

Residential Sector Was Key to October Construction Spending Increase

By: Jann Swanson | Tue, Dec 1 2020, 11:39 AM

Total construction spending in October was at a seasonally adjusted annual rate of \$1.439 trillion according to U.S. Census Bureau estimates. **This was an increase of 1.3 percent** from the revised September estimate of \$1.420 trillion and **3.7 percent higher than spending in October of 2019**. While virtually all residential spending is privately funded, the increase in that sector was the second largest (behind public safety spending) of any in the overall year-over-year comparison.

Spending for the month, prior to adjustment, totaled \$128.008 billion compared to \$130.251 billion in September. Spending for the year-to-date (YTD) is up 4.3 percent, from \$1.140 trillion in 2019 to \$1.190 during the first 10 months of 2020.

Privately funded construction spending was at an annual rate of \$1.094 trillion during the month compared to \$1.079 trillion in September, an increase of 1.4 percent. Spending grew by 3.7 percent on a year-over-year basis and is 4.2 percent higher on a YTD basis at \$893.706 billion.

Privately funded residential spending was at an annual rate of \$637.138 billion. This was a 2.9 percent increase from September and up 14.5 percent from the previous October. Single family spending was at a rate of \$324.023 billion and spending on new construction of buildings with five or more units was at a rate of \$90.162 billion. These were month-over-month increases of 5.6 percent and 1.2 percent, respectively. On an annual basis adjusted spending on single-family houses increased 13.3 percent and on multifamily construction the gain was 18.4 percent.

Residential spending in October was \$56.462 billion before adjustment with \$29.591 billion of the total going to single-family residences and \$7.770 billion to multifamily housing. **YTD residential spending increased by 9.3 percent** to \$497.753 billion while the total for single-family and multifamily construction rose 5.0 percent and 3.7 percent thus far in 2020 compared to the same period in 2019.

Publicly funded spending was at a rate of \$344.785 billion compared to \$341.411 billion in September and was 3.7 percent higher than in October 2019. Residential spending dipped 1.1 percent to a rate of \$8.971 billion but was still 24.9 percent higher year-over-year. Total public spending on construction for the first 10 months of the year was \$295.884 billion, up 4.7 percent over the same period last year. Residential spending at \$7.108 billion was 34.0 percent higher YTD than in 2019.

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