POLITICO NEW YORK

**September 19, 2017**

https://www.politicopro.com/states/new-york/city-hall/story/2017/09/19/citys-office-market-reporting-record-gains-in-new-construction-114569

# City's office market reporting record gains in new construction

The trade organization is projecting 2.3 million square feet of new office space will be completed in Manhattan this year, followed by 7.2 million next year and 5.6 million in 2019, according to data it compiled from the Real Estate Board of New York. I AP Photo/Mark Lennihan

By **SALLY GOLDENBERG**

New York City's office market is the hottest it has been in decades, and commercial buildings planned for Hudson Yards and the revamped Penn Station will carry the boom into the 2020s, according to a report from the New York Building Congress.

The trade organization is projecting 2.3 million square feet of new office space will be completed in Manhattan this year, followed by 7.2 million next year and 5.6 million in 2019, according to data it compiled from the Real Estate Board of New York.

If the projected development stays on track, there will be 27.4 million square feet of new office space in Manhattan constructed between 2010 and 2019, making it the busiest decade since the 1980s, when 49 million square feet of new office space was built.

The surge is not limited to the Manhattan. Tishman Speyer's 1.2 million-square-foot project The JACX in Long Island City and Dock 72, a 675,000-square-foot office building planned by Rudin Management and Boston Properties for the Brooklyn Navy Yard are among the larger outer borough office projects underway.

The Building Congress noted that 6.9 million square feet of new office space is under construction or being planned in Brooklyn, and 3.6 million is in the "development pipeline" in Long Island City. Much of that new space could be ready for tenants to move in by 2021, according to the report.

During the first half of 2017, the outer boroughs accounted for 46 percent of all office construction starts when measured by value, well more than their contribution of 17 percent in 2016.

If progress continues on planned projects, the early years of the next decade will keep pace with this one, the Building Congress found.

Between 2020 and 2022, the organization projected the completion of 7.5 million square feet of commercial real estate across four high-profile projects: 1 Vanderbilt on Manhattan's East Side, The Spiral at Hudson Boulevard, 50 Hudson Yards and office development within Moynihan Train Hall in the old Farley General Post Office across from Madison Square Garden.

Other projects that could boost the total include 2 World Trade Center, which is searching for an anchor tenant, 2 Manhattan West and 3 Hudson Boulevard, which account for another 5 million square feet.

"Not since the Citigroup Building in Long Island City and MetroTech Center in Downtown Brooklyn were completed have we seen so much office construction in the boroughs outside Manhattan," Building Congress President Carlo Scissura said. "And this time the storyline is different. Rather than looking to the outer boroughs as a cheap alternative for a number of back-office operations, developers want to be there because that's where the creative workforce wants to be."