

SPECIALIZED SERVICES

By Jill Rasmussen, SIOR

Taking the time to become the expert in a niche market or service industry provides for expanded service lines, more revenue generation and ownership opportunities if that is possible or of interest. Understanding changing market dynamics and their impact on your client base allows a great opportunity to bring ideas and solutions to them and drive value and assist them with aligning their real estate with their financial goals and objectives.

Davis Real Estate Services focuses solely on healthcare users. We create real estate and development strategies for large healthcare systems and independent clinics through specialized demographic mapping, competition profiling, and determining future growth markets, in addition to formulating long term real estate strategies that drive growth and revenue for our clients and partners.

Many of the long term plans include new facilities in expanding markets or replacement of older, outdated facilities. This is all in an effort to provide superior patient care closer to the consumer at a lower cost. These facilities are generally full service and include a large primary care component, urgent care, pharmacy, specialty services, and possibly a surgery center. They are expensive to build (approximately \$280 - \$300 sq. ft. all-in) and we have been successful in directing the land assemblages, coordinating the lease(s), orchestrating the development of the facility, and assembling the equity and

financing to complete the project for our clients in a timely and cost-effective manner. This allows the clinics to focus their capital dollars on technology, equipment, and labor, versus a real estate asset. Systems and clinics will commit to 10- to 20-year lease terms for a favorable tenant improvement allowance, which also allows for aggressive financing.

Over the past five years our team has developed eight full-service medical buildings. Under very competitive market conditions for medical office building acquisition we were able to sell a large JV interest in our developed portfolio to a healthcare REIT. This provides us with a strong partner for future developments or acquisitions and allows us to continue to lease and manage the growing portfolio.

By providing specialized real estate advisory services, our small firm was able to drive exceptional value for our clients and substantial profit for our investment partners and ourselves with the packaged sale of a newly developed medical office portfolio of buildings for over \$116,000,000.00 this past January 2015.

This brokerage and development advisory process could be successful in other niche industries where a good understanding of the business and service model of your target user can create new opportunities, such as in specialized data centers or distribution centers. ■

