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New York Construction Spending to Top Record as Skyscrapers Rise

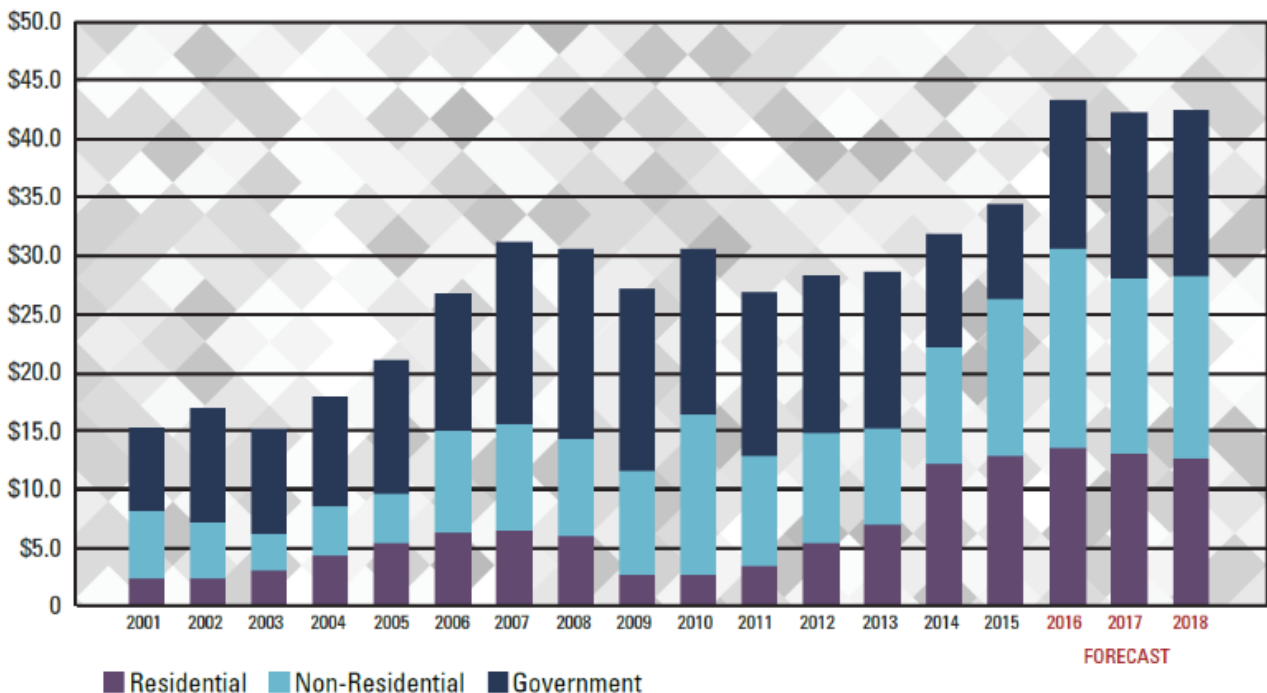
by [David M Levitt](#)

- ▶ Private-sector investment in housing, office leads to boom
- ▶ Employment in the industry to climb for fifth straight year

New York City construction spending is expected to climb 26 percent this year to a record, driven by a surge in development of offices and residential properties, according to a local trade organization.

The [New York Building Congress](#) estimates spending will reach \$43.1 billion, topping \$40 billion for the first time and surpassing the peak in 2007 on an inflation-adjusted basis. Private-sector investment is outpacing government spending, whereas the split was more even in the last boom, the group said in a report Tuesday.

Annual Construction Spending in NYC by Sector (In Current Dollars — Billions)



Sources: Dodge Data & Analytics, NYS Department of Labor, public sector capital budgets, Urbanomics, U.S. Census Bureau



Source: New York Building Congress

Investors are reshaping New York's skyline with new office and residential buildings to capitalize on demand for state-of-the-art properties. Last week, SL Green Realty Corp. broke ground on 1 Vanderbilt, a 1.7 million-square-foot (158,000-square-meter) skyscraper next to Grand Central Terminal, with an [expectation](#) of attracting some of the highest office rents in the market. Luxury condominium and rental towers have [proliferated](#), creating a pile-up of high-end homes.

“The demand profile for development activity in New York City has probably never been greater in the last 50 years,” Richard Anderson, president of the Building Congress, said in an interview Tuesday. “Our best judgment is that we'll be at the \$40 billion level for the next couple of years.”

Construction has soared from a recent low of about \$27 billion just five years ago. It's up from \$31.1 billion in the 2007 peak, which translates to \$41.6 billion in 2016 dollars, according to the Building Congress, a trade group for the construction and real estate industries.

The city's construction jobs are likely to reach 147,100 this year, surpassing 140,000 for the first time in more than two decades of record-keeping, the group said. It's the fifth straight year building employment has increased.

New Offices

Spending on non-residential building construction will probably hit \$17 billion, a 27 percent jump from the \$13.4 billion spent in 2015. Office construction is at its highest level in more than a quarter-century, Building Congress Chairman Richard Cavallaro said in a statement.

About 11.6 million square feet of offices are under construction in Manhattan alone, with much of the building concentrated downtown and in the Hudson Yards [area](#) on the far west side, and millions more are being added in [Brooklyn](#) and Queens.

Residential construction should break a record for the third straight year, hitting \$13.4 billion, up from [last year's](#) \$12.7 billion and \$12 billion in 2014. Housing construction back in 2010 was just \$2.6 billion, according to the report.

“The big question is whether this pace can be sustained once all the projects currently in the pipeline have been completed,” Anderson said in the statement.