



TRANSWESTERN

# HOUSTON HEALTHCARE/ MEDICAL OFFICE MARKET

## Q2 2024

### TRENDLINES

	Q2 2024	Q2 2023	ONE-YEAR TRAILING	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE (%)	4.2	4.3	↓	5.5	↔
NET ABSORPTION (Thousands SF)	293.5	454.0	↓	164.0	↓
DIRECT VACANCY RATE (All Space)	12.9%	12.8%	↑	12.6%	↔
TOTAL AVAILABILITY RATE (All Space)	15.3%	16.5%	↓	16.1%	↑
UNDER CONSTRUCTION (MSF)	0.6	1.3	↓	1.0	↑
ASKING RENT, FULL SERVICE (PSF)	\$31.64	\$30.42	↑	\$28.58	↑
SALES VOLUME (Millions)	\$17.7	\$3.5	↑	\$52.3	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Revista, Transwestern. Arrow color palette indicates property sector agency leasing, management and investor trending assessment(s).

## HEALTH SYSTEMS DRIVE GROWTH ON HOUSTON'S WEST SIDE

### Q2 2024 House View

Houston's healthcare sector delivered 378,000 square feet of new medical office product in key submarkets and broke ground on two additional multi-tenant facilities during the quarter, bringing the midyear construction pipeline to approximately 625,000 square feet. The pipeline is mostly spoken for and is expected to deliver with a 98.1 percent occupancy in the fastest growing suburban housing markets. In the Northeast, Modern Heart and Vascular broke ground on a 105,000 square foot medical office and construction began on 60,000 square foot Grand Cypress Pavilion One in the 290 Corridor. Meanwhile, Kelsey-Seybold's Fort Bend campus grew by 135,000 square feet in Sugar Land and Houston Methodist Cypress opened its second medical office building as it finishes construction on its new hospital. Clearly, product deliveries drove overall net absorption this period, measuring nearly 300,000 square feet at midyear. As a result of the premium and almost fully leased new construction, area vacancy remained mainly unchanged and asking rents increased by 4.0 percent to \$31.64 PSF/YR over this time last year.

Houston's newest facilities are in health systems ranked among the best in the world. During the quarter, Houston Methodist Hospital was ranked among the top 20 U.S. healthcare specialists by the U.S. News & World Report while the University of Texas MD Anderson Cancer Center was also named first in the U.S. for cancer care. In the next six months, an additional 250K square feet of new product is set to deliver at full occupancy.

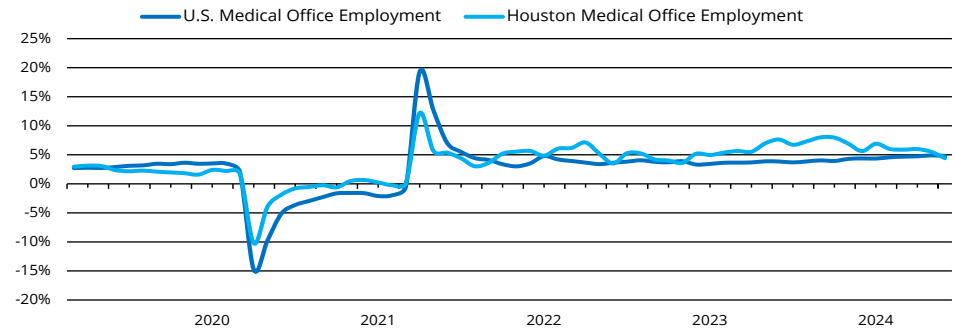


**ECONOMY**

**Employment and Population Post Strong Gains. Inflation is down as the Summer Travel Season Starts**

- Metro Houston created 6,500 jobs in June, according to the latest release by the Texas Workforce Commission. In the past 12 months, the region created 78,000 jobs while total area employment hit 3,460,900, an all-time high for the Houston MSA. Even as growth tempers compared to the bold numbers seen over the past two years, the region is on track to top 3.5 million payroll jobs by December and finish the 2024 with a record number of jobs.
- The 10-county Houston metro area added more than 265,000 new residents since 2021, the second largest gain in the U.S. according to 2023 estimates provided by the Census Bureau early this summer. Two-thirds of the growth occurred in the outlying suburbs beyond Harris County.
- Meanwhile, U.S. inflation, as measured by the Consumer Price Index for all Urban Consumers (CPI-U), was flat in June and rose 3.0 percent nationwide in the 12 months ending June. Core inflation, which excludes the volatile food and energy categories, rose 0.1 percent from last month and 3.3 percent over the year, not seasonally adjusted. The Houston inflation data, released by the U.S. Bureau of Labor Statistics (BLS) showed the metro was 2.1 percent, down 30 basis points since April. Notable since June of last year, Houston experienced a decline in the costs of household furnishings, new and used vehicles and medical care amongst several other goods and services.
- As the summer travel season kicks off, the Houston Airport System (HAS) stated it handled 61.4 million passengers in the 12 months ending May, a surge of 7.3 percent from 57.2 million handled over the comparable period last year. Also hitting the road, Houston-area dealers sold more than 345,000 cars, trucks, and SUVs in the last year ending in May, a 1.5 percent increase, according to TexAutoFacts, published by InfoNation, Inc. Car sales rose 1.2 percent and truck and SUV sales 1.6 percent with trucks and SUVs accounting for nearly 80 percent of all new vehicles sold.

