



BUILDING A WORLD CLASS



TOURISM & CULTURAL SECTOR

A BUILDING CONGRESS SURVEY



New York
Building Foundation



Message from the New York Building Congress and New York Building Foundation

The culture and tourism industry has become part of the bedrock of New York City’s economy and its future. A record rise in visitors over the last decade has placed New York City among the top tourist destinations in the world. This tourism boom has coincided with a dramatic growth in the construction and expansion of **museums, performing arts centers and other cultural facilities**, as well as an exponential increase in **hotel development**.

This expansion goes beyond traditional cultural hubs in Manhattan, reaching vibrant new clusters of performing arts and other cultural facilities that have emerged in the other boroughs, serving as new magnets for visitors wishing to explore the city beyond Manhattan. New hotel markets in Brooklyn and Queens have also emerged where few existed just a decade ago.

In addition, the **Jacob K. Javits Convention Center** – an indispensable component of the city’s visitor and tourism sector – is undergoing a major overhaul and expansion to reposition New York City to host conventions and events that have bypassed the nation’s largest city in the past. With further investment, New York can enhance its position as a major destination for conventions.

Supporting the culture and tourism industry is **transportation infrastructure** that is an essential link to bringing leisure and business travelers to New York, and which is seeing significant capital investment.

The economic impacts of this industry-wide expansion are significant, adding thousands of jobs to the city workforce and billions of dollars of direct and induced economic impacts that ripple throughout New York City.

However, the industry faces important pressures and challenges – including capital funding constraints, competing needs, a quickly evolving convention industry, and general accessibility to attractions – that should be addressed to ensure that this vital sector continues to thrive. **The City and civic leaders must work to better coordinate and fill policy gaps to ensure seamless, continual expansion of the sector into all parts of the city.**

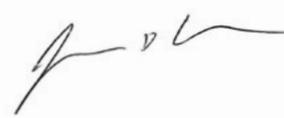
The New York Building Congress and the New York Building Foundation are pleased to present this first-of-its kind survey of current and planned **capital projects** that support tourism and culture in New York. The survey examines their **economic impact**, and places the importance of the industry to New York’s overall economy into context. Finally, the report addresses the challenges facing this sector and presents recommendations for ensuring that New York continues to develop the infrastructure needed to remain a top global destination for years to come.



Milo E. Rivero, P.E.
Chairman
New York Building Congress



Carlo A. Scissura, Esq.
President and CEO
New York Building Congress



Jonathan D. Resnick
Chairman
New York Building Foundation

Table of Contents

| | |
|---|---|
| I. The Tourism and Cultural Sector in New York City: An Overview.....3 | IV. Economic Impacts of Tourism and Culture Related Construction.....20 |
| II. Key Trends Driving New York’s Evolving Culture and Tourism Sector ... 8 | V. Tourism Related Transportation Projects21 |
| III. Projects Survey: \$16 Billion for Hundreds of Projects in the Five Boroughs 17 | VI. Conclusion and Recommendations 22 |



Governors Island Cycleway

I. The Tourism and Cultural Sector in New York City: An Overview

Tourism is New York's **sixth largest industry** and is a critical revenue and employment generator. NYC & Company reports that in 2017, New York's 62.8 million visitors accounted for **\$45 billion** in direct spending, which supported over **385,000 jobs**. New York City is truly America's Gateway City, attracting 13.1 million foreign travelers from over 170 countries in 2017, representing **a third of all foreign visitors to the United States**. On average, international visitors stayed longer and spent four times as much as their domestic counterparts. The importance of New York's museums and performing arts facilities in attracting these visitors to the city cannot be overstated – in 2017, *Crain's New York* reported that 75 percent of foreign visitors to New York City cited the city's cultural attractions as their primary draw.



New York City is truly America's Gateway City, attracting 13.1 million foreign travelers from over 170 countries in 2017, representing a third of all foreign visitors to the United States.

New York City is not just the nation's cultural hub, but also its commercial capital, and business

travel accounts for over 20 percent of visitors to the city. Group travel is a vital component of the business travel sector in New York and the city's largest single draw for group travel is the Javits Center. One of the busiest convention centers in the country, the Javits Center hosts over **2.1 million attendees** to conventions, trade shows, and public events each year, generating **\$1.9 billion** in economic activity for New York City.

A. The Role of Design and Construction. The design and construction industry plays a vital role in ensuring that New York City remains a global destination and top cultural and business hub. Distinctive physical spaces often define tourism and cultural attractions – from museums and theaters to hotels and airport terminals. These attractions require

tremendous design and construction talent as well as significant capital expenditure.

New York's position as a global city has long depended on capital investment in cultural amenities. For example, the creation of Central Park, the construction of the great hotels, Rockefeller Center, Broadway theaters, Madison Square Garden, Lincoln Center, the major fine arts institutions, together created a critical mass that made New York not just a commercial center, but an important destination.

A similar boom is underway today: According to research and analysis provided by BJH Advisors and construction data provided by Dodge Data & Analytics, the Building Congress found the construction of recently completed or under-construction tourism and culture projects will generate an estimated **\$12.9 billion in total economic output**, over \$5.9 billion in total wages, and over 62,000 total worker years in the New York City economy. Additionally, the construction of planned projects in the pipeline is expected to catalyze an additional **\$9.7 billion in total economic output**, \$4.5 billion in total earnings, and 47,000 total worker years.

B. Principal Components of Tourism and Cultural Infrastructure. New York City's culture and tourism industry relies on four principal infrastructure components:

1. Cultural and leisure attractions.

These include museums and performing arts centers, arenas and stadiums, and signature parks and green spaces.

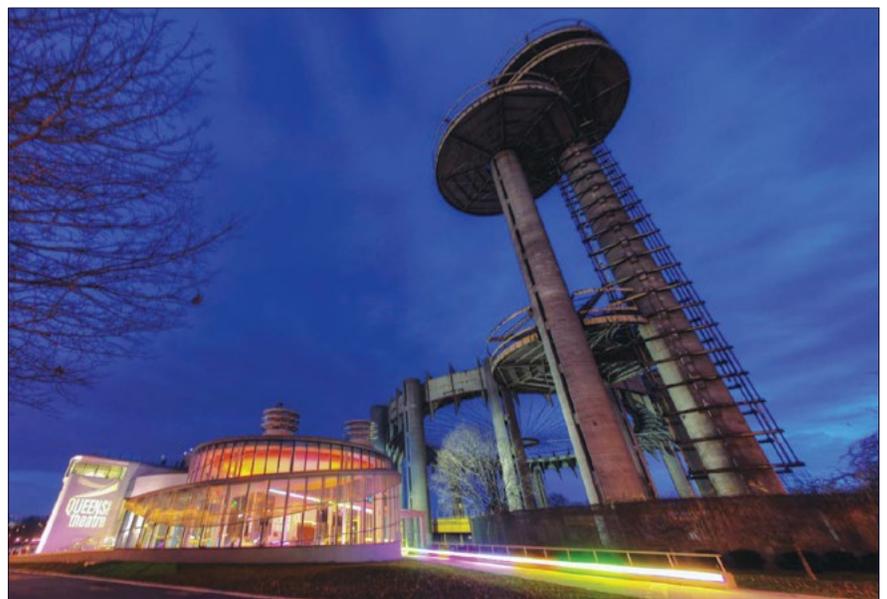
A few major destination retail sites are included, such as the World Trade



Bronx Museum of the Arts



Billie Jean King National Tennis Center



Queens Theatre

“New York City has welcomed record numbers of visitors year after year over the past decade, transforming not only our economy, but our very landscape, as new parks, museums, hotels, public spaces and cultural venues have been built, a virtuous circle helping generate new demand.”

***Fred Dixon
President and CEO
NYC & Company***



Moynihan Train Hall



Pennsylvania Station is the busiest passenger rail station in North America.

Center Oculus, City Point, and Empire Outlets – as are singular landmarks and other iconic attractions, including the Empire State Building, Brooklyn Bridge, and Coney Island – that are clearly part of the city’s cultural and tourism landscape.

