

CONSTRUCTION OUTLOOK UPDATE

JANUARY 2022

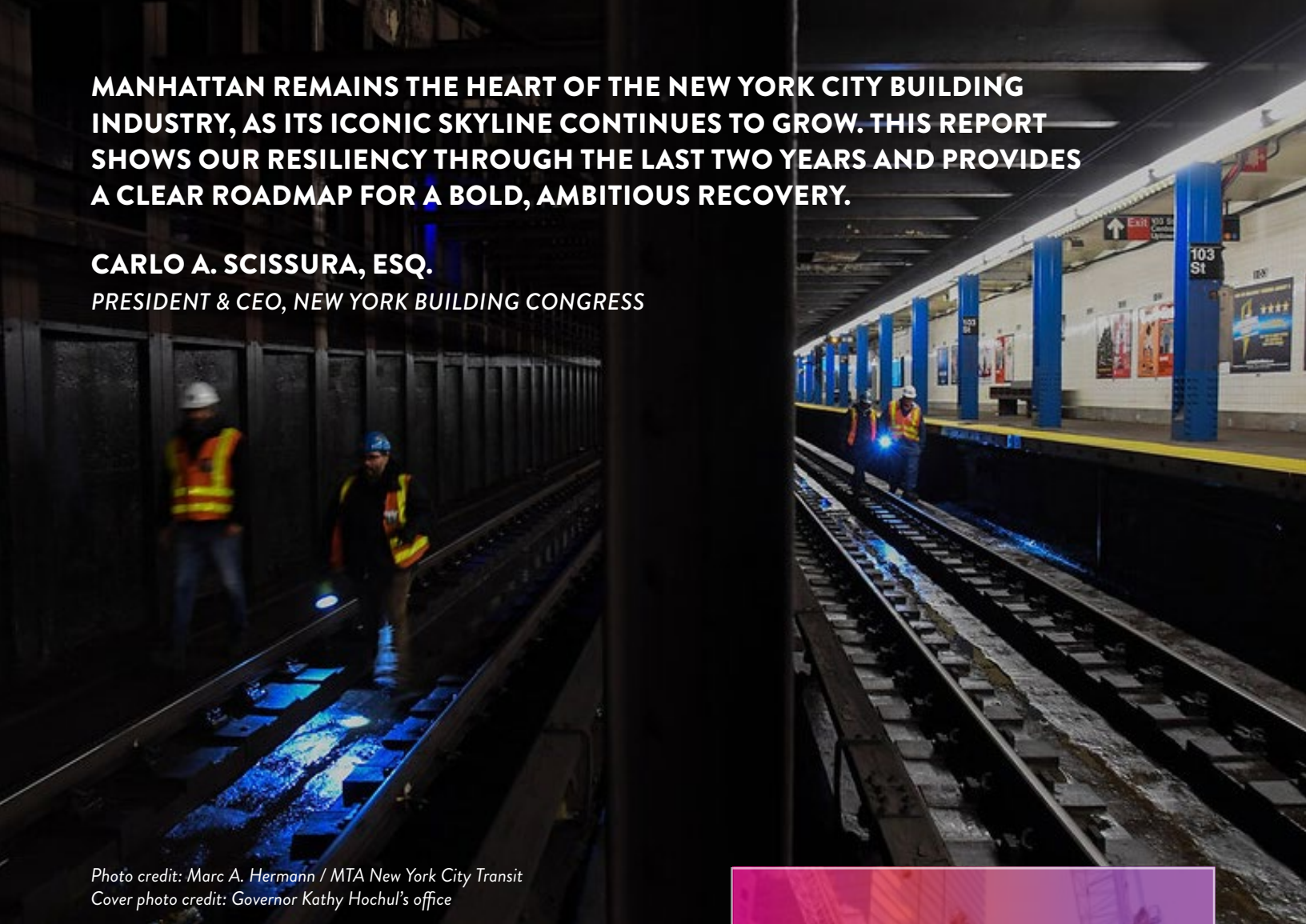
MANHATTAN SNAPSHOT

With Manhattan's growing population and workforce, the building industry has created housing, offices, public spaces and vital infrastructure to support nearly 1.7 million New Yorkers in the borough.

MANHATTAN REMAINS THE HEART OF THE NEW YORK CITY BUILDING INDUSTRY, AS ITS ICONIC SKYLINE CONTINUES TO GROW. THIS REPORT SHOWS OUR RESILIENCY THROUGH THE LAST TWO YEARS AND PROVIDES A CLEAR ROADMAP FOR A BOLD, AMBITIOUS RECOVERY.

CARLO A. SCISSURA, ESQ.

