

NORTHEAST

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Construction starts have continued to decline over the second quarter of the year, continuing the slow decline in the region's market. Remote work has decreased office occupancy across the country, but this is especially an issue in the Northeast. City centers here are mainly blocks of office buildings with retail and restaurants that cater to their workers. The entire region is a network of smaller cities connected by rail links to major urban centers. Currently, around 20% of offices are sitting unoccupied across the region. This number doesn't include offices that are open but not full, so the drop in foot traffic on any given day is likely much higher. Many office leases expire in 2025 and are unlikely to be renewed. The majority of downtown office buildings are unsuitable for conversion to another use and unlikely to be torn down.

This has further exacerbated the already eye-watering cost of living. It is estimated that the country is short roughly 3 million homes. Roughly 1 million of these are in the area around New York City. Housing shortages are more pronounced here than anywhere outside of California. Much of the residential construction that's happened over the last few years has been high-end, luxury developments that are not meant to be widely affordable.

Even so, there is a surprising amount of work to be done in the region. The infrastructure sector, flush with federal money, is thriving. Several manufacturing facilities are in the works, with things like data centers and hospitals on the way as well. These represent an opportunity for the market, as they will pave the way for newer developments and more affordable housing. Below, we have provided more detail about the state of the market in the Northeast.

Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

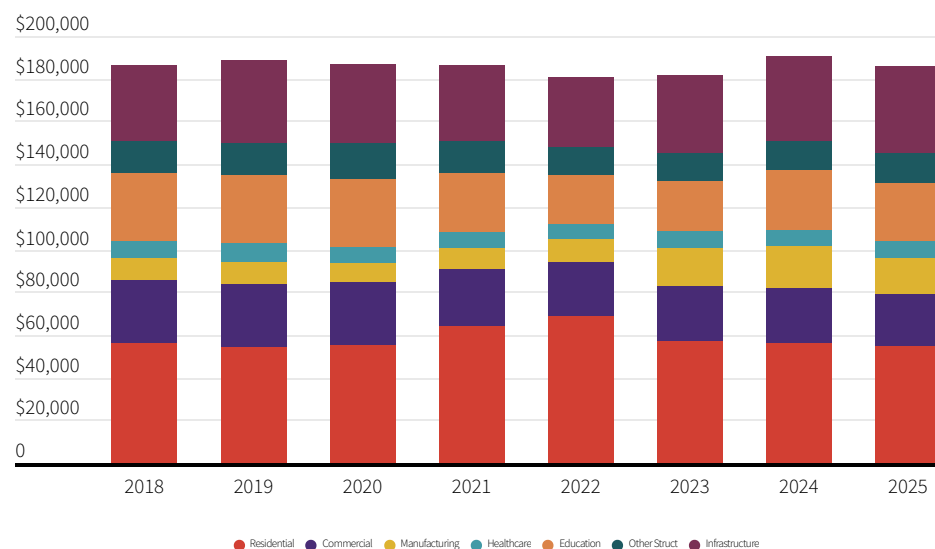
	2018	2019	2020	2021	2022	2023	2024	2025
Total	-2.1%	1.5%	-0.8%	-0.7%	-3.0%	0.6%	4.9%	-2.5%
Residential	-7.5%	-3.1%	2.5%	15.9%	6.9%	-16.5%	-2.0%	-2.5%
Commercial	1.4%	0.2%	-3.9%	-6.8%	-5.8%	1.7%	0.4%	-5.0%
Manufacturing	-2.9%	5.0%	-10.6%	2.6%	13.5%	58.4%	12.5%	-14.7%
Healthcare	-3.7%	0.7%	-2.2%	-2.5%	-9.3%	5.1%	6.6%	1.4%
Education	0.1%	2.1%	-1.1%	-13.7%	-15.6%	4.8%	13.4%	0.1%
Other Struct*	1.1%	0.3%	4.5%	-10.9%	-10.2%	0.8%	7.3%	-1.4%
Infrastructure	1.3%	9.3%	-2.0%	-6.0%	-9.2%	12.3%	8.6%	2.3%

