

# Real Estate Matters

## In This Issue

- High Real Estate Group Welcomes Penn State Health to The Crossings at Conestoga Creek ..... 1
- President’s Message ..... 2
- Three New Apartment Communities Take Shape ..... 3
- What Is Most Important? ..... 4
- How to Find the Best Office Space for Your Medical Practice ..... 5
- The Top Five Reasons to Involve HR in Location and Facility Decisions ..... 7

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# High Real Estate Group Welcomes Penn State Health to The Crossings at Conestoga Creek

## Multi-Hospital Health System Selects Former Toys R Us Site for expansion of services in Lancaster County

Penn State Health has signed a lease with High Properties for the 47,000-square-foot former Toys R Us building at 1430 Harrisburg Pike at the intersection of Route 30. The Hershey, Pa.-based healthcare provider will construct a state-of-the-art facility offering a variety of outpatient services at the new location when it opens in early 2021.

The Crossings at Conestoga Creek is a planned, Main Street-oriented open-air development combining retail, multi-family residential and hospitality components on Lancaster City’s busy western gateway corridor. “When Physicians Alliance of Lancaster joined Penn State Health in 2017, we committed to placing diagnostic and treatment services in the community to support their practices. This high-profile location, and the construction of a state-of-the-art medical center on State Road, will make these services conveniently accessible to people living nearby,” said

Steve Massini, CEO of Penn State Health.

“We’re delighted that Penn State Health, a top-tier Pennsylvania medical service provider, will be a highly visible ‘front door’ for The Crossings,” said Mark Fitzgerald, president and chief operating officer of High Real Estate Group, the developer. “Penn State Health is an excellent complement to The Crossings’ pedestrian-friendly retail environment and provides vital healthcare services to our great community.” Brokers for the transaction were Bill Boben of High Associates Ltd. and Jeremy Shyk from the Harrisburg office of CBRE.

Penn State Health will replace the façade of the building and finish 30,000 square feet of the interior by March 2022. The remainder of the interior will be completed in phase two of the project. Greenfield Architects Ltd. is the designer and High

*continued on page 2*



This conceptual rendering from Greenfield Architects shows the Penn State Health outpatient center that will take the place of the former Toys R Us store adjacent to The Crossings at Conestoga Creek.

## President's Message

The COVID-19 crisis has affected us all deeply in so many ways. Personal losses and hardship are at a scale we haven't seen before. Businesses have faltered, and even those strong enough to withstand the headwinds are finding these times to be the greatest of challenges.



Most experts say this isn't going to go away anytime soon. So, what can we do to ensure our businesses survive and even thrive in these challenging times?

**Don't go it alone.** Take the time to talk with your co-workers, customers, and lenders to understand their concerns and issues. Develop strategies that take everyone's issues in mind and come up with options that work for everyone. Communication is the key to anticipating what's coming, to position yourself to move quickly, and be ready for the unexpected. Dealing with the realities of the pandemic requires extraordinary

communication, planning, and commitment to be ready for risks and opportunities that lie ahead.

**Act with purpose.** During the early months of the pandemic, we decided to close a few hotels where we had multiple hotels in a single market. However, we didn't just sit idly by and wait for markets to recover, we used this time to accelerate the completion of brand mandated property improvements. This minimized the impact to our guests during construction and ensured our hotels would be better than ever when we re-opened for business. When the construction ban was lifted in Pennsylvania, we continued to build new apartment communities to serve growing market demand.

**Share the vision.** During these challenging times, we have found that it's best to over communicate with our co-workers. Mike Shirk, CEO of the High Companies, takes every opportunity to reinforce our message of strength, stability, and purpose. We need to keep ourselves and co-workers safe while at the same time providing critical services

to our customers. We have embraced new ways of working while supporting our co-workers and standing by their decisions.

As leaders, we are called to set an example. A vaccine may be on the horizon, but in the meantime, we need to do our part, follow the advice of the experts, and wear a mask in public to slow the spread of the virus. Remember, in safety we are each other's keeper.

We're now in month nine of the pandemic, yet there's good reason to be optimistic. If we stay vigilant and follow the proper safety protocols we will all get through this together. I wish our leaders the strength and wisdom to make the best decisions to move our country forward, I hope that you all stay safe.

