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REAL ESTATE DEAL OF THE YEAR



By [Natalie Kostelni](#)

Dr. Stephen K. Klasko believes health care needs to join the current consumer revolution and he is bent on making that happen at a new \$762 million Specialty Care Pavilion under construction at 11th and Chestnut streets in Center City.

Klasko, president of [Thomas Jefferson University](#) and CEO of Jefferson Health, sees several currents at work that brought the health system on a quest to envision the future of health care and make it more customer friendly. More like an Apple Store but delivering on a promise of improved health if not cures.

Klasko also recognizes that the bulk of health care can happen at home. Telehealth has been magnified during the pandemic. This leaves a traditional acute care hospital as the place where “really, really sick people” go to get treatment.

With this in mind, Klasko and Jefferson were at a crossroads. “What if we built a landmark building as literally a bridge between home and hospital?” Klasko said. Or as he put another way: “What we really need is a space station between the home and acute-care hospital.”



Renderings of the Jefferson Speciality Care Pavilion at 1101 Chestnut St. in Philadelphia

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That bridge, that space station, is the 19-story, 462,000-square-foot Specialty Care Pavilion that Jefferson has under development. It is there that Klasko envisions a health care revolution that will be a model for others to replicate and for Jefferson to improve along the way.

The new building also seeks to answer what must be a constant, nagging question for Klasko: What is going to be obvious 10 years from now that can be done today? Think Apple Inc. pre-iPhone, he said.

Technology will loom large in the new building with digital wayfinding, virtual surgical theaters, voice assistants, wearable data integration, augmented and virtual reality, and robotics. Jefferson tapped John Sculley, the former CEO of Apple and one of Klasko's mentors, to help Jefferson connect the design of the building and the patient's experience. A Genius Bar will be available to provide patients information that is accessible from home even at 2 a.m., and will help discerning "good and bad" medical information found on the internet.

Even with an abundance of technology, Klasko doesn't want the connection that comes with meeting with a physician in person to get lost. That would defeat the partnership and relationship that Jefferson is trying to develop. He cited electronic medical records as an example. "While they help with the quality of health care, they have hurt the doctor-patient relationship," he said.

Doctors are often focused on a screen inputting information at the expense of connecting with a patient during a visit. Software that can record and transcribe a conversation can help bring down that barrier.

The health system is also exploring using technology to address issues that affect a person's health early in life and could later manifest itself as a medical issue. Food deserts is one of those situations that can impact a person's health and Jefferson is evaluating a drone delivery system that, in concert with public policy, might eliminate such food deserts and improve a person's health.



A rendering of the lobby in the Jefferson Specialty Care Pavilion.

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“We want to be the leader in the country in looking at how health systems can help people be healthy and not just come to the hospital when they are sick,” Klasko said. “How do we turn hospitals from sick care into communities of well-being?”

The other piece of this is bringing doctors, nurses and specialists to the patient during an appointment. The pavilion is expected to facilitate that by having everyone concentrated in the building rather than spread across several buildings, which forces a patient to visit multiple locations. “We’re going to have the patient be the center of the universe,” Klasko said.

The new building will serve as an anchor to Jefferson’s campus and help better define its footprint in Center City. To that end, the design of the building by architectural firms Ennead Architects and Stantec aspires to depict a structure and health system that are both ahead of their time.

“I think from a real estate and facilities side, it’s about creating a built and virtual environment that will grow and evolve,” said Clayton Mitchell, senior vice president of real estate and facilities at Jefferson. “You start with the architectural part of it. It’s going to be an iconic building that no one is going to confuse with any other building. It will have a presence and be an iconic part of the East Market development.”

The building is being developed by National Real Estate Development as part of its \$1 billion East Market project that spans a block from Market Street to Chestnut Street. Jefferson bought the rights above the site and will own the building.

A grand entrance, design elements and amenities are incorporated into the pavilion to welcome the spectrum of people who will visit it, Mitchell said. As a health system that serves a large portion of Philadelphia’s underserved population, Jefferson has made part of its mission to use this building and what goes on in it as a step toward reducing inequity.

Experts have also been brought in to help with workflow and chain management. “There is a symbiosis with the design and operation of the facility,” Mitchell said.

It's not lost on Klasko and Mitchell the symbolism of undertaking Jefferson's largest investment in its history during a global pandemic and the economic impact the pavilion will have on Philadelphia while under construction and once it's completed.

"It will totally revitalize the whole area," Klasko said. "We have thousands and thousands of employees and it will generate 500,000 visits a year. We think all sorts of development and restaurants will come into that area. More importantly, it's coming in during a depressed economy and we're already starting to see positive impacts."

Tenant: Jefferson Health

Developer: National Real Estate Development

Tenant Brokers: Hether Smith, Cathy Pullen and Jay Joyce of Savills

Attorneys: Fred Stober and Martin Doyle of Saul Ewing; Micah Elazar of Difede Ramsdell Bender; Howard Grossman and Jeffrey Leonard of Cozen O'Connor

Architect: Ennead Architects

Bank: Wells Fargo; Ullico