TRANSWESTERN

HOUSTON

HEALTHCARE MARKET | Q4 2025

32.2 MSF
Inventory

240K SF
Net Absorption

13.8%
Direct Vacancy

16.7%
Total Availability

97.7K SF
Under Construction

$33.56 PSF
Full Service Asking Rent

Pipeline Shrinks to 98K SF as New Product Comes Online Across Metro

Market Observations

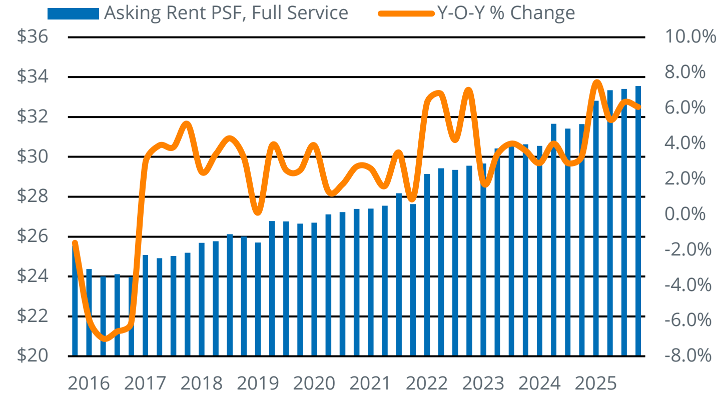
- The Houston region saw a number of healthcare properties come online at the end of the year, adding nearly 206K SF that delivered with a pre-lease rate of 94.2% and leaving just 97.7K SF in the pipeline pre-leased at 74.9%.

- The largest new healthcare property opened in the Northeast submarket where Modern Heart and Vascular now occupies 96K SF at 18835 McKay Dr. In the 290 Corridor, the three-story 60K SF Grand Cypress Doctors Pavillion One opened with tenants including Keller Surgical Specialists, GastroDoxs and Memorial Hermann. The Far West saw two new medical outpatient properties deliver: 25K SF Mason Creek MOB 2 at 21814 Katy Fwy with tenants Endoscopy Center, Digestive Health Associates, Houston Regional Gastroenterology Institute and Houston Colon, and 25K SF Katy Green MOB at 19135 Katy Fwy with tenants including Rise Med Spa and Body By Ravi Plastic Surgery and Associates.

- The Houston outpatient sector registered overall net gains of 240K SF this quarter driven by new deliveries and high pre-lease rates. On-campus product gains measured 102K SF while off-campus buildings advanced 138K SF. Overall, the metro recorded net gains of nearly 548K SF for the calendar year. Direct vacancy contracted by 40 basis points quarter-over-quarter to 13.8%, but up 40 basis points from this time last year. Off-campus product saw direct vacancy increase by 20 basis points to 15.0% while on-campus product decreased 1.2% to 12.2%.

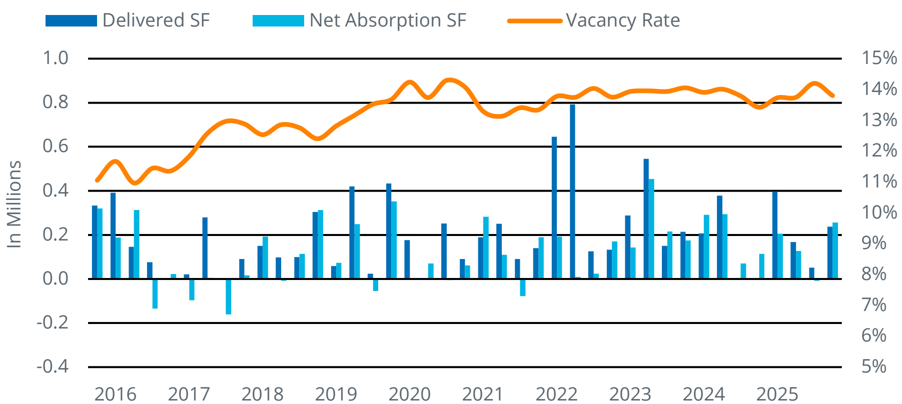
- Houston's medical outpatient properties saw direct vacancy grow 40 basis points year-over-year and total availability ticked up the same year-over-year to 16.7% as tenants choose newer, smaller, space options, mainly in the expanding outlying suburban markets undergoing rapid expansion.
- Gross asking rents averaged $33.56 PSF/YR, up 6.1% year-over-year when rates totaled $31.64 PSF/YR due to increased operating expenses and newer, more expensive product delivering. Off-campus product witnessed asking rates increase by $1.98PSF/YR to $32.91 PSF/YR over the last year while on-campus product saw an increase of $1.72 PSF/YR to $34.47 PSF/YR over the same period.
- The Northeast submarket posted the largest increase in demand over the quarter with net absorption measuring 88.3K SF where Modern Heart and Vascular new medical office was just completed. Far West and 290 Corridor followed with 35.5K SF and 39.3K SF of net gains over the quarter, respectively.
- Houston's pipeline now sits at 97.7K SF with a pre-lease rate of 74.9%. Projects include Scott Square Medical Office in Far West (25.7K SF), Legacy Pasadena Southmore Clinic in Pasadena (40K SF), and Sienna Plantation Medical Center in Sugar Land (32K SF).

