



HEALTHCARE SECTOR

Healthcare Trends

Healthcare Sector Surges As Digital Technologies Advance



■ Aging Population

Higher demand for long-term care and disease management are creating evolving solutions for meeting patient needs.



■ Labor

By 2030, the global health care sector will need an estimated 80 million more workers to meet demand.



■ Consumerization

Patients are expecting more convenience, transparency, and access to digital health tools.



■ Cybersecurity Concerns

The proliferation of digital health records and IoT devices is creating an increased need for data protection.



■ AI & Machine Learning

Predictive analytics, improved diagnostics, tailored medicine, and workflow automation are creating efficiencies.



■ Telehealth Expansion

Growth in virtual care services, remote patient monitoring, and telemedicine create convenience for patients and cut cost for providers.

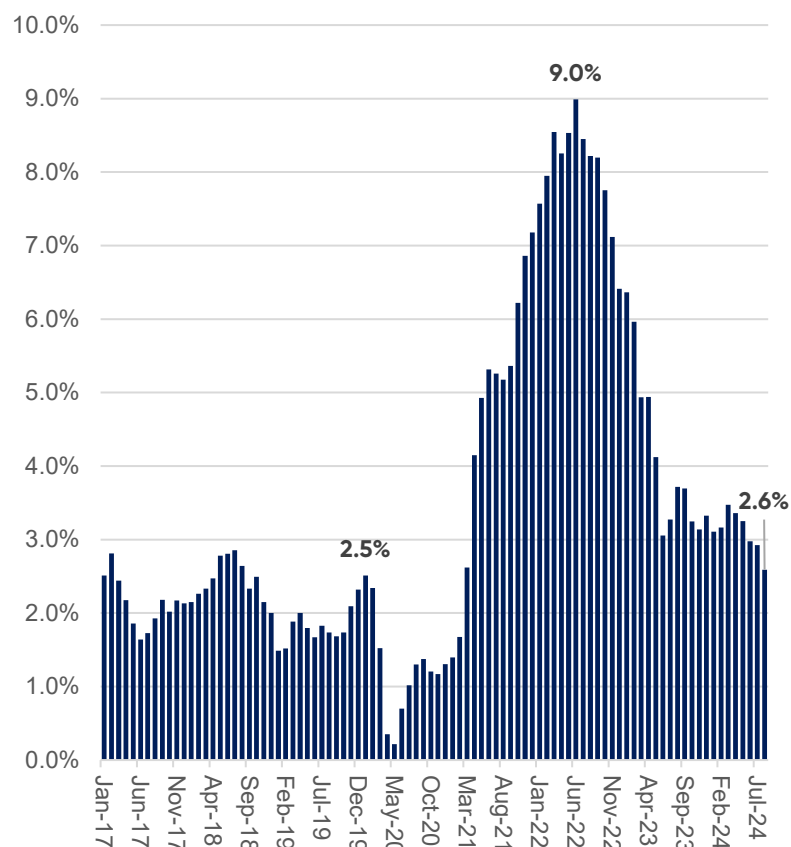


The annual increase of the Consumer Price Index fell to 2.6 percent in August, the lowest rate since before the start of the pandemic. After several increases in interest rates to help curb inflation, the Fed cut rates in September by 50-basis points. The services and housing sector are leading inflation over the past year. As consumer spending slows, the need for durable goods has dropped, causing prices to fall over the past year.

