



NCREIF Virtual Fall Conference 2020

Medical Office Buildings (MOB)

November 5-13

Shouldn't Health Care Outperform When It Is The Global Focus?

Health Care Spending

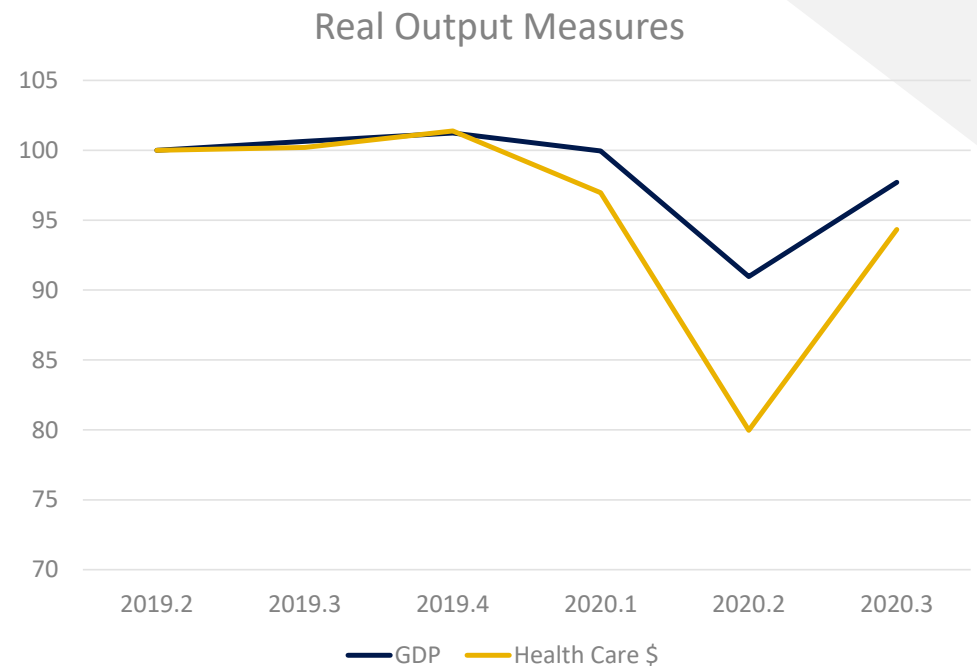
Despite Health Care Crisis

First Sign that Something Amiss

Spending Eventually Down 20%

Medical Treatments Outside of Covid
Put On Hold

Next Wave Continues to Pose Risk



Source: Clarion Partners Investment Research, BEA



PPP Loans Played a Large Role

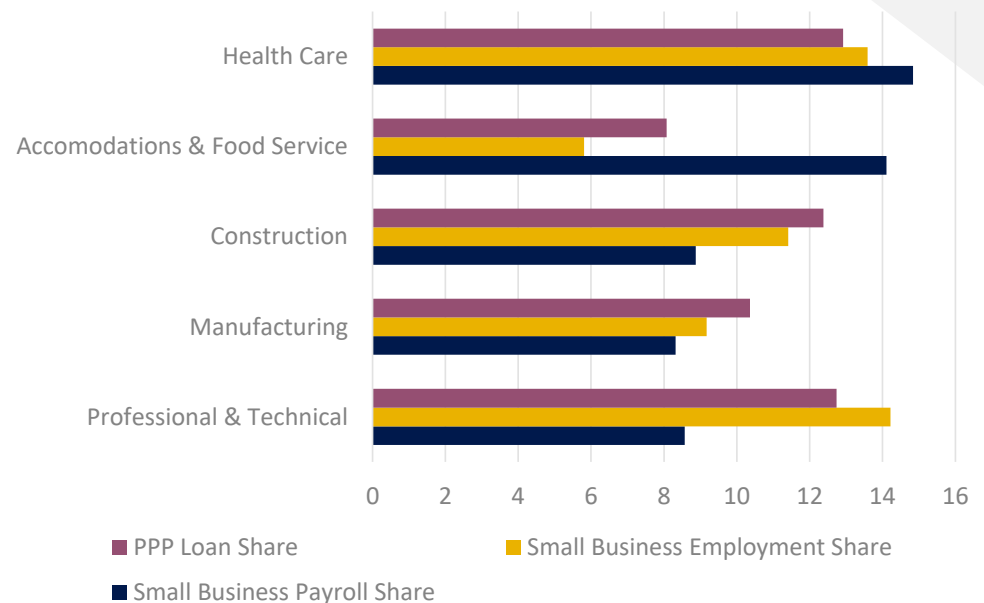
Largest Industries for PPP Loans

Forgivable Loans for Small Business
Flowed to Many Doctors and Dentists

Likely Kept Business' Ability to Pay Rent
Intact

Medical Office Performance Much
Better than GDP Would Suggest

PPP Loans - % of Total in Largest Industries



Source: Clarion Partners Investment Research, Reuters, U.S. Census, U.S. Small Business Administration, U.S. Treasury

