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<http://www.reuters.com/article/2012/10/17/usa-newyork-construction-idUSL1E8LGK5G20121017>

New York construction spending rises to \$30.7 bln in 2012-report

Oct 17 (Reuters) - Spending on New York City non-residential building projects is expected to reach a record \$12.6 billion in 2012, pushing up overall construction spending a surprising 9.0 percent to \$30.7 billion, an industry group said on Wednesday.

But overall construction activity is expected to remain relatively flat in 2013 at a projected \$30.2 billion level, according to the New York Building Congress, which publishes an annual report on the outlook for spending and jobs in New York City's construction industry.

The group's improved outlook for the current and coming year contrasts with last year's predictions, when it said it projected flat construction spending in 2012 and a sharp fall in 2013.

"The city's construction industry has experienced a swift and rather remarkable resurgence," said the group's president, Richard T. Anderson, in a statement.

Large projects -- including construction at the World Trade Center, the Barclays Center, and renovation of Madison Square Garden -- drove much of the uptick.

Construction spending for office space, sports venues, hotels, institutional developments and other non-residential building is expected to reach an

all-time high of \$12.6 billion in 2012, up from \$10.5 billion a year ago, the group said.

Additional growth came from residential construction, which is forecast to increase slightly to \$3.2 billion in 2012 from \$2.9 billion in 2011. The group said it thinks the sector will continue rising to \$5.3 billion in 2014.

Spending on mass transit, public schools, bridges, roads and other public infrastructure is expected to increase slightly to \$14.9 billion in 2012 from \$14.6 billion in 2011, according to the group, which forecast spending in the sector to remain flat through 2014.

"We are concerned about the prospect of declining government investment beyond the forecast period," Anderson said.

The city has projected that it will cut in half its construction and design commitments between now and fiscal year 2015. Questions also surround the next capital plan for the Metropolitan Transportation Authority, the city's second largest government spender, whose next capital plan begins in 2015, Anderson said.

"Much of the funding for the MTA's current five-year plan was achieved through increased borrowing. It is unlikely that current levels of investment can be achieved without new sources of dedicated revenue," Anderson said.

The MTA is on track to invest about \$3.7 annually in New York's transit system between 2012 and 2014, a 25 percent increase from 2010. However, the MTA's spending levels are below their \$5.1 billion peak in 2008.