



**NJ HEALTHCARE**  
**4Q 2025**  
*MARKET REPORT*

# Q4 2025 MEDICAL OFFICE REPORT

## A MESSAGE FROM THE FOUNDER AND CEO, JONATHAN MARKS



Welcome to The Clinical Group and our first inaugural New Jersey Healthcare Real Estate Market Report! We are a medical real estate and healthcare advisory platform dedicated to empowering physicians, medical practices, hospitals and investors with integrated, strategic real estate and advisory solutions. Our specialized model through our subsidiaries of Clinical Advisory, Clinical Real Estate, Clinical Development, Clinical Investment and Clinical Studios brings together fully integrated solution as your trusted partner for Medical Real Estate and Clinical Growth.

Founded on a deep understanding of the Healthcare and medical real estate landscape, our team of experienced professionals combines data driven insights with medical market expertise to deliver solutions including: physician practice advisory for growth and enhanced operations, portfolio strategy for optimized real estate, tenant representation for seamless medical office lease or sales acquisitions, Healthcare brokerage to enhance property results and maximize asset values for landlords, new development for building custom medical facilities and physician alignment through our Physicians Fund allowing doctors the ability to participate in real estate returns as part of their practice. We foster long term partnerships to streamline the real estate process, enhance value, mitigate risks and maximize results for all stakeholders in today's dynamic healthcare and real estate environment.

This Quarterly New Jersey Medical Office Report reflects Clinical Real Estate's industry's leading team. Each edition is designed to provide timely market intelligence, meaningful trends, unique opportunities in the market and practical insights to help our clients and partners navigate an evolving healthcare real estate landscape for enhanced value.



