

Attachment A

CONSTRUCTION  
MARKET ANALYSIS  
2021 - 2022



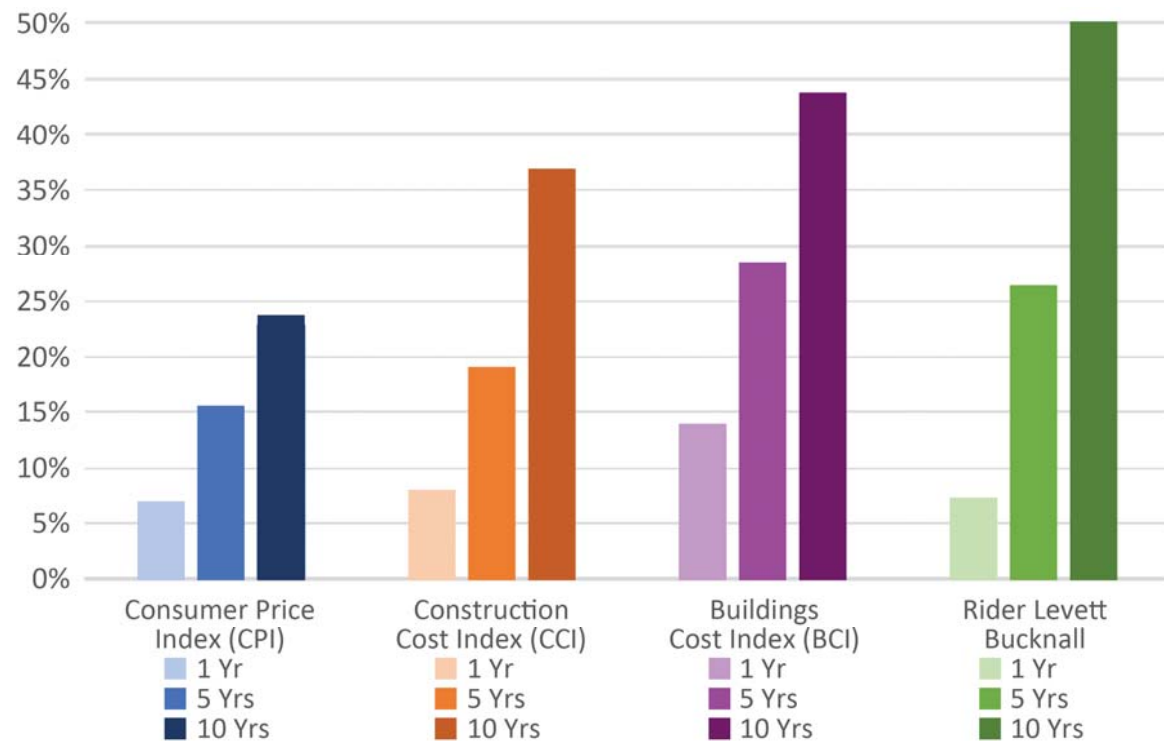
Metro™

2022

# CONSTRUCTION COSTS OUTPACING MARKET

- January's consumer market inflation rate of 7% (the highest since 1982) is lower than the construction inflation rate of 8%
- Since the passage of Measure M, construction costs have outpaced consumer market inflation
- Over the past 10 years, increase in construction prices are near double the consumer market inflation rate

