



TRANSWESTERN

HOUSTON HEALTHCARE/ MEDICAL OFFICE MARKET

Q3 2024

TRENDLINES

| | Q3 2024 | Q3 2023 | ONE-YEAR TRAILING | FIVE-YEAR AVERAGE | 12-MONTH FORECAST |
|-------------------------------------|---------|---------|-------------------|-------------------|-------------------|
| UNEMPLOYMENT RATE (%) | 4.8 | 4.7 | ↑ | 5.5 | ↑ |
| NET ABSORPTION (Thousands SF) | 69.8 | 214.9 | ↓ | 155.5 | ↑ |
| DIRECT VACANCY RATE (All Space) | 12.7% | 12.8% | ↓ | 12.7% | ↔ |
| TOTAL AVAILABILITY RATE (All Space) | 15.2% | 16.4% | ↓ | 16.1% | ↑ |
| UNDER CONSTRUCTION (MSF) | 0.7 | 1.2 | ↓ | 1.0 | ↑ |
| ASKING RENT, FULL SERVICE (PSF) | \$31.40 | \$30.52 | ↑ | \$28.81 | ↑ |
| SALES VOLUME (Millions) | \$84.5 | \$85.3 | ↓ | \$51.9 | ↑ |

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 PLAN FOR EXPANSIONS CAPPING TWO YEARS OF STRONG GROWTH

Q3 2024 House View

Houston’s healthcare sector saw no new medical office product delivered this quarter, but the construction pipeline grew to over 700,000 square feet, 94.0 percent of which is pre-leased. Healthcare systems currently comprise nearly 80.0 percent of the pipeline with that level set to expand driven by a cut in interest rates, cheaper construction costs, and growing patient demand in the metro’s suburbs. Several healthcare systems recently announced additional expansion projects, such as Houston Methodist enlarging their West Hospital campus and Memorial Hermann continuing to build up their Cypress Hospital site. Due to the dearth of new product delivered this quarter, absorption measured less than 70,000 square feet, ending an unabated two-year trend of more than 150,000 square feet of demand each quarter. Off-campus product drove the overall net quarterly absorption, registering 84,205 square feet in gains.

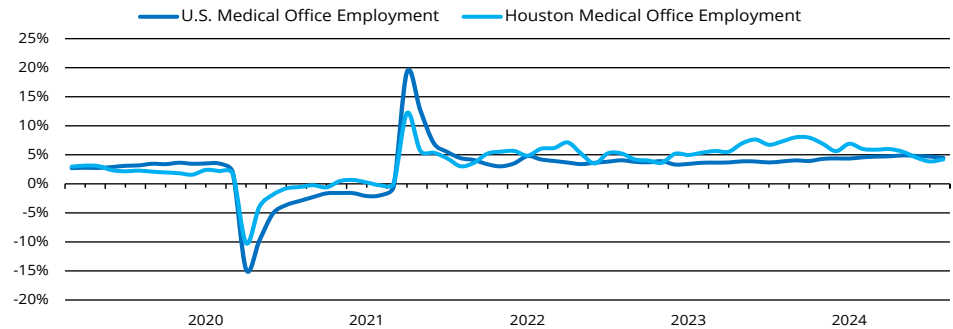
Vacancy, which has hovered around 12.8 percent since 2022, tightened slightly to 12.7 percent, with the most notable declines seen North and Northwest Houston. In-demand new product and rising operating expenses have led to a 2.9 percent increase in overall full-service asking rates to \$31.40 PSF/YR from this time last year. Pent up requirements for quality space within urban centers coupled with growing patient demand in the suburbs, cuts in interest rates and stabilizing construction costs will incentivize new growth into 2025 for the property sector.

ECONOMY

Job Growth Rebounds in August but Slows in September While Inflation Cools and City Chooses to Expand the 1.8M SF George R. Brown Convention Center

- Metro Houston created 23,400 jobs in August, a record for the month, and another 11,700 in September according to data released in October by the Texas Workforce Commission. The height of summer typically sees a net gain of 5,000 to 12,000 jobs but the boost represents a recovery of jobs lost to Hurricane Beryl in July while mainly public schools added to the gains in September. In fact, Houston now has 266,900 more jobs than it did prior to the pandemic., reports the Greater Houston Partnership. The metro economy does give some indication that future growth will be on the slower side as other economic indicators, such as the Purchasing Managers Index, home sales, and sales tax collections have pulled back in recent measures.
- In its first rate cut in four years, the Federal Reserve lowered interest rates by a half percentage point in mid-September, choosing a bolder start in making its long-anticipated pivot followed an all-out fight against inflation launched two years ago. Inflation rose a slight 0.10 percent in August and 2.5 percent nationwide in the past year as measured by the Consumer Price Index for all Urban Consumers (CPI-U). Core inflation, which excludes the volatile food and energy categories, rose 0.3 percent from last month and 3.2 percent over the year. Meanwhile, Houston’s inflation rate was 1.7 percent. Housing and groceries experienced some of the largest local increases with electricity and gasoline falling around the Houston region.
- Houston First Corp., the metro’s destination, tourism and marketing organization, selected Houston-based global real estate developer, Hines, to lead a major 500,000 square foot expansion of the 1.8 million square foot George R. Brown Convention Center and the surrounding downtown district in what could be one of the most influential projects in decades. Phase 1 of the project, to commence in 2025, will center around developing new meeting space south of the existing structure and laying the groundwork for new development and entertainment venues.

