NexCore Collaborates with Rex Healthcare to Develop a Successful Ambulatory Care Facility and Integrated Wellness Center in a Strategic Suburban Market

CLIENT: Rex Healthcare (UNC Health Care)
LOCATION: Knightdale, NC (suburb of Raleigh)
 COMPLETION: MOB, 2009 | Wellness Center, 2012
TYPE | SIZE: Off-campus integrated outpatient facility 63,600 SF MOB | 34,000 SF Wellness Center
USE MIX: Family practice, internal medicine, pediatrics, urgent care, wound care, surgery, sleep lab, on-site lab, imaging, gastroenterology, orthopedics, foot & ankle, and wellness
NEXCORE’S ROLE: Strategic planning, financing, development, ownership, asset management, property management

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“NexCore understood the market, the financing, and the challenges that we faced as a health system. Without their creativity, competitive lease rates, and generous buildout allowance, this project never would have happened. NexCore consistently responds to the demands of our Knightdale project as if they were a local developer.”

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Medical Office Building Project Overview

Rex Healthcare (a member of UNC Health Care) selected NexCore Group to develop and own an ambulatory care project in Knightdale, NC, a suburb of Raleigh located 10 miles east of the system’s 665-bed hospital. Rex purchased a site in Knightdale as part of their ambulatory network strategy to locate outpatient centers in growing suburban communities. Rex’s competitors included Duke Medicine and WakeMed, two large health systems with their own ambulatory networks.

The 63,600 SF Rex Knightdale Medical Office Building, which was completed in 2009, houses family practice, pediatrics, orthopedics, express care, wound care, surgery, sleep lab, on-site lab, imaging (basic radiology, mobile MRI, digital mammography), foot & ankle, and wellness services.

NexCore’s Role

NexCore’s scope of work on the Knightdale MOB included validation of the site selection, site master planning and entitlements, confirmation of the project-specific service area, compilation of project service area demographics, collaboration with Rex in determining the service mix and physician complement, service line planning, preliminary estimate of project cost, project approval, design and contractor selection, physician recruitmentleasing, project ownership/financing, and property management.

Shortly after commencement of the project, Rex instituted a system-wide capital expenditures freeze to normalize its cash flows throughout the system in preparation for going to the bond market in 2009. The system requested creative financing options from NexCore for its portion of off-site and tenant improvement costs to allow the project to proceed in spite of the capital freeze. In response, NexCore structured a variety of options that provided Rex with much needed flexibility and kept the project moving forward.

Wellness Center Addition

At the time of the Knightdale MOB development, Rex Healthcare was operating four wellness centers in strategic locations around the Raleigh-Durham Triangle. In 2010, Rex decided to build a fifth wellness center on the Knightdale MOB campus and called on NexCore again to help make the project happen. The objectives of the project were to expand Rex’s comprehensive array of medically and professionally supervised health services and fitness programs into Eastern Wake County, increase foot traffic and patient referrals on the Knightdale campus, and capture the full-time presence of a large orthopedic group.

The orthopedic group wanted to be integrated into the wellness center to enhance its visibility and improve patient flow. NexCore worked closely with the architect to develop a creative design and financial solution that not only integrated the wellness center into the existing MOB but also provided the orthopedic suite with a direct connection to the wellness center. In addition, NexCore crafted an attractive lease agreement that enabled the orthopedic group to make a full-time commitment to the Knightdale campus.

The 34,000 SF Rex Wellness Center of Knightdale, which was completed in 2012, includes three pools (lap, therapy and spa), steam/sauna/whirlpool room, large indoor track, group exercise and private personal training studios, state-of-the-art cardiovascular and weight training exercise equipment and child activity area. The center is staffed with registered dietitians, personal trainers, exercise physiologists, sports medicine professionals, and others dedicated to guiding members through the steps of personalized fitness programs.

Results

According to Tom Williams, Rex Healthcare’s Vice President of Ambulatory Services, the Wellness Center is averaging 10,000 visitors per month and 115 patient prospect tours of the MOB per month. In addition, since the Wellness Center opened in June 2012, Rex Family Practice has experienced a significant and sustained growth of new patients, and Rex Express Care has seen 10-15 percent of volume growth.