

CBRE ECONOMETRIC ADVISORS Presents

CBRE AMERICAS RESEARCH CONFERENCE 2016

REAL ESTATE DISRUPTIONS

CYCLIC RISKS AND SECULAR TRENDS

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Healthcare Capital Markets Group

CBRE *Build on
Advantage*

MEDICAL OFFICE / SENIOR HOUSING: A PLAY ON AGING

In 2050, the U.S. population aged 65 and over is projected to be 83.7 million, almost double its estimated population of 43.1 million in 2012.

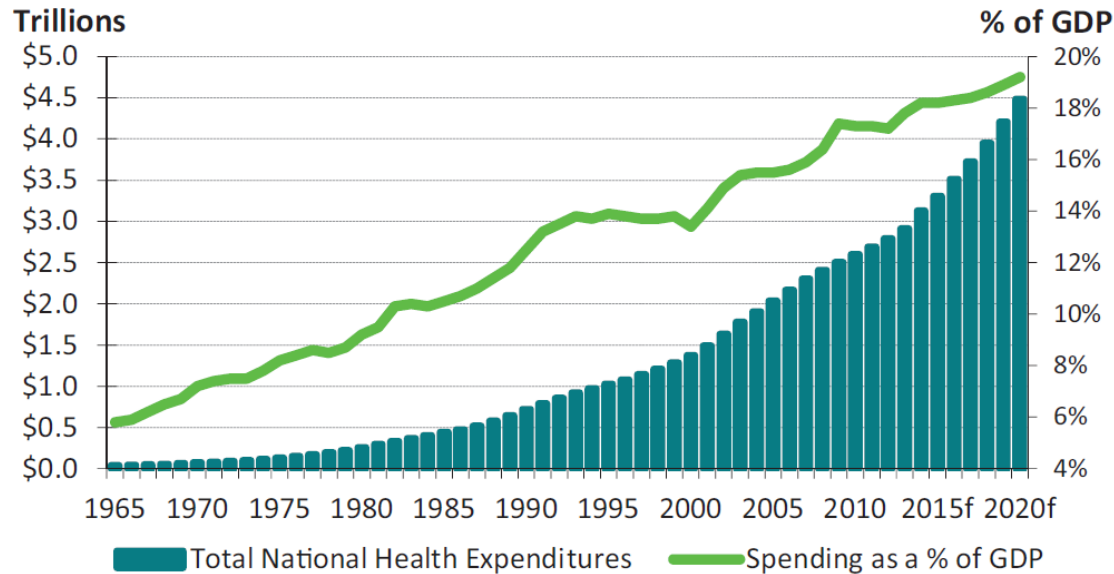
U.S. Department of Commerce
Economics and Statistics Administration



