

MOB Transaction Volume – January – May, 2020

By Beth Young

As of the last week of May and almost three months into the isolation of the Covid-19 pandemic, I am finally seeing prospects take action and pick up where they left off a few months ago. Three offers came in for two single-tenant properties in one day this week, and a large transaction that has been on hold is demonstrating signs of recovery. Even tenants who had stopped expansions have contacted me to say they will be moving forward, just not as quickly as originally planned.

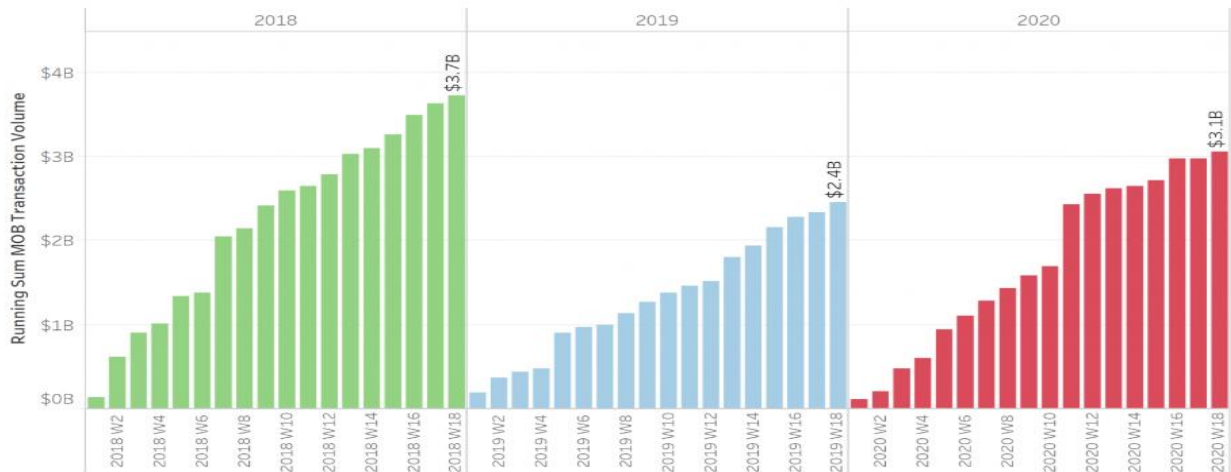
Surprisingly, the volume of MOB transactions in 2020 is still ahead of 2019, at least in the first third of the year. Revista, a national database of medical office properties and publisher of healthcare property news, reported \$3.1B worth of MOBs had been traded through May 2nd, compared to \$2.4B in 2019.

However, Revista says volume is starting to slow. The average weekly volume in the first four weeks of May was only \$100M, actually 15% lower than the same time frame in 2019.

Occupancy is currently 91.7% nationally, down 11 basis points, YOY. It is reported that revenue growth and expense growth were both lower in 1Q20, at 1.6% and 0.7% respectively. NOI growth was 2.4% in 1Q20, up 20 bps from 1Q19, but down from 4Q19.

See below for Revista’s comparison of this time period for years 2018 – 2020.

Running Sum MOB Transaction Volume - Jan - April



Source: Revista