

CREDITS

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The New York Building Congress, a broad-based membership association celebrating its 101st year, is committed to promoting the growth and success of the construction industry in New York City and its environs.

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The New York Building Foundation was formed in 1998 to advance the long-term growth and well-being of the industry through a program of research, educational and philanthropic activities.

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NEW YORK CITY BY THE NUMBERS

\$86 Billion
in 2022 Construction Spending
Up \$38 billion from 2021

139,000
Total NYC Construction Jobs in 2022

\$270 Billion
Est. Construction Spending 2022-2024

INCREDIBLE GROWTH AHEAD

This year's Construction Outlook shows New York City's building industry enjoying a roaring recovery as it bounces back from the devastation caused by the COVID-19 pandemic. Against all odds, construction spending and building levels over the next three years are projected to be relentlessly bullish in the face of economic headwinds and seismic changes in the city's workforce patterns.

Construction activity is often heralded as an indication of a region's overall economic prosperity. This report emphasizes our successes, proving once again that the strength, resilience, and determination of hard-working New Yorkers cannot be shaken.

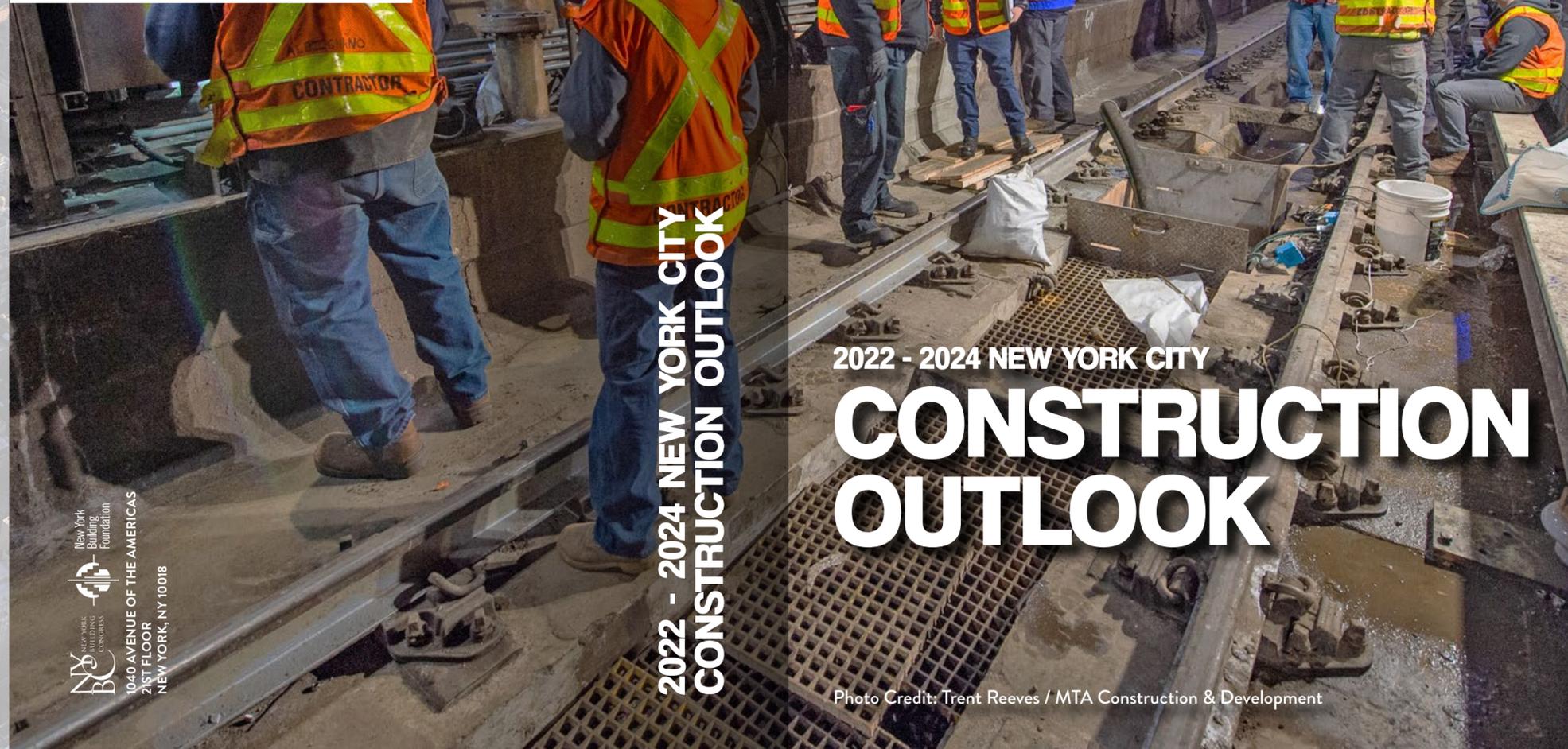
New York Building Congress's members lead that charge — hard at work, building for the future.

