

FEATURING

“3Q Commercial Real Estate Market”
by **Darren Lizzack, MSRE** and **Randy Horning, MSRE**



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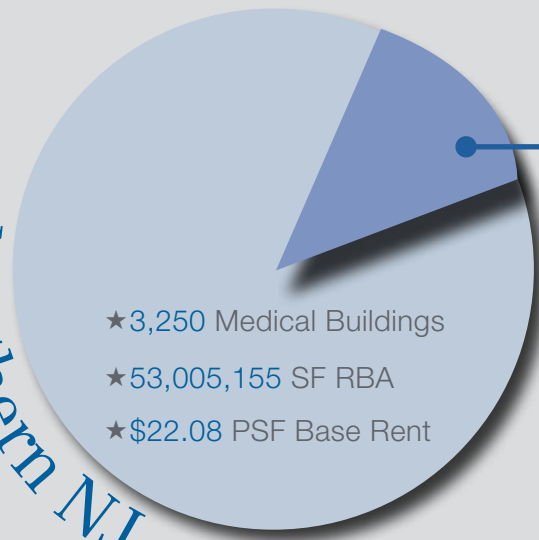
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4Q 2023 MEDICAL OFFICE REPORT



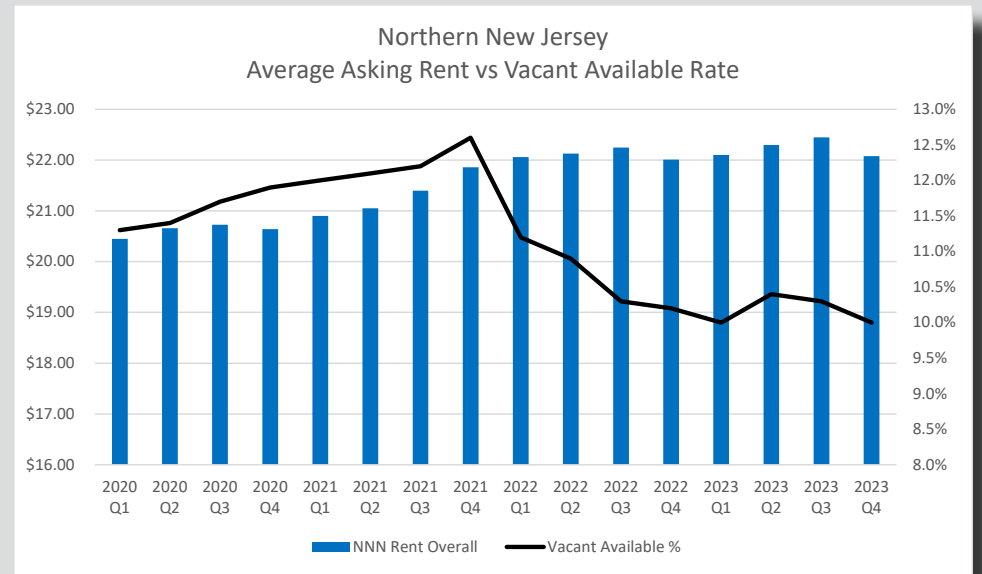
Northern NJ



Bergen County

- ★464 Medical Buildings
- ★8,286,674 SF RBA
- ★\$25.13 PSF Base Rent

TOP SALES & LEASES



SALES

154,089 SF | \$62,210,000
 95 Madison Avenue, Morristown
 Buyer: Atlantic Health Systems
 Seller: G-A Healthcare REIT III

22,000 SF | \$10,500,000
 1081 US-22, Bridgewater
 Buyer: Kings Row Medical Props LLC
 Seller: Michael E Pollack

LEASES

12,900 SF | 1450 US Highway 22 W, Mountainside
11,667 SF | 290 W Mount Pleasant Ave, Livingston
9,000 SF | 5 Franklin Ave, Belleville

*NAI Hanson Transaction

4Q
2023
 MEDICAL
 OFFICE
 REPORT

State of the Market

Economic circumstances have little impact on illness, chronic health conditions, injuries or other health concerns. Patients still need treatment even during downturns, so the demand for medical services tends to remain stable. This resilience has allowed the medical office sector to consistently provide high returns with minimal volatility across cycles.

