



Shopping list: Milk, bread and a doctor's visit - Demand for medical services is growing

April 08, 2013 - Long Island

Demand for medical services is growing across the United States, driven by an aging population, an increase in life spans, rising obesity rates, and an increase in elective procedures. Increasingly, the centralized medical campuses that once served communities are no longer ideal for elderly patients or those with chronic diseases who must visit the doctor more frequently.

As a result, medical companies are adapting to appeal to consumers by moving into retail centers to provide more convenient locations for healthcare. Walk-in clinics, dentist offices, dialysis centers, pediatrician offices, labs and diagnostic centers, laser/LASIK surgery centers, plastic surgery centers, hospital satellite offices, and wellness centers are all moving closer to their patients by joining local retail centers. Here's what this trend means for providers, landlords, and patients:

Providers: Go where
your customers are

The appeal of locating healthcare services in retail centers is easy to understand. According to a 2012 Food Marketing Institute study, nearly all of us visit a necessity-based store regularly—an average of 2.2 visits per week to purchase groceries. Healthcare providers gain a competitive advantage by locating a facility near a store where target customers frequently shop. A retail location is also likely to draw more street visibility as shopping centers are located on busier thoroughfares than medical office complexes and hospitals. Furthermore, parking in a shopping center lot is easier than patients navigating parking garages and elevators to find their doctors.

Landlords: Retail healthcare means more customers for your shopping center

Landlords can attest to the benefits of having medical providers as tenants, as these in-person services bring foot traffic to shopping centers. Landlords like Kimco, which specialize in necessity-based and grocery-anchored retail, will especially benefit from the retail-medical trend. For example, a trip to the clinic for your child's sore throat will likely include a stop at the drugstore to fill a prescription and the grocery store to pick up soup or a quick-serve restaurant for convenient take-out.

Since the build-out of a healthcare space is more expensive than inventory-based retail, chances are the medical tenant is more likely to stay for the long-term. Many such tenants are backed by high-credit organizations like hospitals and insurance companies.

Kimco has found that patients don't monopolize parking either, and it's similar to other types of retailers. If medical staff uses employee parking areas, there is plenty of parking for the center's customers.

Consumers: Retail health
centers offer big convenience
at lower costs

Healthcare Design magazine reported there are 1,350 walk-in and urgent care medical facilities at shopping centers and retail locations nationwide, and the number continues to grow. These clinics meet the common health needs of today's consumers, including services like physical exams and treatment of non-life-threatening and minor injuries. These clinics have evening and weekend hours that mirror their retail neighbors and cater to consumers with busy schedules. Typically, no appointment is required, and some locations have lab and x-ray facilities on site.

Convenience isn't the only factor that attracts consumers. These facilities also offer their services at rates up to 40% less than a trip to the doctor's office and 80% less than a visit to the emergency room, according to figures from the Convenient Care Association.

The retail-medical model is not practical for medical services like specialized or complex medical care, especially when overnight stays are required. Traditional hospitals and doctor's offices still fill a need in the healthcare field, but for many types of health services, retail centers are emerging as ideal locations. As Baby Boomers get older, retail owners should take advantage of this business opportunity to provide more local, convenient access to healthcare.

Josh Weinkranz is vice president for Kimco Realty's Northeast region, New Hyde Park, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540