

# RETROFITTING RETAIL FOR MEDICAL OFFICE

When does a commercial real estate trend become a hack? When it makes good business sense.

Health systems and physicians are going “retro”- repurposing former retail spaces, including big box grocery stores, department stores, malls, and other large blocks of space for their growing practices. They’re ahead of the curve.

Most metropolitan areas are experiencing historically low vacancy rates in traditional Medical Office Buildings (MOBs). While the pandemic has hastened continued consolidation among health systems and physician practices, increases in the insured and aging populations are fueling the demand for greater outpatient servicing capacity.

Something has to give; and it is.

Large blocks of space in existing MOBs are growing scarce, and many existing MOB’s lacking sizable space have reached functional obsolescence. Compound that with the steady rise in construction costs and lack of affordable land in desirable locations, and the cost of developing new MOBs ranges from expensive to prohibitive.

Many factors make converting former retail spaces to medical office an attractive option for commercial property owners.



## WHAT MAKES RETAIL CENTERS AN INNOVATIVE AND ATTRACTIVE APPROACH?

**LOCATION:** Retail centers and shopping malls are on or near main corridors with high traffic counts, easy access, and great visibility. They’re also more centrally located than traditional hospital settings.

**ABUNDANT PARKING:** Parking is often synonymous with retail centers, while general office buildings typically require less parking per square foot.

**SIGNAGE AND BRANDING:** As healthcare providers compete for market share, greater visibility increases brand awareness.

**FOOT TRAFFIC:** Between shopping center patrons and regular patient commutes, the proximity to prospective new patients improves.

**SPEED TO MARKET:** New construction can span months or even years, while a retail conversion opens your doors for business significantly sooner.

**COST SAVINGS:** Record-high construction costs have forced big box retail spaces to shutter, depressed lease terms represent a competitive advantage relative to costs and timing of new construction MOBs.

**SMALLER FOOTPRINTS:** It’s a win-win for healthcare providers: they fulfill their population health management strategies while capturing market share.

**CONSUMER CONVENIENCE:** With a presence in more retail locations, healthcare providers meet consumer demand for easy access.

**MARKET PENETRATION:** Converting former bank branches, car dealerships, auto care centers, mattress stores and other smaller retail facilities allows healthcare providers to expand these services through markets:

- Urgent care
- Primary care
- Wellness services
- Ambulatory services

Flagship Healthcare Properties has been selected to represent the Landlord for a retail to medical conversion at the Friendly Center, an upscale lifestyle center in Greensboro, NC. This property will appeal to many medical users offering spaces from 1,500 square feet up to 26,000 square feet. Close to major hospitals, medical practices universities, medical tenants will benefit from the excellent access, visibility and convenience that a retail center provides.

If you would like additional information, please contact Elaine Boyle, VP Leasing and Brokerage at 919 348-7943 or Elaine@FlagshipHP.com



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