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The Construction Sector in New York City: Post-Pandemic Trends

Highlights

- In 2024, New York State had the fourth-largest construction sector in the nation but was one of five states that has not fully recovered from the pandemic job losses.
- New York State's construction employment remains 4 percent (16,300 jobs) below its 2019 level, the second-lowest recovery rate among all states.
- The state's construction sector would have fully recovered if not for New York City, whose construction employment was 11.3 percent (18,200 jobs) lower than in 2019.
- Recovery in residential construction employment, led by remodeling jobs, has been faster than in nonresidential construction employment, due to changes in demand for office space, although both still lag 2019 employment levels.
- Construction spending in the City reached a record high of $68.2 billion in 2023, partly due to rising costs.
- The number of construction firms in the City decreased by 3 percent (479 firms) in 2024, the first annual decline since 2011.
- In 2024, construction was the fifth (out of ten) highest-paying employment sector in New York City, with an average salary of $95,800.
- Immigrants held 61 percent of the construction jobs in New York City, much higher than in the rest of the state (21 percent) and the nation (24 percent).
- The City's construction sector accounted for $28.1 billion in economic activity in 2023.

This report provides an update to the Office of the New York State Comptroller's (OSC) report that found the COVID-19 pandemic had an outsized impact on the construction sector in New York City. By 2020, local sector employment, which had grown robustly in the year prior, fell by 14.4 percent. As of 2024, employment remained far below pre-pandemic levels, in sharp contrast to the nation. Additionally, while sector businesses fared well despite the pandemic due to a proliferation of micro-businesses, in 2024, the number of these micro-businesses declined.

The demand for construction activity has rebounded in the residential sector since 2020, while government spending has been a stabilizing force. However, nonresidential construction remains well below pre-pandemic levels amid changing market demands due to hybrid work policies. Residential construction projects have also slowed after the expiration of the 421-a tax abatement program. While the City's construction jobs have been slow to recover, sector spending on residential, nonresidential and government projects reached a record high of $68.2 billion in 2023, as materials costs have risen. The New York Building Congress (NYBC), a trade association, estimates spending slowed in 2024.

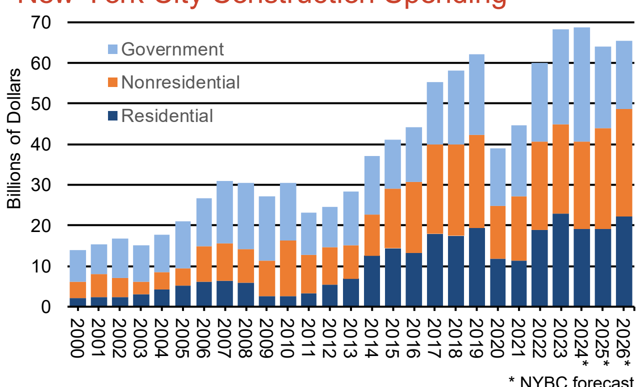
Going forward, the new 485-x and 467-m tax exemption programs created to incentivize the development of, and conversion to, affordable housing, should help boost the construction sector. However, overall construction permits for commercial, industrial or residential purposes have yet to exceed the pre-pandemic peak. Additionally, federal policy choices on support for local projects including the MTA, trade and immigration pose substantial risks to the recovery of the construction sector, which imports materials and largely employs foreign-born workers.

Construction Spending

According to the NYBC, overall construction spending (residential, nonresidential and government) in New York City has fully bounced back from the COVID-19 pandemic, led by government and residential activity. However, nonresidential construction spending remains below pre-pandemic levels, and residential construction spending has fallen from a recent high.

After a 37 percent drop in 2020, construction spending in 2023 reached a record high of $68.2 billion, exceeding the pre-pandemic peak in 2019 by 10 percent (see Figure 1).[1]

FIGURE 1
New York City Construction Spending



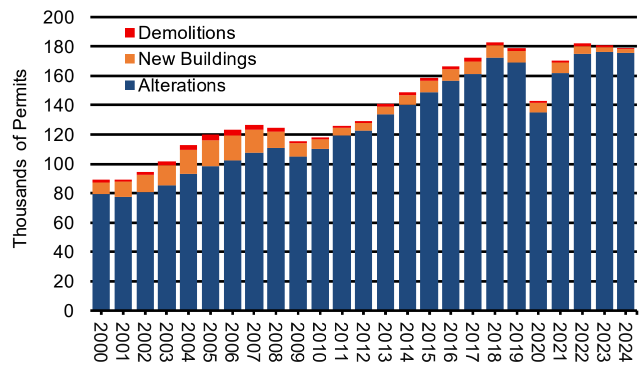
Sources: New York Building Congress; OSC analysis

The increase in construction spending is partly due to the large rise in construction costs. From 2019 to 2023, the construction materials price index increased by 40.8 percent nationally, much faster than the 19.2 percent rise in the all-items price index during the same period.[2]

After 2023, the NYBC estimated spending stalled in 2024, up by just 0.9 percent to $68.9 billion, partly due to elevated interest rates. In its October 2024 forecast, the NYBC expected spending to decrease by 6.9 percent in 2025 and then recover somewhat to reach $65.5 billion in 2026.

