



The Construction Industry in New York City

Highlights

- Construction employment in New York State grew by 30 percent between 2010 and 2018, reaching a record of 398,400 jobs.
- New York had the fourth largest construction sector in the nation, and was one of 14 states where employment had surpassed its prerecession level.
- New York City accounted for half of the construction jobs added in the State between 2010 and 2018.
- New York City's construction sector added 45,300 jobs between 2010 and 2018, an increase of 40 percent.
- Most construction firms in New York City employ fewer than 20 people (89 percent in 2017). These small firms are responsible for about one-third of all construction jobs.
- Construction was the fourth highest-paying employment sector in New York City in 2017, with an average salary of \$80,200. The sector was responsible for \$11.9 billion in wages.
- More than one-fifth (22 percent) of the workers in the industry earned more than \$80,000.
- Immigrants held 59 percent of the construction jobs in New York City, higher than in the rest of the State (20 percent) and the nation (25 percent).
- In 2018, construction spending set a record of \$61.5 billion in New York City, according to the New York Building Congress.
- Construction firms generated an estimated \$84 billion in economic activity in 2018, representing 10 percent of New York City's total economic output.

The construction industry lost more than one-quarter of its jobs across the nation during the past recession. Although the contraction was less severe in New York State, the industry still lost 15 percent of its jobs between 2008 and 2010.

While the nation has yet to recover all of its construction jobs, New York's construction industry has set employment records for the past four years. In 2018, the industry was nearly 11 percent larger than the prerecession level in 2008.

Construction employment was very strong in the downstate region between 2010 and 2018, growing by at least 35 percent in the New York City, Long Island, and the Orange-Rockland-Westchester metropolitan areas, faster than in the State. Many upstate counties, however, have yet to recover all of the construction jobs they lost during the recession.

New York City accounted for half of the 91,600 construction jobs added in the State since 2010. Construction employment in New York City has also set records for four consecutive years, reaching 157,800 jobs in 2018 and surpassing the prerecession level by 19 percent.

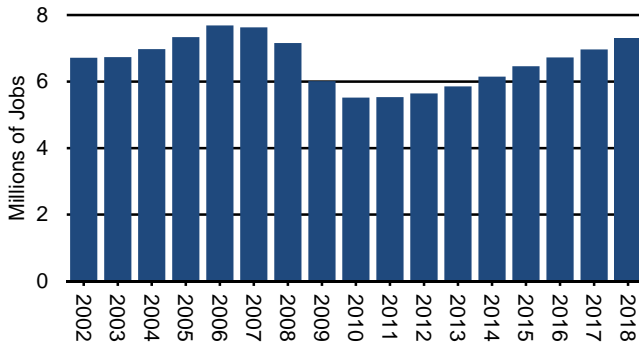
The construction industry in New York City has a significantly higher share of women-owned and minority-owned firms than in the rest of the State and the nation. It also had the highest share of foreign-born workers of any employment sector in the City.

The construction industry offers employment opportunities to many workers without a college education. The industry also pays well and was the second-fastest-growing employment sector in New York City in the past eight years, creating thousands of good-paying jobs. While there are signs the construction boom may have peaked, construction activity remains strong.

New York State

Nationally, the construction sector lost nearly 2.2 million jobs during the Great Recession.¹ Although the nation has added 1.8 million jobs since 2010, reaching nearly 7.3 million in 2018 (see Figure 1), the sector was still 5 percent below its prerecession level. While the sector also contracted sharply in New York State during the recession, the loss of jobs was less severe. The nation lost 28 percent of its construction jobs, while New York lost 15 percent.

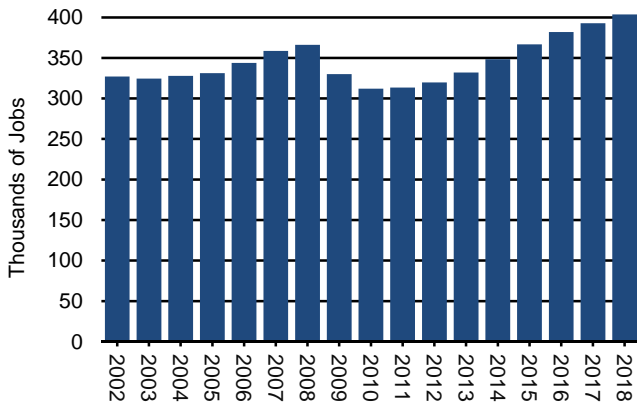
FIGURE 1
National Construction Employment



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

New York has added 91,600 construction jobs since 2010, reaching a record of 398,400 in 2018 (see Figure 2).² This represents an increase of 30 percent, twice as fast as job growth in the rest of the private sector. In 2018, the construction industry was nearly 11 percent larger (38,500 jobs) in New York than it was 10 years earlier.

