CONSTRUCTION SPENDING RISES IN JANUARY AS SURGE IN MULTIFAMILY AND NONRESIDENTIAL PROJECTS OUTWEIGHS WEAKNESS IN HOMEBUILDING

Association Officials Caution that Proposed Federal Infrastructure Funding Cuts Could Affect Future Growth in Demand for Construction Amid Reports of Falling Sector Employment in February

Construction spending increased by 1.3 percent from December to January as gains in apartment construction and most private and public nonresidential project types outweighed a slump in single-family homebuilding, according to an analysis of new government data today by the Associated General Contractors. Association officials added that the new spending figures are consistent with reports from contractors in many parts of the country of strong demand for their services.

“The data are consistent with general contractors’ reports that they were busy early in the year and expect to stay that way through 2019,” said Ken Simonson, the association’s chief economist. “These early figures fit with what contractors say they expect for the full year, as the association’s survey in January revealed.”

Construction spending totaled $1.28 trillion in January at a seasonally adjusted annual rate, an increase of 1.3 percent from the December rate and a gain of 0.3 percent compared to January 2018. But the modest year-over-year increase masks a large disparity between homebuilding and most other segments, Simonson said.

Private residential spending slipped 0.3 percent from December to January and 5.6 percent compared to the January 2018 rate. Over the year, single-family construction spending decreased by 7.2 percent, while multifamily construction spending jumped 12.8 percent.

Private nonresidential spending grew 0.8 percent for the month and 2.4 percent compared to January 2018. Among the largest private nonresidential segments, power construction (electric power plus oil and gas field and pipeline projects) gained 2.5 percent year-over-year; commercial construction (retail, warehouse and farm structures) declined 4.7 percent; manufacturing construction increased 3.7 percent; and office construction rose 7.6 percent.

Public construction spending increased 4.9 percent for the month and 8.0 percent compared to the year-earlier month. The largest public category, highway and street construction, increased 12.7 percent. Educational construction, the next-largest segment, rose 8.1 percent year-over-year.

Association officials cautioned, however, that February employment figures released late last week showed a decline in construction employment for the month of 31,000. They warned that the Administration’s recently released proposal to cut funding for many types of federal infrastructure programs could undermine future growth in demand if enacted.

“While 2019 started off strong, the February jobs figures make it clear that federal officials should not take it for granted that the construction sector is immune to infrastructure funding cuts,” said Stephen E. Sandherr, the association’s chief executive officer. “The best way to ensure the sector continues to add high-paying jobs is for Congress to act quickly to boost funding to improve our aging and over-burdened infrastructure systems.”
CONSTRUCTION SPENDING INCREASES 1.0 PERCENT FROM JANUARY TO FEBRUARY; INDUSTRY ADDS JOBS IN 232 OUT OF 358 METRO AREAS SINCE FEBRUARY 2018
Phoenix-Mesa-Scottsdale and Monroe, Mich. Have Largest Gains While Anaheim-Santa Ana-Irvine, Calif. and Danville, Ill. Have Biggest Losses; Association Calls for Expanded Career Training Programs

Construction spending increased by 1.0 percent from January to February, while construction employment increased compared to February 2018 levels in 275 out of 358 metro areas, according to an analysis of new government data today by the Associated General Contractors. Association officials called on federal officials to support more career and technical education programs to prepare workers for in-demand careers like construction.

“The spending increase in February follows an extremely strong 2.5 percent gain in January, which aligns with contractors’ reports that they were busy early in the year and expect to stay that way through 2019,” said Ken Simonson, the association’s chief economist. “The major challenge they face is finding enough workers.”

Construction spending totaled $1.32 trillion in February, up 1.0 percent from the January rate and a gain of 1.1 percent compared to February 2018. Public construction accounted for the bulk of the monthly and annual increases, while private categories were mixed, the economist noted. Public construction spending jumped 3.6 percent for the month and 11.5 percent year-over-year. The largest public category, highway and street construction, soared 22.8 percent from a year ago. Educational construction, the next-largest segment, rose 5.5 percent year-over-year.

