

# Northern & Central NJ 2Q 2021 Report

FEATURING

“Healthcare Consolidation and M&A continue through 2021”  
by **Darren Lizzack, MSRE** and **Randy Horning, MSRE**



**Darren M. Lizzack, MSRE**  
201 488 5800 x104  
dlizzack@naihanson.com



**TEAM LIZZACK-HORNING**



**Randy Horning, MSRE**  
201 488 5800 x123  
rhorning@naihanson.com

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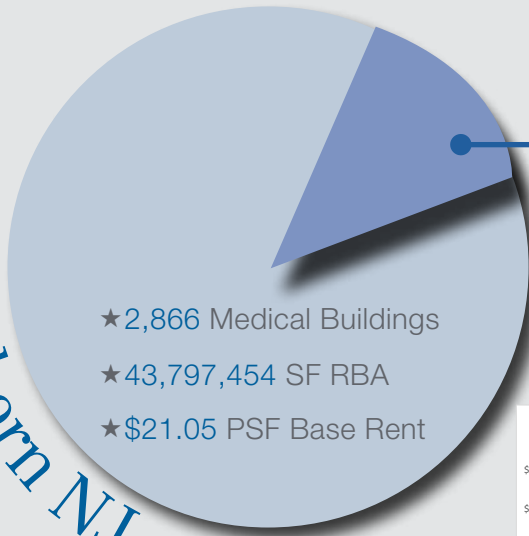
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REPORT  
CENTRAL  
NORTHERN

2Q2021

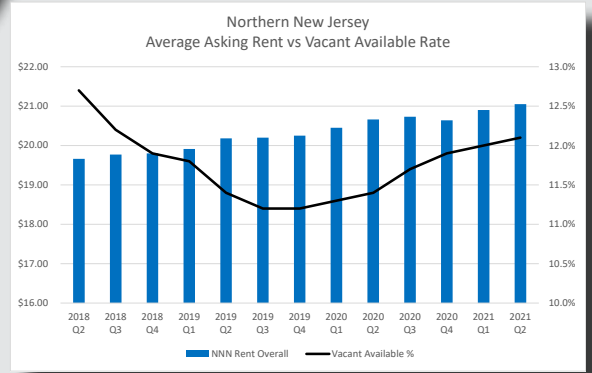
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COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

Northern NJ



## Bergen County

- ★ 412 Medical Buildings
- ★ 5,974,064 SF RBA
- ★ \$25.57 PSF Base Rent



## TOP SALES & LEASES

### SALES

**94,000 SF | \$13,560,760**

Broadacres Drive (4 Properties), Bloomfield

Buyer: MAVeCap/ERCT Capital

Seller: P3 Properties

**55,332 SF | \$4,048,750**

690 Kinderkamack Rd, Oradell

Buyer: Milrom Companies, LLC

Seller: Stabilis Capital Management

### LEASES

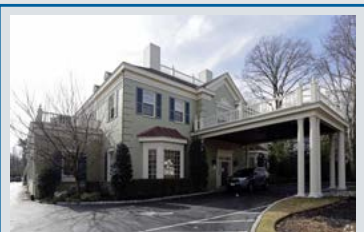
**52,000 SF | 5 Colt Street, Paterson**

**7,112 SF | 500 N. Franklin Turnpike, Ramsey, NJ\***

**2,608 SF | 1777 Hamburg Turnpike, Wayne, NJ\***

**2,437 SF | 19-61 West Pleasant Ave., Maywood, NJ\***

*\*NAI Hanson Transactions*



Team Lizzack/Horning represents seller for 1124 East Ridgewood Avenue in Ridgewood, NJ

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Team Lizzack/Horning secured the lease for dentist at 720 E. Palisade Avenue in Englewood, NJ

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Team Lizzack/Horning represented the buyer, in a condo sale at 605 Broad Ave in Ridgefield Park, NJ

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MEET THE MEDICAL

## Healthcare Consolidation and M&A continue through 2021

By: Darren Lizzack, MSRE and Randy Horning, MSRE

Experts estimate that by 2023, the healthcare industry will generate [\\$4.3 trillion](#). US healthcare takes up close to 18% of the GDP of other developed countries, and it's one of the largest and fastest growing industries in the world.

Large healthcare groups and hospitals have been purchasing or absorbing practices and consolidating practices under one roof for years. In 2017, M&A deals within the healthcare marketplace hit \$175 billion — and those deals have only accelerated.