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## High Real Estate Group Welcomes Penn State Health to The Crossings at Conestoga Creek

continued from page 1

Construction Company is the general contractor.

Located on 6.3 acres opposite Long's Park and adjacent to The Crossings, the infill project is an example of adaptive reuse within the urban growth boundary. A Toys R Us affiliate vacated the building in June 2018 when the chain retailer declared bankruptcy. High Properties purchased the property in May 2019. The Crossings at Conestoga Creek debuted in the summer of 2018 with the opening of a Miller's Ale House restaurant.



An aerial photo of The Crossings at Conestoga Creek shows the former Toys R Us store in the upper right next to the Residence Inn by Marriott.



# Three New Apartment Communities Take Shape

**H**igh is expanding its residential portfolio with three new communities becoming available for lease this fall. Each is located close to amenities, to employers, and will offer a high quality of life to our residents. Together they will add 499 units to the High residential portfolio.

High currently owns and operates more than 2,200 residential units in Central Pennsylvania that consistently average more than 95 percent occupancy. On-site management is by High Associates Ltd. Our team members create a culture of community that contributes to high satisfaction and retention.

## Village Green



**Village Green**, Elizabethtown, Pa. Located on a 16.5-acre tract at 701 East Willow Street, Village Green is expanding with 64 new units in eight buildings. The townhome-style apartments join 128 existing units. Residents began moving in last month. Construction is by High Construction Company.

## The Flats at Kennett



**The Flats at Kennett**, Kennett Square, Pa. Located on a 14.4-acre tract at 603 Millers Hill Road, The Flats will be Kennett Square's first large-scale apartment community offering 175 luxury units in secure, four-story elevated buildings. Greenfield Architects is the designer and High Construction Company is the general contractor.

## Infinity260



**Infinity260**, Mallard Pointe, N.C. Located on an 11.76-acre tract in Charlotte, Infinity260 will offer 260 one-, two-, and three-bedroom luxury units with upscale finishes in three elevated buildings. The community was designed by Housing Studio of Charlotte and is being constructed by CBG Building Company of Arlington, Va.

# What Is Most Important?

*By Steven High, MPH, MS, CIH, CSP, ARM, President, High Environmental Health & Safety Consulting Ltd.*

So here it is—another article on SARS-CoV-2, the virus that causes COVID-19 illness. First some advice: Ignore this article. Ignore the news and especially ignore your neighbor, your uncle, social media, and political leaders who offer opinions on COVID-19. There is so much information swirling. It is an immense data river with changing currents, moving by us rapidly while we stand on the banks only observing the surface. Further, some of the information is incorrect, misinterpreted, or still in a nascent form. What we know today about COVID-19 will change tomorrow.

So, what should you do? To quote an old advertising phrase, “do a little research.” The better term here is, do a literature review. (“Research” is the development of new scientific information.) In general, I believe we can still trust in the science-based organizations of our government. The Centers for Disease Control, the National Institutes of Health, and the Food and Drug Administration are flush with great scientific minds and researchers. All these agencies have accurate and voluminous resources on-line. Use these resources to develop your understanding of the necessary actions for public health

promotion for your family and your business.

The National Institute of Medicine started “LitCovid,” a curated literature hub for tracking up-to-date scientific information about the 2019 novel Coronavirus. It is the most comprehensive resource on the subject, providing an exploding central access to 50,209 (as of 9/9/2020) relevant articles and studies in PubMed.

Sure, I listen to the news. It is a reasonable starting point. News releases are inherently limited by time and sometimes unfortunately skewed to a political leaning of the outlet. News stories can provide alerts telling us that fishing for a new study may be worthwhile. Pulling the study out of the stream of data and inspecting it closer can provide a better understanding, but a single study is rarely adequate on which to base conclusions.

Based on my effort to look at the stream and inspect some of the fish, here is what I think is most important. First, COVID-19 is an airborne disease. A certain quantity of viral particles (virions) are necessary to cause infection. Reducing the infectious dose concentration reduces risk.