Economy

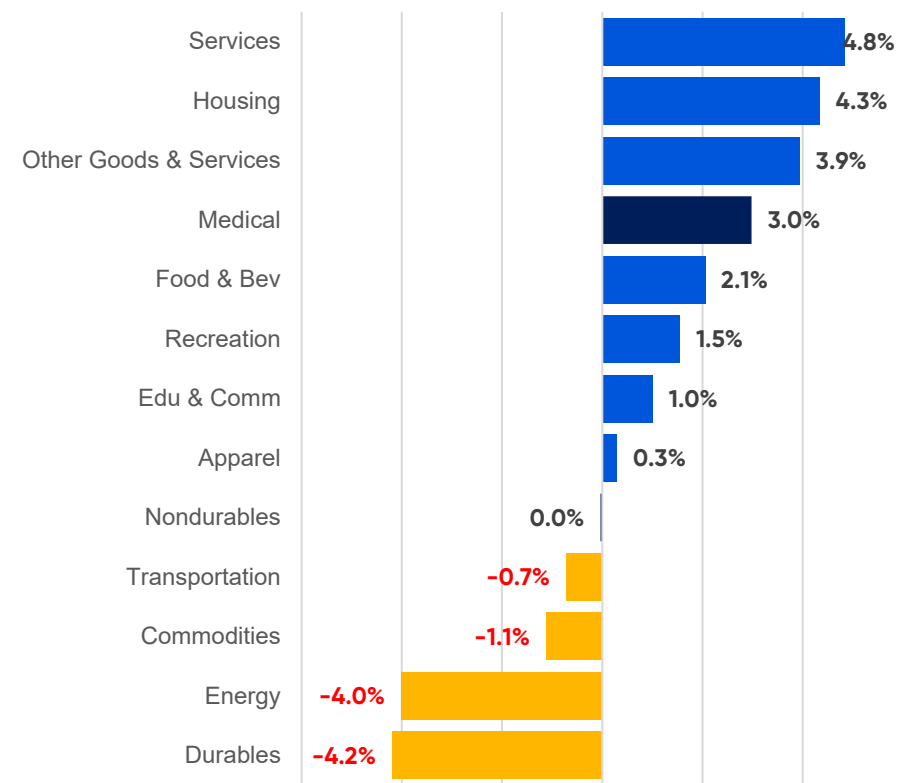
Inflation Falls Closer to Pre-Pandemic Levels, as Medical Sector Prices Tick Higher

Consumer Price Index (12-Month Change)



Source: U.S. Bureau of Labor Statistics, <https://bls.gov>, Consumer Price Index (CPI)

Consumer Price Index by Sector (12-Month Change)



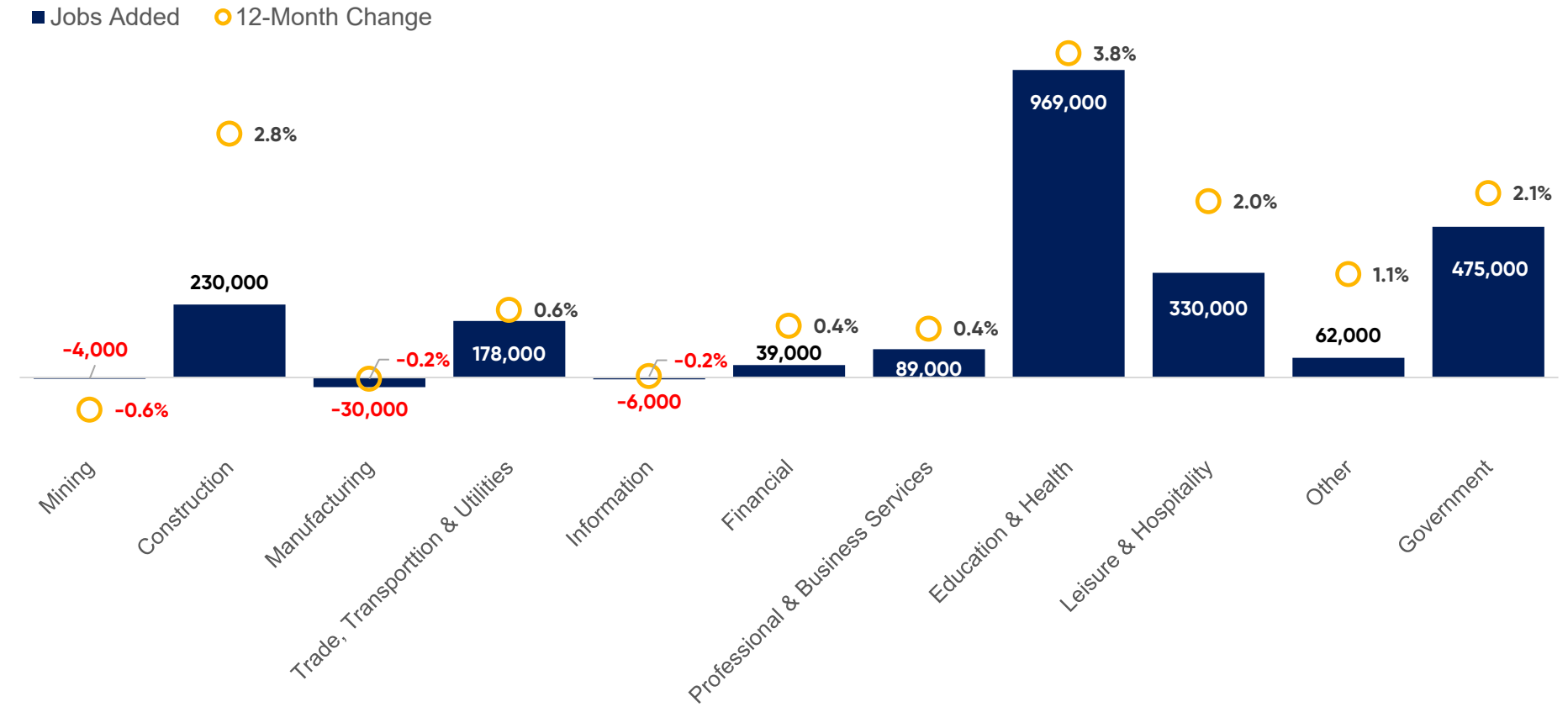
Source: U.S. Bureau of Labor Statistics, <https://bls.gov>, Consumer Price Index (CPI)

