

CASE STUDY | HEALTHCARE

MEMORIAL HERMANN PORTFOLIO

CONSULTING/LEASING/DEVELOPMENT/INTERIOR PROJECT MANAGEMENT

Houston, Texas

OPPORTUNITY

In June 2010 Memorial Hermann Health System (MHHS) master leased seven medical office buildings from MetroNational – totaling (1.3 Million SF). Upon commencement of the master lease, the campus occupancy was 30% with Healthcare Reform looming on the horizon. MHHS engaged Transwestern to establish a marketing plan to identify and recruit new medical practices to this campus to stabilize occupancy.

SOLUTION

The team determined that one of the older MOB's on this campus (MP2) would be best utilized for administrative office space. We then set out to relocate a large number of hospital employees from the MHHS Southwest Campus to the Memorial City Campus into all of (MP2). This would provide a significant savings in occupancy costs for this internal administrative group while adding occupancy to the newly master leased campus. The primary challenge was to relocate the existing physicians currently located in Medical Plaza 2 into long term leases in the other MOB's on the campus.

Our leasing team set up a strategic marketing plan to identify the top physician specialties located in the surrounding markets that could benefit from the size and diversity of this medical campus.

RESULTS

Transwestern was hired on in October 2010 to take on this challenge. The entire property management, leasing and interior project management teams have accomplished the following:

- Relocated 20 physician practices from MP2 to other MOB's on the campus within four months.
- Transwestern converted 20 month-to-month leases in to long term commitments adding precious lease revenue to the bottom line.
- Within three years increased the campus occupancy from 30%-90% while maintaining a renewal retention rate at 85% or higher each year.
- Transwestern directly identified, negotiated, and executed 121 lease transactions over the three year period equating to 366,760 square feet of new leases totaling \$46,081,576.00 of revenue.

