

San Francisco – San Jose, CA

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

Silicon Valley is expected to maintain its position as a global technology hub for the foreseeable future. The Bay Area's many tech companies and startups continue to draw skilled workers from across the world, but this prosperity has created some unique problems. Tech companies offer high wages to the best workers, and so many of them live in one place that it has one of the highest costs of living in the world. The average family here must earn more than \$100,000 each year simply to make ends meet, while the median home costs north of \$1 million. Put simply, the city cannot build new houses and facilities fast enough. When demand outstrips supply, prices rise.

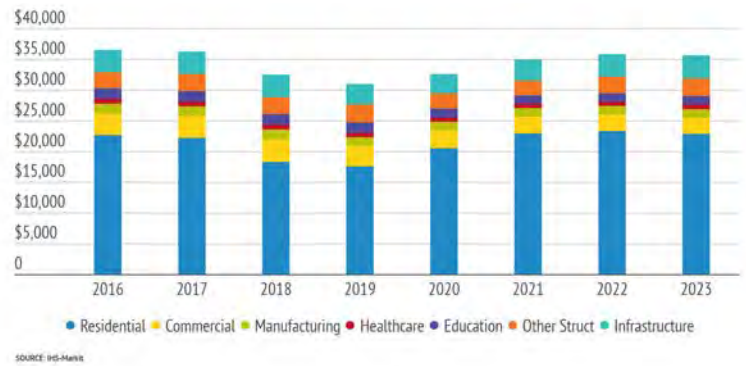
Workers are moving further and further afield in search of affordable housing, pushing commute times to well over two hours. To rectify this, cities throughout the Bay Area are investing in rapid transit by extending lines further into the hinterland and further into the city center. Several office parks are also in the works, but the residential sector is the largest here by far. The increased attention on the residential sector is badly needed in the market and will both provide billions of dollars in construction spending and reduce the cost of living.

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

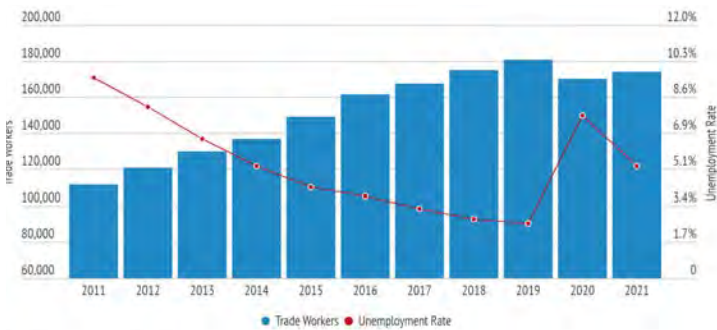
Sector	HISTORIC (2016-2021) FORECAST (2022-2023)								
	2016	2017	2018	2019	2020	2021	2022	2023	
Total Increase	Y-O-Y %	-0.7%	-10.3%	-4.7%	5.1%	7.2%	2.5%	-0.5%	
Residential	Y-O-Y %	-2.2%	-17.5%	-4.2%	17.0%	11.9%	1.3%	-1.9%	
Commercial	Y-O-Y %	2.2%	1.9%	-8.6%	-13.7%	-6.6%	0.0%	-1.7%	
Manufacturing	Y-O-Y %	-0.7%	5.0%	-11.0%	-2.4%	-1.9%	3.3%	1.9%	
Healthcare	Y-O-Y %	-3.6%	-1.8%	-1.2%	-1.9%	-0.6%	3.1%	1.0%	
Education	Y-O-Y %	0.6%	3.3%	-6.7%	-16.5%	-3.7%	0.0%	0.6%	
Other Struct*	Y-O-Y %	5.7%	-0.2%	6.1%	-12.2%	-4.2%	7.2%	8.2%	
Infrastructure	Y-O-Y %	1.1%	-1.0%	-8.1%	-7.7%	9.1%	9.4%	1.3%	

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

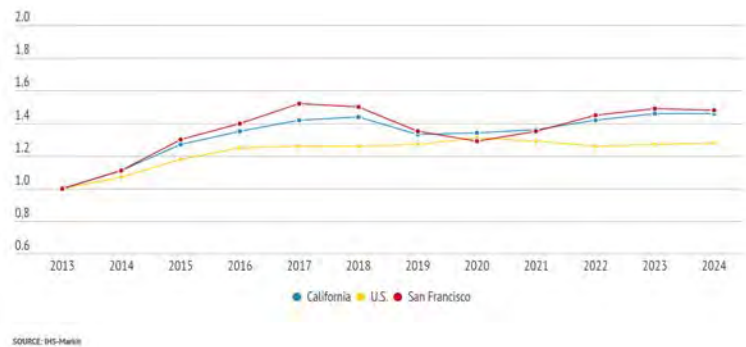
Annual Volume (x\$1M, 2012\$)



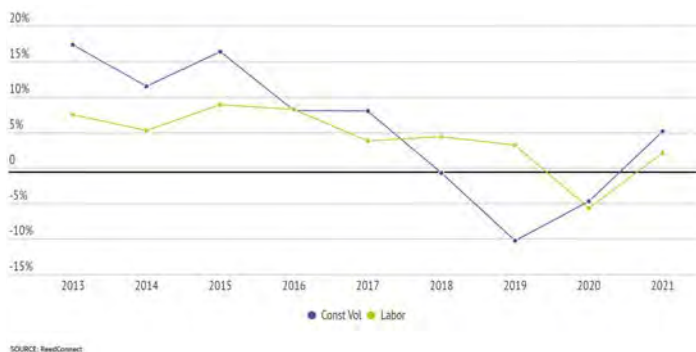
Regional Construction Employment



Construction Spending Index 2010-2021 (2010=1.0)



Construction Volume vs Labor - Annual Increase/Decrease



Top Regional Projects Sorted by Construction Value

Project	Location	Value
Second Transbay Tube Crossing - Bay Area Rapid Transit	San Francisco	29.0B
Related Santa Clara (Formerly City Place)	Santa Clara	6.5B
BART Extension Phase II - San Jose / Santa Clara Valley Transportation Authority	Santa Clara	6.5B
High Speed Rail - Downtown Extension - San Francisco Transportation Authority	San Francisco	6.1B
Google North Bayshore Master Planned Development	Mountain View	3.0B
Vallco Town Shopping Center	Cupertino	3.0B
Market Park - South Village	San Jose	3.0B
Mission Point Mixed-Use	Santa Clara	2.5B
Pacheco Reservoir Enlargement - Santa Clara Valley Water District	Gilroy	2.5B
RFQ D/B - Super Sub Site Plus Contract - New Hospital at Parnassus Heights	San Francisco	2.0B

SOURCE: ReedConnect