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real estate REPORT

How the Medical Office Market Can Benefit from Using Flexible Office Space

By Mike J. Kushner, CCIM



Co-working and shared office space is not a new model. Businesses, like Regus, have been providing flexible, monthly memberships for access to shared office space for years now. This rose out of a growing need for businesses to have short-term, extremely flexible work locations so that they can scale up or down rapidly. Particularly, early stage startups couldn't afford to lock into even year-long contracts for office space, because from week-to-week their needs for workspace were constantly changing.

What shared co-working space provides is an extremely flexible option for businesses and their employees to have a professional workspace with the ability to increase or decrease their space quickly and frequently. Now other industries have taken note of the unique benefits of co-working spaces and have started to develop their own model. The healthcare industry has jumped on this bandwagon and we're now beginning to see the idea of medical co-working spaces spread across the nation, starting in cities such as Scottsdale, Arizona.

"Co-working spaces are usually newly remodeled and fully built-out to fit the exact needs of the industry they serve."

It may be hard to envision how doctors and other medical professionals can use shared workspaces to see patients, especially given the privacy and health considerations that come with the nature of the business. However, when you dig a little deeper, you'll see that it's a well thought out model that stands to disrupt traditional medical offices that tend to carry a large overhead and are unable to easily adapt.

Benefits of Using a Medical Co-Working Space

Co-working spaces are usually newly remodeled and fully built-out to fit the exact needs of the industry they serve. For medical co-working spaces, these rooms will feature a clean

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New Listings



10,500 SF

Commercial Sale - 5620 Derry Street, Harrisburg

- Newly renovated building conveniently situated on Derry Street, just moments from Route 322 and 283/83 interchange
- The building underwent major upgrades in 2017 and has been well-maintained throughout the years
- The unique set-up offers many possible options for an office or commercial user
- Up to 2.5 acres of vacant land adjacent to the property (5650 Derry Street) is also available for sale



12,571 SF

Office Sale - 5650 Lancaster Street, Harrisburg

- Newly renovated building conveniently situated on Derry Street, just moments from Route 322 and 283/83 interchange
- The building underwent major upgrades in 2017 and has been well-maintained throughout the years
- The unique set-up offers many possible options for an office or commercial user
- Up to 2.5 acres of vacant land adjacent to the property (5650 Derry Street) is also available for sale



Land Sale - 5650 Derry Street, Harrisburg

- Up to 2.5 acres of vacant commercial/office land located moments from Route 322 and 283/83 interchange
- Good visibility along Derry Street and over 230' of frontage
- It could also be an opportunity for additional parking for the 5620 Derry Street building (10,500+/- SF)



19,300 SF

Investment Sale - 5660 Lancaster Street, Harrisburg

- Great investment opportunity
- This three-story property has two floors fully leased (16 apartments total; eight three bedroom and eight two-bedroom)
- The first floor features commercial space that could be leased out or renovated into 3+/- additional apartments
- Excellent location with quick access to major highways



and organized space with new furniture and all the necessary resources to see and treat patients. Medical professionals can reserve the space for only the days that it's needed. For some, this might be just 2-3 days per week. In a traditional medical office setting, when not in use, the space must still be paid for even if it's sitting vacant.

"Medical professionals can reserve the space for only the days that it's needed. For some, this might be just 2-3 days per week. In a traditional medical office setting, when not in use, the space must still be paid for even if it's sitting vacant."

Additionally, the concept of medical co-working spaces allows medical professionals to "test out" a new area where they may consider opening an office in the future. By offering services in a co-working space in the new area, they can see if patients prefer to see them at this location, and about how often they can fill their schedule here.

Space That Can Change with Demand

Additionally, co-working spaces are extremely flexible. Most businesses offering this amenity require only a 12 week commitment, then charge month-to-month. This is a big difference from a traditional office lease which is at least one year, usually multiple years.

In the medical industry, providers typically experience one of two problems as it pertains to medical office space. Either their practice is growing, and they don't have enough rooms to accommodate their patients, thus delays in appointments or appointments that must be made weeks in advance. Or, the practice is shrinking and they're losing even more money paying for space that is not being used. In both scenarios, medical professionals could benefit from the flexibility of office space that can change with demand.

With flexible office space, like co-working spaces, the need for space can change week-to-week and month-to-month. This affords medical professionals extreme flexibility. The end result is more convenient options for patients and less overhead for doctors.