Rising prices correspond with increased construction activity, one measure of which is the number of permits issued by the New York City Department of Buildings (DOB). These permits could be issued for new buildings, renovations, conversions, demolitions and other projects for commercial, industrial or residential purposes (see [OSC's report on housing production in New York City](#)).[3] After reaching a record high in 2018, the number of new permits declined through 2020, a large portion of which can be attributed to a slowdown in activity due to the pandemic (see Figure 2).[4]

FIGURE 2
New York City Building Permits



Source: NYC Department of Buildings

The recovery from the pandemic was rapid, with a 27.5 percent increase in the following two years reaching 182,193 permits in 2022—the year 421-a tax abatement program for affordable housing units expired. This level was just 0.2 percent short of the record 2018 level. However, the number of permits declined in 2023 and 2024, indicating that a return to pre-pandemic (2010 to 2019) growth trends (4.5 percent annual average) has not yet occurred. Alteration projects make up most permitted activity, averaging 95 percent of yearly permitted jobs since 2010.

The change in the number of permits differed between the boroughs. In 2024, Manhattan was the only borough with permitting levels below 2019 levels, at only 80.6 percent. As a result, its share of the City's total permitting activity declined from 43.6 percent in 2019 to 35.3 percent in 2024. Other boroughs grew in share as a response, led by Queens growing from 18.2 percent in 2019 to 21.1 percent in 2024.

Residential Construction

Residential construction spending fully recovered from the pandemic by 2023, exceeding its 2019 level by 17.6 percent to reach $22.8 billion. This growth reflects a high demand for housing amid a very low rental vacancy rate.[5]

The NYBC estimated residential spending to have declined by 16 percent in 2024. This decline is partly due to the expiration of the [421-a tax abatement program]() in June 2022. Developers also likely [rushed to start projects]() before the program's expiration, which may have boosted spending levels in 2023.

Residential permits have become a larger share of all permitting activity. Residential projects made up 57.3 percent of permits between 2017 and 2020 and 64.2 percent from 2021 to 2024. In 2022, residential construction permitting rose to its highest level since 2010 amid the expiration of the 421-a program. Over 71,800 housing units were permitted that year, with almost 44 percent (31,405 units) utilizing the program. As in prior years when the expiration of the program approached, the number of permits has declined since 2022.[6]

Residential construction spending is expected to bounce back as the replacement program for 421-a, 485-x (Affordable Neighborhoods for New Yorkers Tax Incentive program), was adopted in April 2024. As a result, spending is forecast to increase by 0.4 percent in 2025 and by 14.9 percent in 2026 to reach $22.1 billion. However, as of May 2025, only 2,600 units have been designated under the new program.[7] The State also enacted the 467-m program last year, which provides tax incentives for the conversion of certain non-residential buildings into residential buildings that include affordable housing.

The success of these programs will help determine whether the City will achieve its housing goals.

Nonresidential Construction

The demand for [commercial real estate]() has softened since 2020 due to the prevalence of work-from-home options. As a result, nonresidential construction spending remains weaker than pre-pandemic levels. Of the three categories of construction spending, nonresidential spending had the worst decline (43 percent) in 2020. By 2023, it was still the only type of spending below its 2019 level, remaining 3.4 percent lower at $22.2 billion.

Like residential construction spending, nonresidential spending was also estimated to have fallen in 2024, decreasing to $21.6 billion as demand remains low. According to Cushman & Wakefield, the office vacancy rate reached a record high of 23.6 percent in the second quarter of 2024, although it has improved since.

The NYBC expects nonresidential spending to exceed its 2019 level in 2025, increasing by 15 percent to $24.8 billion before growing another 7.3 percent in 2026, partly in anticipation of a reduction in interest rates.

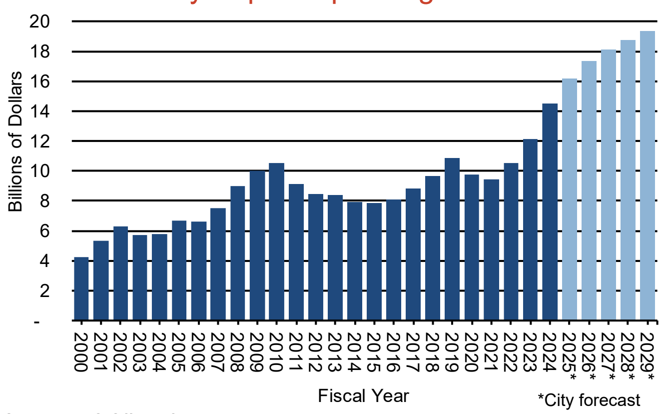
Government Construction

Government construction spending in the City was estimated by NYBC to have decreased by 28 percent in 2020. This decline was the smallest of the three types of spending, likely because during the State's pandemic-related pause on construction, many government construction projects, pursuant to Executive Order 202.6, were deemed essential and allowed to continue, such as those involving the Metropolitan Transportation Authority (MTA), other infrastructure, schools and health care facilities.

In 2023, government spending reached $23.3 billion, 18.1 percent higher than its 2019 level. This level made it the highest among the types of spending that year. Unlike for residential and nonresidential spending, the NYBC estimated that government spending increased in 2024 to a record high of $28.1 billion. In 2025 and 2026, the NYBC expects government spending to decline to a six-year low of $16.7 billion. Planned government capital spending could be at risk if changes in federal support for local projects were to occur. However, government spending may be higher than NYBC's forecast if local entities can reach target capital commitment levels, as the City and the MTA released new capital plans that increased their planned capital commitments.