2. Convention and exhibition facilities.

State-of-the-art convention and exhibition facilities are essential instruments for cities to promote their business brand worldwide and attract an international base of high-spending visitors. New York City is unique among cities of its size for having only one convention center, though some large midtown hotels, such as the Hilton and the Sheraton, play an auxiliary role by hosting smaller meetings and conventions.

3. Lodging. New York City is one of the largest and most diversified hotel markets in the United States, and over the past several years, the city has experienced an unprecedented hotel construction boom that has delivered **more new hotel rooms than any market in North America.**

4. Transportation infrastructure.

New York’s three regional airports play a vital role in bringing in both business and leisure travelers from around the world. Intercity passenger rail is also a key factor in accessibility – Pennsylvania Station is the busiest passenger rail station in North America and a vital portal to the city for business and leisure travelers along the Northeast Corridor.

C. New York City’s Unique Public-Private Funding Paradigm.

New York receives less national support for cultural facilities compared to its global peers. However, the City of New York spends more on arts and culture than any state or local jurisdiction in the United States. With a total capital budget of **\$822 million for the period of 2015 – 2018** and an operating budget of \$177 million in FY 2017, **the New York City Department of Cultural Affairs (DCLA) is the largest cultural funder in the nation**, exceeding the budgets of both the National Endowment for the Arts and the National Endowment for the Humanities. DCLA provided over \$330 million in capital and operational funding to arts and cultural organizations in the five boroughs in 2017 and will



TWA Hotel At JFK International Airport

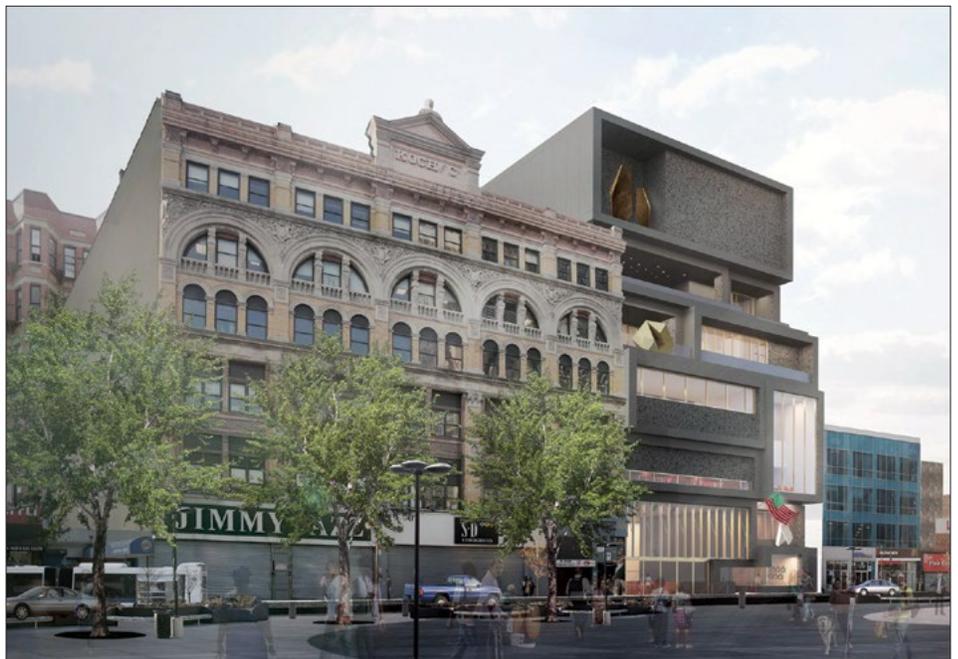
New York’s airports are being reimagined as gateways welcoming travelers from around the world.

increase spending by nine percent in the current fiscal year.

Cultural Institutions Group (CIG) would be cut, DCLA has reaffirmed

a commitment to sustain both CIG and emerging cultural institutions.

In July 2017, Mayor Bill de Blasio’s administration unveiled CreateNYC, New York City’s first-ever comprehensive cultural plan. CreateNYC proposes strategies to expand access to the arts and encourage institutional growth beyond organizations operating on City-owned property. The plan specifically aims to allocate more operating and capital funds for arts and culture organizations while prioritizing capital funding in underserved communities, particularly in the boroughs outside Manhattan. While there had been concern that municipal funding for many of the large traditional institutions that comprise the



Studio Museum in Harlem

II. Key Trends Driving New York City's Evolving Culture and Tourism Sector

In examining tourism and culture-related construction in New York City, several notable trends bear note:

1. Substantial new museum construction.

There has been a surge in large construction and expansion projects at all classes of museums in New York City, from large legacy institutions to smaller, locally-focused museums. The most notable recent capital projects include large new buildings for the September 11th Museum (\$610 million) and the Whitney Museum (\$422 million) and the current large-scale expansion of MoMA's campus (\$450 million). Frank J. Sciamè, Jr., CEO and Chairman of Sciamè Construction LLC – one of New York's largest builders of cultural facilities – agreed: "The past decade has been a period of extensive building and expansion for museums and cultural institutions in New York." In particular, Sciamè notes, "Museums are focusing on

the **visitor experience and adding new technology** during their capital campaigns to encourage more engagement with museumgoers." This trend is guiding not only new museum projects but also the renovation of older institutions, such as the Studio Museum in Harlem and the New York Historical Society.

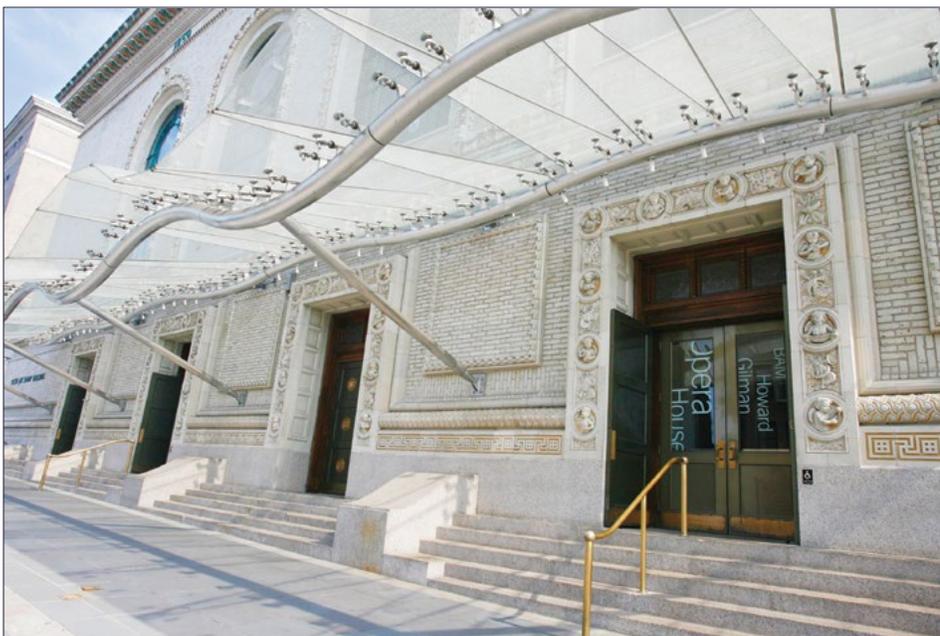
2. Capital investment drives increased museum attendance.

A 2016 study by Art Newspaper found that attendance rose significantly immediately following large expansion projects at 500 museums worldwide. Some refer to this as the "Bilbao Effect" after the impact of the Guggenheim's new museum in the Spanish city, and this effect is certainly consistent with recent museum construction in New York City. Attendance at the Whitney Museum tripled in the year following the opening of its new downtown building in 2015

(from 340,000 to over one million). The Queens Museum's annual attendance has doubled since its renovation in 2013 (from 100,000 to 200,000). The Metropolitan Museum of Art also experienced a five percent increase in attendance in 2016 after the renovation of the Breuer Building.

