

Healthcare

Healthcare Impacting the Commercial Real Estate Sector

The healthcare sector is experiencing rapid expansion in the United States, with a notable trend towards outpatient treatment centers over inpatient facilities. This shift offers healthcare owners opportunities to optimize their real estate usage and improve space efficiency. In addition, medical office buildings are surpassing traditional office spaces in growth nationwide.

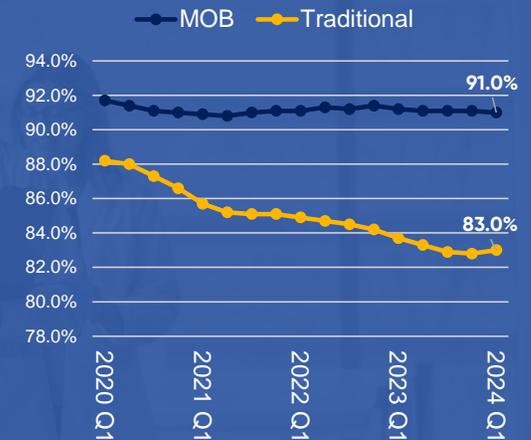
Real Estate Optimization

The healthcare industry is increasingly focused on optimizing real estate needs to enhance efficiency and expand services, reflecting a strategic shift towards **maximizing** operational effectiveness and meeting evolving patient needs. With the rise in telehealth and online healthcare services, it has allowed healthcare providers to maximize their space and focus on new technologies and efficiency.

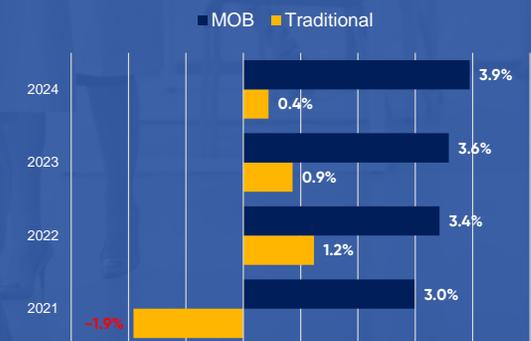
A large focus has been on Ambulatory Surgery Centers (ACS) which are experiencing significant growth in order to expand their outpatient services. They are predicted to **grow 22%** over the next decade, with double digit growth expected (Double Digit Growth Expected for Ambulatory Surgery Centers | Provista). Value Based Care initiatives are introducing a broad range of providers and payers aiming at enhanced care management and cost efficiency. Despite challenges, the industry has remained strong, with most markets operating at **over 90% occupancy**. Flexibility is key within the healthcare industry with a new push for AI technologies and achieving the most efficient and flexible space.

