

WEEKLY HEALTH CARE REAL ESTATE BRIEFING: ARCHITECTURAL BILLINGS DECLINE FOR FIRST TIME SINCE JANUARY 2021 | ATRIUM-ADVOCATE MERGER MOVES FORWARD | HEALTH FACILITIES SPUR ADAPTIVE REUSE

1. The Architectural Billings Index showed the **first decline in overall billings at architectural firms since January 2021**, indicating that cost pressures on construction projects are easing and maybe even starting to decrease, along with backlogs of projects at architectural firms.
2. **Rendina Healthcare Real Estate** acquired a portfolio of 12 medical office buildings in a \$1-billion joint venture with Artemis Real Estate Partners and CalSTRS. The properties span eight states and a total of 352,981 square feet. The newly acquired portfolio's assets are utilized for high-acuity services.
3. The Atrium-Advocate Aurora "mega-merger" obtained **key regulatory approval** when the Illinois Health Facilities and Services Review Board voted 6-0 to approve the merger. The transaction involves a proposed change of ownership for nine Advocate Aurora hospitals and one ambulatory surgery center in Illinois to the new, combined healthcare system. The combined corporate entity would be named Advocate Health and be based in Charlotte, NC with each system continuing to use its respective brand in local markets.
4. **Stockdale Capital Partners** is moving forward with plans to build a 12-story, 145,000-SF medical office building ("MOB") on the west side of Los Angeles. Stockdale said the development will be the first new MOB in the area in 20 years. Construction will begin as early as 2023.
5. A study from the Americans for Prosperity Foundation revealed that North Carolina's **certificate-of-need restrictions have denied the state nearly \$1.5 billion** in health care investment over the past decade. The debate about the CON law also has held up legislative negotiations over Medicaid expansion in North Carolina.
6. **Northside Hospital Gwinnett** in Lawrenceville, Georgia filed a CON application to add seven more floors to its current 10-story patient tower project on its campus. The proposed expansion would add 375,929 square feet and 146 additional inpatient rooms, bringing the hospital's total inpatient capacity to 696 beds.
7. Florida-headquartered Chapters Health System recently received CON approval to advance on **expansion plans across the state's west-central coast**. The system provides hospice, palliative and home health services throughout Florida, as well as durable medical equipment and pharmacy services.
8. **UT Health San Antonio** is building a 108,000-SF outpatient and surgery center that will cost an estimated \$66 million to complete. The center is expected to open in early 2024 and will offer primary and specialty care as well as outpatient surgical procedures.
9. The Phoenix area is experiencing a **boom in medical office buildings**. A sharp increase in the number of residents as well as the aging population is driving greater demand for health care services and health care real estate development in the area. Phoenix has the 8th-largest MOB market in the U.S., with 21.4 million SF of MOB space.
10. Older buildings are being retired and converted into **health-centered facilities** to redistribute health care across communities in need. Becker's recently highlighted 5 buildings across the country being converted for health care use by the end of 2022, including the adaptive reuse of a former movie theater, department stores and a church.
11. BDN reports that **MaineGeneral** is proposing to build a \$36 million expansion of its cancer center as it expects a rise in cancer cases. The hospital is estimating that the center will see an increase of 6% in patient volume between 2022 and 2026.

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