Private nonresidential spending slipped 0.5 percent for the month and inched up 0.1 percent from a year ago, while Residential spending climbed 0.7 percent from January to February but declined 3.4 percent from February 2018. Among the largest private nonresidential segments, power construction (electric power plus oil and gas field and pipeline projects) gained 1.4 percent year-over-year; commercial construction (retail, warehouse and farm structures) declined 6.6 percent; manufacturing construction increased 3.4 percent; and office construction rose 4.8 percent. Among residential segments, new multifamily construction spending rose 7.5 percent year-over-year but new single-family construction spending decreased by 7.1 percent, while improvements slipped 1.5 percent.

Construction employment grew in 232, or 65 percent, out of 358 metro areas between February 2018 and February 2019, declined in 73 (20 percent) and was unchanged in 53, according to a new analysis of federal employment data the association released today. Industry employment set a new high for February in 62 metro areas and a new low, in records that date back to 1990 for most metros.

The Phoenix-Mesa-Scottsdale, Ariz. metro area added the most construction jobs during the past year (11,900 jobs, 10 percent), followed by Atlanta-Sandy Springs-Roswell, Ga. (9,700 jobs, 8 percent) and Dallas-Plano-Irving, Texas (7,600 jobs, 5 percent). The largest percentage gain occurred in Monroe, Mich. (28 percent, 500 jobs), followed by St. Cloud, Minn. (19 percent, 1,000 jobs) and Chico, Calif. (18 percent, 700 jobs).

The largest job losses between February 2018 and February 2019 occurred in Anaheim-Santa Ana-Irvine, Calif. (-3,300 jobs, -3 percent), followed by San Jose-Sunnyvale-Santa Clara, Calif. (-2,600 jobs, -6 percent) and Riverside-San Bernardino-Ontario, Calif. (-2,500 jobs, -2 percent). The largest percentage decrease took place in Danville, Ill. (-20 percent, -100 jobs), followed by Niles-Benton Harbor, Mich. (-17 percent, -400 jobs).

Association officials said contractors in many metros can’t find enough trained workers and they urged federal officials to invest more in career and technical education. They warned firms may be unable to satisfy rising demand for construction unless more young adults are exposed to, and consider pursuing, high-paying construction careers.

“Contractors nationwide report difficulty finding enough workers to keep pace with the strong demand for projects,” said Stephen E. Sandherr, the association’s chief executive officer. “Expanding high school career and technical education programs will expose students to the rewarding career paths offered by high-paying construction jobs.”

View the metro employment data, rankings, top 10, history and map.

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CONSTRUCTION JOBS INCREASE BY 33,000 IN APRIL AND 256,000 OVER 12 MONTHS AS INDUSTRY UNEMPLOYMENT RATE FALLS TO 4.7 PERCENT, LOWEST EVER FOR APRIL

Average Hourly Earnings in Construction Top Private Sector Average by 10 Percent but Association Survey Shows Workers are Hard to Find; Officials Urge Expanding Career and Technical Education to Boost Supply

Construction employment increased by 33,000 jobs in April and by 256,000 or 3.5 percent, over the past 12 months, while the number of unemployed jobseekers with construction fell to a record low for April, according to an analysis of new government data by the Associated General Contractors of America. Association officials said the unavailability of experienced construction workers underscores the importance of including initiatives to expand opportunities for construction careers as part of infrastructure funding legislation.

“With overall unemployment now at the lowest level in nearly 50 years, contractors are having an ever harder time finding workers with or without construction experience,” said Ken Simonson, the association’s chief economist. “Average pay in construction is more than 10 percent higher than in the private sector as a whole but job openings in the industry keep climbing."

The unemployment rate for jobseekers who last worked in construction declined to 4.7 percent from 6.5 percent in April 2018, and the number of such workers decreased over the year from 623,000 to 439,000. Both the rate and number of unemployed were the lowest for April since the series began in 2000, Simonson said. He added that another government series showed that the number of job openings in construction, last reported for February, totaled 286,000, the highest February total in the 19-year history of that series.

Average hourly earnings in construction—a measure of all wages and salaries—increased 3.1 percent over the year to $30.60. That figure was 10.2 percent higher than the private-sector average of $27.77, the economist noted.

“These figures are consistent with the message we keep hearing from contractors that finding qualified workers keeps getting harder,” Simonson added. He noted that in a survey the association released in January, 78 percent of contractors reported they were having trouble filling some positions and 68 percent said they expected that hiring would remain difficult or become harder.