With high deductible health plans (HDHPs) rising and the government eliminating the individual mandate, the industry has seen rising rates of uninsured or underinsured patients. Patients must pay more out-of-pocket, but the rising cost of services and products mean many people can't afford the care they need. In fact, a CNBC report noted that [137 million Americans struggle with medical debt](#).

But how does this debt connect to consolidation? Hospitals and healthcare systems become overburdened with millions of dollars in bad debt. In strategizing ways to offset that burden, hospitals and clinics opt to consolidate. This approach enables them to remain competitive in the very full healthcare industry.

Other drivers behind consolidation include:

- Resolving fragmentation. With uncoordinated care and siloed stakeholders, poor communication across the care continuum, consolidation joins key healthcare components: care payers, providers, and suppliers.
- Increasing scalability. Without brand recognition or a strong market presence, it's hard for companies to cover costs — especially with a low customer base. Combining multiple, smaller providers resolves those issues.
- Improving efficiency. [About 25% of healthcare expenditures](#) — that's \$760B to \$935B annually — covers waste, thanks to administrative costs, red tape bureaucracy, and outdated legacy systems. Combining healthcare systems can reduce those costs.



## Healthcare Consolidation and M&A continue through 2021 - continued



Hospitals and healthcare systems are reluctant to commit to long-term leases in facilities yet to be built, hence the drive to lease already-existing spaces. In fact, healthcare systems currently lease properties with an average of 30,000 to 80,000-square-foot. Leases provide an attractive option — with possible future expansion — because the costs are lower than building from the ground up.

### Consolidation in 2021 and beyond

While the pandemic slowed M&A considerably, 2021 has already seen considerable growth. PwC found that [53% of US executives planned to increase M&A investments](#) this year, and a [Morgan Stanley report](#) suggested, “All the elements are there for an active M&A market in 2021, from corporations looking for scale and growth to private equity firms and SPACs looking to invest capital.”

Some predict an [increase in urgent care M&A activity](#) as larger urgent care systems purchase smaller ones and healthcare companies pursue M&A with urgent care systems. Continued low interest rates, improving business conditions, and renewed confidence in spending could ensure companies within the healthcare market continue to accelerate growth and scale.

[Bain & Company](#) also predicts that even as the pandemic slowed deals down, transaction values increased 19% to \$21 billion in the latter half of 2020. Many deals closing last year included consolidation of physician practice management and alternative care sites as companies sought solutions to reduce costs and improve patient outcomes.

2Q2021

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**2Q TRANSACTIONS** OF TEAM LIZZACK-HORNING



500 N. Franklin Turnpike

ADDRESS	CITY, STATE	SIZE (sf)	SALE/LEASE
500 N. Franklin Turnpike, Ste 318	Ramsey, NJ	7,112	Lease
1777 Hamburg Turnpike	Wayne, NJ	2,608	Lease
59-61 West Pleasant Ave	Maywood, NJ	2,437	Lease
605 Broad Avenue, Ste 201	Ridgefield, NJ	2,393	Sale
120 Route 17	Paramus	1,433	Lease
1124 E. Ridgewood Ave	Ridgefield, NJ	1,230	Sale
400 Franklin Turnpike	Mahwah	1,200	Sale
720 E. Palisade Ave, Ste 101	Englewood Cliffs, NJ	1,100	Lease
140 Prospect Avenue	Hackensack	869 & 1,041	Lease

**FEATURED MEDICAL PROPERTIES** OF TEAM LIZZACK-HORNING



**1135 Broad Street**  
Clifton, NJ  
7,796 sf for lease  
Medical Office



**43 Meadowlands Pkwy.**  
Secaucus, NJ  
113,145 sf for lease  
New Class A Medical Office



**140 Prospect Avenue**  
Hackensack, NJ  
5,981 sf for lease (2 suites)  
Medical Office



**155 North Dean Street**  
Englewood, NJ  
5,390 sf (2 suites) for lease  
Medical Office



**1030 St. Georges Avenue**  
Avenel, NJ  
824-10,294 sf for lease (5 suites)  
Medical Office



**81 E Route 4**  
Paramus, NJ  
10,000 sf for sale or lease  
Medical Office



**1124 E. Ridgewood Avenue**  
Ridgefield, NJ  
1,817 sf for sale or lease  
Medical Office



**122 E. Ridgewood Avenue**  
Paramus, NJ  
2,224 sf for lease  
Medical Office