

Vital Signs Spotlight THE URGENT CARE SURGE

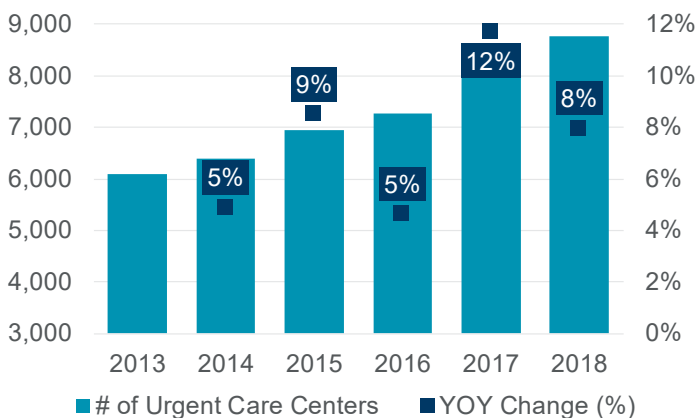


CUSHMAN &
WAKEFIELD

Where does one turn when a cut requires stitches or a child's fever has spiked during a weekend? For a growing number of people, the answer is the local urgent care center. Not surprisingly, the U.S. urgent care sector has been growing aggressively. According to the Urgent Care Association (UCA), an urgent care center (UCC) is defined as a medical clinic with expanded hours that is specially equipped to diagnose and treat a broad spectrum of non-life or limb-threatening illnesses and injuries.

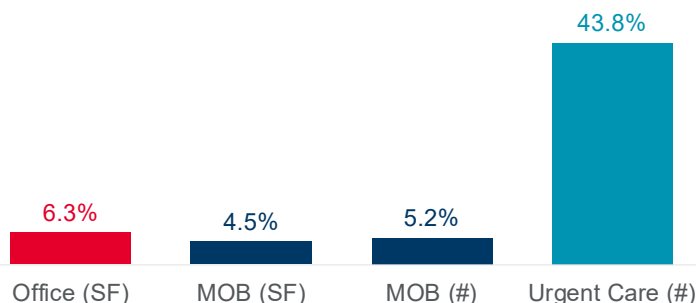
Over the past five years, the number of UCCs tracked by the UCA has increased by 44%, up from 6,100 in 2013 to nearly 9,000 in November 2018¹. To put this into perspective, medical office space has increased its square footage footprint by 4.5% and the number of locations by 5.2% since 2013², while the overall inventory of traditional U.S. office space increased 6.3% between the end of 2013 and the end of 2018.

Number of Urgent Care Centers (U.S.)



Source: Urgent Care Association (UCA)

Five-Year Change in Inventory (U.S.)



Source: UCA, CoStar and Cushman & Wakefield Research

This growth in supply is in response to skyrocketing demand for the services provided by UCCs. Over the 10-year period ending in 2016, emergency room volume tripled (based upon claim lines), while urgent care volume experienced an 18x increase, according to a March 2018 FAIR Health white paper³. The increase in volume was higher in rural areas (+2,308%) than urban areas (+1,675%) likely because UCCs can cost effectively fill healthcare services gaps in rural locations where there are few primary doctor options, it is not financially feasible to add emergency rooms due to low population counts, and hospitals have been disproportionately closing in recent years⁴. Urgent care centers represent another option in the evolving and diversifying healthcare system, along with retail clinics, critical access hospitals and [micro-hospitals](#).

“Urgent care centers provide immediate care, screening and diagnostic services. They provide walk-in, extended-hour access for acute illness and injury care that is beyond the scope or accessibility of the typical primary care practice or clinic.”

— Urgent Care Industry White Paper 2018, Urgent Care Association

¹ Urgent Care Association (UCA) [2018 Benchmarking Report](#)

² CoStar Group

³ FAIR Health, [FH Healthcare Indicators™](#) and [FH Medical Price Index™](#)

⁴ According to The Cecil G. Sheps Center for Healthcare Services Research at UNC, [106 rural hospitals closed between January 2010 and April 2019](#).

