

1Q2018

Medical Office Report

In this issue...

Darren Lizzack & Randy Horning discuss the

**Top 5 Amenities
Every Medical Office Needs**



TEAM LIZZACK-HORNING

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Medical Office 1Q'18 Market Report



Medical Office
Market

420 Boulevard, Mountain Lakes

At a Glance...

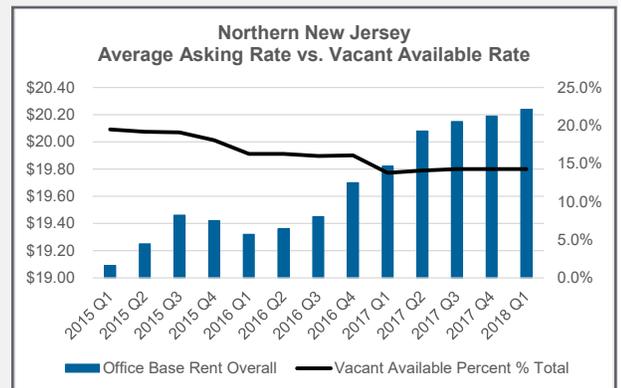
- There are currently 2,146 medical buildings in Northern New Jersey, which consists of 13 counties, representing 31,856,945 square feet.
- The Bergen County market accounts for 317 (15%) of those medical buildings or 4,296,562 square feet.
- Average asking rates ended the quarter at \$20.24 per square foot base rent in Northern New Jersey compared to \$23.79 per square foot base rent in Bergen County.

Market Update

The Northern New Jersey market saw over 200,000 square feet leased in the first quarter of 2018. Average asking rates ended the quarter at \$20.24 per square foot. Rates are up \$0.05 per square foot from the fourth quarter of 2017 and up \$0.42 per square foot from the first quarter of 2017. The vacancy rate at the end of the first quarter was 14.3%, which has stayed constant since the 3rd quarter of 2017. There was over 43,000 square feet absorbed in the first quarter.

The Bergen County market saw 16,000 square feet leased in the first quarter and over 27,000 square feet absorbed. The average asking rate ended the quarter at \$23.79 per square foot. The rate is up \$0.21 per square foot from the fourth quarter of 2017 and up \$1.67 per square foot from the first quarter of 2017. The vacancy has been on the decline slightly and ended the first quarter at 9.5%. The rate is down 0.7% from the previous quarter and down .1% from the fourth quarter of 2017.

It was recently announced that Hackensack Meridian Health and Memorial Sloan Kettering are creating a joint venture to create and operate cancer care centers in New Jersey. The boards must approve the centralized location that both sides have chosen, but they are in the process of creating common clinical care standards that will be applied to all their locations.



Top Transactions for 1Q'18

SALES

420 Boulevard, Mountain Lakes

25,000 sf sold for \$5,000,000

Buyer: Pagano Real Estate, Inc.

Seller: Mountain Lakes Associates

166 Franklin Avenue, Ridgewood

7,607 sf sold for \$2,000,000

Buyer: Fadi Mark Samani

Seller: Devin Consulting LLC

LEASES

17,073 sf - 1200 Route 22 E, Bridgewater

7,500 sf - 295 Durham Ave., South Plainfield

6,518 sf - 2 Brighton Rd., Clifton

6,420 sf - 201 Willowbrook Blvd., Wayne

*Please see page 4 for NAI Hanson Transactions.

Top 5 Amenities Every Medical Office Needs

By: Darren M. Lizzack, MSRE & Randy Horning, MSRE

Providing quality amenities to medical office employees is important for encouraging employee engagement. As noted in our comparison of the pros and cons of an open concept office space, employee engagement in America is very low. In order to combat low engagement, businesses need to demonstrate their investment in employee wellbeing. Not only can amenities attract new employees, but also they can improve the morale of current employees. Amenities are more than a physical investment; rather, amenities can encourage a healthy office culture. Below are the top amenities that every medical office should offer.

1. Provide Tablets for Employees - While laptops were very popular in the mid-2000s, tablets have since seen a steep rise in ownership. [From 2010 to 2015](#), American adults who owned tablets rose from 3% to 45%. Tablets are being chosen over laptops because they have a longer battery life. They are also lighter than many laptops. Tablets are designed to be used anywhere: they can be used while sitting, standing, or even walking. Desktop computers and laptops, however, require stationary use. Tablets tend to be very affordable as well.

Additionally, tablets allow employees to easily work remotely from home. [A Gallup poll](#) found that employees who spent less than 20% of their time working remotely were the happiest with their job. Allowing employees to work remotely once every few weeks can be enough to maintain their engagement at work.

Inputting forms is far more efficient with a tablet than with a pen and paper. Information stored on one tablet can be easily transferred to other internal systems. [One study](#) found that 36% of patients at medical offices were interested in digitally transmitting their health data to their provider using a wireless device.

