

HOUSTON MEDICAL OFFICE MONTHLY MARKET SNAPSHOT | AUGUST 2022

Houston's Texas Medical Center is home to some of the world's leading hospitals and facilities.

MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST SEVEN MONTHS OF THE YEAR—JULY 2022 COMPARED TO JULY 2021.

VACANCY AT 16.7%

The Houston market's vacancy for medical office space is at 16.7%, up 40 basis points from last year at 16.3%. Seven months into 2022, medical office space recorded about 588,000 sq. ft. of leasing activity comprised of both new leases and renewals, while net absorption (move-ins minus move-outs) registered at a positive 80,000 sq. ft., improved year over year from a negative 115,000 sq. ft. So far this year, developments under construction stand at 1.1 million sq. ft., while 235,000 sq. ft. of space has been delivered.

THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER NO. 1

U.S. News & World Report released its 2022-23 Best Hospitals list, which names The University of Texas MD Anderson Cancer Center No. 1 in the nation for cancer care. MD Anderson has been considered in the top two cancer hospitals in the U.S. since the U.S. News launched the survey in 1990. While securing the top rank for cancer care, MD Anderson also scored high national ranks for specialty treatments and continues to maintain its "High Performing" rating on the U.S. News list for numerous adult procedures and conditions.

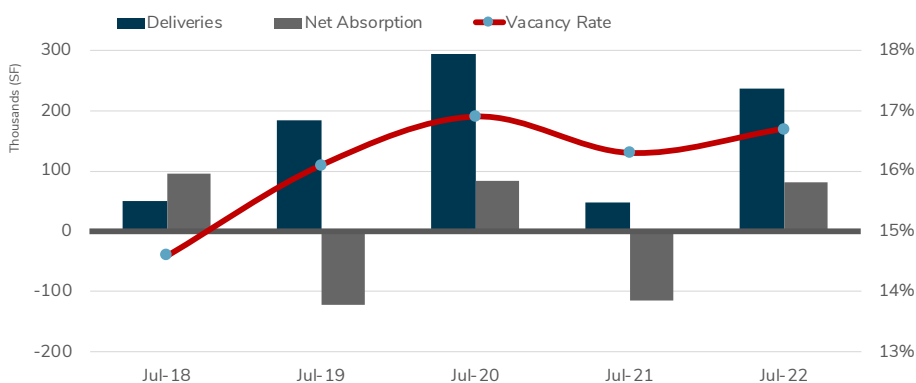
WOMEN'S HEALTH CENTER COMPLETES FIRST PHASE

Texas Children's Pavilion for Women has completed the first phase of a \$201 million, multi-year expansion at the Texas Medical Center. In addition, across the street, construction is underway to convert the former Baylor Clinic building to accommodate all the outpatient OB/GYN practices at the Pavilion for Women. The 190,000-sq.-ft. building, known as Texas Children's Hospital's Main Tower, will connect by sky bridge to the Pavilion for Women. The entire project is planned for completion in 2024.

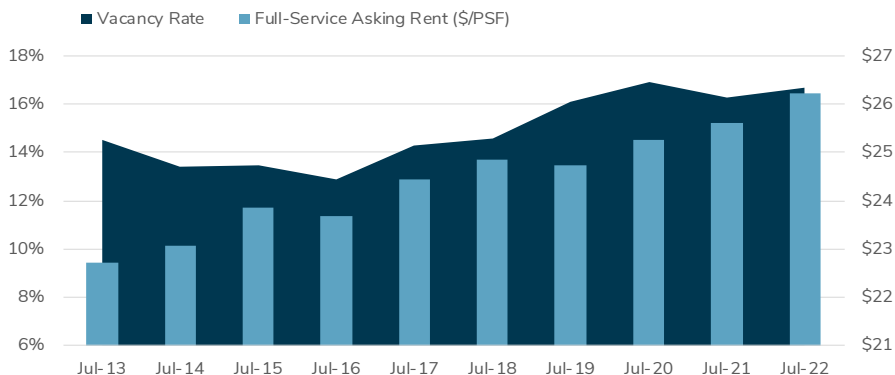
MARKET ACTIVITY

| | JULY 2022 | vs | JULY 2021 |
|---------------------------|-----------|----|-----------|
| Vacancy | 16.7% | ▲ | 16.3% |
| Availability | 21.5% | ▲ | 19.7% |
| Under Construction SF | 1,130,859 | ▲ | 1,100,771 |
| Gross Average Asking Rent | \$26.22 | ▲ | \$25.62 |
| Net Absorption SF YTD | 80,129 | ▲ | -114,885 |
| Leasing Activity SF YTD | 588,032 | ▼ | 1,189,529 |
| Deliveries SF YTD | 234,819 | ▲ | 48,000 |

SUPPLY & DEMAND | JULY - YEAR OVER YEAR



VACANCY & RENT | JULY - YEAR OVER YEAR



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