

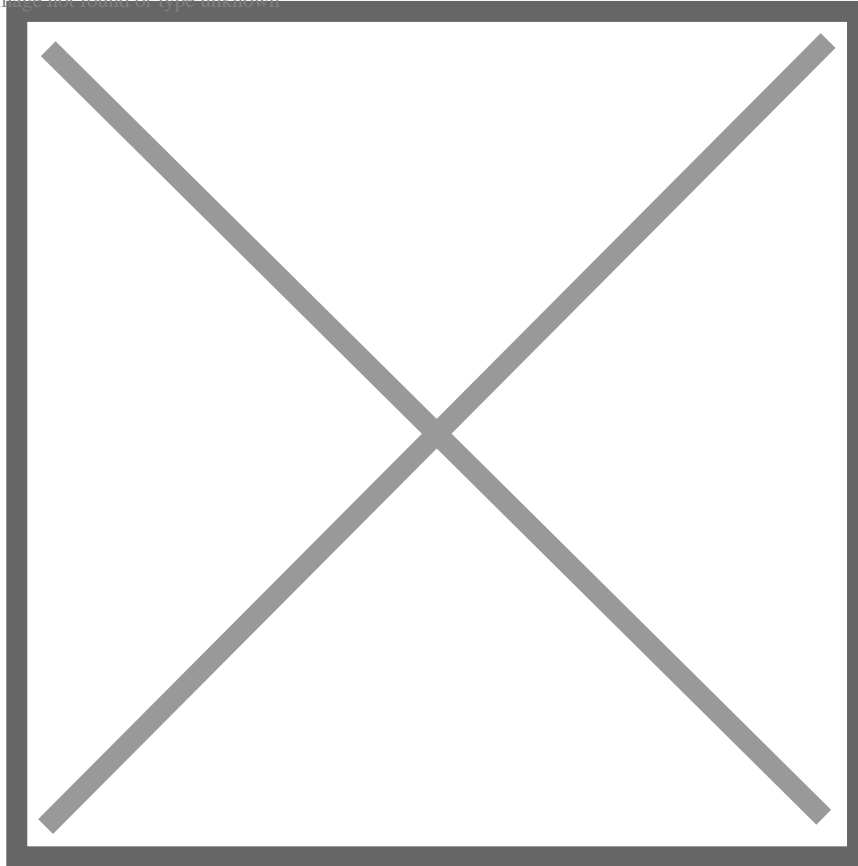
Q1 2021 Market Update

MARKET TRENDS

Medical office properties faced a challenging year in 2020 due to Covid-19 but are well positioned for a relatively strong rebound in 2021. Health care employment is quickly recovering, and a build-up of patient demand is developing. The increasing use of telehealth is not expected to impact medical office space significantly. The resilience of the medical office market has been established, and investment trends have held up through this downturn, so the sector looks set for a faster recovery than most other asset classes. Some of the broader impacts of Covid-19 on society have also created multiple new opportunities for health care providers to better meet the needs of their patients. By April 2021, roughly 30% of the US population has been vaccinated. As this number increases, conditions in the US will normalise.

While annual investment volume declined by 12.7% for medical office buildings, this sector was the least impacted of any asset class by the downturn. Investor interest in medical office buildings appears to have grown, as it is increasingly being seen as a safe haven. Based on evidence from the last economic downturn, the relative durability of medical office investment activity should remain steady. The following table (Figure 4) compares investment volumes during the current recession with those seen during the Global Financial Crisis (GFC). Not only have medical office sales transactions held up in the current downturn, but the negative economic impact was less than during the GFC. It is interesting to note that medical office sales returned to their 2006 peak faster than all other property types after the GFC. The pricing stability of medical offices is also significant when comparing current trends in the price per square foot achieved in sales transactions during the current recession with those of other property types during the GFC. In Q4 2020, the average price per square foot of medical office transactions was 3.7% higher than in Q4 2019.

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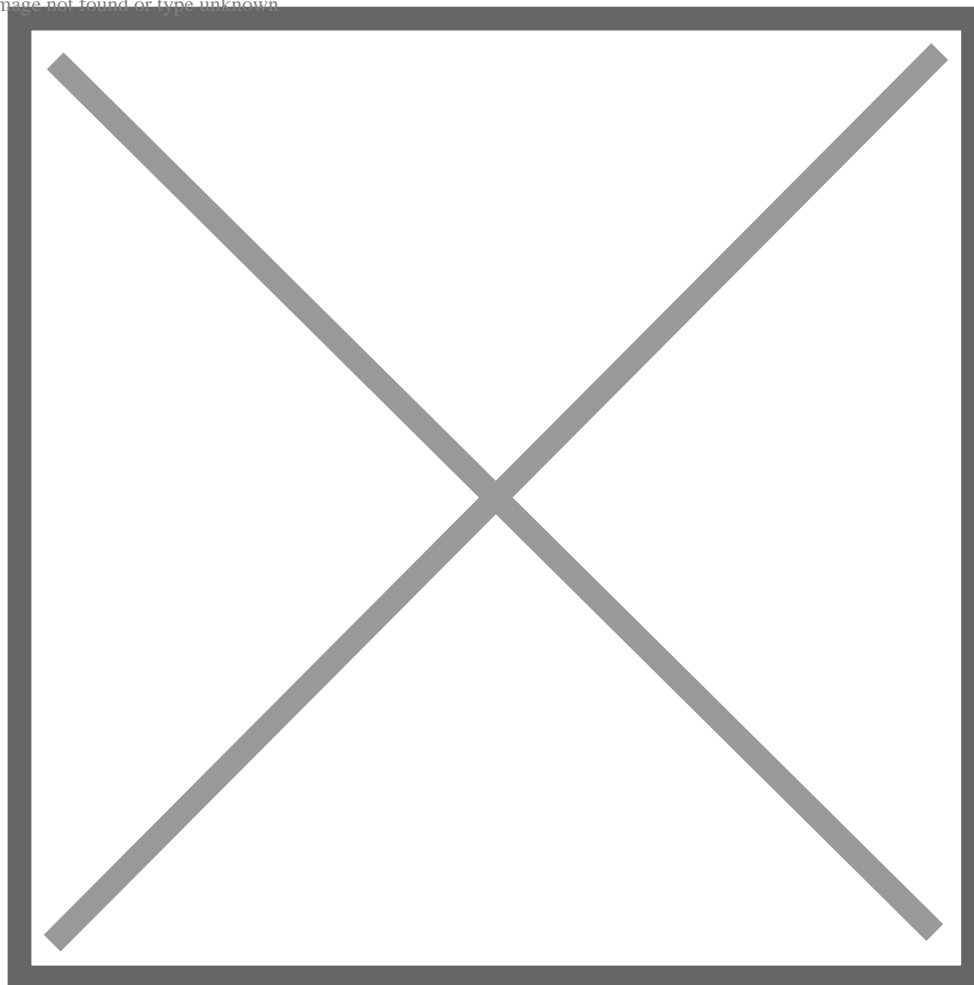


