

# 2024

## California Construction Forecast Report

CSBA

COMMERCIAL SURETY BOND AGENCY





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# Introduction

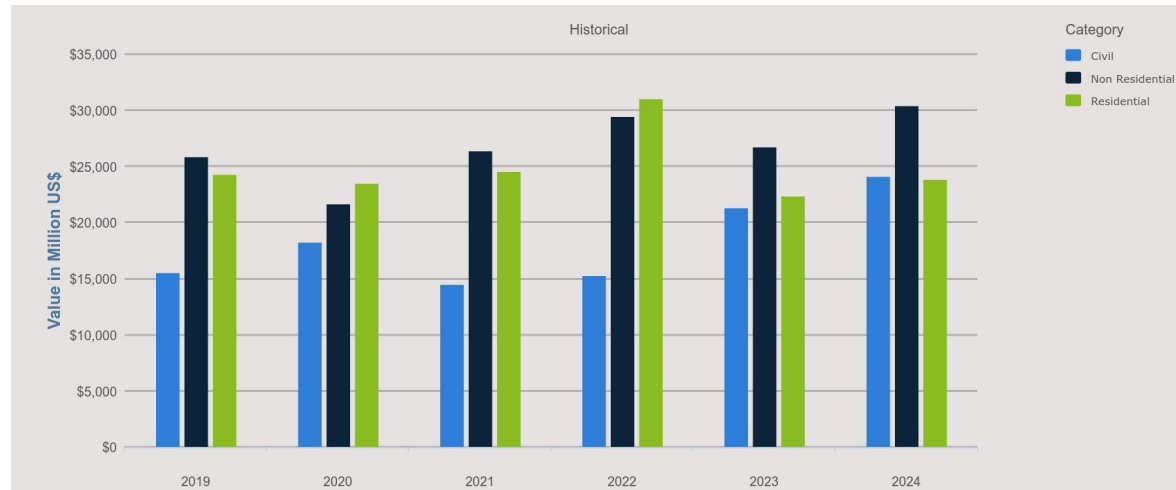
The number one question we get asked today is what we see happening in the construction marketplace, and it is a reflection of the uncertainty that most people feel with the economy. Given that our agency works with over 300 construction companies throughout California, we have a unique ground floor perspective that we decided to layer with forecast data sourced from Construct Connect, one of the most comprehensive data providers in the construction industry.

The forecast data is specifically focused on the California construction marketplace, which is rare to find, and our team sliced and diced the information by category of work and geographic location (Southern, Central, and Northern California).

We hope you find the information valuable in planning your year, and as always, we are available to address any questions you may have.

# California Construction Market Summary

## Dollar Value of California Starts 2019 through Forecast 2024



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For the California statewide data, we included a range from 2019 through the 2024 forecast to gain a perspective of where we are now compared to pre-Covid. Total construction spending in these categories was \$65 billion in 2019, and in 2024, Construct Connect is projecting total spending to be \$78 billion – an increase of 20% over that 5-year period.

Most of the increase is weighted towards the civil and non-residential categories, which is primarily where our contractor customers focus. Much of that, however, is likely due to inflation that ensued over the past few years. Nonetheless, the California construction market appears to be poised for another healthy year.

Our customers came into 2024 with strong backlogs averaging about 14 months of work, which is the highest level we have seen since we began tracking the data in 2008. Some of this is being driven by delays in projects, but based on what we are told from our contractors, most of that should subside this year.