Association officials said that adding to the pool of potential construction workers is essential, especially if Congress and the president agree on a bold infrastructure funding package. They urged federal officials to include in such legislation initiatives to expand career and technical education that would open the door to careers in construction.

“Including funding for new career and technical education training in a new infrastructure measure will help ensure that the measure creates a significant number of new, high-paying, construction jobs,” said Stephen E. Sandherr, the association’s chief executive officer. “These new jobs will significantly benefit the economy, as will the increased efficiencies that come with improving aging and over-burdened infrastructure.”

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CONSTRUCTION SPENDING DIVERGES IN APRIL AS PUBLIC SECTOR INVESTMENT SURGES, PRIVATE NONRESIDENTIAL PROJECTS SLIP AND SINGLE-FAMILY HOMEBUILDING STALLS  
Results for First Four Months of 2019 Combined Show Ongoing Strength Aside from Single-Family Market; Association Officials Urge End to Tariffs That Pose Threat to Construction Costs and Demand

Construction spending was unchanged from March to April, with mixed results by project type for the month and for the year to date, according to an analysis today by the Associated General Contractors of America of new federal spending data. Association officials warned that tariffs and countermeasures by U.S. trading partners are adding costs and uncertainty to construction projects and are potentially reducing demand for numerous types of projects.

“Overall spending was flat in April, but that masks significant differences among the various construction sectors for both the latest month and the first four months of 2019 combined,” said Ken Simonson, the association’s chief economist. “The year-to-date totals, which are a more reliable indicator of underlying trends than are initial monthly estimates, show activity is still increasing for most project types other than single-family homebuilding.”

Construction spending totaled $1.30 trillion at a seasonally adjusted annual rate in both March and April, according to estimates the U.S. Census Bureau released today. For the first four months of 2019 combined, spending edged up by 0.2 percent from the same period in 2018.

Public construction spending soared 4.8 percent for the month and 11.8 percent year-to-date. Among the three largest public categories, highway and street construction spending jumped 17.2 percent, educational construction climbed 8.9 percent and transportation (airports, transit, rail and port) construction increased 6.2 percent.

Private nonresidential spending declined 2.9 percent from March to April but the four-month total was 2.6 percent higher than in January-April 2018. Major private nonresidential categories mostly experienced spending increases year-to-date. The largest, power construction (comprising electric power generation, transmission and distribution, plus oil and gas fields and pipelines), increased by 2.0 percent year-to-date. Commercial (retail, warehouse and farm) construction decreased by 6.0 percent. Manufacturing construction posted a 10.7 percent gain. Private office construction spending rose 8.0 percent.

Private residential construction spending slipped 0.6 percent for the month and 7.7 percent year-to-date. Single-family homebuilding decreased 7.1 percent in the first four months of the year while spending on multifamily projects increased 7.9 percent. Spending on residential improvements slumped 13.1 percent year-to-date.

Association officials said that ever-changing tariffs have made it difficult for contractors to estimate project costs accurately, while retaliatory actions by U.S. trading partners cut into demand for construction by exporters, their supplies and their logistics and transportation partners. The officials urged President Trump to end tariffs that are harming U.S. contractors and other businesses, and to avoid using tariffs as a weapon for immigration or other policies. They added that the latest round of threatened tariffs is coming at time when private-sector demand for construction is essentially flat.

“These tariffs are doing much more harm than good,” said Stephen E. Sandherr, the association’s chief executive officer. “They drive up construction costs, cause uncertainty for businesses that need to know their costs before investing in projects, and damage U.S. competitiveness.”

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CONSTRUCTION JOBS INCREASE BY 21,000 IN JUNE AND 224,000 DURING THE PAST YEAR AS THE SECTOR’S UNEMPLOYMENT RATE DECREASED TO 4.0 PERCENT

Average Hourly Earnings in Construction Top Private Sector Average by 10.1 Percent as Construction Employers Cope with Tight Labor Market; Association Officials Call for New Career Training Funding

Construction employment increased by 21,000 jobs in June and by 224,000, or 3.2 percent, over the past 12 months, while the number of unemployed jobseekers with construction experience fell, according to an analysis of new government data by the Associated General Contractors of America. Association officials noted that firms continue to increase pay as they work to attract new hires from an ever-tighter labor market.