Demand leads to increases in education/health sector jobs. The jobs being added are not concentrated in traditional office-occupying sectors which have declined or remained flat in the past year. The leisure and hospitality and government sectors added a significant number of jobs in the past 12-months. After a year of overall limited job growth, the Bureau of Labor Statistics announced employment jumped a surprising 254,000 in September.

Labor

Education/Healthcare Add Nearly a Million Jobs in the Past Year

Job Creation by Sector (12-Month Change)



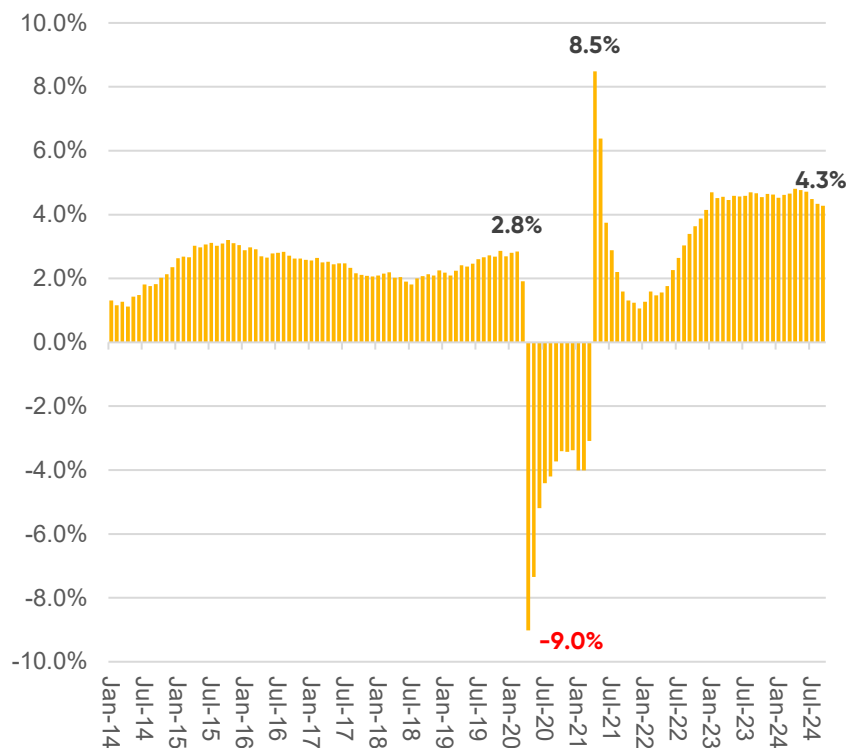
Source: U.S. Bureau of Labor Statistics, <https://bls.gov>

The healthcare and social assistance sector have consistently outperformed annual growth percentages compared to the pre-pandemic era. Since the start of 2022, 2.54 million jobs have been added, representing a 12.7 percent increase in less than 3 years.

