

# THE REAL DEAL

## NEW YORK REAL ESTATE NEWS

December 2, 2016

<http://therealdeal.com/2016/12/02/citys-hospitals-spend-billions-amid-construction-surge/>

### City's hospitals spend billions amid construction surge

Health care construction spending to increase to \$8B through 2018



*Richard Anderson and construction site at 1283 York Avenue*

The city's health care sector is seeing a surge in construction spending as hospitals spend billions updating outdated facilities and adding preventative health services, a new study finds.

Hospitals in the five boroughs spent more than \$6 billion on construction between 2013 and 2015, and are expected to dole out another \$8.2 billion through 2018, according to a new study and survey from the New York Building Congress.

Industry consolidation is one of the factors pushing the spending increase, as big hospital systems acquire other organizations including doctors' offices and smaller health-care facilities, the Wall Street Journal reported.

Smaller facilities are also under development in the city, as primary and outpatient-care services expand both on and off big hospital campuses.

Construction costs in the sector are among the most expensive. It can cost as much as \$1,700 per square foot to build the highly specialized facilities, the Building Congress' report found.

New York-Presbyterian, which is finishing up interior work for a new 750,000-square-foot women and children's hospital [on the Upper East Side](#), spent \$500 million to \$600 million between 2014 and 2015.

"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 Ienuso, vice president for real estate and facilities at the hospital.

Health care construction spending will add roughly 2 million square feet of hospital space through 2020, the report found.

The Building Congress recommended updating zoning in Manhattan's East Side health corridor and developing zoning to encourage investment in the outer boroughs as ways to help the city's institutions remain competitive.

[Richard Anderson is scheduled to step down](#) as head of the Building Congress next year, with Brooklyn Chamber of Commerce head Carlo Scissura tapped to take over. [\[WSJ\]](#) – *Rich Bockmann*