

# HPG

## HEALTHCARE PROPERTIES GROUP



## Investor Outlook

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### Sources:

American Hospital Association  
California HealthCare Foundation  
CoStar  
FMI Corporation  
PricewaterhouseCoopers, National Venture Capital Association: MoneyTree Report  
Real Capital Analytics  
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U.S. Census Bureau  
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## Executive Summary

The demand drivers for healthcare properties are very favorable over the next decade.

- Total public and private healthcare expenditures in the U.S. are expected to grow at an average annual rate of 6.5 percent from 2010 to 2019. Healthcare expenditures will comprise 19.6 percent of GDP in 2019, up from 17.5 percent in 2010.
- The 65 and over age group will grow by 36 percent between 2010 and 2020 compared with 10 percent for the general population.
- The 65 to 74 age group made an average of 6.4 visits per capita to physicians' offices in 2008 compared with 3.2 visits per capita for all age groups. The 75 and over age group made an average of 7.4 visits per capita.
- The average number of visits per capita to physicians' offices for all age groups increased from 3.0 in 2000 to 3.2 in 2008, suggesting a rising propensity among consumers to access healthcare services.
- Healthcare and social assistance jobs are projected to increase by 24 percent from 2008 to 2018 compared with 10 percent for all occupations. About 26 percent of all new jobs created in the U.S. economy during this period will be in the healthcare and social assistance industry.
- The number of hospital beds in the U.S. fell from just over 1 million in 1985 to 806,000 in 2009, while the number of beds per 1,000 population declined from 4.21 to 2.62, signaling a growing propensity for consumers to access healthcare services in outpatient settings such as medical office buildings and free standing clinics.
- Venture capital spending for healthcare-related products and services hit an all-time peak in 2007 before receding moderately in the past three years. Healthcare venture capital spending totaled \$6.5 billion in 2010, accounting for 28 percent of all venture capital spending.

Medical office space market fundamentals are generally favorable.

- Net absorption has fallen short of space completions every year since 2000, driving the vacancy rate from 6.5 to 12.7 percent in the first quarter of 2011. Nevertheless, the medical office vacancy rate remains low compared with the standard office vacancy rate of 17.7 percent.
- The amount of space in the construction pipeline totaled 3.4 million square feet at the end of the first quarter, slightly above the prior quarter, which was the lowest level in the past decade. Sluggish construction activity suggests that the vacancy rate is poised to recede in the next few quarters.
- Since reaching a peak in the second quarter of 2008, the average asking rental rate for medical office space fell by 4.7 percent through the first quarter of 2011, less than half of the 9.9 percent drop in the average rate for standard office space. Compared with standard office space, the supply and demand fundamentals for medical office space tend to be less volatile through recession cycles.

The capital market fundamentals for medical office space have firmed up since the global financial crisis and the Great Recession.

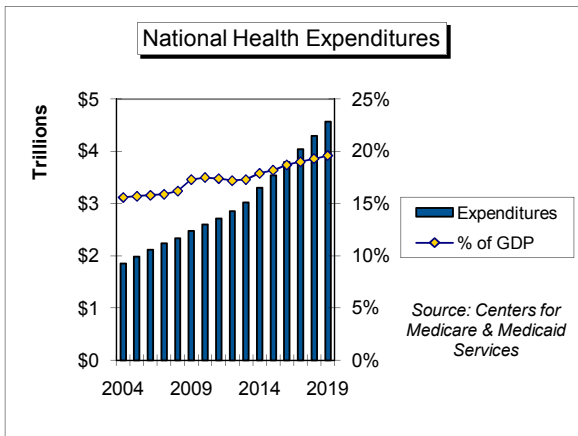
- The dollar volume of investment transactions for medical office space doubled in 2010 to \$3.2 billion following the recession-induced low point of \$1.6 trillion in 2009.
- The average capitalization rate for medical office buildings declined from 9.4 percent in 2001 to a low of 6.9 percent in 2007, a sign of more aggressive bidding by investors as the credit bubble inflated. After rising to a peak of 8.3 percent in 2010, the cap rate fell again to 7.6 percent in the first quarter of 2011 as investors returned to the market and drove up prices for MOB's and other property categories with attractive risk-adjusted yields.

Based on a survey of attendees at the BOMA Medical Office Buildings and Healthcare Facilities Conference in April:

- Nearly two-thirds of respondents indicated that their healthcare system is actively pursuing the development of outpatient clinics.
- Almost 90 percent of respondents indicated that their healthcare systems are pursuing mergers and acquisitions with other healthcare systems.
- The healthcare reform bill (Patient Protection and Affordable Care Act) was viewed to be the most significant factor influencing investor demand for healthcare properties.
- Nearly half of respondents believe healthcare property values will remain stable this year.

