



## More med-office space is slated for the S.A. market

BY TRICIA LYNN SILVA

One of the city's newest players in the medical-office real estate market has announced plans to add a little over 300,000 square feet of space to its budding portfolio — including two new medical office buildings on the city's Northwest and far North Sides.

San Antonio-based B&M Healthcare Facilities Ltd. has closed on the purchase of the South Texas Cardiovascular Center. The property consists of a five-story office tower of some 52,000 square feet and a single-story health care pavilion that measures about 14,000 square feet, according to Lee Jackson, vice president of the Healthcare Division of locally based Dominion Advisory Group Inc. (DAG).

Jackson's group will be taking over the leasing and property management of the complex.

The Cardiovascular Center is located along Ewing Halsell and Medical Drive — "the best corner in the Medical Center," Jackson says.

"We're going to take advantage of that prime site," he adds.

To that end, B&M will start construction in mid-2008 on a new medical office building, to be located adjacent to the Cardiovascular Center. Plans call for a seven- to nine-story building of 120,000 square feet, and a 500-car parking garage, Jackson says. The project is slated for completion by mid-year 2010.

With this new development, the entire complex will also be renamed, says Jackson, who adds that the new moniker is still being determined.

On the city's far North Side, B&M also is getting ready to kick off the first phase in its master-planned project Agora Palms.

All told, the development will span 69 acres of land at Sonterra Boulevard and Hardy Oak Drive — adjacent to the new Methodist Stone Oak Hospital.

In keeping with the mission of its neighbor, this first phase of Agora Palms will be centered around the health and wellness industry, Jackson says.

The first project is a 120,000-square-foot medical office building. Construction is scheduled to begin during the third or fourth quarter

of next year — with completion slated for the first quarter of 2010.

And with Methodist set to open the doors of its new Stone Oak hospital in the spring of 2009, the inaugural building in Agora Palms is coming online at an opportune time, Jackson says.



Baumgardner

### Skin in the game

It was just last month that Larry Baumgardner, who is the founder and a principal for both B&M Healthcare and DAG, announced that his firm was entering the medical office market.

Much of DAG's brokerage work in this field will come courtesy of B&M, Baumgardner said at the time. That entity will spend "a considerable amount of money toward this real estate product" — including the purchase of existing assets and new developments, he added.

DAG's health care group will be responsible for leasing and managing the assets, Baumgardner explained.

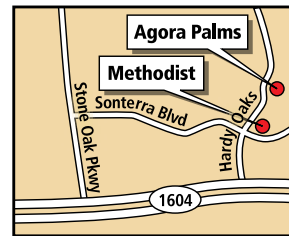
As part of the announcement of DAG's entrance into the health care field of real estate, Baumgardner also revealed that B&M had bought its first asset: Physicians Plaza II, which is located in the Medical Center.

The planned Agora Palms and the South Texas Cardiovascular projects represent two more examples of the long-term investment that B&M is making in this market and in DAG's future in the health care industry. Adds Baumgardner: "We have a lot of skin in this game."

### Building bridges

Besides having skin, Baumgardner's firms also have some strategic partners that will be key to this real estate game.

Case in point is Methodist Healthcare. Methodist, in partnership with the Cardiovascular Center's previous owners — South Texas Cardiology Ltd. — created a skybridge several years ago that connects the medical office center with the Texas Neurosciences Institute at Methodist Hospital.



### ■ B&M Healthcare Facilities Ltd.

**What:** Locally based developer and investor of health care assets, including medical office buildings.

**What's new:** Closed on the purchase of South Texas Cardiovascular Center at 4330 Medical Drive in Northwest San Antonio

**What's next:** Two new medical office buildings of about 120,000 square feet each on the city's Northwest and far North Sides

**What else:** Properties will be managed by the locally based Dominion Advisory Group Inc.

As part of that agreement, Methodist also had the first option to buy the office building if and when South Texas Cardiology put it on the market.

It did go on the market, and Methodist transferred its purchase option to B&M, according to Geoff Crabtree, senior vice president for Methodist. South Texas Cardiovascular Consultants will remain the anchor tenant in the complex.

"We wanted to find a developer that felt like we did and could protect our uses," Crabtree says.

In the case of the Agora Palms project, B&M will construct a service road that will connect its development to Methodist's new Stone Oak hospital.

The firm is also building a boulevard that will connect Hardy Oak and Highway 281.

Moving forward, DAG and Methodist will work together to align their interests on the Cardiovascular Center project and Agora Palms, Jackson and Crabtree say. For DAG, that means bringing in tenants that will complement Methodist's mission. "It's all about optimizing opportunities — not at the expense of, but for the benefit of each other," Crabtree says.