3. Private funding is critical.

Most of these large cultural projects are dependent on private funding. While public support for cultural expansion projects can be significant, Kathryn Wylde, President and CEO of the Partnership for New York City, observed that cultural projects in the city are increasingly dependent on private funding. Although public grants are generally required to close a gap, the availability and timing of city and state funding is unpredictable, and this often results in significant delay of projects and programs. Even after public funds



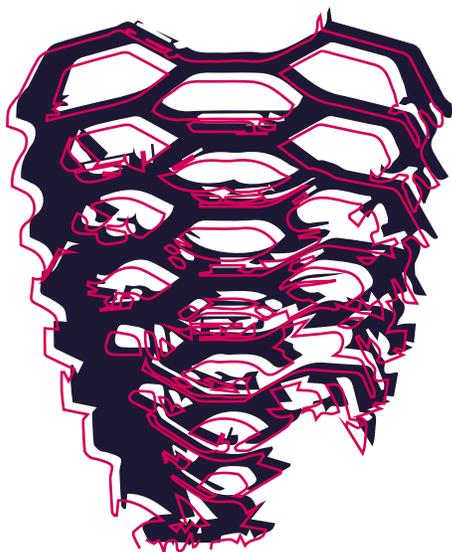
Brooklyn Academy of Music

Special zoning districts like the Brooklyn Cultural District have catalyzed private capital investment in emerging hubs for the arts in diverse areas of the City.



The Shed, Hudson Yards

The Shed, the Hudson Yards Vessel, and the High Line converge on a brand new cultural district.



\$12.9 billion

The construction of recently-completed or under-construction tourism and culture projects will generate an estimated \$12.9 billion in total economic output.

Table 1: Recent and Current Parks and Special Attractions Capital Projects

| | | | | |
|--|---|---|--|---|
|  |  |  |  |  |
| New York Wheel Staten Island | Vessel at Hudson Yards | The Hills at Governors Island | FDR Four Freedoms Memorial Park | Luna Park Coney Island |
| Cost: \$590 million | Cost: \$200 million | Cost: \$71 million | Cost: \$53 million | Cost: \$40 million |

are committed, a group may have to wait for years to see the cash, which inevitably adds to project costs. New York City and New York State both need to improve and expedite the processes for approval and distribution of funds for capital projects.

4. New iconic parks and attractions have changed the landscape.

In recent years, the city has seen the creation of multiple new parks – including the High Line, the Hills at Governors Island and Brooklyn Bridge Park – that have become important destinations for tourists. In addition, new special attractions planned or underway, such as the New York Wheel, have the potential to become major destinations and spur further economic development in their vicinities.

The 1.45-mile-long High Line, for instance, sees eight million visitors per year, and is an important factor in the far West Side’s overall renewal, visible in the creation of new retail in West Chelsea, major corporate commercial investment, and a boom in residential development.



Empire Outlets NYC

Investment at Governors Island has also sparked greater attendance. In 2016, following the opening of the Hills attraction, 585,000 people visited the island, an increase of 70 percent from 2012.

Table 1, above, shows the largest recently completed or currently under construction parks and special attractions and their combined cost of \$954 million. This trend is likely to continue in the future, **with 24 parks and special attractions in the pipeline with a combined value of \$2.2 billion.**

5. A world-class performing arts hub has grown in Brooklyn.

With the combined planning and leadership of multiple New York City agencies and cultural institutions, the Brooklyn Cultural District, centered on the Fort Greene neighborhood surrounding the Brooklyn Academy of Music (BAM), has grown over the past decade to become one of the nation’s premier arts hubs.

Today, over 60 nonprofit performing, visual and media arts organizations call the Brooklyn Cultural District home, including BAM, the Theater for a New Audience, the Mark Morris Dance Group, Urban Glass and BRIC Arts.



Windows
LIFE WITHOUT WALLS

Wu
WaMu Theater
at Madison Square Garden

CIRQUE DU SOLEIL
WINTUK
OCTOBER 30 - JANUARY 4

Hot show. Cool perks.
Tickets and VIP privileges
at wamuliv.com
Whoohoo!

DELICIOUS NIGHT
DKNY

BILLY ELLIOT
THE MUSICAL

JEROME ROBBINS
CELEBRATION
OF BALLET

NOT VOTING
SUCKS

Stanley
Morgan
Mog
gan
St
le

INDIE
FESTIVAL

HERSHEY'S
MILK CHOCOLATE

Reeses

HERSHEY'S

Wherever
you travel
HSBC

P2
MPFreedom
SAMSUNG

Carlsberg

Now

Now
Available
NOW

tkts

Times Square, New York



Jacob K. Javits Center

Governor Andrew Cuomo initiated a 1.2-million-square-foot expansion of the Javits Center.

Two critical components to the District's success were affirmative zoning policies and capital investments totaling \$100 million by the City of New York to subsidize development of arts and culture venues in the district. Similar zoning policies also provide floor area bonuses for performing arts facilities in other arts districts in West Clinton and the 125th Street corridor in Manhattan.

These policies have had a variety of transformative impacts: a 2014 study by the Downtown Brooklyn Partnership found that arts and culture brought \$310 million to the Brooklyn Cultural District.

Land use tools that incentivize new cultural districts have led to the emergence of smaller hubs for performance and fine art, and supporting development.

6. A major renovation will transform and reposition the Jacob K. Javits Center. Capacity constraints at the Javits Center, New York City's only purpose-built convention and exhibition center, have long hindered the city's ability to attract premier national conventions and conferences. A five-year renovation funded by the hotel industry and completed in 2014, has partially addressed a growing demand for convention space.

Governor Andrew Cuomo more fully addressed demand constraints in 2016 when he announced an unprecedented 1.2-million-square-foot expansion of the Javits Center. Through Empire State Development, the expansion will add 90,000 square feet of permanent exhibit space that, when combined with existing space, will create a 500,000-square-foot exhibition hall, 45,000 square feet of new state-of-the-art meeting space, and a

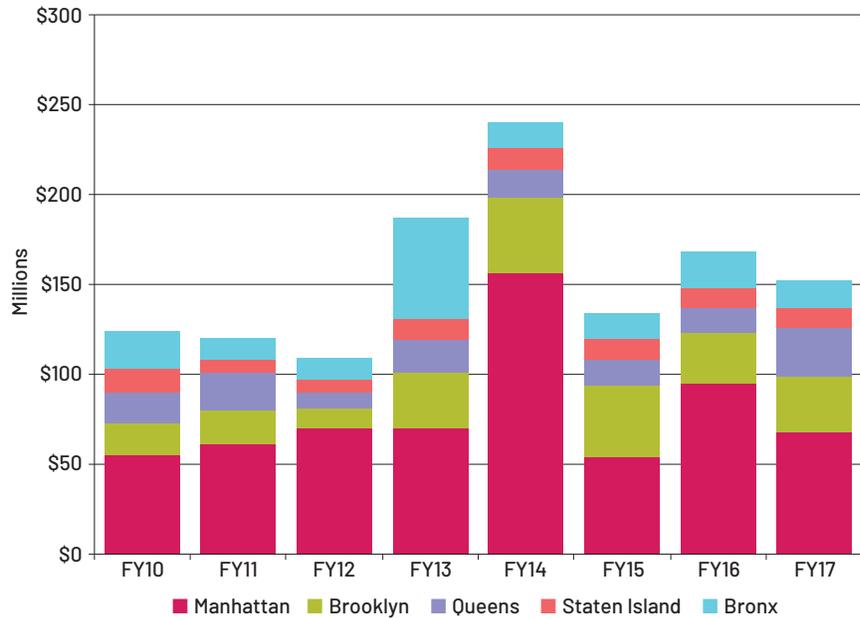
55,000-square-foot ballroom. In addition, the expansion will include new kitchen and food service areas, a roof terrace that will allow for dining and other unique events, 27 new loading docks, and a new on-site truck marshaling facility that will reduce move-in/move-out time for exhibits and decrease the number of trucks on surrounding streets.

