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## Study: 'Meds & Eds' Helped Boost NYC Industry During Recession

By Esther D'Amico

A new study on New York City's institutional construction starts proves what most industry firms already knew: The "meds and eds" sector helped keep many firms afloat during the recession.

The city's public and private institutions initiated \$14.8 billion in construction work from June 2008 through May 2013, with the educational and health care sectors accounting for 61% and 25%, respectively, of that, according to the New York Building Congress's (NYBC) latest study.

The city's total starts market during that same five year period was \$77,342,565,000, says NYBC, which based its study on McGraw Hill Construction's Dodge data. ENR New York is part of the McGraw Hill Construction group.

The strength of the education and health care sectors through the recession is in line with what numerous industry executives in the tristate region have told ENR New York. In a recent interview, Bob Mullen, CEO of Structure Tone, said that the health care and renovation markets, in particular, remain strong with health care benefitting from demand for outpatient facilities in preparation for changes arising from the Affordable Care Act. As for renovation, "developers are more likely to acquire existing buildings and do a complete renovation right down to the shell rather than buying or leasing a site and building a brand new building," he says. The idea, he adds, is "to turn Class B space into Class A space."

The NYBC study includes new construction as well as alterations and renovations, taking the estimated value of each project through its entire construction period. Some 53% of the projects have been ground-up construction of new facilities, with the remainder being renovations and alterations, the study shows.

In the first five months of 2013, institutional starts accounted for a total of \$525 million, a slight uptick from the \$517 million in the same prior year period. However, those amounts are off

considerably from the \$1.1 billion in construction starts for the first five months of both 2010 and 2011, NYBC says.

Richard Anderson, NYBC president, credits the 2008 to 2013 education sector rise partly to Mayor Michael Bloomberg, whom he says has a legacy of "great achievements in repairing, modernizing and expanding" the city's public schools. Anderson is optimistic that the institutional sector will continue to rise and that the education sector will greatly benefit from a few major projects: Columbia University's \$6.3-billion Manhattanville expansion, which is in its first phase; New York University's \$6-billion 2031 expansion plan; and Cornell University and Technion-Israel Institute of Technology's planned \$2-billion Cornell NYC Tech campus.

The study also shows that the top projects, by value, in the past five years were Weill Cornell's \$650-million biomedical research building; Javits Convention Center's \$463-million expansion; the City University of New York's \$744-million Advanced Science Research Center; the East River Science Park West Tower; and the new \$760-million Whitney Museum of American Art.

### **Institutional Project Starts\***

Public elementary and secondary schools — \$5.9 billion

Public & private hospitals and health care facilities — \$3.7 billion

Public & private colleges, universities — \$2.2 billion

Cultural facilities — \$1.1 billion

Private elementary and secondary schools — \$845 million

Court facilities, religious institutions & libraries — \$592 million

*\*New York City public and private institution construction starts from June 2008 through May 2013. Source: NYBC.*