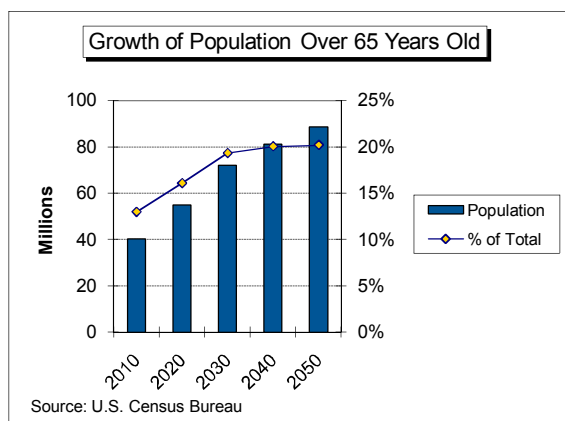
## Introduction

The underlying economic and demographic trends driving demand for healthcare properties from both users and investors are compelling. Also impacting the demand for healthcare properties are fundamental changes in the way health care is being paid for and delivered. In the old paradigm, the cost of medical insurance was borne by employers through private plans or the government through Medicare, Medicaid and other programs; employees didn't have to concern themselves with the cost of health care. For the most part, everything was covered. Increasingly, more of the costs of both insurance and health care are being shifted to the end consumer with individuals being called upon to make their own purchasing decisions.



The dollars spent on health care nationally are huge and have been increasing steadily every year. The U.S. spends about four times as much on health care as on national defense. Healthcare expenditures first topped \$1 trillion in 1995 and \$2 in 2006. In 2009, the most recent year where historical statistics are available, expenditures approached \$2.5 trillion, equivalent to \$8,086 per person in the U.S. Expenditures are expected to pass the \$3 trillion threshold fairly quickly, by 2013, and by 2019, they will approach \$4.5 trillion. The percentage of gross domestic product expended on health care is projected to grow from 17.6 percent in 2009 to 19.6 percent in 2019.

This projected increase in spending will be fueled in part by powerful demographic trends. Data compiled by the U.S. Census Bureau tell the story. America's population is growing older. As they age they will require more medical services, thus driving demand for healthcare facilities.

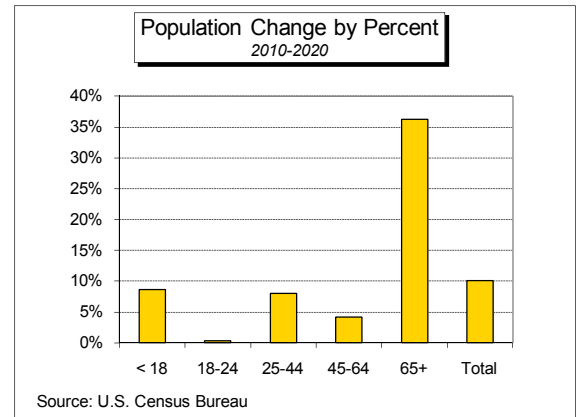


## Demand Drivers

There are currently more than 40 million Americans over the age of 65, and this age cohort is poised to take off beginning this year as the first baby boomers turn 65. The over-65 population is forecasted to reach 55 million by 2020 and 72 million by 2030, the year after the last of the boomers turn 65. This group will continue growing through the first half of this century, reaching 88 million by 2050. In 2010, the over-65 population was 13.0 percent of the total population. By 2050 this segment will constitute 20.2 percent of Americans.

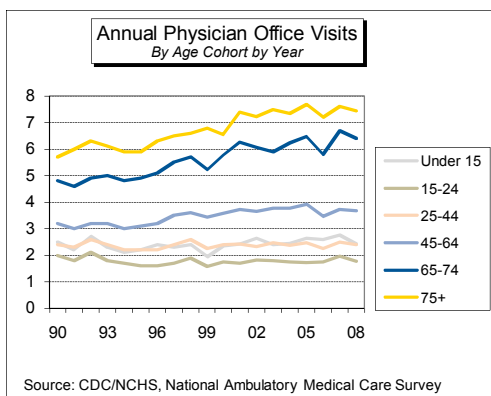
Where do these 65 and over individuals live? In 2009 11 states had more than 1 million of them: California, Florida, New York, Texas, Pennsylvania, Ohio, Illinois, Michigan, North Carolina, New Jersey and Georgia. Growth of the 65 and over population is highest in the West and South.

