

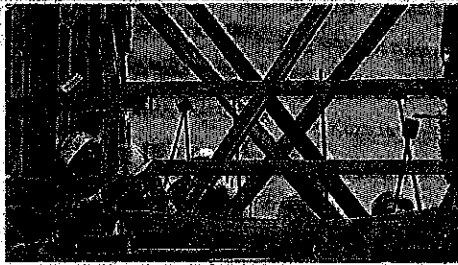
Construction spending rebounded 0.5% in August

MARTIN CRUTSINGER
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WASHINGTON - U.S. construction spending rebounded 0.5 percent in August after two months of contraction, helped by strength in homebuilding and in commercial and government construction.

The climb came after declines of 1.2 percent in July and 0.8 percent in June, the Commerce Department reported Monday. It was the best showing since a 1.6 percent rise in May. Still, the August gain was not enough to recoup the losses of the past two months, leaving spending 1.5 percent below the May level.

Housing construction was up 0.4 percent. Nonresidential activity increased 0.5 percent, reflecting strength in hotel and office building. The August rebound was also helped by a gain in spending by state and local governments, which



Construction workers toil on a condominium project in Coral Gables, Fla., in June. On Monday, the Commerce Department reported that construction rebounded 0.5 percent in August. ALAN DIAZ/AP

helped offset a further decline at the federal level.

Economists believe construction spending will get a boost in coming months as rebuilding efforts get underway from recent devastating hurricanes. Government analysts said Hurricane Harvey only affected construction

activity in Texas for the last week of August, while Hurricane Irma did not have any impact until September.

The overall economy grew at a 3.1 percent annual rate in the April-June quarter, the best showing in more than two years. Analysts believe activity slowed a bit in the July-September quarter to about 2.5 percent GDP growth. But they expect the impact of reconstruction efforts to start boosting GDP as soon as the current quarter.

The 0.4 percent advance in homebuilding reflected a 0.3 percent increase in single-family construction spending and a 0.9 percent jump in the smaller and more volatile apartment sector.

Overall public construction was up 0.7 percent in August, reflect a 1.1 percent rise in state and local activity, which offset a 4.7 percent plunge in spending at the federal level, the third straight drop in federal government construction activity.