

Construction Spending Fell in May

Total construction spending fell 0.9 percent in May, slightly more than expectations. This month's report includes revisions dating back to January 2007. The residential component fell 3.5 percent. Nonresidential construction spending rose 0.1 percent due to a spike in power and manufacturing which were both likely driven by the increase in oil prices.

Residential Construction Spending Looking for Bottom

- Construction spending fell 0.9 percent with private residential construction spending falling 3.4 percent, driven by a 4.5 percent decline in single family and a 9.6 percent decline in multi-family.
- Private residential construction spending is now down 33.9 percent from a year ago, but tentative signs of stabilization in the housing market suggest possible gains in residential construction spending in coming quarters.

Resilient Nonresidential Construction Spending

- Nonresidential construction spending rose 0.1 percent on the month, the fourth consecutive gain. Private nonresidential construction spending grew 0.5 percent, driven by increases in power and manufacturing which increased 3.8 and 4.3 percent, respectively. The gains in both components were likely due to increases in crude oil prices.
- Public residential construction spending fell 6.5 percent.

