

WEEKLY HOSPITAL REAL ESTATE BRIEFING: FED LOWERS INTEREST RATES | CLEVELAND CLINIC CLOSES \$350M SALE-LEASEBACK | ASCS POISED FOR GROWTH

1. The Federal Reserve **cut** the federal funds rate by a quarter-point and projected it would do so twice more this year. Federal Reserve Chair Jerome Powell cited labor market constraints as a primary driver for the cut.
2. Cleveland Clinic sold 24 outpatient facilities in a \$350M **sale-leaseback** transaction. Twenty of the properties are located in northern Ohio, with the remaining four properties located in Florida. The buyer was MedCraft HealthCare Real Estate.
3. St. Jude recently **filed** site plans to build a second advanced research center in a project valued at over \$1B. Plans include a 16-story, 865,000-sf tower in downtown Memphis, which will constitute the single largest building project in the health system's history.
4. A recent article posited that the ASC industry **is entering** a new era of growth, fueled in part by CMS's proposed 2.6% ASC reimbursement increase for 2026 and CMS's plan to move over 500 procedures from hospital-only to outpatient settings. States such as North Carolina, Alabama and New York have also begun rolling back CON laws, further opening the door to ASC growth.
5. Bethany Children's Health Center in Oklahoma **has launched** a housing initiative designed to help young adults with disabilities transition to independent living after medical recovery. The project aims to address a critical gap in care for young adults aging out of pediatric programs and facing limited housing options.
6. Roswell Park Comprehensive Cancer Center (Buffalo, NY) will refinance existing debt and fund new capital projects through a recent \$175M **bond issue**. The financing will be used to support facility improvements, equipment purchases and upcoming capital projects while also strengthening the hospital's operations.
7. Major hospital systems **are investing** more than \$2B into Central Florida projects, including new towers, hospitals and expansions. Systems such as AdventHealth, Orlando Health, Nemours Children's Health and Health First are preparing to break ground or open doors on numerous inpatient and **outpatient** developments.
8. North Dakota **has broken ground** on a \$300M, 300,000-sf state hospital in Jamestown that will replace an existing 1885-era facility and expand the state's behavioral health infrastructure. Set to open in 2027, the new hospital will feature 140 inpatient beds, therapeutic and forensic services, sustainable design, and serve as both a treatment center and workforce training hub.
9. San Joaquin County, CA, **broke ground** on a \$261M behavioral health facility funded in part by a \$137M grant from the State of California. The 18-acre campus will be comprised of four buildings, including both inpatient and residential treatment facilities.
10. Penn Medicine officially **opened** a new \$376M, 217,000-sf research center, which added eight floors to an existing seven-story medical office building in Philadelphia. The project was funded in part by a \$50M gift from Stewart and Judy Colton, which was matched by the university.

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