

2Q2019

Medical Office Report

In this issue...

Darren Lizzack discusses Current Trends in Healthcare Design.

Teterboro • Parsippany • naihanson.com



Darren M. Lizzack, MSRE
201 488 5800 x104
dlizzack@naihanson.com



TEAM LIZZACK-HORNING



Randy Horning, MSRE
201 488 5800 x123
rhorning@naihanson.com

Medical Office 2Q'19 Market Report



240 W. Passaic Street, Maywood

At a Glance...

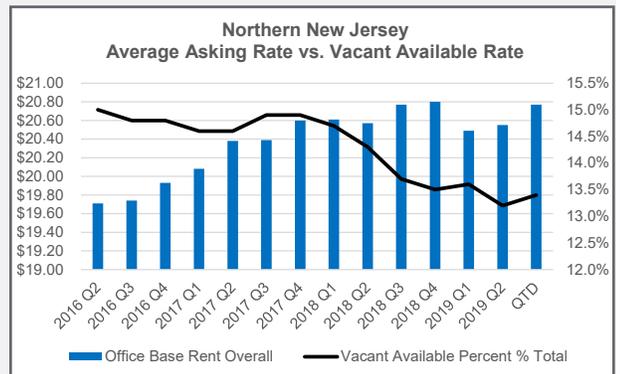
- There are currently 2,474 medical buildings in Northern New Jersey, which consists of 12 counties, representing 38,635,056 square feet.
- The Bergen County market accounts for 369 (15%) of those medical buildings or 5,280,527 square feet.
- Average asking rates ended the quarter at \$20.55 per square foot base rent in Northern New Jersey compared to \$23.83 per square foot base rent in Bergen County.

Market Update

The Northern New Jersey market saw over 239,000 square feet leased in the second quarter of 2019. Average asking rates ended the quarter at \$20.55 per square foot. Asking rates are down \$0.02 per square foot from the second quarter of 2018, but are up \$0.17 per square foot from the second quarter of 2017. Rates have stayed in the \$20 range since the first quarter of 2017. The vacancy rate at the end of the quarter was 13.2%, which is down 1.1% from the second quarter of 2018 and down 1.4% from the second quarter of 2017. The was over 149,000 square feet absorbed in the quarter.

The Bergen County market saw over 42,000 square feet leased at the end of the second quarter. Average asking rates ended at \$23.83 per square foot, which are up \$0.32 per square foot from the second quarter of 2018 and up \$1.06 per square foot from the second quarter of 2017. Vacancy at the end of the quarter was 8.7%, which has been on the decline. The rate is down 1.3% from the second quarter of 2018 and down 2.5% from the second quarter of 2017.

Both Hackensack Meridian Health and RWJBarnabas announced their new facilities. Hackensack Meridian Health is building a 530,000 square foot \$714 million state-of-the-art patient pavilion while RWJBarnabas is building a \$750 million cancer pavilion.



Top Transactions for 2Q'19

SALES

222 High Street, Newton
35,786 sf sold for \$8,625,000
Buyer: Instone
Seller: M. Gordon Construction

1310 5th Street, North Bergen
11,068 sf sold for \$2,175,000
Buyer: Kenneth Rubin, MD
Seller: NE Regional Council Carpenters

LEASES

7,033 sf - 800 Kinderkamack Rd., Oradell

5,511 sf - 1135 Broad St., Clifton (Renewal)*

3,782 sf - 4 Hunter St., Lodi*

1,830 sf - 240 W Passaic St., Maywood*

*NAI Hanson Transaction

Current Trends in Healthcare Design 2019

By: Darren Lizzack, MSRE

The future of healthcare design includes creating more warm, inviting and flexible spaces for patients and medical staff alike. While healthcare campuses, clinics, boutiques, and other medical facilities each have their own requirements, those common needs include:

- Greater flexibility and adaptability
- Technology-driven spaces
- Bringing the outdoors inside
- Addressing concierge healthcare needs
- Preventing infection spread



Flexible and Adaptable Spaces

While building new facilities from scratch might provide the ultimate best option—it's also expensive. Because healthcare spaces require operational and physical flexibility, spaces equipped to handle multiple, similar functions increase use-per-square-foot efficiency and reduce costs. Whether it's wheeled partitions in administrative departments to shell spaces in office buildings, [flexible, adaptable design](#) makes sense.

[Modular storage systems](#) install easily to hold a myriad of items, easily transforming a room from a patient examination space to an office. Well-planned shell spaces (or soft areas) that work as placeholders for future expansion upgrade quickly into hard spaces to accommodate more office space or additional patients and equipment. [Prefabricated](#) partitions also increase a space's adaptability, breaking down easily to increase a room's size or wheeling in quickly to add privacy or create triage space to treat more patients simultaneously.

As the heart and soul of nursing care, workstations enable collaboration, improve workflow, and increase proximity to patient rooms. While trends shifted away from centralized stations in the mid-2000s, [studies have revealed mixed outcomes](#) about the efficacy of decentralized stations. These stations were intended to reduce walking distance for nurses, locate nurses in closer proximity to the patients on their caseload, and take advantage of advanced health IT and electronic medical records (EMR). But many [nurses report feelings of isolation](#) in environments that rely more on decentralized nursing stations. Some studies indicate [blending the two styles of nursing stations](#) makes the most logistical sense.

Technology-Driven Spaces

Technology continues to advance at breakneck speed—and its use in healthcare facilities is limited only by the imaginations of those tasked with finding ways to incorporate it most beneficially.

