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Evans: “Significant Changes” for BOMA Conference in 2016

By John Mugford | National



KNOXVILLE, TN—As nearly 1,000 attendees watched Scott D. Evans co-chair the 2015 BOMA International MOB & Healthcare Facilities Conference in Cleveland this past May, we figured it would be a good time to catch up with him. We were right. Since 2012, Evans, a 30-year veteran of commercial real estate, has helped to grow Knoxville, TN-based Realty Trust Group LLC (RTG), a well-known real estate advisory firm that serves a number of healthcare systems.

The company, according to Evans, has “the capabilities to implement any type of real estate solution a health system or physician group would need.” Its largest client is Atlanta-based Northside Hospital, which outsources its real estate functions to RTG for about 3 million square feet of space. The services RTG provides include property management, construction management, leasing, acquisitions, dispositions and others.

HREI: Tell us why the BOMA MOB conference is so popular and share with us some the feedback you’ve received.

Evans: The BOMA MOB conference is the premiere annual event in the healthcare real estate industry, and I had the good fortune to co-chair it this year and next with Peter (Volas). There have been a large number of industry volunteers, like John Winer, Gordon Soderlund, Danny Prosky and many, many others, who have given their time to help bring in cutting-edge speakers and educate attendees on the industry. We had just under 1,000 attendees this year in Cleveland, about the same number as last year in Nashville, and the education is unparalleled. It’s also a tremendous opportunity to network. The BOMA national organization has done a great job in marketing the conference and doing all of the behind-the-scenes work, led initially for years by Lorie Damon and now by Amy Chisholm. The feedback we’ve received has been terrific, and we’re planning some significant changes for next

year (May 3-5, 2016 in Orlando) in large part due to attendee feedback.

HREI: What factors do you think are having the biggest effects on the health systems today, such as the Patient Protection and Affordable Care Act (PPACA), the big leaps in medical technology, the move to outpatient care, competition for patients, changes in reimbursements, consolidations, etc.?

Evans: All of the things you mentioned are dramatically impacting the healthcare industry, which is one of the reasons it is so dynamic and so interesting. I think it is very, very challenging to operate a health system in this environment. Certainly, implementing the change from a fee-for-service model to a value-based care or population health model is going to be incredibly difficult for all health systems. Dealing with a merger or other combination is hugely impactful as well. All of these things you mentioned have an impact on the real estate. In a merger,

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for example, there may be the need to consolidate certain programs or services, which can have a big impact on a real estate portfolio. Clearly, the need to reduce costs across the system and shift more services out of the hospital has a major impact on real estate. Having said that, I’ve found that each hospital/health system has its own unique needs and issues, and what may be relevant in one situation may not translate to another. The key is to understand what issues are affecting your client and figure out how to help them deal with those issues.

Evans: No One-Size-Fits-All in Healthcare Real Estate

HREI: Go ahead and explain the range of services that Realty Trust Group provides to your clients. And what type of clients do you find yourself providing services to?

Evans: RTG is a healthcare real estate advisory and services firm and we work hard to understand our clients' needs and provide them our best professional objective advice. We also have the full capability to implement any solution we would recommend, or step away if a client has an established relationship that they would prefer to use on implementation. We have a very broad service delivery platform that we can bring together for a client, including strategic campus and facility planning, portfolio optimization, project management, property/asset management, site analysis and acquisition, portfolio monetization, new project development and fair market value opinions. The vast majority of our clients are hospitals, health systems and physician groups.

HREI: In today's ultra-competitive healthcare landscape, what are you seeing as the most important real estate needs of the health systems?

Evans: I really feel like having an objective advisor who can help reduce costs and create value for a health system's real estate operations is incredibly important for

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a health system. The senior management team in a typical health system generally does not have much real estate experience, so they need a partner they can trust and rely on. There frankly aren't that many firms which operate like ours, and I believe our approach has been one of the main reasons for the growth we've experienced the last few years.

HREI: As far as you see it, what do third-party healthcare real estate firms, be they developers or investor/buyers of existing space, need to do most to be relevant to the country's health systems? Do you see a need for third-party ownership of healthcare properties moving forward?

Evans: I think all service providers need to

be educated on the business of healthcare and understand the nature of the stakeholders involved in a given health system to truly be relevant to their clients. Healthcare is a unique industry, and what may work in other real estate sectors may not work in healthcare. I do believe that third-party ownership of healthcare property will be needed in the future, it just depends on the specific issues associated with the hospital and the property. The strategies, cultures and capital needs for hospitals vary significantly around the country, so it's definitely not a one-size-fits-all industry.



As a 30-year veteran of commercial real estate, Scott D. Evans of Realty Trust Group LLC (RTG) began focusing exclusively on the healthcare real estate sector in 1997. He was working at Ernst & Young at the time and during his 17 years there co-led the firm's national HRE advisory business with Jonathan L. "John" Winer, who is now with Seavest Healthcare Properties. After that tenure, Evans became a managing director in the real estate practice at New York-based Cain Brothers & Company LLC before joining RTG, which advises a number of large healthcare systems. The firm's president is Greg Gheen.

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