

UPMC stretches out

By Christopher Snowbeck
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The proposed merger of the University of Pittsburgh Medical Center and Mercy Hospital of Pittsburgh last week adds emphasis to what was already obvious: The health care giant's footprint now goes significantly beyond its original Oakland home and spreads throughout the city's East End.

Taking over Mercy in the city's Uptown neighborhood opens the door for redevelopment east along Forbes Avenue to UPMC's facilities in Oakland, said John R. McGinley Jr., chairman of the board at the Pittsburgh Mercy Health System.

UPMC's investment in Mercy also promises to promote revitalization of Downtown, said Robert Cindrich, UPMC's general counsel. He noted that the health system also is giving "serious consideration" to moving its headquarters operations Downtown, perhaps the U.S. Steel building.

"We want to become part of helping to build and grow the Downtown area, to revitalize it," Mr. Cindrich said. "We think that by keeping Mercy alive and vital and growing, we're going to help that movement to grow Downtown."

UPMC's real estate dealings in recent years have made it key to redevelopment efforts in several East End neighborhoods.

The health system's expanded presence in Shadyside began with the merger with Shadyside Hospital in 1997, and the opening of the Hillman

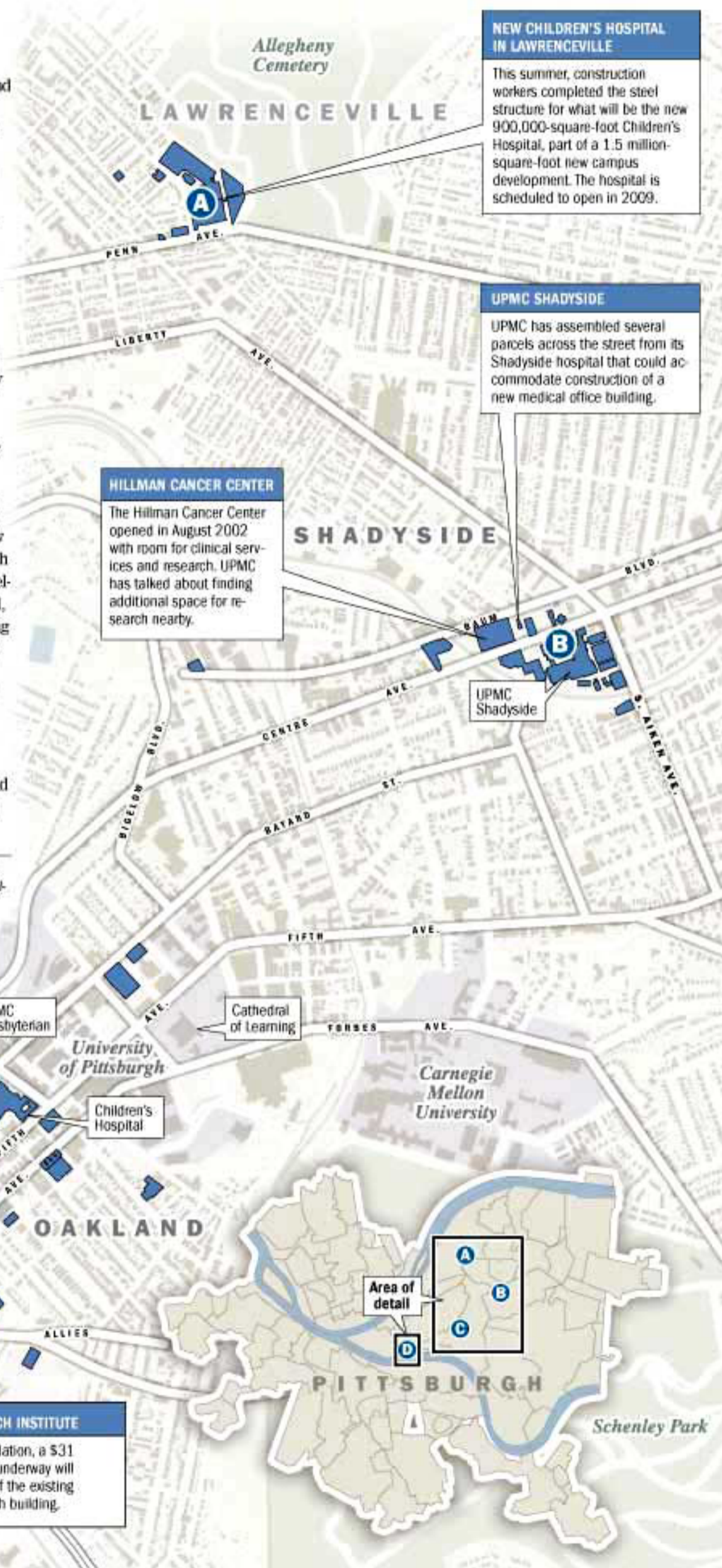
Cancer Center in 2002. It has continued this year with a series of land acquisitions, including an old Ford Motor Co. assembly plant at Baum Boulevard and Morewood Avenue, and property between Baum and Centre Avenue that houses a Boston Market restaurant.

UPMC has been somewhat vague about its plans for the new properties, but has confirmed its hope for a new 350,000 square-foot building to provide for the continued growth of cancer and biomedical research programs. Parcels between Baum and Centre were tentatively designated for a new 4-story, 280,000 square-foot medical office building to accompany an expansion at UPMC Shadyside, but officials said those plans will be revisited, and perhaps reduced, if the Mercy merger is completed.

In Lawrenceville, UPMC is spending \$575 million to transform the old St. Francis Medical Center into a new campus for Children's Hospital, which is scheduled to open in 2009. The development, which will include a hospital, a research building and three parking garages, incorporates portions of the old St. Francis campus.

UPMC and the Magee Foundation are expanding the health system's presence in Oakland, too. A current building project is adding 70,000 square feet at the corner of Forbes and Craft avenues to the Magee-Womens Research Institute.

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NEW CHILDREN'S HOSPITAL IN LAWRENCEVILLE
This summer, construction workers completed the steel structure for what will be the new 900,000-square-foot Children's Hospital, part of a 1.5 million-square-foot new campus development. The hospital is scheduled to open in 2009.

UPMC SHADYSIDE
UPMC has assembled several parcels across the street from its Shadyside hospital that could accommodate construction of a new medical office building.

HILLMAN CANCER CENTER
The Hillman Cancer Center opened in August 2002 with room for clinical services and research. UPMC has talked about finding additional space for research nearby.



MERCY HOSPITAL OF PITTSBURGH
A proposed merger would give UPMC control over the hospital and a few adjoining pieces of property.

MAGEE-WOMENS RESEARCH INSTITUTE
Funded by the Magee Foundation, a \$31 million expansion currently underway will more than double the size of the existing 50,000-square-foot research building.