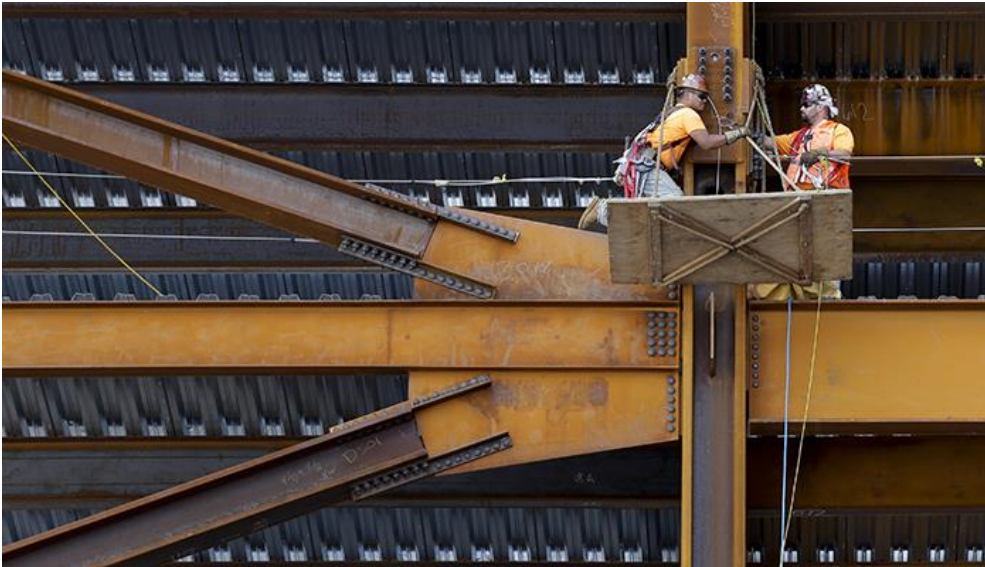


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<http://www.capitalnewyork.com/article/city-hall/2015/10/8581104/nyc-construction-boom-will-lead-40-b-spending-next-year>

## NYC construction boom will lead to \$40 B. in spending by next year

By Sally Goldenberg



Hudson Yards construction. (AP Photo/Julie Jacobson)

New York City's construction boom is triggering a 10 percent spike in spending as costs are expected to keep rising and soon surpass their pre-recession peak, according to an annual report from the New York Building Congress that will be released Thursday.

According to the trade organization, construction spending is on pace to hit \$39 billion this year, compared to \$35.4 billion in 2014. The group says there are no signs spending will cool in the coming years.

"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 Building Congress wrote in a statement.

Specifically, spending would reach \$41 billion next year and \$40.8 billion in 2017, the group said.

Construction spending in the city hasn't been this high since the peak of the building boom in 2007, before the recession. That year, construction costs totaled \$31.1 billion, which would be \$40.3 billion in current dollars.

In another measure of the industry's rise, construction employment throughout the five boroughs is set to hit 130,900 jobs this year — 3,300 more positions than in 2014, according to the analysis.

This is just the second time since 1995 the number of jobs will exceed 130,000. In 2008, the industry employed 132,600 workers in the city.

The Building Congress predicted employment will dip slightly next year, to 130,400 jobs, but reach 131,800 in 2017.

"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," organization president Richard Anderson said. "The residential sector, in particular, is on a run that is nothing short of epic."

Residential construction spending is expected to rise 23 percent from 2014 — from a former record of \$12.1 billion to a forecast this year of \$14.9 billion. By comparison, it hit a low of \$2.6 billion five years ago, after the market tanked.

Non-residential construction, including commercial and government offices and hotels, is on pace to hit \$11.6 billion this year, compared to \$9.9 billion last year.

"Non-residential spending is expected to take another substantial leap forward, to \$15 billion in 2016, and then settle in at \$14 billion in 2017," according to the release.

While private investments are on the rise, government spending on infrastructure is declining, the Building Congress reported. By the end of 2015, public agencies will have spent \$12.6 billion on mass transit, roads, bridges and other infrastructure projects, down from \$13.4 billion last year and in 2013.

"And, if realized, would mark the lowest level of infrastructure spending in actual dollars since 2006, when spending reached \$11.8 billion," the group added.

The outlook improves next year, when the organization anticipates government spending will rise to \$14.5 billion, followed by an expected expense of \$16.3 billion on these types of projects 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," the report added.

The residential market will end up with 36,850 new housing units produced in 2015 by year's end—16,400 more than last year and more than the previous peak of 33,150 units in 2008.

The group urges the construction trades unions and the Real Estate Board of New York to settle a dispute over a popular development tax break known as 421-a, which is hanging in the balance as the two sides debate whether to include a mandatory prevailing wage for projects receiving the abatement.

"The real estate and construction labor communities must extend their decades-long spirit of cooperation and interdependence by creating a workable framework for the continuation of the 421-a program, which is a key component of Mayor de Blasio's affordable housing agenda," the report reads.

The report will be released Thursday at a breakfast forum at the Midtown Manhattan Hilton. New York City Economic Development Corp. president Maria Torres-Springer is expected to speak at the event.