



# Westchester's medical-office sector alive and thriving

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A plan from Simone Development and Montefiore Medical Center to open a pediatric ambulatory care center in Harrison is just the latest sign of strength for Westchester County's medical-office sector.

Montefiore's interest in expanding in the county comes 13 months after the Hospital for Special Surgery opened a 50,000-square-foot outpatient center in White Plains. The two health care deals are bookends to a year in which both regional and local health care brands either announced or capped off expansions in the county.

"Westchester clearly is emerging as a major market for world-class health care and it's really that straightforward," said William Mooney Jr., president and CEO of the Westchester County Association.

## **LATEST AT 104**

Simone presented the plans for the Montefiore ambulatory center at 104 Corporate Park Drive to the Harrison Town Planning Board on Nov. 28. Seth Mandelbaum, an attorney representing the development team, told the board that Simone would close on the property at the beginning of December.



104 Corporate Park Drive. Photo by Bob Rozycki

Simone would renovate and slightly expand the vacant 118,000-square-foot building to add urgent care space, lab facilities, an imaging suite and a children’s evaluation and rehabilitation center, among other features. Montefiore would lease the property. Simone would also build a three-level parking garage to bring the site up to a total of 495 parking spaces.

Guy Leibler, president of Simone Healthcare Development, said the company “wants to join the party,” along Harrison’s Interstate 287 corridor, where a Wegmans grocery store and a 420-unit apartment development are under construction.

The center will serve children from an early age through their teenage years, Leibler said.

Ambulatory health care, Leibler said “has replaced in-hospital care and provides a much more efficient and coordinated delivery.”

“We think this new pediatric center will be an important opportunity for the community in servicing the needs for young people,” he said.

The planning board voted to designate itself lead agency for the project’s review and will hold the first public hearing on the proposal in December.

### **GROWING TREND**

Simone and Montefiore’s proposal could prove just the latest health care development project for the county.



White Plains Hospital has plans under city review to build a new 9-story, 216,000-square-foot ambulatory care center next to its Center for Cancer Care. The hospital is also renovating a 16,000-square-foot office building on East Post Road for additional offices.

Phelps Hospital in Sleepy Hollow spent about \$12 million upgrading its interventional radiology suite, among other investments in the hospital. Construction is visible from the Taconic State Parkway on Westchester Medical Center's \$230 million patient pavilion in Valhalla, which the hospital topped off last fall.

## **JOBS**

The growth can be seen in the medical sector's employment numbers. An October report from the New York State Comptroller's office found that jobs in health care professions grew 16 percent over the past decade in Westchester. Statewide, the 1.2 million total health care jobs in 2017 marked an 18 percent increase from a decade earlier. That growth rate is double that of the state's overall employment growth, Comptroller Thomas P. DiNapoli said.

In response to the comptroller's report, Kevin Dahill, president and CEO of The Suburban Hospital Alliance of New York State, attributed part of the increase in health care hiring to competition in the industry.

"Just look around Westchester and all the new facilities that have opened — urgent care facilities, ambulatory sites. That's obviously not just in Westchester, it's throughout the state." Dahill told the Business Journal following the report. His organization represents 51 hospitals in New York City, Long Island and the Hudson Valley.

## **OFFICE IMPACT**

The boom can also be seen in Westchester's office market. Health care tenants have increasingly grabbed more of the county's open office space. As of the end of the third quarter, medical-

related tenants captured 31 percent of all office leasing in the county for 2018, according to a Newmark Knight Frank report. In 2017, the health care sector accounted for 24 percent of all office leasing, according to Newmark, which was double the figure of 2016. Only the FIRE sector — finance, insurance and real estate industries — captured more overall leasing in the last year, at 25 percent of leasing.

Medical office deals are typically large deals, as noted by Howard Greenberg, president of the Howard Properties Ltd. real estate services firm in White Plains. That means health care deals can take up more of the overall leasing, which is measured by square footage, even with a lower volume of deals. Health care deals include leases for doctors' offices, as well as administrative and IT space. One example is Montefiore's renewal and expansion of 281,497 square feet of administrative space at South Westchester Executive Park in Yonkers, which marked the largest lease of 2017.

Following the Business Journal's report on Montefiore and Simone's plans at 104 Corporate Park Drive, Greenberg said the proposal is in line with the county's trend of attracting increasingly specialized medical uses.

"There's an increasing sophistication," Greenberg said. "From basic day-to-day medical offices to Memorial Sloan Kettering (which opened in Harrison in 2014), to Hospital for Special Surgery and now to a sophisticated, pediatric care plan from Simone and Montefiore."

Mooney predicted the market would continue to grow. While some of the services for each provider overlap, he said that the competition is good and could even attract more top care providers. Blocks with several big name health care facilities, such as Westchester's Platinum Mile, create a cluster, Mooney said.

"Fundamentally, this is a retail business, meaning there's a consumer. Clusters work in that type of business."