

2016

Newmark Grubb
Knight Frank



GLOBAL HEALTHCARE SERVICES

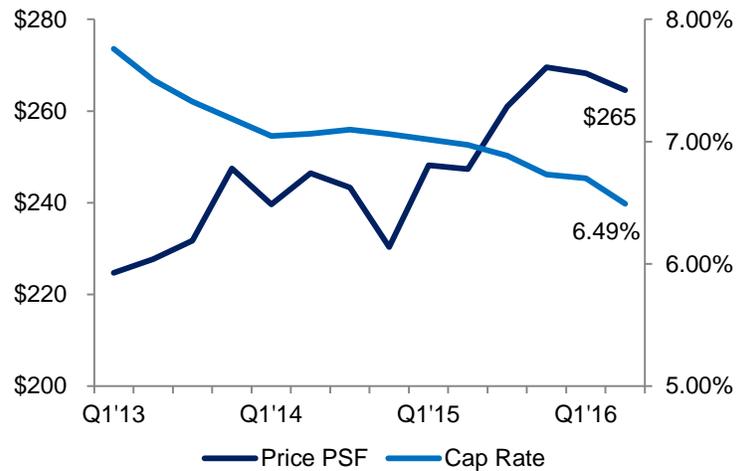
HEALTHCARE CAPITAL MARKETS FOR THE INTELLIGENT INVESTOR

The healthcare capital market sector remains strong despite a slowdown in medical office building (MOB) transaction volume and volatility in the debt and equity markets. The market volatility and lack of yields in alternative investment classes has attracted new risk adverse investors to the “recession resistant” healthcare real estate market. The growing buyer pool and demand for core medical office properties is driving capitalization rates lower. This trend is expected to continue in Q3'16.

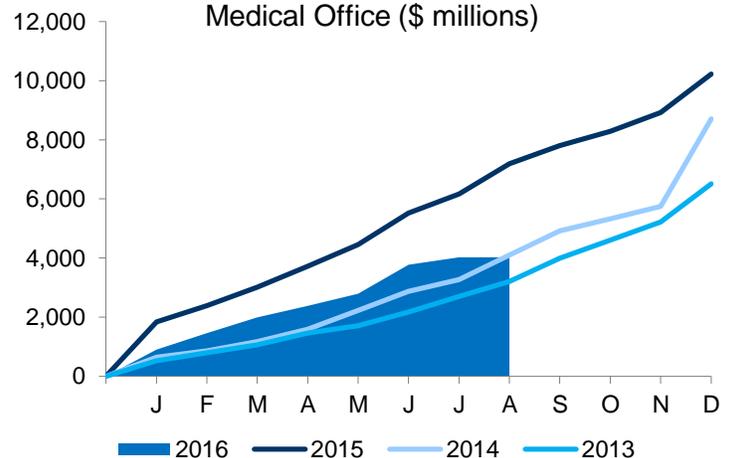
- ◆ **Transaction Volume** – Q2'2016 closed with \$1.8 billion in MOB transactions located in the US, a -29% decrease compared to Q2'2015 (RCA)
- ◆ **Investment Demand** – Capitalization rates declined to an average of 6.49% for Q2'2016, a decrease compared to the prior quarter (RCA)
- ◆ **Buyer Profile** – Private investors represented 46% of the MOB buyer pool followed by publicly traded US healthcare REITs representing 31% year-to-date as of Q3'2016 (RCA)
- ◆ **Top Buyer**– Physicians Realty Trust (NYSE: DOC) ranks as the most active buyer of MOBs and recently acquired a 51-property portfolio from Catholic Health Initiatives for \$719 million (SNL)
- ◆ **Vacancy Rate** – The vacancy rate fell for the 9th consecutive quarter, ending Q2'2016 at 8.2%, its lowest level in more than eight years (Costar)

INVESTMENT INTELLIGENCE

Cap Rate and Price PSF Trends
Medical Office



Cumulative Monthly Volume
Medical Office (\$ millions)



2016

Newmark Grubb
Knight Frank



GLOBAL HEALTHCARE SERVICES

HEALTHCARE CAPITAL MARKETS

FOR THE INTELLIGENT INVESTOR

Newmark Grubb Knight Frank United States Locations

New York City

HEADQUARTERS
125 Park Avenue
New York, NY 10017
212.372.2000

GARTH HOGAN

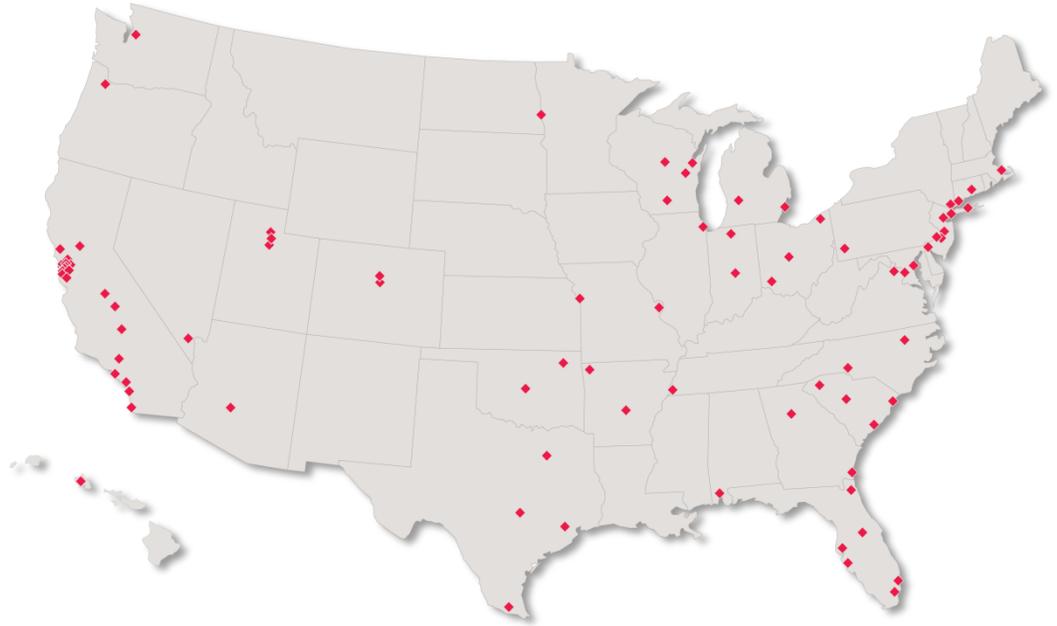
Executive Managing Director
Global Healthcare Services
949-608-2115
ghogan@ngkf.com

TODD PERMAN, CCIM

Executive Managing Director
Global Healthcare Services
404-806-2510
tperman@ngkf.com

SPENCER HOGAN

Financial Analyst
Global Healthcare Services
415-445-5116
shogan@ngkf.com



Newmark Grubb Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Grubb Knight Frank (NGKF) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NGKF. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of NGKF, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.

www.ngkfglobalhealthcare.com