



## Residential Projects Continue to Drive Construction Spending

Construction spending fell off a bit in May, **however residential construction remains the strongest sector**, accounting for more than half the annualized private sector expenditures for the month. Total construction dollars spent during the month were at a seasonally adjusted annual rate of \$1.545 trillion, down 0.3 percent from April but 7.5 percent higher than the prior May.

On a non-adjusted basis, spending totaled \$131.964 billion compared to \$126.509 billion the previous month. For the year-to-date (YTD) spending has totaled \$594.810 billion, up from \$568.480 billion thus far in 2020, a 4.6 percent gain.

Total construction spending from private funds in May was at a seasonally adjusted annual rate of \$1.203 trillion, also a **0.3 percent downturn from a month earlier**. Spending was up 13.2 percent year-over-year. On a non-adjusted basis there was \$102.44 billion spent, up from \$99.823 billion in April. So far in 2021 there has been \$469.660 billion spent compared to \$433.754 YTD in 2020, an increase of 8.3 percent.

Privately funded residential spending was up 0.2 percent month-over-month, to a seasonally adjusted pace of \$751.747 billion. This is 28.7 percent higher than in May 2020, but one needs to acknowledge the annual figures are against a period when construction was largely shut down due to the pandemic. On the other hand, the monthly increases are a little surprising given that lumber prices peaked near the middle of May and the National Association of Home Builders said many of its members were canceling contracts or putting projects on hold.

**Expenditures on single-family houses increased** from a rate of \$399.176 billion in April to \$402.271 in May, a monthly gain of 0.8 percent. This is 46.1 percent more than the rate of \$275.397 billion a year earlier. Multifamily spending was flat month-over-month at \$99.304 billion but that still represented a 25.6 percent change from the prior May.

On an unadjusted basis, residential spending increased from \$62.280 billion in April to \$64.619 billion in May with single family expenditures moving from \$32.618 billion to \$34.021 billion. Multifamily spending was also flat on a non-adjusted basis at \$8.376 billion.

**YTD figures also reflect the impact of last year's pandemic.** Total residential spending was up 23.8 percent, single-family housing grew 33.3 percent, and multifamily spending rose 19.5 percent.

Publicly funded construction dipped 0.2 percent for the month to \$341.964 on an annual basis and was down 8.7 percent from the prior May. YTD, it is down 7.1 percent to \$125.150 billion. The residential component is 0.8 percent higher YTD at 3.520 billion.



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