◀ HISTORIC FORECAST ▶

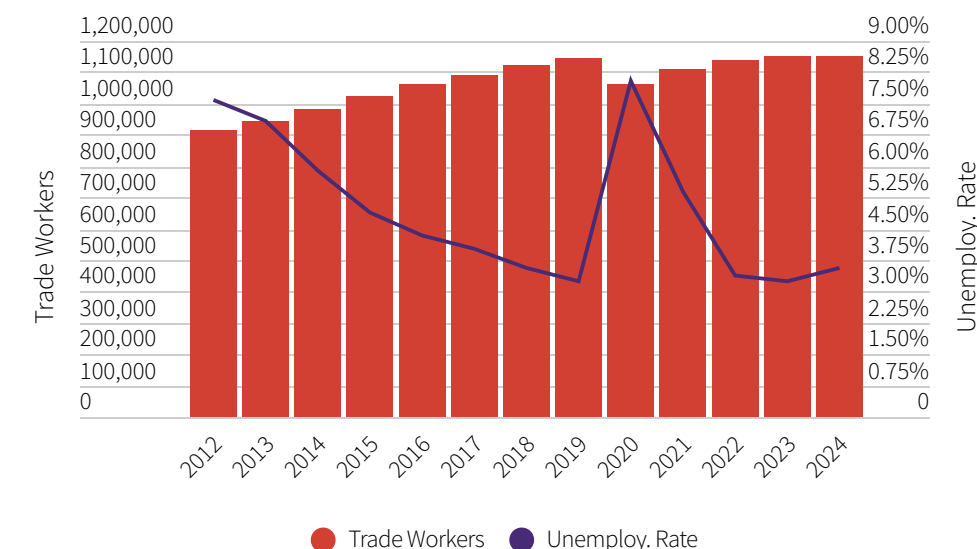
* This includes religious buildings, amusement, government communications, and public recreation projects.

SOURCE: IHS-Markit

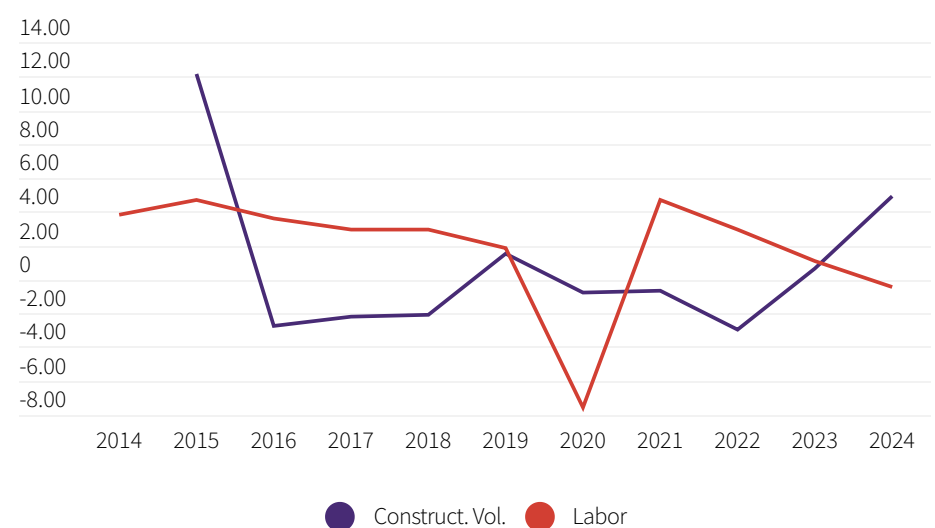
Annual Volume (x\$1M, 2012\$)



Regional Construction Employment



Construction Volume vs Labor - Annual Increase/Decrease



Top Regional Projects Sorted by Construction Value

Project Name	Location	Value (x\$1b)
Micron Chip Factory	Clay, NY	\$100B
Port Authority 42nd Street Bus Terminal Replacement	New York, NY	\$10B
Metropolitan Park	Queens, NY	\$8B
Pacific Park Brooklyn	Brooklyn, NY	\$4.9B
Schuylkill Yards	Philadelphia, PA	\$3.5B
Somernova Development	Somerville, MA	\$3.3B
Brooklyn Detention Complex Expansion	Brooklyn, NY	\$3B
360 Tenth	New York, NY	\$3B
2 World Trade Center	New York, NY	\$2.8B
Westfield Data Center Campus	Westfield, MA	\$2.7B

SOURCE: Build Central

