

# REAL ESTATE WEEKLY

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# DEALS & DEALMAKERS

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## Learning curve

City population boom drives NYC school construction to \$3B.

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## City population boom drives school building tally to \$3B

Buoyed by four major ground-up construction projects at the collegiate level, as well as by a spike in public school renovation projects, the value of construction starts by New York City schools reached \$3 billion in 2015, according to a New York Building Congress analysis of construction data from Dodge Data & Analytics.

The \$3 billion in construction starts by public and private elementary and secondary schools, as well as colleges

and universities located in the five boroughs, represents an 83 percent increase from 2014 when the value of initiated projects reached approximately \$1.6 billion.

The 2015 total is roughly double the annual average for the five-year period between 2010 and 2014.

“As the Building Congress documented in a 2014 report, the City is experiencing what appears to be a sustained building boom in the higher educa-

tion sector,” said New York Building Congress President Richard T. Anderson.

“With increasing enrollment and multiple universities embarking on multi-year expansion plans, led by NYU and Columbia, New York’s colleges and universities will continue to be a vital source of construction activity for many years to come.”

New ground-up construction projects accounted for approximately \$1.3 billion, or 45

percent, of all project starts in 2015, compared to \$450 million in 2014, \$896 million in 2013, and \$928 million in 2012.

Alterations and renovations (A&R) to existing structures accounted for \$1.6 billion in construction starts last year, \$1.2 billion in 2014, \$751 million in 2013, and \$720 million in 2012.

The data used in this report encompass all project starts for public and private elementary and secondary schools as well as

colleges and universities located in the five boroughs.

The data incorporate new ground-up construction as well as alterations and renovations to existing structures, and reflect the total estimated value of each initiated project throughout the entire period of construction.

The value of construction projects undertaken by New York City’s 105 colleges and universities took a giant leap – from \$379 million in 2014 to \$1.3 billion last year. The 2015 total is four times greater than the annual average for higher education construction starts during a five-year period stretching from 2010 through 2014.

The 2015 surge in college and university projects was largely the result of ground-breakings that took place on four major projects — Cornell Tech’s Bloomberg Center and a separate residential building for faculty and students at its forthcoming Roosevelt Island campus; Rockefeller University’s new laboratory and conference facility that is being built over the FDR Drive; and Hunter College’s Science and Health Professions Building, which is being developed in conjunction with Memorial Sloan-Kettering Cancer Center. Work on the foundations of the



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Hunter College facility began last year.

In addition, New York University commenced a project that will transform the former MTA headquarters at 370 Jay Street in Downtown Brooklyn into a major innovation hub for science, technology, media, and the arts; and will soon begin construction on an 800,000 square foot

multiple-use building at 181 Mercer Street as part of its campus expansion plan.

New York City’s sprawling public elementary and secondary school system accounted for nearly \$1.5 billion in construction starts last year, up from \$1.1 billion in both 2013 and 2014.

A&R of existing facilities accounted for 76 percent of all public school construction starts over the past two years, an indication that the New York City Construction Authority is currently focused more on improving and modernizing its current stock of school buildings facilities, half of which were constructed prior to 1949, rather than on adding seats in brand new facilities.

New York City’s private elementary and secondary schools initiated 83 projects with a total value of \$240 million in 2015, a sharp increase from 2014 when 77 projects totaling \$149 million in value were commenced.

Over the past five years, new ground-up construction has accounted for 63 percent of all private school construction starts, which indicates that these schools are in aggressive expansion mode.

“As is the case in the higher education sector, New York’s private and public schools are also investing heavily in their facilities to keep up with a growing population and the need to incorporate the latest educational technologies into their curricula,” Anderson added.



Cornell Tech’s Bloomberg Center is one of several large-scale education projects currently underway in New York City.