

MARKET ANALYSIS

Q1 2025

CUMMING
GROUP





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U.S. Construction Market Overview

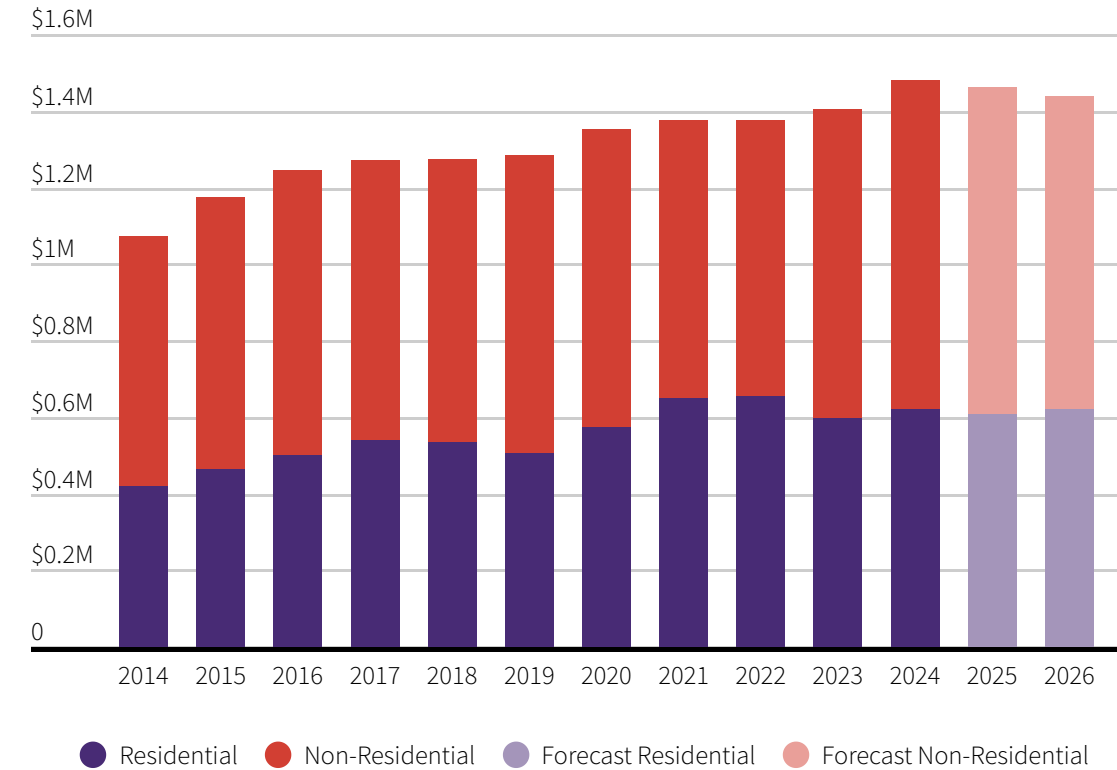
Q1 2025

In the first quarter of 2025, the U.S. construction industry experienced a challenging yet dynamic period. Rising material costs, driven by tariffs on imports from Mexico, Canada, and China, significantly impacted project budgets. Essential construction materials such as steel, aluminum, copper, and lumber saw price hikes, adding pressure to the financial viability of projects. The escalation in costs prompted builders to adjust procurement strategies and opt for alternative materials, which added complexity to project timelines and evoked memories of recent supply chain impacts. In addition, labor shortages, potentially exacerbated by immigration policies, continued to hinder the industry's ability to meet the growing demand for housing and infrastructure development. The U.S.'s construction spending showed a slight decline of 0.2% in January, with investments in multi-family housing dipping. However, despite these headwinds, the residential construction sector displayed resilience, with annual growth projections of 12% for 2025. This growth is fueled by factors such as stabilizing inflation, declining interest rates, and a steady demand for suburban and rural housing as homebuyers seek more affordable living options outside of urban centers. While commercial construction also faced challenges, such as fluctuating demand for office spaces and retail centers, the overall outlook for the sector remains cautiously optimistic as the industry adapts to new economic realities and evolving consumer preferences.

Many in the industry spent the first part of the year trying to mitigate the potential impacts of the Trump administration's tariffs. The stop-and-start nature of their implementation has muddied the waters significantly – while the question of whether there will be tariffs remains an open one, the question of whether the uncertainty around them will affect the industry is not. To navigate within this new environment, we recommend including cost escalation clauses or force majeure provisions into contracts. Flexibility in sourcing materials will be important, given how abruptly the administration changes course. When feasible, adjust project specifications to accommodate substitutions while ensuring quality and regulatory compliance. To further manage uncertainty, builders are adding cost contingencies to project budgets and maintaining early, transparent communication with owners to adjust scope or secure alternative materials before price shocks occur. While tariffs add complexity and uncertainty to contracting, a disruption on the scale of the COVID-19 pandemic remains unlikely. The economy has evolved since 2018, and this tariff regime must be understood within that context.

Total Construction Market Forecast

(x \$1M, Nominalized 2014)



SOURCE: IHS Market

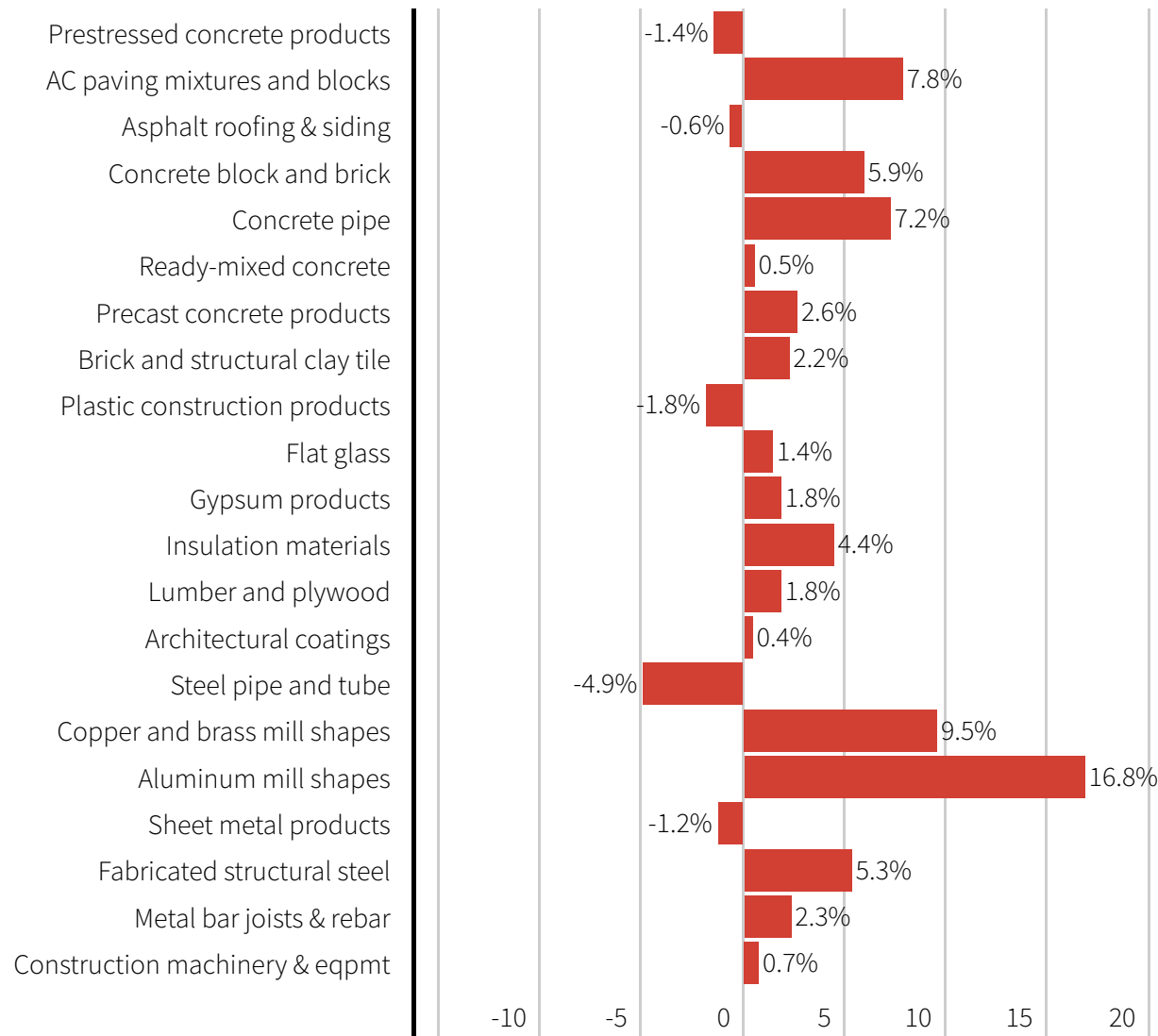
MATERIAL

PRICE TRENDS



Construction Materials Price Movement - Last 12 Months

March 2025 Data



SOURCE: U.S. Bureau of Labor Statistics

Material Price Trends

Domestic Materials

In Q1 2025, U.S. construction material prices remained volatile, influenced by lingering supply chain issues and uncertainty regarding tariffs on imports. Steel prices were notably high, driven by U.S. tariffs on foreign imports, pushing up costs for structural steel and reinforcement materials. Lumber, after a brief decline in late 2024, saw a 5-8% increase due to strong demand in the residential construction sector, particularly for framing

and outdoor projects. Concrete prices rose modestly by 2-3% due to increasing energy and transportation costs. Additionally, fuel prices and labor shortages further exacerbated price increases across the board. The fluctuating costs of materials led contractors to seek more cost-effective strategies, including sourcing from local suppliers and exploring alternative materials.

Commodities Trend Summary

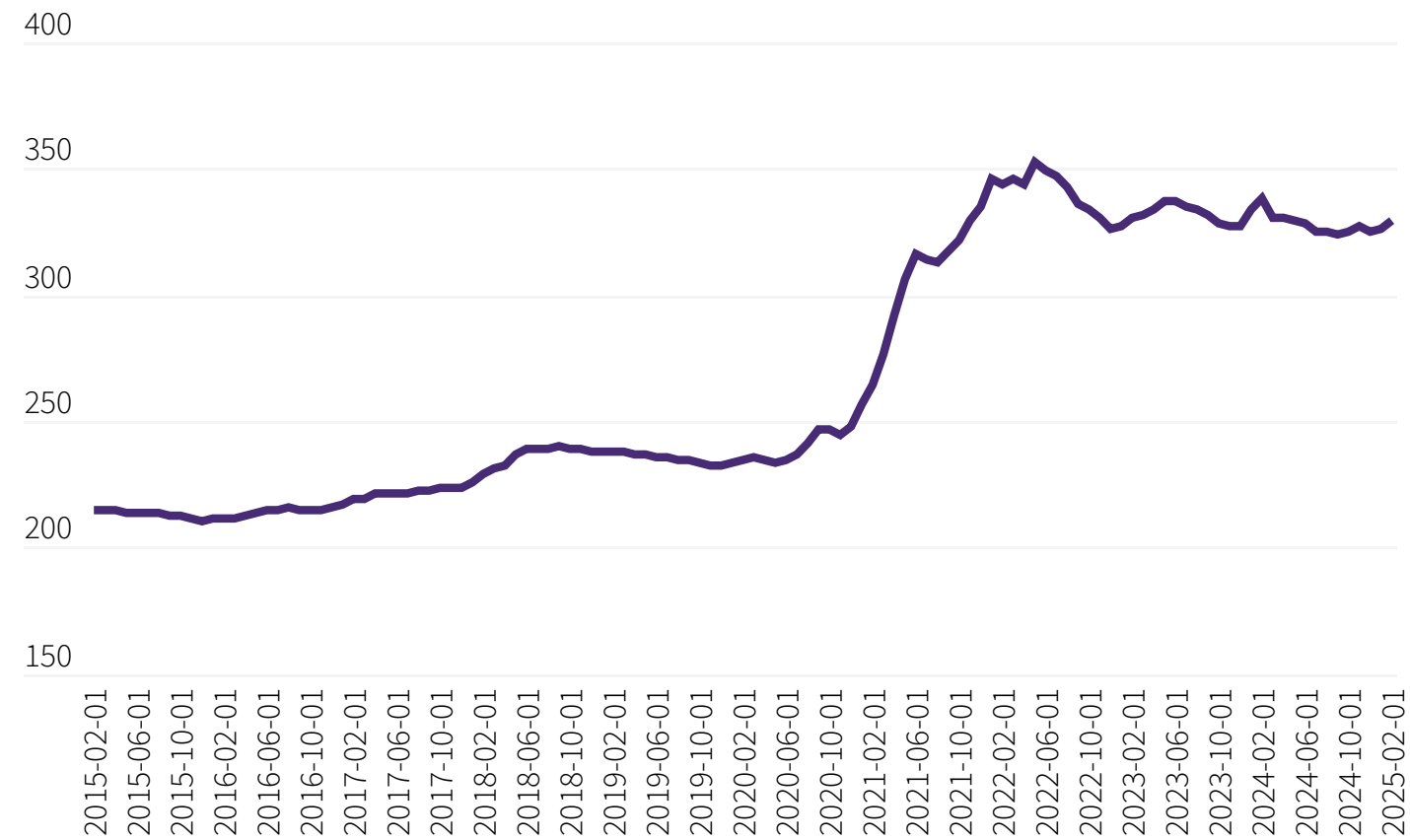
| Commodity | % Change Month | % Change Quarter | % Change Year | Annual Trend |
|--|----------------|------------------|---------------|--------------|
| Aluminum Mill Shapes | ➔ 1.04% | ➔ 1.99% | ⬆️ 10.65% | |
| Concrete Pipe | ➔ 0.00% | ⬆️ 3.07% | ⬆️ 7.92% | |
| Construction Machinery and Equipment | ➔ -0.19% | ➔ -0.24% | ➔ 0.19% | |
| Copper and Brass Mill Shapes | ➔ 1.84% | ➔ 1.34% | ⬆️ 14.54% | |
| Crude Oil | ⬇️ -5.56% | ⬆️ 2.26% | ⬇️ -7.40% | |
| Fabricated Structural Metal | ➔ 0.42% | ➔ 0.37% | ⬇️ -9.46% | |
| Fabricated Structural Metal Bar Joists and Concrete Reinforcing Bars | ➔ -0.63% | ➔ -1.18% | ⬇️ -25.79% | |
| Flat Glass | ➔ 0.42% | ➔ 1.32% | ➔ 1.74% | |
| Gypsum Products | ➔ 0.04% | ➔ 0.02% | ⬆️ 3.36% | |
| Iron and Steel | ⬆️ 4.40% | ➔ -1.22% | ⬇️ -13.00% | |
| Lumber and Plywood | ➔ 1.73% | ➔ 1.53% | ⬆️ 5.16% | |
| Metals and Metal Products | ➔ 1.78% | ➔ 1.42% | ➔ -0.48% | |
| Natural Gas | ⬇️ -5.94% | ⬆️ 65.22% | ⬆️ 48.43% | |
| Nonferrous Metals | ➔ 1.92% | ⬆️ 2.80% | ⬆️ 12.87% | |
| Paint Materials | ➔ 0.23% | ➔ 0.10% | ⬆️ 2.10% | |
| Plastic Resins and Materials | ➔ 0.51% | ➔ 1.81% | ➔ 0.25% | |
| Ready-Mix Concrete | ➔ -0.01% | ➔ 0.61% | ⬆️ 2.49% | |
| Roofing Asphalts and Pitches, Coatings, and Cements | ➔ 0.00% | ➔ 0.22% | ➔ 1.20% | |

Updated: 3/1/2025

COMMODITIES MATERIAL PRICE INDEX

The Federal Reserve Bank of St. Louis' Producer Price Index for construction materials showed a consistent increase of nearly 3.2% over the first quarter of 2025, reflecting ongoing inflationary pressures in the construction industry. This could be driven by several factors, including supply chain disruptions, labor shortages, and fluctuating demand for key materials such as steel, cement, and lumber. The increase in material costs is likely to affect overall project pricing in the next few months, with contractors potentially passing these costs onto developers. Moreover, the construction sector may experience delays or adjustments in timelines, as higher material prices could influence both large-scale infrastructure projects and residential developments. If these trends continue, they could affect the broader economy, especially in areas heavily reliant on construction activity.

PPI, Inputs to Construction Industries, Goods, (Index 1986 June = 1.0)



SOURCE: FRED - Markit

“The increase in material costs is likely to affect overall project pricing in the next few months...”

LABOR

TRENDS

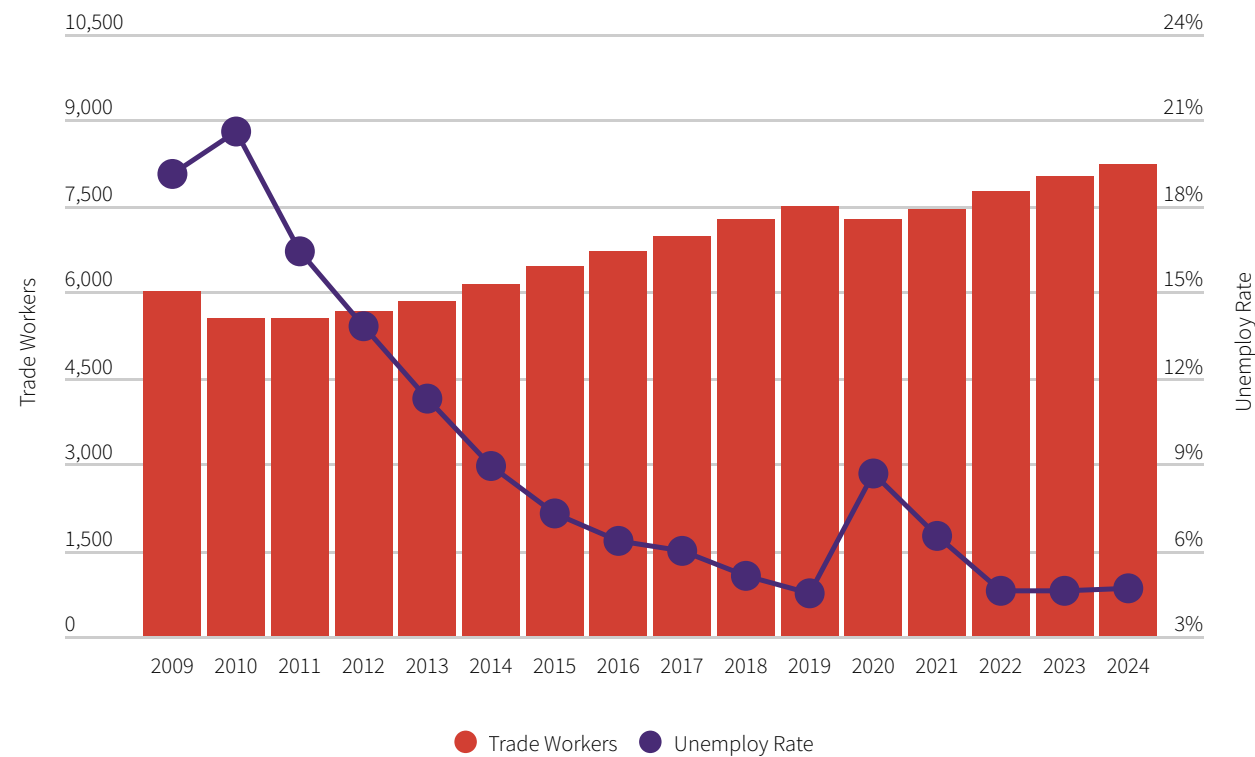


U.S. CONSTRUCTION LABOR TRENDS

The construction labor market in 2025 continues to experience dynamic shifts driven by economic conditions, demographic trends, technological innovations, and policy changes. Labor shortages, rising wages, and evolving skill requirements remain at the forefront of industry challenges, while infrastructure investments and housing demand sustain high levels of construction activity. The U.S. construction industry employs more than 7.9 million workers as of early 2025, a modest increase

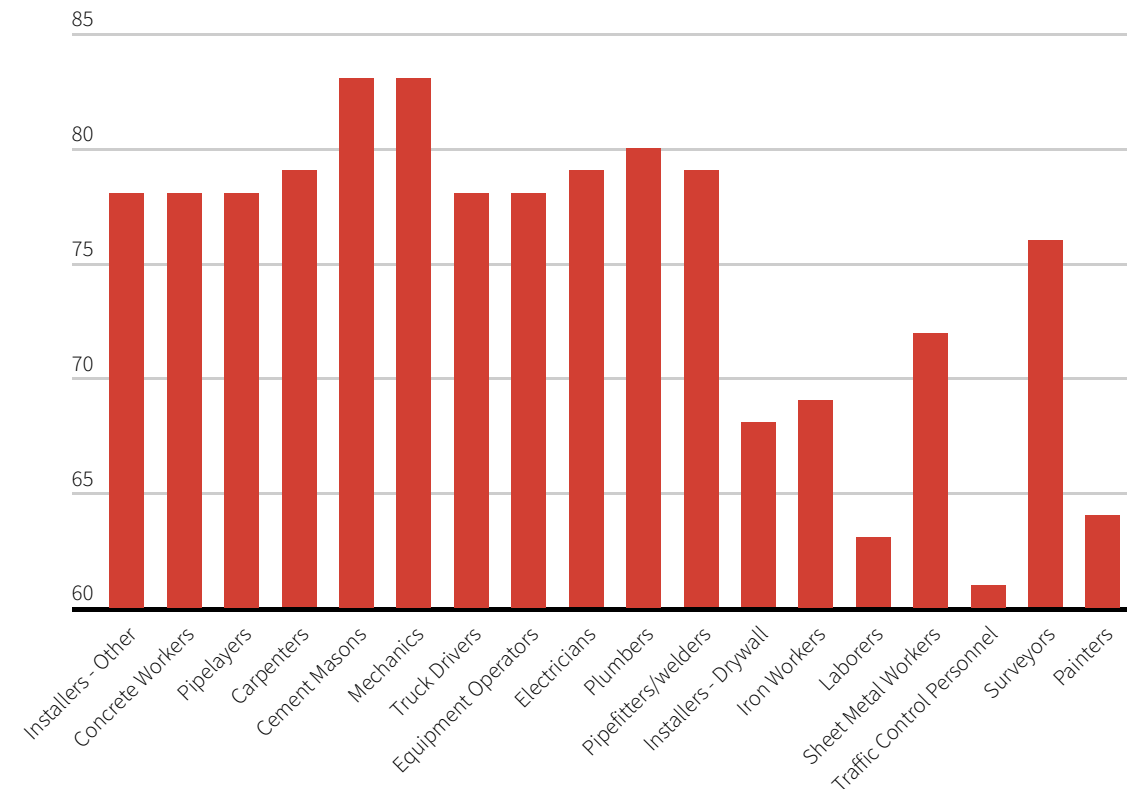
from the previous year. Unemployment in construction hovers around 4.2%, slightly below the national average, indicating strong demand and a tight labor market. We expect that there will be continued demand for labor with increasing pressure on wages, while employers are likely to invest more in training and technology to mitigate labor gaps.

