

Andy Dow Leads Healthcare Real Estate Conference Panel Exploring ‘New Era’ of Third-party Capital Partnerships

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HOUSTON, May 25, 2018, — Capital constraints, new competition and aggressive pricing were among the challenges discussed by Winstead Shareholder [Andy Dow](#) and four other healthcare real estate (HRE) leaders during the recent Building Owners and Managers Association (BOMA) International Medical Office Building (MOB) + HRE Conference in Houston.

Dow, who is Co-Chair of Winstead’s [Real Estate Industry Group](#) and Chair of its [Healthcare Industry Group](#), moderated the May 10 panel, which included:

- Joseph Euphrat, Managing Director, CleanFund Commercial PACE Capital
- Courtney Hanfland, System Director-Real Estate Transactions, Catholic Health Initiatives
- Lance Mendiola, Vice President, Facilities Management and Construction, CHRISTUS Health
- Deeni Taylor, Executive Vice President, Chief Investment Officer, Physicians Realty Trust

The panel topic, “The New Era of Third-Party Capital Partnerships,” started with Dow informing the BOMA MOB conference audience: “Capital constraints and other issues have made third-party partnerships more important than ever.” He then queried the panelists: “What are your thoughts on the importance of such partnerships?”

The subsequent discussion revealed that healthcare providers have increasingly limited dollars and need to determine how to maximize their budgets and, that those third-party partnerships help them stretch those dollars and stay competitive. The panel also noted that valuable third-party partners understand the importance of building strong relationships with physicians as well as the impact of patient satisfaction for the health system.

The most desirable third-party capital partner characteristics included: being deemed appropriate for the market and the type of project; having an understanding of the hospital’s business and challenges; and having proven HRE experience and longevity in the sector. Firms who are long-term holders of healthcare properties were noted to be of particularly high value.

“Historically, third-party capital partners have been institutional lenders and real estate investment trusts, but now there are many new players involved,” Dow continued. “Who are the new players?” The panel confirmed there are more private equity and foreign investors; In addition, assessment financing has changed as states have amended statutes to allow a single property owner to use private capital to renovate a single building rather than using an improvement district. This is providing additional needed capital to fund improvements such as increased energy efficiency, water efficiency, renewable energy and seismic renovations.

Dow then challenged the panel to describe who and what is driving aggressive HRE asset pricing. Panelists agreed private equity is primarily the driving force behind pricing and that the market is highly competitive, sometimes prohibitive. Rising property taxes also affect pricing and potential buyers should understand what tenants will and won’t agree to pay in rents as they continue to increase.

Andy Dow has focused exclusively on healthcare real estate since 2004. He is a frequent speaker for regional and national HRE industry conferences, and has moderated annual BOMA MOB conference panels since 2012.

About BOMA

Founded in 1907, The Building Owners and Managers Association (BOMA) International is a non-profit federation of 90 BOMA U.S. associations and 18 international affiliates. More than 1,300 senior executives and professionals from all facets of healthcare real estate attend the annual BOMA MOB Conference to network and attend a wide range of educational sessions.

About Winstead

Winstead’s Healthcare attorneys represent hospitals, ambulatory surgery centers, physician groups, home health agencies, senior living and long term care facilities, wellness companies, third-party administrators, pharmaceutical

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Winstead PC is a national business law firm with more than 325 attorneys. The firm provides a full range of business legal services to some of the most recognized and respected companies across the country and throughout the world.

Winstead has offices in Austin, Dallas, Fort Worth, Houston, San Antonio and The Woodlands, Texas and Charlotte, North Carolina.

Media Contact:

Michael Webb

214.745.5308

mwebb@winstead.com