

Construction Stats

2.7% Spending Increase in April

by Brian Turmail, executive director, public affairs, Associated General Contractors of America

Construction spending rebounded strongly in April, with an increase of 2.7% or \$23 billion from March to a seasonally adjusted annual rate of \$869 billion according to the latest analysis of federal spending figures released by the Associated General Contractors of America. The association noted that the gains were primarily driven by private residential construction (up 4.4%) and public construction (up 2.4%), but that private non-residential also increased significantly (up 1.7%). "The stimulus is clearly driving one of the biggest increases in construction spending the industry has experienced in a long time," said Ken Simonson, chief economist for the construction trade association. "Once you look beyond the stimulus, however, these figures show how uneven and fragile the construction recovery remains."

Simonson also noted that the stimulus drove significant increases in a range of public construction categories. For example, compared to March, 2010, spending on public drinking water supply facilities jumped 7.9%; public sewage treatment, 3.9%; and highway construction 3.6%. Spending on other public transportation modes was flat for the month but soared 29% compared to April 2009. In contrast, public educational construction spending, which received little stimulus support, only edged up 0.4% for the month and was 18% lower than a year earlier. Private non-residential spending was boosted by strong gains in private power construction (\$3.9 billion, 5.2% for the month); manufacturing (\$1.5 billion, 2.7%); and communication (\$1.3 billion, 7.3%). Meanwhile, developer-financed categories, which are plagued by high-vacancy rates and tight credit conditions, continued to tumble. Private lodging construction rose 0.8% for

the month but was down 61% compared to April 2009; commercial (retail, warehouse, and farm) was down 2.9% and 37%; and private office was down 1.7% for the month and 36% for the year.

Private residential construction figures were also mixed, Simonson commented. New single-family construction climbed 3.4% for the month and 29% year-over-year, and improvements to existing single- and multi-unit construction rose 6.3% and 4% from a year earlier. But new multi-family construction - condos and rental buildings, which are developer-financed - slumped 1.9% in April and 57% compared to a year ago. "Assuming the economy continues to expand, privately-funded construction should experience a rebound starting in 2011," Simonson noted. "But for now stimulus funding remains the main source of support for non-residential contractors." ●●●