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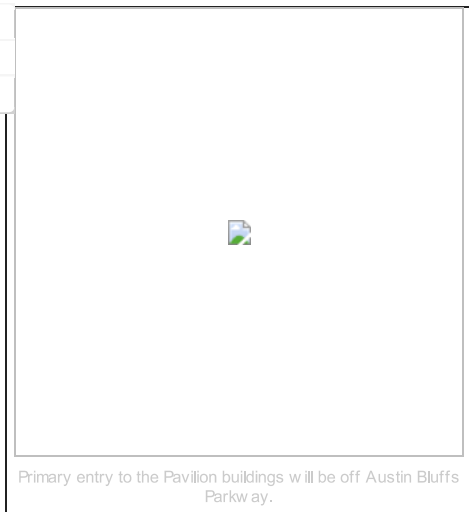
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## Medical Pavilion at Briargate breaks ground

March 30, 2007 | Filed under: Uncategorized | Tags:Health Quarterly



**By Becky Hurley**

Located across from the new Memorial Hospital North, Healthcare Realty Trust's two-building, 170,000-square-foot office Medical Pavilion complex officially broke ground this month. The move represents the firm's entry into Colorado. The publicly-traded real estate investment trust which focuses on medical and outpatient facilities reported a portfolio net worth of \$826 million in 2006. It currently manages or holds 249 medical properties in 28 states across the country. "We may eventually initiate more projects in Colorado or expand into Denver and additional locations in Colorado Springs, but were drawn to the area by the construction of two new hospitals in the same part of the city," said Todd Meredith, HRT vice president of investment. "Our research also projected strong population growth with lots of families moving in — along with a growing 55-plus demographic, all of which

will use more health care." Construction on two three-story buildings begins none too soon in view of mounting competition from half a dozen new for-lease and office condo developments launching within a three-mile radius. One of those is Memorial Hospital's 123,000-square-foot medical office building. Pre-leasing has already resulted in a 70 percent occupancy rate and construction is two months ahead of schedule. Steve Schaefer, Memorial's vice president of strategic development, sees the Medical Pavilion project as a positive, noting that additional office development will support the hospital's growth. "To give you an idea, we already have commitments from 10 ob-gyns who are shifting their entire practice to Memorial North. They're estimating our birthing center will see 1,700 new births in the first year," he said, adding that the need for additional laboratories, medical providers, specialists and related services in the area will only grow with the population. Traditional tenants shopping for lease space will have a number of Class A options, but Meredith sees the Pavilion's proximity and location in one of the densest population centers of the city as key. "We've done lots of office parks offering both lease and condo product," he said. "There's a case to be made for each. Our build-out will cater to medical users — and what could be better than being this close to the hospital without being attached." Hospital medical office buildings often come with special requirements, said HRT local leasing director Gerilyn McGaughran. "We offer independence," she said, "but we're still just a short walk away." Rents will be "competitive," according to Meredith and McGaughran, and a tenant improvement or semi-customization allowance will be provided. Net rent rates along Research Parkway and throughout the Briargate Business Campus are generally running between \$16 to \$22 per square foot plus pro rata common area maintenance charges. With the cost of some construction materials increasing by as much as 50 percent annually since 2004, rent rates at new projects like the Courtyards at Briargate, the Powers Office Park, the Research Professional buildings and the Promontory at Briargate will likely approach the high \$20s, according to listing brokers. McGaughran said her project is ideal for "local docs, small practices and some specialties" as well as for a possible surgery center or urgent care facility. Amenities such as on-site retail or a coffee bar, as well as a physician's lounge in each building and a sophisticated technical infrastructure, will allow providers to plug in and easily exchange medical information. Prime West Development of Denver owns the 12.6 acres underneath the Medical Pavilion, which will be owned



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and managed by HRT. The property was once owned by Penrose Hospital, which found the site too small for its new hospital and sold it to Prime West.

Ben Woolf, the company's project engineer, estimates the Medical Pavilion will be completed by next February.

"Tenants will be offered an allowance and we've upgraded the medical floors to handle capacity for today's high-tech equipment," he said, adding that Prime West also will be the contractor on the three-building single-story New Dawn Assisted Living complex expected to break ground on an adjacent parcel this summer. Primary entry to both the assisted living complex and the Pavilion buildings will be off Austin Bluffs Parkway. HRT officials expect to draw a large number of tenants from doctors, nurses and other medical professionals who live in northeast Colorado Springs.

"They don't want a long commute," McGaughran said. "Look at the new King Soopers center right next to us — and all the retail opening up at Briargate and Powers. This is where all the people are — and it's where the medical community will want to be."

Becky.Hurley@csbj.com



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