2013 ULI Spring Meeting
The Outlook for Investment in Healthcare Properties: Medical Office Buildings and Outpatient Facilities

May 16, 2013
The following information is taken from *The Outlook For Healthcare* by Economist Gary Shilling

Sponsored by Seavest Inc. and ULI

The full report can be obtained at [SeavestHCP.com](http://SeavestHCP.com)
Annual Rate of Physician Office Visits by Age Group, 1998 versus 2008

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2008</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 45</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>45-64</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Over 65</td>
<td>6.9</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: U.S. Centers for Disease Control and Prevention.
Social Security, Medicare, and Medicaid as a Percentage of GDP

Source: Congressional Budget Office and Social Security Administration
Hip and Knee Replacements in Nonfederal Short-Stay Hospitals: Adults 45 Years and Older

Source: U.S. Centers for Disease Control and Prevention
Insured Nonelderly Population with and without Health Care Bill

Source: Congressional Budget Office
Average Length of Stay

Inpatient and Outpatient Surgeries at U.S. Community Hospitals

Source: Avalere Health / American Hospital Association.
Share of Medical Practices Owned by Physicians and Hospitals

Source: Medical Group Management Association.
About Seavest Inc.

Seavest Inc. is a real estate investment management firm dedicated to investing in medical office buildings and related healthcare properties. Established in 1981, Seavest partners with qualified medical office developers and operators, acquires properties directly and provides asset management services for millions of square feet of medical office buildings throughout the United States.

Seavest operates through long-term, discretionary investment funds. This investment vehicle is structured to attract health systems and the developers serving these organizations while providing superior returns to investors. The fund structure, along with our established industry relationships, allows Seavest to access a full range of opportunities to invest in medical office buildings and other outpatient projects.

With an extensive history of medical office investing, Seavest offers market expertise grounded by the principles of stability, loyalty, openness and mutual success.

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To obtain a copy of *The Outlook for Healthcare* by Gary Shilling please visit SeavestHCP.com
**Kirkwood Professional Plaza - Redevelopment**

**PROPERTY CHARACTERISTICS**

**Summary:** The building is a 3-story, Class-A multi-tenanted medical office building. The building was originally constructed in 1991 and completely renovated in 2011.

**Features:**
- Laboratory
- Eye Care Center (Retail and Clinical)
- Pediatrics
- Physical Therapy
- Women’s Health
- Pain Management
- Physician office space

**Key Tenant:** 78,500 square feet leased to Henry Ford Health System

**Location:** The building is located at 5500 Auto Club Drive in Dearborn Michigan. The building is across the street from Ford Motor Company’s Worldwide Headquarters.

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**PROJECT PROFILE & STATUS**

<table>
<thead>
<tr>
<th>Project Type:</th>
<th>Acquisition / Renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square Feet:</td>
<td>134,000</td>
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<tr>
<td>Project Cost:</td>
<td>$16.6 Million</td>
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<tr>
<td>Project Equity:</td>
<td>$5.0 Million</td>
</tr>
<tr>
<td>Leased:</td>
<td>92,700 square feet leased</td>
</tr>
<tr>
<td>Project Status:</td>
<td>Building opened for operations in November 2011</td>
</tr>
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</table>

**Project Summary**

On March 9, 2011, SP III closed on the acquisition of a 140,000 square foot vacant office building in Dearborn, Michigan, an affluent suburb of Detroit. Simultaneously, we closed on a joint venture with Kirco Development and engaged Kirco as the project’s developer, leasing agent and construction manager. The building, previously the headquarters for bankrupt automotive parts supplier Visteon, has been fully renovated and converted to medical office space. 92,000 square feet of the building is leased to various medical users. Henry Ford Health System, the leading health system in the Detroit area, anchors the off-campus medical office building and has leased a total of 78,500 square feet for ten years. Henry Ford will use the space for a wide array of clinical services and physician offices.
Dearborn, Michigan

Kirkwood Professional Plaza
Fairlane Medical Campus
Ford Auto Worldwide HQ

Henry Ford Hospital
Building Exterior

Before

After
Main Lobby

Before

After
Before: Visteon Show Room

After: HFS Physical Therapy
Before: Visteon Cafeteria

After: OptimEyes Eye Care Center
Total Medical and Pharmacy Costs Paid by Quarter