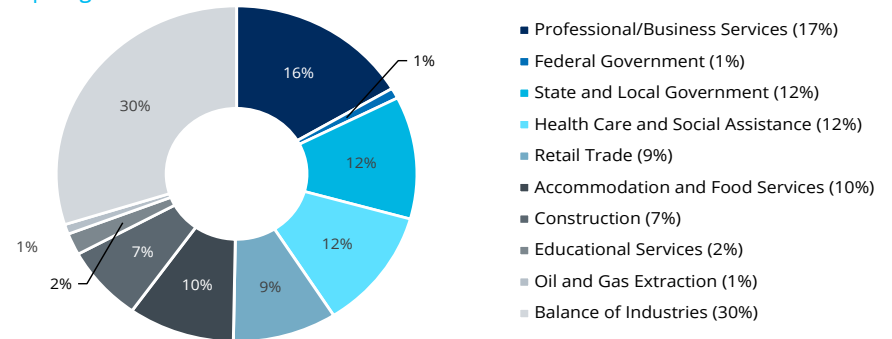
Y-O-Y CHANGE IN MEDICAL OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

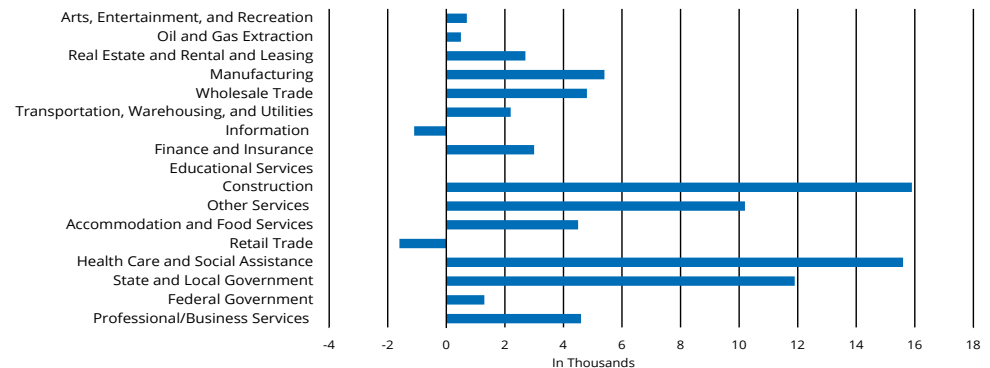
Houston | August 2024



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Houston | August 2024



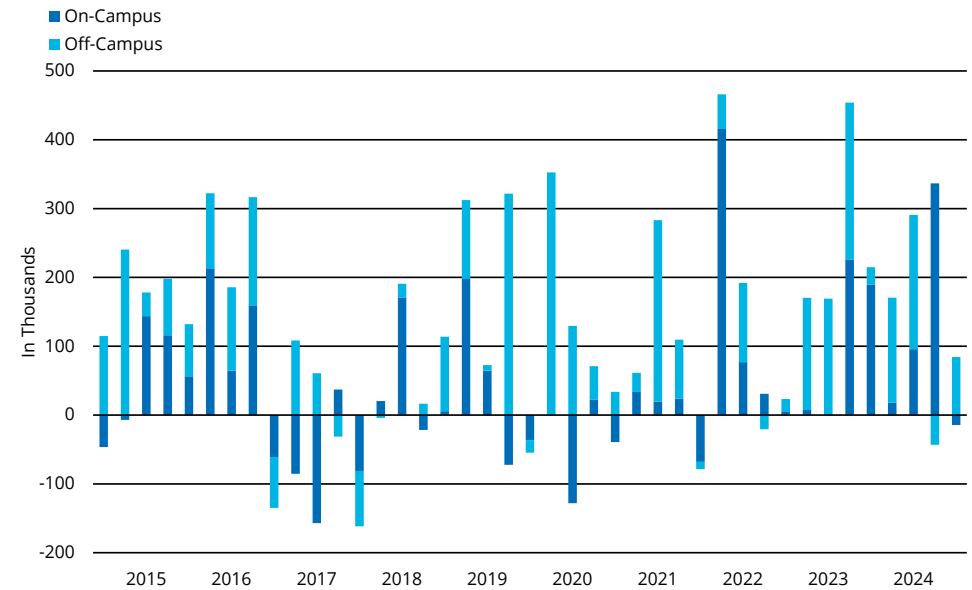
Source: Bureau of Labor Statistics, Transwestern