Privacy and Health Considerations

It's important to take into consideration that the highest standard of privacy and cleanliness is always expected by patients. If medical professionals should choose to see patients in a co-working setting, they should be prepared to reinforce to patients that though this is a "shared" space, the room is completely private and always properly cleaned.

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Industrial Listings



31,095 SF

Lease - 151 Allendale Road, Mechanicsburg

- Hard to find, completely updated warehouse space available
- Tenant's suite features frontage along Simpson Ferry Road, vanilla shell office space, ready to be built-out and a warehouse with 14'6" clear ceilings, two drive-in's (12 x 12) and sprinklers
- Convenient access to Route 15, Route 581, and I-81



20,000 SF

Sale - 638 & 651 Alricks Street, Harrisburg

- Freestanding warehouse along the 6th Street industrial corridor
- Clean, well-maintained, functional, and offers convenient access to I-81, Route 22/322 and the City
- Additional land across the street (638 Alricks Street) is also available for sale, all as one parcel including the street between them (Alricks Street, which has been vacated, paved, and fenced)
- Opportunity for additional car parking, truck parking or outside storage



29,280 SF

Sale - 700 Angenese Street, Harrisburg

- Functional warehouse property for sale along the 6th Street industrial corridor
- Convenient access to I-81, Route 22/322 and the City
- This property can be purchased in conjunction with 638 and 651 Alricks Street
- A 5,500 SF temporary canvas building has been setup at this location, which can also be purchased for an additional cost

As with any new trend, there may be some initial hesitations to overcome from both the providers and the patients. It's a new model and something that will take some getting used to. However, because there are so many pros to outweigh the cons, as more and more people experience medical care from a co-working space, soon it will feel as comfortable as a traditional office environment – if not more so!

A Trend on the Rise

The reality is the co-working model is exploding, taking real estate empires, like New York City, by storm. The 1.7 million square feet that co-working providers, like WeWork, leased in the first half of 2018 accounts for 10 percent of all new leasing activity in New York City this year. In fact, WeWork is about one lease away from becoming the biggest private office tenant in Manhattan – beating out JP Morgan Chase! How this relates back to the medical office market is that a trend that so quickly proved its value and dominance in a place like New York City in just eight years, will next begin to expand into smaller markets and new industries. This is not some overnight trend that will be a flash in the pan. Rather, it's the future of office real estate that traditional real estate owners and investors need to embrace if they want to keep and attract new tenants.

The Bottom Line

Major healthcare trends are sweeping the nation and they stand to greatly change the way healthcare-related businesses view and use commercial real estate. The concept of co-working spaces that doctors and medical professionals can use to see patients is just one of these trends, and potentially a very disruptive one.

The benefits are clear. Being able to add or lose space on short notice and without penalty will allow medical professionals to save a ton of cost on overhead while having access to adequate space, if their practice grows. The most critical piece that will make this trend a success is that patients “buy into” the idea that they will be receiving care in a space that could be shared by other medical professionals on different days. So long as privacy and sanitary conditions are maintained, this trend has a lot of potential to benefit all parties. ■

About the Author:



Michael J. Kushner is an accomplished real estate practitioner, developer and investor with three-decades of commercial real estate experience. He is the owner of Omni Realty Group, Central Pennsylvania's only exclusive Tenant Representation/Buyer Agency Brokerage and Real Estate Advisory Firm. Through his firm, Mike provides consulting services including due diligence, research, debt & equity placement, real estate brokerage, and excess & surplus property disposition on behalf of corporate clients.

Additionally, Mike is an established blogger on all topics related to commercial real estate at a local, regional and national level. You can connect with Mike on Twitter @MikeKushner, on Facebook @omnirealtygroup or online at www.omnirealtygroup.com.

Commercial Listings



Sale - 5 N. Market Street, Duncannon

- Prime retail/commercial space in the Borough of Duncannon
- Former bank boasts a notable exterior facade and a clean, functional interior with vault
- Call for additional details and to schedule a tour



Sale - 110 Altoona Avenue, Enola

- Freestanding commercial building with good visibility
- Property has been well-maintained over the years and offers an open floorplan which allows for a variety of uses
- The previous use was a daycare



Sale - 2801 North Third Street, Harrisburg

- Stunning landmark in the City of Harrisburg available for sale
- The Zembo Shrine Center was beautifully constructed with the Moorish Revival style architecture and has been well-maintained throughout its years

Would You Like to be Featured?



