

# HOUSTON MEDICAL OFFICE MONTHLY MARKET SNAPSHOT | SEPTEMBER 2021

Texas Medical Center breaks ground on \$1.8 billion life sciences campus

## MARKET HIGHLIGHTS

### VACANCY AT 18%

Overall vacancy for medical office space in the Houston market is at 18.0%, up 20 basis points from 17.8% this time last year. Office medical space has recorded more than 1 million sq. ft. of leasing activity year-to-date—which is comprised of both new leases and renewals—while net absorption (move-ins minus move-outs) is at negative 344,000 sq. ft. So far this year, developments under construction stand at 880,000 sq. ft. One 48,000-sq.-ft. property has delivered in 2021. The average asking full-service rent is at \$26.68 per sq. ft., up 3.8% from last year at this time, while Class A medical office space is averaging \$32.36 per sq. ft., up 7.7% from the prior period at \$30.04 per sq. ft.

### \$1.8 BILLION LIFE SCIENCES CAMPUS BREAKS GROUND

The Texas Medical Center has broken ground on phase one of the 37-acre TMC3 that includes 950,000 sq. ft. of research space anchored by a 700,000-sq.-ft. facility focused on life sciences. Also included is the 150,000-sq.-ft. TMC3 Collaborative Building, a 521-room hotel with 65,000 sq. ft. of conference space, a 350-unit residential tower, and 18.7 acres of double-helix-shaped public park space. Phase one is expected to open in fall 2023, while the launch dates of additional phases of TMC3 are still being decided. It is reported that when fully built out, the TMC3 campus will total 6 million sq. ft. of development. The campus is expected to generate up to \$5.4 billion in annual economic growth for Texas, as well as 42,000 new jobs.

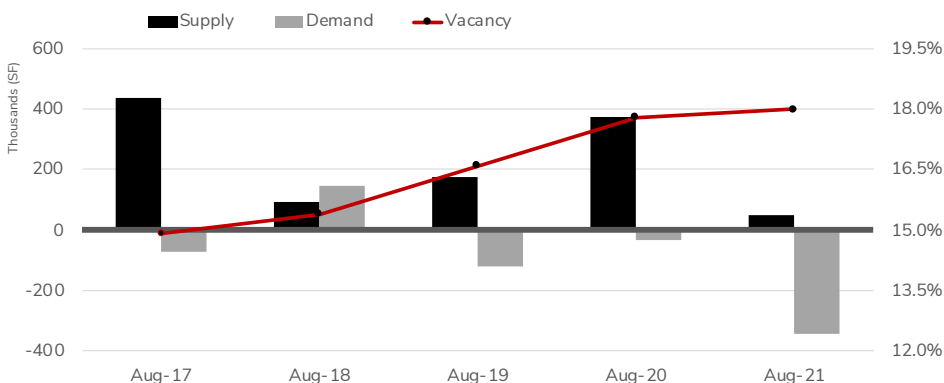
### ATTRACTING MORE LIFE SCIENCES COMPANIES TO HOUSTON

Projects such as TMC3, The Ion, Texas A&M Innovation Plaza, Innovation Tower, and Levit Green are expected to encourage more startups in the area, growing into larger users, that will need more specialized space in the future.

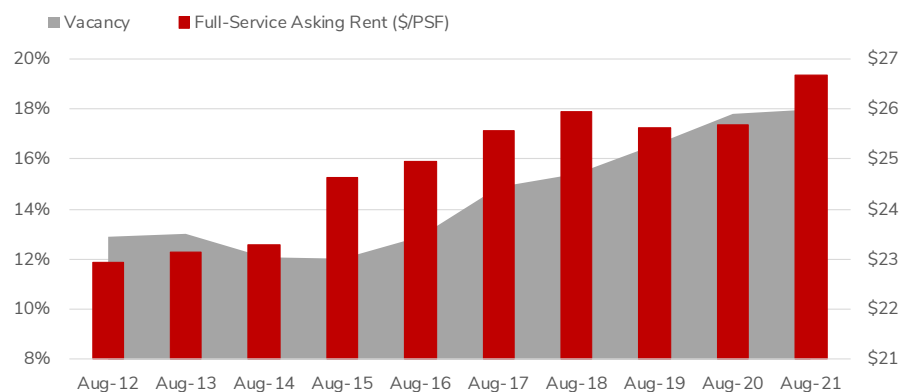
## MARKET ACTIVITY

	AUGUST 2021	vs	AUGUST 2020
Vacancy	18.0%	▲	17.8%
Availability	21.3%	▲	20.4%
Under Construction SF	880,175	▲	836,780
Gross Average Asking Rent	\$26.68	▲	\$25.70
Net Absorption SF YTD	-344,427	▼	-33,751
Leasing Activity SF YTD	1,009,711	▼	1,362,025
Deliveries SF YTD	48,000	▼	372,483

## SUPPLY & DEMAND | AUGUST - YEAR OVER YEAR



## VACANCY & RENT | AUGUST - YEAR OVER YEAR



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