Alan Steel, the CEO of the Javits Center, sees the expansion as a "game changer," adding dynamic and technologically advanced meeting spaces that will enable the Javits Center to host prestigious national conventions that currently bypass New York due to a lack of appropriate convention facilities. "These additions will help us immeasurably," Steel says. "Conventions and meetings that we have previously been unable to accommodate will now have the room they need to bring their business to New York."

However, even after this expansion, New York City will still have less exhibition and meeting space than in its domestic competitor convention markets, including Chicago, Las Vegas and Houston. Unlike each of these cities, New York City only has one large-scale convention facility. The Javits Center must therefore do double duty, hosting both industry conventions and exhibitions and trade shows. Despite the Javits Center’s expansion, industry experts have raised the possibility of adding a second facility in New York City. This facility would host additional exhibitions and trade shows, greatly enhancing New York’s competitive position. Sunnyside Yards and Willets Point in Queens have been mentioned as complementary sites.

7. Continued focus on capital spending in Manhattan. While the boom in new cultural capital projects is evident across all five boroughs, the bulk of capital spending is still directed at Manhattan. A scan of the New York City government’s cultural capital budget from FY 2010 to 2017 showed 19 percent average annual growth

FIGURE 1:
City Cultural Capital Budget Amount by Borough
FY 2010-2017



in the amount of cultural capital budgeted for Manhattan, despite variance in year-to-year spending. Most years, more than half of the New York City cultural capital budget is allocated to projects in Manhattan (see Figure 1).

Conversations with NYC & Company and industry experts suggest that, despite a growing interest by visitors in seeing New York City beyond Manhattan, the cultural

projects occurring in the boroughs outside of Manhattan are often seen as supplemental to those occurring in Manhattan, rather than as a main tourist draw. Destinations in Brooklyn, Queens, the Bronx, and Staten Island tend to attract tourists that have already been to New York several times or are spending a long time visiting. For most first-time and short-term visitors, tourist activity remains largely within Manhattan.



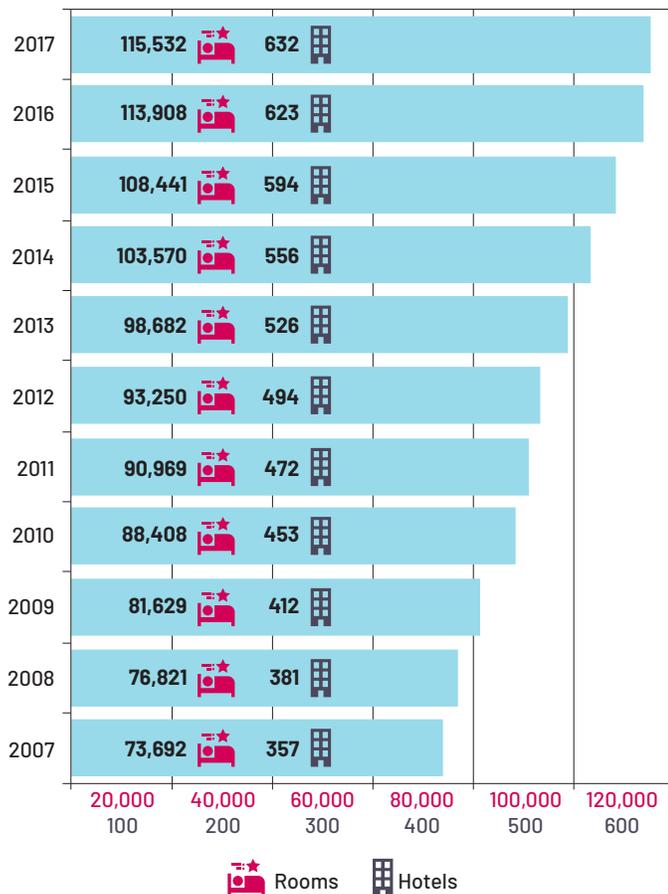
Richard Gilder Center for Science, Education, and Innovation; American Museum of Natural History



Pierhouse and 1 Hotel Brooklyn Bridge

8. Unprecedented growth in new hotel development. Over the past decade, the New York City hotel market has experienced astonishing growth, with a **32 percent increase in rooms since 2010**. There are now 115,500 hotel rooms in over 630 hotel properties in the five boroughs. Eighty percent of these rooms are in Manhattan. However, the past 10 years have also seen significant growth outside Manhattan with an almost 200 percent increase of rooms in Brooklyn, 86 percent in the Bronx and 75 percent in Queens (versus 50 percent growth in Manhattan).

FIGURE 2:
Hotel and Room Supply FY 2007 – 2017



Virgin Hotel



Aloft Long Island City Manhattan View Hotel

QUEENS MUSEUM



Queens Museum

The Queens Museum's annual attendance has doubled since its renovation.

While several recent studies have noted the impact that Airbnb and other online short-term lodging services have had on the New York City housing market, these services do not appear to have had significant impact on supply of new hotel rooms. The hotel industry believes a major contributing factor to supply growth is that appraisers and developers have been unable to accurately gauge short-term rental market inventory because no official data is available. Therefore the pipeline of hotel development remains robust.

In 2017, NYC Department of City Planning released a NYC Hotel Market Analysis study showing a hotel pipeline of 276 properties comprising 38,000 rooms in construction and pre-construction – a one-third increase over current supply. Half of this projected pipeline is in Manhattan, 27 percent in Queens, and 18 percent in Brooklyn, with growth concentrated in Long Island City, Williamsburg, Downtown Brooklyn, and Jamaica.

9. Cancellation or delay of several prominent cultural projects.

Several large recent cultural projects have been delayed, scaled back, or even cancelled due to uncertain funding sources, concerns about out-of-control costs, and reexamined institutional priorities. Notable among these are the New York Philharmonic's decision not to move forward on its planned \$500 million renovation to Geffen Hall at Lincoln Center, and the Metropolitan Museum of Art's delay of a planned \$600 million new wing for modern and contemporary art. In addition, the future of a planned park atop Pier 55 on the West Side is uncertain, and the New York Wheel on Staten Island has faced repeated delays.

32%

The 32 percent increase in hotel rooms since 2010 has been essential to accommodating the surge in visitors to New York City.

NEW YORK CITY CULTURE AND TOURISM CURRENT AND PLANNED PROJECTS

| | | |
|---|--|--|
|  Parks |  Lodging |  Museums |
|  Performing Arts |  Retail Centers |  Convention Centers |
|  Arenas |  Air/Transportation |  Special Projects |

BRONX

| | |
|--|--|
| 3 Recent/Current  | 9 Recent/Current 8 Planned  |
| 1 Recent/Current 1 Planned  | 2 Recent/Current 3 Planned  |

Total Projects Bronx
13 Recent/Current • 12 Planned

Total Spending Bronx
\$135.2M Recent/Current • \$550.0M Planned

MANHATTAN

| | |
|---|--|
| 1 Recent/Current 5 Planned  | 51 Recent/Current 48 Planned  |
| 8 Recent/Current 12 Planned  | 6 Recent/Current  |
| 8 Recent/Current 12 Planned  | 1 Recent/Current 5 Planned  |
| 6 Recent/Current 8 Planned  | 4 Recent/Current 5 Planned  |

Total Projects Manhattan*
79 Recent/Current • 76 Planned

Total Spending Manhattan*
\$6,314.8M Recent/Current • \$3,757.0M Planned

*does not include Transportation

QUEENS

| | |
|--|--|
| 2 Planned  | 29 Recent/Current 34 Planned  |
| 1 Recent/Current 1 Planned  | 3 Recent/Current  |
| 3 Recent/Current 4 Planned  | 3 Planned  |

Total Projects Queens*
33 Recent/Current • 40 Planned

Total Spending Queens*
\$1,423.4M Recent/Current • \$1,636.7M Planned

*does not include Transportation

BROOKLYN

| | |
|--|--|
| 3 Recent/Current 3 Planned  | 27 Recent/Current 16 Planned  |
| 1 Planned  | 2 Recent/Current  |
| 2 Recent/Current  | 1 Planned  |

Total Projects Brooklyn
33 Recent/Current • 21 Planned

Total Spending Brooklyn
\$604.5M Recent/Current • \$386.0M Planned

STATEN ISLAND

| | |
|--|--|
| 1 Planned  | 2 Recent/Current 2 Planned  |
| 1 Planned  | 5 Recent/Current 1 Planned  |
| 3 Recent/Current 1 Planned  | |

Total Projects Staten Island
10 Recent/Current • 6 Planned

Total Spending Staten Island
\$907.5M Recent/Current • \$770.0M Planned

NEWARK

| | |
|--|-------------------------------|
|  | 1 Recent/Current 4 Planned |
|--|-------------------------------|

III. Projects Survey: \$16 Billion for Hundreds of Projects in the Five Boroughs

To better understand the impact of construction in this sector, the Building Congress surveyed a) recent and current capital projects and b) planned capital projects that support culture and tourism. **This survey identified 168 recent and current projects with combined construction costs of almost \$9.4 billion** slated for completion before 2020. The survey identified **an additional 155 projects with almost \$7.1 billion** in total construction costs that are in the planning pipeline.

