



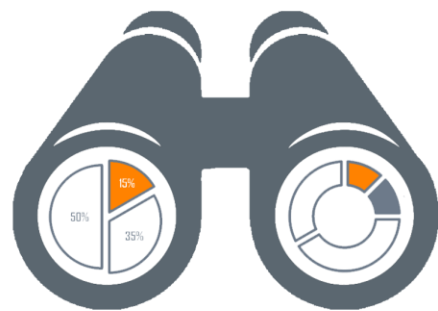
TRANSWESTERN

COMMERCIAL REAL ESTATE

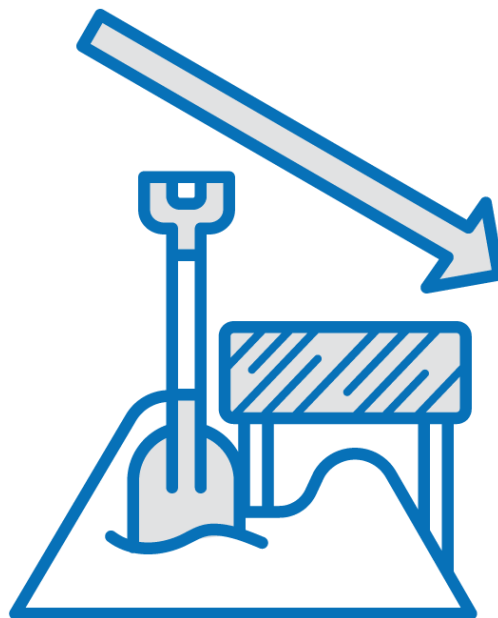
U.S. MARKET | MEDICAL OUTPATIENT BUILDINGS

Q4 2025

THE VIEW FROM HERE



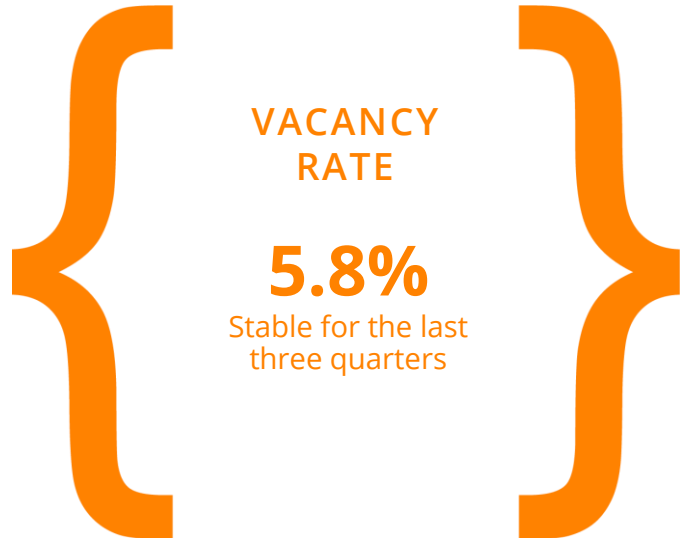
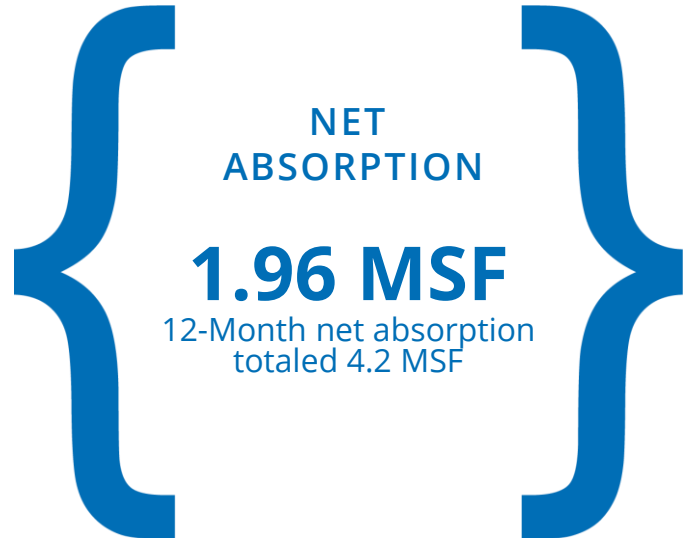
Healthcare employment accounted for 41% of all job growth in December.



Decreasing construction pipelines put pressure on future supply and demand fundamentals.



MOB asking rents have the second highest increase amongst all property types, 0.5% YoY.



ECONOMIC HIGHLIGHTS

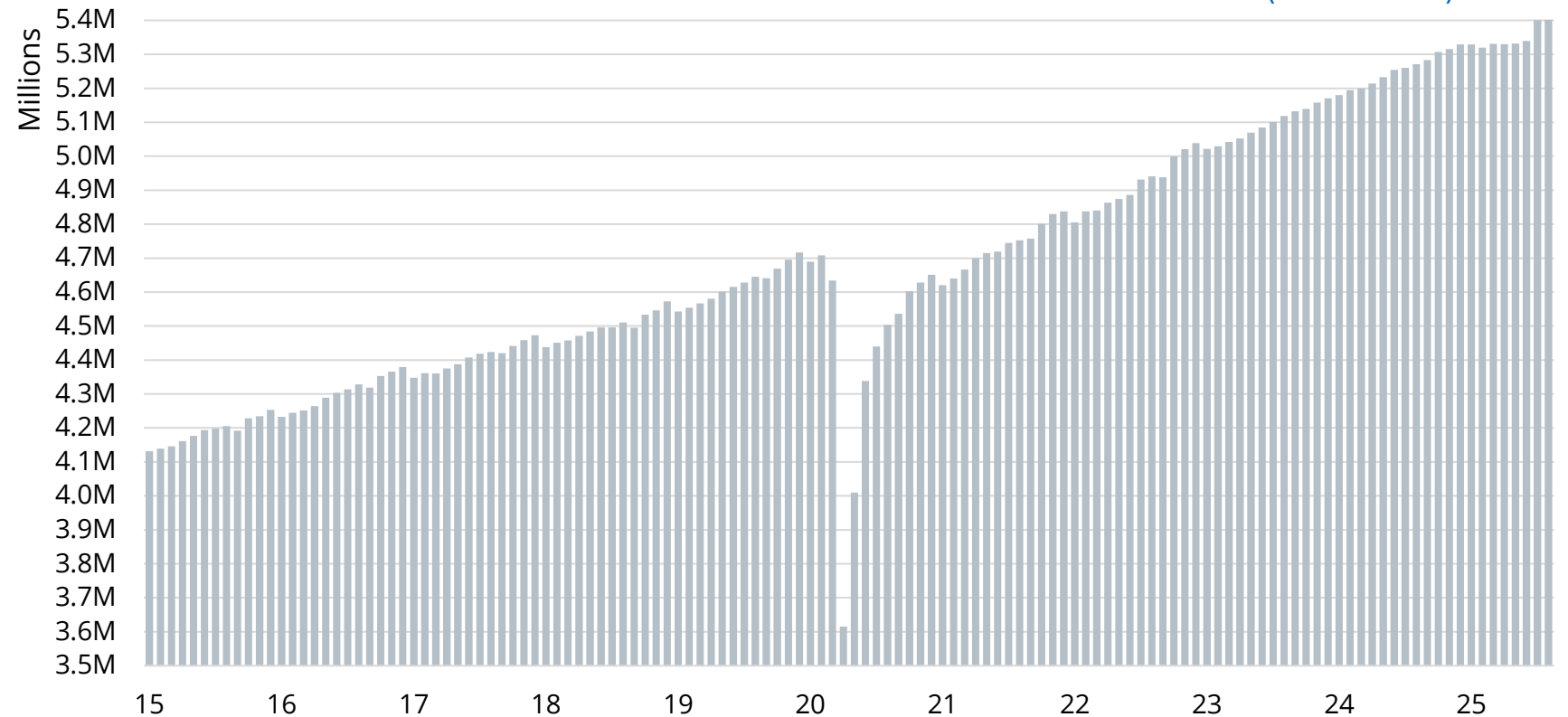
- After starting to decrease rates in late 2024, the Federal Reserve continued to slowly lower the federal funds rate in 2025. The December 25-basis point cut marked the most recent cut. 2026 outlooks suggest fewer fed rate cuts than in the previous year.
- The U.S. GDP grew 4.2% in Q3 2025, a 45 BPS growth over the previous quarter. Below-trend GDP may continue as one-time tariff impacts ripple through the economy in the short term, then fall out of the numbers.
- The U.S. unemployment rate ticked slightly higher during the quarter at 4.4%, up 10 basis points. In August, the U.S. Bureau of Labor and Statistics cited positive employment growth totaling 50,000 jobs.
- Healthcare continues to be a leading sector for job growth. In December, this sector added 21,000 jobs, accounting for 43% share of total jobs added within the month. Job growth was led by hospitals (+16,000) and ambulatory healthcare services (+8,000).
- In 2025 the healthcare job growth averaged 34,000 jobs per month, less than the 54,000 jobs in 2024.
- In total, healthcare employment has grown by 408,000 in 2025. The total sector workforce has reached an estimated 23.55 million workers in December 2025.
- Medical office-using jobs (physicians, dentists, and ambulatory healthcare practitioners) are forecasted to grow by 4.0% in 2026.