NET ABSORPTION

Lowest Leasing Level Since 2022 Reflects Tight Market for Quality Product

- Houston’s healthcare sector measured 69,789 square feet of net absorption this quarter marking the first quarter since Q3 2022 that the metro has seen less than 150,000 square feet of demand, largely because of two market dynamics: tight vacancy – especially in quality buildings and a break in health systems delivering new expansion projects. On-campus product registered a net loss of 14,416 square feet for the quarter, while off-campus product posted gains of 84,205 square feet.
- The Texas Medical Center (TMC) experienced the greatest net loss at 20,686 square feet where The Women’s Specialists vacated 22,805 square feet at 6624 Fannin. Two additional submarkets recorded more than 10,000 square feet of negative net growth: Northeast (14,501 SF) and Clear Lake (10,485 SF).
- The Woodlands took down nearly 50,000 square feet of net growth, driven by Houston Methodist acquiring Creekside Park Medical Plaza to provide additional services for the newest neighborhood development in the area. Tenants signing small to mid-sized leases drove net growth totaling more than 10,000 square feet in three submarkets: 290 Corridor (14,657 SF), Far West (14,533 SF), and Inner Loop (14,512 SF).
- Three submarkets have witnessed more than 200,000 square feet of net growth over the last four quarters, driven by health system expansions to meet patient demand in the metro’s growing suburbs: The Woodlands (284,490 SF), 290 Corridor (201,774 SF), and Sugar Land (201,440 SF). Additional system expansions have been announced or are currently underway in all three submarkets.

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 HEALTH SYSTEM | 3,894 | 14 |
| HOUSTON METHODIST | 2,711 | 8 |
| HCA HOUSTON HEALTHCARE | 2,298 | 13 |
| ST. LUKE'S HEALTH | 1,419 | 8 |
| UNIVERSITY OF TEXAS MEDICAL BRANCH | 1,037 | 5 |
| TEXAS CHILDREN'S HOSPITAL | 959 | 4 |
| THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER | 733 | 1 |
| HARRIS HEALTH SYSTEM | 617 | 1 |
| TOTAL | 13,668 | 54 |

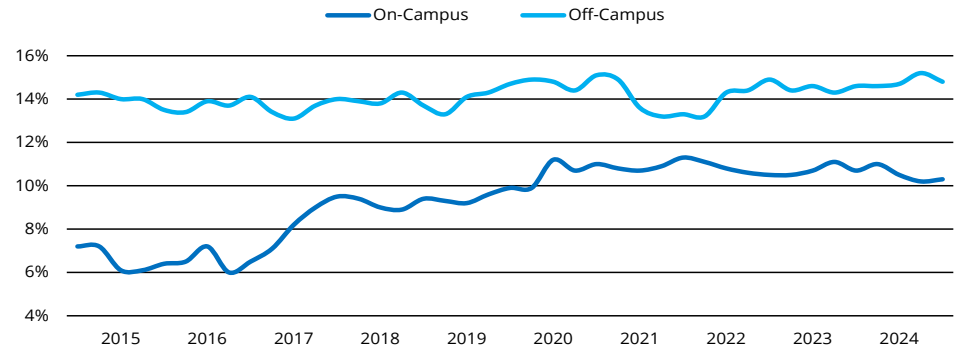
*Table is sorted by number of beds in descending order
Source: Houston Business Journal Oct. 2024, Transwestern

VACANCY

Shrinks Slightly, Led by North and Northwest Houston Suburbs

- Overall direct vacancy for Houston’s healthcare sector marked down slightly by 20 basis points to 12.7 percent during the quarter, continuing a trend of hovering between 12.6 percent and 12.9 percent since 2022. Over the last 90 days, off-campus product direct vacancy tightened by 50 basis points to 14.8 percent while on-campus direct vacancy increased slightly by 10 basis points to 10.3 percent. Overall direct vacancy is down 10 basis points from this time last year when direct vacancy measured 12.8 percent. Direct vacancy for off-campus product has increased by 20 basis points year-over-year, whereas on-campus product has seen direct vacancy contract by 40 basis points.
- The Northeast witnessed the greatest increase in overall direct vacancy, rising to 12.6 percent, up 1.2 percent from last quarter. Overall direct vacancy also inched up slightly in Pasadena, rising 80 basis points to 15.7 percent and in Clear Lake, higher by 50 basis points to 15.7 percent.