Our outlook today is exhilarating, yet even more growth and advancement are expected following Washington's historic Infrastructure Investment and Jobs Act (IIJA) of 2021. This generational investment will help rebuild NYC's roads, bridges, and rails; expand access to clean drinking water; ensure every New Yorker has access to high-speed internet; fight back against the climate crisis, while advancing environmental justice; and improve quality of life in our communities. The Building Congress urges the federal government to move

quickly and efficiently to get these funds out the door and in the hands of our industry leaders, who will mold and shape the built environment of New York for future generations.

Given the current state of economic uncertainty from rising inflation, and ongoing supply-chain interruptions driving up the cost of purchasing and transporting construction materials, this year's report presents spending figures adjusted for inflation in a side-by-side comparison with that of nominal dollars (non-inflation adjusted dollars). Also, while some of the increased spending in 2022-2024 represents cost increases in construction, much of it is attributed to counterbalancing depressed construction activity in 2020-2021.

Cutbacks in development over the remaining months of 2022, or a reduction in price increases, as well as the lack of a suitable replacement for 421-a could dramatically dampen this outlook, while potential benefits from signature actions like the bipartisan IIJA, could infuse additional spending. Thus, this forecast should be continuously monitored.



2022 - 2024 NEW YORK CITY
CONSTRUCTION OUTLOOK

2022 - 2024 NEW YORK CITY CONSTRUCTION OUTLOOK

Photo Credit: Trent Reeves / MTA Construction & Development

New York Building Congress
New York Building Foundation
1040 AVENUE OF THE AMERICAS
21ST FLOOR
NEW YORK, NY 10018

CONSTRUCTION ACTIVITY

SPENDING

The New York Building Congress forecasts \$86 billion in New York City construction spending in 2022. This represents development growing \$38 billion in inflation-adjusted dollars. Even when compared to pre-COVID levels, spending is still dramatically increased, up by \$13.7 billion from 2019, a 19 percent increase, in inflation-adjusted dollars. Fueling this rise, labor and material prices have escalated while shortfalls in development during COVID years are being addressed.

Spending in nominal dollars is expected to reach \$270 billion (\$250 billion, when adjusted for inflation) over a three-year period, growing to \$87 billion in 2023 and then to \$96 billion in 2024. Compared to the pre-COVID, three-year period from 2017 to 2019, this reflects an inflation-adjusted increase of \$37.8 billion.

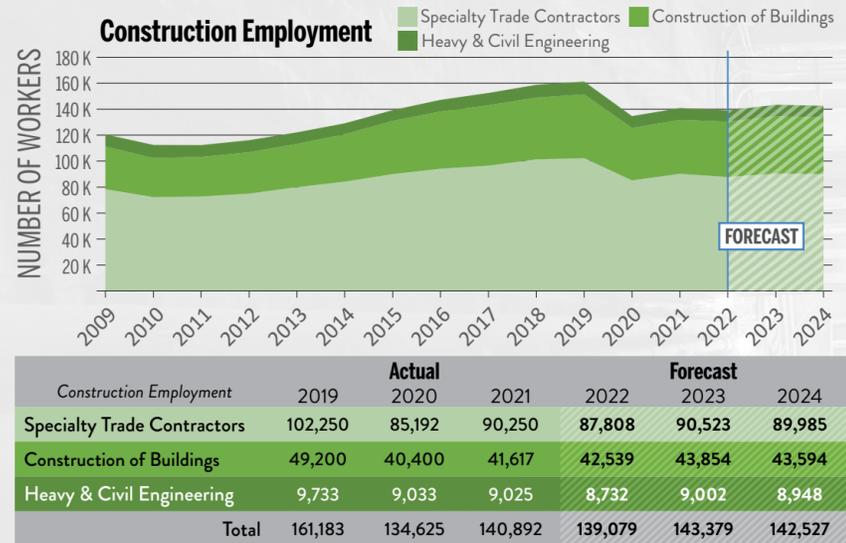


NOMINAL DOLLARS IN MILLIONS	Actual				Forecast	
	2019	2020	2021	2022	2023	2024
Residential	19,378	11,716	12,362	31,820	28,637	32,505
Non-Residential	22,947	13,046	15,236	33,760	35,123	37,264
Government	19,715	14,188	17,339	20,762	23,613	26,884
Total	62,039	38,951	44,936	86,343	87,373	96,654

DOLLARS IN MILLIONS	Actual				Forecast	
	2019	2020	2021	2022	2023	2024
Residential	23,418	13,614	13,474	31,820	27,047	29,000
Non-Residential	27,731	15,159	16,607	33,760	33,173	33,246
Government	21,438	15,272	18,032	20,762	19,831	21,027
Total	72,587	44,045	48,114	86,343	80,052	83,273