FIGURE 2
New York State Construction Employment

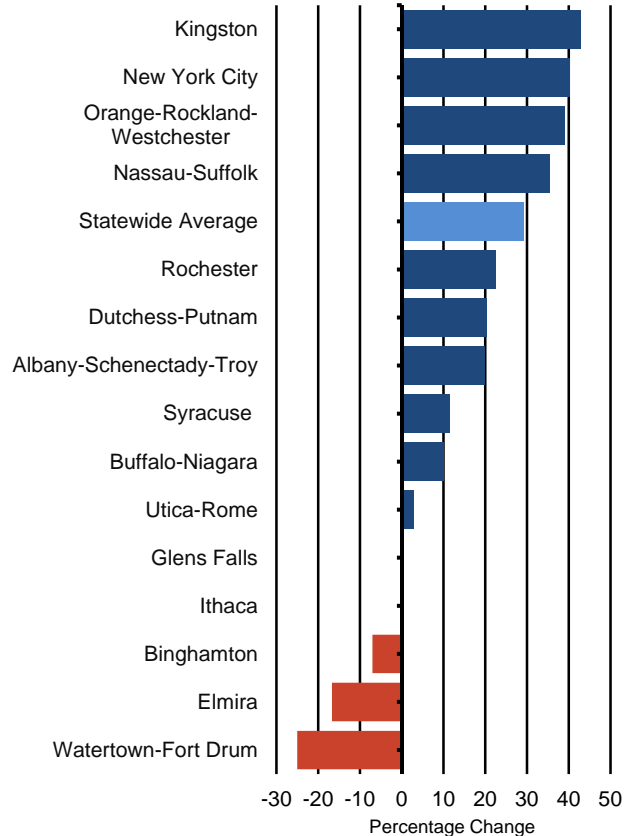


Source: NYS Department of Labor, Current Employment Statistics

In 2018, New York had the fourth largest construction sector in the nation, following California, Texas and Florida. It was also one of only 14 states where construction employment had surpassed the 2006 level, which was the year construction employment peaked nationally.³

The metropolitan areas in New York accounted for about 95 percent of the construction jobs in the State.⁴ Construction employment grew faster in the Kingston (43 percent), New York City (40 percent), Orange-Rockland-Westchester (39 percent) and Nassau-Suffolk (35 percent) areas than in the State (29 percent) between 2010 and 2018 (see Figure 3). Employment in the Binghamton, Elmira and Watertown-Fort Drum areas declined during this period. Construction employment had not returned to the 2008 prerecession level in 30 (mostly located upstate) of the State's 62 counties.⁵

FIGURE 3
Construction Jobs Growth by Metropolitan Area 2010-2018



Note: Employment data includes natural resources and mining.
Sources: NYS Department of Labor, Current Employment Statistics; OSC analysis

In 2010, New York City accounted for about 36 percent of the construction jobs in New York, but accounted for half of the jobs added in the State through 2018. By then, New York City's share of construction jobs had grown to almost 40 percent.

Most of the remaining construction jobs added in the State were in Long Island and the Orange-Rockland-Westchester metropolitan area. Together with New York City, these areas accounted for most (about 86 percent) of the construction jobs added in the State between 2010 and 2018.

New York City

Construction employment in the greater New York City metropolitan area totaled 409,100 in 2018, the highest in the nation (see Figure 4). The area includes not just New York City, but also Long Island, the Lower Hudson Valley and most of northern New Jersey.⁶ The area accounted for 5.1 percent of all construction jobs in the nation.