REITs Collected a High Percentage of Rents

Dollar Percentage

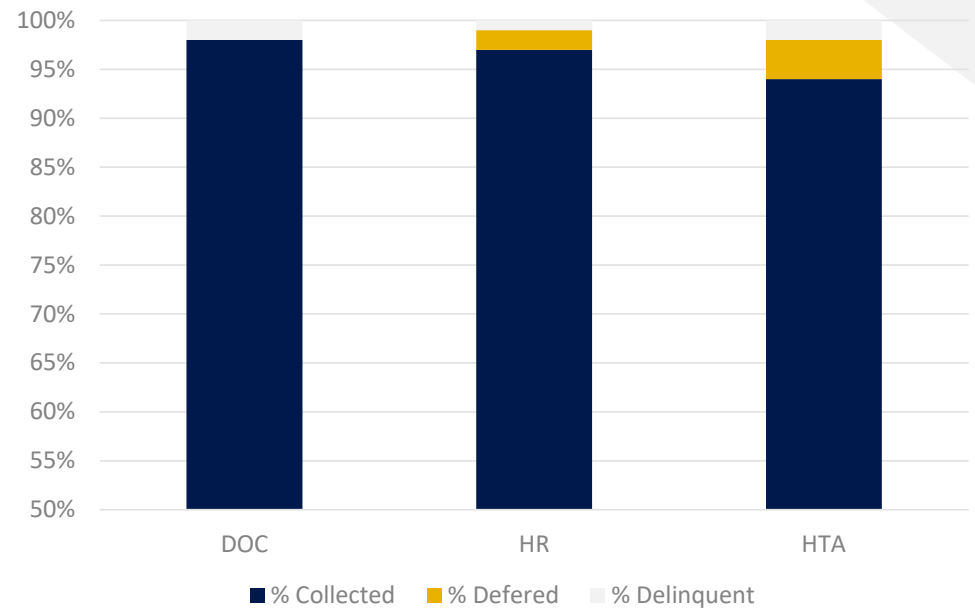
Publicly Available Data Tells Us Rent Collection Was In the High 90s

Compares Favorably With Some Other Property Types

Again, Risks to Additional Waves



Rent Collection by REIT – 2Q



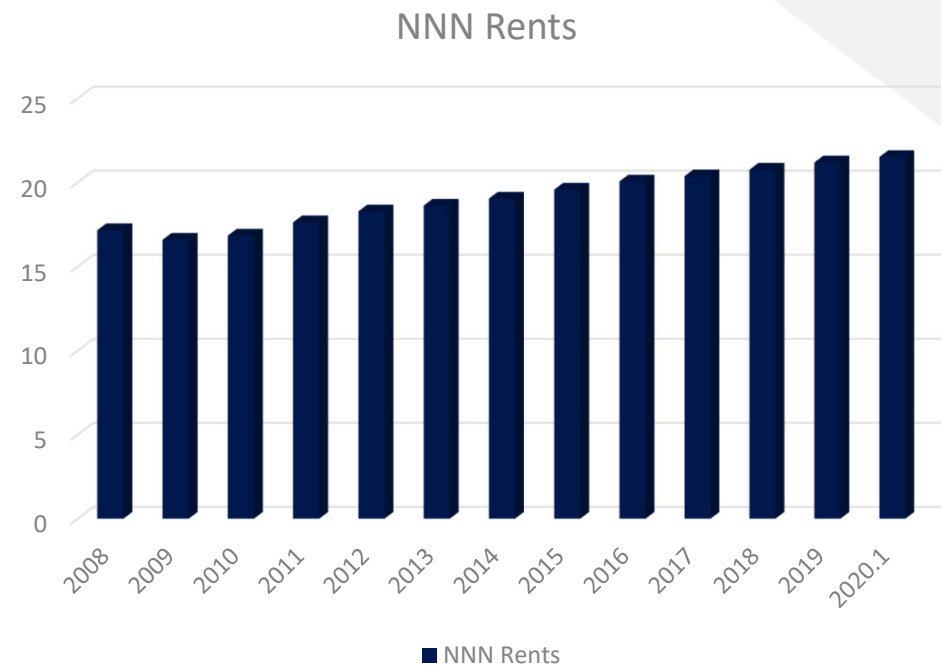
Source: Clarion Partners Investment Research, Company Reports

Consistent With Low Volatility Past

US NNN Rents

Despite the Scare, High Collections Suggest a Continuation of Low Rent Volatility in Recessions

