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New York City Hospitals Spend Billions as They Expand and Update

Hospitals in the city spent more than \$6 billion on construction from 2013 through 2015, report finds



Construction on a project for NYU Langone Medical Center in October. PHOTO: MARK KAUZLARICH FOR THE WALL STREET JOURNAL

By **KEIKO MORRIS**

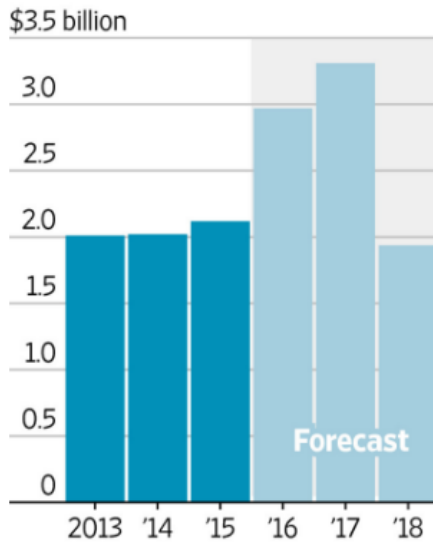
Construction spending in New York City's health-care sector is surging as hospitals update aging facilities and add preventive health services, a new report finds.

Hospitals in the city spent more than \$6 billion on construction from 2013 through 2015 and are expected to spend \$8.2 billion from 2016 through 2018, according to a survey and analysis from the New York Building Congress, an industry group.

NewYork-Presbyterian and NYU Langone Medical Center each spent \$500 million to \$600 million on construction over 2014 and 2015.

Health Trend

Hospital construction spending in New York City is surging.



Source: New York Building Congress Survey and Lend Lease Economics
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Hospitals and health-care facilities are among the most expensive buildings to construct, with costs as high as \$1,700 a square foot for highly specialized facilities, according to the report, which got responses from 13 institutions.

The sector's construction spending will add about 2 million square feet of hospital space from 2016 through 2020, according to the report.

Among the factors driving the health-care construction boom is the consolidation under way in the industry. Big hospital systems are acquiring other organizations—from doctors' offices to smaller health-care facilities—and are investing in them, said Richard T. Anderson, president of the New York Building Congress.

Expanding primary and outpatient-care services both on and off main hospital campuses also has spurred construction with smaller facilities under development throughout the five boroughs.

“A lot of hospitals in New York have been around for decades, and they really receive a lot of wear and tear, and we have to work to keep them fresh,” said Joseph A. Ienuso, group senior vice president for real estate and facilities at NewYork-Presbyterian.

NYU Langone is in the midst of a revitalization at its main campus in Manhattan that includes a new research building and a new 830,000-square-foot hospital building with single-occupancy rooms to improve infection control and the patient experience, said Vicki MatchSuna, senior vice president and vice dean for real-estate development and facilities.



Workers on one of the top floors of an NYU Langone construction project in October.
PHOTO: MARK KAUZLARICH FOR THE WALL STREET JOURNAL

NewYork-Presbyterian is finishing the interiors of a new 750,000-square-foot Upper East Side building that will include a women and children's hospital and an ambulatory-care center.

The New York Building Congress recommended measures to help hospitals and health-care institutions stay competitive. Among them: Include revised zoning for Manhattan's East Side health-care corridor to provide predictable guidelines, and develop zoning that encourages investment in outer-borough services and facility improvements.