

HOUSTON MEDICAL OFFICE MONTHLY MARKET SNAPSHOT | NOVEMBER 2021

Houston Medical Office asking rent rises to all-time high

MARKET HIGHLIGHTS

VACANCY AT 17.4%

Overall vacancy for medical office space in the Houston market is at 17.4%, up 10 basis points from 17.3% this time last year. Office medical space has recorded more than 1.2 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) has broken even at negative 1,450 sq. ft. So far this year, developments under construction stand at close to 1.2 million sq. ft. One 48,000-sq.-ft. property has delivered in 2021. The average asking full-service rent is at \$26.49 per sq. ft., up 1.8% from last year at this time, while Class A medical office space is averaging \$32.06 per sq. ft., up 2.8% from the prior period at \$31.20 per sq. ft.

FIRST COMMERCIAL LAB SPACE IN LEVIT GREEN

Hines, Harrison Street, and 2ML Real Estate have broken ground on the first building at Levit Green, a new mixed-use life science district on more than 53 acres adjacent to the Texas Medical Center. The 270,000-sq.-ft. building is the first development for the larger nine-building Levit Green masterplan. The five-story building will also include wet lab and incubator space. Levit Green Building I will deliver in Q4 2022 with initial occupancy in December 2022. As the former home of The Grocers Supply Co., the land on which Levit Green is being developed has a long history of being an essential place for commerce within Houston.

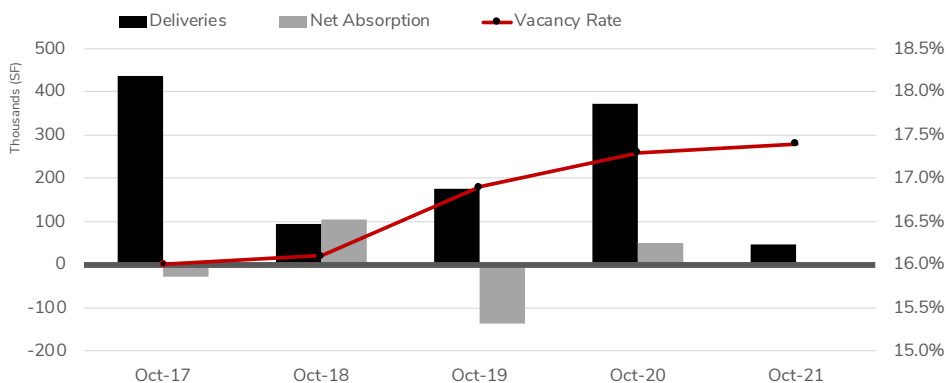
MEDICAL SPACE DEMAND

Houston has been expanding its life science sector and attracting more bioengineering activity and biomanufacturing prospects. Houston was named one of the top 10 emerging life sciences markets to watch in part because of its high concentration of local residents with degrees in STEM fields and its salaries in the industry likely to attract talent, according to area professionals.

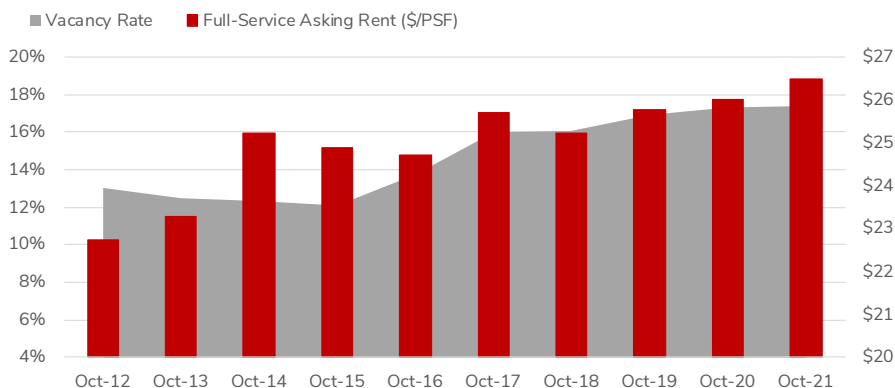
MARKET ACTIVITY

	OCTOBER 2021	vs	OCTOBER 2020
Vacancy	17.4%	▲	17.3%
Availability	21.2%	▲	21.0%
Under Construction SF	1,160,128	▲	873,733
Gross Average Asking Rent	\$26.49	▲	\$26.03
Net Absorption SF YTD	-1,450	▼	49,478
Leasing Activity SF YTD	1,262,505	▼	1,595,393
Deliveries SF YTD	48,000	▼	427,270

SUPPLY & DEMAND | OCTOBER - YEAR OVER YEAR



VACANCY & RENT | OCTOBER - YEAR OVER YEAR



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