

Washington, D.C.

U.S. Construction Market | Market Snapshot Q1 - 2022

Washington D.C. is different from the rest of the country in many ways. Laws limiting building height mean that almost all of the available land is used. In turn, this has pushed many new developments to nearby communities like Alexandria and Bethesda. One in four workers is a direct employee of the federal government and have jobs regardless of the economic situation. These workers command high wages, which keeps spending high and acts as a shock-absorber for the city's economy. The pandemic did not have as strong of an impact on the D.C. market, and unemployment remained well below the national average.

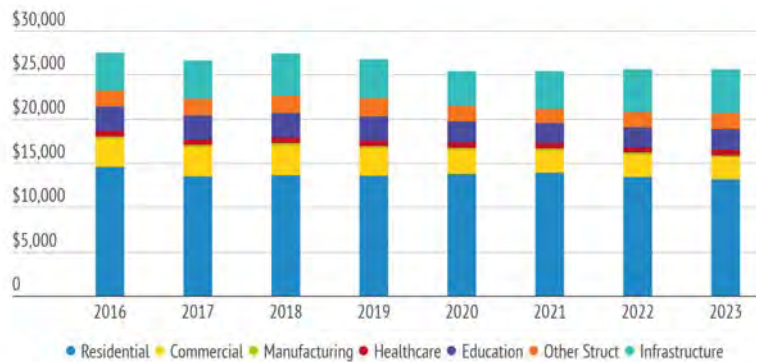
All of this means that the city's construction market remains steady and stable. It is predicted to grow by less than one percent each year through 2025. The residential sector is the largest by a fair margin, driven by mixed-density developments outside of the city limits. Several high-profile infrastructure projects are in the works to connect these workers to jobs in downtown D.C. Construction employment remains below 2019 levels, however, meaning that costs will likely be increased in the short term.

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

Sector	HISTORIC 🕒 FORECAST 🔮								
	2016	2017	2018	2019	2020	2021	2022	2023	
Total Increase	Y-O-Y %	-3.2%	3.0%	-2.4%	-5.0%	-0.1%	0.8%	0.1%	
Residential	Y-O-Y %	-7.1%	0.7%	-0.5%	1.8%	0.9%	-3.7%	-2.0%	
Commercial	Y-O-Y %	2.3%	2.8%	-6.5%	-13.5%	-7.5%	0.2%	-0.5%	
Manufacturing	Y-O-Y %	-2.7%	6.9%	-12.1%	-1.2%	-3.3%	2.5%	1.9%	
Healthcare	Y-O-Y %	-2.6%	3.2%	-3.7%	-4.0%	0.0%	5.1%	2.4%	
Education	Y-O-Y %	1.1%	1.2%	-2.8%	-12.8%	-4.8%	1.7%	1.7%	
Other Struct*	Y-O-Y %	1.6%	1.6%	9.2%	-15.9%	-5.9%	5.1%	4.3%	
Infrastructure	Y-O-Y %	1.0%	11.8%	-8.7%	-10.4%	7.2%	12.8%	3.6%	

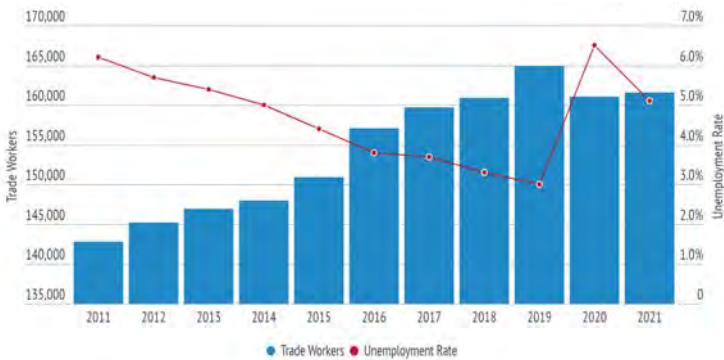
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



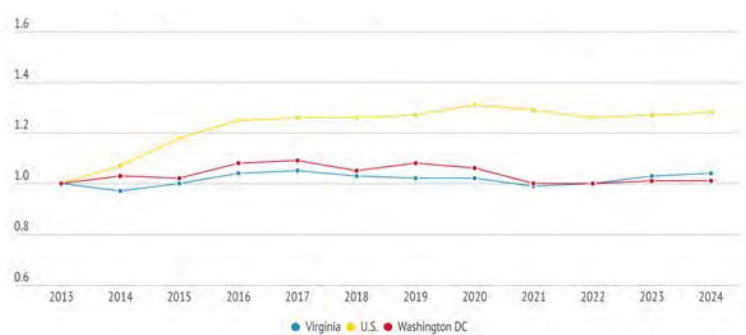
SOURCE: IHS-Mack

Regional Construction Employment



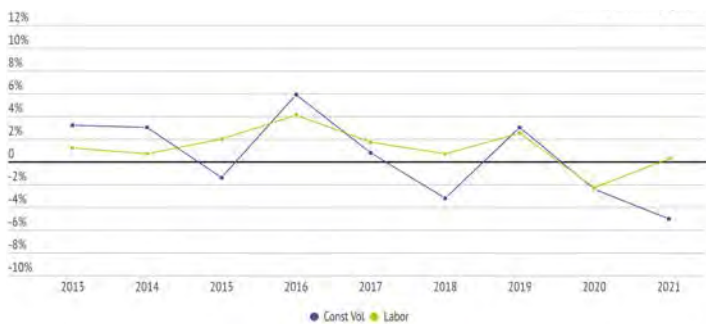
SOURCE: U.S. Bureau of Labor Statistics

Construction Spending Index 2010-2021 (2010=1.0)



SOURCE: ReedConnect

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value

Project	Location	Value
Dominion Square East Mixed Use	Tysons	4.8B
FBI Headquarters Rebuild	Washington	3.8B
GreenCity	Richmond	2.3B
Springfield Town Center Development	Springfield	2.0B
Smithsonian Institution Campus Master Plan - Phase 1	Washington	2.0B
Poplar Point Waterfront Redevelopment	Washington	2.0B
Long Bridge Project - Commonwealth of Virginia - Department of Rail and Public Transportation	Manassas	1.9B
Long Bridge Operations Study	Washington	1.9B
Secure Data Center Campus	Leesburg	1.8B
Prince William County Data Center Development	Manassas	1.7B

SOURCE: ReedConnect