Results from the 2021 Emerging Trends in Real Estate® survey by PwC and the Urban Land Institute (ULI) show evidence of increased investor demand for medical offices as a result of the downturn that began in February 2020. Survey results shown in Figure 6 show “buy” recommendations for various property types in 2020 and 2021. Not only are medical offices one of the most sought-after property types for purchases in 2021, but investor interest increased year-on-year. PwC and ULI highlighted medical offices as one of their “Expected Best Bets in 2021.”

The US Census projects that in 2030 the US will reach a turning point in its demographics. By then, it is expected that all baby boomers will be older than 65. This is roughly one in every five Americans. By 2060, that ratio will be closer to one in every four Americans. It is expected that the number of people aged 65 and older will increase by 38.6 million over the next 40 years, reaching 94.7 million by 2060. By comparison with another generation, the under-18 population will reach 80.1 million by 2060, growing by only 6.1 million. This means that by 2034 senior adults will outnumber children for the first time in history. It is logical to expect that the value of and need for medical offices will increase.

Source: Colliers, CBRE & Our World in Data

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OVERALL STATE OF HEALTHCARE IN THE U.S.

2020 will always be remembered as the year of the pandemic and its devastating impact on the healthcare system. Another major event of 2020 was the election of President Biden and his promise to make legislative decisions that could dictate the course of health care for years to come in the US. We expect to see bi-partisan support for changes in health care insurance that will include additional telehealth coverage, prescription drug reform, and a movement away from fee-for-service models towards value-based programs that support lower costs with higher quality.

The proposal for “Medicare for More” could potentially expand Medicare by 20 million people by lowering the age of eligibility to 60. Medicare would benefit from the addition of younger and healthier people, thus reducing per capita costs. In addition, younger generations could also benefit by removing the less fit older generation from their private plans, thereby lowering their costs.

CONCLUSION

The medical office real estate sector has shown overall steady growth, as well as a marked turnaround in the submarket in which OrbVest has investments. Refer to details in the submarket

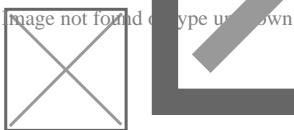
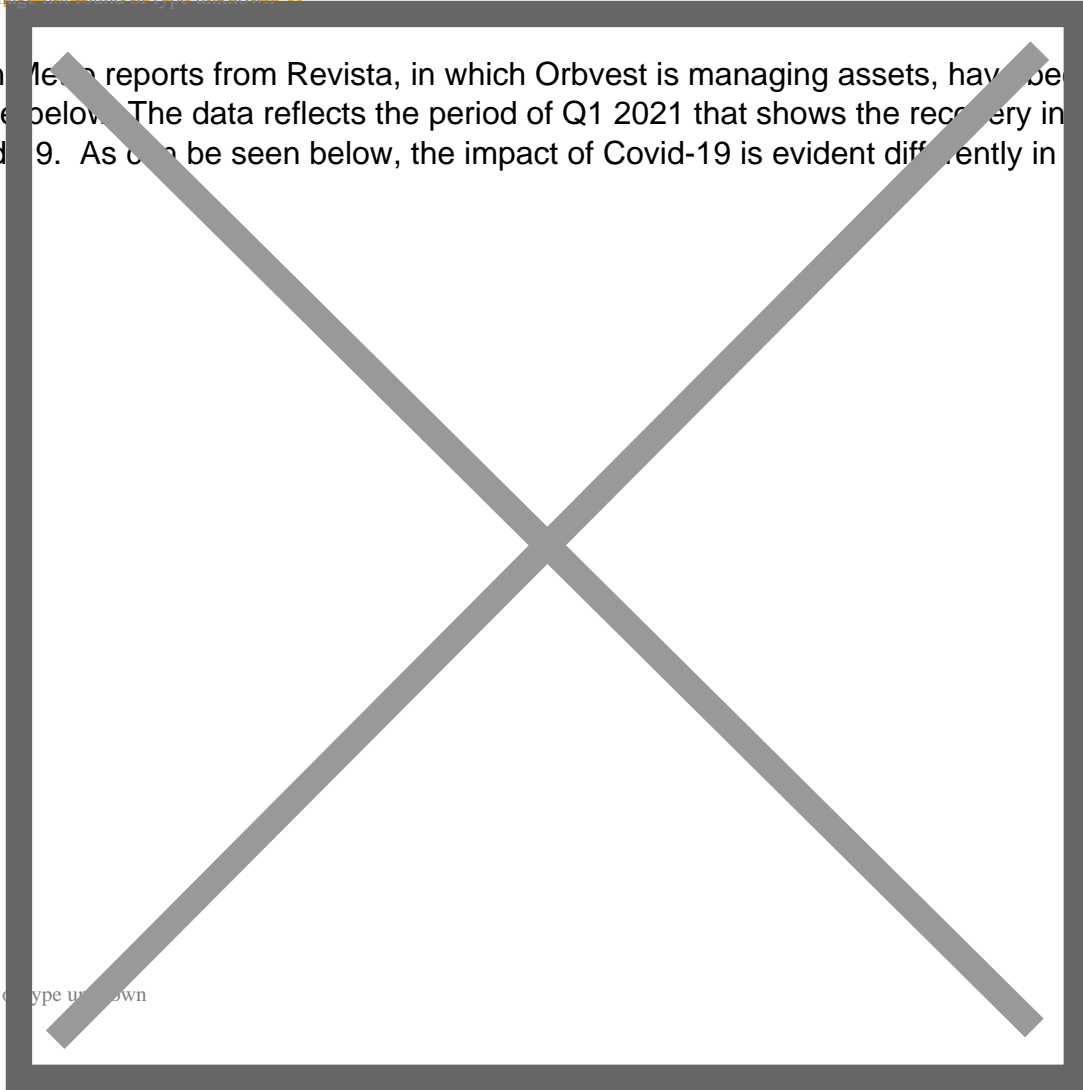
review below.