National Construction Employment (2009-2024)



SOURCE: U.S. Bureau of Labor Statistics

% of Contractors Having Increased Difficulty Filling Craft Positions in 2024



SOURCE: U.S. Bureau of Labor Statistics
AGC Labor Survey - 2024*

VOLUME

+ ACTIVITY



U.S. CONSTRUCTION VOLUME

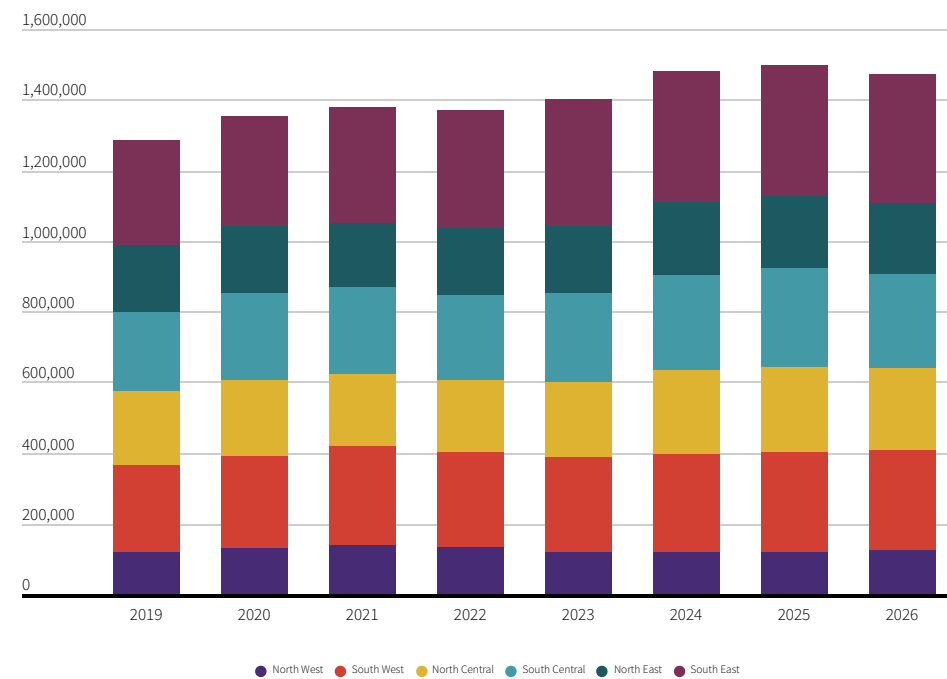
In the first quarter of 2025, the U.S. construction industry faced a complex landscape characterized by both growth and emerging challenges. According to the U.S. Census Bureau, total construction spending in January 2025 was estimated at a seasonally adjusted annual rate of \$2,192.5 billion, marking a 3.3% increase compared to January 2024. February saw a significant rebound in housing starts, with an 11.2% increase to a seasonally adjusted annual rate of 1.5 million units. Manufacturing work is still strong but flattening, and is starting to be overshadowed by large percentage gains for data center work. These slowing figures may relieve the demand for construction services to address the industry’s ongoing labor challenges.

Construction Spending by Region (x\$1m, 2017)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| North West | \$120,102.05 | \$127,788.73 | \$139,163.68 | \$131,870.50 | \$119,052.35 | \$117,397.99 | \$120,349.85 | \$122,177.19 |
| South West | \$247,669.01 | \$266,114.81 | \$278,407.28 | \$270,344.64 | \$266,804.76 | \$279,020.29 | \$282,608.02 | \$285,155.87 |
| North Central | \$204,812.93 | \$214,122.74 | \$207,502.41 | \$202,712.02 | \$216,085.96 | \$236,014.23 | \$242,365.36 | \$229,870.09 |
| South Central | \$226,149.65 | \$243,912.92 | \$242,675.53 | \$242,007.01 | \$253,473.98 | \$268,107.55 | \$276,124.90 | \$270,134.30 |
| North East | \$189,960.85 | \$188,261.86 | \$186,960.39 | \$186,729.68 | \$188,268.77 | \$209,510.65 | \$206,742.27 | \$197,354.50 |
| South East | \$294,422.15 | \$311,765.08 | \$322,854.88 | \$336,118.05 | \$356,977.42 | \$369,402.54 | \$368,258.08 | \$365,400.04 |

◀ HISTORIC FORECAST ▶

SOURCE: IHS-Markit



SOURCE: IHS-Markit

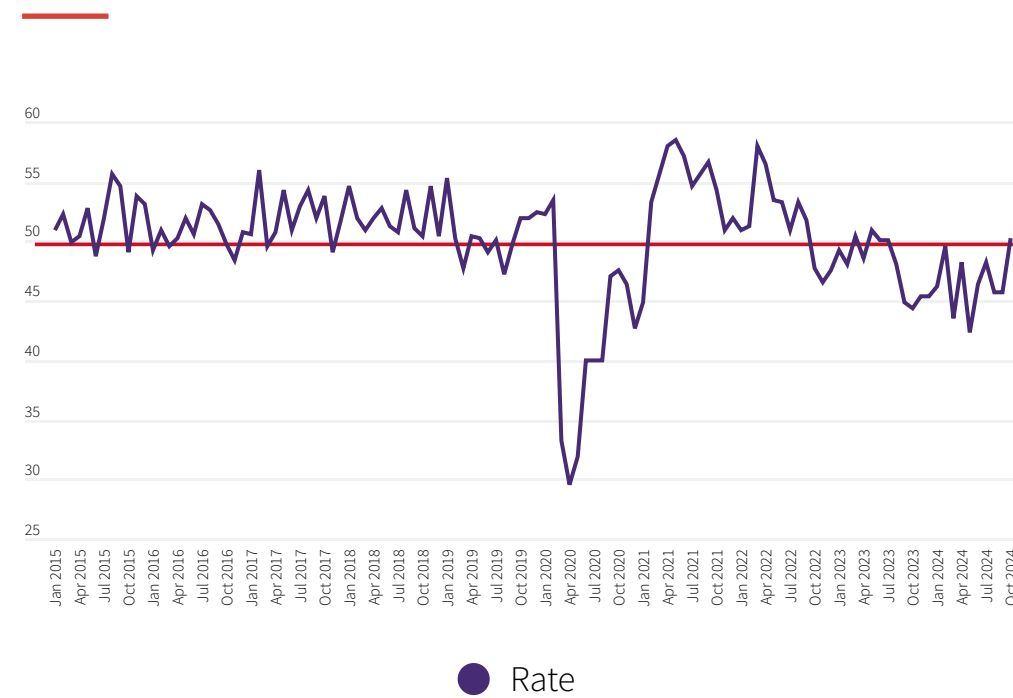
“In the first quarter of 2025, the U.S. construction industry faced a complex landscape characterized by both growth and emerging challenges.”

AIA ARCHITECTURAL BILLINGS INDEX (ABI)

The American Institute of Architects' Architectural Billings Index (ABI) is a leading indicator of growth in the construction industry. Any score above 50 indicates an increase in billings relative to the previous month (and therefore an increase in expected construction activity) while a score below 50 indicates a decline. In March 2025, all four regions are registering declines, with ABI lower than 50 and the national index showing 44.1, slightly

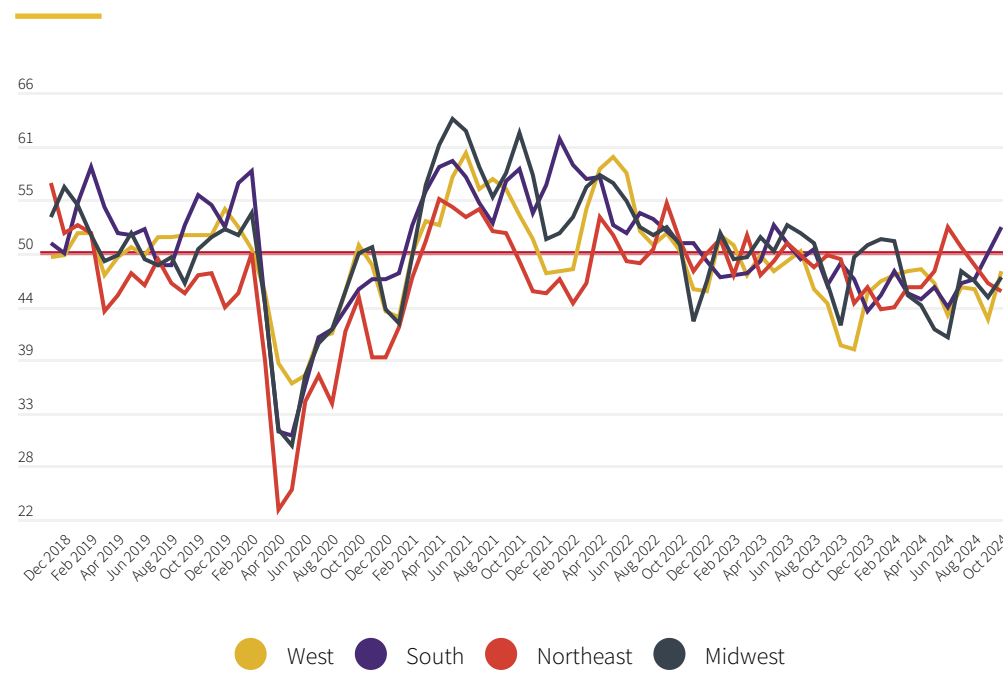
decreasing since January 2025. At 52.2, the West was still the only region with a rising index back in December 2024. The industrial and commercial sectors have experienced more declines compared to institutional and residential sectors.

National (2015-Current)



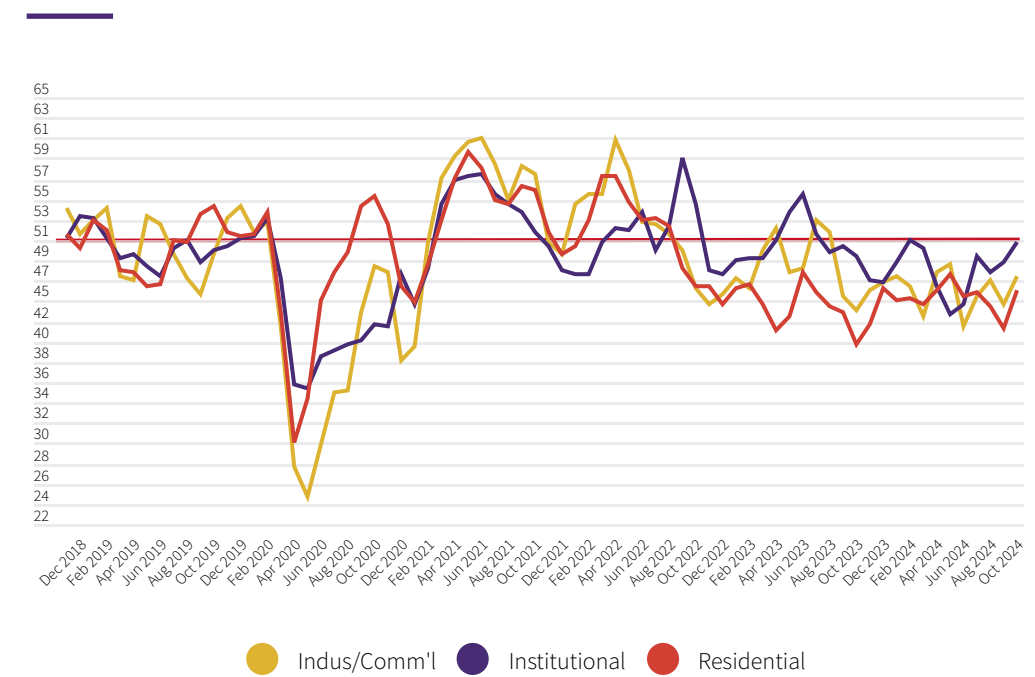
SOURCE: American Institute of Architects

Regional



SOURCE: American Institute of Architects

Sector



SOURCE: American Institute of Architects

NATIONAL

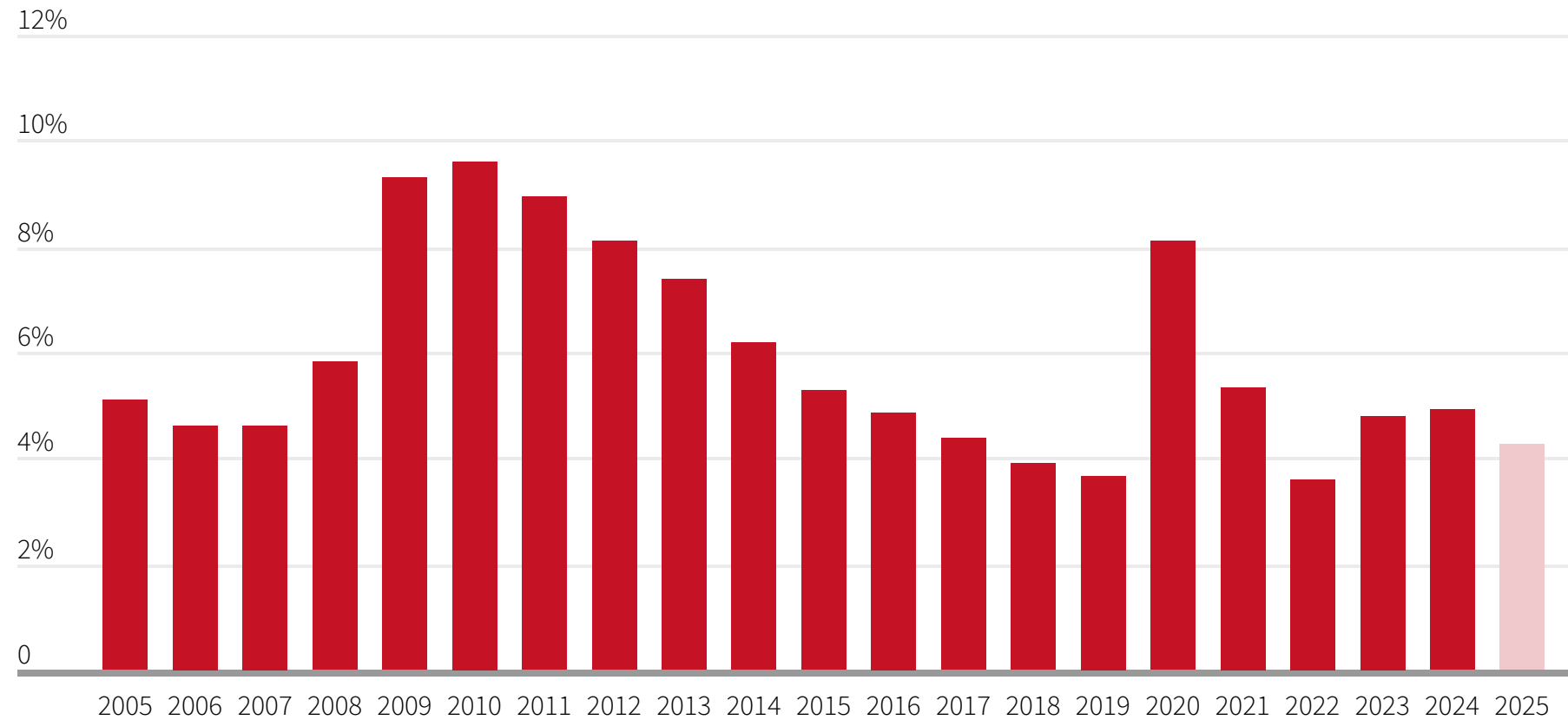
INDICATORS



UNEMPLOYMENT RATE

As of March 2025, the U.S. unemployment rate stood at 4.2%, with 7.1 million individuals unemployed. We expect to see a slight uptick in unemployment to 4.3% by the end of the first quarter of 2025. This anticipated increase aligns with expectations of moderate job gains, with forecasts predicting monthly employment growth averaging 152,100 in the first quarter. Despite this modest rise, the labor market is expected to remain relatively stable, with annual average unemployment projected at 4.25% for 2025.

U.S. Unemployment Rate Forecast (2005-2025)



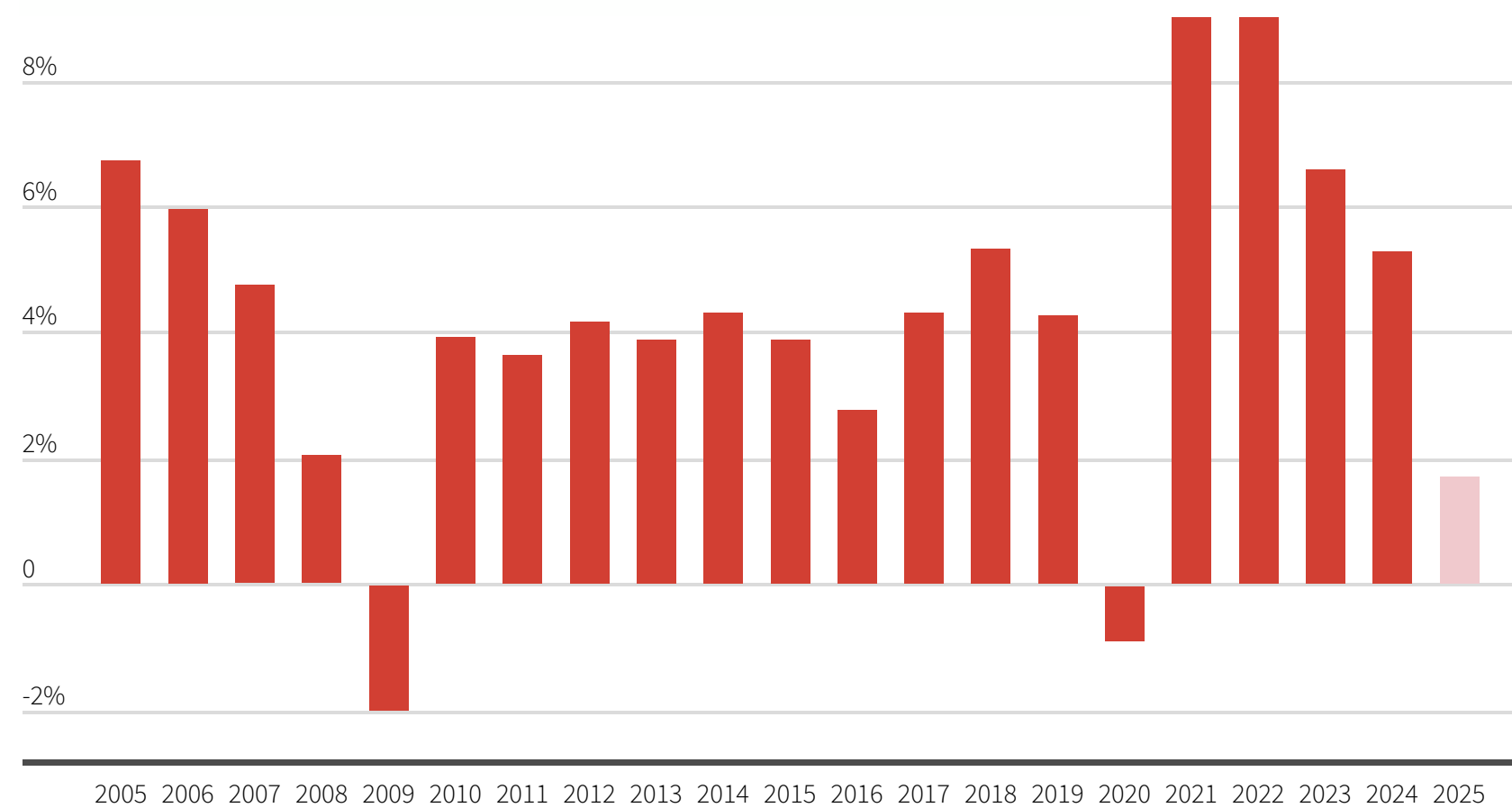
SOURCES:
Historic - U.S. Bureau of Labor Statistics
Forecast - Wall Street Journal - Bi-monthly Survey

“We expect to see a slight uptick in unemployment for the first quarter of 2025...”

GDP ANNUAL GROWTH RATE

As of March 2025, the U.S. economy exhibits signs of slowing growth, with various forecasts indicating potential contraction in the first quarter. The Federal Reserve Bank of Atlanta's GDP now model projects a 2.4% decline in real GDP for Q1 2025. This negative outlook is primarily attributed to a substantial increase in imports, rising producer prices, and a notable swing in net exports. Concurrently, the Organization for Economic Co-operation and Development (OECD) warns that heightened U.S. tariffs are contributing to global economic deceleration and inflationary pressures. These developments underscore the complex interplay of trade policies, inflation, and international relations impacting the U.S. economic landscape in early 2025.

