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NYBC: Increased Building Construction Across City Boosting Economy

NEW YORK CITY—Non-residential construction created a total 2015 economic output of \$16.7 billion.



Anderson: "A healthy construction sector is a tried-and-true source of immediate economic stimulus for NYC."

BY [RAYNA KATZ](#)

NEW YORK CITY—The city is going through a building boom and the benefits of that are reverberating throughout the local economy. It generated an estimated \$61 billion in total economic output in 2015 alone, according to a New York Building Congress analysis of multiple data sources. This represents a 7% increase from 2014, when the overall economic impact totaled \$57 billion.

The Building Congress estimates that \$39 billion was spent on construction projects across the five boroughs last year and that this direct construction spending generated another \$22 billion in ancillary business activity

and increased consumer spending. This represents a multiplier effect of \$1.56 as each dollar spent on construction yielded an additional \$.56 in overall economic activity.

Construction also played a role in the creation of more than 300,000 local jobs in 2015. The industry employed people in design, engineering, construction and related service positions, such as lawyers, accountants, and suppliers.

“In addition to sowing the seeds for long-term economic growth, a healthy construction sector is a tried-and-true source of immediate economic stimulus for New York City,” declares New York Building Congress president Richard T. Anderson. “Given that three-quarters of the construction labor force lives in the five boroughs, the ripple effects of all this spending and employment is enormous.”

Of the three main sectors, residential construction yielded the greatest economic impact in 2015. In addition to an estimated \$14.9 billion in direct spending, residential construction yielded \$6.3 billion in indirect output and \$4.1 billion in induced economic benefits. The combined \$25.3 billion represents an estimated 23% increase from 2014, when the total economic output was \$20.5 billion.

Non-residential construction, which includes office space, institutional development, sports/entertainment venues, and hotels, led to a total 2015 economic output of \$16.7 billion, including \$11.6 billion from direct spending, \$2.2 billion of indirect output, and \$3.0 billion from induced effects. This estimated level of economic output represents a 16 percent increase from the 2014 figure of \$14.4 billion.

Government construction spending—which includes investments in mass transit, roads, bridges, and other essential infrastructure—stimulated \$18.9 billion in 2015 output, a decline of 14% from the 2014 total of \$22 billion. The 2015 impact is based on an estimated \$12.6 billion in direct spending while the indirect and induced effects reached \$3.1 billion and \$3.2 billion, respectively.

Notes Anderson, “The decline in economic output as a result of decreased government spending is certainly a cause for concern. Fortunately, the continued intense demand for private-sector office and residential development has more than made up for that loss.”