

WEEKLY HOSPITAL REAL ESTATE BRIEFING: ROCHESTER REGIONAL ENTERS EAAS DEAL | HENRY FORD HEALTH ESTABLISHES THERANOSTICS JV IN DETROIT | BENEFITS OF INTEGRATED PROJECT DELIVERY FOR HOSPITAL DESIGN AND CONSTRUCTION

1. Kaufman Hall published a **summary** of health system M&A data from 2025 with some interesting charts. A few highlights: (1) transactions involving a financially distressed party hit 43.5%, almost triple the rate in 2022; (2) correspondingly, the credit rating of the smaller party to the deal hit a record low in 2025; (3) the average size of the financially distressed party, in revenue, was \$345M last year, which is about 2.5x larger than the same metric in 2023 (i.e., financial distress is hitting larger health systems); and (4) total number of health care M&A deals was the lowest it has been in at least 15 years.
2. CBRE's recent 2026 health care real estate outlook **predicts** record-high rents for MOBs as new construction completions are projected to drop to a decade-low level. This scarcity, coupled with an aging population and persistent cost pressures, is expected to drive health providers toward optimizing their existing portfolio assets and potential adaptive reuse of office or retail spaces.
3. Hall Render attorney Carla Johnson **published** an article highlighting how Integrated Project Delivery (IPD) serves as a collaborative alternative to traditional construction models by aligning owners, architects and contractors under a single multi-party contract with shared financial risks and rewards. Although IPD remains a minority approach behind the traditional design-build or design-bid-build models, we've seen an uptick in health systems favoring IPD to help mitigate the risks of cost overruns and delays.
4. Rochester Regional Health (NY) **announced** a 30-year Energy-as-a-Service (EaaS) agreement with Enfra to modernize the health system's energy infrastructure across nine hospital locations. The deal is valued at \$144M and is projected to generate over \$354M in total avoided energy costs. EaaS deals have accelerated among hospitals as a capital-efficient method for financing energy upgrades while producing savings for the health system.
5. Henry Ford Health and BAMF Health are **partnering** to establish a 45,000-sf comprehensive theranostics center at Bedrock's Gratiot site in downtown Detroit. Located within the new Life Sciences Building, the facility will provide advanced molecular imaging and radiopharmaceutical therapies to the region.
6. A major medical office **development** at Broward Health (FL) is moving forward following the securing of a \$131M construction loan. UMB Bank provided the leasehold mortgage via a tax-exempt bond to a Centurion Foundation subsidiary. Once completed, Broward Health will lease the 188,000-sf MOB back from the developer for the provision of cardiovascular, pulmonology, primary care, GI, neuro and women's health services to the community.
7. Hall Render published its health care M&A **predictions** for 2026, which touch on a variety of areas, including real estate, antitrust, rural health and private equity. One key takeaway is that these deals are becoming increasingly customized, moving away from "cookie-cutter" models toward strategic non-core asset carveouts and creative financing. We anticipate that persistently higher interest rates and regulatory shifts will continue to drive opportunistic growth strategies, particularly in ASCs and AI-driven platforms.
8. The nation's largest Coca-Cola bottler has **announced** a \$25M gift to support the establishment of a pediatric behavioral health center at the new NC Children's campus in Apex, NC. This donation serves as the first significant gift toward the \$1B capital goal for the freestanding children's hospital, a joint venture between UNC Health and Duke Health.
9. The Ohio State University Wexner Medical Center has officially **opened** its new 26-story, \$1.9B University Hospital tower, adding 820 private patient rooms to its Columbus campus. The project represented the largest facilities project in the university's history. Patients will be relocated to the new tower from older rooms starting in February.
10. After a new Iowa law was passed last summer making it easier for standalone birthing centers to open across the state, Iowa's first

freestanding birthing center recently **opened** in Adel, IA. Last summer, Governor Kim Reynolds signed a bill removing birthing centers from the definition of health care facilities covered under Iowa's certificate of need law.

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