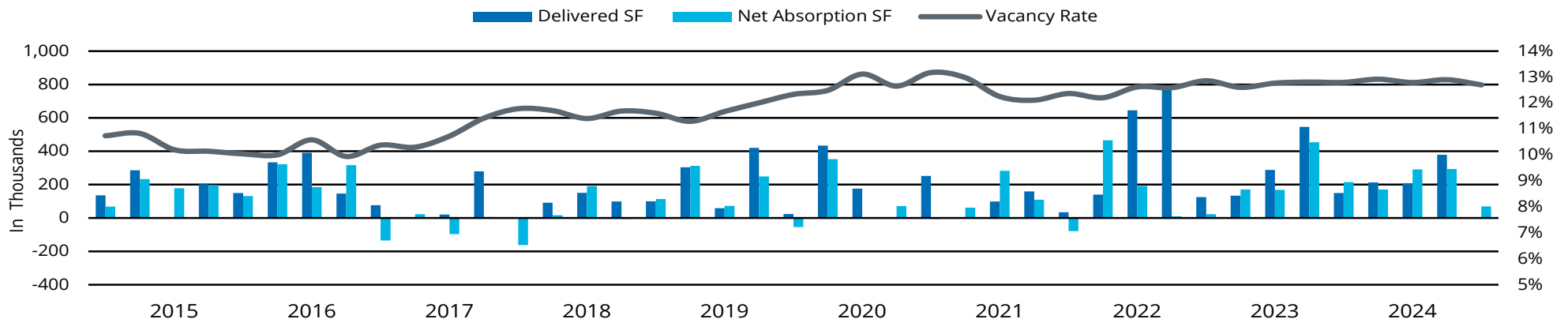
OVERALL DIRECT VACANCY RATE



Source: CoStar, Revista, Transwestern

- Meanwhile, The Woodlands experienced a decline in direct vacancy, shrinking by 1.7 percent over the quarter to 7.2 percent largely due to Houston Methodist purchasing and occupying 48,000 square foot Creekside Medical Plaza. Three additional submarkets saw a decline in direct vacancy by 80 basis points or more: 290 Corridor (down 90 bps to 15.0%), Tomball (down 80 bps to 11.9%), and Far West (down 80 bps to 9.0%).

DELIVERY IMPACT ON KEY INDICATORS



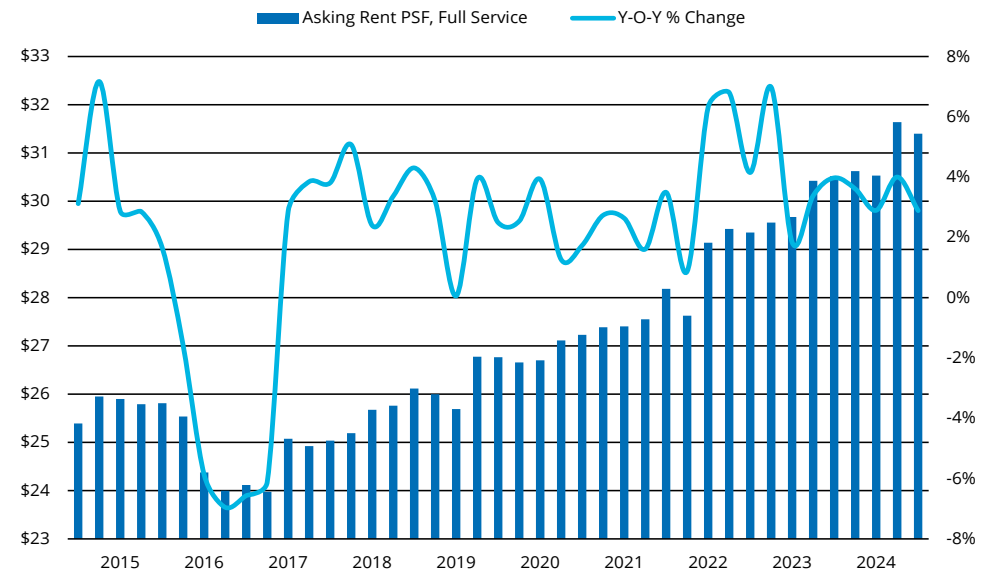
Source: CoStar, Revista, Transwestern

RENTAL RATES

Asking Rates Tick Down Over Quarter, But Rise Year-Over-Year

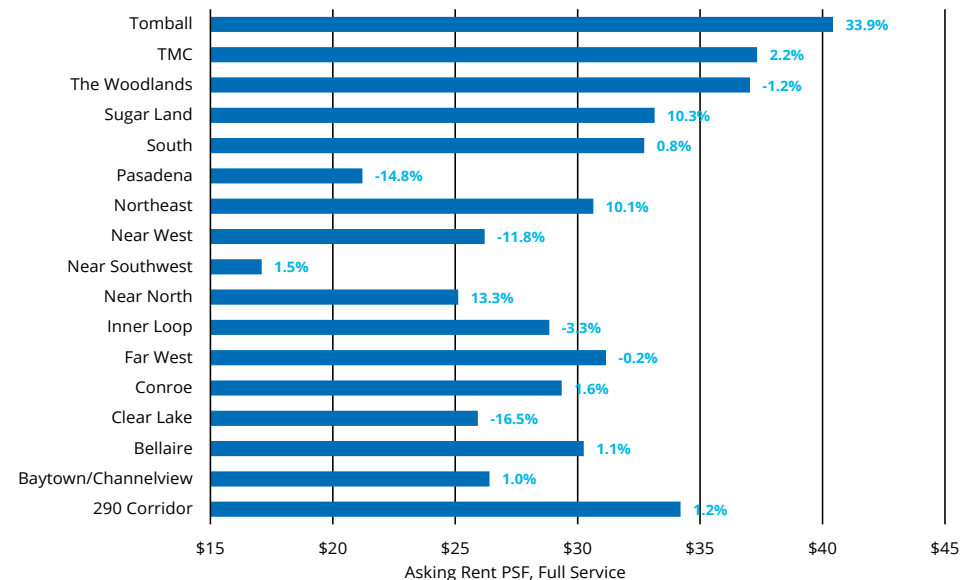
- Houston’s healthcare sector witnessed asking rents decrease by 80 basis points during the third quarter to \$31.40 PSF/YR. Full-service asking rates for off-campus product decreased from \$31.04 PSF/YR to \$30.66 PSF/YR while on-campus product saw rents tick down only 10 basis points to \$32.66 PSF/YR.
- The Tomball, South and Bellaire submarkets experienced the greatest rise in asking rents. In Tomball, full-service asking rents climbed to \$40.43 PSF/YR, up \$3.44 PSF/YR from last quarter and up \$10.23 PSF/YR from this time last year, mainly as a result of tight availability in on-campus space options. The South submarket saw rates increase by 1.4 percent over the quarter to \$32.72 PSF/YR and \$0.26 PSF/YR year-over-year. Bellaire witnessed an increase of \$0.30 PSF/YR quarter-over-quarter to \$30.25 PSF/YR and \$0.34 PSF/YR year-over-year. Meanwhile, the Inner Loop submarket experienced the largest decline in asking rates falling \$1.19 PSF/YR to \$28.84 PSF/YR over the quarter.
- Two submarkets saw on-campus rates rise by more than 2.0 percent over the quarter. On-campus asking rents increased 2.7 percent to \$45.76 PSF/YR in Tomball and the South submarket witnessed rates climb to \$34.86 PSF/YR, up 2.2 percent from \$34.11 PSF/YR recorded last quarter. The greatest decline in asking rates for on-campus product were seen in the Texas Medical Center (TMC) where rates dipped to \$34.53 PSF/YR, decreasing 1.5 percent over the quarter and down 2.8 percent from \$35.54 PSF/YR this time last year. Three submarkets witnessed off-campus asking rates decrease by more than \$1.00 PSF/YR over the last 90 days: Inner Loop (\$1.73 PSF/YR), Far West (\$1.12 PSF/YR), and Clear Lake (\$1.01 PSF/YR).
- Houston’s medical office overall asking rents increased by 2.9 percent from this time last year when average asking full-service rents weighed in at \$30.52 PSF/YR as new high-quality product with substantial pre-lease commitments came online coupled with an overall rise in operating expenses.

