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New York City construction costs rise by 5%

By Yoona Ha

The building boom across the city drove costs up to \$32.9 billion last year.



Construction costs in New York City are rising, according to a New York Building Congress analysis report released Thursday.

Last year, construction costs rose to \$32.9 billion, up 5% from \$28.2 billion in 2013. It is the second consecutive year that costs have risen 5%, and for now there isn't any sign of a slowdown.

"The building boom is driving prices up," said Richard Anderson, president of New York Building Congress. The demand for projects large and small across the city mirrors activity during the height of the building boom in 2007.

The uptick in new projects across the city is leading to a strong demand for hired contract workers. Additionally, prices for insulation materials, pipe products and steel shapes are growing at a fast pace, according to the report.

Mr. Anderson expects another increase of at least 5% this year, noting that the recent drop in oil and gas prices will have little effect because they make up only a small portion of construction costs.

According to the report, hospitals are the most expensive properties to construct, at \$800 to \$950 per square foot, followed by five star-hotels, which cost \$700 to \$800 per square foot to build. University buildings ranked third, at \$600 to \$850 per square foot.

Mr. Anderson said the rising costs have not slowed down development projects, but if they continue to increase there may be a slowdown.