*continued on page 6*





# How to Find the Best Office Space for Your Medical Practice

By Annette Cassel Means, Associate Broker, High Associates Ltd.

**W**hen seeking the right medical office space, attention to detail is important. Here are key steps to finding the ideal space, whether you are leaving your current firm, relocating to a new area, or opening a satellite office.

## Begin the Process

It's often helpful to talk with other practitioners and find out which real estate professional they recommend. You will want to work with a professional who has significant experience and success in working with physicians and medical office administrators.

With respect to paying the agent, most of the time the landlord pays a commission to the agent who represents you. You will want to have that discussion early on before the agent starts working for you. Make sure, of course, that you read all the fine print carefully before signing, including any kind of agreement that limits an agent to exclusively representing you. If an agent tries to rush you into signing something quickly, that's a red flag.

## Use Time to Your Advantage

Give yourself at least six months or a year to find and negotiate a

leased space or purchase an existing facility. Allow two to three years if you are designing and building a new facility. Whether leasing, buying an existing building, or building a new facility, it usually takes longer than you think it will. But if you use these tips you can reduce that timeline.

## Have a Program

Sketch out your program. A program is a list of all the different kinds of spaces that you will need, what size they should be, and how you will use those spaces. This one step is often the most important thing you can do to reduce your timeline and be efficient in your search.

## Usable Space vs. Rentable Space

The program you created at the start of the process will help a space planner determine how many usable square feet you will need. Keep in mind that usable and rentable are two different calculations. The usable square feet are the square feet in your medical suite. The rentable square feet include your proportionate share of common areas such as lobbies, hallways, and public restrooms.

*continued on page 6*



## How to Find the Best Office Space for your Medical Practice continued from page 5

### Where to Locate?

Physicians typically have three primary considerations when choosing where they should locate. First, the location should be convenient to patients. Second, the location should be convenient to the physician's private residence. And third, the location should be convenient to any hospitals or surgery centers relevant to your practice. Time is money and time also saves lives, so commutes should be efficient.

### Build or Lease?

Should a doctor purchase a building? This is generally a relevant question for physicians who expect to practice for at least another 10 years. Any less than 10 years and the logical answer might be to lease. The key to maximizing your return is to think about a potential exit strategy from the start.

A medical office building with improvements such as exam rooms, waiting rooms, labs, etc., can be a tricky property to sell. If at the time of sale, you have an outstanding mortgage on improvements that few others may want, you may be in a difficult situation and owe more than the building is worth. On the other hand, if you have paid for those improvements and used them to create income and you no longer have a mortgage, you may be able to sell the building to anyone at a price that doesn't have to factor in the medical-specific improvements.

Leasing is usually the best scenario. In general, medical facilities combine best with other medical facilities. A concentration of

medical offices can lead to referrals and additional business, and a Class-A medical office building is a great presentation of your practice from a brand standpoint. If a patient has a choice between a medical office located in an out-of-the-way location or mixed-use facility versus a beautiful, professional Class-A medical building, which do you think best promotes your credibility?

### The Cost Factor

The cost of real estate is an important consideration; however, it should not be the only consideration. Generally, my most successful outcomes have resulted from physician clients focusing on what they do best and allowing their well-chosen real estate professional to carefully guide them through the process of a successful real estate outcome.

When seeking commercial space, it is to your advantage to have an experienced real estate professional who is deeply familiar with the health care market and is invested in your success. Make sure your broker fully understands your goals and can deliver the results you need.



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## What Is Most Important? continued from page 4

- 1. The MOST important aspect to this is physical distancing. Staying away from other people will have more impact than any other health measure we can implement in most scenarios.**

A meta-analysis of 172 observational studies and 44 comparative studies suggests a risk reduction of 82 percent in distancing of one meter. The volume of air dilutes the concentration of virions, so outdoor areas or large rooms are better than enclosed spaces.

- 2. The second most important aspect is additional controls to reduce air-borne transmission. This includes masking, physical barriers, and ventilation system modifications.**

Masking helps reduce droplet spread and can further reduce the risk. As I am sure that you have observed, there is wide variability in mask types and use. Some studies put masking at about 40 percent reduction in risk, but because of variability in use and types, certainty around this is low.