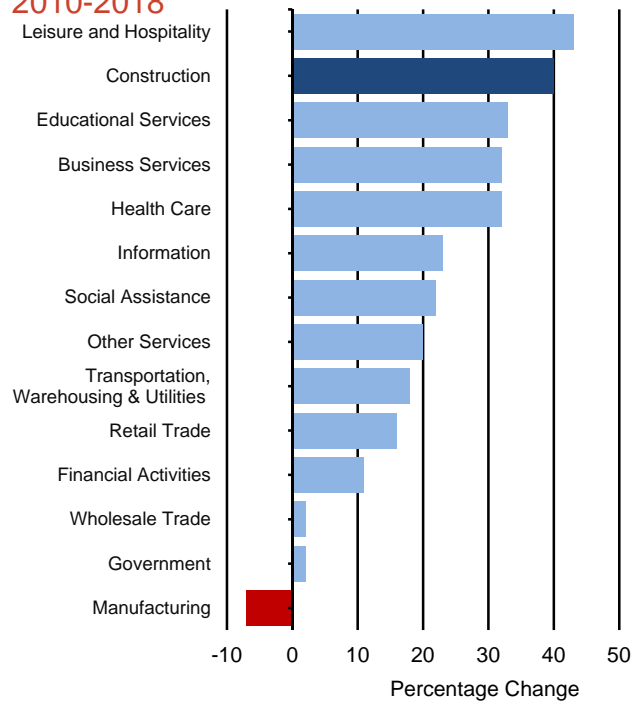
FIGURE 4
Construction Employment
Top 10 Largest Metro Areas, 2018

Metropolitan Area	Employment
New York City	409,100
Houston	300,200
Los Angeles	254,500
Dallas-Fort Worth	220,100
Chicago	180,200
Washington, D.C.	160,700
Miami-Fort Lauderdale	138,200
Atlanta	127,300
Philadelphia	118,100
Boston	117,000

Note: Data includes mining and logging.
Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

Just as in the nation and the State, the recession had a significant impact on employment in New York City. While private sector employment declined in only one year (3 percent in 2009), the construction sector lost 15 percent of its jobs over three years. Overall, private sector job growth resumed in 2010, but growth did not resume in the construction sector until two years later.

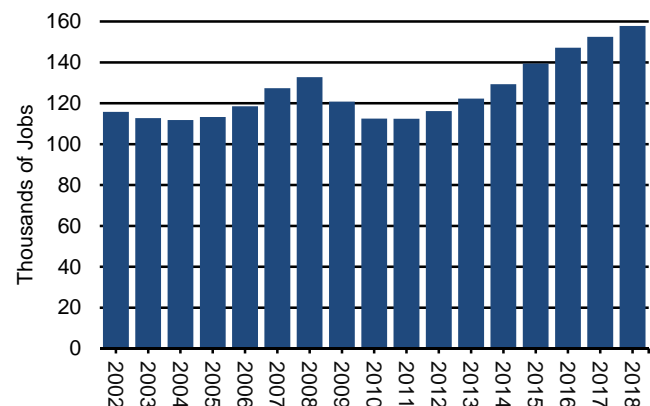
FIGURE 5
New York City Job Growth by Sector
2010-2018



Sources: NYS Dept. of Labor, Current Employment Statistics; OSC analysis

The construction sector in New York City added 45,300 jobs between 2010 and 2018, an increase of 40 percent. It was the second-fastest growing employment sector during this period (see Figure 5), only slightly behind the leisure and hospitality sector (43 percent). By 2018, construction employment reached a record of 157,800 (see Figure 6), 19 percent higher (25,000 jobs) than 10 years earlier.

FIGURE 6
Construction Employment in NYC

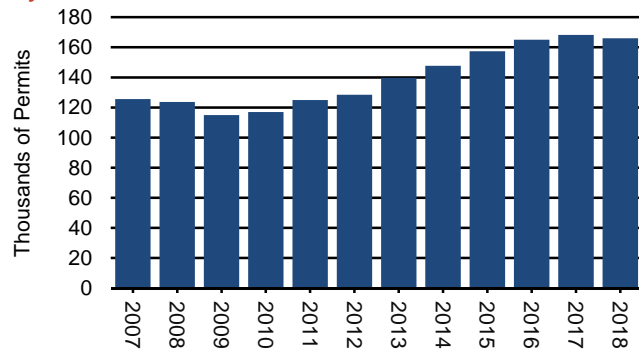


Source: NYS Department of Labor, Current Employment Statistics

Based on data through the first three-quarters of 2018, Queens added the most construction jobs of the five boroughs that make up New York City between 2010 and 2018 (13,500), followed by Manhattan (13,200), Brooklyn (11,100), Staten Island (4,600) and the Bronx (2,800). Staten Island had the strongest growth between 2010 and 2018 (78 percent), followed by Brooklyn (49 percent), Manhattan (44 percent), Queens (33 percent) and the Bronx (29 percent).

