



Healthcare Real Estate Rationalization

Post-COVID-19 considerations to sustained recovery and resilience



COVID-19 has caused many Providers to re-consider their enterprise strategies, triggering an evaluation of their real estate footprint and related costs. Whereas real estate portfolios and related facilities maintenance have traditionally made up a major portion of the expense burden for Providers, learnings from COVID-19 have called into question whether the traditional brick and mortar footprint provides best value to meet enterprise needs going forward.

COVID-19 impacts driving this perspective are both economic and operational:

Key COVID-19 Impact	Real Estate Portfolio Implication
Enhanced focus on liquidity and working capital	Underscores focus on cost reduction and rationalization for opportunities to consolidate, divest, and restructure
Successful remote working for administrative functions	Encourages exploration of a 'new reality' for many functions to balance space requirements with remote working opportunities
Capacity needs and challenges	Emphasizes importance of data-driven view of facilities portfolio and need for connectivity and flexibility with operational demand
Accelerated shift in site of service and catalyst for the re-design of care delivery model	Triggers re-think growth strategies and traditional bricks and mortar portfolio in light of changing environments of care

In addition to COVID-19 drivers, general industry pressure on operating margins and significant M&A activity that existed pre-COVID-19 are yet other reasons for health systems to undertake a holistic assessment of real estate portfolios for consolidation and value enhancement opportunities.

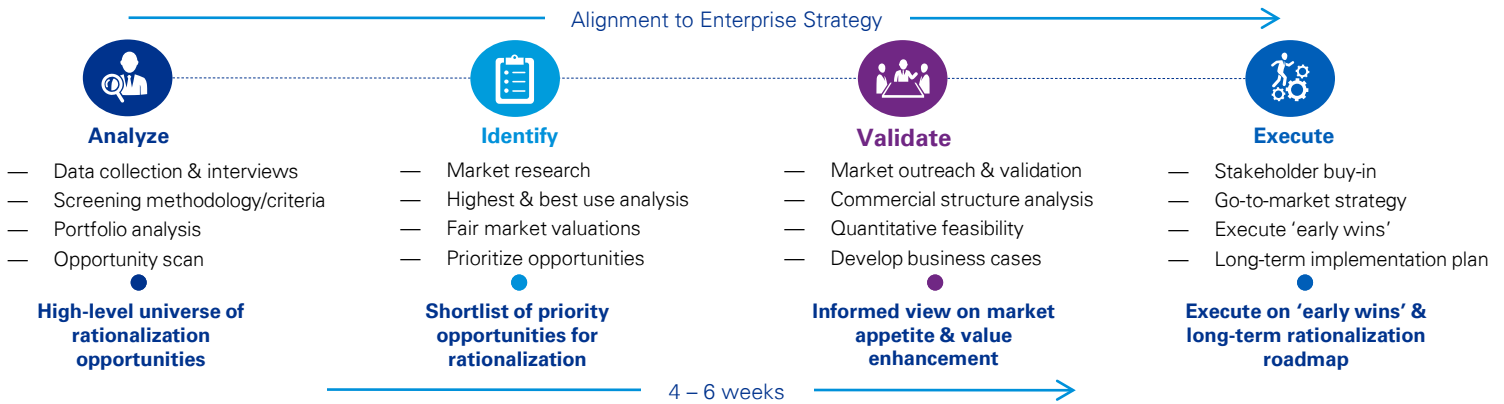
Real estate rationalization journey

Real estate rationalization is a journey that should align to your enterprise goals and objectives.



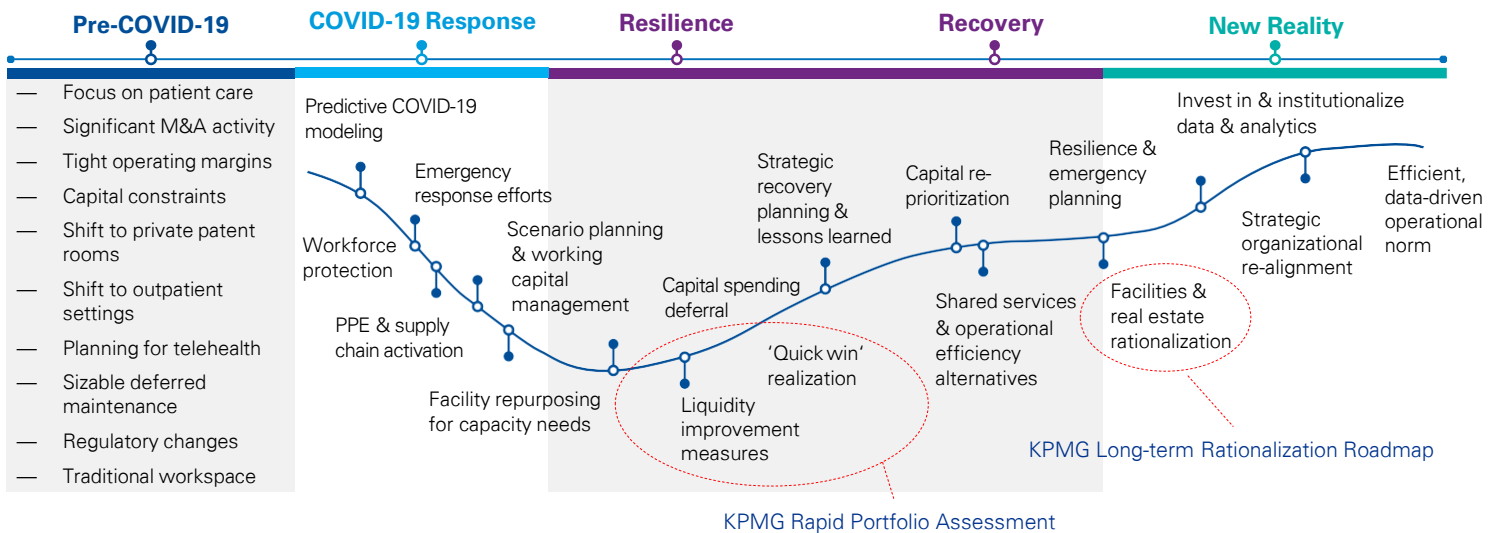
KPMG's Rapid Portfolio Assessment approach

KPMG's proven frameworks and tools can be used to conduct rapid assessments for near- and long-term value creation opportunities.



Resilient path to healthcare new reality

For healthcare providers we see a phased path to recovery from the pandemic response – from resilience to the new reality. Real estate rationalization is one of several key improvement levers to providers should consider to accelerate the path to recovery.



Our experience

KPMG has extensive experience and capabilities to assist your team with real estate rationalization efforts through this period. We are committed to supporting you from strategy to implementation along your rationalization journey to accelerate your path to recovery and ensure a resilient future for your organization.

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