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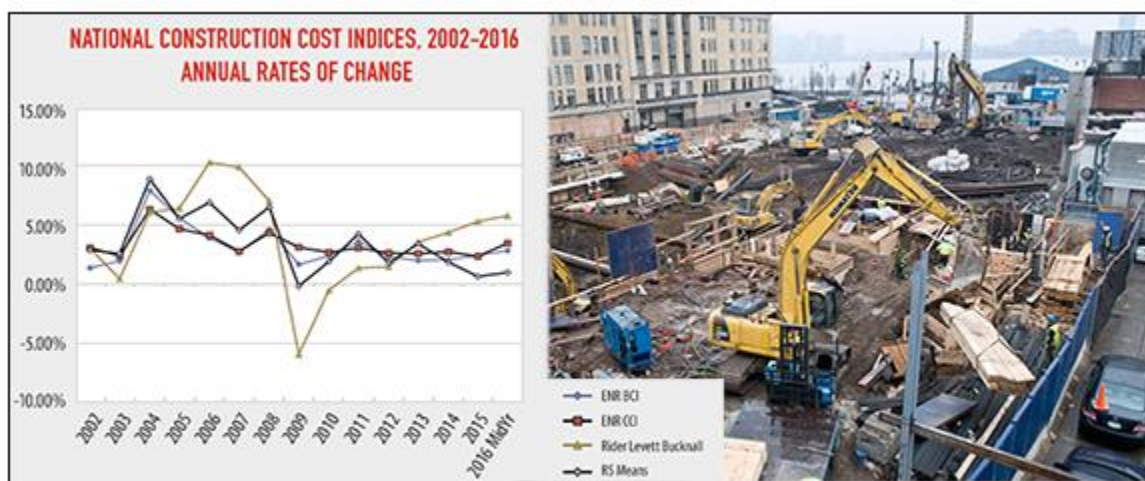
NEW YORK REAL ESTATE NEWS

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<https://therealdeal.com/2017/02/09/nyc-construction-costs-jumped-4-in-2016-report/>

NYC construction costs jumped 4% in 2016: report

Increase is more in line with national costs



From left: Chart depicting three construction cost indices (credit: Building Congress) and a construction site near the High Line

By [Kathryn Brenzel](#)

Construction costs in the city leveled out somewhat last year, seeing a modest increase that's more in line with national trends than in previous years.

New York City saw a 4 percent increase in construction costs in 2016, a slight drop from the 5 percent bumps seen each year from 2013 to 2015, according to a new report released by the New York Building Congress. The modest jump aligns with the construction costs seen nationally, which rose between 3 and 4 percent in 2016. In 2006, cost increases reached 12 percent and then 11 percent in 2007 — roughly double the inflation seen nationally. Prices plummeted during the recession, but jumped back up in 2013.

Building Congress president Carlo Scissura said that “construction activity remains robust” and cost increase can be attributed to a limited labor force and more overtime.

“That said, we are not experiencing the type of inflation we experienced during the last decade’s construction boom,” he said in a statement. “Part of the reason is that the overall cost of construction materials has remained relatively flat.”

New York remains the costliest construction market in the U.S. and far outpaces other cities internationally.

According to the report, building an office building in the city costs roughly \$550 million a foot, whereas a similar building in Berlin would run \$174 million per square foot and \$365 in London.

The report posits that office construction in the city will be the leading cause of cost increases going forward, since residential construction is expected to slow down. Scissura noted that the growth of non-union shops in the city could further impact costs.

“One thing to keep an eye on is the impact of increased competition among contractors,” he said. “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.”