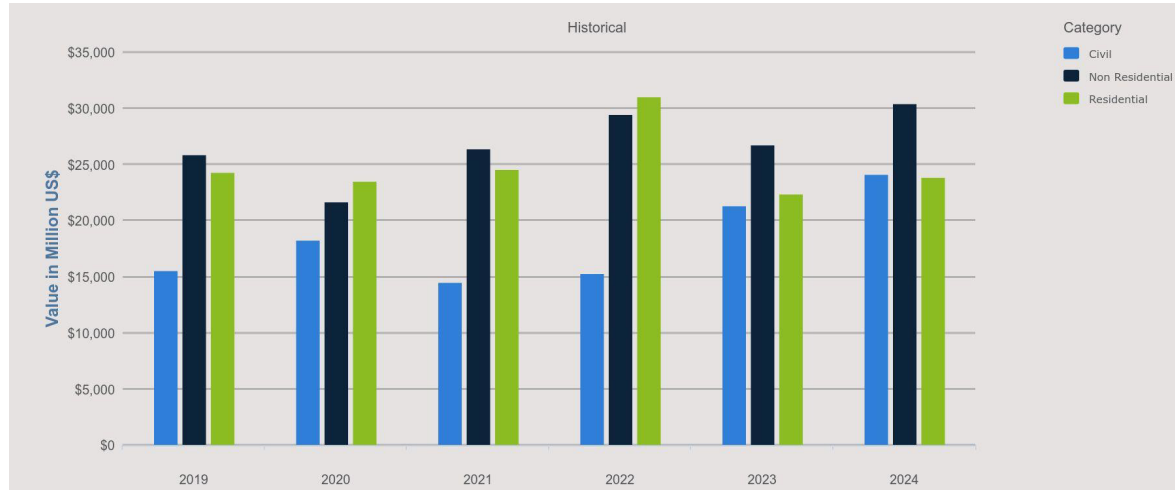
Competition overall seems to remain stable, and our contractors are successful in roughly one out of every four jobs they bid on average, which is in line with the past 5 years. Bid lists are getting longer in some instances but remain fairly reasonable.

Our agency has been getting more calls from residential contractors wanting to expand into public work, which is consistent with the slowing in the residential market as shown in the Construct Connect data. That being said, we would describe the number of residential contractors entering the public market as more of a trickle compared to a flood as was the case after the 2008 Great Recession. The residential market is projected to be at a similar level to 2019 this year, and there is still pent-up demand for housing, so we don't have major concerns that the level of competition in the public construction markets will significantly increase this year.



