

# HOSPITAL & ON-CAMPUS MEDICAL OFFICE SUMMARY: Suburban Chicago

# 4Q 2016

## Market Overview

While 2016 finished with positive statistical trends in the healthcare real estate sector, 2017 may be the year where we see a slow-down to the past decade of falling vacancy rates, rising asking rents and historically low cap rates. While Medical payers in Illinois (primarily Blue Cross Blue Shield of Illinois with over 60% of the market) continue to shift care away from hospitals to outpatient facilities, the state budget crisis makes it increasingly difficult for any hospital system to allocate significant capital to new outpatient facilities.

Illinois has operated without an approved budget since May of 2015, which has caused delayed Medicaid and Medicare reimbursements to hospitals and created short-term chaos for regional health care providers. In addition, the continued impacts of technology (telemedicine); provider mergers and acquisitions, which have contributed to the ongoing trend of fewer independent hospitals and physicians; and financial uncertainty will undoubtedly affect the demand for on-campus medical office space. With the inevitable softening of future demand for space, health care property owners will need to become more creative and act diligently in their efforts to modernize facilities and craft financially-aggressive deal packages to engage with tenants in the region.



## Medical Office Buildings\*

Sub-Market	Number of Buildings	Total RSF	Percent Available	Change from Mid-Year 2016
North	32	1,696,654	11.5%	▼
Northwest	22	1,328,865	14.3%	▲
West/Southwest	49	2,690,656	11.9%	▼
South	12	591,203	8.3%	▼
<b>TOTAL</b>	<b>115</b>	<b>6,307,378</b>	<b>11.5%</b>	<b>▼</b>

\*Does not include specialty, single-use medical office buildings

## Hospitals†

Sub-Market	Number of Hospitals	Number of Beds
North	9	2,289
Northwest	6	1,655
West/Southwest	18	5,349
South	6	2,136
<b>TOTAL</b>	<b>40</b>	<b>11,429</b>

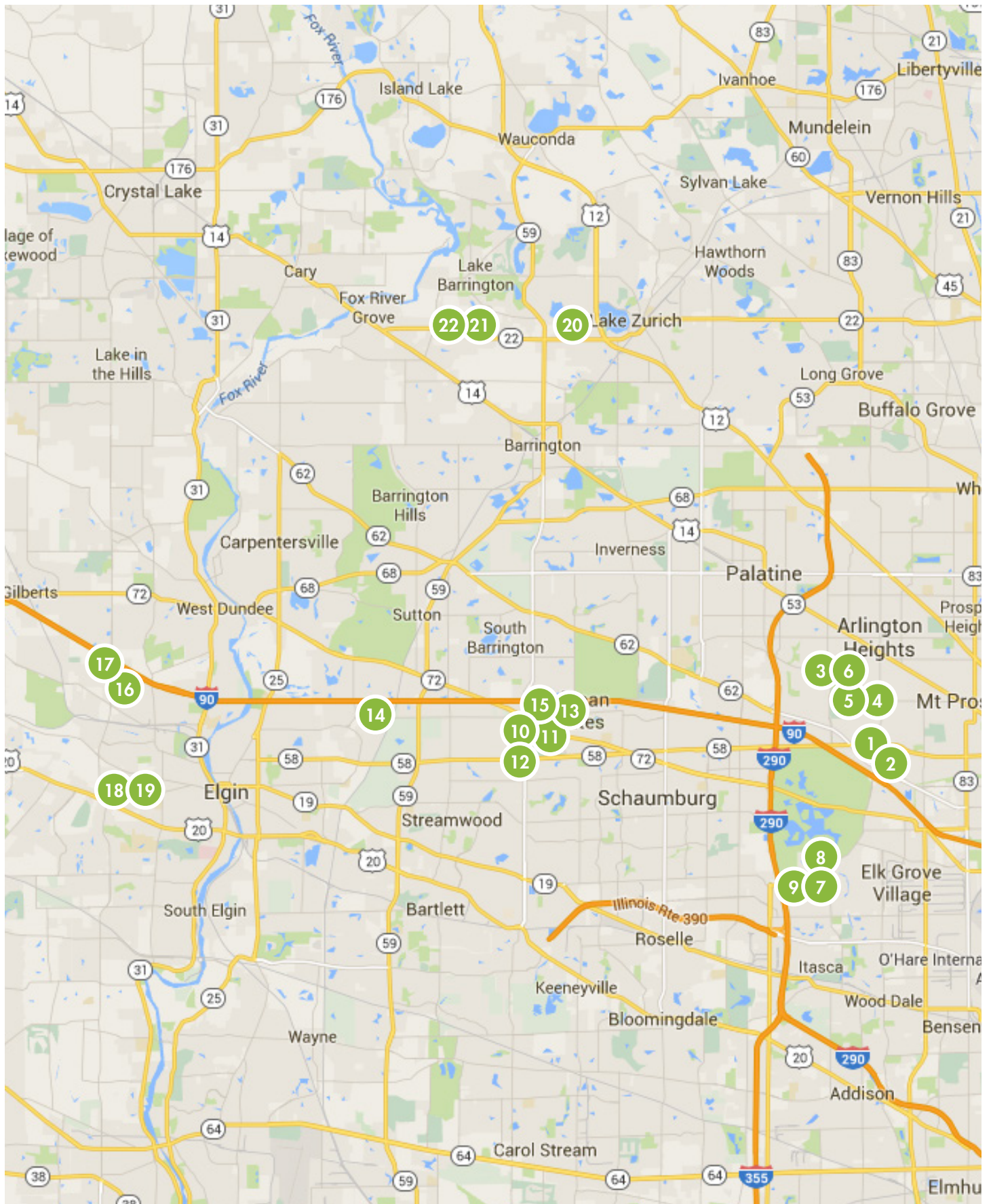
†Does not include specialty, single-use hospitals

