



HREI Healthcare Real Estate News Update

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Welltower to acquire future cancer center in JV Facility to be built next to successful shopping mall in Mission Viejo, Calif.



The Shops at Mission Viejo

MISSION VIEJO, Calif. -- While the country's largest healthcare-focused real estate investment trusts (REITs) like to get involved in new developments, they definitely prefer to invest their capital into high-quality, high-profile projects with strong health system affiliations and solid long-term prospects for success.

It look as if Toledo, Ohio-based Welltower Inc. (NYSE: HCN) has found such a project in Mission Viejo, a master planned, affluent community in Orange County.

There, Welltower recently formed a joint venture (JV) partnership with the 345-bed Mission Hospital and agreed to purchase the developer's interest in a future cancer center project and also provide equity and debt capital to the new partnership.

Developing the future 104,500 square foot, comprehensive outpatient cancer center is Newport Beach, Calif.-based NCA, a privately held real estate development and investment firm whose development team, led by Dana Whitmer, landed the project. The facility is slated to be built on a site across the street from the hospital and next to the highly successful Shops at Mission Viejo retail and entertainment complex.

Ground will be broken in coming weeks for the future four-story facility, which hospital officials say will provide a wide range of cancer care services using "a collaborative multi-disciplinary approach to treatment, based on the clinical research and evidence based practice, personalized to each patient's specific tumor and type of cancer."

The hospital is part of Providence St. Joseph Health, which has corporate offices in Seattle and Orange County and operates 50 hospitals and 829 clinics in the western part of the country.

Evan Kovac and Andrew Milne of the national medical office building (MOB) team at Holliday Fenoglio Fowler LP (NYSE: HF), advised NCA on the transaction with Welltower.

Indianapolis-based Simon Property Group Inc. (NYSE: SPG) owns the adjacent shopping mall and will provide Welltower and Mission Hospital with a long-term ground lease for the facility, which will have its own 611-space parking structure.

Welltower's CEO, Tom DeRosa, noted in a recent statement that the REIT is "delighted to announce that we are bringing world class outpatient care to this dynamic location in collaboration with Simon... This represents the first time a major health system, a healthcare REIT, and Simon have collaborated to bring healthcare to a vibrant destination like The Shops at Mission Viejo."

Mission Hospital is embarking on a campaign to raise funds for a portion of the future cancer center.

Noted Tarek Salaway, CEO of the hospital, in a statement: "We are embarking on a \$40 million campaign to provide a comprehensive cancer institute that brings together our talented physicians and clinicians with a focus on innovative technology, advanced diagnostic and therapeutic patient care, dedicated research, genomics, education and prevention programs to meet vitally important medical needs and whole-person care of our community."

The cancer center is scheduled to open in summer 2019.

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