



October 29, 2015

http://www.globest.com/news/12_1228/newyork/infrastructure/NYBC-Construction-Spending-is-Back-363048-1.html

NYBC: Construction Spending is Back

By Rayna Katz



Anderson: "The building boom is being driven to a remarkable extent by private sector investment."

NEW YORK CITY—A super-healthy residential market and the strongest level of office construction in a quarter century have dovetailed to bring the city's construction activity back to peak levels.

The metric has reached the heights achieved at the peak of the previous building boom in 2007 and 2008, according to New York City Construction Outlook 2015-2017, an annual forecast and analysis prepared by the New York Building Congress with support from the New York Building Foundation.

The NYBC forecasts New York City construction spending of \$39 billion this year, a 10% increase from 2014, when spending reached \$35.4 billion. The Building Congress expects construction spending to increase even further to \$41 billion in 2016 and \$40.8 billion in 2017. If the forecast holds, overall New York City construction spending would break the \$40 billion barrier next year for the first time in New York City history.

"The numbers bear out what most in the industry have long suspected—the current building boom is being driven to a remarkable extent by private sector investment," says New York

Building Congress president Richard T. Anderson. “The residential sector, in particular, is on a run that is nothing short of epic.”

On that front, NYBC forecasts \$14.9 billion in spending this year, an increase of 23% from 2014, when spending reached a then-record \$12.1 billion. This would be a 468% increase from five years ago, when housing construction dropped to a post-recession low of \$2.6 billion.

The Building Congress estimates that 36,850 units of new housing will be produced in 2015, an increase of 16,400 units from 2014. The forecasted number of newly constructed units in 2015 would top the previous peak of 33,150 units produced in 2008. The forecast calls for 30,000 new units and \$11.5 billion of residential spending in 2016, and 27,000 units and \$10.5 billion in spending in 2017.

Non-residential construction—which includes office space, institutional development, government buildings, sports/entertainment venues, and hotels—is forecast to reach \$11.6 billion this year, up from \$9.9 billion a year ago. It would be the second time in New York City history that non-residential spending topped the \$10 billion mark. (Non-residential spending reached \$13.7 billion in 2010.) Non-residential spending is expected to take another substantial leap forward to \$15 billion in 2016 and then dip slightly to \$14 billion in 2017.

The Building Congress expects that office construction will account for approximately 40% of all spending in non-residential construction and 12% of overall construction spending this year.

On the government front, the Building Congress forecasts \$12.6 billion in 2015 public works spending, which includes investments in mass transit, roads, bridges, and other essential infrastructure. This is down from \$13.4 billion in both 2013 and 2014, and, if realized, would mark the lowest level of infrastructure spending in actual dollars since 2006, when spending reached \$11.8 billion. The Building Congress anticipates government spending will rise to \$14.5 billion in 2016 and \$16.3 billion in 2017.

“It is remarkable that New York City is poised to reach such heights in spending in a year in which government spending on transportation and other infrastructure projects is declining,” says Building Congress chairman Thomas Scarangelo. “Such declines in government spending should be a source of concern in any year, but even more so in this period of skyrocketing private investment and solid economic growth. Hopefully, the tentative agreement, recently announced by Governor Cuomo and Mayor de Blasio, to fully fund the MTA five-year capital plan will be the start of an upward trend in overall infrastructure investment.”

The New York Building Congress prepared New York City Construction Outlook 2015-2017 with the assistance of Urbanomics, an economic consulting firm.

Stay tuned for the second story on the NYBC report, featuring the Building Congress’ recommendations to keep momentum going and make the city even stronger.