Actual capital expenditures by the City declined from $10.8 billion in 2019 to $9.4 billion in 2021 (see Figure 3). This decline was related to cutbacks in capital spending to manage the City's finances through the pandemic. For fiscal years 2022 through 2024, capital expenditures rose by $3.7 billion or 34 percent. Going forward, the City is expected to increase capital expenditures substantially, from $16.2 billion in FY 2025 to $19.3 billion in FY 2029, although the City's capital expenditures have trailed targets historically.

FIGURE 3
New York City Capital Spending



Source: NYC Office of Management and Budget

The MTA's 2025-2029 capital plan is the largest one in MTA history and calls for capital investments of $68.4 billion over a five-year period. Over $40 billion is designated for improvements to New York City's subways and buses. Planned projects include the construction of subway stations compliant with the Americans with Disabilities Act (ADA), signal upgrades and enhanced resiliency. Also included in the plan is $3 billion for infrastructure improvements for the nine MTA-owned bridges and tunnels, all of which are in the confines of the City. In addition, the MTA is expected to begin construction on the $5.5 billion Interborough Express, which will link Brooklyn and Queens.

In the four years prior to the pandemic, 2016 through 2019, the MTA committed an average of $7.1 billion per year. Since the COVID-19 pause was lifted, it has increased the pace of commitments. In 2021, the MTA committed $7.7 billion. In 2022, it committed $11.4 billion, a record amount. However, commitments fell to $4.5 billion in 2024, due to uncertainty around the implementation of congestion pricing. In 2025, the MTA's capital commitment goal is $12.6 billion, which would be a new record.

The federal government has recently taken over the management of the Penn Station reconstruction project from the MTA. The project, when it begins, is expected to also increase construction activity in and around the area surrounding Penn Station.

The Port Authority of New York and New Jersey (PA) capital plan for the 10-year period from 2017 through 2026 is projected to cost $37 billion, including $29.5 billion in direct capital investments. The Gateway Project, which is currently underway, will construct a new rail tunnel under the Hudson River. In September 2019, the capital plan was amended, adding $4.8 billion in spending, including an additional $1.6 billion for infrastructure at John F. Kennedy International Airport.

The PA announced plans in February 2024 to replace the Port Authority Bus Terminal in Manhattan with a new 2.1 million-square-foot facility at a cost of $10 billion. Phase 1 is expected to be completed in 2029 and is backed by a $1.9 billion loan from the U.S. Department of Transportation. Phase 1 includes a temporary terminal and new ramps and Dyer Avenue dock-overs. The second phase of the project, which is the completion of the main terminal, is expected in 2032, with park space and office development to help fund the terminal to be completed until 2040.

City Efforts to Support Construction Activity

While the City plays an important role in spurring construction activity via capital spending, it also plays a critical administrative and regulatory role that can impact the amount and pace of private construction activity. The City, most visibly through its Department of Buildings (DOB), employs a number of staff in positions for these purposes—including project managers, inspectors for buildings, electrical, boilers, construction, elevators, hoists and rigging, plumbing, estimators, and plan examiners—to ensure construction work is done safely, in compliance with building codes and according to safety regulations.[8]

The number of DOB staff in construction positions declined to 519 people in March 2024, from over 662 in March 2021. As of March 2025, the number of staff in these positions is more than 21 percent below the 2021 level, suggesting that construction approvals could be slower.

Some metrics suggest construction approvals have already slowed. As of June 2024, it took over eight days longer for permit filings to be approved than in June 2021, a 70.1 percent increase. Construction inspection requests also took four days longer to fill over the period, while electrical inspection requests took over two days and plumbing inspection requests took over one day longer to fill.

The City also administers various tax expenditure programs to spur construction, particularly through incentives that reduce property tax burdens for developers. Despite the sunsetting of the 421-a program, its impact continues to be felt today, with close to $2 billion in annual tax expenditures as of 2025. Other major programs include the J-51 initiative, which supports renovations of rent-regulated housing; the Industrial and Commercial Abatement Program, which encourages commercial and industrial development in underutilized areas; and the Industrial Development Agency, which provides [tax-exempt financing for large-scale commercial projects](). Collectively, these programs accounted for almost $19 billion in foregone revenue cumulatively from fiscal years 2020 to 2025.[9] Key programs in New York City, like 421-a, surpass comparable initiatives by dollars in other cities, such as Philadelphia's 10-Year Property Tax Abatement, and Washington, D.C.'s Housing in Downtown program.[10]

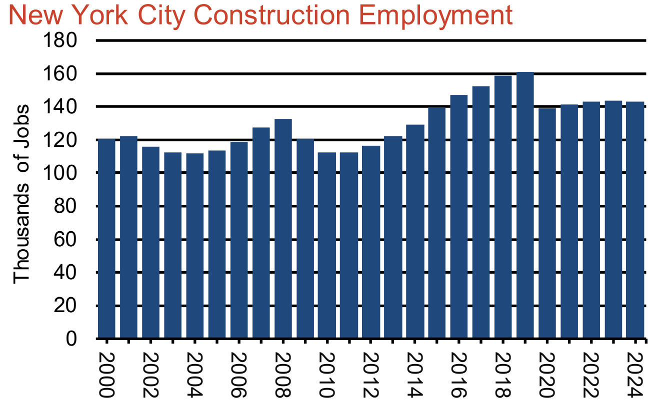
City, State and National Construction Employment

New York City

Varying trends on construction spending types play a direct role in the City's employment levels, which have yet to recover from the devastation of the pandemic. The City's experience stands in contrast to the nation's, whose construction industry recovered pandemic job losses by 2022. Part of the reason for the geographic difference has to do with the makeup of the construction sector; in New York City, sectoral employment is more reliant on the slower-to-recover nonresidential subsector than the nation.