ASKING RENT



Source: CoStar, Revista, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Revista, Transwestern

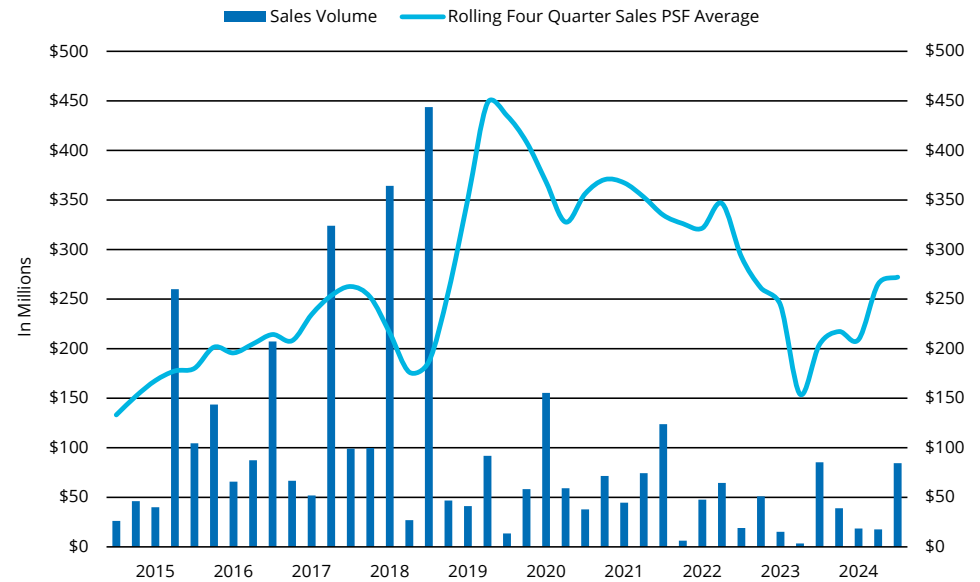


SALES

All Investor Types Active, Institutional Investors End Quarter as Net Buyers

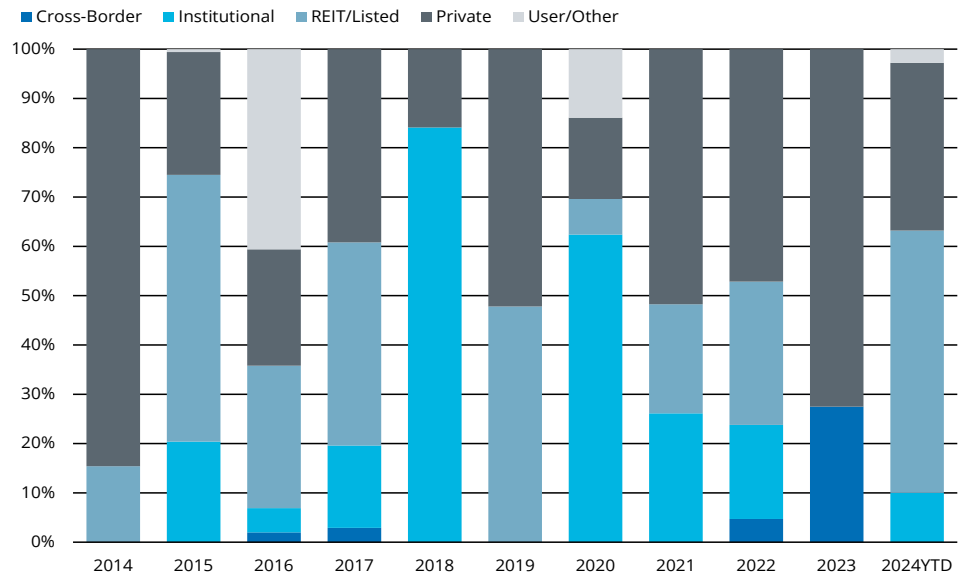
- Healthcare and medical office investors completed four property sales throughout Houston during the third quarter of 2024 with an estimated median acquisition price of \$305 per square foot, an increase of \$37 per square foot from last quarter and an increase of \$28 per square foot from this time last year, according to Real Capital Analytics (RCA).
- REITs, institutional, international and private investors were all active during the quarter. Institutional investors obtained \$15.8 million in acquisitions, ending the quarter with \$11.7 million in net acquisitions year to date. Meanwhile, international and private investors were net sellers during the quarter. International investors disposed of \$15.8 million in assets and private investors disposed of \$9.3 million in assets over the quarter.
- REIT acquisitions have balanced their dispositions, equating \$0 in net holdings for 2024 YTD.
- According to Real Capital Analytics, KKR acquired 250 Blossom St, a 109,608 square-foot medical office for \$35.3 million from Healthcare Realty Trust, and IPCC sold 1431 Studemont St, a 44,000 square foot medical office occupied by Memorial Hermann Acute Care, for \$18.8 million, both located in the Clear Lake submarket.
- An additional sale this quarter was 4747 Bellaire Blvd, a 76,222 square foot medical office in the Bellaire submarket which Altera Development acquired for an undisclosed price.

SALES VOLUME






Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern

NOTABLE LEASES

| TENANT | ADDRESS | SUBMARKET | LEASE TYPE | SF LEASED |
|--|-----------------------|--------------|------------|-----------|
| PRENUVO | 3720 Westheimer Rd | Inner Loop | New Lease | 52,342 |
| MEMORIAL HERMANN | 6400 Fannin St | TMC | New Lease | 24,972 |
| KATY PAIN & SPINE | 130 Bella Katy Dr | Far West | New Lease | 17,140 |
| MEMORIAL HERMANN  | 13114 FM 1960 W | 290 Corridor | Renewal | 15,622 |
| NEXT ONCOLOGY  | 7500 Fannin St | TMC | New Lease | 14,023 |
| GREEN ROCK VENTURE  | 24200 Via Mazzini Way | Sugar Land | New Lease | 12,700 |