U.S. Annual GDP Growth Forecast (2005-2025)

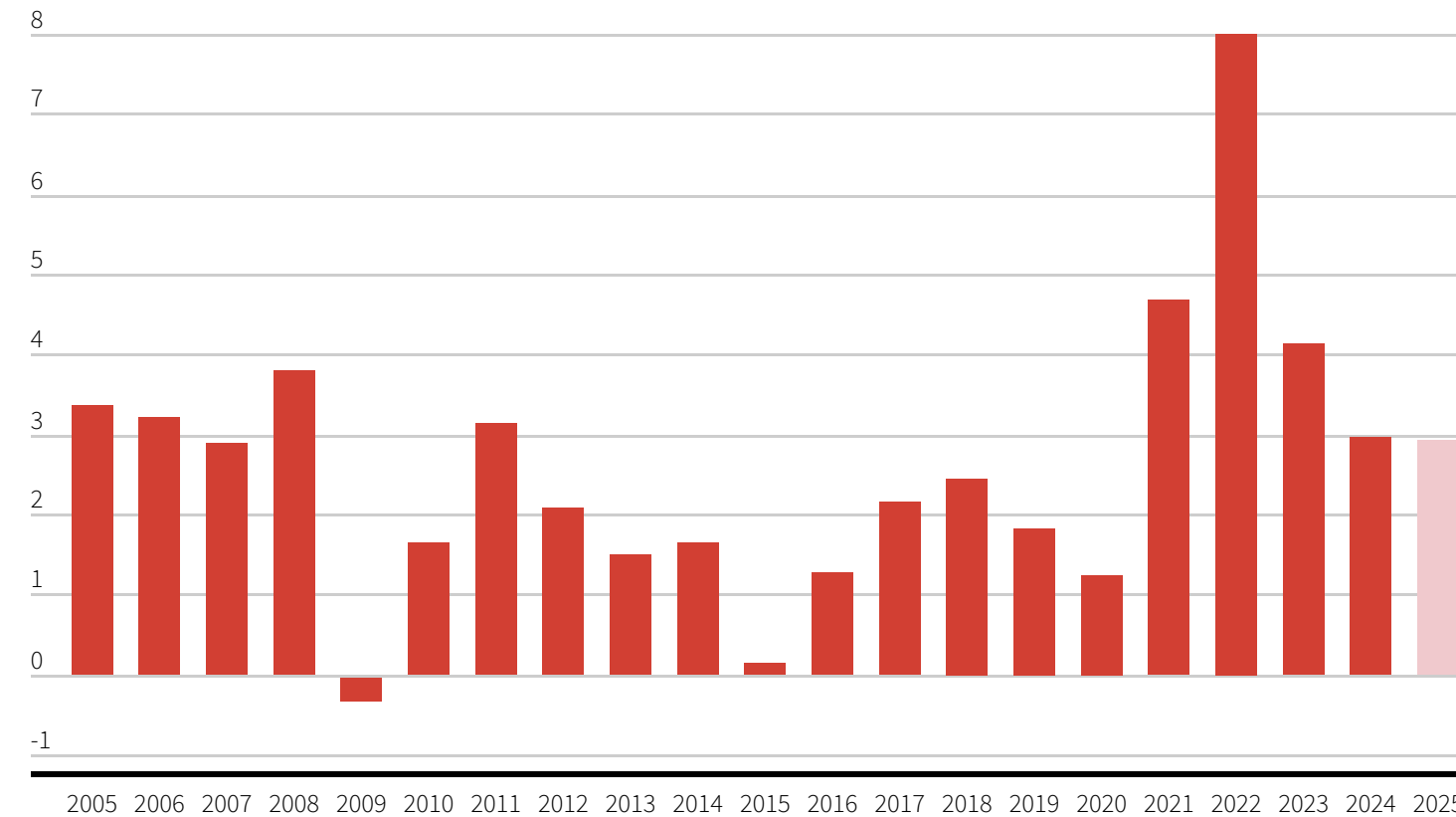


SOURCES:
Historic - U.S. Dept. of Commerce - Bureau of Economic Analysis
Forecast - Wall Street Journal - Bi-monthly Survey

CONSUMER PRICE INDEX (CPI)

U.S. inflation, as measured by the Consumer Price Index (CPI), is projected to experience an uptick over the first part of 2025. The Federal Reserve Bank of Cleveland's nowcast estimates a 3.85% annualized increase in CPI for Q1 2025, with core CPI (excluding food and energy) expected to rise by 3.74%. We anticipate the annual CPI for 2025 will be 2.90%. These projections suggest a modest acceleration in inflation compared to recent trends, influenced by factors such as rising shelter costs and increased prices in services like auto insurance and personal care. It's important to note that these are forecasts, and actual inflation outcomes may vary based on economic developments in the coming months.

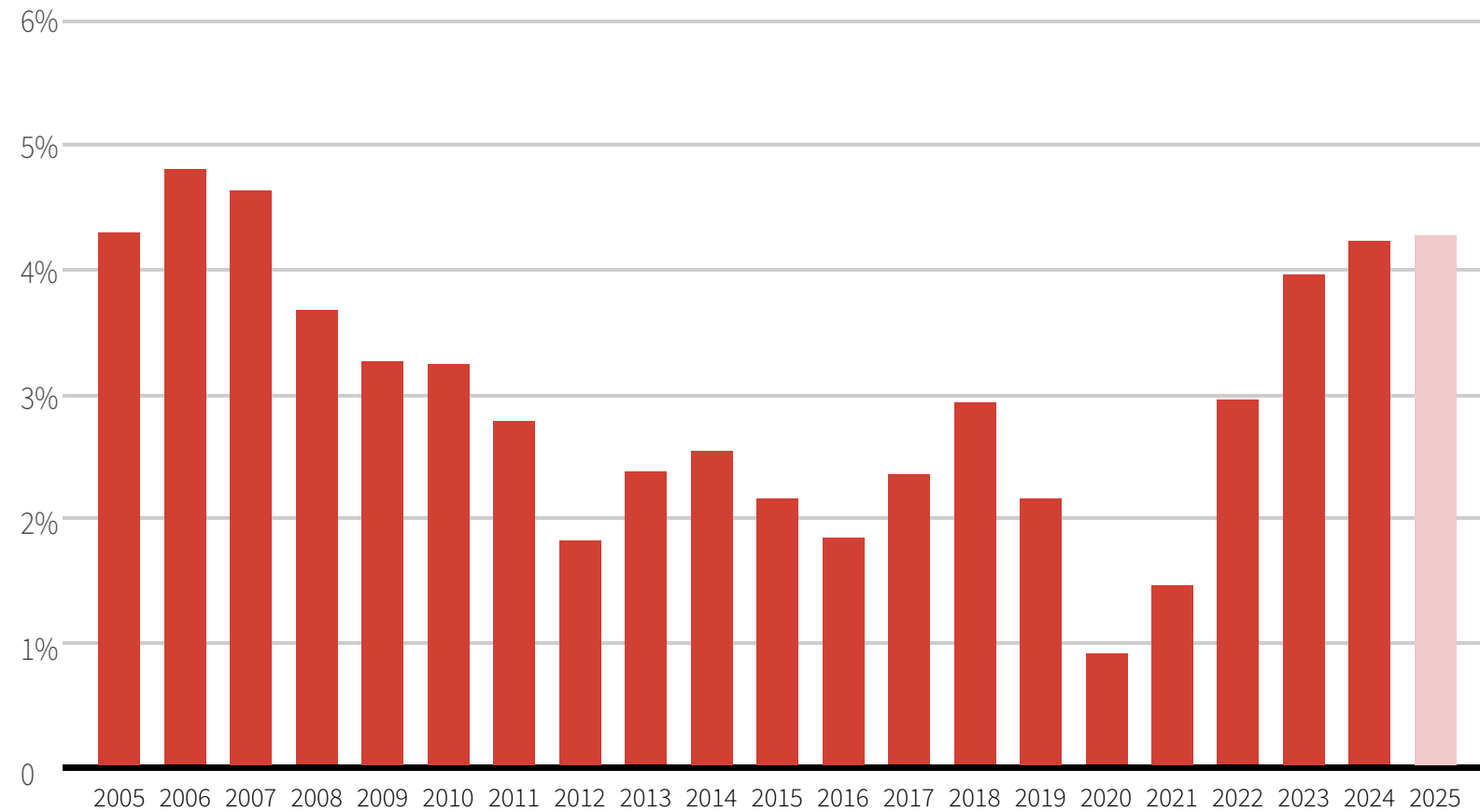
U.S. Consumer Price Index Forecast (2005-2025)



SOURCES:
 Historic - Federal Reserve Bank of Minneapolis
 Forecast - Wall Street Journal - Bi-monthly Survey

“U.S. inflation, as measured by the Consumer Price Index (CPI), is projected to experience an uptick over the first part of 2025.”

U.S. 10-Year Treasury Note Forecast (2005-2025)



SOURCES:
 Historic - Federal Reserve Bank of St. Louis
 Forecast - Wall Street Journal - Bi-monthly Survey

“The U.S. 10-year Treasury note yield experienced notable fluctuations, influenced by a combination of economic indicators and market sentiments”

National Indicators

10-YEAR TREASURY NOTE

In the first quarter of 2025, the U.S. 10-year Treasury note yield experienced notable fluctuations, influenced by a combination of economic indicators and market sentiments. As of March 2025, the yield stood at approximately 4.27%, reflecting a decrease from earlier in the year. This decline is primarily attributed to heightened concerns over a potential U.S. recession, which have overshadowed

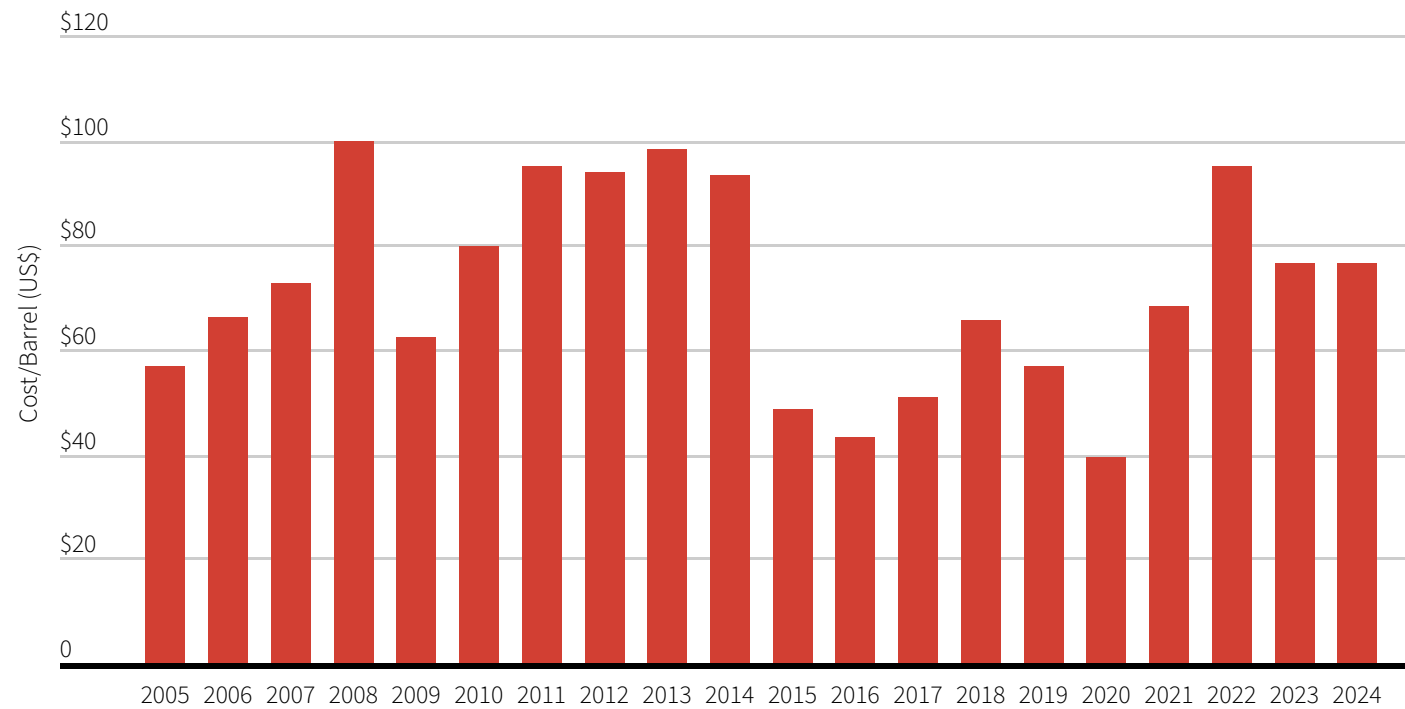
inflation fears and led to downward revisions in Treasury yield forecasts. The new Treasury Secretary, Scott Bessent, is focused on getting the 10-year Treasury rate down to around 4% by summer. This will be a key catalyst to growth in the construction and manufacturing sectors.

ENERGY COSTS

In the first quarter of 2025, energy prices in the United States are projected to experience notable fluctuations across crude oil, gasoline, and diesel markets. The EIA forecasts that Brent crude oil prices will average \$74 per barrel in 2025, a decrease from \$81 per barrel in 2024, due to its robust global production growth and moderated demand. They also project that Henry Hub natural gas spot prices will average \$4.19 per million British

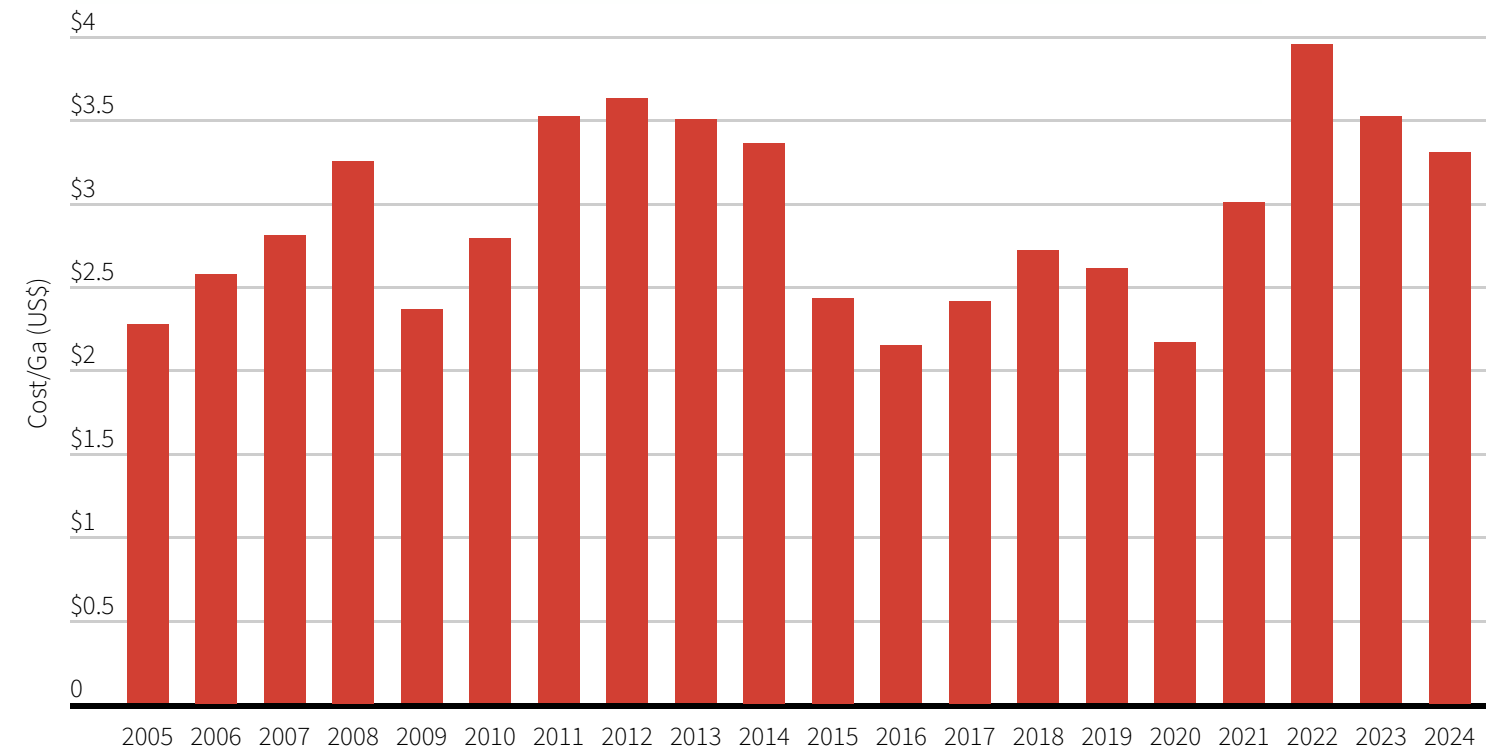
thermal units (MMBtu) in 2025, up from \$2.19/MMBtu in 2024. This increase is driven by higher demand for liquefied natural gas (LNG) exports and increased consumption for power generation. Consequently, gasoline and diesel prices, which are closely linked to natural gas prices, are expected to rise. Regional factors, such as refinery closures and maintenance activities, may further influence price variations across different U.S. markets.

West Texas Intermediate Oil Price Forecast (2005-2025)



SOURCES:
 Historic - Federal Reserve Bank of St. Louis
 Forecast - Wall Street Journal - Bi-monthly Survey

U.S. Regular All Formulations Gas Forecast (2005-2025)



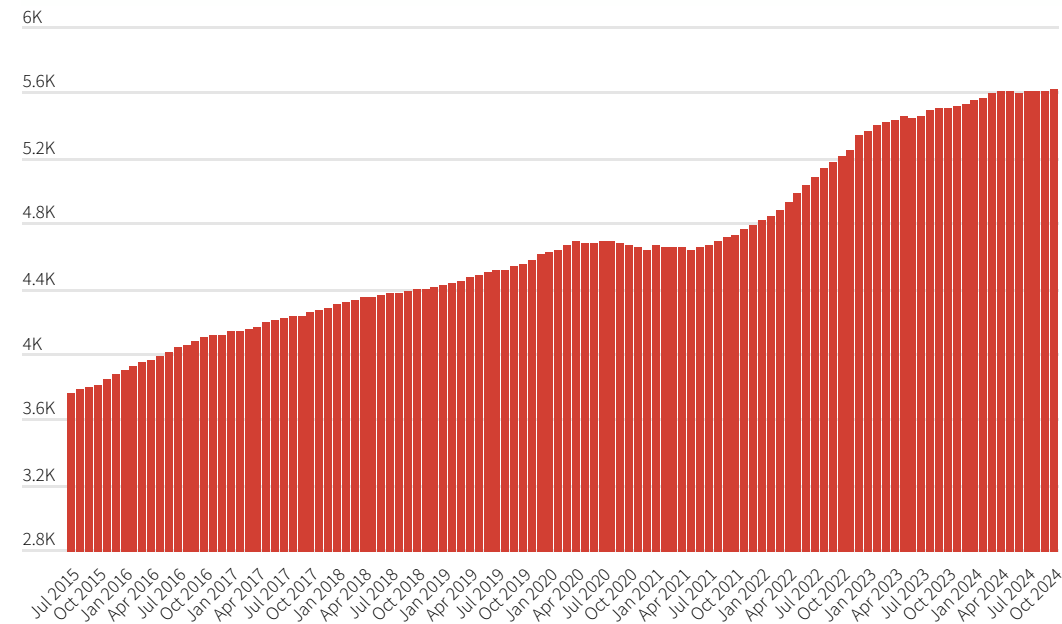
SOURCES:
 Historic - Federal Reserve Bank of St. Louis
 Forecast - Wall Street Journal - Bi-monthly Survey

CREDIT

MARKETS

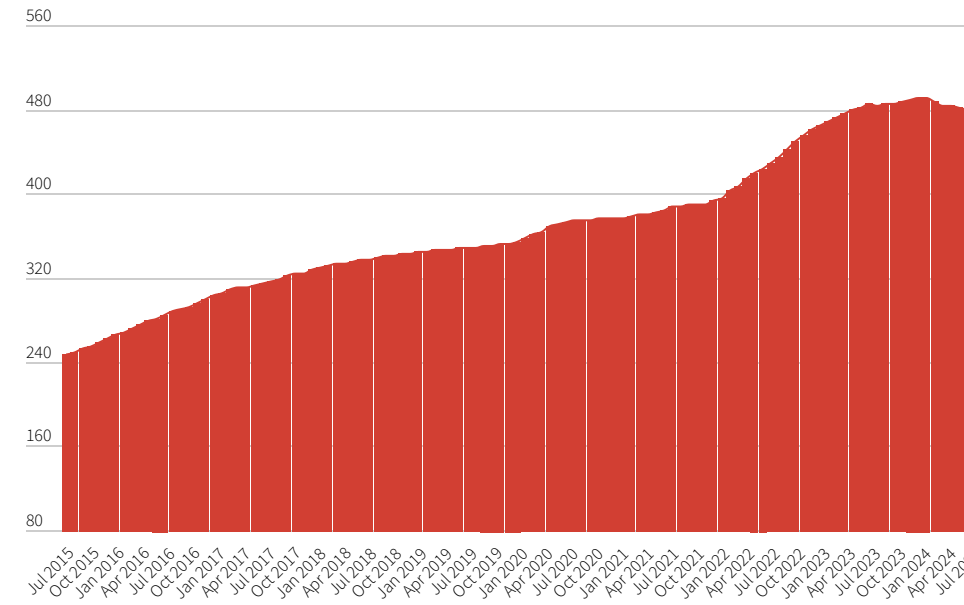


Loan Origination Activity - Residential & Commercial Real Estate



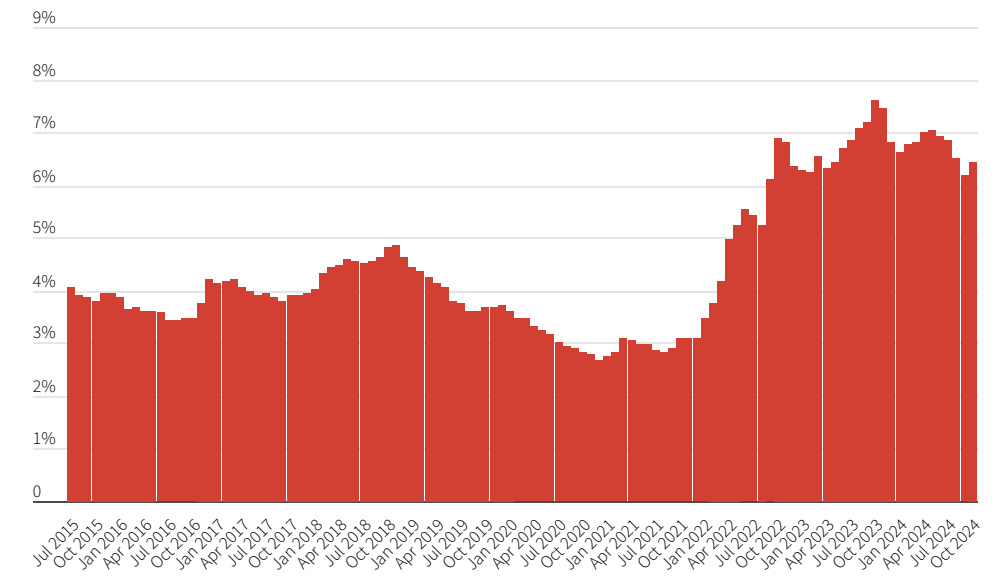
SOURCE: FRED

Loan Origination Activity - Construction & Development (\$B, Annualized)



SOURCE: FRED

Lending Interest Rate - 30 Year Conventional Fixed Mortgage (2015-Current)



SOURCE: FRED

Credit Markets

LENDING ACTIVITY

As of mid-March 2025, the average rate for a 30-year fixed-rate mortgage in the United States was 6.65%. These fluctuations are influenced by factors such as investor expectations for future inflation and Federal Reserve interest rate policies. Concurrently, mortgage applications have seen an 11.2% increase, attributed to these easing rates, with

inventories of homes for sale rising, offering buyers more options. However, the housing market faces challenges, including rising construction costs due to tariffs and labor shortages, which could impact future loan activity.