HISTORICAL

U.S. UNEMPLOYMENT RATE (Percentage)



MEDICAL OUTPATIENT BUILDING-USING JOBS (MILLIONS)

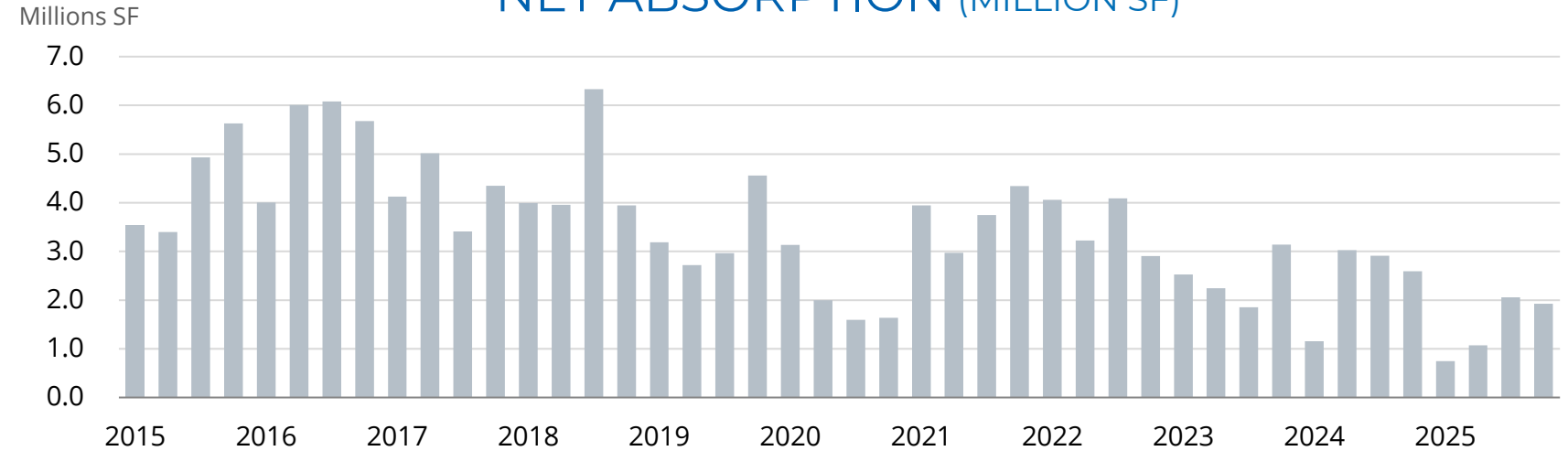


MARKET HIGHLIGHTS

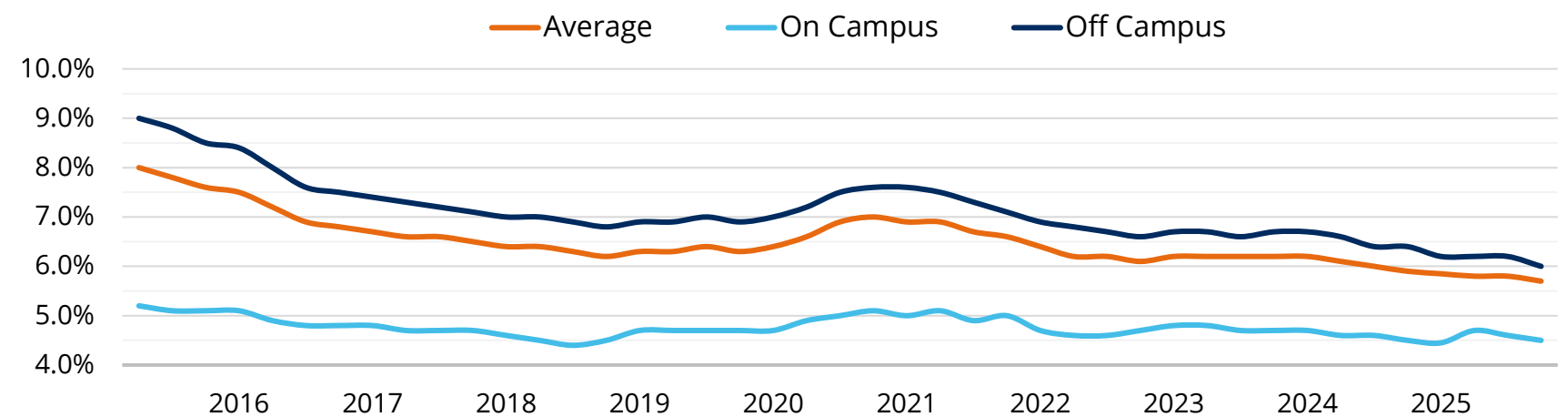
- The growth of outpatient care, a rapidly aging population, and the full post-pandemic recovery of medical office-using employment have driven strong leasing activity and reduced vacancy rates.
- Net absorption grew in Q4 totaling 1.9 MSF, nearly double what was experienced in Q1. In total, 2025 net absorption recorded 4.2 MSF.
- More than 65% of the markets tracked recorded a positive net absorption. Seven markets recorded a net absorption of over 100,000 SF.
- The direct vacancy rate (combining both on and off-campus properties) remained unchanged, at 5.8%. Prior to Q1, the direct vacancy has been slowly trending downward for the last eight quarters.
- On average, asking rates have remained stable over the last 24 months. Market dynamics could start to change, as 15% of our tracked markets have recorded a double-digit percentage growth YoY. The same period last year recorded a 14% increase in tracked markets.
- Current construction projects account for 33.1 MSF of upcoming supply, with only 12.2% available for lease. In 2025 16 MSF of the pipeline had been completed, and 15 MSF started.
- Areas with elevated construction projects include Miami, Dallas and Los Angeles. In total, these three areas account for 15% of the construction pipeline.

HISTORICAL

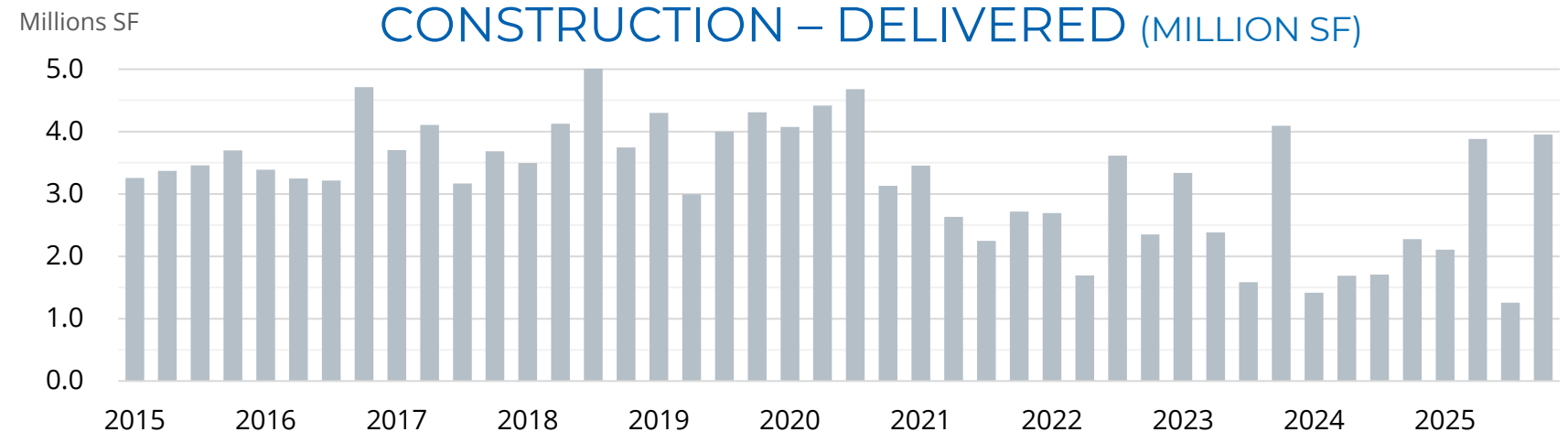
NET ABSORPTION (MILLION SF)



VACANCY BY LOCATION



CONSTRUCTION – DELIVERED (MILLION SF)