**Percent Change in 1-Year, 5-Year, and 10-Years by Index**

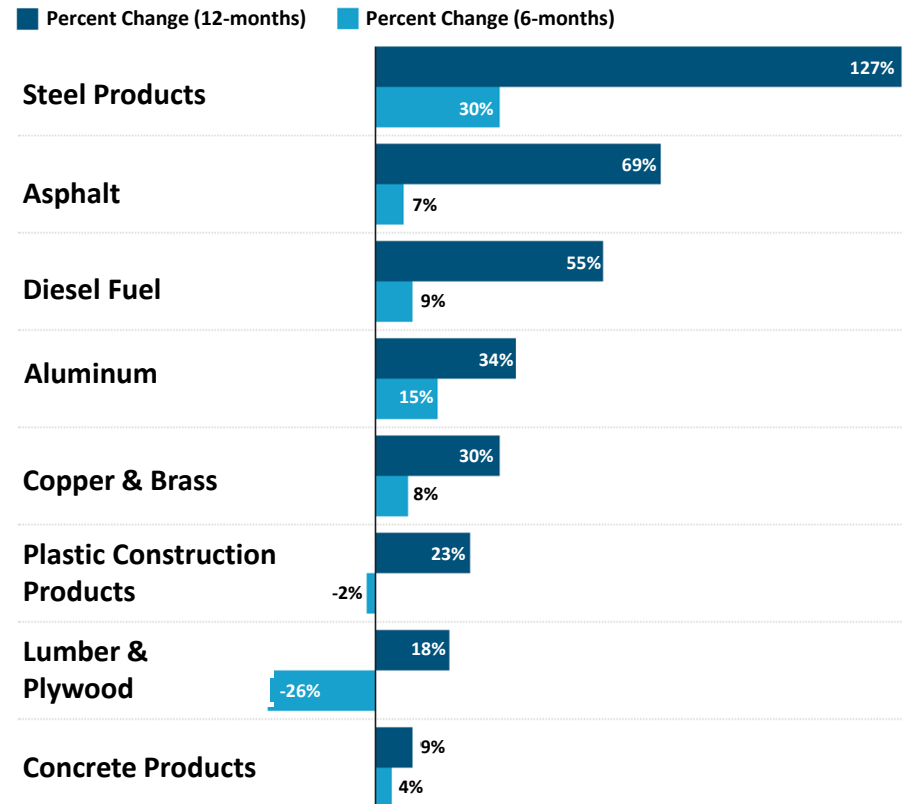


Sources: Bureau of Labor Statistics, Engineering News Record, Rider Levett Bucknall

# CONTINUED INCREASE IN MATERIALS PRICES

- Majority of materials prices have jumped in the past year
- Lumber prices are normalizing
- Key drivers increasing the price of steel products:
  - High demand
  - Tariffs
  - Supply chain issues
  - Consolidation in the industry
  - Pandemic related shutdowns of steel mills

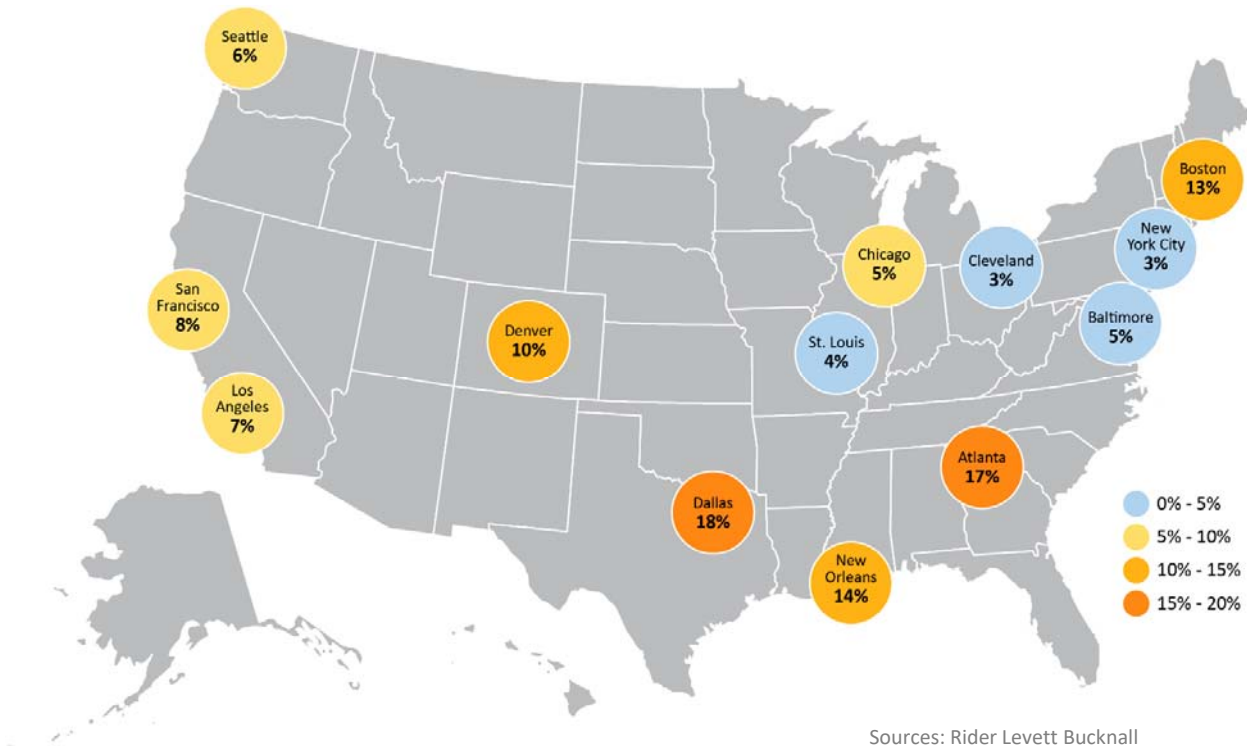
## Construction Materials Cost: Percent Change



