



**ONLINE**

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<http://newyork.citybizlist.com/article/244120/new-york-city-construction-starts-up-31-percent-in-value-in-2014>

## **New York City Construction Starts Up 31 Percent In Value In 2014**

### **Luxury High-Rise Developments Fuel 73 Percent Increase in Residential Sector**

Fueled by a continued wave of major residential development projects as well as renewed strength in both the commercial and institutional sectors, New York City construction starts reached \$26.1 billion in 2014, a 31 percent increase from 2013 and easily the best year for new projects since the onset of the 2008 recession, according to a New York Building Congress analysis of construction data from Dodge Data & Analytics.

The data used in this report encompass all project starts between 2009 and 2014, including new construction as well as alterations and renovations to existing structures. The data reflect the total estimated value of each initiated project through the entire period of construction.

### **Residential Boom Accelerating**

Housing starts rose in value for the fourth consecutive year, reaching \$11.9 billion in 2014, a 73 percent increase from 2013 when residential construction starts reached \$6.9 billion. In addition, 2014 construction starts were up more than 350 percent from a post-recession low of \$2.6 billion in 2010.

A deeper look into the data reveals what has become increasingly apparent in recent years – the surge in residential construction is largely a product of ongoing demand for luxury apartments. New apartment developments accounted for eight of the top ten projects by total estimated value last year. Fifteen residential projects had construction values of at least \$175 million and a combined construction value of \$5.8 billion, or 58 percent of all new, ground-up housing construction projects in 2014.

While the value of new residential projects increased by 73 percent last year, the total number of square feet that will be added as a result of those projects increased by just 17 percent. Some of the disparity is the result of construction cost inflation, though it was primarily driven by the current wave of high-end apartment construction.

“The fact that eight of the top ten projects by value are multi-family apartment buildings is nothing short of amazing, especially when you consider the strength of the overall market,” said Building Congress President Richard T. Anderson. “Even in 2012 and 2013, which were strong years for residential, just four of the top ten were residential projects.”

### **Non-Residential Sector Reverses Three-Year Slide**

Construction starts in the non-residential sector, which includes offices, hotels, schools, hospitals, transit stations, power plants, and other institutional buildings, climbed 26 percent, from \$8.3 billion in 2013 to \$10.5 billion in 2014. The 2014 increase ended a stretch of three consecutive years of declines in non-residential starts.

Within the non-residential sector, commercial buildings accounted for \$5 billion in new projects, while the institutional sector was responsible for \$4.8 billion in construction starts. Electric utilities and manufacturing projects made up the remaining portions.

“As encouraging as 2014 was, 2015 is already shaping up to be a blockbuster year in the non-residential sector,” said Mr. Anderson. “We are not even two full months into the New Year, and already we have seen the resumption of full-scale construction at 3 World Trade Center and the start of 55 Hudson Yards. With the addition of 30 Hudson Yards, which is expected to begin later this year, we are looking at nearly 6.5 million square feet of new office space in those three projects alone.”

### Dip in Public Works

Construction starts in the public works sector reached \$3.7 billion in 2014. This represents a 21 percent decline from the prior year, when starts were \$4.7 billion in value. It is worth noting that 2013 was buoyed by the initiation of three major bridge reconstruction projects on the Goethals, Bayonne, and Verrazano Bridges, and that the 2014 number was right in line with the five-year annual average of public works projects initiated from 2009 through 2013.

### 2014 Top Project Starts

The highest-value construction project initiated in 2014 was the Jean Nouvel-designed hotel and residential tower next door to MoMA on West 53rd Street. The healthcare sector grabbed the next two slots with NYU Langone’s Kimmel Center and NewYork-Presbyterian’s David Koch Center. Extell Development’s West 57th Street tower ranked fourth. The leading commercial project, which ranked 11th in overall value, was actually more akin to a public works project as Brookfield began construction of a rail platform to support its future Manhattan West development.

### New vs. Alterations and Renovations

New, ground-up construction accounted for 87 percent of residential construction starts compared to 13 percent for alterations and renovations (A/R) of existing spaces. The opposite was true in the commercial sector, where A/R accounted for 69 percent of initiated projects in 2014. The institutional sector, on the other hand, experienced a 50/50 split between new construction and A/R.