## A COLLECTION OF HEALTHCARE EXPERTS



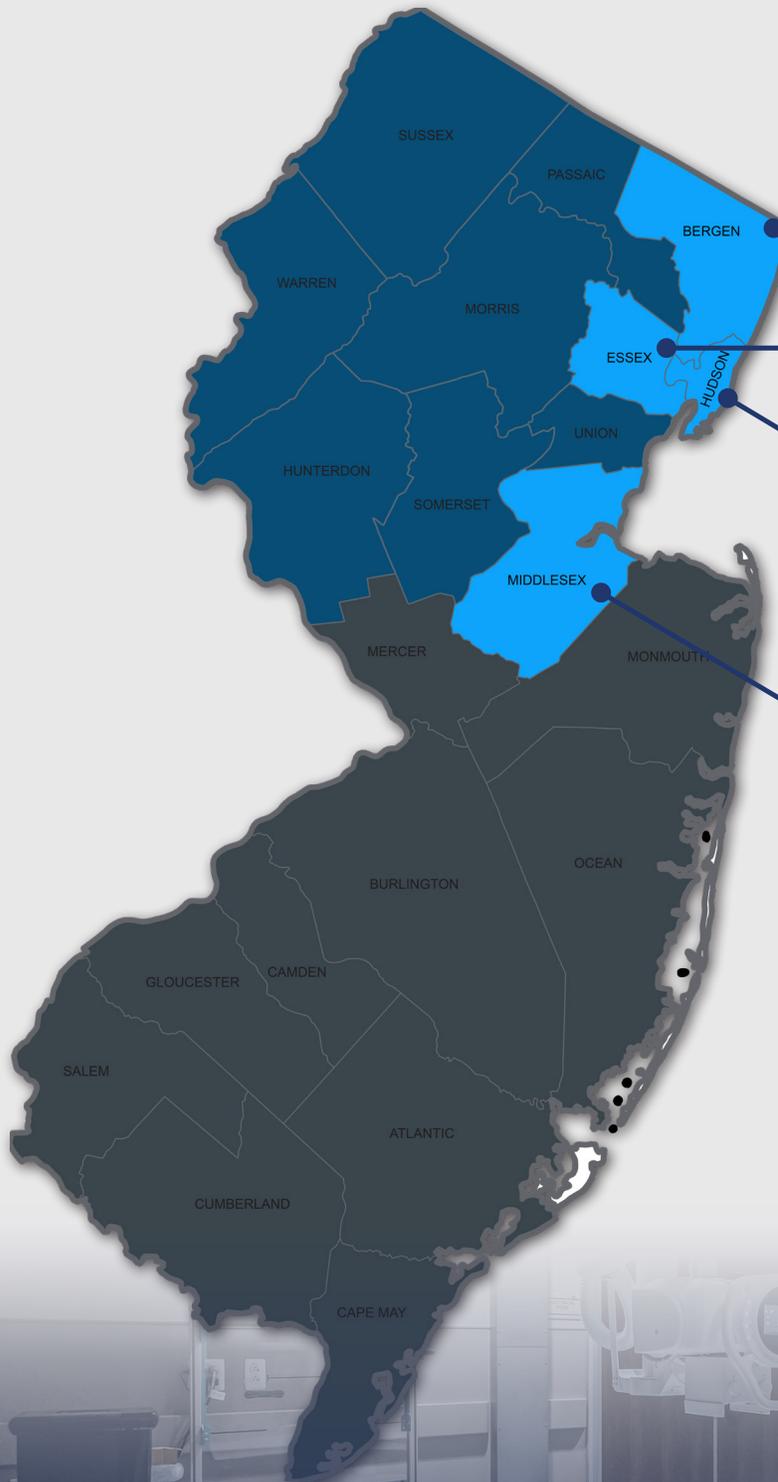
Advisory

Real Estate

Development

Investment

# Q4 2025 NORTHERN NJ MEDICAL STATS



## Bergen County

494 Medical Buildings  
6,926,121 SF RBA  
\$27.53 PSF Base Rent

## Essex County

306 Medical Buildings  
4,708,514 SF RBA  
\$26.97 PSF Base Rent

## Hudson County

205 Medical Buildings  
4,262,997 SF RBA  
\$27.83 PSF Base Rent

## Middlesex County

504 Medical Buildings  
6,537,992 SF RBA  
\$24.93 PSF Base Rent

## Northern NJ

3,293 Medical Buildings  
47,034,449 SF RBA  
\$24.93 PSF Base Rent

# Q4 2025 TOP SALES & LEASES

## SALES

<b>1</b>	<b>SIZE</b>	3,500 SF
	<b>PRICE</b>	\$4,225,000
	<b>ADDRESS</b>	625 Somerset Street Somerset, NJ
	<b>BUYER</b>	619 Somerset Street Partners LLC
	<b>SELLER</b>	Paramount Realty Services

<b>2</b>	<b>SIZE</b>	11,674 SF
	<b>PRICE</b>	\$2,185,000
	<b>ADDRESS</b>	200 South Street New Providence, NJ
	<b>BUYER</b>	William Hanley
	<b>SELLER</b>	Signature Realty NJ, LLC



200 South Street, New Providence, NJ  
Source: LoopNet

## LEASES

<b>1</b>	<b>SIZE</b>	7,075 SF
	<b>ADDRESS</b>	107 Monmouth Road West Long Branch, NJ
<b>2</b>	<b>SIZE</b>	6,766 SF
	<b>ADDRESS</b>	3120 Princeton Pike Lawrenceville, NJ



107 Monmouth Road, West Long Branch, NJ  
Source: LoopNet

<b>3</b>	<b>SIZE</b>	6,222 SF
	<b>ADDRESS</b>	122 Route 22 E Bridgewater, NJ
<b>4</b>	<b>SIZE</b>	5,000 SF
	<b>ADDRESS</b>	430-432 Broadway Bayonne, NJ

# Q4 2025 STATE OF THE HEALTHCARE MARKET

The healthcare space, particularly medical office buildings (MOBs) and outpatient facilities, finished 2025 strong, continuing the sector's trend of resiliency. While the broader CRE market – especially the traditional office sector – continued to face headwinds, healthcare real estate (HRE) remained stable and grew, a trend [experts predict will continue](#) into 2026.

## POLICY SHIFTS AND FINANCIAL REALITIES

The “One Big Beautiful Bill Act” (OBBBA) has introduced the most significant legislative changes to healthcare since the ACA. These changes continue to pressure hospital finances.

- Medicare and Medicaid cuts are projected to reduce provider margins by [up to 18%](#) over the next five years.
- Hospital downgrades are outpacing upgrades by nearly 3 to 1.
- Higher premiums mean more people are dropping their healthcare, which will increase the risk of uncompensated care.

## DEMOGRAPHIC SHIFTS AND CLINICAL IMPACTS

An aging population is driving higher demand for services, especially in the Southeast and Central U.S. While inpatient volume remains flat, the severity of illness (acuity) and average length of stay are increasing. Providers are shifting care to lower-cost outpatient settings to protect and optimize operating margins.

