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NYC Construction Spending To Surpass \$30B

By Jacqueline Hlavenka



"The economy has bounced back," Steel said.

NEW YORK CITY—The city's construction market is beginning to take a positive turn after falling sharply during economic downturn. Based on demand for luxury multifamily housing, ongoing work at the World Trade Center and continued public infrastructure investment, construction spending is expected to surpass \$30 billion for the first time since 2008, said **Richard Anderson**, president of the **New York Building Congress** during an event at the Hilton New York in Midtown on Wednesday morning.

Addressing members of the organization, Anderson said the city's construction industry has experienced a "swift" and "remarkable resurgence," citing examples such as One World Trade Center and the Second Avenue Subway. "The long term prognosis for the non-residential sector remains healthy," he said. "Right now, there are approximately 20 million square feet of new office towers that are shovel-ready and can move forward once the economy can support them."

According to new research from the Building Congress, the organization forecasts a 9% increase in overall construction spending, from \$28 billion in 2011 to \$30.7 billion in 2012. Going forward, construction activity is expected to remain steady into 2013, with projected spending of \$30.2 billion—before dropping slightly to \$29.1 billion in 2014.

Government, spending, which includes investments in mass transit, public schools, roads, bridges and other infrastructure, is forecast to reach \$14.9 billion in 2012, up slightly from \$14.6 billion in 2011. The Building Congress estimates expenditures in this sector to remain at \$14.9 billion in 2013 and reach \$15 billion in 2014, according to the report.

Non-residential construction, which includes office space, institutional development, sports/entertainment venues and hotels, is forecast to reach an all-time high of \$12.6 billion in 2012, up from \$10.5 billion a year ago. Spending in this sector is expected to drop in the coming year to \$11.1 billion in 2013 and \$8.8 billion in 2014.

Construction spending in the residential sector is also upswing. Total residential spending will reach \$3.2 billion in 2012, up from \$2.9 billion in 2011. The Buildings Congress forecasts further growth in residential spending, to \$4.2 billion in 2013 and \$5.3 billion in 2014. Even with the projected increases, however, New York City remains well below the peak of 2006 and 2007, when more than \$6 billion was spent annually on residential construction.

The only hiccup in the report was related to construction employment. Industry employment figures are forecast to decline slightly from 110,800 jobs, down from 111,500 jobs in 2011. But overall, the city has reported gains across several industries. **Robert K. Steel**, deputy mayor of economic development of the City of New York, said during the event that from 2010-2011, New York added as many private sector jobs as the next ten largest cities combined, creating 3.28 million private sector jobs.

Steel explained that industries like technology, tourism, film and design have significantly expanded in the last decade. New York passed longtime #2 Boston to become the second largest recipient of tech investment in the country in 2011. In addition, a record number of films/TV pilots were filmed in NYC in 2011 and 50.5 million tourists visited the city in 2011.

He explained that transportation and critical infrastructure projects such as the 7 extension to 34th & 11th Avenue, the revitalization of 520 miles of waterfront, bridge and road state of good repair, and the third water tunnel and upstate water plan are all on-pace to generate billions for the city. He also noted the importance of major commercial office projects in Lower Manhattan, Hudson Yards and Midtown East, as well as the development of other central business districts in Downtown Brooklyn, Stapleton, Long Island City, Jamaica and Willets Point.

"The good news here is that the economy here has bounced back," he said.