Labor

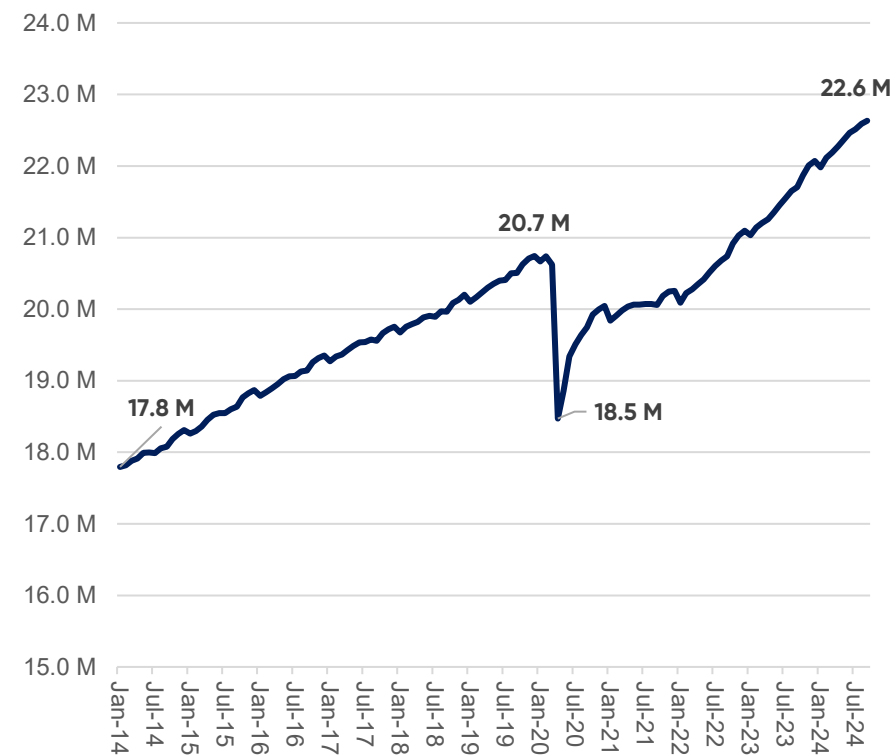
Healthcare Job Creation Continues to Outperform Other Sectors

Healthcare & Social Assistance (12-Month Change)



