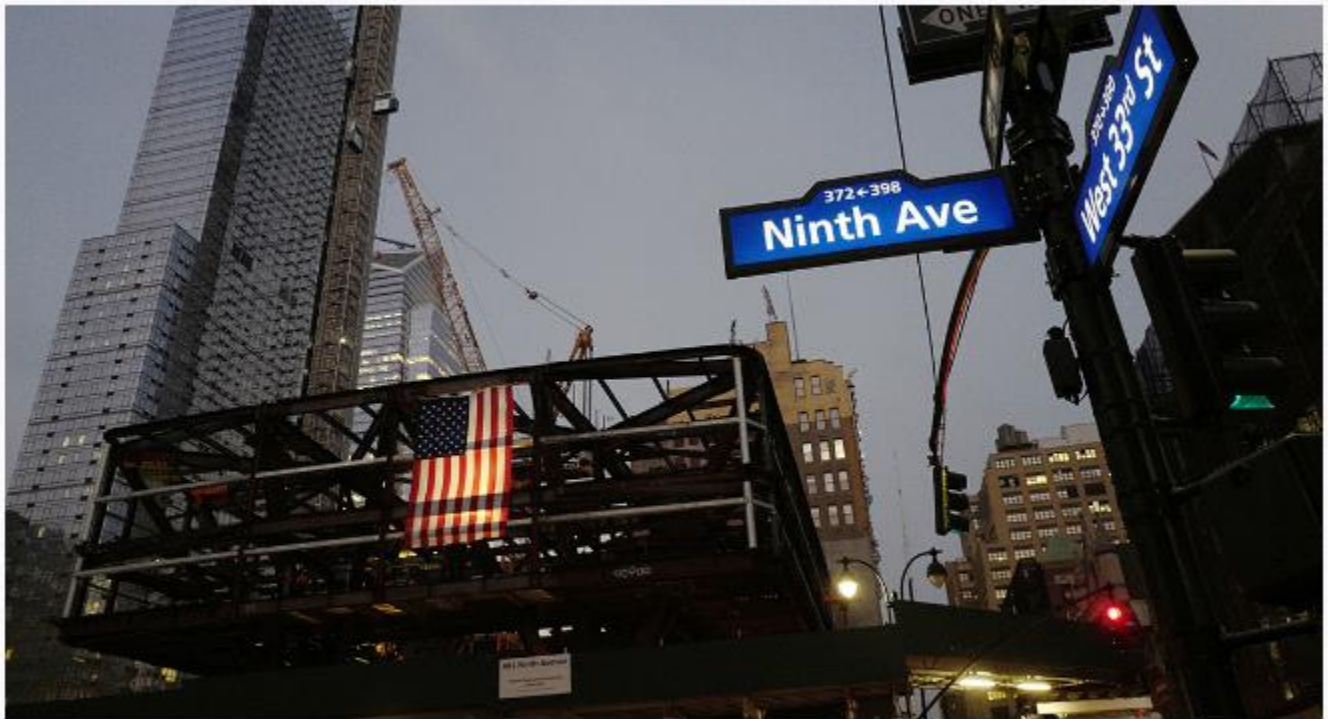


POLITICO PRO

February 9, 2017

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Construction cost growth leveling off in New York's development market, report finds



An American flag hangs from steel girders at office tower under construction in Manhattan. | AP Photo/Mark Lennihan

By [SALLY GOLDENBERG](#)

The exorbitant cost of building in New York City is beginning to level off, as other parts of the country catch up to the prices paid in the five boroughs, according to a [new analysis](#) from the New York Building Congress.

Construction costs increased by four percent in New York City last year, down from a growth rate of five percent in previous years.

At the same time, the rate of construction cost growth increased across the country last year. Costs went up three to four percent in 2016, after increasing 2.5 percent to three percent annually from 2013 through 2015.

Costs are expected to go up about one percent per quarter this year, keeping pace with last year, the report predicted.

New York has historically been an expensive place to build. During the height of the previous construction boom, costs increased at nearly double the rate here as elsewhere in the country. The report found costs are highest for hospitals, university buildings, top-rated hotels and office space.

Carlo Scissura, CEO of the Building Congress, noted the prevalence of nonunion construction workers in New York.

"One thing to keep an eye on is the impact of increased competition among contractors," he said in a prepared statement. "As the universe of non-union and open shop contractors has grown in number and sophistication, it has presented owners and developers with more choices and a wider range of competitive bids, especially among firms that are looking to establish a track record in the five boroughs."

In a subsequent interview, he predicted costs would continue to stabilize but New York would remain a competitive place for building.

"I think it's moving the right direction when we are more in line with the rest of the country," he said. "The labor force has increased. I think people are realizing that we need to be competitive out there."