A measure of construction activity is the number of permits issued by the New York City Department of Buildings for new buildings, renovations, conversions, demolitions and other projects. The number of permits declined by 8 percent between 2007 and 2009 (reflecting the impact of the recession), but then increased by 46 percent to a record of 168,243 in 2017 (see Figure 7). In 2018, the number of permits declined slightly (1 percent) to 165,988.

FIGURE 7
New York City Building Permits
by Year of Issuance

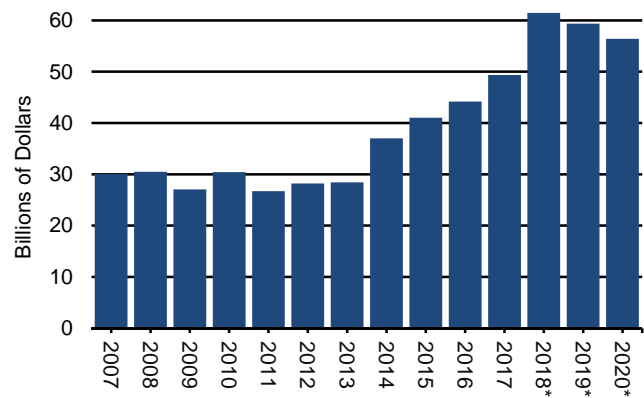


Source: NYC Department of Buildings

Although the total number of permits fell slightly in 2018, those issued for major renovations (which accounted for 81 percent of all permits) increased by 7 percent to a new record of 134,616. While far more permits were issued for Manhattan than any other borough since 2009, Brooklyn had the strongest growth. The fewest number of permits were issued for Staten Island, but it experienced the strongest growth after 2012 as it recovered from Superstorm Sandy.

According to the New York Building Congress, construction spending in New York City (both private and public) averaged less than \$30 billion annually between 2007 and 2013 (see Figure 8). Since then, spending has increased dramatically and was projected to reach a record of \$61.5 billion in 2018. However, spending is expected to ease during the following two years.

FIGURE 8
New York City Construction Spending

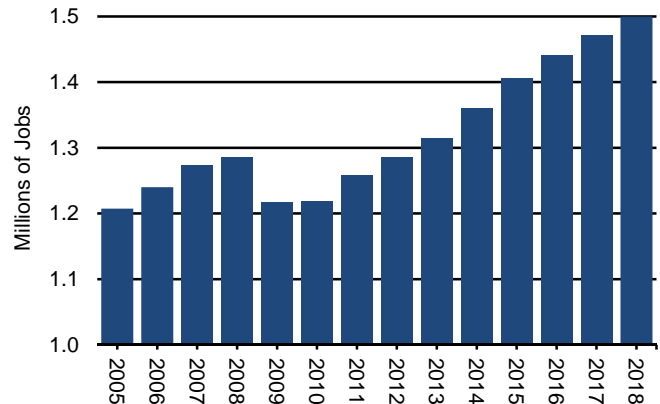


Source: New York Building Congress

*Forecast

Nonresidential construction spending (e.g., for offices and hotels) was expected to account for nearly half of construction spending in New York City in 2018. Since 2010, office employment has grown by 23 percent to a record of 1.5 million jobs in 2018 (see Figure 9).⁷ The amount of rentable office space increased by 20.5 million square feet during this period.⁸

