

WEEKLY HEALTH CARE REAL ESTATE BRIEFING: PRIVATE EQUITY HOSPITAL BUYING SHOWS CRACKS | DETROIT SEES NEW \$439M INPATIENT REHAB HOSPITAL

1. The Gilbert Family Foundation, Henry Ford Health and Shirley Ryan AbilityLab **announced** plans for a \$439M inpatient rehab hospital and research facility in Detroit. Plans for the project include a 125,000-sf inpatient tower with 72 beds.
2. According to a recent Bloomberg **article**, private equity is no longer a reliable last resort as a buyer of troubled hospitals. Scrutiny and lawsuits have cropped up where private equity-owned hospitals are struggling due to labor costs, surging interest rates and sale-leaseback arrangements that result in overleveraging a failing facility.
3. VMG **released** an article on planning, initiating and reviewing medical equipment leases. Among the tips shared, the authors suggest evaluating operating vs. capital lease structure and compliance with Stark and AKS regulations.
4. IU Health's \$4.3B Indianapolis hospital project, which has been under construction for more than a year, **is receiving** another review from city officials due to a proposed change. The city development staff is recommending approval if it can obtain clarity on the need for the changes, including building two surface parking lots on sites previously slated for structures.
5. The North Carolina Supreme Court will **hear an appeal** that addresses the state's CON regulations. The decision could provide a final resolution on questions of legality and scope of the state's CON law.
6. The CEO of **Sanford Health**, which serves the top 5 poorest counties in the U.S., has cast a bright vision for the health system's future, including investments in quality initiatives and access to care through a virtual network. The system recently underwent a failed merger with Fairview Health Services.
7. A Georgia hospital, which leases real estate from a nonprofit to operate a retirement community, **defended** tax exemption for the property before the state Supreme Court. The hospital argued that the project furthers its public purpose by meeting community health needs, while the taxing authority argued that the nonprofit lessor receives private gain via rental income.
8. The University of Maryland **Institute for Health Computing**, focusing on the intersection of AI and health care, plans to take 27,000 sf of space in Rockville, MD as part of a \$10.9M, 11-year lease. The Institute will study AI's ability to quickly analyze large data sets in lab tests to help diagnose disease earlier.
9. The Oklahoma Department of Mental Health and Substance Abuse Services **announced** construction of a new 330-bed mental health hospital in Oklahoma City. The \$147M, 200,000-sf facility will serve 275 adults and 55 adolescents daily.
10. Indiana Joint Replacement Institute and the Skillman Corporation **broke ground** on a \$28M, 40,000-sf surgery center and medical office building in Noblesville, IN. The facilities are the first to be built in Noblesville's "Innovation Mile," a 600-acre business and technology district.

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