

WEEKLY HOSPITAL REAL ESTATE BRIEFING: FIVE THINGS TO KNOW ABOUT INPATIENT REHABILITATION FACILITIES

Hall Render's Real Estate team frequently works with owners, operators and developers of specialty hospitals. One of our favorite types of specialty hospitals is the inpatient rehabilitation facility ("IRF"). Below is a summary of five things you should know about the IRF sector.

1. **Treatment** - IRFs are designed to provide inpatient rehabilitation services to patients recovering from a stroke, brain injury or orthopedic surgery. Patients are often admitted to a short-term acute care hospital ("STACH") and discharged to an IRF. Patients admitted to an IRF have an average age of 71 years and stay for an average of 13 days.
2. **Margins** - Many STACHs have slim margins in the low-to-mid single digits. IRFs are the darling of specialty hospitals with margins in the neighborhood of 20%.
3. **Number of IRFs** - There are approximately 1,200 IRFs in the U.S. An estimated 536 IRFs are owned by for-profit operators, 577 by non-profit operators, 100 owned by governmental agencies and several are owned by physicians. Between 2023 and 2025, 130 IRFs were under construction. A majority of new IRFs were developed in the Southwestern and Southeastern parts of the U.S.
4. **Investment Data** - IRF real estate trades around a 7% cap rate, \$739 per sf or \$776,000 per bed.
5. **Operators** - The largest operators are Encompass (166), Lifepoint Health (50) and Pam Health (70). It's common for an IRF to be owned and operated using a joint venture model. A reputable IRF operator will often partner with an STACH operator to establish and operate the IRF.

Information for this summary was sourced from Newmark and VMG Health articles that can be found [here](#) and [here](#).

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