TRANSWESTERN

HOUSTON

HEALTHCARE MARKET | Q3 2025

31.9 MSF
Inventory

(7,323) SF
Net Absorption

14.2%
Direct Vacancy

17.3%
Total Availability

303,703 SF
Under Construction

$33.41 PSF
Full Service Asking Rent

Pipeline Tightens to 303K SF While Pre-Lease Rate Tops 84%

Market Observations

- The metro's healthcare pipeline totals over 303K SF, down approximately 51K SF this quarter and contains a pre-lease rate of 84.0%. Projects are underway in five of Houston's 17 submarkets. In the Northeast, Modern Heart & Vascular's 96K SF medical outpatient building is nearing completion and Legacy Community Health is constructing a 40K SF clinic in Pasadena. Additional projects are under construction in the 290 Corridor (60K SF, 80% pre-leased), Far West (76K SF, 73% pre-leased), and Sugar Land (32K SF, 50% pre-leased).

- Houston healthcare sector registered an overall net loss of 7.3K SF this quarter driven by on-campus product which pulled back measuring 37,849 SF. Meanwhile, off-campus buildings marked gains measuring 30,526 SF. The South submarket experienced a net loss of 30,950 SF where Memorial Hermann vacated 16,605 SF at 10905 Memorial Hermann Dr and 26,006 SF at 1907 Memorial Hermann Dr. As Kelsey Seybold continues to expand services to suburban communities, their 51,135 SF Atascocita clinic came online in the Northeast, leading to overall space gains totaling 46,978 SF for the submarket.

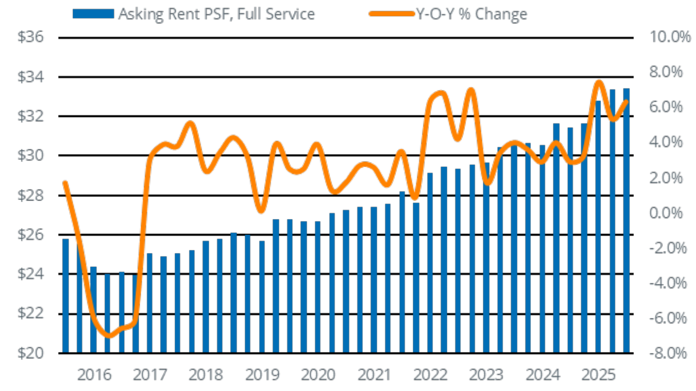
- Direct vacancy ticked up to 14.2%, 50 basis points quarter-over-quarter and 40 basis points from this time last year as tenants signed for slightly smaller suites. Lastly, On-campus product witnessed a rise in vacancy of 1.0% to 13.4% and off-campus product saw vacancy hold steady at 14.8%.

- Houston's healthcare direct vacancy grew 40 basis points year-over-year and total availability ticked up by 90 basis points year-over-year to 17.3% as tenants choose newer, smaller, space options, mainly in the expanding outlying suburban markets undergoing rapid expansion.

- Gross asking rents averaged $33.41 PSF/YR, up 6.3% year-over-year when asking rates totaled $31.42 PSF/YR due to increased operating expenses and newer, more expensive product delivering. Off-campus product witnessed asking rates grow by $1.86PSF/YR to $32.54 PSF/YR over the last year while on-campus product expanded by $1.89 PSF/YR to $34.55 PSF/YR over the same period.

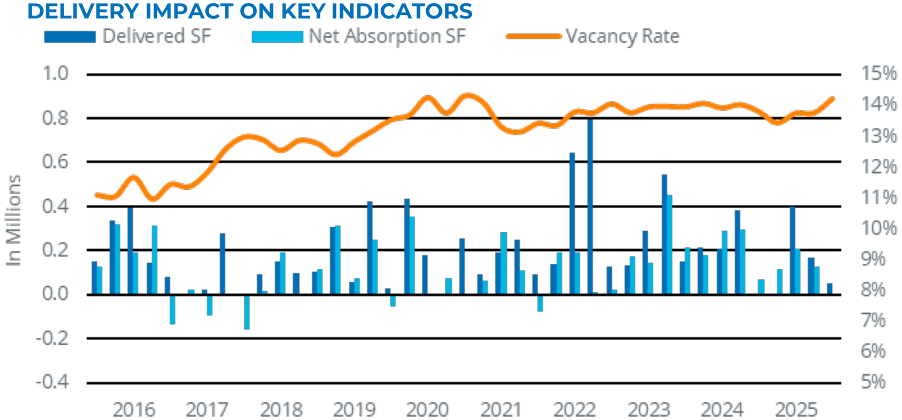
- The Northeast submarket witnessed the largest space gain over the quarter with net absorption measuring 46,978 SF where Kelsey Seybold's Atascocita clinic was just completed, and Modern Heart & Vein is constructing their 96,000 SF facility. Houston's South submarket measured negative net demand this quarter of 30,950 SF after two large move outs.

