

# Northern & Central NJ 1Q 2022 Report

FEATURING

“1Q Commercial Real Estate Market”  
by **Darren Lizzack, MSRE** and **Randy Horning, MSRE**



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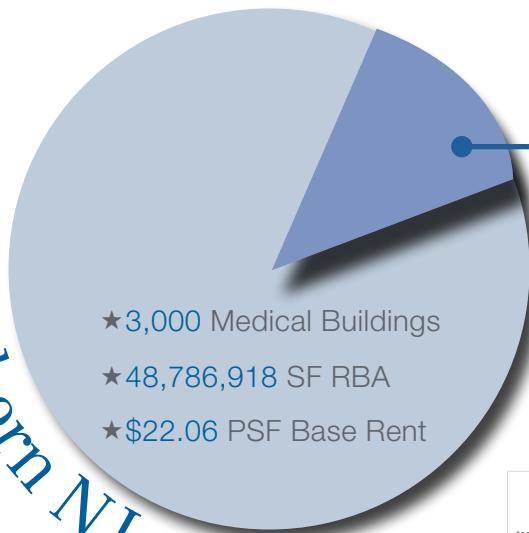
#### SERVICES OFFERED

Brokerage • Property Management • Corporate Services • Financing • Logistics • Government Services  
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1Q2022

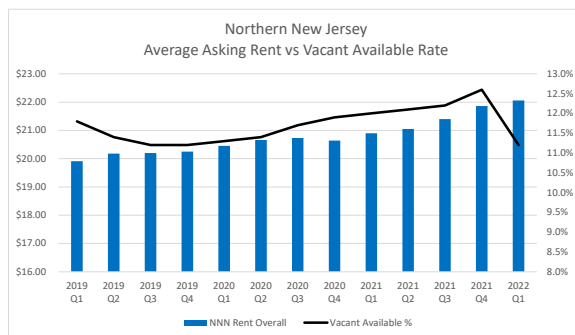
**NAI James E. Hanson**  
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

Northern NJ



## Bergen County

- ★ 431 Medical Buildings
- ★ 6,714,398 SF RBA
- ★ \$25.56 PSF Base Rent



## TOP SALES & LEASES

### SALES

**40,000 SF | \$22,000,000**

Rothman Medical Building, Sewell, NJ

Buyer: Rothman Institute

Seller: Woodmont Properties

JV Atkins Companies

**76,308 SF | \$9,700,000**

25 Lindsley Drive, Morristown, NJ

Buyer: JD Moore

Seller: Liza Rico



25 Lindsley Drive, Morristown, NJ



### LEASES

**9,000** | 550 Kinderkamack Road, Oradell, NJ

**6,626 SF** | 825 Bloomfield Avenue, Verona, NJ\*

**3,125 SF** | 4808 Bergenline Avenue, Union City, NJ

*\*NAI Hanson Transaction*



**Team Lizzack-Horning**

Leased Two Suites  
at 825 Bloomfield Avenue  
in Verona, NJ



## HEALTHCARE

1Q 2022  
Commercial Real Estate Market

*By: Darren Lizzack, MSRE and Randy Horning, MSRE*

It's not hyperbole to suggest the country has faced its worst public health crisis in more than a century. The pandemic fueled the pace at which trends in the healthcare real estate market had already been taking place. Investment companies anticipate that — thanks to strong demand, federal stimulus funding, and other factors — this asset class will continue to attract investors.

### Virtual Healthcare

Telehealth increased by necessity, as COVID made it necessary to conduct medical visits via Zoom and other virtual platforms. Its use spiked during the worst of the pandemic and while its use has declined somewhat since the pandemic's early days, it remains an important, effective way for patients to seek care.

Digital health services hit over [\\$15 billion in 2020 — nearly double that of 2019](#). McKinsey & Co. found [telehealth adoption grew 35% to 46% over two years](#). Virtual medicine has found a permanent home, as the technology enables those with chronic illnesses or requiring primary care an alternative to coming into the office.



### Behavioral Health Properties

According to [one healthcare investor](#), “Institutional investors have warmed up to having behavioral health tenants in their buildings and portfolios. We’ve seen cap rates move toward more traditional medical office building valuations.”

