

IDAHO BUSINESS REVIEW

Eagle Road medical office market adding big spaces

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by Brad Carlson

Customers come from miles around to Spinal Dynamics Chiropractic and Rehabilitation Specialists, which in January opened on Overland Road southeast of the Eagle Road interchange with Interstate 84, Meridian. Suzi and Travis Cunningham are chiropractic physicians and strength-and-conditioning specialists certified to use treatment modes including traction and rehabilitation. Their office in the Silverstone development has attracted patients from Boise to the east and Parma to the west, they said. The office's proximity to other health care practices makes referrals convenient from the patient's point of view, Travis Cunningham said. Medical office uses are increasingly common along a growing Eagle Road corridor that features large buildings on the north and south ends – near hospital facilities – and plenty of smaller buildings and in-line spaces throughout. But the market will change by late next year and early 2010 as space becomes available in large Meridian developments including Pinebridge Technology Park, The Portico and Gramercy. In Eagle, developers of the Eagle River complex are considering developing a medical office building. Portico, for example, will offer about 300,000 square feet of office space suitable for medical uses, according to Colliers International in Boise. Gardner-Ahlquist is developing the project near Franklin and Eagle roads. "They are going to make a big dent in the market for medical office space because they have a good location that has high visibility and proximity to the hospital," said Winston Moore of W.H. Moore Co. Off Eagle Road, he has developed two office buildings near St. Luke's Meridian Medical Center, the 85-acre El Dorado Business Campus southwest of I-84, and the CentrePoint retail complex at Ustick Road to the north. Portico "is going to be a very prominent medical office-space development," Moore said. "You can't be that selective in this market." Ample space is available in smaller buildings along Eagle Road, and at W.H. Moore Co.'s new Treasure Valley Marketplace building near St. Luke's Meridian Medical Center, "even though we consider it to be a medical office building, if another user came along and their credit was good, we would certainly put them in there. It could end up as medical and general office." Karen Warner, office properties specialist with Colliers in Boise, said a number of sizable spaces suitable for medical use are under construction or are "shell" space yet to be built out for tenants. "There are plenty of choices if you have eight to 12 months or even 18 months," she said. "If you were looking for something in the four- to six-month time frame, you would have far fewer options." Eagle Road Professional Center, a multi-story building on Gentry Way near St. Luke's Meridian, does have a full floor available, but one challenge that the Eagle Road corridor faces is that it's fairly new as an office market, Warner said. "There is very little second-generation space. There has not been the (tenant) turnover yet," she said. Demand for office space –

including medical space – on and near Eagle Road has softened recently, though activity continues, Warner said. Prospective owner-occupants of small buildings find it difficult to qualify for financing in a tight credit market, and some of these users ultimately lease space instead, she said. High land values along Eagle Road, and high construction costs, also pose challenges. Office space in Portico and Pinebridge probably will be priced at \$24 per square foot annually or higher, she said – at or near the top of the rent scale in the Treasure Valley. Tenant build-outs tend to be more complicated and expensive for medical uses compared to other types of offices, said Warner, author of the book *Move Your Office*. Eagle River LLC Managing Member Chuck Carlise said the medical office component of the Saint Alphonsus Eagle Health Plaza, which opened last fall, is full. A dermatologist recently leased space in another building in Eagle River, he said, and St. Luke's Regional Medical Center recently opened a facility on East State Street. "Medically related businesses will continue to pop up and continue to be more evident in the area," he said. "I look for more of it. We have not constructed a building that was strictly a medical building, but are considering it." Eagle River grew to 95 acres following the acquisition of 5 acres fronting Shore Drive, on the Boise River east of Merrill Park, Carlise said. Now the development can accommodate about 1.1 million square feet of building space at completion, he said. "I would expect there would be more buildings built, maybe even by us, that would take advantage of the fact that two major medical facilities are right there," Carlise said. St. Luke's Eagle Medical Plaza opened recently at Idaho 44 and Horseshoe Bend Road.