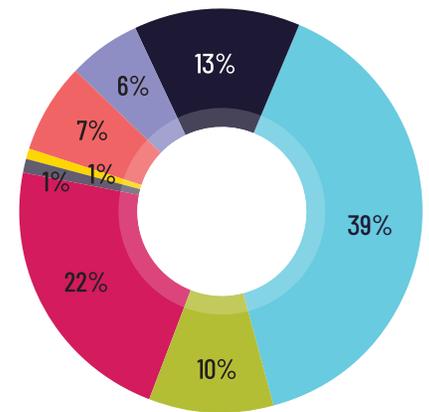
The Building Congress included projects in the survey using data from Dodge Data & Analytics, supplemented by independent research. The analysis only includes projects that are directly related to tourism and culture. Only signature parks and retail centers

that are major destinations for visitors from outside New York are included. The analysis includes both new construction and renovation projects, and excludes projects under \$5 million.

A. Recent and Current Capital Spending. The total value of projects in the culture and tourism sector completed and near completion (2014-2020) represents a significant component of all construction spending in New York City, with combined costs of almost **\$9.4 billion**, including **\$4.5 billion** for culture and leisure attractions, **\$3.7 billion** for lodging, and **\$1.2 billion** for the Javits Center expansion.

Recent and current spending has been focused in Manhattan, in both the number of projects and construction spending.

FIGURE 3:
Recent and Current Construction Projects



| | | |
|---------------------|-----------------|-----|
| Special Attractions | \$980,053,700 | 10% |
| Retail Centers | \$2,107,029,319 | 22% |
| Parks | \$95,579,208 | 1% |
| Performing Arts | \$98,389,060 | 1% |
| Museums | \$619,035,723 | 7% |
| Arenas | \$606,500,000 | 6% |
| Convention Centers | \$1,200,000,000 | 13% |
| Lodging | \$3,678,876,413 | 39% |

* due to rounding, percentages do not add to 100

Table 2: Recent and Current Construction Projects

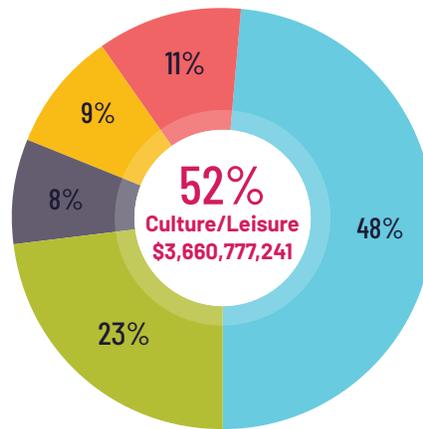
| | Bronx | Brooklyn | Manhattan | Queens | Staten Island | Total |
|-----------------------|-----------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| Lodging | 9 | 27 | 51 | 29 | 2 | 118 |
| Convention Centers | - | - | 1 | - | - | 1 |
| Culture and Leisure | 4 | 6 | 27 | 4 | 8 | 49 |
| Arenas | - | - | - | 3 | - | 3 |
| Museums | 1 | - | 8 | 1 | - | 10 |
| Parks | 1 | 3 | 1 | - | - | 5 |
| Performing Arts | - | 2 | 6 | - | - | 8 |
| Retail Centers | - | 1 | 8 | - | 5 | 14 |
| Special Attractions | 2 | - | 4 | - | 3 | 9 |
| Total Projects | 13 | 33 | 79 | 33 | 10 | 168 |
| Total Spending | \$135.2M | \$604.5M | \$6,314.8M | \$1,423.4M | \$907.5M | \$9,385.5M |

Brooklyn and Queens follow, though combined spending in these boroughs is less than half that in Manhattan. Half of all costs examined can be attributed to lodging construction while select retail projects comprise approximately half the cost of culture/leisure attractions. The majority of the \$982 million cost for special attractions is attributed to the New York Wheel and Hudson Yards Vessel.

B. Planned Capital Spending.

Forecasting outward, the Building Congress identified 155 planned projects in the construction pipeline. The total construction cost of these projects is **\$7.1 billion**. Lodging projects continue to dominate, and while Manhattan has the largest number of projects and associated spending, Queens also has a considerable number of lodging projects in the pipeline. Most of the projected culture/

**FIGURE 4:
Planned Construction
Projects**



| | | |
|---------------------|-----------------|-----|
| Special Attractions | \$1,604,887,364 | 23% |
| Parks | \$584,327,276 | 8% |
| Performing Arts | \$668,720,365 | 9% |
| Museums | \$797,842,237 | 11% |
| Lodging | \$3,438,909,058 | 48% |

* due to rounding, percentages do not add to 100

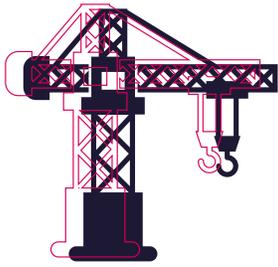
leisure spending in Manhattan is within the Museums subcategory. Key planned museum projects include the new Richard Gilder Center at the American Museum of Natural History, the expansion of the Studio Museum in Harlem,

and the expansion of the New Museum. There is no planned capital investment in convention centers apart from the current expansion underway at the Javits Center. The tables on the following page show the current and planned projects that account for the majority of capital spending in each category.

Overall, these findings reflect and amplify those of recent Building Congress studies on the healthcare and higher education construction markets: New York City is in the midst of an unprecedented physical expansion of key segments of its economy. As in healthcare and higher education, **design and construction has become an integral part of the modernization and expansion of the culture and tourism sector, allowing it to accommodate increasing numbers of visitors, broaden its appeal and help ensure New York remains a global leader in this market.**

Table 3: Planned Construction Projects

| | Bronx | Brooklyn | Manhattan | Queens | Staten Island | Total |
|----------------------------|----------|----------|------------|------------|---------------|------------|
| Lodging | 8 | 16 | 48 | 34 | 2 | 108 |
| Convention Centers | - | - | - | - | - | - |
| Culture and Leisure | 4 | 5 | 28 | 6 | 4 | 47 |
| Arenas | - | - | - | - | - | 0 |
| Museums | 1 | 1 | 12 | 1 | - | 15 |
| Parks | - | 3 | 5 | 2 | 1 | 11 |
| Performing Arts | - | - | 6 | - | 1 | 7 |
| Retail Centers | - | - | - | - | 1 | 1 |
| Special Attractions | 3 | 1 | 5 | 3 | 1 | 13 |
| Total Projects | 12 | 21 | 76 | 40 | 6 | 155 |
| Total Spending | \$550.0M | \$386.0M | \$3,757.0M | \$1,636.7M | \$770.0M | \$7,099.7M |



The Building Congress identified 155 planned culture/leisure, and lodging projects in the construction pipeline. The total construction cost of these projects is \$7.1 billion.