Not only is the number of people over 65 increasing, they are living longer. Average life expectancy was 49.2 in 1900 and 76.8 in 2000. People born in 2020 will have an average life expectancy of 79.5 years according to the National Center for Health Statistics. By 2020, the Census Bureau projects that there will be 6.6 million people over 85, an increase of 15 percent since 2010 versus 10 percent growth in the total population during this period. The 85+ age group is driving demand for nursing homes and skilled nursing facilities. The segment of the population for whom growth will accelerate most sharply in the current decade is the 65 to 84 group, which demographers expect will grow by 36 percent. This group will generate increased demand for all types of medical facilities, but particularly medical office buildings and the various services housed within them.



Another factor contributing to the growing need for medical services, according to the Census Bureau, is that 80 percent of seniors have at least one chronic health condition requiring ongoing care and 50 percent have at least two. The study predicts that by 2030 six out of 10 baby boomers will be managing more than one chronic condition such as diabetes, hypertension, arthritis or obesity.

Also boding well for the healthcare sector is the fact that the 65 and older Americans of the future are likely to be better educated and wealthier than the current population of senior citizens. As a result, they are more likely to access medical services and to do so more frequently.

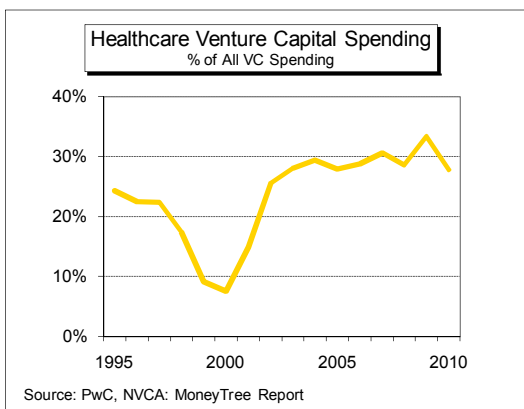
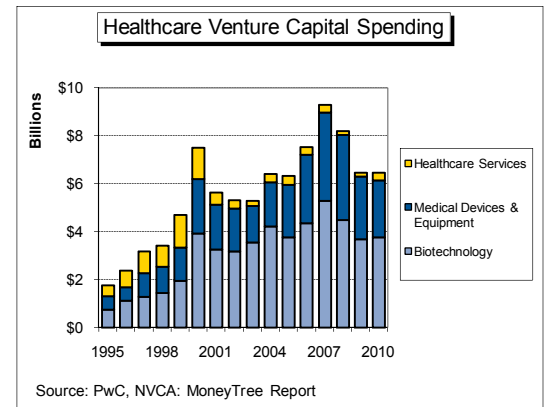


The rising propensity of all Americans to consume healthcare services, but particularly older Americans, is confirmed by the National Ambulatory Medical Care Survey, which gathers information about the health care provided by office-based physicians. The oldest age groups have the highest annual rates of physician visits, led by the 65 to 74 group, which visited physician offices an average of 6.4 times per capita in 2008, and the 75 and over group with an average rate of 7.4 visits per capita. Moreover, the number of physician office visits per capita has been increasing over time for older age groups. For people aged 65 to 74, the average rose from 4.8 visits in 1990 to 6.4 in 2008; people aged 75 and up averaged 5.7 visits in 1990 versus 7.4 in 2008. The conclusion here is that the massive boomer generation is moving into the age group most likely to consume healthcare services, and they appear to be more likely than prior generations to make use of healthcare services.

One of the forces encouraging the growth in physician office visits is the multiplication of patient treatment options. The advancement of medical technology is likely to continue indefinitely. Venture capital spending in the industries of biotechnology, medical devices and equipment, and healthcare services hit an all-time high in 2007 before receding moderately in the past three years along with spending for most other categories. Healthcare-related venture capital spending totaled \$6.5 billion in 2010, accounting for 28 percent of all venture capital spending. This suggests a growing pipeline of new treatment options and protocols that will eventually manifest in growing consumer demand.

The growing demand for healthcare services, in turn, will generate demand for the full range of healthcare professionals, many of whom will set up shop in medical office buildings and other types of privately owned clinics and medical facilities. Healthcare and social assistance jobs are projected to increase by 24 percent from 2008 to 2018 compared with 10 percent for all occupations. About 26 percent of all new jobs created in the U.S. economy during this period will be in the healthcare and social assistance industry.

Finally, the healthcare sector is less sensitive than other industries to fluctuations in the economy. While unemployed or uninsured individuals tend to postpone physician visits, the average number of physician visits per capita for the entire population tends to decline only slightly during recession years and bounce back quickly when growth resumes. While not recession-proof, the sector tends to be recession-resistant.