[Digital kiosks](#) have streamlined patient check-ins, improving efficiency and patient experience, providing secure access, and promoting compliant accessibility. [Telemedicine](#) facilitates faster consults with experts across the globe. Mobile workstations enable instant access to patient records—and even instant testing, without having to move patients at all. More healthcare facilities have included charging stations in waiting rooms and throughout their buildings to allow patients, visitors, and staff to charge mobile devices.

Hospitals and healthcare systems have come to rely on artificial intelligence (AI) and virtual healthcare to improve patient care and streamline processes. Whether it's helping facilities better manage their inventory or evaluate the effect of the environment on staff and patients, [evolving technology enables a more refined operational efficiency](#).

Biophilic Design

This concept—the idea of promoting a greater connection between people and nature by [designing buildings that bring nature indoors](#)—offers physical, psychological, and emotional benefits similar to enjoying time outside, perhaps wandering through a park or meandering down a forest trail.

Dr. Edward O. Wilson, a psychologist, coined the term in the 1980's after he saw [the increasing disconnect people felt as one result from increased urbanization](#). The World Health Organization (WHO) has stated that stress-related illnesses will become the largest contributors to disease by 2020. A greater connection to and reliability on technology often reduces that connection to nature, which leads to fewer opportunities to recharge mental and physical energy—two critical needs upon which our bodies depend, and which nature provides a balm for restoring.

Research has shown that incorporating natural elements directly or indirectly into built environments reduce heart and blood pressure levels and stress and increase creativity, productivity, and feelings of well-being. [Studies show](#) that recovering patients derive benefit from exposure to natural elements incorporated into a healthcare environment. Incorporating biophilia within hospitals has [reduced post-operative recovery by 8.5% and pain medication use by 22%](#). An additional [95% of patients and families](#) who connect with nature report lower stress levels, more positive thoughts, and better coping ability.

Whether it's incorporating a fountain or indoor river, adding natural airflow and employing floor-to-ceiling windows and skylights to let in natural light, and even making space for an inside atrium, [bringing the outside in](#) creates a calming environment and positively affects everyone.

Concierge Healthcare Services

Concierge medicine is a relatively simple idea that's based on a [membership model](#). It can offer patients house calls, after-hours access to physicians, help with decoding, completing, and filing insurance claims, same-day appointments, and unrushed, longer time spent with the doctor. Doctors who embrace the practice of concierge healthcare tend to have smaller scale practices, a patient-centered philosophy, and strong care coordination.

Design experts recommend spending time to thoughtfully plan the office space. Neutral-colored waiting and exam areas enhances sophistication and puts patients at ease. [Natural colors](#)—blues, greens, shades of brown—create a soothing environment. Add comfortable furniture in waiting rooms—armchairs, sofas, tables with built-in charging stations—and warm colors on the walls create a cozy feeling. Clear signage is important, too, and helps keep stress levels down in patients and family members navigating an unfamiliar space.

Preventing Against the Spread of Infection

An aesthetic design elevates the beauty of a space—but equally important is using materials that protect against the spread of germs. According to the [Centers for Disease Control \(CDC\)](#), approximately one in 31 patients in the U.S. contracts a healthcare-associated infection (HAI) on any given day. Healthcare facility designers use a variety of antimicrobial coatings to fight that spread of disease.

Copper finishes are [naturally antimicrobial](#), killing E. coli, strains of methicillin-resistant staphylococcus aureus (MRSA), strains of the flu, and more. Copper adds warmth and richness to spaces when used for door handles, drawer pulls, and cabinet knobs and other [areas that are touched frequently](#).

Current Trends in Healthcare Design 2019 cont...

Healthcare
Division

NAI James E. Hanson

Photoactive pigments that coat glass, ceramic, and steel surfaces, kill microbes exposed to artificial and natural ultraviolet (UV) rays—and these coatings are often used in commercial bathrooms as well as operating, exam, and emergency rooms.

Indigo LED lighting limits the spread of airborne bacteria found in treatment and operating rooms. This combination of 405nm indigo and white LEDs kills bacteria by causing a chemical reaction that destroys the microbe's cells. One brand—Indigo-Clean—shows

Incorporating Right Healthcare Design Trends

The healthcare industry is a continuously-evolving, complex system that must adapt constantly to reduce operating expenses, address patient needs, integrate emerging technologies, and comply with stringent regulations while still delivering world-class care. A healthcare facility must accommodate a full range of activities while promoting patient safety and welfare in an environment that reflects calm, competency, and care—and that partners with the medical team to guide patients and their families on their journeys.

Design techniques play an integral part in the overall patient healing process and experience—whether it's inviting nature inside, updating lighting design and strategies, using color, maximizing space and room function with multipurpose furniture and movable walls, creating warm and inviting patient rooms, or finding more effective ways to integrate and use technology.

Featured Medical Office Properties of NAI James E. Hanson



1135 Broad Street
Clifton, NJ
36,141 sf for lease
Medical Office



201 Rock Road
Glen Rock, NJ
2,300 sf for lease
Medical/Retail/Office



23-00 Route 208
Fair Lawn, NJ
5,014 sf for lease
Medical Office



90 Prospect Avenue
Hackensack, NJ
6,253 sf for sale
Medical Office



140 Prospect Avenue
Hackensack, NJ
7,700 sf for lease
Medical Office



1132 Spruce Street
Mountainside, NJ
1,233 sf for lease
Medical Office



122 E. Ridgewood Avenue
Paramus, NJ
2,224 sf for lease
Adjacent to Valley Hospital



75 Orient Way
Rutherford, NJ
4,654 sf for lease
(last remaining suite)