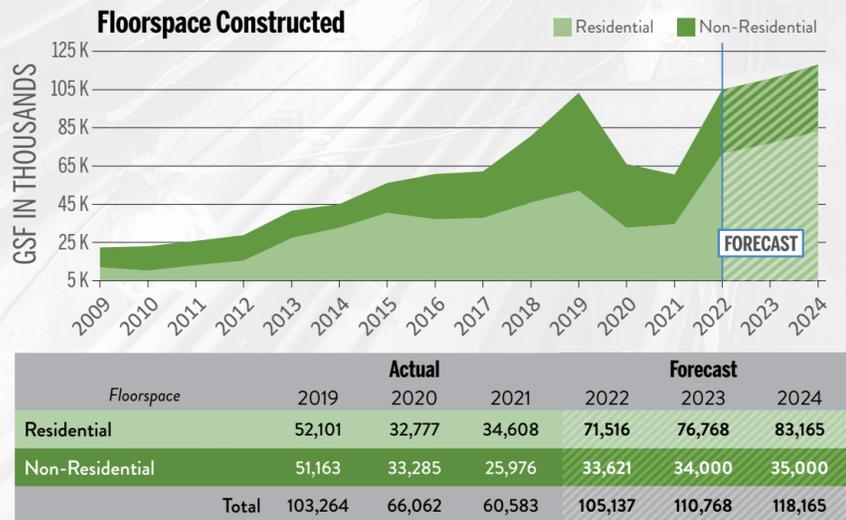
EMPLOYMENT

Although construction employment in 2022 is still behind its pre-COVID levels, the building industry is set to create tens of thousands of new jobs within three years. The Building Congress anticipates employment in the construction of buildings, heavy and civil engineering and specialty trades to total 139,000 jobs in 2022, 143,000 in 2023 and 142,500 in 2024. With the dramatic rise in construction costs, construction jobs per \$1 million in spending have dropped from 3.1 in 2021 to 1.6 in 2022 and 2023.



FLOORSPACE

2019 had 103.3 million gross square feet (GSF) built. The Building Congress predicts this year will see an increase above pre-COVID levels to end with 105.1 million GSF built – and a 74 percent year-over-year increase. This figure is expected to increase further in the following two years, to 110.8 million in 2023 and 118.2 million in 2024. 68 percent of floorspace construction predicted in 2022 will be residential development.



SECTOR BREAKDOWN

RESIDENTIAL

Compared to the pre-COVID three-year period 2017-2019, forecasted residential spending for 2022-2024 will be up almost 70 percent in nominal dollars to almost \$93 billion. Residential investment in new development, rehabilitation, and interior renovation has accounted for 23% of the increase in construction spending between 2019 and 2022. The average outlay per gross square foot of new housing has exceeded \$400 in 2022, suggesting high levels of renovation investment. Going forward to 2024, development is expected to exceed 30,000 new units per year while the cost per square foot of residential spending may decline somewhat as less interior renovation occurs. By 2024, aggregate residential investment is forecast to reach \$32.5 billion, up from \$31.8 billion in 2022.

NON-RESIDENTIAL

Non-residential spending, which includes office space, retail, hotels, institutional development, entertainment venues, and recreational facilities, is expected to reach \$106 billion in nominal spending between 2022 and 2024. This represents a 57% increase from pre-COVID years 2017 to 2019. The share of spending in this sector is projected to increase to 39% of all construction spending in 2022, up from 34% in 2021.

New construction in large offices and healthcare facilities contributed to much of the increased share of non-residential construction. Manhattan saw more than a dozen completions of office buildings in 2019 totaling 10 million gross square feet of space. Subsequently, the past two COVID-affected years also delivered 11 new and converted buildings exceeding 4 million GSF of office floorspace. Looking forward, three mega towers with nearly 6 million GSF are scheduled for completion in 2022, while five equally large skyscrapers are destined to deliver 10 million square feet of office space over the 2023-24 period. Beyond this forecast period,

several more major office buildings are on the horizon, generating current construction spending in their earlier years of development.

In contrast, other commercial developments – like retail, social or hotel facilities – have waned, while COVID has contributed to a significant demand for heavy investment in educational and health care facilities, as well as in less costly warehouse or storage facilities. With shifting demands— as well as cost inflation and foregone maintenance and/or development – given current trends, the sum of all nonresidential construction investment is expected to peak above \$33.7 billion in 2022 by year's end.

GOVERNMENT

Government spending under current conditions is expected to increase to almost \$21 billion in 2022, \$23.6 billion in 2023 and \$26.9 billion in 2024.

