

Los Angeles, Orange County, CA

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

Many of the issues that have been facing the Los Angeles (LA) market represent new opportunities for the construction industry. Earthquakes and wildfires pose unique threats to the city, but the ways that officials have chosen to combat them can potentially add billions of dollars to an already very active market. Buildings will need to be renovated to comply with the city's seismic ordinances, while changes to the city's zoning laws will open up new parts of LA to high-density developments. The last few years have been a challenge, but there are still plenty of reasons to be optimistic.

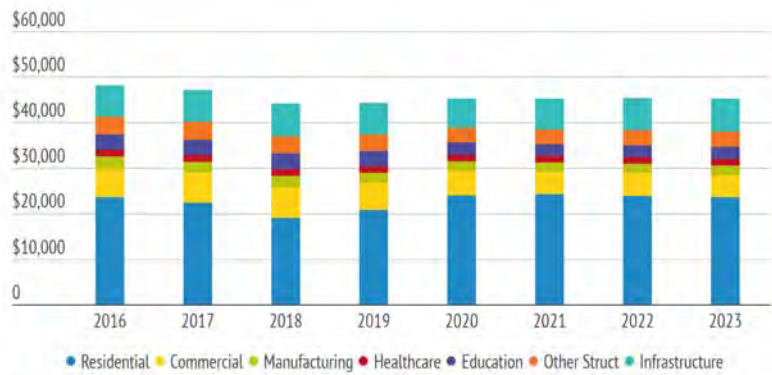
The next few years should be relatively tepid for the LA market. America's second-largest city has only grown by about 5% over the last 20 years, and it is likely slowing down as a higher-than-average cost of living deters prospective residents. Construction employment only made modest gains in 2021 and unemployment is still very high. These will hinder the city's recovery for some time. LA is also expected to invest heavily in transit in the coming years, as single-use zoning has led almost all available land to be built on. The city is betting that walkable, interconnected neighborhoods will bring people back to the city center and in the process alleviate some of its environmental woes.

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

Sector	HISTORIC (2016-2021) FORECAST (2022-2023)								
	2016	2017	2018	2019	2020	2021	2022	2023	
Total Increase	Y-O-Y %	-2.1%	-6.4%	0.3%	2.2%	-0.2%	0.4%	-0.4%	
Residential	Y-O-Y %	-5.1%	-14.5%	8.5%	15.9%	0.8%	-1.4%	-1.4%	
Commercial	Y-O-Y %	2.8%	0.4%	-7.6%	-11.2%	-6.5%	-0.5%	-2.0%	
Manufacturing	Y-O-Y %	-5.4%	-4.1%	-15.2%	-5.5%	-2.6%	2.4%	0.8%	
Healthcare	Y-O-Y %	-2.9%	-1.1%	1.3%	-2.1%	-2.3%	1.9%	1.4%	
Education	Y-O-Y %	-1.5%	3.5%	-5.2%	-16.5%	-3.8%	0.2%	1.1%	
Other Struct*	Y-O-Y %	1.2%	-3.6%	-4.4%	-14.3%	-0.7%	5.5%	4.4%	
Infrastructure	Y-O-Y %	1.4%	-1.9%	-3.5%	-6.0%	4.2%	4.3%	0.7%	

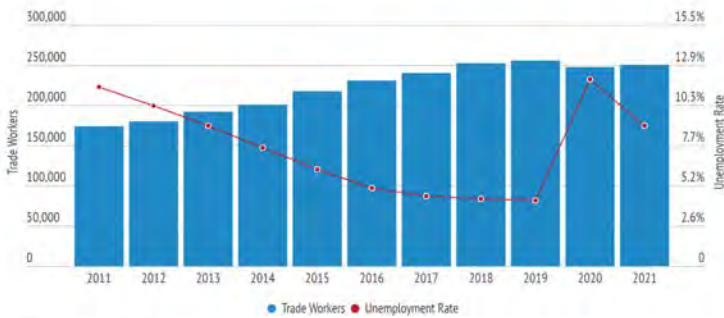
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



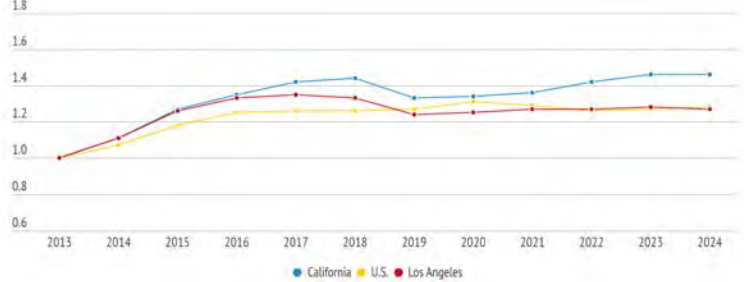
SOURCE: BLS-Markit

Regional Construction Employment



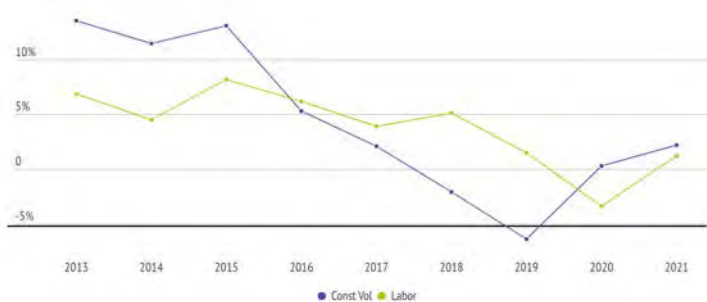
SOURCE: U.S. Bureau of Labor Statistics

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
Purple Line Extension Section 2 Stations Project	Los Angeles	31.0B
I-605 Hot Spots Projects / Valley/ Beverly / South and SR 60/7th - (LA Metro)	Norwalk	10.0B
The Centennial Specific Plan Project	Santa Clarita	10.0B
Sepulveda Transit Corridor Project	Los Angeles	9.5B
West Santa Ana Branch Light Rail Line - West Santa Ana Branch Transit Corridor	Los Angeles	8.5B
I-710 LA River Bike Path - Maywood to Long Beach - (LA Metro)	East Los Angeles	4.0B
Crenshaw Line Extension - City of West Hollywood	West Hollywood	2.2B
Fourth & Central Mixed-Use Redevelopment	Los Angeles	2.0B
6AM Development	Los Angeles	2.0B
One Beverly Hills - Century City	Beverly Hills	2.0B

SOURCE: ReedConnect