As of the latest figures, construction employment in the City remains below its pre-pandemic level.

FIGURE 4
New York City Construction Employment



Source: NYS Department of Labor, Current Employment Statistics

In 2024, there were 143,100 jobs in the City's construction sector, accounting for 36.7 percent of the State's construction jobs, down from a record high of 39.7 percent in 2019 (see Figure 4). The City's construction employment level was 11.3 percent lower than in 2019, worse than the 4 percent decline for the State.

Construction employment in every borough remains below the 2019 level (see Figure 5). In 2024, Manhattan was the furthest below its 2019 level and the only borough where sector employment remained below 2020 levels. The Bronx experienced the slowest growth since 2020, while Brooklyn has seen the fastest.

FIGURE 5
Construction Employment in the Boroughs

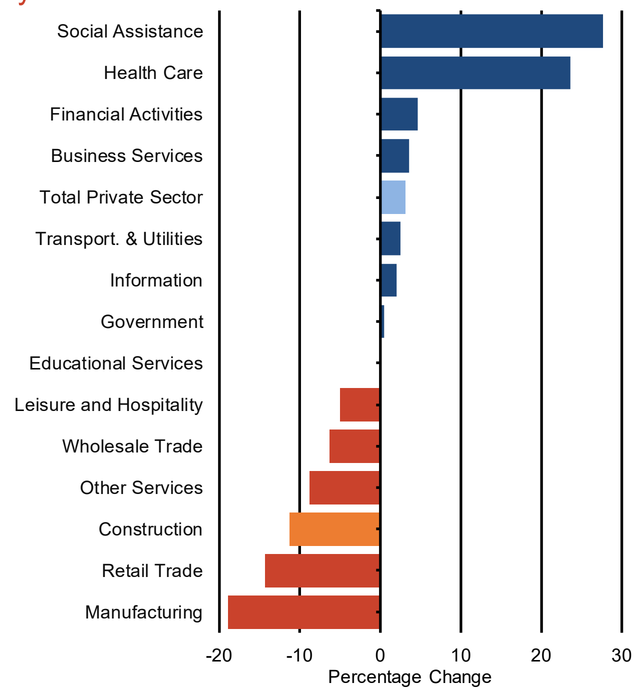
Borough	2019-2024	2020-2024	2024 Share of City
Bronx	-11.3%	1.5%	8%
Brooklyn	-10.1%	7.0%	23%
Manhattan	-17.9%	-2.7%	26%
Queens	-7.8%	5.1%	36%
Staten Island	-5.3%	6.8%	7%
NYC Total	**-11.2%**	**3.2%**	**100%**

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

Citywide, the only sectors that were further behind were the manufacturing and retail trade sectors (see Figure 6). In comparison, the City's total private sector recovered its pandemic job losses in three years and by 2024, was 3.1 percent higher than its 2019 level.

The City's construction sector has experienced especially slow growth since the pandemic, likely due to shifts in demand for commercial space and changes to tax incentives for residential construction. After the sector lost 13.9 percent of its jobs in 2020, employment increased by just 3 percent in the next four years, the slowest growth out of all major private sectors. In comparison, overall private sector employment increased by 17.4 percent during the same period.

FIGURE 6
Change in New York City Employment by Sector 2019-2024



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

In 2024, construction employment stalled and declined by 500 jobs. As a result, the City regained only 19 percent of its pandemic job losses that year. In the first five months of 2025, employment continued to decline.[11]

Since 2020, growth has varied among the industries within the City's construction sector, led by demand for new and renovated building space for residential use. This growth contrasts with the slowdown in nonresidential construction, as demand for new commercial real estate declined. As a result, the nonresidential construction industries had slower growth when compared to their residential counterparts in the four years since the pandemic.

The specialty trade contractors industry subsector, (i.e., plumbing and HVAC, electrical, masonry, drywall and insulation contractors)—which accounts for 62 percent of the construction sector—increased by just 0.1 percent (119 jobs) from 2020 to 2024 as job losses in the nonresidential portion of the sector nearly offset the gains in the residential portion.[12] During this period, employment in the residential portion increased by 9 percent while that of the nonresidential portion decreased by 6.2 percent. Both portions currently remain below 2019 levels.

In the construction of buildings industry subsector—which accounts for 32 percent of the construction sector—employment increased by 8.8 percent (3,583 jobs) from 2020 to 2024. Within this industry, the residential portion increased by 13.6 percent, more than four times faster than the nonresidential portion. While the residential portion accounted for 56 percent of the construction of buildings industry jobs in 2020, it was responsible for 86 percent of the related jobs added from 2020 to 2024, particularly due to residential remodeling. According to the NYBC, most of the residential floor space constructed in 2024 was through alteration and renovation work. As a result, the residential remodelers industry has exceeded its 2019 level, the most of any industry within the construction sector.