For example, medical office building (MOB) demand remained high throughout the COVID-19 pandemic, with vacancies holding at pre-2020 levels. As a result, medical offices still offer the most favorable long-term, risk-adjusted returns among major property types.

By the Numbers

[Healthcare represents over 17% of the U.S. GDP](#), with outpatient care and medical offices comprising a significant portion. The sector has shifted toward a retail mindset, with systems and providers attracting new patients and expanding into new areas, fueling demand for quality medical space.

Landlords benefit from tenants signing long (15 to 20-year) leases and typically renewing at 80% or higher rates to maintain patient access. Rent growth runs 2-3% annually, enabling stable fundamentals through cycles. Occupancy rates have also risen as absorption outpaced new supply — those rates topped 92% in 2023.

By the end of Q4 2023, these were Bergen County and Northern NJ numbers, with rents dropping a few pennies per square foot.

	Bergen County	Northern NJ
# Medical Buildings	464	3,250
RBA (SF)	8,286,674	53,005,155
Base Rent PSF	\$25.13	\$22.08



According to the [2024 Emerging Trends in Real Estate](#) report from PWC and the Urban Land Institute, investment volumes slowed from a 2022 peak of \$30B to \$20B in mid-2023. However, transaction activity remained consistent with 2018-2021 levels. Distress is limited, though a pricing disconnect has temporarily reduced deal volume. With over 1.5B SF of inventory, substantial opportunity remains for investors.

Looking Ahead to 2024

Although the office market faces challenges, the MOB component remains solid and resilient. They benefit from a steady base of tenants and patients, long lease terms and limited new supply. Moreover, an aging population, expanded access from healthcare access reforms and medical advances enabling more outpatient procedures support increased demand.

Over half of the medical office space is physician or hospital-owned. Institutional players often partner with specialized operating firms adept at acquiring and managing facilities aligned with health systems. Speculative development is rare and limits growth to 1-2% annually based on tenant needs. The [PWC and Urban Land Institute report](#) recommends buying or holding the vector, citing fair pricing, as MOBs have matured into an attractive, stable CRE asset class.

FEATURED MEDICAL PROPERTIES OF TEAM LIZZACK-HORNING

CURRENT
AVAILABILITIES

20

Buildings

143,932 SF

Available

1,107,735 SF

Under Control

Portfolio
Vacancy

12.99%

7075 US Highway 1
Port St. John, Florida

32,927 SF on 5.54 acres

FOR SALE



FOR SALE



845 Century Medical Drive
Titusville, FL - 8,729 SF on .82 AC

FOR LEASE



321 Essex Street
Hackensack, NJ - 13,500 SF

FOR SALE/LEASE



393 Mulberry Street
Newark, NJ - 11,200 SF

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Please contact Team Lizzack-Horning today if you are looking for medical office space and/or have a medical building with any vacancies.

FEATURED MEDICAL PROPERTIES OF TEAM LIZZACK-HORNING

CURRENT AVAILABILITIES
20 Buildings

143,932 SF Available

1,107,735 SF Under Control

Portfolio Vacancy
12.99%

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414 Eagle Rock Avenue
West Orange, NJ - up to 25,000 SF

FOR LEASE

FOR LEASE

River COMMONS

764 New Bridge Road
Teaneck, NJ -35,220 SF for sale/ 8,361 SF for lease

FOR LEASE

5600 Kennedy Blvd.
West New York, NJ - 1,000-5,600 SF

UNDER CONTRACT

315 Cedar Lane
Teaneck, NJ - 6,000 SF

FOR LEASE

855 Valley Road
Clifton, NJ - 4,877-28,299 SF

FOR LEASE

206 Bergen Avenue
Kearny, NJ - 750-21,702 SF

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TEAM LIZZACK-HORNING

Year End Stats

33 Transactions

2 Sales 19 Landlord/Seller Rep


10 Lease Renewals 4 Tenants Reps

\$30.53 PSF
Team Average Rents

10 Years
Average Lease Term

71,735 SF
Leased/Sold

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