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April 30, 2015

http://www.globest.com/news/12_1100/newyork/development/NYBC-2014-Construction-Spending-Soared-357498-1.html?ET=globest:e46276:12846a:&st=email&s=&cmp=gst:New_York_AM_20150429:editorial

NYBC: 2014 Construction Spending Soared



Anderson: "What's most encouraging about 2014 is the growing strength exhibited in all three sectors of construction."

NEW YORK CITY—Overall construction spending in New York City reached \$36 billion in 2014, a 26% increase from 2013, when total spending reached \$28.5 billion, according to a New York Building Congress analysis.

Non-residential construction—which includes office space, institutional development, sports/entertainment venues, and hotels—climbed 20% from \$8.2 billion in 2013 to \$9.8 billion in 2014. This marks the first time since 2010 that non-residential spending increased from the prior year. With Hudson Yards under construction as well as the full-scale resumption of work on Three World Trade Center, the near-term prospects for the commercial sector remain bright.

Government construction spending, which includes investments in mass transit, public schools, roads, bridges, and other essential infrastructure, increased 7%—from \$13.4 billion in 2013 to \$14.3 billion in 2014. Government spending

peaked at \$16.3 billion in 2008 and has remained in the \$13-14 billion range over the past four years.

Residential construction spending skyrocketed to \$11.9 billion in 2014—a 73% increase from the previous year. Not only is this a record but it is the first time in New York City history that annual residential spending has topped \$7 billion.

However, the percentage increase in unit production is not keeping pace with increased spending. The 20,329 new units produced in 2014 represent just an 11% increase from the prior year and remain well below the more than 30,000 units of new housing that were created annually between 2005 and 2008.

“While the unprecedented boom in residential construction is justifiably grabbing the headlines, what’s most encouraging about 2014 is the growing strength exhibited in all three sectors of the construction market,” says New York Building Congress president Richard Anderson. “As an industry, we must ensure that we have the capacity to conduct all this work efficiently and safely while also collaborating with government to promote continued public and private sector investment throughout the five boroughs.”

The \$36 billion in direct construction spending in New York City stimulated an additional \$21 billion in total spending in other sectors of the City’s economy – for a total economic output of \$57 billion. This represents a multiplier effect of \$1.58, as each dollar spent on construction yielded an additional \$.58 in overall economic activity.

Along with government, residential, and non-residential construction, the other major sectors of the City’s economy that benefited from the \$57 billion in spending included wholesale trade, real estate, and retail, as well as architecture, engineering, and related services.

Construction employment last year reached 122,975 jobs, an increase of slightly more than 2,000 jobs from the prior year and the highest total since 2008, when the industry employed 132,625 workers. In addition, nearly 67,000 jobs were created in fields that service the construction industry, such as lawyers, accountants, and suppliers. Still another 63,000 jobs were induced by the increased household earnings that resulted from direct construction and the related economic expansion.

“There simply is no overestimating how important the construction industry is to New York City, especially once you factor in the ripple effect throughout the City’s economy,” adds Anderson. “This is something that we need to keep in mind as the debate heats up in Albany regarding the MTA’s capital program and incentive programs such as 421-a. In addition to paving the way for continued growth, these programs also stimulate the economy in the near-term by providing stable sources of jobs, income, and spending.”