

Medical Real Estate Becoming More of a Priority

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Healthcare systems used to think about real estate in terms of finding four sturdy walls and a roof that fit their bottom line. But, in 2018, healthcare executives are becoming increasingly strategic in their real estate decisions, labeling it as a high priority.

The factors that have spurred this shift are lower reimbursements, the entrance of nontraditional healthcare delivery and the **aging population**. Healthcare executives are now making it a top priority to **control costs**, improve efficiency and increase returns on their real estate investments.

Healthcare real estate is no longer strictly a liquid asset that is managed to increase cash flow and free up capital for other projects. Now, healthcare real estate is seen as a way to improve the sustainability of operating margins.

Finding value in it all

For a while now, the healthcare industry has been transitioning from a fee-for-service reimbursement model to outcome and value-based reimbursements. This new model focuses on maximizing value, which means lower cost and higher quality of care.

Thus, healthcare companies must adjust their real estate strategies to improve operational efficiency in order to provide high-value care while lowering costs.

Rethink your real estate strategy

Healthcare companies are adapting their real estate strategies and holdings by expanding, repurposing and improving their facilities.

It may seem counterintuitive to expand in order to be more cost-effective, but many organizations have found that aligning the care setting to the service has proven to be more efficient. Building outpatient centers and smaller-scale micro-hospitals allows organizations to increase patients' access to care and to improve the inpatient experience. Outpatient centers are less expensive to build and operate and are also more functional as patient-centered spaces.

This is yet another way we see medical practices taking a leaf out of the [strategies of major retailers and boutiques](#).

Need help?

Real estate strategies are our bread and butter. We can help you analyze your market, evaluate your expenses and re-evaluate your strategy. In this new era, you have to be smart about everything you do, including real estate.