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<http://www.constructiondive.com/news/nyc-is-the-worlds-most-expensive-city-for-construction/437541/>

NYC is the world's most expensive city for construction



By Kim Slowey

Dive Brief:

- Once again, international design and consultancy firm Arcadis has named New York City as the world's most expensive city in which to build, according to its annual [International Construction Costs Index](#). Building in New York is 50% more expensive than in the average U.S. metro and 20% more expensive than in other pricey cities like Boston, Chicago and Los Angeles.
- Real estate availability — or lack thereof — was a key factor driving costs up in the city due to the need for increased controls in other areas, such as optimal storage and staging of materials, the need for skilled and experienced contractors, and the use of modular construction.
- Arcadis expects New York City to remain the most expensive city for construction through 2017, with the metro continuing to pump out massive projects and draw international investors.

Dive Insight:

San Francisco follows behind New York in cost to build and brings its own set of issues — seismic requirements, lack of contractors and limited real estate — that raise costs. On the other end of the spectrum, building in Houston will cost developers 10% less than the national average.

Arcadis said U.S. construction growth should increase about 3% annually, mostly on the back of housing. While housing is still 30% below its pre-recession highs, the continued recovery in the country's largest cities and an expansion of the U.S. manufacturing sector could also help boost construction in the coming months.

Last month the New York Building Congress reported that the value of [construction starts in New York City had dropped](#) 22% from \$41.1 billion in 2015 to \$32.2 billion in 2016. That decline, according to the NYBC, was almost entirely the result of an \$8 billion year-over-year plunge in residential starts, leaving the commercial segment of nonresidential construction — [offices in particular](#) — to do the heavy lifting for the New York City market.