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2018 Construction Spending Update

CONSTRUCTION
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Recently, the U.S Census Bureau released its report detailing a monthly estimate of the total dollar value of construction work done in the U.S. The spending estimate included work done on new and existing structures for both the private and public sectors. The breadth of the spending estimate included the following: labor costs, materials costs, overhead costs, interest, taxes paid during construction, and contractor profits.

According to the recent U.S. Census Bureau's August Construction Spending release, August 2018 construction spending was 6.5% higher than the same month in 2017. Along similar lines, construction spending for the first eight months of 2018 was recorded at $862.0 billion, while the first eight months of the previous year posted spending of $818.7 billion, which is a 5.3% increase. Comparing the first eight months of 2018 to 2017, public construction and private construction have increased 7% and 4.8%, respectively. More specifically, within the private construction sector, residential projects and nonresidential projects expanded 6.5% and 2.7%, respectively.

Measured by the gross domestic product (GDP), the overall economy grew at a strong 4.2% annual rate in the April-June quarter. As recently published by the National Association for Business Economics, the 2018 GDP is forecasted to come in at a solid 2.9% rate. As for 2018, the construction industry is reaping the benefits of the surging economy. There is not total certainty as to whether, or how long, the upswing will continue. As each construction firm handles the skilled labor shortages and rising costs for land, lumber, and labor, it is pivotal to implement a strategic plan, rather than to simply rely on a soaring economy.

If your company would like assistance in maneuvering the construction climate, we invite you to contact us and visit the Schneider Downs Construction Industry Group. For additional information, visit the Our Thoughts On blogsite.

You've heard our thoughts… We'd like to hear yours