Data DIGest

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Spending climbs in October; ConstructConnect, Dodge report mixed results for 2025 starts

Construction spending (not adjusted for inflation) totaled $2.18 trillion in October at a seasonally adjusted annual rate, up 0.5% from September but down 1.0% year-over-year (y/y), the Census Bureau reported on Wednesday. Private **residential construction** rose 1.3% for the month but slipped 1.3% y/y. The monthly gain was largely attributable to a 4.5% jump in residential improvements (additions and renovations to owner-occupied housing), an estimate often subject to large revisions. Single-family homebuilding declined 1.3% for the month, while multifamily construction dipped 0.2%. **Private nonresidential spending** fell 0.2% for the month and 2.6% y/y. The largest private nonresidential segment—manufacturing construction—declined for the ninth month in a row, by 0.9% for the month and 9.7% y/y. Commercial construction rose 0.2% for the month (comprising warehouse, up 1.0%; retail, down 0.7%; and farm, up 0.1%). Private "office" construction fell 0.4% in October (comprising data centers, up 1.2%, and other, down 1.8%). **Public construction spending** rose 0.1% for the month and 2.1% y/y. Spending on the three largest public segments varied for the month: highway and street rose 0.1%, educational rose 0.7%, and sewage and waste disposal dipped 0.1%.

The **value of construction starts**, not seasonally adjusted, rose 3.1% y/y in December and 8.2% for the full year compared to 2024, ConstructConnect reported on Friday. **Nonresidential building starts** climbed 17.5% y/y and 18.5% for the year, with commercial up 45% y/y, institutional down 15%, and industrial (manufacturing) up 18%. **Engineering (civil) starts** rose 32% y/y and 8.6% for the year, with roads up 24% y/y, water and sewage treatment down 17%, bridges down 45%, airports up 405%, and miscellaneous (power, etc.) up 220%. **Residential starts** slumped 38.5% y/y and 7.0% for the year, with single-family down 22% y/y and apartments down 62%.

Total construction starts rose 2.6% from November to December at a seasonally adjusted annual rate, Dodge Construction Network reported on Friday. "Nonresidential building starts fell by 6.6%, residential starts increased 1.0%, and nonbuilding starts grew 16.3% over the month. For the full year, total construction starts expanded 5.4%. Nonresidential starts were up 4.5%, residential starts were down 4.8%" and nonbuilding starts were up 18.7%. Commercial starts were up 9.8% over the month, alongside growth in offices and data centers (+7.4%), parking garages (+39%), hotels (+74.4%), and warehouses (+0.7%). There were declines for month in retail starts (-12%) and institutional starts (-16%), "driven by weaker education (-18.2%) and miscellaneous institutional (-26.9%) starts. This decline was partially offset by 7.9% growth in healthcare facility starts. Manufacturing, meanwhile, pulled back" 31% for the month. Highways and bridges (+85%) and miscellaneous nonbuilding (+36%) supported growth, while environmental public works (-27%) and electric power/utilities (-9.0%)" declined for the month.

Housing starts (units) in October slumped 4.6% for the month at a seasonally adjusted annual rate and slipped 0.7% for the first 10 months of 2025 YTD compared to January-October 2024, the Census Bureau reported on January 9. Single-family starts rose 5.4% for the month but fell 7.0% YTD. Multifamily (five or more units) starts skidded 26% from September but jumped 18% YTD. **Residential permits** fell 0.2% for the month and 3.0% YTD. Single-family permits slipped 0.5% from September and 7.0% YTD. Multifamily permits climbed 0.4% from September and 2.6% YTD. The number of **multifamily units under construction** rose 0.3% from September but tumbled 13% y/y.

The Architecture Billings Index (ABI) rose to 48.5 in December, seasonally adjusted, from 45.3 in November but remained below the breakeven 50 mark for the 14th month in a row and for 36 of the last 39 months, the American Institute of Architects posted on Wednesday. The index is "a leading economic indicator of construction activity, providing an approximately 9- to 12-month glimpse into the future of nonresidential construction spending activity." The ABI is derived from the share of responding architecture firms that report a gain in billings compared to the previous month less the share reporting a decline in billings, presented on a 0-to-100 scale. Any score below 50.0 indicates decreasing business conditions. Readings remained below 50 for all types of practices: institutional, 48.7; commercial/industrial, 47.8; multifamily residential, 45.5; and mixed, 44.0. "This month, 90% of responding firm leaders reported that they have had **projects that have been significantly delayed** over the past six months, 84% have had projects that have **gone on hold/indefinitely stalled**, and 71% have had projects that were **canceled/abandoned**."