Not Much Rent Change in History



Source: Clarion Partners Investment Research, Revista, JLL

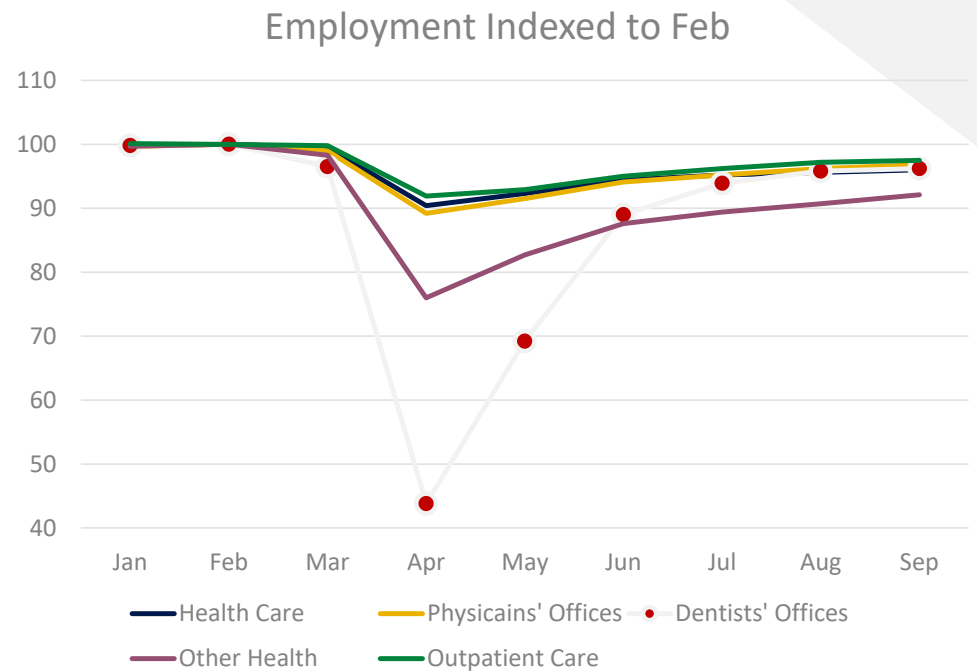
Employment Shows Difference Across Tenants Types

Employment Levels Indexed to February 2020



The Employment Detail Shows Us Just How Precarious It Was for, Say, Dentists

With Outpatient Care The Most Frequent Tenant, Most MOB's in Better Condition



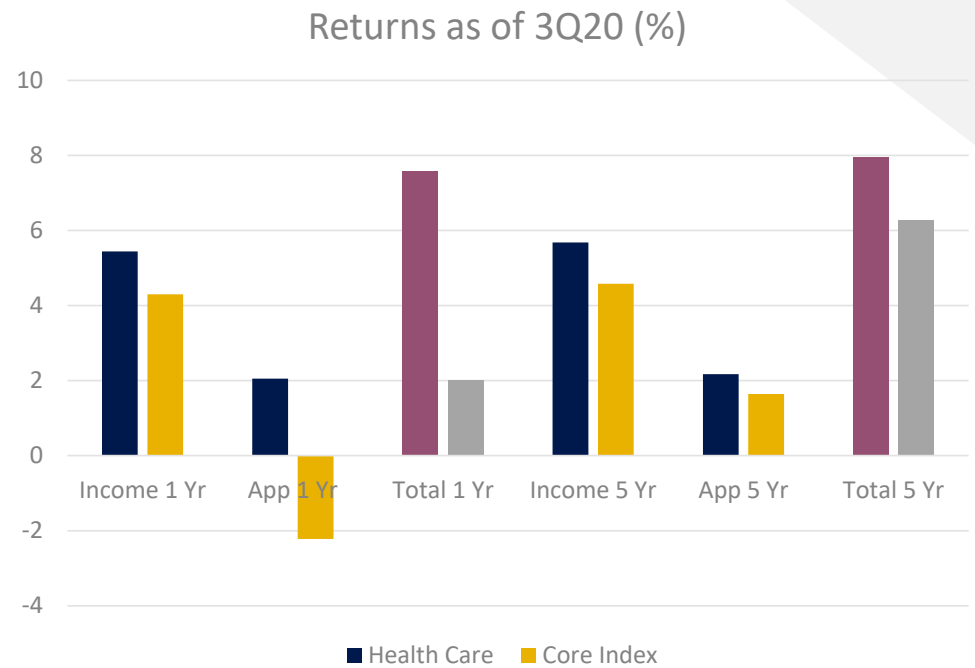
Source: Clarion Partners Investment Research, BLS

NCREIF Shows Income Driven Performance

Return Indices

Stability Has Been a Pretty Good Result for MOB

Higher Income Returns Have Compensated for Muted Appreciation



Source: Clarion Partners Investment Research, NCREIF



Thank You.



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