

# Northern & Central NJ 2Q 2020 Report

FEATURING

“Elevated Temperature Measurement Truths & Falsehoods”

by **Michael Starer**

“Monitoring Disrupted Supply Chains”

by **Tracy Anderson**



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COVID-19 is persisting. New Jersey is currently in Stage 2 of reopening and shortly will be entering Stage 3. More places of business can reopen and start their businesses again. In the medical community, it's not so easy as being told you're able to open your office again. There is a cost aspect of reopening, as well as safety measures/precautions that need to be taken into consideration. Adhering to patient flow guidelines may result in seeing fewer patients throughout the day. For many medical offices, patients are being asked to remain in their cars until being "called" upon. Their temperature is then taken at the door before access to the office can be granted. A patient is then carefully admitted to a room to see their doctor. Patient expectations of cleanliness, hygiene, and safety are at an all-time high. The practices that adhere to the highest level of standards will be the most successful.

What does this mean from a real estate perspective?

During the past few months, we have been contacted regularly from both landlords and tenants regarding not being able to pay rent. We have been negotiating to help both the landlord and the tenant. We understand that landlords have mortgages and other expenses to pay and tenants have not been allowed to practice or generate income. Unfortunately, most insurance companies are not paying out for business interruption insurance because no physical damage is present and most leases do not have force majeure clauses. We have been handling these situations on a case-by-case basis depending on the landlord's situation and what type of practice the tenant has. We have been working diligently to make sure that both sides are treating each other fairly during these trying times and we often come to an amicable compromise. We found that 93% to 95% of medical practices were able to pay their rent on time, however, when looking at their reimbursable timelines, they will have trouble in about 6-8 months because they were not able to see patients or conduct procedures from mid-March through mid-June. We were able to work out scenarios for future rent payments when these practices will be hurting the most.

There is still strong demand for medical office space located off hospital campuses. Now more than ever, as per a survey by healthcare real estate REIT Physicians Realty Trust:

**6.5%**

preferred to go to  
a location not connected  
to a hospital.

**23.5%**

would not mind going to  
a location attached to a  
hospital.

**53.8%**

said if they had to undergo  
surgery, they would prefer  
it to be at a hospital, if their  
doctor recommended them to  
do so.

**46.2%**

said they would request  
the procedure take place  
at a surgery center  
away from a hospital.

**22.6%**

said they would not go to  
the emergency room and  
handle a medical emergency  
themselves.

"Anxiety surrounding hospitals has caused nearly 25% of respondents to be more willing to risk their lives than go to the hospital," the report reads.

There is still strong demand from small practice groups to hospitals trying to gain as much territory as possible off campus. Medical office buildings and properties that can be easily converted to medical office use(s) will have of the greatest success going forward.

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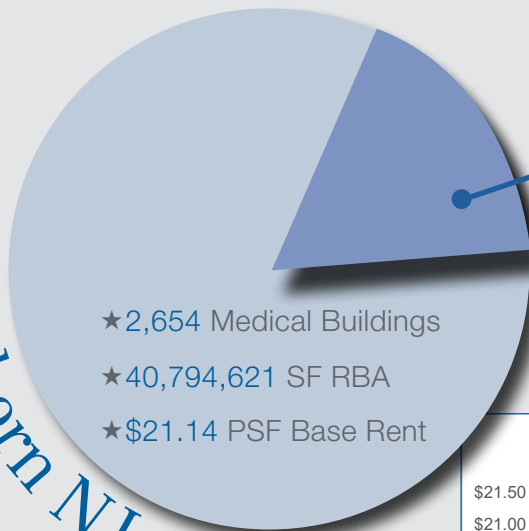
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2Q2020

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COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