## ENVIRONMENTAL RISKS AND CONSTRAINTS

Persistent inflation, supply chain instability, and labor shortages continue to hinder healthcare facility construction and operation. The OBBBA rolled back federal clean energy incentives, making it harder for healthcare systems to justify the ROI of sustainability and carbon-reduction investments. Skilled labor remains a primary constraint, necessitating greater reliance on prefabrication and modular construction to maintain project schedules.

## SMARTER TECH, SMARTER CARE

Digital transformation has moved from an experimental to a core capital priority, as systems seek efficiency through technology.

- Over 63% of healthcare systems are [investing in AI](#).
- Adoption of AI in healthcare is projected to grow at a [CAGR of 38%+ through 2030](#).
- Designing [smart-ready facilities](#) (5G, edge computing, IoT) has become essential to future-proof physical assets.

## STRONG AND STEADY PATIENT VISITS

The 12-month average for patient visits per provider (excluding flu) has grown steadily since 2021, driven by expanded medical coverage, an aging demographic, the restoration of routine care after pandemic-era pauses, and a stabilizing economy. The

volume of physician consultations grew at an average CAGR of 1% between 2020 and 2025, with the [pace slowing](#) dramatically between 2024 and 2025 (visits increased 2.2% in 2024 and just 0.9% in 2025).

## COLLABORATIVE SURVIVAL

Small and rural medical centers have begun adopting a strength-in-numbers strategy. These facilities, long burdened by shrinking local populations, high reliance on government-funded insurance, and chronic staffing shortages, are [forming clinically integrated frameworks and shared-service alliances](#). This model allows these providers to consolidate administrative tasks and gain leverage in payer negotiations while maintaining their status as independent, community-led institutions.



## BY THE NUMBERS

Over 28,700 medical office buildings (MOBs) with more than 2.2 billion square feet of space currently exist in the U.S. [Manhattan currently ranks as the fifth-largest MOB market](#), with 90.5 million square feet of specialized space across 377 properties, accounting for about 4% of the nation's total MOB stock. Defining this market? Extreme density and institutions like NYU Langone, Mount Sinai, and NewYork-Presbyterian, which continue to anchor the borough's high demand and rental rates.

Unlike sprawling markets like Houston or Los Angeles, Manhattan faces geographic constraints, high land costs, and rigid zoning laws. Thus, ground-up development is rare; as of mid-2025, only 636,100 square feet across three projects was under construction. To ameliorate the lack of available land, owners and health systems are increasingly prioritizing the vertical expansion and modernization of existing structures. One example? The [\\$20 million renovation of the Park Sixty MOB](#), which enhanced its infrastructure to meet modern clinical standards.

# Q4 2025 STATE OF THE HEALTHCARE MARKET

The shift toward outpatient care remains a dominant trend. The [Hospital for Special Surgery \(HSS\)](#) is nearing completion of its 400,000-square-foot tower on the Upper East Side, which will serve as a surgical and outpatient hub starting in 2026. This project reflects the broader Manhattan strategy: creating high-density, high-acuity facilities bringing specialized services into urban neighborhoods. Despite limited new supply, the borough's institutional strength cements its position as a global center for medical excellence and a resilient target for CRE investment.

According to [one report](#), MOB transaction volume in H2 2025 was expected to pick up after a slow first half, with Q3 seeing an increase to \$2.7 billion (a 27% QoQ rise), signaling stronger investor interest despite overall caution driven by:

- Positive demand
- Record rents
- Economic growth supporting healthcare services

While specific H2 totals are still pending, the trend points to a significant rebound from early 2025's muted activity, with projections suggesting a substantial volume increase by year-end, according to multiple reports.

Record high rents ([\\$25.20 per square foot in Q3](#)) and positive net absorption (2.4M square feet in tracked markets) indicated strong underlying demand for MOB space. The adjusted cap rate expanded 30 bps over Q2 2024, [according to one report](#). By the end of Q3, [1,055 qualifying properties](#) representing 54.14M square feet and valued at \$16.27 billion changed hands. MOB's had the largest share (807 trades, \$8.5 billion, averaging \$360 per square foot, with an average transaction size of \$10.5 million).

This [report](#) found that:

Standard MOB's traded at an average cap rate of 6.9%, while office properties with medical suites commanded higher yields, averaging 7.9%.

## WHAT'S NEXT?

The MOB sector enters 2026 as a cornerstone of stability within the broader CRE market. A demographic shift, especially the [3.1% annual growth of the U.S. population aged 65+](#), has driven demand for outpatient services. This surge in patient needs has pushed medical office occupancy to 93% – the highest level in a decade – while tenant retention has stabilized at nearly 89%. The sector remains largely insulated from the economic volatility affecting traditional office and retail spaces.

