NEW YORK BUILDING CONGRESS

New York Building Foundation



2026-2028 NEW YORK CITY CONSTRUCTION OUTLOOK REPORT

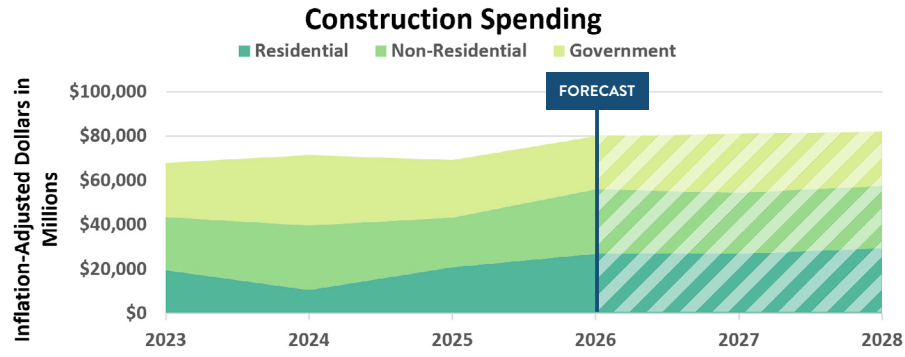
SPENDING

The New York Building Congress forecasts $79.8 billion in New York City construction spending by the end of 2026. This represents a $10 billion year-over-year increase in construction spending, adjusted for inflation. Trends indicate a healthy, robust industry with projected growth tempered only by interest rate hikes and other uncertainties at the federal level.

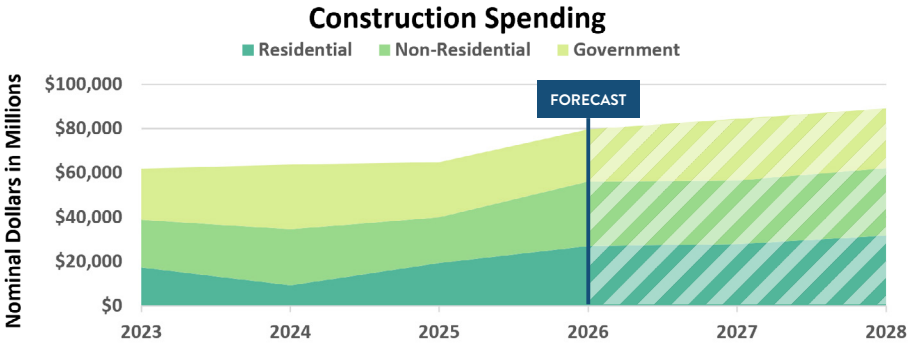
When compared to the prior three-year period from 2023-2025, inflation-adjusted spending is projected to grow by 16%, while nominal spending (not adjusting for inflation) is projected to grow at a staggering 33%. The wide gap between nominal and constant dollars spent is clear-cut evidence of persistently high inflation, but most importantly, an industry showing real growth, and an overall positive trajectory. Despite high interest rates, tariff uncertainty, and escalating material costs that have stymied growth in prior years, spending this year is up 15%, after adjusting for inflation, compared to 2025. Inflation-adjusted spending is expected to reach $242.9 billion ($253.6 billion, in nominal dollars) over the upcoming three-year period, growing from $81 billion in 2027 to $82 billion by 2028. In nominal dollars for all sectors, total construction spending is forecasted to increase to $89 billion in 2028, moving up from $84.5 billion in 2027.

The sectors experiencing the greatest year-over-year growth and spending in 2026 are residential, entertainment and recreational, educational buildings, and government service buildings.