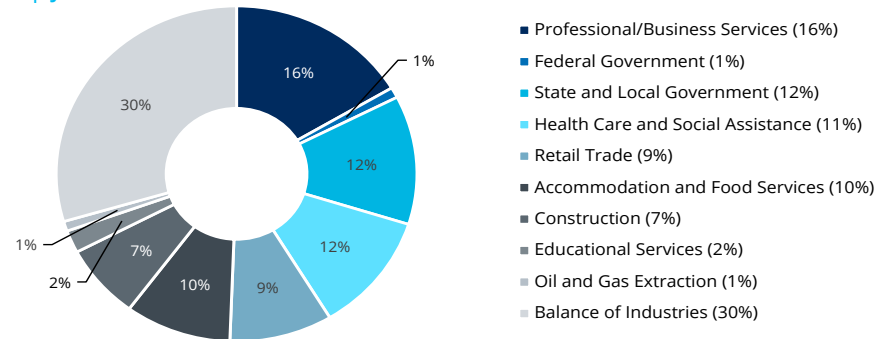
**Y-O-Y CHANGE IN MEDICAL OFFICE JOBS**



Source: Bureau of Labor Statistics, Transwestern

**SHARE OF EMPLOYEES BY INDUSTRY**

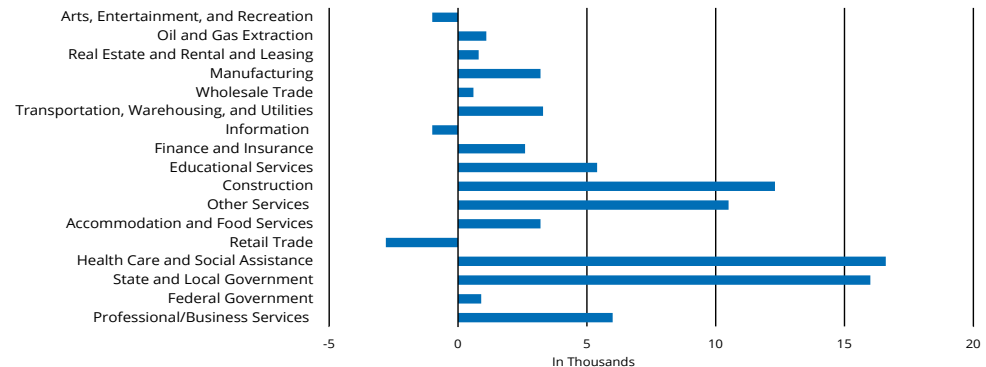
Houston | June 2024



Source: Bureau of Labor Statistics, Transwestern

**Y-O-Y CHANGE IN JOBS BY INDUSTRY**

Houston | June 2024



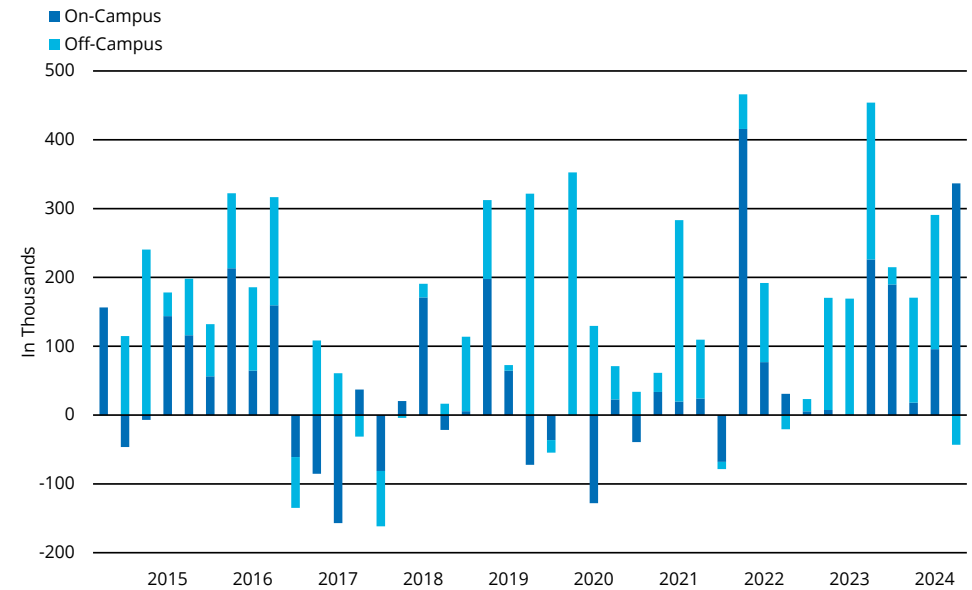
Source: Bureau of Labor Statistics, Transwestern

### NET ABSORPTION

#### System Expansions in 290 Corridor and Sugar Land Fuels On-Campus Demand

- Houston’s healthcare sector measured 293,486 square feet of net absorption in the second 90 days of the year. On-campus product posted gains of 336,680 square feet during the quarter while off-campus product recorded a negative net loss of 43,194 square feet.
- The metro’s growth was largely driven by new product from expanding health systems coming online in two major submarkets: 290 Corridor (161,269 square feet) and Sugar Land (150,972 square feet). In the 290 Corridor, Houston Methodist Cypress opened their second medical office, occupying 160,200 square feet, and in Sugar Land, Kelsey-Seybold completed their 135,000 square-foot medical office at their Fort Bend Campus.
- The Near West and Near North submarkets however witnessed negative net growth of 83,756 square feet and 38,602 square feet, respectively. In the Near West submarket, Kelsey-Seybold vacated their space of 80,000 square feet at 1111 Augusta Dr and 1960 Family Practice vacated their space of 20,000 square feet at 837 Cypress Creek Pky in the Near North submarket.
- Three additional submarkets experienced in various geographies saw moderate expansion by mid-sized occupiers in the less than 20,000 square feet bracket. For example, the Texas Medical Center (TMC) experienced quarterly demand equating to 50,749 square feet. Further north in The Woodlands, tenants occupied more an additional 35,823 square feet to the southeast, in Clear Lake, medical practitioners moved into 25,076 square feet.