PRESIDENT & CEO, NEW YORK BUILDING CONGRESS

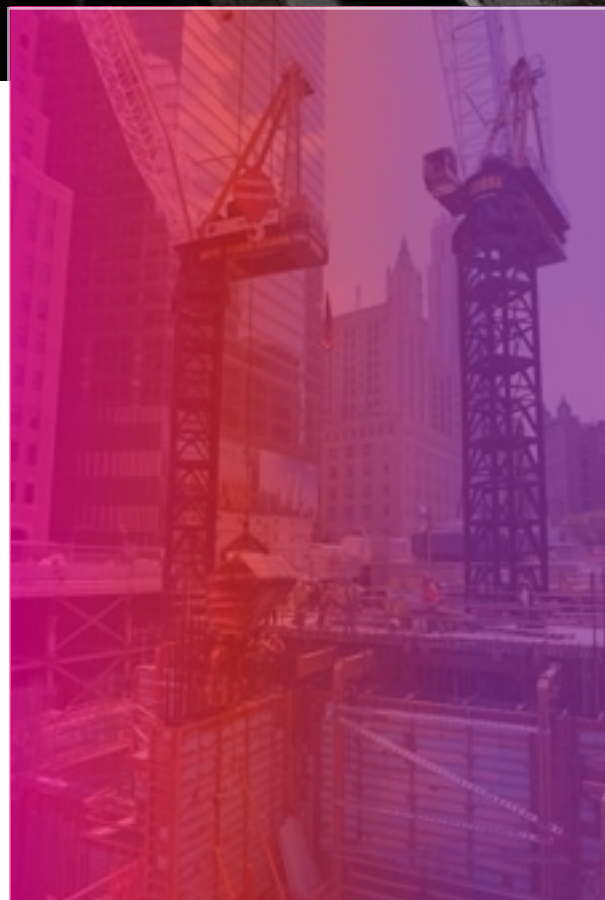


*Photo credit: Marc A. Hermann / MTA New York City Transit
Cover photo credit: Governor Kathy Hochul's office*

AN ECONOMIC POWERHOUSE

Manhattan continues to produce an outsized share of economic activity in New York City. Since 2010, the borough's population has increased by 108,380 people to nearly 1.7 million residents by the end of 2020. The borough represents 17 percent of New York City's total population growth from 2010 to 2020, according to U.S. Census Bureau estimates. Manhattan was the third-fastest growing borough, after Brooklyn and Queens, respectively.

In 2020, the U.S. Bureau of Labor Statistics (BLS) reported Manhattan-based businesses represent 46 percent of all New York City businesses, which employ 2.2 million New Yorkers, more than half of the 4 million people who are employed across the city.



CONSTRUCTION SNAPSHOT

PROJECTS AND EMPLOYMENT

While Manhattan construction starts fell when the COVID-19 pandemic began, the borough has bounced back and construction is growing steadily, from \$6 billion in 2020 to an estimated \$7 billion in 2021. From the beginning of 2018 to the end of September 2021, the value of Manhattan construction starts reached \$27.5 billion across 12,300 projects. There is also \$29.5 billion in potential projects in the pre-design, design and bidding/negotiation phases.

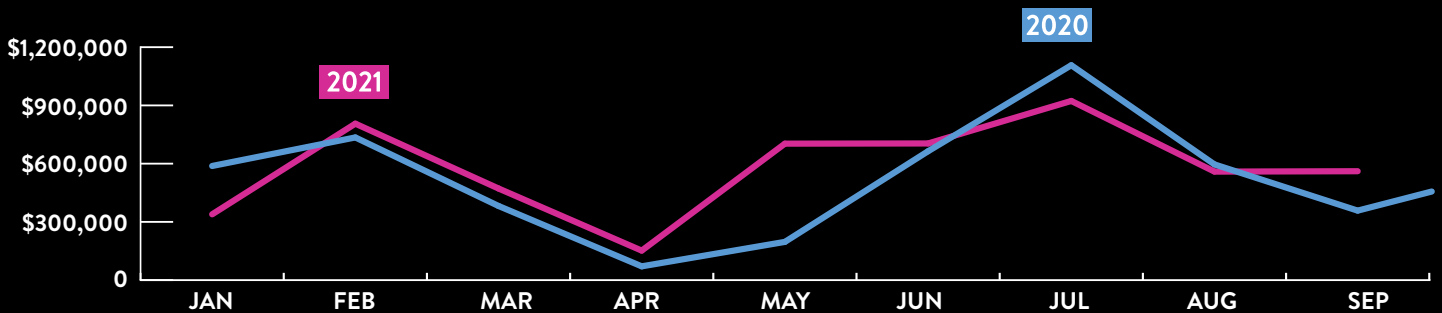
BLS data shows Manhattan has 2,450 construction firms that employ over 34,000 people. In 2020, these workers, including specialty trade contractors, heavy and civil engineers and those involved in the construction of buildings, earned on average \$111,830. This is significantly higher than average salaries in the outer boroughs, which range from \$66,800 to \$84,150 a year.

