

Construction Spending Rising Twice as Fast as Expected

By: Jann Swanson | Mon, Mar 1 2021, 4:00 PM

Construction expenditures started 2021 displaying the same **imbalance** between the growth of **residential** and **non-residential** spending that had dominated much of 2020. The U.S. Census Bureau said overall spending in January was at a seasonally adjusted annual rate of \$1.522 trillion, 1.7 percent higher than in December and 5.8 percent above the rate in January of last year. This more than doubled the median forecast which called for a 0.8 percent increase.

Combined public and private spending on residential construction in January was up **21.1 percent** seasonally adjusted from a year earlier. At the end of 2020, overall spending had exceeded the prior year by 4.7 percent while residential spending was 11.8 percent higher.

On a non-adjusted basis, total spending for the month was \$106.307 billion compared to \$113.334 in December and \$101.121 in December 2020.

Private sector construction spending was at a seasonally adjusted annual rate of \$1.160 trillion in January, 1.7 percent more than in December and 6.8 percent above the January 2020 rate. Unadjusted spending at \$83.865 billion was 6.2 percent higher than the \$78.986 billion spent a year earlier.

Residential spending was at the seasonally adjusted annual rate of \$712.951 billion, a 2.5 percent gain from December and 21.0 percent higher year-over-year. Single-family spending grew 3.0 percent and 24.2 percent from the two earlier periods to \$376.178 billion and multifamily spending was 0.7 percent higher than the prior month and up 16.9 percent on an annual basis at \$92.699 billion.

On a non-adjusted basis, the month's residential spending by the private sector totaled \$49.861 billion, \$26.601 billion of which was for **single-family homes** and \$7.133 for units in buildings with five or more. The residential total was 22.0 percent more than in January 2020 while single family and multifamily spending rose 26.9 and 15.2 percent respectively.

Public spending for all types of construction was at a seasonally adjusted rate of \$361.476 billion in January, a 1.7 percent increase from December and 2.9 percent higher year-over-year. Residential spending, which had grown 32 percent over the course of 2020, although the numbers remained small, was at a rate of \$9.429 billion in January, 3.1 percent higher than a year earlier and up 23.7 percent on an annual basis.

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