As a share of U.S. construction spending, New York City has consistently accounted for 3% of all dollars spent nationwide on an annual basis in the past 5 years.[1] As of 2025, gross construction output topped $2.55 trillion dollars nationwide with some 6.4 million construction workers employed, thus representing 4.1% of national employment.[2]



Inflation-Adjusted Dollars in Millions	Actual			Forecast		
	2023	2024	2025	2026	2027	2028
Residential	19,465	10,555	20,843	26,982	26,822	29,361
Non-Residential	23,957	29,078	22,393	29,102	27,615	28,233
Government	24,549	31,881	26,075	23,752	26,576	24,427
Total	**67,971**	**71,514**	**69,311**	**79,836**	**81,013**	**82,021**



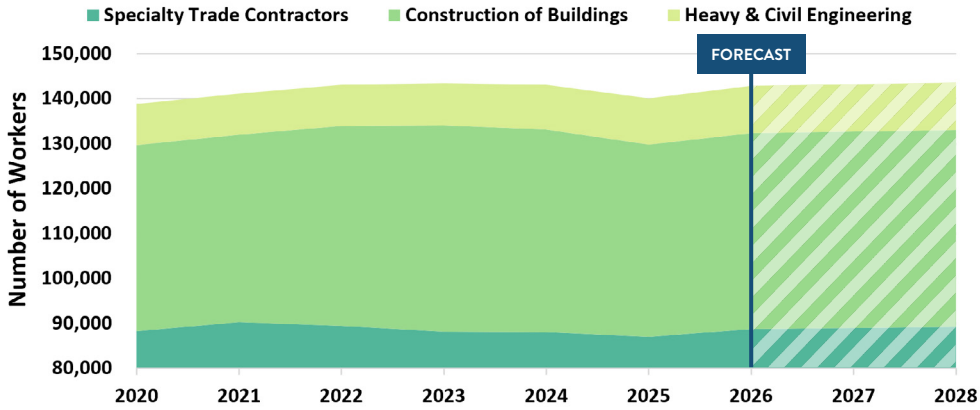
Nominal Dollars in Millions	Actual			Forecast		
	2023	2024	2025	2026	2027	2028
Residential	17,434	9,216	19,272	26,982	27,902	31,772
Non-Residential	21,457	25,388	20,705	29,102	28,726	30,551
Government	22,994	29,279	25,041	23,752	27,905	26,931
Total	**61,885**	**63,883**	**65,018**	**79,836**	**84,533**	**89,254**

1 https://www.census.gov/construction/c30/current/index.html
2 https://www.bls.gov/news.release/ocwage.nr0.htm

EMPLOYMENT

Private sector construction employment is expected to grow modestly over the next three years. The Building Congress anticipates employment in the construction of buildings, heavy and civil engineering, and specialty trades to total 142,855 jobs in 2026, 143,212 in 2027, and 143,569 in 2028. The 2026 employment forecast is more than 2,700 jobs higher than 2025, corresponding with the growth in overall construction activity. With the ongoing rise in construction costs, construction jobs per $1 million in spending have dropped from a pre-pandemic average of 2.7 between 2017-2019, to 1.8 in 2026.