Dilution ventilation and filtration are important considerations that should be a focus aspect for businesses to address for this primary transmission mode. These controls will not likely prevent direct person-to-person transfers, but they have a role to play in

reducing aerosol concentrations of viral particles in a space and can reduce airborne transmission risk.

- 3. Handwashing ranks third on my list.**

A secondary mode of transmission for COVID-19 is fomite transmission (surface-to-skin-to-mucus membrane). The virus needs to get into your respiratory system via nose, mouth, or eyes. When you touch these areas, you can transfer virus from your hands into these locations and if there is a high enough concentration, it can initiate an infection. While fomite transmission is not the usual mode by which the virus is transmitted, proper handwashing reduces virion concentration and risk.

- 4. Cleaning and disinfecting are dead last.**

We seem to be spending a lot of time focusing on cleaning (reducing the number of pathogens on a surface) and disinfecting (inactivating pathogens on a surface). While these actions are important, they are last on the list. If you are spending more effort focusing on cleaning than 1-3 above, then you may want to reassess your COVID-19 plan. An interesting study in the Journal of Occupational and Environmental Hygiene considered disease

*continued on page 8*

# The Top Five Reasons to Involve HR in Location and Facility Decisions

## The Invaluable Role of Human Resources in Commercial Real Estate Strategy

*By Darryl P. Gordon, Vice President, Human Resources / EEO Officer, the High companies*

When you think of Human Resources (HR) you may think of recruiting, training, and guiding employees, or perhaps benefits, compensation plan development and administration. However, especially in today's uncertain business environment, HR is responsible for and influences a much wider scope of strategic activity.

Commercial real estate decisions are of long-term, strategic importance. Collaborating with HR leaders is critical in helping to make the key decisions regarding your business location and facility selections because of their influence on being able to hire the correct talent.

Success in recruiting and retaining employees is in part determined by the location of the business and the characteristics of the facility itself. Each plays a key role in sustaining a competitive advantage. By including the HR leaders in the location and facility decision-making process, a company can better position itself for long-term profitability and growth.

A company's facility can serve as a strong reflection of a myriad of factors associated with a business including culture, quality, values, history, longevity, and success. Curb appeal and exterior grounds maintenance as well as the interior look and feel of a facility combine to provide the brand impression. Collaborating with the HR team in making the critically important location- and facility-related decisions enhances a company's ability to meet the needs of each department as well as the organization overall.

The top five reasons to involve HR in location and facility decisions:

1. These are strategic-level decisions that affect the company's ability to recruit and retain talent
2. These decisions affect all managers and each employee throughout an organization
3. HR can apply its knowledge of the marketplace and help choose a location and a facility that provides competitive advantage vs. others recruiting for the same, finite talent pool



4. Employee training and self-development needs are addressed proactively to assure the facility is configured to provide these vital HR-related services or is located in a community or corporate center where multiple options for continuing education are readily available
5. HR experts have an irreplaceable lens, unique to their discipline, through which to assess an organization's facility needs

By including the valuable input and expertise of the HR team in the business location and facility selection processes, companies better position themselves to make strategically driven commercial real estate decisions that support their long-term objectives.



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What Is Most Important? continued from page 6

transfer risk of three common airborne viral diseases in an office setting. They found approximately 30 percent reduction of risk from environmental cleaning but when handwashing was added risk of transmission dropped by about 80 percent.

Now that I have rank-ordered the control approaches for you to consider, I go back to my first point. Ignore this article. Fighting COVID-19 does not lend itself to a ranking approach. It is an undertaking that requires a multifaceted approach. Every control that reduces risk needs to be included in your plan. Do your own review of information using reputable sources. Unfortunately, COVID-19 is likely to be with us for a bit longer, so we need to navigate the waters, interpret the currents, and take actions for the best outcomes.

*Steve High is the President of High EH&S Consulting, Ltd. He holds a master's in public health from Johns Hopkins, a master's*

*in safety sciences from Indiana University of Pennsylvania, a post-baccalaureate certificate in epidemiology and biostatistics from Drexel. He is a certified industrial hygienist. High EH&S provides support services for COVID-19 prevention, including air and surface testing.*



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