## Market Statistics

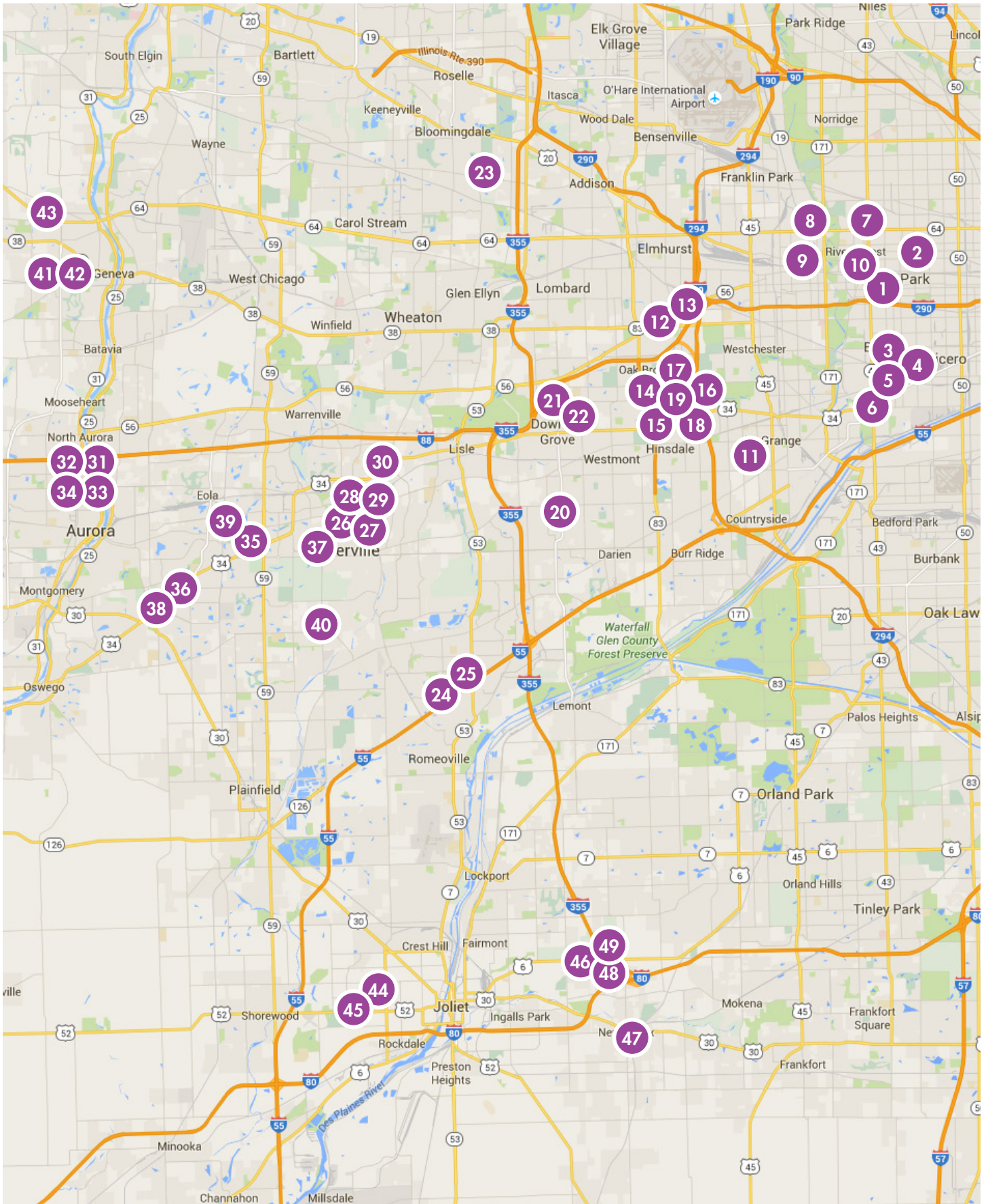
Sub-Market	Number of Properties	Total RSF	Mid-Year 2016 Vacant RSF	Vacancy	EOY 2016 Vacant RSF	Change from Mid-Year 2016	Vacancy	Change from Mid-Year 2016
North	32	1,696,654	206,992	12.2%	195,115	-11,877	11.5%	-0.7%
Northwest	22	1,328,865	186,041	14.0%	190,028	3,987	14.3%	0.3%
West/Southwest	49	2,690,656	336,332	12.5%	320,188	-16,144	11.9%	-0.6%
South	12	591,203	60,894	10.3%	49,070	-11,824	8.3%	-2.0%
<b>TOTAL</b>	<b>115</b>	<b>6,307,378</b>	<b>790,259</b>	<b>12.5%</b>	<b>754,401</b>	<b>-35,858</b>	<b>8.2%</b>	<b>-4.3%</b>



