

HEALTH CARE REAL ESTATE BRIEFING - FEBRUARY 14, 2022

Our Health Care Real Estate Briefing is your comprehensive summary of weekly health care real estate highlights currently happening across the nation.

1. The following U.S. cities saw the highest inflation in 2021: Atlanta 9.8%, Phoenix 9.7%, St. Louis 8.3%, Baltimore 8% and Tampa 8%. Remote workers and retirees are moving to these cities for warmer weather and lower cost of living. Cities experiencing the lowest inflation were Washington, D.C. 5.8%, Hawaii 5.4%, Boston 5.3%, New York City 4.4% and San Francisco 4.2%, as residents migrated to other cities seeking lower taxes per **The Wall Street Journal**.
2. Skilled nursing facilities ("SNFs") continue to struggle with staffing shortages. According to a NIC survey, 4 out of 5 SNFs reported staffing shortages, 97% of SNFs are paying staff to work overtime and 79% of SNFs are using staffing agencies to fill positions. The use of staffing agencies has increased labor costs for one operator 41% to 48% per **Skilled Nursing News**.
3. Staffing shortages at SNFs have promoted legislative reform in a number of states, although the approaches vary. New York, Pennsylvania and Virginia proposed bills that include minimum staffing standards to ensure patient safety, and legislators in Florida are attempting to loosen standards in recognition of staffing shortages per **Skilled Nursing News**.
4. Tenet Healthcare and USPI, INC. plan to buy 30 more ASCs from SurgCenter Development. Tenet owns 440 ASCs, and by 2023 half of Tenet's earnings will come from ASCs operations per **Healthcare Dive**.
5. Cleveland Clinic plans to spend \$1.3B on capital projects this year, including investments in its London hospital, a Neuro Science Institute in Cleveland, a new hospital in Mentor, OH, expansion of its Cole Eye Institute in Cleveland, renovations at its Fairview Hospital in Cleveland, a bed tower expansion at its Weston, FL campus and a new oncology facility in Abu Dhabi per **Becker's Healthcare**.
6. Yale New Haven Health plans to acquire 3 hospitals in Connecticut from Prospect Medical Holdings, Inc., including Waterbury Hospital (357 beds), Manchester Memorial (249 beds) and Rockville General (102 beds) per **Globe Newswire**.
7. ChristianaCare plans to acquire Crozer Health from Prospect Medical Holdings, Inc. Crozer has 4 hospitals in Pennsylvania, including Crozer Chester Medical Center (300 beds), Delaware County Hospital (133 beds), Springfield Hospital (25 beds) and Taylor Hospital (105 beds) per **The Philadelphia Inquirer**.
8. Blueprint brokered the sale of 17 facility SNF portfolios in Ohio for \$173M, or \$73K per bed. The buyer and seller were not disclosed per **Skilled Nursing News**.
9. A JV made up of Crescent Communities and Nuveen, a TIAA company, acquired 120 acres in Holly Springs, NC to develop upwards of 2M sf of life science space per **Globe Newswire**.
10. **Newmark** published its 2021 MOB Year in Review Report. Transaction volume was at \$15.4B in 2021, up 13.7% over 2020. The average MOB cap rate was 6.1% and the average price per sf was \$349. Construction starts were down 15.8% due to increases in construction costs and MOB occupancy was at 91.5% and \$33.90 was the average rental rate per sf.