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<https://therealdeal.com/2017/02/23/nyc-construction-starts-drop-to-32-2b-in-2016/>

NYC construction starts drop to \$32.2B in 2016

Value of new projects plunged 22%



From left: 3 Hudson Boulevard, One Vanderbilt and 28-10 Queens Plaza South

By [Kathryn Brenzel](#)

The value of new construction projects in New York City hit \$32.2 billion in 2016, a 22 percent drop from the prior year, according to a new report.

The decrease is mostly due to the decline in residential construction, the New York Building Congress said in its latest report. Residential construction starts totaled \$11.5 billion last year, down from the \$19.5 billion seen in 2015.

“There was really no way that the residential sector would be able to maintain the blistering pace of new construction that was set in 2015,” Carlo Scissura, president of the Building Congress, said in a statement. “That said, it’s extremely encouraging to see \$11.5 billion in new housing construction last year, despite the expiration of the 421a tax abatement program and the huge number of apartments that were already in the pipeline in 2016.”

An analysis by *The Real Deal* in January found that approved residential construction permits and new permit applications in New York City [plunged](#) in 2016. The city gave the greenlight to approximately 15,697 new units of housing across the five boroughs last year, a 70 percent drop from 2015’s 51,500 units. The number of permits surged in 2015 largely due to the pending expiration of 421a.

The report notes that despite the decline in overall and residential construction starts, the value still exceeds the average of the last five years. Construction starts averaged \$24.1 billion each year from 2011 to 2015.

The new construction projects will total a projected 51.3 million square feet of new floor space, which is a 38 percent drop from 2015's 82.2 million square feet. The Building Congress' report includes new ground-up construction, renovations and alterations.

The biggest project initiated last year was the Moinian Group's [3 Hudson Boulevard](#), which will span 1.8 million square feet. SL Green Realty's [One Vanderbilt](#) followed at 1.6 million square feet and then Tishman Speyer's [28-10 Queens Plaza South](#) in Long Island City, at a planned 1.1 million square feet. Last year saw a modest increase in the value of commercial construction starts from \$11.9 billion in 2015 to \$12 billion in 2016.