

## WEEKLY HEALTH CARE REAL ESTATE BRIEFING: FORBES RELEASES HEALTH CARE PREDICTIONS FOR 2023 | USDA ANNOUNCES \$110 MILLION IN GRANTS FOR RURAL HEALTH

1. Forbes released **The Top 10 Healthcare Industry Predictions for 2023** which includes a focus on 1) Medicare Advantage; 2) Changes in how PE and VC funds look at health care opportunities; 3) The impact of technology and retail on health care; 4) Changes in home care; and 5) Changes in how providers view value-based care.
2. The U.S. Department of Agriculture announced **\$110 million in grants to improve the infrastructure of hospitals and clinics in rural communities**. The money will also help non-provider organizations, nonprofits, public bodies, regional partnerships and tribes in building more sustainable rural health care systems in response to the pandemic.
3. **Walgreens Boots Alliance**, through its VillageMD platform, announced plans to acquire Summit Health, one of the largest physician practice groups in the U.S. and the parent company of urgent care clinic chain CityMD, for around \$8.9B. Summit has more than 2,800 providers with 370 locations in the northeast and Oregon. Following the transaction, VillageMD and Summit will have 680 locations in 26 markets and 20,000 employees.
4. CBRE published a new podcast titled **I Feel Good: Walgreens and the Evolution of the Modern Pharmacy** featuring Walgreens' Chief Real Estate Officer. The podcast was recorded before the Summit Health transaction was announced, but provides a deep dive into Walgreens' real estate strategy and how it has pivoted from pharmacy services to health care services.
5. Welltower announced that it will be **transitioning 147 skilled nursing facilities** from its joint venture with ProMedica Senior Care to a new joint venture with Integra Health. According to the announcement, ProMedica will give up its ownership interest in the JV in exchange for being released from its lease obligations for the facilities.
6. Due to labor challenges, supply chain disruptions, rising costs and difficult payer relationships, hospital and health systems have had to get to generate cash until margins improve. According to a new report from JLL, real estate **can account for up to 40% of most systems' balance sheets**. In the report, JLL outlines several ideas for hospitals and health systems to use real estate to drive better returns.
7. Ankura also published a **list of strategies for hospitals and health care providers to consider when negotiating with developers** on new built-to-suit outpatient projects. Some of the strategies include negotiating with the developer for a profits interest or equity interest in the project and negotiating favorable rents and tenant improvement allowances.
8. 42Floors released new data on the **top 25 medical office markets** in the U.S. The top 5 markets in terms of total square feet are L.A., Houston, Dallas, Chicago and Washington D.C. The fastest-growing markets are Minneapolis, Richmond, Philadelphia, Tampa and Chicago.
9. Public-private partnerships ("P3s") for new hospital and health care projects are becoming more common. The **Jack and Cheryl Morris Cancer Center** in New Brunswick, NJ is a recent example of a health care P3. The project is a 520K sf cancer facility that will cost more than \$750M to build. RWJBarnabas Health and Rutgers Cancer Institute will operate the facility.
10. Interfaith Community Services recently **converted a former motel in Escondido, CA into a 106-bed recuperative care center** that will provide care for veterans and civilians who need a place to stay following hospitalization.

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