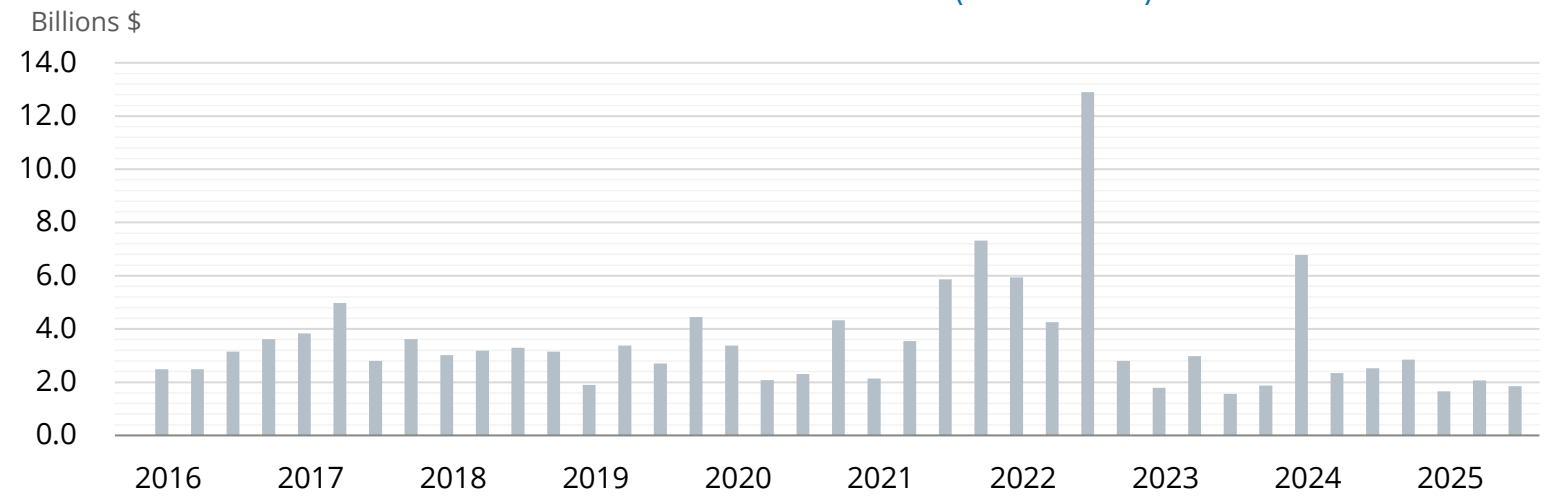


CAPITAL MARKETS

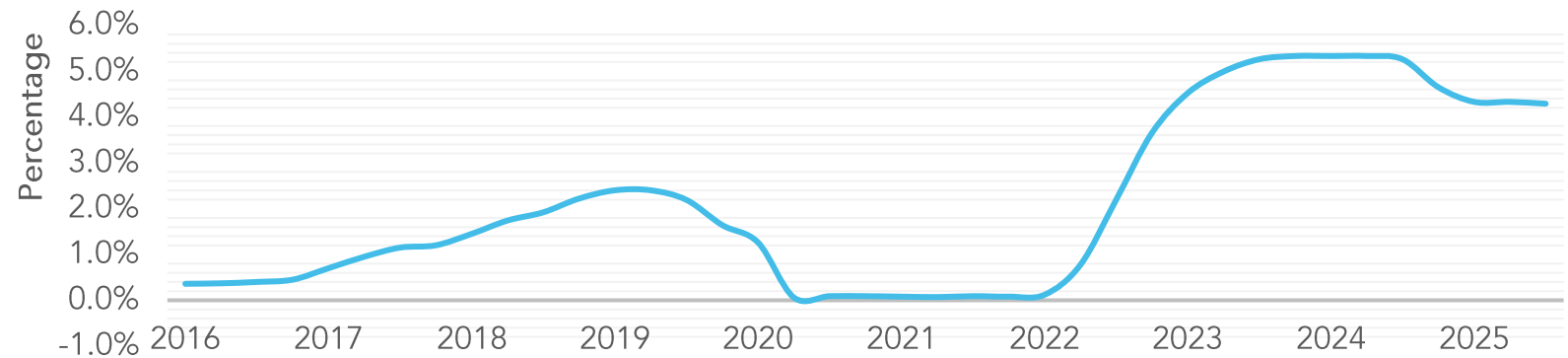
- Investment transactions within Q4 totaled \$1.7B, over 131 transactions. Large transactions comprised of 35% over \$10M, and 12% over \$20M. The national average PPSF was \$381.
- The largest transaction for a single asset occurred at 4200 Beckner Road in Santa Fe, NM at a sale price of \$59M (\$625 PSF). The seller was Welltower, a large national REIT and the buyer, Remedy Medical Properties, is the largest private owner of healthcare properties in the country.
- In 2025, the top 50 MOB owners account for \$537.8B worth of inventory, while in 2019 the market share was valued at \$419.1B continuing the trend of large scale, institutional investors seeking grow their exposure to the sector.
- The December federal interest rate cut (-25 bps) and the quarter also witnessed less volatility within various treasury & borrower indexes permitting investors to lock in lower rates and underwrite with more clarity on their cost of capital leading to more liquidity for medical properties.
- The buyer profile has shifted in the last few years, with private equity buying the majority (45%) of MOBs, followed by REITs 21%, institutional investors 18% and hospital systems 14%.
- In 2025, 56% of all hospital system transactions were between other hospital systems.
- The outlook for the MOB sector is poised for continued growth. Many factors have driven the MOB sector.
 - Healthcare employment growth continues to increase, signaling the need for more space.
 - The aging population base and the increasing healthcare needs for those individuals.
 - Private equity's increased capital investment signal the sector's ability to grow.

HISTORICAL

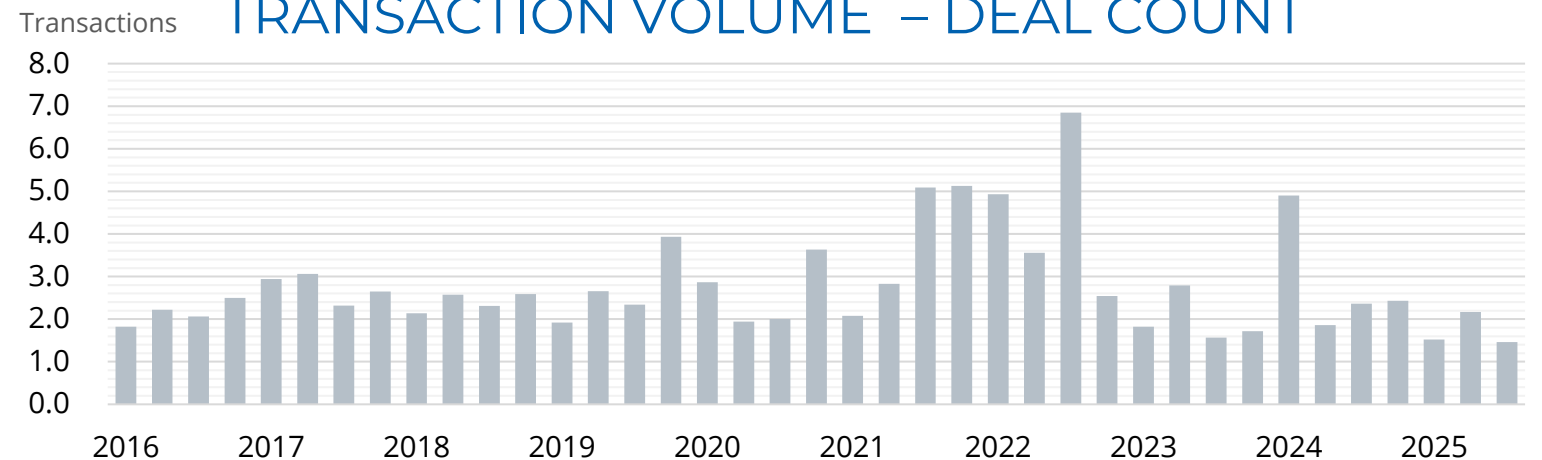
INVESTMENT SALES (BILLIONS)



