
Faulkner Medical Office Portfolio Louisville, Kentucky

Creation of a development platform for medical office buildings and the recapitalization of a six-building, 665,000 square foot portfolio of medical office buildings



- Savills advised Faulkner Real Estate (formerly Faulkner Hinton & Associates), a regionally based medical office developer, owner and operator, in the creation of a development platform for to-be-built medical office buildings and the recapitalization of a six-building, 665,000 square foot portfolio of medical office buildings located throughout a secondary metropolitan area in the southeast. The properties were located on the campuses of the region's dominant healthcare provider. Ownership sought to recapitalize the portfolio to facilitate the buyout of a partner, to maintain property management and leasing services and to obtain an institutional partner to facilitate the growth of its development platform.
- The issues in the transaction included:
 - The portfolio was only 88% leased.
 - Above market in-place indebtedness on several properties.
 - Rights of first refusal and rights of first offer by the affiliated hospital system as well as the existing joint venture partner at one of the buildings.
 - Lease-up issues on newly developed properties.
 - Quantification of value of potential development deals.
- In this transaction, Savills simultaneously accessed the debt markets to drive pricing and ensure the best execution. More than 150 investors received the marketing materials. The winning bid was selected from among 11 competitive offers and the transaction closed in 2005.