Vital Signs Spotlight

THE URGENT CARE SURGE

BENEFITS: COSTS AND CONVENIENCE

Urgent care is becoming a normal part of patients' healthcare utilization. A 2018 PwC Health Research Institute (HRI) report⁵ identified convenience as one of the top five pillars that American health consumers value, along with quality, support, personalization and communication. Urgent care centers offer greater convenience to customers, as shown by the 60% of survey respondents with employer-based insurance who indicate they received care in a UCC in 2018. This is a considerably higher percentage than care received at a retail health center (25%) or via video visit (11%).

The FAIR Health report, which included analysis of billions of privately insured healthcare claims, also concluded that urgent care was a common way to seek pediatric care, with more than 22% of urgent care claim lines being associated with patients under 18 years of age. Compared to just under 10% for retail clinics, approximately 8% for telehealth and 15% in emergency rooms, utilization for pediatric urgent care reflects strong growth.

Urgent care is now a normal part of families' healthcare utilization. As UCCs proliferate, customers are offered increased convenience and ease in obtaining common services such as dealing with cold and flu season. In comparison to the options of a primary care doctors' office and the emergency room, UCCs can often provide base services more quickly and at a considerably lower price point—and often, without the wait to be seen by a care provider. Among the nine most common causes of emergency room visits, the average cost discount of receiving those services in a UCC is 78%⁶ when compared to the same services provided in an emergency department setting.

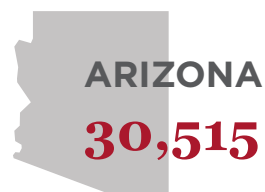
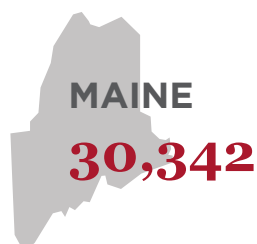
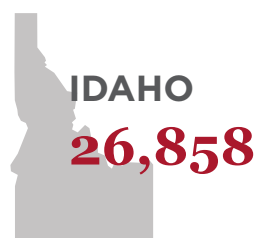
Discount: Urgent Care vs. Emergency Room (%)

Allergies	-72%
Pink Eye	-72%
Earache	-73%
Upper Respiratory	-77%
Acute Bronchitis	-79%
Strep Throat	-79%
Sinusitis	-82%
Sore Throat	-82%
Urinary Tract	-83%

Source: Cushman & Wakefield Research; Medica Choice Network; Debt.org

GEOGRAPHIC CONCENTRATION

While growth has been dramatic, the concentration of UCCs is not consistent across the country. States with the lowest population-to-UCC ratios (meaning there are more centers per capita) are not one-size-fits-all. It might be expected that the most densely populated states would have the best ratios. In some cases this is true; geographically small and dense states such as Delaware and Connecticut have fewer than 30,000 people per each UCC. However, other highly-dense states are in the bottom half with over 45,000 people per center: Pennsylvania, Ohio and Massachusetts. And, six of the top ten states in terms of UCCs per capita are in the bottom half of the country for density.



Population Per UCC (Lowest Ratios)

5 PwC, [Customer experience in the New Health Economy: The data cure](#)

6 Medica Choice Network analysis published on [Debt.org](#).

Vital Signs Spotlight

THE URGENT CARE SURGE

Regional differences also exist. The national average is one UCC per 43,000 residents. The lowest ratios are in the Northeast (38,981), with seven of the ten states below 41,000 residents per center. The Northeast is the smallest of the four regions in total population, number of states and land area, accounting for 19% of the country's UCCs, 18% of its total population and 5% of its land mass. The Midwest has the highest ratios (45,136 people per UCC) followed closely by the West region (44,360).

Population-to-Urgent Care Center Ratios by State



Source: Cushman & Wakefield Research; Urgent Care Association; U.S. Census Bureau; Moody's Analytics Estimated

“Markets with a higher concentration of urgent care centers (UCCs) have lower ER visit rates. UCCs are sparse in markets with higher ER visit rates, most of which have larger uninsured and Medicaid populations. However, more UCCs are accepting the new Medicaid enrollees and may be emerging as an alternative to ERs.”

— Deloitte, [“Emergency room use under the ACA”](#)





Vital Signs Spotlight

THE URGENT CARE SURGE

THE COMPARISON TO RETAIL CLINICS

A similar yet parallel development is the rising retail clinic sector. Just like UCCs, retail clinics provide increased ease and convenience for customers to access a specific set of medical services. Retail clinics are more limited in the scope of services they can provide, however. While UCCs can be seen as a substitute for a variety of urgent medical needs that would have required an emergency room visit, retail clinics are better suited to provide preventative care and handle smaller health needs, such as flu shots or tests for strep throat. Retail clinics often don't have physicians on-site, but staff locations with physician's assistants and nurse practitioners.

