

# Site Selection Nuts and Bolts

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# Learning Objectives

Upon completion of this learning activity, participants will be able to:

- Explain the factors that drive urgent care volume including trade area make-up, physical real estate characteristics, and operational delivery as well as volume-limiting factors like marketing, payer contracts, and competition.
- Identify the pros and cons of various types of space including medical office buildings, freestanding/street-facing, shopping center end-cap, and in-line retail.
- Perform an analysis of build-out of existing space versus build-to-suit and owning versus leasing.
- Avoid common site selection pitfalls leading to urgent care failure such as insufficient density, poor visibility, and overspending on build-out.
- Leverage the physical location of the urgent care center as a marketing tool.

# Predicting Urgent Care Performance

- Households or Establishments
- Population or Employees
- Demographics or SIC Codes
- Propensity to Utilize Services

- Retail Adjacencies/Draw
- Signage Visibility
- Traffic Counts/Accessibility
- Aesthetics

- Operating Hours
- Medical Providers/Training
- Equipment/Capabilities
- Patient Experience

**Density:  
Trade Area Factors**

**Site:  
Real Estate Factors**

**Operations:  
Delivery Factors**

**Marketing:  
Limiting Factors**

- Competition
- Payer Contracting

**Volume Projection**

# Trade Area Make-up

- Density of Households and Businesses
  - Total count within 3-5 miles or 12-15 minutes.
  - Trade area size/configuration varies by market.
- Demographics of Households and Businesses
  - Consumers who match the profile of conventional urgent care users.
    - Household income and payer mix
    - Family structure and make-up
  - Employees in industries who require occupational medicine services.
    - Regulatory/compliance needs
    - Workers comp injury rates

# Conventional Urgent Care Demographics



**Married Couple with Children Present**



**College Graduate Age 35-54**



**Owner-occupied Single Family Housing**



**Growing Suburbs of Major Metro Areas**



**Employer-Provided Health Insurance**



**Household Income \$75,000 to \$125,000**

# Occupational Medicine Sales Opportunity



# Trade Area Make-up, cont'd.

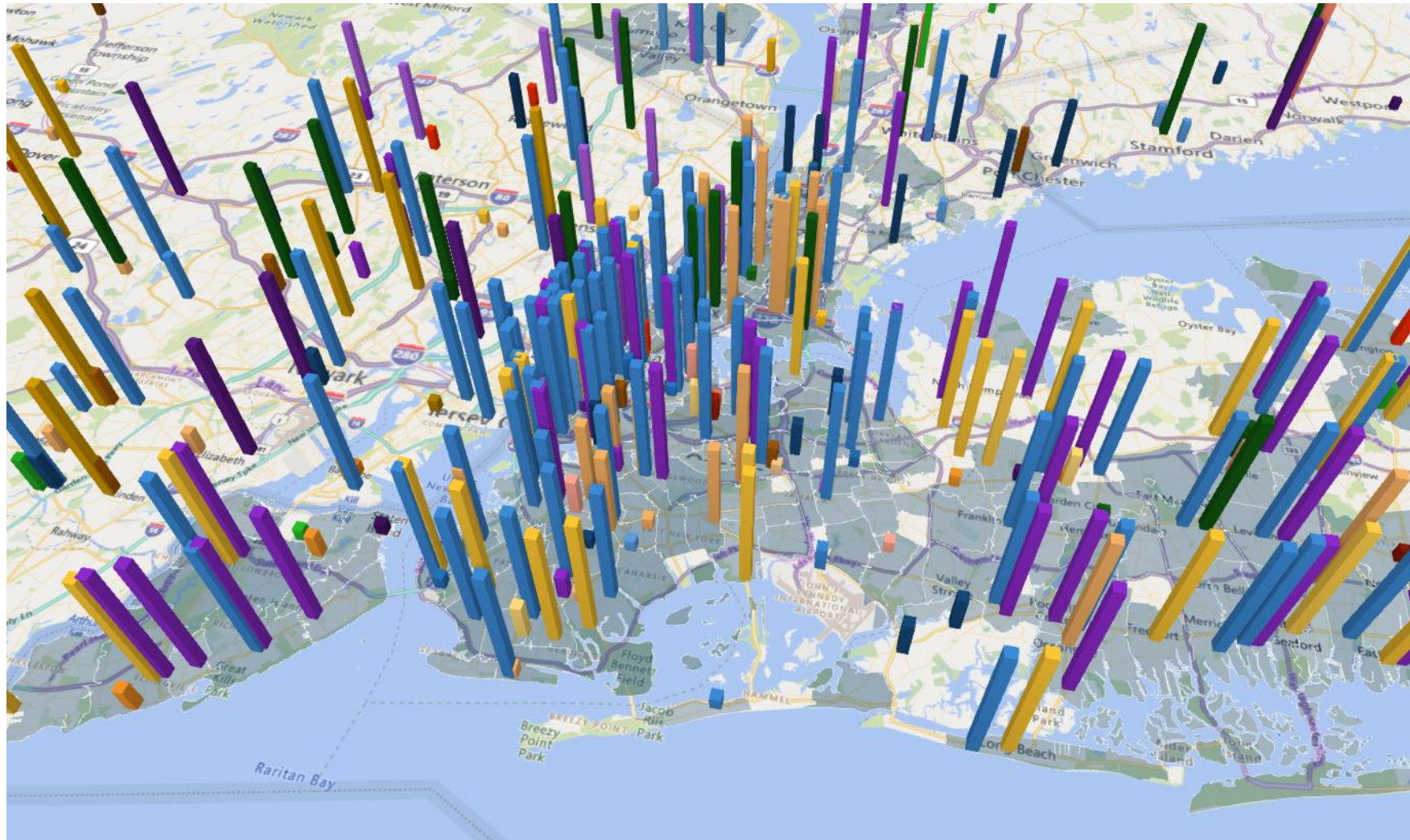
- Traffic counts and patterns
  - Issues with “through traffic”
  - “Local” or “destination” traffic
  - Ingress/egress
- Retail draw/retail adjacency
  - Neighborhood food/drug/mass
  - Regional big box destination
- Proximity of hospital/ER
  - Referral PCPs and Specialists
  - Visibility en route to ER

