Five questions for: Malcolm S. Sina

Two years after leaving Lend Lease, he is back at developing healthcare facilities

By John B. Mugford

When Malcolm S. Sina first started developing medical office buildings (MOBs) in the mid-1990s, most health systems were accustomed to, and comfortable with, developing their own MOBs with their own capital.

It was up to some of the sector's pioneers, including Mr. Sina, to educate hospital system executives about the benefits of using third-party firms to develop and own outpatient projects for them.

During the course of the past two decades, Mr. Sina has certainly done plenty of that, as he has developed or acquired about 5.6 million square feet of MOB space with a value approaching $1.5 billion.

After working with a full-service development firm, Fifield Cos., in the Chicago area, Mr. Sina joined Aetna Life Insurance Co., where he was managing director of real estate investments and directly accountable for a $5 billion loan portfolio and a network of 18 correspondent offices.

He entered the healthcare real estate (HRE) arena in 1994, when he joined DASCO Cos. of Palm Beach Gardens, Fla., as the chief operating officer. During his years there, he emerged as the face of the organization, becoming the president and CEO.

About four years ago, DASCO was acquired by Lend Lease, an Australian-based, multi-national firm doing business in more than 40 countries. "We're not looking to sell the company," Mr. Sina says, "but we were approached by Lend Lease to complement their healthcare construction expertise and felt that made sense."

Mr. Sina remained with Lend Lease for more than two years. After that he founded, as the chairman, Sina Cos., where he now works with his sons, Rob and Bryan. The firm might not be making huge headlines, but it is slowly and surely garnering opportunities and building a portfolio and pipeline of projects.

1) Back in the '90s, what was the mindset of the health system executives when you would approach them about having someone like you and your firm develop and own projects for them? What did most of the projects entail in terms of tenants, size and services offered?

When I started in the business 21 years ago, the focus on outpatient services was just beginning. Most hospitals were still developing MOBs with their own capital. Our early clients began to recognize the value of reserving their own capital for other projects with a greater return on capital, such as medical equipment and physician recruitment and employment, which has become even more prominent today. Prior to (me) joining DASCO, most of (the company's) projects were smaller MOBs located in South Florida. Our focus quickly turned to destination-oriented projects anchored by various types of hospital outpatient services such as ASCs (ambulatory surgery centers), cancer treatment centers, imaging, etc., with a complementary array of physician practices. Our primary focus was on outpatient facilities ranging in size from 50,000 to 80,000 square feet. Our overall experience included projects ranging in size to 160,000 square feet and included specialty hospitals, acute care facilities and surgery centers, along with the typical outpatient facilities.

2) I suppose you at least contemplated retiring from the business completely after leaving Lend Lease. What changed your mind?

After I left Lend Lease, I considered retiring for a couple weeks, but realized how much I would miss the business. The whole process of bringing the parties together, healthcare operators and physicians, determining a structure that is a win-win-win for everyone, implementing that process and seeing it through to completion is my true passion, something that golf and fishing couldn't fulfill. Having my two sons, Rob and Bryan, join the company is also very appealing. Both of them have been in the healthcare real estate business all of their careers and share my passion of high-integrity customer service.



Malcolm S. Sina

3) Tell us about Sina Cos. Are you looking to develop a lot of projects, or a select few? How many has the firm completed, and do you have some ongoing now and/or in the pipeline?

With Sina Cos., we are not looking to be the biggest healthcare real estate developer. We are going to focus our attention on servicing a few client relationships and however many projects that may entail. After all of the experience I have gained working with multiple different partners in the past, we feel there will be ample opportunities

for a nimble, well-capitalized, entrepreneurial development company that can be extremely responsive to the healthcare providers' needs. We don't have to go through any committees in order to provide answers to client needs... We can be more flexible and creative than any other potential peer group within our industry. From my time in the business, relationships built through trust, reliability, availability and integrity were the cornerstones of our previous success and will continue to be what we focus on with Sina Cos.

