



Mr. Follini has 25 years of experience in construction and professional real estate. He founded every company he has been involved with and he has in-depth experience in the acquisition, development and management of several types of real estate including: healthcare real estate/medical office; media infrastructure (film studios); industrial; land development; and senior housing.

Recently, Mr. Follini created the **BLACKSWAN** webzine (www.blackswanblog.com), an innovative news and interview webzine highlighting alternative real estate investment assets. As **BLACKSWAN's** Publisher, Mr. Follini is a frequent lecturer and conference speaker around the country on the topics of healthcare real estate investment and alternative property assets.

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NEED A NEW TENANT FOR YOUR STRUGGLING RETAIL CENTER? THE RISE OF THE WALK-IN CLINIC AND THE FUTURE OF HEALTHCARE DELIVERY

by CJ Follini

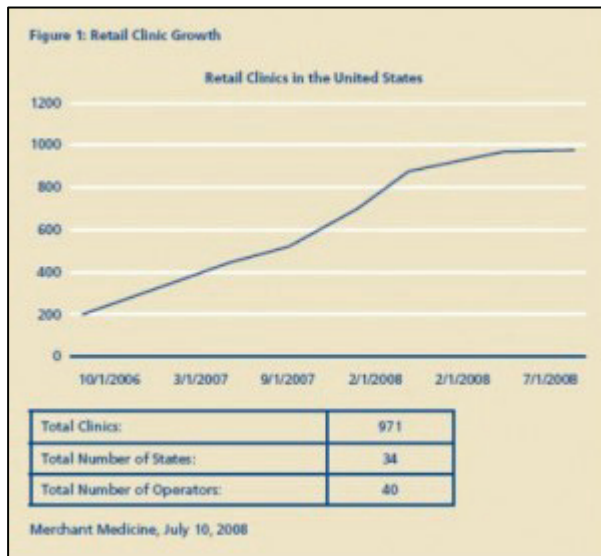
"America's health care system is second only to Japan ... Canada, Sweden, Great Britain ... well, all of Europe. But you can thank your lucky stars we don't live in Paraguay!" Homer Simpson, The Simpsons

Maybe it's just me but the only thing I like less than a visit to my primary care physician or another non-hospital practitioner is a late August picnic to the Department of Motor Vehicles, in other words, the modern day equivalent of Dante's Seventh Circle of Hell. Availability weeks away; a new definition for the word 'appointment' which to physicians means using your time to allow them to overbook; and forcing you to come in even though a phone conversation could suffice so it can be billed as a visit at increasingly astronomical prices. Even dentists figured it out by improving the experience with flat screens, espresso machines, pleasing office design, etc.



But now consumers are putting their collective foot down, emboldened by a promise of ObamaCare disrupting the traditional health delivery model. And a potentially game-changing consequence is rising and will accelerate – the off-campus walk-in clinic. Busy mothers who cannot get timely medical appointments for their children or themselves, folks working hard at their jobs wondering why their doctor doesn't have Saturday or evening hours to accommodate their lifestyles, the inevitable move to electronic medical records (EMR's), and the impending importance of local primary care physicians as gatekeepers will bring about this BLACKSWAN movement – and fast.

Previously, the term “retail clinic” described this burgeoning category as large companies looking to capture the loyalty of consumers for broader commercial purposes (the sale of pharmaceuticals, medical products, devices and other general retail products), opened kiosks as small as 100 square feet staffed by nurse practitioners. Some, like SmartCare Health Clinics, Corner Care Clinic and Checkups USA, were thinly capitalized companies without a traditional health partner and a sufficient real estate platform. The graph below shows how fast these clinics proliferated since 2006. However, the retail clinic market is beginning to show signs of maturity, with the largest operator slowing growth and smaller operators exiting the market.



But here's where it gets interesting. Many hospital systems led by the larger non-profits and inspired by the continuing successes of super-regional clinics such as The Mayo Clinic, Cleveland Clinic, and Ochsner Clinic Foundation are realizing that to remain viable they must extend their services into the community in a way that is consumer-centric not physician-centric. These large integrated delivery systems in populated markets may actually partner with retail clinic networks. More likely they will de-emphasize their “hospital campus as fortress” mentality and establish significant clinics where their customers reside.

What does this mean for healthcare real estate?

According to P.J. Camp, Managing Director of Shattuck Hammond Partners, “The future of healthcare delivery is the off-campus model; less costly, it's more efficient, users like it better, a more pleasant experience. What does this mean? On-campus medical real estate is now the second class citizen of this important sector.”

Personally, I believe that this legitimate movement can benefit greatly from the free fall in retail real estate. The same siting criteria that apply to retail centers – population density, traffic (cars and/or foot), excellent road access and visibility – also now apply to locating a clinic. Obviously the building design and engineering will be different from retail boxes but pads, large and small, are appropriate. And with an abundance of quality retail centers largely vacant possibly facing foreclosure, their loss will be the healthcare developer's (and by extension, the local healthcare community and even greater, the people) gain. So find the nearest retail center that lost a Circuit City, an Ames Store, Fortunoffs or a Zales, then contact the local hospital system and re-purpose that real estate into a clinic serving the neighborhood where they need it.