### NET ABSORPTION BY CLASS



Source: CoStar, Revista, Transwestern

### TOP TEN HEALTHCARE SYSTEMS BY NUMBER OF BEDS

#### Houston Metro Area

HEALTHCARE SYSTEM	ACUTE CARE BEDS	LOCAL HOSPITALS
MEMORIAL HERMANN	4,611	14
HOUSTON METHODIST	3,265	8
HCA HOUSTON HEALTHCARE	3,018	13
ST. LUKE'S HEALTH	1,275	8
UNIVERSITY OF TEXAS MEDICAL BRANCH HEALTH SYSTEM	1,038	5
TEXAS CHILDREN'S HOSPITAL	897	4
THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	715	1
HARRIS HEALTH SYSTEM	617	2
MICHAEL E. DEBAKEY VETERANS AFFAIRS MEDICAL CENTER	535	1
ST. JOSEPH MEDICAL CENTER	290	1
<b>TOTAL</b>	<b>16,261</b>	<b>57</b>

\*Table is sorted by number of beds in descending order  
Source: Houston Business Journal Oct. 2023, Transwestern

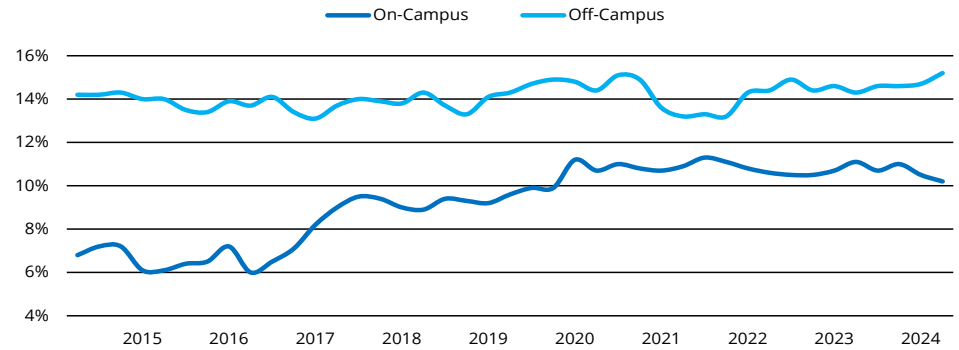


### VACANCY

#### Nuanced Leasing Velocity Keeps Vacancy Mainly Unchanged

- Overall direct vacancy for Houston’s healthcare sector ticked up slightly by 10 basis points to 12.9 percent in the second quarter but has steadily remained around this rate since 2022. Over the last 90 days, off-campus product direct vacancy increased by 50 basis points to 15.2 percent whereas on-campus direct vacancy tightened 30 basis points to 10.2 percent. Current rates are subsequently consistent year-over-year when direct vacancy measured 12.8 percent. Steady levels of leasing activity in multi-tenant buildings worked to keep metro-wide vacancy generally uniform even as health systems continue to build and occupy their owned facilities.
- For example, the Near North and Near West submarkets experienced the greatest increases in overall direct vacancy by 3.0 percent and 2.2 percent, respectively. In the Near West submarket, Kelsey-Seybold vacated their space of 80,000 square feet at 1111 Augusta Dr and in the Near North Submarket, 1960 Family Practice vacated 20,236 square feet at 837 Cypress Creek Pky.

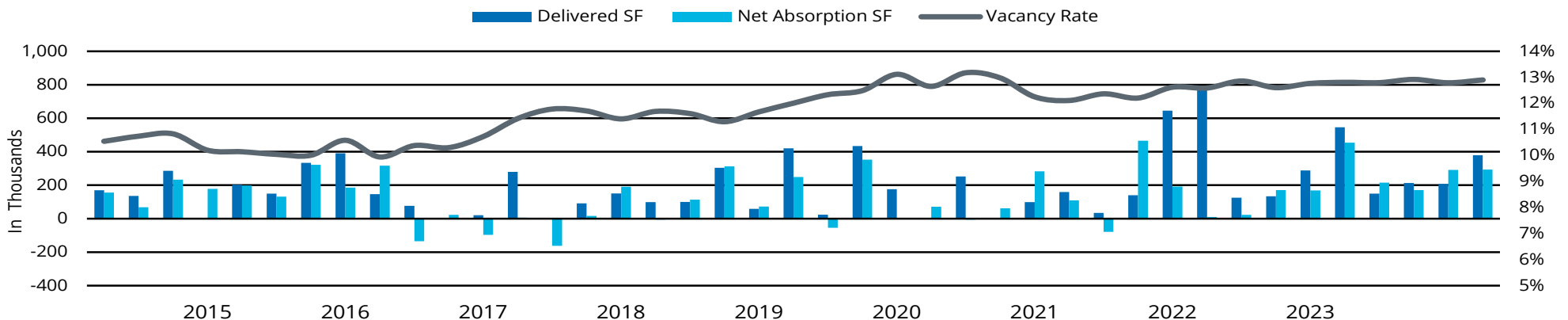
### OVERALL DIRECT VACANCY RATE



Source: CoStar, Revista, Transwestern

- On the flip side, direct vacancy declined by 1.8 percent to 15.9 percent in the 290 Corridor and by 1.5 percent to 14.4 percent in Sugar Land as health systems, Houston Methodist and Kelsey-Seybold, completed and occupied their projects, each over 100,000 square feet.

