

## Nonresidential Construction Spending: Surprise Jump in March

Total construction spending increased 0.3 percent in March, far exceeding expectations. Residential construction spending fell 4.1 percent. Nonresidential construction spending rose 2.0 percent on the month driven by lodging, power and manufacturing. However, the gain is not expected to stick. Nonresidential will likely post declines well into 2010.

### Residential Construction Spending Looking for Bottom

- Total construction spending rose 0.3 percent driven by an unexpected increase in nonresidential construction spending. Residential construction spending was down 4.1 percent on the month. While residential construction has accounted for the bulk of declines in recent months, signs of tentative stabilization in the housing market should begin to help slow the pace of residential construction declines.

### Surprise Increase for Nonresidential Construction Spending

- Nonresidential construction spending rose 2.0 percent on the month driven by increases in private lodging, power and manufacturing which increased 5.3 percent, 8.6 percent and 2.9 percent, respectively. However, we do not expect the gains to stick. Petroleum structures will likely pull down manufacturing construction spending in coming months as the rig count and footage drilled are down substantially.