The industry has survived well through the pandemic and is showing stability and growth. The US has made rapid progress in rolling out the Covid-19 vaccine and we anticipate the further roll-out will result in a return to normal economic conditions over the coming months.

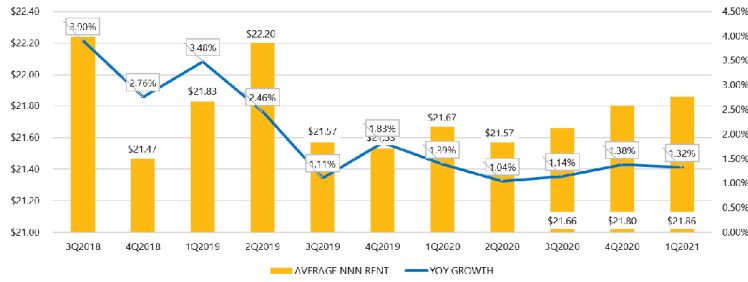
Source: CBRE, Colliers, Our World in Data

MARKET DATA REFERENCE

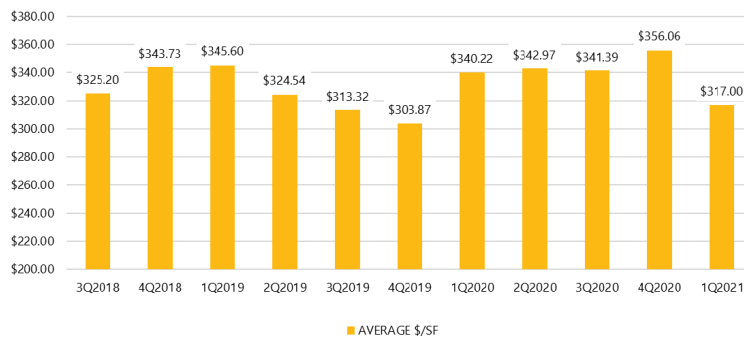
The seven Metro reports from Revista, in which Orbvest is managing assets, have been added as a reference below. The data reflects the period of Q1 2021 that shows the recovery in the market post Covid-19. As can be seen below, the impact of Covid-19 is evident differently in each Metro.



RENT GROWTH vs AVERAGE NNN RENT FOR DALLAS METRO



PURCHASE PRICE/SF



CAP RATE

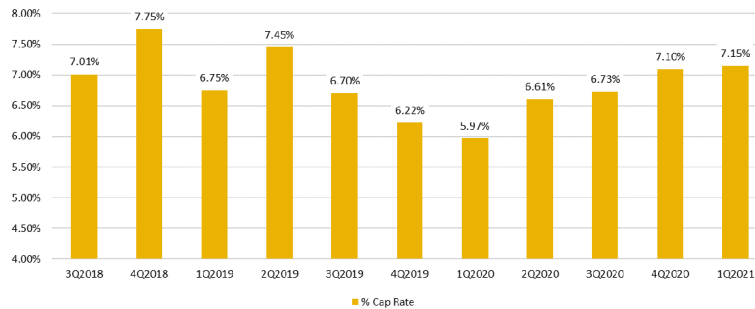
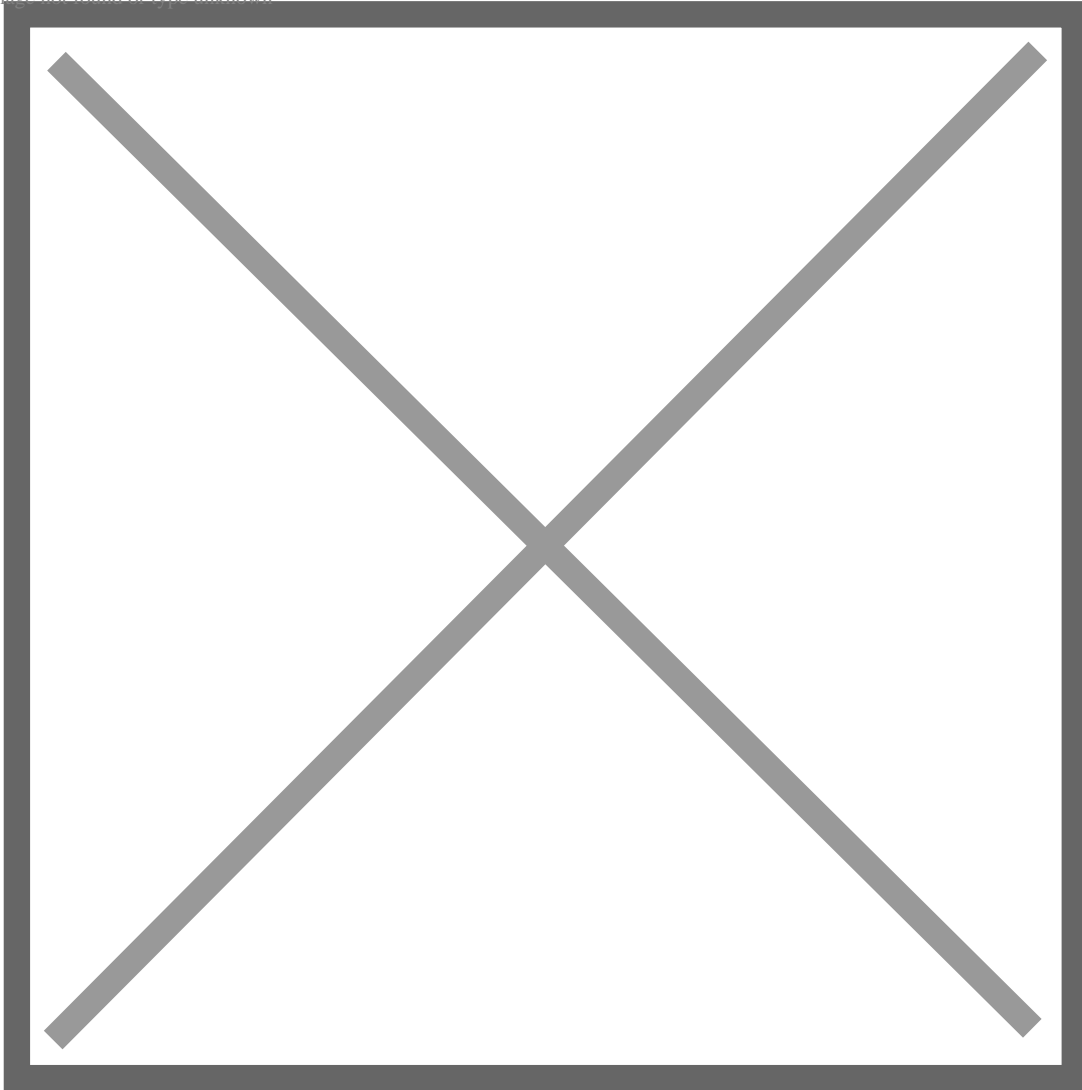


