

citybizlist

ONLINE

September 17, 2014

<http://citybizlist.com/article/207149/new-york-city-experiencing-higher-education-building-boom>

New York City Experiencing Higher Education Building Boom

New York Building Congress Report Projects Nearly \$10 Billion in Higher Education Construction Spending over Five-Year Period

New York City's 105 colleges and universities will invest nearly \$10 billion on campus construction and facilities upgrades over a five-year period, according to NYC EDU: Building a 21st Century College Town, a new report from the New York Building Congress.

From Fiscal Year (FY) 2013 through FY 2017, the Building Congress forecasts higher education construction spending in New York City to reach \$9.85 billion. If realized, this would be a continuation of the nearly \$2 billion these institutions have invested annually in capital projects over the past three fiscal years (FY 2010-2012).

“New York City is in the midst of a higher education building boom, which is certainly great news in the near term for the construction industry and the local economy,” said New York Building Congress President Richard T. Anderson. “Far more important, however, is the fact that these institutions, which employ hundreds of thousands of New Yorkers, prepare our future leaders and play active roles in their communities, are aggressively investing in their futures.”

Several of the planned investments are impressive in scope. NYU, with its planned 1.9 million square foot expansion underway, anticipates 14 major construction projects during the five-year period. Columbia University is in the midst of a 6.8 million square foot Manhattanville Campus expansion, and The City University of New York (CUNY) expects to have 11 different major projects in various stages of construction throughout its system.

Other major players include Fordham University, which reported three major projects with a combined value of \$425 million, and Weill Cornell Medical College, which is putting the finishing touches on its \$622 million Belfer Research Building.

Many colleges and universities are building to support anticipated increases in enrollment. Some are accommodating the latest in educational technology, while others are seeking to maintain and expand their dominance in scientific and technological research. And in one case—Cornell Tech—the plan is to create a new applied sciences and engineering campus on Roosevelt Island.

As the report documents, these big-ticket investments represent just a fraction of the work. Dozens of additional institutions throughout the five boroughs are in the planning or construction phases for a wide range of projects, including libraries, student housing, performance venues, athletic facilities, and other facilities to house expanded or new academic disciplines.

“Those of us who work at universities know that one of the values of good research is to make the obvious inescapable,” observed NYU Senior Vice President Lynne P. Brown, who is co-chair of the Building Congress Higher Education Committee. “By gathering in one place and analyzing data not collected before, this report makes the inescapable point – colleges and universities are helping build New York and in the process lifting the city’s economy.”

Recent Project Starts

Over the past five school years, starting in the fall of 2008 through the summer of 2013, New York City’s colleges and universities commenced work on 463 significant construction projects. With an estimated value of \$4.2 billion, the higher education sector represented approximately five percent of all public and private construction starts throughout the City.

The total anticipated value of new, ground-up construction topped \$3.3 billion during this period and will ultimately yield six million square feet of new floor space. Projects involving alterations and renovations to existing facilities accounted for an additional \$900 million in total value.

The 463 construction projects were spread among all five boroughs. Although most construction occurred in Manhattan, significant new construction activity also took place in Brooklyn, highlighted by the institutions located in the Tech Triangle area of Downtown Brooklyn. In the Bronx, Fordham University and Lehman College were heavily involved in facility improvements. A new home was created for the CUNY School of Law in Queens, while the College of Staten Island initiated a series of facility upgrades.

It is important to note that permitted construction starts do not account for all the capital spending activity by higher education institutions. By comparing responses to a recent survey of higher education institutions with construction starts data from McGraw Hill Dodge Construction, the Building Congress estimates that \$5.9 billion was spent on higher education projects from FY 2010 through FY 2012.

Economic Impact

From FY 2010 through 2012, the \$2 billion per year invested by all institutions on new and improved facilities generated roughly 15,000 person-years of employment per year, and the labor income associated with this employment averaged \$1.2 billion per year.

The impact of this investment on the City’s economy was represented by the increase in Gross City Product generated by development. Most of the value added was reflected in employment and wages and represented a gain of \$3.9 billion over the three years. On average, business revenues rose directly by \$2 billion per year, in line with the institutional expenditures.

If the Building Congress forecast of \$9.85 billion for the fiscal-year period 2013 through 2017 is realized, these outlays will directly produce a dramatic \$6 billion increase in Gross City Product

and a \$9.6 billion increase in construction-related business revenues, while likely creating 71,200 person-years of direct employment.

As impressive as the direct impact on the City's economy promises to be, the total economic impact will be much greater as the demand for building materials and development-related services recirculates through the economy, triggering successive rounds of production and consumption with multipliers that may reach as high as 1.57.

When this multiplier effect is considered, the planned expenditures of \$9.85 billion will likely generate \$14.65 billion in total output, or business earnings, and nearly \$10 billion in increased Gross City Product. On the employment side, based on a 1.4 multiplier, 100,000 person-years of employment should be created over the forecast period, and aggregate labor earnings should increase by \$8 billion.

The report concludes with a series of recommendations designed to ensure continued progress on higher education projects while also leveraging these investments as a means of diversifying the economy creating jobs and sparking new industries. The recommendations include the establishment of a Mayor's Office for Higher Education; implementation of economic development partnerships between higher ed, government and the business community; and creation of workforce development strategies to better prepare today's students for the jobs of the future.

"While New York City is well known as a global capital of business and for its exceptional cultural offerings, perhaps it is time to add 'college town' to the Big Apple's long list of defining traits," noted Columbia University Executive Vice President, Joseph A. Ienuso, who also serves as a co-chair on the Higher Education Committee. "With a collective student enrollment of more than 500,000 students, New York City boasts the highest population of college and university students in the nation, with nearly twice as many students as second-place Los Angeles and more than the entire population of Atlanta."

Added Judith E. Bergtraum, CUNY Interim Vice Chancellor for Facilities Planning, Construction, and Management, "In a global economy where movement is swift and knowledge is essential, New York City is well-served by these initiatives, which are designed in large part to cultivate a highly educated, skilled, and innovative workforce. By investing billions of dollars to maintain, upgrade, and expand their facilities and campuses, these schools are confirming that they are thriving today while also preparing for an even brighter tomorrow."