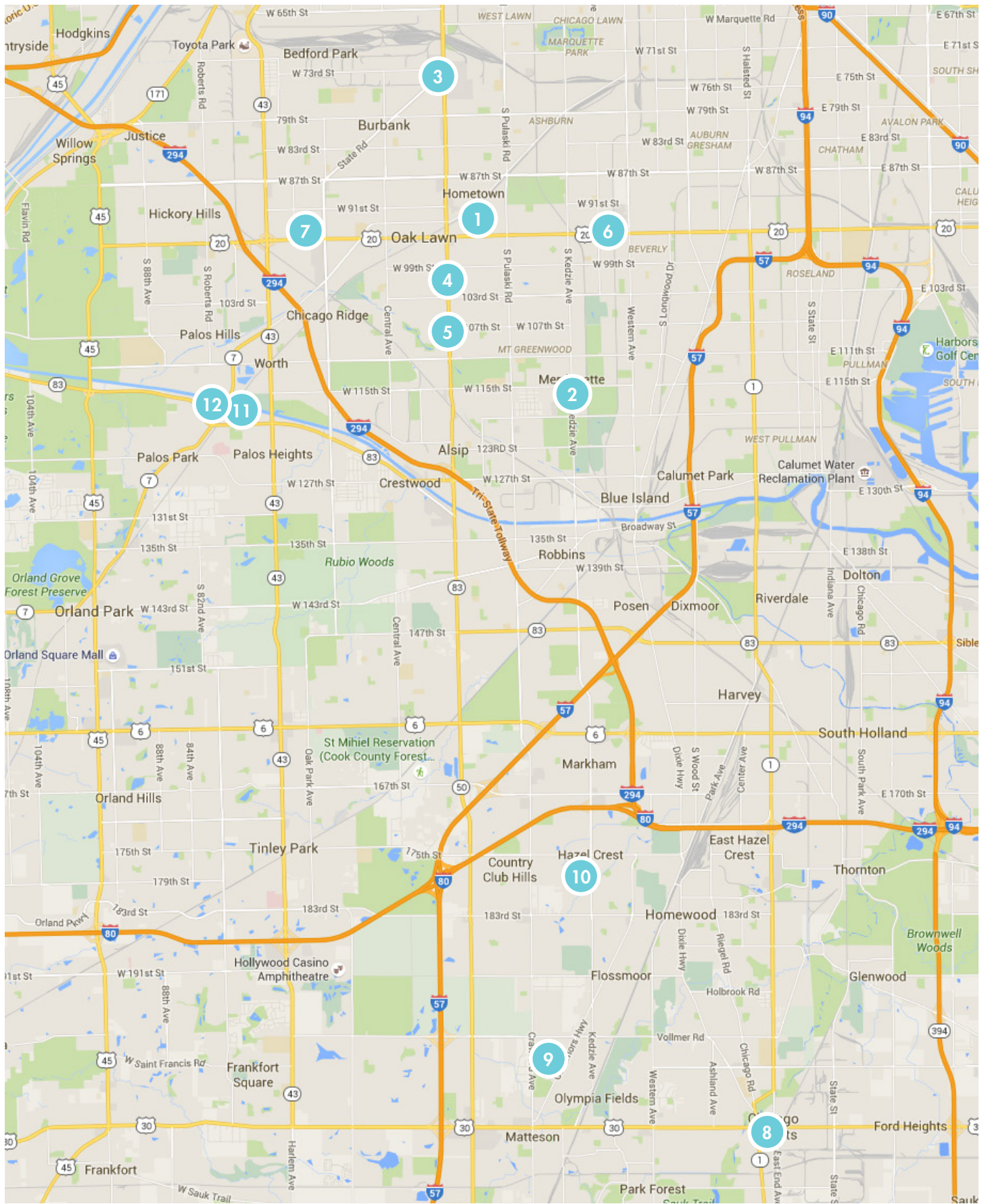
#	Address	City	RSF	Dir. Vacant Space	Vacancy %	Nearby Hospital
1	2500 Ridge Avenue	Evanston	40,072	0	0.0%	Northshore Evanston Hospital
2	2530 Ridge Avenue	Evanston	8,211	0	0.0%	Northshore Evanston Hospital
3	1000 Central Street	Evanston	69,905	0	0.0%	Northshore Evanston Hospital
4	800 Austin Street East	Evanston	65,000	0	0.0%	Presence St. Francis
5	800 Austin Street West	Evanston	65,000	0	0.0%	Presence St. Francis
6	1455 E Golf Road	Des Plaines	59,532	20,861	35.0%	Presence Holy Family
7	900 Rand Road	Des Plaines	60,500	8,500	14.0%	Presence Holy Family
8	1440 Market Street	Des Plaines	32,500	5,441	16.7%	Presence Holy Family
9	8901 Golf Road	Park Ridge	46,646	3,485	7.5%	Advocate Lutheran General
10	1875 Dempster Street	Park Ridge	158,000	0	0.0%	Advocate Lutheran General
11	2602 E Dempster Street	Park Ridge	92,000	0	0.0%	Advocate Lutheran General
12	9933 Lawler Avenue	Skokie	120,000	21,849	18.2%	Northshore Skokie Hospital
13	9699 Kenton Avenue	Skokie	92,000	0	0.0%	Northshore Skokie Hospital
14	2050 Pflingsten Road	Glenview	35,000	0	0.0%	Northshore Glenbrook Hospital
15	2150 Pflingsten Road	Glenview	30,000	0	0.0%	Northshore Glenbrook Hospital
16	2501 Compass Road	Glenview	30,000	9,878	32.9%	Northshore Glenbrook Hospital