FIGURE 9
New York City Office Employment



Sources: NYS Department of Labor, Current Employment Statistics; OSC analysis

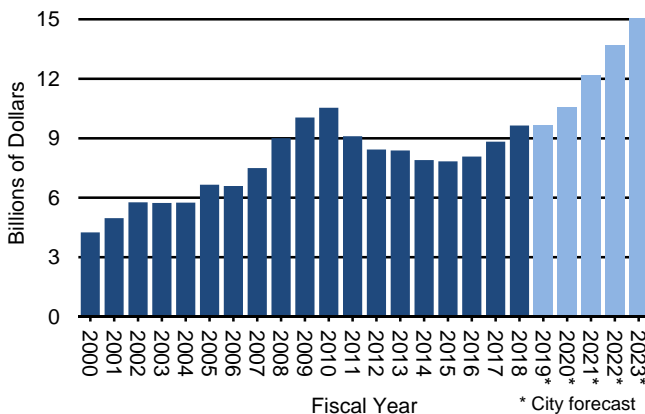
Travel and tourism, which increases the demand for hotels and restaurants, has also stimulated the growth in the construction sector. According to NYC & Company (the City’s official tourism agency), the number of visitors to New York City set a record in 2018 (65.2 million) for the ninth year in a row, stimulating the demand for hotels.⁹

In October 2018, there were more than 600 hotels in New York City with more than 118,400 rooms.¹⁰ This was more than in any other city in the nation other than Orlando and Las Vegas.¹¹ More than one-quarter were built after 2010.¹² Another 17,700 rooms in 92 hotels were under construction as of October 2018.¹³

While private sector construction spending is vulnerable to an economic slowdown, the construction industry could be sustained by the large capital programs planned by the City of New York, the Metropolitan Transportation Authority (MTA) and the Port Authority of New York & New Jersey.

Capital spending by the City of New York peaked in fiscal year (FY) 2010 at \$10.5 billion, but then declined for five consecutive years (see Figure 10). Growth resumed in FY 2016, reaching \$9.6 billion by FY 2018. The City intends to ramp up its capital program in the years ahead, with annual capital spending projected to total \$15.1 billion by FY 2023.¹⁴ Most of these funds will be spent on bridges, roads, schools, housing, water mains and other infrastructure projects.

FIGURE 10
New York City Capital Spending



Sources: NYC Office of Management and Budget; OSC analysis

The MTA spent an estimated \$6.6 billion in calendar year 2018, and its spending is expected to grow given the historic size of the current five-year capital program (\$33.3 billion).¹⁵ Although the current program ends on December 31, 2019, the MTA is contemplating an even larger capital program to address the deterioration in the City’s subways and to maintain the two commuter railroads and nine bridges and tunnels that it operates. For these reasons, capital spending on transportation projects in the New York City region will likely continue to grow for the foreseeable future.

The Port Authority of New York & New Jersey (PA) has embarked upon an ambitious 10-year capital program to restore the region’s airports, bridges and tunnels that it manages. In February 2017, the PA approved direct capital spending of \$29.5 billion in the region, plus another \$2.7 billion to support debt service payments for Phase 1 of the Gateway Project, which would construct a new rail tunnel under the Hudson River connecting Manhattan and New Jersey. The Office of the State Comptroller (OSC) estimates that the PA will spend approximately \$15.3 billion on capital projects in New York City between 2017 and 2021, and will spend another \$9.2 billion in the following five years.¹⁶

Construction Firms

The number of construction firms in New York City has grown by 17 percent since 2010, reaching 14,620 in 2017 (the latest available data). Based on the multiplier utilized by the New York Building Congress, construction firms generated an estimated \$84 billion in economic activity in 2018, representing 10 percent of New York City’s total economic output in that year.

Most firms (89 percent) employed fewer than 20 people and were responsible for one-third of the jobs in the sector (see Figure 11). Two-thirds of the firms were located in Queens (38 percent) and Brooklyn (29 percent). Most of the firms with 500 or more employees were located in Manhattan (60 percent) and Queens (30 percent).

FIGURE 11
Size of NYC Construction Firms, 2017

Size	Number of Firms	Share of Firms	Share of Employees
1 to 19	13,038	89%	34%
20 to 99	1,347	9%	34%
100 to 499	225	2%	27%
500 or more	10	< 1%	5%
Total	14,620	100%	100%

Sources: NYS Department of Labor, Quarterly Census of Employment and Wages; OSC analysis

An estimated 61 percent of the jobs were in firms that ranged in size from 20 to 499 employees. Large firms (those with 500 or more employees) accounted for less than 1 percent of all construction firms in the City and 5 percent of the jobs in the construction sector.

