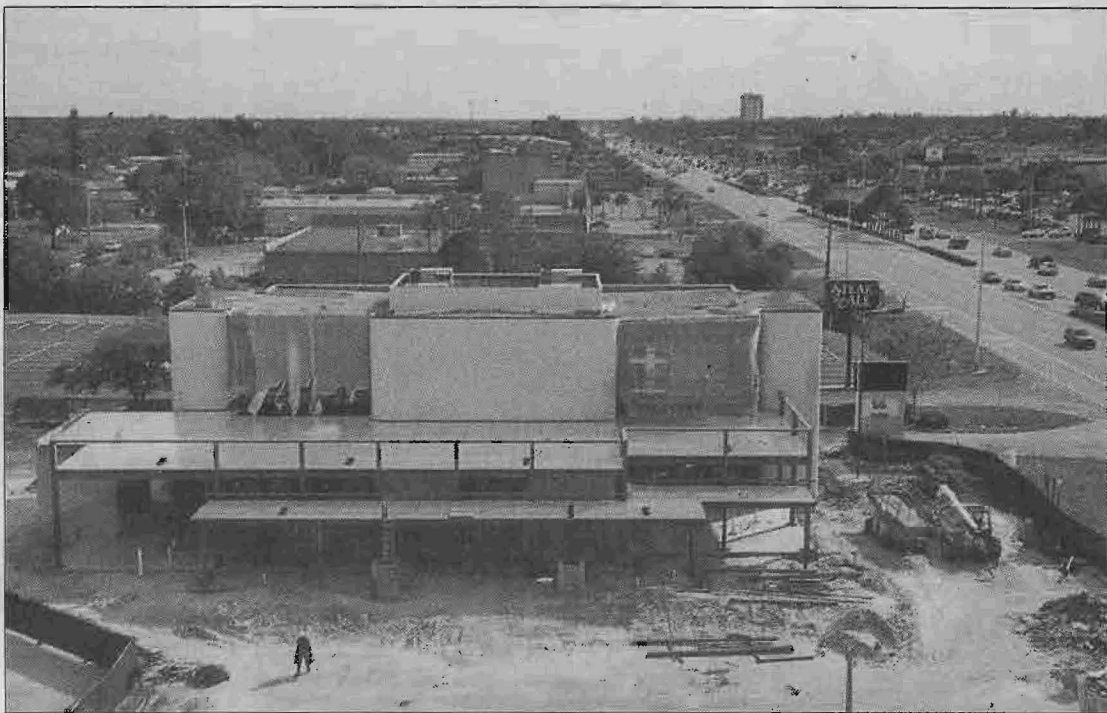


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SUNDAY, FEBRUARY 28, 2010



PHOTOS BY AMANDA INSCORE/THE NEWS-PRESS

Construction for Dr. Mark Gorovoy's new eye surgery center next to his office on Cleveland Avenue in Fort Myers is scheduled to be completed in September.

Medical office space hangs on

Health care debate brings uncertainty

BY DICK HOGAN
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Medical office space was the last man standing in commercial real estate in 2009 — then the bottom fell out.

Now, lease rates are down, vacancies are up and construction projects are few and far between.

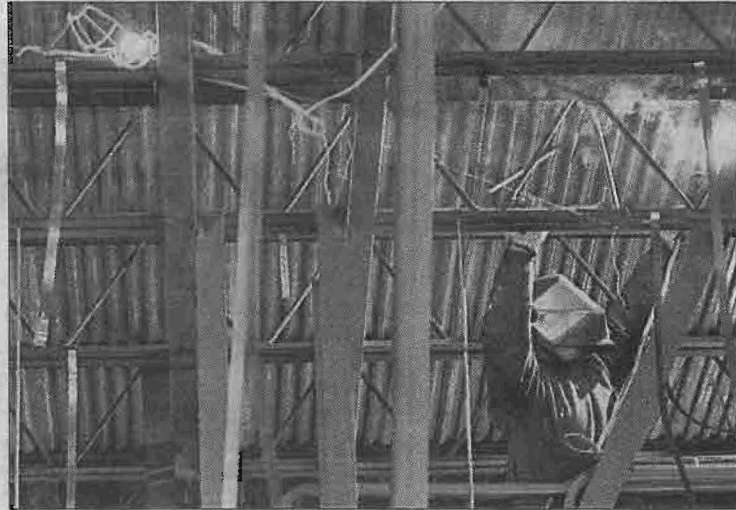
But the sector still is generally better off than the rest of commercial real estate, and some doctors are taking advantage of low prices to move or expand their offices.

In the fourth quarter of 2009, "It looks like you hit a cliff and went over it" for medical office rents and vacancies, said Gary Tasman of Commercial Property Southwest Florida LLC, a Cushman & Wakefield affiliate office in Fort Myers.

Part of the reason for the falloff, he said, is the ongoing debate in Congress over what form of health care reform, if any, will be passed, he said. "The uncertainty has caused the medical economy here to really put the brakes on everything and they're waiting until they know what their structure and guidelines can be."

Mark Stevens, owner of Mark Stevens Construction in Fort Myers, said his company's expertise in building medical office structures has helped him weather the bad times that have hit the rest of the commercial construction market even harder.

"Fortunately for us, health care is something we do," Stevens said, although he noted that statewide



Wilmer Martinez welds a support for a surgery light at the construction site for Dr. Mark Gorovoy's new eye surgery center.

medical construction still is down 30 percent from last year.

There are some medical projects going forward, however.

Eye surgeon Dr. Mark Gorovoy, for example, is building a surgery center next to his office on U.S. 41 in Fort Myers.

When it opens late this year, he'll be able to perform operations in a center he controls rather than go to another outpatient facility.

"It was something I've been planning for a couple years," Gorovoy said. "Ambulatory surgery is something I spend a lot of time at. We do a lot of outpatient surgery."

Most doctors would have trouble swinging the \$3 million project, Gorovoy said. "For any one individual, it would be cost prohibitive."

Stringent state regulations on the building of operating rooms keep construction costs high, he said. "They want to know where every nail is on the wall."

Commercial real estate broker Mark Alexander of Sperry Van Ness, who specializes in medical, said some doctors are also selling their buildings and then leasing them back from the new owner.

That's especially common for a doctor approaching retirement who wants to cash out the value of his building, Alexander said.

Regardless of the bleak current conditions in the medical office sector, he said, things will inevitably improve sooner or later because medicine is a constant of life. "One way or another, doctors are going to be practicing medicine — they're just not sure how they're going to get paid."