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# HEALTHCARE CONSTRUCTION MARKET

**2026 COMPREHENSIVE  
MARKET SNAPSHOT**



# MARKET AT A GLANCE

The healthcare construction sector is experiencing unprecedented growth in 2026, driven by aging infrastructure, population demographics, and the urgent need for modernized facilities.

Coming out of the post-pandemic recovery period, investment in healthcare facilities has reached historic levels across both new construction and major renovations.

**\$70B+**

Total U.S. Healthcare  
Construction Market Value



**59%**

Expected budget increase  
for renovation projects

**61%**

Growth in infrastructure  
upgrade budgets

**46%**

New hospital construction  
budget expansion

**46%+**

Share of medical office  
building construction



# KEY MARKET DRIVERS

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## 1. Demographic Pressure

By 2030, all Baby Boomers will be age 65 or older, representing 1 in 5 Americans. This demographic shift is creating massive demand for expanded healthcare infrastructure, from acute care facilities to long-term care and specialized treatment centers.



## 2. Outpatient Care Expansion

Medical office buildings now account for over 40% of all healthcare construction as systems strategically shift care delivery closer to patients. Ambulatory care facilities comprise approximately 30% of total provider revenues and continue growing.



## 3. Infrastructure Modernization

Aging hospital infrastructure requires significant capital investment. Healthcare organizations are prioritizing renovations and upgrades to improve operational efficiency, meet current codes, and integrate new technology.



## 4. Legislative and Reimbursement Changes

New healthcare legislation and evolving reimbursement models are shaping capital construction programs nationwide, driving strategic facility investments aligned with value-based care delivery.



# MAJOR PROJECT TYPES IN 2026

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## Academic Medical Centers

Large-scale hospital towers with cutting-edge technology, research integration, and comprehensive specialty services. Projects routinely exceed \$1-2 billion.

## Pediatric Campuses

Specialized children's hospitals and integrated care campuses designed to serve growing youth populations with family-centered care environments.

## Cancer Treatment Centers

Dedicated oncology facilities featuring advanced imaging, radiation therapy, infusion centers, and integrated research capabilities.

## Ambulatory Surgery Centers

Outpatient surgical facilities capturing procedures migrating from inpatient settings, offering cost efficiency and convenience.

## Medical Office Buildings

The fastest-growing segment, strategically positioned near residential areas to improve access and capture market share.

## Behavioral Health Facilities

Specialized spaces addressing mental health crisis, addiction treatment, and trauma-informed care with enhanced safety features.



## GEOGRAPHIC HOT SPOTS

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Healthcare construction activity is concentrated in regions experiencing rapid population growth, aging demographics, and system consolidation:

- **Texas:** Dallas pediatric campus (\$5B), MD Anderson expansion (\$2.5B), and multiple regional health system growth projects
- **Ohio:** Ohio State Wexner Medical Center tower (\$1.8B) and Cleveland Clinic expansions
- **Michigan:** Henry Ford Health system-wide expansion (\$3B)
- **California:** Multiple academic medical center renovations and seismic retrofit requirements driving investment
- **Sun Belt States:** Florida, Arizona, and North Carolina seeing robust ambulatory and hospital construction



# MARKET CHALLENGES

The demand-supply imbalance creates cascading consequences across the healthcare construction ecosystem:

**Critical Labor Shortage:** The construction industry needs approximately 500,000 additional workers in 2026 to meet demand. Healthcare projects compete for limited skilled labor, creating wage pressure and schedule concerns.

## Budget Constraints

Healthcare organizations face fluctuating reimbursement rates, unpredictable patient volumes, and persistent inflation, forcing procurement teams to maximize value from every dollar invested in facilities.

## Cost Escalation

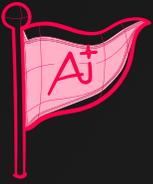
Material costs for steel, concrete, and MEP components remain elevated. Labor costs are rising 6-8% annually, with premium markets seeing even higher growth. Total construction spend projected to exceed \$2.24 trillion in 2025, growing another 4.2% in 2026.

## Timeline Pressure

Labor shortages mean projects take longer to complete. Even basic tasks require more time when crews are stretched thin or less experienced. Projects routinely build in 10-15% labor float to account for delays.

## Operational Continuity

Healthcare environments demand minimal disruption during construction. Phased approaches and specialized scheduling are essential to maintain patient care during facility upgrades.



# TECHNOLOGY ADOPTION

Healthcare construction is rapidly adopting digital tools to address labor shortages and improve efficiency:



## Building Information Modeling (BIM)

Adoption exceeds 60% nationwide. Projects using BIM finish 20% faster and 15% cheaper on average.



## AI and Robotics

Smart scheduling and predictive maintenance reducing downtime by up to 60%. AI-driven procurement streamlining vendor management.



## Prefabrication

Factory-built components reducing construction timelines by 4-6 months on major projects while improving quality control.



## Drones and IoT

Aerial mapping and sensor networks improving safety monitoring and progress tracking.



# PROCUREMENT TRENDS

Healthcare organizations are embracing new procurement methods to address speed and cost challenges:



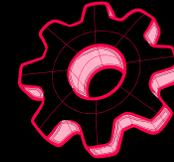
## Job Order Contracting (JOC)

This Indefinite Delivery, Indefinite Quantity (IDIQ) approach enables multiple projects under single agreements with pre-established pricing, dramatically accelerating project delivery while providing cost predictability.



## Progressive Design-Build

Collaborative delivery methods allowing early contractor involvement, improving constructability, and reducing change orders.



## Self-Performing General Contractors

Organizations with substantial in-house craft workforces (5,000+ workers) gain competitive advantage through reduced subcontractor dependency.



# OUTLOOK THROUGH 2027

The healthcare construction market shows no signs of slowing. Key indicators point to continued robust growth:

- **Demographic trends continuing to drive demand for both acute and long-term care facilities**
- **Deferred maintenance backlogs requiring attention after years of delayed investment**
- **Competitive pressure driving facility upgrades as patient experience becomes key differentiator**
- **Technology integration requiring infrastructure investments (advanced imaging, robotics, AI systems)**
- **Sustainability mandates pushing net-zero facility development**

## Market Forecast:

**Healthcare construction spending expected to maintain 4-6% annual growth through 2027, with specialized sectors like cancer treatment, behavioral health, and outpatient care growing even faster.**



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