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RENDINA COMPANIES

...THE LEADER IN MEDICAL REAL ESTATE

INSIDE:

- **HEALTHCARE CORNER**
DRIVERS OF HEALTHCARE DEVELOPMENT
- **ANDERSON-MOORE CONSTRUCTION**
ACCESSIBLE, ACCURATE, DIVERSE
- **DUNKELBERGER ENGINEERING & TESTING**
EXPERTS IN A CULTURE OF TRUST
- **UPWORLD**
ONLINE NETWORKING FOR REAL ESTATE

LEFT: Greenway Professional Center CENTER: Waterfront Clematis; MIDDLE RIGHT TOP: Valley Medical Plaza (Alaska); MIDDLE RIGHT BOTTOM: St. Mary's Medical Pavilion; FAR RIGHT: Glendale Memorial Medical Pavilion



RENDINA COMPANIES

The Leader in Medical Real Estate

By Jan Wilson

When Bruce Rendina created the business model for his development company, others in the industry thought he was making a risky move. “When my father had the idea that he would allow the doctors who were going to have offices in his building to actually own a piece of the building, other developers thought he was crazy,” says Richard Rendina, Chairman and Chief Executive Officer of Rendina Companies.

“They couldn’t imagine that anyone would develop a building and want to give away a stake in it. But my father always said he’d rather hit singles than home runs. If the doctors are happy with their new partnership, they are the best advertisement for our company.”

Rendina’s idea proved to be exactly the right concept at the right time, and this “equity participation pro-

gram” for medical professionals is now Rendina’s signature product. “We have a vehicle in which doctors can have entrepreneurial opportunities and additional flexibility,” says Todd Varney, Executive Vice President. “We provide alternatives for physicians other than being renters or owning an entire building outright.”

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*Todd Varney, Executive Vice President,
Rendina Companies*

A FAMILY LEGACY

Rendina Companies got its start 20 years ago. Bruce



was friendly with many doctors and knew that they were always looking for better office space. Being located close to, or on hospital grounds, was important for the growth of their practices. A certified public accountant by training, Bruce created a financial structure that would allow the doctors to hold ownership with a partner who understood development and was willing to assume the risk. The **St. Mary's Medical Pavilion** was his first project, and within his first year in business he had several other projects in the pipeline. The Company continues to be a leading healthcare developer today, although it does develop other residential, commercial and mixed use projects as well.

"Bruce wasn't the typical financial professional," says Lawrence Juran, Co-Vice Chairman. "He had the analytical skills of an accountant, with the personality of an entrepreneur". Juran joined Bruce in a predecessor company as in-house counsel in what he calls now "a once in a lifetime opportunity to connect with a person and a company like this." Within the company's first year, Rendina completed four projects and went on to great success with the new model, opening an office in La Jolla, California in addition

"Rendina Companies has many years of expertise in the healthcare real estate market. They help meet the challenges facing hospitals by providing quality medical office buildings on or near their campuses, while utilizing an effective ownership model that supports their medical staff's office needs."

*Robert Broadway, Vice President,
Bethesda Healthcare System*

to the headquarters now located in Jupiter, Florida.

Juran's tenure with the company is typical. The average employee has been with the firm more than seven years, and the average executive tenure is more than 11 years, says Executive Vice President Todd Varney, who has been with the company for 15 years. David Strachan,

Co-Vice Chairman, has been with the company for 16 years, and the President of the Western Region, Mark Helleckson, has been with the company for 15 years. "This is a company with a family culture," says Varney. "This is the kind of place where people choose to spend their whole career."

In 2006, the company faced an emotional transition when its founder, Bruce Rendina, passed away. His son Richard Rendina assumed the Chairman and Chief Executive Officer role while son Michael became Executive Vice President. "I have marveled at the job that Rich Rendina has done," says Juran. "He is firmly in control and running the business." Aided by an advisory board and an experienced core of senior managers, the company has broken ground on multiple projects in 2008, "doing better than others at a time when many firms are struggling," says Varney.



