

# 2025

## CONSTRUCTION INDUSTRY FORECAST



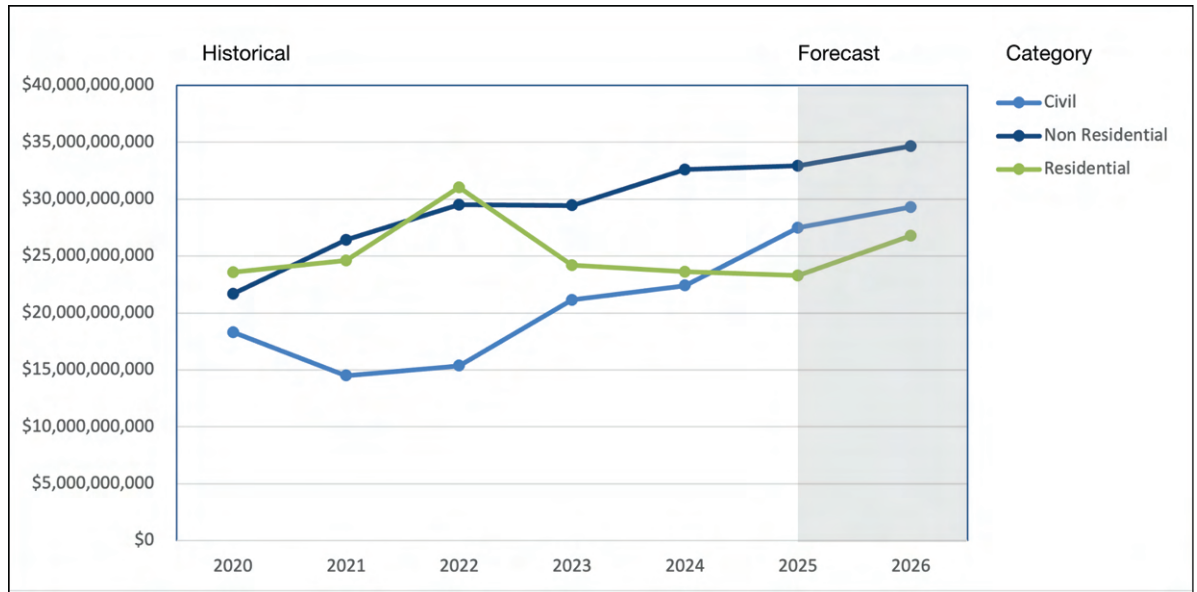
**CSBA**  
COMMERCIAL SURETY BOND AGENCY

# California Construction Industry Forecast

Welcome to our 2025 California Construction Industry Forecast. The data in this report is obtained through our non-exclusive license with Construct Connect, one of the largest construction data providers in the U.S., and our own proprietary research and internal data.

2025 looks to be another strong year for the California Construction Industry, and according to Construct Connect, overall construction activity is forecasted to be up 6.5% this year.