Traditional Office Buildings vs Medical Office Buildings

Occupancy



Annual Rent Growth



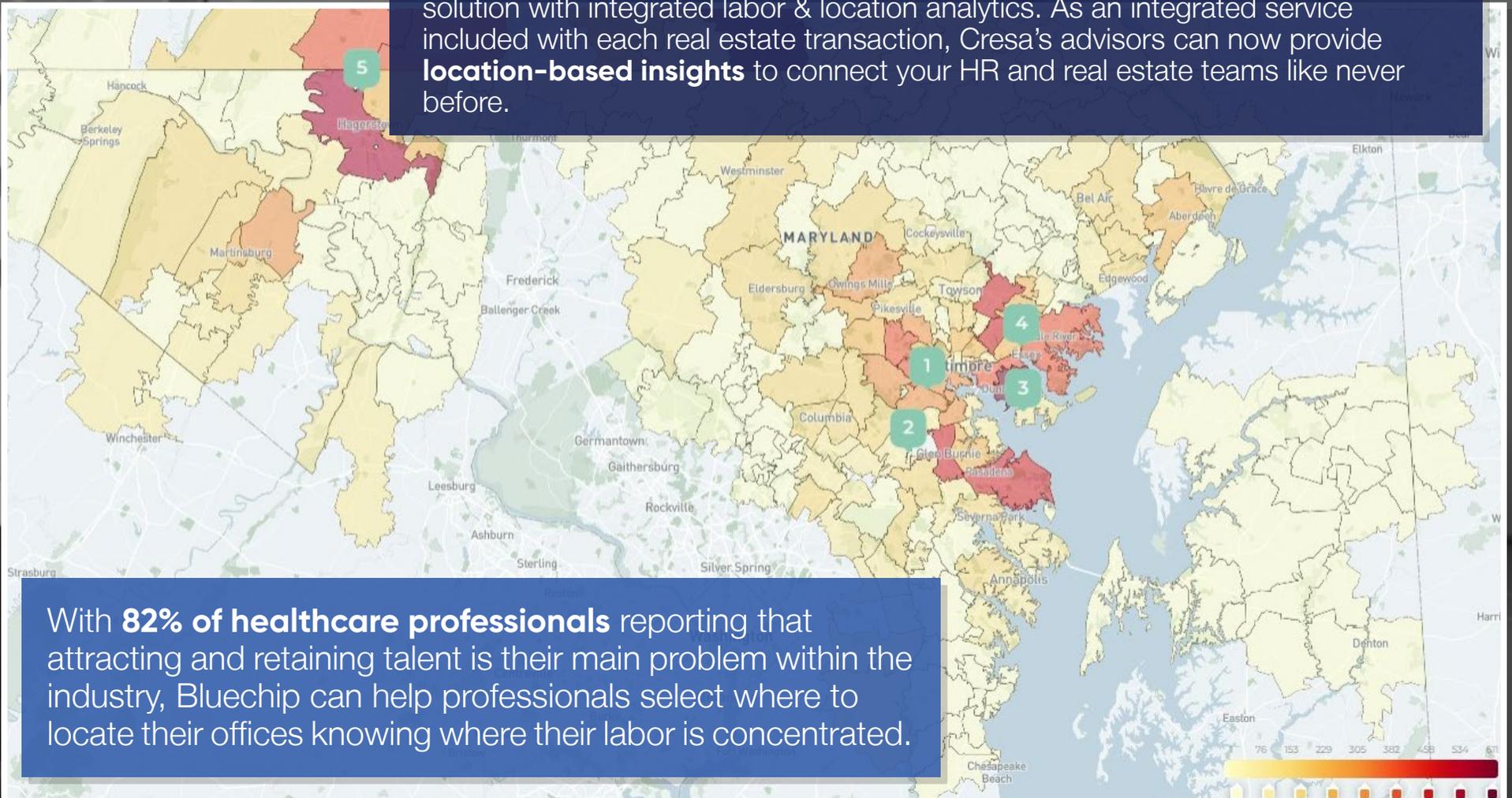
	Rent Growth (12mo.)	Occupancy Rate	Net Absorption SF (12 mo.)	Deliveries SF (12 mo.)	Under Construction SF	Under Construction	Avg. Cap Rate
MOB	3.9% ↔	91.0% ↔	4,963,832 ↑	11,599,197 ↔	14,257,771 ↔	0.91% ↓	6.55%
Traditional	1.9% ↔	83.8% ↓	(60,201,548) ↓	67,470,827 ↓	119,333,297 ↓	1.04% ↓	7.28%

Source: CoStar, Cresa, 2024 Data is thru Q1 2024

Location-based insights

Bluechip Analytics

Real estate decisions are made around business drivers, and talent is leading the way today. **Cresa's Bluechip Analytics** delivers a comprehensive site-based solution with integrated labor & location analytics. As an integrated service included with each real estate transaction, Cresa's advisors can now provide **location-based insights** to connect your HR and real estate teams like never before.



With **82% of healthcare professionals** reporting that attracting and retaining talent is their main problem within the industry, Bluechip can help professionals select where to locate their offices knowing where their labor is concentrated.

Healthcare Challenges

- Healthcare Professionals consistently have said that labor shortages and the reduction in the talent pipeline remains one of the largest challenges for their industry
- 82% of health industry leaders said attracting and retaining talent is a top challenge in their business
(source: PWC HealthCare)
- The unpredictability of the costs within the industry, specifically the cost of the space and technology
- Rising construction costs, regulatory complexities and shrinking margins
- With high equipment expenses and large spaces, spaces need to be efficient and practical
- The capital available to build out and pay for the space



Healthcare Expertise



Case Study: DispatchHealth in DC

DispatchHealth inked a five-year, 3,750-square-foot lease at One Glover, a 110,000-square-foot office building in Washington, D.C.'s Georgetown neighborhood. The asking rent was \$47 per square foot.

Headquartered in Denver, DispatchHealth provides medical care in patients' homes. The company offers same-day, urgent medical care, hospital alternative care and recovery care. Currently, it serves more than 100 areas around the U.S., including Northern Virginia.

Ross Brannigan, Scott Churchley and Brittney Lane of **Cresa** represented DispatchHealth in the lease, while Mark Wooters, James Collins and Gina Damond of Cushman & Wakefield (CWK) represented the owner.

Select Healthcare Clients



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Sources:

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