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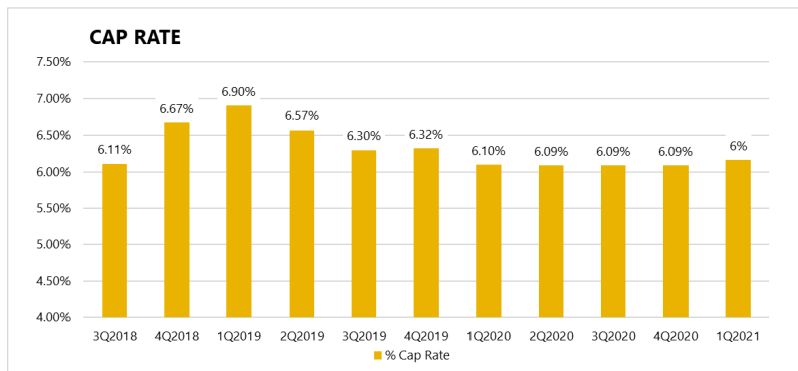
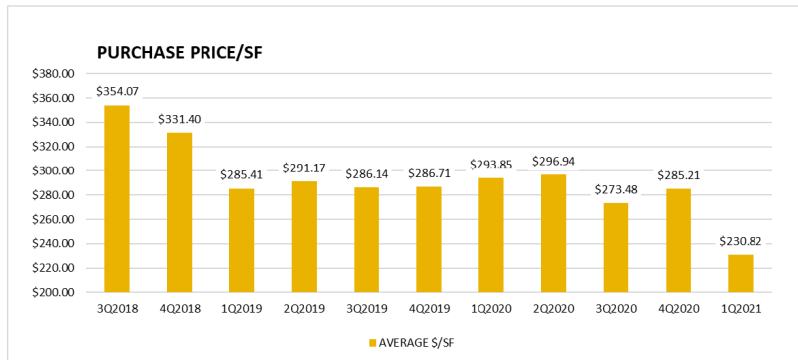
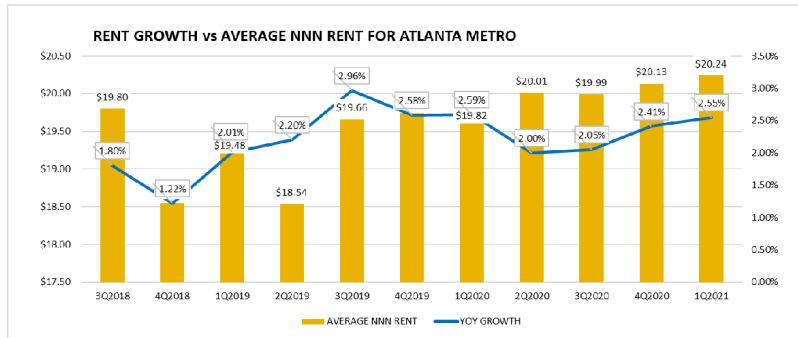


