



Oregon's Healthcare Real Estate



The Pulse 

2024 - Market Insight Report

Oregon's Healthcare Real Estate Market | 2024 - Q1 & Q2 Report

Notable Sale Transaction



Cornell Medical Commons
12400 NW Cornell Rd
Portland, OR

Sale Type:	Investment
Sale Price:	\$4,650,000
Sale Price/SF:	\$304.32
Sale Date:	July 2024
Building SF:	15,280
Occupancy at Sale:	100%



Inventory:
10.2M SF
(14.7M Statewide)

Rental Rate

Portland	Central Oregon	Statewide
\$25-\$49/SF FSE	\$21 -38/SF NNN	\$25-\$49/SF FSE
Forecast		
↔	↔	↔

Vacancy Rate

Portland	Central Oregon	Statewide
5.10%	3.8%	3.7%
Forecast		
↔	↓	↔

Net Absorption*

Portland	Central Oregon	Statewide
7,659 SF	-17,603 SF	58,013 SF
Forecast		
↔	↑	↔



Cap Rate Range

Portland	Central Oregon	Statewide
6.25%-8%	6.15%-7%	6.25%-8%
Forecast		
↓	↓	↓





*Net Absorption is the total amount of space (given in square feet) that has been leased, minus the amount of space that has been vacated. Positive net absorption shows you that more space has been leased than vacated, vice-versa.

Source: CoStar, Class A & B Office Buildings, 4,000 SF+

Portland - Q1 & Q2 - Leasing Highlights

		YoY Change
 Leases Executed:	49 Leases executed, 83,445 SF (Year over Year: 41 Leases executed, 64,675 SF)	↑
 Statewide Leases Executed:	67 Leases executed, 122,394 SF (Year over Year: 51 Leases executed, 81,344 SF)	↑

Portland - Q1 & Q2 - Sales Highlights:

		YoY Change
 MOB Sales Completed:	5 transactions, Gross Sales Volume: \$6,760,000 (Year over Year: 8 transactions, Gross Sales Volume: \$22.2M)	↓
 Median Sales Price per SF:	\$319.02/SF (Year over Year: \$286.85/SF)	↑
 Median Building SF:	5,247 SF (Year over Year: 12,516 SF)	↓
 Average Days on Market	200 (Year over Year: 271)	↓



Word on the Street



Healthcare Tenant



“Between the stagnant population growth and declining birth rates in Oregon, impacted specialties are in a holding pattern. We are seeing market consolidation and significant challenges for small groups on every front. Real estate investments by independent practice owners are still of keen interest, but borrowing costs remain the significant obstacle.”

- Wade Miller, CEO, Metropolitan Pediatrics



Healthcare Consulting



“Independent health care practices in the Pacific Northwest continue their transformation during the post-COVID recovery period. These practices are challenged by many headwinds, including pressure to sell to larger entities, provider recruitment scarcity, tough payor stances on rate increases, shortage of qualified labor and the physical space calculus between telehealth and in-person care. Yet, these independent practices are innovative, nimble and committed to maintain local control and collaborate with each other to navigate this sea change.” - Dick Clark, founder of DickClarkPDX and former CEO of The Portland Clinic



Benefits, Investments, Insurance



“The healthcare property and casualty insurance market is evolving. Medical Professional Liability (MPL) faces rising “nuclear verdicts” (over \$10 million), but new MPL entrants are temporarily stabilizing premiums. Rates for property, general liability, commercial auto, and workers’ compensation have remained flat, while management liability rates have stabilized with some decreases. Cyber liability premiums are declining as organizations adopt stronger cybersecurity measures like multi-factor authentication and cloud-based backup strategies.” - Mike Arnold, Partner, The Partners Group



Lender



“Demand for owner-occupied real estate remains strong for large group practices in all areas of healthcare. Recently there has been a nice increase in demand for large TI projects in both existing and new spaces. The impact from the issues related to Change Healthcare has put a pause on some proposed projects, but this is a short-term problem that should be resolved in the next few months. Trends continue to be strong for ‘roll up’ groups forming in all areas of the healthcare space.”

