

On the way - Barber: Development to come with hospital moves

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New hospitals in the fast-growing Illinois suburbs of O'Fallon and Shiloh may contribute to those communities' ongoing commercial development boom, but the prospect of losing a hospital in Belleville could have the reverse effect.

That's what Wayne [Barber Jr.](#), principal of Shiloh, Illinois-based commercial real estate firm [BarberMurphy Group](#), said about the planned opening of the 94-bed, \$125 million Memorial Hospital East in early 2016 in Shiloh and the anticipated move of St. [Elizabeth's Hospital](#) from its longtime location in downtown Belleville to a new 144-bed, \$253 million facility in O'Fallon, Illinois.

"It's apparent that O'Fallon and Shiloh will gain as result of new hospital construction and ancillary development," [Barber](#) said. "But it's also an opportunity for Belleville," as the closing of a sizable portion of St. [Elizabeth's](#) existing site will present intriguing redevelopment possibilities, he said. St. [Elizabeth's](#) plans to continue to offer outpatient services in Belleville. Both hospitals — officially classified as nonprofit — are staking a claim in the greener pastures of the fast-growing and up-market communities of O'Fallon and neighboring Shiloh.

We asked [Barber](#) and several other commercial real estate professionals about the impact of hospital building plans on the local real estate development markets and the cities' economies. This roundtable includes several commercial real estate brokers and an attorney, Sue Schultz, with backgrounds in real estate acquisition, sale, leasing and development.

Wayne Barber

Principal, [BarberMurphy Group](#), Shiloh, Illinois

Who will gain from these hospital project moves? O'Fallon and Shiloh will gain, but it's not who wins and loses, because all can win. Belleville has wanted to do something about its downtown area, and this presents an opportunity to do that.

There's a new bank building being built near St. [Elizabeth's Hospital](#) — Bank of Belleville on South Illinois Street — there's senior housing being built by the Belleville Catholic diocese and there's a new police station planned. As the hospital site becomes vacant or partly vacant and available for redevelopment, this can be a positive rather than a negative. This is if the city is proactive about the situation. I don't know what plans St. [Elizabeth's](#) has for its facilities there, but they have a relatively new medical office building on the site, and if they are to provide other services there, it could complement multi-use development for housing and potentially even retail. The downtown area doesn't have a grocery store, and the population is changing, in the form of aging. The diocese's project is something the city can build

upon. People are focused on the negative aspect of this, but they need to have open minds.

Will the moves spark more development? How? There already has been some new medical office construction (in O'Fallon and Shiloh). There will be some additional construction, and some medical offices will relocate, although it won't be immediate. O'Fallon and Shiloh are already growth areas. This was slowed by the last recession, but a combination of better economic conditions and the new hospitals will spur greater activity.

Will these moves hurt any industries? Again, there will be relocation of some jobs, but if St. [Elizabeth's](#) retains services and employment with redevelopment of the properties, I believe that in the long-term, Belleville should not be hurt. There will be some short-term effects, but with proper planning, it could make a great opportunity for the community. If that hospital comes down — and these kinds of hospital buildings have come down in other communities because these buildings aren't economically feasible to operate anymore — something will replace it.

Is there infrastructure to support additional development? O'Fallon and Shiloh already have the infrastructure. They are in a growth corridor where development has been going on for some time. They can handle future development needs.