



You are here: [Home](#) > [Daily News](#) > [Medical Real Estate Firm Eyes Telemedicine as Opportunity](#)

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Healthcare Real Estate Insights

## Medical Real Estate Firm Eyes Telemedicine as Opportunity

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Paradise Valley Medical Plaza has outperformed many medical offices in the Phoenix market, thanks in part to a growing tenant specializing in telemedicine

Photo courtesy of The Plaza Cos.

From a darkened control room that looks like something out of a movie thriller, radiologists work round the clock to read CT scans, MRI and ultrasounds. But the physicians at the **Imaging Advantage (IA)** "reading center" aren't only reading images from local Arizona patients; they are interacting with clients from across the United States.

Welcome to the world of telemedicine, where more and more cost-conscious healthcare providers are outsourcing aspects of their services.

That might be a troublesome trend for some landlords, who might see a drop in demand for physical medical office building space. But if you have a telemedicine operation as a sizable tenant in your MOB, your perspective can be quite different. Take for example the case of IA, which signed a lease in the five-story, 104,213 square-foot Paradise Valley Medical Plaza at 5410 N. Scottsdale Rd. in May 2011, and has already expanded twice, now occupying more than 7,500 square feet.

**Sharon Harper**, president and CEO of **The Plaza Cos.**, which developed PVMP and handles leasing and property management, sees telemedicine as a growing source of potential tenants. "Plaza Cos. believes telemedicine is an opportunity for MOB owners and landlords," Harper says.

That has certainly been the case when it comes to IA. The teleradiology venture was attracted to PVMP for several reasons, according to Arthur Radow MD, the company chief medical officer. Completed in 2008, Plaza's MOB is a modern facility equipped with the large and scalable fiber optic capability required to support IA's current and potential connectivity needs. The availability of a top-floor suite also gave IA direct access to the roof, where it was more easily able to add extra-high-capacity air conditioners to keep all of its technology cool.

For Plaza Cos., the payoff is a strong and growing tenant in a highly competitive medical office leasing market. Harper says the MOB enjoys an occupancy rate that is well above average for the Greater Phoenix market, despite plenty of nearby competition.

Headquartered in Santa Monica, CA, IA currently serves health systems in Arizona, California, Illinois, Michigan, Ohio, Oregon and Texas, as well as other major metropolitan areas. Company officials claim **Vanguard Health Systems** as one major client. IA, which is backed by the investment bank **Goldman Sachs & Co.**, recently opened an even larger reading center in the Detroit area recently and touts its business model as infinitely scalable, which could mean additional leasing opportunities for forward-thinking MOB owners and developers

Telemedicine will never completely take the place of office visits, Harper emphasizes, but she says it will "make the physicians more efficient and able to care for more patients, therefore increasing their potential profitability which will help owners/landlord's retain tenants and increase rents."

*Murray W. Wolf is the Publisher and Founding Editor of Healthcare Real Estate Insights, the nation's first and only publication totally dedicated to covering news and trends in healthcare real estate development, financing and investment. For more information, please visit [www.HREInsights.com](http://www.HREInsights.com).*

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