



## Today's Top Story

May 25, 2010

### FINANCING SECURED FOR AUSTIN-AREA HOSPITAL

LAKEWAY, TEXAS — Financing has been secured for a new for-profit hospital in Lakeway. In a deal arranged by Walker & Dunlop, approximately \$166.87 million was procured for the construction of Lakeway Regional Medical Center. The project will fill a definite need for healthcare facilities in the northwest Austin suburb. Most healthcare facilities in Travis County are located closer to Austin along Interstate 35, and with the suburbs growing in the direction of Lakeway, new facilities are needed.



A rendering of the new Lakeway Regional Medical Center.

The project will consist of an eight-story, 270,427-square-foot acute care center with a multi-story parking garage. The hospital will offer a full range of inpatient and outpatient services, including emergency rooms, surgical facilities, diagnostic imaging, obstetrical and gynecological services, neonatal, cardiology and pediatric services. Construction began yesterday and is expected to take 18 to 24 months to complete. Hoar Construction is the general contractor and PageSoutherlandPage is the project architect.

The project is being financed with taxable Ginnie Mae securities under the Federal Housing Administration's HUD 242 program. The loan carries a 25-year, fully amortizing term and a 6.05 percent interest rate. According to Walker & Dunlop, the deal marks the largest HUD 242 loan ever provided to a for-profit borrower and HUD's first non-replacement hospital construction loan in the past 5 years. The borrower was Lakeway Regional Medical Center LLC, which comprises a group of investors.

"At the time we originated the deal, which was last April, any debt solution for this project was pretty thin," says Jeffrey Jones, a vice president in Walker & Dunlop's Dallas office and the person who led the financing team. "The FHA was one of the very few avenues the owners were able to take." Jones adds that the traditional source of financing for deals such as this, REITs, were not active in the debt market, which made obtaining financing difficult. Then, the passage of healthcare reform legislation last fall forced the ownership group to restructure before the deal could be completed.

— Coleman Wood

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