



34.5 MSF

Inventory



207,434 SF

Net Absorption



12.6%

Direct Vacancy



15.7%

Total Availability



531,837 SF

Under Construction



\$32.81 PSF

Full Service Asking Rent

Active Quarter for Construction Starts & Deliveries

Market Observations

- Net absorption measured more than 207K SF over the first 90 days of the year, carried by on-campus product taking down close to 150K SF, while net absorption for off-campus product totaled approximately 61K SF. Memorial Hermann saw significant demand in their on-campus properties including WellMed's 13,701 SF lease at Southwest Medical Plaza II and MH Mischer Neuroscience Associates' lease for 8,695 SF at newly delivered Sugar Land Medical Plaza 3.
- Direct vacancy ticked up 20 basis points over the quarter to 12.6%. Off-campus product witnessed vacancy tighten by 20 basis points to 14.3% while on-campus saw vacancy rise by 90 basis points as system expansions came online absent large pre-leases.
- Memorial Hermann opened the doors to three medical office buildings at hospital campuses across Houston this period: Sugar Land MOB 3 (106K SF), The Woodlands Medical Plaza 5 (135K SF), and Cypress MOB 2 (100K SF) in the 290 Corridor. These on-campus properties came online 44.6% collectively pre-leased. New ground breakings, including The Johnson Development Corp.'s 32,000 SF medical office at 8130 Highway 6 in Sugar Land and SKS Prime Properties LTD's 28,854 SF medical office at 19135 Katy Fwy in the Far West submarket, added to the metro's healthcare construction pipeline, now totaling just over 532K SF with a pre-leased rate of 86.7%.

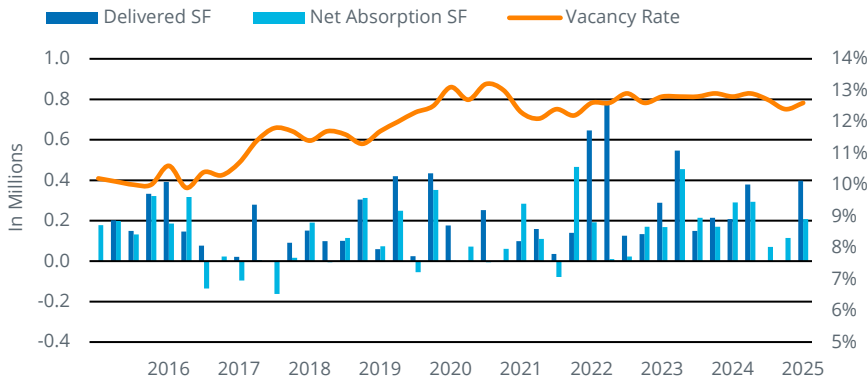




HOUSTON HEALTHCARE MARKET | Q1 2025

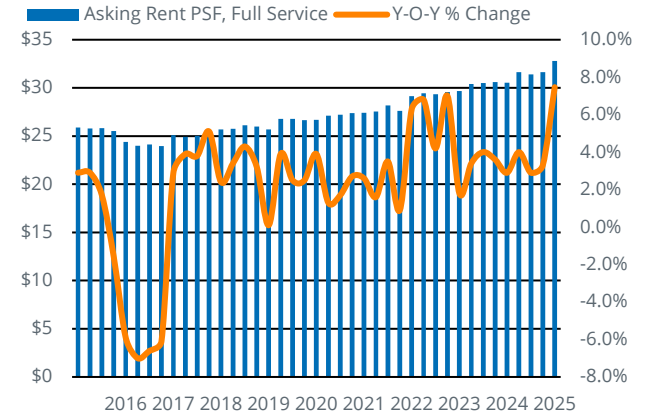
- Direct vacancy measured 12.6% this quarter, tightening 20 basis points from this time last year. Total availability ticked up by 60 basis points quarter-over-quarter to 15.7% and 70 basis points year-over-year led by occupancy gains in new construction within expanding suburban submarkets.
- Full service asking rents averaged \$32.81 PSF/YR, up 7.4% year-over-year when asking rates averaged \$30.53 PSF/YR largely due to rising operating expenses and new product coming online. Off-campus product witnessed asking rates increased by \$1.74 PSF/YR to \$31.23 PSF/YR while on-campus product saw an increase of \$2.71 PSF/YR to \$34.83 PSF/YR.
- Houston's key healthcare submarkets witnessed the largest gains over the quarter with net absorption measuring more than 30,000 SF: The Woodlands (158,577 SF), Sugar Land (43,359 SF), and TMC (37,652 SF). Meanwhile, two submarkets saw more than 15,000 SF of negative net demand: Northeast (17,023 SF) and Baytown/Channelview (16,642 SF).
- Houston has 531,837 SF of healthcare product under construction across five submarkets: 290 Corridor (180,000 SF), Northeast (156,134 SF), Sugar land (80,000 SF), Far West (75,703 SF), and Pasadena (40,000 SF).