Wellington Medical Arts Pavilion I

WHAT THEY DON'T TEACH IN MEDICAL SCHOOL

Rendina executives note that many doctors don't ever think about their office space requirements and the benefit of owning versus leasing when they are starting their practice. "Their entire educational career has been focused on learning medicine, not business," says Rendina. "Yet the operating costs of running a business will always be a substantial factor in whether or not they are successful in their practices."

While the firm focuses on the equity participation program in its medical office building projects, Rendina Companies is filled with creative problem solvers who offer a variety of different options to doctors. "The hallmark of our program is that we provide the doctor with flexibility," says Varney. "So many new doctors believe that they either have to rent space or build

their own building, but we expose them to a way of thinking about real estate that is beyond that." In addition to its equity participation program, the company offers a developer/tenant investment program, office condominiums and an asset conservation program. "A shared ownership model gives doctors a competitive advantage from day one," he says.

In fact, says Strachan, the key attribute that sets Rendina Companies apart is "our skill in marketing to the doctors and facilitating their move into our buildings," he says. "This is better than assuming that if you 'build it they will come'. We learned about the doctors and their needs from a real estate standpoint. It's a true partnership." The company also believes in working together with hospitals and seeks out doctor groups that wish to do the same. "In our developments, the doctors win and the hospitals win," says Rendina. "We want everyone to succeed with our model."

It's no surprise that 90 percent of Rendina's business is generated by current clients or by referrals. "We are not just a development company," says Varney. "We study trends in healthcare and that breaks down the walls between developer and doctor. We are always seeking the best solutions for the doctor when we develop a new project--we aren't just trying to sell them a new building." He adds that while almost 25 percent of medical tenants typically leave their buildings when their leases are up, Rendina Companies has a 96% retention rate. "Most of the tenants that are partners in our buildings will stay with us, simply moving to larger quarters," he says.

Doctors also know that when they choose to partner with Rendina, they will be moving into state-of-the-art buildings. "You only have to look at what happened in Florida in recent



Wellington Medical Arts Pavilion IV Groundbreaking Ceremony

years with all of the hurricanes,” says Varney. “Our buildings have always exceeded code so we aren’t scrambling if the worst happens. Doctors can’t afford to be out of their buildings for months; they need to be up and running within a day or two, no matter the severity of the storm.”

A NATIONAL PRESENCE

With offices in Jupiter and La Jolla, Rendina has completed projects in many states in between, and as far away as Alaska. An area of recent focus has been the Midwest. “That region of the country represents a very good opportunity for us,” says Juran, who is based in Cincinnati. “There are many population centers that will support significant medical facilities.”

Mark Hellickson, President, Western Region, notes that the firm’s geographic diversity gives them an insight into trends that more regional players may lack. “Here in California, for instance, we are on the cutting edge of managed care and therefore doctors are very sensitive to being able to enhance revenue elsewhere,” he says. “We are able to provide them with an outlet to do this by being in our buildings.”

Rendina’s national presence also gives its employees room for growth, which has been an important vehicle for employee retention. “Being away from the headquarters gives you a great opportunity to learn how to be a developer from the top down and the bottom up,” Hellickson says. “If you are working on a project in a remote area, you may not have a large infrastructure supporting you right there, and you are going to have to draw on your own expertise to get the job done.”

HEALTHCARE DEVELOPMENT TRENDS

Rendina executives’ relationships with doctors also help the firm stay on top of emerging trends in healthcare development. “We consistently strike a balance between our buildings being state-of-the-art and having the ability to lease space in them at competitive rates,” says Varney. “That is something that medical professionals appreciate.” Trends that are incorporated into Rendina’s development plans include:

- Locating medical facilities off hospital campuses to better capture patients from the surrounding communities and bring medical treatment closer to where people live,

“Wellington Regional Medical Center has partnered with Rendina Companies on four medical office buildings, and we are planning two additional projects with them as well. They have been a trusted resource for our healthcare real estate needs and have provided our hospital and physicians outstanding service for nearly ten years.”

