

Construction Starts Tumble in November

However, total starts are up 14% for the year.

By Paul Bergeron

Silver linings are hard to find lately in total construction starts data.

According to the Dodge Construction Network, starts overall fell by 18% in November with each nonresidential building starts down 25%, nonbuilding shed 21%, and residential starts dropped 5%.

Meanwhile, the National Association of Home Builders' monthly confidence index fell two points to 31 in December, marking the 12th month in a row that the index has fallen.

Outside of the pandemic, the December reading of 31 is the lowest level since mid-2012.

Volatility Marks the Year in Construction

In what has been a volatile year, Dodge did point to total construction starts at a 14% higher rate than this point in 2021.

Lately, it's been large projects carrying the index – such as chip plants and EV battery plants – but those weren't on the docket last month, “hence the noticeable decline,” Dodge said in a release.

“Month-to-month volatility in construction activity continues to reign supreme as uncertainty mounts over the economy in 2023,” Richard Branch, chief economist for Dodge Construction Network, said in prepared remarks.

“Higher interest rates and fear of recession are first and foremost on the mind of most builders and developers, and potentially restraining starts activity.”

Branch said that however, as some material prices head lower and more public dollars come into the market for infrastructure and manufacturing projects, the year is ending with a fair bit of momentum.

The Month's Biggest Projects

The largest nonbuilding project to break ground in November was a solar farm in Madison County, Wisc.

The largest nonresidential building project to break ground in November was the \$1.1 billion Harbor-UCLA Medical Center in Torrance, Calif.

The largest multifamily structure to break ground in November was the \$345 million 601 N. Central Ave. mixed-use building in Phoenix.