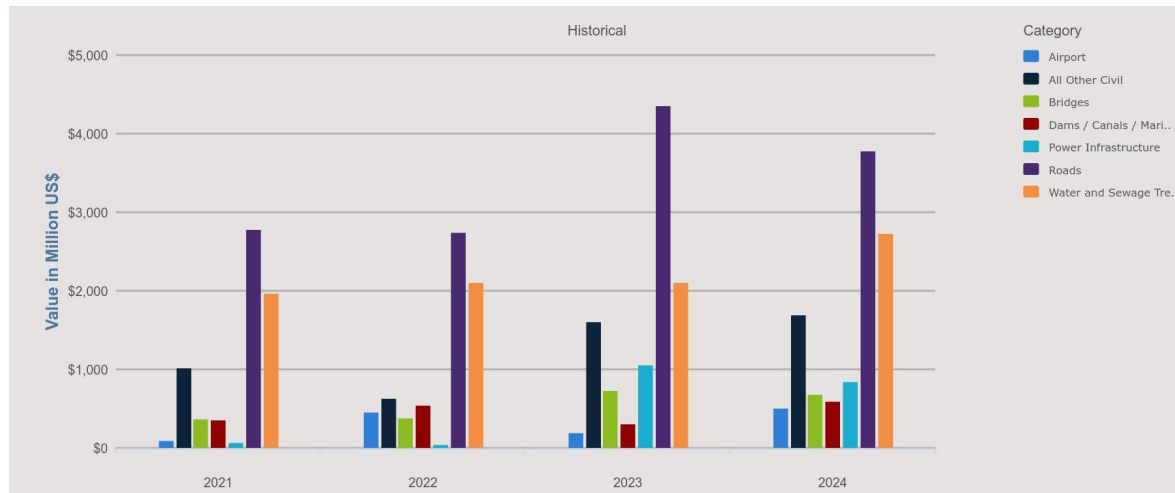
# Southern California Forecast

## Dollar Value of Southern California Starts 2019 through Forecast 2024



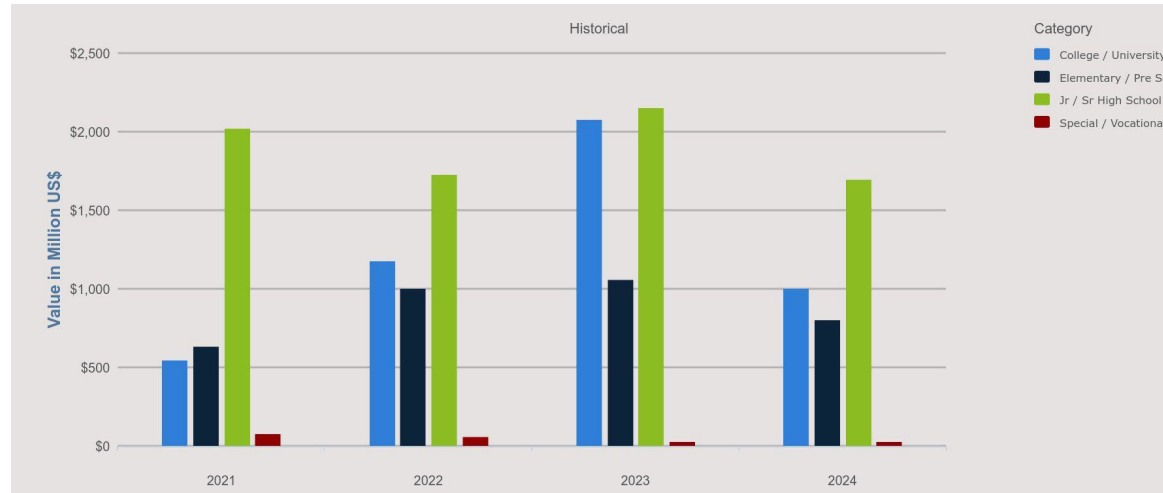
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## Southern California Civil Project Starts 2021 through Forecast 2024



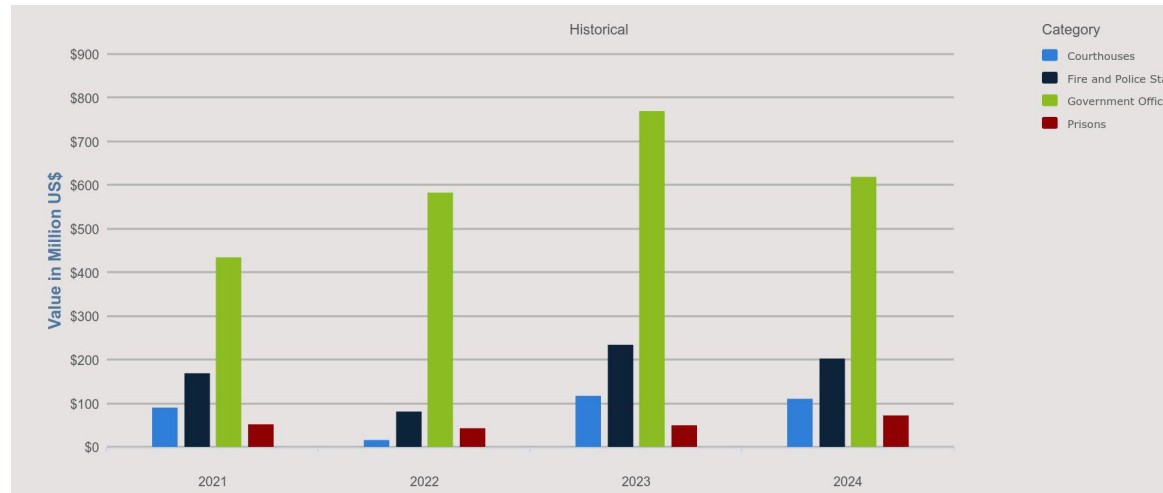
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## Southern California Educational Project Starts 2021 through Forecast 2024