In the heavy and civil engineering industry—which accounts for the remaining 6.7 percent—employment increased by 7.3 percent (629 jobs) from 2020 to 2024. Within this industry, highway, street and bridge construction accounted for 74 percent of the jobs added.

New York State

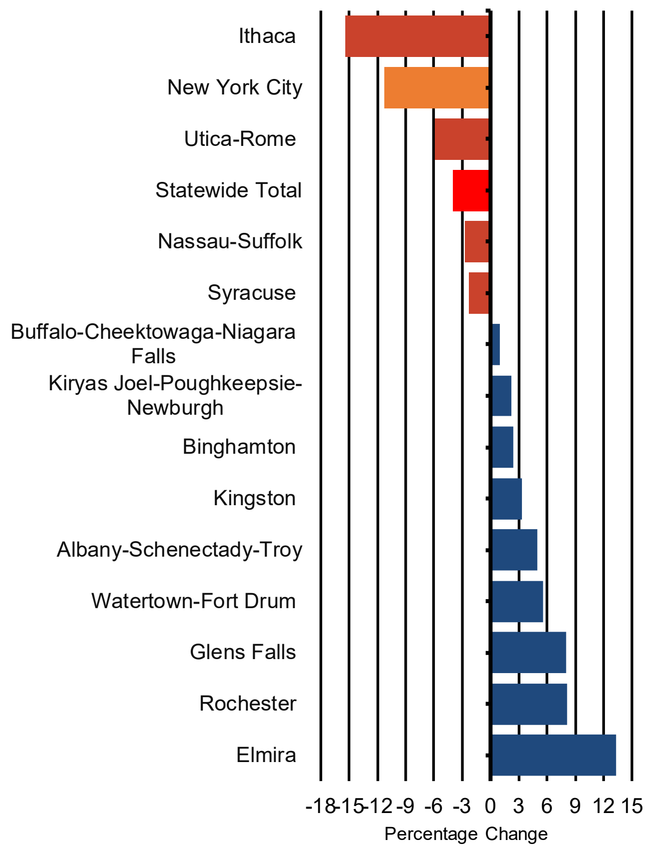
New York State's construction sector is highly dependent on the City and therefore has yet to fully recover as well. Since 1990, when the data series began, New York has had the fourth-largest construction sector in the nation, after California, Texas and Florida. However, New York's share of the nation's construction jobs declined from a peak of 6.1 percent in 1990 to 4.8 percent in 2024. This drop is because by 2024, the New York construction sector had the second-worst decline (-4 percent) in the nation when compared to the 2019 level, behind only West Virginia (-4.5 percent). The only other states that had not yet recovered from the pandemic were Maryland, Louisiana and Pennsylvania.

Metropolitan areas accounted for 85 percent of the state's construction jobs in 2024.[13] In five of the 14 metropolitan areas in the state, construction employment was below its 2019 level (see Figure 7). Ithaca, New York City, and Utica-Rome were the only three areas that were further behind in their recovery than the state overall. Despite its slow growth, the New York City area still comprises the state's largest construction sector.

New York State's construction employment, led by growth in the City, recovered from the Great Recession by 2015 and continued growing to a record high of 406,700 jobs in 2019 (see OSC's

FIGURE 7

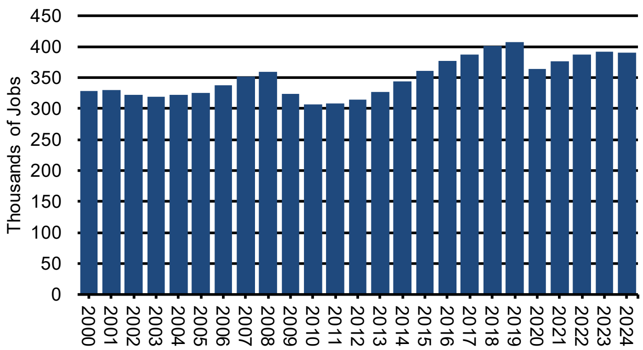
Percent Change in Construction Jobs by New York State Metropolitan Area, 2019 to 2024



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

[2019 Construction Report](); see Figure 8).[14] In 2020, the state's construction employment declined by 10.6 percent (43,300 jobs), over three times worse than the nation's decline (3.1 percent).

FIGURE 8
New York State Construction Employment



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

With the steeper drop, New York's construction sector has yet to fully recover from its 2020 pandemic losses. Also, in 2024, the sector's recovery stalled as construction employment lost 2,300 jobs (0.6 percent) even as the nation's sector increased. As a result, the state's construction employment remains 4 percent below its 2019 level. Unlike the recovery from the Great Recession, this recent recovery period has been dragged down by New York City. If the City were excluded, the state's construction employment would have exceeded its 2019 level by 0.8 percent (1,900 jobs). In comparison, the state's overall private sector reached a record high in 2024, exceeding its 2019 level by 1 percent.

United States

Construction employment in the greater New York City metropolitan area totaled 388,700 jobs in 2024, the highest of any metropolitan area in the nation (see Figure 9). The area includes not just New York City, but also Long Island, the lower Hudson Valley and most of northern New Jersey.[15] The area accounted for 4.4 percent of all construction jobs in the nation.