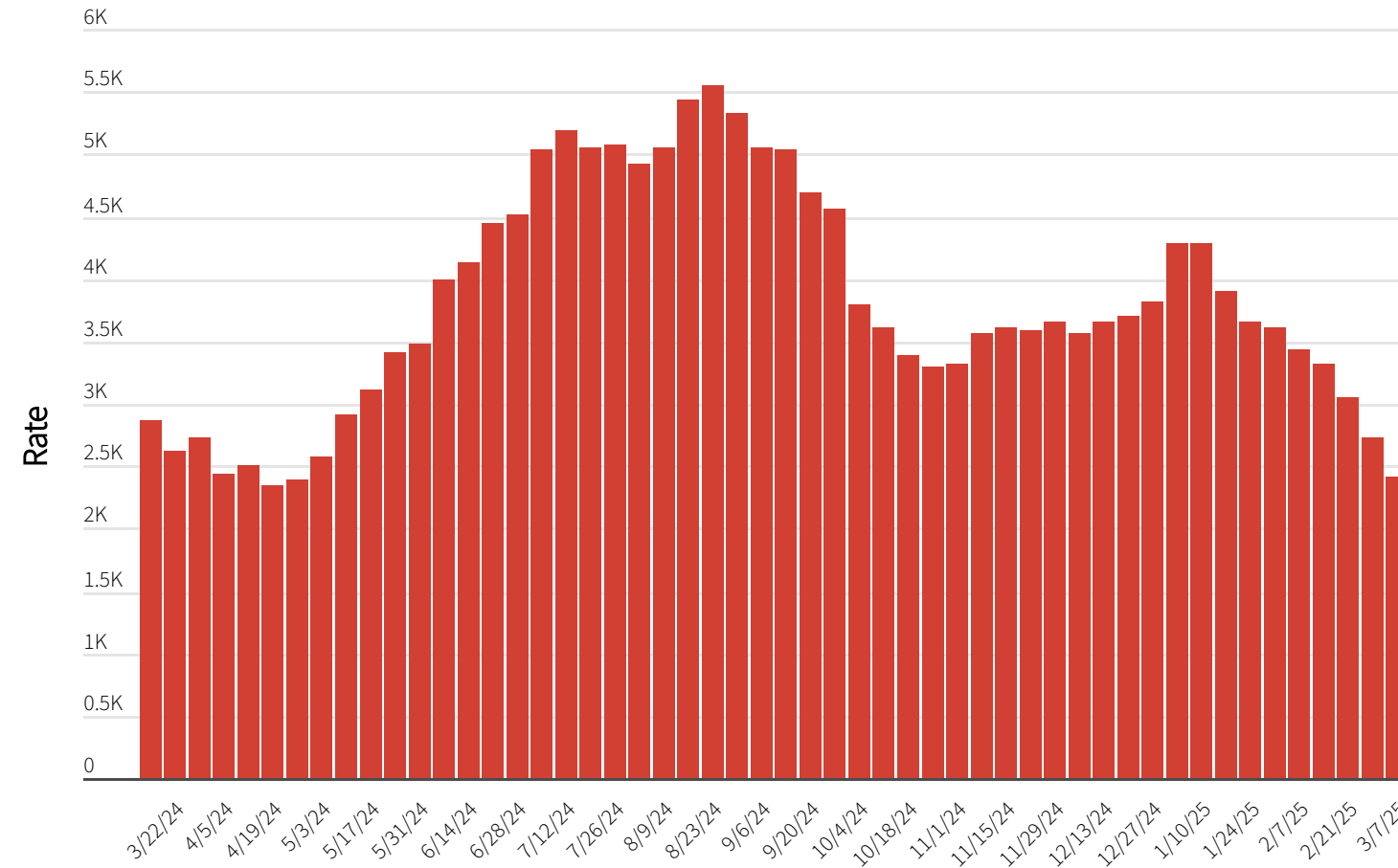
LOGISTICS



GLOBAL FREIGHT INDEX

The global freight and logistics sector continues to face challenges driven by geopolitical tensions and trade policies. U.S. tariffs led to port congestion and disrupted logistics planning, while Hong Kong’s air cargo volumes were impacted by ongoing U.S.-China trade disputes. Based on our research, major logistics firms like DP World reported a decline in profits due to rising finance costs and global trade uncertainty. Despite fluctuations, ocean and air freight rates began to stabilize, although the market remained volatile. We advise companies to strengthen logistics partnerships to navigate these uncertainties and adapt to shifting global dynamics.

Global Container Freight Index



SOURCES:
<https://www.freightos.com/>

“We advise companies to strengthen logistics partnerships to navigate these uncertainties and adapt to shifting global dynamics.”

GLOBAL

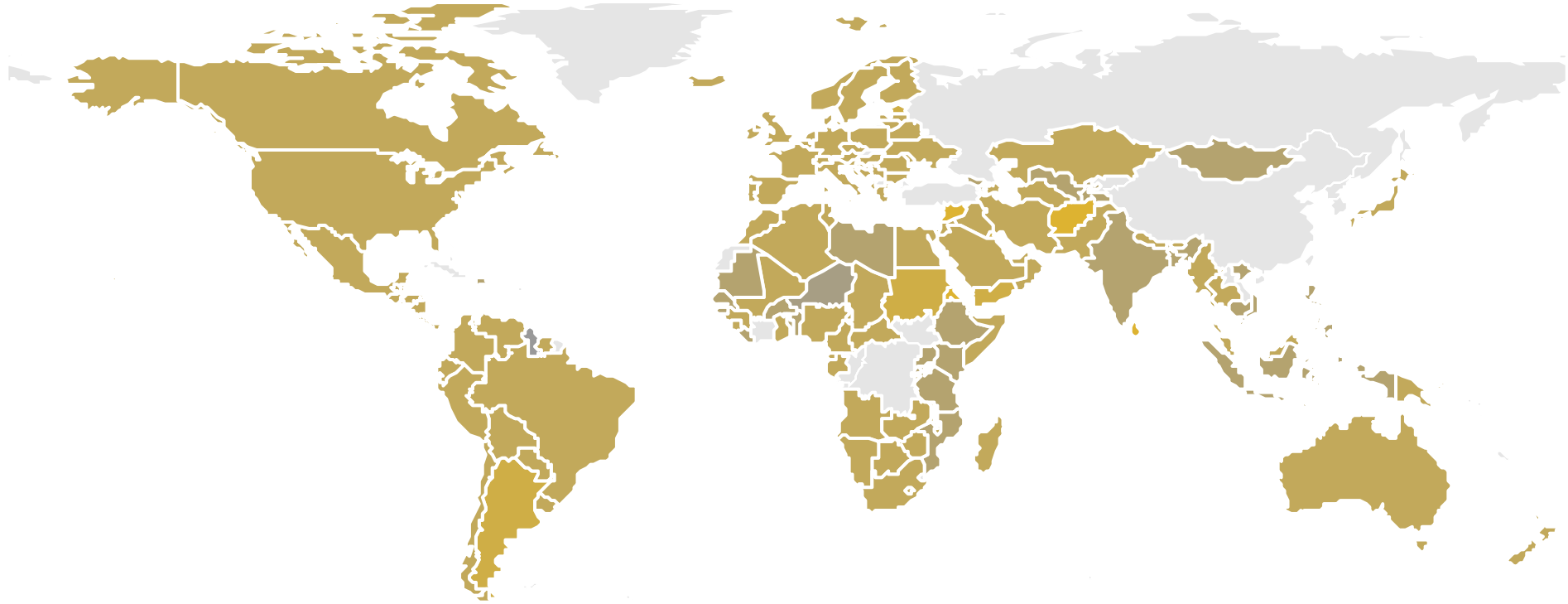
DEMAND



GLOBAL GROWTH FORECASTS

Global economic growth over the first part of the year is projected to remain steady but modest. The International Monetary Fund (IMF) forecasts global growth at 3.3% for both 2025 and 2026, slightly below the historical average of 3.7%. Similarly, the United Nations projects a growth rate of 2.8% for 2025, unchanged from 2024, constrained by factors such as weak investment and high debt levels. However, the OECD anticipates a more optimistic outlook, expecting global growth to remain resilient in 2025 and 2026 despite significant risks.

Global Growth Forecasts



Global Growth Forecasts



SOURCES: Historic - U.S. Dept of Commerce - Bureau of Economic Analysis
Forecast - Wall Street Journal - Bi-monthly Survey

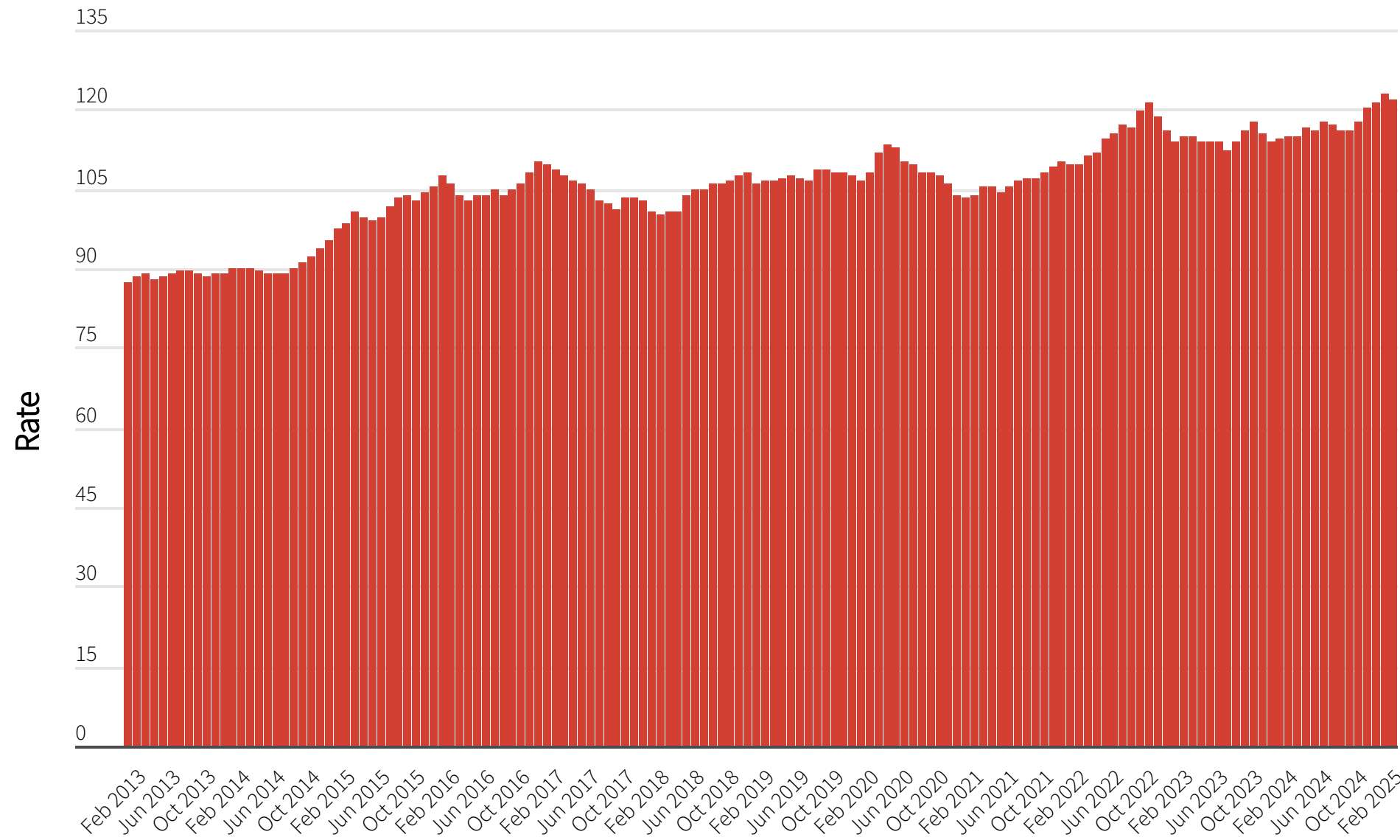
CURRENCY

TRENDS



U.S. DOLLAR INDEX

U.S. Dollar Spot Index: DXY (2013-Current)



SOURCE: Sourced from FRED - Monthly Data

In the first quarter of 2025, the U.S. Dollar Index (DXY) demonstrated notable strength, reaching levels not seen since November 2022. This appreciation was primarily driven by investor anticipation of President Trump's trade policies, including the implementation of tariffs aimed at reducing the trade deficit and bolstering domestic manufacturing. Additionally, the Federal Reserve's hawkish stance, characterized by recent interest rate hikes, contributed to the dollar's robustness by attracting yield-seeking capital inflows. Looking ahead, we suggest that the dollar's strength may persist in the short term, but potential policy shifts and global economic developments could influence its trajectory in the latter half of 2025.

LOCATION

COST IMPACT



CONSTRUCTION COST RANGE BY REGION

Cost Per Unit 2025

NOTES:

- a. Costs for each Region are based on the minimum, median, and maximum \$/unit of the major cities within that Region.
- b. Costs represent current construction costs only. Land acquisition, professional fees, permits, FF&E and soft costs are not included.
- c. Costs represent new-build projects for complete structure shell and interior build-out to five feet out and excludes sitework.
- d. Costs represent typical specifications for the region identified, and do not account for unique site conditions.

| | | West | | | | | | Central | | | | | | East | | | | | |
|--|-------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|----------------|
| | | Northwest | | | Southwest | | | North Central | | | South Central | | | Northeast | | | Southeast | | |
| | Unit | Low (\$/UNIT) | Median (\$/UNIT) | High (\$/UNIT) | Low (\$/UNIT) | Median (\$/UNIT) | High (\$/UNIT) | Low (\$/UNIT) | Median (\$/UNIT) | High (\$/UNIT) | Low (\$/UNIT) | Median (\$/UNIT) | High (\$/UNIT) | Low (\$/UNIT) | Median (\$/UNIT) | High (\$/UNIT) | Low (\$/UNIT) | Median (\$/UNIT) | High (\$/UNIT) |
| Education | | | | | | | | | | | | | | | | | | | |
| K-12 School | SF | \$360 | \$575 | \$980 | \$350 | \$610 | \$970 | \$330 | \$538 | \$860 | \$300 | \$488 | \$660 | \$380 | \$613 | \$950 | \$300 | \$510 | \$790 |
| Higher Ed Instructional Bldg | SF | \$530 | \$805 | \$1,330 | \$510 | \$850 | \$1,310 | \$490 | \$750 | \$1,170 | \$440 | \$680 | \$900 | \$550 | \$855 | \$1,290 | \$440 | \$715 | \$1,080 |
| Healthcare | | | | | | | | | | | | | | | | | | | |
| Hospital | SF | \$820 | \$1,160 | \$1,840 | \$790 | \$1,510 | \$2,120 | \$760 | \$1,083 | \$1,620 | \$690 | \$978 | \$1,240 | \$850 | \$1,228 | \$1,790 | \$680 | \$1,030 | \$1,490 |
| Medical Office Building | SF | \$440 | \$635 | \$1,010 | \$430 | \$740 | \$1,040 | \$410 | \$595 | \$890 | \$370 | \$535 | \$680 | \$460 | \$673 | \$990 | \$370 | \$560 | \$820 |
| Hospitality & Lodging | | | | | | | | | | | | | | | | | | | |
| Three-Star Hotel | SF | \$290 | \$405 | \$630 | \$280 | \$420 | \$620 | \$270 | \$375 | \$550 | \$240 | \$340 | \$420 | \$300 | \$425 | \$610 | \$240 | \$355 | \$510 |
| Five-Star Hotel | SF | \$490 | \$750 | \$1,230 | \$480 | \$790 | \$1,220 | \$450 | \$698 | \$1,080 | \$410 | \$630 | \$830 | \$510 | \$793 | \$1,200 | \$410 | \$660 | \$1,000 |
| Office | | | | | | | | | | | | | | | | | | | |
| Shell & Core | SF | \$290 | \$370 | \$530 | \$280 | \$385 | \$530 | \$270 | \$343 | \$470 | \$240 | \$310 | \$360 | \$300 | \$388 | \$520 | \$240 | \$325 | \$430 |
| Tenant Improvement | SF | \$160 | \$280 | \$500 | \$160 | \$305 | \$500 | \$150 | \$268 | \$440 | \$140 | \$240 | \$340 | \$170 | \$305 | \$490 | \$130 | \$250 | \$410 |
| Life Sciences / Lab | SF | \$540 | \$960 | \$1,720 | \$520 | \$1,010 | \$1,700 | \$500 | \$893 | \$1,510 | \$450 | \$808 | \$1,160 | \$560 | \$1,015 | \$1,670 | \$440 | \$850 | \$1,390 |
| Data Center | MW | \$7,900,000 | \$11,900,000 | \$19,700,000 | \$7,700,000 | \$12,650,000 | \$19,400,000 | \$7,300,000 | \$11,150,000 | \$17,300,000 | \$6,700,000 | \$10,075,000 | \$13,300,000 | \$8,300,000 | \$12,675,000 | \$19,100,000 | \$6,600,000 | \$10,600,000 | \$15,900,000 |
| Parking Structures | | | | | | | | | | | | | | | | | | | |
| Above Grade-Multi-Level (330 SF / Stall) | Stall | \$26,000 | \$40,500 | \$66,000 | \$25,000 | \$42,000 | \$66,000 | \$24,000 | \$37,250 | \$59,000 | \$22,000 | \$33,500 | \$45,000 | \$27,000 | \$42,500 | \$65,000 | \$22,000 | \$35,500 | \$54,000 |
| Below Grade-Multi-Level (400 SF / Stall) | Stall | \$81,000 | \$111,500 | \$172,000 | \$79,000 | \$117,500 | \$170,000 | \$75,000 | \$103,750 | \$151,000 | \$68,000 | \$94,000 | \$116,000 | \$85,000 | \$118,000 | \$167,000 | \$67,000 | \$98,500 | \$139,000 |
| Residential | | | | | | | | | | | | | | | | | | | |
| Market Grade Apartment | SF | \$310 | \$430 | \$660 | \$300 | \$450 | \$660 | \$280 | \$398 | \$590 | \$260 | \$360 | \$450 | \$320 | \$453 | \$650 | \$250 | \$380 | \$540 |
| Condominium | SF | \$410 | \$590 | \$930 | \$400 | \$620 | \$920 | \$380 | \$548 | \$820 | \$350 | \$498 | \$630 | \$430 | \$623 | \$900 | \$340 | \$520 | \$750 |
| Entertainment & Culture | | | | | | | | | | | | | | | | | | | |
| Professional Sports Stadium | Seat | \$15,000 | \$27,000 | \$48,000 | \$15,000 | \$28,500 | \$47,000 | \$14,000 | \$25,000 | \$42,000 | \$13,000 | \$22,500 | \$32,000 | \$16,000 | \$28,500 | \$47,000 | \$12,000 | \$23,500 | \$39,000 |
| Retail | | | | | | | | | | | | | | | | | | | |
| Fashion Center | SF | \$350 | \$540 | \$890 | \$340 | \$565 | \$880 | \$320 | \$500 | \$780 | \$290 | \$453 | \$600 | \$370 | \$568 | \$870 | \$290 | \$475 | \$720 |

REGIONS



WEST

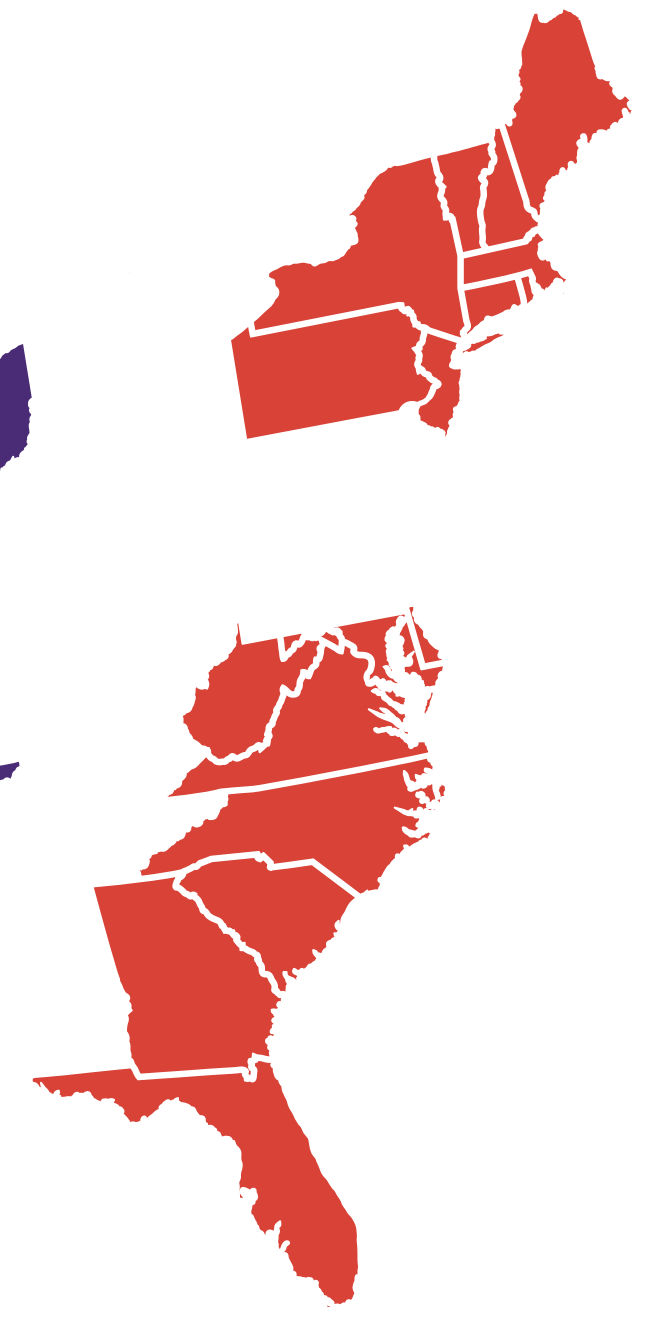
Northwest

CENTRAL

North Central

EAST

Northeast



Southwest

South Central

Southeast

Construction in the Northwest has been tempered by a mixture of interest rates, material costs, and uncertainty surrounding the new administration's trade policies. In major cities like Seattle, Denver, and Portland, residential construction has struggled in recent years to keep pace with population growth. In Oregon, new laws have eliminated single-family zoning in cities with populations over 10,000, while Washington is actively promoting multi-unit housing on lots previously zoned exclusively for single-family homes.

