

HEALTHCARE IS BECOMING THE NEW RETAIL

By Karen Jordan

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Pacific Medical Buildings Senior Vice President of Development Jake Rohe, Meridian Property Co. CEO John Pollock, CBRE Senior Vice President Brian Lewitt and moderator Allen Matkins partner Fernando Villa at the Bisnow Big West Coast Healthcare event.

Retailers' loss is turning out to be healthcare's gain.

Amid store closures and the shuttering of some big-box retailers, medical and healthcare-related offices [are seeing new opportunities.](#)

"Healthcare is definitely the new retail," CBRE Senior Vice President Bryan Lewitt said at *Bisnow's* Big West Coast Healthcare event on June 15. "The retail people at our company tell us about 25% of retail will go away."

As some stores are going into crisis mode, healthcare is starting to fill the gap.

"Retail centers are really dying and withering on the vine, yet you've got healthcare systems moving into retail centers because there seems to be a growing demand for the accessibility," Allen Matkins partner and panel moderator Fernando Villa said.

There are challenges that keep the model from working in some locations. Beverly Hills does not allow developers to convert retail to medicine, according to Lewitt.

The City of Beverly Hills adopted an ordinance six years ago, which went into effect on Feb. 11, 2011, putting a moratorium on developing and converting general office or retail space to medical regardless of having the necessary parking, he said.

Retailers love when healthcare is in the mix because all of the people coming through the building and dropping off patients will go shop, according to [Pacific Medical Buildings](#) Senior Vice President Jake Rohe.

"It's a really logical mix," Rohe said. "I don't know why we didn't think about it a while back, but it makes a lot of sense."

It also comes in handy since it can be expensive to buy land in California and sometimes more expensive to build, according to Rohe.

"We need to find solutions to help drive down healthcare costs," [Meridian Property Co.](#) CEO John Pollock said. "These dying sort of retail centers are perfect examples of where we can do it."

He said there is not a client who does not want that convenience to enhance the patient experience.

He said companies often have to overcome the legislative or city bureaucracy to get them approved.

"It's a challenge, but it's where the future is," Pollock said.

It feels like the trend is here to stay, Pollock said.

"I think retailization is in many ways a response to the demand for convenience," Children's Hospital of LA Chief Strategy Officer Lara Khouri said.

Families do not want to have to travel two hours to get to a medical appointment, she said. She said Southern California, in particular, poses challenges to getting around given the size of the area.

She said access and parking are important. Khouri also expects technology, including telemedicine, will offer increased ways for medical professionals to connect with families.

While many retailers welcome the increased foot traffic a medical office can bring to a center, some have pushed back.

A Walgreens or CVS Pharmacy may be interested in seeing a clinic come in, but other times they may have their own mini-clinic space inside the stores and not want the competition, [Cox, Castle & Nicholson](#) partner Andrew Fogg said.

Patients may appreciate the convenience of a retail location, but stores may either see it as a complement or competition.



CBRE Senior Vice President Bryan Lewitt and Pacific Medical Buildings Senior Vice President of Development Jake Rohe



Inception Property Group founding partner Peter Becronis and Children's Hospital of Los Angeles Senior Vice President and Chief Strategy Officer Lara Khouri



Cox, Castle & Nicholson partner Andrew Fogg, Children's Hospital of LA Chief Strategy Officer Lara Khouri, McKeesson Co. Director of Real Estate Perry Guinn and Inception Property Group founding partner Peter Becronis