IMPACT OF COVID-19

On par with the rest of the city, total construction starts in Manhattan were strong during January and February of 2020 but began to stall as the pandemic hit in March. For the first three months of 2020, there were roughly the same amount of starts as that same period in 2019, totaling \$1.7 billion. Once the pandemic took hold, construction starts fell as nonessential work was shut down for 11 weeks and the economy slowed. Essential construction and emergency work that continued during the pause included affordable housing, hospitals and healthcare facilities and utilities. During this time, starts in all sectors dropped by over 64 percent.

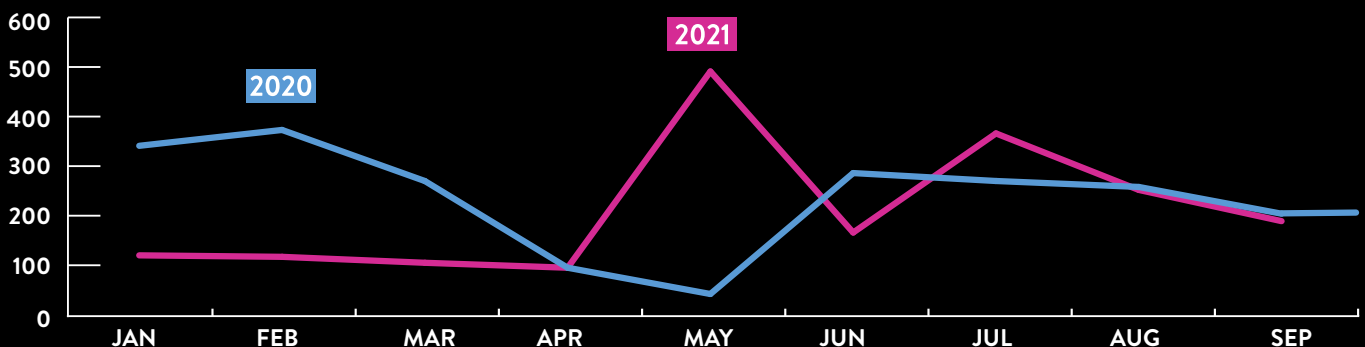
When all construction was permitted to resume in June 2020, starts doubled from the month prior and continued to rise into July. Nevertheless, the pandemic's toll during the first half of the year is clear. Through the first seven months of 2020, total construction starts plummeted 37 percent from the same period in 2019, dropping to \$3.75 billion. Both residential and non-residential starts slipped by 36 percent, while infrastructure decreased by 51 percent.

VALUE OF CONSTRUCTION STARTS



Years labeled reflect the month with the highest totals and may not be in chronological order.

NUMBER OF CONSTRUCTION STARTS



Years labeled reflect the month with the highest totals and may not be in chronological order.

CONSTRUCTION BY SECTOR

RESIDENTIAL

Residential construction is Manhattan's second-most dominant sector, with \$6.8 billion in construction starts between 2018 and September 2021.

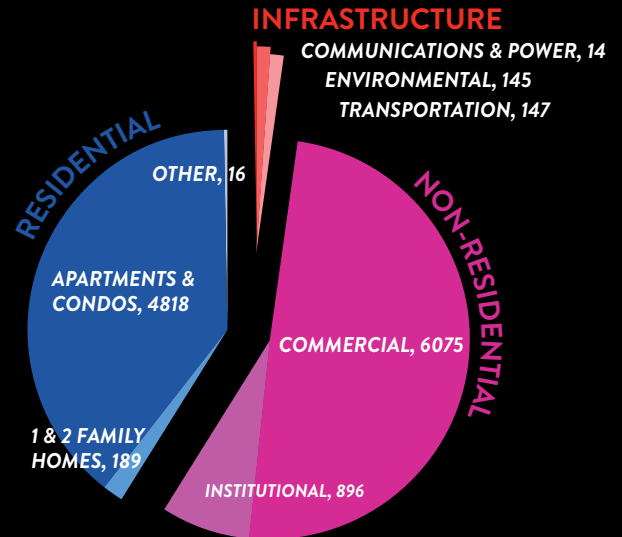
Starts during this period include 5,020 projects, which are expected to add 23.6 million square feet of new housing. The housing pipeline is valued at \$6.8 billion, which represents 41 percent of new projects and 25 percent of the value of starts in the borough.