17	2551-2591 Compass Road	Glenview	74,200	3,769	5.1%	Northshore Glenbrook Hospital
18	3633 W Lake Avenue	Glenview	80,259	20,385	25.4%	Northshore Glenbrook Hospital
19	1729 Green Bay Road	Highland Park	28,146	1,495	5.3%	Northshore Highland Park Hospital
20	1849 Green Bay Road	Highland Park	49,000	49,000	100.0%	Northshore Highland Park Hospital
21	767 Park Avenue West	Highland Park	52,191	0	0.0%	Northshore Highland Park Hospital
22	1160 Park Avenue West	Highland Park	22,121	0	0.0%	Northshore Highland Park Hospital
23	71 Waukegan Road	Lake Forest	35,000	10,743	30.7%	Northwestern Lake Forest
24	700 N Westmoreland Road	Lake Forest	60,000	0	0.0%	Northwestern Lake Forest
25	800 N Westmoreland Road	Lake Forest	50,000	0	0.0%	Northwestern Lake Forest
26	900 N Westmoreland Road	Lake Forest	21,000	0	0.0%	Northwestern Lake Forest
27	917 Sherwood Avenue	Lake Forest	24,000	5,816	24.2%	Northwestern Lake Forest
28	880 Garfield Avenue	Libertyville	24,000	0	0.0%	Advocate Condell
29	890 Garfield Avenue	Libertyville	23,091	7,213	31.2%	Advocate Condell
30	1450 Busch Parkway	Libertyville	64,860	5,448	8.4%	Advocate Condell
31	1900 Hollister Drive	Libertyville	35,000	8,277	23.6%	Advocate Condell
32	755 S Milwaukee Avenue	Libertyville	49,420	13,649	27.6%	Advocate Condell