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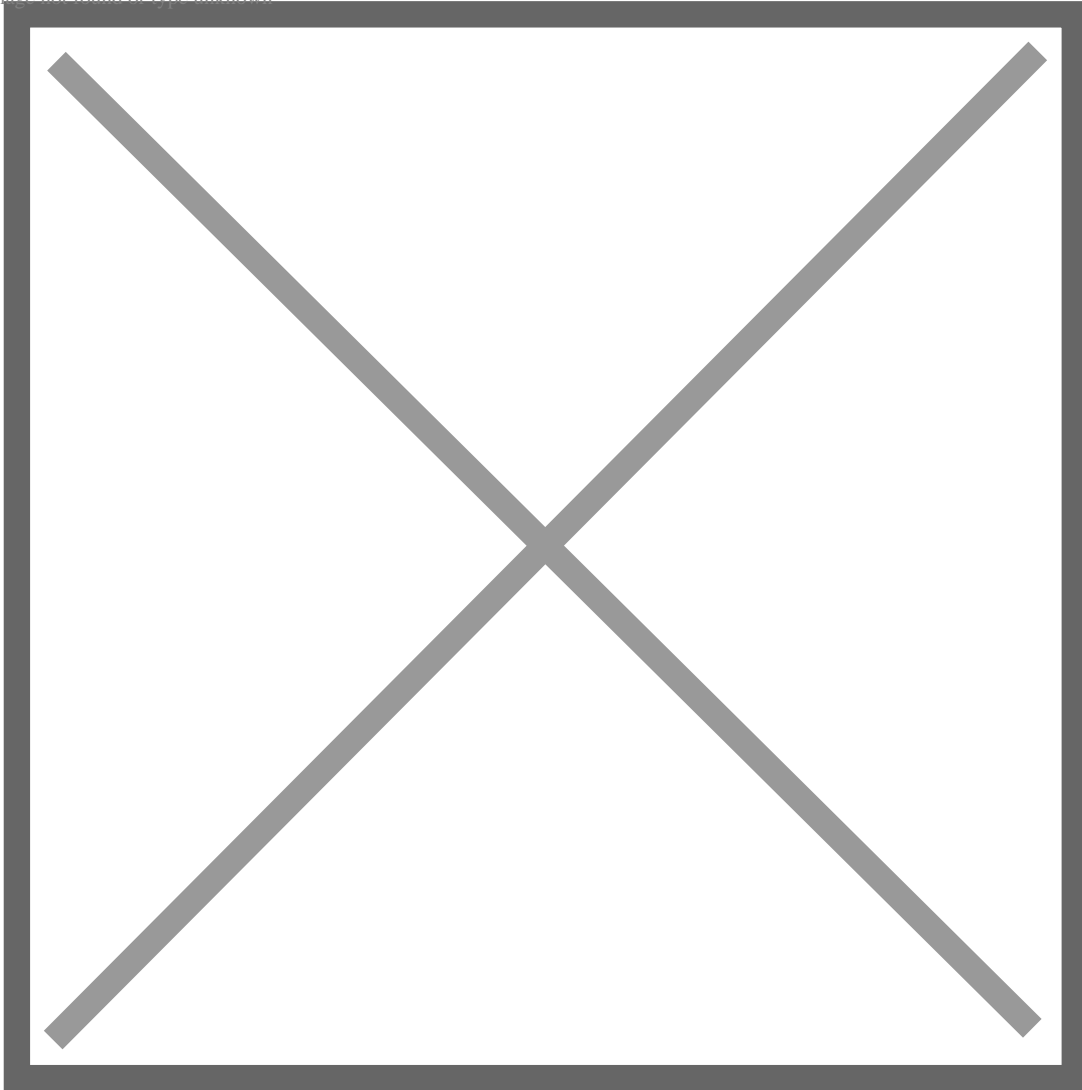
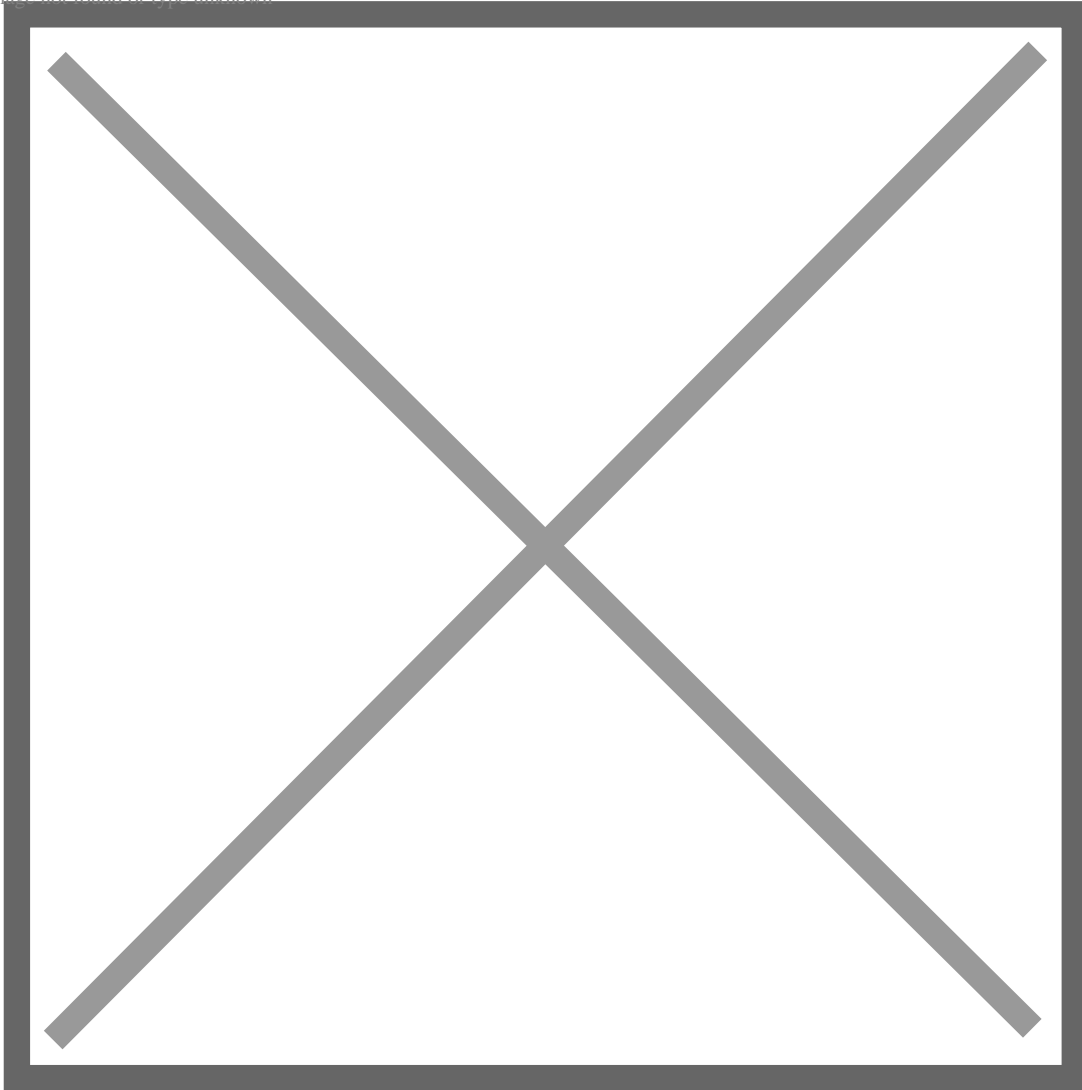


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#45 MSA - AUSTIN-ROUND ROCK-SAN MARCOS, TX METRO AREA

The Austin MSA has recovered from the impact of Covid-19. According to Revista, the average rent (NNN) is up 1.6% for Q1 2021 to \$25.69 per SF. The trailing 12-month occupancy for the MSA is down 0.12% to 89.7%. The average purchase price per SF for Q1 2021 has decreased by roughly \$84.50 to \$224.50 per SF.