“Construction firms continue to go to great lengths to recruit and retain workers during one of the tightest labor markets many of them have ever experienced,” said Stephen E. Sandherr, the association’s chief executive officer. “Making matters worse, relatively few school districts offer the kind of career and technical education programs that signal to students that they should explore careers in high-paying fields like construction.”

Sandherr noted that the unemployment rate for jobseekers who last worked in construction declined to 4.0 percent from 4.7 percent in June 2018, and the number of such workers decreased in the last year from 466,000 to 390,000. Another government series showed that the number of job openings in construction, last reported for May, totaled 360,000, the highest May total in the 19-year history of that series.

He added that most of the construction job growth during the past month and year came from the non-residential construction sector. Non-residential contractors added 14,900 jobs in June and 146,700 jobs during the past year. Meanwhile, residential contractors added 6,000 jobs this past month and 78,000 jobs between June 2018 and June 2019.

In addition, average hourly earnings in construction—a measure of all wages and salaries—increased 3.2 percent over the year to $30.73. That figure was 10.1 percent higher than the private-sector average of $27.90, the association official noted.

Association officials said that industry employment gains were coming despite an extremely tight supply of available, qualified, workers to hire. They noted that in addition to raising pay and other benefits, many firms note they have increased their investments in training as they recruit workers with little to no prior experience in construction. Federal officials could help attract more people into high-paying construction careers by boosting funding for career and technical programs in schools and enacting immigration reform that allows more people with construction skills to legally enter the country.

“The nation’s education system continues to produce too many over-qualified baristas and not enough qualified bricklayers and other craft construction professionals” said Sandherr. “As a result of these educational imbalances, too many young adults are struggling to pay off college debts while too many construction firms are struggling to fill job positions that pay well and don’t require costly degrees.”

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Construction spending deteriorates in June but multifamily and nonresidential categories increase in first half of 2019, offsetting single-family weakness

Infrastructure segments post double-digit gains compared to first six months of 2018 and apartment spending sets new record highs, while private nonresidential construction shows mixed trends and homebuilding slides further

Construction spending declined in June from May 2019 and June 2018 levels, but most categories other than single-family homebuilding ended the first half of the year ahead of the year-to-date totals for 2018, according to an analysis today by the Associated General Contractors of America of new federal spending data. Association officials said that the monthly declines in construction spending may reflect the fact contractors are having a difficult time finding enough workers to keep pace with demand.

“Although the initial estimates for spending in June show decreases from May in all major categories, the first half of 2019 as a whole has been positive, aside from single-family construction,” said Ken Simonson, the association’s chief economist. “The initial monthly estimates have mostly been revised upward, making the six-month year-to-date totals a more reliable indicator of underlying trends.”

Construction spending totaled $1.287 trillion at a seasonally adjusted annual rate in June, a drop of 1.3 percent from the May rate and 2.1 percent from the June 2018 rate, according to estimates the U.S. Census Bureau released today. For the first six months of 2019 combined, spending dipped by 0.5 percent from the same period in 2018.

Public construction spending slipped 3.7 percent for the month but jumped 10.1 percent year-to-date. Spending in the first half of 2019 was up sharply for most public infrastructure, with year-to-date increases of 14.5 percent for highway and street construction spending, 7.1 percent for transportation (airports, transit, rail and port) spending, 16.2 percent for sewage and waste disposal, 15.1 percent for water supply and 12.2 percent for conservation and development.

Private nonresidential spending declined 0.3 percent from May to June but the six-month total was 1.7 percent higher than in January-June 2018. Major private nonresidential categories experienced mixed first-half results. The largest, power construction (comprising electric power generation, transmission and distribution, plus oil and gas fields and pipelines), inched up by 0.3 percent year-to-date. Commercial (retail, warehouse and farm) construction decreased by 9.9 percent. Manufacturing construction posted an 11.6 percent gain. Private office construction spending rose 8.6 percent.

Private residential construction spending declined 0.5 percent for the month and 7.8 percent year-to-date. Single-family homebuilding decreased 7.0 percent in the first six months of the year, while spending on multifamily projects increased 11.5 percent. Spending on residential improvements plunged 13.8 percent year-to-date.

Association officials said that one reason construction spending declined between May and June is because contractors cannot find enough qualified workers to keep pace with demand. They noted that seventy-eight percent of construction firms reported earlier this year having a hard time finding enough qualified workers to hire. As a result, the drop in construction spending in some categories in June likely reflects the fact firms are turning down or delaying projects until they have enough people on hand to do the work.