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 | Q4 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 |
|--------------------|-------------------|------------------|---------------------|---------------------------|-----------------------|-------------------|-------------------------|-----------------|
| TOTALS | | | | | | | | |
| OFF CAMPUS | 18,275,460 | 2,699,774 | 14.8% | 17.9% | 477,473 | 84,205 | 388,672 | \$30.66 |
| ON CAMPUS | 15,802,916 | 1,626,266 | 10.3% | 12.0% | 235,000 | (14,416) | 436,063 | \$32.66 |
| GRAND TOTAL | 34,078,376 | 4,326,040 | 12.7% | 15.2% | 712,473 | 69,789 | 824,735 | \$31.40 |

| 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 |
|----------------------------------|------------------|------------------|---------------------|---------------------------|-----------------------|-------------------|-------------------------|-------------------------------|
| 290 CORRIDOR | | | | | | | | |
| OFF CAMPUS | 691,007 | 69,113 | 10.0% | 12.9% | 180,000 | (608) | 29,986 | \$24.71 |
| ON CAMPUS | 950,399 | 177,627 | 18.7% | 19.1% | 100,000 | 15,265 | 171,788 | \$37.00 |
| 290 CORRIDOR TOTAL | 1,641,406 | 246,740 | 15.0% | 16.3% | 280,000 | 14,657 | 201,774 | \$34.20 |
| BAYTOWN/CHANNELVIEW | | | | | | | | |
| OFF CAMPUS | 299,779 | 137,451 | 45.9% | 46.5% | - | (1,110) | 12,148 | \$26.40 |
| ON CAMPUS | 143,291 | - | - | - | - | - | - | - |
| BAYTOWN/CHANNELVIEW TOTAL | 443,070 | 137,451 | 31.0% | 31.4% | - | (1,110) | 12,148 | \$26.40 |
| BELLAIRE | | | | | | | | |
| OFF CAMPUS | 1,442,160 | 216,837 | 15.0% | 22.3% | - | 5,744 | (18,940) | \$29.86 |
| ON CAMPUS | 226,714 | 13,524 | 6.0% | 6.0% | - | - | 3,434 | \$39.06 |
| BELLAIRE TOTAL | 1,668,874 | 230,361 | 13.8% | 20.1% | - | 5,744 | (15,506) | \$30.25 |
| CLEAR LAKE | | | | | | | | |
| OFF CAMPUS | 1,039,607 | 138,329 | 13.3% | 15.1% | - | (12,360) | 118,263 | \$25.30 |
| ON CAMPUS | 1,080,793 | 14,256 | 1.3% | 1.3% | - | 1,875 | 53,402 | \$29.72 |
| CLEAR LAKE TOTAL | 2,120,400 | 152,585 | 7.2% | 7.5% | - | (10,485) | 171,665 | \$25.92 |
| CONROE | | | | | | | | |
| OFF CAMPUS | 364,171 | 51,836 | 14.2% | 14.2% | - | 1,344 | (8,966) | \$25.04 |
| ON CAMPUS | 638,181 | 41,602 | 6.5% | 9.8% | - | 5,612 | 3,706 | \$30.20 |
| CONROE TOTAL | 1,002,352 | 93,438 | 9.3% | 11.4% | - | 6,956 | (5,260) | \$29.35 |