MEDICAL OFFICE / SENIOR HOUSING: A PLAY ON AGING

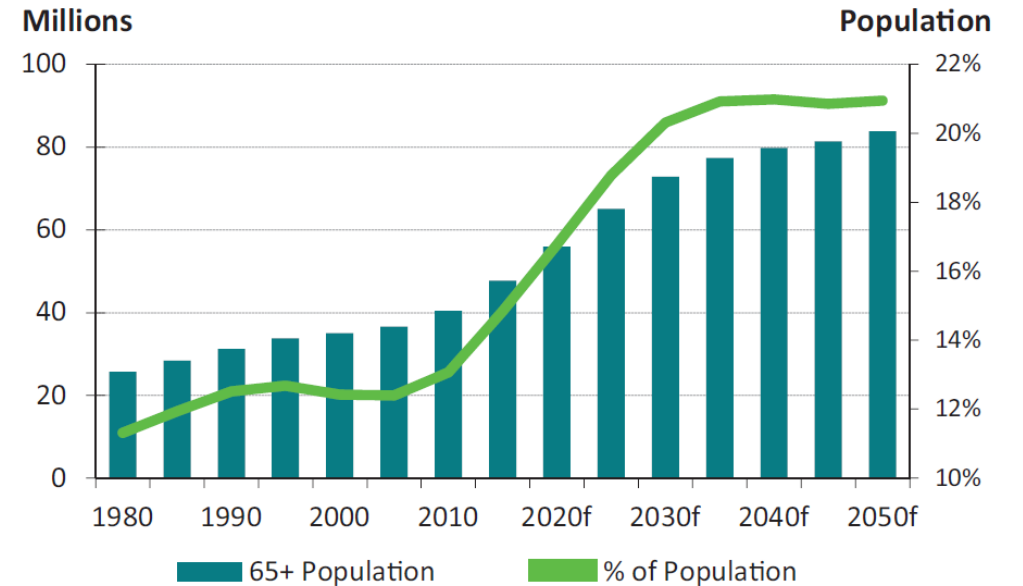
Healthcare Sector is Growing

Annual U.S. Healthcare Expenditures



Aging Population

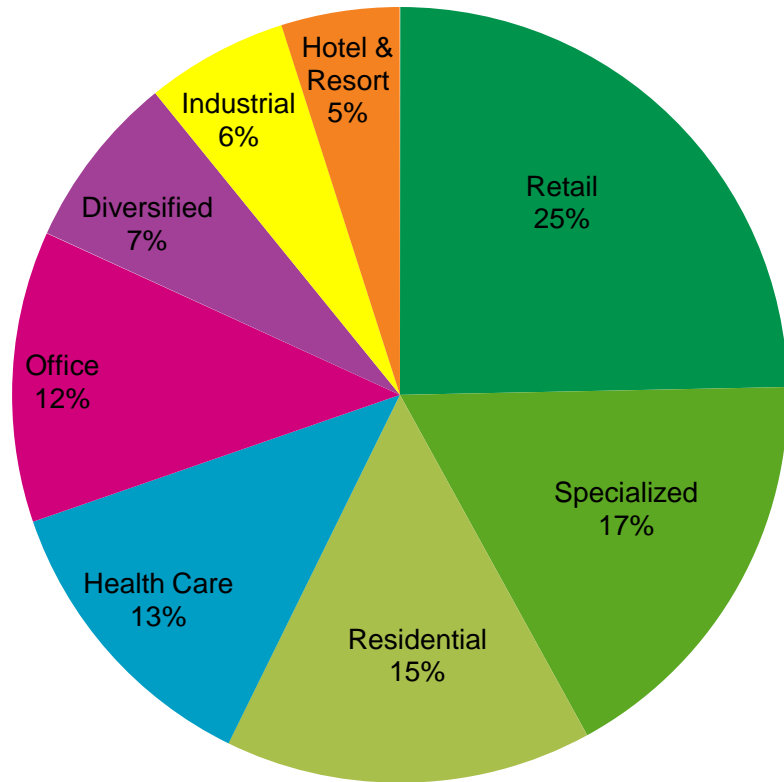
65+ Population and % of Population



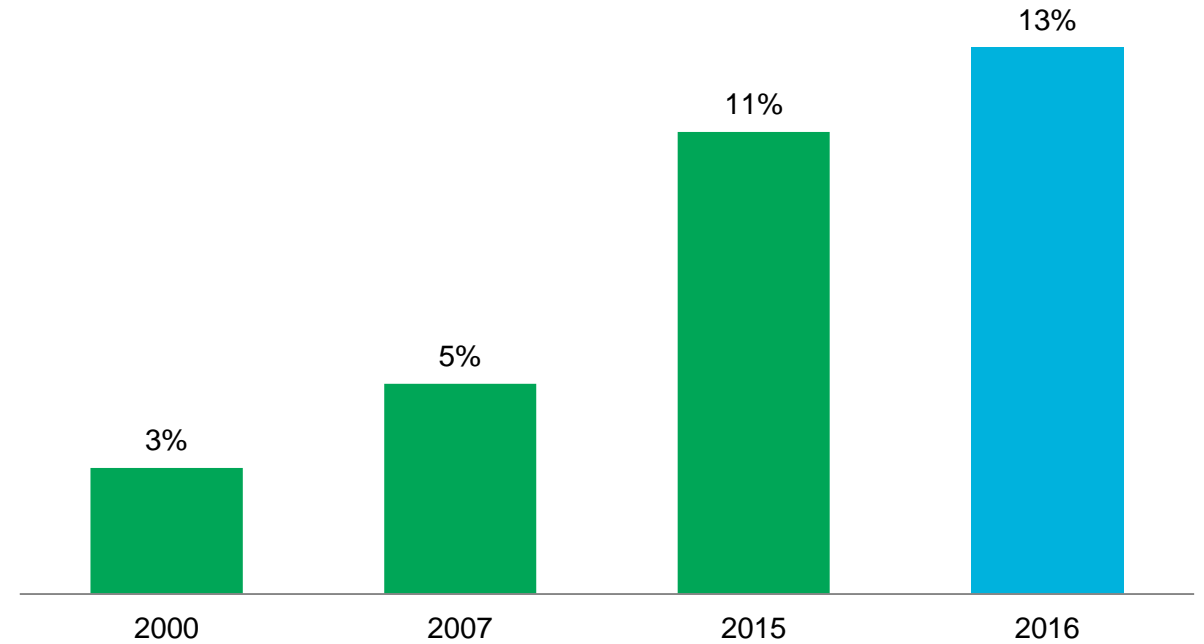
Sources: Centers for Medicare & Medicaid Services, U.S. Census Bureau, Bureau of Labor Statistics, Congressional Budget Office, Rosen Consulting Group.

