

San Antonio Express-News

SERVING SOUTH TEXAS SINCE 1865

SPECIAL REPRINT

SATURDAY, DECEMBER 1, 2007

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2 deals announced

Company buys and plans to expand Medical Center building.
It will build another one in Stone Oak.

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An emerging player in medical office real estate is going to boost its portfolio by at least 300,000 square feet with two San Antonio health-care buildings, in the South Texas Medical Center and Stone Oak.

As part of a 69-acre mixed-use project announced Friday, called Agora Palms, DAG Healthcare, a division of San Antonio-based Dominion Advisory Group Inc., plans to build medical offices on what is one of the largest undeveloped land tracts left in Stone Oak.

The site is north of Loop 1604 and sandwiched between Hardy Oak Boulevard and U.S. 281.

The land connects to the site of the Methodist Stone Oak Hospital, which will open next year.

“With the continued growth in the Stone Oak area, our goal is to create an upscale development that serves the space users around us,” said Larry Baumgardner, principal at DAG.

DAG also announced Friday its November acquisition of the South Texas Cardiovascular Center in the Medical Center.

The Stone Oak area includes several of the ZIP codes with the



The South Texas Cardiovascular Center near Methodist Hospital in the Medical Center currently has 66,000 square feet, but the new owner plans to add 120,000 square feet starting next summer.

highest average household income in town, according to the U.S. Census Bureau. That has made it a lucrative market for hospital companies and doctors.

Not only are residents in the Stone Oak area well heeled with good insurance, but they are also approaching the age when medical needs increase.

By 2013, the population of those 65 and older is expected to have grown 65.2 percent in 10 years in the 13 ZIP

codes in and around Stone Oak. For all of Bexar County, that growth rate is 24.6 percent.

Baptist Health System doubled the size of its hospital in Stone Oak for \$80 million, and the Methodist hospital will be a \$160 million facility.

“The key reason we bought that land was because of the Methodist hospital,” said Lee Jackson, vice pres-

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DAG Healthcare will build a 120,000-square-foot medical office building near the Methodist Stone Oak Hospital.

2 office deals announced

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ident of DAG Healthcare. “And this area is the new wealth of San Antonio.”

That wealth has attracted numerous medical businesses and physician offices, turning the area into a major medical cluster that eventually could rival the medical assets downtown.

Ten years ago, there was little office space in the Stone Oak area, but now there is 1.5 million square feet, said Kimberly Gatley, director of research at NAI REOC Partners, which monitors the San Antonio commercial real estate market.

“We’ve now seen a lot of those medical buildings popping up in the area,” Gatley said. “This is really going to substantiate that area.”

And though a 69-acre development may not be

considered a lot of land in some parts of town, it’s becoming harder to find open space in Stone Oak.

“Sixty-nine acres in Stone Oak is a substantial development because the land up there is so limited,” Gatley said. “This is a new wrinkle in the scheme of things, and I think it’s very significant.”

The first building at Agora Palms will be a 120,000-square-foot medical facility. Construction will start on it in the third quarter of 2008. The project eventually will include a wellness and fitness center, residential components, a senior living center, more office space, retail and restaurants.

This is a long-term plan that DAG expects to develop out during the next 10 years. The company has few details except that Agora Palms eventually will have 1.2 million square

feet of total product.

In November, DAG also acquired the South Texas Cardiovascular Center, which has 66,000 square feet of medical office space at the Medical Center. Beginning in the summer of 2008, DAG will expand the center by 120,000 square feet.

“We want it to be not just cardiologists, but we’re going to be expanding to include other specialists and primary-care doctors,” Jackson said.

DAG has been involved in medical office building real estate since October, when the company acquired the 65,000-square-foot Physician’s Plaza II, also at the Medical Center.

“This is just the beginning for DAG Healthcare,” Baumgardner said. “We can only grow as fast as the market allows, and we are very fortunate to be able to set a good pace now.”

