



HEALTHCARE REAL ESTATE

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About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

WHAT'S DRIVING THE TREND TOWARD HEALTHCARE VILLAGES?

The trend toward healthcare villages is being astutely followed by innovative healthcare providers who recognize that the industry's future direction will encompass addressing the entirety of population health and wellness. In concert with developers, retailers, and local governments, providers are viewing the healthcare village as a community "destination" – an integration of healthcare, commercial, educational, residential and wellness services—scaled by land size and market need.

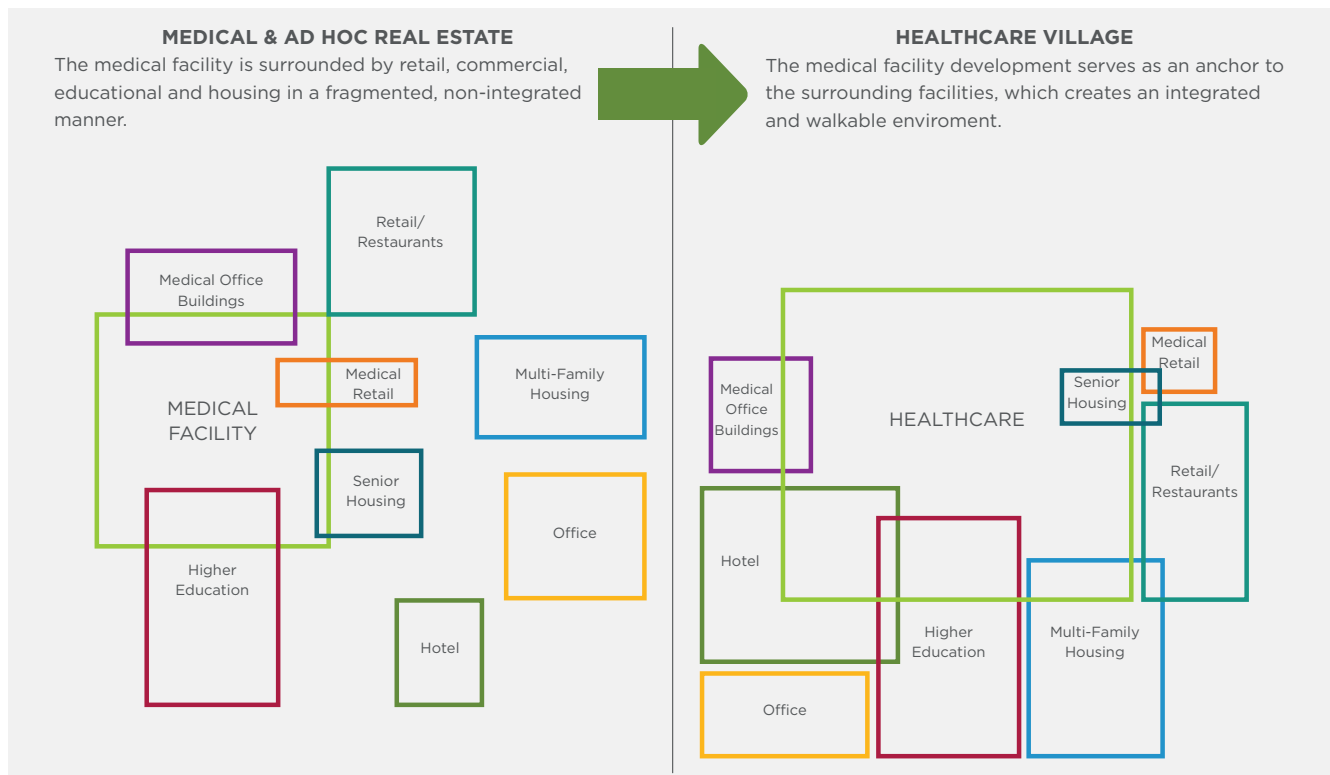
Delivering healthcare within an integrated mixed-use/healthcare village environment, aided by "Smart City" technology, supports the safe, high-quality and cost-effective care that is in demand. Industry statistics show that hospital inpatient admission rates are continuing to decline nationally, while outpatient visits and post-acute care are on the rise. Add to this, the emergence of the "care anywhere" service delivery philosophy and it is likely that healthcare will need to become more malleable and available in non-traditional venues.

There are no geographic patterns for the adaptation of healthcare villages. Healthcare villages may be developed in both urban and suburban neighborhoods, as well as rural environments. However, the trend of healthcare villages has gained momentum in regions where reimbursement is moving more aggressively from traditional fee-for-service to value-based purchasing, as well as in markets, or states, that do not have regulatory restrictions, e.g., Certificate of Need requirements.

In all instances, though, it is market dynamics (e.g., population size/demographics, community needs, physician supply/demand, competition, etc.) that serves as the primary driving force for the planning and development of healthcare villages.

- **Baby boomers in the U.S. are approximately 78 million strong** and are marching toward the age of 65 with expectations for a vibrant, active retirement.
- Boomers represent the generation with the **greatest buying power** in US history.
- As they stand poised to pay a larger proportion of their healthcare costs, baby boomers want **healthcare providers** that will **meet their demands** for excellent customer service, competitive pricing, ease-of-access, high performance and efficiency.
- It's not just about boomers. Healthcare villages **enable a population health delivery model**. The model provides retail-like access and convenience to community populations who want an expanded **continuum of healthcare** that includes integrated education, retail, recreations and wellness to enhance overall lifestyle.
- The Affordable Care Act's distributive care model aligns the **economics of new healthcare investments** with sustainable development opportunities. The community benefits requirement of the ACA presents a prime opportunity for the integration of healthcare and neighborhood development.

The illustration below shows a paradigm shift between traditional healthcare model and the new healthcare village model.



As the healthcare industry continues to move through its transformation, the creation of innovative partnerships between developers, retailers and healthcare providers will enable healthcare-anchored, mixed-use (i.e., live, work, learn, play) developments that enhance providers' triple-aim goals. The presence of healthcare villages will continue to grow, and be increasingly seen by public and private stakeholders as a key player in value-creating strategies.

ABOUT NAVIGANT HEALTHCARE REAL ESTATE

Navigant's Healthcare Real Estate professionals assist hospitals and health systems in managing the planning, design and construction of facility projects to support their healthcare mission. We offer an end to end solution - from concept to reality - throughout all phases of a project. Our professionals have the ability to do strategic and operational work on the front end, and then drive that through to a brick and mortar solution as warranted. Honed by decades of successful project work, we have been entrusted by our clients to help them BUILD their future, MANAGE their operations, and PROTECT their business value.

- Ranked by Modern Healthcare as one of the top healthcare facility development firms for 17 consecutive years
- Assisted over 300 hospitals, health systems, and academic medical centers
- Access to over \$2 billion in competitive balance sheet ready capital
- Completed more than \$10 billion in capital improvement projects including providing program management solutions for 20 new hospital projects and developing more than 100 ambulatory care projects
- No litigation has been filed on over \$10B of completed projects