Transwestern

COMMERCIAL REAL ESTATE

U.S. Market

Medical Outpatient Buildings

Q1 2026

Market Overview

The Transwestern Takeaway

MEDICAL OUTPATIENT BUILDINGS Q1 2026 REPORT

Continued Employment Growth Fuels Space Demands

Healthcare employment continues to be the backbone of the economy. Healthcare accounted for 68% of all jobs created in 2026. Continued job growth is a one of the primary drivers for further space demands within the MOB sector.

On-campus Vacancy Ticks Upward QoQ

On-campus vacancy ticked upward for the second consecutive quarter, accounting for 70 basis points total. There are several factors hindering hospital growth and expansions over the last 12-months, likely to effect on-campus assets to a minimal degree.

Strong Rent Growth Noted in Secondary Markets

Tight market factors in multiple secondary markets have led to high single digit rent growth YoY. With limited existing stock and low development pipelines, some markets are experiencing competitive conditions.

↓ **819,500**

Net Absorption

12-MONTH NET ABSORPTION TOTALED 5.5 MSF

↔ **5.8%**

Vacancy Rate

STABLE FOR THE LAST THREE QUARTERS

↑ **16.8 MSF**

Under Construction

690K SF DELIVERED IN Q1 2026

↑ **$27.55**

Net Asking Rent

1.5% RENT GROWTH YOY

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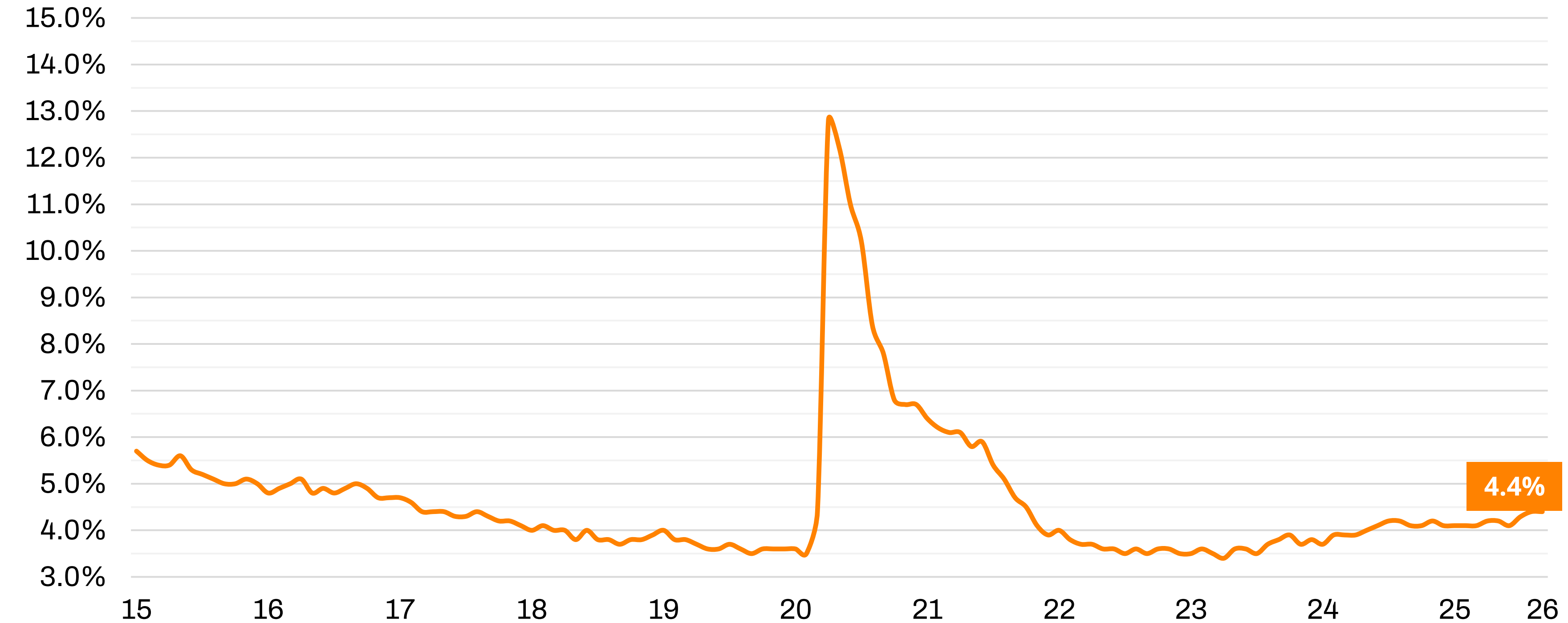
ECONOMIC HIGHLIGHTS

- After starting to decrease rates in late 2024, the Federal Reserve federal funds rate remained unchanged for the last 4 months. The December 25-basis point cut marked the most recent cut. 2026 outlooks suggest limited rate cuts then in 2025.
- The U.S. GDP grew 2.1% in 2025. The first three quarters in 2025 noted strong growth and decreased considerably in Q4 2025. Below-trend GDP may continue as geopolitical impacts ripple through the economy in the short term.
- The U.S. unemployment rate remained unchanged in Q1 2026, recording 4.4%.
- Healthcare continues to be a leading sector for job growth. In January, this sector added 89,000 jobs, accounting for 69% share of total jobs added within the month. Job growth was led by hospitals (+18,000) and ambulatory healthcare services (+56,000).
- In 2025 the healthcare job growth averaged 34,000 jobs per month.
- In total, healthcare employment has grown by 408,000 in 2025. The total sector workforce has reached an estimated 23.65 million workers in January 2026.
- Medical office-using jobs (physicians, dentists, and ambulatory healthcare practitioners) are forecasted to grow by 5.5% in 2026.

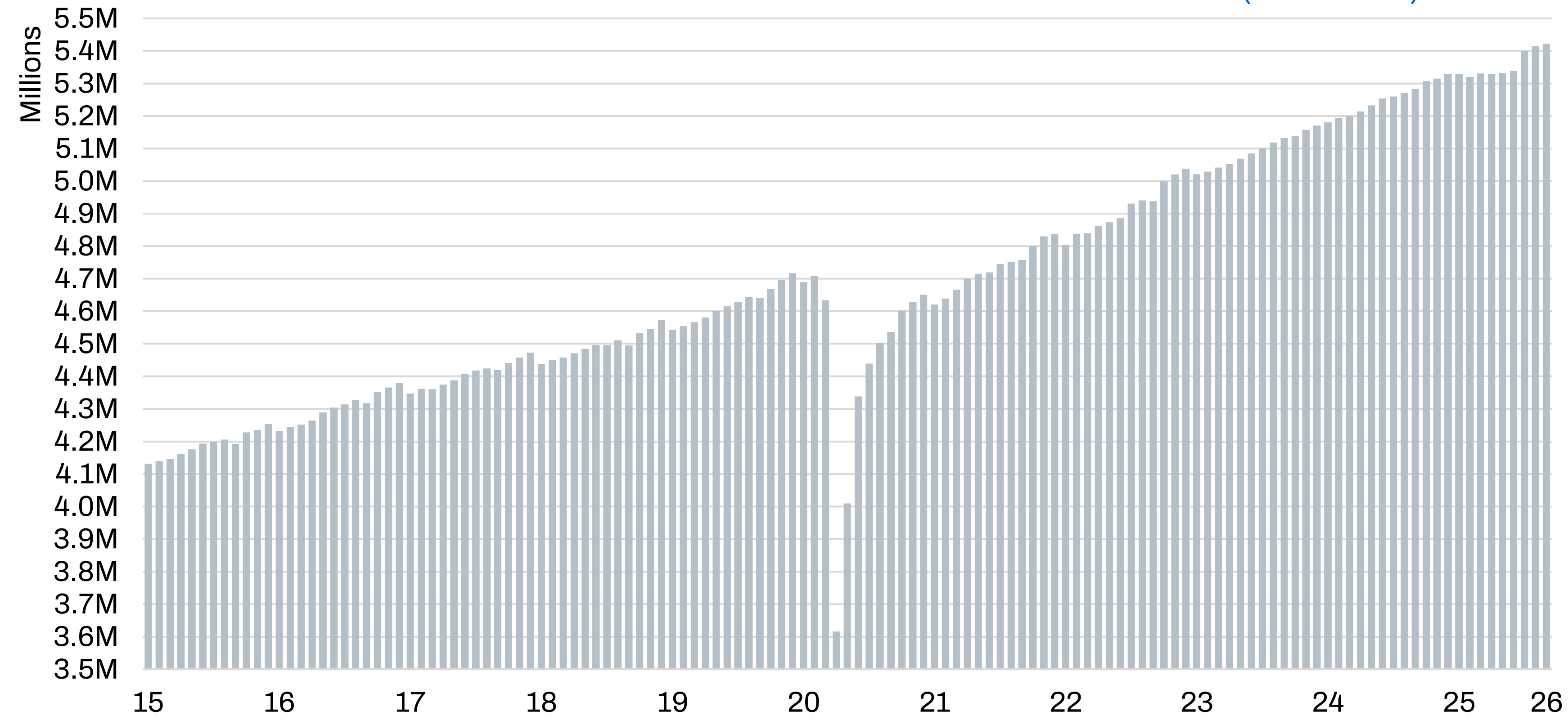
Source: Transwestern, Bureau of Labor Statistics

