

YEAR END 2019

## Metropolitan Detroit MEDICAL REAL ESTATE

# UPDATE

### Detroit's healthcare real estate continues to grow



Detroit's healthcare real estate continues to grow as the baby boomer generation nears retirement, creating the need for additional medical facilities throughout the country. Today, there is more institutional money chasing quality healthcare investments than ever, as healthcare real estate returns outperform other market segments.

Since the Affordable Care Act now reflects some stability, physicians are more apt to make long-term decisions about the space they occupy.

Asking rents in Metropolitan Detroit averaged \$22.82 triple net with an overall occupancy rate of 84.3%. To lease space that sat on the market longer than desired, a few landlords have even become more aggressive on their rental rates and tenant improvement contributions.

Over the past 20 years, the market for quality medical office buildings has grown from 2.4 million square feet to 4.85 million square feet with continued signs of expansion.

- **Local health systems have battled for market share, presence, and claims of superior patient satisfaction.** *i.e. Henry Ford Health System is under construction on two outpatient medical centers: a six-story 145,000-square-foot facility in Royal Oak and a 83,000-square-foot facility at the Village of Bloomfield in Bloomfield Hills. Additionally, Henry Ford announced plans for a 120,000-square-foot outpatient medical center in Plymouth.*
- **Beaumont, not to be upstaged, announced construction plans (in partnership with Denver, CO NexCore Partners) for two ambulatory centers located in Livonia at 120,000 square feet and Lenox Township at 110,000 square feet.**
- **St. Joseph Mercy Health System, in partnership with Integrated Healthcare Associates, announced the construction of an 80,000-square-foot complex on the Schoolcraft College campus in Livonia costing approximately \$31 million that will house primary, specialty, and urgent care operations.**
- **Detroit's healthcare systems are planning on adding approximately 650,000 square feet of clinical space over the next 24 months.**

#### Healthcare real estate continues to be the darling of the real estate investment world.

Two major transactions garnering attention are:

- **The \$1.25 billion sale of 55 buildings from CNL Healthcare Properties to WellTower, which includes the 63,000-square-foot Novi Orthopaedic Center on the Providence Park Campus in Novi.**
- **Northern Equities agreed to sell the 130,000-square-foot Columbus Corporate Center to MB Healthcare Real Estate after Henry Ford Health Systems committed to a new, 10-year lease for the entire building; the cap rate was estimated at 6.25%.**



### FEATURED PROPERTY Class A

#### Keystone Medical Center | Novi MI 48377

Etkin proudly took over the leasing duties of the Class A 52,000-square-foot Keystone Medical Center in March 2017. On behalf of our client, Colony Capital, Etkin has negotiated leases totaling 38,374 square feet, including a new Ambulatory Surgery Center, Keystone Specialty Care Pharmacy, Kuresmart Pain Management, and Michigan Ear Institute. All this has increased occupancy from 52% to 74% with an aggressive marketing plan.

Etkin is proud to announce Global Medical REIT (based in Bethesda, Maryland) selected us to manage and lease its newly acquired 67,865-square-foot Lansing MOB Portfolio, consisting of 3 medical office buildings situated in a campus-like setting.

Property  
Management

# UPDATE



#### FOR MORE INFO

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