During the COVID period, government investment in construction and development exceeded one-third of total construction investment in New York City – a high proportion given the prior five years, but significant only in that government's spending did not decline as rapidly as private construction investment. In 2022, construction spending by the public sector is expected to rise to \$20.8 billion, more than 30% above the average annual spending level of the 2020-21 period. As a consequence, government's share of overall construction investment will begin to climb, reaching 28% of the total by 2024. While significant, given potential benefits of the IJJA, the volume of public spending on construction and development could conceivably reach higher shares in New York, in keeping with historic 40% averages.

Over the next two years, government spending on infrastructure development is projected to dominate the construction market. Much is yet unknown about the benefits of the IJJA. However, according to the capital

New Large Office Construction 2021 to 2024

Yr.	Address	Developer	Sq. Ft.
2021	322-326 Seventh Ave (28 & 7)	Klovern & GDS Development	105,000
	25 11th Ave (Pier 57)	Youngwoo & RXR	350,000
	76 8th Ave	Chun Woo Realty	37,166
2022	124 East 14th Street (ZERO Irving)	RAL Development	258,000
	50 Hudson Yards (415 10 Ave)	Related	2,900,000
	2 Manhattan West* (435 West 31 Street)	Brookfield	1,900,000
2023	550 Washington Street	Oxford Properties	1,300,000
	46 Gansevoort Street	Wm Bottliev & Aurora Capital	100,000
	66 Hudson Blvd (The Spiral)	Tishman Speyer	2,850,000
2024	3 Hudson Blvd (555 West 34th Street)	Moinian/Boston Properties	1,800,000
	5 World Trade Center** (130 Liberty Street)	Port Authority of NY & NJ	1,300,000
	200 Greenwich Street (WTC #2)	Silverstein Properties	2,800,000
	99 Hudson Blvd (444 11th Ave)	Tishman Speyer	1,300,000

*Est. completion: 2023
**Largely a residential development

plans of New York City, the Metropolitan Transportation Authority and the Port Authority, \$50.5 billion will be expended in 2023-24.

Please note that the agency detailed information below is based on publicly available capital budget information and may change as agency priorities shift.

CITY OF NEW YORK

In Fiscal Year 2022, New York City expended \$8.25 billion on construction and design in 72 categories of municipal infrastructure. Chief among these was Education, at \$5.6 billion, Housing Preservation & Development at \$1.7 billion and Water Pollution Control, at \$1.3 billion. The City's Capital Budget for 2022 to 2025 calls for continued emphasis on these three capital improvement needs over the next two years, with the addition of Corrections and Highway Bridges. In the aggregate, however, municipal capital investment is planned to decline in nominal dollars without the infusion of federal or state infrastructure spending.

METROPOLITAN TRANSPORTATION AUTHORITY (MTA)

Within the five boroughs, the MTA is likely to invest a steady \$34.8 billion in nominal dollars over the next three years, which would be a 70 percent increase over total spending between 2017 and 2019. Actual expenditures will depend on the agency's execution of its current and past capital plans, the most recent of which expires in 2024. Construction and design commitments in the MTA's 2020-24 capital budget with respect to facilities and equipment in New York City reflect a rising level of investment from \$8.5 billion in 2022 to \$14.2 billion in 2024. Projects most enhanced by additional funding

include NYC Transit station work and accessibility improvements, as well as signal modernization, line structure rehabilitation, and the Second Ave Subway extension.

PORT AUTHORITY OF NEW YORK AND NEW JERSEY

PANYNJ is expected to invest almost \$2 billion this year in New York City capital projects, a \$1.5 billion drop from 2021. Spending levels in the next three-year period are on par with those seen in the previous three year period, each hovering around \$5.5 billion. Capital budget expenditures of the PANYNJ were originally expected to decline in New York City over the next two years however, New Terminal One at JFK Airport, which is set to open in 2026 at a total cost of \$18 Billion (\$9.5 Billion privately financed), is expected to change this equation over the next two years. Among the other large recipients of capital spending in the 2022-24 period will be improvements to the Goethals Bridge and the Lincoln Tunnel. The City's two bus stations are not anticipated to be a focus of investment in this period.

OTHER

The remaining \$1.5 billion in 2022 public works spending will be undertaken by agencies at the state and federal levels, including the Dormitory Authority of the State of New York, the New York State Department of Transportation, and the U.S. Army Corps of Engineers. These entities are expected to invest \$1.6 billion and \$1.7 billion within New York City in 2023 and 2024, respectively. This number must be monitored closely as IJJA funding begins to make its way to New York.



Gov. Spending in Millions	Actual				Forecast	
	2019	2020	2021	2022	2023	2024
NYC	8,392	7,697	7,746	8,760	9,057	8,184
MTA	7,963	1,641	4,648	8,498	11,133	15,164
PANYNJ	2,118	3,521	3,521	1,982	1,793	1,793
Other	1,242	1,329	1,423	1,523	1,630	1,744
Total	19,715	14,188	17,339	20,762	23,613	26,884