The commercial sector faces ongoing challenges due to high interest rates, oversupply, and rising costs, leading to decreased property values and complex refinancing scenarios. The office market in particular has struggled with reduced demand stemming from the shift to hybrid and remote work. Nonetheless, there are signs of recovery, with renewed interest in high-end office spaces and other commercial properties like apartments, warehouses, retail stores, and hotels. Further market details are included in the following sections.

NORTHWEST

CONTACT: Nick Mata, Regional Director
nmata@cumming-group.com

Infrastructure development in the region remains bolstered by federal funding carried over from the Biden administration, particularly supporting energy projects in Alaska and Wyoming. Additional investments target road and rail networks, as well as water management and sewer systems.

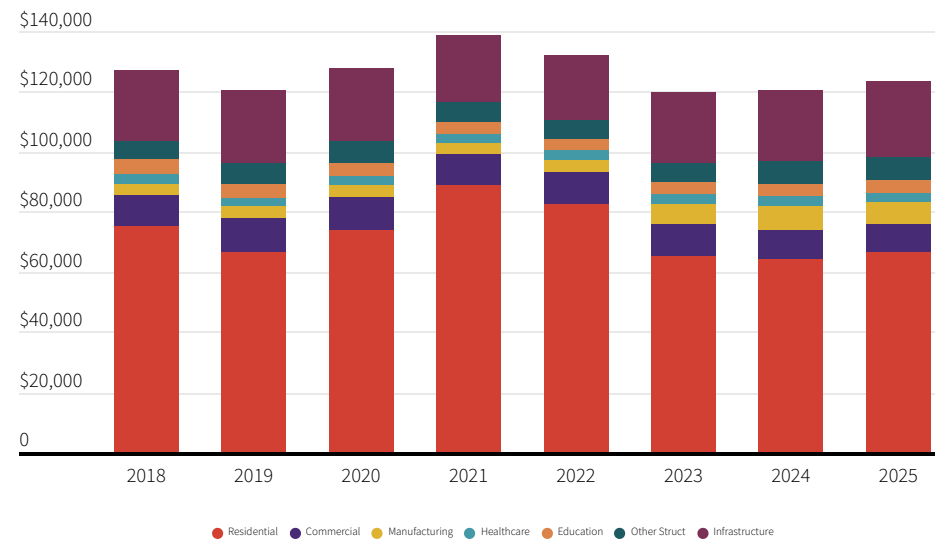
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|--------|-------|--------|--------|--------|-------|-------|--------|
| Total | -5.7% | 6.4% | 8.9% | -5.2% | -9.7% | -1.4% | 2.5% | 1.5% |
| Residential | -11.0% | 10.9% | 20.2% | -7.0% | -20.7% | -5.9% | 3.9% | 2.6% |
| Commercial | 1.1% | 0.6% | -6.9% | 0.4% | 1.4% | -7.7% | -1.7% | -1.6% |
| Manufacturing | 6.5% | -9.4% | 0.6% | 23.0% | 44.8% | 21.3% | -8.8% | -16.5% |
| Healthcare | -0.1% | 3.8% | 0.4% | -1.3% | 0.2% | 0.4% | -0.6% | 2.4% |
| Education | 3.0% | -2.6% | -11.1% | -12.2% | 11.1% | 11.3% | 9.5% | -0.4% |
| Other Struct* | 2.0% | 9.2% | -11.2% | -7.9% | 7.7% | 9.4% | 2.2% | -3.3% |
| Infrastructure | 1.8% | 0.5% | -6.5% | -4.3% | 5.4% | 2.0% | 3.9% | 7.3% |

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

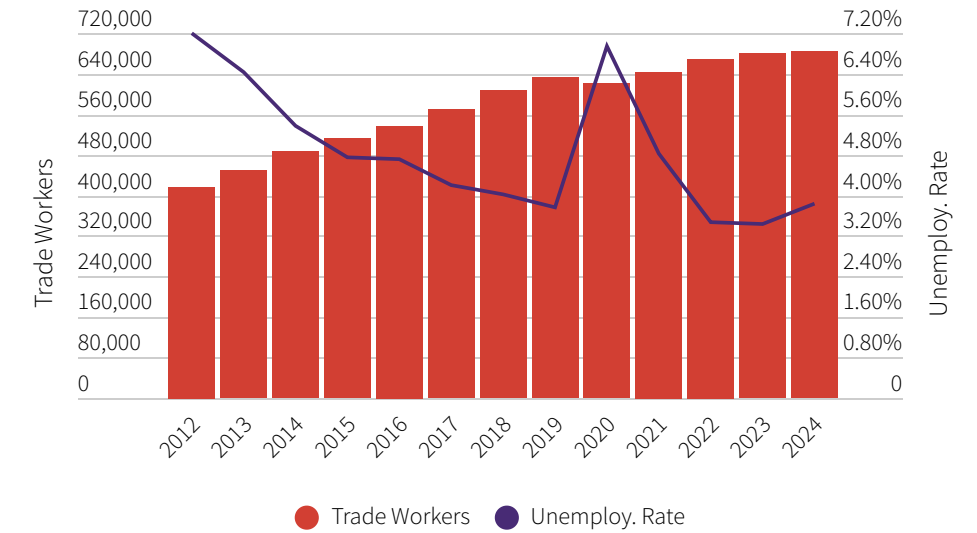
SOURCE: IHS-Markit

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



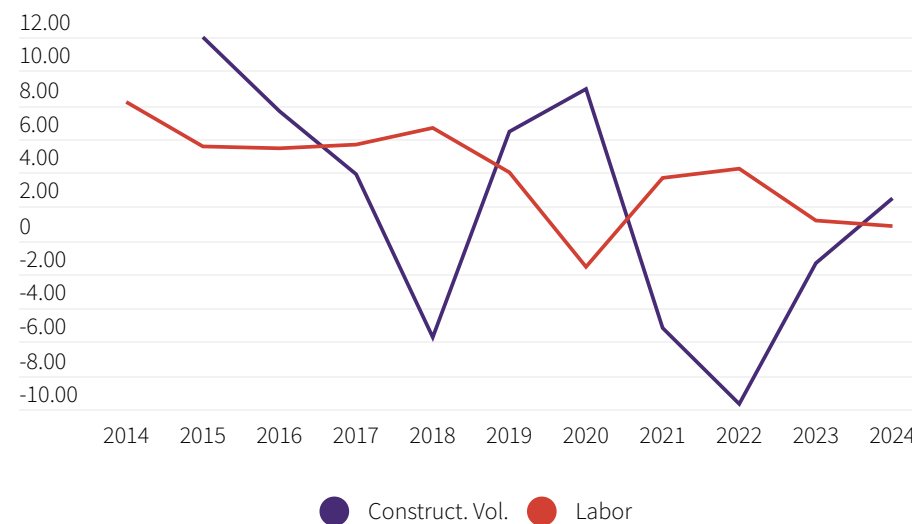
SOURCE: IHS-Markit

Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

Construction Volume vs Labor - Annual Increase/Decrease

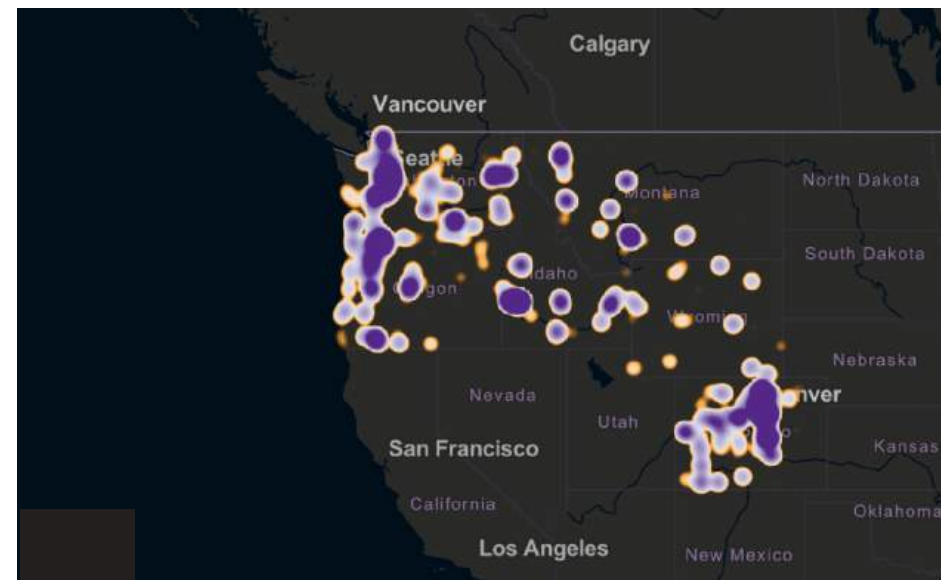


SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1b) |
|--|----------------------|---------------|
| Spring District | Bellevue, WA | \$2.3B |
| TerraPower Natrium Nuclear Plant | Kemmerer, WY | \$2B |
| Sound Transit OMF South | Federal Way, WA | \$1.9B |
| Vancouver Waterfront | Vancouver, WA | \$1.5B |
| Seabrook Community Expansion | Seabrook, WA | \$1.5B |
| Micron Technology Inc Industrial Development | Boise, ID | \$1.5B |
| Project Bison: Wyoming Regional Direct Air Capture Hub | Green River, WY | \$1.4B |
| Four Seasons Hotel and Private Residences Telluride | Mountain Village, CO | \$1B |
| Cherry Creek West Redevelopment | Denver, CO | \$1B |
| Portland Major League Baseball Stadium | Portland, OR | \$1B |

SOURCE: Build Central



SOURCE: BuildCentral

SOUTHWEST

CONTACT: Trevor Shulters, Regional Director
tshulters@cumming-group.com

California remains the dominant market in the Southwest region, accounting for more than half of the region's construction spending. A major driver of activity here will be the rebuilding effort in the wake of the wildfires that hit Los Angeles earlier this year. Contractors in Los Angeles usually build around 8,000 houses each year, meaning that rebuilding the 10,000 homes lost in the fires will likely take several years. Los Angeles will also host the 2026 World Cup, the 2027 Super Bowl, and the 2028 Olympics, further increasing competition for labor and materials. As a result, cost escalation in the area is projected to range between 6.6% and 8.6% for 2025. This surge in activity has also stimulated the region's residential market.

Elsewhere in the region, cities like Las Vegas and Phoenix have been struggling to balance the needs of their residents with what their environments can provide. The region's arid climate means that there simply aren't enough resources to support the number of people living there, prompting sustainability mandates and fierce court cases over water rights. The same climate, however, has made it an ideal location for certain kinds of manufacturing – particularly semiconductor manufacturing. This has attracted companies flush with federal money, resulting in new facilities being built near Phoenix, Las Vegas, and Salt Lake City. Reno, Nevada has also gained recognition as an affordable manufacturing hub, conveniently close to the tech centers on the other side of the Sierras.

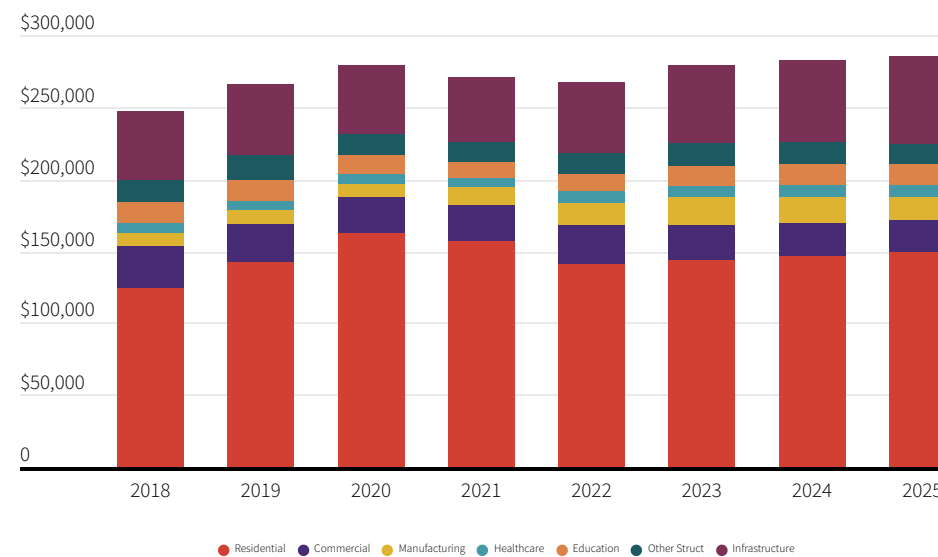
Total Construction Market Volume by Sector (x \$1M, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|--------|-------|--------|--------|-------|-------|-------|--------|
| Total | -5.4% | 7.4% | 4.6% | -2.9% | -1.3% | 4.6% | 1.3% | 0.9% |
| Residential | -11.9% | 13.9% | 14.3% | -3.3% | -9.6% | 1.3% | 1.9% | 2.1% |
| Commercial | 0.6% | -2.5% | -7.9% | -0.3% | 0.3% | -7.6% | -1.8% | -1.3% |
| Manufacturing | 5.7% | -8.1% | 3.2% | 24.7% | 44.3% | 19.6% | -9.6% | -16.9% |
| Healthcare | 0.2% | 4.4% | 0.1% | -2.2% | 3.0% | 7.8% | 0.5% | 2.0% |
| Education | 3.4% | -2.1% | -13.4% | -12.9% | 9.7% | 11.0% | 7.3% | -0.6% |
| Other Struct* | 1.1% | 5.1% | -10.6% | -5.7% | 4.6% | 8.3% | 2.1% | -3.4% |
| Infrastructure | 3.1% | 3.7% | -5.2% | -4.9% | 9.6% | 11.9% | 3.3% | 5.7% |

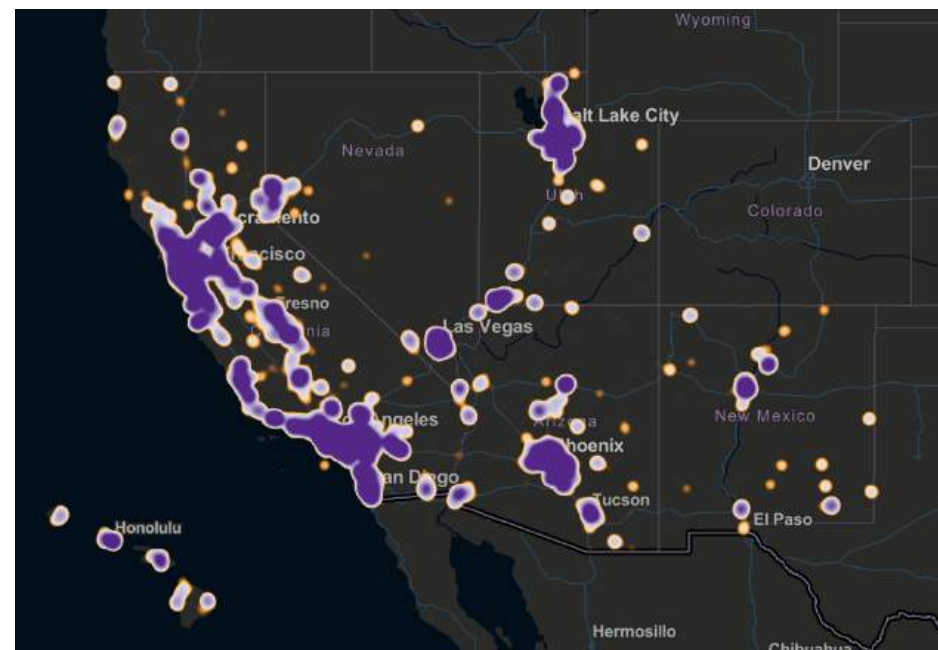
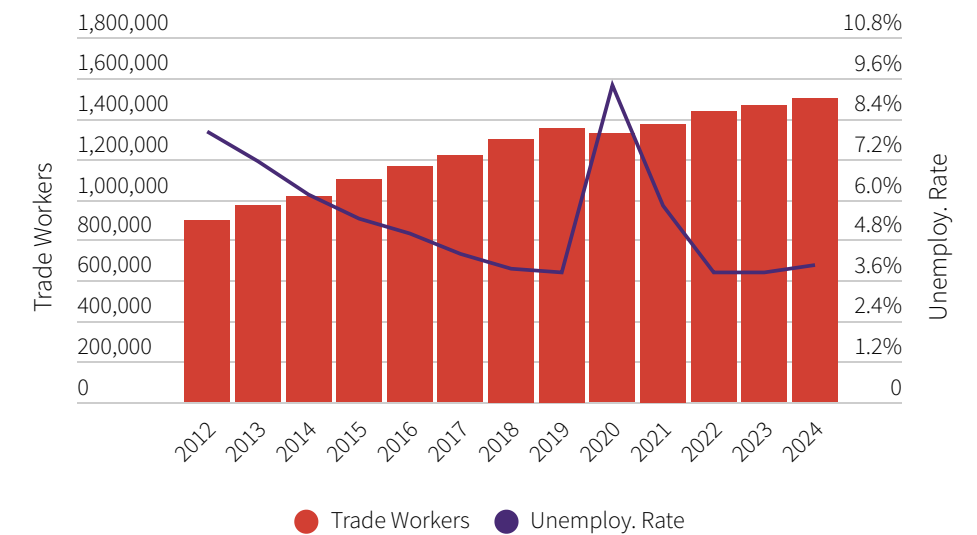
* This includes religious buildings, amusement, government communications, and public recreation projects.

SOURCE: IHS-Markit

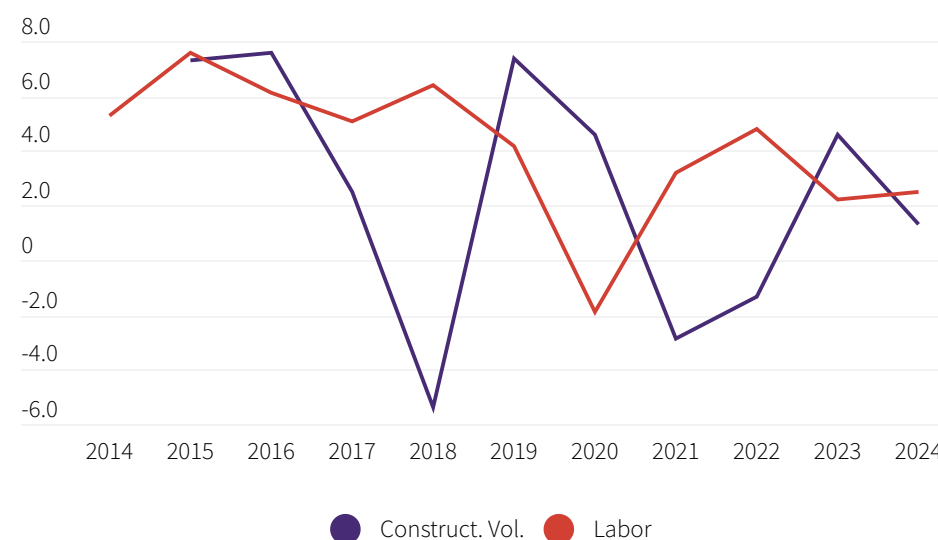
Annual Volume (x\$1M, 2012\$)



Regional Construction Employment



Construction Volume vs Labor - Annual Increase/Decrease



Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1B) |
|--|---------------------|---------------|
| Bleutech Park Las Vegas | Las Vegas, NV | \$7.5B |
| Halo Vista Mixed Use Sonoran Oasis Science and Technology Park | Phoenix, AZ | \$7B |
| Tripletail Data Center | Eagle Mountain, UT | \$7B |
| Taiwan Semiconductor Manufacturing Company | Phoenix, AZ | \$6.6B |
| Related Santa Clara | Santa Clara, CA | \$6.2B |
| Carson Water-Recycling Facility | Carson, CA | \$6B |
| Laughlin Solar Energy Plant | Laughlin, NV | \$6B |
| LG Energy Solution Manufacturing Plant | Queen Creek, AZ | \$5.5B |
| LG Plant | Queen Creek, AZ | \$5.5B |
| North Las Vegas Medical Campus | North Las Vegas, NV | \$5B |

SOURCE: Build Central

NORTH CENTRAL

CONTACT: Etienne Nel, Managing Director
enel@cumming-group.com

Construction trends in the North Central region highlight a growing urban-rural divide. In more rural states such as North and South Dakota, construction has slowed due to higher interest rates, volatile material costs, and labor shortages – exacerbated by workers relocating to larger cities. However, these states are also seeing some momentum from federal initiatives promoting green energy, supported by their ample sunshine – typically 100 to 200 sunny days per year.

In contrast, larger cities like Chicago, Minneapolis, and Columbus have seen steady growth in their construction markets, driven by strong demand for affordable housing and sustained federal investment in infrastructure. Chicago remains the region’s largest city and most active construction

hub. The metro area, home to nearly nine million people, hosts seven of the region’s ten largest construction projects.

Adaptive reuse is an increasingly prominent topic in the region’s urban centers, which are home to large tracts of underutilized former industrial land. In Chicago, several major redevelopments are underway: a residential neighborhood is being built on a former rail yard; a casino is rising on the former site of the Chicago Tribune’s printing presses; and a quantum computing facility is under development at a former steel plant. Additionally, the LaSalle Street Corridor – home to Cumming Group’s Chicago office – has been rezoned to allow for office-to-residential conversions.

