SPECIAL REPORT

CBRE U.S. HEALTHCARE &
LIFE SCIENCES CAPITAL MARKETS

2021

HEALTHCARE REAL ESTATE
INVESTOR & DEVELOPER SURVEY RESULTS

CBRE

2021

HEALTHCARE REAL ESTATE
INVESTOR & DEVELOPER SURVEY RESULTS

Dear Healthcare Real Estate Providers, Investors & Developers,

CBRE's U.S. Healthcare Capital Markets Group is pleased to present the 2021 findings of our 11th annual Investor & Developer Survey. In developing the survey, our main objective was to identify key patterns and forces influencing the healthcare real estate industry, which we hope will help our clients to better understand the state of the market and the projected trends over the next year. This year is unique in that we have unpublished results from the 2020 survey from right before the pandemic hit and can now compare pre- and mid-pandemic market sentiment.

We would be pleased to create a customized benchmark comparison of the responses of your firm to responses from the national sample. Please contact the U.S. Healthcare Capital Markets team via email at chris.bodnar@cbre.com, lee.asher@cbre.com, sabrina.solomiany@cbre.com or zack.holderman@cbre.com to coordinate a presentation of our findings or request a personalized benchmarking of your firm's assets.

Thank you to all the participants in this year's survey.

Sincerely,
The CBRE U.S. Healthcare & Life Sciences Capital Markets Group

Chris Bodnar
Vice Chairman

Lee Asher
Vice Chairman

Sabrina Solomiany
First Vice President

Zack Holderman
Senior Vice President

METHODOLOGY

- **This year's survey contained two (2) pandemic related questions and 26 questions surrounding various facets of the healthcare real estate market.**
- **The survey was distributed to approximately 500 individuals from healthcare real estate's most influential Healthcare Real Estate Trusts (REITs), institutional investors, private capital investors, and developers throughout the United States, with 111 providing responses.**
- **To ensure the accuracy of our survey results, we remove all duplicate responses from the same firms to ensure results are not overstated.**

HIGHLIGHTS

This primary research produced qualitative industry data that provides a snapshot of investor and developer return requirements, investment criteria, and – most importantly – the market shifts and progressions these key influencers anticipate in the near future. Some of the more interesting findings resulting from this year's survey include:

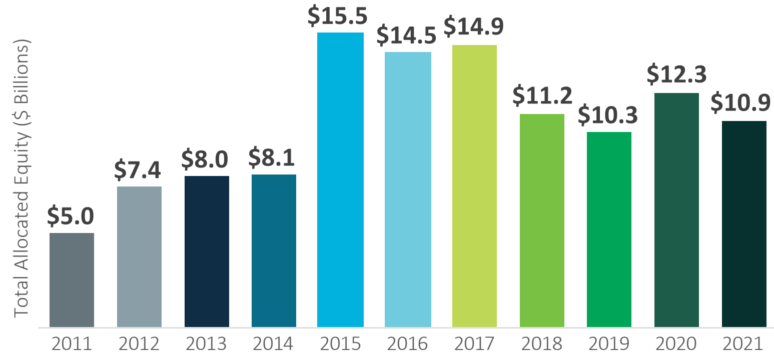
COVID-19

The healthcare industry has long been lauded by economists and industry professionals as being a recession resistant sector with an inelastic relationship to general economic drivers. The onset of the COVID-19 pandemic has been just the most recent instance to test that theory, and 80% of respondents believe that the healthcare real estate industry is recession resistant.

80%
believe healthcare real estate industry is recession resistant

Investment Criteria

When asked about the amount of equity their firm has allocated to healthcare real estate investment and development activity in 2021, the total for all the firms combined equated to nearly $10.9 billion, which is approximately 11% lower than the estimated $12.3 billion that was collected in our 2020 survey results but a 6% increase over 2019. However, while the amount reported in the survey results is lower than previous years, it is important to note that of the 64 unique firms who responded to this question, only 13 consider themselves either a 'Healthcare REIT' or an 'Institutional Healthcare Investor'.



$10.9B
allocated to healthcare real estate investment and development in 2021

HIGHLIGHTS, CONTINUED...

Return Requirements

The Class "A" on-campus medical office product type continues to price at a premium over Class "A" off-campus medical office product; although, both Class "A" on-campus & off-campus medical office product made gains on 2020 expectations despite 2021 respondents experiencing a pandemic. Approximately 58% of the respondents indicated that a market capitalization rate for Class "A" on-campus product would be below 5.50%, compared to 51% of respondents in 2020 and 17% of respondents in 2017. Meanwhile, 67% of the survey respondents indicated that a market capitalization rate for Class "A" off-campus product would be below 6.00%, versus 55% of respondents in 2020 and 16% of respondents in 2017. We attribute this trend to the continued increase in demand for high-quality healthcare real estate, the resiliency that healthcare real estate has shown through the pandemic, and new capital sources that are actively seeking alternatives to traditional real estate investment products.

Class "A" on-campus & off-campus medical office product made gains on 2020 expectations

Planned Investment Activity

83% of the respondents classified themselves as a "Net Buyer" of medical office buildings for 2021, representing a 2% increase year-over-year from 2020, a survey that was taken before COVID-19 shuttered most of the economy.

Supply & Demand

Respondents reported that they expect supply to largely remain stable across every healthcare real estate asset type in 2021. However, demand for medical office buildings and life sciences facilities are largely expected to have increased demand in 2021 while high acuity medical facilities are expected to see a slight decline in demand. For medical office specifically, nearly three quarters of respondents (75%) expect demand to increase in 2021, and 80% of respondents believe that life sciences demand will increase in 2021. The migration of capital away from other real estate product types (office, retail and hospitality) as part of the fallout from the COVID-19 pandemic is feeding the supply-demand imbalance for healthcare real estate as the total allocation of funds to purchase medical office buildings is far greater than the available supply of medical office buildings.

75%
expect medical office demand to increase in 2021

Market Fundamentals

Healthcare leasing took a pause last spring due to uncertainty with the pandemic. With the vaccine rollout, providers are now assessing pent-up demand, both from delays in decision making but also from the population shift from urban centers to suburban markets because of a shift to a remote working environment. The pent-up demand has led to stronger market leasing fundamentals than the results from our 2019 survey. In 2021, 54% of respondents reported that their medical office portfolio occupancy rate has increased compared to a year ago, while 10% reported a lower occupancy rate.

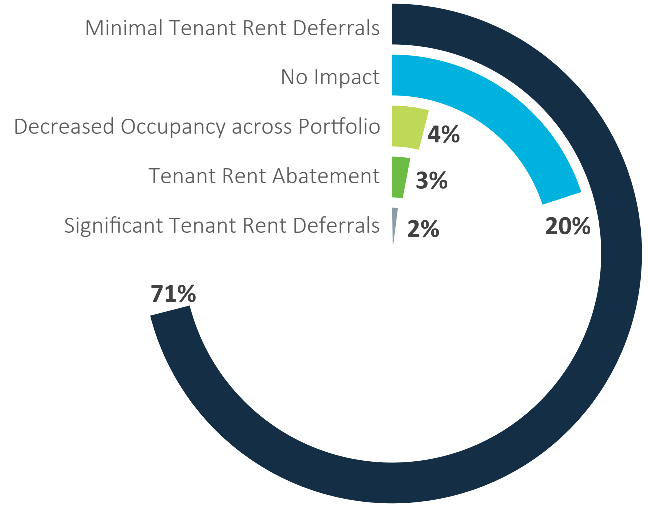
54%
reported increased occupancy in medical office space

Survey Results
COVID-19

How would you best characterize the impact of COVID-19 to your healthcare portfolio in 2020?

The majority (71%) of survey responders indicated that their healthcare portfolio had 'Minimal Tenant Rent Deferral' due to COVID-19, followed by 20% of the respondents that indicated that COVID-19 had 'No Impact' on their portfolio. A combined 9% of respondents indicated that COVID-19 severely impacted their healthcare portfolio from either 'Significant Tenant Rent Deferrals' (2%), 'Tenant Rent Abatement' (3%), and 'Decreased Occupancy across Portfolio' (4%).

71%
had healthcare portfolios with 'Minimal Tenant Rent Deferral' due to COVID-19

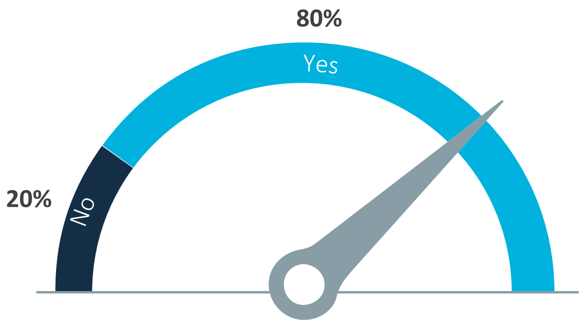


CBRE

Do you believe the Healthcare Real Estate industry to be recession resistant?

The healthcare industry has long been lauded by economists and industry professionals as being a recession resistant sector with an inelastic relationship to general economic drivers. The onset of the COVID-19 pandemic has been just the most recent instance to test that theory and 80% of respondents believe that the healthcare real estate industry is recession resistant. Contrarily, only 20% of respondents believing that the healthcare real estate industry is not recession resistant.

80%
believe healthcare real estate industry is recession resistant

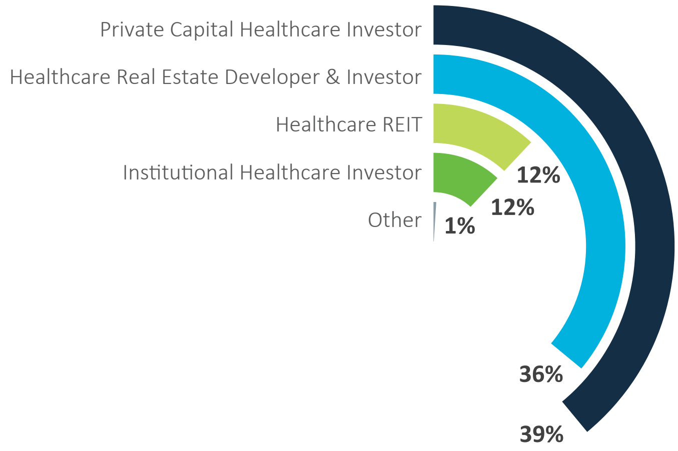


Survey Results

PROFILE OF PARTICIPATING FIRMS

Please describe the type of company you represent.

We received feedback from a diverse mix of respondents, with no single investor or developer category making up more than 39% of the result set. Healthcare real estate investment trusts (REITs) comprise 12% of the survey set, private capital healthcare real estate investors comprise 39% of the survey set, institutional healthcare real estate investors comprise 12% of the survey set, and healthcare real estate developers/investors comprise 36% of the survey set.



