

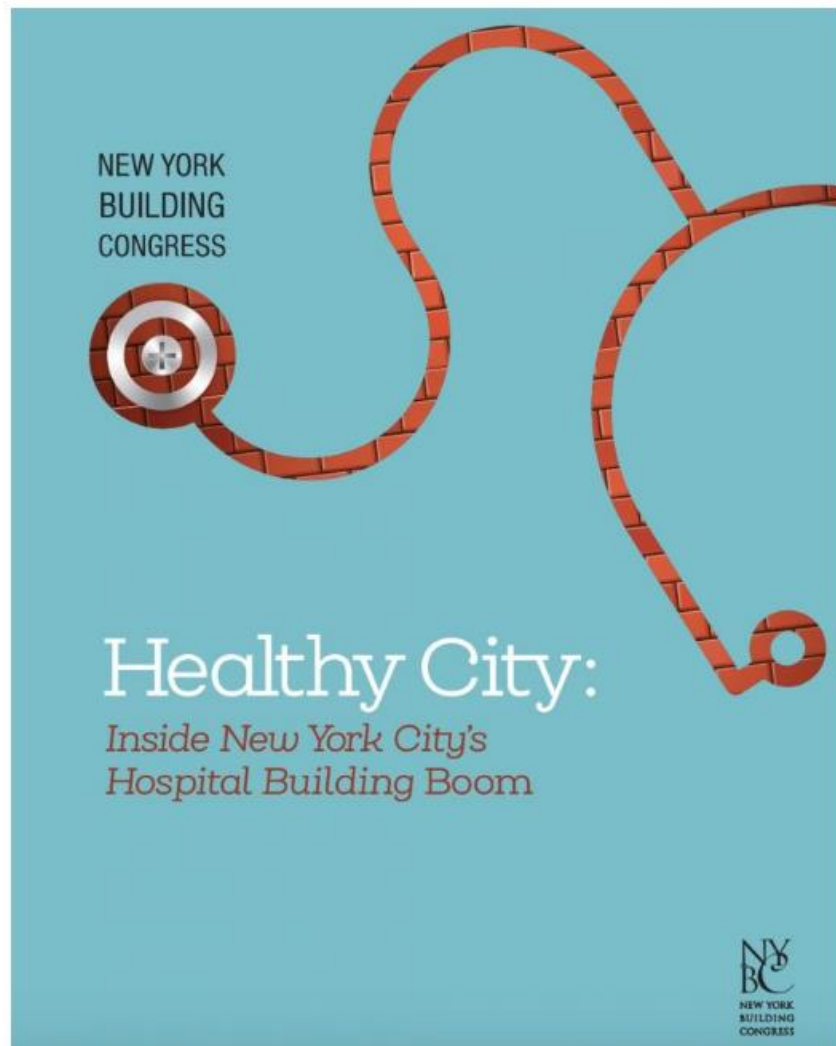
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<http://www.newyorkconstructionreport.com/6-3-billion-in-nyc-construction-expected-in-2016-2017-says-ny-building-congress/>

Associations

projects/opportunities

**\$6.3 billion in NYC hospital construction
expected in 2016-2017, says NY Building Congress**



The New York Building Congress report: *Healthy City: Inside New York City's Hospital Building Boom*, explains the volume and trends in NYC hospital construction.

By [Mark Buckshon](#)

New York City's hospitals are expected to invest \$6.3 billion on construction projects in 2016 and 2017, according to [Healthy City: Inside New York City's Hospital Building Boom](#), a new report from the [New York Building Congress](#). The report is based on an extensive survey of New York City hospitals, interviews with leading healthcare construction professionals, and an analysis of other available data sources.

The Building Congress forecasts healthcare construction spending in New York City will reach nearly \$3 billion in 2016 and increase to slightly more than \$3.3 billion in 2017. The spending forecast for 2018 through 2020 is less certain but points to a decline, largely because many hospitals are still in the capital planning phase of the budgeting process.

