

Parkway Novena sells all 100 medical suites
Sales could bring in more than \$200 million and add almost \$60 million to top line of Parkway Holdings

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HEALTHCARE services provider Parkway Holdings could see a \$60 million boost to its top line this year, fuelled by the sale of medical suites at its new Parkway Novena Hospital.

All 100 suites launched over the past two weeks have been taken up, the group said yesterday. The units ranged from 452-1,431 sq ft. Going by the price - \$3,588-\$3,828 per sq ft excluding GST - this could add up to sales of more than \$200 million.

However, revenue from the sales will be recognised progressively. Typically, a buyer pays a 5 per cent booking fee for an option to purchase. The buyer then has to put down a further 15 per cent on signing a sale-and-purchase agreement. An additional 10 per cent is collected on completion of piling work.

All in all, about 30 per cent of the money from the sale of suites so far will be booked this financial year. Subsequent payments will flow over the next two years as construction progresses.

Parkway CEO-designate Tan See Leng said demand for phase one of the medical suites came largely from cardiac science, orthopaedics, neuroscience and supporting disciplines. There is a mix of doctors from public and private sectors, but Dr Tan was unable to say what the split is.

Many of the doctors who have booked the units practise outside of Parkway's system, at locations such as Lucky Plaza, Paragon or Camden Medical Centre.

'These doctors do not necessarily admit patients to our hospitals at this point in time,' said Dr Tan. 'So what we did was that we target this group of doctors. They come into Novena. It becomes a very good, very seamless type of referral structure where they actually operate within a hospital complex.'

Expected to open in the second quarter of 2012, Parkway Novena Hospital will house a specialist centre with 259 medical suites. The group will launch phase two of the sale of suites in the next few days.

It is yet to decide on pricing or the number of units to be made available. But it intends to hold on to some suites to retain flexibility for collaboration with foreign or public institutions down the track.

At a media briefing yesterday to give an update on the Novena project, Dr Tan introduced Lee Hong Huei, 39, as CEO-designate of Parkway Novena Hospital. Dr Lee joined Parkway in 2000 and was most recently CEO of Mt Elizabeth Hospital. He is stepping up hiring to form a team that will help plan operational details at the new hospital.



'At the moment, it's mainly the planning operations team,' said Dr Lee. 'Moving along, there will be some clinical positions. We are already looking at nursing staff, ancillary support staff.'

He projects a headcount of about 700-800 clinical and non-clinical staff at the hospital when it opens in 2012. By then, about 100-150 doctors are expected to practise at the specialist centre. When it is fully operational, Parkway Novena Hospital will be about the size of Mt Elizabeth today, with about 1,000-1,200 staff.

Parkway posted a net profit of \$118.9 million on revenue of \$979.2 million last year. It will award the tender for construction of the new hospital by the end of April. Construction is estimated to cost about \$400 million.