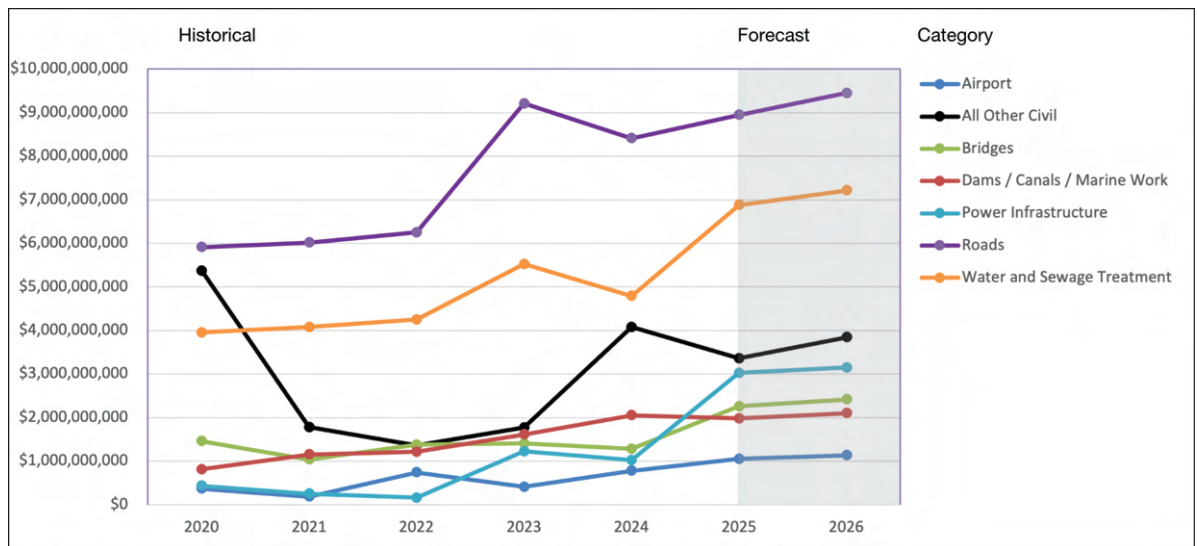
## California Forecast



Sourced from data made available to CSBA under a non-exclusive license with Construct Connect, Inc

The largest increase is expected to come from civil construction, which is projected to rise by 22.6% this year. The two biggest subcategories seeing the higher spending within civil are roads and water/sewer treatment.

## California Forecast - Civil

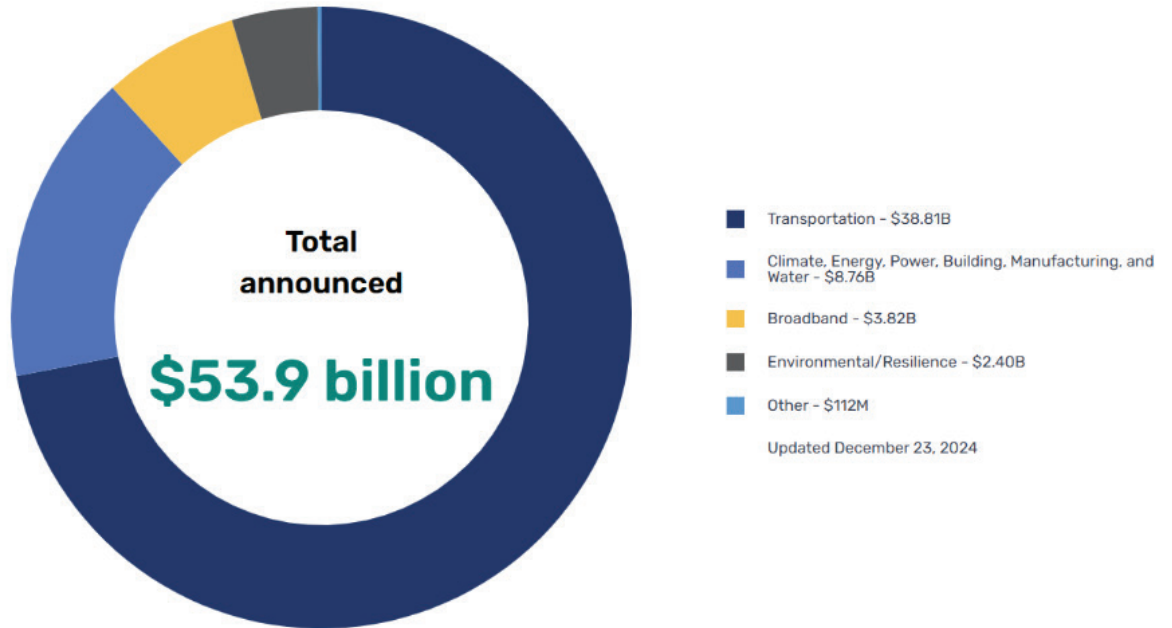


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This is not totally surprising considering the Infrastructure Investment and Jobs Act (IIJA) funding that is flowing into the system. According to the organization Building California, the state of California is expected to receive a total of \$53.9 billion.

