

# HOUSTON MEDICAL OFFICE MONTHLY MARKET SNAPSHOT | FEBRUARY 2022

Houston Medical Office inventory continues to expand.

## MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST MONTH OF THE YEAR—JANUARY 2022 COMPARED TO JANUARY 2021.

### VACANCY STAYS AT 16.6%

Overall vacancy for medical office space in the Houston market is at 16.6%, unchanged from this time last year. One month into 2022, medical office space has recorded about 158,000 sq. ft. of leasing activity comprised of both new leases and renewals, while net absorption (move-ins minus move-outs) registered at positive 149,000 sq. ft. So far this year, developments under construction stand at 1.0 million sq. ft., and 931,000 sq. ft. of space has been delivered. The average asking full-service rent is at \$26.22 per sq. ft., up 3.1% from this time last year at \$25.42, while Class A medical office space is averaging \$31.06 per sq. ft., down slightly from the prior period at \$31.15 per sq. ft.

### MEDICAL OFFICE CAMPUSES EXPAND IN SUGAR LAND AND ENERGY CORRIDOR

In December, Houston Methodist started construction on a six-story, 160,000-sq. ft. building and a seven-story, 1,150-car garage at 16655 Southwest Freeway in Sugar Land. The \$57 million project will deliver in the first quarter of 2023. In the first quarter of 2022, work will start on another six-story, 160,000-sq. ft. medical office building at the Houston Methodist West campus at 18500 Katy Freeway. The \$65 million project will also include a six-level, 1,000-car garage with completion set for the second quarter of 2023.

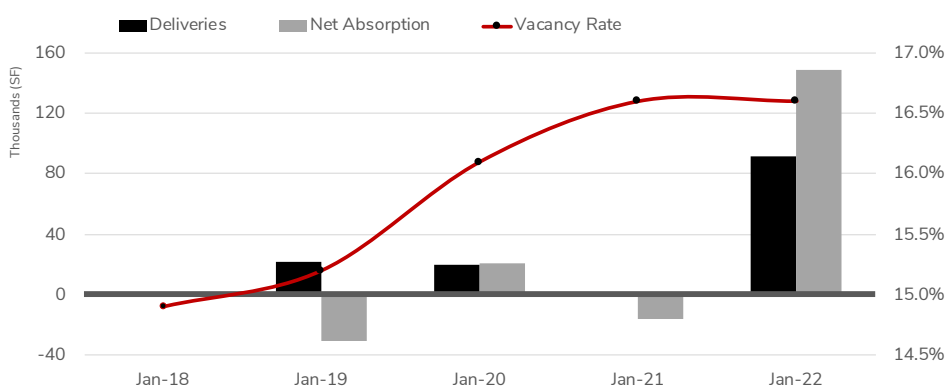
### GROWING POPULATION LEADS TO HEALTHCARE EXPANSION

As healthcare providers try to keep up with the state's growing population, HCA Healthcare is planning to build five hospitals, including two in the Austin area, and one each in Dallas, Houston and San Antonio. Specific details about the Houston hospital, including number of beds, weren't available. Last year, HCA Houston Healthcare added a new freestanding emergency department in Pearland and one in Alvin. In addition, a multimillion-dollar renovation is underway at HCA's Museum District hospital near the Texas Medical Center.

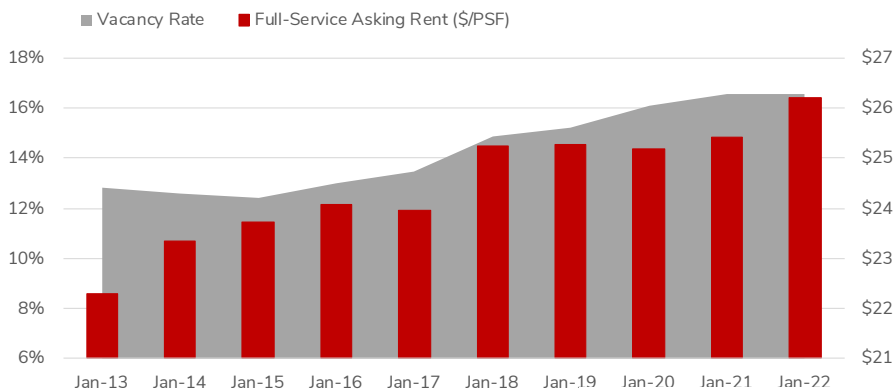
## MARKET ACTIVITY

	JANUARY 2022	vs	JANUARY 2021
Vacancy	16.6%	■	16.6%
Availability	20.8%	▲	20.1%
Under Construction SF	998,592	▲	931,222
Gross Average Asking Rent	\$26.22	▲	\$25.42
Net Absorption SF YTD	148,600	▲	-15,730
Leasing Activity SF YTD	157,579	▼	159,162
Deliveries SF YTD	91,395	▲	0

## SUPPLY & DEMAND | JANUARY - YEAR OVER YEAR



## VACANCY & RENT | JANUARY - YEAR OVER YEAR



**LETA WAUSON**

DIRECTOR OF RESEARCH  
leta.wauson@naipartners.com  
tel 713 275 9618

**partners**  
REAL ESTATE COMPANY  
www.naipartners.com

INDEPENDENTLY WRITTEN, RESEARCHED, EDITED, AND PRODUCED  
IN-HOUSE BY PARTNERS REAL ESTATE COMPANY