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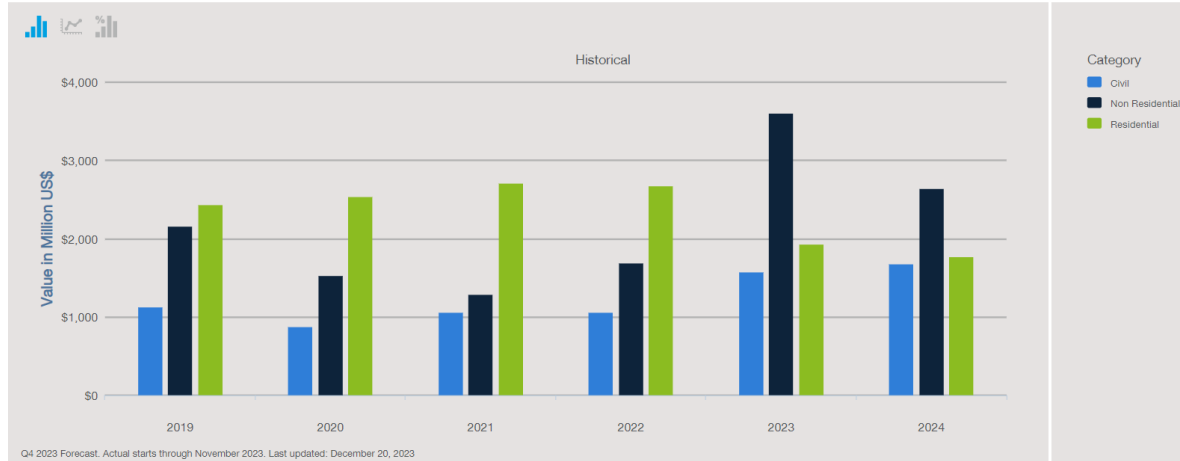
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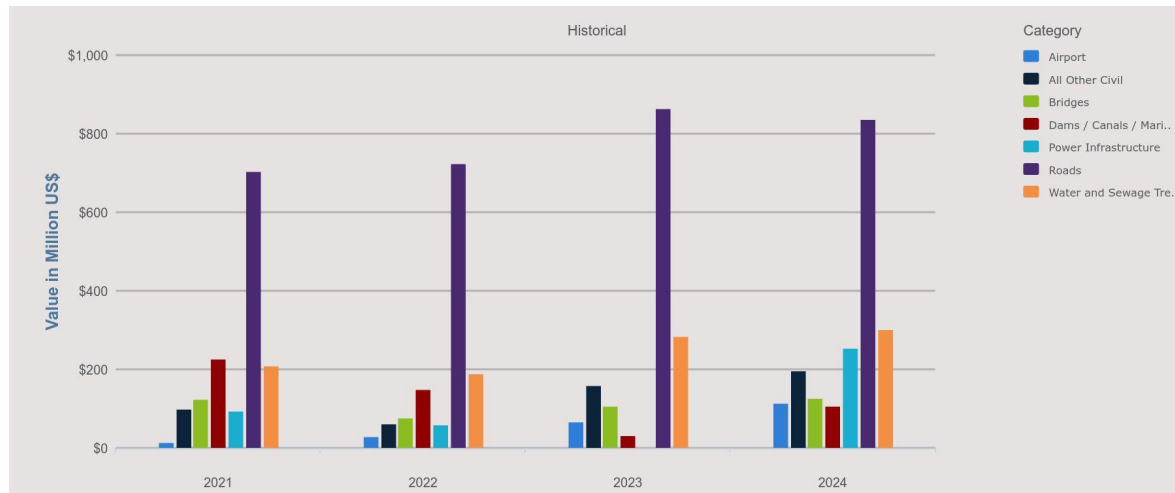
# Central California Forecast

