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What Makes a Top Shelf MOB?

Investors are into **outpatient medical centers**, but they've got to be **affiliated with a hospital system**. (Buying store brand is a fun adventure when it comes to cereal, but for ambulatory care centers, capital wants the real thing.)



Yesterday, 225 attendees were on hand at *Bisnow's* second annual **New York Healthcare Real Estate Summit** at The Roosevelt Hotel. Lend Lease development head **Gary Buechler** explained that **institutional investors**—and not just niche players like healthcare-specific REITs— want MOB properties. But their wish lists are a bit more specific than that.



Health Care REIT's **Will Roberson**, whose firm has been in the biz for 43 years, says his company wants to buy **bigger MOBs and complexes** (75k to even 200k SF) as hospitals gobble up physicians' practices. The REIT is also tracking the performance of **wellness centers** and post-acute care centers, but the jury is out on the Affordable Care Act's effect on reimbursements for those services. Will says the company is spending a lot of time on labor-intensive, **one-off building buys**, developing the relationships that will position it for bigger buys in the future.



ProMed Properties COO **Christopher Montello** (second from left with Gary, **Simone Healthcare Real Estate prez Joe Kelleher**, Arent Fox's **Rick Krainin**, Duke Realty's **Keith Konkoli**, and Will) says his Eastern Seaboard-focused firm wants urban, high-barrier-to-entry markets, though it'll expand to the suburbs if hospital systems it already works with want to. Hence its entry into **Westchester** five years ago alongside WestMed. No regrets from Christopher: That outpatient center has become the **county's healthcare hub**, he says.



Keith, holding court after the event, says the systems with which Duke works are reaching into **outlying markets**—to find patients, yes—but also to **ease costs**. An off-campus rehab hospital, for instance, can provide the same service for as much as 20% less, he says.



Joe (right) says Simone is building a **280k SF** off-campus ambulatory care center for **Montefiore**, where the hospital system can move same-day procedures. That frees up the Bronx **flagship** campus for the **super-serious stuff**. Gary, who hopes to increase his firm's MOBs under construction from just one to five by the end of Q1, says outpatient centers housing multiple physicians groups can provide **space flexibility** as the industry morphs. Chris's example: A pediatrician's practice hopes to double its space and capture some of the newly insured children; if that doesn't work out, though, it needs to be able to return to its original footprint.



We also snapped SOM's **Paul Whitson** and Bohler Engineering's **Buck Collins** and **Jim Powers**, whose firm just opened the 224-bed Albert Einstein Regional Medical Center in suburban Philly.



Cannon Design's **Eric Jaffe** (with Walter P Moore's **Blair Hanuschak**) tells us his firm is working on the **VA's** spinal cord injury facility in the Bronx and ambulatory care center in Manhattan; North Shore-LIJ's traumatic brain injury facility; and NYU Langone Medical Center's clinical core lab. Blair's company is working on **expansions** at Stamford Hospital, Ocean City Medical Center, and Buffalo-Niagara Medical Campus.