

WEEKLY HEALTH CARE REAL ESTATE BRIEFING: UNIVERSITY OF MICHIGAN TO DEVELOP FORMER KMART HQ | MICRO HOSPITALS MAY BE POISED FOR COMEBACK | NY HOSPITAL UP FOR AUCTION

1. BBG Real Estate Services **published** its Seniors Housing Investor Survey 2024. Among the findings include: (i) cap rates for senior housing are expected to remain flat or decrease in 2024; (ii) rental rate growth is expected to increase significantly, particularly for assisted living and memory care; and (iii) higher transaction volume is expected to be driven by decreasing interest rates.
2. The University of Michigan plans to **buy** a portion of the former Kmart world headquarters in Troy, MI to build a medical center there. Planned services include ambulatory surgery and cancer care, with an anticipated 2027 opening date.
3. The city of Houston, TX has 85 hospitals and more than 19,000 hospital beds. A recent piece **highlighted** construction trends in the city, including flexible and scalable space, overbuilt infrastructure to handle future capacity and incorporation of natural light and finishes which can positively impact patient outcomes.
4. Tenet Healthcare **completed** the sale of six California hospitals and related operations. Four Los Angeles-area hospitals were sold to UCI Health and two San Luis Obispo hospitals were sold to Adventist Health.
5. Sila Realty Trust **bought** an \$85.5M health care portfolio that included four micro hospitals located in Arizona and Texas. Other recent micro hospital developments in Bellevue, WI and southeastern Pennsylvania may signal a renewed interest in micro hospitals.
6. Avera Health **announced** two building projects in Sioux Falls, SD that total \$245M, the largest in the health system's history. The first is a six-story addition to an existing hospital, and the second is a new three-story building dedicated to digestive care. The projects are expected to be completed in 2026 and 2027, respectively.
7. The former Eastern Niagara Hospital in Lockport, NY will go **up for auction** later this month. The 203,829-sf, 134-bed facility closed in 2023 and was under negotiations with buyers, which eventually fell through.
8. The Oklahoma Department of Mental Health and Substance Abuse Services held a **groundbreaking** for a new mental health hospital in Oklahoma City. The facility is expected to cost \$150M and contain approximately 200,000 sf.
9. Mission Health is **urging** the North Carolina Court of Appeals to publish a recent decision in a certificate-of-need dispute in order to give the decision authority as a legal precedent. According to Mission Health's recent motion, the case addresses the public hearing requirement under the CON law and the impact on health providers that results from a lack of a public hearing.
10. Froedtert Thedacare Health **broke ground** on a new \$84M health campus in Oshkosh, WI which will include a new hospital of approximately 85,000 sf, an ASC and a MOB. The hospital portion is expected to be completed in 2025.

For more information on real estate matters, please contact:

- **Andrew Dick** at adick@hallrender.com or (317) 977-1491;
- **Joel Swider** at jswider@hallrender.com or (317) 429-3638; or
- Your primary Hall Render contact.

Hall Render blog posts and articles are intended for informational purposes only. For ethical reasons, Hall Render attorneys cannot give legal advice outside of an attorney-client relationship.