

HEALTH CARE REAL ESTATE OUTLOOK REMAINS STRONG

During the 4th quarter of 2011, Grubb & Ellis (G&E) released their investor outlook for health care properties. The report states that demand is strong and that health care properties will continue to be a reliable investment over the next decade.

G&E points to a number of factors to justify its outlook. The driving force will likely be the number of baby boomers reaching age 65 during the next few years. Experts are predicting that the 65 and over population will grow 36% over the next decade. Current data suggests the 65 and over population visit hospitals and healthcare facilities twice as much as their younger counterparts.

Younger generations are making more trips to hospitals and health care facilities as well. With employers looking to manage the cost of health insurance premiums, many are asking their employees to take part in wellness programs and to participate in routine medical check-ups.

The Patient Protection and Affordable Care Act (the Act) will also be phased in over the next few years. One of the major components of the Act is designed to increase the number of insured patients. If this component of the Act is upheld by the U.S. Supreme Court, the population of newly insured patients will likely result in more patient visits to hospitals and health care facilities.

Increased demand for health care and wellness services will likely force health care providers to hire more clinicians. G&E predicts that the number of health care jobs could increase by 24% over the next decade.

The demand for health care and wellness services coupled with a growing medical staff will likely force providers to look for additional space. Due to the building lull that has occurred over the past few years, combined with low vacancy rates for existing properties, new construction will likely be the best option.

Health care providers that were surveyed at the 2011 Building Owners and Managers Association (BOMA) Medical Office Building Conference also displayed confidence in the market. A majority of those surveyed were seeking space for the development of outpatient clinics. One half of those surveyed believe that health care property values will remain stable over the next year.

A complete copy of the G&E Investor Outlook for Health Care Properties can be found [here](#).

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