CONSTRUCTION EMPLOYMENT

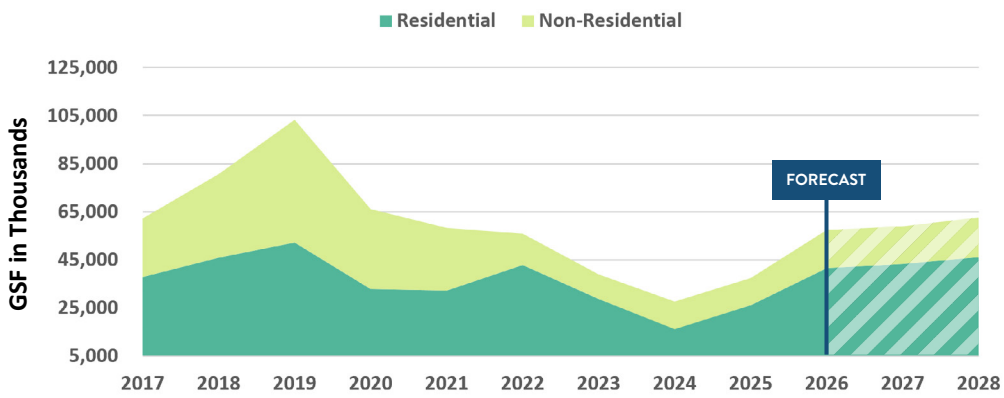


Construction Employment	Actual			Forecast		
	2023	2024	2025	2026	2027	2028
Specialty Trade Contractors	88,125	88,033	87,021	88,736	88,958	89,179
Construction of Buildings	45,900	45,158	42,787	43,630	43,739	43,848
Heavy & Civil Engineering	9,450	9,842	10,286	10,489	10,515	10,542
Total	**143,475**	**143,033**	**140,094**	**142,855**	**143,212**	**143,569**

FLOORSPACE

2025 saw 37 million gross square feet (GSF) built. The Building Congress predicts this year will see an increase, ending the year with over 57 million GSF built. This figure is expected to increase in the following two years, to 59 million in 2027 and 63 million in 2028. Approximately 72% of floorspace construction predicted in 2026 will be residential development – which, for the first time in several years, is driven primarily by new projects, namely large residential buildings in rezoned areas. A high share of alteration and renovation work does still persist, particularly via office-to-residential conversion projects.

Floorspace Constructed



Floorspace Constructed (GSF in Thousands)	Actual			Forecast		
	2023	2024	2025	2026	2027	2028
Residential	28,794	16,211	26,081.5	41,576	43,377	46,154
Non-Residential	10,185	11,497	11,217.4	15,766	15,562	16,551
Total	**38,979**	**27,708**	**37,299**	**57,342**	**58,939**	**62,705**

RESIDENTIAL

In the residential sector, building permits are expected to be issued for nearly 31,500 new units in 2026, significantly more than in 2025 and 2024. From 2020-2025 the average number of housing units built per year was roughly 20,000. This year we're expecting more than a 50% increase from this average, which can be attributed to several factors: large-scale rezonings (such as in Gowanus, Long Island City, and Midtown South), the City of Yes initiative reducing zoning hurdles on small to medium developments, and more office-to-residential conversions. Increased FAR caps following new rezonings, particularly those in Midtown, have helped facilitate office-to-residential conversions, and have had a clear, significant impact in new housing unit development. Housing growth could continue further with improvements to the 485-x tax incentive program, as well as with additional rezonings around upcoming transportation hubs such as the IBX and 2nd Avenue Subway expansion routes. These new housing investments are also more costly on average – construction costs have risen from $174,000 in 2025 to $184,700 per unit in 2026. Including renovations, today's capital spent on residential construction now averages $649 per square foot of floorspace and may amount to roughly $27 billion by year-end 2026. Year over year, residential costs per square foot have decreased by 12%, while per unit costs have increased by 6%, which suggests new development projects are increasingly focused on larger, market-rate apartment units with more amenity space. Given continued housing demand and unit cost pressures associated in part with imported building materials, new and rehabilitated residential spending is likely to continue to rise for the foreseeable future.

Compared to the previous three-year period, forecasted residential spending for 2026 to 2028 is expected to be up 64%, after adjusting for inflation, an increase of about $32 billion. Residential investment in new development, rehabilitation, and interior renovation accounts for 34% of the share in construction spending in 2026, up from a 30% share the prior year. By 2027, nominal residential investment is projected to increase, from $27.9 billion to $32 billion in 2028.

Dwelling Units					
Actual			Forecast		
2023	2024	2025	2026	2027	2028
9,504	27,241	19,724	31,442	32,803	34,904

NON-RESIDENTIAL

Non-residential spending, which includes office space, manufacturing, retail, hotels, education, healthcare, entertainment venues, and recreational facilities, is expected to reach $29 billion in 2026, growing more than $6.7 billion year over year, and over 15.7% compared to the prior three-year average, adjusting for inflation. Spending is expected to reach $55.8 billion (when adjusting for inflation) between 2027 and 2028. The share of spending in the non-residential sector is projected to reflect 36% of all construction spending in 2026, up from 31% in 2025.

