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<http://www.constructiondive.com/news/booming-nyc-hospital-construction-sector-expected-to-reach-82b-from-2016/431625/>

**BRIEF**

**Booming NYC hospital construction sector expected to reach \$8.2B from 2016 to 2018**



[Kim Slowey](#)

**Dive Brief:**

- Hospital construction spending hit more than \$6 billion from 2013 through 2015 and is expected to reach \$8.2 billion for the period 2016 through 2018, according to a New York Building Congress report.
- An additional 2 million square feet of medical space from 2016 through 2020 is expected to come from the upgrades typically seen after aging healthcare systems merge and consolidate, as well as from an uptick in smaller outpatient and primary care service facilities, according to The Wall Street Journal.
- Because it is a specialized sector, healthcare construction can cost up to \$1,700 per square foot, making those facilities some of the priciest to build.

**Dive Insight:**

Healthcare is a leading New York City industry. The sector, according to the NYBC, adds \$40 billion to the gross city product, and 160,000 workers earned more than \$13 billion in 2015. In addition, the market value of

all hospital property is more than \$14.4 billion. New York City's medical facilities are also ranked consistently as some of the best in the world. In fact, according to the NYBC, U.S. News & World Report included three private New York healthcare facilities in their list of the 15 best hospitals in the nation.

In its report, the NYBC advised hospital officials to forge ahead in using more current project management methods like [integrated project delivery](#) (IPD) to reduce costs and maintain the schedule. In September, Inspira Health Network awarded Skanska USA the contract to build a [new \\$350 million hospital](#) in Harrison Township, NJ, and the general contractor said it would use the IPD method with the architect and engineer as partners.

While Skanska included design professionals in its IPD contract, some also incorporate major subs as well. The parties in a construction IPD contract usually plan all aspects of the project together, share risks and reward and waive liability claims against each other. According to Skanska, the Inspira contract is its biggest IPD project in North America to date.

The requirements of the 2010 Affordable Care Act, according to Cindy Juhas, chief strategy officer for medical equipment company CME, have been driving much of the [outpatient and smaller clinic construction](#). The mandate of improved patient health, she told Construction Dive in October, requires that medical professionals be in closer proximity to the patient, thus the proliferation of neighborhood facilities. However, President-elect Donald Trump has vowed to repeal the ACA. If he is successful, healthcare systems all over the country — including those in New York City — could be forced to rethink the clinic strategy.