



Construction Spending Increased in 2018

By David E. Gibbs, CPA, CCIFP, MBA

Construction spending rose 0.8% to a seasonally adjusted annual rate of \$1.3 billion in November from a revised \$1.29 billion in October. The Commerce Department reported in its [*Monthly Construction Spending Report*](#) for November 2018, that the housing sector was responsible for most of this growth.

Andrea Riquier states in her article entitled *Construction Spending Ticks Up, Led by Housing*, published on February 1, 2019 on MarketWatch: “Economists surveyed by Econoday had forecast a 0.2% increase, but October figures were revised down to \$1.23 billion. Outlays in November were 3.4% higher than a year ago, and for the first 11 months of 2018, they were 4.5% higher than the same period in the prior year.”

The *Monthly Construction Spending Report* stated that for November, overall private-sector spending was at \$993.4 billion, 1.3% higher than the revised October estimate of \$980.4 billion. Residential construction spending was at a seasonally adjusted rate of \$524.2 billion in November, 3.5% above the revised October estimate of \$524.2 billion. Nonresidential construction was at a seasonally adjusted annual rate of \$450.8 billion during

the same period, 1.2% below the revised October estimate of \$456.1 billion.

The seasonally adjusted annual rate of public construction spending was \$306.5 billion, 0.9% below the revised October estimate of \$309.3 billion. Highway construction was at a seasonally adjusted annual rate of \$93.4 billion, 1.7% above the revised October estimate of \$91.8 billion. Educational construction did not fare as well. It was at \$76.7 billion, 2.0% below the revised October estimate of \$78.3 billion.

According to the [*Employment Situation Summary*](#) published on February 1, 2019 by the Bureau of Labor Statistics, construction employment rose by 52,000 in January. Job gains occurred among specialty trade contractors, with increases in both the nonresidential (+19,000) and residential (+15,000) components. Employment also rose in heavy and civil engineering construction (+10,000) and residential building (+9,000). Construction has added 338,000 jobs over the past 12 months.

As reported in the article entitled [*The 2019 Construction Outlook*](#) published in the November 2018 issue of [*MCC Construction Zone*](#), many experts expect a decline in construction spending in 2020. Robert A. Murray, chief economist for Dodge Data & Analytics, claims

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that “this decline won’t have a pronounced impact on the construction industry for at least a year. Basically, the levels of activity we’re expecting in 2019 are not that different than what we saw in 2018.”

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About the Author

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