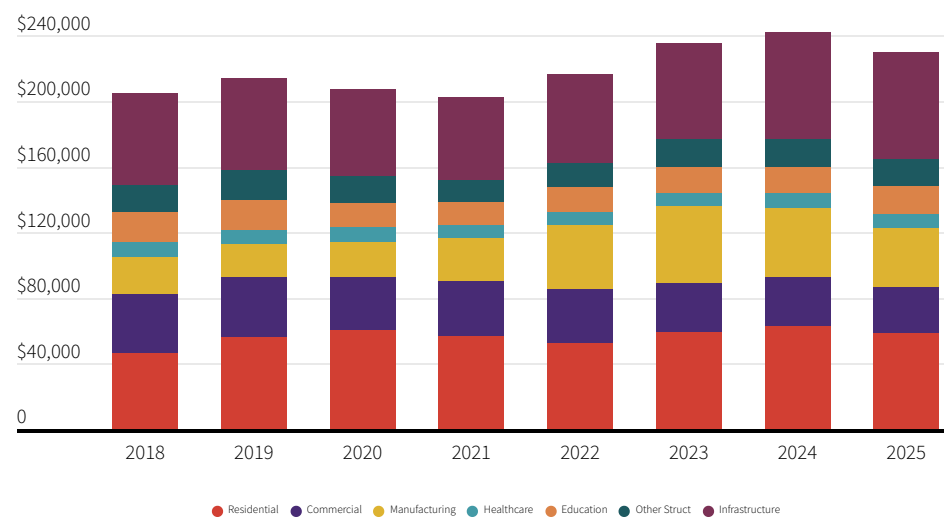
Total Construction Market Volume by Sector (x \$1M, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|-------|--------|--------|--------|-------|-------|-------|--------|
| Total | 1.0% | 4.5% | -3.1% | -2.3% | 6.6% | 9.2% | 2.7% | -5.2% |
| Residential | -6.4% | 21.6% | 6.2% | -4.4% | -8.2% | 12.1% | 6.3% | -6.9% |
| Commercial | -0.4% | 0.1% | -7.3% | -0.2% | 0.9% | -8.9% | -2.6% | -2.2% |
| Manufacturing | 4.9% | -10.3% | 3.3% | 23.3% | 45.2% | 20.7% | -8.7% | -16.7% |
| Healthcare | -0.9% | 1.0% | -2.4% | -4.7% | 0.7% | 6.5% | 4.1% | -0.6% |
| Education | 1.6% | -1.6% | -13.3% | -15.0% | 7.6% | 8.1% | 6.5% | -1.0% |
| Other Struct* | 2.1% | 6.6% | -12.0% | -9.8% | 7.0% | 11.9% | 2.7% | -4.3% |
| Infrastructure | 6.9% | 1.4% | -6.2% | -5.4% | 7.5% | 9.3% | 9.6% | 0.8% |

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

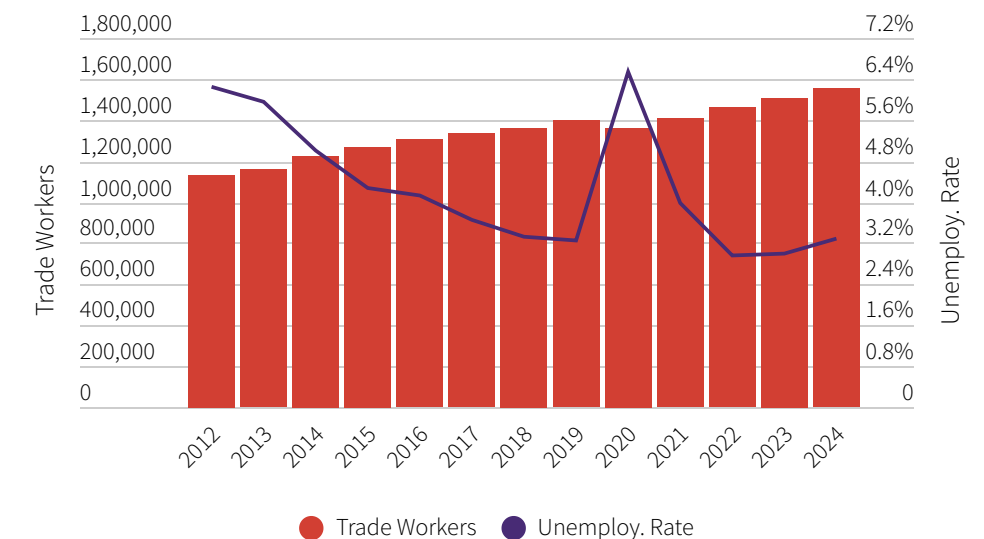
SOURCE: IHS-Markit

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

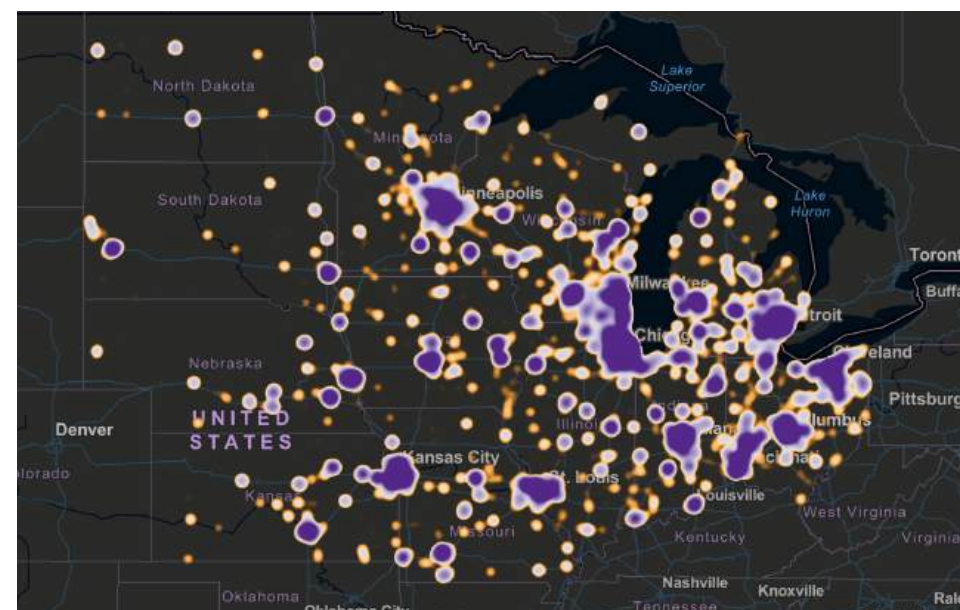


SOURCE: IHS-Markit

Regional Construction Employment

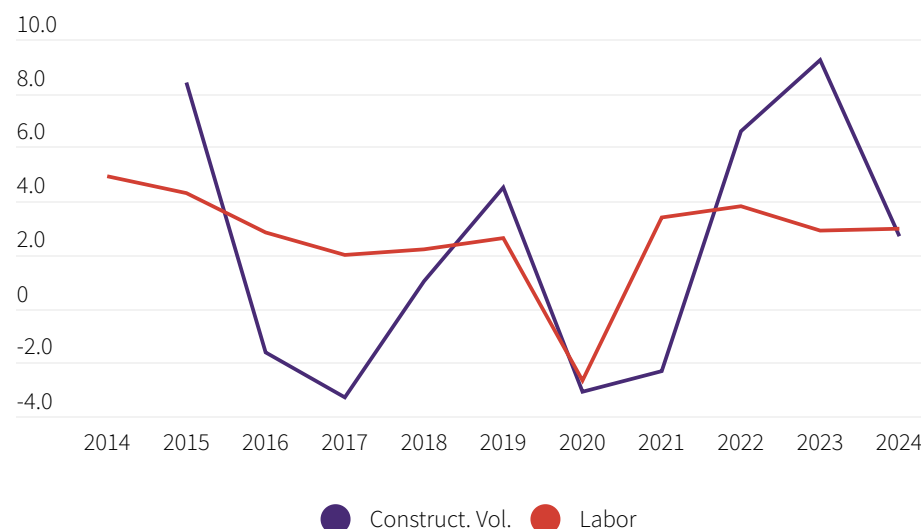


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1b) |
|---|--------------------|---------------|
| Project Grit | Mundy Township, MI | \$55B |
| Illinois Quantum and Microelectronics Park | Chicago, IL | \$9B |
| One Central Phase II | Chicago, IL | \$7.35B |
| Cologix Johnstown Campus | Johnstown, OH | \$7B |
| The 1901 Project | Chicago, IL | \$7B |
| The 78 | Chicago, IL | \$7B |
| Destination Medical Center Initiative | Rochester, MN | \$6.5B |
| O'Hare International Airport Terminal Expansions | Chicago, IL | \$6.3B |
| Applied Digital High-Performance Computing (HPC) Data Center Campus | Ellendale, ND | \$5B |
| Xcel Energy Data Center | Monticello, MN | \$5B |

SOURCE: Build Central

SOUTH CENTRAL

CONTACT: Sean McDermott, Regional Director
smcdermott@cumming-group.com

The South Central region has emerged as a major beneficiary of recent shifts in where Americans choose to live and work. Texas, in particular, is now one of the country's fastest-growing states, thanks in part to the abundance of land available to its cities for development. The Bay Area, for example, is sandwiched between the ocean, the bay, and the mountains, which limits the land that it can build on. This is not an issue for a city like San Antonio, which sits on the Southern end of the Great Plains.

What has become an issue for these cities is the availability of labor. A city like Chicago might bring in workers from Milwaukee or Indianapolis to make sure projects get finished on time if competition for labor is fierce enough. But this isn't an option in the South Central region, as cities across the

region have been seeing similar booms in construction. As a result, contractors are generally forced to pay higher labor costs, as bringing workers to San Antonio from a distant city like Omaha is not an option.

Outside of Texas, data centers have been going up across the Deep South. These can be built anywhere with cheap land, plentiful electricity, and lots of water access – things that states like Louisiana and Mississippi have in spades. As commerce continues to move online, demand for these facilities has only accelerated. New projects are announced each week, making it difficult for contractors to keep up.

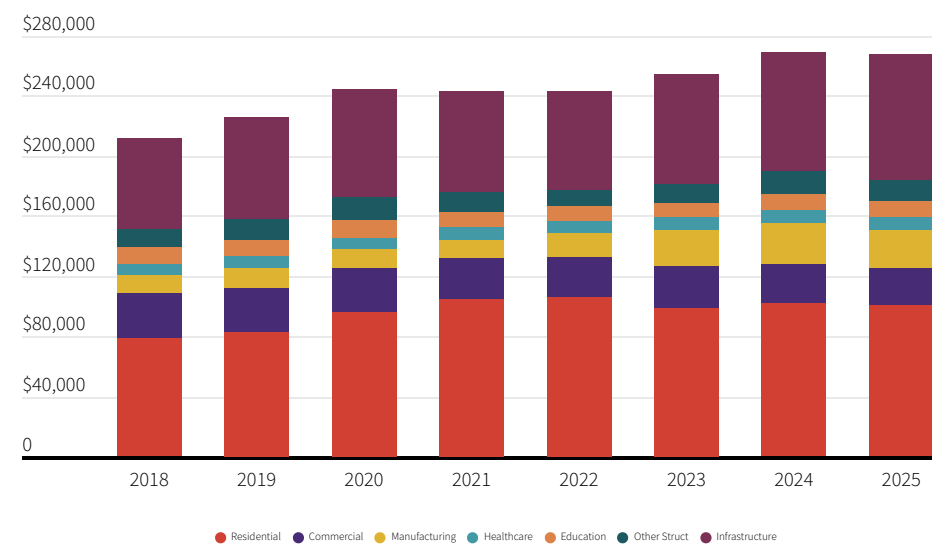
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|-------|-------|--------|--------|-------|-------|-------|--------|
| Total | 6.6% | 7.9% | -0.5% | -0.3% | 4.7% | 5.8% | 3.0% | -2.2% |
| Residential | 4.7% | 16.1% | 9.0% | 0.7% | -6.3% | 2.5% | 3.6% | -3.5% |
| Commercial | 0.5% | 1.7% | -7.2% | 1.5% | 2.7% | -7.8% | -1.8% | -1.5% |
| Manufacturing | 6.4% | -8.9% | 2.8% | 24.8% | 47.0% | 22.4% | -7.9% | -16.6% |
| Healthcare | 4.7% | 5.7% | -0.3% | 0.2% | 5.2% | 3.5% | 0.5% | 0.2% |
| Education | 3.7% | 2.2% | -11.5% | -13.3% | 8.3% | 8.1% | 6.9% | -0.5% |
| Other Struct* | 4.1% | 11.4% | -12.3% | -9.6% | 7.9% | 12.3% | 2.9% | -4.0% |
| Infrastructure | 13.3% | 4.2% | -6.9% | -3.5% | 12.4% | 9.1% | 7.5% | 3.6% |

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

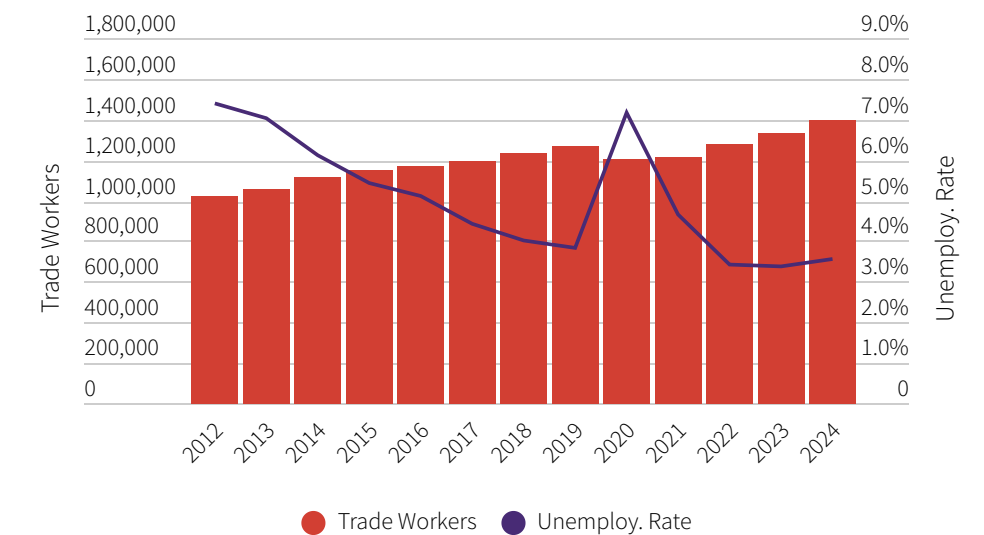
SOURCE: IHS-Markit

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

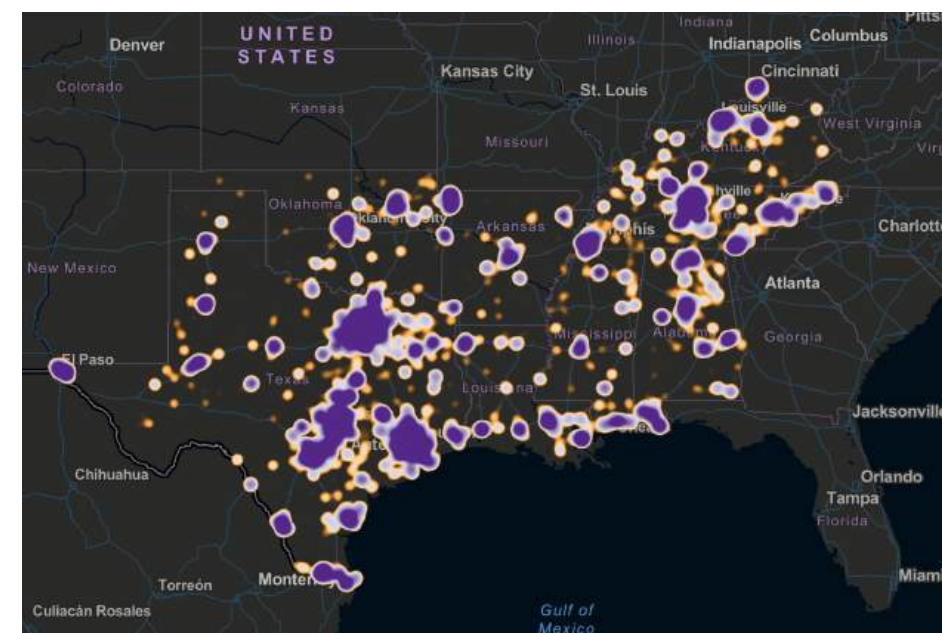


SOURCE: IHS-Markit

Regional Construction Employment

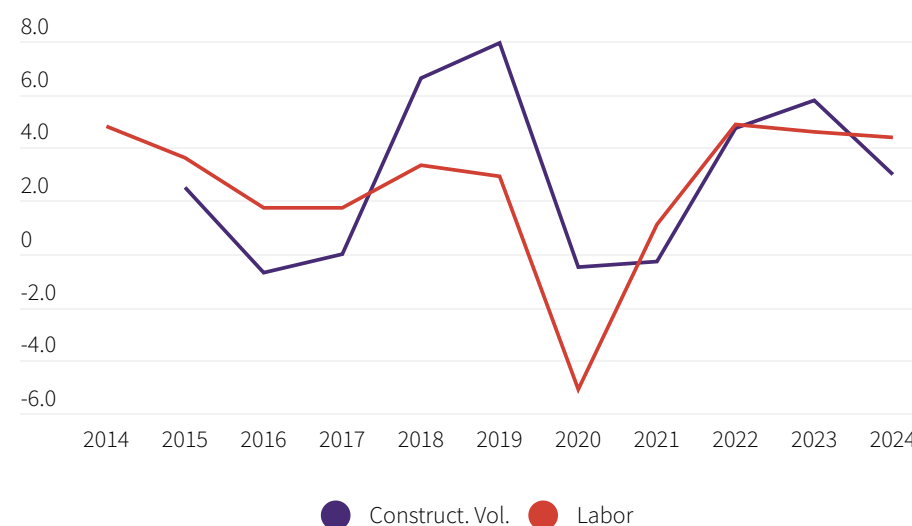


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1B) |
|---|------------------------|---------------|
| Legacy Drive Life Science Hub | Plano, TX | \$4B |
| Compass Datacenter Campus | Meridian, MS | \$10B |
| Meta Richland Parish Data Center | Rayville, LA | \$10B |
| Formosa Petrochemical Sunshine Project | Saint James Parish, LA | \$9.4B |
| Talise | Laredo, TX | \$7.4B |
| Uranium Processing Facility | Oak Ridge, TN | \$6.5B |
| Blue Oval City | Stanton, TN | \$5.6B |
| Grand Prairie Hyperscale Data Center Campus | Grand Prairie, TX | \$5B |

SOURCE: Build Central

NORTHEAST

CONTACT: Mo Shehata

Senior Vice President, Cost Management

mshehata@cumming-group.com

Nationwide, the country faces an estimated shortfall of roughly 3 million homes. Roughly 1 million of these are in the area around New York City. Housing shortages here are more severe than anywhere else in the country outside of California. Much of the residential construction in recent years has focused on high-end, luxury developments that are not designed to be broadly affordable.

Issues with the commercial real estate sector can present a solution for the region's housing prices. Converting unneeded offices to badly needed apartments makes a lot of sense on paper but is prohibitively complicated and expensive in practice. If commercial property prices continue to fall,

however, more resources can be allocated for conversion rather than acquisition. Adaptive reuse projects have been gaining permitting approval across the region.

Despite these developments, there remains considerable work to be done in the region. The infrastructure sector, bolstered by federal spending, is thriving. Several new manufacturing facilities are also in development, along with data centers and hospitals. These projects represent a significant opportunity for the market, as they will likely one day anchor affordable housing and mixed-use projects.

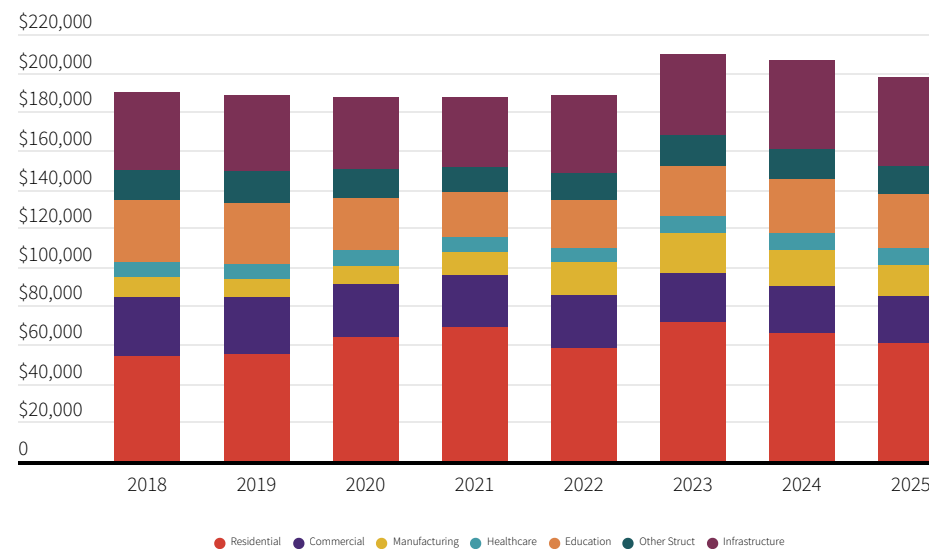
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|-------|--------|--------|--------|--------|-------|-------|--------|
| Total | 1.5% | -0.9% | -0.7% | -0.1% | 0.8% | 11.3% | -1.3% | -4.5% |
| Residential | -3.1% | 2.2% | 16.2% | 7.3% | -15.8% | 23.4% | -8.8% | -6.4% |
| Commercial | 0.2% | -3.9% | -6.8% | -0.3% | 0.8% | -7.6% | -2.1% | -2.2% |
| Manufacturing | 4.9% | -10.6% | 2.6% | 23.2% | 44.7% | 20.5% | -8.9% | -17.1% |
| Healthcare | 0.6% | -2.2% | -2.4% | -4.5% | 2.3% | 7.0% | 4.8% | -1.1% |
| Education | 2.1% | -1.1% | -13.7% | -14.6% | 6.9% | 6.8% | 7.2% | -0.9% |
| Other Struct* | 0.4% | 4.5% | -10.9% | -8.0% | 5.8% | 8.7% | 1.3% | -3.8% |
| Infrastructure | 9.0% | -1.9% | -5.9% | -4.5% | 12.3% | 6.8% | 8.1% | -1.0% |