HISTORICAL

U.S. UNEMPLOYMENT RATE (PERCENTAGE)



MEDICAL OUTPATIENT BUILDING-USING JOBS (MILLIONS)



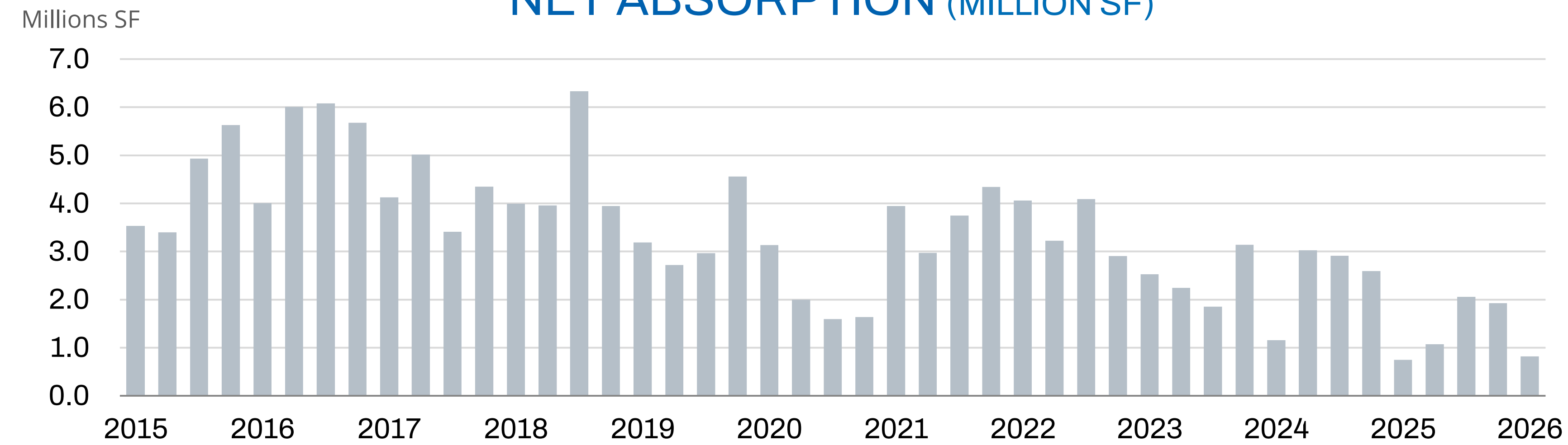
MARKET HIGHLIGHTS

- 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 slid in Q1 totaling 819,500 SF, nearly half what was absorbed in Q4. In total, 2025 net absorption recorded 5.51 MSF.
- More than 60% of the markets tracked recorded a positive net absorption. Only four markets recorded a net absorption of over 100,000 SF.
- The direct vacancy rate (combining both on and off-campus properties) remained stable at 6.0%. Prior to Q1, the direct vacancy has been slowly trending downward for the last eight quarters. On campus vacancy grew by 40 basis points, for the second quarter in a row.
- 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 31.8 MSF of upcoming supply, with only 12.2% available for lease. In Q1 690K SF of the pipeline had been completed, and 900K SF started. Q1 delivered 490,000 in new inventory.
- Areas with elevated construction projects include Miami, Dallas and Los Angeles. In total, these three areas account for 15% of the construction pipeline.

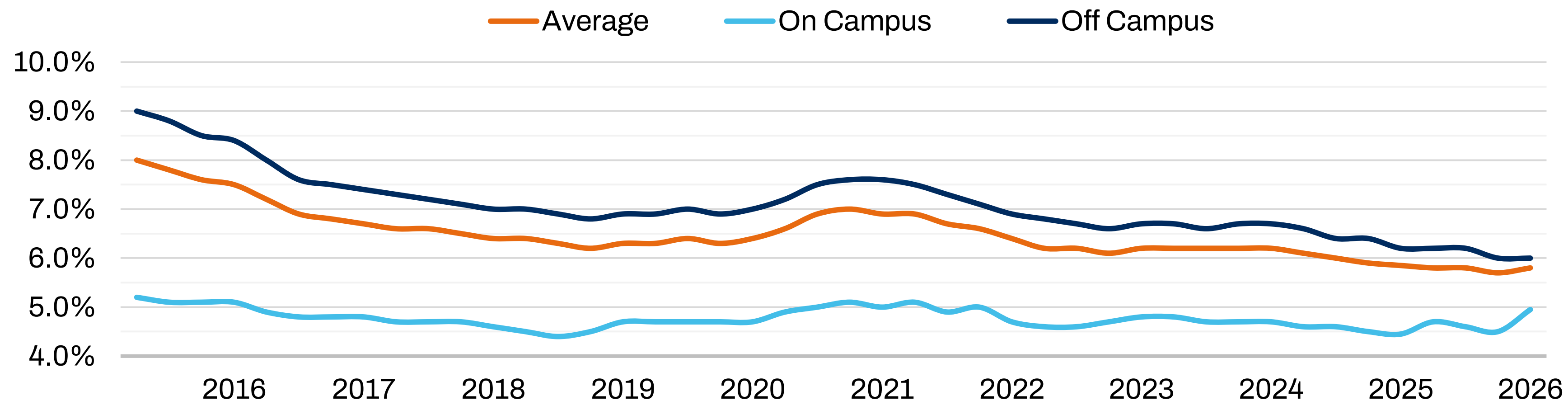
Source: Transwestern, CoStar, Revista

HISTORICAL

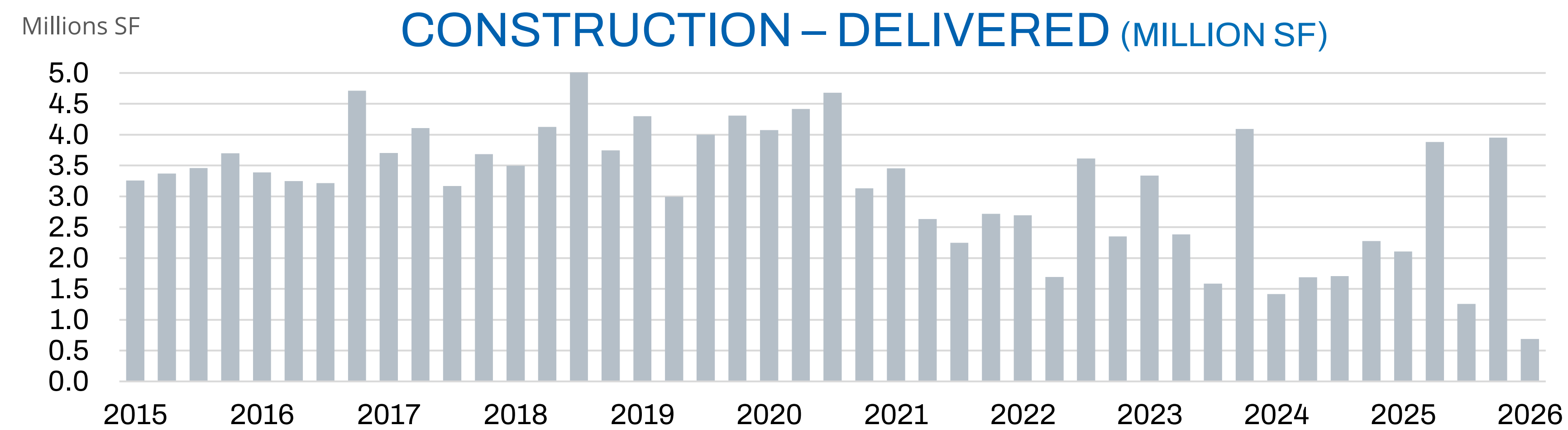
NET ABSORPTION (MILLION SF)