- Scott A. Beard, SVP Director, Columbia Healthcare Banking, a division of Umpqua Bank



Portland Attorney



“Healthcare practice transitions have been picking up speed in the first half of 2024, causing a nice uptick in leasing activity. As interest rates continue to stabilize (or even come down), we expect commercial leasing activity to pick up in the second half of 2024. Let’s get those TI allowances!!” - Alex Trauman, Partner, Elevate Law Group



Portland General Contractor



“Despite concerns about a declining construction market, recent data suggests stability, with the Pacific Northwest showing resilience. The AIA Architectural Billings Index indicates healthy competition, leading to more subcontractors seeking opportunities and offering competitive pricing. Healthcare institutions are addressing maintenance backlogs and beginning to explore projects requiring larger capital investments.” - Erik Benedetti, Healthcare Market Lead, Swinerton Builders



Credentialing/Recruitment



“Medical practices increasingly use bespoke virtual assistants to boost efficiency and retain essential on-site staff. These partnerships streamline administrative tasks, improve patient satisfaction, and optimize budgets. They also enhance provider and staff efficiency, reduce burnout, and increase job satisfaction, making them essential for building a dedicated, long-term healthcare team that better serves the community.” - Lauren K. Harris, Owner - Harris Healthcare Consulting

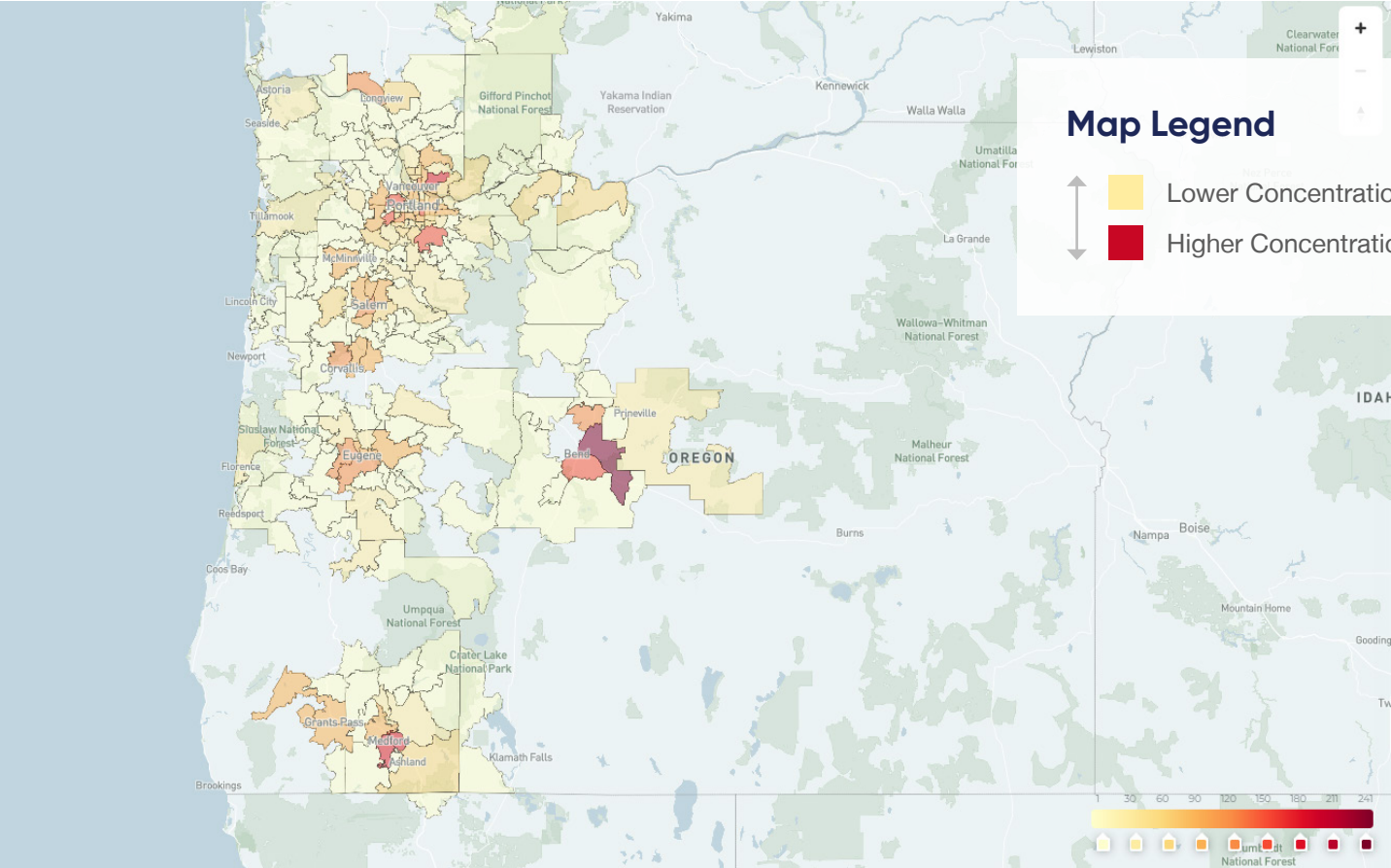


Investment



“At Evergreen Medical Properties, we have seen outpatient facility sales volume increase throughout 2024. And while the likely interest rate response from the Federal Reserve is certainly relevant, we find the primary drivers for this activity stem from an increase in lenders’ appetite for MOB debt combined with sellers’ embrace of a new valuation paradigm which already contemplates the inevitable interest rate reductions.” - Josh Richmond, Partner, Evergreen Medical Properties