Source: Revista

AUSTIN MOB SNAPSHOT

1Q 2021	VALUE	QUARTER ON QUARTER
Total Square Feet	7,237,376	↑ 0.0%
Square Feet in Progress	161,000	↑ 0.0%
Sold Volume (Trailing 12 months)	\$10,200,000.00	↓ -60.2%
Occupancy (Trailing 12 months)	89.7%	↓ -12 bps
Average Rent (NNN)	\$25.69	↑ 1.6%
Rent Growth (Year on Year)	5.5%	

2 # of buildings in area

70,644 sf of GLA

76.87% Occupancy

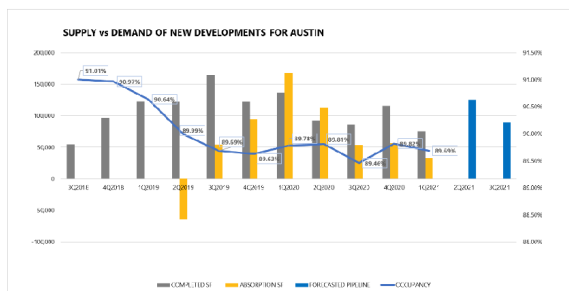
22 # of tenants

MOB RENT ANALYSIS FOR AUSTIN METRO

GEOGRAPHY	BASED RENT RANGE *			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
AUSTIN	\$20.00	\$25.69	\$31.55	\$25.28	5.90%	122
Top 50 Metros	\$14.95	\$22.84	\$36.00	\$22.63	1.80%	8746
Top 100 Metros	\$14.21	\$22.00	\$35.00	\$21.91	1.80%	10616

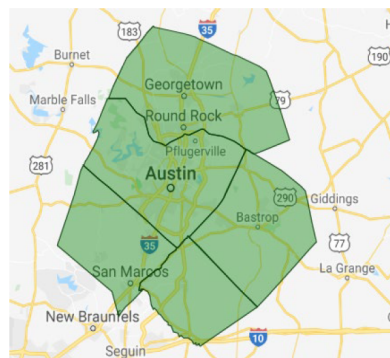
* Base rents include all rent types. Stats are for MOBs, all sizes. Rent growth is on a same store basis.

SUPPLY vs DEMAND OF NEW DEVELOPMENTS

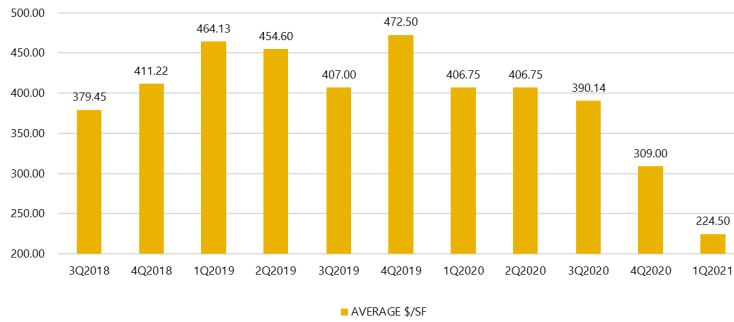


Source: Revista

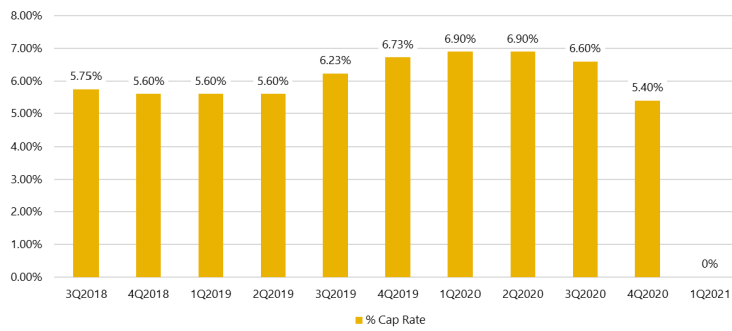
METRO MAP



PURCHASE PRICE/SF



CAP RATE



#1 MSA - NEW YORK-NEW JERSEY, NY-NJ-PA METRO AREA

The greater New York MSA has recovered from the impact of Covid-19. According to Revista, the average rent (NNN) is up 1.1% for Q1 2021 to \$25.01 per SF. The trailing 12-month occupancy for the MSA is down 0.10% to 93.6%. The average purchase price per SF for Q1 2021 has increased by roughly \$38 to \$420 per SF. Cap rates in the MSA have increased by 0.05% for a total increase of 6.57% for Q1 2021.

Source: Revista

NEW YORK-NEW JERSEY MOB SNAPSHOT

1Q 2021	VALUE	QUARTER ON QUARTER
Total Square Feet	76,390,611	↑ 0.60%
Square Feet in Progress	1,836,477	↑ 6.30%
Sold Volume (Trailing 12 months)	\$264,641,118.00	↓ -18.2%
Occupancy (Trailing 12 months)	93.6%	↓ -10 bps
Average Rent (NNN)	\$25.01	↑ 1.1%
Rent Growth (Year on Year)	2.4%	

2

of buildings in area



77,264
sf of GLA

95.19

Occupancy

14

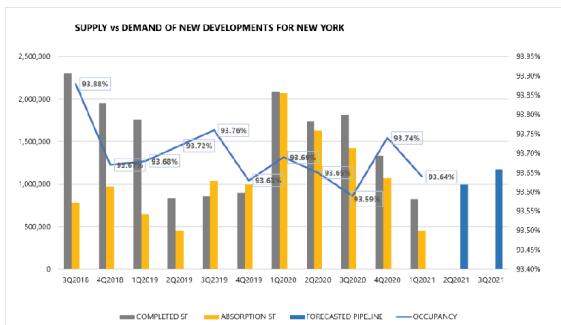
of tenants

MOB RENT ANALYSIS FOR NEW YORK-NEW JERSEY METRO

GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
NEW YORK	\$16.53	\$25.25	\$45.00	\$24.75	1.80%	618
Top 50 Metros	\$14.95	\$22.84	\$36.00	\$22.63	1.80%	8746
Top 100 Metros	\$14.21	\$22.00	\$35.00	\$21.91	1.80%	10616

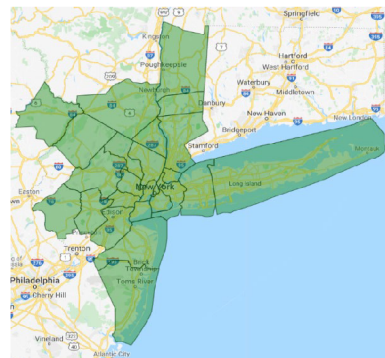
* Base rents include all rent types. Stats are for MOBs, all sizes. Rent growth is on a same store basis.