Table 4: Top Recent and Current Projects

| Project | Cost | Funding Source |
|----------------------------------|--------|----------------|
| Lodging | | |
| JFK TWA Flight Center Hotel | \$265M | Private |
| Marriott Moxy Hotel Times Square | \$205M | Private |
| Virgin Hotel | \$165M | Private |
| Convention Centers | | |
| Javits Center | \$1.2B | Public |
| Culture and Leisure | | |
| Arenas | | |
| USTA National Tennis Center | \$607M | Private |
| Museums | | |
| MOMA Expansion and Renovation | \$494M | Private/Public |
| Parks | | |
| Statue of Liberty Museum | \$70M | Public |
| ONE Brooklyn Marina | \$38M | Private |
| Brooklyn Bridge Pier 3 | \$26M | Private/Public |
| Riverside South Park | \$17M | Public |
| Performing Arts | | |
| BAM Harvey Theater | \$25M | Private/Public |
| MCC Theater | \$18M | Private/Public |
| Downtown Brooklyn Cultural Unit | \$16M | Private/Public |
| Hudson Yards Culture Shed | \$435M | Private/Public |
| Retail Centers | | |
| Oculus | \$1.4B | Private/Public |
| Brookfield Place | \$250M | Private |
| South Street Seaport Pier 17 | \$200M | Private |
| Special Attractions | | |
| Vessel at Hudson Yards | \$200M | Private |
| NY Wheel Base Terminal Building | \$68M | Private |

Table 5: Top Planned Projects

| Project | Cost | Funding Source |
|--------------------------------------|--------|----------------|
| Lodging | | |
| Toyoko Inn New York Hotel | \$220M | Private |
| 1568 Broadway | \$180M | Private |
| 35 W 28th Street | \$120M | Private |
| Culture and Leisure | | |
| Museums | | |
| Richard Gilder Center for Science | \$340M | Private/Public |
| Studio Museum in Harlem | \$122M | Private/Public |
| New Museum | \$85M | Private |
| Frick Collection | \$160M | Private |
| Parks | | |
| Brooklyn Strand Greenway | \$163M | Private/Public |
| East Midtown Waterfront Esplanade | \$100M | Public |
| QueensWay Elevated Park | \$100M | Private/Public |
| Performing Arts | | |
| Perelman WTC Performing Arts Complex | \$363M | Private/Public |
| Dance Theater of Harlem | \$11M | Private/Public |
| Retail Centers | | |
| Empire Outlets Staten Island | \$355M | Private |
| Special Attractions | | |
| New York Wheel | \$590M | Private |
| Resorts World Casino | \$400M | Private |

IV. Economic Impacts of Tourism and Culture-Related Construction

A useful metric to measure the importance of this market expansion can be measured in the **estimated economic impacts** of recent, current and planned culture and tourism capital projects.

A. Economic Impact of Current and Recent Culture and Tourism Projects. Table 6 details the total economic output, earnings, and worker years associated with recent and current cultural/leisure attractions, convention centers and hotels.

The construction of recently completed or under construction tourism and culture projects will add an estimated **\$12.9 billion in total economic output**, over **\$5.9 billion in total wages**, and over **62,000 total worker years** in the New York City economy.

B. Economic Impact of Planned Culture and Tourism Projects.

Forecasting outward, the pipeline of projects continues to be strong, and development of the culture and leisure sector continues to evolve physically and contribute significantly to New York's economy as shown in Table 7.

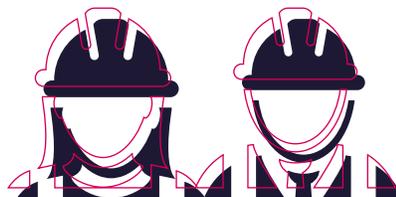
The construction of planned projects is expected to catalyze **\$9.7 billion in total economic output**, **\$4.5 billion in total earnings**, and **47,000 total worker years** in New York City.

Table 6: Recent and Current Culture/Tourism Economic Impacts by Project Category

| | Economic Output | | Earnings | Worker Years | | | TOTAL |
|---------------------|------------------|-------------------|------------------|---------------|--------------|---------------|---------------|
| | DIRECT | TOTAL | | TOTAL | DIRECT | INDIRECT | |
| Lodging | \$3,679 M | \$5,045 M | \$2,314 M | 17,812 | 1,687 | 4,873 | 24,373 |
| Convention Centers | \$1,200 M | \$1,646 M | \$755 M | 5,810 | 550 | 1,590 | 7,950 |
| Culture and Leisure | \$4,507 M | \$6,180 M | \$2,835 M | 21,820 | 2,066 | 5,970 | 29,856 |
| Arenas | \$607 M | \$832 M | \$382 M | 2,937 | 278 | 803 | 4,018 |
| Museums | \$619 M | \$849 M | \$389 M | 2,997 | 284 | 820 | 4,101 |
| Parks | \$96 M | \$131 M | \$60 M | 463 | 44 | 127 | 633 |
| Performing Arts | \$98 M | \$135 M | \$62 M | 476 | 45 | 130 | 652 |
| Retail Centers | \$2,107 M | \$2,890 M | \$1,326 M | 17,812 | 1,687 | 4,873 | 24,373 |
| Special Attractions | \$980 M | \$1,344 M | \$617 M | 4,745 | 449 | 1,298 | 6,493 |
| Total | \$9,385 M | \$12,871 M | \$5,904 M | 45,443 | 4,303 | 12,433 | 62,179 |

Table 7: Planned Culture/Tourism Economic Impacts by Project Category

| | Economic Output | | Earnings | Worker Years | | | TOTAL |
|---------------------|------------------|------------------|------------------|---------------|--------------|--------------|---------------|
| | DIRECT | TOTAL | | TOTAL | DIRECT | INDIRECT | |
| Lodging | \$3,439 M | \$4,716 M | \$2,163 M | 16,651 | 1,577 | 4,556 | 22,783 |
| Convention Centers | - | - | - | - | - | - | - |
| Culture and Leisure | \$3,661 M | \$5,020 M | \$2,303 M | 17,725 | 1,679 | 4,850 | 24,253 |
| Arenas | - | - | - | - | - | - | - |
| Museums | \$798 M | \$1,094 M | \$502 M | 3,863 | 366 | 1,057 | 5,286 |
| Parks | \$584 M | \$801 M | \$368 M | 2,829 | 268 | 774 | 3,871 |
| Performing Arts | \$669 M | \$917 M | \$421 M | 3,238 | 307 | 886 | 4,430 |
| Retail Centers | \$5 M | \$7 M | \$3 M | 16,651 | 1,577 | 4,556 | 22,783 |
| Special Attractions | \$1,605 M | \$2,201 M | \$1,010 M | 7,771 | 736 | 2,126 | 10,632 |
| Total | \$7,100 M | \$9,737 M | \$4,466 M | 34,375 | 3,255 | 9,405 | 47,036 |



The construction of planned projects is expected to catalyze 47,000 total worker years in New York City



LaGuardia Airport Redevelopment

V. Tourism-Related Transportation Infrastructure Projects

Major redevelopment projects are underway at all of the region’s key transportation hubs in order to improve throughput and enhance the visitor experience. Notably, Governor Andrew Cuomo initiated full scale redevelopments of both LaGuardia and JFK Airports, recognizing their importance to the regional economy.

These projects are essential to fixing chokepoints in an overburdened transportation network and to attracting and accommodating New York’s swelling number of visitors. Transportation is examined separately here because the capital investment for these projects is far greater than any other category of tourism and culture-related projects, and transportation infrastructure impacts all sectors of the New York City economy.

Table 8 lists a selection of the more notable transportation projects that have a direct impact on the tourism industry, their construction costs, and whether they are currently in construction or in the pipeline.

The **\$25.5 billion** in current/recent capital investment in transportation is estimated to generate **\$35.0 billion in total economic output**, **\$16.1 billion in total earnings**, and over **170,000 total worker years** in the New York City economy (including direct, indirect, and induced multiplier effects).

