

May 23, 2017

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## NYC Construction Spending Hits All-Time High

NEW YORK CITY—According to a New York Building Congress report released today, last year's construction spending was \$10 billion more than 2014's totals. In fact, after adjusting for inflation, 2016's construction spending bested the previous high-water mark reached in 2007 by 1%.



Carlo A. Scissura, president, CEO of the New York Building Congress

BY [JOHN JORDAN](#)

NEW YORK CITY—Construction spending continues to rise to historic levels in New York City, rising more than \$1 billion from a year earlier to a new record at \$42.4 billion in 2016.

According to a New York Building Congress report released today, last year's construction spending was \$10 billion more than 2014's totals. In fact, after adjusting for inflation, 2016's construction spending bested the previous high-water mark reached in 2007 by 1%.

The Building Congress also estimated the economic output generated by the construction activity in the five boroughs of New York City. The \$42.4 billion spent on direct construction last year generated an estimated \$66.3 billion in total economic output, up from \$64.9 billion in 2015 and \$51.5 billion in 2014. The 2016 economic output of more than \$66 billion equated to a multiplier effect of \$1.56, as each dollar spent on construction yielded an additional \$.56 in overall economic activity.

The report attributes \$12.1 billion of last year's economic output to the indirect impact of construction, which includes all employment and income generated by businesses that service the industry, such as architectural, engineering, legal and other firms. Another \$11.8 billion is attributable to the induced impact of construction, which is the result of workers and suppliers spending wages on local consumer purchases, such as clothing, food, and transportation.

"The construction industry continued to fire on all cylinders in 2016, which has extremely positive short- and long-term implications for New York City and the region," says New York Building Congress president and CEO Carlo A. Scissura. "In addition to being a catalyst for jobs, tax revenues, and heightened quality of life, a thriving construction industry generates enormous ripple effects that are felt by residents throughout the five boroughs and sows the seeds for continued economic growth."

As expected, the construction boom taking place in New York City is a tremendous job generator as well. The New York Building Congress reports that construction activity created nearly 349,000 local jobs in 2016. In addition to the 208,000 men and women employed directly by the design, engineering, and construction industry, last year's activity produced another 141,000 jobs throughout New York City's economy. Approximately 70,000 jobs were created in fields that service the construction industry, such as lawyers, accountants and suppliers. Another 71,000 jobs were induced by the increased household earnings that resulted from direct construction and the resultant expansion of economic activity, the report states.

"The numbers confirm what we've been hearing from our members—the current building boom is being driven by all three main construction sectors, which is really important," Scissura notes. "It means that there's a lot of work available for all industry firms and tradespeople, no matter their specialty. Just as importantly, it indicates that the builders of housing and infrastructure are working to keep pace with the growing demands of the city's businesses and residents."

The strongest sector by far in 2016 was non-residential, which includes office space, institutional development, sports/entertainment venues and hotels with direct spending \$7 billion higher than two years earlier. Activity in this sector led to a total 2016 economic output of \$25.2 billion, including \$17.1 billion from direct spending, \$3.4 billion of indirect output, and \$4.7 billion from induced effects. This sector produced \$17.9 billion in direct construction spending and \$26.3 billion in total economic output in 2015. In 2014, non-residential construction was responsible for \$10.1 billion in direct spending and \$14.9 billion in economic output.

Direct government construction spending rose to \$12.7 billion in 2016, up sharply from \$8.1 billion in 2015 and \$10.3 billion in 2014. The government center includes investments in mass transit, roads, bridges and other essential infrastructure. Last year's spending stimulated \$3.3 billion in indirect and \$3.5 billion in induced output for a total economic impact of \$19.5 billion, up from \$12.5 billion in 2015 and \$15.9 billion in 2014.

Although down \$2.6 billion in direct spending from the previous year, the residential construction sector is also very strong in New York City. Residential construction yielded \$12.6 billion in direct spending and \$21.6 billion in economic output in 2016, down from \$15.2 billion and \$26.1 billion in 2015. In 2014, the residential sector accounted for \$12 billion in direct construction spending and \$20.7 billion in economic output. The New York Building Congress notes that prior to 2014, residential spending never reached \$7 billion in any single year.