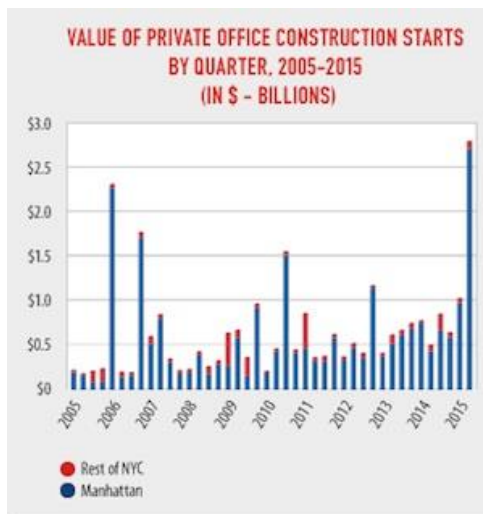


August 31, 2015

http://newyork.construction.com/new_york_construction_news/2015/0831-new-york-city-office-space-hits-record.asp

New York City Office Space Hits Record

By Peter Maloney



Office construction in New York City is at its highest level since 1990, according to a New York Building Congress analysis of multiple data sources.

The numbers are buoyed by increasing employment, low interest rates, and a large supply of shovel-ready development sites at Hudson Yards and the World Trade Center, NYBC says.

“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 T. Anderson, president of NYBC said. “Even beyond those two mega-projects, it is obvious that the development community is bullish on New York City’s commercial future,” he said, adding that “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.”

In 2015 and 2016, a total of 9.7 million square feet of new office space will be constructed in 19 separate buildings across Manhattan, including 7.4 million square feet combined in Midtown West and the World Trade Center. This newly-constructed space will gradually come online as these 19 buildings are completed. The biggest wave of openings will occur in 2018, when six different towers are projected to be fully or substantially complete.

The Building Congress forecasts construction of 4.3 million square feet of new office space this year, up from 2.4 million in 2014. The Building Congress further estimates 5.4 million square

feet of new office space will be built in 2016, followed by 4.9 million square feet in 2017 and 4.0 million in 2018.

For the 10 years between 2010 and 2019, the Building Congress forecasts a total of 29.5 million square feet of new office space will be built. In the period between 2000 and 2009, New York City added 22.3 million square feet of newly built office space, which was offset by the loss of more than 10 million square feet in the terrorist attacks on 9/11.

In addition to new construction, owners and office tenants are increasingly investing in alterations and renovations to their existing office space. According to a Building Congress analysis of Dodge data, A&R projects of \$2.7 billion in total value were initiated in office buildings citywide in 2014, up from \$2.2 billion in 2013 and \$1.3 billion in 2012.

That trend has accelerated even further in the current year. In the first half of 2015, \$1.7 billion worth of A&R projects were initiated, up from \$1.2 billion in the first six months of 2014 and \$833 million in the first half of 2013.

“It appears that owners of existing office properties are upping their games in anticipation of the new wave of modern offices that are coming on line over the next five years,” Anderson said.

While the pace of new office construction is at its greatest level in a quarter of a century, the numbers still pale in comparison to the period between 1968 and 1973, when 72 million square feet of new office space was delivered; or the 51 million square feet that were added in the nine-years between 1956 and 1965, and again between 1982 and 1990.