In total, planned transportation projects are estimated to require **\$32.3 billion** in construction spending. This direct spending is estimated to catalyze a total of **\$44.3 billion in economic output**, **\$20.3 billion in earnings**, and over **215,000 worker years** (including direct, indirect, and induced multiplier effects).

Table 8: Largest Transportation Projects that Serve the Tourism and Travel Industry

| Capital Project | Cost | Current Planned |
|-----------------------------------|-----------|--------------------|
| Penn Station Access | \$695 M | Current |
| Moynihan Station | \$1.60 B | Current |
| WTC Transportation Hub | \$3.20 B | Current |
| LaGuardia Terminal B | \$3.60 B | Current |
| LaGuardia Delta Terminal C | \$4.00 B | Current |
| East Side Access | \$12.00 B | Current |
| Newark Liberty Airport Terminal A | \$1.25 B | Planned |
| LaGuardia Air Train | \$1.50 B | Planned |
| PATH Extension to Newark | \$1.70 B | Planned |
| JFK Expansion | \$10.00 B | Planned |
| Gateway Program Phase 1 | \$14.20 B | Planned |

VI. Conclusion and Recommendations

New York City's culture and tourism sector is experiencing record growth, and future projections suggest this industry will play an increasingly important role in the city economy.

New museums and attractions have opened while existing museums and cultural institutions have made robust investments to improve and expand their facilities. The de Blasio Administration, with its CreateNYC Plan, has established a sound framework for future public investment in cultural facilities across all five boroughs, while unprecedented growth in new attractions and hotel development outside Manhattan demonstrates a vigorous market for tourism across all boroughs of the city.

In addition, the Cuomo Administration has made significant new capital investments at the Javits Center and area airports that will help ensure these vital components of New York's visitor and tourism-related infrastructure successfully adapt to a growing marketplace.

New York City is well-positioned to welcome additional growth in an industry that is becoming an

increasingly important part of the overall economy.

CHALLENGES

While New York's culture and tourism industry and the capital infrastructure that supports it are healthy and dynamic, there are challenges on the horizon.

☀️ While the expansion of cultural and other attractions across all five boroughs has transformed tourism in New York City, economic development officials have told the New York Building Congress that **lack of access** to these attractions serves as a deterrent for drawing a larger visitor base beyond Manhattan.

☀️ Many cultural projects are **increasingly dependent on large private gifts and public grants** that can be slow and unpredictable.

☀️ **Funding for operations and maintenance costs** at many museums and cultural facilities has not kept up with robust capital investment. Many of the city's institutions, including prominent ones such as the Metropolitan Museum of Art and Brooklyn

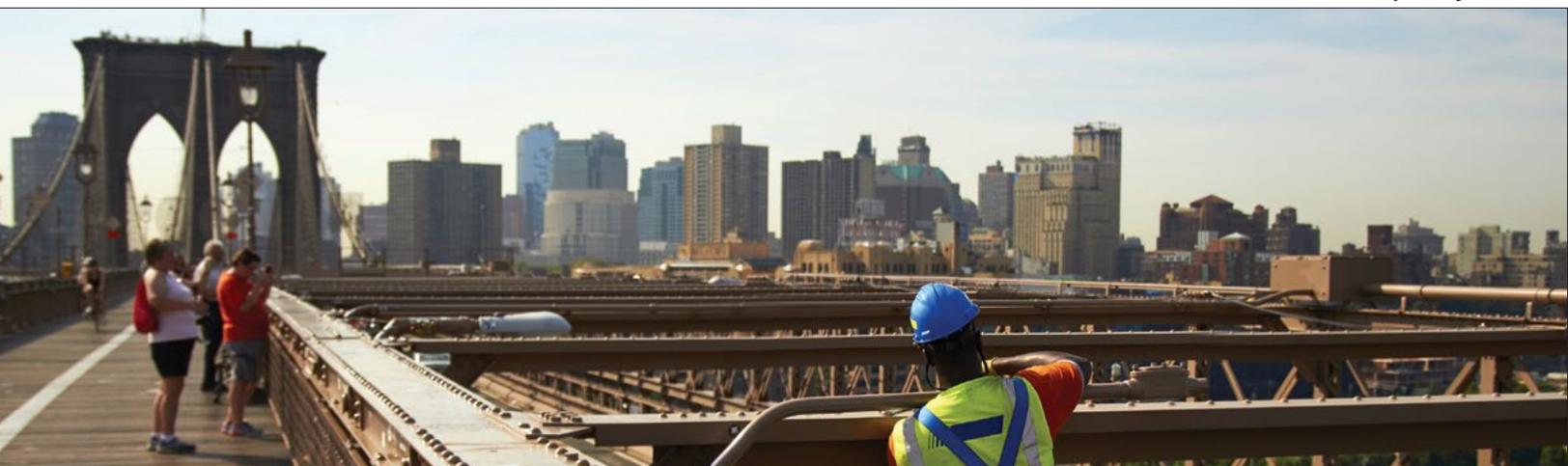
Museum, in addition to MoMA, have instituted cost savings over the past two years; capital projects have been canceled or delayed due to operating deficits.

☀️ The unprecedented growth in hotel development has put **downward pressure on room rates and revenue**, leading some analysts and industry experts to warn that the city's hotel market has reached saturation.

☀️ Expansion and upgrades at the Javits Center are necessary and welcome; yet, **the creation of additional space would be necessary for New York to compete with other cities** that have multiple state-of-the-art convention facilities.

☀️ There is a **lack of sufficient meeting space** in the city, particularly in the boroughs outside of Manhattan. While the recent hotel construction boom has brought significant increases in hotel rooms to all five boroughs, very few of these new hotels include sufficient meeting space. This is particularly true in Downtown Brooklyn, Long Island City and the North Shore of Staten Island.

Construction on Brooklyn Bridge



RECOMMENDATIONS

Thanks to a recent wave of capital investment, New York City is firmly established as America's gateway city for culture and tourism. For New York City to retain its share of visitors as a global cultural hub and a top destination for leisure and business travelers, New York City, New York State and the private sector should collaborate to:

☀️ Make New York America's Convention City

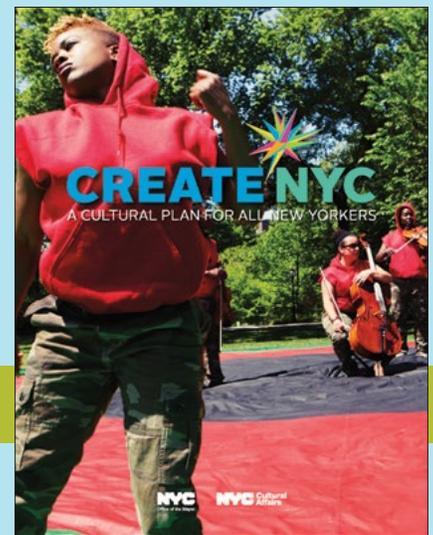
- **Pursue a second convention/exhibition center outside Manhattan.** This facility could have a stronger focus on exhibits and trade shows with large local attendance, positioning the Javits Center to host more conventions and conferences with national and international attendee bases.
- **Work with the hotel industry and other private sector partners to build more meeting space in strategic locations in all five boroughs.** Adding adequate meeting, conference and banquet space is critical to supporting a more expansive convention and trade show industry.

☀️ Expand New York City's Cultural Infrastructure

- **The City should create a Cultural Institutions Development Task Force** to help plan a five-borough planning and investment strategy with the goal of building an interwoven, systematically-funded citywide cultural network. The Task Force would explore planning tools, capital funding and transportation improvements that will encourage visitors to explore new destinations and effectively expand options for users of the city's cultural assets.
- **The Brooklyn Cultural District** should be a model for creating new destinations for visitors around New York City. The City should explore opportunities to replicate the model in each of the boroughs outside Manhattan. **Consider additional zoning bonuses for arts and performing spaces** as is done in Clinton and along 125th Street in Harlem and provide placemaking capital investments.
- Expand CreateNYC to give it a stronger focus on capital funding, specifically through investment **in City-owned destination parks, museums and other cultural attractions.**
- DCLA and emerging institutions throughout the city should **find ways to leverage support** from foundations, corporations and individuals **using public capital dollars in cultural capital projects** to address the fact that cultural projects are increasingly dependent on private funding but still require public funding to close gaps and access private sources.