#	Address	City	RSF	Dir. Vacant Space	Vacancy %	Nearby Hospital
1	2010 S Arlington Heights Road	Arlington Heights	38,636	15,869	41.1%	Northwest Community Hospital
2	330 E Algonquin Road	Arlington Heights	20,000	3,318	16.6%	Northwest Community Hospital
3	1614 W Central Road	Arlington Heights	35,000	8,020	22.9%	Northwest Community Hospital
4	605 W Central Road	Arlington Heights	10,000	1,133	11.3%	Northwest Community Hospital
5	675 W Central Road	Arlington Heights	10,000	1,745	17.5%	Northwest Community Hospital
6	1100 Central Road	Arlington Heights	63,000	8,333	13.2%	Northwest Community Hospital
7	701 Biesterfield Road	Elk Grove Village	12,500	0	0.0%	AMITA Alexian Brothers Medical Center
8	800 Biesterfield Road	Elk Grove Village	70,000	0	0.0%	AMITA Alexian Brothers Medical Center
9	901 Biesterfield Road	Elk Grove Village	52,000	3,428	6.6%	AMITA Alexian Brothers Medical Center
10	1555 N Barrington Road	Hoffman Estates	200,000	0	0.0%	AMITA St. Alexius
11	1585 N Barrington Road	Hoffman Estates	90,000	12,983	14.4%	AMITA St. Alexius
12	1566 N Barrington Road	Hoffman Estates	119,600	0	0.0%	AMITA St. Alexius
13	2260 W Higgins Road	Hoffman Estates	22,441	8,044	35.8%	AMITA St. Alexius
14	1800 W McDonough Road	Hoffman Estates	50,858	16,961	33.3%	AMITA St. Alexius
15	1786 Moon Lake Boulevard	Hoffman Estates	60,000	0	0.0%	AMITA St. Alexius
16	1435 N Randall Road	Elgin	95,000	19,246	20.3%	Advocate Sherman Hospital
17	1600 N Randall Road	Elgin	95,000	41,982	44.2%	Advocate Sherman Hospital
18	87 N Airlite Street	Elgin	50,000	24,135	48.3%	Presence St. Josephs
19	1975 Lin Lor Lane	Elgin	51,106	6,000	11.7%	Presence St. Josephs
20	450 W Highway 22	Barrington	91,093	0	0.0%	Advocate Good Shepard
21	27750 W Highway 22	Barrington	44,258	1,478	3.3%	Advocate Good Shepard
22	27790 W Highway 22	Barrington	48,373	17,591	36.4%	Advocate Good Shepard