Large-scale portfolio movements and private equity partnerships will continue to reshape investment activity. One example? The [\\$7.2 billion sale of Welltower's outpatient portfolio](#) to Remedy Medical Properties and Kayne Anderson Real Estate, suggesting a robust appetite for established healthcare assets even as REITs pivot toward senior housing. While high financing and construction costs have tempered the development pipeline, interest in adaptive reuse remains high. Developers are increasingly converting vacant retail shells and traditional office buildings into modern clinical spaces to meet local demand without the steep costs of ground-up construction.

The industry will continue to watch federal policy shifts, including OBBBA's impact on Medicaid and reimbursement structures. These regulatory changes are expected to influence location strategies, driving a migration toward high-density markets in the Sun Belt. Despite these potential challenges, the shift of higher-acuity procedures to ambulatory surgery centers and the continued need-based nature of healthcare suggest that the MOB asset class will maintain its reputation for durable cash flows and resilient performance.

General hospitals maintained their position as premium assets, commanding the lowest yields in the industry.

Among specialized facilities, rehabilitation hospitals emerged as the most active sub-sector. Nineteen properties sold for a combined \$580 million, averaging \$569 per square foot. The market for behavioral health centers and long-term acute care (LTAC) facilities remained sluggish. Pricing averaged \$218 per square foot for behavioral health and \$139 per square foot for LTAC hospitals.

Here are the **Q4 2025 statistics** for New Jersey.

### Of 16 total transactions:

- Total sales: 1
- Total sales volume: **\$2,450,000**
- Total sales square footage: 10,000
- Total lease transactions: 15
- Total lease volume: **\$5,074,000**
- Total lease square footage: 37,077
- Average PSF: **\$26.22**



# FEATURED PROPERTIES

**23**  
Properties

**168,664 SF**  
Available

**636,710 SF**  
Under Control

**26.49%**  
Portfolio Vacancy



**122 E. Ridgewood Avenue**  
Paramus, NJ

**1,830-12,852 SF**  
For Sale/Lease



**855 Valley Road**  
Clifton, NJ

**3,096-30,000 SF**  
For Lease



**20 Woodridge Avenue**  
Hackensack, NJ

**6,043 SF**  
For Sale/Lease



**206 Bergen Avenue**  
Kearny, NJ

**750-19,000 SF**  
For Lease



**414 Eagle Rock Ave**  
West Orange, NJ

**650 SF-25,584 SF**  
For Lease

# FEATURED PROPERTIES

**23**  
Properties

**168,664 SF**  
Available

**636,710 SF**  
Under Control

**26.49%**  
Portfolio Vacancy



**321 Essex Street**  
Hackensack, NJ

**13,500 SF**  
For Sale/Lease



**743 Route 17S**  
Paramus, NJ

**30,000+ SF**  
Redevelopment Opportunity



**2835 S. Delsea Dr**  
Vineland, NJ

**9,550-11,630 SF**  
For Sale or Lease



**91 S. Jefferson Road**  
Whippany, NJ

**4,107 SF**  
For Lease



**120 Park Avenue**  
Lyndhurst, NJ

**ASC License**  
For Sale



## Globe St.

Globe St 2025 Healthcare Influencer Award




2025 People to Watch in Health Care

## BISNOW

NJ Healthcare & Campus Development Summit



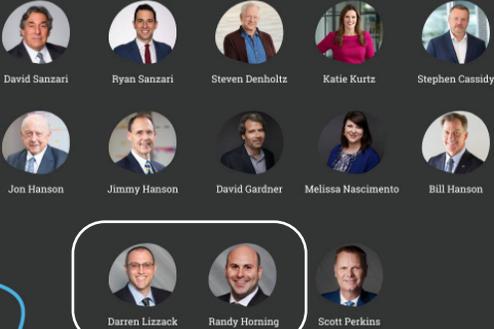
Featured in





2025 TRENDS IN HEALTH CARE  
A PANEL DISCUSSION PRESENTED BY NJBIZ

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Jon Hanson Jimmy Hanson David Gardner Melissa Nascimento Bill Hanson  
Darren Lizzack Randy Horning Scott Perkins



## ROI Influencers REAL ESTATE: 2024




Darren Lizzack Vice president  
Randy Horning Vice president

Brokers

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### TOP INFLUENCERS 2024, 2022, 2020 & 2019



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