VACANCY BY LOCATION



CONSTRUCTION – DELIVERED (MILLION SF)

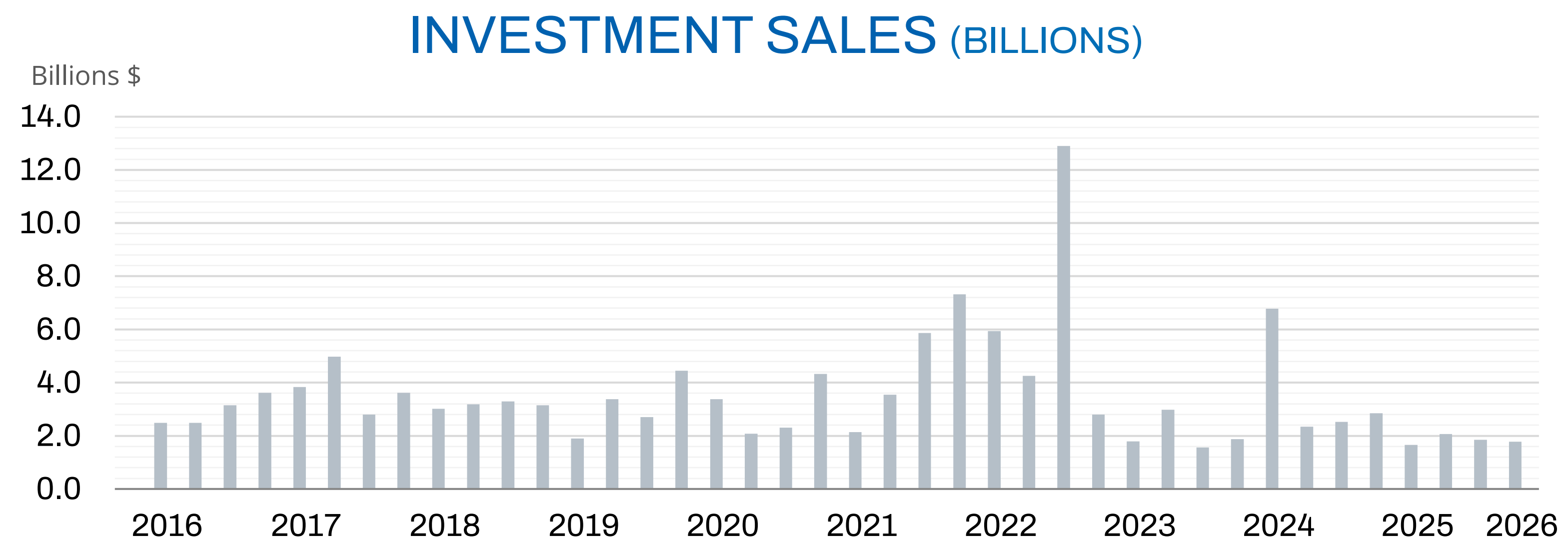


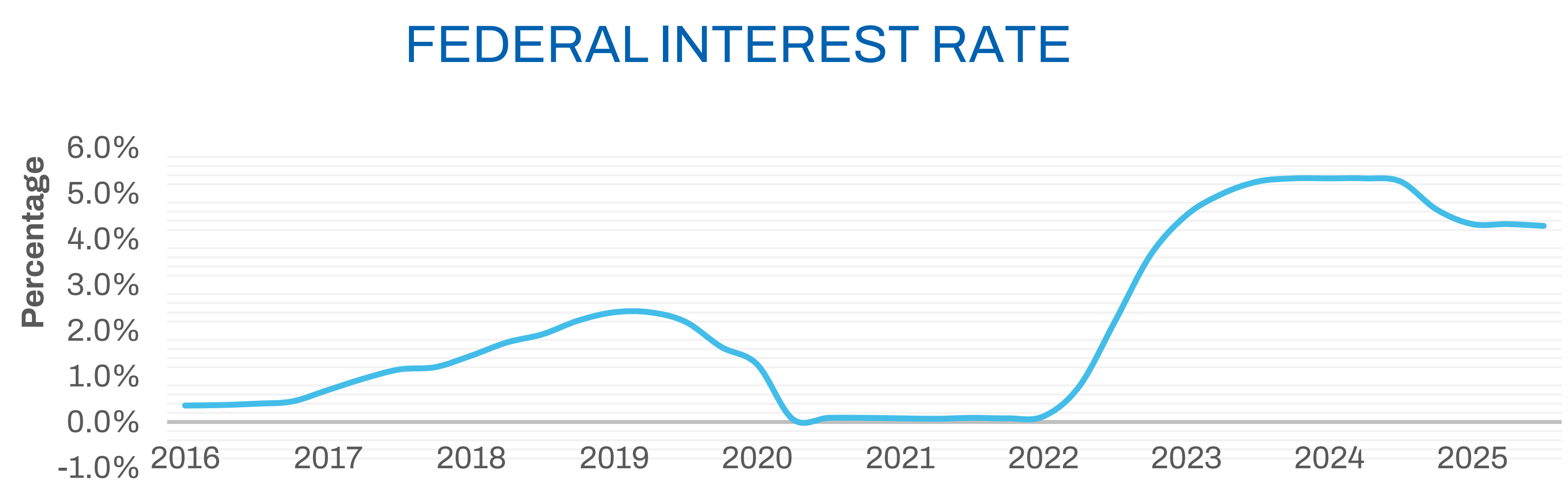
CAPITAL MARKETS

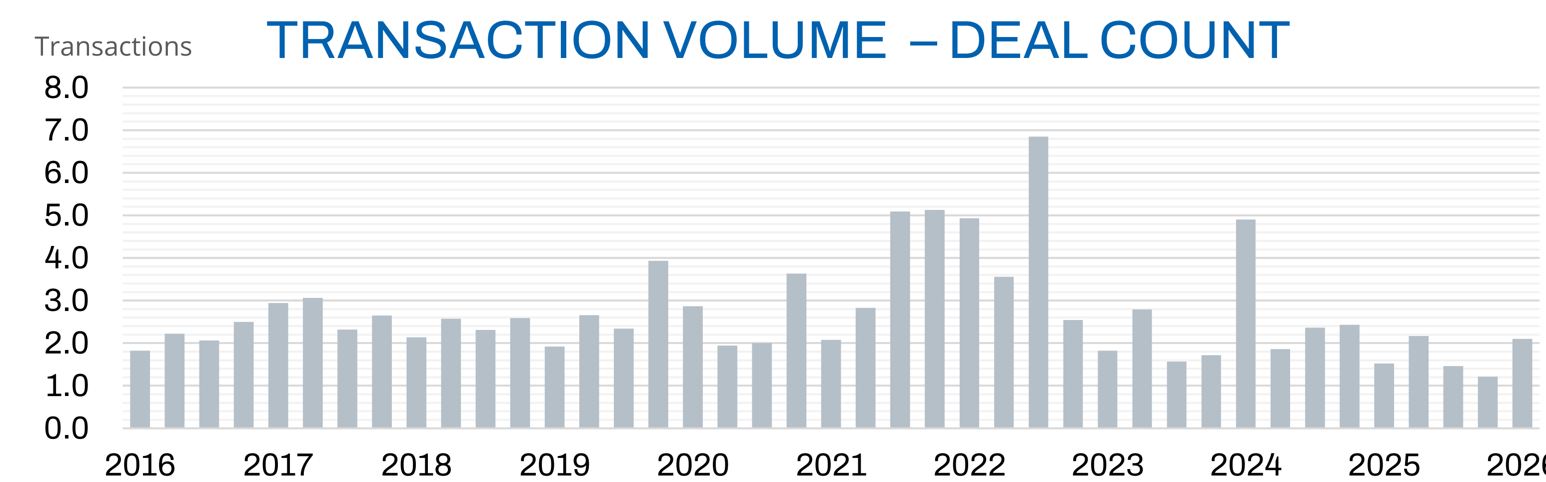
- Investment transactions within Q1 totaled $1.79B, over 210 transactions. Large transactions comprised of 30% over $10M, and 11% over $20M. The national average PPSF was $380.
- The largest transaction for a single asset occurred at 1410 South Bascom Avenue in Santa Claria, CA. for $340M ($1475 PSF). The seller Harrison Street, an alternative investment management firm. The buyer, Santa Claria County, the local municipality.
- 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 federal interest rate cuts have not occurred in 2026. 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%.
- The number of hospital transactions is down 20% YoY, largely due to policy uncertainties surrounding reimbursements.
- 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.

