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CONSTRUCTION SPENDING HITS 17-MONTH HIGH IN NOVEMBER WITH MONTHLY GAINS IN ALL SEGMENTS BUT PUBLIC SPENDING DOWN 5.3 PERCENT COMPARED TO LAST YEAR

Both Single- and Multifamily Homebuilding Improve from October and Year Ago; Private Nonresidential Increases from November 2010 are Widespread; Most Public Categories Drop from Year-Earlier Levels

Construction spending totaled \$807 billion in November 2011, the highest level since June 2010, as homebuilding, private nonresidential construction and public construction all increased compared to October, the Associated General Contractors of America reported today in an analysis of new Census Bureau data. Association officials cautioned, however, that public spending will drop even further in 2012 because of delays in enacting needed infrastructure bills and planned cuts to many federal construction programs.

“Several segments of construction appear to be climbing out of a hole,” said the association’s chief economist, Ken Simonson. “The new year should reinforce recent year-over-year gains in apartment, power, manufacturing and private transportation construction. But November’s upturns in single-family homebuilding and public construction may not be sustainable.”

Simonson noted that total construction spending rose 1.2 percent in November from October and 0.5 percent from the November 2010 level. Private residential construction posted increases of 2.0 percent and 3.4 percent, with gains in single-family, multifamily and residential improvements. Private nonresidential construction spending inched up a negligible amount from October but gained 4.5 percent compared to November 2010. Public spending rose 1.7 percent last month but declined 5.3 percent from a year earlier.

The construction economist added that the uptick in private nonresidential construction from November 2010 was widespread, led by manufacturing, up 12.6 percent; commercial (retail, warehouse and farm), up 12.0 percent; private educational, up 10.0 percent; private transportation, up 9.2 percent; and power (including oil and gas), up 8.4 percent.

Most public construction categories shrank over the past 12 months, although the two largest had mixed results, Simonson observed. Highway spending increased for the sixth straight month, by 1.9 percent, but was 2.2 percent below the November 2010 mark. Public educational construction was up 0.5 percent for the month and 2.8 percent year-over-year. “Public construction segments face stiff spending cuts in 2012,” Simonson cautioned.

Association leaders said planned cuts to a range of federal building and infrastructure construction programs were likely to hurt the construction industry even as private sector demand finally rebounds. They noted that the federal budget for 2012 includes a more than 6 percent cut for construction programs and added that Congress is years late in passing much-needed water, aviation and surface transportation legislation.

“If lawmakers don’t act swiftly, they risk undermining a long-awaited recovery for the construction industry that could put tens of thousands of people back to work,” said Stephen E. Sandherr, the association’s chief

executive officer. “These cuts aren’t helping balance the budget, but they are keeping a major segment of our economy in check.”

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