FEDERAL INTEREST RATE

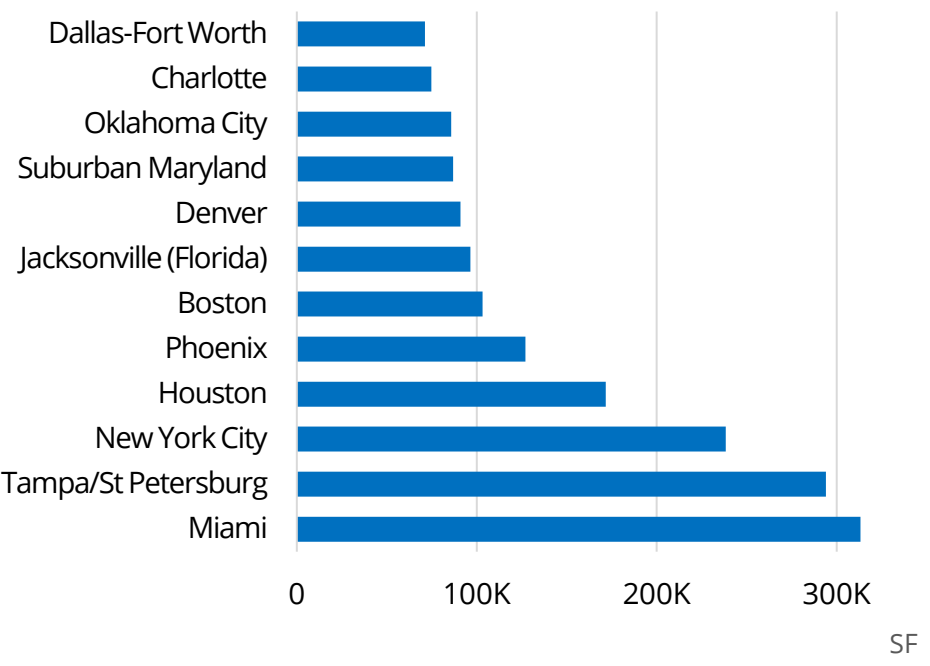


TRANSACTION VOLUME – DEAL COUNT



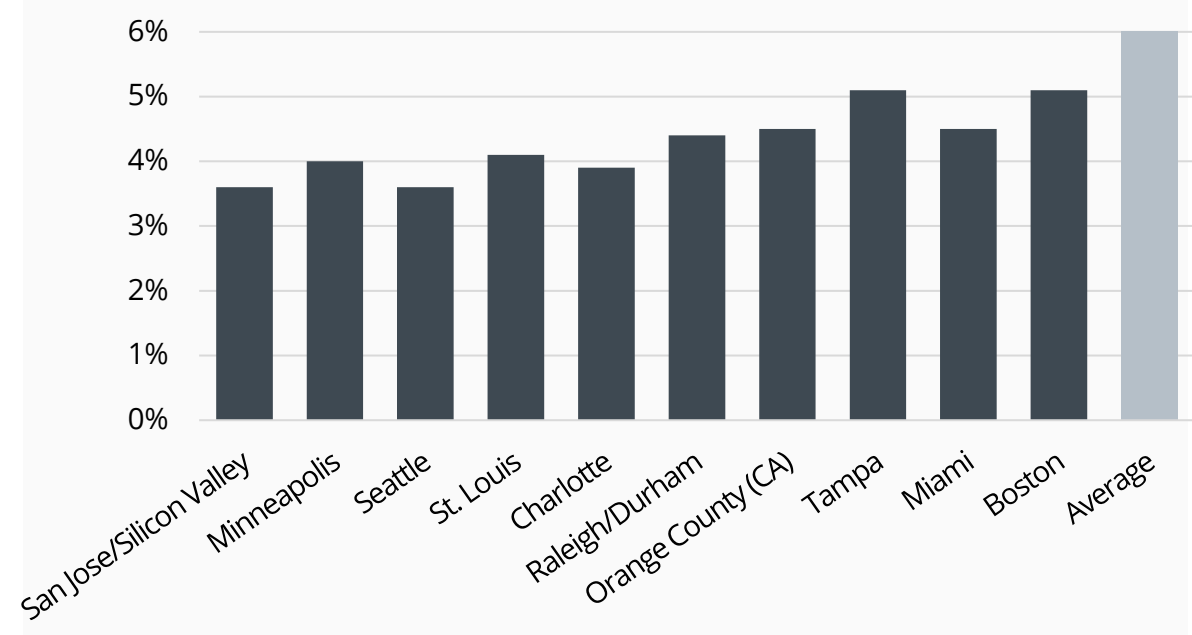
NET ABSORPTION

Net Absorption - Q4 2025



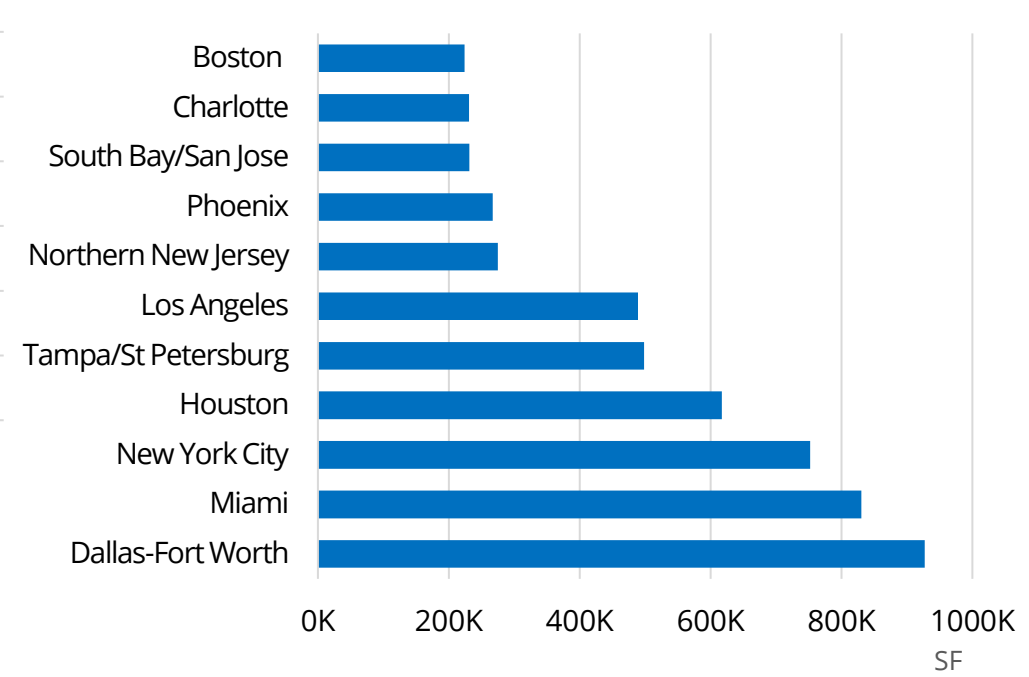
VACANCY/ASKING RENTS

Vacancy Rate - Q4 2025

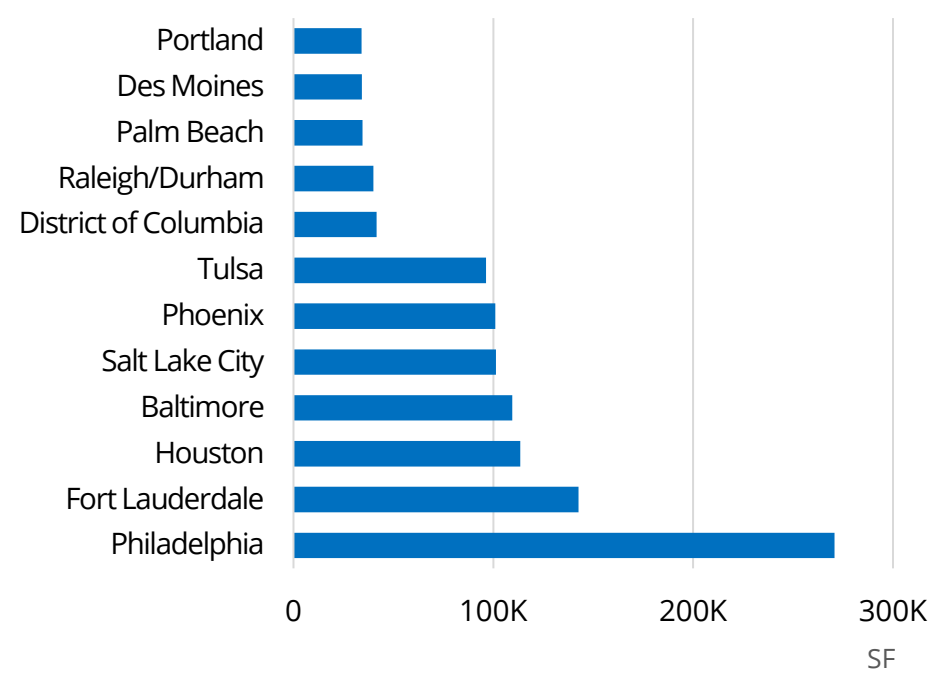


CONSTRUCTION

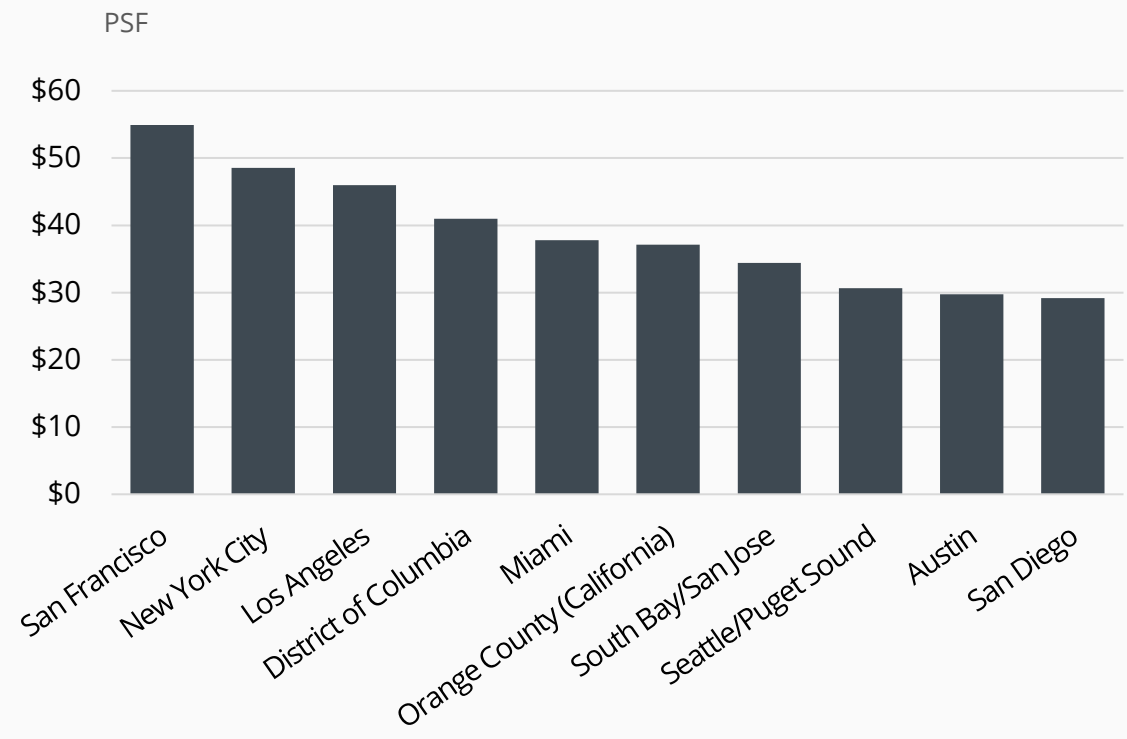
Total SF Under Construction - Q4 2025



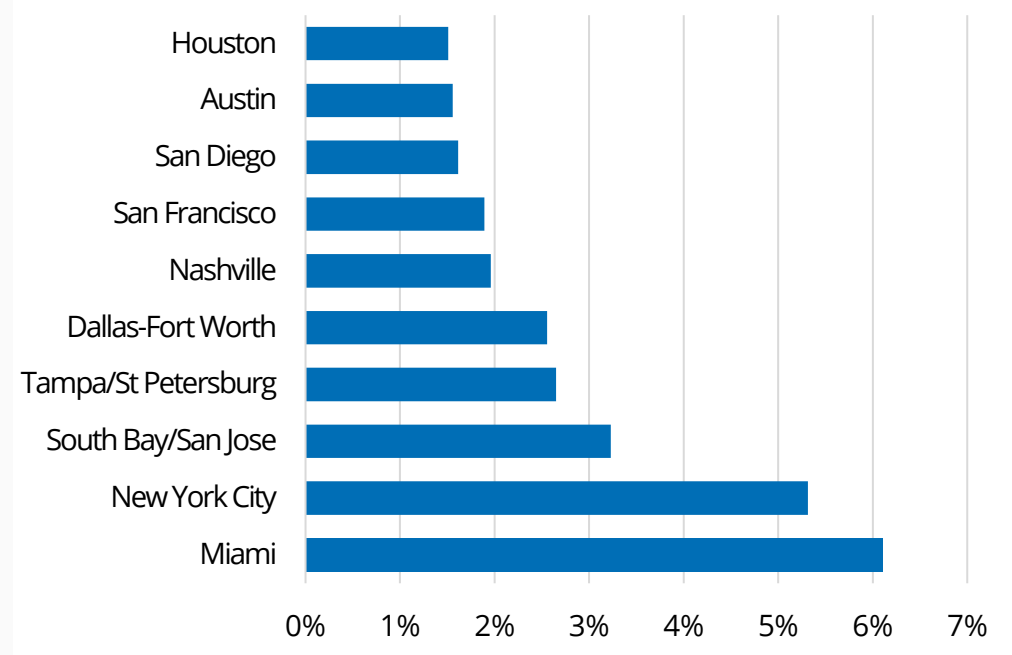
Trailing 12-Month Net Absorption



Net Asking Rents - Q4 2025



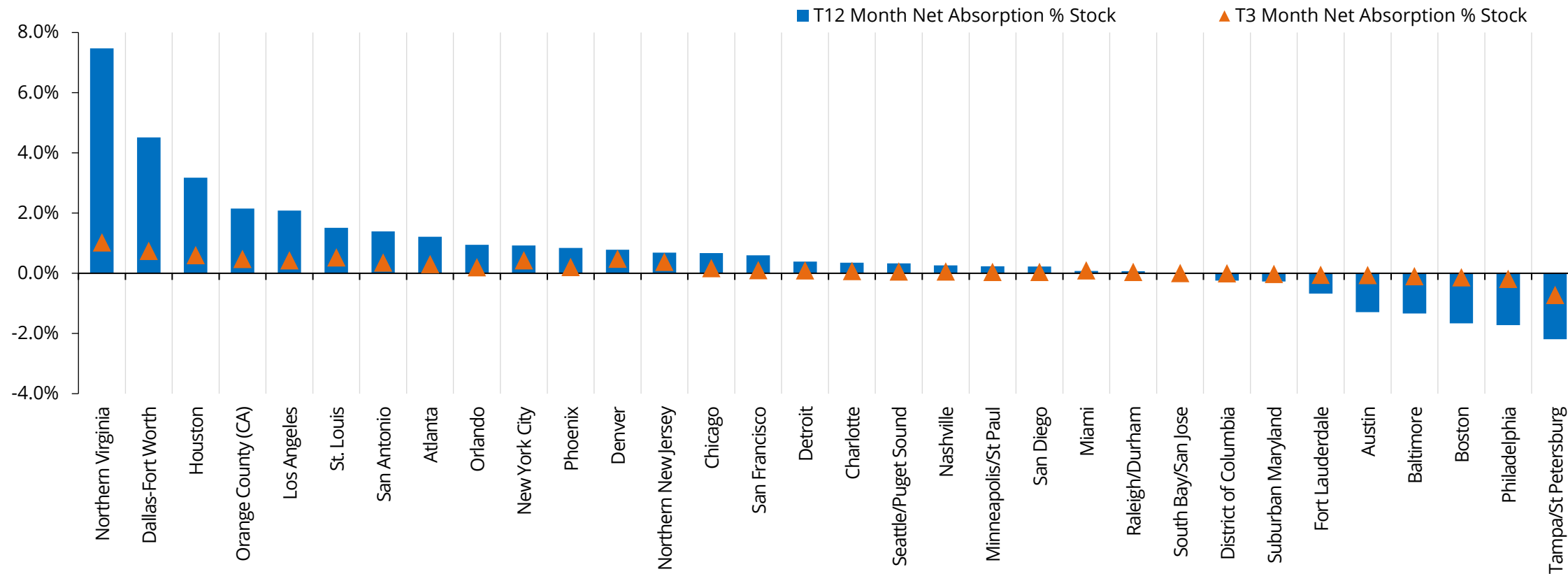
Construction As % of Stock - Q4 2025



Source: Transwestern, CoStar, Revista

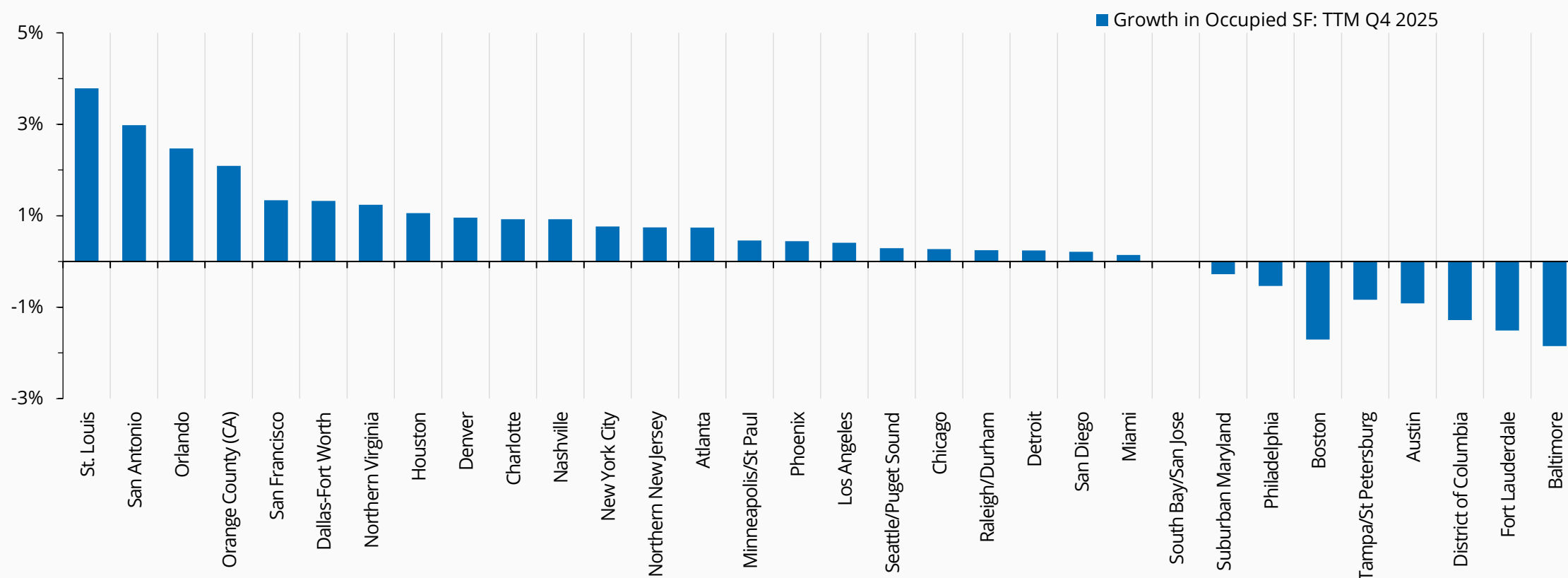
KEY PERFORMANCE INDICATORS*

NET ABSORPTION % STOCK



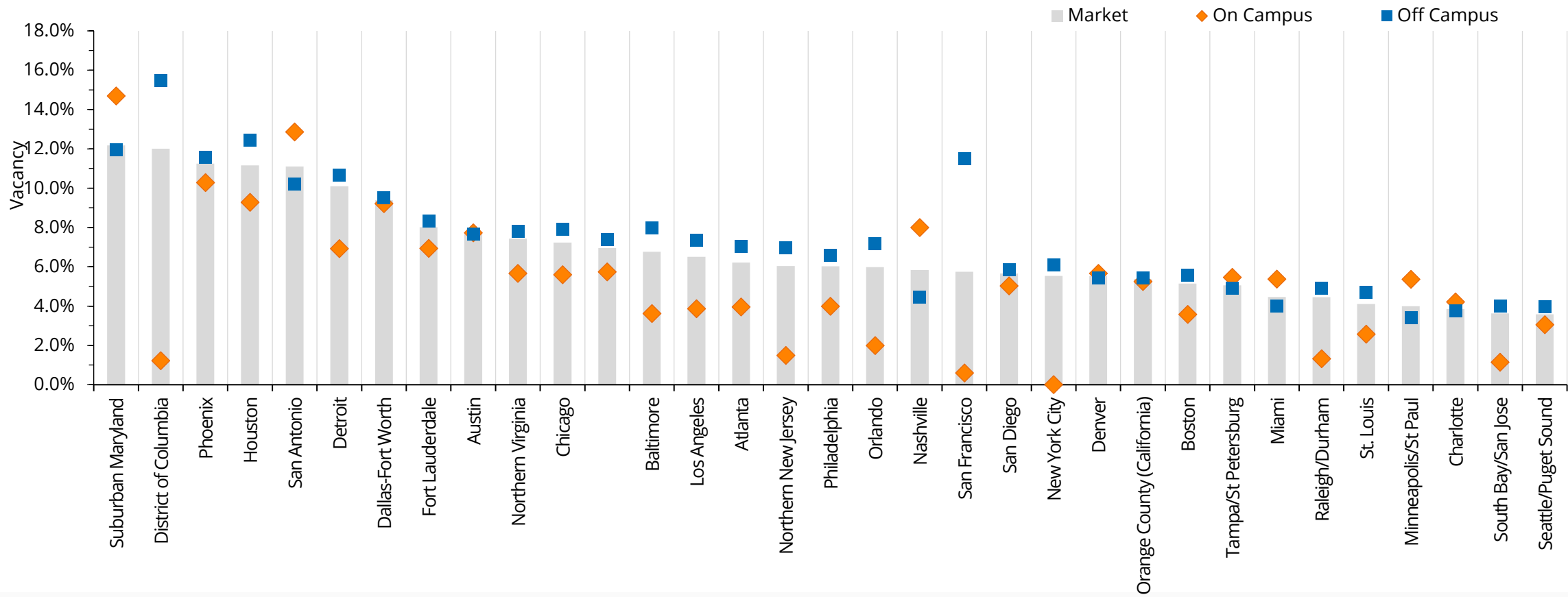
- This graph shows net absorption as a percent of stock over both the last quarter and 12 months.
