

FINANCE & COMMERCE

HealthEast clinic taking Borders space in St. Paul

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Published: October 31st, 2011

The vacant former Borders book store in the Midway area of St. Paul has found an unlikely new tenant: A HealthEast <http://www.healtheast.org/> clinic will open next spring in the two-story space.

St. Paul-based MSP Commercial, a development company that has expertise in medical office projects, bought the building for \$2.25 million a few weeks ago, and construction is under way to convert the former retail space into a medical clinic. HealthEast plans to relocate an internal medicine clinic into about 22,000 square feet of space it is leasing from MSP Commercial <http://www.mspcommercial.net/>. Alex Young, senior vice president with MSP Commercial, said the company has been scouting the St. Paul's Midway area for a new clinic space for several years without success.

"We weren't finding what we needed," Young said. When the Borders store was shuttered in the wake of the retailer's bankruptcy, Young said it quickly emerged as a solution to HealthEast's search.

"It really fit our needs quite well. This was just a great opportunity," Young said. "It's located right on University and Hamline, which is right where one of these light rail platforms will be located."



The HealthEast Midway Internal Medicine clinic is currently located a few blocks from the Borders site at the University Park Medical Building at 1690 University Ave. W.

"We want to have good visibility, so the Borders site gives us that. We look at, 'Where is it going to be convenient for patients to find us?'" said Len Kaiser, director of business development for HealthEast Clinics, a division of St. Paul-based HealthEast Care System.

Kaiser said HealthEast has gone into other retail locations in the past. HealthEast took a space along Grand Avenue in St. Paul that was previously home to EQ-Life, a short-lived wellness retail concept originally launched by Richfield-based Best Buy Co.

"We found that in some of our clinic locations, a retail setting is as convenient or more convenient for patients. We've done that with our Grand Avenue Clinic. We put a clinic in that space, and it's been very successful," Kaiser said.

Kaiser said the proximity to nearby retail is a benefit for the new Midway clinic.

"What we're creating really is a health care destination with a design that can be very efficient," Kaiser said.

MSP Commercial bought the site at 1390 University Ave. W. in St. Paul from the lender.

“Eventually it ended up with the bank, with Wells Fargo,” Young said.

MSP Commercial is the developer for the clinic project. The project team includes Minneapolis-based HGA Architects and Minnetonka-based Welsh Construction. Tom Stella, Rob Davis and Mark Houge of Bloomington-based Cushman & Wakefield/NorthMarq Real Estate Services represented HealthEast. Louis Suarez of the Minneapolis office of Colliers International represented MSP Commercial.

The St. Paul Borders property had been previously owned by Paulbrook LLC, based in White Plains, N.Y. According to property records, Paulbrook paid \$4.08 million for the property in June 2001. Young said that retailer Herberger’s owns its store in the center and that the surrounding Midway Marketplace is owned by Beachwood, Ohio-based DDR Corp.

Retailers in the area include Herberger’s, Walmart, SuperTarget and others. A few years ago, Minneapolis-based Target Corp. razed its store at 1300 University Ave. W. and bought an adjacent hotel property to make room for a new SuperTarget.

“When Target decided to invest there, that really helped it a lot,” Young said.

Ann Arbor, Mich.-based Borders Group, America’s second largest bookseller, filed for bankruptcy in February. When no buyer for the chain emerged, the bankruptcy court approved the retailer’s liquidation in July. Borders operated seven local stores <<http://finance-commerce.com/2011/04/new-chapter-for-borders-sites-in-twin-cities/>> at the time it filed for bankruptcy, including additional locations in Richfield, Maple Grove, Minnetonka, Coon Rapids and Woodbury.

Becker Furniture World is moving into the two-story Borders space at Rosedale Center in Roseville. The space is more than 30,000 square feet.

“We’re just delighted to have them bring their business to Rosedale,” said Rollin Hunsicker, general manager of Rosedale.

No deals have been announced yet at the other five locations, but retail observers say the sites are drawing interest.

Meanwhile, HealthEast has been expanding. Kaiser said HealthEast has opened clinics in both Roseville and Stillwater this year and continues to scout other locations.

“We also have been exploring which communities we would want to expand into,” Kaiser said.