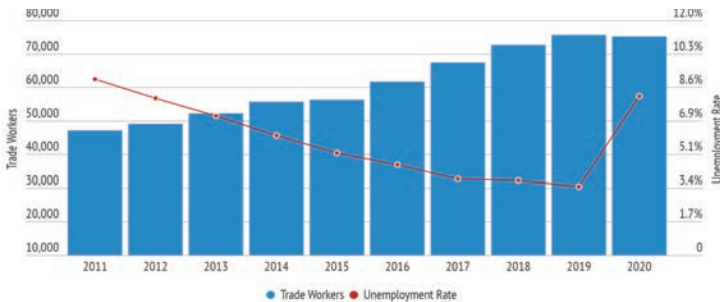
* This includes religious buildings, amusement, government communications and public recreation projects.

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



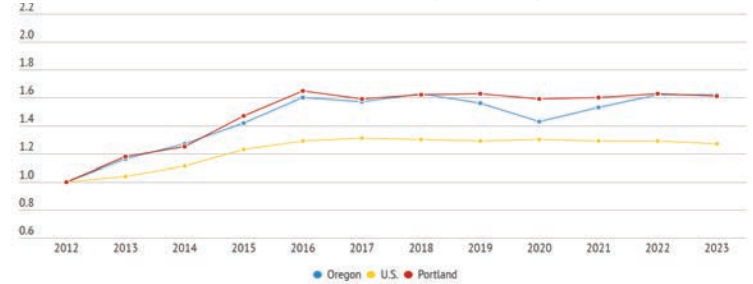
SOURCE: IHS-Markit

Regional Construction Employment



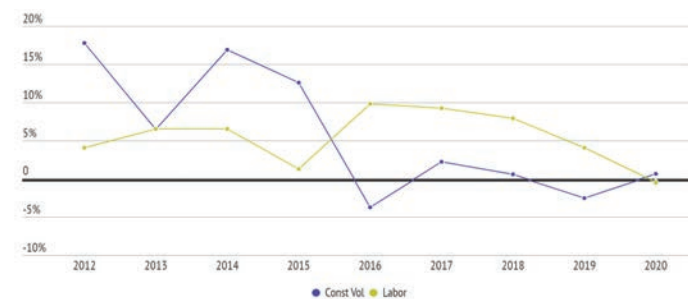
SOURCE: U.S. Bureau of Labor Statistics

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 |
|---------------------------------------|----------|--------|
| Southwest Corridor Light-Rail | Portland | \$2.9B |
| The Goldendale Energy Storage | Portland | \$2.0B |
| USPS Broadway Corridor | Portland | \$1.2B |
| The Broadway Corridor | Portland | \$1.1B |
| PDX Western Terminal Expansion | Portland | \$0.9B |
| Burnside Bridge - Multnomah County | Portland | \$0.9B |
| I-5 Rose Quarter Improvement | Portland | \$0.8B |
| Portland Public Schools Modernization | Portland | \$745m |
| Bull Run Filtration Facility | Portland | \$650m |
| Veterans Affairs Portland Upgrades | Portland | \$500m |

SOURCE: ReedConnect