Northern NJ

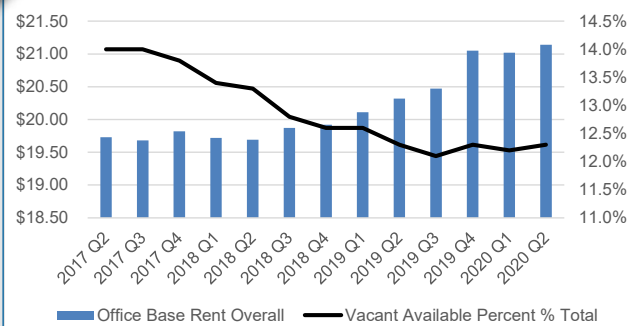


## Bergen County

- ★ 390 Medical Buildings
- ★ 5,635,683 SF RBA
- ★ \$24.23 PSF Base Rent

- ★ 2,654 Medical Buildings
- ★ 40,794,621 SF RBA
- ★ \$21.14 PSF Base Rent

**Northern New Jersey  
Average Asking Rate vs. Vacant Available Rate**



## TOP SALES & LEASES

### SALES

**69,163 SF | \$7,000,000**

1700 Valley Rd., Wayne

Buyer: Maarif School

Seller: Wayne Valley Investor

**26,700 SF | \$990,000**

1150 Dickinson St., Elizabeth

Buyer: Dickinson 1150 LLC

Seller: Five Points Wellness

### LEASES

**77,479 SF | 1255 Broad St., Clifton**

**16,000 SF | 60 Columbia Rd., Morristown**

**8,500 SF | 932 State Rd., Princeton**

**5,445 SF | 229 S Dean St., Englewood**

**3,000 SF | 75 Orient Way, Rutherford**

*\*NAI Hanson Transaction.*

**Pfizer Leaps 6% After  
Releasing Positive Trial  
Results for Coronavirus  
Vaccine**

The BNT162b1 drug successfully created antibodies in all participants receiving 10, 30 or 100 microgram doses.

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**Here's What NJ's  
Largest Hospitals Got in  
Federal COVID-19 Relief  
Aid**

\$1.7 billion of federal aid is to be rolled out to 53 of the state's largest hospitals, many of which were hit particularly hard by COVID-19 outbreaks.

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**Holy Name Regroups  
After Rush of COVID-19  
Cases, Prepares for  
Possible Second Surge**

New rules and procedures have been established to protect patients and staff and to adapt to the "new normal."

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# Elevated Temperature Measurement Truths & Falsehoods



By: [Michael Starer](#)

Business Development Manager  
Care Security Systems

The FDA clearly categorizes them as medical devices and buyers should be warned that claims by many suppliers to the contrary, are false. If they are not properly and precisely set up and operated, which many companies are largely ignoring, it raises health risks to the public. Many firms believe that including a claim of not being a medical device on their fever cameras makes them, somehow, no longer considered medical devices. This is false. Telethermographic systems are [medical] devices when they are intended for a medical purpose, such as measurement of the self-emanating infrared radiation that reveals the relative temperature variations of the surface of the body. In its new recommendations (issued May 13), the FDA says fever cameras only work effectively when all 4 elements below are true:

- The systems are used in the right environment or location
- The systems are set up and operated correctly
- The person being assessed is prepared according to instructions
- The person handling the thermal imaging system is properly trained

In particular, the FDA says a person's "whole face" should be measured without face obstructions (e.g., masks, glasses, hats, scarves, hair). The FDA even recommends people wait "at least 15 minutes" in the "measurement room" to make sure their face skin temperature is not affected by outdoor weather. We do understand that in most cases that might not be practical. The FDA explicitly says "only one person" should be measured at a time. The agency states that fever cams, which read several people at once, "have not been shown to be accurate." The camera must be set up in the right environment, which means stable room temperature, low humidity, and avoid harsh lighting, air conditioning drafts, and direct sunlight.

The FDA states that "some devices do not require" a blackbody and they should only be used if the manufacturer recommends it. If so, it should be turned on 30 minutes prior to heat up. Most manufacturers recommend using blackbodies, but there are some that say it is not required. Using a blackbody significantly increased accuracy in just about all cases.

# Monitoring Disrupted Supply Chains

## SKANSKA

By: [Tracy Anderson](#)

Since the beginning of COVID-19, Skanska has been closely monitoring supply chain disruptions and the availability of equipment and materials to ensure our projects remain on schedule. As the world economy recovers, we anticipate continued interruptions in the supply chain, as well as impacts to pricing volatility in commodity markets and factory productivity.

