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NYC Builders Spend Billions More on Homes in Luxury Boom

By David M. Levitt

New York City developers will spend 60 percent more on new homes this year, while adding only 22 percent more units, a sign of the market's tilt toward luxury condominiums, the New York Building Congress said.

Spending on new housing will reach \$10.9 billion, the most in records dating to 1995 and \$4.1 billion more than last year's total, the trade group said in a report released today. The number of homes that money will build is 22,500, up from 18,400 in 2013.

A record wave of ultra-luxury condo projects planned or under construction in Manhattan accounts for the "wide disparity" between costs and unit production, said Frank Sciame, chairman of the New York Building Foundation, the trade group's philanthropic arm.

"While any and all new housing stock is certainly welcome, the key to the city's future success will rest in part on our ability to produce a wide range of housing at multiple price points," Sciame, chief executive officer of F.J. Sciame Construction Co., said in a statement accompanying the report.

Mayor Bill de Blasio took office in January, pledging to produce or preserve 200,000 units of affordable housing over the next 10 years. The building congress urged the mayor to form a partnership with developers to achieve that goal, in part through zoning changes, reviving stalled projects and streamlining regulations.

The group cited several "super-tall towers" rising near the southern end of Central Park -- including 432 Park Ave., 225 West 57th St. and 220 Central Park South -- that are helping to skew the supply of homes toward the high end. Those projects are being built by CIM Group and Macklowe Properties, Extell Development Co. and Vornado Realty Trust, respectively.

Even as construction spending increases, the number of homes produced still falls far short of the 30,000-plus built annually from 2005 to 2008, the building congress said. In 2008, the city gained 33,200 units at a cost of \$5.9 billion.

Developers are projected to build 23,250 units next year and 24,000 in 2016, while spending \$11.7 billion in 2015 and \$12.4 billion the year after, according to the study.