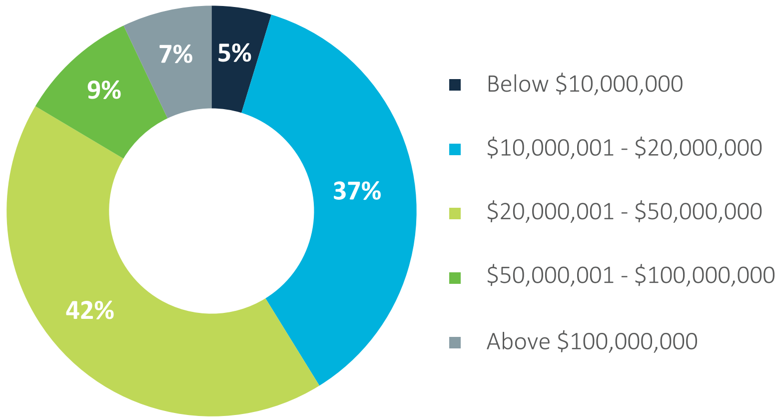
Survey Results

INVESTMENT CRITERIA

What is your preferred healthcare real estate transaction size?

$10M - $50M
transaction value preferred by majority

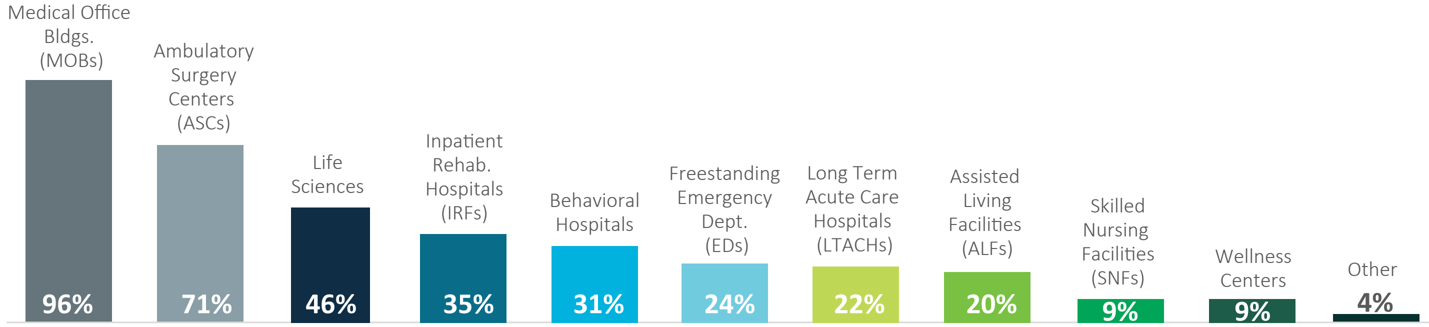
When asked to identify their preferred healthcare real estate transaction size, the majority of respondents (78%) were split between healthcare real estate transactions with a value of '$10,000,001- $20,000,000' and transactions valued at '$20,000,001- $50,000,000'. This response was especially consistent with those who classified themselves as developers and private capital investors. Developers and institutional investors represent 63% of respondents that prefer transactions with a value between '$50,000,001- $100,000,000', while 33% of respondents that preferred healthcare real estate transactions 'Above $100,000,000' were publicly traded healthcare REITs.



Which types of healthcare real estate properties meet your acquisition criteria?

96%
most interested in MOBs

In 2021, once again, the vast majority of respondents indicated that they were most interested in Medical Office Buildings (96%) when asked which types of healthcare real estate properties meet their acquisition criteria. Behavioral Hospitals saw the largest increase, up 17% over 2020 followed closely by Life Sciences with a 15% increase. Wellness Centers saw the largest decline with a 7% drop, but most surprising is that Skilled Nursing Facilities and Assisted Living Facilities only saw a 1% decline from 2020, potentially a product of the already lack luster interest from our pre-pandemic survey participants.

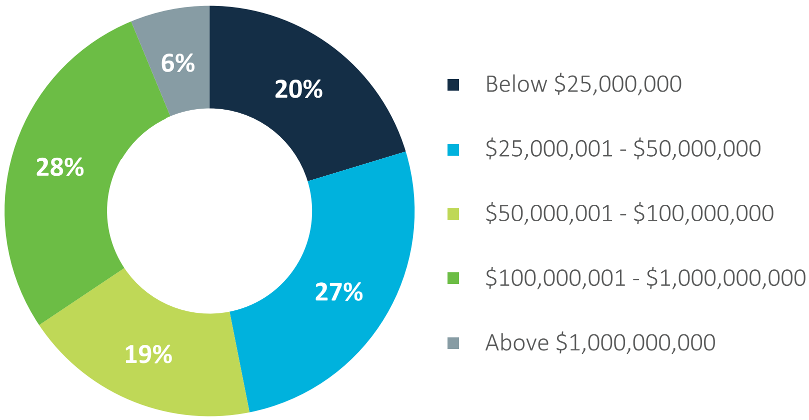


How much equity has your firm allocated to healthcare real estate investment and development activity in 2021?

Of the 69 exclusive firms who responded to this question, 64 disclosed an approximate total of $10.9 billion worth of equity that has been allocated for healthcare real estate investments and developments in 2021, which is approximately 104% of the total market transaction volume that traded in 2020. This represents a slight decrease from the amount of equity allocated in 2020 but an increase of the allocations from the 2019 survey, but it is important to note that of the 64 unique firms who responded to this question, only 13 consider themselves either a 'Healthcare REIT' or an 'Institutional Healthcare Investor'.

$10.9B

allocated to healthcare real estate investment and development in 2021

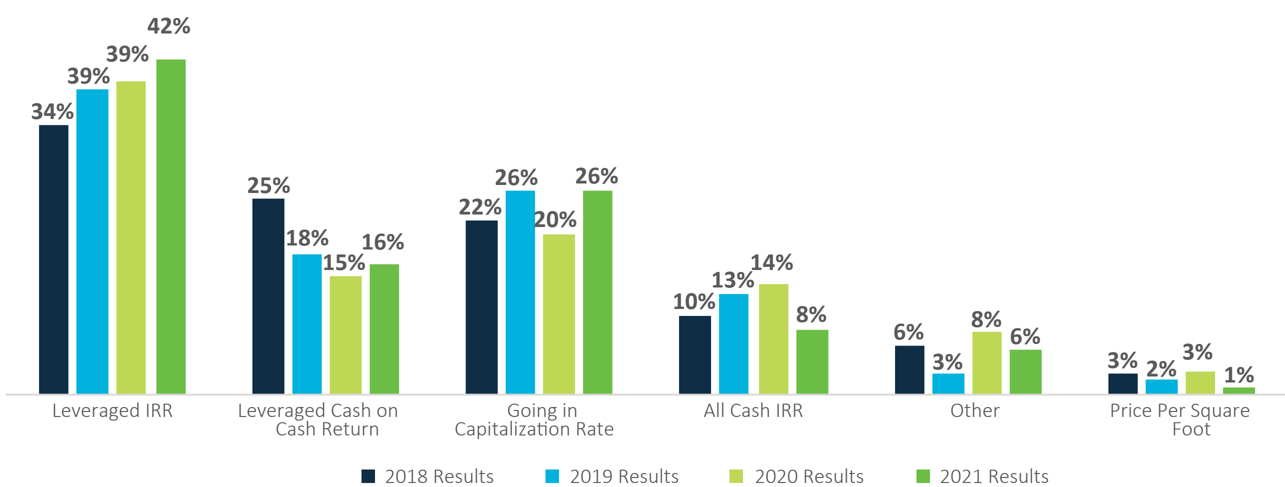


What measurement of investment return do you rely on most?

The majority of respondents identified 'Leveraged IRR' (42%) as the investment methodology they relied on most, followed by 'Going in Capitalization Rate' (26%), and 'Leveraged Cash on Cash Return' (16%). Respondents have slowly shifted their investment methodology toward 'Leveraged IRR', with a 24% positive change over the last four years and shifted away from 'Leveraged Cash on Cash Return', with a 36% decline in responses over the last four years. Developers and healthcare REITs dominated the selection for the 'Going in Capitalization Rate' category with approximately 82% of the responses. The bulk of respondents that chose 'Leveraged Cash on Cash Return' or 'Leveraged IRR' as the investment methodology they relied on most were private investors and developers at 81% and 93%, respectively.

42%

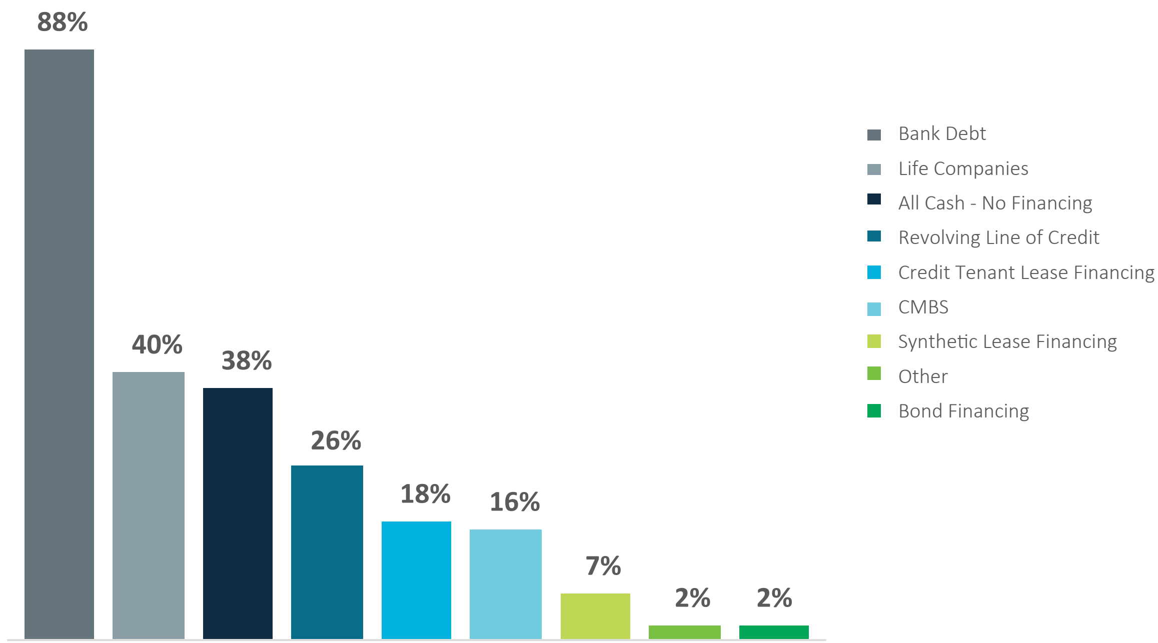
rely most on Leveraged IRR as their investment methodology



What types of financing sources are you utilizing?

Among respondents, 'Bank Debt' ranked as the number one financing source (88%), followed by debt from 'Life Companies' (40%), then 'All Cash' (38%) from funds on their balance sheet. 80% of the healthcare REIT respondents declared that they would use 'All Cash - No Financing'. 97% of developers declared that they would use 'Bank Debt.'

