

Philadelphia, PA

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

Philadelphia is expected to remain a tepid market in the coming years. The overall market grew by just under 8% in 2021, but this was almost entirely due to the residential sector. As working from home set in, people found themselves with a unique combination of low interest rates, few outlets for disposable income, and a genuine need for more space. This grew the residential sector in all cities and was enough to offset declines in other sectors. But COVID is becoming endemic, and companies are insisting that their return-to-office plans are for real this time. The residential sector is expected to return to roughly 2019 levels, which should cause the overall market to follow suit.

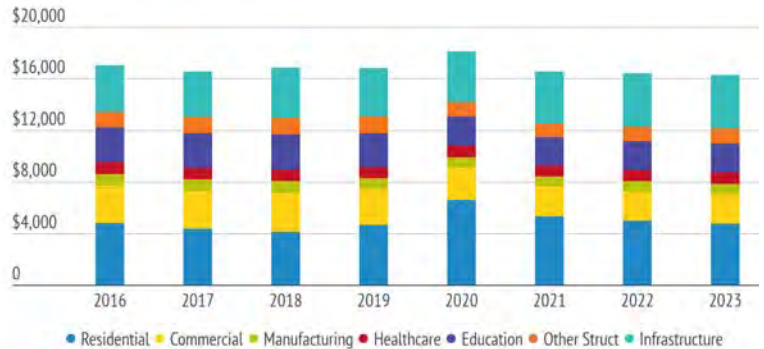
The 2020 census has rebuffed several assumptions about where people are living and working. Philadelphia's population growth was beginning to stall but still managed about 5% over the last ten years. This has in turn breathed life into the Philadelphia market, whose construction workforce grew by a similar amount. When faced with a stagnant market, however, this is expected to push down labor costs 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 %	-2.7%	1.8%	-0.2%	7.8%	-8.8%	-0.9%	-0.8%	
Residential	Y-O-Y %	-9.1%	-4.8%	-12.3%	42.1%	-19.4%	-6.8%	-3.7%	
Commercial	Y-O-Y %	1.8%	0.6%	-6.2%	-10.5%	-7.6%	-0.5%	-1.8%	
Manufacturing	Y-O-Y %	-3.3%	5.7%	-12.9%	-3.6%	-2.9%	2.1%	1.7%	
Healthcare	Y-O-Y %	-3.8%	0.6%	-1.4%	0.0%	-2.3%	2.1%	1.2%	
Education	Y-O-Y %	-0.4%	1.6%	-4.0%	-11.5%	-4.5%	0.9%	1.1%	
Other Struct*	Y-O-Y %	2.4%	1.4%	3.0%	-14.7%	-4.9%	4.9%	3.8%	
Infrastructure	Y-O-Y %	-1.0%	10.6%	-4.0%	4.8%	1.9%	3.1%	0.0%	

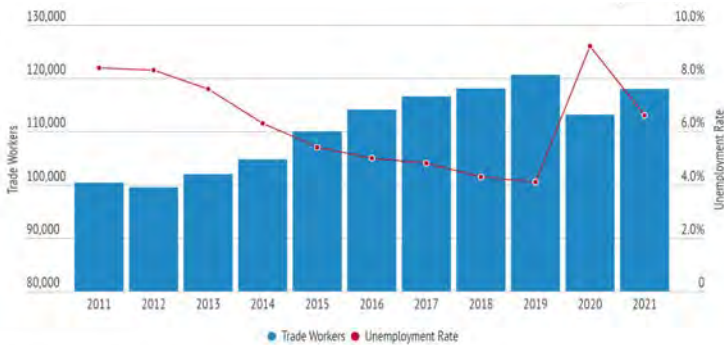
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



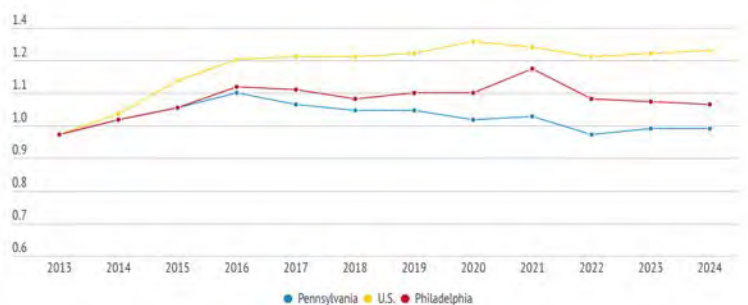
SOURCE: IHS-Markit

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: BuildConnect

Top Regional Projects Sorted by Construction Value

Project	Location	Value
ExxonMobil Petrochemical Plant	Beaver	10.0B
30th Street Station District Plan / Philadelphia	Philadelphia	6.5B
Nacero Gasoline Manufacturing Development / Nanticoke	Nanticoke	6.0B
River Pointe Logistics	Mount Bethel	3.2B
Philadelphia Navy Yard Redevelopment	Philadelphia	2,600M
King of Prussia Rail Project - SEPTA	Norristown	2,000M
New Inpatient Tower - Children's Hospital of Philadelphia	Philadelphia	1,900M
Keystone Trade Center Phase 1 - Buildings 1, 2 & 3	Lower Makefield	1,500M
Pittsburgh International Airport's Terminal - Multi-Modal Complex General Trades	Pittsburgh	1,390M
Pittsburgh International Airport's Terminal - Electrical, Plumbing/Fire Suppression, Mechanical	Pittsburgh	1,390M

SOURCE: ReedConnect