In 2012 (the latest available data), New York City had a higher share of women-owned construction firms (15 percent) than in the rest of the State and the nation (both 9 percent).¹⁷ The City also had a higher share of minority-owned construction firms (63 percent) than in the rest of the State (13 percent) and the nation (24 percent). Most minority-owned construction firms were small.

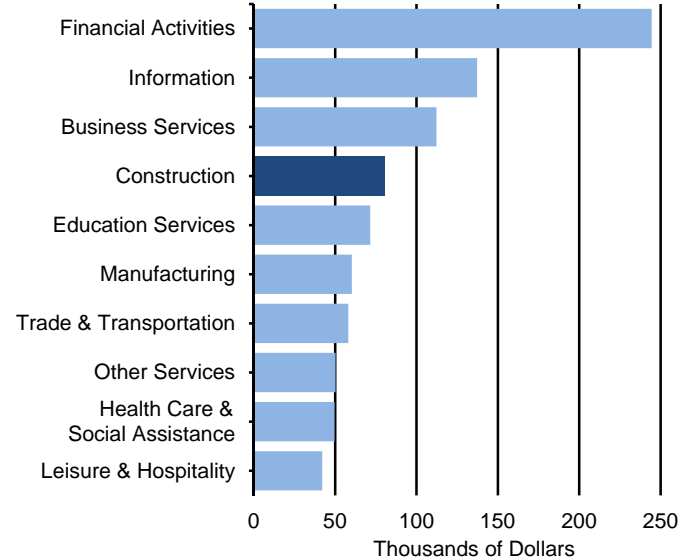
Average Salaries

In 2017, construction was the fourth highest-paying employment sector in New York City, with an average salary of \$80,200 (see Figure 12).¹⁸ While lower than the citywide average in the private sector (\$93,100), it was higher than the private sector average excluding the high-paying finance sector (\$71,800).

Salaries in the construction sector increased by 15 percent between 2010 and 2017, slightly faster than the growth in the rest of the private sector (14 percent). After adjusting for inflation, the average salary was 2 percent higher than the previous peak in 2009. In total, the construction sector was responsible for a record of \$11.9 billion in wages in 2017.

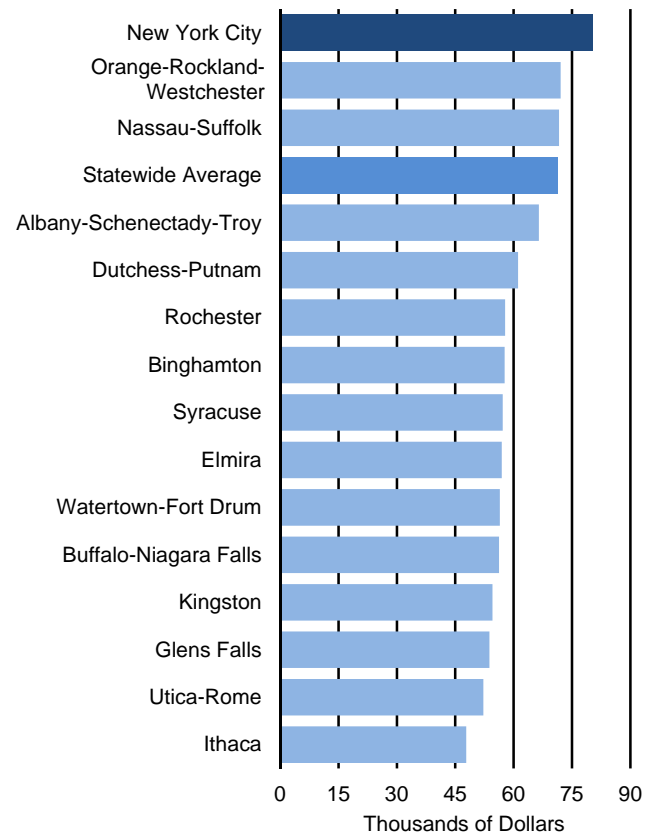
The average construction salary in the City was 12 percent higher than the statewide average for the sector (\$71,400) and the highest among the State's metropolitan areas (see Figure 13).

