



Capitalizing on **Medical Infrastructure:**

Kansas City Commercial Property Analysis

In-Depth Insights. Strategic Opportunities.
Stronger Investments.



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What Is Healthcare Real Estate (HRE)?

*Specialized Commercial Assets
Built for Recession-Resilient Operations*



Medical Office Buildings (MOBs)

Multi-tenant or single-tenant clinical office spaces.



Outpatient & Specialty Clinics

Facilities dedicated to dialysis, imaging, and primary care.



Ambulatory Surgery Centers (ASCs)

Outpatient surgical care centers driving high patient volume.



Urgent Care & Rehab Facilities

Community-anchored micro-hospitals and recovery hubs.



High Tenant Retention

Medical tenants invest heavily (\$100–\$300+ per sq. ft.) in specialized equipment (MRIs, cleanrooms, specialized plumbing/HVAC), making relocation cost-prohibitive.



In-Person Necessity:

Healthcare services cannot be delivered remotely; physical patient care insulates the asset class from remote-work market shifts.



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Why Kansas City?

Regional Growth & Demand Drivers

Demographic Tailwinds and Hospital System Expansion



Demographic Aging

Kansas City's aging population matches national demographic trends, accelerating demand for local outpatient specialty care.



Suburban Migration

Rapid growth in key submarkets (Johnson County, Lee's Summit, Northland) creates strong demand for decentralized, neighborhood-level medical centers.



Major Health System Anchors

Strategic presence and expansion by major health networks (The University of Kansas Health System, Saint Luke's, HCA Midwest Health) stabilize regional demand.



Economic Stability

Kansas City offers steady economic growth, low volatility, and lower cost of entry compared to tier-1 gateway markets (e.g., Chicago, New York).



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HRE vs. Traditional Commercial Office & Hospitality

Comparative Performance Analysis

Evaluating Risk-Adjusted Returns Across Commercial Asset Classes

Metric / Asset Class	Healthcare Real Estate (MOBs)	Traditional Office	Commercial Hospitality
 Tenant Stability	High (10–15 year terms)	Low to Moderate (3–5 year terms)	Dynamic (Daily/Nightly rates)
 Economic Vulnerability	Low (Recession-resistant)	High (Remote/Hybrid shift)	High (Discretionary travel sensitive)
 Capital Expenditures	Paid primarily by tenants	High landlord concessions	High recurring renovation costs
 Cap Rate Stability	Stable, resilient yields	Expanding cap rates / compressed values	Volatile based on seasonality

STRONGER ASSETS.
STABLE FUTURES.



Key Takeaway: HRE delivers superior risk-adjusted cash flows, providing **portfolio stability** during economic downturns.



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FINANCIAL PERFORMANCE & UNDERWRITING METRICS

LEASE STRUCTURES, CAP RATES, AND VALUE CREATION



Triple-Net (NNN) Leases

Most medical tenants sign NNN leases, shifting property tax, insurance, and maintenance expenses away from the property owner.



Contractual Rent Escalations

Standard annual rent increases (2.5% to 3.5%) provide a predictable hedge against inflation.



Cap Rate Environment

Kansas City HRE delivers attractive risk-adjusted yield spreads compared to gateway markets, combining cash flow with long-term capital appreciation.



Credit Tenants

Hospital-backed or regional health-system leases carry investment-grade credit, reducing default risk to near zero.



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NAVIGATING SECTOR-SPECIFIC RISKS

Proactive Asset Management for Long-Term Value



Regulatory & Compliance Risks:

Healthcare regulations (e.g., Certificate of Need laws, Stark Law, HIPAA facility requirements) require specialized leasing expertise.



High Specialized Build-Out Costs:

Initial construction and renovation costs for medical spaces are higher than standard office space; requires structured tenant improvement (TI) allowances.



Single-Tenant vs. Multi-Tenant Risk:

Single-tenant ASCs offer long-term stability but high vacancy risk if vacated; multi-tenant MOBs offer diversification.



Mitigation Strategy:

Partner with specialized healthcare real estate advisors, target health-system anchored properties, and focus on multi-specialty tenancy.



Healthcare
Focused



Risk
Managed



Value
Focused



Future
Ready



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CAPITALIZING ON KANSAS CITY'S MEDICAL REAL ESTATE

Strategic Recommendations for Portfolio Allocation



TARGET HIGH-GROWTH SUBMARKETS

Focus acquisition efforts on outer-ring Kansas City submarkets experiencing strong residential population influx.



PRIORITIZE OUTPATIENT & ASC FACILITIES

Shift focus toward ambulatory surgical centers and multi-specialty outpatient hubs, which match national healthcare delivery trends.



PARTNER WITH HEALTH SYSTEMS

Acquire properties adjacent to major hospital campuses or facilities master-leased by health systems to ensure 95%+ historical retention.



CONCLUSION

Kansas City healthcare real estate represents a durable, high-yield commercial asset class that combines stable cash flows with defensive downside protection.





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