Source: U.S. Bureau of Labor Statistics, <https://bls.gov>

Healthcare & Social Assistance Jobs



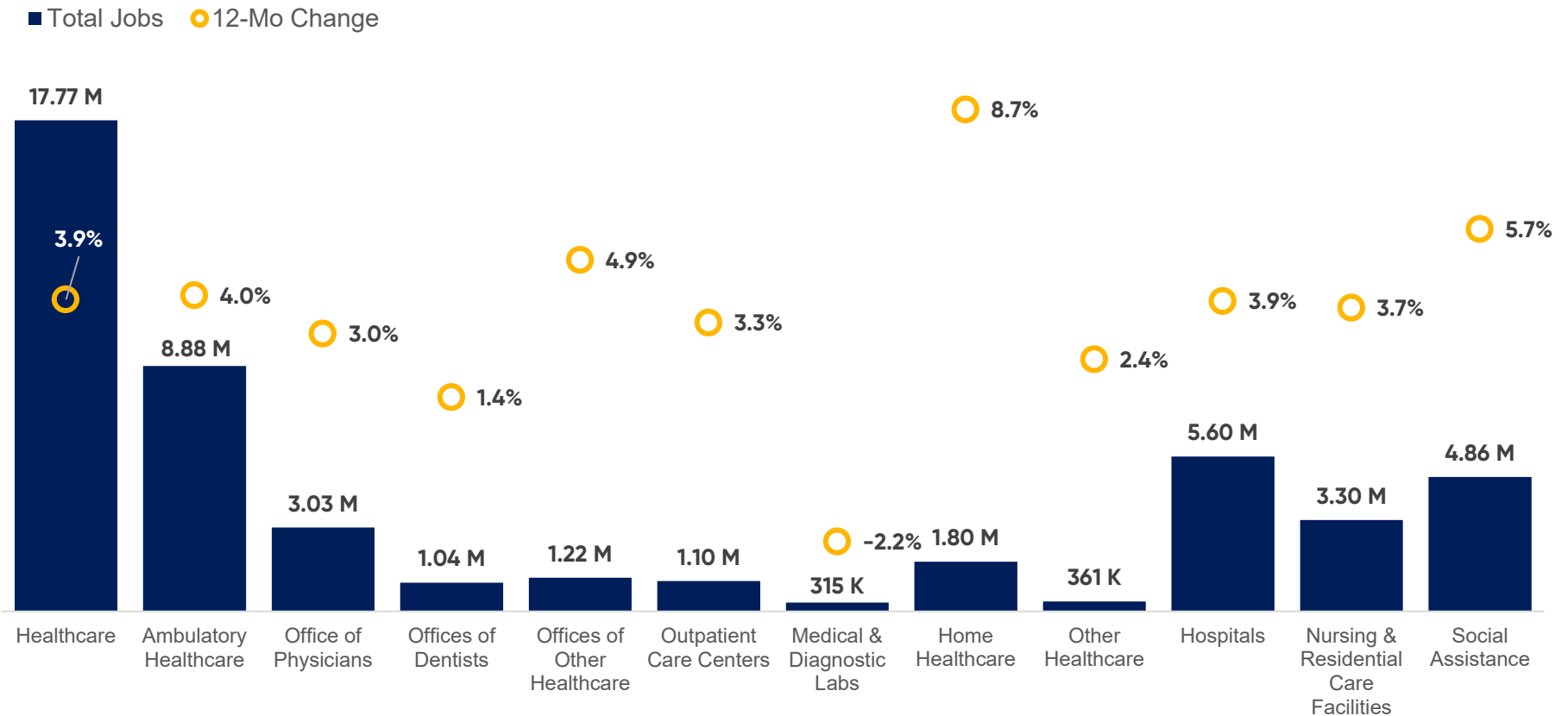
Source: U.S. Bureau of Labor Statistics, <https://bls.gov>

The home healthcare and nursing & recreational care facilities sectors have seen substantial growth. There has been a rising demand for home care as an aging baby boomer generation need specialized care. Hospitals, social assistance, outpatient care centers, ambulatory healthcare, and offices of physicians also experienced growth over three percent in the past year. Meanwhile, employment in medical and diagnostic labs fell over the past 12-months.

Labor

Ambulatory Healthcare and Hospitals Add the Most Jobs in the Past Year

Healthcare Sector Total Jobs & 12-Month Change



Source: U.S. Bureau of Labor Statistics, <https://bls.gov>

Healthcare Real Estate Trends



**Healthcare Sector Well-Positioned
for Steady Growth**

Over the past year, healthcare real estate has experienced significant shifts driven by evolving patient care models and demographic trends. There has been a notable rise in demand for outpatient facilities and medical office buildings (MOBs) as healthcare providers move services out of traditional hospitals to more convenient, lower-cost community settings. Meanwhile, retail-to-medical conversions have become popular, repurposing vacant retail spaces into urgent care centers and wellness hubs. Real estate designs have also adapted, prioritizing infection control, ventilation, and patient safety, reflecting heightened awareness post-pandemic. Overall, healthcare real estate remains a resilient sector, despite a slowdown in rent growth and thinning construction pipeline.

Tenant View

- The trend of opening complimentary medical offices and medical services in satellite locations will require healthcare systems to think critically about aligning growth/ business plans with site optimization of new facilities.
- The weak traditional office market and strong demand in the healthcare sector has provided opportunities for conversion to medical/healthcare uses.
- Healthcare development slows due to increasing construction costs, diminishing risk tolerances and elevated interest rates.

