

Andy Dow in Bisnow: Retailization of Healthcare Has Been Overdone in Some Parts of Houston

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Winstead Shareholder and Chair of the Healthcare Real Estate Practice Group [Andy Dow](#) talked with Bisnow about the retailization of healthcare in the Houston region, and how the saturated market could change soon.

Here is an excerpt:

The retailization of healthcare, the trend toward more convenient and consumer-driven healthcare, continues to roll forward, a seemingly unstoppable force. But amid the growth, industry participants say one of the poster children of this trend — free-standing emergency rooms — is overbuilt in Houston.

“Since Texas is not a certificate-of-need state, and one does not need a hospital affiliation to open an ER, it has been the Wild West in terms of free-standing ERs,” said Andy Dow, chair of Winstead’s Real Estate Industry Group.

As a result, facility owners tend to behave like retailers, looking to open in areas with the best demographics.

“There will be winners and losers, and the losers will close,” Dow said.

Dow also noted that some free-standing ERs are converting, at least in part, to urgent care clinics, which allows them to see a broader array of patients, but the reimbursements are not as attractive.

The retailization of healthcare is in large part defined by healthcare moving into retail real estate, and Dow said mixed-use developments are increasingly the beneficiary of this trend.

“Healthcare use is going into these mixed-use environments because then they can really embed themselves into the communities where the people live and the people work,” Dow said.

Beyond benefiting patients with increased convenience, the inclusion of healthcare in retail can help that struggling sector. Retail spaces are changing, as e-commerce has continued to erode the brick-and-mortar retail model. These days, landlords are seeking to backfill retail space, and are increasingly welcoming of healthcare providers.

“If you take the death of the brick-and-mortar retail, and combine it with the focus on accessibility and convenience — in the healthcare sector, it’s what I really call a marriage of convenience,” Dow said.

Dow said real estate developers desperately need the healthcare sector to fill the vacant space created by e-commerce, as the number of major retail tenants has fallen considerably. And, it offers healthcare providers an opportunity to tap into geographical areas that in the past may have been inaccessible.

“It’s a nice fit for both of them, because it allows them a low-cost way to go backfill some space in those communities,” Dow said.

[Read the full article.](#)