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

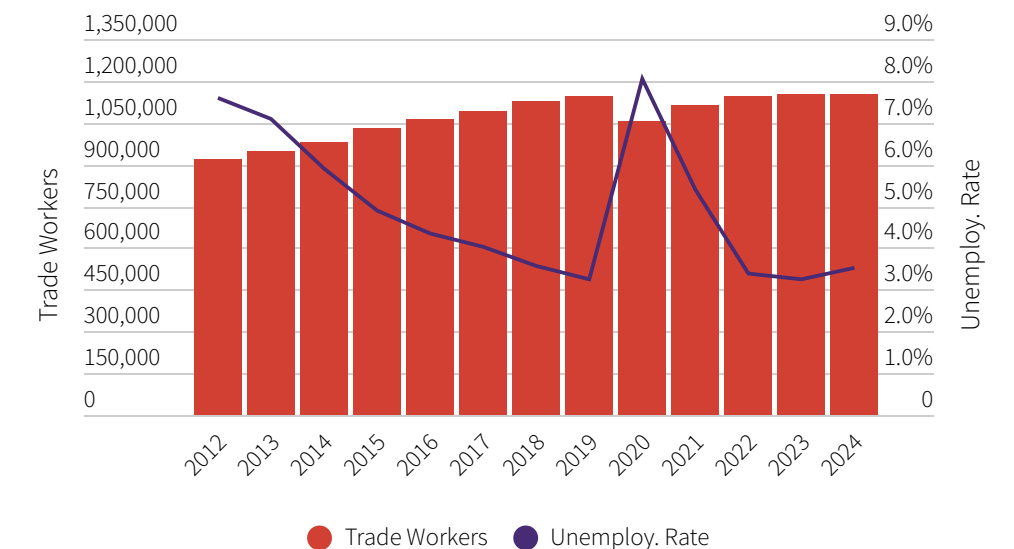
SOURCE: IHS-Markit

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

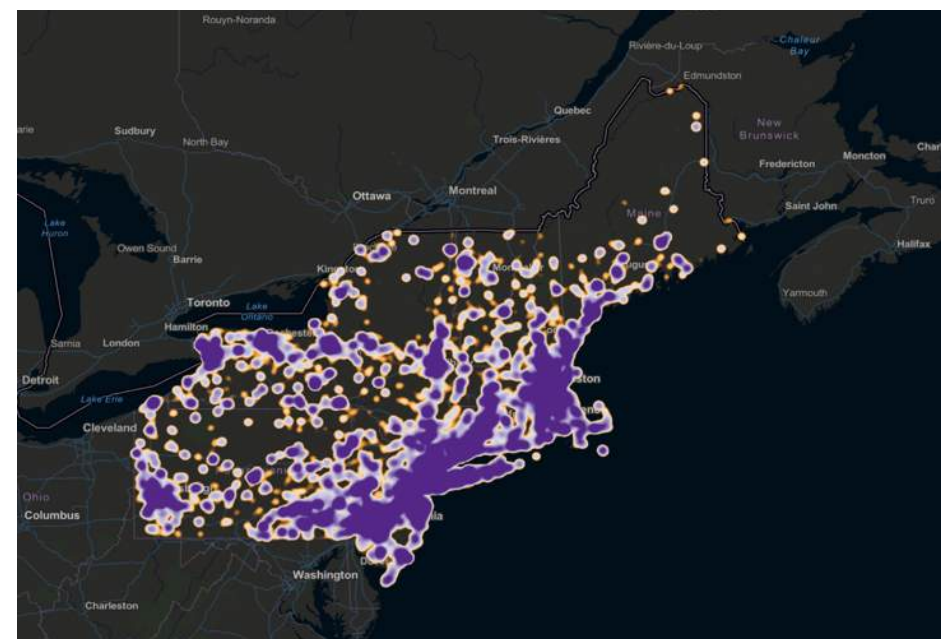


SOURCE: IHS-Markit

Regional Construction Employment

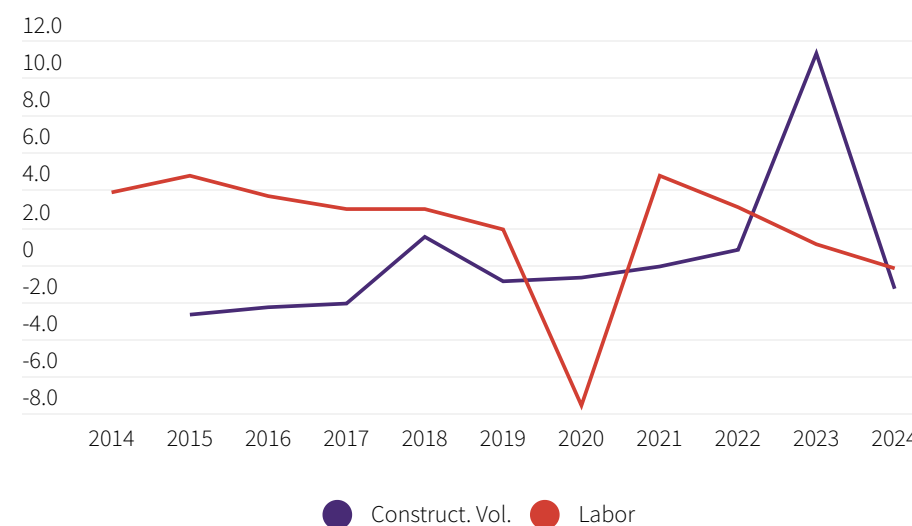


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1B) |
|---|-------------------|---------------|
| Micron Chip Factory | Clay, NY | \$100B |
| Port Authority 42nd Street Bus Terminal Replacement | New York, NY | \$10B |
| Metropolitan Park | Queens, NY | \$8B |
| Pacific Park Brooklyn | Brooklyn, NY | \$4.9B |
| 1515 Broadway Office Building Conversion | New York, NY | \$4B |
| Renaissance at Bader Field | Atlantic City, NJ | \$3.4B |
| Cooper University Hospital Expansion | Camden, NJ | \$3B |
| Brooklyn Detention Complex Expansion | Brooklyn, NY | \$3B |
| 360 Tenth | New York, NY | \$3B |
| Westfield Data Center Campus | Westfield, MA | \$2.7B |

SOURCE: Build Central

SOUTHEAST

CONTACT: Mo Shehata
 Senior Vice President, Cost Management
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Following the COVID-19 pandemic and the accompanying rise of remote work, young adults have been moving to small towns and rural areas at the highest rate in almost 100 years. This has given rise to so-called “zoom towns” which have become hubs for remote workers in nearby, larger cities. Cities in West Virginia and the Carolinas have begun to accommodate these workers, with many seeing it as a chance to alleviate some of the economic woes caused by the departure of manufacturing jobs in previous generations.

In the hospitality sector, places like Miami and Orlando are the big draws. The tourism industry has recently shifted its focus from attracting more visitors to getting visitors to spend more. High-end residential, hospitality, and commercial spaces have emerged as key growth drivers. Construction spending is up roughly 60% over the last decade, while the labor force has only grown by 45% over the same period, prompting substantial cost increases. Things will likely become more complicated as interest rates continue to decline.

Regionwide, developers are shifting towards mixed-use projects that combine residential and commercial spaces, often anchored by stadiums or coworking spaces. This is a departure from the suburban sprawl of the last twenty years and reflects growing concerns about sustainability.

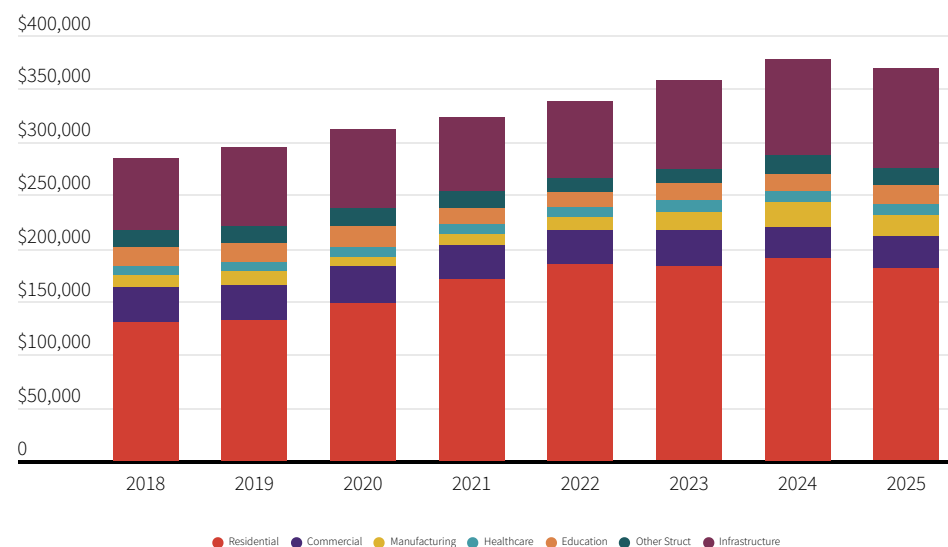
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|-------|-------|--------|--------|-------|-------|-------|--------|
| Total | 4.1% | 5.9% | 3.6% | 4.1% | 6.2% | 3.5% | -0.3% | -0.8% |
| Residential | 1.1% | 12.0% | 15.3% | 8.0% | -0.3% | 0.8% | -2.0% | -1.4% |
| Commercial | 1.0% | 0.4% | -7.4% | 0.0% | 2.2% | -6.9% | -1.6% | -1.4% |
| Manufacturing | 6.2% | -8.5% | 3.4% | 24.0% | 46.1% | 21.6% | -8.8% | -16.5% |
| Healthcare | 5.0% | 3.2% | 0.8% | 3.1% | 8.8% | 2.3% | -2.4% | 0.6% |
| Education | 2.7% | 0.3% | -13.5% | -13.6% | 8.8% | 8.6% | 8.0% | 0.0% |
| Other Struct* | 2.2% | 9.0% | -11.6% | -9.0% | 7.0% | 10.9% | 2.6% | -3.8% |
| Infrastructure | 12.1% | 0.5% | -6.7% | 0.5% | 16.8% | 7.3% | 4.0% | 4.6% |

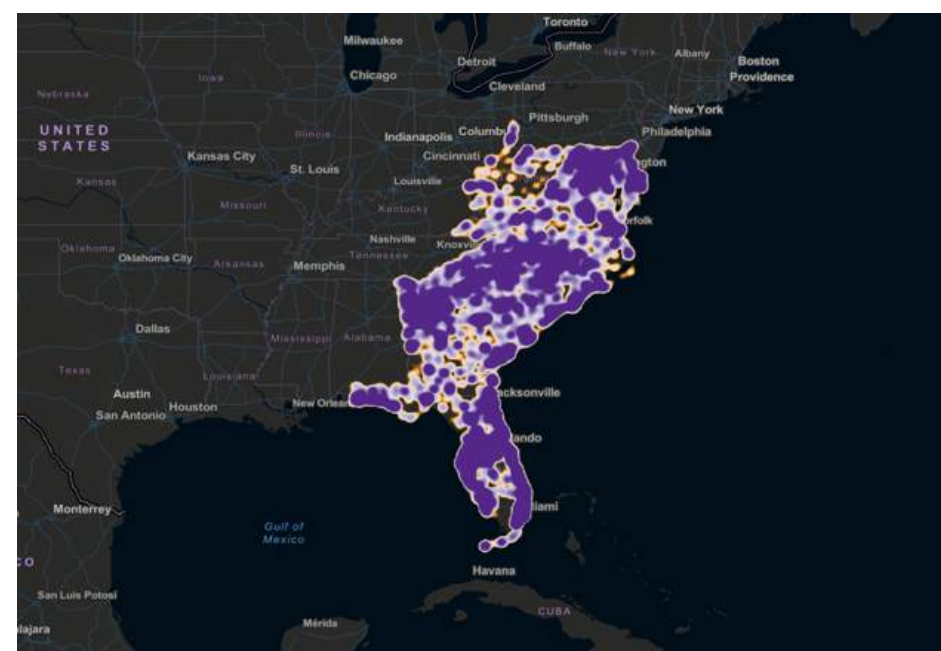
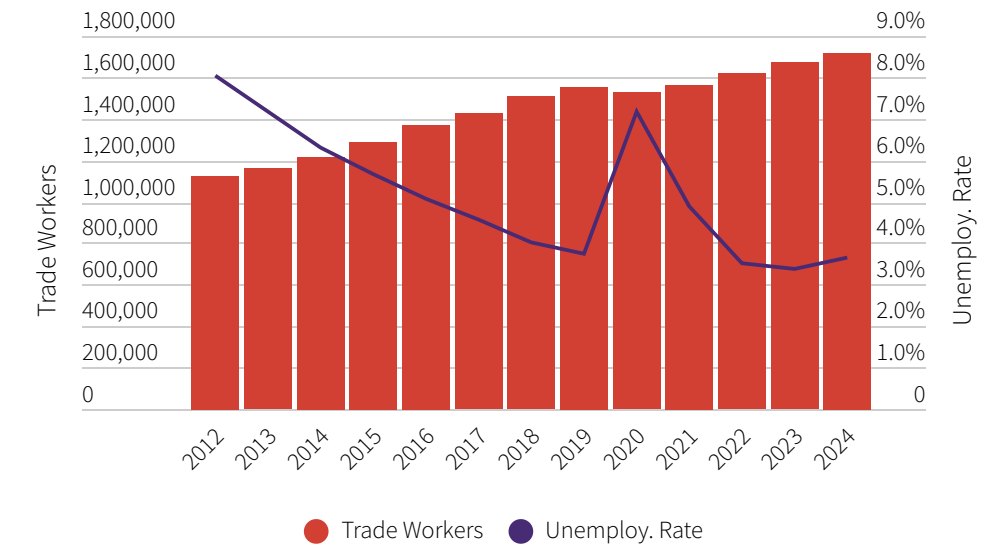
* This includes religious buildings, amusement, government communications, and public recreation projects.

SOURCE: IHS-Markit

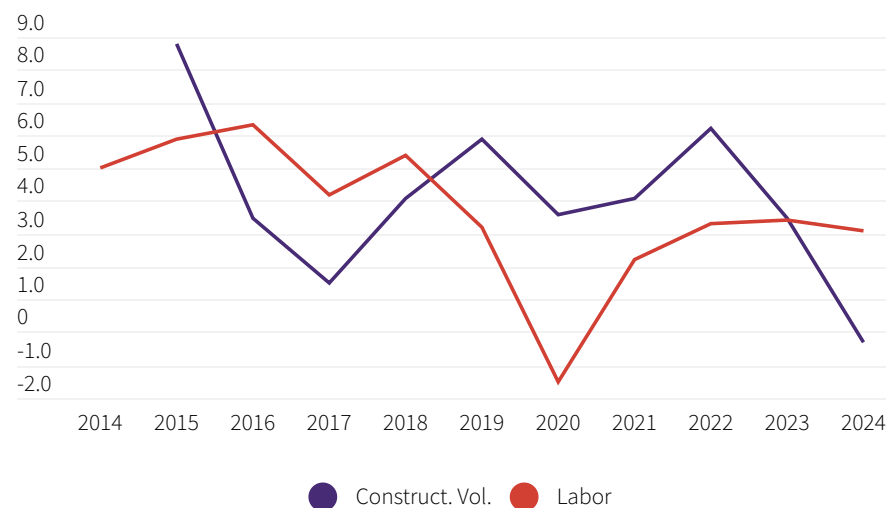
Annual Volume (x\$1M, 2012\$)



Regional Construction Employment



Construction Volume vs Labor - Annual Increase/Decrease



Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1B) |
|--|-------------------|---------------|
| Potomac Yard Mixed-Use Development | Alexandria, VA | \$20B |
| Project Sail | Newnan, GA | \$17.16B |
| Global Villages or Gwinnett Place Mall Redevelopment | Duluth, GA | \$10B |
| Burnham Place at Union Station | Washington, DC | \$8.5B |
| ATL Next - Hartsfield-Jackson Airport Expansion | Atlanta, GA | \$6B |
| Baltimore Peninsula | Baltimore, MD | \$5.5B |
| Newton County Technology Park | Social Circle, GA | \$5B |
| Wolfspeed's Factory | Siler City, NC | \$5B |
| Hyundai Electric Vehicle Battery Plant | Kingston, GA | \$5B |
| Rivian | Social Circle, GA | \$5B |

SOURCE: Build Central

SPOTLIGHTS



CONTACT: Sean McDermott, Regional Director
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The Dallas-Fort Worth Metroplex is one of the fastest-growing areas within the Texas Triangle. A typical day here will see somewhere between 30 and 50 new residents move in – this trend is expected to continue and has already caused a spike in demand for new construction, leading to rising costs for labor and commodities. Normally, when demand drives up costs, contractors seek labor resources further afield – a general contractor in Chicago might draw workers from Milwaukee to ensure their project is completed on time, for instance. However, this option isn't viable for cities in the Texas Triangle, given that the entire region is grappling with similar construction surges. The costs associated with bringing plumbers in from Tulsa, El Paso, or New Orleans are too high to make these feasible options. Instead, businesses must accept higher labor costs.

We expect construction in the Dallas-Fort Worth area to continue to increase, even as the economy cools. Economic recessions typically result in a decrease in high-profile projects that require substantial capital investment up-front. The recent population increase suggests that the market should be able to sustain itself based primarily on the needs of its residents. Instead of coming from a few expensive, high-profile projects, growth will likely be driven by numerous smaller residential, educational, and healthcare developments. This should provide downward pressure on commodities prices and relief from escalation in the coming years as well.

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

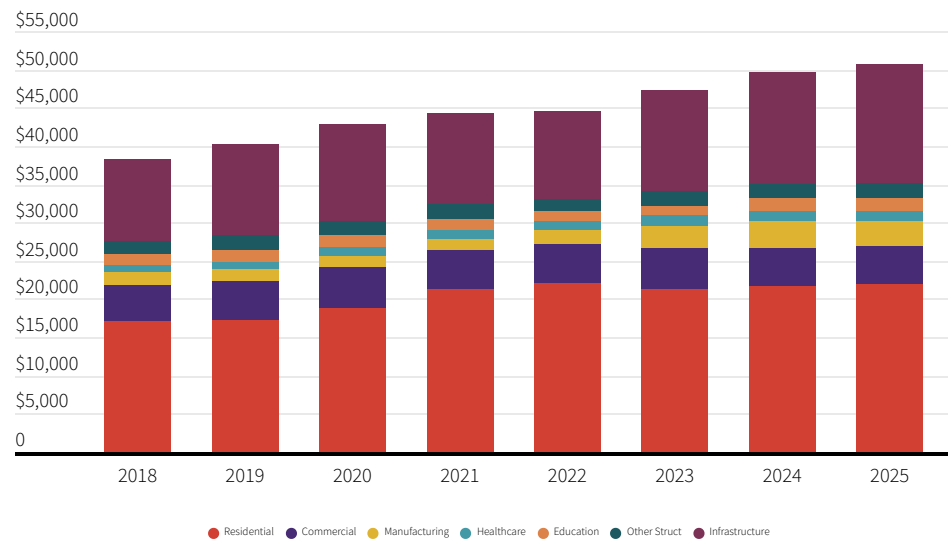
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|-------|-------|-------|--------|--------|-------|-------|-------|
| Total | 0.1% | 5.1% | 7.0% | 3.2% | 0.6% | 6.1% | 4.9% | 1.8% |
| Residential | -3.4% | 1.0% | 9.6% | 13.0% | 2.6% | -2.4% | 1.8% | 1.5% |
| Commercial | 4.2% | 3.3% | 4.4% | -3.4% | 3.5% | 2.1% | -8.0% | -0.8% |
| Manufacturing | -0.6% | 8.2% | -6.8% | 3.1% | 24.8% | 47.8% | 23.6% | -7.8% |
| Healthcare | -2.1% | 5.4% | 7.0% | 2.8% | -0.1% | 9.8% | 3.0% | -3.3% |
| Education | 1.8% | 5.0% | 2.0% | -10.8% | -11.6% | 9.0% | 8.4% | 6.0% |
| Other Struct* | 1.2% | 0.1% | 10.5% | -10.7% | -7.3% | 8.7% | 10.1% | 3.2% |
| Infrastructure | 4.3% | 13.0% | 6.4% | -4.8% | -4.8% | 16.0% | 10.1% | 5.2% |

◀ HISTORIC FORECAST ▶

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

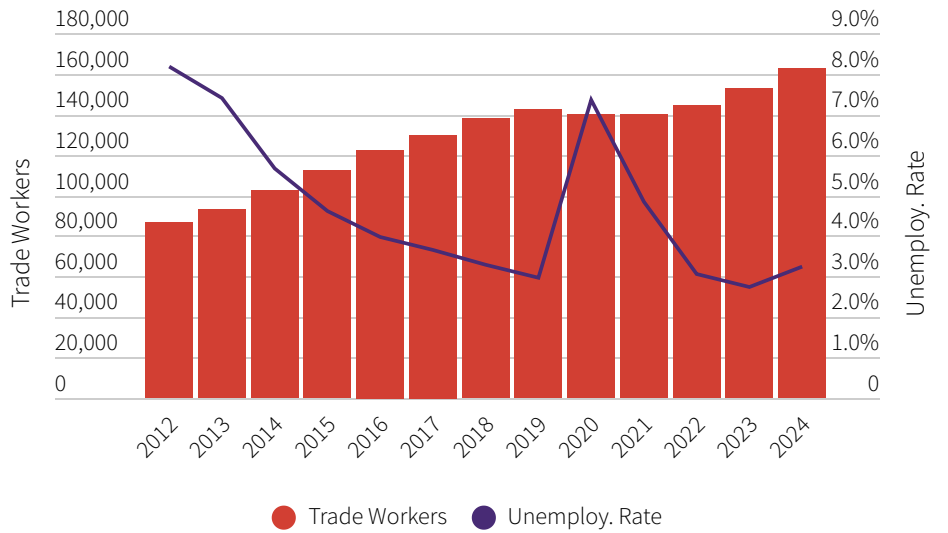
SOURCE: IHS-Markit

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

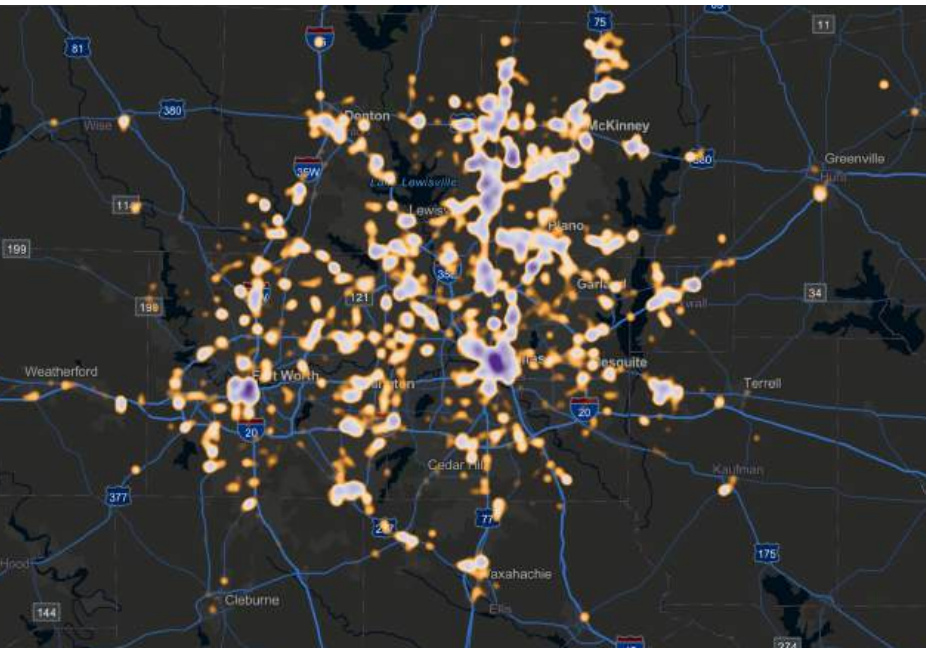


SOURCE: IHS-Markit

Regional Construction Employment

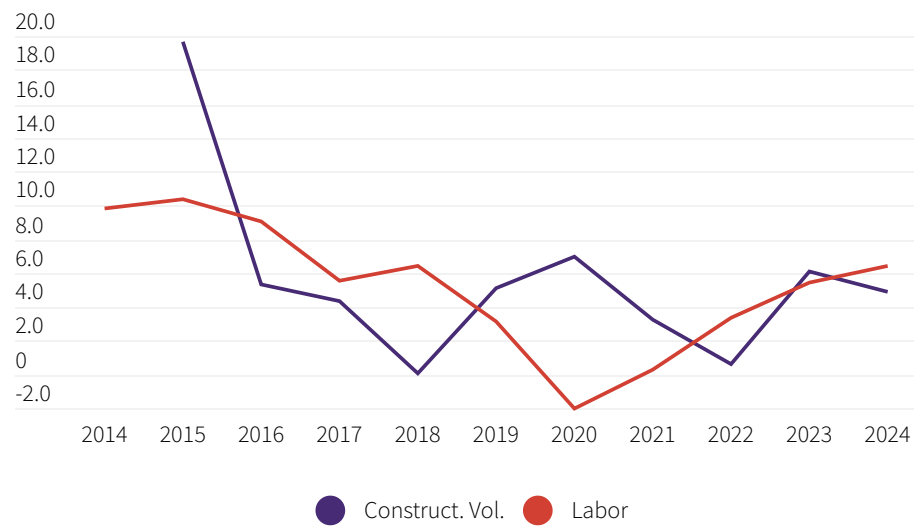


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1B) |
|---|---------------|---------------|
| Grand Prairie Hyperscale Data Center Campus | Grand Prairie | \$5B |
| 1545 West Mockingbird Lane Mixed Use | Dallas | \$5B |
| Reunion Mixed-Use Development | Dallas | \$5B |
| Children's Medical Center Dallas New Pediatric Campus Expansion | Dallas | \$5B |
| Texas Live! | Arlington | \$4B |
| Dallas Midtown | Dallas | \$4B |
| Cypress Waters | Dallas | \$3.5B |
| The Mix | Frisco | \$3B |
| Kay Bailey Hutchison Convention Center Reconstruction | Dallas | \$3B |
| Terminal F - Dallas-Fort Worth international Airport | Dallas | \$1.6B |

SOURCE: Build Central

WASHINGTON

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Sustainability is a standout topic across Cascadia, with Washington (the region's largest state) and Seattle (its largest city) being no exception. Seattle has pledged to divest itself from fossil fuels by 2030 and become completely carbon neutral by 2050. Both dates are approaching fast. This urgency represents an opportunity for the construction industry. Buildings will need to be renovated to comply with new laws, while the city will need to invest in things like light-rail and green energy. Contractors with relevant experience are already coming into Seattle from across the country to cash in on these trends, while contractors in Washington are hoping to leverage this experience for future sustainability projects in other parts of the country.