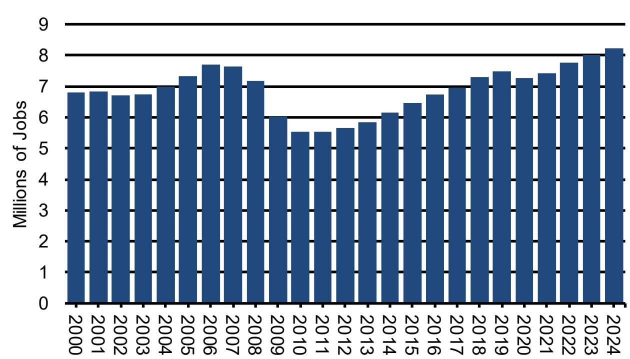
FIGURE 9
Construction Employment
Top 10 Largest Metropolitan Areas, 2024

Metro Area	Employment
New York City	388,700
Houston	310,700
Los Angeles	258,400
Dallas-Fort Worth	254,000
Phoenix	184,000
Chicago	181,300
Washington, D.C.	165,600
Atlanta	152,900
Seattle	125,600
Philadelphia	124,400

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

The experience of the City and state construction sectors are very different from that of the nation. Before the U.S. construction sector could fully recover from the Great Recession, the COVID-19 pandemic led to a loss of 236,000 jobs in 2020 (see OSC's 2021 Construction Report). In the next two years, employment fully recovered, and by 2024 reached a record high of 8.2 million jobs in 2024 (see Figure 10). In total, from 2020 to 2024, U.S. construction employment increased by 13.2 percent, more than the 12 percent increase across the private sector overall.[16]

FIGURE 10
National Construction Employment



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

Workforce Characteristics

In 2023, there were a total of 247,400 workers in the construction sector in New York City (70 percent were City residents).[17] Most were employed by private companies (79 percent in 2023), a higher share than in the rest of the State and the nation. The remaining City workers were self-employed independent contractors (15 percent) or employed by government agencies (6 percent). The median earnings of construction workers in 2023 was $50,000, lower than the citywide median of $60,000.

The sector encompasses 130 different construction and nonconstruction occupations. The most common is laborer, which accounted for 29 percent of the workers in New York City in 2023 (see Figure 11).

FIGURE 11
Occupations in the Construction Sector
New York City, 2023

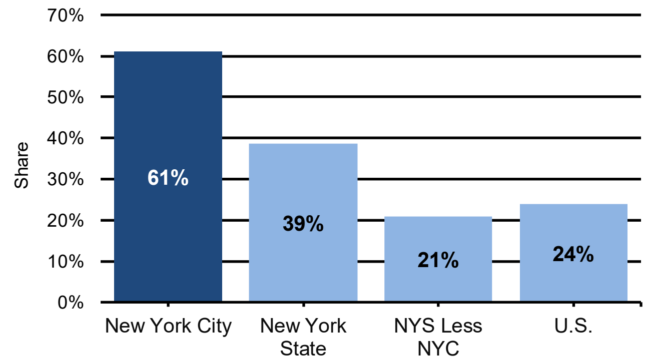
Occupation	Share of Workers
Laborers	29%
Construction Managers	9%
Carpenters	9%
Electricians	7%
Plumbers, Pipefitters and Steamfitters	5%
Painters and Paperhangers	4%
Construction Supervisors	4%
Remaining Occupations	33%
Total	**100%**

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

Nonconstruction occupations include administrative staff, engineers, maintenance workers, truck drivers, accountants, sales agents, and providers of security services and janitorial services. These occupations accounted for nearly one-third (31 percent) of the jobs in the construction sector in 2023.

In 2023, immigrants held 61 percent of the jobs in the construction sector in New York City, a much higher share than in the rest of the State and the nation (see Figure 12). It was also higher than the citywide workforce share of 41 percent. More than two-thirds (69 percent) of the foreign-born construction workers in the City were from Latin America, while 16 percent were from Europe and 13 percent were from Asia. Overall, the construction sector had the highest share of [foreign-born workers of any sector in the City](). The composition of the labor force and recent immigration enforcement actions by the federal government have the potential to disrupt ongoing projects and the labor pool for the industry as a whole. Some economists expect net immigration nationally to decline this year for the first time in 50 years.[18]

FIGURE 12
Share of Immigrants in Construction, 2023



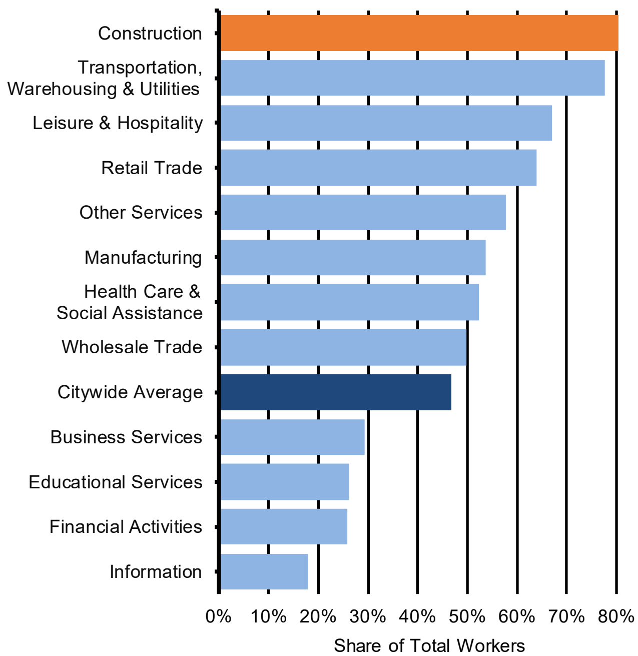
Sources: U.S. Census Bureau, American Community Survey; OSC analysis

