

THE REALTY ADVISORY BOARD ON LABOR RELATIONS 2011 COMMERCIAL BUILDING SERVICE WORKERS NEGOTIATION

The Realty Advisory Board on Labor Relations (RAB) was formed in 1933 as an organization through which employers in the building service industry could bargain with the union. The RAB represents building owners in one of the most unionized job industries in New York City and its building service workers are the highest paid in the country.

The current labor agreement, which was negotiated in 2007, covers more than 20,000 commercial building service workers, including office cleaners and maintenance workers in more than 1,000 commercial buildings throughout Manhattan, Brooklyn, Queens and Staten Island. The labor agreement will expire at midnight on December 31, 2011.

The Facts

- The real estate industry is one of the most unionized job sectors in New York City. Local 32BJ commercial building service workers are the **HIGHEST paid in the country**.
- An average office cleaner's wage and benefit cost to owners is **\$76,721 each year**. All employees receive generous benefits packages including full family health insurance covering medical, dental, optical and prescription drug coverage, with no premium contribution from the employee.
- All workers also receive a defined benefit pension fund and 401K annuity with an employer contribution, training and legal benefits and have up to **49 paid days off** for holiday, vacation, sick and medical time. (Individual vacation entitlement varies: most employees receive at least 15 days, but many receive up to 25 days based on seniority.)
- The current labor agreement provided generous wage and benefits packages for workers including **average annual wage and benefit increases of 4.18% each year** – totaling more than 16.5% over the contract period.
- Local 32BJ **workers in New York City earn more than twice as much** as their peers in Washington, DC and Baltimore and 30% more than workers in Philadelphia and Pittsburgh.
- The costs of operating a commercial building in New York City have grown dramatically in recent years. Manhattan **property taxes on commercial office buildings have risen 26%** from FY 2008 to FY 2012.
- Manhattan office **vacancy rates skyrocketed** from a low of 5.6% in January 2008 to 12.8% during the peak of the recession in March 2010. Vacancy rates today remain high at 9.7%.
- Commercial office **building asking rents have steeply declined** from a peak of \$88.37 per square foot in May 2008. According to Local 32BJ statistics, asking rents today are \$56.15 per square foot. In Manhattan, actual commercial rent rates in 2011 were \$47.51 per square foot, when lease incentives are included such as step ups, free rent and tenant improvement contributions.
- The RAB **provides workers with educational scholarships** through the Training Fund and the real estate industry provides additional educational funding through the Realty Foundation.