

Phoenix, AZ

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

Phoenix is one of many cities that sees the rising cost of living in the Bay Area as an opportunity. A worker living in Phoenix does not need to make as much as a worker in San Jose to enjoy the same standard of living. This makes it an attractive prospect for tech companies looking to cut costs while retaining key talent. Phoenix has been courting these companies for a long time – at one point acting as a trial market for same-day drone delivery – and these efforts are beginning to bear fruit. Office rentals in Phoenix grew throughout the pandemic, with big-name tech companies as some of the largest investors.

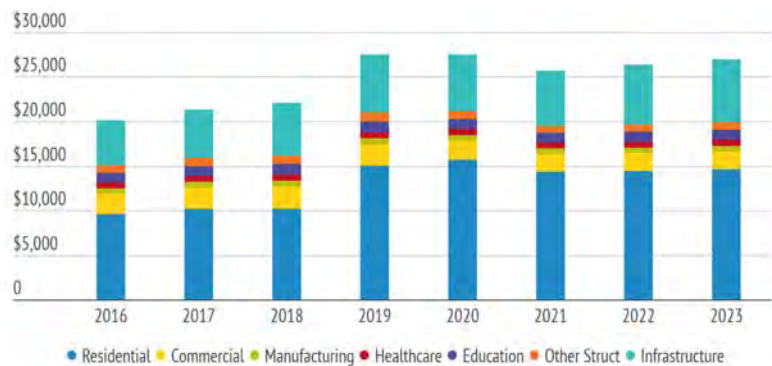
There is going to be a lot to do in Phoenix in the coming years. Construction volume is set to decline in 2022 as the market returns to its pre-pandemic state, but it should continue to grow after. The highs of 2021 should be surpassed as early as 2024. The construction labor market remained relatively stagnant in 2021, meaning that labor costs will probably fall this year before rising next year. Unemployment is also improving and is within a few percentage points of 2019 levels.

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 %	5.9%	3.4%	24.8%	0.0%	-6.6%	2.6%	2.4%	
Residential	Y-O-Y %	6.5%	0.3%	47.2%	4.1%	-8.2%	0.3%	1.4%	
Commercial	Y-O-Y %	3.8%	2.8%	-2.1%	-10.7%	-7.1%	-0.4%	-0.3%	
Manufacturing	Y-O-Y %	-0.1%	8.9%	-8.7%	-1.5%	-2.5%	3.8%	1.8%	
Healthcare	Y-O-Y %	1.1%	5.4%	10.9%	0.5%	-7.2%	4.1%	3.5%	
Education	Y-O-Y %	6.3%	4.3%	1.7%	-7.2%	-3.4%	0.9%	1.0%	
Other Struct*	Y-O-Y %	2.6%	1.8%	4.5%	-15.0%	-4.3%	4.7%	4.4%	
Infrastructure	Y-O-Y %	7.6%	8.7%	10.4%	-1.7%	-3.8%	8.9%	5.0%	

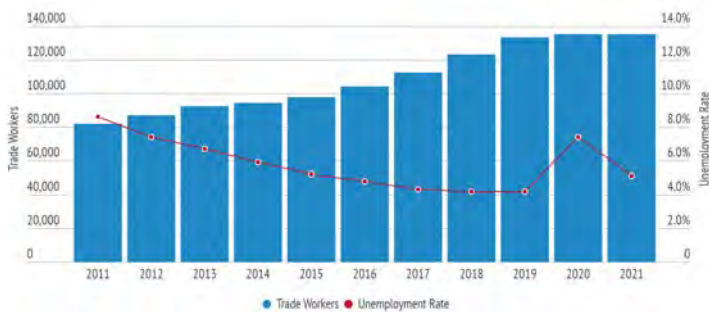
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



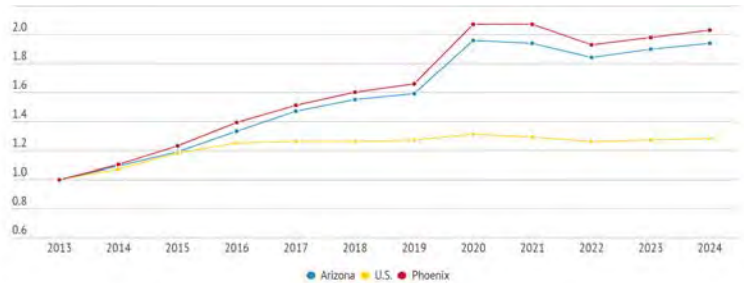
SOURCE: IHS-Markit

Regional Construction Employment



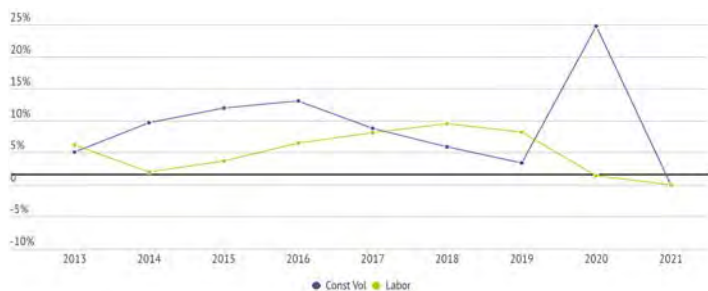
SOURCE: U.S. Bureau of Labor Statistics

Construction Spending Index 2010-2021 (2010=1.0)



SOURCE: IHS-Markit

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: BreezGantt

Top Regional Projects Sorted by Construction Value

Project	Location	Value
Taiwan Semiconductor Manufacturing Development / Phoenix	Phoenix	12.0B
Intel Chandler Ocotillo Campus Expansion	Chandler	8.0B
Samsung Semiconductor Manufacturing Facility	Phoenix	5.6B
Villages at Vigneto	Benson	4.0B
Navajo Energy Storage Station - U.S. Bureau of Reclamation	Phoenix	3.6B
Nacero Gasoline Manufacturing Development	Casa Grande	3.3B
Rainbow Valley	Goodyear	2.0B
Rosemont Copper Mine	Corona de Tuc	1.9B
South Pier at Tempe Town Lake	Tempe	1,800M
Camelback 303	Glendale	1,500M

SOURCE: ReedConnect