2. Utilize Humidifiers - Humidifiers are an often overlooked office amenity. By investing in an efficient humidifier, offices are improving their employee's health. In offices, dry air can cause skin, eye, and lip irritation. This problem becomes exacerbated during the winter, when heating systems further dry out the air. Dry eyes are an increasingly common issue in offices, since most office workers frequently use computer screens. Digital screens often lead to eye strain, which in turn leads to uncomfortable working conditions. However, humidified air can improve an eye's moisture barrier. Air that is humidified helps improve air circulation. This means that air-related respiratory problems, such as asthma or allergy symptoms, are relieved. [When using a humidifier, maintain a relative humidity of between 40% and 60%](#). Dry air can cause wood furniture to crack and dry out. This can lead to unstable and warped furniture. A humidifier will prevent the joints of wooden furniture from loosening. An office does not need a humidifier in every room. Even one humidifier in a large office space can make a difference. While employees may not be immediately impressed by the presence of a humidifier, the increased air quality will certainly benefit them very quickly.

3. Sponsor Catered Office Lunches - Fostering a healthy work culture is perhaps a less tangible amenity, but it is vitally important to employee productivity and engagement. [A 2017 study](#) found that in industries with low turnover rates, offices that involve their employees in a positive office culture reach 59% less turnover. One avenue to promoting a healthy work culture is by sponsoring communal office lunches. This can come in the form of catering food in the office, or an office can visit a physical restaurant instead. Many offices already offer free snacks in break rooms as an amenity. [A 2015 survey](#) found that 66% of employees who were simply offered a diverse stock of pantry items reported being very pleased with their job.

Sponsoring a joint meal encourages staff bonding as well. Also, providing meals to staff can help their health. It has been proven that one's mood affects how they eat. In 2014, [one study](#) found that negative mood management was often solved by eating unhealthy food.

4. Provide Reliable or Discounted Parking - [Over 70%](#) of New Jersey-ans drive alone when commuting to work. Medical offices that offer on-site parking can easily attract new employees and customers simply due to the convenience of the commute to their location. However, some offices have limited parking available to staff. One option to remedy this is by working with local parking garages or parking lots. Consider organizing an employee parking discount with a parking service. If that is not an option, larger medical office buildings can consider offering a shuttle that brings employees and clients from a parking location to the medical office building.

Top 5 Amenities Every Medical Office Needs - cont'd

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Another option is to invest in New Jersey commuter tax benefits programs. The Commuter Tax\$ave program, for example, allows employees and employers to [save money](#) on commuter parking and mass transit expenses. Employees who commute by car and need to pay to park near their workplace are also eligible to savings of [up to \\$1,175](#). For businesses where parking discounts are not an option, consider assisting employees in enrolling for these commuter-friendly New Jersey programs.

5. Offer a Modern and Comfortable Break Room - Set aside a private room for employees to relax in. Having a separate location for this prevents distractions at office desks while also promoting staff wellbeing. Providing a separate place to relax also encourages employees to get up and move around. Offering a break room is partially a symbolic gesture: the mere presence of the room demonstrates to employees that they are expected to take time off, and that they will not be penalized for it.

A [Staples](#) study found that more than 75% of employees reported that a comfortable break room would help them unwind and relieve stress. A work productivity app, [DeskTime, conducted a study on its users](#). It found that the most productive employees would take breaks for 17 minutes and work for 52 minutes over the course of a work day. Encouraging small breaks throughout the day will allow employees to recharge and stay productive. Try to furnish the room with nature elements such as wood grain furniture and bright, open windows. A thoughtfully designed break room will demonstrate to employees that your business is invested in their wellbeing. Providing a space separate from an employee's desk or office also encourages them to step away from their work and unwind for a few minutes.

Medical offices need to remain competitive. By offering unique and affordable amenities, businesses can both attract new employees while also improving the office culture for current employees. Amenities are more than attractive bells and whistles: they demonstrate a business' investment in their staff. By investing in these amenities, your business can stand out from the crowd.

NAI James E. Hanson Recently Completed/Under Contract Deals



82 Grand Avenue
Englewood, NJ
1,300 sf leased to a skin spa



63 Grand Avenue
River Edge, NJ
3,112 sf medical condo (buyer rep)



160 Overlook Avenue
Hackensack, NJ
2,610 sf medical condo

Featured Medical Office Properties of NAI James E. Hanson



177 N. Dean Street
Englewood, NJ
4,756-8,150 sf for lease



4 Hunter Street
Lodi, NJ
3,000± sf for lease



1700 Valley Road
Wayne, NJ
69,163± sf for lease



75 Orient Way
Rutherford, NJ
1,845-4,654± sf for lease