### DELIVERY IMPACT ON KEY INDICATORS



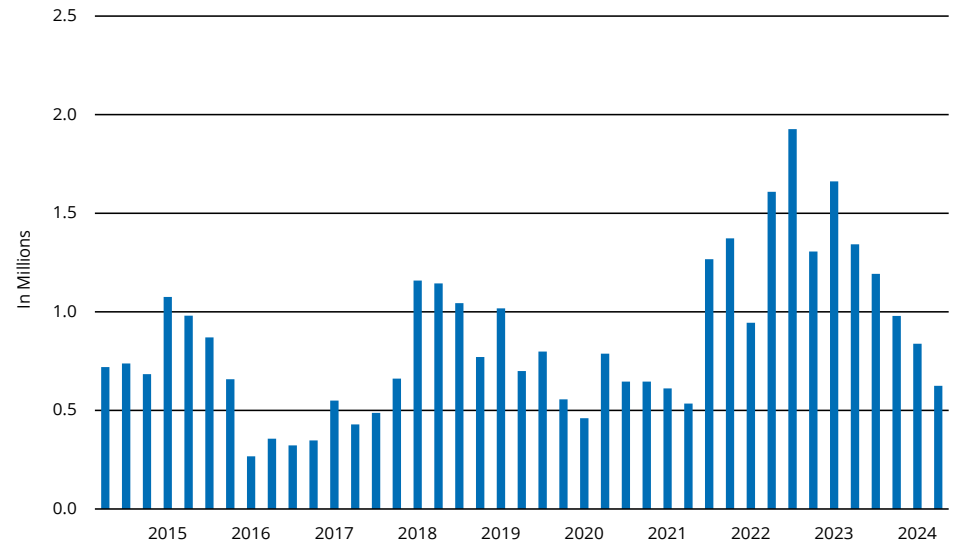
Source: CoStar, Revista, Transwestern

**UNDER CONSTRUCTION**

**Four Suburban Deliveries and Two Ground Breakings During Quarter**

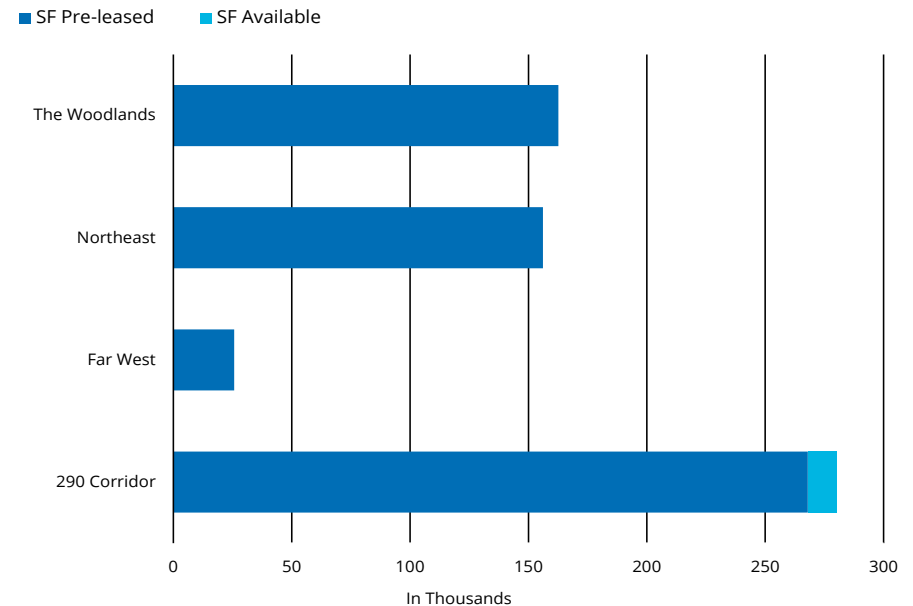
- Houston’s medical office construction pipeline delivered 378,000 square feet of new product marked the midyear quarter which came online with pre-lease commitments of 91.9 percent. Meanwhile, multiple suburban projects broke ground bringing the pipeline total to 624,473 square feet.
- Kelsey-Seybold expanded their care services in the Sugar Land submarket, opening the doors to a second, 135,000 square foot building at their Fort Bend Campus. On the west side, in the 290 Corridor submarket, Houston Methodist’s new Cypress campus has opened the doors to both medical office buildings, with the hospital not expected online until Q1 2025. In the meantime, construction started on Grand Cypress Pavilion One, a 60,000 square foot medical office building set to deliver this time next year.
- In The Woodlands, Spring Medical Plaza, a 58,000 square foot medical office, came online with pre-lease commitments for 43 percent of the building, while towards the east, Modern Heart and Vascular broke ground on their 105,000 square foot medical office at 18835 McKay Dr in the Northeast submarket.
- To wrap up the current development around the Houston area, four submarkets have projects underway with an overall pre-lease commitment of 98.1 percent: 290 Corridor (280,000 square feet), The Woodlands (162,629 square feet), Northeast (156,134 square feet), and Far West (25,710 SF).