Kevin DiLallo, CEO, Wellington Regional Medical Center



Financial Center at the Gardens

- Larger elevators, additional seating and wider hallways to accommodate patients on stretchers in outpatient or surgi-center facilities,
- Advanced energy management, heating, cooling and fresh air systems, as medical facilities become more attuned to being “green”,
- Computer interconnectivity that allows immediate communication between hospitals and outpatient facilities,
- The relocation of traditional hospital-based services, for example cancer care or obstetrics, into outpatient facilities, and
- The development of communities that include assisted living and more nursing facilities for the elderly.

LONG-TERM GROWTH AT WELLINGTON

Rendina’s relationship with **Wellington Regional Medical Center** began at the beginning of this decade, with a partnership to develop an outpatient facilities master plan on the hospital’s campus. “The hospital was seeking to serve the needs of this rapidly expanding community, as well as recruit new physicians,” says Rendina. The company has recently broken ground on the fourth 50,000 SF medical office building on the campus. “The first two buildings are 100 percent occupied, and the third building was 100 percent pre-leased prior to construction,” he says. The Wellington Medical Arts Pavilions are each 50,000 SF and include surgical, imaging and wound care centers, as well as many physicians’ practices such as urology, pediatrics and gastroenterology.

ENHANCING RURAL HOSPITALS

Rendina was asked to develop a plan for establishing outpatient medical services and physician offices in advance of a new acute care hospital in Frisco, Texas. "Although this site was surrounded by pasture at the time, it was less than 30 miles from the corporate headquarters of the hospital group, Tenet Healthcare, so there was a great deal of focus on how it would be developed," says Strachan. "Physicians were initially reluctant to sign on to something that was only on paper." Rendina overcame these objects by working directly with Tenet's **Centennial Medical Center** to identify which physicians were most needed in the market, and then met with them to show them the project rendering and explain the shared ownership structure. "Both the ownership structure and the architecture were tailored to address specific characteristics of the market," says Strachan.

In 2004, the **Centennial Medical Pavilion** opened as a 100 percent occupied facility. The success of Rendina's recruitment plan enticed the medical center to award the second 72,000 SF phase of the project to Rendina, which was constructed two years ahead of plans.

Likewise, in 2003, physicians were resistant to serving a rural area such as Oro Valley and Northern Tucson, Arizona, and Triad Hospitals' Northwest Medical Center needed a good plan for a medical office building to entice them.



Centennial Medical Pavilions I & II



Steadman Hawkins Clinic of the Carolinas

"Our executives overcame these objections by marketing the ownership structure, and demonstrating how the area was showing signs of growth and a positive payer mix," says Hellickson. In 2004, the **Oro Valley Medical Office Building** opened at 75 percent occupancy. The building was quickly fully occupied with 25 different groups providing a variety of specialties.

A POWERFUL RECRUITMENT TOOL

When **Triad Hospitals**, now **Community Health Systems**, wanted to recruit a nationally renowned orthopedic practice to **Mary Black Memorial Hospital** in Spartanburg, South Carolina as part of their campus revitalization, it engaged Rendina to develop a plan to transform the campus, the community and the region.

"The doctors of the Steadman Hawkins Clinic had several requirements when they decided to branch out to an East Coast location," says Richard Rendina. "They needed a developer who would offer significant ownership, low risk and a quality building." Rendina's expertise was employed to revitalize the campus master plan and meld it with the adjacent land purchase earmarked for the new undertaking. The 109,500 SF facility features a 22,000 SF orthopedic medical practice, 14,000 SF wellness center, 6,000 SF conference center as well as physical therapy suites, an imaging center and a rehabilitation pool. It was completed in 2006.

BEYOND THE LOWER 48

It takes a company with a true national reach to tackle a project in Alaska when its home bases are in Florida and California. Yet Rendina was able to help **Mat-Su Regional Medical Center** in Wasilla retain and recruit well-known physicians by developing a 62,000 SF medical office building on their campus. "Our equity participation program was very attractive to these doctors," says Hellickson. "The facility was fully leased before its completion." The **Valley Medical Plaza** features ancillary services that have improved the quality of care in the community while increasing service lines for the hospital, including ambulatory surgery and a cancer treatment center. "This project proves that we can deploy our professionals anywhere to partner with local doctors and add value for hospitals," Hellickson says. In a nod to Alaska's climate, the medical facility is joined to the hospital via a climate-controlled connector. The project was completed in 2007.

