

\$131 Million Medical Office Building Portfolio Sold by Marcus & Millichap

CHICAGO--(BUSINESS WIRE)-- Marcus & Millichap (NYSE: MMI), a leading commercial real estate investment services firm with offices throughout the United States and Canada, announced the sale of a nine-building, 401,428-square-foot medical office portfolio. The portfolio sold for \$131 million.

The portfolio is anchored by the Illinois Bone and Joint Institute (IBJI). All of the properties are located within the Chicago metropolitan area. John Smelter, senior director of Marcus & Millichap's Healthcare Real Estate Group, along with Scott Niedergang, associate vice president investments, and Gino Lollo, associate vice president investments, represented the seller, a partnership consisting of a local developer and a number of physicians affiliated with IBJI. Smelter, Niedergang and Lollo procured the buyer, a joint venture fund managed by MBRE Healthcare, a Chicago-based full-service real estate company that develops, acquires, leases and manages healthcare real estate across the United States.

"The portfolio is 54-percent leased by the non-credit rated IBJI - occupying eight of the nine properties - and they are one of the largest orthopedic groups in the country," says Smelter. "IBJI has a strong foothold in the Chicagoland market with 20 locations. IBJI's long-term leases and financial strength allowed us to generate significant interest from private equity, institutions and REITs looking to acquire an extremely stable, institutional-quality investment."

"The sellers did an outstanding job accumulating this portfolio over the years by acquiring, repositioning and developing these buildings for IBJI and the other tenants," adds Niedergang. "The portfolio is currently 95 percent occupied on triple-net leases, the majority of which call for annual rental escalations ranging from two to three percent. Almost half of the rent roll has 10-plus years remaining. Additionally, many of the properties are strategically positioned in Chicago's affluent North Shore markets like Wilmette, Glenview, Lincolnwood, Des Plaines and Morton Grove."

"Our company's platform and specialized marketing campaign generated a tremendous amount of activity, but in the end the portfolio was acquired by a well-qualified and experienced local healthcare investment group," says Lollo. "MBRE Healthcare is the perfect buyer for this offering, as it appreciates the considerable value in owning and managing such a significant healthcare real estate investment in its own backyard."

A few key assets within the portfolio are the 86,503-square-foot, two-story steel and brick medical facility in Morton Grove, Ill.; the 60,500-square-foot Des Plaines, Ill. building; and lastly, the 40,011-square-foot Chicago, Ill. building that has excellent visibility and signage from the Kennedy Expressway (I-90/94).

Other tenants in the portfolio include Advocate Health Care, NorthShore University HealthSystem, Resurrection Health Care (Presence Health), Metro Infectious Disease

Consultants, and Pain Specialists of Greater Chicago.

About Marcus & Millichap (NYSE: MMI)

With nearly 1,500 investment professionals located throughout the United States and Canada, Marcus & Millichap is a leading specialist in commercial real estate investment sales, financing, research and advisory services. Founded in 1971, the firm closed over 7,600 transactions in 2014 with a value of approximately \$33.1 billion. The company has perfected a powerful system for marketing properties that combines investment specialization, local market expertise, the industry's most comprehensive research, state-of-the-art technology, and relationships with the largest pool of qualified investors. To learn more, please visit: www.MarcusMillichap.com

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