**UNDER CONSTRUCTION**



Source: CoStar, Transwestern

**UNDER CONSTRUCTION BY SUBMARKET**



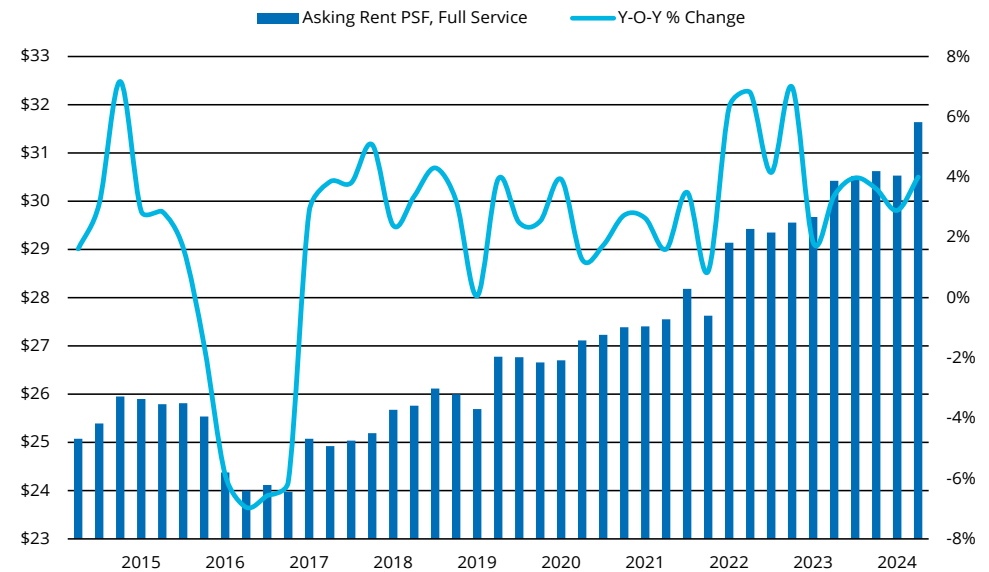
Source: CoStar, Revista, Transwestern

### RENTAL RATES

#### Increased Asking Rates & Operating Expenses Seen Mainly in Expanding Key Submarkets

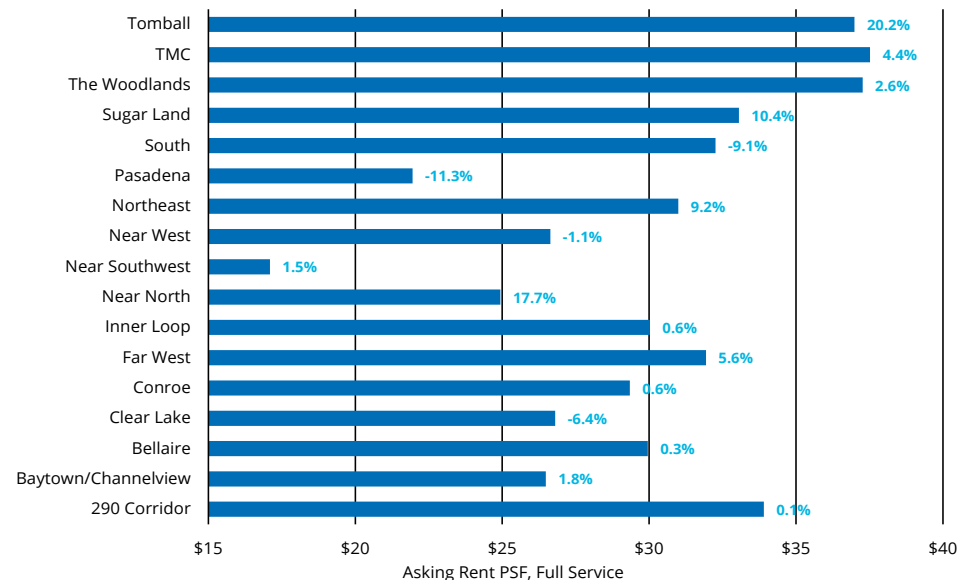
- Houston’s healthcare sector witnessed asking rates climb by 3.6 percent over the second quarter to \$31.64 PSF/YR. Full-service asking rates for off-campus product increased by 5.3 percent to \$31.04 PSF/YR while on-campus product saw rents climb by 1.8 percent to \$32.69 PSF/YR.
- The Near North, Sugar Land and Texas Medical Center (TMC) submarkets experienced the greatest rise in asking rents. Near North witnessed rates climb to \$24.94 PSF/YR, up \$2.54 PSF/YR from the first quarter of the year and up \$3.76 PSF/YR from the same time last year. In Sugar Land, rates increased \$2.53 PSF/YR over the quarter and \$3.13 PSF/YR year-over-year to \$33.06 PSF/YR, and an increase of \$2.23 PSF/YR to \$37.52 PSF/YR was seen in the TMC. Meanwhile, Pasadena experienced the largest decrease in asking rents, falling \$2.02 PSF/YR to \$21.95 PSF/YR over the quarter.
- On-campus rates in the TMC and The Woodlands rose by 2.6 percent to \$35.05 PSF/YR and 1.6 percent to \$37.92 PSF/YR, respectively. Near West and Conroe experienced slight declines in asking rates for on-campus product by \$0.15 PSF/YR and \$0.10 PSF/YR, respectively. Four submarkets witnessed off-campus asking rates increase by more than \$2.00 PSF/YR during the second quarter: TMC (\$3.51 PSF/YR), Near North (\$2.54 PSF/YR), Sugar Land (\$2.06 PSF/YR), and Conroe (\$2.04 PSF/YR).
- Houston’s medical office overall asking rents increased by 4.0 percent from this time last year when average asking full-service rents measured \$30.42 PSF/YR. New product completions with large pre-lease commitments likewise witnessed escalated rent premiums in key submarkets such as in the Sugar Land and 290 Corridor. In addition, operating expenses have been on the rise. For example, in the Near North submarket, rents increased by \$3.76 PSF/YR year over year as tenant moveouts in mid-sized buildings resulted in landlords raising asking rates to the high-teens and quoted operating expenses to the mid-teens.

