

This Real Estate Practice Newsletter covers market activity and trends in certain regional market areas and will continue to focus on issues impacting the healthcare real estate market and those who are figuring out how to succeed in it.

For more information on real estate and our other newsletters, visit our [real estate valuation blog](#). The PHC real estate group has compiled articles via various sources such as CoStar, Marcus & Millichap, and Healthcare Real Estate Insights that summarize expectations and performance during this period.

## Market Update

Commercial Real Estate prices have shown modest gains in the month of August after sustaining losses in earlier months this year; however, prices are still below their pre-pandemic levels. The equal-weighted U.S. Composite Index increased slightly by 0.2% in August, but it is still down 2.3% from the pre-pandemic peak back in March. The value-weighted U.S. Composite Index rose 1.4% in August, but that as well is still 0.4% down from its April pre-pandemic high.

Transactions totaled \$56.2 billion in the eight months ending in August, down 40.8% from the same time in 2019 as investors remained cautious in an uncertain economy. There was also continued deceleration in deals across the size and building-quality spectrum. Deals were down 45.9% in the investment-grade segment and 28.4% in the general commercial segment in the first eight months of 2020 compared to the same period in 2019.

## Real Estate Transactions and New Construction

**Healthcare Investor Buys Dallas-Area Building to Expand Texas Holdings.** Ridgeline Capital Partners, a healthcare real estate owner, has teamed up with Harrison Street, a Chicago-based investment firm, to purchase a three story, 70,000-square-foot medical building at 6121 N. Highway 161 in Irving, Texas. The property has sold for about \$28.3 million. The seller, Rubicon Development built the property with the purpose of creating a space that could be a “one stop solution for a patient”. Currently the building is partially leased to the University of Texas Southwestern Medical Center. At the recently sold building, the University of Texas Southwestern Medical Center, a growing public academic health science center based in Dallas, anchors the medical office building with a 14,000-square-foot ambulatory care center leased to Nexus beginning in early 2021 and other smaller medical office tenants. In all, the building is about 83% leased.

**Philanthropists Donate \$50 Million Toward New Monmouth Medical Campus.** Monmouth County philanthropists Anne & Sheldon Vogel donated \$50 million toward Monmouth Medical Center’s planned healthcare campus at Fort Monmouth in New Jersey. The project itself is expected to cost around \$1 billion to construct. The hospital, based in Long Branch, New Jersey, is part of RWJBarnabas Health, one of the largest medical chains in the Garden State with 11 acute-care hospitals, three acute-care children’s hospitals and a pediatric rehabilitation hospital.

RWJBarnabas struck a deal to acquire a 36.3-acre site in the Tinton Falls section of Fort Monmouth, a former U.S. Army base purchased by the state of New Jersey. The hospital chain plans to build a health campus at Fort Monmouth that includes an ambulatory care center, medical office building, Cancer Institute of New Jersey center, system business office and campus space for future medical and health facilities. The project has yet to be given a start date.

**ShareMD Increases Its Florida Real Estate Holdings.** ShareMD purchased a five medical office building portfolio at 740-7800 SW 87<sup>th</sup> Ave., Miami, FL for \$53.65 million. The two building Galloway Medical Park and three building Snapper Creek Professional Center were built between 1989 and 2000 on 10 acres and add up to a total of 181,711 square feet. The purchase increases ShareMD's portfolio to 12 locations totaling over 1 million square feet of owned healthcare assets in Florida and California. ShareMD purchased a 20-story medical and professional tower in Jacksonville earlier in the year and owns a two-building medical campus in south Florida.

**IRA Capital Acquires North Hills Health Center for \$60 Million.** The medical campus comprises two class-A buildings totaling 119,000 square feet that are 100% occupied by Froedtert Health, a five-hospital system and the primary teaching affiliate of the Medical College of Wisconsin. Froedtert provides a range of outpatient services at the North Hills facility including an MRI/imaging center, fertility clinic, sleep center, women's health center, pulmonary rehab facility, occupational medicine clinic and a walk-in urgent care, among others. The buildings also house two of the health system's subsidiaries: Inception Health, which serves as Froedtert's innovation arm that focuses on rapid testing and scaling digital health solutions; and Exceedent, a full-service health care third party administrator owned by Froedtert. The North Hills asset is strategically located in between two of Froedtert's largest hospitals, positioning the asset for continued success in a submarket where Froedtert has the only level I trauma center for adults. IRA Capital is among the most active healthcare real estate investors this year despite the ongoing challenges caused by the COVID pandemic.

**Anchor Health Properties Acquires Desirable Asset Portfolio in Prominent Healthcare Corridor.** Located at 7550 and 7600 Wolf River Boulevard, the 78,690 square foot assets are strategically positioned in a growing medical corridor. The facilities are anchored by Trumbull Laboratories, a clinical pathology laboratory affiliated with Baptist Memorial Hospital – Memphis (S&P BBB+). The strong affiliation with the health system results in significant referrals, including all outsourced tissue-based services. Since occupying the premises in 2010, Trumbull Labs has significantly invested in the interior buildout creating a modern laboratory space featuring state of the art technology designed for testing and diagnostic work. This synergistic ecosystem of primary care and specialty services offers beneficial referrals amongst the tenants. The sole commercial space on-site, a wealth management branch operated by Wells Fargo, provides an additional amenity to the clinical tenants and surrounding residential community.

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