DELIVERY IMPACT ON KEY INDICATORS



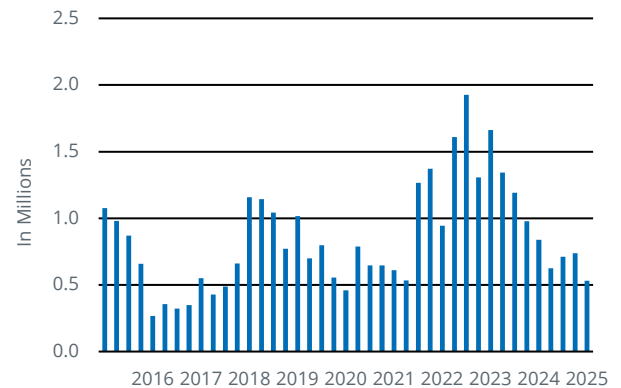
Source: CoStar, Transwestern

ASKING RENT



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



HOUSTON HEALTHCARE MARKET | Q1 2025

MARKET INDICATORS TABLE All Classes of Space | Q1 2025

CAMPUS TYPE	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY	OVERALL AVAILABILITY	UNDER CONSTRUCTION	NET ABSORPTION	Y-O-Y NET ABSORPTION	ASKING RENT PSF, FULL SERVICE
Off Campus	18,303,089	2,610,229	14.30%	17.60%	491,837	60,552	152,276	\$31.23
On Campus	16,172,916	1,749,888	10.80%	13.50%	40,000	146,882	533,745	\$34.83
Total	34,476,005	4,360,117	12.60%	15.70%	531,837	207,434	686,021	\$32.81

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY	OVERALL AVAILABILITY	UNDER CONSTRUCTION	NET ABSORPTION	Y-O-Y NET ABSORPTION	ASKING RENT PSF, FULL SERVICE
290 Corridor	1,741,406	295,170	16.95%	18.18%	180,000	-13,130	192,599	\$38.60
Baytown/Channelview	443,070	149,558	33.75%	34.18%	-	-16,642	-11,611	\$26.63
Bellaire	1,668,874	236,379	14.16%	20.37%	-	-6,485	-5,304	\$31.46
Clear Lake	2,120,400	149,060	7.03%	7.62%	-	-6,861	18,116	\$26.52
Conroe	1,002,352	78,651	7.85%	9.82%	-	11,522	22,403	\$35.12
Far West	1,857,026	161,906	8.72%	10.69%	75,703	18,471	12,693	\$37.64
Inner Loop	2,035,421	458,596	22.53%	24.18%	-	-14,861	-24,632	\$30.87
Near North	1,274,047	309,679	24.31%	29.27%	-	-	-43,508	\$23.06

Continued next page.



MARKET INDICATORS TABLE Cont.

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY	OVERALL AVAILABILITY	UNDER CONSTRUCTION	NET ABSORPTION	Y-O-Y NET ABSORPTION	ASKING RENT PSF, FULL SERVICE
Near Southwest	1,465,847	249,118	16.99%	20.12%	-	24,518	32,448	\$19.11
Near West	3,843,285	495,194	12.88%	18.34%	-	-971	-91,877	\$28.20
Northeast	1,251,190	161,111	12.88%	17.12%	156,134	-17,023	-6,846	\$30.90
Pasadena	590,180	105,566	17.89%	18.36%	40,000	-11,444	-16,502	\$22.30
South	991,270	116,744	11.78%	16.99%	-	1,629	22,593	\$38.84
Sugar Land	2,632,967	435,095	16.52%	20.11%	80,000	43,359	210,033	\$36.09
The Woodlands	3,073,571	178,708	5.81%	9.37%	-	158,577	280,500	\$39.56
TMC	7,407,891	678,964	9.17%	11.30%	-	37,652	73,665	\$36.92
Tomball	1,077,208	100,618	9.34%	13.50%	-	-877	21,251	\$37.57
Total	34,476,005	4,360,117	12.65%	15.70%	531,837	207,434	686,021	\$32.81

Source: CoStar, Transwestern



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.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and @Transwestern

For more Information

Robert Kramp

Vice President | Research & Investment Analytics
Robert.Kramp@transwestern.com
713.270.3346

Harrison Owens

Senior Analyst | Research & Investment Analytics
Harrison.Owens@transwestern.com
713.270.3338

Kelsey Meck

Analyst | Research & Investment Analytics
Kelsey.Meck@transwestern.com
713.272.1286

Copyright © 2025 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources.

transwestern.com