“The reason construction workforce shortages are a problem is their potential to undermine broader economic growth,” said Stephen E. Sandherr, the association’s chief executive officer. “That is why Congress and the administration should boost funding for career and technical education and make Pell Grants eligible for students studying construction at career and technical colleges.”
CONSTRUCTION SPENDING EDGES HIGHER IN JULY BUT DECREASES YEAR-TO-DATE AS DECLINE IN SINGLE-FAMILY HOMEBUILDING OFFSETS MULTIFAMILY AND NONRESIDENTIAL INCREASES

Association Survey Finds Contractors Remain Eager to Hire but Report Continuing Difficulty in Filling Hourly Craft Positions; Officials Urge Increase in Career and Technical Education, Greater Immigration for Qualified Workers

Construction spending inched up less than 0.1 percent in July from June but slipped from year-ago levels, as a weak single-family homebuilding market and declines in some private nonresidential segments masked gains in public and multifamily construction, according to an analysis today by the Associated General Contractors of America of new federal spending data. Association officials said a new survey they released showed contractors remain eager to hire employees but are having difficulty finding qualified craft workers.

“Overall spending totals have been fluctuating for more than two years, with divergent patterns for residential, private nonresidential and public construction,” said Ken Simonson, the association’s chief economist. “Although year-to-date construction spending in the first seven months of 2019 combined was less than in the same period last year, most nonresidential and multifamily contractors remain busy and optimistic about future work.”

Construction spending totaled $1.289 trillion at a seasonally adjusted annual rate in July, a gain of less than 0.1 percent from the June rate and a decrease of 2.7 percent from the July 2018 rate, according to estimates the U.S. Census Bureau released today. Year-to-date, spending declined by 2.1 percent from the January-July 2018 total.

Public construction spending increased 0.4 percent for the month and 5.6 percent year-to-date. Among the four largest public categories, spending in the first seven months of 2019 jumped 12.0 percent compared to the same period in 2018 for highway and street construction spending, was unchanged for educational construction and climbed 9.8 percent for transportation (airports, transit, rail and port) projects.

Private nonresidential spending declined 0.8 percent from June to July but the seven-month total was 0.6 percent higher than in January-July 2018. Major private nonresidential categories experienced mixed year-to-date results. The largest, power construction (comprising electric power generation, transmission and distribution, plus oil and gas fields and pipelines), climbed 8.3 percent year-to-date. Commercial (retail, warehouse and farm) construction tumbled 15.2 percent. Manufacturing construction posted a 4.7 percent gain. Private office construction spending rose 7.9 percent.

Private residential construction spending increased 0.6 percent for the month but slumped 8.5 percent year-to-date. Single-family homebuilding decreased 8.7 percent in the first seven months of the year, while spending on multifamily projects increased 6.6 percent. Spending on residential improvements plunged 12.7 percent year-to-date.

Association officials said that one reason construction spending declined between June and July is because contractors cannot find enough qualified workers to keep pace with demand. They noted that 91 percent of construction firms in a survey the association released last week reported they expect to hire hourly craft workers for expansion or replacement in the next 12 months, but 80 percent of the firms say they are having a hard time filling hourly craft positions. As a result, the drop in construction spending in some nonresidential categories so far in 2019 may indicate some firms are turning down or delaying projects because they cannot find enough qualified workers.

“Construction firms are taking a broad range of steps to boost pay, increase training and become more efficient as they cope with labor shortages,” said Stephen E. Sandherr, the association’s chief executive officer. “Public officials can help by boosting investments in career and technical education and allowing for more immigrants with construction skills to legally enter the country.”

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Construction spending edged up 0.1 percent in August from July but declined from year-ago levels, with divergent trends in residential and nonresidential categories, according to an analysis today by the Associated General Contractors of America of new federal spending data. Association officials said that many contractors in its recent survey report that staffing challenges are causing projects to take longer than expected, which may be holding down spending. They urged government officials to boost funding for career and technical education and pass comprehensive immigration reform to ease the shortage of construction workers that is slowing projects.

