

San Diego, CA

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

After sprawling across a sizable chunk of Southern California, San Diego is finally reinvesting in its downtown. Many of the new residential developments that have been given the green light are mixed-density projects close to downtown. This is mostly due to necessity and is common in many cities in Southern California. Thanks to decades of zoning that only allows single-family developments, almost all usable land has already been built on. The only way for cities to accommodate their growing population is to build midrise residential projects or the now-ubiquitous five-over-one apartment block. San Diego is one of the few cities that is embracing this trend wholeheartedly.

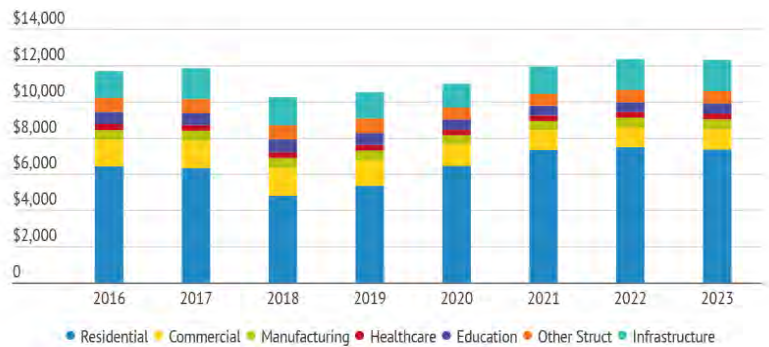
The city's construction market saw steady growth throughout the last two years, as it slowly but surely works its way out of a steep decline in 2019. It should continue to grow through the 2020s, and the construction labor force has grown steadily in anticipation. The city's unemployment rate has been declining as well, although it still has quite a bit of distance to cover. Labor costs should stay relatively constant, as labor and volume have increased in similar proportions.

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 %	1.3%	-13.4%	2.7%	4.5%	8.3%	3.4%	-0.2%	
Residential	Y-O-Y %	-1.3%	-24.2%	11.8%	20.1%	13.6%	2.2%	-1.5%	
Commercial	Y-O-Y %	2.3%	0.8%	-7.7%	-14.4%	-7.8%	1.0%	-0.3%	
Manufacturing	Y-O-Y %	-1.2%	7.8%	-9.6%	-3.6%	-2.8%	3.2%	2.1%	
Healthcare	Y-O-Y %	0.9%	-3.6%	0.4%	-3.2%	1.4%	4.5%	2.0%	
Education	Y-O-Y %	1.0%	4.4%	-5.7%	-16.5%	-3.5%	0.9%	1.6%	
Other Struct*	Y-O-Y %	1.8%	1.5%	0.6%	-16.2%	-2.2%	4.4%	3.7%	
Infrastructure	Y-O-Y %	12.8%	-8.0%	-5.1%	-9.5%	13.6%	11.7%	2.2%	

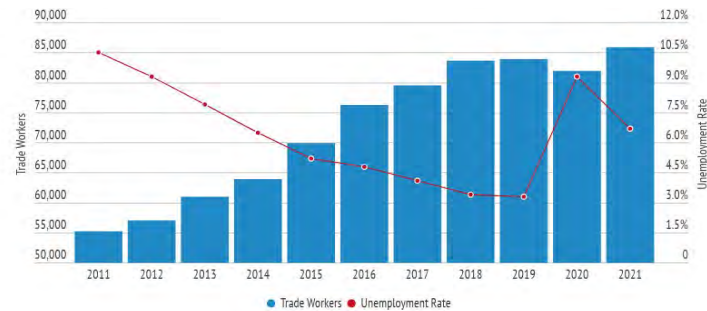
* This includes religious buildings, amusement, government communications, and public recreation projects.

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



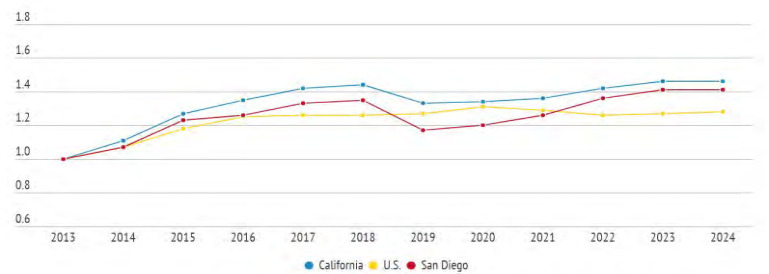
SOURCE: IHS-MARKIT

Regional Construction Employment



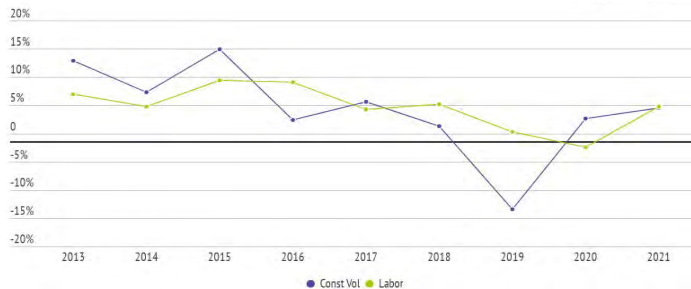
SOURCE: U.S. Bureau of Labor Statistics

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
Naval Base Point Loma Old Town Complex Redevelopment - SANDAG	San Diego	4.7B
Navy Old Town Complex Revitalization Project	San Diego	4.0B
2020 Bond/Measure - Convention Center Expansion - Measure C - City of San Diego	San Diego	3.8B
San Diego International Airport Terminal Replacement	San Diego	3.4B
San Diego State University - Mission Valley Campus Master Plan	San Diego	3.0B
Seaport San Diego Redevelopment - Protea Waterfront Development	San Diego	3.0B
Riverwalk Golf Club	San Diego	2.5B
San Vicente Energy Storage Facility / Lakeside	Lakeside	1.5B
Disposition and Development of East Village Quarter	San Diego	1.4B
Scripps Mercy Hospital San Diego	San Diego	1.3B

SOURCE: ReedConnect