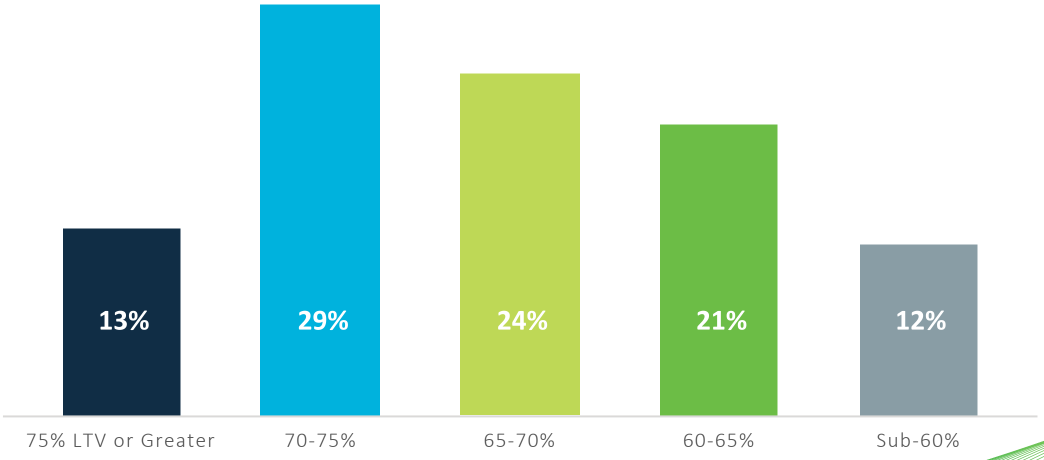
88%
ranked Bank Debt as their #1 financing source



What level of financing do you most often target?

Overall, survey respondents indicated a preference for 'standard' levels of debt with the three most popular answers being '70-75%' LTV (29%), '65-70%' LTV (24%) and '60-65%' LTV (21%). 75% of healthcare REITs who responded indicated that they would target 'Sub-60%' LTV while 84% of healthcare real estate developers who responded targeted a leverage point of 70% or higher.

84%
targeted a leverage point of 70% or higher



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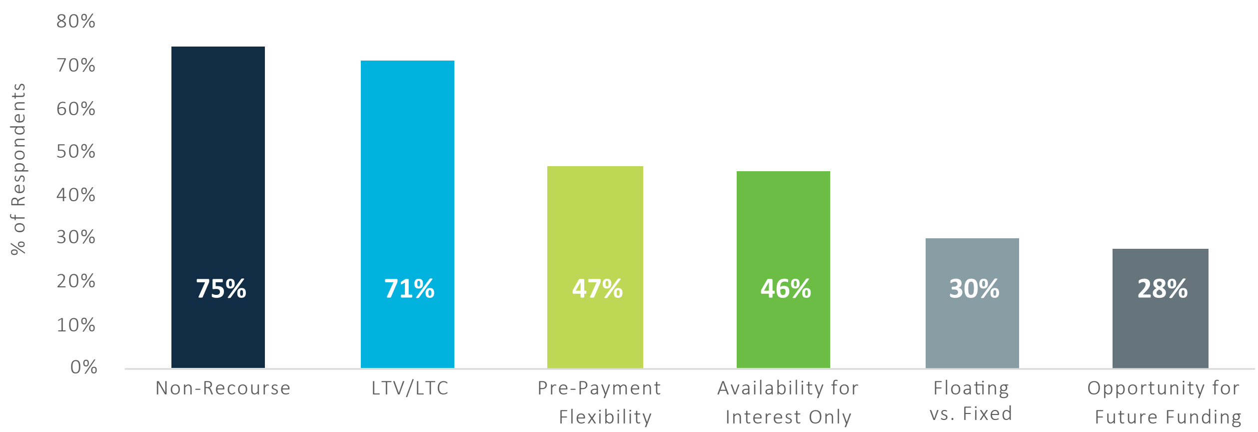
When financing an asset, what terms are most important when choosing a lender/loan?

The single most important aspect of a loan to the healthcare real estate investors polled was recourse vs non-recourse, it was selected by 75% of respondents and was the number one answer. The next most important terms of a loan were 'LTV/LTC' (71%), then 'Pre-payment flexibility' (47%), then "Availability for Interest Only' (46%), then 'Floating vs Fixed' (30% and lastly 'Opportunity for future funding' (28%). 78% of Developers and private capital investors selected 'LTV/LTC' as most important while only 30% of healthcare REITs selected leverage as a critical financing term.

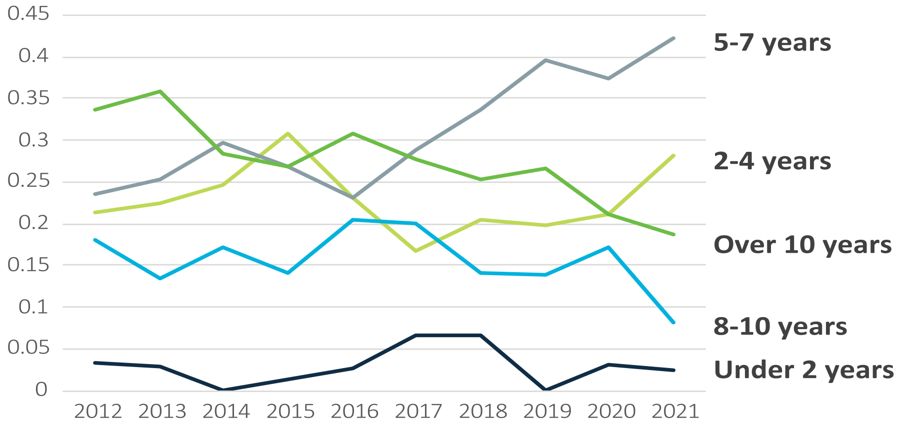
75%
ranked recourse vs. non-recourse as most important aspect of a loan



What is the average hold time frame for your investments?

The average hold-time for the respondents' healthcare real estate investments has become more concentrated over the last 8 years, '5-7 years' ranked number one (42%), followed by '2-4 years' (28%) then 'more than 10 years' (19%), then '8-10 years' (8%), and lastly 'Under 2-years' (2%). 80% of the healthcare REITs who responded indicated 'Over 10-years' as their average hold time, while healthcare real estate developers and private capital investors were the only type of investor to indicate 'Under 2-years'. During the pandemic investors have shortened their investment hold-time; year-over-year responses for average hold-time of 7 years or less grew by 18% and responses for hold-time over 7 years dropped by 30%.

42%
ranked 5-7 years as the #1 hold-time for healthcare real estate investments



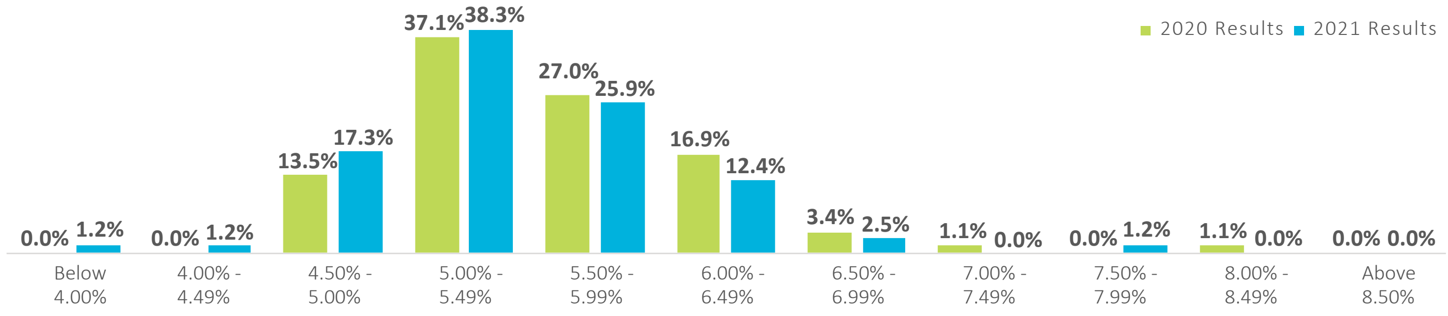
Survey Results

RETURN REQUIREMENTS

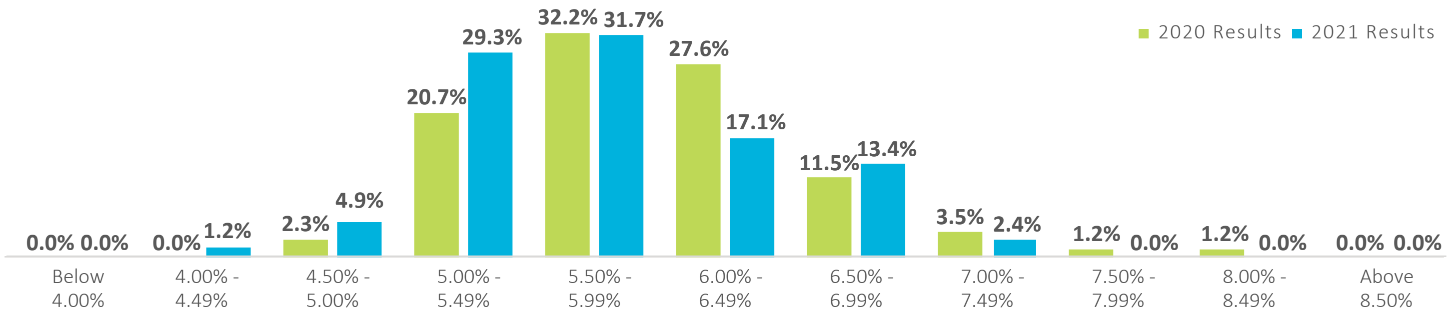
What will be a "market" capitalization rate for multi-tenant medical office in 2021?

The Class "A" on-campus medical office product type continues to price at a premium over Class "A" off-campus medical office product; although, both Class "A" on-campus & off-campus medical office product made gains on 2020 expectations despite 2021 respondents experiencing a pandemic. Approximately 58% of the respondents indicated that a market capitalization rate for Class "A" on-campus product would be below 5.50%, compared to 51% of respondents in 2020 and 17% of respondents in 2017. Meanwhile, 67% of the survey respondents indicated that a market capitalization rate for Class "A" off-campus product would be below 6.00%, versus 55% of respondents in 2020 and 16% of respondents in 2017. We attribute this trend to the continued increase in demand for high-quality healthcare real estate, the resiliency that healthcare real estate has shown through the pandemic, and new capital sources that are actively seeking alternatives to traditional real estate investment products.