A PREMIER MIXED USE DEVELOPMENT

Rendina Companies began construction in **Abacoa** in 2000, and it has become the signature mixed-use project in Jupiter. "Everything you could want is right within this community," says Richard Rendina. "There are residential neighborhoods, commerce, a university, schools and even a baseball spring training facility." The 2,055-acre project includes:



Abacoa Town Center

- **Abacoa Town Center**, which brings together an old-fashioned neighborhood shopping district with a spring training/minor league baseball stadium (St. Louis Cardinals and Florida Marlins), Florida Atlantic University and Honors College, the Scripps Research Institute, a multiplex theater, conference center, health club, office space and restaurants. It also has stand-alone housing and apartments above the retail component.
- **Abacoa Business Center** with approximately 1.7 million square feet available for development,
- **The Commons at Abacoa** with 90,000 SF of office space and **Commons at Abacoa Phase II** with 60,000 SF of office condominium space sold out,
- **Abacoa Professional Center I & II** with 90,000 SF of office space,
- **Greenway Professional Center**, with three buildings consisting of 90,000 SF of office space.

Abacoa will continue to grow as the final stages of development occur in the next several years. The final phase of the Town Center will contain residential, retail and office uses. Additionally, construction is slated to commence in 2009 on a new 160 room hotel in the Town Center. Abacoa's Workplace contains another 822,000 SF of development entitlements for its business and research center.

NEW DEVELOPMENTS

Rendina has been selected to develop several new projects throughout the country and sees no long term business impact from the recent economic downturn. "Our core business is strong as hospitals seek more ways to recruit doctors to their campuses and doctors respond to the opportunity of ownership," says Varney. He adds that the company has successfully moved into working with both for-profit and non-profit hospital systems such as **Provena Health**, which operates in Illinois and Indiana and has recently selected Rendina Companies to be a developer in its system. "We are happy to work with progressive healthcare providers such as this one," he adds. The firm's recent developments include:

PROJECT TEAM MEMBERS

Anderson-Moore Construction, Inc.

General Contracting, Construction Management
 Projects: Rendina Companies Eastern Headquarters, Abacoa Professional Center I & II, Boynton Beach Medical Arts Pavilion, Commons at Abacoa, Greenway Professional Center, Palms West Professional Centers, Southpointe Medical Center, St. Mary's Medical Pavilions, Wellington Medical Arts Pavilion, Wellington Corporate Center I – IV, West Boca Medical Arts Pavilion I & II

Capital Lighting

Decorative Lighting for all residential applications
 Projects: Supplier for general availability for all Rendina Companies projects through Anderson-Moore Construction.

Comiter Singer Baseman & Braun, LLP

Attorneys at Law: Corporate, Individual Tax & Estate
 Projects: Rendina Companies Eastern Headquarters, Abacoa Professional Center I & II, Aberdeen Medical Pavilion, Boynton Beach Medical Arts Pavilion, Boynton Medical Arts Center, Corporate Center West, Commons at Abacoa, Greenway Professional Center, JFK Pavilions I & II, Jupiter Professional Plaza, Okatie Outpatient Center, Osler Medical Arts Pavilion, Palm Court Plaza, Palms West Professional Centers, Southpointe Medical Center, Steadman Hawkins Clinic of the Carolinas, St. Mary's Medical Pavilions, The Financial Center at the Gardens, Waterfront Clematis, Wellington Medical Arts Pavilion, Wellington Corporate Center I – IV, West Boca Medical Arts Pavilion I & II

Cotleur & Hearing

Landscape, Environmental Consultants
 Projects: Abacoa Professional Center I & II, Boynton Beach Medical Arts Pavilion, Corporate Center West, Commons at Abacoa, Greenway Professional Center

Custom Ceilings

Acoustical Ceilings Contracting
 Projects: Rendina Companies Eastern Headquarters, Abacoa Professional Center I & II, Boynton, Beach Medical Arts Pavilion, Commons at Abacoa, Palm Court Plaza, Palms West Professional Centers, Wellington Medical Arts Pavilion, Wellington Corporate Center I – IV, West Boca Medical Arts Pavilion I & II

D.S. Eakins Construction Corporation

Quality Utility Construction
 Projects: Palms West Professional Centers, Wellington Medical Arts Pavilion, Wellington Corporate Center I – IV

Dunkelberger Engineering & Testing, Inc.