Hispanics made up the largest share of workers in the sector (44 percent), a higher share than in the rest of the state and the nation. Whites accounted for 33 percent of sector workers (compared with 72 percent in the rest of the state), Blacks or African Americans made up 11 percent (compared with 3 percent in the rest of the state), and Asians made up 8 percent (compared with 1 percent in the rest of the state).

The female share of the City's construction workers declined since the pandemic. By 2023, women represented 8 percent of the sector in New York City, down from 9.5 percent in 2019. The City's share was also lower than that of the rest of the state and the nation.

The construction sector offers decent-paying jobs to workers who have not earned a bachelor's degree. Over 80 percent of workers did not earn a bachelor's degree, higher than in any other sector (see Figure 13). By contrast, only 45 percent of the workers in other sectors did not earn a bachelor's degree. Construction workers without a bachelor's degree earned an average of $57,100 in 2023, 15 percent more than the citywide average of those without a bachelor's degree.

FIGURE 13
Percentage of Workers in New York City Without a Bachelor's Degree by Sector, 2023



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

Around one-fifth of the jobs in the construction sector in New York State (20.7 percent) and the New York City metropolitan area (19 percent) were held by union members in 2024. Both shares were down significantly from just 10 years ago (31.3 percent and 27.4 percent in 2014, respectively). According to the Building and Construction Trades Council of Greater New York, there are about 100,000 unionized construction workers in New York City, representing more than half of the workers in construction occupations.

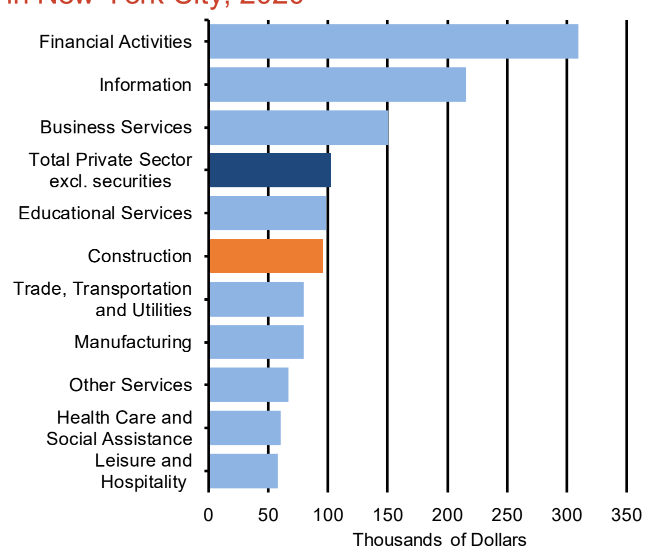
The Building and Construction Trades Council of Greater New York supports pre-apprenticeship programs that prepare New York City residents for careers in the unionized construction sector, as does the City through its initiative to place low-income residents in industrial and construction careers.[19]

Average Salaries

In 2024, construction was the fifth (out of 10) highest-paying employment sector in New York City, with an average salary of $95,800 (see Figure 14). The average construction salary in the City was 7.6 percent higher than the statewide average for the sector ($89,000) and the highest among the state's metropolitan areas.

The City's construction average salary has fallen behind the rest of the private sector since the pandemic. Before the pandemic, while the average construction salary was never higher than the citywide average in the private sector, it was always higher than the citywide average when the high-paying securities sector is excluded. In the five years before the pandemic, the average salary in the construction sector increased faster than in

FIGURE 14
Average Salaries in the Private Sector in New York City, 2020



Source: NYS Department of Labor, Quarterly Census of Employment and Wages the overall private sector (13.3 and 10.6 percent, respectively).

However, in the next five years, from 2019 to 2024, the average salary in construction grew slower, at 14.2 percent, than the overall private sector average when excluding the securities sector, at 24.5 percent. This increase was the smallest among all sectors in the City. As a result, in 2024, the average salary in construction ($95,800) was 6.3 percent lower than the overall private sector average when excluding the securities sector ($102,300). When adjusted for inflation, the average salary in construction declined by 5 percent from 2019 to 2024.

From 2019 to 2024, total wages in construction increased by just 1.4 percent, the second-slowest out of all sectors, behind only manufacturing. In comparison, overall private sector total wages increased by 27.9 percent during the same period. In 2024, construction accounted for a record low of 2.7 percent of the total wages in the citywide private sector, down from a peak of 3.5 percent in 2018.

