

## **Business Examiner**

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### **New trend in healthcare has hospitals becoming tenants**

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Seattle real estate investor Unico Properties Inc. has bought a medical office building in Tacoma, marking not only a shift in its portfolio but the rise of a new partnership model between developers and hospitals.

Unico paid \$10.8 million for Allenmore B, a seven-story medical building with nearly 60,000 square feet of space next to MultiCare Health System's Allenmore Hospital, and announced plans to add 40,000 square feet with construction of Allenmore C, which could open by 2007.

The purchase and expansion plans represent the investment company's first step toward diversifying its real estate portfolio by acquiring existing healthcare facilities and developing new properties in partnership with health systems. Unico has thus far been a holder of only Class A office space around the western United States.

Unico acquired Allenmore Building B from regional developer Steve Sarkowsky, who also sold Allenmore A, which shares a wall with the main hospital, to MultiCare. Unico expects to announce additional medical building purchases in the coming months.

Unico's other Tacoma holdings include the Wells Fargo Plaza, a downtown office tower.

Headquartered in Seattle, the 50-year-old company owns and operates six million square feet of premier properties in the western United States. It will manage the buildings in which MultiCare and its related roster of medical specialists will be anchor tenants.

"We are pleased to mark the beginning of a major initiative to diversify our office portfolio by adding medical office buildings," says Unico CEO Dale Sperling.

He says expansion into new market segments will expand Unico's ability to deliver value to investors while addressing niches with high demand and creating opportunities for its staff to grow professionally.

Jonas Sylvester will oversee Unico's expansion as vice president of investments. He says the purchase and development are new business models that partner developers and medical centers.

The practice allows developers to build and manage properties with the assurance of a stable tenant base, while the hospitals get the needed space to modernized and expand their services while avoiding the capital intensive costs of building and managing the

properties themselves. Another reason is that hospitals want to avoid managing medical space that is leased to clinics that they also rely on for referrals. In some cases, hospitals lease doctors office space to run their clinics and then find themselves offering incentives for referrals to services offered by the main hospital.

Having a third party serve as the landlord avoids conflict of interest.