Sectors within the non-residential category showing significant spending or new year-over-year growth include:

Amusement, Social, And Recreational Buildings:

Casino development is expected to drive substantial construction activity within this sector. The three licensed projects represent approximately $17.6 billion in planned investment: Hard Rock Metropolitan Park near Citi Field ($8.1 billion), Resorts World's expansion at Aqueduct ($5.5 billion), and Bally's Bronx at Ferry Point ($4 billion).

Government Service Buildings:

Spending growth in this sector is largely driven by the Borough-Based Jails program, as work advances on four facilities replacing the jails on Rikers Island. DDC lists awarded design-build contracts of approximately $2.95 billion for Brooklyn, $3.76 billion for Manhattan, $3.98 billion for Queens, and $2.97 billion for The Bronx.

Educational Buildings:

Educational construction is supported by investment in additional school capacity and the modernization of existing facilities. One key highlight is SCA's proposed $20.97 billion FY2025–2029 capital plan which funds new classrooms alongside major building improvements, including electrification.

Office and Bank Buildings:

Office construction continues to see substantial large-scale development, though spending is expected to ease slightly from its 2025 high. Major project starts scheduled for 2026 include American Express's planned 2 million-square-foot headquarters at Two World Trade Center and the $1 billion office tower at 625 Madison Avenue. The $200 million redevelopment of 460 Park Avenue also began in 2026, adding to office renovation spending. Additional planned tower construction starts include the Citadel-anchored 350 Park Avenue, where demolition began in 2026, and the Grand Hyatt redevelopment at 175 Park Avenue. Historically, over the prior ten years, nonresidential construction spending has outpaced residential spending, but going forward to 2028, this relationship is expected to flip, driven by the sky-high demand for housing in NYC.

GOVERNMENT

Capital investment in public facilities and infrastructure continues to represent a major source of construction spending in New York City. At its peak in 2024, public infrastructure outlays amounted to $32 billion by New York City and New York State government, the Metropolitan Transportation Authority, and the Port Authority of New York and New Jersey. Since then, public spending on infrastructure, maintenance and expansion has declined adjusting for inflation, to $26 billion in 2025, $23.8 billion budgeted for 2026 followed by $26.6 billion for 2027, and $24 billion in 2028. 2024 was an outlier year with an uptick in capital commitments recorded for large MTA projects (accessibility/ station upgrades and signal modernization efforts). The average annual spending from 2023-2026 is over $26 billion, which we expect to reestablish by 2027.

While government capital commitments and liquidations are expected to remain relatively stable this year, they are projected to rise as the MTA's 2025–2029 Capital Plan advances over the next two years. From a commitment of $7.7 billion in 2025 towards the city's transit and bus systems, its MNR and LIRR intra-city rail facilities, as well as all nine bridges and tunnels, the MTA is anticipated to spend $10.4 billion by 2027. The new Port Authority Bus Terminal in Manhattan, projected to cost $11 billion, is soon to be a major component of 2026-2028 construction forecast period, with capital funding allocated in the 2026 Budget.

As of this report's print date, H.R. 8870, Build America 250 Act remains in the House of Representatives. The bill seeks to authorize federal surface transportation programs and activities through FY2031. The Building Congress will seek to advance a bill that will benefit New York City by providing robust transit and passenger rail investments, as well as maintaining the state's existing transportation infrastructure.

GOVERNMENT SPENDING IN DEPTH

City of New York

In Fiscal Year 2026, New York City is expected to spend $15 billion on construction and design in 72 categories of municipal infrastructure. The top three spending categories were: Housing Preservation & Development at $3.5 billion, Education at $3.3 billion, and Water Pollution Control at $867 million. The City's Capital Budget's 2026 to 2029 top five priority categories for spending are, in order, Education, Correction, Housing Preservation & Development, Water Pollution Control, and Highways. Municipal capital investment is planned to decline through 2028 without additional federal or state infrastructure spending.

