

Medical offices on tap for Kyle

Onair to put building near new hospital

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An Austin-based medical office developer is turning its sights to Kyle just south of Austin.

Onair Development plans to build a 38,000-square-foot building near the Seton Family of Hospitals' new Seton Medical Center Hays, on a 3.5-acre site off the southeast corner of I-35 and Kyle Crossing. The company said it will break ground early next year, with an estimated construction time of nine months.

The Kyle building is not Onair's first in the Austin area; it also is developing a 120,000-square-foot medical office project in Central Austin within the University Park mixed-use project, adjacent to St. David's Medical Center. The company has preleased 50 percent of that building.

Kerry Angus, president and CEO of Onair, said demand for its project in University Park and the ability to land a site so close to the new Seton hospital drove the decision to build in Kyle. The city 20 miles south of Austin is also a relatively underserved market when it comes to medical development, Angus said.

Seton Medical Center Hays officially opened its 112-bed hospi-



SUBMITTED RENDERING

Onair's medical office building will measure 38,000 square feet and is one of several popping up in the area.

tal Oct. 1, and became the second hospital in Hays County, which has a population of 185,000 and is projected to grow by more than 50 percent during the next decade. The hospital will have room to expand to 300 beds.

"As we've been marketing University Park, time and time again, doctors are telling us just how much Kyle is on their radar screen," Angus said. "Seton's new hospital has really put Kyle on the map with the Central Texas medical community, and we hope to offer a complementary service to the market."

Real estate developer BremnerDuke is also building a medical office project near the new hospital, which will span about 100,000 square feet and be ready for move-in early next year. The hospital will lease the building to

BremnerDuke.

Norm Gelfand, president of Gelfand Group Real Estate, which specializes in medical properties, said the new hospital, as well as the area's population growth,

will likely drive physicians to Kyle, although that migration may not happen right away. Gelfand said many physicians are waiting to see how the health care reform debate ends before making any capital investment.

Angus also hopes Onair's business model will help attract physicians. The company is in talks with potential tenants for the Kyle building. Onair's business model involves establishing a limited liability company for each prop-

erty. Tenants get a material ownership stake in each LLC, based on the size of each's lease. The remaining ownership in the LLC is split between Onair and a pool of investors. Tenants share in the revenues and tax benefits derived from ownership.

Eric Perardi, vice president of business development and marketing for Onair, said space controlled by hospitals and rented by physicians often restricts ancillary services such as tests and procedures.

With doctors squeezed by hospital structures and plummeting reimbursement rates from health insurers and Medicaid, there is increasing interest among physicians in switching from renting in hospitals to owning a piece of the space they practice in, Angus and Perardi said.



Gelfand