ASKING RENT, FULL SERVICE



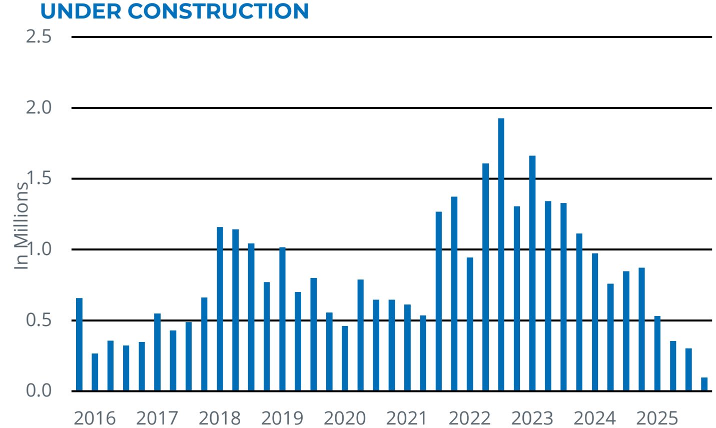
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MARKET INDICATORS TABLE

All Classes of Space | Q4 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	18,050,751	2,711,239	15.0%	18.7%	97,710	137,907	340,611	$32.91
On Campus	14,111,389	1,727,452	12.2%	14.2%		102,034	207,308	$34.47
Total	**32,162,140**	**4,438,691**	**13.8%**	**16.7%**	**97,710**	**239,941**	**547,919**	**$33.56**

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	1,921,406	291,328	15.2%	15.8%		39,312	170,712	$38.42
Baytown/Channelview	443,070	144,308	32.6%	33.1%		(1,142)	(11,392)	$26.68
Bellaire	1,668,874	298,324	17.9%	25.8%		10,976	(68,430)	$32.44
Clear Lake	2,120,400	140,945	6.6%	9.1%		(628)	1,254	$29.31
Conroe	1,002,352	63,718	6.4%	8.8%		0	26,455	$36.14
Far West	1,907,019	176,990	9.3%	11.0%	25,710	35,517	53,380	$39.42
Inner Loop	2,035,421	448,595	22.0%	24.0%		5,295	11,181	$35.30
Near North	1,274,047	308,345	24.2%	26.7%		17,200	1,334	$21.86
Near Southwest	1,465,847	258,537	17.6%	20.5%		(29,312)	15,099	$31.17

Continued next page.

MARKET INDICATORS TABLE Cont.

All Classes of Space | Q4 2025

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Near West	3,843,285	502,891	13.1%	14.8%		3,488	(8,668)	$26.49
Northeast	1,398,324	172,827	12.4%	15.8%		88,299	118,395	$33.08
Pasadena	590,180	90,924	15.4%	15.7%	40,000	28,809	3,198	$30.77
South	991,270	114,357	11.5%	13.7%		26,697	(3,691)	$39.25
Sugar Land	2,680,967	407,948	15.2%	17.5%	32,000	24,171	75,955	$37.54
The Woodlands	3,073,571	276,330	9.0%	13.2%		(6,637)	160,955	$37.51
TMC	4,668,899	628,854	13.5%	17.6%		(2,327)	15,911	$34.96
Tomball	1,077,208	113,470	10.5%	15.4%		223	(13,729)	$43.87
Total	**32,162,140**	**4,438,691**	**13.8%**	**16.7%**	**97,710**	**239,941**	**547,919**	**$33.56**

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.

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

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