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 |
|-----------------------------|------------------|------------------|---------------------|---------------------------|-----------------------|-------------------|-------------------------|-------------------------------|
| FAR WEST | | | | | | | | |
| OFF CAMPUS | 881,379 | 90,477 | 10.3% | 14.1% | 25,710 | 8,739 | 9,918 | \$34.78 |
| ON CAMPUS | 975,647 | 76,192 | 7.8% | 8.9% | - | 5,794 | 23,970 | \$26.84 |
| FAR WEST TOTAL | 1,857,026 | 166,669 | 9.0% | 11.4% | 25,710 | 14,533 | 33,888 | \$31.16 |
| INNER LOOP | | | | | | | | |
| OFF CAMPUS | 1,613,715 | 222,391 | 13.8% | 19.3% | - | 14,512 | 31,139 | \$30.36 |
| ON CAMPUS | 421,706 | 192,517 | 45.7% | 46.3% | - | 0 | (8,760) | \$26.07 |
| INNER LOOP TOTAL | 2,035,421 | 414,908 | 20.4% | 24.9% | - | 14,512 | 22,379 | \$28.84 |
| NEAR NORTH | | | | | | | | |
| OFF CAMPUS | 1,274,047 | 308,937 | 24.2% | 27.6% | - | (4,164) | 1,434 | \$25.12 |
| ON CAMPUS | - | - | - | - | - | - | - | - |
| NEAR NORTH TOTAL | 1,274,047 | 308,937 | 24.2% | 27.6% | - | (4,164) | 1,434 | \$25.12 |
| NEAR SOUTHWEST | | | | | | | | |
| OFF CAMPUS | 853,217 | 101,247 | 11.9% | 11.9% | - | 3,290 | (42,665) | \$17.09 |
| ON CAMPUS | 612,630 | 170,670 | 27.9% | 35.6% | - | 2,712 | (3,531) | |
| NEAR SOUTHWEST TOTAL | 1,465,847 | 271,917 | 18.6% | 21.8% | - | 6,002 | (46,196) | \$17.09 |
| NEAR WEST | | | | | | | | |
| OFF CAMPUS | 1,668,314 | 283,985 | 17.0% | 18.3% | - | 1,223 | (100,798) | \$24.69 |
| ON CAMPUS | 2,174,971 | 200,265 | 9.2% | 11.3% | - | 1,600 | (13,735) | \$28.59 |
| NEAR WEST TOTAL | 3,843,285 | 484,250 | 12.6% | 14.3% | - | 2,823 | (114,533) | \$26.20 |
| NORTHEAST | | | | | | | | |
| OFF CAMPUS | 1,012,092 | 93,971 | 9.3% | 11.9% | 156,134 | (14,501) | 9,268 | \$29.18 |
| ON CAMPUS | 239,098 | 63,503 | 26.6% | 33.6% | - | - | - | \$31.49 |
| NORTHEAST TOTAL | 1,251,190 | 157,474 | 12.6% | 15.6% | 156,134 | (14,501) | 9,268 | \$30.64 |