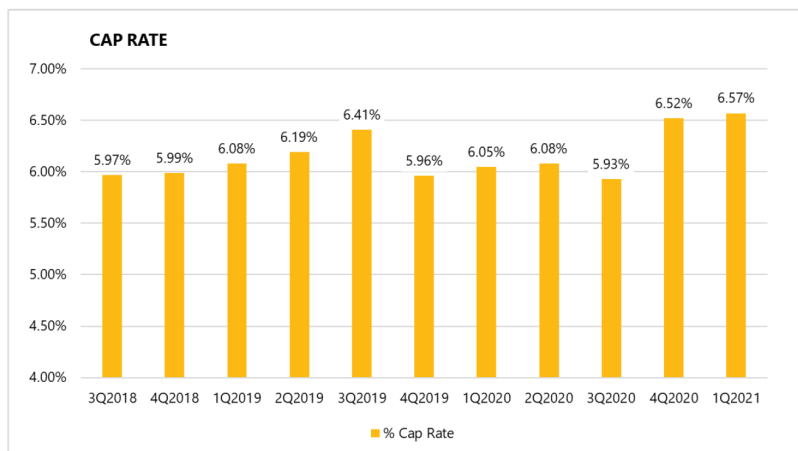
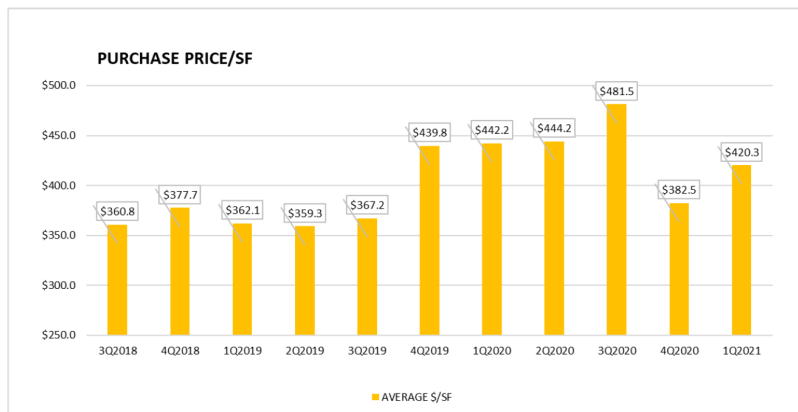
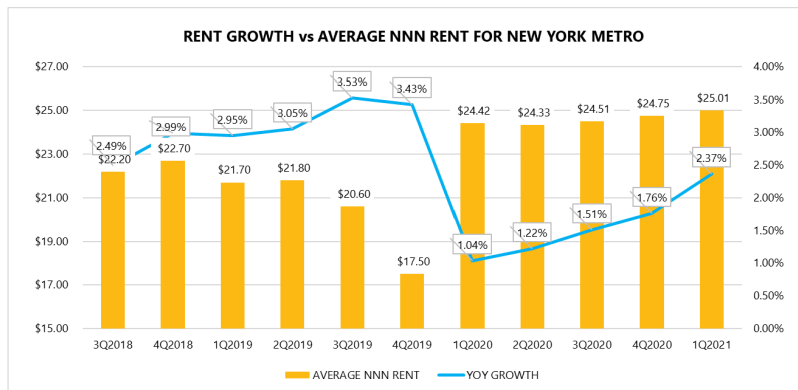
SUPPLY vs DEMAND OF NEW DEVELOPMENTS

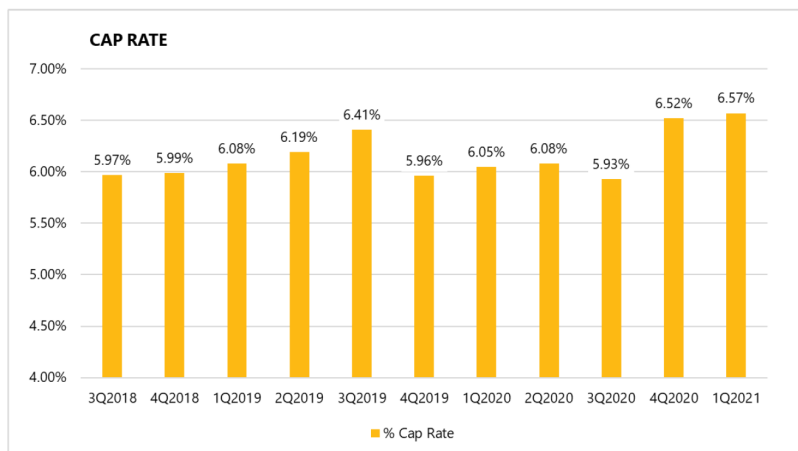
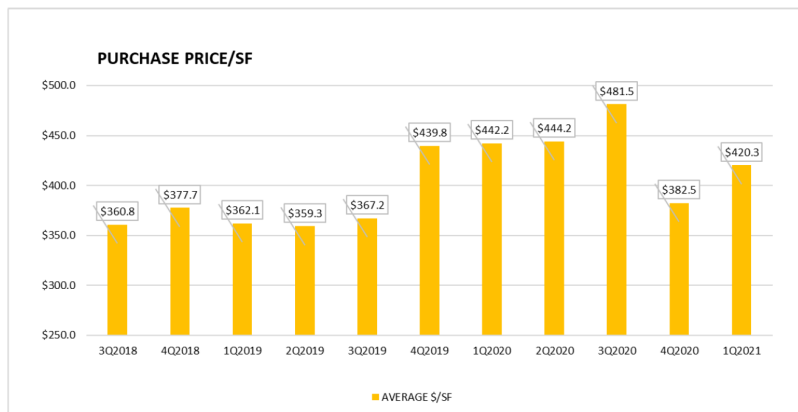
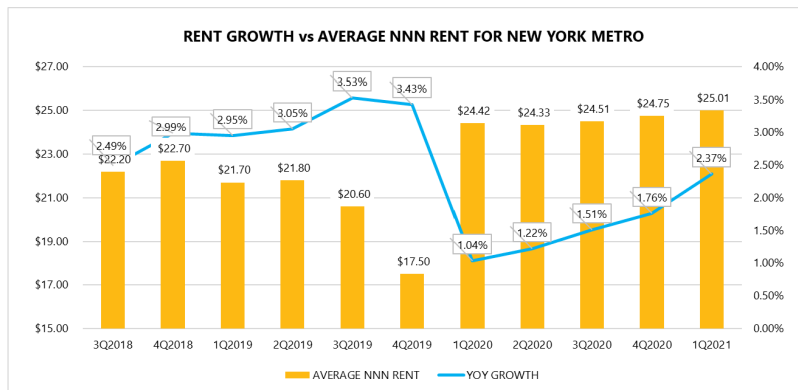


Source: Revista

METRO MAP







#9 MSA - PHOENIX-MESA-SCOTTSDALE, AZ METRO AREA

The greater Phoenix MSA has recovered from the impact of Covid-19. According to Revista, the average rent (NNN) is down 0.04% for Q1 2021 to \$20.54 per SF. The trailing 12-month occupancy for the MSA is up 0.22% to 85.6%. The average purchase price per SF for Q1 2021 has decreased by roughly \$2.00 to \$381 per SF. Cap rates in the MSA have increased by 0.11% for a total increase of 7.0% for Q1 2021.