FIGURE 12
Average Salaries in the Private Sector in New York City (2017)



Source: NYS Department of Labor, Quarterly Census of Employment and Wages

FIGURE 13
Average Salaries in the Construction Sector by Metropolitan Area (2017)



Source: NYS Department of Labor, Quarterly Census of Employment and Wages

Work Force Characteristics

In 2017, there were a total of 267,400 workers in the construction industry in New York City (73 percent were City residents).¹⁹ Most were employed by private companies (82 percent in 2017), a higher share than in the rest of the State (66 percent) and the nation (72 percent). The remaining workers were self-employed independent contractors (14 percent) or employed by government agencies (4 percent). More than one-fifth (22 percent) of the workers in the industry earned more than \$80,000.

The industry encompasses about 100 different construction and non-construction occupations. The most common is laborer, which accounted for almost one-third of the workers in New York City in 2017 (see Figure 13). Other top occupations were carpenters (9 percent), construction managers (7 percent), electricians (7 percent), construction supervisors (6 percent), pipe-layers and plumbers (5 percent), and painters and paperhangers (4 percent).

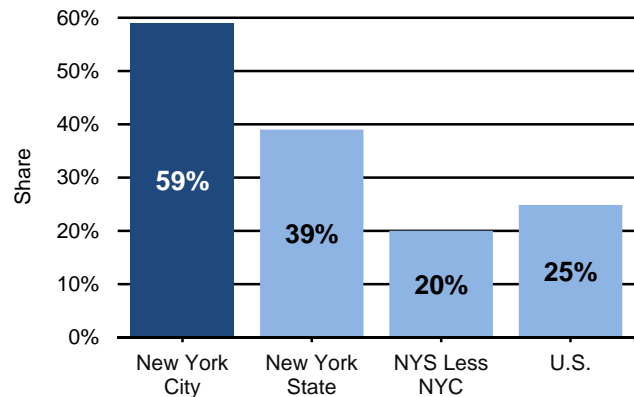
FIGURE 13
Occupations in the Construction Industry
New York City, 2017

Occupation	Share of Workers
Laborers	30%
Carpenters	9%
Construction Managers	7%
Electricians	7%
Construction Supervisors	6%
Pipe-layers and Plumbers	5%
Painters and Paperhangers	4%
Remaining Occupations	32%
Total	100%

Sources: U.S. Census Bureau, American Community Survey; OSC analysis

Non-construction occupations include administrative staff, clerks, truck drivers, accountants, engineers, designers, sales agents, and providers of security services and janitorial services. These occupations accounted for more than one-quarter (29 percent) of the jobs in the construction industry in 2017.

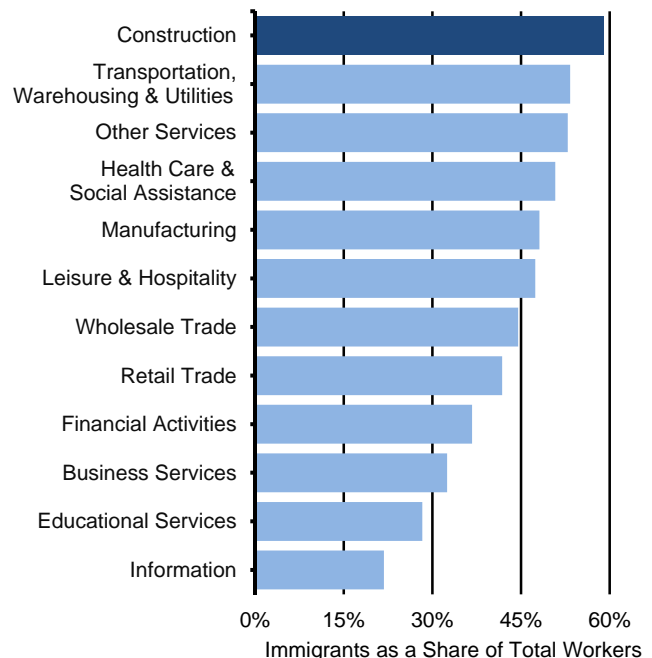
FIGURE 14
Share of Immigrants in Construction, 2017



Sources: U.S. Census Bureau, American Community Survey; OSC analysis

In 2017, immigrants held 59 percent of the jobs in the construction industry in New York City, a much higher share than in the rest of the State and the nation (see Figure 14). Nearly half came from Ecuador, Mexico, the Dominican Republic, Jamaica or China. Overall, the construction industry had the highest share of foreign-born workers of any sector (see Figure 15).

