This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

Photo Credit

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Building

# Retail in Northwestern Hospital, Chicago

Download Chatbot

***On this page:*** *Governments can leverage unproductive spaces in airports as high-traffic public areas for targeted leasing while keeping journeys comfortable for passengers. Find case studies below, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

**Project Summary:**

**Background**

Health care is one of the primary frontiers for developing a responsive, customer-centric approach. Healthcare also creates physical space that is well-suited for accommodating healthcare related retail and consumer services to provide greater value to the community.[1]

Hospitals have a captive customer base, continuous operating hours and a large catchment area.[2] Yet, the majority of hospitals in Emerging Markets and Developing Economies are underserved in terms of healthcare related retail and consumer services. However, healthcare providers are recognizing the benefits of incorporating healthcare related retail and consumer services into their public spaces. Examples of healthcare related retail and consumer services include: food and beverage, pharmacies, opticians, gift shops, retail of domestic healthcare appliances, gyms, hotels for visitors or for out-patients no longer requiring full-serviced hospital beds, etc.

**Project Structure**

The 894-bed Northwestern Memorial Hospital (NMH) is an academic medical center in the heart of downtown Chicago, USA. NMH is one of the first and largest hospitals that has incorporated a significant quantity of retail space in its campus (6,500 sqm) that is focused on serving its patients and visitors, hospital employees and local neighborhood.

NMH's retail properties have street level access and internal access to reach employees, visitors, and the surrounding neighborhood. The retail complex includes more than 20 food service retailers including national brands, a flagship restaurant that's also open to the public, and non-food retailers such as gift shops, bookstore, florist and a convenience store.[3]

**What sets them apart?**

- **Health-conscious products and menu** - Selections included exciting new options like unique healthy food choices. In addition, Northwestern Hospital provides street access to accommodate

outdoor café dining and a mixture of other retail services specifically tailored for our patients, families, and the local neighborhood.

- **Making it Functional: Integrating Restaurants and Retail into the Healthcare Environment -** Through sensible design, the noise levels are well adjusted during day or night, and infection control is observed with the Shop & Dine area properly sealed off from the rest of the hospital.
- **Online menu options for more straightforward navigation -** A complete list of all Chicago campus dining options is available through the Northwestern University Feinberg School of Medicine mobile app.

*Key players for delivering improved services*

Northwestern Memorial HealthCare (NMHC) is the corporate parent for an integrated nonprofit health system at over 200 sites across Chicago with 11 hospitals including the Northwestern Memorial Hospital (NMH) which is the primary teaching affiliate of Northwestern University's Feinberg School of Medicine (FSM).[4]

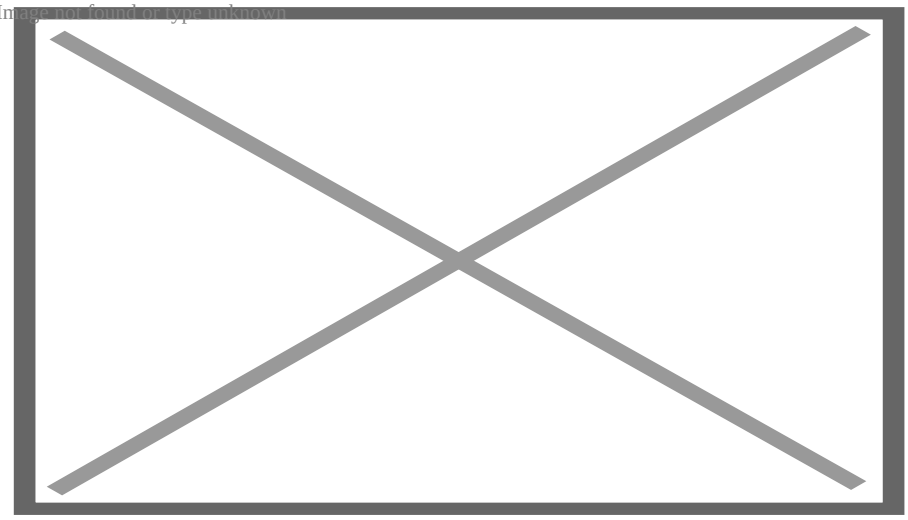
*Mechanism/s for Maximizing Funding for Infrastructure*

Ancillary commercial revenues in hospitals, especially in developing countries where healthcare services are heavily subsidized, can provide additional funding for operations and maintenance or for subsidizing healthcare services to patients in social classes.

In 2021, Northwestern Memorial HealthCare earned around USD 7.4 billion total revenue (patient service revenue, rental & other revenue, and net assets from donor and grants) of which patient service revenue makes up around 92%. The lease of commercial space is accounted under "Rental and other revenue", which generated USD 414 million around 5.6% out of the total revenue.[5]

*Typical Business Model*

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| | |
|---|---|
| **Government** | Asset Owner |
| **Operator** | Responsible for the core and/or non-core services including operations of retail space |
| **Lessee** | Leases the retail space for permissible commercial activities |

**Lessons Learned**

- ***Managing the risks***
  - *Market risk:* Northwestern Hospital is situated in Streeterville which is a buzzing neighborhood. With nearly 10,000 employees, 67,000 neighborhood residents, and 3,000 hotel rooms within a

five-block radius from Northwestern Memorial Hospital, the retail potential was significant.[6] The scale of the retail potential may not be as significant in developing countries and would need to be assessed.

- *Operational risk:* Northwestern Hospital's core service is to provide quality health care to its patients. In deciding to incorporate a significant retail component within its medical campus, the hospital management considered that hospital buildings are complicated spaces and commercial real estate for functions such as F&B are a very different type of structure.

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*Footnote 1:* Retail Dimensions of Health Care Part I: Health Care in the Retail Setting

*Footnote 2:* Retail Dimensions of Health Care Part II: Retail in the Health Care Setting

*Footnote 3:* Ibid

*Footnote 4:* Northwestern Medicine

*Footnote 5:* Financial Statements and Annual Reports of the Northwestern Medicine

*Footnote 6:* Building on Opportunity: Shop & Dine Northwestern Brings the Right Mix of Retail Offerings to the Healthcare Environment


**Related Content**

- **Selected World Bank Tools**

**Additional Resources**

- Climate-Smart PPPs
- Finance Structures for PPP


*The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.*

*To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.*

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