ASKING RENT, FULL SERVICE



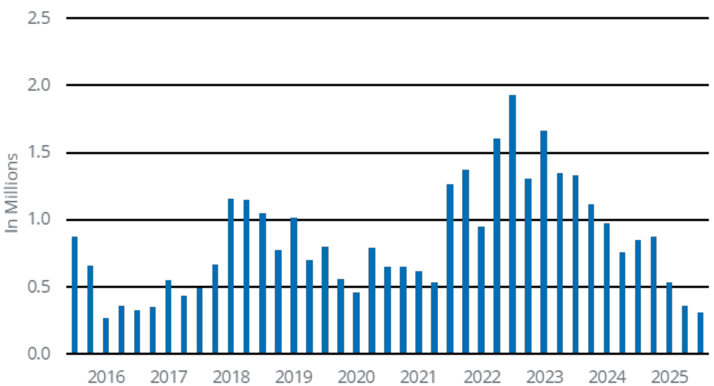
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MARKET INDICATORS TABLE

All Classes of Space | Q3 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	17,844,758	2,649,414	14.8%	19.0%	303,703	30,526	252,037	$32.54
On Campus	14,111,389	1,891,496	13.4%	15.2%	-	(37,849)	169,873	$34.55
Total	**31,956,147**	**4,540,910**	**14.2%**	**17.3%**	**303,703**	**(7,323)**	**421,910**	**$33.41**

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	1,861,406	270,640	14.5%	16.9%	60,000	1,716	161,203	$38.99
Baytown/Channelview	443,070	143,166	32.3%	33.2%	-	-	(5,715)	$26.67
Bellaire	1,668,874	309,300	18.5%	26.2%	-	(49,836)	(78,939)	$31.65
Clear Lake	2,120,400	140,317	6.6%	9.3%	-	(163)	12,268	$29.65
Conroe	1,002,352	63,718	6.4%	8.8%	-	(8)	29,720	$36.14
Far West	1,857,026	162,514	8.8%	11.6%	75,703	(12,249)	4,155	$39.94
Inner Loop	2,035,421	453,890	22.3%	24.8%	-	36,877	(22,941)	$35.05
Near North	1,274,047	325,545	25.6%	28.3%	-	(1,199)	(16,608)	$22.05
Near Southwest	1,465,847	229,225	15.6%	18.7%	-	11,885	42,692	$31.07

Continued next page.

MARKET INDICATORS TABLE Cont.

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Near West	3,843,285	506,379	13.2%	15.1%	-	(6,625)	(22,129)	$26.55
Northeast	1,302,324	165,126	12.7%	16.1%	96,000	46,978	43,482	$32.52
Pasadena	590,180	119,733	20.3%	20.7%	40,000	(1,178)	(26,789)	$27.54
South	991,270	141,054	14.2%	16.7%	-	(30,950)	(6,585)	$38.64
Sugar Land	2,680,967	432,119	16.1%	18.9%	32,000	10,878	66,944	$36.82
The Woodlands	3,073,571	269,693	8.8%	12.1%	-	6,442	203,736	$37.48
TMC	4,668,899	694,798	14.9%	19.0%	-	(18,123)	22,808	$34.59
Tomball	1,077,208	113,693	10.6%	15.8%	-	(1,768)	14,608	$43.73
Total	**31,956,147**	**4,540,910**	**14.2%**	**17.3%**	**303,703**	**(7,323)**	**421,910**	**$33.41**

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. TW Houston Research is completing an ongoing audit during 2025 of all healthcare facilities contained in the compilation of this Report. Buildings identified as owned or operated by healthcare providers but not providing outpatient medical or healthcare services (such as back-office operations) are being removed and reclassified and may, as a result, reduce the total square footage of the Inventory SF identified in the first column of the Market Indicators Table(s) contained on the concluding pages.

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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

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