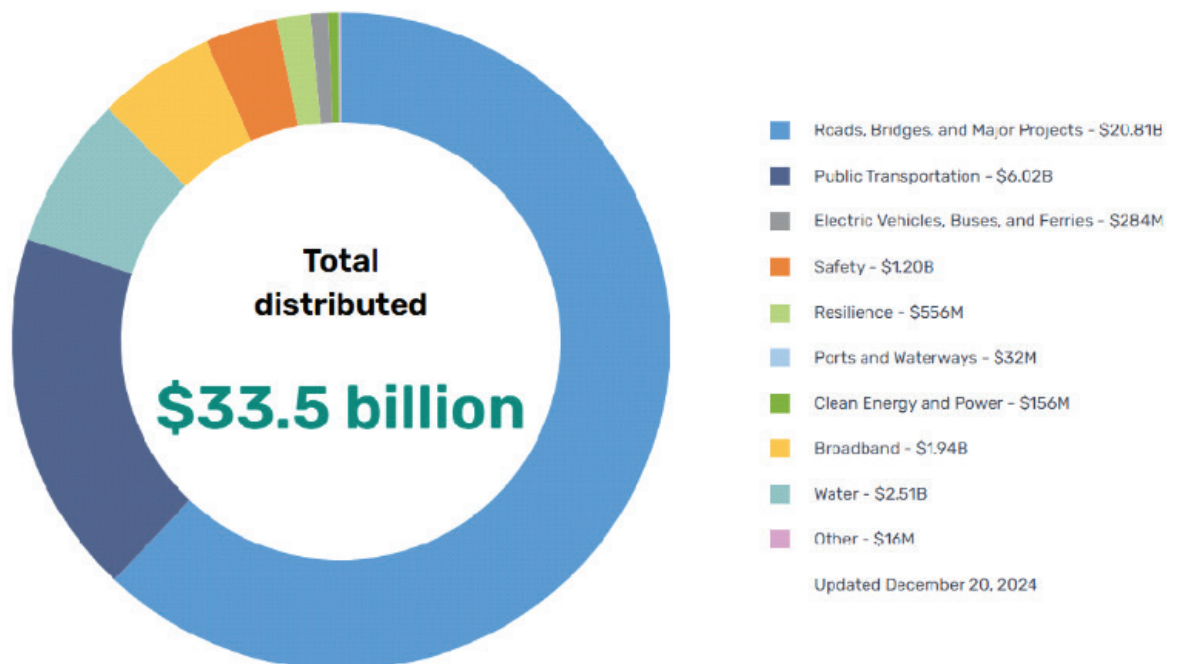
## Total announced IIJA funding to California