- Positive net absorption was reported in 20 of 35 markets over the past 12 months.
- Top markets for trailing 12-month net absorption that also saw positive net absorption for the quarter include, Northern Virginia, Dallas, Houston and Orange County.

HOTTEST MARKETS FOR DEMAND



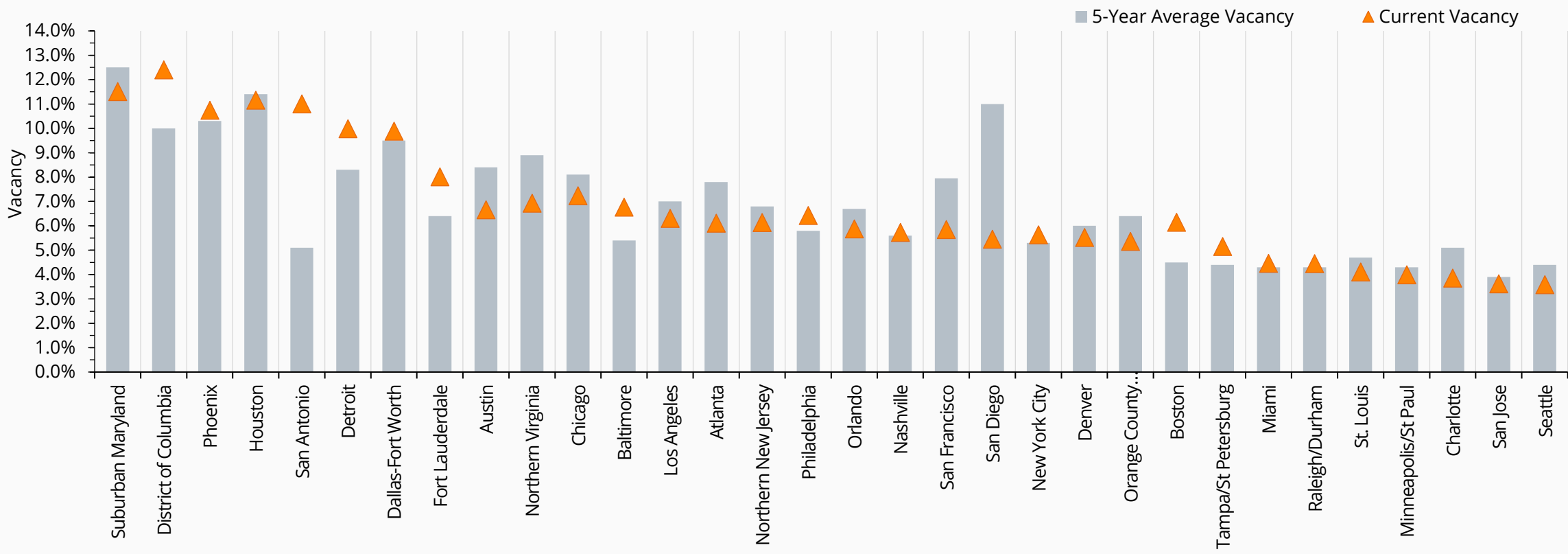
- This graph shows the growth of occupied space over the last four years.
- Sun Belt markets have experienced the hottest growth as systems and providers follow population trends and open new locations in rapidly growing areas.
- This southeastern growth can be attributed in part to the delivery of new inventory in markets with a strong leasing appetite.

VACANCY BY LOCATION



- This graph shows vacancy for each market and the spread between on campus and off campus properties.
