

Construction Spending Fell Far Less Than Expected In November

Total construction spending fell 0.6 percent in November with an upward revision to September and October. Residential construction spending fell 4.1 percent and nonresidential construction spending increased 1.0 percent. We now expect nonresidential construction spending to contribute to economic growth in the fourth quarter.

Residential Construction Spending

- Total construction spending fell 0.6 percent in November and is now down 3.3 percent, year-over-year. Much of the drop can be attributed to residential construction spending, which fell 4.1 percent on the month and is now down roughly 23 percent, year-over-year.
- Public construction spending rose 1.4 percent on the month.

Nonresidential Construction Spending

- Private nonresidential construction spending rose 0.7 percent on the month with large gains in lodging, power and manufacturing. However, while private nonresidential construction spending seems to defy gravity with stronger-than-expected figures, it tends to lag the economy and should contract in the coming quarters.