The escalation in healthcare costs is bringing changes to nearly every aspect of the industry as insurers and providers attempt to control costs. One way they're achieving this is by shifting more of the cost of health care to the individual. As a result health care is becoming consumer driven in a way it never has before. Healthcare benefits for employees are the second biggest expense for employers after wages and the fastest growing cost. Employees are now paying more for everything from insurance premiums to medical care itself. They are being encouraged by their employers and insurers to participate in wellness programs because individuals that are healthier tend to have fewer medical expenses. They are being required to make more decisions about where and how they will receive care. Healthcare providers now find themselves competing for business much like retailers. Depending on the outcome of the current deficit reduction debate in Washington, this trend may be accel-

erated in the future if some form of voucher system is implemented for Medicare recipients, encouraging them to become more discerning consumers of healthcare products and services.

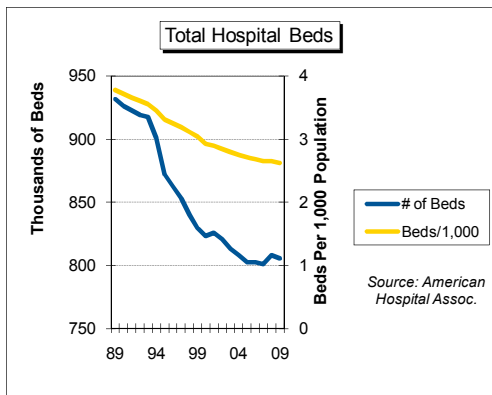
Health care is now available at stores. Retail-based medical clinics, called by some the doctor-in-a-box, emerged a few years ago. Major retailers like Walmart and CVS now have them in their stores. Staffed by physician's assistants or nurse practitioners, they offer a limited menu of healthcare services at clearly stated prices in a convenient walk-in retail environment. They can offer care at a lower cost because they have less expensive overhead, use less expensive labor and don't have to deal with patient billing. They offer an alternative for consumers who are uninsured, as well as those with insurance who don't want to wait in an emergency room or wait for an appointment with a physician.

Traditional healthcare providers are adopting the techniques of retailers as they attempt to win the business of consumers who are now in the position of evaluating healthcare options. The more convenience, comfort and amenities they can provide, the more attractive they are to consumers. Healthcare shopping centers are a new concept, offering outpatient surgery, oncology treatment, wellness centers, pain management, physician offices, patient education classrooms, imaging and diagnostic capabilities, urgent care, and other ancillary healthcare services. Beyond the array of healthcare services, these facilities also may include other retail uses – bank branches, cafés, health libraries, pharmacies and other complementary services – that help build traffic to the centers. Hospitals are adopting ideas from the hospitality industry as they reinvent themselves to compete for medical consumers' dollars.

## Healthcare Property Sector

Several different kinds of properties comprise the healthcare real estate universe. These include medical office buildings, surgery centers, specialty diagnostic facilities, hospitals, skilled nursing facilities, assisted living/senior housing and rehab facilities. The size of the healthcare properties market is estimated at between \$700 and \$750 billion, about half the size of the U.S. office market. Approximately one-quarter of that total is comprised of medical office buildings.

The construction of new healthcare facilities is being fueled by a number of factors including aging facilities, growth in patient demand, increased competition and advancing technology. One of the key areas of change impacting facilities is the way that healthcare services are being delivered. In the past, healthcare services were delivered in the centralized setting of a hospital, which offered a full range of services. Now the trend is toward decentralization, and that is driving the need for more and different kinds of facilities. Existing facilities are being modernized and smaller, specialty facilities are being developed. These smaller facilities are being built closer to the patients they serve.

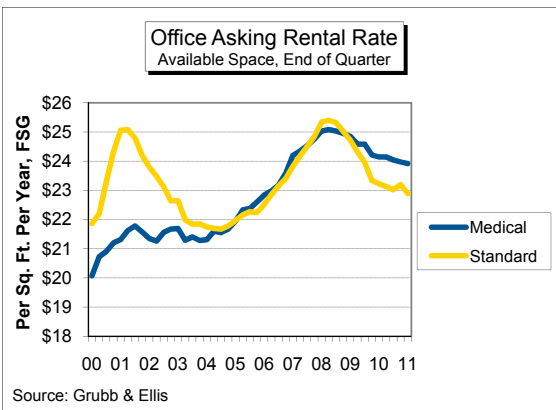


Medical office buildings are prime examples of this change. These facilities have evolved into more than just medical office space. Advances in technology mean that tests, procedures and treatments once provided in a hospital can be delivered in an outpatient setting. Tenants of medical office buildings now include diagnostic imaging centers, ambulatory surgery centers, and urgent care centers.