Source: Transwestern, CoStar, Revista

HISTORICAL

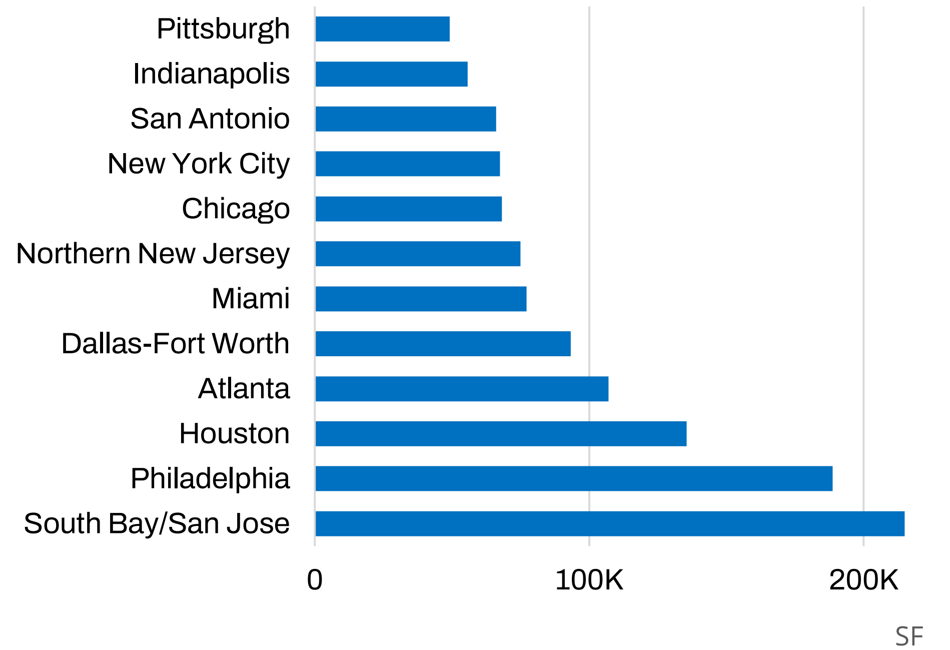




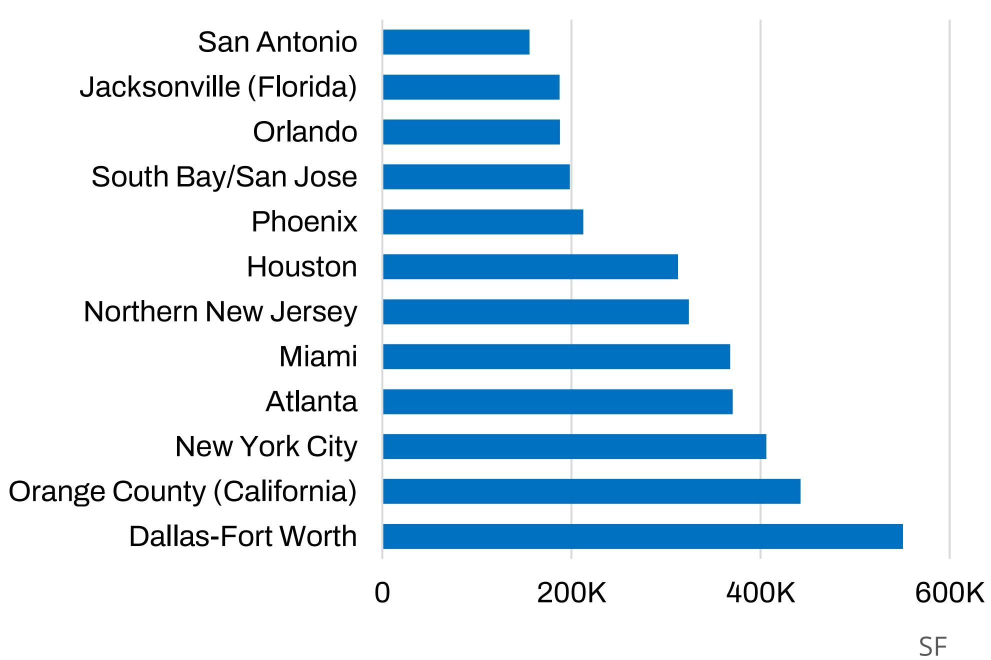


NET ABSORPTION

Net Absorption - Q1 2026

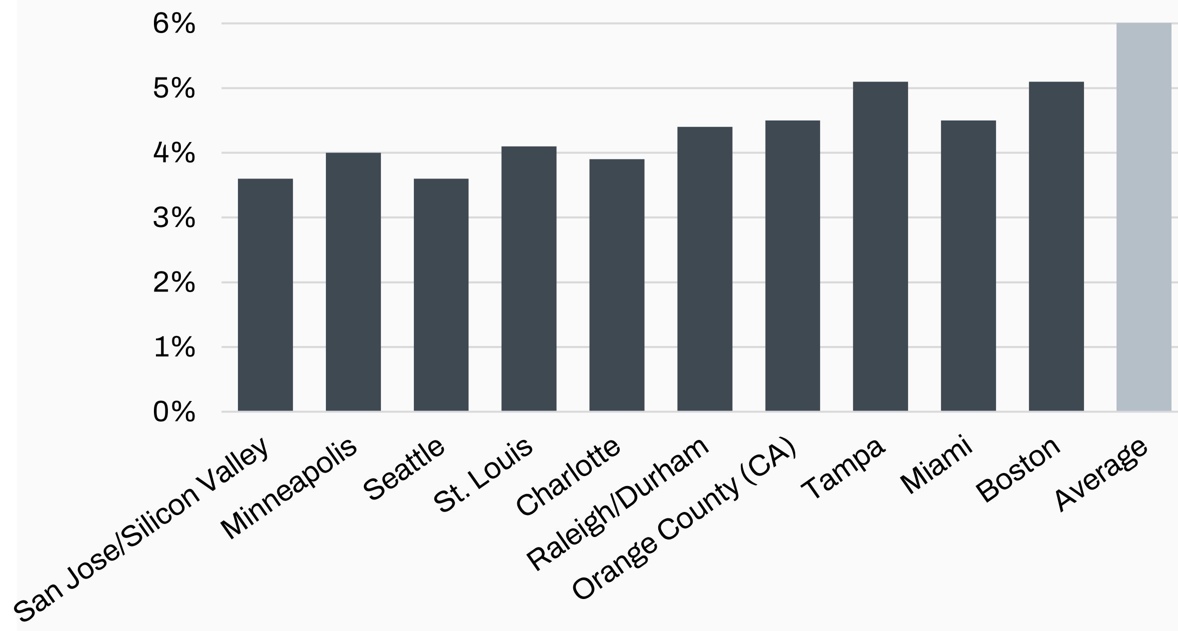


Trailing 12-Month Net Absorption

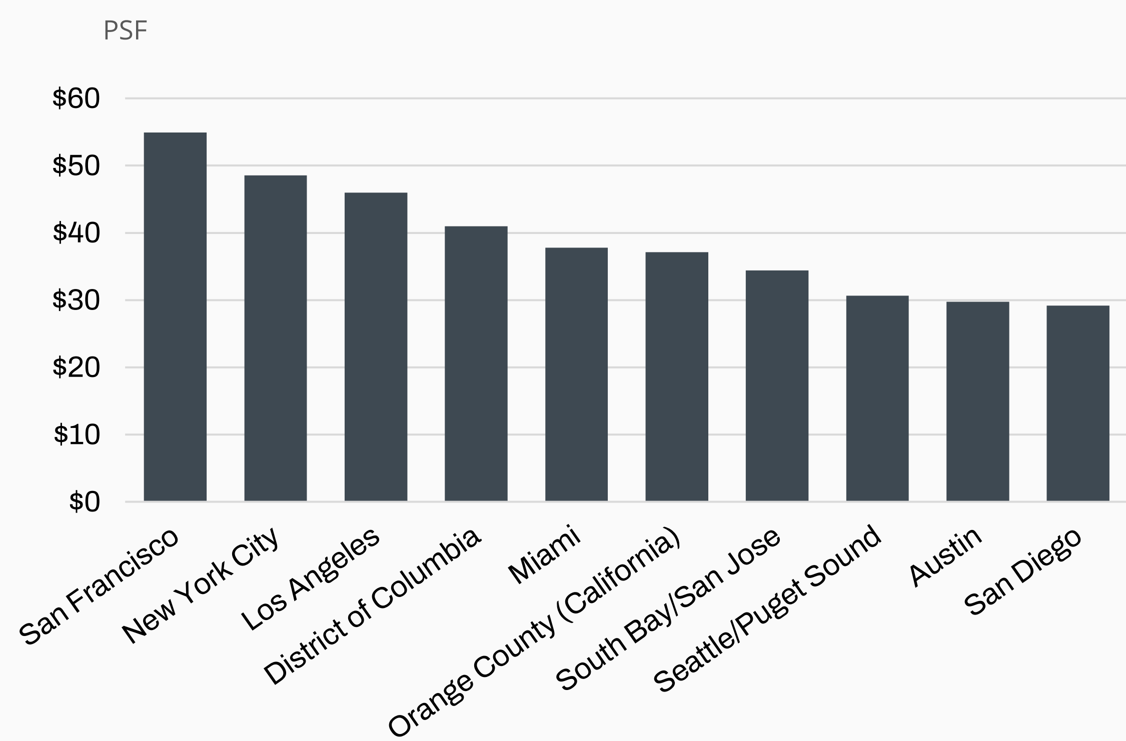


VACANCY/ASKING RENTS

Vacancy Rate – Q1 2026

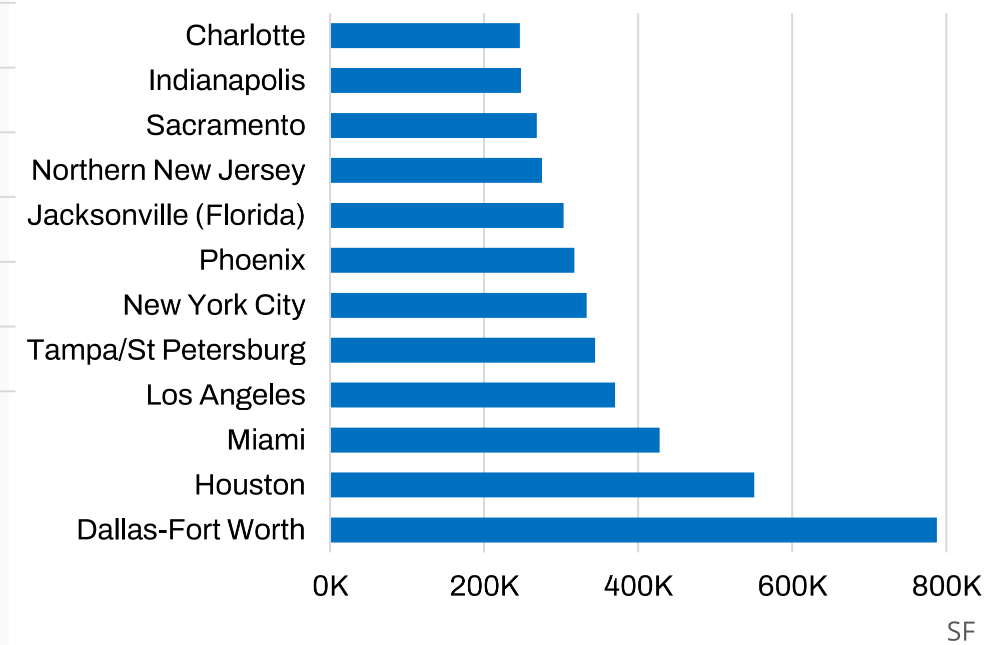