The Bill Gladstone Group of NAI CIR is looking to fill editorial content in our quarterly magazine and monthly newsletter publications for the 2019 calendar year.

What Are We Looking For?

Industry related articles that our readership of over 4,600 business decision makers and industry leaders would benefit from reading in print and online through social media. Articles are typically 1,200 – 1,500 words and include an author bio, headshot, and recognition for your company.

Topics Can Include: Finance, development, law, architecture, technology, engineering, environmental, wellness, current trends, security, business operations, and much more.

Need Assistance With A Topic?

We can suggest one that would be a good fit for your expertise.

Contact: Leah Wentz (717) 761-5070, ext. 116 or lwentz@naicir.com.

Please forward this information to any colleagues you feel could be a good fit for our publications as well. We look forward to hearing from you!

Commercial Listings



Lease - 1421 N. Third Street, Harrisburg

- Great leasing opportunity in completely renovated and updated building in the heart of thriving Midtown Harrisburg
- Neighbors include HACC Technology & Trade Campus, Susquehanna Art Museum, Midtown Cinema, Broad Street Market, The Midtown Scholar Bookstore (two blocks away), Millworks, Yellow Bird Cafe and much more



Sublease - 4856 Carlisle Pike, Mechanicsburg

- Attractive, updated showroom space with a warehouse area and a large open office area on the second floor
- Located in the Hampden Center in Mechanicsburg
- Warehouse area has two 10' x 10' overhead doors

Office Listing



Sale/Lease - 346 York Road, Carlisle

- This nearly 50,000 SF property offers immense versatility and opportunities
- Located just moments from the Carlisle Crossing Shopping Center, Carlisle Airport, and I-81
- Over 240 lined parking spaces



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Office Listings



Sale/Lease - 1001 S. Market Street, Mechanicsburg

- Two-story professional medical office available
- Recently renovated with high quality finishes and an efficient floorplan
- Desirable location in Southpoint Office Center at the intersection of Market Street and Shepherdstown Road and near Cumberland Parkway exit of Route 15



Sale - 1309 Bridge Street, New Cumberland

- Property is comprised of a 12,925+/- SF, two-story brick office building on a 0.65+/- acre parcel with abundant parking
- Currently, there are five (5) tenants in the building with month-to-month leases
- The property has been well cared for over the years by the original owner



Lease - 1801 Oberlin Road, Middletown

- Charming three-story stone structure with professional office tenants
- Convenient access to both Harrisburg and Lancaster
- Easy access to Harrisburg International Airport



Sale/Lease - 2151 Linglestown Road, Harrisburg

- First floor condominium in the Saratoga Office Center now available
- Currently built for a medical user, but would work well for other office users
- Located close to Colonial Park, Downtown Harrisburg and all Interstate Highways



Lease - 1007 N. Front Street, Harrisburg

- Attractive office space on North Front Street with beautiful views of the Susquehanna Riverfront
- The entire building is going through interior upgrades and boasts new carpet, fresh paint and many amenities including large shared conference room, a court-yard with seating, parking, and wi-fi
- Turn-key and within walking distance of the Capitol with quick access to I-83, I-81 and West Shore



Lease - 301 Chestnut Street, Harrisburg

- Located at Pennsylvania Place, this is a one-of-a-kind development for the Harrisburg market that includes over 50,000 SF of Class A office space in the City's thriving downtown district
- The building offers an ultimate level of visibility, functionality and sophistication
- On-site parking, workout facility, a swimming pool and high-end finishes embody the urban luxury of this high-rise mixed-use building



Lease - 24 Northeast Drive, Hershey

- Functional, single-story office building in prominent Hershey location
- Perimeter window line can be expanded to suite tenant's specs
- 35+/- Parking spaces in-common with all tenants in building, and over 100 parking spaces available nearby

Featured Land



Sale - Gettysburg Pike & Spring Lane Road, (NWC), Dillsburg

- Developable site adjacent to restaurants, convenience stores, office, and many residential units
- Property has good highway visibility and access via a traffic controlled intersection

