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<http://www.constructiondive.com/news/report-nyc-construction-costs-double-us-average/415833/>

## Report: NYC construction costs double US average



By [Kim Slowey](#)

### Dive Brief:

- According to a New York City Building Congress report, 2015 construction costs in the city rose at double the national pace but still have yet to exceed price increases during the building boom a decade ago, according to Real Estate Weekly.
- The NYBC estimated that costs rose by approximately 5% for three years in a row in all areas of New York City, versus the U.S. average of between 2.5%-3%.
- The fact that costs have been able to avoid the heights of the previous building boom could be partially due to the increase in nonunion labor on city projects, according to NYBC President Richard Anderson.

### Dive Insight:

Anderson said that even with the reduction in affordable housing development on the horizon due to the [expiration](#) of the 421a tax credit, he doesn't believe that it will greatly affect construction in the city. He said that previous building busts were related to the national economy's troubles, a situation which he does not see repeating itself.

Anderson added that the industry has begun to see "moderation" in the city's high-end luxury market, although, overall, he said the city is in for a successful 2016 in the residential sector. Anderson also said he believes commercial and industrial will continue their impressive growth for at least the next few years.

Earlier this month, the NYBC examined Dodge Data & Analytics information and [found](#) that the total of 2015 New York City construction starts, including both new construction and renovations, soared to nearly \$41

billion. Construction starts in 2015 were 53% higher than in 2014 and more than double 2013 (\$19.9 billion). At the time, Anderson questioned how sustainable the city's construction activity was without the 421a subsidy.

The 421a subsidy gave developers who built new residential buildings a significant tax break, but that incentive came to an end last year when the Real Estate Board of New York and the Building and Construction Trades Council of Greater New York [could not come to an agreement](#) on worker wage levels.