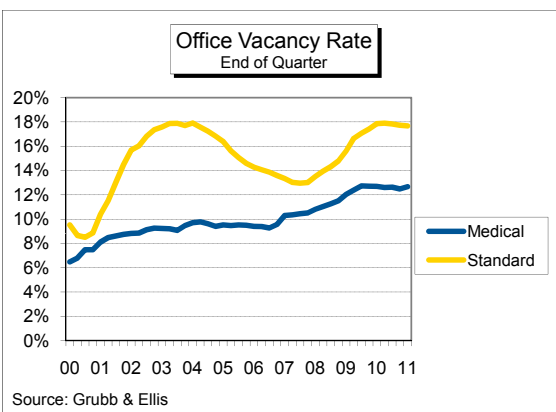
The trend toward out-patient healthcare services is evident in data from the American Hospital Association. The number of hospital beds in the U.S. fell from just over 1 million in 1985 to 806,000 in 2009, while the number of beds per 1,000 population declined from 4.21 to 2.62.

## Medical Office Space Market

Medical office is one of the most well tracked healthcare property types and one of the most available and familiar to investors. This asset class offers investors several advantages over traditional office buildings including higher occupancies, lower tenant turnover, longer term leases (typically 10 years or more compared with five years or less for a standard office lease), and less exposure to economic peaks and valleys.



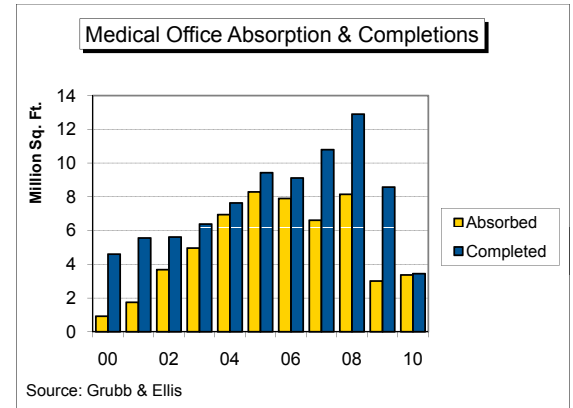
A comparison of rental rates for medical versus standard office space illustrates this last point. Since reaching a cyclical peak in the second quarter of 2008, the average asking rental rate for medical office space fell by 4.7 percent through the first quarter of 2011, less than half of the 9.9 percent drop in the average rate for standard office space.



On the other hand, medical office rents tend to rise more slowly in an expansion cycle. From their respective low points following the 2001 recession until their 2008 peak, asking rental rates increased by an annual average of 2.8 percent for medical office space (about the rate of inflation) and 4.3 percent for standard office space. Since the beginning of 2000, a 45-quarter period encompassing two bursting financial bubbles (the dot-com bubble in 2000 and the credit market bubble in 2007), two recessions and two sub-par recoveries, the average asking rate for medical office space fell in 15 quarters compared with 22 quarters for the average standard office asking rate. Thus, rental rates for medical office space are generally more stable and less prone to cyclical swings on the high or low side compared with traditional office space<sup>1</sup>.

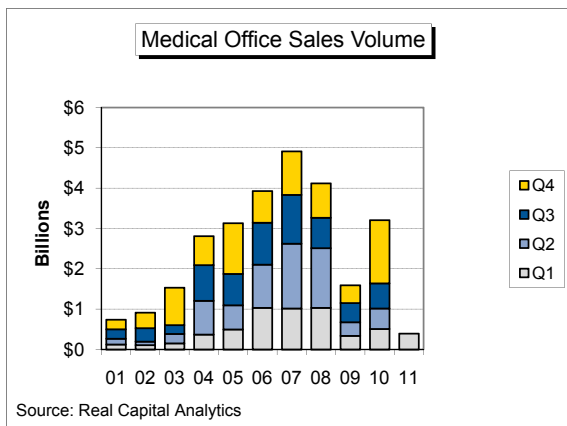
<sup>1</sup>Rental rates are generally higher for medical office buildings versus comparable standard office buildings due to the higher cost of medical tenant improvements. However, the standard office market includes many high-rise Class A CBD properties that raise the national average above the average for medical office space, which is located predominantly in suburban areas.

In the first quarter of 2011, the vacancy rate for medical office space nationwide was 12.7 percent, a full 5 percentage points lower than the vacancy rate for traditional office space. With a recession-induced decline in construction activity, vacancy has fluctuated by no more than 10 basis points in the past six quarters. A decade-low 3.4 million square feet of new medical office space was completed in 2010, down from the peak of 12.9 million square feet delivered in 2008. Absorption last year totaled 3.4 million square feet, just about matching space deliveries. This hasn't happened in more than 10 years as a decade-long construction boom – fueled by demand for new space close to newly built suburban hospitals – pushed deliveries ahead of absorption every year since at least 2000. These new buildings filled up at the expense of older properties, which suffered from rising vacancy rates, pushing the overall vacancy rate higher over the decade.