## Dollar Value of Central California Starts 2019 through Forecast 2024



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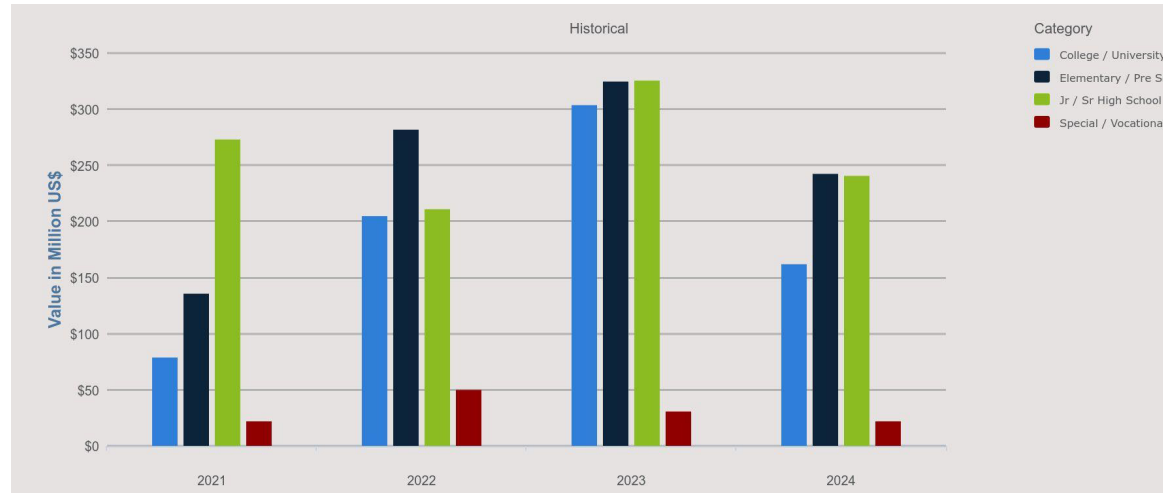
## Central California Civil Project Starts 2021 through Forecast 2024



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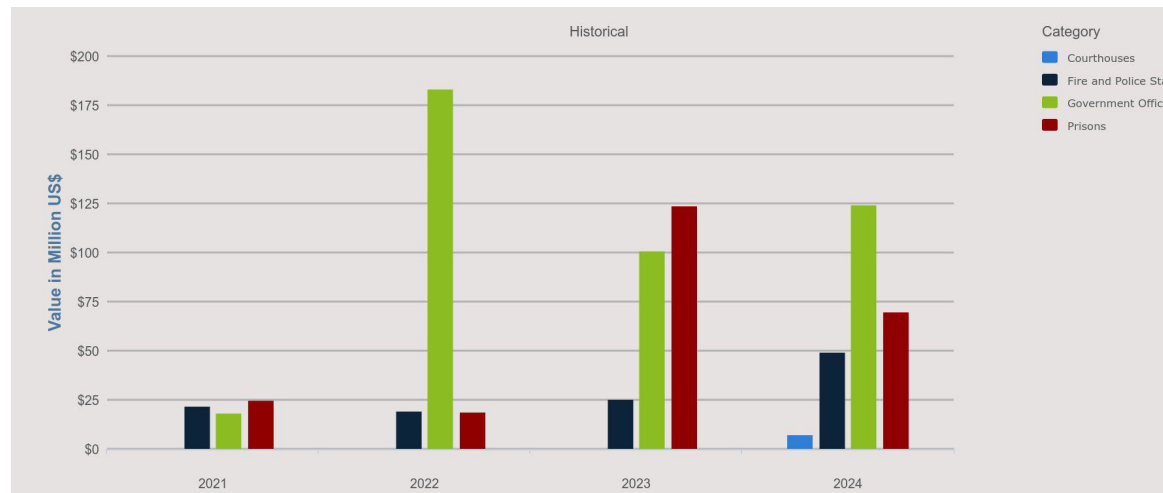