A 2020 study conducted by the National Council for Mental Wellbeing found 54% of behavioral health organizations anticipate [increased demand within the mental health services industry](#). The pandemic had a serious, negative effect on capacity — 65% of organizations had to cancel, reschedule, or stop accepting new patients. Healthcare companies continue their investments in facilities that provide behavioral health services. An additional 52% of behavioral health organizations saw an increased demand for services.

### Senior Healthcare Housing

COVID-19 seriously impacted healthcare facilities responsible for caring for seniors. Assisted living, independent living, memory care, skilled nursing, and other senior housing operators saw significant drops in rental revenue and profit growth.



# HEALTHCARE

1Q 2022  
Commercial Real Estate Market - continued

More recently, vaccinations and improved safety protocols have improved the sector's performance, as has the growing customer demand. The U.S. has almost [29,000 assisted living communities](#) — with nearly one million licensed beds — today. [New Jersey alone has 200 assisted living communities](#) with 21,300 beds or licensed maximum capacity serving an average of 83 people apiece.



Every day, [10,000 people turn 65 in the U.S.](#) The population of older adults is expected to double over the next 30 years, numbering about 88 million people, representing over 20% of the population by 2050. Demand for this type of housing will continue to grow.

## Increased Outpatient Facilities

An increase in outpatient facilities isn't new — it's a trend that's been building for the last decade or so. It did, however, accelerate during the pandemic as more hospital systems recognized the value of locating outpatient centers within the communities they serve.

## Other Growing Healthcare Real Estate Trends

### *Flexible spaces*

A joint PwC and Urban Land Institute reported on emerging real estate trends says traditionally designed spaces within healthcare facilities will see a “massive shift” toward more flexibility.

The pandemic forced a quick pivot within these buildings to allow a faster, easier response to the health crisis, but increased technology, better staffing efficiency, and changing reimbursement practices offer another strong argument for continuing to create flexible spaces. The trend may include an ability to quickly convert standard patient rooms, ORs and even waiting rooms into ICUs, for example.

### *Ongoing construction*

An industry report estimated [spending on healthcare construction projects will reach \\$45.8 million in 2023](#). While the pandemic may have temporarily paused healthcare real estate construction projects, the pace is picking up again, fueled by tenant and investor demand, low interest/default rates, and occupancy rates.

The industry will also see the continued expansion of non-traditional healthcare facilities in big box stores and malls that have closed, and other community locations convenient to consumers. It's possible the previous trend of erecting free-standing ERs and urgent care clinics will slow thanks to an oversaturated market.



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## YTD TRANSACTIONS OF TEAM LIZZACK-HORNING

ADDRESS	CITY, STATE	SIZE (sf)	TENANT
825 Bloomfield Avenue	Verona, NJ	6,266	Geria Dermatology LLC
720 E Palisade Ave	Englewood Cliffs, NJ	881	Behavior Supports Assoc.
59-61 W Pleasant Ave	Maywood, NJ	2,537	Everyday Urgent Care

# Congratulations

Darren and Randy were recently promoted to **VICE PRESIDENT** at NAI Hanson due to their tireless efforts in helping tenants and owners in the healthcare field find their perfect space!



## FEATURED MEDICAL PROPERTIES OF TEAM LIZZACK-HORNING

### FOR LEASE



**Clara Maass Medical Campus**  
Belleville, NJ  
606 - 26,823 sf for lease

### UNDER CONTRACT



**23-00 Route 208**  
Fair Lawn, NJ  
25,944 sf for sale

### UNDER CONTRACT



**81 E Route 4**  
Paramus, NJ  
10,000 sf for sale or lease

### FOR LEASE



**305 W. Grand Ave**  
Montvale, NJ  
1,320 - 9,003 sf for lease

### LEASE PENDING



**1135 Broad Street**  
Clifton, NJ  
7,796 sf for lease

### JUST SOLD



**364 Lafayette Avenue**  
Hawthorne, NJ  
3,851 sf for sale or lease

### FOR LEASE



**206 Bergen Avenue**  
Kearny, NJ  
3,571 - 28,867 sf for lease

### LEASE PENDING



**4 Hunter Street**  
Lodi, NJ  
1,608 sf for lease