

The high cost of construction can largely be attributed to labor and materials. The city was second only to Zurich when it came to average hourly wages for construction workers, which came in at just under \$100 per hour. The report does not, however, differentiate between union and nonunion laborers, which is often cited as a determining factor for rates. Nonunion labor is widely considered the less expensive option.

The report also breaks down the cost of building materials, including structural steel beams at \$2,359 per ton for a project requiring 100 tons of steel and \$116 per square foot for medium-strength concrete. Crain's reported earlier this month that developers are increasingly [opting for concrete](#), finding the material leads to cheaper and faster construction.

The report identifies New York, along with 23 other markets, as "suffering from a skills shortage." Last year's report classified the city and Seattle as the only two "overheated" markets, meaning they faced significant price increases and a shortage of skilled labor. In 2016, New York was simply "hot," perhaps indicating cooling demand.

Foreign real estate investment in the city reached \$14.3 billion in 2016, though there's some concern that an expected slowdown in Chinese investment — due to a cap on overseas investment and possible tougher trade measures — could significantly reduce that volume in 2017.

Construction spending reached an all-time high of \$43 billion in 2016 but is expected to drop slightly over the next few years. The New York Building Congress projects that construction spending will reach \$42.1 billion in 2017 and then \$42.3 billion in 2018.