KEEPING AN EYE ON THE INDEX WEIGHTS

MSCI US REIT Index: Sub-Industry Weights

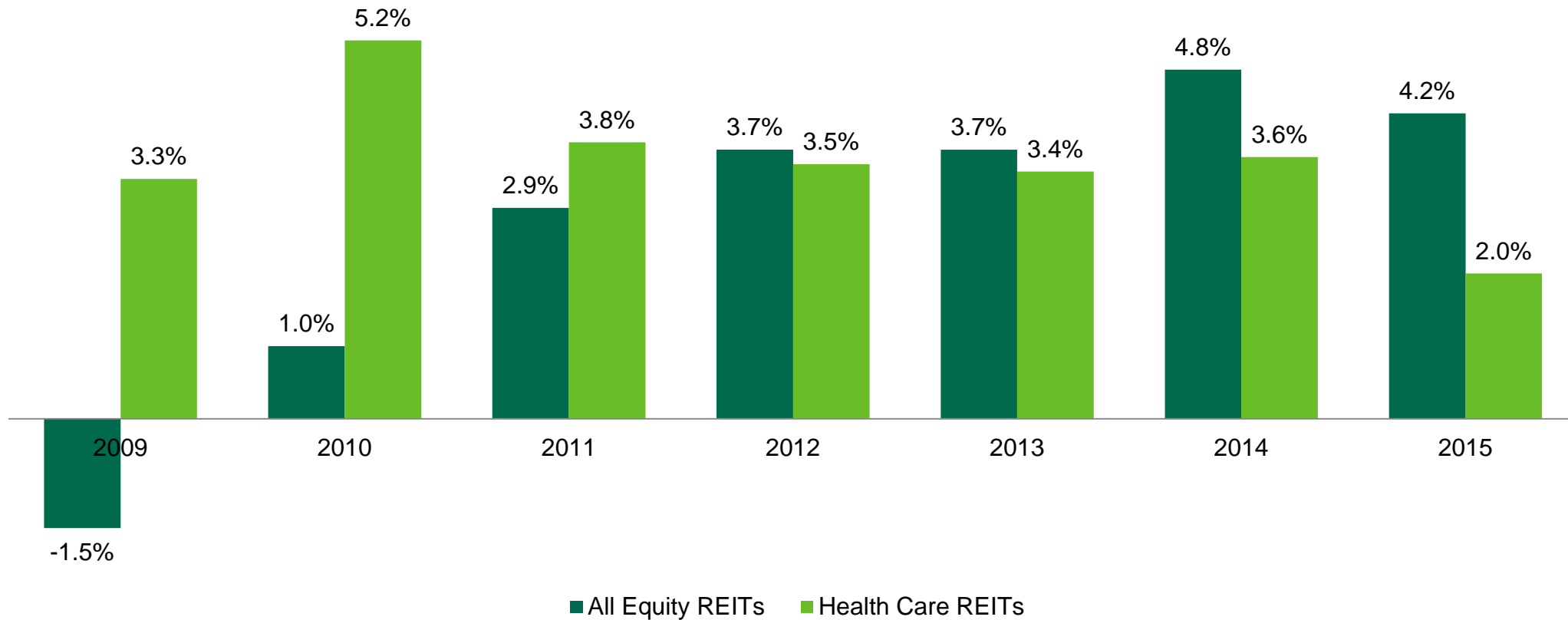


Health Care Weighting Over Time



HEALTHCARE REIT PERFORMANCE

Same Store NOI Growth - % Change



WHY MEDICAL OFFICE?

- Longer term leases (10-15 Years)
- Low tenant turnover (80%-90% retention ratio)
- Significant capital investment by tenants
- Difficulty replicating referral patterns
- Patients local sensitive (mimics retail)
- Higher occupancy rates
- NNN reimbursement structure
- Strong industry employment numbers
- Recession resistant asset class

THE BUYER POOL: THROUGH THE MEDICAL MICROSCOPE



4.5%+

Institutional Core Funds

Property Types
Urban Core Medical Office

Locations
Urban Core Primary Markets



Example Deal
First Hill Medical Pavilion (Seattle, WA)
\$199,000,000
\$874 PSF
Cap Rate 4.70%

5.0%+

Publicly Traded REITs

Hospital Sponsored Projects

“Wall Street” Approved Markets



Example Deal
Memorial Hermann Portfolio (Houston, TX)
\$225,000,000
\$187 PSF
Cap Rate 5.60%

6.0%+

Non-Traded REITs

All Types

Unbiased as long as not overly concentrated in one market



Example Deal
Atrium Medical Center (Middletown, OH)
\$19,300,000
\$187 PSF
Cap Rate 6.34%

6.5%+

High Net Worth Investors

All Types

Buyer specific



Example Deal
Southwest Medical Village (Austin, TX)
\$26,747,246
\$382 PSF
Cap Rate 6.70%

7.0%+

Core Plus Funds

All Types

Buyer specific



Example Deal
OrthoWilmington (Wilmington, NC)
\$26,437,878
\$345 PSF
Cap Rate 6.88%

7.5%+

Opportunistic Funds

All Types

Buyer specific



Example Deal
Saddleback Med Center (Laguna Beach, CA)
\$34,500,000
\$254 PSF
Cap Rate N/A (53% Occupied)