Source: Bureau of Labor Statistics

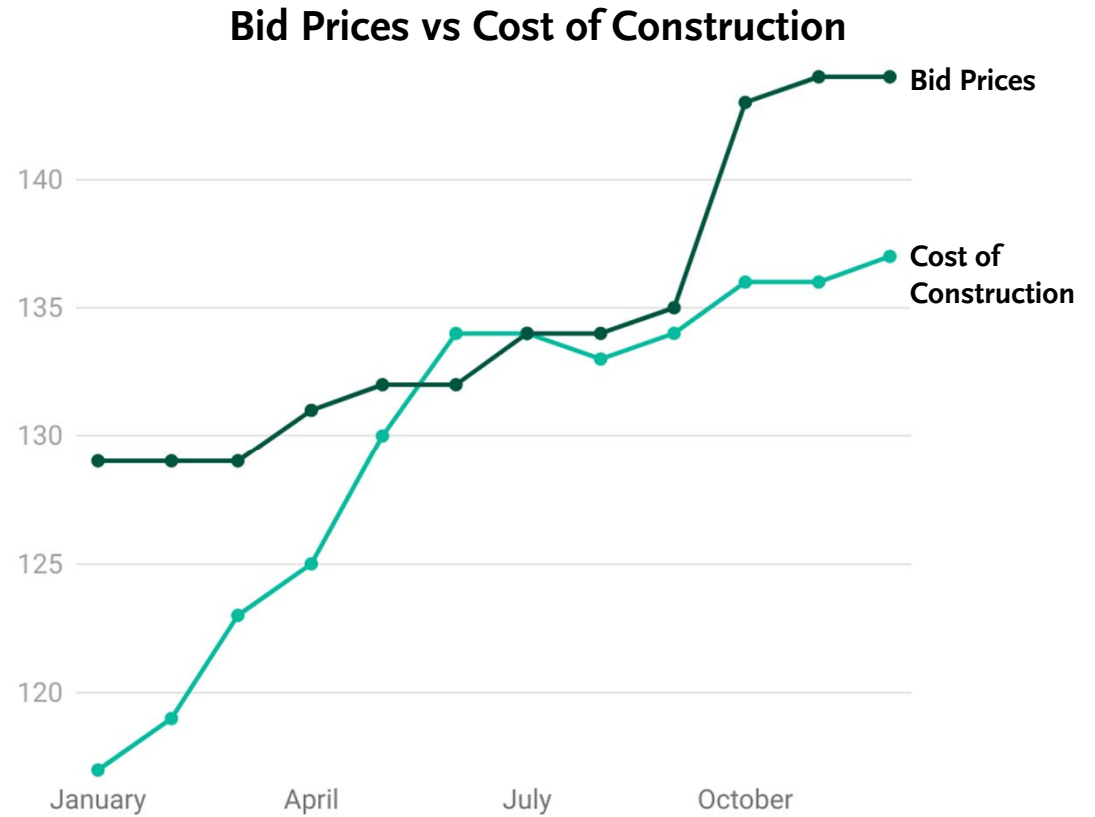
# LOCAL & NATIONAL CONSTRUCTION INFLATION

- Los Angeles and national average peaked in the summer at 11% and 9% respectively
- Los Angeles experienced similar increases to the national average over the past year
- Current construction inflation rates for Los Angeles and national average are at 7%



# COMPARING BID PRICES & CONSTRUCTION COSTS

- Cost of construction has increased by 20% this year
- Bid prices have increased by 13% this year
- Within the last 4 months, bid prices have jumped by 7%
- Contractors are passing along higher costs to owners
- High bid prices are anticipated to continue through the first half of 2022 shutdowns of steel mills



Source: Bureau of Labor Statistics

# CONSTRUCTION MARKET OUTLOOK FOR 2022

- Transportation construction activity to increase by 5% compared to last year
- Inflation likely to remain high with a drop in the later half of the year
- Construction escalation is forecasted between 4% to 6% for 2022
- Challenges likely to continue in 2022:
  - Supply chain disruptions
  - High construction materials and services costs
  - Labor shortages
  - COVID-19 variants



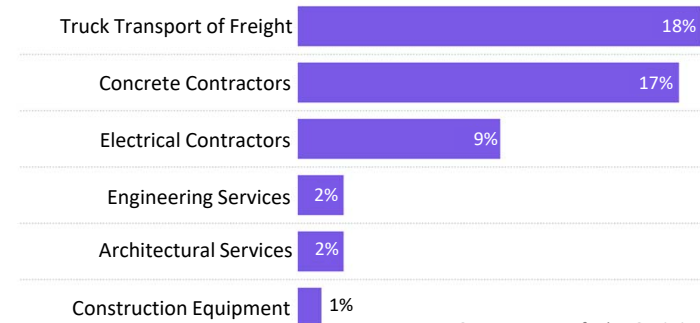
## AGC Workforce Survey Results

**86%** of contractors are having a hard time filling positions

**72%** of contractors have difficulty finding quality workers

**61%** of contractors say shortage of workers resulting in delays

## Labor-Related Construction Cost Increase in the Past Year



Source: Bureau of Labor Statistics