Net Asking Rents – Q1 2026

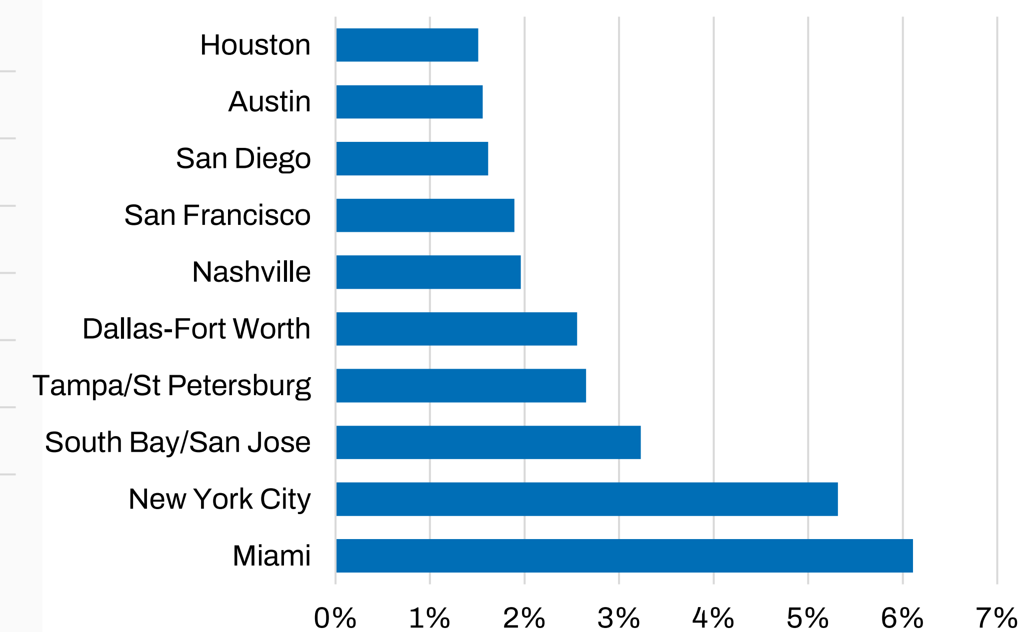


CONSTRUCTION

Total SF Under Construction – Q1 2026

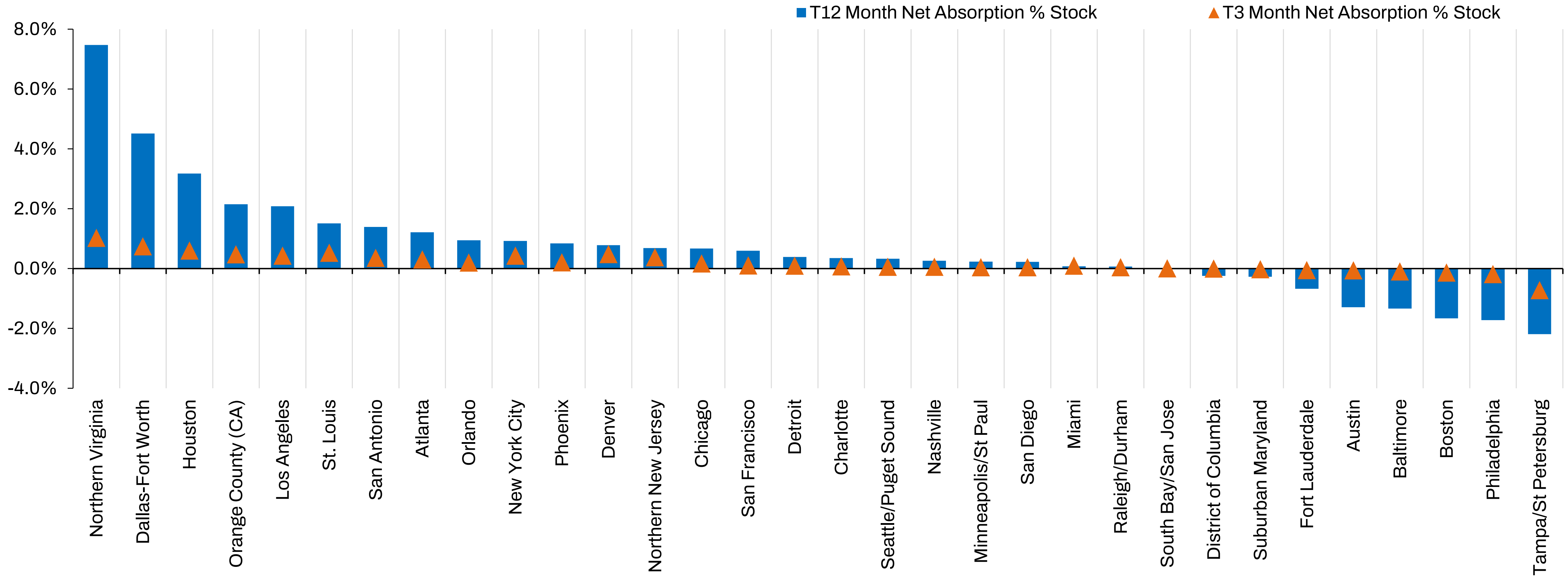


Construction As % of Stock – Q1 2026



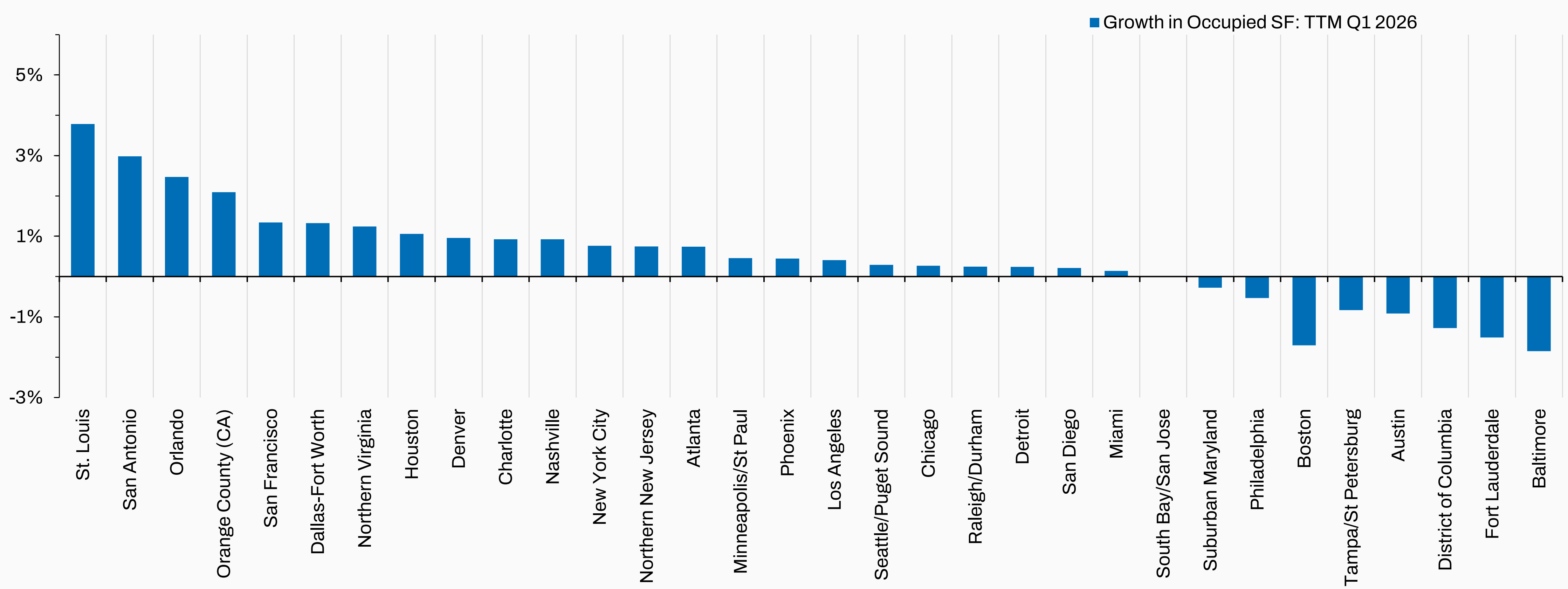
Source: Transwestern, CoStar, Revista

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

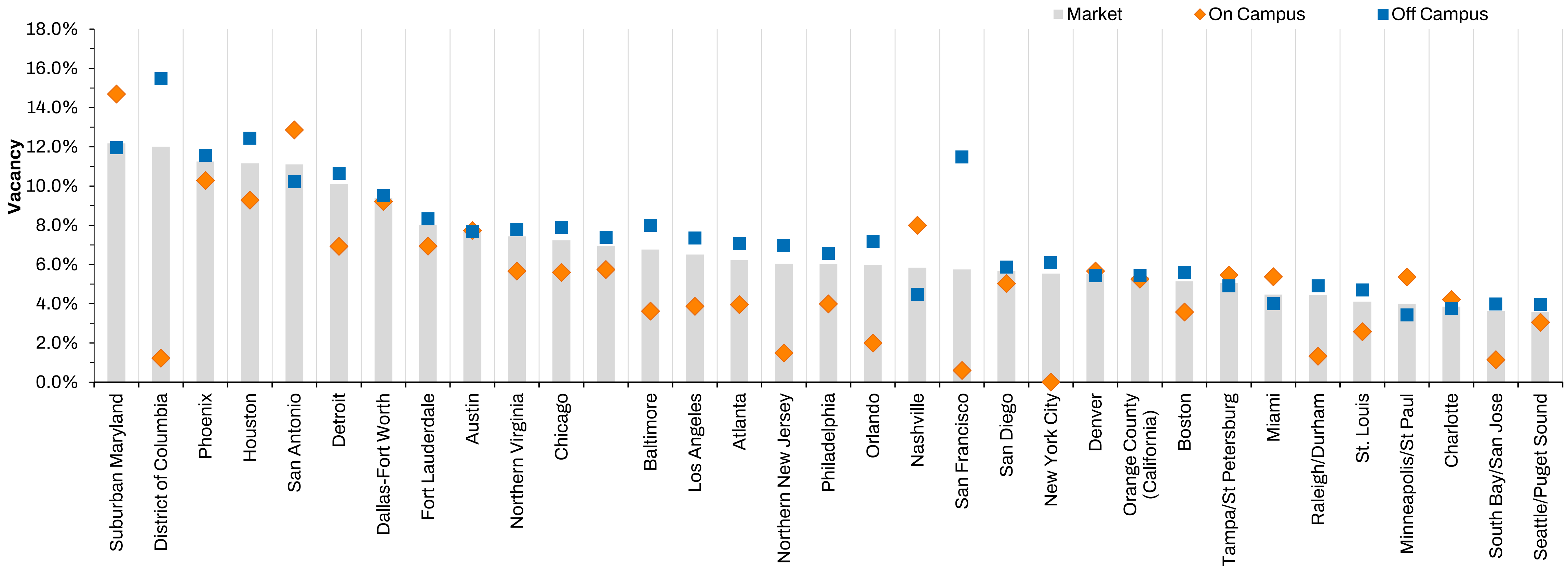


- This graph shows the growth of occupied space over the last four years.
- Sun Belt markets have experienced the hottest growth as systems and providers follow population trends and open new locations in rapidly growing areas.
- This southeastern growth can be attributed in part to the delivery of new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