Investment Listing



Sale - Confidential, Harrisburg

- Well-maintained, 3-story masonry building overlooking the Susquehanna River
- Five (5) year lease renewal started January 1, 2019
- No deferred maintenance and on-site parking available
- Signed Confidentiality Agreement needed for additional information

Land Listings

Location	Acres	Zoning	Type
370 W. Main Street, Leola, Lancaster County	1.3 - 2.8	General Commercial	Sale/Lease
Bent Creek Boulevard, Lot 2, Mechanicsburg, Cumberland County	2.02	Community Commercial	Lease
7700 Derry Street, Harrisburg, Dauphin County	2.12 (lot 4)	Commercial District General	Sale
Price Reduced - I-81 and W. Trindle Road, Carlisle, Cumberland County	2.18 (2 parcels)	Commercial Highway	Sale
Price Reduced - 100 Narrows Drive, NEC of US Route 422 & Narrows Drive, Lebanon	2.2	Commercial	Sale
8001 Grayson Road, Harrisburg, Dauphin County	2.25	Commercial	Lease
7700 Derry Street, Harrisburg, Dauphin County	2.3 (lot 8)	Commercial District General	Lease
2600 Delta Road, Brogue, York County	2.5	General Commercial	Sale/Lease
NEW - 5650 Derry Street, Harrisburg, Dauphin County	2.5	Commercial Limited	Sale
St. Johns Road, Camp Hill, Cumberland County	3.05	General Commercial District	Sale
Peters Mountain Road & River Road, Halifax, Dauphin County	5.1	None	Sale
700 S. Baltimore Street, Dillsburg, York County	5.23 - 57.5	Agricultural - Conservation (AC)	Sale
Eisenhower Boulevard, Harrisburg, Dauphin County	5.39	Commercial General	Sale
W. Suncrest Drive and Spring Road, Carlisle, Cumberland County	6.72 (5 parcels)	Commercial/Light Industrial	Sale
1706 Good Hope Road, Enola, Cumberland County	6.78	Office Park	Sale
Pending - Lancer Street Extended, Harrisburg, Dauphin County	7.52	Medium Density Residential (R-2)	Sale
Pending - 503 Jonestown Road, Jonestown, Lebanon County	7.91	Commercial	Sale
Route 441 and Orchard Drive, Harrisburg, Dauphin County	8.34	Single Family Residential District	Sale
Price Reduced - 730 Limekiln Road, New Cumberland, York County	8.64	Commercial Business	Sale
1900 State Road, Duncannon, Perry County	9.46	Commercial	Sale
Carlisle Pike (Route 11) Waterford Square, Mechanicsburg, Cumberland County	8.78 (8 lots)	Community Commercial (C2)	Sale
Price Reduced - Eisenhower Blvd & Highspire Road, Harrisburg, Dauphin County	10	Commercial District General	Sale
Route 75 & William Penn Highway, Mifflintown, Juniata County	11	Industrial Commercial	Sale/Lease
Gettysburg Pike & Spring Lane Road, Dillsburg NWC, York County	14.92	Commercial	Sale
Price Reduced - Allentown Boulevard, Harrisburg, Dauphin County	17+	Commercial Highway (CH)	Sale
3050 Heidlersburg Road, York Springs, York County	18.16	Highway Commercial	Sale/Lease
349 Pleasant View Road, New Cumberland, York County	45.48	Commercial Business	Sale
Price Reduced - Linglestown Road, Harrisburg, Dauphin County	61.55	Agricultural Residential	Sale

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Check Out Our Recent Deals

Visit www.billgladstone.com to view listings not included in this issue.



SOLD – 1100 N. Mountain Road, Harrisburg

BS Holdings, LLC purchased this 5,612 SF office building located in Lower Paxton Township. The Bill Gladstone Group of NAI CIR facilitated the transaction. One suite is available for lease. Call for details.



LEASED – 415 Market Street, Suite 204, Harrisburg

Merrilees Electric Company leased a small office suite at the Harrisburg Transportation Center. The Bill Gladstone Group of NAI CIR handled the transaction. Space remains available for office users. Call for details.



LEASED - 1301 Colonial Club Drive, Harrisburg

Dowayne & Tarik Blout leased 2,775+/- SF in Lower Paxton Township. The use will be a day care center. The Bill Gladstone Group of NAI CIR and Yen Yang of Highlight Realty LLC handled the transaction.