Port Authority of New York and New Jersey (PANYNJ)

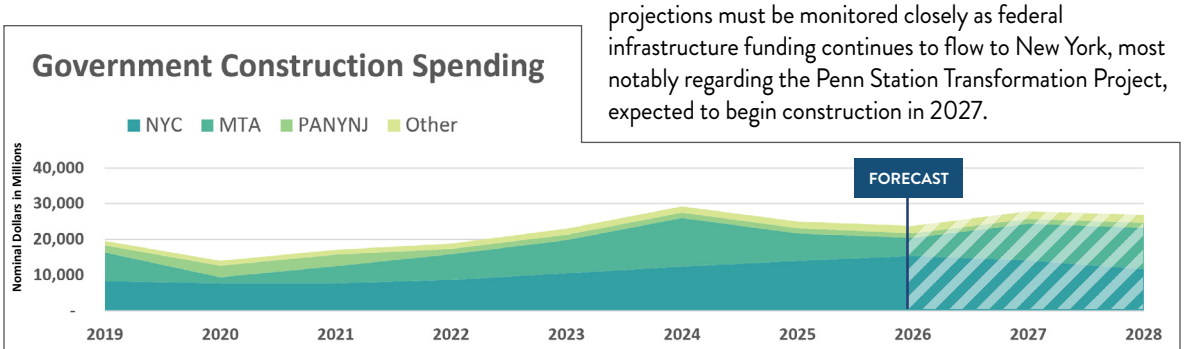
PANYNJ is expected to invest $1.3 billion this year in New York City capital projects, a slight decrease from 2025. Over the next three years, PANYNJ is expected to close out major projects from its 2017–2026 Capital Plan while ramping up spending on projects included in the 2026–2035 Capital Plan, including both NYC airports as well as the Midtown Bus Terminal.

Metropolitan Transportation Authority (MTA)

Within the five boroughs, the MTA is likely to invest $27 billion in nominal dollars over the next three years. Spending is expected to increase rapidly due to elevated capital commitments needed to implement the ambitious 2025-2029 Capital Plan. Actual expenditure will depend on the agency's execution of its current and past capital plans, including the availability of federal funding. The 2025-29 capital plan aims to increase spending by 24% over the prior plan, focusing on critical infrastructure improvements in NYC Transit signal modernization, and plans for further accessibility enhancements, as well as rehabilitation of line structures, Second Avenue Subway Phase 2, and the new Interborough Express (IBX).

Other

The remaining $2 billion in 2026 public works spending will be undertaken by agencies at the state and federal levels, including the Dormitory Authority of the State of New York, the New York State Department of Transportation, and the U.S. Army Corps of Engineers. These entities are expected to invest $2 billion and $2.3 billion within New York City in 2027 and 2028, respectively. These projections must be monitored closely as federal infrastructure funding continues to flow to New York, most notably regarding the Penn Station Transformation Project, expected to begin construction in 2027.



Government Construction Spending (Nominal Dollars in Millions)	Actual			Forecast		
	2023	2024	2025	2026	2027	2028
NYC	10,537	12,475	14,062	15,434	14,149	11,676
MTA	9,340	13,563	7,645	4,985	10,257	11,604
PANYNJ	1,487	1,497	1,466	1,334	1,360	1,360
Other	1,630	1,744	1,866	1,997	2,138	2,288
Total	**22,994**	**29,279**	**25,039**	**23,750**	**27,904**	**26,928**

The Building Congress will remain steadfast in its advocacy for a robust Federal Surface Transportation Reauthorization bill. This will ensure much-needed funding for critical transportation infrastructure, including transit, which continues to be one of the city's key drivers of economic activity. We will also continue to advocate for the efficient distribution and targeted use of these resources in New York, ensuring our industry can build a more connected, resilient, and economically vibrant future for all.

Further, the Building Congress recommends:

1. A robust Surface Transportation Reauthorization via the Build America 250 Act that ensures New York gets its fair share relative to its population and size of its public transit systems, and the amount it contributes to the federal tax base and GDP.