Source: Transwestern, CoStar, Revista

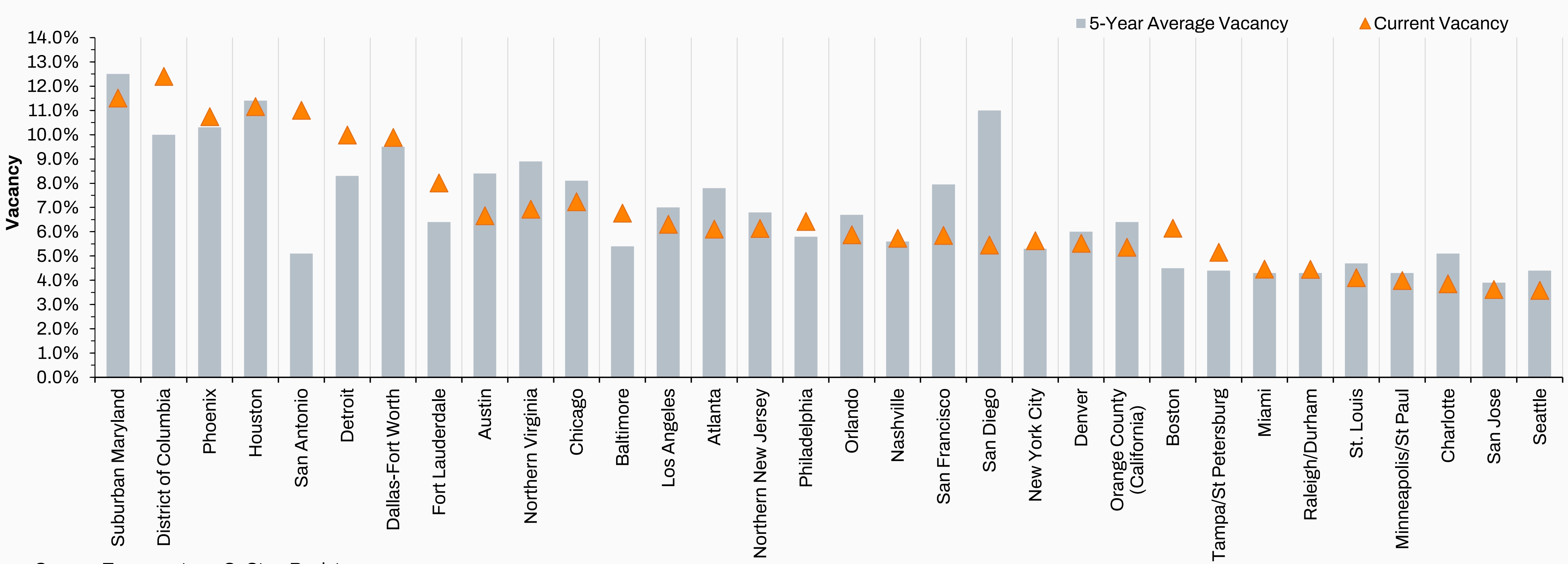
*Charts display select markets

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.

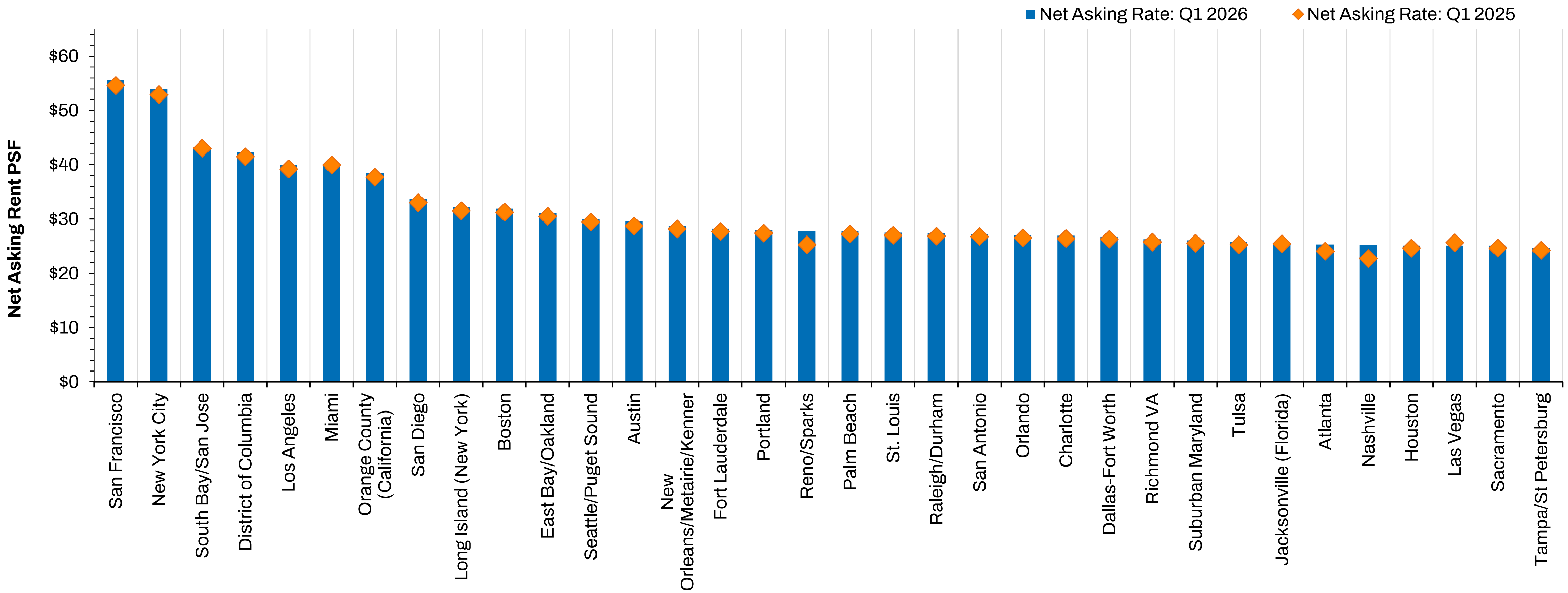
CURRENT VACANCY VS HISTORICAL NORM



Source: Transwestern, CoStar, Revista

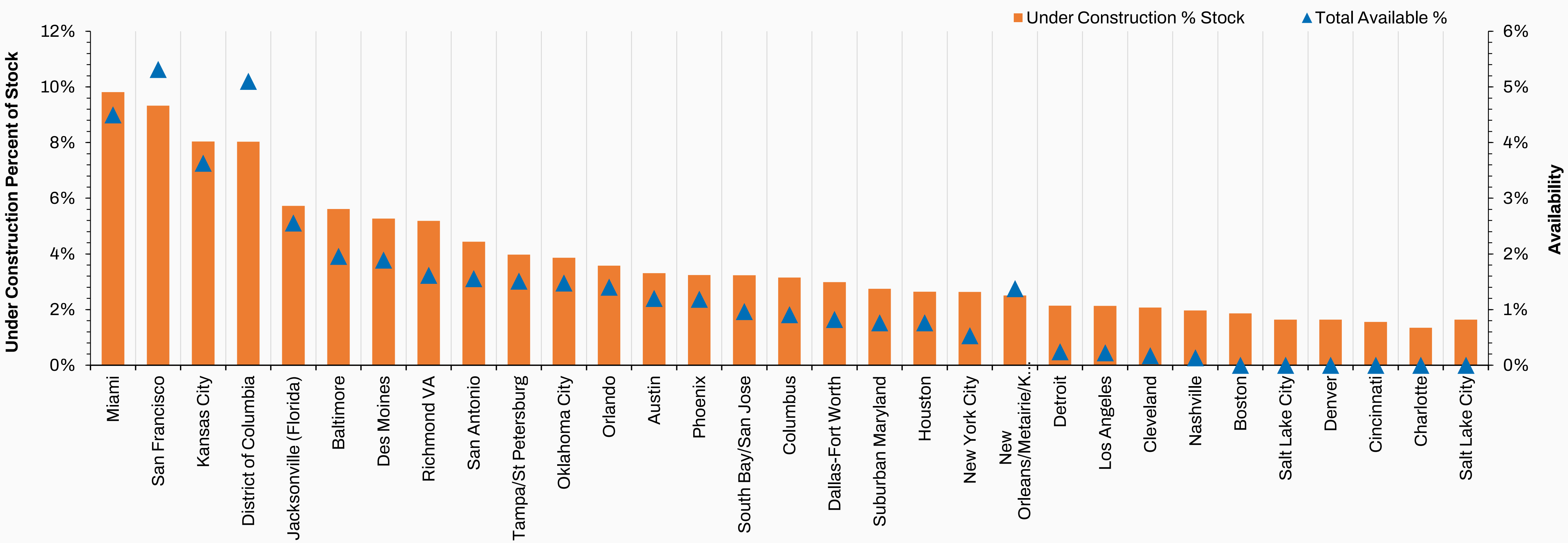
- This graph indicates the relative scarcity of space in each market, comparing the current vacancy rate to the five-year average.
- Vacancy sits below the five-year average in 20 of 35 markets.
- Currently San Diego, San Francisco and Atlanta have the lowest vacancy rates relative to their five-year 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.

