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Medical office boom to hit intersection on south side

Developers race to scoop up acreage in area, enticed by proximity to hospitals, Interstate 65

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A south-side intersection that didn't even have a connection to nearby Interstate 65 a few years ago soon will become saturated with medical offices and a long-term, acute-care hospital.

Greenwood developer Allen Commercial Group has plans to build four medical office buildings near the intersection of Emerson Avenue and County Line Road, less than a mile south of St. Francis Hospital-Indianapolis. Some of that work has begun.

In addition, Indianapolis-based Lauth Property Group Inc. is planning two more office buildings across Stop 11 Road from St. Francis, and Kindred Hospital has purchased land near the Emerson/County Line intersection to eventually replace its hospital on East Main Street in Greenwood.

All told, a conservative tally of \$53 million in medical office construction is in the works, not counting the hospital.

"It's got great visibility from I-65, and I think that [area is] just going to be growing," said Mona Euler, CEO of Kindred Hospital Indianapolis South. "Easy access to hotels and restaurants—it's a good location."

Kindred has no construction time frame, but Euler said its leaders want to build a 50-to 60-bed acute-care hospital south of a Wal-Mart and Holiday Inn Express at the intersection. The hospital will treat people suffering from pulmonary or cardiac diseases or severe wounds, among other illnesses.

Atop Allen Commercial's construction to-do list is 110,000 square feet of medical office space slated for 76-acre Claybrooke Commons, which also will include retail and condo elements.

The developer also will begin building a 90,000-square-foot office this month at the Greenbrooke Parke site on County Line Road. It's already started work on a 60,000-square-foot building around the corner at Indiana American Office Parke and a nearby Emerson Parke office measuring 23,694 square feet. Both of those will be primarily medical offices, said Allen marketing specialist Heather Lee.

Lauth wants to add a total of 120,000 square feet to this mix by building two, three-story buildings on 11 acres across from St. Francis, eventually displacing the Community Church of Southport.

Consultants say basic construction costs for medical office space, not including the land purchase, can range anywhere from \$130 to \$175 per square foot. Developers see several reasons to spend that kind of money in the area.

Proximity to the existing hospital tops Allen Commercial's list, Lee said.

"Secondly, it's the only other place to grow within Greenwood at this time," she said. "Everything else is pretty much built up in the area."

Land south of the Emerson/County Line intersection sits in Greenwood.

Interstate access, which arrived with an I-65 interchange in 1998, and the high traffic counts that come with it also make the area attractive.

St. Francis opened its Indianapolis hospital in 1995 and has seen its patient population swell as much as 15 percent annually over the past several years, said Keith Jewell, senior vice president and chief operating officer for St. Francis Hospital and Health Centers.

Emergency room visits have increased 225 percent, from 9,500 in 1996 to 31,000 in 2005. The number of radiological procedures—things like X-rays or CAT scans—has soared at a similar rate, Jewell said. The 247-bed hospital also opened a Cardiac Vascular Care Center last year and has plans to renovate and expand its maternity care facilities.

The Emerson/County Line intersection is also about a mile and a half east of Community Hospital South, which is seeing its own growth spurt.

That 115-bed hospital is adding to its surgery center and plans to announce an \$11 million Emergency Department expansion. The changes will allow it to handle up to 36,000 visits annually, hospital President Mike Blanchet said.

Residential growth in both Johnson and Marion counties has propelled expansion, he said.

As for the medical office boom, Blanchet noted that many doctors want offices between St. Francis and Community South, since they practice at both hospitals.

Whether there will be enough doctors to fill the office space remains to be seen.

"Over time, there will be new practices coming to the area, and I think there also will be some relocations," said Allen Commercial attorney Bob Wildman.

St. Francis already has 267,000 square feet of medical office space on its campus, and that has an occupancy rate of just over 90 percent, Jewell said.

Office space

Developers plan to construct medical office buildings on several sites—each a short drive from two south-side hospitals.

1. two Lauth Property Group Inc. buildings
2. Claybrooke Commons
3. Indiana American Office Parke Building Two
4. Greenbrooke Parke
5. Emerson Parke Office Building One
6. Kindred Hospital South future location

Source: IBI research

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