

WEEKLY HEALTH CARE REAL ESTATE BRIEFING: BENEFITS OF GROUND LEASE FINANCING | LILLY BREAKS GROUND ON \$1B INJECTABLES PLANT | CVS HEALTH INVESTS \$19M IN AFFORDABLE HOMES

1. An article in **GlobeSt**. touted the benefits of the “modern ground lease” as a compelling financing option for real estate construction. While the current financing landscape has made sale/leaseback transactions between developers and investors a more attractive option of late, nonprofit health providers can get the **added benefit** of working with a nonprofit capital partner in some situations.
2. Newmark published its **2022 Mid-Year Life Science Overview** report. The report noted that the average sale price for life sciences lab space nationwide reached a record high of \$564/sf in 1H 2022, with the hottest markets (Cambridge, MA and the Bay Area) commanding \$1,000-\$2,000/sf or more for certain properties. However, overall sales volume and aggregate dollar volume of sales are down year over year.
3. Also on the topic of life sciences, Eli Lilly purchased over 100 acres of real estate in the Research Triangle area of North Carolina over the past year and recently **broke ground on a \$1 billion** injectables plant project in Concord, NC.
4. The HHS OIG **recently announced an investigation** focusing on whether skilled nursing facilities are reporting related-party costs in accordance with federal regulations. This move is in line with the Biden Administration’s reform initiatives announced in February 2022, particularly a call for nursing homes to be more transparent with their finances and increase scrutiny on private equity in the space, per **Skilled Nursing News**.
5. Hall Render is hosting an inaugural event in Chicago on October 6-7, 2022. The Health Care Economics Executive Summit is geared toward health system legal, C-suite and finance personnel. The agenda and registration are available **here**.
6. A **joint venture** between Harrison Street Capital, Ryan Companies and LCS has broken ground on a 261,000-square-foot senior housing project in the West End neighborhood of Nashville, Tennessee. The five-story, 261,000-square-foot senior living community will offer 172 units consisting of independent and assisted living, as well as memory care. According to Moore Diversified Services, Inc., Nashville’s 75+ population is expected to grow 4.4% annually, outpacing the city’s annual total population growth of 1.2%.
7. CVS, Amazon, UnitedHealth and Option Care Health are among companies bidding to buy home health firm Signify Health, per **Bloomberg**. Signify’s mission includes “lessening dependence on facility-centric care,” improving care quality and reducing spending by treating patients in lower-cost settings and linking providers’ payments to patient outcomes.
8. St. Louis-based Mercy **recently announced plans** to spend \$500 million to add more doctors and to build several clinics and a cancer center in northwest Arkansas over the next five years. This follows a prior \$300 million investment in 2016 that included a seven-story, 275,000-square-foot hospital in Rogers, Arkansas.
9. CVS Health announced an \$18.9M investment in affordable homes for Columbus, Ohio. The project includes the renovation of 142 rental homes and the building of eight new ones. The project, which is in partnership with the Columbus Metropolitan Housing Authority, will also include the construction of a childcare center to help alleviate a “daycare desert” in the area, per **CVS Health**.
10. Health care experts at Bisnow’s Chicago Healthcare & Life Sciences Real Estate event on August 11 discussed ways that **real estate could be leveraged** to help alleviate the staffing shortage that many medical providers are experiencing. Optimizing the use of space can help eliminate the need for certain positions and can also optimize efficiency for clinicians.
11. Washington-based Providence is **considering disposing** of a portion of its 275,000 square feet of office space for administrative staff as the health system embraces hybrid work. Other health systems have recently made similar announcements.