☀️ Invest in Transportation – the Key to Linking Visitors to Cultural and Tourism Destinations

- **Transform New York City's transportation network** to ensure seamless mobility for the city's 63 million annual tourists, a new station on the #7 subway line, an extension of the #1 subway line into Governors Island and Red Hook, and the BQX streetcar should be built to create access to important emerging cultural districts.
- **Complete the transformation of LaGuardia, JFK, and Newark Airports** so they are able to accommodate the vastly increasing numbers of travelers arriving in New York.
- **Improve access to cultural attractions in the boroughs outside Manhattan.** Options include the creation of additional NYC Ferry routes serving Coney Island and points in Staten Island beyond St. George, including Snug Harbor and the South Shore.
- **Complete the Gateway Program tunnels,** which, in addition to being a lynch-pin to the city's economic well-being, provide essential access for regional visitors to New York City's cultural assets.



CreateNYC; A Cultural Plan for All New Yorkers

NEW YORK BUILDING CONGRESS EXECUTIVE COMMITTEE

CHAIRMAN

Milo E. Rivero, PhD., P.E., CCM
STV Group, Inc.

PRESIDENT & CEO

Carlo A. Scissura, Esq.
New York Building Congress

VICE CHAIRMEN

Louis J. Coletti
Building Trades Employers' Association

Ralph J. Esposito
Lend Lease (US) Construction LMB Inc.

Carl Galioto, FAIA
HOK

Maureen A. Henegan
Henegan Construction Co., Inc.

Cyrus J. Izzo, P.E.
Syska Hennessy Group, Inc.

Gregory A. Kelly, P.E.
WSP USA

Henry Kuykendall
Delta Air Lines

Gary LaBarbera
Building & Construction Trades Council

Jill N. Lerner, FAIA
Kohn Pedersen Fox Associates, P.C.

Mitchel W. Simpler, P.E.
JB&B Consulting Engineers

TREASURER

Sabrina L. Kanner
Brookfield Property Partners L.P.

SECRETARY

Joseph G. Mizzi
Sciame Construction LLC

GENERAL COUNSEL

Michael S. Zetlin
Zetlin & De Chiara LLP

PAST CHAIRMAN

Richard Cavallaro
Skanska USA Civil

NEW YORK BUILDING FOUNDATION

CHAIRMAN

Jonathan D. Resnick
Jack Resnick & Sons

VICE CHAIRMEN

Charles D. Avolio
Suffolk Construction

Mark Gregorio
TEI Group, Inc.

Kelly Heuer
Navigant Consulting

Lisa Linden
LAK Public Relations

PRESIDENT

Carlo A. Scissura, Esq.
New York Building Congress

TREASURER

Kenneth D. Levien
Levien & Company, Inc.

SECRETARY

Jennifer Stone
Robert A.M. Stern Architects

GENERAL COUNSEL

Michael K. De Chiara
Zetlin & De Chiara, LLP

PAST CHAIRMAN

John M. Dionisio
Global Infrastructure Solutions

Support for the report has been generously provided by the following:

UNDERWRITER Investors Bank Foundation

SUPPORTERS

Delta Air Lines
STV Group, Inc.

Hotel Association of New York City
Uber

Richmond County Savings Foundation

SPONSORS

Broadway Stages
Jack Resnick & Sons
Patrick DiCerbo, Northwestern Mutual
Thornton Tomasetti

CNY Group LLC
Lend Lease Construction LMB, Inc.
Rudin Management Company, Inc.
Turner Construction Company

Cozen O'Connor
Marsh
Sciame Construction LLC

METHODOLOGY

Data for this report was obtained from Dodge Data & Analytics, supplemented by independent research. All projects and dollar values contained in the project survey and economic impacts are estimates from July 2017. All projects that have a specific dollar value called out in the report are estimates from April 2018. Economic impact analysis was performed using U.S. Department of Commerce Bureau of Economic Analysis RIMS II 2015 multipliers for New York City.

Research and analysis provided by: BJH Advisors • Construction data provided by: Dodge Data & Analytics • Report design: ruzowgraphics

IMAGE CREDITS: COVER: N • Staten Island Ferry, Julianne Schaer/NYC & Company. E • Brooklyn Museum, Julianne Schaer/NYC & Company. W • Snug Harbor Cultural Center & Botanical Garden, courtesy of Snug Harbor Cultural Center & Botanical Garden. Y • Yankee Stadium, Julianne Schaer/NYC & Company. O • A visitor in MoMAs galleries, Martin Seck. Pictured: Vincent van Gogh. The Starry Night. 1889. Oil on canvas. Acquired through the Lillie P. Bliss Bequest. © 2018 The Museum of Modern Art. R • Rockaway Beach, Marley White/NYC & Company. K • Whitney Museum, View from Gansevoort Street, Karin Jobst, 2014. C • Unisphere, Corona Park, Tagger Yancey IV/NYC & Company. I • Empire State Building, Adobe Stock. T • Statue of Liberty, Marley White/NYC & Company. Y • Bronx Zoo, Julianne Schaer/NYC & Company. **PAGE 3:** Governors Island Cycleway, courtesy of the Trust for Governors Island, by Kreg Holt. Illustration: Nancy Ruzow and Volod2943. **PAGE 4:** Top • Bronx Museum of the Arts, Julianne Schaer/NYC & Company, Middle • Billie Jean King National Tennis Center, courtesy of Faithful+Gould, Bottom • Queens Theatre, Dominick Totino/NYC & Company. **PAGE 5:** Brooklyn Bridge, iStock. **PAGE 6:** Moynihan Train Hall, Empire State Development, courtesy of SOM | Volley. **PAGE 7:** Top • TWA Hotel at JFK International Airport, courtesy of MCR, Bottom • Studio Museum in Harlem, courtesy of Adjaye Associates. **PAGE 8:** Brooklyn Academy of Music (BAM), Kate Glicksberg/NYC & Company, **PAGE 9:** The Shed, Hudson Yards, Thornton Tomasetti/Lorenzo Sanjuan. Illustration: Nancy Ruzow. **PAGE 10:** Top, left to right: The New York Wheel, Staten Island, S9 Architecture/Perkins Eastman, courtesy of the New York Wheel. The Vessel, Hudson Yards, courtesy of Forbes Massie. The Hills Opening Day, Governors Island, Timothy Schenck, courtesy of the Trust for Governors Island. Franklin D. Roosevelt Four Freedoms Park, courtesy of Thornton Tomasetti. Luna Park, Coney Island, Bami Adedoyin/NYC & Company. Bottom • Empire Outlets NYC, courtesy of Empire Outlets LLC. **PAGE 11:** Times Square, New York, Copyright Paúl Rivera, courtesy of Perkins Eastman. **PAGE 12:** Jacob K. Javits Center, courtesy of Javits Center. **PAGE 13:** Richard Gilder Center for Science, Education, and Innovation; American Museum of Natural History, Studio Gang Architects, courtesy of American Museum of Natural History. **PAGE 14:** Top • Pierhouse and 1 Hotel Brooklyn Bridge, David Sundberg, courtesy of Marvel Architects, Middle • Virgin Hotel, courtesy of Virgin Hotels, Bottom • Aloft Long Island City Manhattan View Hotel, courtesy of REAL Hospitality Group. Illustration: Noun Project. **PAGE 15:** Queens Museum, courtesy of the Queens museum, by Scott Rudd. **PAGE 21:** LaGuardia Airport Redevelopment, LaGuardia Gateway Partners. **PAGE 16, 19, 20:** Illustrations: Noun Project. **PAGE 22:** Construction on Brooklyn Bridge, Onionastudio, Adobe Stock. **PAGE 23:** CreateNYC; A Cultural Plan for All New Yorkers, New York City Department of Cultural Affairs / Mayor's Office of New York City.