- Vacancy in on campus properties is generally lower than market averages, reflecting the dominance of healthcare systems in these spaces.
- Markets where on campus vacancies exceed market averages often reflect new buildings in lease-up.

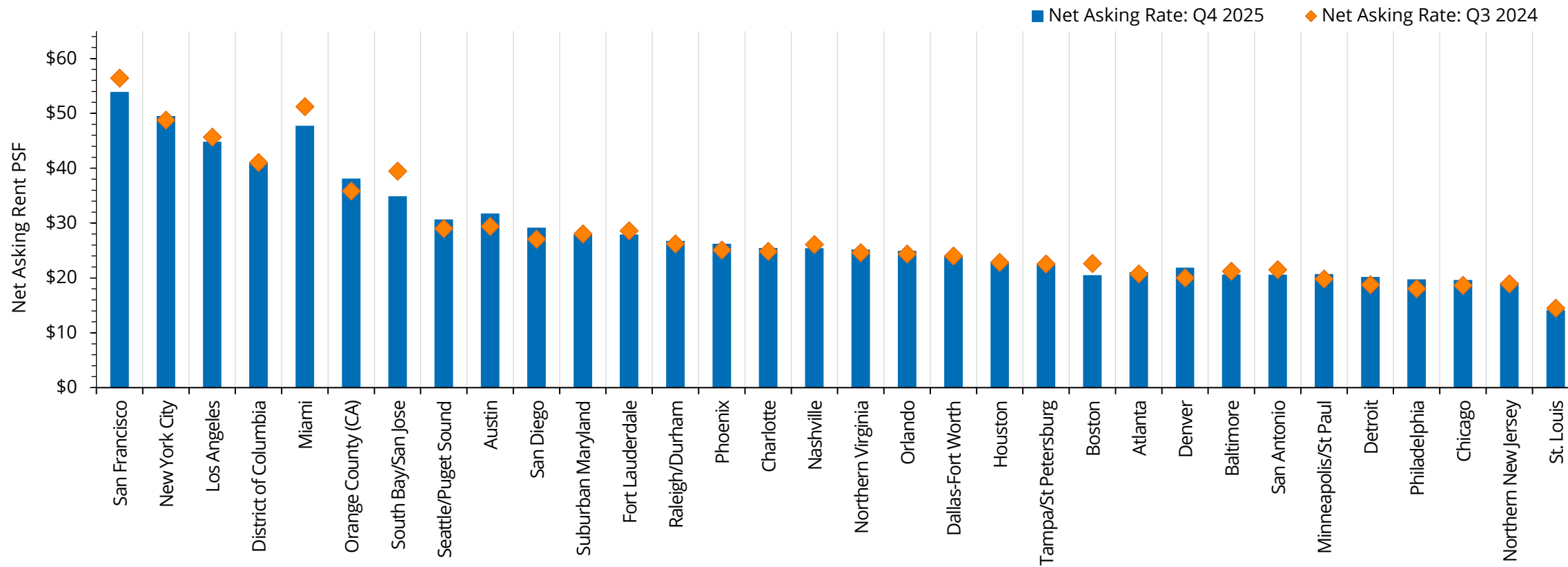
CURRENT VACANCY VS HISTORICAL NORM



- This graph indicates the relative scarcity of space in each market, comparing the current vacancy rate to the five-year average.
- Vacancy sits below the five-year average in 20 of 35 markets.
- Currently San Diego, San Francisco and Atlanta have the lowest vacancy rates relative to their five-year averages.
- San Antino, District of Columbia and Boston have the furthest above their five-year averages. These three markets also have some of the highest current vacancy rates overall.

