

# 4Q16



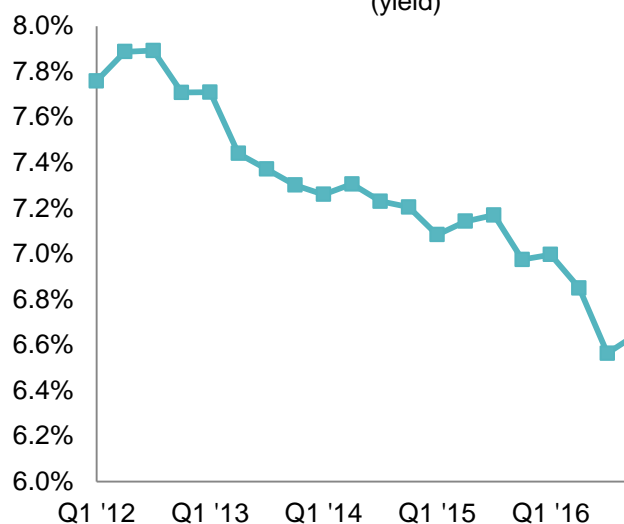
## HEALTHCARE CAPITAL MARKETS FOR THE INTELLIGENT INVESTOR

### INVESTMENT INTELLIGENCE

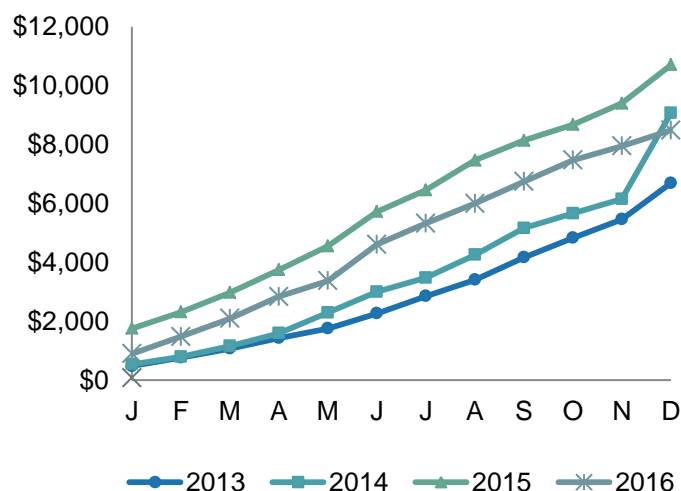
Despite the recent 70 basis point increase in the 10-year Treasury rate, we continue to remain **cautiously optimistic** about the outlook for the healthcare capital market sector going into 2017. Capitalization rates continue to remain near historic lows and private capital continues to show strong interest in the asset class. As a result of the move in interest rates, the risk premium (the spread between capitalization rates and the risk free rate) has tightened somewhat but remains well within normal range. Medical office building investors to continue to show interest in acquisition yet have cautious with their underwriting due to the current environment.

- ◆ **Transaction Volume** – Q4'2016 closed with \$1.7 billion in MOB transactions located in the US, a 32% decrease compared to Q4'2015 (RCA)
- ◆ **Investment Demand** – Capitalization rates increased slightly to an average of 6.6% for Q4'2016.(RCA)
- ◆ **Buyer Profile** – Private investors represented 41% of the MOB buyer pool followed by publicly traded US healthcare REITs representing 30% year-to-date as of Q4'2016 (RCA)
- ◆ **Vacancy Rate** – The vacancy rate remains at historically low levels, ending Q4'2016 at 7.8%. (Costar)

Average Cap Rate  
(yield)



Cumulative Monthly Volume  
Medical Office (\$millions)



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Newmark Grubb  
Knight Frank  
Global Corporate 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

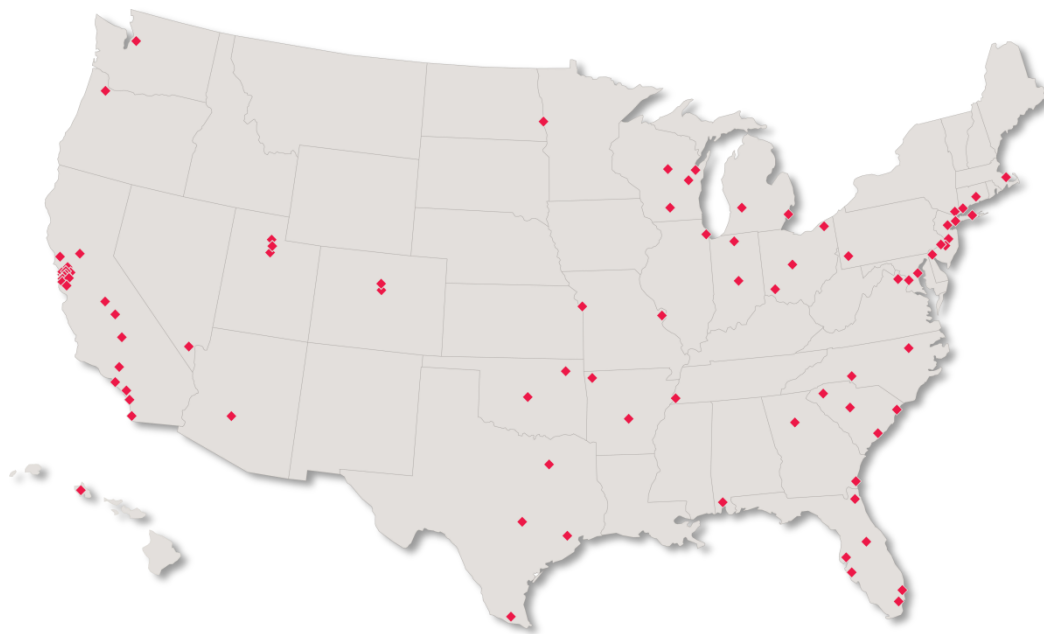
#### TODD PERMAN, CCIM

Executive Managing Director

Global Healthcare Services

404-806-2510

tperman@ngkf.com



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.

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