Source: Revista

PHOENIX-MESA-SCOTTSDALE MOB SNAPSHOT

1Q 2021	VALUE	QUARTER ON QUARTER
Total Square Feet	19,355,979	↑ 1.00%
Square Feet in Progress	1,206,807	↓ -4.90%
Sold Volume (Trailing 12 months)	\$183,122,830.00	↓ -25.30%
Occupancy (Trailing 12 months)	85.6%	↑ 22 bps
Average Rent (NNN)	\$20.54	↓ -0.40%
Rent Growth (Year on Year)	2.3%	

1 # of buildings in area



49,751
sf of GLA

91.25% Occupancy

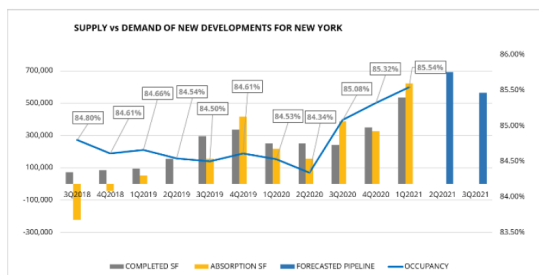
4 # of tenants

MOB RENT ANALYSIS FOR PHOENIX-MESA-SCOTTSDALE METRO

GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
PHOENIX	\$15.03	\$21.86	\$28.50	\$20.63	1.90%	416
Top 50 Metros	\$14.95	\$22.84	\$36.00	\$22.63	1.80%	8746
Top 100 Metros	\$14.21	\$22.00	\$35.00	\$21.91	1.80%	10616

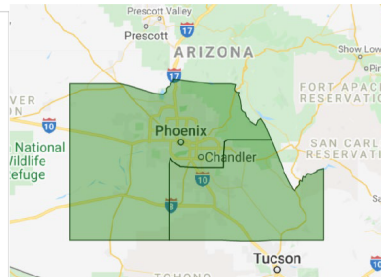
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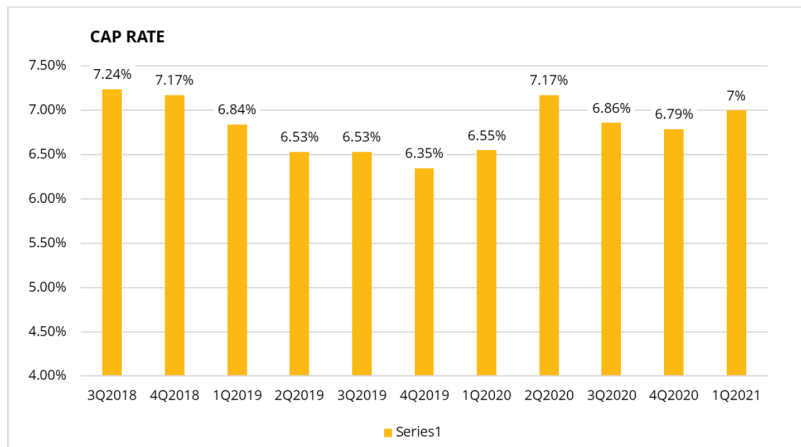
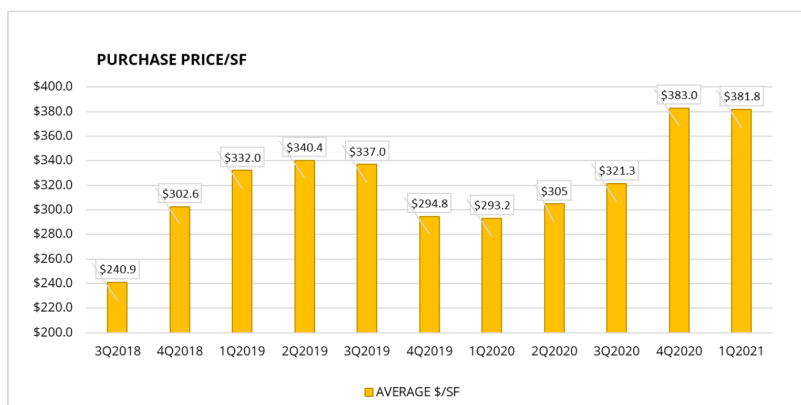
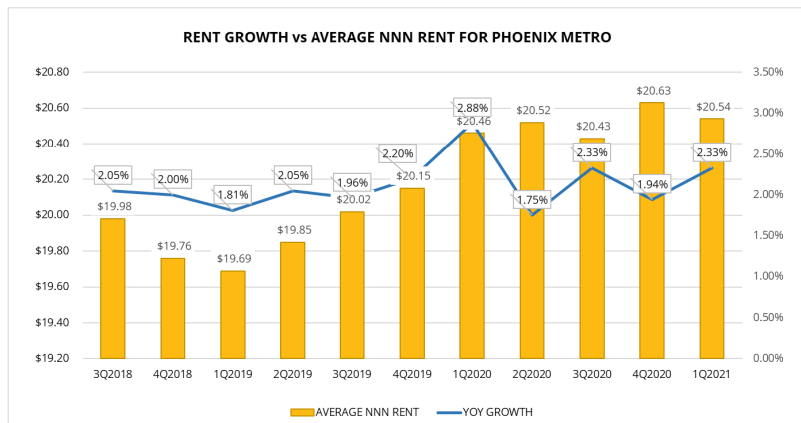
SUPPLY vs DEMAND OF NEW DEVELOPMENTS



Source: Revista

METRO MAP





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Sources: *REVISTA, WALL STREET JOURNAL, AVISON YOUNG RESEARCH, BLOOMBERG, DALLASFED.ORG AND U.S. BUREAU OF LABOR STATISTICS LATEST NUMBERS.*