#	Address	City	RSF	Dir. Vacant Space	Vacancy %	Nearby Hospital
1	610 S Maple Avenue	Oak Park	139,200	30,611	22.0%	Rush Oak Park
2	1 Erie Court	Oak Park	87,000	0	0.0%	West Suburban Medical Center
3	3200 S Oak Park Avenue	Berwyn	15,000	7,000	46.7%	Macneal Hospital
4	3231 S Euclid Avenue	Berwyn	64,415	0	0.0%	Macneal Hospital
5	3340 S Oak Park Avenue	Berwyn	42,779	0	0.0%	Macneal Hospital
6	3722 S Harlem Avenue	Berwyn	31,512	0	0.0%	Macneal Hospital
7	1515 N Harlem Avenue	Oak Park	53,032	9,764	18.4%	Loyola Gottlieb Memorial Hospital
8	675 W North Avenue	Melrose Park	94,000	0	0.0%	Loyola Gottlieb Memorial Hospital
9	1111 Superior Street	Melrose Park	81,000	0	0.0%	Westlake Hospital
10	7411 Lake Street	Melrose Park	55,150	0	0.0%	Westlake Hospital
11	5201 Willow Springs Road	La Grange	66,212	0	0.0%	AMITA Adventist LaGrange
12	133 E Brush Hill Road	Elmhurst	72,000	0	0.0%	Elmhurst Hospital
13	1200 S York Road	Elmhurst	55,000	0	0.0%	Elmhurst Hospital
14	908 N Elm Street	Hinsdale	119,022	23,370	19.6%	AMITA Adventist Hinsdale
15	911 N Elm Street	Hinsdale	49,996	11,780	23.6%	AMITA Adventist Hinsdale
16	12 Salt Creek Lane	Hinsdale	60,997	13,556	22.2%	AMITA Adventist Hinsdale
17	11 Salt Creek Lane	Hinsdale	39,627	29,551	74.6%	AMITA Adventist Hinsdale
18	901 N Elm Street	Hinsdale	28,816	4,596	15.9%	AMITA Adventist Hinsdale
19	907 N Elm Street	Hinsdale	31,887	31,887	100.0%	AMITA Adventist Hinsdale
20	6800 Main Street	Downers Grove	37,780	9,044	23.9%	Advocate Good Samaritan
21	3800 Highland Avenue	Downers Grove	21,154	2,894	13.7%	Advocate Good Samaritan
22	3825 Highland Avenue	Downers Grove	76,368	0	0.0%	Advocate Good Samaritan
23	303 E Army Trail Road	Bloomington	67,000	15,400	23.0%	AMITA Adventist Glen Oaks
24	396 Remington Boulevard	Bolingbrook	73,544	13,285	18.1%	AMITA Adventist Bolingbrook
25	329 Remington Boulevard	Bolingbrook	37,240	8,165	21.9%	AMITA Adventist Bolingbrook
26	100 Spalding Drive	Naperville	36,000	0	0.0%	Edward Hospital
27	120 Spalding Drive	Naperville	57,000	0	0.0%	Edward Hospital
28	640 S Washington Street	Naperville	39,630	4,640	11.7%	Edward Hospital
29	10 W Martin Avenue	Naperville	44,000	6,222	14.1%	Edward Hospital
30	1020 E Ogden Avenue	Naperville	50,083	5,099	10.2%	Edward Hospital
31	1315 N Highland Avenue	Aurora	27,500	8,200	29.8%	Presence Mercy
32	1300 N Highland Avenue	Aurora	22,358	0	0.0%	Presence Mercy
33	455 Mercy Lane	Aurora	9,500	0	0.0%	Presence Mercy
34	1177 N Highland Avenue	Aurora	12,558	1,170	0.0%	Presence Mercy
35	4050 Healthway Drive	Aurora	56,216	12,423	22.1%	Rush-Copley Hospital
36	2088 Ogden Avenue	Aurora	42,000	9,087	21.6%	Rush-Copley Hospital
37	1247 Rickert Drive	Aurora	30,000	10,039	33.5%	Rush-Copley Hospital
38	2040 Ogden Avenue	Aurora	80,744	4,113	5.1%	Rush-Copley Hospital
39	3535 E New York Street	Aurora	22,000	5,477	24.9%	Rush-Copley Hospital
40	1012 W 95th Street	Aurora	18,937	1,744	9.2%	Rush-Copley Hospital
41	351 Delnor Drive	Geneva	103,500	0	0.0%	Northwestern Delnor Hospital
42	302 Randall Road	Geneva	44,000	0	0.0%	Northwestern Delnor Hospital
43	3310 W Main Street	Geneva	73,544	5,697	7.7%	Northwestern Delnor Hospital
44	301 Madison Street	Joliet	103,500	7,432	7.2%	Presence St. Josephs
45	330 N Madison Street	Joliet	37,680	4,000	10.6%	Presence St. Josephs
46	1850 Silver Cross Boulevard	New Lenox	19,675	0	0.0%	Silver Cross Hospital
47	678 Cedar Road	New Lenox	30,000	17,000	56.7%	Silver Cross Hospital
48	1870 Silver Cross Boulevard	New Lenox	56,000	4,726	8.4%	Silver Cross Hospital
49	1890 Silver Cross Boulevard	New Lenox	174,500	1,725	1.0%	Silver Cross Hospital