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

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|----------------------------|--------------|------------------|---------------------|---------------------------|-----------------------|-------------------|-------------------------|-------------------------------|
| PASADENA | | | | | | | | |
| OFF CAMPUS | 505,525 | 80,358 | 15.9% | 17.2% | 40,000 | (4,811) | (35,995) | \$18.60 |
| ON CAMPUS | 84,655 | 12,586 | 14.9% | 14.9% | - | - | (2,646) | \$32.53 |
| PASADENA TOTAL | 590,180 | 92,944 | 15.7% | 16.9% | 40,000 | (4,811) | (38,641) | \$21.21 |
| SOUTH | | | | | | | | |
| OFF CAMPUS | 685,335 | 90,037 | 13.1% | 13.1% | - | 17,356 | 44,512 | \$29.40 |
| ON CAMPUS | 305,935 | 52,139 | 17.0% | 25.6% | - | (16,605) | 42,395 | \$34.11 |
| SOUTH TOTAL | 991,270 | 142,176 | 14.3% | 17.0% | - | 751 | 86,907 | \$32.26 |
| SUGAR LAND | | | | | | | | |
| OFF CAMPUS | 1,285,442 | 282,860 | 22.0% | 28.7% | 48,000 | 4,587 | 46,001 | \$33.44 |
| ON CAMPUS | 1,212,525 | 75,754 | 6.2% | 6.4% | - | (4,045) | 155,439 | \$31.80 |
| SUGAR LAND TOTAL | 2,497,967 | 358,614 | 14.4% | 18.1% | 48,000 | 542 | 201,440 | \$32.95 |
| THE WOODLANDS | | | | | | | | |
| OFF CAMPUS | 1,687,794 | 130,817 | 7.8% | 8.8% | 27,629 | 50,969 | 273,383 | \$36.68 |
| ON CAMPUS | 1,223,148 | 79,983 | 6.5% | 10.1% | 135,000 | (1,013) | 11,107 | \$37.92 |
| THE WOODLANDS TOTAL | 2,910,942 | 210,800 | 7.2% | 9.3% | 162,629 | 49,956 | 284,490 | \$37.04 |
| TMC | | | | | | | | |
| OFF CAMPUS | 2,189,325 | 295,120 | 13.5% | 18.2% | - | - | 14,297 | \$40.69 |
| ON CAMPUS | 5,218,566 | 433,355 | 8.3% | 9.5% | - | (20,686) | 13,191 | \$34.53 |
| TMC TOTAL | 7,407,891 | 728,475 | 9.8% | 12.1% | - | (20,686) | 27,488 | \$37.33 |
| TOMBALL | | | | | | | | |
| OFF CAMPUS | 782,551 | 106,008 | 13.5% | 16.7% | - | 13,995 | 5,687 | \$38.10 |
| ON CAMPUS | 294,657 | 22,293 | 7.6% | 7.6% | - | (4,925) | (13,697) | \$45.76 |
| TOMBALL TOTAL | 1,077,208 | 128,301 | 11.9% | 14.2% | - | 9,070 | (8,010) | \$40.43 |

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.

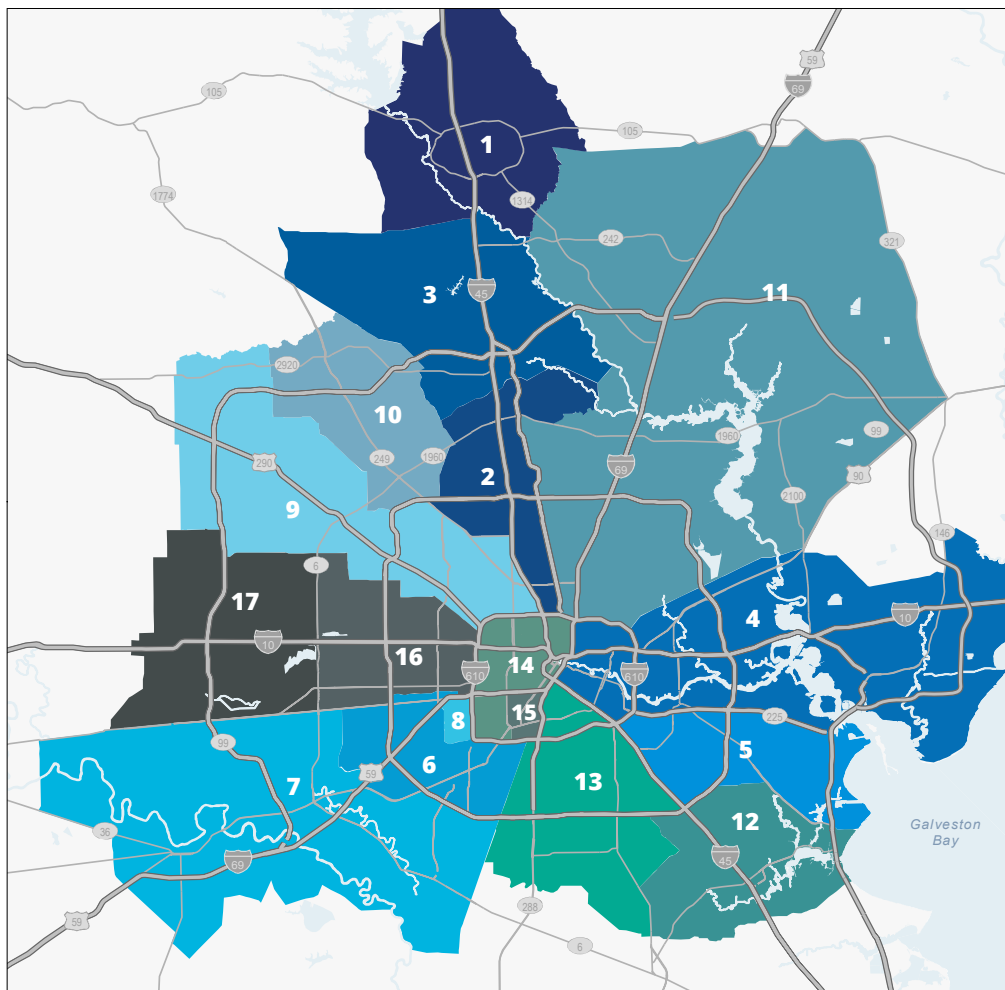
RESEARCH METHODOLOGY

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 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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