

December 2, 2016

<https://www.dnainfo.com/new-york/20161202/upper-east-side/hospitals-expansion-construction-nyc>

UPPER EAST SIDE & ROOSEVELT ISLAND Health & Wellness Real Estate

Hospital Construction Booms Amid Shift to Outpatient Services

By [Amy Zimmer](#)

MANHATTAN — [As hospitals expand their footprints across the city](#), a new report projects that the healthcare industry will spend total of \$6.3 billion in construction in 2016 and 2017, with 2 million square feet of hospital space in the pipeline through 2020.

The big spending comes during a time of major changes in the healthcare industry, [according to the Building Congress report released Friday](#).

Hospitals are expanding primary care and outpatient facilities as they look to cut down on overnight stays, while many are also replacing core inpatient facilities by replacing shared rooms that have several beds with more private single-bed suites.



▼ Close

Perkins Eastman

At NYU Langone's Tisch Hospital in Kips Bay, for instance, the next phase of remodeling is set to start in 2017, [with reconfiguring upper floors for patient care units to contain all single-bed rooms](#), according to the hospital.

Hospitals are also vying for patients by updating their maternity wings and modernizing specialized treatment facilities. On the Upper East Side, New York-Presbyterian Hospital's multi-million dollar expansion is set to open in 2018 with [an outpatient center and a state-of-the-art maternity ward of 75 private rooms](#). It will be the first in the city to have MRI capabilities and an operating room in its newborn intensive care unit, according to the hospital.

NYU Langone and NYP each spent more than \$500 million in construction costs in 2014 and 2015, the report noted.

Recent big mergers, like Mount Sinai taking over Continuum's facilities, are also prompting changes. Mount Sinai will downsize Gramercy's Beth Israel in a \$500 million plan to shift hospitals services elsewhere and replace it with a new "Mount Sinai Downtown Network," [which would include a smaller Beth Israel on East 14th Street and a network of ambulatory care facilities and physicians' offices](#).

"Much of the construction activity is being driven by a healthcare sector that is changing before our eyes," Building Congress President Richard T. Anderson said in a statement. "New York City's large hospital systems

are consolidating, adding new services, and expanding well beyond their historic borders throughout the city to transform how they deliver healthcare.”

As insurance reimbursements to hospitals increasingly weigh patient outcomes and readmission rates, hospitals have focused on adding primary care and new outpatient services that address illness prevention, the report found.

The [Hospital for Special Surgery](#) on the Upper East Side is creating new facilities, the report said, and Park Slope’s [Methodist Hospital](#) is in the midst of a big project.

NYC Health + Hospitals, the nation’s largest municipal healthcare system, is also making a system-wide push to expand primary care services, the report also noted.

The public hospital system is seeking to invest \$200 million to \$300 million annually from fiscal years 2016 through 2019 at 10 of its facilities throughout the city, according to the report. Yet, its chief executive, [Ramanathan Raju, announced his resignation in November](#), months after the de Blasio administration announced overhauling the system, which faces a major shortfall in cash.

Hospitals are a big business in the city, accounting for roughly 160,000 jobs and more than \$13 billion in earnings in 2015, the report found, noting the market value of all hospital property currently exceeds \$14.4 billion.

There are more than 40 general medical hospitals, 11 of which are owned and operated by NYC Health + Hospitals.

Hospital facilities are also among the most expensive to construct, the report added.

“As a consequence, the ripple effect of these capital expenditures on New York City’s economy is exceptionally large, generating increases in employment, output, and earnings across a wide array of industries,” Anderson said.

The Building Congress recommended the city help hospitals remain competitive by supporting the new construction through, for instance, special zoning for Manhattan’s East Side healthcare corridor allowing some flexibility for design and construction of hospitals building on constrained footprints.

It also called for outer borough zoning to encourage investment in community-based primary healthcare services and smaller, aging hospitals, as well as increasing capital support for public hospitals.