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## March construction spending up 1.4%

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WASHINGTON — Contractors began work on more office buildings, hotels and factories in March, lifting construction spending after three straight monthly declines.

Construction spending rose 1.4 percent in March, the Commerce Department said Monday. It was the biggest advance since last April and was helped by a rise in spending on home-improvement projects.

The overall increase, however, came after building activity had fallen in February to the lowest level in more than a decade. Even with the advance, activity in March stood at a seasonally adjusted annual rate of \$768.9 billion, just half the \$1.5 trillion pace considered healthy by economists. It could take four years for the construction industry to fully recover from the housing bust and deep recession, economists say.

John Ryding, an economist at RDQ Economics, said the gains in March represent a bounce back from a slow winter hampered by harsh weather in many parts of the country. Construction was among the industries that dragged on economic growth in the January-March quarter. Construction spending should add to economic growth in the April-June quarter.

“The rebound in construction spending in March provides further evidence that construction activity was held back early in the first quarter by the weather,” Ryding said in a note to clients.

Private construction projects increased 2.2 percent to a seasonally adjusted annual rate of \$476.1 billion. The gain reflected a 2.6 percent rise in residential construction and a 1.6 percent increase in nonresidential projects.

The gain in residential activity came from spending on home-remodeling projects. Spending on both single-family homes and apartments declined.

The rise in nonresidential projects was led by a 5.5 percent increase in the construction and expansion of factories. Spending on hotels and motels rose 4.7 percent. Office building projects grew 1.4 percent.

Government building projects edged up 0.3 percent to an annual rate of \$292.8 billion. Federal construction dropped 2 percent while spending at the state and local levels edged up 0.3 percent.

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