Over the same period, work began on 2,980 new affordable housing units and 19,520 preserved units, according to the New York City Department of Housing Preservation and Development. Although Manhattan traditionally accounts for a quarter of affordable units under construction across the five boroughs, the City focused heavily on sites in the Bronx in the first half of 2020. Thus, Manhattan represented just 15 percent of affordable housing construction during this period. Setting aside 2020, affordable housing city-wide is expected to grow 26% in 2021 compared to 2019.

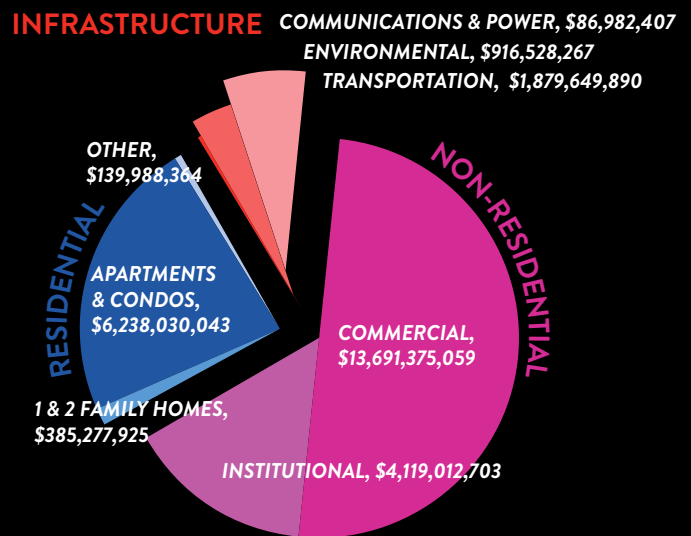
NON-RESIDENTIAL

Non-residential construction is the largest sector in the borough. Non-residential starts are comprised of both commercial and institutional buildings. Commercial encompasses offices, retail, warehouses and hotels, while institutional includes educational,

NUMBER OF CONSTRUCTION STARTS



VALUE OF CONSTRUCTION STARTS



MANHATTAN IS AND ALWAYS HAS BEEN THE ENGINE OF NEW YORK CITY'S ECONOMY AND DRIVER OF DEVELOPMENT. AS WE RECOVER FROM THE COVID-19 PANDEMIC, WE HAVE MANY NEW OPPORTUNITIES TO BE CREATIVE IN OUR REDEVELOPMENT AND CONSTRUCTION PROJECTS THROUGHOUT THE CITY.

KEITH POWERS
NEW YORK CITY COUNCIL MEMBER, DISTRICT 4



**THE HEALTHY REBOUND OF
CONSTRUCTION IN MANHATTAN
IS A BELLWETHER FOR THE CITY'S
OVERALL ECONOMIC RECOVERY.
NEW YORK IS CLEARLY COMING
BACK STRONG.**

JESSICA WALKER
PRESIDENT AND CEO
MANHATTAN CHAMBER OF COMMERCE

healthcare, government, recreational and religious facilities. Commercial starts, particularly office construction, represent 87 percent of non-residential projects in Manhattan. There were 6,970 new projects with a combined valued at \$17.8 billion – accounting for more than half the new work in Manhattan and 65 percent of the value of the borough's projects. These starts are expected to add 71.2 million square feet of built space. Non-residential projects currently in the design and planning phases total \$12.5 billion.

Notably, there are seven large-scale new construction or renovation projects in the works within Manhattan, each valued at over \$100 million. Those include Hudson Commons, Time Warner Center/ Deutsche Bank Center, Pier 57, Two Penn Plaza, Facebook/ James A. Farley Building , USQ Tech Hub and Hudson Arts.

INFRASTRUCTURE

Infrastructure construction is valued at \$2.9 billion across 306 projects. Roads, bridges and tunnels are 65 percent of the total value of infrastructure starts' while utilities and power account for 3 percent; and environmental public works represent 32 percent. The highest-value projects since 2018, each totaling over \$100 million, include improvements to the Queensboro, George Washington and Brooklyn bridges.

Meanwhile, there are infrastructure projects in the pipeline worth \$10 billion, including major works in the pre-design and design phases. Manhattan is looking forward to new developments in transportation infrastructure that will better connect this borough, such as the extension of the Second Avenue Subway and Gateway Program.



100 YEARS



The New York Building Congress, a broad-based membership association celebrating its 100th 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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SOURCES:

Dodge Data & Analytics. Dodge Construction Central. 2017 – 2021.
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NYC Department of Housing Preservation and Development. Housing New York Units by Building. 2021.
U.S. Bureau of Labor Statistics. Quarterly Census of Employment and Wages. 2010 – 2020.
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