

Northern Colorado BUSINESS REPORT

PVHS built it, now businesses will come

By Marc Rikmenspoel

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LOVELAND - Since Medical Center of the Rockies opened last year, medical and care provider offices have been drawn to McWhinney's Centerra development at the intersection of Interstate 25 and U.S. Highway 34.

Ron Kuehl, vice president for office, medical and industrial real estate with McWhinney, estimates that 25 different health providers have moved to, or opened offices in, the Centerra area since construction began on MCR in early 2006.

Many of these were accommodated in the Medical Office Building adjacent to the hospital, now re-designated the South Medical Office Building, which opened at the same time as MCR. It will be joined soon by a North Medical Office Building due to open by the end of the year.

The south building, according to Kuehl, is 95 percent occupied, with the remainder under negotiation and full occupancy expected by this fall. The Greeley Medical Clinic has already purchased 50 percent of the north building for the satellite to their original facility next to Northern Colorado Medical Center in Greeley.

"Predominantly, physicians would prefer to own (their sites)," Kuehl said.

McWhinney's procedure for partnering with medical offices has followed three patterns, with the most common involving the occupant purchasing a share of ownership in a property. Other buildings are "condo-ized," with a client purchasing specific portions of a building for their own use, or to lease to others. Finally, McWhinney has occasionally built buildings to suit a client's need, with the medical practice then either owning the entire building, or leasing it.

"We've exceeded expectations," Kuehl said. "We expected the south building to fill up in two and a half years." When it is essentially filled a year ahead of plan, construction accelerated on the north building.

Kuehl attributes the popularity of the location with medical practitioners to the incredibly near access to the brand-new hospital, which in turn gives patients a variety of services available in close proximity.

Population growth in the area where Windsor, Johnstown, eastern Loveland and western Greeley meet also plays a role. Research by Metrostudy in May 2007 showed that 572,359 people live within a 20-mile radius of Centerra, enough to make the synergistic blend of a large hospital, adjacent smaller practitioners, and sufficient patients successful.

More buildings going up

McWhinney and Centerra don't have a lock on medical facility growth in Loveland.

Medical Properties Group is building the Crossroads Medical Wellness Center at Crossroads Plaza, while Kirk Dando has seen Orthopedic Center of the Rockies relocate to his Boyd Lake Village project west of Centerra. Brinkman Partners is collaborating with lawyer Jeff Johnson and Greeley plastic surgeon Denis Gonyon to build the 2534 Medical Campus in the 2534 development in Johnstown. Dave Carlson, who heads construction for Brinkman, believes that having multiple, often competing companies building in the region is a positive thing. "This will create more interest out there," he said.

Kuehl sees medical-related growth in the greater Centerra region progressing in four stages.

"The specialists move in first," he explains, citing Heart Center of the Rockies as an example. They are followed by primary care physicians, who refer patients to the specialists. The area is now entering the third stage, in which dentists and pharmacies open up to provide services supplementary to those of the primary care practices. Finally, administrative offices for the various medical practices begin to find nearby office space not classified for medical use. This is just beginning to occur, according to Kuehl.

Kuehl and Poudre Valley Health System President and CEO Rulon Stacey feel that MCR has been the key to the growth of medical services in the Centerra area.

"To date, 80 percent of the associated businesses have opened since MCR opened its doors," Kuehl said.

These businesses account for 151,825 square feet of office space among McWhinney projects. He adds that this has created 450 health-care jobs, which generate \$22.5 million in payroll, with the total reaching 1,500 jobs if MCR is included. Kuehl expects the next few years to see more new medical practices open close to MCR, and for these to be joined by more dentists, alternative medicine practitioners, janitorial and related services, and companies supplying scrubs and similar medical gear.