# WEEKLY HEALTH CARE REAL ESTATE BRIEFING: ASC MARKET PREDICTED TO CONTINUE GROWING | SENIOR LIVING DEVELOPMENT GAP EXPECTED TO WIDEN | STRATEGIES FOR FINANCING SUSTAINABLE HC DEVELOPMENT

1. A recent report indicated that the U.S. ambulatory services market is expected to reach $417B by 2030, expanding by 5.4% per year. Primary care offices will remain the largest share of that market (48%), but the surgical specialty segment is expected to grow at the fastest rate.

2. Senior living development is expected to see a $275B investment gap over the next 6 years, according to new data from NIC. Because of increasing demand and a current low pace of construction, the industry would need to accelerate development more than 3.5x the current pace to meet expected demand.

3. Total medical outpatient vacancy for Los Angeles fell to 9.6%, which is one of the lowest vacancy rates since 2019. While medical office growth has been led by developments in Burbank, Glendale and Pasadena, alleged "over-regulation" of health care and a slowdown in private equity are viewed as headwinds.

4. A recent article offered ideas for financing sustainable health care developments. One method (reportedly used by Cleveland Clinic) is "green revolving funds," which use cost savings from completed projects to fund new projects. Another strategy (reportedly used by Ohio State and Kaiser Permanente) is the issuance of "green bonds," which can attract environmental investors in addition to health care investors.

5. A recent article indicated that life science property has become the leading "alternative asset" for institutional investors. Over the past decade, the life science sector posted a 12.2% average annual total return, significantly higher than the 7.3% average for all real estate asset types.

6. An upcoming outpatient surgery center project at Lake Regional Health System in central Missouri is seeking to raise at least $5M in community support via individual donations.

7. The City of Pittsburgh halted construction on the new $1.5B UPMC Presbyterian Hospital. The City alleged that contractors started work on the fire suppression system and certain mechanical and electrical work without obtaining the required permits.

8. Geisinger broke ground on a $900M campus expansion that will nearly double the size of its Wyoming Valley Medical Center in Wilkes-Barre, PA. The project involves building a new 11-story patient tower and converting all existing patient rooms to 100% private rooms.

9. Over the past decade, 342 cardiology clinics have been acquired by PE firms, with over 94% of those occurring between 2021 and 2023, according to the American College of Cardiology. Florida, Texas and Arizona saw the most cardiology clinic acquisitions.

10. McKnights Senior Living highlighted three trends shaping the future of senior living and care design, including: (1) inclusion of sustainable materials; (2) incorporating interaction with natural elements like gardens and fountains; and (3) establishing smaller satellite facilities in suburban and tertiary communities.

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