“Eighty percent of the nearly 2,000 contractors responding to our workforce survey this summer reported difficulty filling hourly craft positions,” said Ken Simonson, the association’s chief economist. “Of the firms experiencing staffing challenges, almost half—44 percent—said that projects had taken longer than anticipated. Those delays may be one reason that spending put in place is lagging, even though contractors almost universally report they are busy and would be doing even more projects if they could find enough workers.”

Construction spending totaled $1.287 trillion at a seasonally adjusted annual rate in August, a gain of 0.1 percent from the July rate but 1.9 percent less than the August 2018 rate, according to estimates the U.S. Census Bureau released today. Year-to-date spending for January-August combined fell 2.3 percent from the year-ago total.

Public construction spending increased 0.4 percent for the month and 4.6 percent year-to-date. Among the three largest public categories, spending in the first eight months of 2019 climbed 10.8 percent compared to the same period in 2018 for highway and street construction spending, 0.9 percent for educational construction and 9.3 percent for transportation (airports, transit, rail and port) projects.

Private nonresidential spending decreased 1.0 percent from July to August and 0.1 percent year-to-date. Major private nonresidential segments experienced mixed year-to-date results. The largest—power construction (comprising electric power generation, transmission and distribution, plus oil and gas fields and pipelines)—climbed 6.2 percent year-to-date. Commercial (retail, warehouse and farm) construction plummeted 14.9 percent. Manufacturing construction posted a 3.7 percent gain. Private office construction spending rose 7.7 percent.

Private residential construction spending increased 0.9 percent for the month but slid 5.0 percent year-to-date. Single-family homebuilding rose 1.4 percent from July to August but decreased 8.4 percent year-to-date, while spending on multifamily projects was down 0.9 percent for the month but up 6.5 percent year-to-date. Spending on residential improvements increased 0.8 percent for the month but declined 6.4 percent year-to-date.

Association officials warned that project delays may worsen, noting that nearly three-fourths of the respondents to its survey expect it will be as hard or harder to hire hourly craft workers in the next 12 months, while 29 percent of firms are putting longer completion times into their bids or contracts to offset worker shortages. They urged government officials to act promptly to increase the supply of workers.

“Construction firms are using a variety of strategies—raising pay, increasing training and becoming more efficient—to cope with labor shortages,” said Stephen E. Sandherr, the association’s chief executive officer. “Public officials can help by doubling investments in career and technical education and permitting more immigrants with construction skills to legally enter the country.”

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Construction employment increased by 10,000 jobs in October and by 148,000, or 2.0 percent, over the past 12 months, while construction spending decreased by 2.0 percent from September 2019 to September 2019, according to an analysis of new government data by the Associated General Contractors of America. Association officials said demand for construction is being undermined by uncertainty and tariffs that are part of a series of trade disputes with China, the European Union and other countries.

“The construction industry is still adding workers at a faster clip than the overall economy but growth has slowed as private nonresidential and multifamily construction spending shrinks,” said Ken Simonson, the association’s chief economist. “At the same time, public investment and a recent pickup in single-family homebuilding have helped employment to grow.”

Simonson observed that the 2.0 percent growth in construction employment between October 2018 and October 2019 was the slowest in almost seven years but that the rate remained well above the 1.4 percent increase in total nonfarm payroll employment. Average hourly earnings in construction—a measure of all wages and salaries—increased 2.4 percent over the year to $30.95. That figure was 9.8 percent higher than the private-sector average of $28.18, Simonson noted.

Construction spending totaled $1.294 trillion at a seasonally adjusted annual rate in September, a gain of 0.5 percent from the August rate but 2.0 percent less than the September 2018 rate, according to estimates the U.S. Census Bureau released today. Year-to-date spending for January-September combined fell 2.2 percent from the year-ago total.

Public construction spending increased 1.5 percent for the month and 5.6 percent year-to-date. Among the three largest public categories, spending in the first eight months of 2019 climbed 9.3 percent compared to the same period in 2018 for highway and street construction spending, 1.0 percent for educational construction and 9.1 percent for transportation (airports, transit, rail and port) projects.

Private residential construction spending increased 0.6 percent for the month but slid 7.9 percent year-to-date. Single-family homebuilding rose 1.3 percent from August to September, the third consecutive monthly gain, but fell 8.0 percent year-to-date. Spending on multifamily projects slid 0.7 percent for the month but was 5.9 percent higher year-to-date.