## Central California Educational Project Starts 2021 through Forecast 2024



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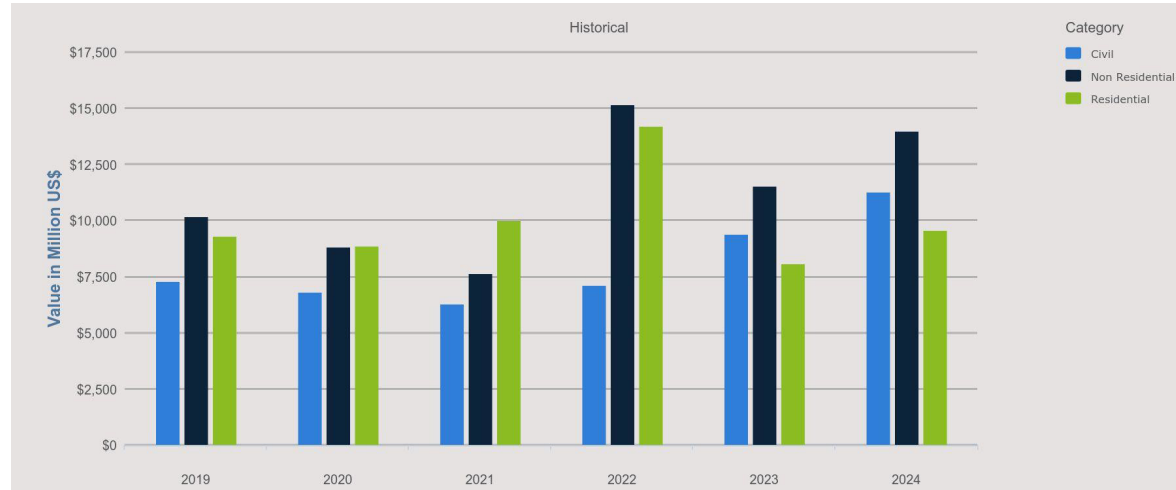
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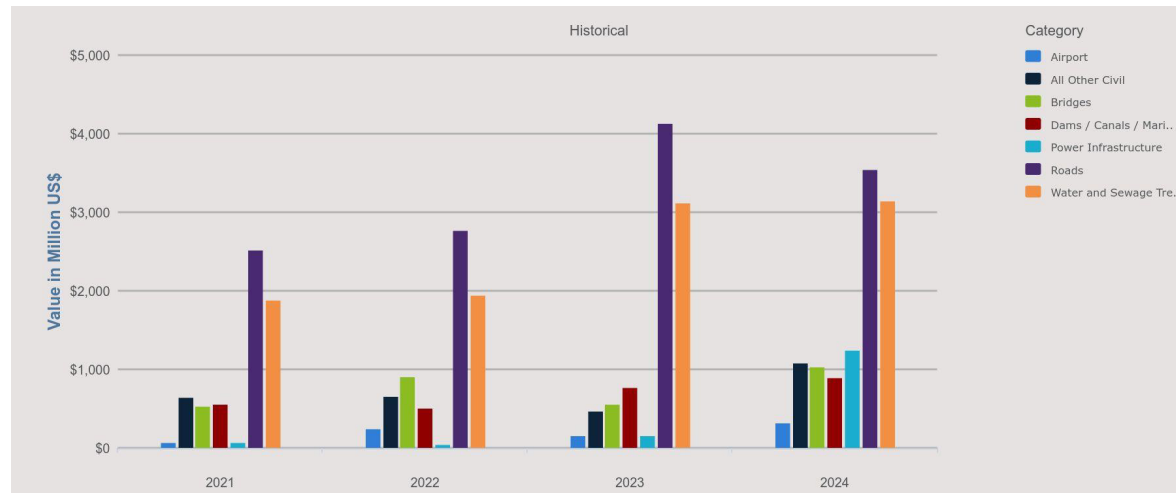
# Northern California Forecast

