

## MEDICINE AT THE MALL

**Transforming dated shopping centers into satellite campuses can help hospitals save money and expand their reach in the community.**

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HealthLeaders Magazine  
January 13, 2009



When Vanderbilt University Medical Center executives first considered locating services in an aging Nashville shopping center, the price of the property is what caught their eye.

"We concluded that we could get medical clinic space and office space at this location at a much less expensive rate than what we were paying to build on our main campus," says C. Wright Pinson, MD, associate vice chancellor for clinical affairs.

As they looked at the partly vacant retail complex—Nashville's first enclosed shopping center—more closely, the cost became only one of its attractive attributes. Construction on 440,000 square feet of leased space began in 2007 and, when it is completed in April, Vanderbilt Health at One Hundred Oaks will boast nearly 20 clinical programs and nearly 750 Vanderbilt employees.

Vanderbilt's vision for a second campus in a shopping center is one that is increasingly shared by medical center leaders around the country. "It's a type of real estate development that we're going to be hearing more about in the future," says Don Hunter, president of Hunter Interests, a national real estate development and consulting firm based in Annapolis, MD.

Hunter points to two trends driving the development of so-called "medical malls." As communities sprawl ever larger, retailers chase their customers into far-flung suburbs, leaving older shopping centers to languish. "Just about every community that's had any kind of growth has these shopping centers that are toward the center of the metropolitan area because they were built years ago, and they're not performing well," Hunter says.

Meanwhile, hospitals want to make their ever-growing outpatient services more convenient for their patients. Aging shopping centers, located in older residential areas not too far from center-city hospitals, are willing to offer attractive terms to hospitals that need large amounts of space and long-term leases.

"There's going to continue to be strong demand for locating medical service facilities near residential areas, where the people are," Hunter says.

That, in fact, became a primary reason for Vanderbilt to stake a claim at One Hundred Oaks. As Vanderbilt grows, traffic problems getting to and from the hospital grow with it. The mall, located right off Interstate 65, offers easier access for patients coming from the medical center's wide service area.

And then there is the parking issue.

"It's much more expensive to build parking here on campus compared to just using this space that's already available at the mall," Pinson says.

On top of that, the development of a second campus, regardless of its location, addressed two challenges. For one, growing at nearly 300,000 square feet a year, the main Vanderbilt campus, with 832 licensed beds, is destined to become landlocked, so moving outpatient services to another site adds room for continued growth. For another, developing the second campus shows Vanderbilt's commitment to outreach.

"To the extent that we move out from our home base and take our programs closer to the community and make it easier for them to get access, I think that fits well with our mission," Pinson says.

One of the nation's most successful medical malls was started in the mid-1990s when a Jackson, MS, physician recruited University of Mississippi Medical Center to convert a desolate shopping center into a healthcare hub for the city's urban poor. Today, the Jackson Medical Mall houses more than 30 clinics and other medical services, along with restaurants, educational institutions, and human services organizations.

Since then, at least 50 medical malls have emerged across the country, Hunter says, with more on the way. On behalf of Prince George's County in Maryland, Hunter's firm studied the feasibility of converting four underperforming shopping centers into medical malls to increase access to healthcare services for inner-city residents. Such projects might reduce the burden on the county-owned hospital, which is overtaxed by patients using its emergency department for services that could be providing in an outpatient setting.

Hunter has proposed a public forum to let county residents, healthcare workers and other stakeholders discuss the idea. At Vanderbilt, officials also were concerned about how the public would react to its idea of moving services away from the hospital.

"As it turned out, the community viewed this mall as an underdeveloped area, so we have had remarkably positive response from our community for our investment in this area," Pinson says. "In fact, property values all around this mall have gone up."

That probably reflects the influx of people expected when Vanderbilt becomes the anchor tenant, filling two levels of the mall, a five-story office tower, and a big-box space at the 55-acre shopping center.

Some staff members worried about being removed from the hospital hub, but that dissipated when the new campus' scope became clear. "The warmth of the faculty and staff to this idea has increased to the point where those people who are going now view themselves as fortunate that they are getting to go," he says.