### ASKING RENT



Source: CoStar, Revista, Transwestern

### ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Revista, Transwestern

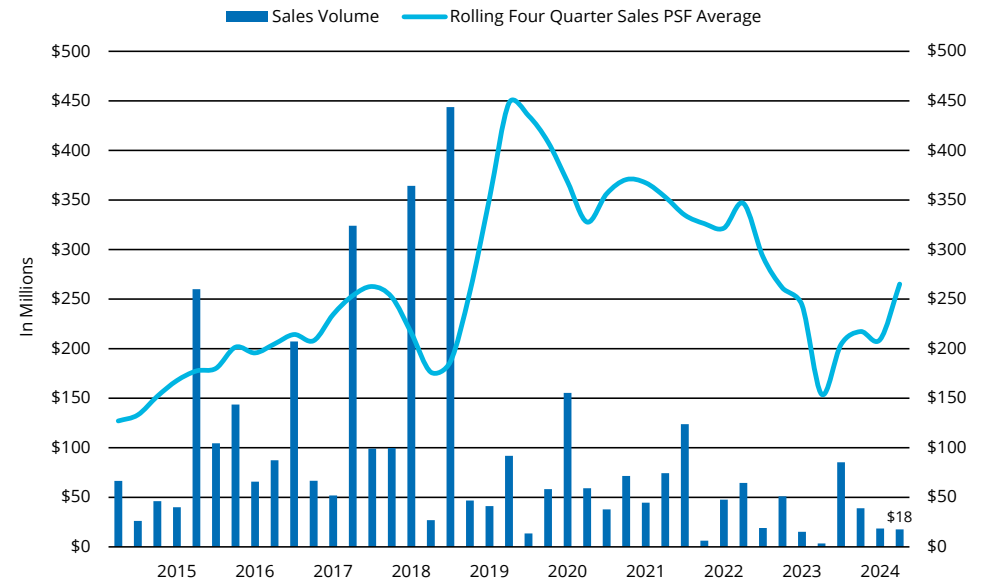


### SALES

#### Institutional, Private Investors Active as Overall Prices Move Sideways

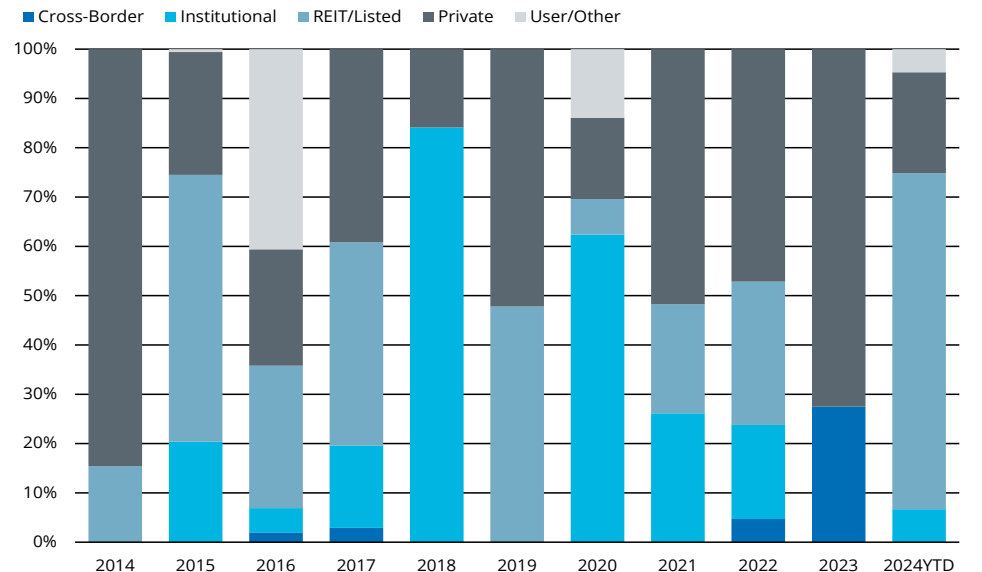
- Healthcare/medical office investors completed two property sales throughout Houston in the second quarter with an estimated median acquisition price of \$268 per square foot, a slight increase of \$32 per square foot and a sharp increase of \$224 per square foot from this time last year, according to Real Capital Analytics (RCA).
- Both institutional and private investors were active during the quarter. Institutional investors secured \$4.4 million in acquisitions, finishing the quarter with net dispositions totaling \$4.0 million. Meanwhile, private investors disposed of \$11.7 million in assets over the quarter, bringing their 2024YTD net holdings down to \$6.8 million.
- Cross-border investors nor REITs have recorded any investment activity this year.
- According to Real Capital Analytics, The University of Texas/Texas A&M Investment Management Company (UTIMCO) acquired 1351 Clear Lake City Blvd, a 28,606 square-foot medical office with an emergency room and imaging center in the Clear Lake submarket for \$10.4 million.

### SALES VOLUME






Source: Real Capital Analytics, Transwestern

### BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern

**NOTABLE LEASES**

TENANT	ADDRESS	SUBMARKET	LEASE TYPE	SF LEASED
WOODLANDS DERMATOLOGY	9303 Pinecroft Dr	The Woodlands	Renewal	21,719
KELSEY-SEYBOLD CLINIC	929 Gessner Rd	TMC	Sublease	21,232
SONO BELLO	5115 Fannin St	TMC	New Lease	20,270
MEMORIAL HERMANN SURGERY CENTER 	7515 S Main St	TMC	Renewal	17,188
TEXAS ABA CENTERS, LLC 	7619 Branford Place	Sugar Land	New Lease	11,000
POZITIVF FERTILITY 	7400 Fannin St	TMC	New Lease	10,909

**NOTABLE MEDICAL OFFICE UNDER CONSTRUCTION**

ADDRESS	BUILDING NAME	SUBMARKET	BUILDING SF	PRE-LEASED %
PINECROFT DR	Memorial Hermann The Woodlands Medical Plaza 5	The Woodlands	135,000	100%
19926 NORTHWEST FWY	Kelsey-Seybold Northwest Campus	290 Corridor	120,000	100%
18835 MCKAY DR	Modern Heart and Vascular Institute	Northeast	105,000	100%
27800 HIGHWAY 290	Memorial Hermann Cypress Expansion	290 Corridor	100,000	100%
29404 NORTHWEST FWY	Grand Cypress Doctors Pavillion One	290 Corridor	60,000	100%
17818 W LAKE HOUSTON PKWY	Kelsey-Seybold Atascotia	Northeast	51,134	100%

**NOTABLE HOSPITALS UNDER CONSTRUCTION**

BUILDING NAME	SUBMARKET	BLDG./EXPANSION SF	EXPECTED DELIVERY
CENTENNIAL TOWER	TMC	1,000,000	Q3 2027
HOUSTON METHODIST CYPRESS	290 Corridor	569,100	Q2 2025
MEMORIAL HERMANN CYPRESS*	290 Corridor	185,000	Q3 2024
MEMORIAL HERMANN KATY*	Near Southwest	115,000	Q4 2024
ALVIN REGIONAL MEDICAL CENTER	South	80,000	Q1 2025

These statistics are not combined into the Houston Medical Office Market Indicators

\* Indicates Hospital is expanding

**HOUSTON MEDICAL OFFICE MARKET INDICATORS**

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF
<b>TOTALS</b>								
<b>OFF CAMPUS</b>	18,275,460	2,783,979	15.2%	18.3%	389,473	-43,194	329,647	\$31.04
<b>ON CAMPUS</b>	15,802,916	1,611,850	10.2%	12.0%	235,000	336,680	640,238	\$32.69
<b>GRAND TOTAL</b>	<b>34,078,376</b>	<b>4,395,829</b>	<b>12.9%</b>	<b>15.3%</b>	<b>624,473</b>	<b>293,486</b>	<b>969,885</b>	<b>\$31.64</b>

