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June 24, 2021

TESTIMONY TO THE NEW YORK CITY COUNCIL COMMITTEE ON ECONOMIC DEVELOPMENT REGARDING OVERSIGHT OF LIFE SCIENCES

To Chair Vallone and members of the Committee on Economic Development, the New York Building Congress is excited to submit testimony regarding the burgeoning life sciences industry in New York City and the need to continue to support its expansion.

For 100 years, the New York Building Congress has advocated for infrastructure investment, pursued job creation and promoted preservation and growth in the New York region. Our association is made up of over 525 organizations comprised of more than 250,000 skilled professionals and tradespeople. Through our members, events and various committees, we seek to address the critical issues of the building industry and promote the economic and social advancement of our city and its residents.

With that in mind, the Building Congress applauds the \$500 million in city investments – now growing to \$1 billion – in life sciences with initiatives and developments that will not only create jobs today but will save lives tomorrow. In New York City we have experienced both the fortune of advanced planning and the pain when there is a lack thereof. Let us not forget that within one month of the first confirmed case of COVID-19 in New York City, we had nearly 100,000 total cases and 5,000 deaths. At the direction of State government, healthcare facilities were mandated to increase capacity by 50 to 100 percent. Acting at wartime speed, hospitals had to expand or convert underutilized space to conduct treatment and researchers had to develop a mechanism to diagnose patients quickly and effectively. The need for life science facilities to be located right here in the city, which was strong prior to the COVID-19 pandemic, now became essential for the fight against the virus.

The fight against COVID-19 has highlighted the fact that preparing for the next pandemic must begin now, long before another one starts. The speed at which the City was able to respond to the COVID-19 crisis is a testament to the strength of the healthcare, biotechnology and pharmaceutical industries in New York City and the power of global collaboration – within months an entirely new breathing assistance device was designed, federally approved and manufactured and over one million testing kits were prototyped, manufactured and assembled. For example, the City's Pandemic Response Lab, a public-private collaboration, was able to perform more than 30,000 COVID-19 tests per day, with a median turnaround time of less than 24 hours, costing less than a quarter of what hospitals pay nationally. Thankfully, today the emergency order in New York is no longer active, as cases and deaths are at the lowest point since the onset of the pandemic, and we can begin the road to a strong recovery. Now that we know what is achievable with proper preparation, we must not let our guard down or our full potential go unrealized.

The Building Congress' recent [NYC Checkup](#) report highlighted that New York City's healthcare and life sciences industry has a large physical and economic presence, encompassing over a thousand ambulatory healthcare centers, providing over half a million jobs and countless services to residents and visiting patients. In 2018, the private healthcare industry alone employed 557,700 workers who earned \$32.7 billion in wages – comparable in size to all government employment and nearly double that of financial services or private education employment. Simply put, the impact of the industry, in both health and economic terms, cannot be ignored. Investing in the growth of local Research & Development space, diagnostic centers and healthcare facilities protects the health of New Yorkers across the five boroughs and is key to our economic vitality.

Why is the Building Congress so invested in life sciences? Before March 2020, the building industry in New York City was thriving and a main contributor of jobs and revenue for the city and state economies. A recent report by State Comptroller Tom DiNapoli found our industry was the fastest-growing sector from 2011 to 2019 with a 43.5-percent jump in jobs. All of that was brought to a grinding halt when the pandemic began; most of that decade of progress has been wiped away and the industry cannot sustain another significant downturn.

Investments in new life science centers will help the industry and city recover from the loss of over 70,000 direct and indirect building industry jobs and \$5 billion in wages and simultaneously prevent another health crisis from devastating our economy. Further, New York's economy has constantly evolved through local and global changes. At one point we were the center of manufacturing, only to then lead the financial markets and now in technology. While New York City already boasts industry-leading life science institutions, it has yet to reach its full potential and is in a prime position at the center of world-class academic and medical centers, emerging life sciences companies and leading institutions in construction, design, finance and more to now lead in life sciences, as well.

According to a [report by CBRE](#), life science investments, leasing activity, asking rents and jobs were at all-time highs while we were still in the grip of the pandemic. Total life sciences venture capital funding in 2020 reached a record of \$900 million; availability of pre-built space was near zero percent; asking rents increased 12 percent year-over-year from 2019 to 2020; and employment reached over 14,600, a 67-percent increase since 2001. However, New York continues to lag Greater Boston, Raleigh-Durham, San Diego and the Washington, D.C.-Baltimore area. For instance, Boston and San Francisco have each built more than 20 million square feet of labs – 10 times more than New York's two million. Given the heightened need for expanded medical care following the COVID-19 pandemic, we must start now to build millions of square feet for centers of innovation so that future generations can benefit from the medical ingenuity created right here in New York.

That is why the Building Congress supports the City's collaboration with Deerfield Management and Columbia University and private projects such as the Taystee Lab Building and the Blood Center's Center East proposal, among others. Located in Manhattan, Deerfield's project would add 500,000 square feet and 1,500 jobs and the Blood Center's proposal would provide over 380,000 square feet of commercial labs, generating 1,500 construction jobs and \$1.1 billion in economic activity. Nevertheless, a handful of new projects in one borough is simply not enough. If we want to be the leader in life sciences and become the public health capital, we must embrace an aggressive agenda by expanding opportunities for the development of lab space across the five boroughs that creates good-paying jobs for all New Yorkers. In addition to adding new capacity, the City must continue to offer and expand turnkey solutions, affordable spaces, short-term leases, expandable square feet and customizable interiors for early-stage firms as well as evolve to meet the demands of more established tenants. These actions will send a signal that New York, once the epicenter of this pandemic, has learned from the last year and a half.

In closing, as we emerge from the COVID-19 pandemic, the life sciences sector will provide both immediate and long-term benefits to the economies of our city and state. Investments in life sciences will not only position New York as a leader in the development of biotechnology, medical devices and pharmaceuticals, but also create thousands of temporary and permanent jobs and inject billions of dollars into the broader economy – a boost to the city precisely when it needs it most.

Our road to recovery must follow a path based on public and private investments that will build New York back better and healthier and continue to make the city an attractive hub for all industries, including the life sciences sector.