CLASS "A" **ON-CAMPUS** MEDICAL OFFICE

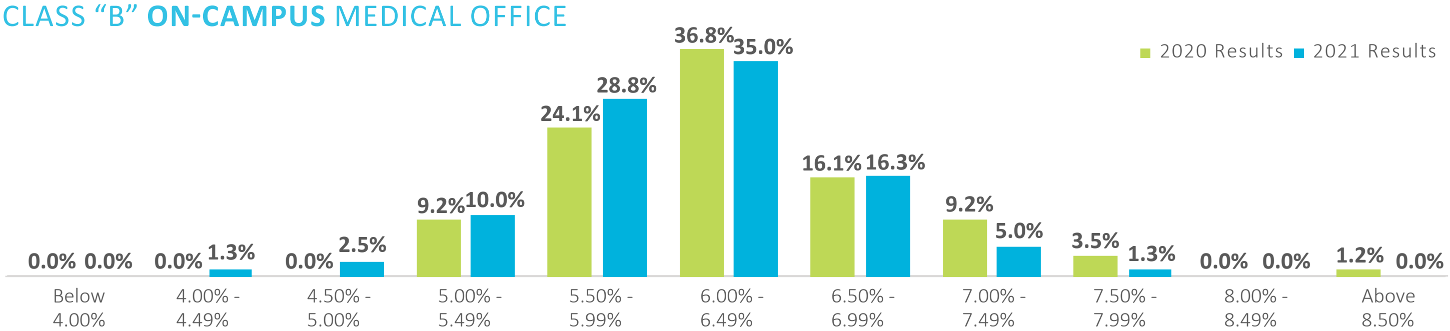


CLASS "A" **OFF-CAMPUS** MEDICAL OFFICE

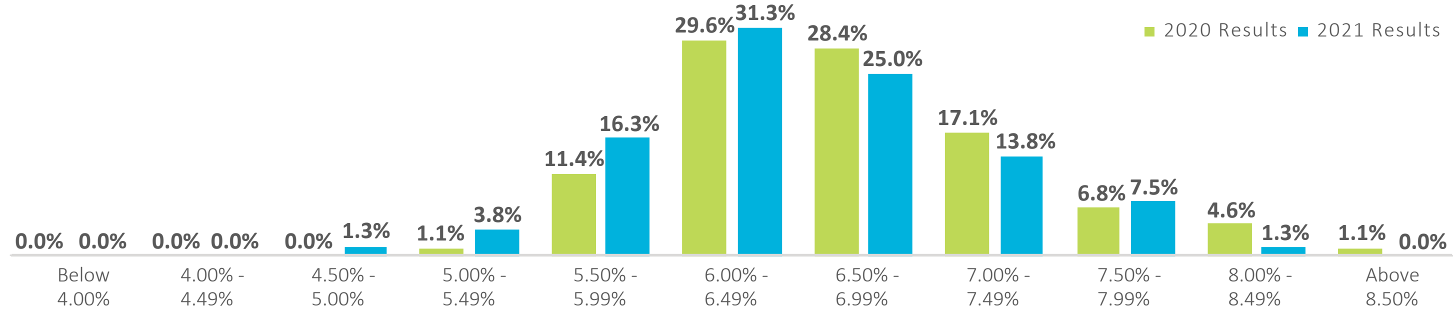


The Class "B" on-campus medical office buildings priced slightly less aggressive than the Class "A" off-campus product type. 78% of the survey respondents indicated that a market capitalization rate for Class "B" on-campus would be less than 6.50%, compared with 70% of respondents the previous year and 35% of respondents in 2017. Class "B" off-campus medical office priced at the least aggressive levels with 78% of the survey respondents indicating that a market capitalization rate for this product type would be less than 7.00%, versus 70% of respondents in 2020 and 38% of respondents in the 2017 results.

CLASS "B" **ON-CAMPUS** MEDICAL OFFICE



CLASS "B" **OFF-CAMPUS** MEDICAL OFFICE



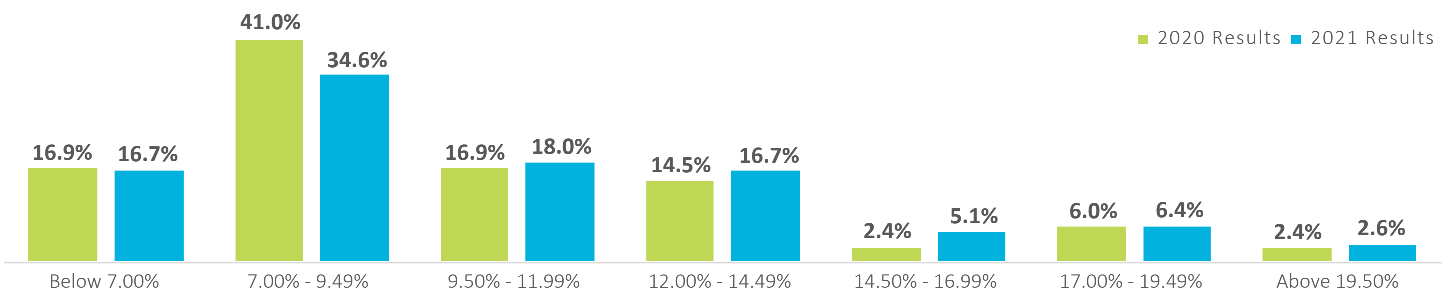
What is your target 10-year Internal Rate of Return (All-Cash) for multi-tenant medical office in 2021?

Historically, survey respondents indicated a wide spread in their 10-year target all-cash Internal Rate of Return (IRR) requirements depending on the product type. For 2021, the number one target all-cash IRR range for all four medical office product types was between '7.00%- 9.49%' with responses between 24%-35% depending on the product type: Class "A" on-campus (35%), Class "A" off-campus (32%), Class "B" on-campus (33%) and Class "B" off-campus (24%). However, the 7.00%- 9.49%' target all-cash IRR range for Class "A" on-campus dropped from 41% of respondents in 2020 to 35% of respondents in 2021.

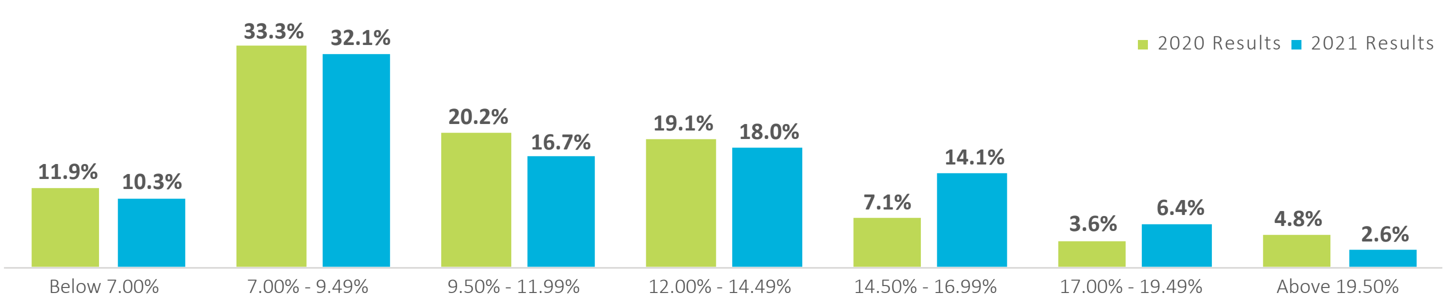
Investor attitude for Class "B" on-campus product targeting an IRR between '9.50%- 11.99%' softened year-over-year, with 14% of respondents now indicating an interest within this range, compared to 24% in 2020. The survey results for Class "B" off-campus were wide-ranging as approximately 62% of respondents indicated a target all-cash IRR between 7.00%- 14.49%.

88% of the responses from Healthcare REITs and Institutional healthcare investors indicated that they are targeting all-cash IRRs below 9.5% and remain the most aggressive on healthcare assets across all product types. Developers and private capital investors were more conservative with 58% of their responses indicating a target all-cash IRR of above a 12.00% for 2021.

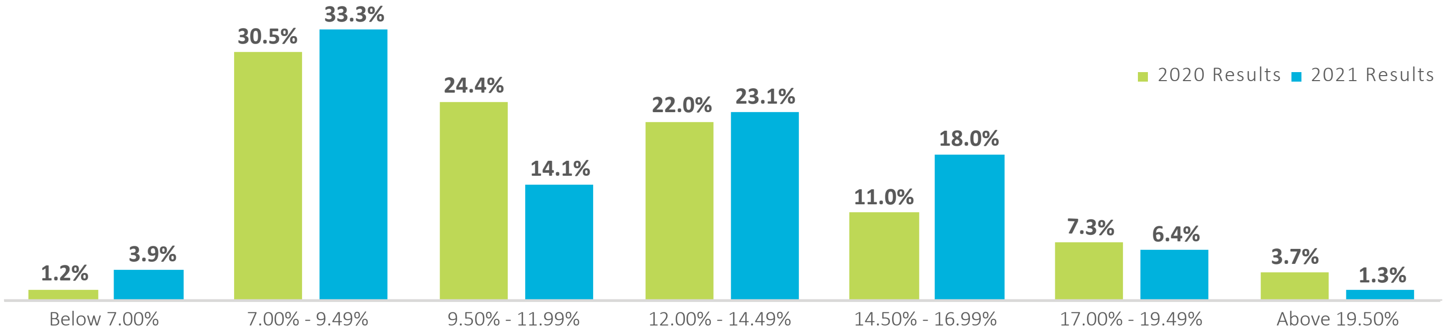
CLASS "A" **ON-CAMPUS** MEDICAL OFFICE - ALL-CASH IRR



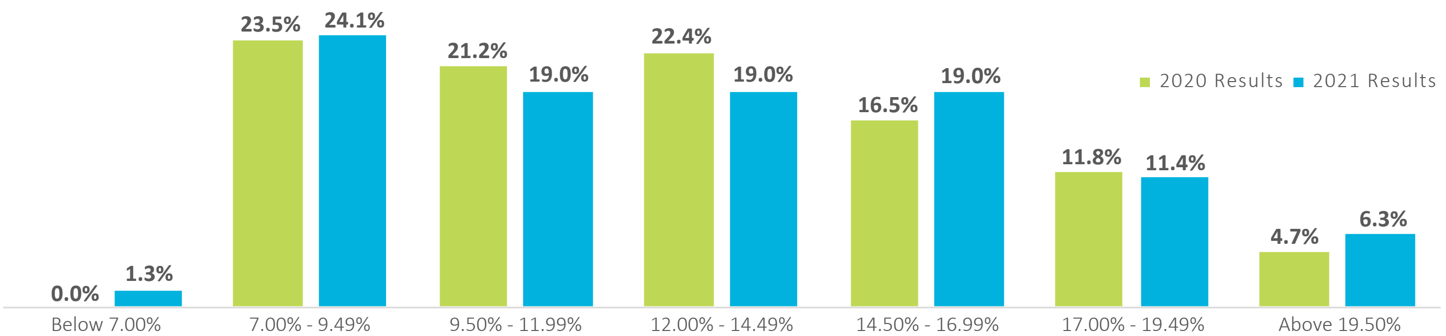
CLASS "A" **OFF-CAMPUS** MEDICAL OFFICE - ALL-CASH IRR



CLASS "B" **ON-CAMPUS** MEDICAL OFFICE - ALL-CASH IRR



CLASS "B" **OFF-CAMPUS** MEDICAL OFFICE - ALL-CASH IRR



What will be a “market” capitalization rate for the following single-tenant healthcare investments in 2021? Assume 10 years of lease term remaining and average credit.

Net lease medical properties continue to be the focal point from an investment perspective, remaining steadfastly appealing in an ever-evolving healthcare market. Expectations that single-tenant healthcare investment pricing will continue tightening remained a common thread among respondents, every asset type had at least 60% of respondents estimating a cap rate below 7.00% except for Long Term Acute Care Hospitals, Behavioral Hospitals and Skilled Nursing Facility. Single-tenant Medical Office Buildings (MOB’s) are expected to remain the most competitively priced asset type, with 82% of the respondents expecting the market cap rate to be within a 4.50%- 6.49% range. Investors in single-tenant Ambulatory Surgery Centers indicated a similar expectation, with 79% of survey respondents expecting a market cap rate range between 5.00%- 6.49%. Pricing expectations for life sciences was most aggressive with 70% of the respondents selecting a market cap within a 4.00%-5.99% range.

