

Sanders Trust buys large MOB in Indy

145,000 SQUARE FOOT METHODIST PROFESSIONAL CENTER 2 IS FULLY OCCUPIED

By John Mugford

Birmingham, Ala.-based Sanders Trust in June acquired the 145,000 square foot, 100 percent occupied Methodist Professional Center 2 (MPC2) in Indianapolis.

TRANSACTIONS

The five-story medical office building (MOB) is on the massive campus of the 802-bed Methodist Hospital, which is the state's largest hospital and is part of the Clarian Health system. Clarian Health, which owns or is affiliated with 20 hospitals throughout Indiana, was the seller.

The price was not disclosed. The average sale price in the first quarter (Q1) of this year for MOBs in Indianapolis, according to statistics from New York-based Real Capital Analytics (RCA) Inc., was \$274 per square foot (PSF). That average price was based on all sales recorded in the previous 12 months. Industry sources say prices have most likely fallen in recent months. If Sanders paid \$200 PSF, the price would have been \$29 million.

At the time of the sale, MPC2 was 100 percent leased and anchored by Clarian Health Partners and affiliates of the Indiana University School of Medicine, which is also part of Clarian.

According to a news release from Sanders, football legend Bart Starr, the company's vice chairman, was heavily involved in discussions leading up to the acquisition of the property.

Clarian chose to sell the property to "extract capital from an existing real estate asset and reinvest that capital into our core healthcare mission,"

said Mark Bode, executive director of Clarian Real Estate, in a news release.

Officials from the Sanders Trust say the company's strategy has been affirmed by recent reports indicating that the performance of healthcare real estate holds up well during difficult economic conditions.

In the news release, officials said that on-campus MOBs maintain high occupancies due to their convenient, strategic locations, adding that physicians typically have renewal rates significantly higher than tenants in commercial offices or retail sites.

The Methodist campus also includes another large MOB, the 171,500 square foot, eight-story Methodist Professional Center 1. Charlotte, N.C.-based Cogdell Spencer Inc. (NYSE: CSA) acquired that building back in 2006 from LHRET Indianapolis LLC for \$39.9 million, or about \$232.50 PSF.

Group of docs acquires MOB in Alexandria, Va.

ALEXANDRIA, Va. – A group of primary care physicians has acquired a seven-story MOB in Alexandria. The doctors, also known as JAG Associates LLC, acquired the 61,296 square foot Landmark Professional Building in June for \$10.83 million, or about \$176.7 PSF.

The sale was brokered by the Bethesda, Md., office of NorthMarq, a Minneapolis-based commercial real estate company.

The sale was an off-market transaction, NorthMarq officials say. Local news reports indicate that the undisclosed seller, an investor and developer in the Northern Virginia market, decided to get out of MOB ownership.

Jim Kornick, a senior VP with NorthMarq, knew the group of doctors might be interested in acquiring the building. Jerry Burg and Matt Clinebell, also of NorthMarq, assisted in brokering the sale of the building.

In a news release from NorthMarq, Mr. Kornick said: "The sale of this building demonstrates the relative strength of the medical office market during a period of limited investment sales and limited debt availability."

The new buyer of the building plans to occupy about 3,500 square feet. At the time of the sale, the building, which was built in 1970 and renovated in the 1980s, had about 30 tenants and was 90 percent occupied. The new owner plans additional renovations.

In the news release from NorthMarq, the company's CEO, Ed Padilla, said the privately held company is well-capitalized and growing. "During volatile market cycles when other industry players retreat and retrench, we're growing," Mr. Padilla said. "We are ... intent on expanding into strategic markets like Washington, D.C."

Mr. Kornick says the sale was financed by Fulton Bank in Reston, Va., where the buyer is a depositor.

U of Cal system pays \$43 million for MOB at UCLA

LOS ANGELES – When Held Properties of Century City, Calif., developed 100 UCLA Medical Plaza with a construction partner back in the 1991, the idea was to lease space in the MOB to physicians affiliated with the adjacent UCLA Medical Center.

During the past two decades, the
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