Including formula and discretionary funds beginning FFY 2022



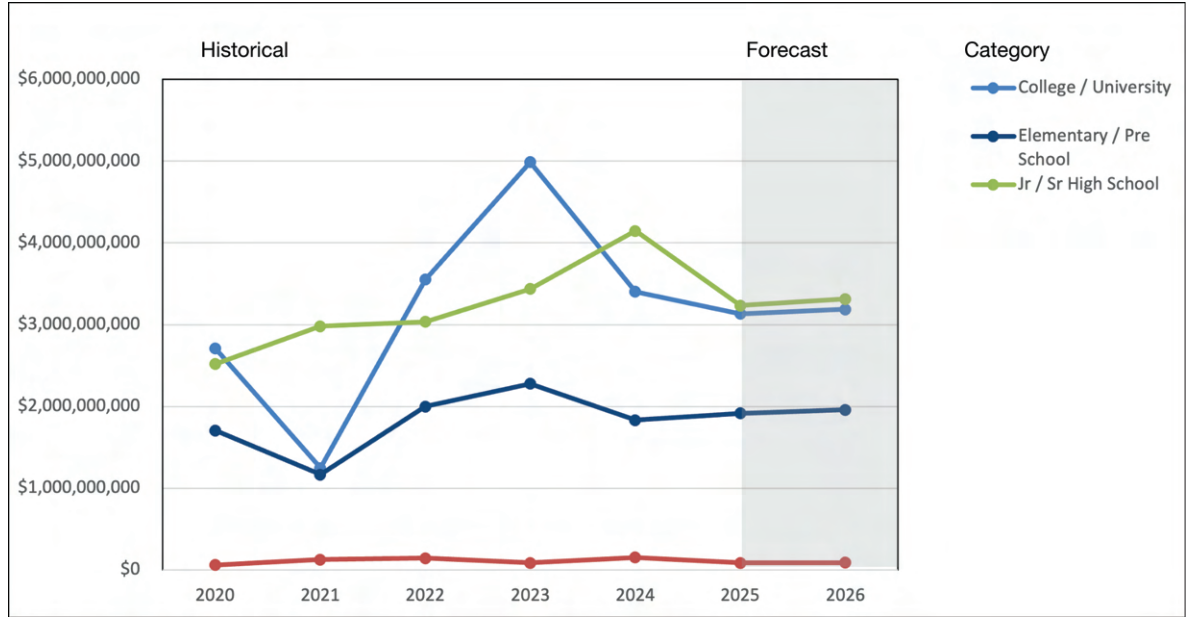
Of the announced IIJA funding, \$33.5 billion has been distributed to California, but that does not necessarily mean the money has been spent.

## Formula based IIJA programs by category



Construct Connect is forecasting that education construction spending will be relatively flat in California over the next couple of years.

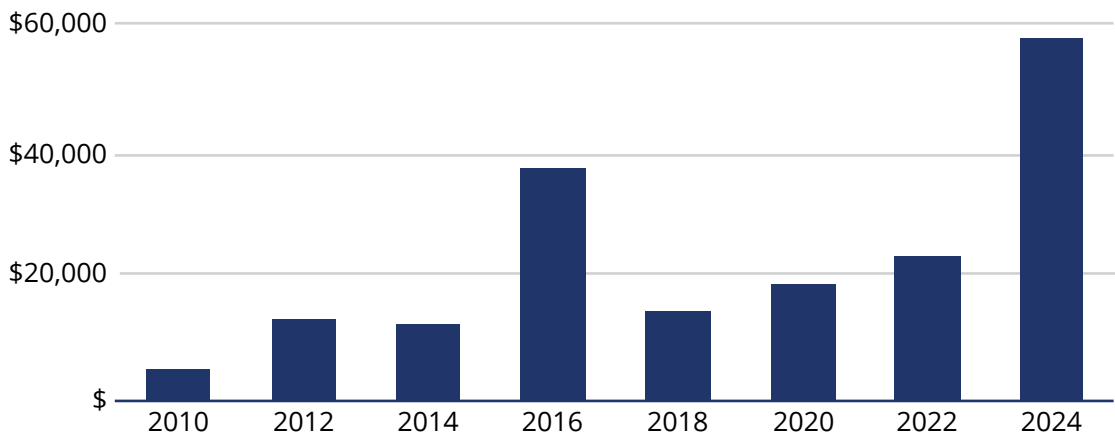
### California Forecast - Education



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However, we believe Construct Connect’s forecast likely has not been updated since the November election results with the various state and local bond measures that were passed by voters. Based on our research, voters approved a record \$59 billion in school funding measures equating to almost a 50% increase over the last highest amount approved by voters back in 2016 at close to \$40 billion. In our view, this bodes very well for school contractors over the next several years.

### California State and Local School Bond Measures



### Conclusion

This year and possibly next year look very bright for contractors barring any changes in the macro-economic picture. While work remains strong, there are plenty of challenges in the market for contractors to contend with such as higher interest rates, labor shortages, and the possibility of inflation resurging. As always, discipline and managing these risks will be the key to a successful year.

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*We wish you the best  
for a prosperous 2025!*