CAP RATE	Above 9.00%	8.50% - 8.99%	8.00% - 8.49%	7.50% - 7.99%	7.00% - 7.49%	6.50% - 6.99%	6.00% - 6.49%	5.50% - 5.99%	5.00% - 5.49%	4.50% - 5.00%	4.00% - 4.49%	Below 4.00%
Medical Office Building	1%	0%	0%	3%	1%	8%	10%	23%	32%	17%	5%	0%
Freestanding Emergency Department	2%	3%	3%	7%	19%	17%	24%	14%	2%	9%	0%	0%
Ambulatory Surgery Center	1%	1%	0%	1%	7%	9%	26%	28%	15%	10%	0%	0%
Wellness Center	2%	2%	8%	8%	10%	20%	27%	7%	8%	5%	2%	0%
Acute Care Hospital	0%	6%	6%	11%	17%	23%	11%	8%	6%	11%	2%	0%
Long Term Acute Care Hospital	10%	10%	10%	24%	12%	8%	6%	2%	12%	8%	0%	0%
Rehabilitation Hospital	0%	4%	4%	15%	16%	20%	20%	9%	7%	5%	0%	0%
Behavioral Hospital	0%	4%	15%	15%	19%	21%	12%	6%	4%	4%	0%	0%
Skilled Nursing Facility	22%	10%	18%	12%	6%	10%	8%	6%	8%	2%	0%	0%
Life Sciences	2%	0%	2%	4%	4%	5%	14%	20%	20%	16%	14%	0%

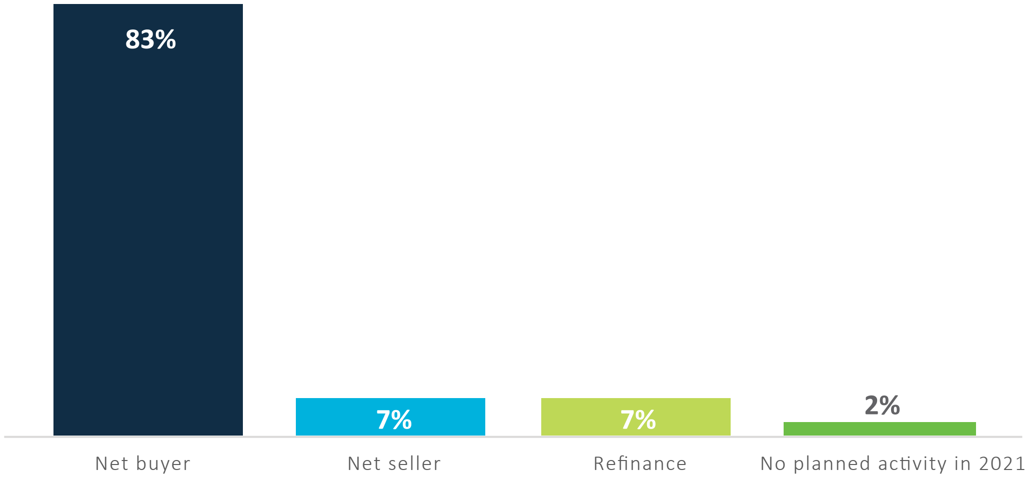
Survey Results

PLANNED INVESTMENT ACTIVITY

For 2021, how would you characterize your medical office investment activity?

The overwhelming majority of survey respondents (83%) indicated plans to be "Net Buyers" of medical office product in 2021. Of these respondents, 100% of all Institutional healthcare investors, 94% of private capital investors and 90% of all healthcare REIT's who responded consider themselves to be "Net Buyers."

83%
plan to be Net Buyers of medical office product in 2021



Survey Results

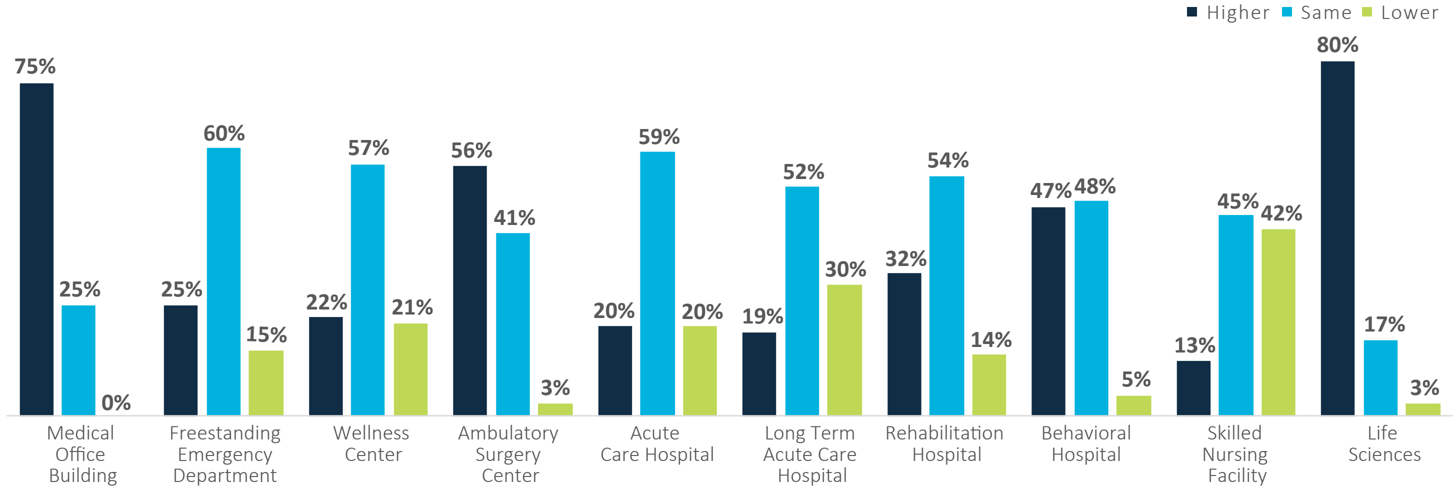
SUPPLY VS. DEMAND

Where do you see investment demand and supply for the following product types in 2021 compared to 2020?

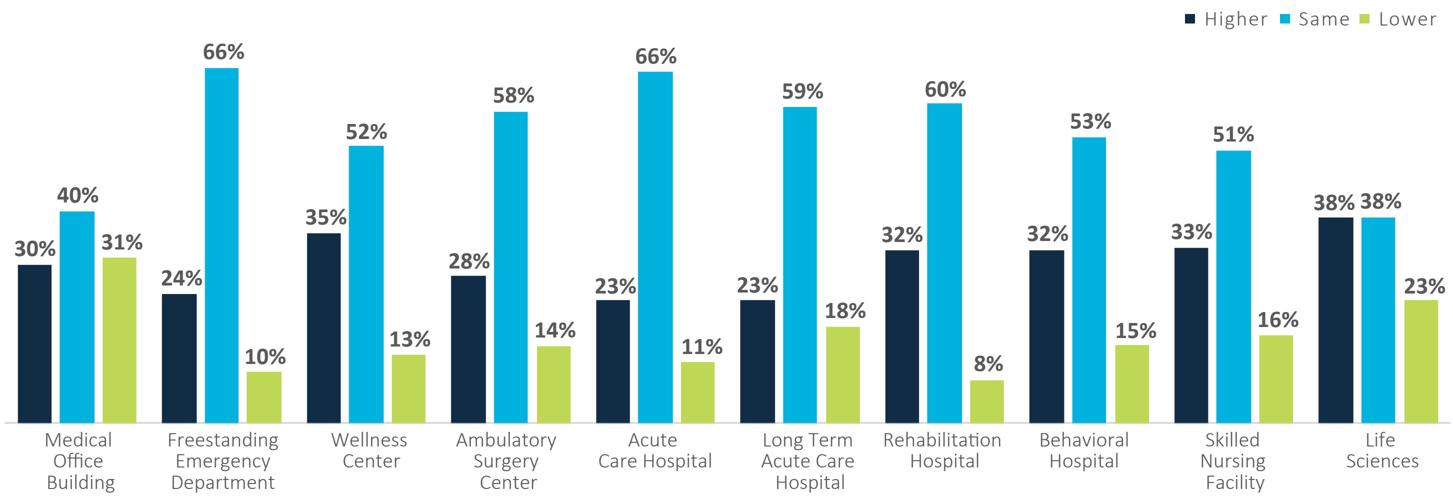
demand expected to be **HIGHER** in 2021

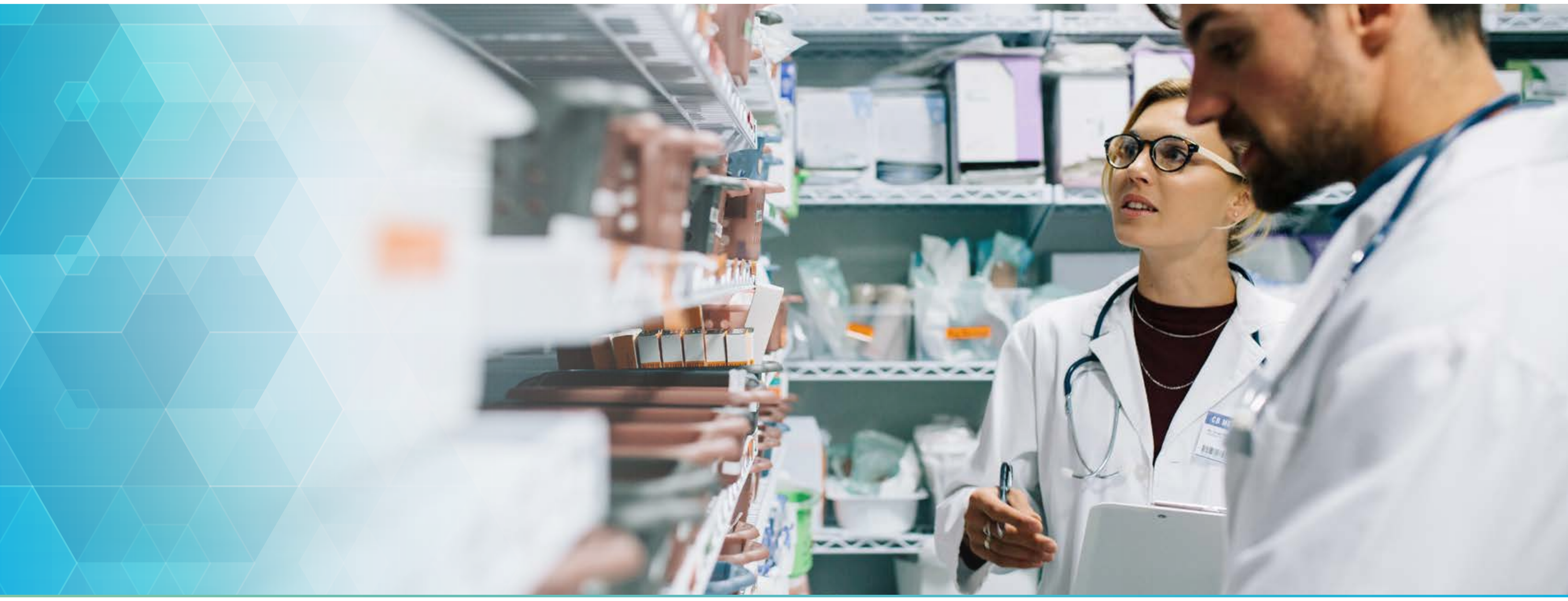
Overwhelmingly, respondents expect that demand for Medical Office Buildings and Life Sciences assets will be higher in 2021 when compared to 2020 levels. Post acute care facilities are falling out of favor as investors responded that Skilled Nursing Facilities and Long-Term Acute Care Hospitals are the most likely to have lower demand in 2021 compared to 2020. The majority of respondents have projected that across the board, healthcare facilities of all types will have the same supply in 2021 as in 2020. The one exception is Life Sciences, where investors predicted that 2021 would have a higher supply (38%) or the same supply (38%).