The potential reach of retail clinics is what could end up being the most revolutionary. According to McKinsey & Company research, only 8% of the U.S. population had convenient access to retail clinics in 2015⁷. However, they estimated the coverage would jump above 50% if every major retail pharmacy store (e.g., Walgreens, CVS) opened a retail clinic, and retail clinics would be convenient to over 75% of the U.S. population if every major retail giant (e.g., WalMart) opened a retail clinic. The merger of CVS and Aetna tracks with the trend of developing more robust healthcare service offerings in as many retail locations as possible.

	 TELEMEDICINE	 RETAIL CLINICS	 URGENT CARE	 EMERGENCY ROOM
Location	No location necessary	Inside retail pharmacy or retail chain	Free-standing location	Free standing location or part of existing hospital
Description	Using electronic communications to provide remote clinical services	Walk-in clinic located in retail stores that treat minor, uncomplicated illness	Walk-in facility that treats non-life threatening conditions that require immediate care	Facility that provides immediate treatment of acute illness or injury
Types of services	Chronic care management, real time health consultations, behavioral health, wellness and prevention	Vaccinations, school physicals, diagnosis and treatment of common conditions (allergies, cold, flu, strep throat)	Diagnosis and treatment of common conditions, treatment of non-life threatening injuries and illnesses	Diagnosis and treatment of emergent and life-threatening illness and injury that require immediate care
U.S. Inventory	N/A	2,800 ⁸	9,000	4,500 ⁹
BENEFITS TO CUSTOMERS				
Accessibility	▲ Very High	▲ High	▲ High	— Moderate
Costs	▼ Low	▼ Low	— Medium	▲ High
Services Available	▼ Very low	▼ Low	— Medium	▲ High
Physician On-site	✓ Yes	✗ No	✓ Yes	✓ Yes
Urgent Care	✗ No	✗ No	✓ Yes	✓ Yes

7 McKinsey & Company, "Distributed sites of care: At the tipping point?"

8 Statista, "Number of retail clinics in the United States from 2008 to 2018"

9 American Hospital Association (AHA), "TrendWatch Chartbook 2018"

Vital Signs Spotlight THE URGENT CARE SURGE

THE FUTURE OF URGENT CARE

The future of healthcare service delivery continues to be focused on shortening the distance between care and customer while increasing services levels and controlling costs. Urgent care centers are one care delivery model that meets these goals by improving the access of on-demand services from what is currently available at many primary doctors' offices while greatly reducing the cost required to access emergency room care.

Scale is a key component of any urgent care expansion strategy. Chains focused on urgent care have expanded, and there are fourteen different companies with at least 50 locations¹⁰. Continued growth will be necessary to keep up with the increasing demand of aging Baby Boomers. The U.S. population is forecasted to grow by 9% by 2030 adding 29 million people¹¹. At the same time, the over 65 year old population is going to increase by 44%, going from 51 million people in 2017 to 73 million in 2030.

Urgent care centers are likely to claim an increasing percentage of this older population's urgent needs as familiarity and access climb. The expectation is that the current ratio of one UCC per every 6,646 adults aged 65 years and older would need to increase to match growing share of health services demand. However, an even more conservative forecast that the ratio stays exactly the same indicates that another 3,340 UCCs will be required over the next eleven years. Nearly half of those new locations would need to be in just five states—Florida, California, Texas,

