

Healthcare Services & Wellness Programs Form Perfect Unions



Developers are carving out niches as trusted advisers and partners to healthcare systems.

by RACHEL DURAN
editor@siteselection.com

There are many locations throughout the country that offer “clean slates” to encourage healthcare projects, which can be particularly helpful when assembling the next generation of healthcare. Medical providers partner with real estate solution providers to create efficient and convenient delivery of services, all while lowering their expenses. One approach has been to establish healthcare facilities or micro hospitals off campus in suburban areas and away from major hospitals in metro regions.

“Most systems want to manage a patient’s care throughout their life span,” says Duke Realty Executive Vice President of Healthcare Keith Konkoli. “You can imagine there are various places along that continuum of care where you need real estate to support that care.”

Duke Realty’s portfolio consists of 138 million sq. ft. (12.8 million sq. m.) of commercial real estate in 21 US metros. Konkoli says demand is particularly strong in the western portion of the US, where population increases are driving thriving markets such as Phoenix and Denver, and states such as California and Texas.

Duke Realty is developing four micro hospital facilities in the Denver metro for SCL Health, one of Denver’s largest healthcare systems. These hospitals feature eight to 10 beds and emergency care services. “In the case of SCL, we looked at locations that were very retail-oriented and convenient for places that SCL needed to complete its network to best serve its patients,” Konkoli says.

It Takes a Village

A development in Henderson, Nevada, is billed by developer Union Village LLC as the world’s first master-planned integrated health village. The project is expected to create 17,000 direct, indirect and construction jobs and generate nearly \$10 billion in tax revenues over 25 years.

Henderson Hospital is the anchor facility at the village, and is scheduled to open its doors in October; construction on additional projects will begin next year. The 170-acre (69-hectare) Union Village site will feature medical offices, wellness facilities, park space, and a senior village with assisted, independent and memory care living options.

“We are looking for longevity — we are not a warehouse where people come and live out their lives,” Union Village partner Gary



The March LifeCare Campus in Riverside County, California, will add desperately needed healthcare services to an underserved community. The construction of a 150-bed acute care hospital will begin in 2018. Additional healthcare buildings will begin construction design in 2018 and 2019.

Rendering courtesy of March LifeCare LLC

Holland tells Site Selection. “They can come here and be healthy and have life extension. We hope to be the model for the next generation of healthcare both nationally and internationally.”

Union Village’s officials are exploring a medical tourism component, motivated by a broader regional initiative to put medical professionals’ services in front of the 41 million tourists who come to Las Vegas annually.

Military Site Repurposed

In Riverside County, California, March HealthCare Development LLC is developing the March LifeCare Campus at a former military site located on the west side of the county. The county’s healthcare system is underserved, with services to be further strained due to an influx of another 2 million people in the next decade.

The March property consists of nearly 3,500 acres (1,416 hectares) available for reuse; 236 acres (96 hectares) will comprise the healthcare campus. As a special development district within Riverside County, the property enables officials to enter partnerships with developers and invest in projects.

“We have the unique ability to streamline the processes because we are not subject to county or city processes,” says March Joint Powers Authority Management Analyst Grace Williams.

One of the founding members of the development is the Riverside Medical Group, which consists of more than 200 doctors, notes March Joint Powers Authority Executive Director Danielle Wheeler. They want to work from a campus setting that would allow them to provide services in one place, cutting travel time.

As for workforce training, located just a few minutes’ drive from the campus is the University of California-Riverside’s medical school, which recently received accreditation. Moreno Valley College provides allied healthcare training. ▼

MEDLINE INDUSTRIES THINKS LONG TERM

For Medline, a manufacturer and distributor of medical supplies, real estate is viewed as an asset. Deciding where to site a distribution center is a 30- to 40-year commitment, with long-term value preservation a priority.

“Other companies try to preserve capital flexibility and prefer to lease rather than own,” says Medline Industries Inc. Vice President of Real Estate Dmitry Dukhan.

Medline is building in 10 strategic market locations, where it is constructing more than 7 million sq. ft. (650,300 sq. m.) of new distribution space. The markets include Atlanta, Dallas, Houston, Denver, Phoenix, and Northern California and Southern California. The company partners with developers such as Prologis. Medline purchases the land and bids out the construction work.

The company often will lease a portion of the facility until it needs additional capacity. Dukhan says the industrial parks have well-maintained infrastructure and landscaping, excellent security and access to public transportation, as well as room to expand. These advantages are important to Medline, which maintains its own truck fleet and drivers. Industrial parks preserve long-term value better than stand-alone facilities.

Among the company’s site selection criteria are site within a four- to five-hour delivery time of customers.

“We may pay a premium today, but it will pay dividends for years to come,” Dukhan says. — Rachel Duran