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Construction Spending: 2016 on the rise, 2017...TBD

CONSTRUCTION, REAL ESTATE

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The United States Department of Commerce on January 3, 2017 reported that construction spending continues to be on the rise, reaching an over ten-year high. Construction spending in the U.S. reached \$1.18 trillion during November 2016, up approximately 1.0% from October 2016 according to the report issued by the Department of Commerce. The year-over-year increase in total construction spending was approximately 4.1% from spending in November 2015.

The positive trends in construction spending are being driven by the private residential segment, which includes new single-family home starts and home renovations. Residential construction spending reached spending levels of approximately \$469.7 billion during the month of November 2016, an increase of approximately \$13.5 billion from spending in November 2015.

Nonresidential construction also posted a favorable increase of approximately 0.8% from October 2016's spending levels. The increase in nonresidential spending was a continuation of steady increases in investments in the educational sector, hotel, and highway projects throughout 2016.

These positive trends in both the residential and nonresidential segments give 2017 a favorable outlook. President-elect Donald J. Trump's plan would bolster growth in the industry as his administration's policy has indicated desires to spend nearly \$1 trillion on infrastructure. While construction spending has shown promising increases during 2016, there is still much uncertainty as to how Trump's administration will affect the construction industry.

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