



Will Telehealth Change the Landscape of Medical Office Buildings?

In the opinion of some futurists, telemedicine will help to define the next generation of healthcare. The idea of visiting a doctor and receiving a diagnosis online, without a face-to-face visit is intriguing and seemingly holds great potential for extending patient access to routine and specialty care while improving patient satisfaction and outcomes. Telehealth promises to change the way healthcare is provided from emergency department care to remote patient monitoring for chronic care management and seemingly provide greater access to health services to all individuals.

The migration to telemedicine is not without cost nor is it without impact to certain industries like commercial real estate and specifically medical office building space.

Telemedicine Could Compound Shifts Already Underway

In the wake of the Affordable Care Act and the Great Recession, admissions to U.S. hospitals are already slumping. The reason is that patients are feeling the stress of poor wage growth and higher deductible insurance plans (which now represent roughly 20% of all employer-provided health plans) and are opting out of discretionary surgeries and other procedures simply because they are no longer able to afford them. In fact, within the last five years, inpatient admission rates have approached record lows according to the American Hospital Association. Where hospital growth has stalled, however, the appearance of outpatient surgical units, community-based health centers and leaner, digitally-optimized medical office space are burgeoning. Despite the fact that mandated electronic medical records systems are still causing frustration for some providers, others are already boldly embracing the next generation of care delivery. Floor plans are being adapted to support required communication and technology infrastructure (like kiosks and virtual consultation rooms).

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Developed by Your Medical
Office Market Leader

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In anticipation of less heavily trafficked on-site registration and waiting areas, providers are striving to create more streamlined patient experiences in the event an actual in-person consult is needed. Advocates of these strategies insist that this will not only save floor space but also improve patient satisfaction.

Even established providers are investing in the technological revamp of medical care. At the end of last year, Baptist Health South Florida entered into a partnership to launch Baptist Health Care on Demand. The undertaking provides patients with on-demand virtual access to a board-certified doctor for on-demand video "visits."

In April of last year, Tampa General Hospital in conjunction with telehealth facilitator America Well, starting providing urgent medical services to patients using online video. Called TGH Virtual Care, it allows patients suffering from non-emergent medical conditions to link to board-certified doctors from Online Care Group, American Well's nationwide medical affiliate. The interactive service employs high definition video that is available 24 hours a day, seven days a week through a mobile app on smartphones, tablets, and computers using the web.

At a Bisnow South Florida Healthcare event in August, Randy Parker founder of telehealth provider MDLive acknowledged that the need for a balance between human interaction and the computer. Others at the conference, however, acknowledged that this an area that commercial real estate professionals need to watch, as it could transform, or make obsolete, functions of traditional medical offices and hospitals.

How big is the trend? The University of Rochester estimates that by 2025, the number of virtual visits will outpace in-person visits to the doctor by about two-to-one. This shift will account for almost 1.2 billion doctor and patient interactions annually.

Parking Will No Longer Be a Differentiator for MOBs

Convenience, among other things, has been a key differentiator for many medical office locations. This consumer requirement has hastened the development of community-based healthcare. It's also put a strain on the site selection process by healthcare providers to find locations that are not only centrally located to communities, but also to provide certain class-A amenities like proximity to other services such as shopping centers and adequate parking. With telemedicine, some of those concerns go away. Parking, in particular, which has often been a key differentiator, will be a less of a concern as the volume of patients visiting offices will be significantly decreased.

Considerations for other Office Space

While the telehealth trend is most likely to impact medical office buildings, other government and commercial sectors are keeping a close eye on this as well. For some companies, the technology presents an opportunity to keep their workforce healthier while reducing out-of-pocket medical expenses. In turn, they're investing in office space dedicated to telemedicine.

Telehealth space requires private rooms for employees to use as consultation areas with telehealth professionals. While the room itself is not terribly complex, it will need advanced telecommunications connections as well as dedicated power and HVAC to support instruments that will collect biometric data like blood pressure and EKGs.

As another example, at the Palm Beach County School District headquarters, employees are using a telemedicine kiosk for consultations with physicians and other medical practitioners. The pop-up style kiosk has been slow to gain popularity with only about 175 out 2,000 employees partaking, but it's the beginning. While UnitedHealthcare supplied the kiosk at no cost as part of a test involving at least two other Florida employers, professionals tracking the medical office building space should look for opportunities to locating permanent and semi-permanent telemedicine facilities in atypical locations like shopping malls, non-medical office buildings and free standing locations.

The Future Likely Holds Opportunity

Telehealth will not completely replace or replicate traditional office visits, nor the need for traditional medical office space. To ensure that there is not a disconnect between the physicians and those under their care, most practitioners will likely always need a brick and mortar office. However, technological advances will likely usher in new dynamics and simpler office space demands. If properly harnessed, this enables providers and health systems to meet the growing burden of increased access to health care but also diversified opportunities in the medical office building space.

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ACTIVE LISTINGS



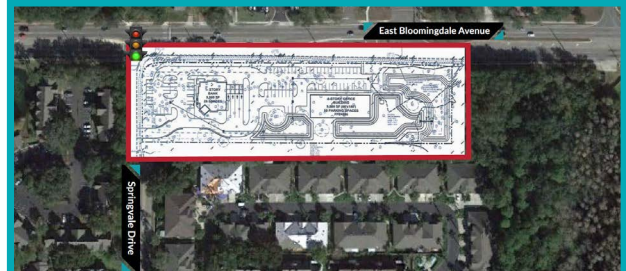
10909 W. Linebaugh Avenue

For Lease

\$18.00 PSF/NNN

Space 1 - 3,500-7,599 SF Available
(divisible by 3,500 SF)

Space 2 - 1,563 SF Available Medical Existing
Medical Built-Out Space Available, Newly
Renovated Common Areas



SEC East Bloomingdale Ave. and Springvale Dr.

For Sale

Asking Price: \$2,200,000

This vacant parcel consists of 3.67 Acres with a plan development zoning currently approved for BP – O Business Professional Office with up to 23,000 SF

RECENT MARKET ACTIVITY



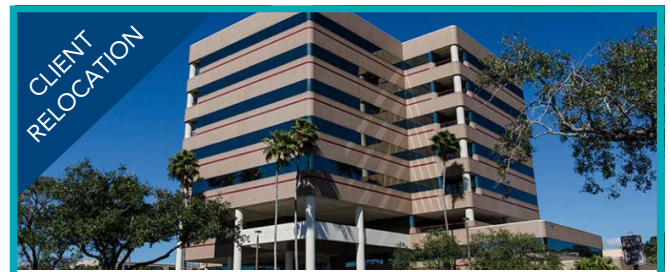
11425 U.S. 19 N. | Port Richey, FL 34668

Investment Sale – Sale/Leaseback



4525 S. Florida Ave, | Lakeland, FL

Represented existing Client expanding practice in Lakeland



2727 MLK Blvd. | Tampa, FL

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13630 58th Street North | Clearwater, FL 33760

Represented existing Client with new location

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RECENT MARKET ACTIVITY



Represented existing Client with new location in Pinellas



Represented existing Client with new location in Pinellas

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