Geotechnical Engineers and Materials Testing
 Projects: Abacoa Professional Center I & II, Aberdeen Medical Pavilion, Boynton Medical Arts Center, Corporate Center West, Commons at Abacoa, Greenway Professional Center, JFK Pavilions I & II, Jupiter Professional Plaza, Wellington Medical Arts Pavilion

EDS Air Conditioning

HVAC Installation and Maintenance
 Projects: Commons at Abacoa, Wellington Medical Arts Pavilion

First America Title Insurance Company

Title Services

General Caulking & Coatings Co.

Sealants, Coatings and Waterproofing
 Projects: Abacoa Professional Center I & II, Greenway Professional Center

Jeff H. Irvani, Inc.

Landscape Architects
 Projects: Rendina Companies Eastern Headquarters, Boynton Medical Arts Center, Corporate Center West, Commons at Abacoa, Greenway Professional Center, Wellington Medical Arts Pavilion, Jupiter Medical Park

Loveland Electric Inc.

Commercial, Residential Contracting
 Projects: Commons at Abacoa, Greenway Professional Center, Wellington Medical Arts Pavilion

Palm Beach Fire Equipment Co., Inc.

Extinguishers, Cabinets and Suppression Systems
 Projects: Supplier for general availability for all Rendina Companies projects through Anderson-Moore Construction

Sun Deck Concrete

Concrete Foundations
 Projects: Wellington Medical Arts Pavilion, Commons at Abacoa, Rendina Companies Eastern Headquarters, Abacoa Professional Center I & II

Superior Plumbing

Commercial Plumbing Contractors
 Project: Wellington Medical Arts Pavilion IV

- A three-story, 45,000 SF medical office building on the campus of the new replacement hospital for **Southside Regional Medical Center** in Petersburg, VA.
- A 70,000 SF medical office building on the campus of the **Bayonne Medical Center** in Bayonne, New Jersey, which will include an ambulatory surgery center and adult daycare.
- A 44,000 SF medical office building on the campus of the new replacement hospital for **Glades General Hospital** in Belle Glade, Florida.
- A 65,000 SF medical office building on the site of the replacement hospital for **Mercy Medical Center**, in Merced, CA. "Forty two percent of the building will be occupied by hospital services that need to be operating in order for the hospital to get its licensing. This is a trend that we are seeing with hospitals because it is less expensive than putting these services inside the hospital envelope," says Hellickson.



University Centre Groundbreaking Ceremony

Additionally, the firm has signed **South University** to a 40,000 SF lease to anchor the developer's **University Centre** in Royal Palm Beach, FL. The complex will consist of approximately 100,000 SF of office space in three buildings, all situated on a 10-acre site. "This facility will provide training for nurses and other medical professionals, and will be of great benefit to the community," says Varney.

EYE ON THE FUTURE

With its management transition behind it, Rendina executives see a bright future ahead. "Our business historically has been focused on the Sunbelt but now we have expanded so

"I believe in our ability to offer great buildings and great solutions, and that's what this market wants."

*Lawrence Juran, Co-Vice Chairman,
Rendina Companies*



Richard Rendina

much beyond that," says Juran. "Our business had also historically been largely done with for-profit hospitals. As we looked towards the future we realized that we wanted to diversify geographically and work for not-for-profit hospitals such as Provena because they represent about 80 percent of all hospitals."

While other aspects of the real estate business may be depressed, Varney says, healthcare continues to grow. "There are still many dated facilities that need to be replaced and hospitals in expansion mode, moving operations further away from their central campuses to be closer to the communities that they serve," he says.

History has proven that Rendina's model works for healthcare professionals and will continue to work over the long term. "I believe in our ability to offer great buildings and great solutions, and that's what this market wants," Juran says. ■