DEMAND FOR ASSETS



SUPPLY OF ASSETS





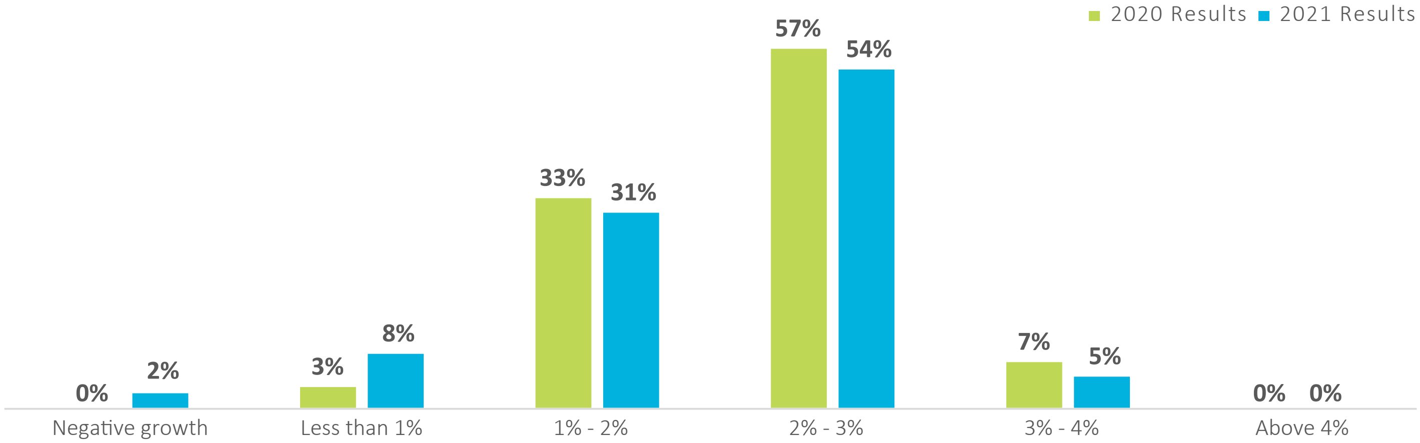
Survey Results

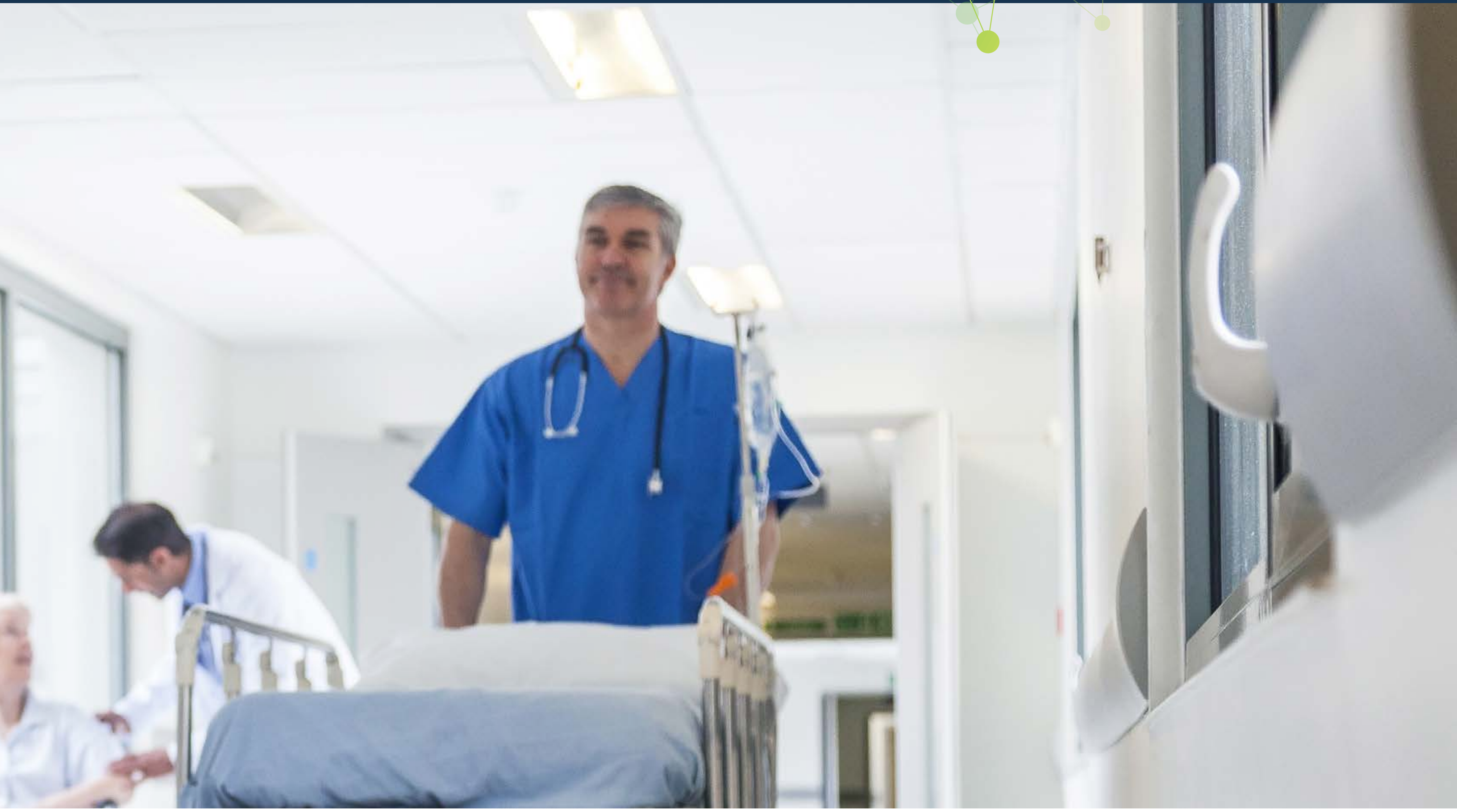
MARKET FUNDAMENTALS

Where would you project annual growth for medical office lease rates in the coming year?

Survey respondents appear to have a more tepid expectation of rising medical office lease rates compared to historical polls, substantiated by the 58% of responders who indicated annual rates will increase by at least 2% or more, compared to 64% in 2020 and 74% in 2018. 10% of all respondents indicated an expectation of lease rates growing by less than 1% or negative growth, compared to 3% of respondents in 2020.

LOW
expectation for rising medical office lease rates in 2021

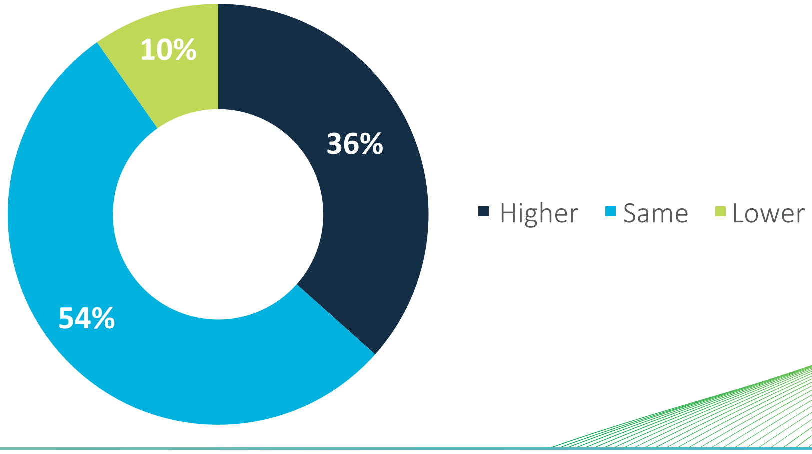




Q

Where is the occupancy of your medical office portfolio compared to a year ago?

The majority of respondents (54%) stated that their medical office portfolio occupancy was 'Higher' than last year, while only 10% stated that their portfolio occupancy was 'Lower' than last year. These figures are even more impressive given that we are still in the midst of a pandemic. 36% of respondents stated that their portfolio occupancy was the 'Same' as last year.



medical office portfolio occupancy

HIGHER

than 2020

Survey Results

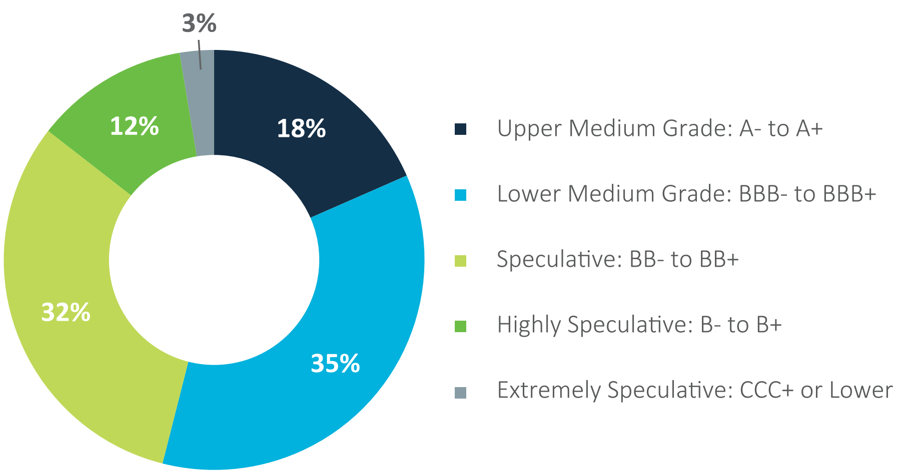
HEALTH SYSTEM MONETIZATION & DEVELOPMENT CRITERIA

A PORTION OF THE SURVEY WAS DEDICATED TO MEDICAL OFFICE INVESTORS AND DEVELOPERS SEEKING MONETIZATION OR DEVELOPMENT OPPORTUNITIES WITH HEALTH SYSTEMS.

What is the minimum hospital credit rating you would consider for investment?

Compared to the pre-COVID-19 survey in 2020, the main shift in sentiment was towards 'Upper Medium Grade A- to A+' which increased by 10 percentage points from the previous year from 8% of respondents in 2020 to 18% of respondents in 2021. Of those surveyed, the largest share responded with 'Lower Medium Grade of BBB- to BBB+' credit (35%), followed by 'Speculative Grade of BB- to BB+' credit (32%), then 'Upper Medium Grade A- to A+' (18%) and 'Highly Speculative B- to B+' responded with 12%. The predominant choice since 2012 has been 'Low Medium Grade: BBB- to BBB+.' Investors have continued to grow in their comfort level with hospital credit rating below 'Lower Medium Grade: BBB- to BBB+' with 47% of respondents interested in the range in 2021, up from 27% in 2012.

