Public Sector Spending Helping Residential Construction

By: Jann Swanson | Tue, Sep 4 2018, 12:03 PM

Spending on residential construction continued to outpace construction in general in July **although new home construction appeared to falter**. The U.S. Census Bureau reports that total spending on construction during the month was at a seasonally adjusted annual rate of $1.315 trillion. This is a 0.1 percent improvement over the revised June estimate of $1.314 trillion and is up 5.8 percent compared to July 2017, with the percentage gains coming from public sector projects.

On a non-seasonally adjusted basis total construction spending during the month was $121,473 billion compared to $118,737 billion in June. For the year-to-date (TYD) through the end of July there have been expenditures of 740,485 billion, a 5.2 percent increase over the same period last year.

Privately funding construction was at a seasonally adjusted annual rate of $1.011 trillion, down 0.1 percent from the June estimate of $1.012 trillion but 5.1 percent above expenditures in July 2017. The non-adjusted number for the month is $91,772 billion compared to $90,037 billion the previous month. YTD expenditures total $575,744 billion, a 5.2 percent increase over the first seven months of 2017.

Privately funded residential construction consumed $560,088 billion on an annual and adjusted basis during the month, up 0.6 percent from $556,688 billion the prior month and 6.7 percent more than a year earlier. **Single family construction dipped 0.3 percent** for the month but was up 6.0 percent year-over-year while multi-family construction was down 0.4 percent for the month but 1.1 percent higher than the previous July. The Census Bureau does not break out the amounts spent on remodeling and renovation.

On a non-seasonally adjusted basis residential spending for the month was $53,534 billion with $26,437 billion spent on single family units and $4,885 billion on multifamily construction. YTD total residential spending is up 7.7 percent to $295,329 billion and single-family gained 8.5 percent compared to the YTD through July last year. Multifamily spending is down by 0.9 percent.

Aside from multi-family residential spending, the only other privately funded sectors to be running behind 2017 on a YTD basis are **religious construction, down 11.8 percent**, and spending on manufacturing related buildings, down 7.2 percent. The strongest sector so far in 2018 is transportation, up 19.5 percent.

Total expenditures from the public sector were at a seasonally adjusted total of $304,493 billion, an 0.7 percent increase from June and 8.3 percent more than in July 2017. YTD spending is up 5.4 percent to $166,740 billion with office and water supply spending showing the greatest gains at 17.9 percent and 14.8 percent respectively. Residential spending was up 0.3 percent from June to a seasonally adjusted annual rate of $6,507 billion. This is an 8.5 percent year-over-year change.

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