Labor Spotlight | Registered Nurses (Portland)



Registered Nurses

Market Wage:	\$73.22/hr
Labor Availability:	1.20 (Above US national average of 1.0)
# of Medical Assistants:	1,135
YOY Growth/Decline:	5.10%
Projected # of Medical Assistants by 2025:	1,446

Note: The data above is pulled within 30 min drive time radius from downtown Portland.

Source: Cresa Analytics



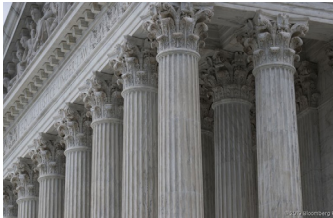
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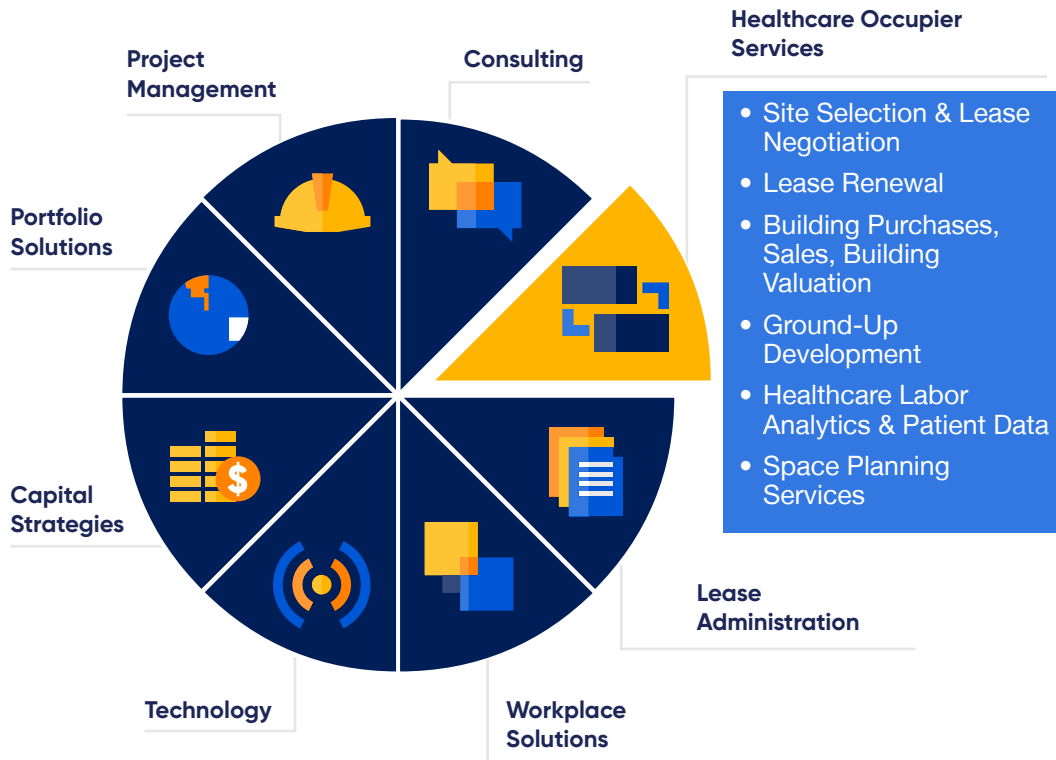


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Why Cresa?

Our Integrated Services



Pacific Northwest's Healthcare Real Estate Experts



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What sets us apart?

- Trusted partner of healthcare tenants nationally
- Ability to handle real estate requirements anywhere in the US with our national team of healthcare real estate experts
- Occupier-focused, no Landlord/Developer representation
- Sized to serve
- Employee owned

Our Healthcare Focus:

- Medical, Dental, Veterinary
- Health System, DSO, MSO Portfolios
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- Clinical Outpatient Facilities
- Long Term Care Facilities
- Laboratories
- Other Healthcare Office Space