



Kelsey-Seybold Clinic Ft. Bend Medical & Diagnostic Center Sugar Land, Texas Development – Principal

OPPORTUNITY/CHALLENGE

Kelsey-Seybold Clinic (KSC) is Houston’s largest and most renowned private multi-specialty physician group. In 2002, St Luke’s Episcopal Health System acquired Kelsey-Seybold’s management company. KSC and St. Luke’s approached Transwestern to build a 150,000 SF multi-tenant facility in Ft. Bend County to expand the KSC market share and open a more accessible and convenient satellite office for KSC patients. The challenge was to design a cost effective clinic with room for expansion on a site that provided excellent access and visibility at an affordable price.

SOLUTION

After an extensive feasibility study and programming with the physicians, along with a thorough analysis of over 25 potential sites, Transwestern advised scaling back the plan to a single-user facility of 72,683 SF. This removed both the risk and carrying cost of the excess speculative space. Transwestern further recommended a site which fronted on Highway 6 providing visibility, convenience, and easy access for patients. This site also included three additional acres to accommodate future expansion space for KSC or other complimentary practices as the property matures and the demand proves out.

Transwestern further worked with St. Luke’s to structure a 15-year net lease to drive the most efficient and cost-effective capital execution to further reduce KSC’s occupancy costs. Additionally, Transwestern structured the lease with four five-year extension options, thereby giving KSC true long term control of the property. Finally, Transwestern created a competitive bidding process to drive the lowest possible lease rate.

VALUE ADDED BY TRANSWESTERN

By focusing on the strengths of each group, Transwestern was able to quickly lock in low leasing rates for KSC and provide flexibility for future expansion. Transwestern’s experienced construction team was able to tailor the space to the exact needs of KSC without the surcharge typical for specialized space improvements. Transwestern delivered the project on time and on budget with the following benefits:

- A rental rate savings of approximately \$4.00 PSF versus comparable projects, an annual rental savings of approximately \$320,000, and an aggregate rental savings of \$4.8 million over the life of the lease
- Three acres of additional land for future expansion
- Exposure and signage on Highway 6 to over 41,100 cars per day
- Easy and significantly more convenient access for KSC patients versus a trip to the Texas Medical Center

“Transwestern’s development team provided tangible results for our state-of-the-art medical facility in Sugar Land, Texas. They helped make sure that the project was delivered on time and on budget, which is what we wanted in a developer.”

Nicholas H. Ro, Chief
Compliance
Officer, Executive
Administration
Kelsey-Seybold Clinic