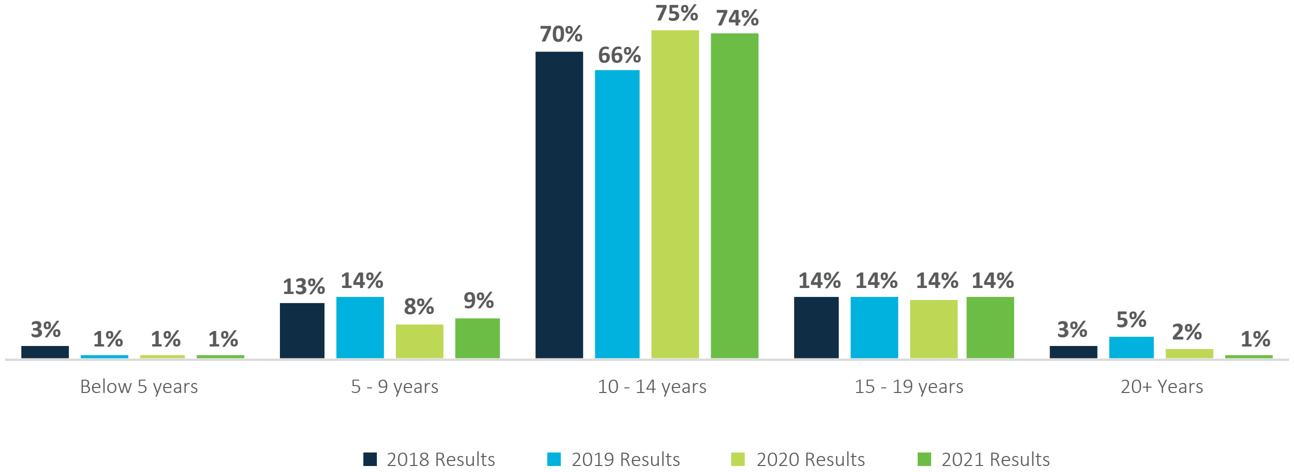
10%
increase Upper Medium Grade A- to A+ minimum credit rating



What is the minimum lease term you would consider for a sale-leaseback by a health system?

90% of the survey respondents indicated that the minimum lease term for a sale-leaseback by a health system would need to be at least 10 years, while most of the respondents (74%) indicated a need for a lease term of at least ‘10 to 14 years’. The limited variance over the last 4 years survey results reveals a settling out over time of investor comfort with lease terms in the 10-14 year range.

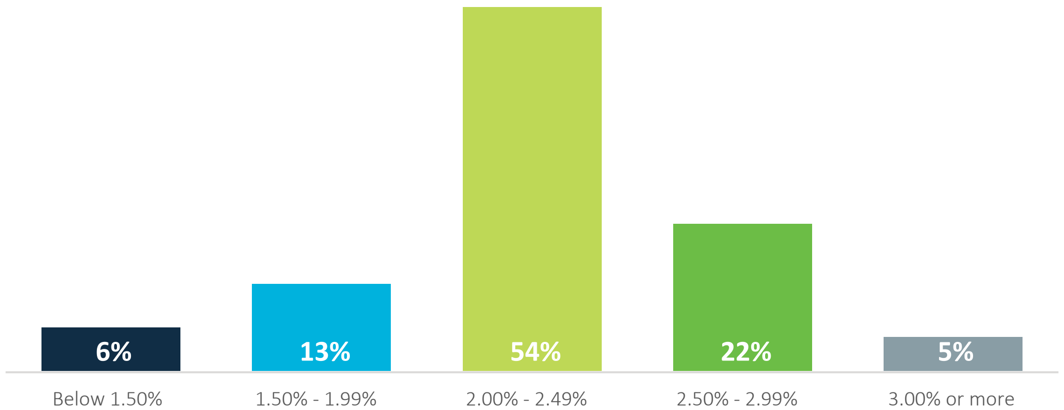
90%
minimum 10-year lease term for a sale-leaseback



What is the minimum annual rental rate escalation you would consider for a sale-leaseback by a health system?

Responses to this question have exhibited a similar bell curve of responses over the history of this survey, with the largest group of survey respondents (54%) stating that they would require at least a ‘2.00%- 2.49%’ annual rental rate escalation. Approximately 19% of the respondents indicated that they would accept an annual rental rate escalation of 1.99% or less, and 27% of the respondents indicated that they would require an annual rental rate escalation of 2.50% or more. The percentage of respondents who could consider escalations in the ‘1.50%-1.99%’ range spiked to 23% in 2020 before dropping back to historical levels.

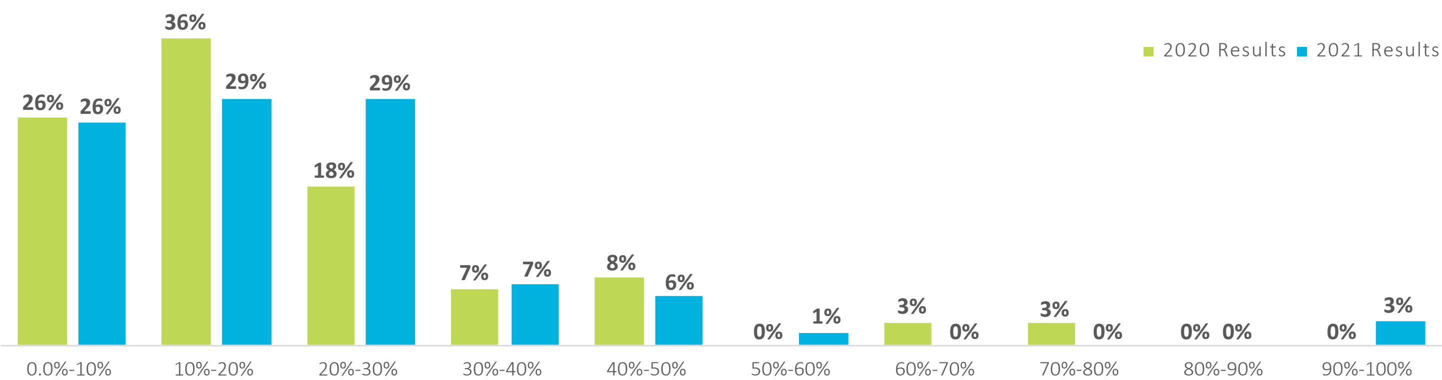
54%
require at least a 2.00% - 2.49% annual rent escalation



In your experience, what percent of the time do hospitals exercise their Right of First Refusal (ROFR) to purchase the medical buildings on their campus as outlined in a typical ground lease?

83%
report ROFR exercised up to 30% of the time

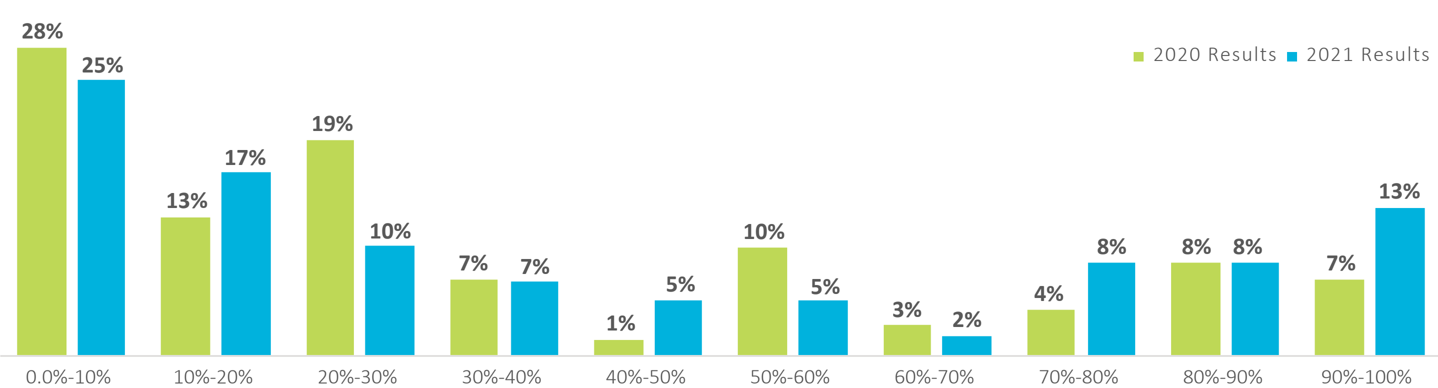
The lion's share of survey respondents (83%) reported that hospitals exercised their Right of First Refusal (ROFR) up to 30% of the time, and 90% of respondents reported that hospitals exercised their right up to 40% of the time. This represents a slight shift upward from the responses in 2020. Most significantly we see that 29% of respondents reported that hospitals exercised their right between 20%-30% of the time, as opposed to 18% in 2020. While most hospitals are still waiving their right to purchase, the rise in number of hospitals that do exercise will continue to increase competition for available assets.



In your experience, what percent of the time does the hospital have a price floor on their purchase option as part of the ground lease?

51%
see a price floor on a purchase option in the ground lease

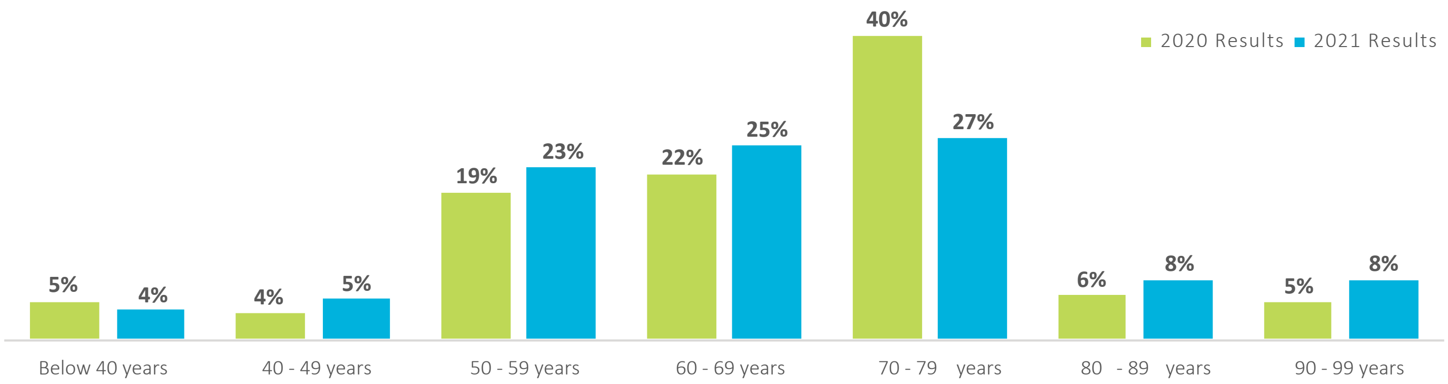
51% of respondents indicated that they see a price floor on a purchase option included in the ground lease up to 30% of the time, while 30% of respondents indicated that they see a price floor on ground lease purchase options more than 70% of the time. Historically, the percentage of respondents who see a price floor on a ground lease purchase option more than 70% of the time is more consistent with the 2020 survey results (19%), the 2021 survey results represent an 11% percentage point increase.

