

Builders increased their spending on construction projects in October, led by a surge in housing. AP

BUILDERS BOOST SPENDING

Rises 1.4 percent in October, largest gain since May

By Martin Crutsinger
Associated Press

WASHINGTON — Builders increased their spending on construction projects in October by the largest amount in five months, led by a surge in housing.

The Commerce Department said Monday that construction spending rose 1.4 percent in October. It was the largest gain since a 1.7 percent increase in May.

The increase raised spending to a seasonally adjusted annual rate of $872.1 billion. That is nearly 17 percent higher than a 12-year low hit in February 2011.

Still, even with the gain, the level of spending on construction remains only about half of what's considered healthy.

Housing construction spending jumped 3 percent in October. Nonresidential building rose 0.3 percent. The government said Superstorm Sandy, which hit in late October, had only a minimal effect on the figures.

The government said earlier this month that sales of new homes fell slightly in October, dragged lower by steep declines in the Northeast partly related to Superstorm Sandy. New-home sales were still 17 percent higher in October than the same month a year ago.

Strength in home building has been one of the bright spots for the economy this year. But overall construction is still being offset by weakness in commercial real estate and tight state and local government budgets.

The strong 3 percent increase in housing construction spending in October left the rate of annual spending 19 percent above the level of October 2011.

The annual pace of spending on nonresidential construction is 10.7 percent above its level a year ago. Spending on hotel construction and shopping centers both rose in October.

Government construction spending barely rose, to a level that's still below its rate of a year ago. Public projects have been under stress because of budget problems at all levels of government.