## Medical Office Investment Market

Investors acquired medical office properties valued at \$3.2 billion in 2010 for buildings with a sale price of \$5 million and over, more than doubling the post-recession nadir of 2009, according to Real Capital Analytics. Similar to other property types, medical office sales volume increased every year from 2001 to 2007 – the peak year of the credit market bubble – thanks to the highly liquid market fueled by abundant debt and equity capital. The big bounce in 2010 mirrored the increasing demand for assets across all property types as investors and lenders returned to the market in search of higher yields. The average capitalization rate for medical office space was 7.6 percent in the first quarter of 2011, down by 70 basis points from the post-recession peak last year – a sign of investor competition for the best properties. This is similar to cap rate trends for standard office space.



Publicly traded REITs accounted for the majority of buyers in 2010 with 46 percent of the total acquisitions, followed by private investors (fueled by non-traded REITs) with 35 percent of the total. Institutional, cross-border and the user/other category made of the balance of less than 20 percent, as reported by Real Capital Analytics. Public and non-traded REITs comprised nine of the top 10 investors over the past 24 months, led by Healthcare Trust of America (non-traded), Ventas (public), Senior Housing Properties Trust (public), Healthcare Realty Trust (public) and Grubb & Ellis (non-traded). REITs comprised 19 percent of buyers, followed by syndicators with 14 percent and privately sponsored equity-opportunity funds with 10 percent. On the sell side, privately sponsored equity-opportunity funds accounted for 16 percent of sellers, followed by users with 12 percent.

## Market Perceptions

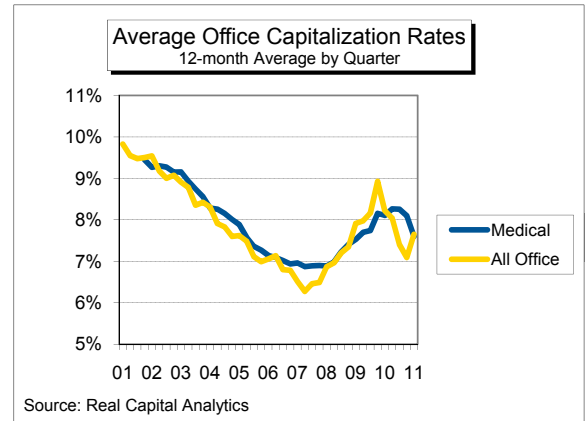
Grubb & Ellis conducted a survey of attendees at the BOMA Medical Office Buildings and Healthcare Facilities Conference in April. The survey garnered responses from 125 attendees across 25 states including leading healthcare providers, investors, developers, appraisers, brokers and architects. The respondents provided a wealth of insights into the leasing and investment markets for healthcare properties. The full report is posted in the research section of the Grubb & Ellis Web site ([www.grubb-ellis.com/research](http://www.grubb-ellis.com/research)), and some of the key findings are discussed below.

- Nearly two-thirds of respondents indicated that their healthcare system is actively pursuing the development of outpatient clinics. Nearly half indicated a targeted size range of 15,000 to 25,000 square feet, and more than three-fourths need space below 25,000 square feet.
- Almost 90 percent of respondents indicated that their healthcare systems are pursuing mergers and acquisitions of other healthcare systems. Of that 90 percent, two-thirds said they will shut down excess facilities created through the merger or acquisition. Fourteen percent indicated they will continue to operate the facilities of both organizations, and 29 percent said they will continue to operate all of the facilities and add new facilities as well.
- Respondents were asked to rank various factors influencing investor demand for healthcare properties. The top response was the healthcare reform bill (Patient Protection and Affordable Care Act) followed by the trend of independent physicians affiliating with healthcare organizations. Acquisition activity by healthcare REITs and the lack of development financing also ranked high on the list. (See Appendix A)
- Respondents were asked about the minimum lease term they would consider in a sale-leaseback deal. The most popular answer was 10 to 15 years, selected by nearly 60 percent.
- Nearly 60 percent of respondents said they intend to manage their healthcare property portfolios in-house.
- Surprisingly, 38 percent of respondents indicated that they have no plans to implement electronic medical records across their portfolios – the most frequent response; 35 percent said they plan to implement such a system, and 28 percent said they already have done so.
- For new acquisitions, 40 percent of investor respondents said they will use bank debt.
- Asked where they feel healthcare property values are headed this year, 46 percent said values will remain stable; 34 percent expected values to decline and just 21 percent said they are likely to increase.
- Tenant improvement allowances ranged from less than \$10 per square foot to more than \$50 per square foot depending on whether the property is first or second generation space, and whether it is on- or off-campus.
- Perceived cap rates cover a wide range depending on whether the property is on- or off-campus, single or multi-tenant, in a primary or secondary market, the financial strength of the healthcare system, the type of facility and numerous other factors. Given these multiple parameters, the most popular responses generally fell in the range of 7.0 to 8.5 percent, although there were many outliers. (See Appendix B)

