Construction spending climbs despite cost headwinds

Data centers fuel fifth straight monthly gain in nonresidential activity in US



Commercial and residential development helped drive an increase in U.S. construction spending in August. (CoStar)

By Dani Romero
CoStar News
October 1, 2026 | 12:05 P.M.

Construction spending rose in August as developers pushed ahead with commercial and residential projects despite cost pressures tied to rising interest rates and material prices, as well as general economic uncertainty.

Developers and builders increased spending to a seasonally adjusted annual rate of $2.2 trillion, up 0.9% from July, according to data from the U.S. Census Bureau.

Residential construction, the largest segment, rose to an annualized rate of $882.3 billion, reflecting spending on single-family houses, multifamily projects and home improvements.

Nonresidential construction, which includes office buildings, warehouses, retail properties and other commercial real estate projects, rose 1% to a seasonally adjusted annual rate of $775 billion.

"Nonresidential construction spending increased for the fifth consecutive month in August as data center investment accelerates," Anirban Basu, chief economist for the Associated Builders and Contractors trade association, said in a statement. "Frankly, it's becoming difficult to contextualize the size and speed of this boom."

Data centers remained a major driver of growth. Data center construction spending jumped 7.5% in August and was up 73% from a year earlier, according to the association. Spending in the sector has grown at a 149% annualized pace since March.

Follow us on Social Media

Have feedback or questions? Email us at news@costar.com

RELATED ARTICLES

Mortgage rates post biggest weekly increase in nearly four years

US jobless claims fall to lowest level in more than 55 years

Halloween spending expected to hit record

US consumer spending hits fastest pace in more than a year

Private sector ends three-month hiring slowdown, adding 90,000 jobs