2. Establishing the Federal Infrastructure Bank to guarantee that adequate infrastructure investment continues nationwide.

3. Broaden development incentives in the Affordable Neighborhoods for New Yorkers Tax Incentive program, 485-x.

4. Improving project delivery methods and reforming procurement practices to move projects forward faster and with greater flexibility.

5. Streamlining project approvals through land-use reforms, including building on the pro-housing policies in the 'City of Yes' plan and advancing additional transit-oriented development (TOD) rezonings near planned transit expansion routes.

6. Reforms to expedite permitting and environmental reviews.

7. Further investment in workforce training and development at all levels of government.

8. Maintaining robust capital budgets and adequate staffing levels for state and city agencies, including public authorities.

9. Advancing and broadening M/WBE opportunities and developing policies to ensure meaningful economic prospects for M/WBE firms.

10. Investments in citywide resiliency measures to protect at-risk communities and critical infrastructure from extreme weather events.

11. Significant investments to improve energy infrastructure and grid networks, including new nuclear development and battery energy storage systems, to fortify our grid and ensure that reliable energy is maintained as our energy usage continues to increase.

NEW YORK CITY BY THE NUMBERS

(Adjusted for inflation)

143,000

EST. NYC PRIVATE CONSTRUCTION JOBS IN 2026

$79.8 BILLION

IN EST. 2026 CONSTRUCTION SPENDING

UP $10 BILLION FROM 2025

$242.9 BILLION

EST. CONSTRUCTION SPENDING 2026-2028

UP $34 BILLION FROM 2023-2025

A HEALTHY, STRONG INDUSTRY EXPECTED TO SEE CONTINUED GROWTH

New York City is entering a period of sustained construction growth, with Building Congress members delivering the projects that will shape its next chapter. Rising housing production and major new developments are strengthening the industry's outlook and demonstrating continued confidence in the city's future.

From 2026 through 2028, construction spending is projected to grow steadily. A strong pipeline of planned work supports this outlook, although the potential for higher interest rates in later years could increase financing costs and slow the pace of new development. Keeping projects financially viable will be essential to sustaining this momentum.

Residential construction is a major driver of the projected growth. New housing production is expected to rise substantially as rezonings create opportunities for development and office-to-residential conversions bring more homes into established business districts. These investments are expanding the housing pipeline and translating policy changes into construction activity. Maintaining that progress will be essential to addressing the city's housing shortage.

Government initiatives are also generating substantial investment. The borough-based jails program and developments associated with the three new casino licenses are contributing major projects to the construction pipeline, with spending extending across multiple years.

New office construction remains another source of strength, with several large buildings planned in 2026. These investments demonstrate continued demand for modern office space and confidence in New York's position as a global business center. Alongside the expansion of residential construction and major government-driven developments, they support a positive outlook for the industry through 2028.

Healthcare is responsible for over 7% of the city's GDP and remains a major economic engine and consistently vital component of New York City's construction spending, supporting facilities that serve millions of New Yorkers. We are also monitoring the hold on Northwell Health's Lenox Hill Hospital expansion, as the project's timing could considerably affect overall construction spending within this sector.

Changes in development activity over the remaining months of 2026, new tariffs on construction materials, fluctuations in interest rates, and changes in construction cost escalation may affect this outlook, while potential benefits from significant actions, such as a robust Surface Transportation Reauthorization bill, could bring additional spending. Further, it remains uncertain whether federal infrastructure funding currently being withheld for major projects in New York will remain frozen for the foreseeable future. Accordingly, this forecast should be monitored as conditions evolve. This forecast assumes that all projects identified by Dodge Data & Analytics will not be stopped or stalled during the forecast period.

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The New York Building Congress, a broad-based membership association celebrating its 105th year, is committed to promoting the growth and success of the construction industry in New York City and its environs.

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New York Building Foundation

Formed in 1998, the New York Building Foundation is in its 27th year of promoting the long-term growth and well-being of the New York City building industry and the wider community through an active program of research, education, and philanthropy.

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CREDITS

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