HREA 20 YEARINREVIEW 22 HEALTHCARE ASSETS SOLD \$200+ MILLION IN MARKET



In 2023, HREA's team of professionals advised on the sale of 22 healthcare real estate assets throughout the U.S totaling \$245 million in transaction volume.

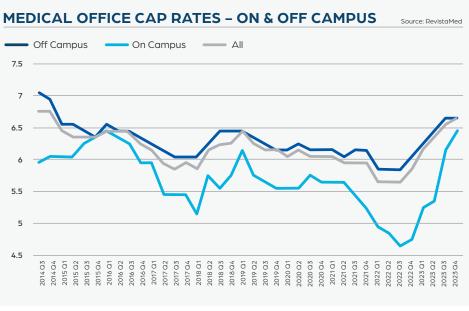
The majority of the assets involved high-acuity mission-critical facilities, including ASCs, physician-owned hospitals, and medical office buildings.

With a primary focus in representing healthcare providers, HREA leverages its unique experience in the industry by navigating advanced transaction structures that are tailored to each client's goals and objectives, including a variety of tax-deferred structures.





- reaching 14x 17x.
- estate values.
- high-quality medical assets.



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Valuations for healthcare real estate continue to improve relative to other real estate classes with valuation multiples

The Fed pausing interest rate hikes and signaling rate cuts on the horizon has had a positive impact on healthcare real

Medical real estate should continue to outperform other commercial assets with better underlying fundamentals, attracting more capital seeking stable risk-adjusted returns.

With transaction volume down in 2023 and interest rates cuts in sight, institutional investors are back in the market acquiring

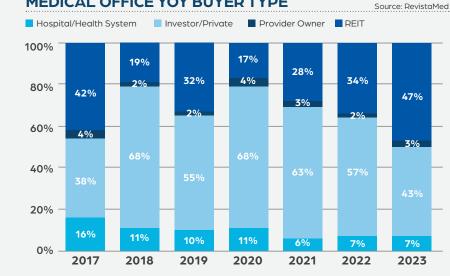
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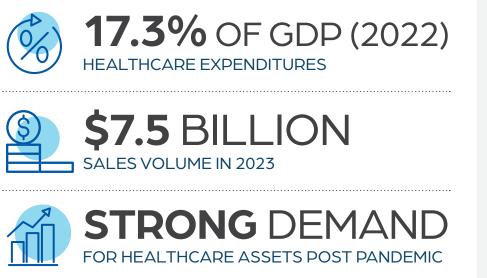
Healthcare is one of the most stable and growing sectors in the U.S, accounting for approximately 17.3% of the national gross domestic product (GDP) in 2022, and is projected to increase to 19.6% in 2031. Despite economic uncertainty over the past couple years along with the Fed raising interest rates 11 times in the span of about 18 months, bringing the federal funds rate to a 23-year high, market conditions and investment demand for medical real estate has remained resilient, with sales volume exceeding \$7.5B in 2023.

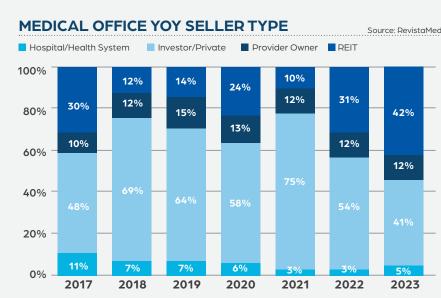
Strong post-pandemic fundamentals aligning with aging demographics, predominantly amongst the 65+ cohort, and an increase in elective-based and higher acuity procedures being performed in an outpatient setting or specialty hospital, has led to an increase in demand for healthcare real estate assets as institutional investors seek out more stable risk-adjusted investment returns.

MEDICAL OFFICE YOY BUYER TYPE



Healthcare real estate valuations remained strong in 2023 with valuation multiples ranging from 13x - 16xand projected to increase to 14x – 17x in 2024. A significant amount of the strength in the healthcare sector can be attributed to institutional capital rotating out of other types of commercial real estate sectors, such as office and retail, and into healthcare real estate where investors can expect stability that is supported by nondiscretionary expenditures, positive demand drivers, and a lower correlation between healthcare spending and the broader economy.





INTEREST RATES TRENDING DOWN

Inflation eroding disposable income causing investors to shift towards non-discretionary spending assets, such as medical vs non-essential retail.

THE POST-PANDEMIC WORLD

The post-pandemic world has caused investors to 'rethink' traditional office and impact of e-commerce, driving capital towards recession-resistant assets.

UNPRECEDENTED FEDERAL SPENDING

Concern tax rates going up as a result of unprecedented Federal spending and national debt. _____

THE RESHAPING OF HEALTHCARE

ASCs and specialty hospitals are revolutionizing patient care delivery, offering patients a convenient and costeffective alternative to traditional hospital settings, and lower risk of hospital-acquired infections.

STOCK MARKET VOLATILITY

to deploy capital.

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What are some of the underpinnings of the healthcare real estate market that is driving investment demand?

INFLATION ERODING DISPOSABLE INCOME

Geopolitical uncertainty and stock market volatility investors are seeking stable cash flow and have pressure

HIGHLIGHTED ENGAGEMENTS

COMPLETED ENGAGEMENTS



Specialists Hospital Shreveport





7–Property Medical Office and Outpatient Surgery Center Portfolio



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11–Property Medical Office Portfolio

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4–Building DaVita Dialysis Clinic Portfolio

ABOUT HREA



7–Building Micro Hospital Portfolio



Riverside University Health System MOB Portfolio

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HREA also provides healthcare practice groups with customized development and expansion services, including site selection, design, construction and permanent financing, construction management, as well as a future take-out partner.





cashflow and a diversified investment in a healthcare REIT.

Contact one of our specialists for a complimentary valuation analysis

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\$4+ Billion

The principals of HREA have completed over \$4 billion in healthcare real estate sale transactions throughout the U.S



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