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
<b>290 CORRIDOR</b>								
<b>OFF CAMPUS</b>	691,007	68,505	9.9%	12.5%	180,000	6,577	34,188	\$24.97
<b>ON CAMPUS</b>	950,399	192,892	20.3%	18.7%	100,000	154,692	150,346	\$37.00
<b>290 CORRIDOR TOTAL</b>	<b>1,641,406</b>	<b>261,397</b>	<b>15.9%</b>	<b>15.9%</b>	<b>280,000</b>	<b>161,269</b>	<b>184,534</b>	<b>\$33.90</b>
<b>BAYTOWN/CHANNELVIEW</b>								
<b>OFF CAMPUS</b>	299,779	136,341	45.5%	46.1%	-	1,606	15,436	\$26.49
<b>ON CAMPUS</b>	143,291	-	-	-	-	-	-	-
<b>BAYTOWN/CHANNELVIEW TOTAL</b>	<b>443,070</b>	<b>136,341</b>	<b>30.8%</b>	<b>31.2%</b>	<b>-</b>	<b>1,606</b>	<b>15,436</b>	<b>\$26.49</b>
<b>BELLAIRE</b>								
<b>OFF CAMPUS</b>	1,442,160	222,581	15.4%	22.3%	-	(4,740)	(22,304)	\$29.54
<b>ON CAMPUS</b>	226,714	13,524	6.0%	6.0%	-	(290)	4,549	\$39.06
<b>BELLAIRE TOTAL</b>	<b>1,668,874</b>	<b>236,105</b>	<b>14.1%</b>	<b>20.1%</b>	<b>-</b>	<b>(5,030)</b>	<b>(17,755)</b>	<b>\$29.95</b>
<b>CLEAR LAKE</b>								
<b>OFF CAMPUS</b>	1,039,607	125,969	12.1%	15.5%	-	(7,914)	169,380	\$26.31
<b>ON CAMPUS</b>	1,080,793	16,131	1.5%	1.3%	-	32,990	53,427	\$29.72
<b>CLEAR LAKE TOTAL</b>	<b>2,120,400</b>	<b>142,100</b>	<b>6.7%</b>	<b>7.6%</b>	<b>-</b>	<b>25,076</b>	<b>222,807</b>	<b>\$26.80</b>
<b>CONROE</b>								
<b>OFF CAMPUS</b>	364,171	53,180	14.6%	14.6%	-	3,789	(14,181)	\$25.04
<b>ON CAMPUS</b>	638,181	47,214	7.4%	9.9%	-	(3,129)	7,527	\$30.26
<b>CONROE TOTAL</b>	<b>1,002,352</b>	<b>100,394</b>	<b>10.0%</b>	<b>11.6%</b>	<b>-</b>	<b>660</b>	<b>(6,654)</b>	<b>\$29.34</b>

All building inventory was audited in Q1 2024 to remove Life Sciences purpose-built properties and add any office buildings with >50% healthcare tenants resulting in an increase of previously reported total inventory. Historical quarterly statistics were accordingly adjusted and revised. See page 13 for full description.

**HOUSTON MEDICAL OFFICE MARKET INDICATORS**

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
<b>FAR WEST</b>								
OFF CAMPUS	881,379	99,216	11.3%	15.1%	25,710	1,027	(11,635)	\$35.90
ON CAMPUS	975,647	81,986	8.4%	9.5%	-	(7,630)	186,573	\$26.84
<b>FAR WEST TOTAL</b>	<b>1,857,026</b>	<b>181,202</b>	<b>9.8%</b>	<b>12.2%</b>	<b>25,710</b>	<b>(6,603)</b>	<b>174,938</b>	<b>\$31.94</b>
<b>INNER LOOP</b>								
OFF CAMPUS	1,613,715	236,903	14.7%	20.4%	-	4,313	5,842	\$32.09
ON CAMPUS	421,706	192,517	45.7%	46.3%	-	231	(8,223)	\$26.07
<b>INNER LOOP TOTAL</b>	<b>2,035,421</b>	<b>429,420</b>	<b>21.1%</b>	<b>25.7%</b>	<b>-</b>	<b>4,544</b>	<b>(2,381)</b>	<b>\$30.03</b>
<b>NEAR NORTH</b>								
OFF CAMPUS	1,274,047	304,773	23.9%	24.9%	-	(38,602)	12,873	\$24.94
ON CAMPUS	-	-	-	-	-	-	-	-
<b>NEAR NORTH TOTAL</b>	<b>1,274,047</b>	<b>304,773</b>	<b>23.9%</b>	<b>24.9%</b>	<b>-</b>	<b>(38,602)</b>	<b>12,873</b>	<b>\$24.94</b>
<b>NEAR SOUTHWEST</b>								
OFF CAMPUS	853,217	104,537	12.3%	12.3%	-	3,647	(48,655)	\$17.09
ON CAMPUS	612,630	173,382	28.3%	35.8%	-	-	(24,740)	-
<b>NEAR SOUTHWEST TOTAL</b>	<b>1,465,847</b>	<b>277,919</b>	<b>19.0%</b>	<b>22.1%</b>	<b>-</b>	<b>3,647</b>	<b>(73,395)</b>	<b>\$17.09</b>
<b>NEAR WEST</b>								
OFF CAMPUS	1,668,314	285,208	17.1%	18.3%	-	(82,463)	(91,307)	\$25.39
ON CAMPUS	2,174,971	201,865	9.3%	11.5%	-	(1,293)	2,577	\$28.56
<b>NEAR WEST TOTAL</b>	<b>3,843,285</b>	<b>487,073</b>	<b>12.7%</b>	<b>14.5%</b>	<b>-</b>	<b>(83,756)</b>	<b>(88,730)</b>	<b>\$26.64</b>
<b>NORTHEAST</b>								
OFF CAMPUS	1,012,092	79,470	7.9%	10.8%	156,134	11,292	12,704	\$30.10
ON CAMPUS	239,098	63,503	26.6%	33.6%	-	-	16,167	\$31.49
<b>NORTHEAST TOTAL</b>	<b>1,251,190</b>	<b>142,973</b>	<b>11.4%</b>	<b>14.7%</b>	<b>156,134</b>	<b>11,292</b>	<b>28,871</b>	<b>\$30.99</b>