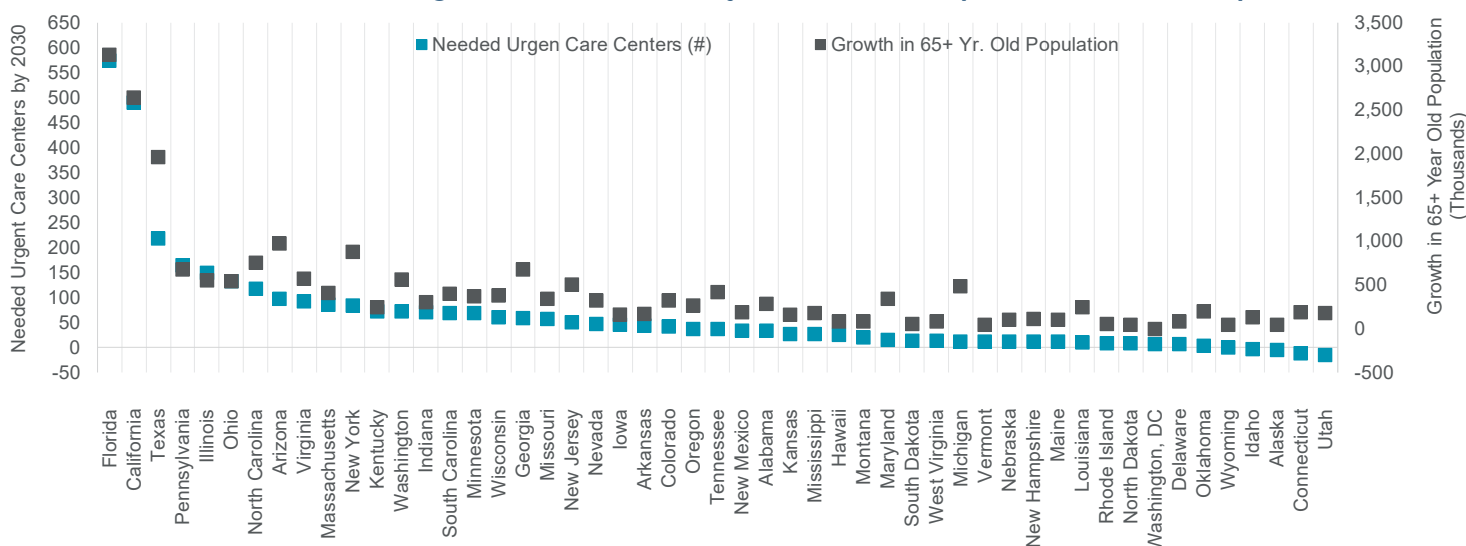
Pennsylvania and Illinois—where the 65+ population is expected to grow by 52% or 9 million people by 2030. Additionally, because Medicare is the largest payor for services for this population segment, accepting Medicare and Medicare supplement patients makes good business sense for UCCs, thereby removing a significant barrier to utilization.

As providers assess their real estate strategy related to urgent care, specific attention should be paid to the existing healthcare service delivery options in place, including competitor locations. Forecasts of future healthcare utilization, targeted population and payor data and the organization's care delivery mission must also be considered. As the sector continues to grow, urgent care deployment strategies must be flexible and adapt to this ever-changing market.

“Scale is also becoming increasingly important for providers. Our research shows that 2016 margins were, on average, 17% higher at the top 40 U.S. health systems than at other health systems—and 33% higher than at independent hospitals.”

— McKinsey & Company

Forecasted Need for New Urgent Care Centers by 2030 Based Upon 65+ Yr. Old Population Growth



Source: Cushman & Wakefield Research; Urgent Care Association; U.S. Census Bureau; Moody's Analytics Estimated

¹⁰ [Health Data Management](#)

¹¹ Moody's Analytics estimates based upon U.S. Census Bureau data.

Vital Signs Spotlight **THE URGENT CARE SURGE**



**CUSHMAN &
WAKEFIELD**

For more information, contact:

Lorie Damon

Managing Director
Healthcare Advisory Practice
lorie.damon@cushwake.com

David Smith

Vice President
Americas Head of Occupier Research
david.smith4@cushwake.com

About Cushman & Wakefield's Healthcare Advisory Practice

Cushman & Wakefield's Healthcare Advisory Practice provides healthcare organizations with strategic and transformational real estate services that directly affect positive business outcomes. Our healthcare real estate specialists help clients make decisions that enhance patient care and accessibility, generate efficiencies across their platforms, and maximize the value of their real estate. In short, we assist in aligning real estate with healthcare missions, whether that focus involves executing on a single specialty, planning for new care delivery models, or combining multiple practices. Our expertise in the healthcare industry, combined with deep local market knowledge, strong relationships with health systems, physician practices, and other healthcare providers, allows for rapid response to our healthcare clients' needs. Follow us on Twitter at @CushWakeHealth.

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.