The massive amount of spending comes in the face of rapid change in the healthcare industry. To keep up with these changes, hospitals will help add roughly two million square feet of hospital space over the 2016-2020 period, as hospitals undertake a range of priorities, including the expansion of primary and outpatient care capacity on and off the main hospital campus. Hospitals also will look to complete projects to replace core inpatient facilities by replacing multi-bed suites with single bed suites, updating maternity wings, and modernizing specialized treatment facilities.

“What our survey and research revealed is that much of the construction activity is being driven by a healthcare sector that is changing before our eyes. 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,” said Building Congress President Richard T. Anderson. “And the types of investments they are making reflect this.”

New York City’s hospitals expanding

With nearly 25,000 beds and 35,000 on-call doctors, New York City hospitals handle more than three million emergency room visits, one million admissions, and close to 250,000 inpatient and 500,000 outpatient surgery cases every year. According to The Advisory Board, which performs strategic research for the healthcare industry, between 2014 and 2024, inpatient discharges in New York City hospitals are expected to grow by nearly six percent, while the number of outpatient visits could increase by as much as 27 percent.

To accommodate this level of growth, hospitals have been building to modernize, expand, and respond to market forces and rapid changes in healthcare delivery. The 13 respondents to the Building Congress survey reported \$4.9 billion in capital investments from 2013 through 2015. Overall, the report estimates that total hospital construction activity topped \$2 billion annually over that three-year period.

The respondents, who together represent 80 percent of all spending on hospital construction, included Montefiore Health System, Mount Sinai Health System, NewYork-Presbyterian Hospital, Northwell Health, NYC Health + Hospitals, and NYU Langone Medical Center.

A key finding of the survey is that as insurance reimbursements to hospitals increasingly weigh patient outcomes and readmission rates, hospitals have turned to adding primary care and new outpatient services, focusing on prevention of illness and addressing health issues in non-emergency settings. The report details those investments.

Economic impact

As the report documents, New York City’s healthcare sector contributes \$40 billion to the Gross City Product (GCP), with hospitals generating nearly half the total output of all healthcare spending. New York City’s hospitals also accounted for 160,000 jobs and more than \$13 billion in earnings in 2015. The report also notes that the market value of all hospital property currently exceeds \$14.4 billion.

The Building Congress analyzed the direct and indirect impacts of recent and anticipated hospital construction. In 2013 and 2014, when capital spending was estimated at approximately \$2 billion per year, the effect on business revenues of all New York City firms associated with healthcare construction projects reached \$3 billion and rose to \$3.1 billion in 2015.

By year-end 2016, when direct capital spending by hospitals is expected to reach \$3 billion, \$4.4 billion in business revenues will likely have been generated, followed by nearly \$4.9 billion in total output in 2017.

The impact on employment is equally significant. The Building Congress anticipates that capital spending on hospitals will generate 11,700 construction jobs in 2016 and more than 13,000 construction jobs in 2017. Factoring in the employment impacts on associated industries, the total employment effect amounts to 19,400 jobs in 2016 and 21,400 in 2017.

“Hospitals and other healthcare facilities are among the most expensive facilities to construct,” stated Mr. Anderson. “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.”

Conclusions and recommendations

In the midst of an ongoing hospital building boom, a number of policy changes will help the industry adapt quickly to a changing healthcare marketplace, remain competitive with other great institutions in the country, and respond quickly to changes in the way healthcare services are delivered. The Building Congress recommends the following policy measures:

- The City should consider special zoning for Manhattan’s East Side healthcare corridor to allow some flexibility for design and construction of hospitals building on constrained footprints.
- The City should consider special outer borough zoning to encourage investment in community-based primary healthcare services and improvement of smaller, aging hospitals, which has become an increasingly important part of the healthcare delivery system.
- The City should increase capital support for NYC Health + Hospitals, the system responsible for operating the City’s public hospitals and clinics, which faces chronic capital funding shortfalls.
- Hospitals, which build some of the most sophisticated buildings, must recruit and train qualified construction management professionals to ensure on-time and on-budget development and retain facilities management professionals to ensure these facilities are well maintained.
- Institutions should continue to adopt collaborative project management practices, like integrated project delivery, which have proven to encourage collaboration and innovation while reducing overall construction costs.

The New York Building Congress is a membership coalition of business, labor, association, and government organizations promoting the design, construction, and real estate industry in New York City.