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**HOUSTON MEDICAL OFFICE MARKET INDICATORS**

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<b>PASADENA</b>								
OFF CAMPUS	505,525	75,547	14.9%	15.7%	-	931	(11,665)	\$19.27
ON CAMPUS	84,655	12,586	14.9%	14.9%	-	-	(3,360)	\$32.53
<b>PASADENA TOTAL</b>	590,180	88,133	14.9%	15.5%	-	931	(15,025)	\$21.95
<b>SOUTH</b>								
OFF CAMPUS	685,335	107,393	15.7%	15.7%	-	1,480	24,447	\$29.40
ON CAMPUS	305,935	35,534	11.6%	25.6%	-	(5,070)	61,290	\$34.11
<b>SOUTH TOTAL</b>	991,270	142,927	14.4%	18.7%	-	(3,590)	85,737	\$32.26
<b>SUGAR LAND</b>								
OFF CAMPUS	1,285,442	287,447	22.4%	28.3%	-	6,018	51,702	\$33.55
ON CAMPUS	1,212,525	71,709	5.9%	6.7%	-	144,954	159,386	\$31.79
<b>SUGAR LAND TOTAL</b>	2,497,967	359,156	14.4%	17.8%	-	150,972	211,088	\$33.06
<b>THE WOODLANDS</b>								
OFF CAMPUS	1,687,794	181,786	10.8%	11.7%	27,629	27,842	216,869	\$36.97
ON CAMPUS	1,223,148	78,970	6.5%	10.0%	135,000	7,981	5,331	\$37.92
<b>THE WOODLANDS TOTAL</b>	2,910,942	260,756	9.0%	10.9%	162,629	35,823	222,200	\$37.27
<b>TMC</b>								
OFF CAMPUS	2,189,325	295,120	13.5%	18.4%	-	35,274	7,989	\$40.41
ON CAMPUS	5,218,566	412,669	7.9%	9.4%	-	15,475	40,391	\$35.05
<b>TMC TOTAL</b>	7,407,891	707,789	9.6%	12.1%	-	50,749	48,380	\$37.52
<b>TOMBALL</b>								
OFF CAMPUS	782,551	120,003	15.3%	19.4%	-	(13,271)	(22,036)	\$35.10
ON CAMPUS	294,657	17,368	5.9%	5.9%	-	(2,231)	(11,003)	\$44.56
<b>TOMBALL TOTAL</b>	1,077,208	137,371	12.8%	15.7%	-	(15,502)	(33,039)	\$36.99

All building inventory was audited in Q1 2024 to remove Life Sciences purpose-built properties and add any office buildings with >50% healthcare tenants resulting in an increase of previously reported total inventory. Historical quarterly statistics were accordingly adjusted and revised. See page 13 for full description.

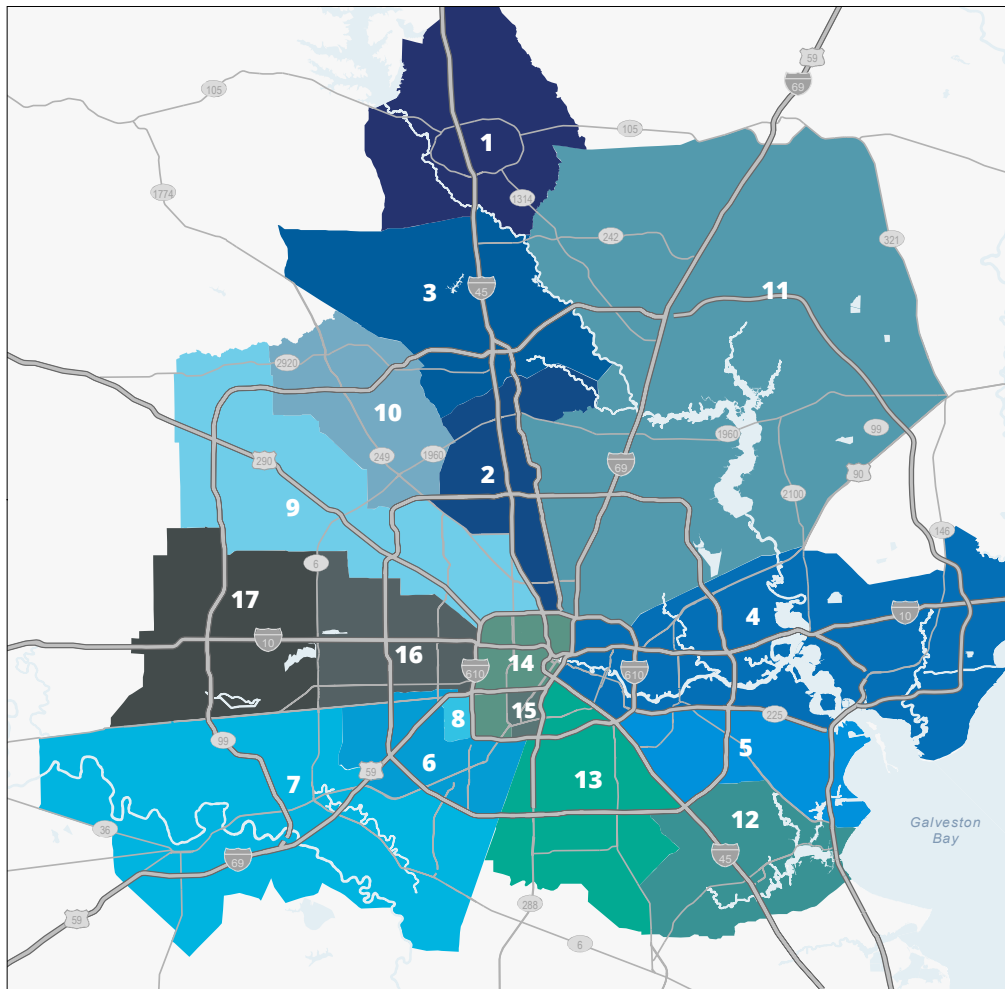
### RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on healthcare/medical office properties located in the Houston metropolitan area. This report includes single tenant, multi-tenant and owner-user properties 20,000 SF and larger, excluding those properties owned and occupied by a government agency. **Transwestern completed a full inventory audit of all office buildings that contained Healthcare tenants during Q1 2024. All office buildings with >50 percent healthcare occupiers were subsequently removed from the Office inventory and are now fully tracked in our quarterly Healthcare Report exclusively to avoid any duplication of dual sector reporting. In addition, Life Sciences properties tracked in our Life Sciences Report were also removed from our quarterly Healthcare Report statistics.**

### ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high-net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at [transwestern.com](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern).

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### Houston Medical Submarkets

- North**
  - 1 Conroe
  - 2 Near North
  - 3 The Woodlands
- East**
  - 4 Baytown/Channelview
  - 5 Pasadena
- Southwest**
  - 6 Southwest Near
  - 7 Sugar Land
  - 8 Bellaire
- Northwest**
  - 9 290 Corridor
  - 10 Tomball
- Northeast**
  - 11 Northeast
- Southeast**
  - 12 Clear Lake
  - 13 South
- Central**
  - 14 Inner Loop
  - 15 TMC
- West**
  - 16 Near West
  - 17 Far West

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