## Outlook for Healthcare Properties

The healthcare properties market sits on the cusp of a boom in demand fueled by the aging baby boom generation, the youngest members of which turn 65 beginning this year. Not only does the 65 and over age group make more visits per capita to physicians' offices, this ratio has been increasing over time. Increasing levels of research and development spending in the public and private sectors will fuel growing demand for healthcare products and services. This will propel growth of healthcare-related occupations at about 2 ½ times the rate of general employment growth from 2008 to 2018 and, in turn, generate tenant and owner-user demand for medical office space and other types of healthcare properties.

The Great Recession and the current disappointing recovery are making the healthcare property sector, with its non-cyclical growth profile, look relatively more attractive compared with other property sectors, all of which fared poorly in the downturn.



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## Appendix A

### RANKING FACTORS

In the future, when we look back at 2011 regarding the Healthcare Real Estate Investment Market, how do you think we will rank the below factors in regards to the largest impact?

Healthcare Reform Bill					
	1	2	3	4	5
Ranks:	<b>36.1%</b>	20.8%	19.4%	18.1%	5.6%
Unaffiliated Physicians Trending Towards Affiliation					
	1	2	3	4	5
Ranks:	16.9%	<b>31.0%</b>	26.8%	19.7%	5.6%
Acquisition Activity of Healthcare REITs					
	1	2	3	4	5
Ranks:	20.8%	18.1%	<b>31.9%</b>	22.2%	6.9%
Lack of Effective Development Financing					
	1	2	3	4	5
Ranks:	20.0%	20.0%	24.3%	<b>25.7%</b>	10.0%
Other (Please explain below)					
	1	2	3	4	5
Ranks:	12.5%	18.8%	6.3%	12.5%	<b>50.0%</b>

## Appendix B

### MARKET CAP RATE VALUES: ON-CAMPUS - SINGLE TENANT LESSEE

Where do you perceive the current National Healthcare Real Estate Market Cap Rate Values to be regarding the following ON-CAMPUS Medical Office Building asset and SINGLE TENANT lessee scenarios?

Cap Rate Values										
	5.0 - 5.5	5.5 - 6.0	6.0 - 6.5	6.5 - 7.0	7.0 - 7.5	7.5 - 8.0	8.0 - 8.5	8.5 - 9.0	9.0 - 9.5	9.5 - 10.0
Healthcare System with STRONG Financials, STRONG Credit Single Tenant Building	2.0%	10.2%	16.3%	20.4%	<b>32.7%</b>	8.2%	6.1%	4.1%	0.0%	0.0%
Healthcare System with STRONG Financials, AVERAGE Credit Single Tenant Building:	0.0%	4.1%	2.0%	18.4%	<b>30.7%</b>	26.5%	10.2%	4.1%	2.0%	2.0%
Healthcare System with AVERAGE Financials, STRONG Credit Single Tenant Building:	0.0%	2.1%	2.1%	18.8%	<b>29.2%</b>	22.9%	20.8%	2.1%	2.1%	0.0%
Healthcare System with AVERAGE Financials, AVERAGE Credit Single Tenant Building:	0.0%	2.1%	2.1%	2.1%	20.7%	22.9%	<b>24.9%</b>	18.8%	2.1%	4.2%

### MARKET CAP RATE VALUES: ON-CAMPUS - MULTI TENANT LESSEE

Where do you perceive the current National Healthcare Real Estate Market Cap Rate Values to be regarding the following ON-CAMPUS Medical Office Building asset and MULTI TENANT lessee scenarios?