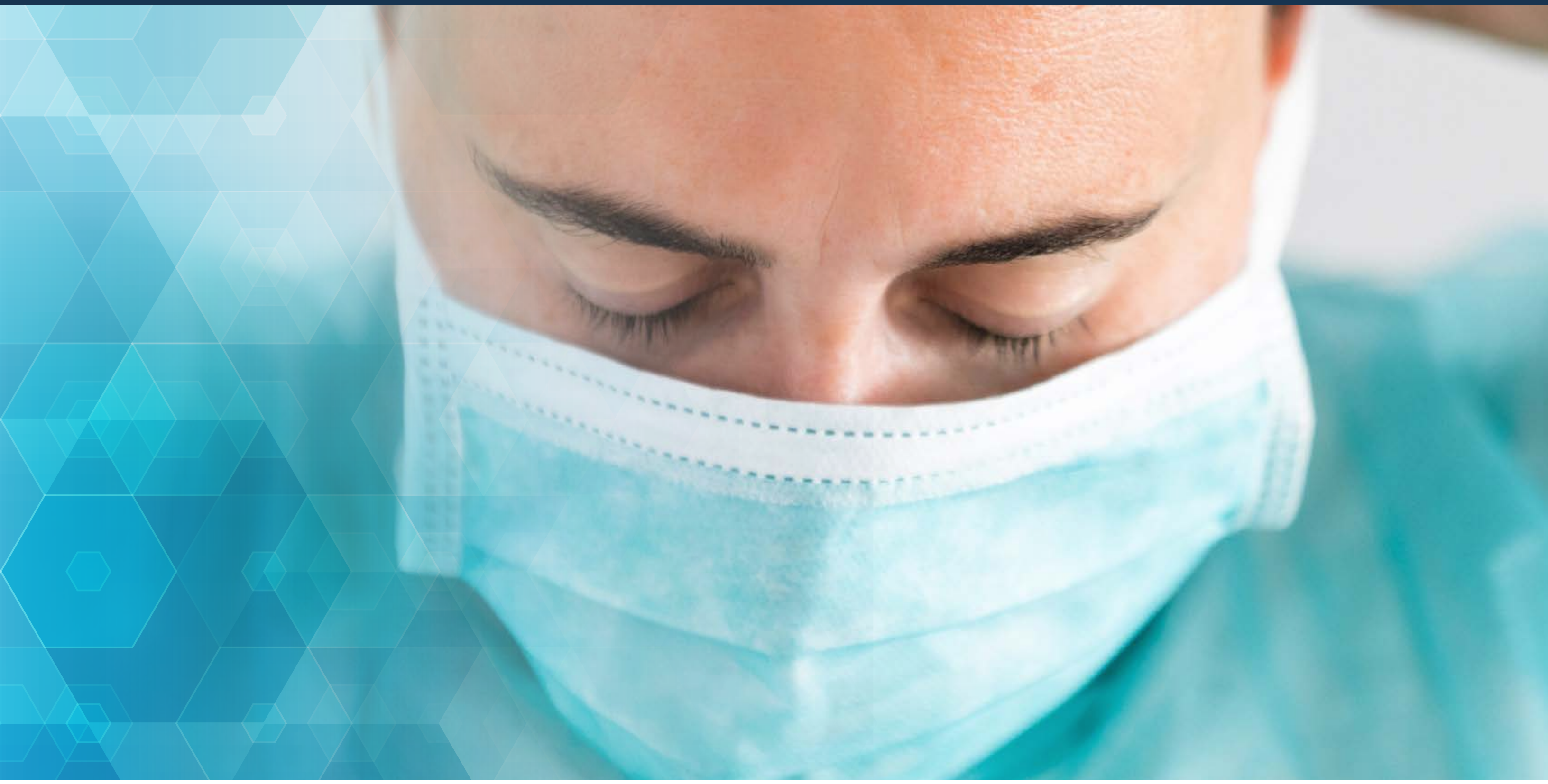


What is the minimum ground lease term you would consider for investment (including extension options)?

Investors and developers indicated a preference for at least 50 years of remaining ground lease term, 91% of respondents in 2021. It is also interesting to note that in 2021, 27% of respondents preferred ‘70-79 years’ of remaining term versus 40% in 2020. Investor preference for ’70-79 years ‘ of ground lease term spiked in 2020 and the 2021 results are more in line with historical norms.

>50 YEAR
remaining ground lease term preference





Survey Results

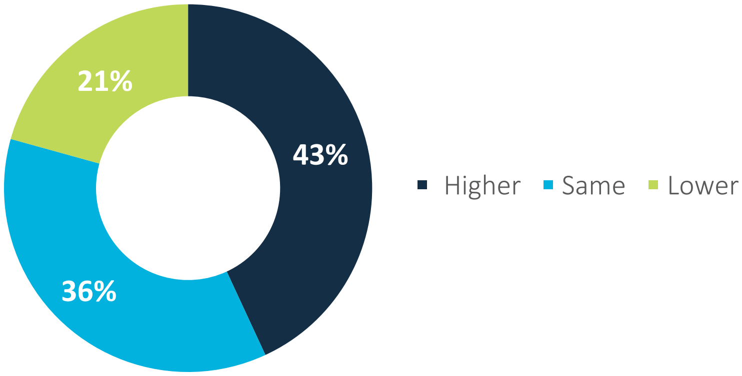
MEDICAL OFFICE DEVELOPMENT

THIS SECTION OF THE SURVEY EXCLUSIVELY FOCUSED ON MEDICAL OFFICE DEVELOPERS.

Q For developers, where do you expect health system development RFP activity to be in 2021 compared to a year ago?

Investor and Developer responses to this question diverted from the historical trend. In 2020, as with the majority of the survey's history, 50%+ of respondents expected development RFP activity to stay the same, but this year only 36% of respondents expected the status quo. Participants of the survey went in different directions on how RFP activity will change in 2021 with 21% of respondents believing it will go lower and 43% of respondents believing that it will go higher. 67% of Institutional Investors expect RFP activity to increase in 2021 while only 38% of Developers believe that RFP activity will increase.

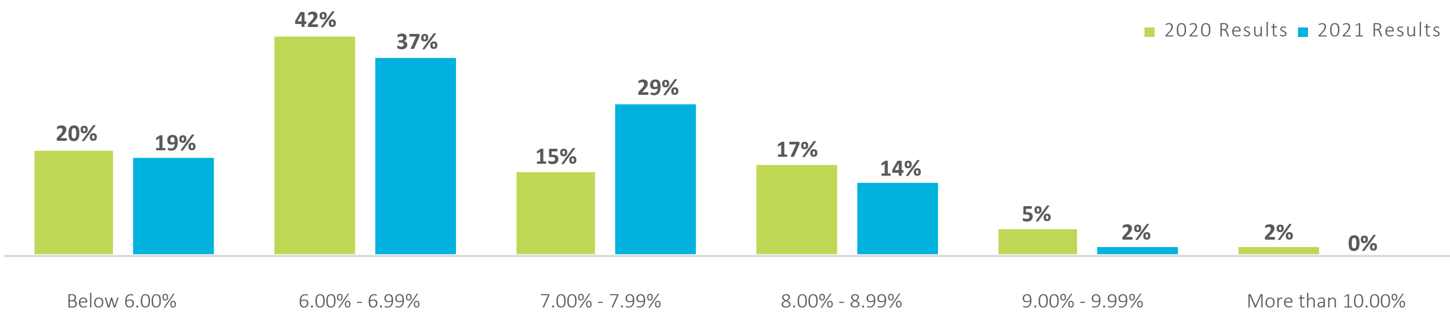
43%
believe development RFP activity will go higher in 2021



For developers, what is the minimum lease constant you would consider for a healthcare development opportunity meeting your highest standards?

56%
would consider a lease constant below 7.00%

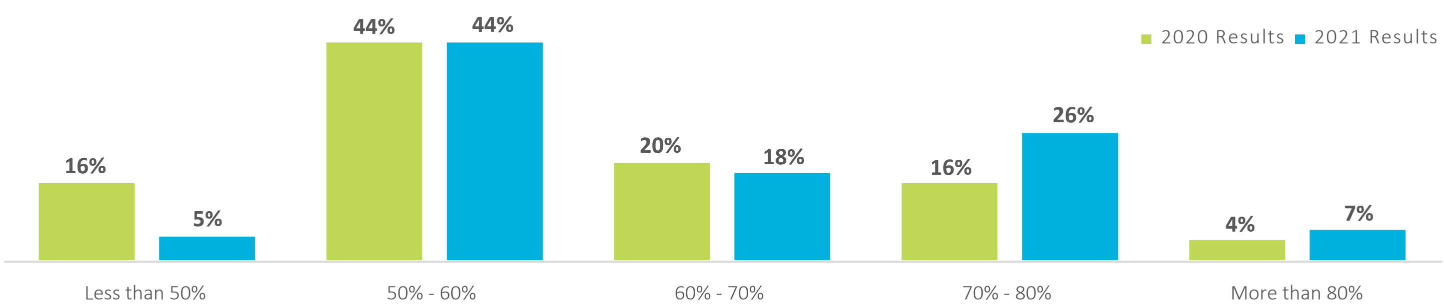
Return requirements for developments remain extremely competitive, with more than half of respondents (56%) reporting that they would consider a lease constant below 7.00%. These return requirements have compressed substantially since 2010, when 0% of the respondents indicated that they would consider a lease constant below 8.00% for a new development. In 2016, 66% of the respondents indicated that they would consider a lease constant below 8.00% for a new development. This increased to 79% of the respondents in 2018, 77% of the respondents in 2020 and now 85% of the respondents in 2021 indicated that they would consider a lease constant below 8.00%.



For developers, what is the minimum pre-leased threshold percentage you (or your lender) would consider for a medical office development meeting your highest standards?

95%
prefer at least 50% pre-leasing

Developers' year-over-year risk profiles have become more conservative, which is to be expected after the year that we just had. While nearly all of the 2021 respondents (95%) prefer at least 50% of a project to be pre-leased. Developers became more risk adverse over the last two years with only 22% of respondents in 2019 and 21% of respondents in 2020 requiring at least 70% pre-leased. Developers in 2021 have reset their risk profile with 33% of respondents now requiring more than 70% of a project to be pre-leased.



ABOUT CBRE U.S. HEALTHCARE & LIFE SCIENCES CAPITAL MARKETS

CBRE Group, Inc. (NYSE: CBRE), a Fortune 500 and S&P 500 company headquartered in Dallas, is the world's largest commercial real estate services and investment firm (based on 2020 revenue). The company has more than 100,000 employees serving clients in more than 100 countries. CBRE serves a diverse range of clients with an integrated suite of services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services. Our U.S. Healthcare & Life Sciences Capital Markets Group specializes in providing healthcare real estate investors with acquisition, disposition, and recapitalization strategies; assisting healthcare providers with strategic capital planning (including monetization and capital raising efforts); and advising health systems and physician groups in the developer selection process.

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