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Providing Medical Care in Retail Space

People with relatively minor health problems—say, the flu or a deep cut—aren't the only ones getting relief from growing walk-in "urgent care" companies such as CityMD and PM Pediatrics.

These companies also are providing a little tonic to retail landlords.

In the last four years, more than 20 of these centers have opened in the New York region, offering a no-appointment alternative to the emergency room or doctor's office.

CityMD, the region's largest urgent care chain, has 12 locations and another 10 under construction, said Nedal Shami, the chief operating officer. The company also has two Long Island offices that it opened with Premier Care, another urgent-care company.

"Many more (health care) providers are looking at a retail approach," said Todd Perman, executive managing director of Newmark Grubb Knight Frank, CityMD's broker.

Two CityMD competitors, Cure Urgent Care and PM Pediatrics, said they are adding locations. San Francisco-based One Medical Group, a primary care company with a similar urban retail model, has six New York outlets including at 408 W. 14th St. and 30 Broad St.

In the last four months, CityMD has opened centers in Astoria, Queens and Boerum Hill and Bay Ridge, Brooklyn. Last month,



CityMD has 12 locations in the New York area and another 10 under construction; this one is at 315 W. 57th St.

the chain signed a 7,200-square-foot branch in Riverdale Center in the Bronx, scheduled to open in the summer.

"I believe strongly that the density level and the growth in income level really attracted them," said Joe Farkas, president of Metropolitan Realty Associates, which is developing the enclosed mall with equity partner Angelo Gordon & Co. "The

combination of medical use with retail these days is very prominent."

Demand from urgent care businesses is increasing at a time that the city's retail sector is outperforming the national market. Eight of Manhattan's 11 retail submarkets had higher asking rents in the first quarter of this compared with the first quarter of 2013, according to

brokerage Cushman & Wakefield.

New startup businesses are making up for the weakening demand in other sectors such as financial services and electronics, which are facing more competition from Internet shopping, according to brokers.

To be sure, not all landlords want medical clinics in their properties because they want to convey a more tony image. But

some landlords are embracing urgent care operations. In Brooklyn, at 345-347 Flatbush Ave., the local landlord is replacing five tenants with one CityMD office that will occupy about 3,500 square feet.

"They're putting all their eggs into one basket. They feel it's a pretty strong basket," said Ryan Condren, managing director of CPEX Real Estate, the broker for the property. "It speaks to the power of that tenancy."

Urgent care companies popped up in the 1980s and have expanded faster in the past decade as emergency rooms have become more crowded and patients seek alternatives. There are about 9,000 centers in the U.S. and 85% are open seven days a week, according to the Urgent Care Association of America, an industry group.

Experts in the urgent care industry believe that President Obama's Affordable Care Act should lead to increased demand for the clinics. With more people covered by health insurance, there could be broader overall demand for medical services, more comparison shopping and greater reluctance to visit the emergency room for minor problems, according to a white paper from the Urgent Care Association of America.

"The economics in general are moving away from hospitals into smaller facilities," said Tom Lee, the founder of One Medical

Group. "The general trend is more accessibility for the patient."

The centers don't require appointments and accept most forms of insurance. Patients without insurance pay a fee that varies depending on the company operating the center.

CityMD offices are staffed by doctors who can dispense prescriptions, tend to burns and cuts and even treat minor fractures; the chain was founded in 2010 by Richard Park, an emergency medical doctor who worked at Long Island Jewish Medical Center.

The growing demand partly reflects the ease of getting treatment and the relatively short waits, compared with hospitals and doctors' offices, said executives in the industry. According to the industry association, 69% of wait times are less than 20 minutes.

Gene Spiegelman, vice chairman of Cushman & Wakefield's retail division, recalled bringing his daughter to an urgent care center in Long Island after she fractured her foot in a nighttime gymnastics class. The doctors were able to provide treatment immediately at a time when many other medical facilities would be closed, he said.

Although urgent care companies are still a relative newcomer to New York, they're "growing and evolving," said Mr. Spiegelman.

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