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NYC Institutions Steadily Investing In Capital Upgrades And Expansion

Nearly \$6 Billion in Construction Projects Initiated Over a 12-Month Period

New York City's public and private institutions initiated \$2.9 billion in construction projects during the first half of 2015, up from \$796 million through June of 2014, an increase of 269 percent, according to a New York Building Congress analysis of construction data from Dodge Data & Analytics. The sectors examined include elementary and secondary schools, hospitals and health care, higher education, courts, libraries, cultural facilities, and religious institutions.

The value of construction projects initiated in the institutional sector during the first half of 2015 represents the best start to a year since at least 2009, which is the earliest period for which the Building Congress has data.

Even more impressive, the strong start in 2015 comes on the heels of the \$3.0 billion in institutional construction projects initiated during the second half of 2014 - for a 12-month total of \$5.9 billion.

For the full year of 2014, institutional construction starts reached \$3.8 billion, up from \$2.6 billion in 2013 and \$2.4 billion in 2012. Construction starts by value reached \$2.4 billion in 2011, \$2.8 billion in 2010, and \$3.8 billion in 2009. Over a seven-year period stretching from July 2008 through June of this year, the City's institutional sector initiated \$23 billion in construction projects.

"New York City's public and private institutions continue to demonstrate a remarkable consistency in terms of their willingness and ability to methodically invest in maintaining and upgrading their facilities for the long haul," said Building Congress President Richard T. Anderson. "Unlike the residential sector, which can quickly go from boom to bust and back again based on economic conditions, the institutional sector has proven to be a reliable and consistent source of construction activity year in and year out."

Eds and Meds

Schools and hospitals continue to be the main drivers of new construction projects in the institutional sector.

In the seven years from July 2008 through June of this year, work on New York City public elementary and secondary schools accounted for 37 percent (\$8.5 billion) of all institutional construction starts by total value. Of the projects started in the first half of 2015, public schools accounted for 33 percent.

Public and private hospitals and healthcare facilities accounted for \$7.3 billion, or 32 percent, of all institutional construction starts during the seven-year period, and 35 percent of the projects initiated in the first six months of this year.

Institutions of higher education, which include public and private colleges and universities, initiated \$3.5 billion worth of construction projects, or 15 percent, of the total over the past seven years. In the first half of 2015, higher education accounted for 23 percent of construction starts by value.

New York City's cultural facilities accounted for 6 percent of institutional construction starts over the seven-year period, followed by private elementary and secondary schools at 5 percent. Religious institutions, courts, and libraries each accounted for between 1 and 2 percent of construction starts by value.

Top Project Starts

Education and healthcare were responsible for each of the top ten projects by value during the first half of 2015. The Memorial Sloan Kettering Cancer Center, which is the biggest project thus far this year, is ranked as the third most valuable institutional start over the past seven years. It is surpassed only by NewYork-Presbyterian's Koch Ambulatory Care Center and NYU Langone's Kimmel Center, both of which commenced construction in 2014.

The CUNY Hunter College Science and Health Professions Building claimed the second spot on the 2015 top starts list, followed by a new residential tower and a separate academic building for the CornellNYC Tech campus on Roosevelt Island, which are ranked third and fourth. Public school projects in Queens and Brooklyn took the next four spots on the list.

Blend of Old and New

Approximately 54 percent of the projects, as measured by total value, over the seven-year period have been for ground-up construction of new facilities. The remaining 46 percent were renovations and alterations to existing structures. Aided by the start of the Memorial Sloan Kettering facility, the percentage devoted to new construction rose to 60 percent in the first half of this year.

"The nearly 50/50 split in new construction and renovations to existing facilities is a very positive sign," noted Mr. Anderson. "It demonstrates that New York City's bedrock institutions are confident enough in their futures to expand where possible. And even when they aren't in expansion mode, they are still making the investments necessary to maintain and modernize their existing facilities."

The data for this report encompass all recorded project starts, including new construction as well as alterations and renovations to existing structures, and reflect the estimated value of each initiated project through the entire period of construction.