FIGURE 15
Percentage of Foreign-Born Workers in New York City by Employment Sector, 2017



Sources: U.S. Census Bureau, American Community Survey; OSC analysis

The construction industry offers good-paying jobs to workers without a college degree. Nearly 60 percent of the workers had no college experience, higher than in any other sector. These workers earned an average of \$43,300 in 2017, one-third higher than in other industries. By contrast, only one-quarter of the workers in other industries had no college experience. The Building and Construction Trades Council of Greater New York supports pre-apprenticeship programs that prepare New York City residents for careers in the unionized construction industry.

Women represent a small but growing share of the workers in the construction industry. By 2017, they represented 9 percent of the industry in New York City (up from 6 percent in 2007), similar to the shares in the rest of the State and the nation. The number of women in the industry in the City increased by 48 percent between 2007 and 2017.

Hispanics made up the largest share of workers in the industry (40 percent), a higher share than in the rest of the State (17 percent) and the nation (29 percent). Whites accounted for 36 percent of industry workers (compared with 77 percent in the rest of the State), Blacks or African Americans made up 13 percent (compared with 4 percent in the rest of the State) and Asians made up 9 percent (compared with 1 percent in the rest of the State).

More than one-quarter of the jobs in the construction industry in New York State and the New York City metropolitan area were held by union members. According to the Building and Construction Trades Council of Greater New York, there are more than 100,000 unionized construction workers in New York City, representing about two-thirds of the workers in construction occupations.

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- ¹ The construction sector is defined by the North American Industry Classification System (NAICS) as Industry 23. U.S. Bureau of Labor Statistics, Current Employment Statistics.
 - ² New York State Department of Labor, Current Employment Statistics.
 - ³ Construction employment for 2018 is estimated using November year-to-date data, as full year data are not yet available.
 - ⁴ New York State Department of Labor, Current Employment Statistics. The Department of Labor does not report construction employment separately for the metropolitan areas. OSC's estimate of the metropolitan area's share of State construction employment includes natural resources and mining in both the numerator and denominator for comparability.
 - ⁵ New York State Department of Labor, Quarterly Census of Employment and Wages. Data for 2018 are unavailable. 2008 is the prerecession level for construction employment in New York State.
 - ⁶ U.S. Bureau of Labor Statistics. The New York metropolitan area includes: the five boroughs of New York City; the New York counties of Dutchess, Nassau, Putnam, Orange, Rockland, Suffolk, and Westchester; the New Jersey counties of Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex and Union; and Pike County in Pennsylvania.
 - ⁷ Office employment includes jobs in the information, finance and business service sectors and in medical offices. For a discussion of office employment trends, see OSC Report 10-2017, *New York City's Office Market*, February 2017.
 - ⁸ Jones Lang LaSalle Inc., *New York Office Outlook*, quarterly 2007 through 2018.
 - ⁹ NYC & Company, press release, January 16, 2019.
 - ¹⁰ NYC & Company, *Hotel Development in NYC*, October 2018.
 - ¹¹ New York City Department of City Planning, *NYC Hotel Market Analysis, Existing Conditions and 10 Year Outlook*, 2017.
 - ¹² NYC & Company, *Hotel Development in NYC*, October 2018.
 - ¹³ Ibid.
 - ¹⁴ The City of New York, *Fiscal Year 2020 Capital Commitment Plan*, April 2019.
 - ¹⁵ The estimate is based on the MTA's unaudited financial statement for 2018.
 - ¹⁶ Port Authority of New York & New Jersey, *Capital Plan 2017-2026*, February 2017.
 - ¹⁷ United State Economic Census, 2012. Data for 2017 are unavailable.
 - ¹⁸ New York State Department of Labor, Quarterly Census of Employment and Wages. Data for 2018 are unavailable.
 - ¹⁹ U.S. Census Bureau, American Community Survey, 1-year file for 2017.

