

Minneapolis, MN

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

The Twin Cities are another market set to drop off rather sharply this year. The overall market is set to decrease by just over 12% relative to 2021 levels, following a 3.3% growth relative to the year prior. We expect this to continue through at least 2024, settling at a smaller level than before the pandemic. This is expected to be most pronounced in the residential sector, which is set to decline by 22% this year. This is partly because residential volume increased so dramatically during 2021 that a return to normal looks like a serious decline.

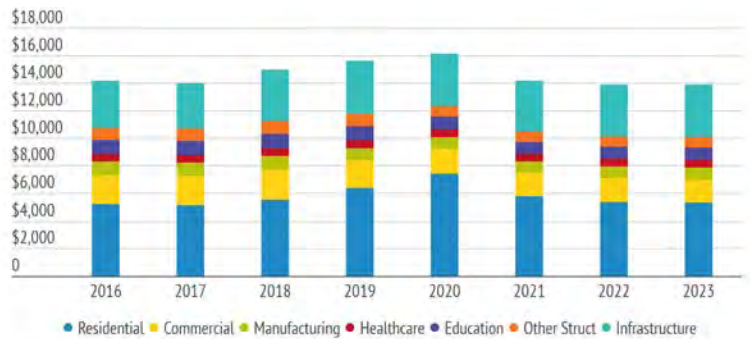
To address the housing shortage, the U.S. Department of Housing and Urban Development reports that there are more than 21,000 new projects under construction in the area – more than at any point of the last twenty years. These should provide steady volume for the next few years and offset declines in other sectors.

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

Sector	HISTORIC FORECAST								
	2016	2017	2018	2019	2020	2021	2022	2023	2025
Total Increase	Y-O-Y %	-1.3%	6.8%	4.4%	3.3%	-12.2%	-2.0%	0.0%	
Residential	Y-O-Y %	-1.6%	7.7%	14.1%	16.7%	-22.0%	-6.4%	-12.2%	
Commercial	Y-O-Y %	2.5%	1.3%	-4.8%	-10.8%	-6.9%	-0.7%	-1.9%	
Manufacturing	Y-O-Y %	-2.5%	5.8%	-12.1%	-2.6%	-2.4%	2.2%	2.1%	
Healthcare	Y-O-Y %	-4.9%	2.7%	2.7%	-1.1%	-4.5%	0.1%	1.2%	
Education	Y-O-Y %	0.9%	2.4%	-2.8%	-10.4%	-6.2%	2.2%	1.4%	
Other Struct*	Y-O-Y %	1.3%	-0.1%	1.1%	-15.2%	-3.9%	5.3%	3.6%	
Infrastructure	Y-O-Y %	-3.6%	13.2%	3.0%	-1.1%	-2.3%	0.6%	0.9%	

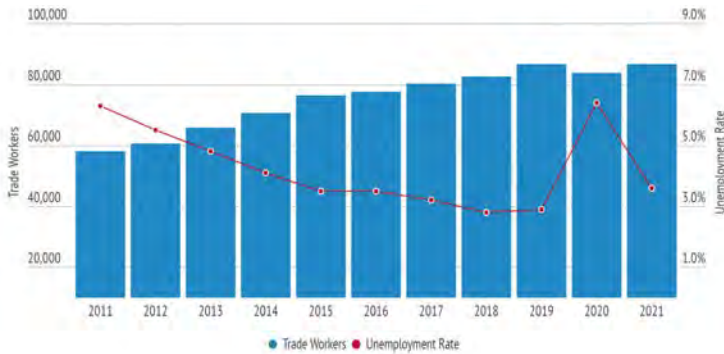
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



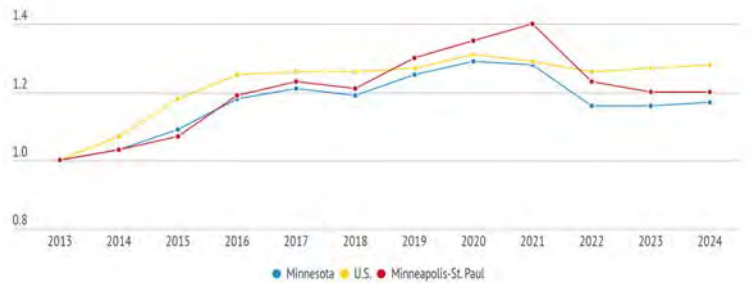
SOURCE: IHS-Markit

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
Destination Medical Center - All Other Phases	Olmsted	5.6B
Twin Metals Processing Facility	Saint Louis	3.0B
Green Line Light Rail Transit Extension (Southwest Light Rail Transit) Civil Construction	Hennepin	2,000M
Bottineau Light Rail Transit Project / Blue Line Extension	Hennepin	1,536M
NorthMet Project	Saint Louis	1,000M
Mississippi Landing	Sherburne	1,000M
Amber Fields	Dakota	740M
Google Data Center / Becker	Sherburne	600M
The Cubes at French Lake	Hennepin	537M
WillowBrooke	Washington	528M

SOURCE: ReedConnect