

1Q17



HEALTHCARE CAPITAL MARKETS FOR THE INTELLIGENT INVESTOR

INVESTMENT INTELLIGENCE

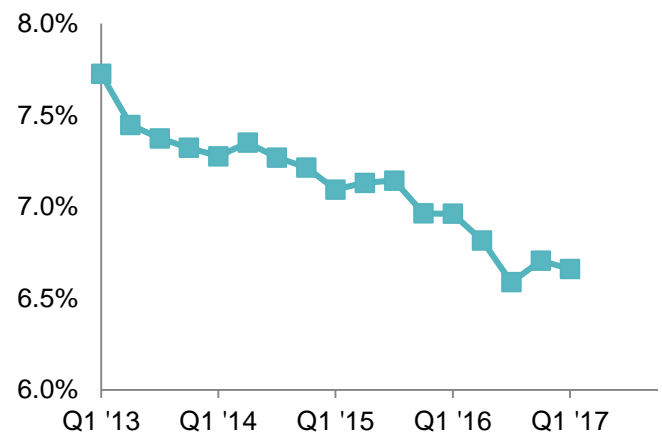
Quarterly transaction volume dipped below \$2.0 billion for the first time since Q1'2014. It's worth noting that we believe that this was due to uncertainty surrounding the interest rate environment after the 2016 election. In the first quarter of 2017, sellers that had previously held off brought a high volume of opportunities to market. There is still strong demand for the best opportunities and pricing fundamentals still remain at or near their historically-strongest levels.

Because the Fed increased interest rates once during the quarter and signaled the possibility of additional increases, we anticipate strong investment activity in the near term.

- ♦ **Transaction Volume** – Q1'2017 closed with \$1.8 billion in MOB transactions located in the US, a 20% decrease compared to Q1'2016 (RCA)
- ♦ **Investment Demand** – Capitalization rates remained unchanged to an average of 6.7% for Q1'2017 (RCA)
- ♦ **Buyer Profile** – Private investors represented 41% of the MOB buyer pool followed by publicly traded US healthcare REITs representing 23% year-to-date as of Q1'2017 (RCA)
- ♦ **Vacancy Rate** – The vacancy rate remains at historically low levels, ending Q1'2017 at 7.5% (Costar)

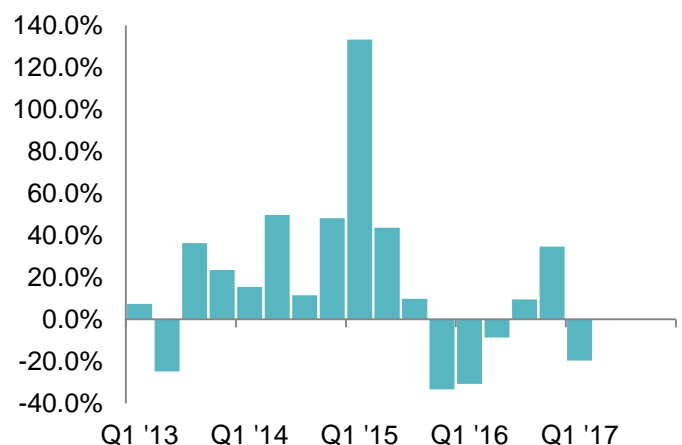
Average Cap Rate
(yield)

Benchmark



Source: RCA

Change in Sales
(Medical Office (Y/Y))



Source: RCA

IQ17

Newmark
Knight Frank
Global Corporate Services



HEALTHCARE CAPITAL MARKETS FOR THE INTELLIGENT INVESTOR

Newmark Knight Frank United States Locations

New York City

HEADQUARTERS

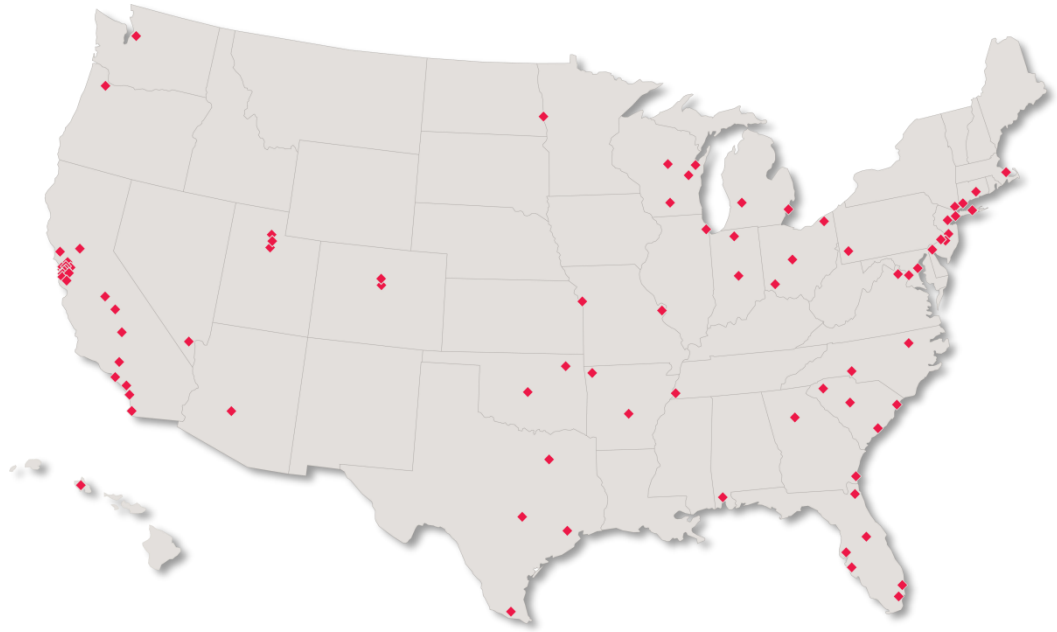
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Newmark Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents.

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