## Dollar Value of Northern California Starts 2019 through Forecast 2024



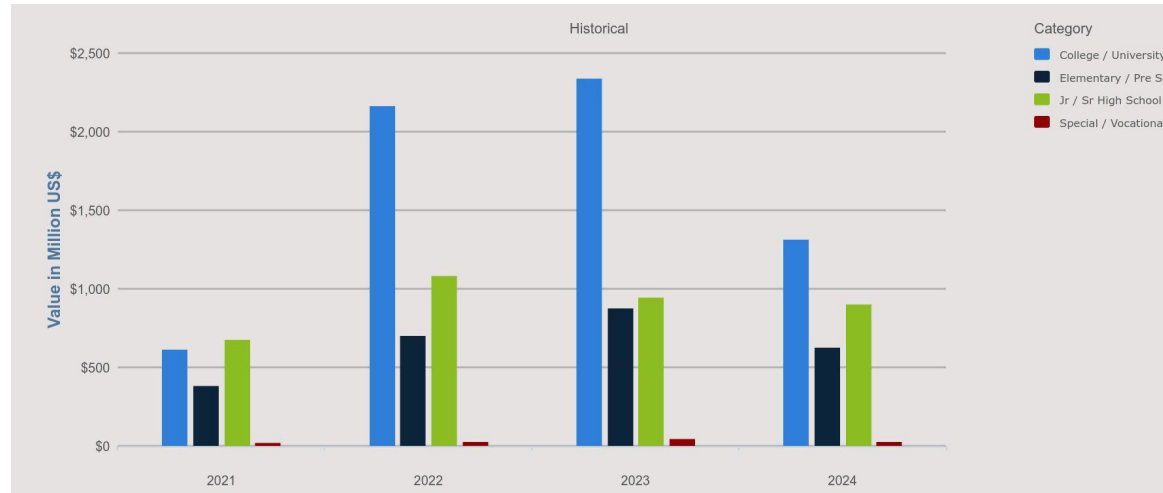
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## Northern California Civil Project Starts 2021 through Forecast 2024



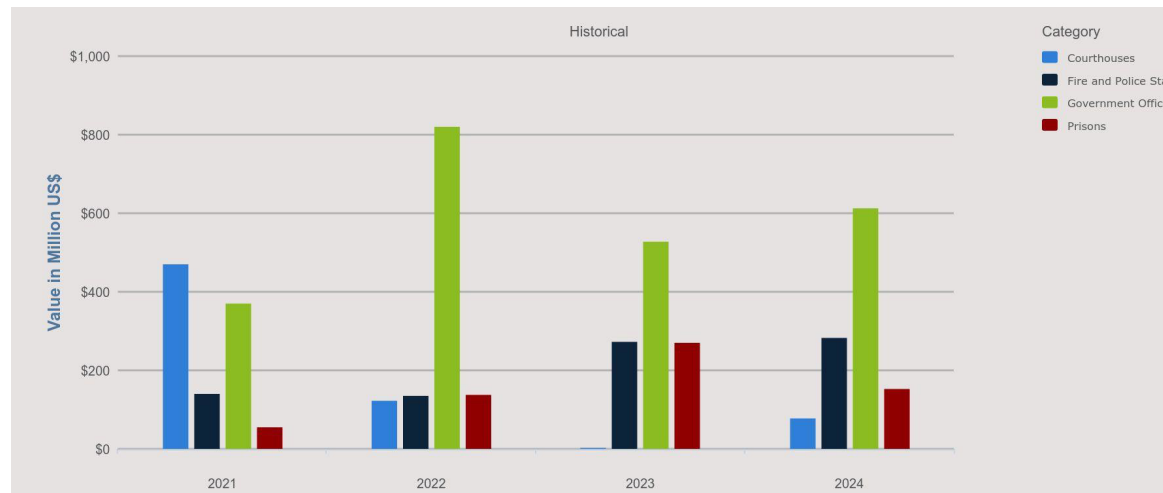
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