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<http://www.healthcarefinancenews.com/news/capital-investments-among-nyc-hospitals-adding-jobs-billions-local-economy>

## **Capital investments among NYC hospitals adding jobs, billions to local economy**

The design and construction of both inpatient and outpatient facilities has helped hospitals become a major economic force.



[Jeff Lagasse](#), *Associate Editor*

Hospitals in New York City are making major capital investments, and those investments are paying off in terms of job creation and economic impact, according to a survey by the New York Building Congress.

Responding hospitals were asked to forecast their construction spending over the next four years, and based on their projections, the NYBC estimates that they'll outlay more than \$10 billion on construction during this time, which is expected to add roughly 2 million gross square feet of hospital space during that time.

With healthcare one of New York City's premier industries, the design and construction of both inpatient and outpatient facilities has helped hospitals become a major economic force, the group concluded.

The city's healthcare sector contributes \$40 billion to a Gross City Product of \$700 billion, with hospitals generating nearly half the total output of all healthcare spending. Those hospitals accounted for annual earnings in excess of \$13 billion for 160,000 workers in 2015, and the market value of all hospital property is north of \$14.4 billion.

Capital spending on hospitals is projected to generate 11,700 temporary construction jobs by the end of the year, and more than 13,000 such jobs in 2017.

It's boom time for hospital construction in the Big Apple, the survey found. Overall, the NYBC estimates that total hospital construction activity topped \$6 billion during the three-year period from 2013 to 2015. Of these totals, New York's two largest teaching hospitals and their affiliated institutions -- NYU Langone and New York-Presbyterian -- each spend \$500 to \$600 million on construction in both 2014 and 2015. The public NYC Health + Hospitals system, and the private Montefiore Health System, invested between \$100 to \$200 million in those years, while the independent Hospital for Special Surgery invested nearly \$60 million in 2015.

Much of the spending has been focused on building primary and outpatient care capacity, both on and off the main hospital campus. Nine out of 10 respondents reported work on some kind of outpatient facility. NYU Langone, for example, is spending \$200 million to construct a 160,000 square-foot emergency room and outpatient diagnostic facility in Cobble Hill, Brooklyn. Northwell Health is pumping \$300 million over the next five years into facilities that include outpatient service clinics at various locations on Staten Island, far beyond its traditional Nassau County campus.

The survey also revealed that the largest individual investments are being made by large institutions to improve existing facilities on their main campuses. Case in point is New York-Presbyterian, which is erecting a 750,000-square-foot building, housing an advanced maternity ward and a range of outpatient services.

Independent hospitals are making smaller investments, but the Hospital for Special Surgery is forecasting five years of continuous investment at five different sites on Manhattan's Upper East Side that average more than \$25 million per year. That money will go toward improving inpatient services and visitor amenities.

The economic impact of these expenditures is expected to be significant. Hospitals and other healthcare facilities are among the most expensive to construct, said NYBC, with all-in costs reaching as high as \$1,700 per square foot for some highly specialized facilities. As a result, the ripple effect generates increases in employment, output and earnings across a wide array of industries.

By the end of the year, when direct capital spending by hospitals is expected to reach \$3 billion, this will likely generate \$4.4 billion per year in business revenues, followed by nearly \$4.9 billion in total output in 2017, the survey found. Direct and total spending in subsequent years will decline based on current projections, but should increase as long-term construction plans firm up.

*Twitter: [@JELagasse](https://twitter.com/JELagasse)*