#	Address	City	RSF	Dir. Vacant Space	Vacancy %	Nearby Hospital
1	4400 W 95th Street	Oak Lawn	57,542	0	0.0%	Advocate Christ
2	11600 S Kedzie Avenue	Oak Lawn	57,300	0	0.0%	Advocate Christ
3	7456 S State Road	Oak Lawn	60,000	20,350	33.9%	Advocate Christ
4	10201 S Cicero Avenue	Oak Lawn	33,936	18,757	55.3%	Advocate Christ
5	10837 S Cicero Avenue	Oak Lawn	36,324	0	0.0%	Advocate Christ
6	2850 W 95th Street	Evergreen Park	54,352	0	0.0%	Little Company of Mary Hospital
7	6700 W 95th Street	Oak Lawn	50,000	2,500	5.0%	Little Company of Mary Hospital
8	30 E 15th Street	Olympia Fields	63,200	0	0.0%	Franciscan St. James
9	3700 w 203rd Street	Olympia Fields	65,658	0	0.0%	Franciscan St. James
10	17850 S Kedzie Avenue	Hazel Crest	50,550	2,747	5.4%	Advocate South Suburban
11	7600 College Drive	Palos Heights	41,026	3,270	8.0%	Palos Community Hospital
12	11824 Southwest Highway	Palos Heights	21,315	1,201	5.6%	Palos Community Hospital