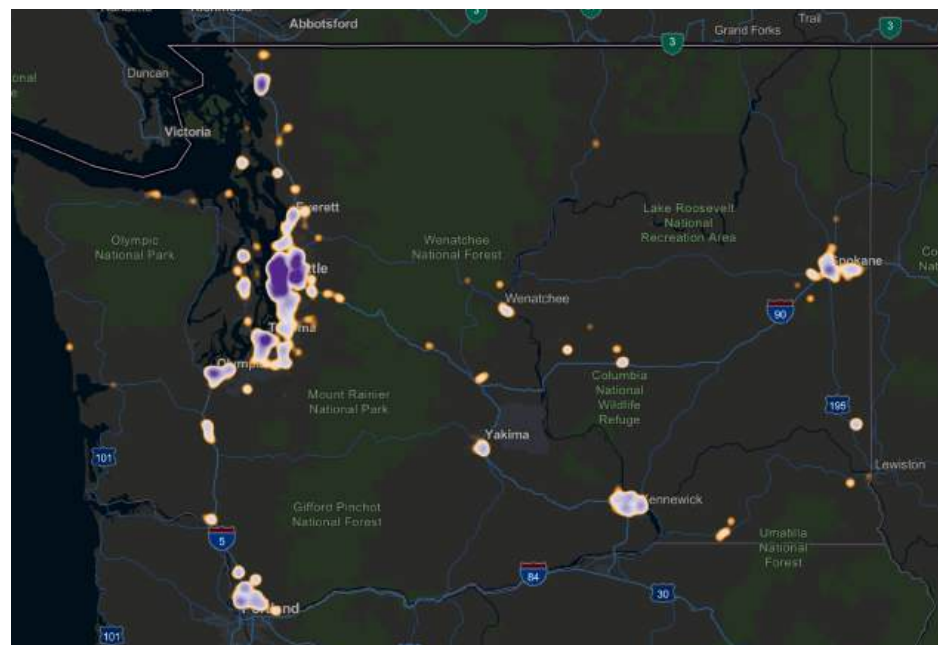
The residential sector makes up more than half of the state's construction volume, with more than half of that in Seattle. This will likely continue to increase in the coming years as the city (and state) looks to accommodate its growing population while meeting environmental targets and preserving affordable projects. Seattle is also investing in rail transit, with almost \$60 billion earmarked for various transit projects in the coming years. Construction labor has grown in order to meet this demand, but the amount of growth has not been enough to keep costs down. Many contractors have begun looking to nearby markets for the labor needed for their projects.

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

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|--------|--------|--------|--------|--------|-------|-------|--------|
| Total | -6.7% | 5.8% | 7.3% | -5.9% | -11.3% | -0.5% | 3.4% | 1.2% |
| Residential | -11.4% | 9.5% | 17.5% | -8.2% | -22.6% | -3.4% | 5.0% | 2.5% |
| Commercial | 1.0% | 0.7% | -6.7% | 1.4% | 1.2% | -7.5% | -1.8% | -1.7% |
| Manufacturing | 6.7% | -11.4% | -3.3% | 23.5% | 47.5% | 21.4% | -9.3% | -16.3% |
| Healthcare | -0.4% | 4.2% | -1.5% | -1.8% | -0.2% | -0.5% | 0.4% | 2.0% |
| Education | 2.8% | -4.8% | -9.7% | -11.1% | 13.5% | 13.0% | 11.1% | -0.4% |
| Other Struct* | 1.3% | 9.7% | -10.2% | -6.4% | 7.3% | 7.5% | 2.2% | -2.6% |
| Infrastructure | -0.6% | 0.7% | -10.9% | -4.2% | 5.5% | -1.5% | 5.6% | 7.2% |

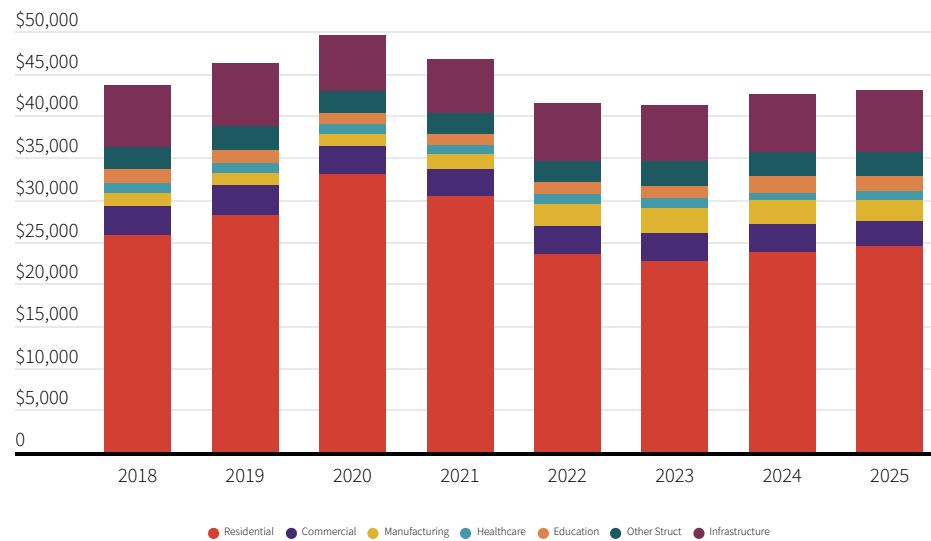
* This includes religious buildings, amusement, government communications, and public recreation projects.

SOURCE: IHS-Markit



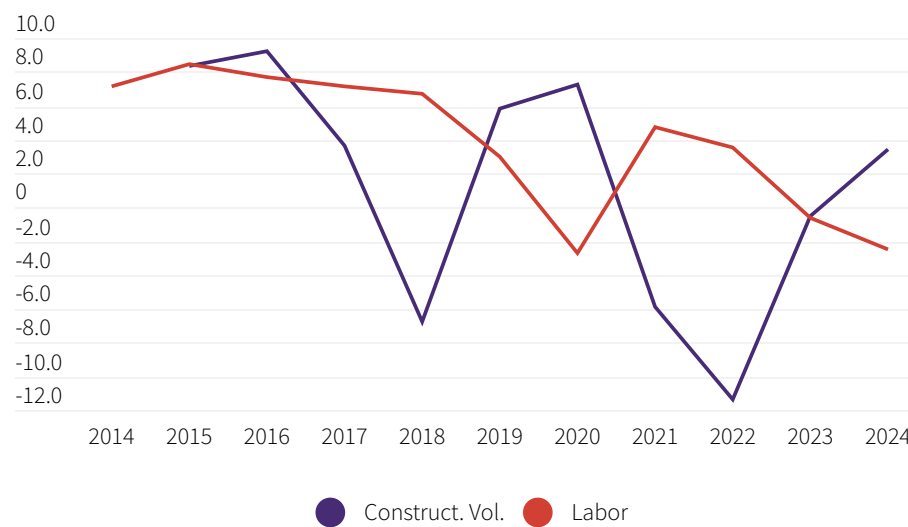
SOURCE: BuildCentral

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



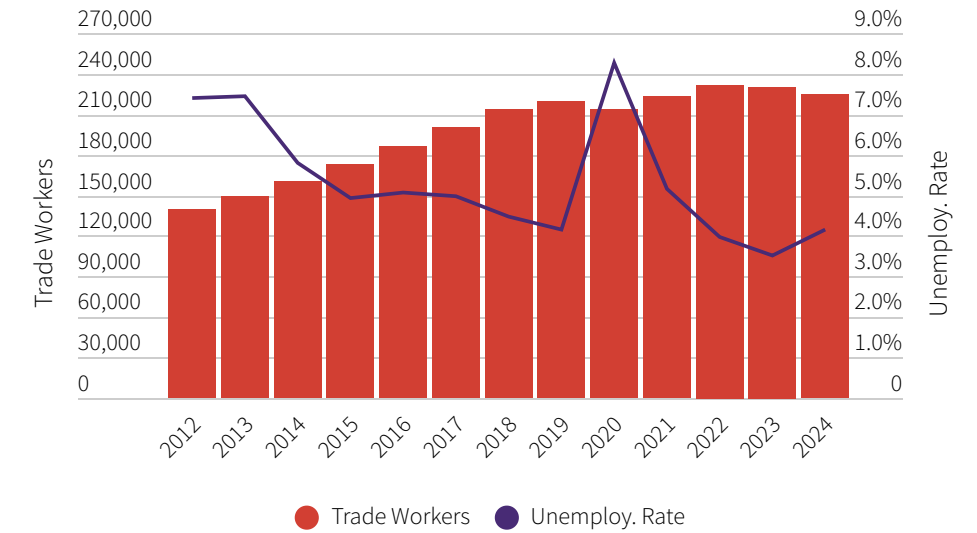
SOURCE: IHS-Markit

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Regional Construction Employment



SOURCE: U.S. Bureau of Labor Statistics

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1b) |
|---|-------------|---------------|
| Spring District | Bellevue | \$2.3B |
| Sound Transit Operations and Maintenance Facility (OMF) South | Federal Way | \$1.9B |
| Vancouver Waterfront | Vancouver | \$1.5B |
| Seabrook Community Expansion | Seabrook | \$1.5B |
| Bellevue Square Expansion | Bellevue | \$1B |
| Western State Hospital New Facilities | Lakewood | \$950M |
| Harborview Medical Center New Medical Tower | Seattle | \$930M |
| Providence Swedish First Hill North Tower | Seattle | \$800M |
| LakePointe Urban Village | Covington | \$670M |
| MultiCare Mary Bridge Children's Hospital Relocation | Tacoma | \$420M |

SOURCE: Build Central

Much like in the Southeast, the construction market in New England is adapting to trends in where Americans live and work. New England has a network of midsized cities close to bigger cities like Boston or New York, making places like New Haven or Manchester great places for these cities' remote workers. Thanks to the proliferation of remote work, people are moving to small cities or suburbs at increasing rates. Resource availability and concern about tariffs has prompted a push for eco-friendly (and domestically sourced) construction materials, such as wood fiber insulation, in order to reduce reliance on strained supply chains and achieve lower carbon footprints.

Government policies and legislative initiatives are further shaping the industry's landscape. Zoning laws and tax incentives, such as Massachusetts' density bonuses for green building practices, are increasingly used to promote sustainable construction. Infrastructure spending, including continuing federal initiatives under the Inflation Reduction Act, has allocated substantial funds for low-carbon construction materials, while cities like Boston are implementing fossil fuel bans in city-owned buildings to accelerate the transition to clean energy. These measures signal a long-term shift toward sustainability and climate-conscious development, which is likely to persist in the coming years. See below for more insights into the New England market.

NEW ENGLAND

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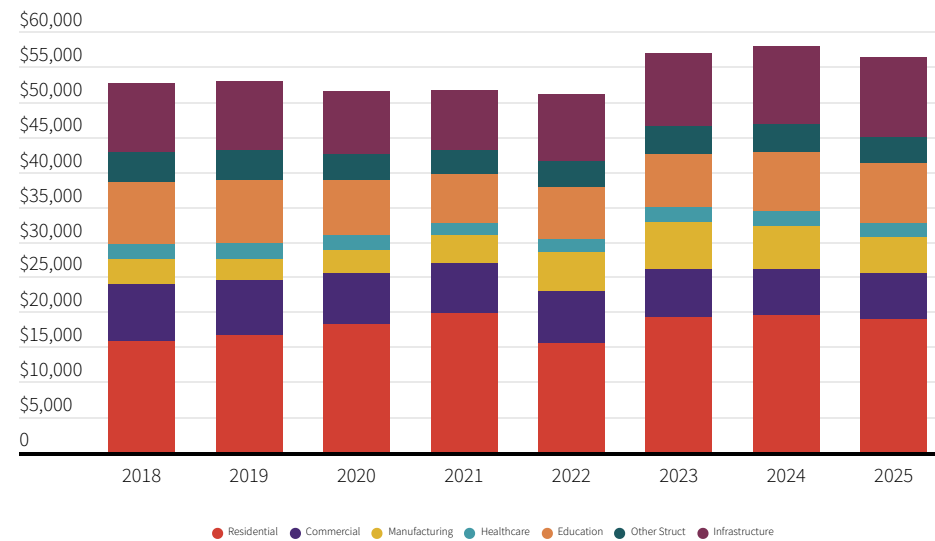
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|--------|-------|--------|--------|--------|-------|-------|--------|
| Total | -1.0% | 0.3% | -2.1% | -0.1% | -1.0% | 11.3% | 2.1% | -2.7% |
| Residential | -10.5% | 5.1% | 9.7% | 8.4% | -21.1% | 23.9% | 0.6% | -1.9% |
| Commercial | -0.1% | -3.0% | -7.0% | -1.1% | 0.5% | -7.5% | -1.8% | -2.0% |
| Manufacturing | 5.4% | -9.6% | 2.7% | 22.3% | 44.0% | 20.1% | -9.0% | -16.8% |
| Healthcare | -0.7% | -3.2% | -2.5% | -6.5% | 1.3% | 5.2% | 4.8% | 0.0% |
| Education | 4.4% | 0.4% | -13.5% | -14.4% | 7.8% | 6.8% | 7.7% | -0.5% |
| Other Struct* | 0.1% | 5.0% | -10.9% | -8.4% | 6.4% | 8.5% | 1.1% | -3.8% |
| Infrastructure | 8.7% | -2.6% | -5.5% | -6.7% | 13.6% | 5.5% | 10.2% | 1.7% |

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

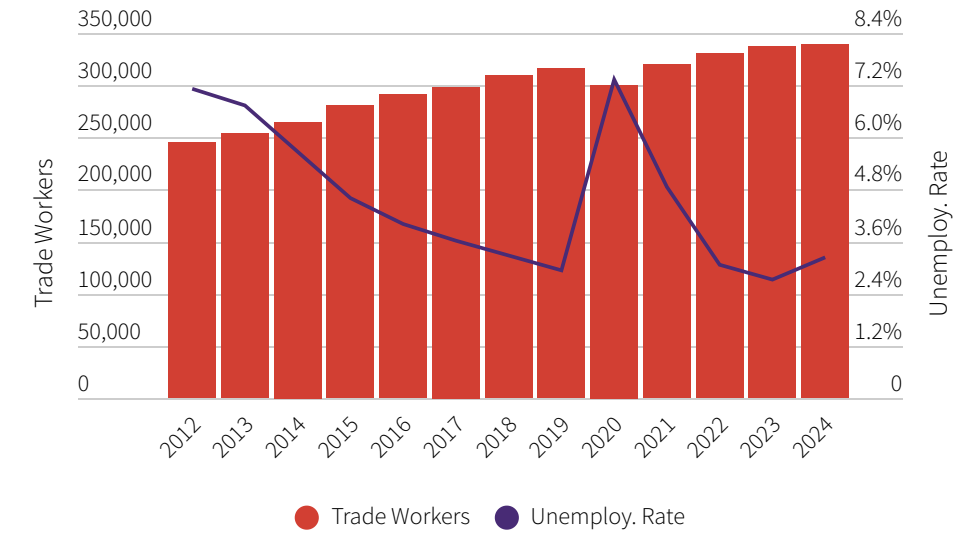
SOURCE: IHS-Markit

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

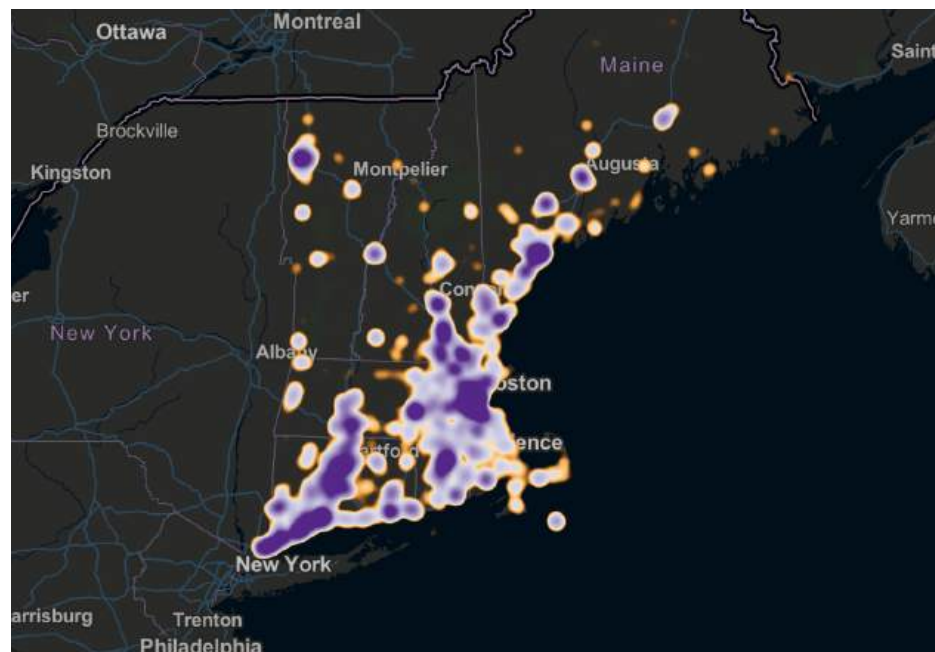


SOURCE: IHS-Markit

Regional Construction Employment

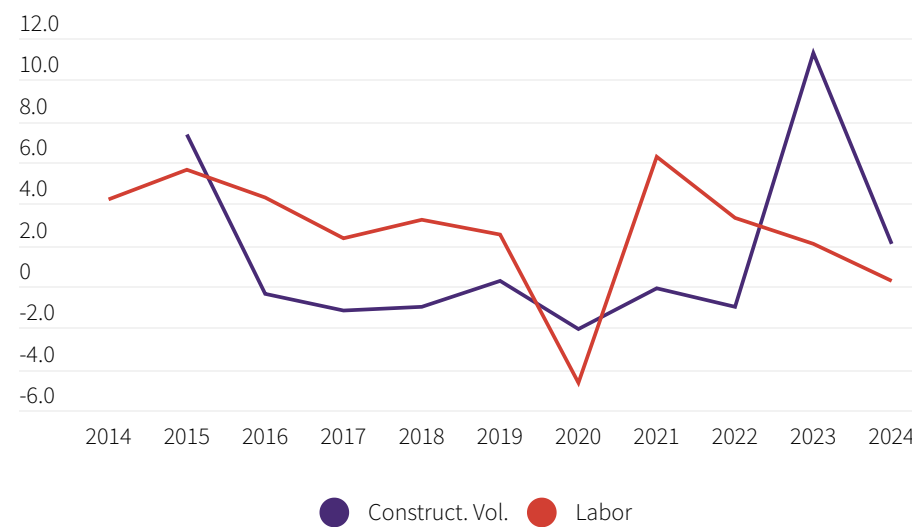


SOURCE: U.S. Bureau of Labor Statistics



SOURCE: BuildCentral

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: IHS-Markit and FRED

Top Regional Projects Sorted by Construction Value

| Project Name | Location | Value (x\$1b) |
|--|-------------------|---------------|
| Westfield Data Center Campus | Westfield, MA | \$2.70B |
| Massachusetts General Hospital Expansion | Boston, MA | \$1.90B |
| Dana-Farber Cancer Center Boston | Boston, MA | \$1.68B |
| Steelpointe Harbor | Bridgeport, CT | \$1.5B |
| Kendall Square Initiative | Cambridge, MA | \$1.2B |
| Parcel P3 Mixed-Use Development | Boston, MA | \$1.01B |
| Union Square | Somerville, MA | \$1B |
| Woodmont Commons | Londonderry, NH | \$1B |
| Port Eastside Founders Plaza Redevelopment | East Hartford, CT | \$840M |
| Adams Neurosciences Center at YNHH Saint Raphael | New Haven, CT | \$840M |

SOURCE: Build Central

MARKET ANALYSIS

Q1 2025



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