Construction Firms

Unlike employment, the number of construction firms in New York City did not decrease in 2020. In 2024, the number of construction firms exceeded its 2019 level by 2 percent (307 firms).[20] As a general trend, micro-businesses (firms with fewer than five employees) grew during the pandemic.[21]

However, in 2024, the number of firms decreased by 3 percent (479 firms), the first annual decline since 2011, and the largest and fastest one-year drop since the data series began in 2001. The decline was widespread, as firms in all five boroughs declined. Manhattan had the fastest decline in 2024, decreasing by 4.6 percent (110 firms) though this continued a downward trend in the only borough where the number of construction firms was below its 2019 level.

The number of construction firms in the City did not decline in 2020 because of the 7.7 percent increase from micro-businesses, which more than offset the decreases that every other size category experienced. However, in the four years since, firms with fewer than five employees have dragged down total firm growth as the number of firms in this category declined by 0.8 percent. This decline may be because these small firms expanded by hiring more employees as the number of firms with five to nine employees increased during the same period. In contrast, in the total private sector, the number of firms increased during the same period.

In 2024, most firms (91.1 percent) employed fewer than 20 people and were responsible for over one-third (34.8 percent) of the jobs in the sector (see Figure 15). Two-thirds of these firms were in Queens (39 percent) and Brooklyn (30 percent).

FIGURE 15
Size of NYC Construction Firms, 2024

Size	Number of Firms	Share of Firms	Share of Employees
1 to 19	14,146	91.1%	34.8%
20 to 99	1,170	7.5%	33.5%
100 to 499	206	1.3%	26.7%
500 or more	10	0.1%	5.0%
Total	**15,532**	**100%**	**100%**

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

Firms with 100 or more employees accounted for just 1.4 percent of all construction firms in the City. However, almost a third (31.6 percent) of the sector employees worked in these firms, though this is a lower share than in 2019 (33.7 percent). Most of these large firms were in Queens and Manhattan (40 percent and 32 percent, respectively).

Economic Activity

The City's construction sector accounted for $28.1 billion in economic activity in 2023, 3 percent higher than the 2019 level.[22] However, when adjusted for inflation, the construction share of the gross City product (GCP) declined from 2.5 percent in 2019 to a record low (data series started in 2001) of 1.8 percent in 2023 as other sectors such as the information and professional and business services industries took on significantly larger roles over the period.

From 2019 to 2023, after adjusting for inflation, the construction sector GCP declined in every borough. Manhattan's construction GCP, which had the largest share (38 percent in 2019) of the City's construction sector, also had the largest decline from 2019 to 2023, dropping by 35.8 percent. The Bronx had the smallest decline, decreasing by 10.7 percent.

Outlook

After years of stronger growth than seen nationwide, the construction sector in New York City was severely impacted by the COVID-19 pandemic, experiencing a double-digit decline in employment. While the industry began to regain jobs the following year, it is far from fully recovered and may not reach pre-pandemic levels for the next several years given significant risks ahead. Recent growth has been concentrated in residential construction, with construction of infrastructure providing some stability.

Federal immigration policy changes are likely to keep the local construction labor pool suppressed and could impact critical residential, nonresidential and government projects. Given policy changes made by the federal administration in 2025, economists expect net immigration nationally to decline this year for the first time in 50 years. The City's construction sector would be among the hardest hit by these changes, as it is largely employs foreign-born, Hispanic workers. In addition, federal trade policy may also impact materials costs, which have risen substantially in recent years.

That said, the construction industry is likely to face continued challenges before it reaches a full employment recovery. Spending on residential and government projects has surpassed pre-pandemic levels, but will likely need to stay above these levels for the combined sector to reach pre-pandemic employment, a challenging feat. Residential construction is expected to slow given the expiration of the 421-a tax abatement program that boosted permitting in 2022. It remains to be seen whether the 485-x and 467-m programs will provide the necessary boosts to the industry.

While government construction spending exceeded residential and nonresidential spending during the early part of the pandemic, planned government capital spending could be at risk if changes in federal support for local projects were to occur. Nonresidential construction has improved but continues to be impacted by remote work policies and all forms of construction could continue to be affected by elevated interest rates.

The City can take steps to improve the operating environment for the industry as well. Permit filings are taking longer to approve by DOB, and construction, electrical and plumbing inspection requests are taking longer to fill. Longer-than-anticipated timelines could mean greater costs and fewer projects than required to adequately serve the residents of the City. The City can improve staffing or leverage technology to improve permitting times and increase the pace of construction.

Ultimately, a number of factors, many out of the City's control, will affect the composition of growth in the construction sector. The City must continue to monitor the health of the sector and tweak its policy and operational responses, where possible, to encourage the development of infrastructure and buildings that will provide the foundation for local economic growth.

Endnotes

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[13] New York State Department of Labor, Current Employment Statistics. While the Department of Labor reports construction separately for the State, it does not report construction separately (includes natural resources and mining) for metropolitan areas. The Office of the New York State Comptroller's (OSC) estimate of the metropolitan area's share of State construction employment includes natural resources and mining in both for comparability.
[14] New York State Department of Labor, Current Employment Statistics.
[15] U.S. Bureau of Labor Statistics. The New York City metropolitan area includes the five boroughs of New York City; the New York counties of Nassau, Putnam, Rockland, Suffolk, and Westchester; the New Jersey counties of Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex and Union.
[16] U.S. Bureau of Labor Statistics, Current Employment Statistics. The construction sector is defined by the North American Sector Classification System (NAICS) as Sector 23.
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