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<http://www.law360.com/articles/589721/ny-construction-spending-set-to-pass-100b-by-2016>

## **NY Construction Spending Set To Pass \$100B By 2016**

By Natalie Rodriguez

Law360, New York (October 23, 2014, 12:56 PM ET) -- Betting that a recent surge in New York City construction won't abate anytime soon, industry advocacy group the New York Building Congress on Thursday released a report that forecasts \$103.8 billion worth of both private and governmental construction activity in the city between 2014 and 2016.

Already for 2014, New York City construction spending has surged and is expected to end the year at \$32.9 billion, which would be the first time construction spending in the city topped \$32 billion, according to the Building Congress. Further, the report predicts that construction spending will further rise to \$35.3 billion in 2015 and \$35.6 billion in 2016.

Though, if inflation is factored in, 2014 and 2015's forecasted levels would still be below the 2007 and 2008 boom years, the report noted.

"Thanks to an improving economy, increased foreign investment, and continued progress on a handful of major public and private sector initiatives, the New York City construction market has just about fully rebounded from its post-recession depths and is nearing boom territory once again," Richard T. Anderson, Building Congress' president, said in a statement.

Residential construction is leading the current boom, with about \$10.9 billion forecasted to be spent this year, which would be more than double last year's \$4.1 billion benchmark, according to the Building Congress. And the sector is expected to continue taking a growing stake in the area's construction market and the report predicts it will hit \$12.4 billion of spending in 2016.

"New York City is producing more than 20,000 housing units annually, which is the benchmark that the Building Congress believes is necessary to accommodate household growth, replace antiquated buildings, and maintain adequate housing options for New Yorkers of all income levels," Thomas Z. Scarangelo, Building Congress' chairman, said in a statement.

"What is concerning, however, is that the current level of production is falling far short of the more than 30,000 units that were constructed annually between 2005 and 2008," the statement added.

The gap between spending and construction, however, is at least partially due to the recent pipeline of ultra-luxury condominium projects, the report noted.

Another major source of the city's building boom is the government, which is expected to funnel \$14.3 billion into the construction sector this year — up from last year's \$13.4 billion — in a variety of projects, including mass transit, infrastructure, schools and more.

And the office sector, too, continues to deliver with as many as 13 new buildings set to enter various stages of the construction pipeline between 2014 and 2016, the report noted.