# Trade Area Make-up, cont'd.

- Natural and psychological boundaries
  - Political boundaries (school district, municipal lines)
  - Physical boundaries (rivers, mountains, freeways)
  - Economic and ethnic segregation
  - Commuting patterns (including changes)
- Presence and strength of competition
  - Today and in the future
  - All options—not exclusively urgent care
  - Visibility and reputation
  - Flanking and boxing strategies



# Issues: Market Saturation



# Issues: Commoditization, Case Rate and Low Acuity Care



# Growth Opportunity: Rural and Urban Fill-in



# Physical Real Estate Characteristics

Signage visibility to traffic is key:

- Stand-alone building
- Retail strip (in-line space)
- Retail strip (endcap space)
- Lifestyle center
- Urban storefront
- Medical office building



# Stand-alone Building



# End Unit Signage Visibility



# Health Care Cross-Traffic



# Retail Cross-Traffic





# Business Planning Considerations

- Buying vs. leasing
  - Real estate and urgent care are distinct and separate businesses
  - Ownership provides capital appreciation and tax advantages
  - Ownership is also capital- and time-intensive
- Triple Net Leases
  - Similar expense structure to ownership
  - Tenant pays all maintenance, utilities, taxes
- Common area maintenance (CAM) expenses
- Tenant improvement allowance offsets capital needs

# Business Planning Considerations, cont'd.

- Terms of lease agreement
  - Base rent and escalators
  - TI allowance
  - Terms and renewal options
  - Assignment
  - Improvements (lighting, parking signage)
  - Rights of first refusal

# Business Plan Data Points

- Operational Factors:
  - Services Offered
  - Hours of Coverage
  - Provider Staffing
- Consumer Demographics:
  - Population Density
  - Population Growth Rates
  - Average Household Income
  - Family Households w/Children
  - Cross-Correlation of Other Factors
- Employment:
  - Employee Density by SIC Code
  - Distribution of Business Size
  - Municipal Accounts
- Traffic Counts (Flow and Drive Time)
- Retail Draw/Retail Adjacencies
- Insurance/Payer Network Providers and Covered Lives
- Distance to Other Medical Providers
  - Urgent Care Centers
  - PCPs and Specialists
  - Retail Health Clinics
  - Hospital and Freestanding ERs
  - Imaging Centers and Labs
- Available Real Estate
  - Visibility & Access
  - Parking
  - Co-Tenants
  - Pad Site vs. Existing Building
  - Buying or Leasing

# Take Home Points

- Urgent care is a “retail” business that “creates demand” through real estate and marketing.
- The number one driver of urgent care visits is strong building/signage visibility to heavy traffic counts.
- Trade area factors include household/business density, growth and demographics as well as geographic boundaries and traffic patterns.
- Specific real estate factors include site and signage visibility, traffic counts, retail draw/adjacencies, and curb appeal.
- Competition and payer mix affect the speed of volume ramp-up, especially when market and network saturation has occurred.

# For more information...

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