

HOUSTON MEDICAL OFFICE Monthly Market Snapshot

JULY 2020

Market Highlights

Vacancy at 16.8%. Overall vacancy for medical office space in the Houston market is at 16.8%, up from 16.2% this time last year. Leasing activity—which is comprised of both new leases and renewals—has recorded 1.0 million sq. ft., while net absorption (move-ins minus move-outs) is at 17,000 sq. ft., back in black since year-end 2019, and up significantly from -137,000 sq. ft. as of July 2019. So far this year, developments under construction stand at 490,000 sq. ft., and deliveries are at 170,000 sq. ft. The average asking full-service rent is at \$25.64 per sq. ft., up slightly from last year at this time, while Class A medical office space is averaging \$33.02 per sq. ft., down from the prior period at \$33.36 per sq. ft.

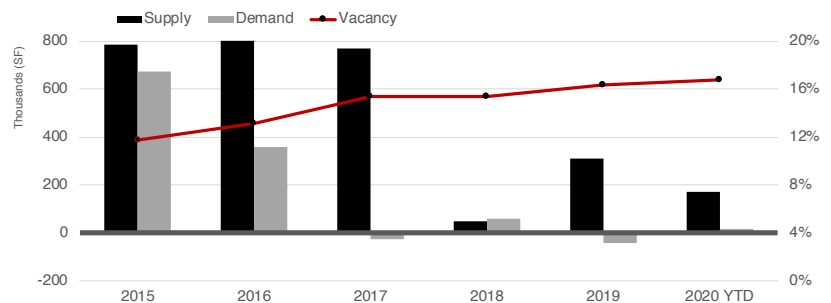
Life Science-based mixed-use development will be adjacent to the Texas Medical Center. Hines announced plans to redevelop a 52-acre site near the intersection of Texas 288 and Holcombe Blvd., next to the Texas Medical Center. Hines and 2ML Real Estate Interests will call the project Levit Green. The Levit family, which has owned the property for generations, is in partnership with Hines, thus naming the project Levit Green. Construction on the project is scheduled to begin in 2021 creating a new and needed destination for Houston's rapidly growing life sciences sector.

116,500-sq.-ft. medical office project underway. Healthpeak Properties has begun construction on a five-story building located at 7500 Fannin St. on the campus of The Woman's Hospital of Texas, near the Texas Medical Center. The property is 36% preleased. The new medical office building and garage are expected to be completed in December 2021.

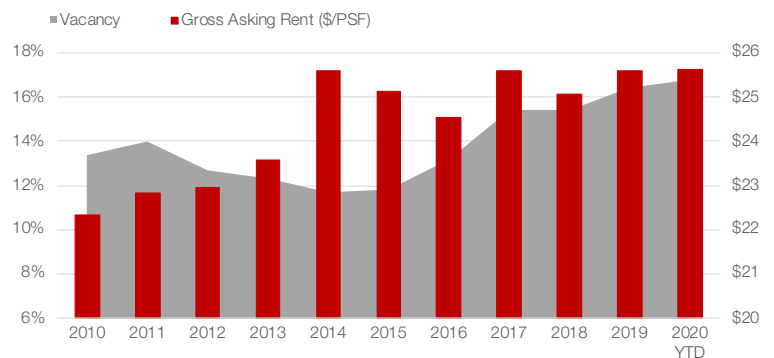
Market Activity

	Year-over-Year	
	July 2020	July 2019
Vacancy	16.8% ▲	16.2%
Availability	18.2% ▲	17.5%
Net Absorption (SF)	16,575 ▲	-136,557
Leasing Activity (SF)	1,028,349 ▲	622,806
Deliveries (SF)	170,243 ▲	123,943
Under Construction (SF)	480,830 ▲	410,559
Gross Avg Asking Rent (PSF)	\$25.64 ▼	\$25.67

Supply & Demand



Vacancy & Rent



Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIPartners

HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com