RENTAL RATES*



- National NNN rents have remained relatively flat over the past four years, with a 0.1% increase in average asking rents in Q1.
- New product has been able to push rates higher, with +1.8% YoY among properties built in the last three years.
- In Q1, 13 markets saw in increase of over 5.0% YOY, and two experienced 7.0% growth YOY.
- The markets with the largest YOY rent growth are Reno, Salt Lake City, and Nashville.
- Las Vegas 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 Franciso 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

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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	32,256,657	6.0%	7.0%	3.5%	107,063	370,533	25.32	24.05	413,000
Austin	10,717,984	7.5%	7.5%	7.4%	26,816	99,106	29.62	28.73	373,000
Baltimore	13,611,637	6.9%	7.6%	5.1%	-3,605	-134,724	24.63	24.14	830,770
Boston	28,000,067	4.7%	5.1%	3.2%	-15,650	8,356	31.92	31.28	234,440
Charlotte	15,633,896	3.6%	3.2%	5.2%	17,922	128,153	26.95	26.41	156,950
Chicago	35,075,132	7.1%	7.8%	5.2%	68,151	78,338	24.67	24.18	413,150
Cincinnati	9,202,107	3.6%	5.0%	1.1%	38,818	-6,444	17.80	17.44	67,710
Cleveland	15,116,418	3.7%	5.2%	0.3%	15,482	111,568	19.17	18.79	507,778
Columbus	11,866,955	5.1%	6.5%	1.9%	-23,902	-25,702	17.44	17.09	635,300
Dallas-Fort Worth	36,660,563	9.3%	9.5%	9.1%	93,287	550,592	26.80	26.26	990,790
Dayton	5,005,798	3.2%	4.0%	0.8%	41,362	2,291	21.80	21.36	26,000
Denver	19,819,678	5.4%	5.4%	5.4%	-78,007	9,366	24.13	23.65	312,900
Des Moines	3,538,675	2.7%	3.4%	1.3%	-4,692	-35,261	17.93	17.57	183,000
Detroit	24,203,925	10.5%	10.5%	10.4%	-145,170	-58,433	19.45	19.06	342,000
District of Columbia	2,496,633	12.2%	15.8%	1.1%	6,314	-11,642	42.31	41.46	10,200
East Bay/Oakland	10,185,548	5.5%	6.7%	2.1%	-26,196	20,412	31.12	30.50	9,500
Fort Lauderdale	8,080,075	8.0%	7.6%	9.3%	-11,687	-94,239	28.25	27.69	9,000
Houston	38,285,771	11.3%	12.7%	9.3%	135,570	312,698	25.11	24.61	800,000
Indianapolis	13,176,303	5.1%	5.7%	3.9%	55,715	21,416	24.16	23.68	248,000
Inland Empire (California)	13,997,646	4.9%	5.1%	3.9%	-12,788	47,685	24.46	23.97	107,705
Jacksonville (Florida)	7,719,505	4.3%	7.0%	0.7%	-4,205	187,469	25.54	25.03	442,990
Kansas City	11,446,023	8.1%	7.9%	8.1%	-80,096	2,661	21.45	21.02	904,700
Las Vegas	10,048,093	7.1%	6.1%	10.4%	41,433	83,230	25.11	24.61	100,890
Long Island (New York)	12,971,831	5.0%	5.7%	0.0%	9,293	103,523	32.15	31.51	85,000
Los Angeles	41,407,094	6.8%	7.7%	4.1%	-25,312	92,259	39.99	39.19	989,000
Miami	11,959,435	4.1%	3.0%	6.5%	77,187	367,796	39.71	38.92	875,000
Milwaukee	9,826,133	4.8%	5.0%	3.8%	-92,035	12,491	17.73	17.38	8,000
Minneapolis/St Paul	16,913,704	4.5%	3.6%	6.4%	-48,159	-3,850	21.97	21.53	163,370
Nashville	11,774,873	5.9%	4.6%	7.9%	31,920	44,074	25.25	24.75	193,700

*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 York City	14,556,453	6.1%	6.7%	0.0%	67,490	405,998	53.99	52.91	333,000
Northern New Jersey	33,444,163	5.9%	6.6%	2.2%	75,006	324,345	21.52	21.09	275,000
Northern Virginia	15,021,045	7.3%	7.6%	5.8%	10,456	49,415	21.24	20.82	0
Oklahoma City	8,069,591	5.7%	7.1%	3.6%	24,323	97,257	22.36	21.91	310,100
Orange County (California)	16,021,835	5.4%	5.6%	5.2%	28,776	442,324	38.48	37.71	225,000
Orlando	13,323,686	6.0%	7.3%	1.5%	-2,972	187,821	27.04	26.50	519,840
Palm Beach	8,200,084	5.3%	5.5%	4.0%	-3,141	-52,282	27.78	27.22	105,000
Philadelphia	41,674,142	6.6%	6.9%	5.2%	188,766	-377,965	24.43	23.94	73,990
Phoenix	21,907,926	11.2%	11.9%	9.0%	-33,945	212,660	24.08	23.60	772,515
Pittsburgh	10,035,769	4.1%	5.7%	0.2%	49,146	114,665	21.75	21.32	22,000
Portland	12,226,437	4.3%	5.4%	2.1%	27,067	-73,152	27.98	27.42	67,500
Raleigh/Durham	11,177,916	4.8%	5.3%	1.3%	8,504	-60,673	27.38	26.83	14,400
Richmond VA	6,455,423	7.2%	6.9%	7.9%	-53,320	100,758	26.28	25.75	266,790
Sacramento	9,043,937	5.3%	5.7%	3.6%	26,869	66,920	25.11	24.61	558,290
Salt Lake City	10,991,021	3.6%	3.9%	3.0%	19,689	-29,961	23.45	22.98	180,000
San Antonio	13,151,640	11.5%	10.1%	14.3%	66,119	155,829	27.29	26.74	375,000
San Diego	13,928,988	5.3%	5.6%	4.2%	-2,233	68,938	33.69	33.02	23,330
San Francisco	7,578,323	5.2%	10.3%	0.6%	-4,315	53,149	55.69	54.58	710,770
Seattle/Puget Sound	18,174,935	3.5%	3.8%	3.2%	13,176	133,032	30.07	29.47	5,750
South Bay/San Jose	7,390,879	3.8%	4.2%	0.9%	215,024	198,419	42.88	42.02	164,000
St. Louis	12,877,274	4.0%	4.5%	2.7%	16,365	23,462	27.54	26.99	154,750
Suburban Maryland	14,000,351	11.9%	11.7%	14.6%	-58,708	73,063	26.08	25.56	55,000
Tampa/St Petersburg	19,006,408	4.7%	4.5%	5.0%	-26,573	153,536	24.71	24.22	485,000
Tulsa	5,956,061	2.5%	1.3%	3.6%	-92,048	$17.28	25.75	25.24	176,100
TOTAL	**680,738,908**	**5.8%**	**4.9%**	**6.1%**	**664,000**	**5,510,000**	**$27.55**	**$26.98**	**16,420**

*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

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate $64 billion [1] in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

1Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

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.