Private nonresidential spending decreased 0.3 percent from August to September and 0.6 percent year-to-date. Major private nonresidential segments experienced mixed year-to-date results. The largest—power construction (comprising electric power generation, transmission and distribution, plus oil and gas fields and pipelines)—climbed 5.5 percent year-to-date. Commercial (retail, warehouse and farm) construction plummeted 15.2 percent. Manufacturing construction posted a 3.2 percent gain. Private office construction spending rose 6.8 percent.

Association officials said that the uncertainty and increased prices that come from recent trade fights and a series of threatened and imposed tariffs appear to be undermining demand for many types of construction projects. They urge the Trump administration to quickly resolve outstanding trade disputes with China, the European Union and other countries.

“Resolving trade disputes and providing businesses with greater certainty about trade and tariff levels will help accelerate demand for new construction projects,” said Stephen E. Sandherr, the association’s chief executive officer. “The best way to make sure our economy continues to expand is to quickly resolve a series of trade disputes that have contributed to business uncertainty and likely held back many new development and construction projects.”
CONSTRUCTION SPENDING DECLINES 0.8 PERCENT IN OCTOBER AS DECREASE IN PUBLIC AND PRIVATE NONRESIDENTIAL CONSTRUCTION OUTWEIGHS STRONG PICKUP IN HOMEBUILDING

Association Urge Quick Resolution to Trade Disputes and Uncertainty that are Contributing to Slower U.S. Economic Growth, Causing a Wide Variety of Businesses to Delay or Cancel Construction Projects

Construction spending declined 0.8 percent in October from September but topped year-ago levels by 1.1 percent, as decreases in private nonresidential, multifamily and public projects outweighed a recent revival in single-family homebuilding, according to an analysis today by the Associated General Contractors of America of new federal spending data. Association officials said that the impact of trade conflicts is harming private construction.

“A drop in mortgage interest rates has given a boost to single-family homebuilding in recent months, but these gains have been offset by weak private nonresidential spending as trade friction drags down U.S. economic growth,” said Ken Simonson, the association’s chief economist. “Businesses that have been hurt by existing tariffs and retaliatory actions by U.S. trading partners or firms facing uncertainty over future trade policy are likely to hold off on construction projects.”

Construction spending totaled $1.291 trillion at a seasonally adjusted annual rate in October, a decrease of 0.8 percent from the September rate but 1.1 percent more than the October 2018 rate, according to estimates the U.S. Census Bureau released today. Year-to-date spending for January-October combined fell 1.7 percent from the same months in 2018.

Private residential construction spending declined 0.9 percent for the month but edged up 0.5 percent from a year ago. Single-family homebuilding rose for the fourth consecutive month, rising 1.6 percent from September, although the October rate was 3.1 percent less than in October 2018. Spending on multifamily projects was down 1.6 percent for the month and down 2.1 percent from a year earlier. Spending on residential improvements fell 4.5 percent for the month but increased 8.2 percent over 12 months.

Private nonresidential spending decreased 1.2 percent from September to October and 4.3 percent from a year ago. Major private nonresidential segments experienced mixed year-over-year results. The largest—power construction (comprising electric power generation, transmission and distribution, plus oil and gas fields and pipelines)—climbed 3.6 percent from a year ago. Commercial (retail, warehouse and farm) construction tumbled 17.7 percent. Manufacturing construction inched down 0.2 percent gain. Private office construction spending rose 1.0 percent.

Public construction spending dipped 0.2 percent for the month but jumped 10.2 percent from a year earlier. Among the three largest public categories, spending in October climbed 8.4 percent compared to the October 2018 rate for highway and street construction spending, 9.8 percent for educational construction and 13.0 percent for transportation (airports, transit, rail and port) projects.

Association officials observed that private nonresidential investment has weakened over the past year as trade disputes and uncertainty over future trade policy have had a negative impact on a variety of agricultural, manufacturing, distribution and transportation businesses. They urged the Trump administration to settle disputes promptly.

“Construction firms are at risk of being caught in the crossfire from trade wars unless the government removes tariffs that are hurting the competitiveness of U.S. businesses and gets foreign countries to re-open their markets to U.S. exports,” said Stephen E. Sandherr, the association’s chief executive officer. “Until that happens, private nonresidential construction is likely to suffer.”

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