

## The Birmingham News

### Sanders Realty grows health care portfolio

#### Buys two buildings on Florida campus

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Birmingham's Sanders Realty Trust, which owns health care real estate nationwide, said Tuesday it has bought two buildings on a large hospital campus in Florida.

Sanders said it bought two buildings on the campus of Memorial Hospital Jacksonville, totaling 137,000 square feet. Terms for the buildings that house doctor offices and medical labs weren't disclosed.

Sanders Realty Trust now owns 19 health care properties in eight states, as far west as Kansas and north to Pennsylvania. The company was formed by Chief Executive Rance Sanders in the 1990s after he and his ex-partner - University of Alabama and NFL legend Bart Starr - sold a similar health care realty firm to a Nashville rival.

"It really is a great business," Sanders said. "Doctors and clinics pretty much have to locate on hospital campuses, so you have high occupancy and some pricing power."

Birmingham has long been a power center in health care real estate, or the business of buying hospitals and clinics from doctors and foundations and charging them rent after the deal closes. As the massive health care complex grew at the University of Alabama at Birmingham, doctor groups began migrating to neighboring hospitals, constructing handsome office buildings along the way.

But doctors and hospitals almost always eventually decide to get out of the property business, Sanders said. So there evolved in the country's main centers for health care entrepreneurship - Nashville, Birmingham, Miami - a class of real estate pros adept at valuing and buying health care property and borrowing money to do so.

"There is no question that it really is a Birmingham phenomenon," Sanders said. "Here and Nashville is where the business developed."

Besides Sanders, prominent Birmingham firms in the business include Johnson Development and Medical Properties Trust, a publicly traded company whose shares have risen 13 percent this year. Earlier, the Sanders/Starr company owned a lot of property, as did Capstone Capital Corp., a company founded by former HealthSouth Corp. Chief Executive Richard Scrushy.

Capstone was acquired in 1998 by Nashville-based Healthcare Realty Trust in a deal valued at more than \$800 million.

Sanders doesn't expect any slowdown in his business, which employs only seven people to evaluate properties, negotiate with sellers and lenders and do all of the day-to-day paperwork and administration.

"There are a lot of opportunities. We look at one or two deals a day," he said. "We see a very stable health care economy moving forward. It's a sector that becomes a bigger and bigger part of the gross national product every year."

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