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August 26, 2015

<http://www.capitalnewyork.com/article/city-hall/2015/08/8575223/new-york-city-office-construction-25-year-high>

New York City office construction at 25-year high  
By Sally Goldenberg



Construction on Hudson Yards. (AP Photo/Julie Jacobson)

Office construction in New York City is at its highest level in a quarter-century, thanks to a building boom in Manhattan, increasing private-sector employment and continually low interest rates, an analysis from the New York Building Congress shows.

The report by the construction trade organization, to be released Wednesday morning, indicates that by the end of next year, 9.7 million square feet of new office space will have been constructed in 2015 and 2016 in 19 buildings across Manhattan.

The total was buoyed by 7.4 million square feet combined in the World Trade Center and throughout the increasingly popular Midtown West neighborhood, which includes the expansive mixed-use Hudson Yards project.

Most office space under construction won't open until 2018, when six towers are projected to be completed, the analysis notes.

"After years of planning and upfront investment, the vision of a new World Trade Center and Hudson Yards are coming to fruition and in a big way," Richard Anderson, president of the

building congress, said in prepared remarks. "Even beyond those two mega-projects, it is obvious that the development community is bullish on New York City's commercial future. At the same time, we are not seeing the sort of irrational exuberance that led to a wave of speculative projects and gluts in the office market during periods of the 20th century."

The organization is forecasting construction of 4.3 million square feet of new office space this year, and 5.4 million in 2016.

An office building boom from 1968 to 1973 topped the charts, with 72 million square feet being created.

Based on city data, existing office inventory is geographically lopsided, with Manhattan laying claim to 84 percent of the space.

Anderson indicated he is not sure that trend will change much in the coming years.

"Despite efforts in recent years to spur office construction in business districts outside Manhattan's commercial core, Manhattan remains the only truly viable option for most companies," he said. "It will be interesting to see if neighborhoods such as Downtown Brooklyn, DUMBO and Long Island City are able to take advantage of their growing popularity among residents and the trend toward creative workers wanting to work near where they live."

A recent report on Downtown Brooklyn's residential boom showed that while the commercial vacancy rate is lower than 4 percent, the area is lacking in new office space.