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## New York's Institutional Building Spree

By Keiko Morris

*Projects by schools, hospitals and others more than tripled in the first half of this year compared with a year earlier*



Construction on the Cornell Tech campus on Roosevelt Island in June. PHOTO: SETH WENIG/ASSOCIATED PRESS

New York City's public and private institutions continued to generate a steady flow of work for builders in the first half of 2015, launching projects that by value far exceeded those started in the first half of last year, according to an industry report.

Schools, hospitals, courts, libraries, and religious and cultural institutions initiated \$2.9 billion of construction projects in the first half of this year, compared with \$796 million in the first half of 2014.

The analysis from the New York Building Congress, which promotes the construction industry, notes that this year's strong start follows the \$3 billion in institutional construction projects started in the second half of 2014.

In good times and bad, the institutional sector has demonstrated a "remarkable consistency" in spending money to maintain and upgrade facilities, said New York Building Congress President Richard T. Anderson. The institutions' finances have been helped by a hot stock market and a relatively strong economy, he added.

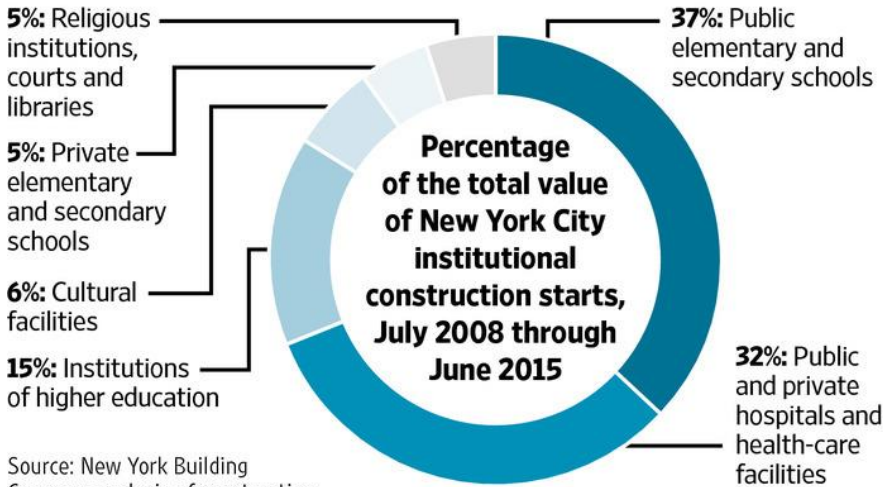
"Institutions in New York City have independent sources of financing, which are somewhat recession proof," said Mr. Anderson, who noted funding streams such as bequests and private contributions from wealthy individuals. "Wealthy people don't get affected by recessions the way normal people do."

For all of 2014, the value of institutional-sector projects started amounted to \$3.8 billion, up from \$2.6 billion in 2013 and \$2.4 billion in 2012.

In years past, city’s institutional sector has typically accounted for 12% to 14% of all construction starts, the New York Building Congress said. The report tabulated only hard construction costs, excluding expenses such as those for architects, acquiring the site and furnishing the interiors.

## Solid Foundations

New York City’s public and private institutions provide builders with a steady stream of projects, unlike residential construction, which is more sensitive to economic conditions.



Source: New York Building Congress analysis of construction data from Dodge Data & Analytics

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Schools and hospitals led the way, the report showed.

“That’s driven by added population growth, more students in the city and the commitment of elected officials to build and rehabilitate the school system,” Mr. Anderson said.

New York City public and elementary and secondary schools made up 33% of the projects initiated in the first half of 2015. They accounted for \$8.5 billion, or 37%, of all institutional construction starts over a seven-year period from July 2008 through June 2015.

Public and private hospitals and health-care facilities made up 35% of building projects through June of this year. They amounted to \$7.3 billion, or 32%, of projects initiated during the seven-year period.

Public and private colleges and universities launched about 23% of construction starts through June. Over the seven-year period, projects started amounted to \$3.5 billion, or 15% of the institutional projects.

Memorial Sloan Kettering Cancer Center’s David H. Koch Center for Cancer Care was at the top of the list for the largest project by value started in 2015. Data analyzed in the report put hard construction costs at \$750 million for a 750,000-square-foot, 23-story outpatient cancer center to be built on East 74th Street and FDR Drive.

The center is funded in part by a \$150 million gift from industrialist David H. Koch. Previous reporting from The Wall Street Journal has placed the overall cost of the project at \$1.3 billion.