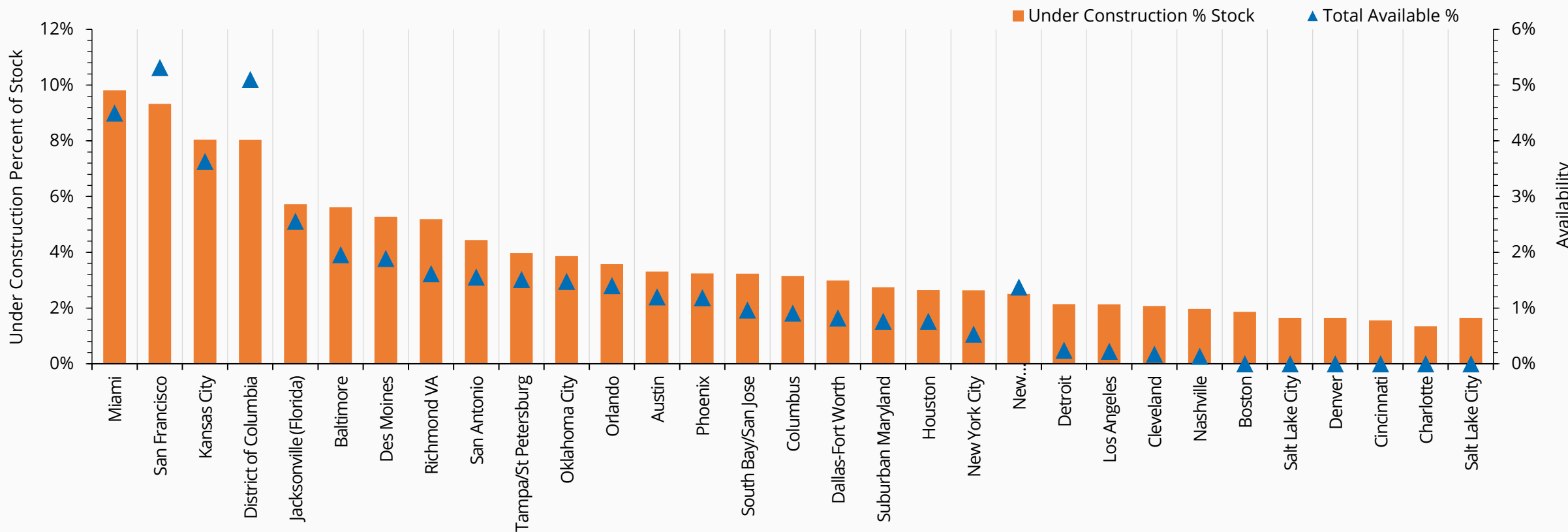
KEY PERFORMANCE INDICATORS

RENTAL RATES*



- National NNN rents have remained relatively flat over the past four years, with a 0.1% increase in average asking rents in 2025.
- New product has been able to push rates higher, with +1.8% YoY among properties built in the last three years.
- Overall, 12 of 35 markets saw rental rate growth in 2025.
- The markets with the largest YoY rent growth are Orange County (CA), Seattle and Denver.
- Miami experienced the largest decline in YoY for the second consecutive quarter.

CONSTRUCTION AND AVAILABILITY



- Under construction percent of stock is indicative of future market expansion. Combined with availability percent of stock, it can be a potential determinate of softening or tightening vacancy within a market.
- 88.1% of space currently under construction is pre-leased. Future deliveries will boost absorption but do little to alleviate vacancy rates in tight markets.
- Miami, San Francisco and Kansas City continue to lead the way as markets with a high percentage of space under construction.

*Rents may display unusual growth or decline due to small sample size. Source: Revista, TW Research & Costar

MARKET SUMMARIES

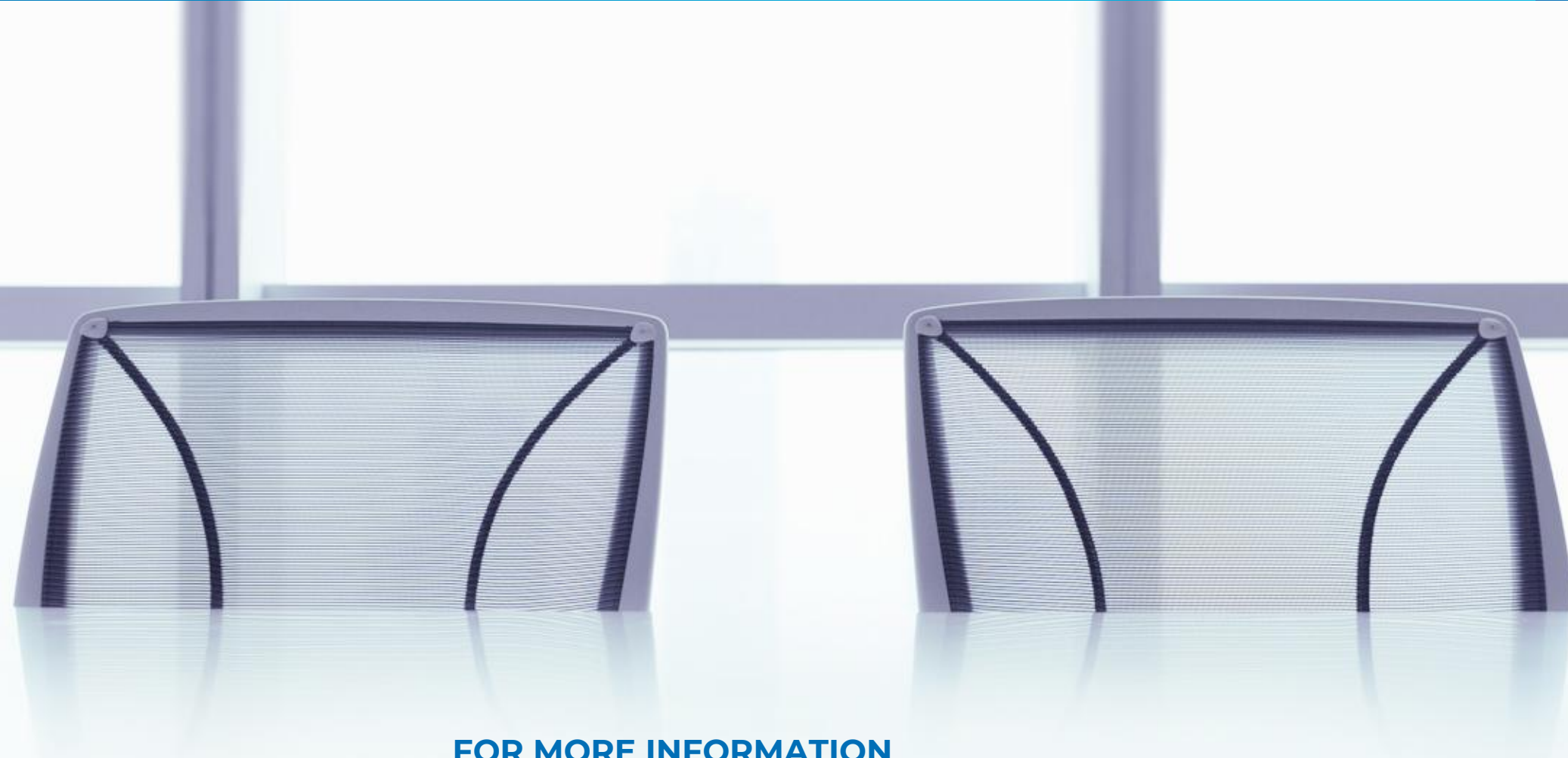
| Market | Inventory SF | Direct Vacancy Rate | On Campus | Off Campus | Net Absorption | 12-Month Net Absorption | NNN Asking Rent* | Prior Year Asking Rent | Under Construction |
|----------------------------|--------------|---------------------|-----------|------------|----------------|-------------------------|------------------|------------------------|--------------------|
| Atlanta | 32,300,290 | 6.2% | 4.0% | 7.7% | 23,607 | 230,678 | \$21.99 | \$22.00 | 430,800 |
| Austin | 10,643,051 | 8.5% | 8.8% | 7.0% | 47,598 | 21,602 | \$29.75 | \$29.41 | 205,754 |
| Baltimore | 13,605,411 | 6.9% | 2.8% | 7.2% | -13,094 | -214,077 | \$20.75 | \$20.74 | 763,841 |
| Boston | 27,801,599 | 4.7% | 3.6% | 5.5% | 103,289 | 34,520 | \$23.33 | \$22.40 | 521,780 |
| Charlotte | 15,588,933 | 3.6% | 5.2% | 4.1% | 74,820 | 134,336 | \$25.47 | \$24.80 | 210,208 |
| Chicago | 34,928,151 | 7.4% | 5.7% | 7.5% | 10,124 | 24,345 | \$19.84 | \$18.61 | 375,212 |
| Cincinnati | 9,202,107 | 4.0% | 5.4% | 4.9% | 17,348 | -20,413 | \$17.60 | \$16.09 | 43,000 |
| Cleveland | 15,079,572 | 3.9% | 0.3% | 6.0% | 62,492 | 108,648 | \$16.33 | \$18.74 | 312,000 |
| Columbus | 11,824,655 | 4.9% | 1.4% | 3.8% | 28,479 | 16,639 | \$14.87 | \$15.61 | 373,000 |
| Dallas-Fort Worth | 36,493,262 | 9.7% | 9.0% | 9.3% | 71,288 | 430,319 | \$24.41 | \$23.78 | 1,085,053 |
| Dayton | 4,927,093 | 4.1% | 0.8% | 3.8% | -17,106 | -23,040 | \$13.80 | \$13.36 | 22,600 |
| Denver | 19,731,360 | 5.1% | 5.5% | 5.3% | 90,928 | 33,913 | \$19.77 | \$19.96 | 323,000 |
| Des Moines | 3,253,116 | 2.7% | 1.1% | 3.5% | 6,140 | -34,217 | \$17.27 | \$19.67 | 171,429 |
| Detroit | 24,128,235 | 9.9% | 6.6% | 11.0% | 39,721 | 442,055 | \$20.02 | \$19.18 | 516,000 |
| District of Columbia | 2,496,633 | 12.5% | 1.7% | 15.2% | -11,582 | -32,954 | \$41.00 | \$41.00 | 200,500 |
| East Bay/Oakland | 10,159,451 | 5.3% | 3.2% | 6.7% | 54,052 | -13,362 | \$30.82 | \$23.72 | 5,000 |
| Fort Lauderdale | 8,080,075 | 7.8% | 6.0% | 7.3% | 15,640 | -150,566 | \$26.98 | \$28.43 | 32,000 |
| Houston | 40,882,700 | 11.0% | 10.5% | 12.2% | 171,688 | 546,623 | \$22.97 | \$22.40 | 1,079,060 |
| Indianapolis | 13,176,303 | 5.6% | 4.1% | 6.0% | -5,163 | 7,780 | \$17.50 | \$14.35 | 129,206 |
| Inland Empire (California) | 13,997,646 | 4.8% | 4.1% | 4.7% | 18,924 | 28,282 | \$23.28 | \$24.21 | 100,000 |
| Jacksonville (Florida) | 7,719,505 | 4.3% | 4.9% | 9.8% | 96,443 | 237,920 | \$22.67 | \$21.77 | 441,970 |
| Kansas City | 11,446,023 | 7.4% | 8.2% | 7.1% | 61,798 | 133,708 | \$23.06 | \$20.19 | 914,700 |
| Las Vegas | 10,005,515 | 7.5% | 9.5% | 6.3% | 50,537 | 34,370 | \$23.20 | \$22.36 | 90,000 |
| Long Island (New York) | 12,499,219 | 8.7% | 1.4% | 6.2% | 821 | -3,538 | \$35.00 | \$35.00 | 0 |
| Los Angeles | 41,355,432 | 6.8% | 3.9% | 7.6% | 3,567 | 36,929 | \$42.88 | \$42.87 | 879,231 |
| Miami | 12,051,450 | 4.7% | 5.5% | 4.3% | 313,124 | 324,433 | \$38.57 | \$50.01 | 1,147,308 |
| Milwaukee | 9,837,095 | 3.9% | 5.5% | 2.9% | 51,043 | 111,145 | \$16.52 | \$16.01 | 8,100 |
| Minneapolis/St Paul | 16,913,704 | 4.2% | 3.7% | 3.5% | -31,447 | 44,538 | \$21.27 | \$20.42 | 198,909 |
| Nashville | 11,744,873 | 5.9% | 7.8% | 4.6% | -8,776 | 57,734 | \$25.73 | \$24.47 | 231,115 |