While many manufacturers in the U.S., Europe and China are reporting their factories are now operational, some of them are experiencing extended lead times resulting from temporary shutdowns and reduced productivity due to COVID-19 outbreaks and implementing social distancing protocols. As shutdowns in Mexico are beginning to be lifted, factories are still dealing with significant capacity reductions on top of several weeks of being closed.

Please see below for the status of some specific construction systems:

**Personal Protective Equipment (COVID-19-specific items):** Availability of high-demand items is improving, although on-hand quantities and prices fluctuate. While this is beginning to stabilize, a current concern is about quality of products on the market.

*Lead time:* Fluctuating

*Price impact:* Trending down

**Building Materials:** Supply chain is stable although some manufacturers have been affected by factory closures in Mexico.

*Lead time:* Stable

*Price impact:* Stable

**Curtain Wall Systems:** There were initial transport challenges. At some border crossings, driver quarantines were required. To resolve this, border hand-offs are happening where possible.

*Lead time:* Stable

*Price impact:* Trending down

**Architectural Interiors (Ceilings, drywall, metal studs, flooring, paint, etc.):**

Supply chain is relatively stable.

*Lead time:* Stable

*Price impact:* Stable

**Lab Casework and Fume Hoods:** Current demand has led to price increases. Fume hoods are typically assembled by the same companies that provide the casework.

*Lead time:* Stable

*Price impact:* Trending up

**Appliances:** Experiencing several temporary factory shutdowns in Mexico.

*Lead time:* Fluctuating

*Price impact:* Stable

**Plumbing:** Industrial plumbing valves manufactured in India are experiencing extended lead times of up to 60 days. Components affected are gate/globe valves, carbon steel flanges and stainless steel pipe.

*Lead time:* Fluctuating

*Price impact:* Stable



**HVAC Equipment:** There are significant supply chain impacts from government shutdowns of HVAC equipment factories and component suppliers in Mexico. Many have reopened with limited capacity.

**Lead time:** Trending up

**Price impact:** Stable

**Building Control Systems and Electrical Gear:** Several suppliers for electrical equipment manufacturers have been affected by the broad factory closures in the Mexican states of Chihuahua, Sonora and Baja. Many have reopened with limited capacity.

**Lead time:** Fluctuating

**Price impact:** Stable

**Electrical Commodity Materials:** Supply chain is stable.

**Lead time:** Fluctuating

**Price impact:** Stable

**Lighting:** Several lighting manufacturers have been affected by the broad factory closures in the Mexican states of Chihuahua, Sonora and Baja.

**Lead time:** Fluctuating

**Price impact:** Stable

Skanska's national strategic supply chain partners include, but are not limited to: Armstrong Ceilings, Sika, Bosch, Thyssenkrupp, Carrier, Hilti, Schindler, Trane, Johnson Controls, Schneider Electric, Mitsubishi Electric, USG, Daiken, Shaw Floors, York, Lutron, Siemens.

*The information presented in this article is intended to be of a general advisory nature. Specific local and project conditions may differ.*

## FEATURED PROPERTIES OF NAI JAMES E. HANSON



### 1135 Broad Street

Clifton, NJ  
7,796 sf for lease  
Medical Office



### 261 Route 36 East

Middletown, NJ  
8,000 sf for sale or lease  
Medical/Retail



### 23-00 Route 208

Fair Lawn, NJ  
5,014 sf for lease  
Medical Office



### 218 Route 17 North

Rochelle Park, NJ  
26,602 sf for lease  
Medical Office



### 122 E Ridgewood Avenue

Paramus, NJ  
2,224 sf for lease  
Medical Office



### 75 Orient Way

Rutherford, NJ  
23,501 sf for sale  
Medical Office



### 535 High Mountain Road

North Haledon, NJ  
24,682 sf for lease  
Medical Office (6 Suites)



### 2 Dean Drive, Suite 3N

Tenafly, NJ  
2,470 sf for sale  
Surgery Center License/Condo