Real Estate Trends

Medical Office Buildings – Top 10 Largest Metros: Fast Facts

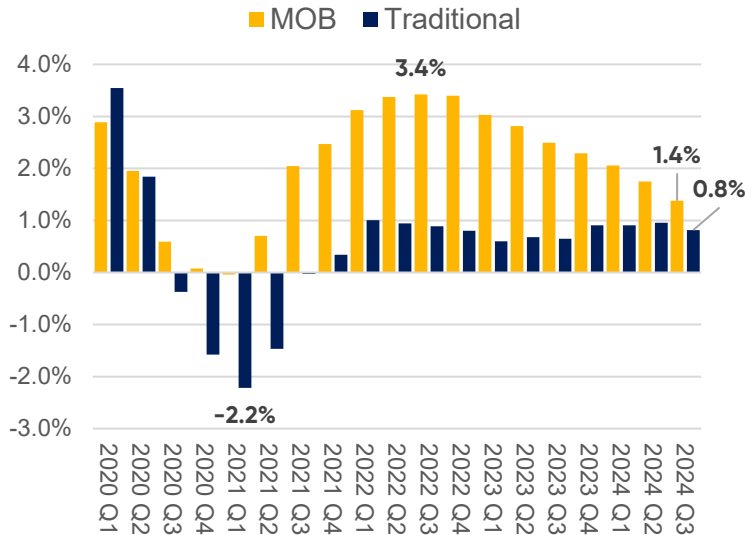
The US medical office building (MOB) market has leveled off in the past year, while traditional office markets have generally continued to deteriorate. Overall, net absorption remains firmly positive for the MOB market. Occupancy is above 90 percent but US rent growth has slowed to below 1 percent as economic conditions soften. After several years of new deliveries, new construction for medical office buildings has cooled as costs and rising rates curb starts.

Metro	Inventory SF	Asking Rent (\$/SF)	Rent Growth (12 mo.)	Occupancy Rate	Net Absorption SF (12 mo.)	Deliveries SF (12 mo.)	Under Construction SF
United States	1,636,809,722	\$27.89	0.76%	90.8%	5,206,512	9,676,165	12,772,687
New York City	68,414,213	\$39.04	0.88%	88.5%	242,433	866,672	1,018,440
Los Angeles	48,002,415	\$41.03	0.81%	89.9%	163,374	110,070	138,208
Chicago	54,583,756	\$25.08	0.97%	86.7%	440,614	373,128	64,450
Houston	54,206,015	\$29.34	0.96%	84.6%	1,031,995	1,186,939	1,283,202
Dallas	46,360,474	\$30.23	1.10%	84.6%	(190,604)	197,886	879,149
Washington, DC	53,057,036	\$31.49	0.38%	87.4%	(411,887)	238,138	757,290
Philadelphia	40,848,283	\$27.66	0.47%	88.6%	730,860	459,138	554,800
Atlanta	34,302,975	\$26.93	1.09%	90.7%	647,327	144,264	157,829
Phoenix	27,261,749	\$29.67	0.75%	85.6%	(175,446)	97,000	336,400
Miami	20,321,501	\$48.72	2.87%	92.2%	(232,916)	129,824	273,006

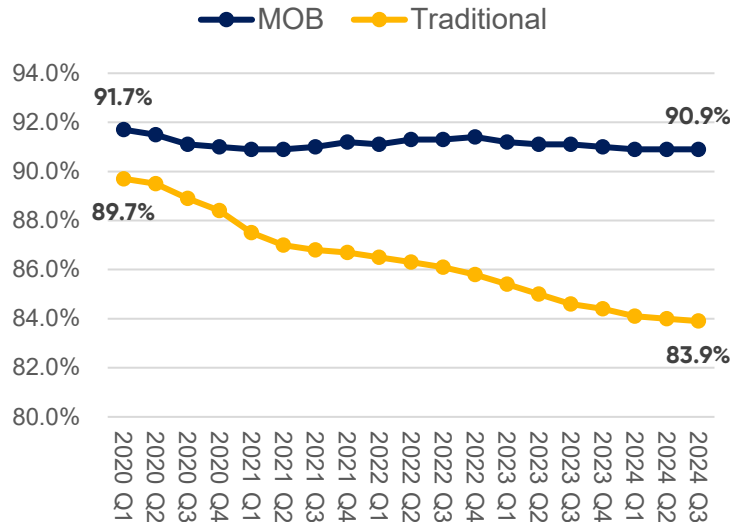
Real Estate Trends

Market	Rent Growth (12 mo.)	Occupancy Rate	Net Absorption SF (12 mo.)	Deliveries SF (12 mo.)	Under Construction SF	Under Construction SF as % of Inventory	Average Cap Rate
MOB	0.8% ