



Northmarq

# Net Lease Favorites Expanding Healthcare Services

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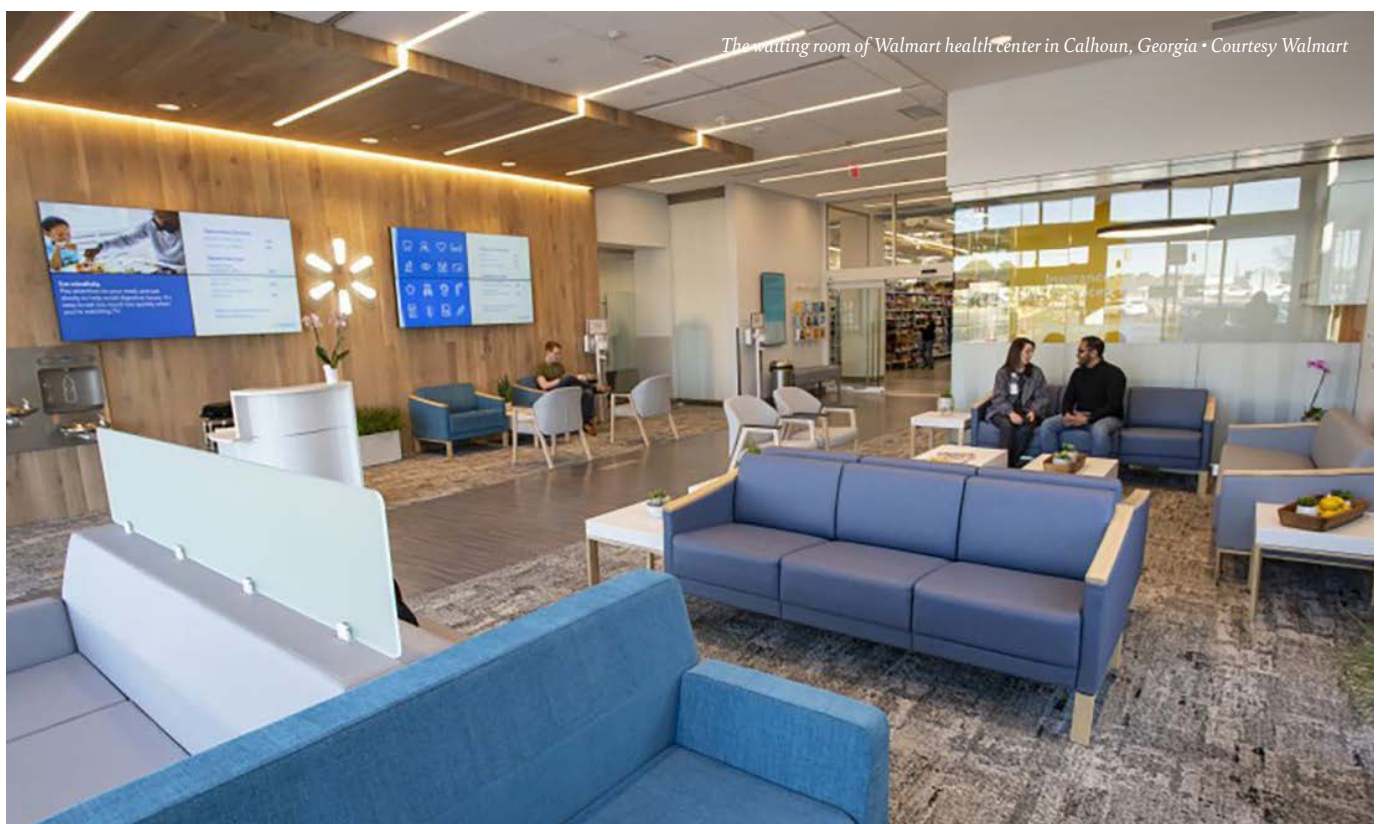
As populations grow and America's baby-boomer population ages, drugstore chains like CVS Pharmacy and Walgreens are, not surprisingly, investing significantly in the healthcare industry. But now, even general consumer retailers are beginning to expand their brick and mortar presence with new and bigger stakes in the primary healthcare market, which is opening the doors for net lease investors.

*General consumer retailers are beginning to expand...into the primary healthcare market, which is opening the doors for net lease investors.*

**Tom Georges**  
Vice President

In recent months, several notable acquisitions have been announced. Signify Healthcare, a provider of home healthcare, will be acquired by CVS Pharmacy for close to \$10.8 billion, according to February reports. Summit Health, the parent company of urgent care chain CityMD, is being acquired by Walgreens through an \$8.9 billion deal. And in a bid to outpace rivals and increase its physical presence in primary care, CVS Health has agreed to pay approximately \$10.6 billion to acquire Oak Street Health, the owner of over 170 senior-focused medical facilities.

Additionally, both retail juggernaut Walmart and e-commerce powerhouse Amazon are expanding into primary care. Amazon said last summer that it will pay almost \$4.0 billion to acquire 1Lifecare Health, a primary care business that runs as One Medical, which is a turnkey network of 188 primary care clinics throughout the United States.



The waiting room of Walmart health center in Calhoun, Georgia • Courtesy Walmart



wsmv.com

In an effort to compete with retail pharmacies and other merchants, Dollar General is now stepping up its offering of healthcare services too. At three of its stores in Tennessee, the business is testing the concept of mobile health clinics to offer consumers access to basic, preventative, and urgent care services, as well as lab testing. In order to offer these medical services – which are set up in sizable vans in shop parking lots – the discount retailer partnered with DocGo, a company that offers mobile health and transportation services. According to executives, the company intends to assess customer feedback and decide whether it would be feasible to offer the mobile health clinic service in more stores.

Walmart Health is preparing for its upcoming growth too. The retail behemoth recently announced that it will establish 16 more health facilities in Florida, concentrating on the Jacksonville, Orlando, and Tampa markets. According to the business, the locations should be operational by the fall of 2023.

After establishing a presence in Arkansas, Georgia, Illinois, and Texas, Walmart Health entered the Florida market in early 2022. Thus far, these efforts have resulted in enhanced patient satisfaction and shortened wait times. The Florida health centers are reporting wait times that are almost half the national average. The clinics offer a variety of services, such as primary care, laboratories, X-rays, dental treatment, behavioral health care, hearing care, select specialist care, and community health services. They are situated near or adjacent to Walmart's retail stores.

There is growing interest from commercial real estate investors who have traditionally been narrowly focused on either retail or medical assets. As established, strong-credit retailers expand further into the rapidly growing healthcare sector, investors will see increased opportunities to acquire newly built, well located healthcare assets in desirable markets.

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