*Rents represent a weighted average of available space. Tight market conditions may lead to unusual growth or decline due to small sample sizes. Sources: Transwestern, CoStar

MARKET SUMMARIES

| Market | Inventory SF | Direct Vacancy Rate | On Campus | Off Campus | Net Absorption | 12-Month Net Absorption | NNN Asking Rent* | Prior Year Asking Rent | Under Construction |
|-----------------------------|----------------------|---------------------|-------------|-------------|------------------|-------------------------|------------------|------------------------|--------------------|
| New Orleans/Metairie/Kenner | 5,262,051 | 3.1% | 2.1% | 2.6% | -162 | -52,589 | \$17.64 | \$16.74 | 132,000 |
| New York City | 14,548,093 | 6.6% | 0.0% | 6.4% | 238,343 | 303,444 | \$47.70 | \$55.08 | 372,466 |
| Northern New Jersey | 33,393,755 | 6.1% | 1.4% | 6.9% | -17,832 | 184,781 | \$20.18 | \$19.91 | 200,000 |
| Northern Virginia | 8,069,591 | 6.0% | 6.1% | 6.5% | 85,858 | 72,816 | \$19.30 | \$18.99 | 0 |
| Oklahoma City | 16,036,205 | 5.6% | 4.7% | 8.7% | -41,318 | 298,485 | \$36.22 | \$35.06 | 311,540 |
| Orange County (California) | 13,323,686 | 6.0% | 7.7% | 5.6% | 3,739 | 307,680 | \$24.43 | \$24.46 | 15,000 |
| Orlando | 8,200,084 | 5.2% | 1.9% | 7.5% | 50,883 | -39,505 | \$27.35 | \$26.63 | 476,726 |
| Palm Beach | 41,694,923 | 7.0% | 5.8% | 6.0% | -353,718 | -572,741 | \$20.30 | \$18.66 | 0 |
| Philadelphia | 22,240,853 | 10.7% | 4.3% | 6.0% | 127,059 | 163,410 | \$26.25 | \$23.63 | 181,000 |
| Phoenix | 10,035,769 | 4.6% | 9.5% | 11.0% | -22,957 | 125,135 | \$16.58 | \$19.35 | 721,722 |
| Pittsburgh | 12,226,437 | 4.5% | 1.6% | 7.0% | -29,902 | -140,433 | \$30.66 | \$28.58 | 0 |
| Portland | 11,177,916 | 4.9% | 1.8% | 5.5% | -40,691 | -28,200 | \$26.72 | \$25.11 | 45,327 |
| Raleigh/Durham | 6,497,249 | 6.3% | 1.4% | 4.7% | 60,652 | 143,995 | \$27.07 | \$23.47 | 67,500 |
| Richmond VA | 10,991,021 | 3.8% | 2.1% | 3.5% | -5,686 | -65,989 | \$20.27 | \$21.86 | 335,790 |
| Salt Lake City | 13,089,728 | 11.4% | 1.9% | 9.5% | -42,776 | 80,125 | \$21.25 | \$21.82 | 180,000 |
| San Antonio | 13,928,988 | 5.3% | 4.2% | 5.8% | 52,815 | 24,442 | \$29.35 | \$27.69 | 580,500 |
| San Diego | 7,578,323 | 5.1% | 0.6% | 11.1% | 46,166 | 123,996 | \$55.29 | \$57.03 | 86,515 |
| San Francisco | 18,174,935 | 3.6% | 3.3% | 4.2% | -1,253 | 78,000 | \$30.70 | \$28.68 | 705,869 |
| Seattle/Puget Sound | 7,170,000 | 3.7% | 1.8% | 4.1% | -5,159 | -13,448 | \$34.83 | \$39.90 | 175,000 |
| South Bay/San Jose | 12,877,274 | 4.1% | 6.1% | 7.5% | -4,992 | -36,398 | \$18.83 | \$14.40 | 231,579 |
| St. Louis | 13,996,690 | 11.5% | 2.5% | 4.8% | 86,883 | 143,126 | \$26.47 | \$25.56 | 125,575 |
| Suburban Maryland | 19,006,408 | 4.5% | 14.6% | 12.3% | 294,022 | 123,931 | \$24.40 | \$23.38 | 379,000 |
| Tampa/St Petersburg | 5,956,061 | 2.6% | 4.7% | 4.8% | -51,266 | -100,014 | \$13.93 | \$12.74 | 746,937 |
| Tulsa | 5,262,051 | 3.1% | 0.5% | 1.7% | -162 | -52,589 | \$17.64 | \$16.74 | 64,800 |
| U.S. Total | 1,232,685,606 | 5.8% | 4.5% | 6.4% | 1,900,753 | 4,206,917 | \$22.73 | \$22.47 | 33,130,105 |

*Rents represent a weighted average of available space. Tight market conditions may lead to unusual growth or decline due to small sample sizes. Sources: Transwestern, CoStar



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ABOUT THE TRANSWESTERN COMPANIES

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](https://twitter.com/Transwestern).

RESEARCH METHODOLOGY

The information in this report is a compilation of medical office and outpatient healthcare properties 10,000 SF and larger located in select U.S. metropolitan areas. Government-owned, life sciences, and standard office buildings are excluded from analysis. Unless otherwise specified, "Vacancy" refers to direct vacancy with immediate availability and "Rents" refer to Triple Net asking rents.