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Ellis Realty Advisors: How a full-service approach can unlock new healthcare real estate opportunities

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Dave Ellis

While many investors view rising office vacancies as a market weakness, forward-thinking real estate professionals are recognizing them as the foundation of healthcare's next expansion phase. The healthcare delivery landscape is rapidly evolving. As providers expand services beyond traditional hospital settings and into community-based locations, well-positioned commercial properties are emerging as the solution to a pressing market challenge.

According to CoStar, Boston's office vacancy rate reached 14% in the first quarter of 2025, a significant increase from pre-pandemic levels. While some sectors have scaled back their office footprints or embraced hybrid work models, these vacated spaces have opened the door to creative reuse. Simultaneously, healthcare systems are engaging in what industry experts call the "decanting of services" – strategically relocating certain medical functions from dense urban hospitals to free up space for higher-revenue procedures while bringing routine care closer to patients.

These underutilized office spaces, with proper conversion planning, can be transformed into high-performing ambulatory care centers, outpatient clinics, and specialty practices. This trend, sometimes referred to as the "retailization of medical services" or "medtail," places healthcare in transit-oriented, convenient locations where patients already live, work and shop. The approach not only serves critical community needs but also creates sustainable value for property owners looking to reposition assets in a changing market.

This convergence of real estate availability and healthcare strategy comes at a critical time. The Massachusetts Health Policy Commission has estimated that the state has a notable shortfall in Ambulatory Surgical Centers (ASCs) with only 8 ASCs per million residents, compared to a national average of 18 per million. This imbalance highlights an opportunity: repurposing underperforming commercial properties into healthcare facilities that meet real and growing community needs. One example is the Southern New England Surgery Center in Attleboro, where a former supermarket was successfully redeveloped into a modern, multi-operating room ASC, demonstrating how nontraditional commercial spaces can be transformed to support essential healthcare services.

While market conditions favor office-to-healthcare conversions, successful execution requires a guiding hand throughout, and is not an easy plug-and-play process. Medical tenants have specialized infrastructure requirements. A standard office is not going to have the plumbing, HVAC, electrical, and layout configurations to fit the needs of modern healthcare providers. Zoning, accessibility, and permitting add additional layers of complexity.

This is where in-depth knowledge of infrastructure requirements, municipal zoning regulations, and state-level healthcare compliance standards becomes essential,

Ellis Realty Advisors integrated team guides stakeholders through every phase, from initial feasibility analysis through design, permitting, construction, and ongoing operations. Whether representing healthcare providers expanding their footprint or property owners repositioning underperforming assets, Ellis Realty Advisors brings a deep bench of market intelligence, development, and property management experience to each project.

“Our full-service approach serves both sides of the healthcare real estate equation,” said Dave Ellis, managing partner of Ellis Realty Advisors. “For healthcare providers, we offer strategic site selection that considers patient demographics and accessibility patterns, coupled with lease structures specifically designed to accommodate the unique growth trajectories of medical practices.”

Property owners benefit from our value-add mindset, uncovering and identifying healthcare conversion potential in existing assets, along with capital improvement planning calibrated for maximum return on investment. We excel at connecting potential properties with qualified healthcare tenants and provide ongoing support through our property management services.

Our comprehensive approach allows us to create winning scenarios for both sides of the transaction, supporting Massachusetts’ healthcare ecosystem while enhancing property performance.

The intersection of healthcare delivery trends and commercial real estate market conditions presents a transformative opportunity. As care continues to decentralize into community settings, underutilized office properties can find new purpose, serving critical healthcare needs with the right partner guiding the process.

Whether you’re a healthcare operator searching for your next location, a property owner looking to reposition a struggling asset, or an investor considering the medical office sector, our team is here to help you move forward with confidence. We combine market intelligence, development expertise, and management capabilities with a deep commitment to long-term relationships. As the healthcare and commercial real estate sectors continue to grapple with ever-shifting equations with a multitude of variables, Ellis Realty Advisors offers a unique full-service partner that can provide the solutions.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540