Cap Rate Values										
	5.0 - 5.5	5.5 - 6.0	6.0 - 6.5	6.5 - 7.0	7.0 - 7.5	7.5 - 8.0	8.0 - 8.5	8.5 - 9.0	9.0 - 9.5	9.5 - 10.0
Healthcare System with STRONG Financials, STRONG Credit Multi Tenant Building:	0.0%	4.3%	14.9%	<b>27.7%</b>	<b>27.7%</b>	14.9%	6.4%	8.8%	0.0%	0.0%
Healthcare System with STRONG Financials, AVERAGE Credit Multi Tenant Building:	0.0%	2.1%	6.3%	18.7%	18.7%	<b>35.5%</b>	10.3%	2.1%	4.2%	2.1%
Healthcare System with AVERAGE Financials, STRONG Credit Multi Tenant Building:	0.0%	4.3%	0.0%	10.6%	27.7%	<b>31.9%</b>	14.9%	8.5%	2.1%	0.0%
Healthcare System with AVERAGE Financials, AVERAGE Credit Multi Tenant Building:	0.0%	4.3%	0.0%	4.3%	14.9%	14.9%	<b>34.1%</b>	12.7%	12.7%	2.1%

## Appendix B (continued)

### MARKET CAP RATE VALUES: OFF-CAMPUS

Where do you perceive the current National Healthcare Real Estate Market Cap Rate Values to be regarding the following OFF-CAMPUS Medical Office Building asset and lessee scenarios?

Cap Rate Values										
	5.0 - 5.5	5.5 - 6.0	6.0 - 6.5	6.5 - 7.0	7.0 - 7.5	7.5 - 8.0	8.0 - 8.5	8.5 - 9.0	9.0 - 9.5	9.5 - 10.0
PRIMARY Market, SINGLE Tenant, Health System:	0.0%	6.4%	10.6%	12.8%	<b>31.9%</b>	21.3%	10.6%	6.4%	0.0%	0.0%
SECONDARY Market, SINGLE Tenant, Health System:	2.1%	2.1%	2.1%	10.6%	17.1%	<b>27.7%</b>	25.5%	6.4%	6.4%	0.0%
PRIMARY Market, MULTI Tenant Physician:	0.0%	4.1%	4.1%	10.2%	18.4%	<b>24.5%</b>	22.4%	12.2%	4.1%	0.0%
SECONDARY Market, MULTI Tenant Physician:	2.1%	2.1%	2.1%	8.4%	4.2%	18.8%	<b>31.2%</b>	14.6%	10.3%	6.2%

### MARKET CAP RATE VALUES: BY ASSET TYPES

Where do you perceive the current National Healthcare Real Estate Market Cap Rate Values to be regarding the following asset types?

Cap Rate Values										
	6.0 - 6.5	6.5 - 7.0	7.0 - 7.5	7.5 - 8.0	8.0 - 8.5	8.5 - 9.0	9.0 - 9.5	9.5 - 10.0	10.0 - 10.5	10.5 - 11.0
Acute Care Hospitals:	0.0%	18.2%	9.1%	<b>27.3%</b>	24.2%	9.1%	9.1%	3.0%	0.0%	0.0%
Long Term Acute Care Hospitals:	0.0%	11.8%	20.6%	5.9%	<b>41.2%</b>	14.7%	0.0%	2.9%	0.0%	2.9%
Specialty Hospitals:	0.0%	11.8%	11.8%	14.7%	<b>44.1%</b>	8.8%	5.9%	0.0%	0.0%	2.9%
Rehab Hospitals:	0.0%	16.1%	6.5%	13.0%	<b>35.5%</b>	16.1%	9.7%	0.0%	0.0%	3.1%
Assisted Living:	0.0%	6.5%	13.0%	16.1%	<b>29.0%</b>	22.6%	9.7%	0.0%	0.0%	3.1%
Skilled Nursing:	0.0%	6.1%	18.2%	12.1%	<b>27.3%</b>	24.2%	3.0%	3.0%	0.0%	6.1%
Memory Care:	0.0%	6.3%	21.9%	9.4%	<b>28.1%</b>	25.0%	3.1%	3.1%	0.0%	3.1%

## ABOUT THE GRUBB & ELLIS HEALTHCARE PROPERTIES GROUP

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At Grubb & Ellis, we measure our success by the service we provide our clients. Grubb & Ellis' Healthcare Properties Group takes its cue from the industry it serves, making the well-being of its clients its top priority.

The value that we provide our clients lies within our deep expertise the healthcare industry, including knowledge of everything from legislation affecting the healthcare industry to the medical-specific building systems that make hospitals and other medical facilities run smoothly. This expertise benefits both healthcare users as well as investors that own medical office assets.

For users, it means managing real estate strategically to optimize operations and patient care. For investors, Grubb & Ellis' understanding of medical office assets and its proprietary database of buyers and sellers represent an inside track to prime investment opportunities and successful dispositions. It is through these long-standing relationships and industry insight that our professionals bring the utmost benefits for clients and investments in the near- and long-term.

For more information, visit [www.grubb-ellis.com/healthcare](http://www.grubb-ellis.com/healthcare)



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