We currently have two projects we own, both of which were entrepreneurial, turnaround plays that have been very successful. One is a small project, approximately 32,000 square feet on a hospital campus which we purchased when it was 40 percent leased and are about to sign a lease which will take us to over 90 percent. The other project is a 25-acre parcel with approximately 120,000 square feet of nearly completed one- and two-story buildings in Las Vegas. This property is off campus and will ultimately be able to accommodate a total of 300,000 square feet. This was a project we purchased from a bankruptcy trustee for Lehman Brothers, which took us over four years to complete. Ironic that Lehman Brothers was actually a partner of ours over 10 years ago.

We also recently won the award to develop a 60,000 square foot cancer treatment center and have several other projects under discussion with other healthcare providers.

4) So, what are some of the main differences between the MOB business today compared to in the past?

There are certainly more players in the market today then there were when I started in the business over 20 years ago. The acceptance in the investor market place has improved dramatically over that time period. Over time I feel more healthcare real estate will be developed and owned by non-healthcare providers as reimbursements and ACO (accountable care organization) models will challenge all healthcare providers to be more selective in their capital allocation plans. These, along with the aging demographics are factors that originally drew me to this business and why I still like the future prospects for this sector.

5) What do you think about the future of healthcare real estate? Will e-visits and other technologies, or other factors, put a damper on the sector?

I have a friend who was formerly in the hospital administration business who is now a partner in a telemedicine business. Consulting with a physician on line will only increase in usage as providers continue to find ways to reduce their costs and patients continue to insist on more user-friendly, convenient healthcare services. Robotic surgeries, remote radiology services and future devices that haven't even been invented yet will continue to develop to provide quicker, less expensive, but yet effective healthcare delivery in the near future. Consolidation will continue to occur among healthcare providers across the country. But I feel there won't ever be a real substitute for in-person meetings with your physician, especially the specialists. Since there will be shortage of trained physicians to service all of the patients in the future, particularly the aging population, physicians will have to be supplemented by physician assistants and nurses who are further trained in the delivery of more common medical ailments. ❑

HRE Capital was advisor on the sale of ASCs in Houston and St. Joseph, Mo.

HOUSTON and ST. JOSEPH, Mo. – Healthcare Real Estate Capital (HRE Capital), a national advisory firm focused on the HRE sector, acted as the financial advisory firm to a group of physicians who recently sold standalone ambulatory surgery centers (ASCs) in Houston and St. Joseph.

The 100 percent-occupied ASCs are outpatient facilities operated by what HRE Capital calls "market leading independent physicians" and Overland Park, Kan.-based Nueterra Cos.

On behalf of the providers, HRE Capital says it undertook an effort to procure an investor positioned to acquire the ASCs under a restrictive timeframe from diverse ownership groups.

HRE Capital approached "an active and well-capitalized investor" seeking to acquire high-acuity healthcare assets. According to HRE Capital's E. Hunter Beebe, principal, the firm helped the sellers meet their goals for pricing and the overall deal structure.

Top 2014 deal as well

In addition to brokering the above sale, HRE Capital handled what we at Healthcare Real Estate **Insights**™ believe to be the top, arm's length MOB deal of 2014: CNL Healthcare Properties' acquisition of 12 buildings for $238 million – eventually 13 buildings for $271.7 million – from longtime Atlanta-based developer, owner and manager Meadows & Ohly.

HREI™ reported in our December 2014 edition (please see "CNL Healthcare closes $238M deal") that HRE Capital brokered the Meadows & Ohly deal.

However, that information was inadvertently omitted from the chart "Selected largest 2014 MOB deals" in the 2015 HREI™ **Resource Guide**™.

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■ **CNL Financial Group** recently hired **Scott McCorvie** as VP of acquisitions. Mr. McCorvie has extensive experience working with senior housing and HRE and will continue to focus on those sectors. Prior to joining Orlando, Fla.-based CNL, Mr. McCorvie was the manager of investments at **Sentio Investments LLC**, also of Orlando, where he served as an advisor to the company's healthcare-focused real estate investment trust (REIT). ❑