Construction Spending Climbs in November

Total outlays rose 0.6% during November, with a solid gain in residential outweighing a small nonresidential decline. While overall spending is still down 0.8% year-to-date, residential outlays continue to move higher.

Residential Lifting Overall Spending

- Total spending advanced 0.6% during November, while prior month’s data were revised higher. The five-month string of consecutive gains is mostly owed to residential, which rose 1.8% during the month. On the nonresidential side, spending remains somewhat soft and slipped 0.3%, the second straight monthly decline. The public sector was another bright spot, with federal and state & local expenditures up 1.7% and 0.8%, respectively.

Nonresidential Losing Ground

- The upturn in the residential category, which is up 17.7% on a three-month annualized basis, reflects renewed homebuilder confidence alongside lower mortgage rates and sturdy job growth. Single family outlays rose 1.2%, while multifamily were flat.
- Outside of amusement & recreation (+0.3%) and communication (+1.3%), every major private nonresidential subcategory fell during November and overall is down 0.4% year-to-date.

Source: U.S. Department of Commerce and Wells Fargo Securities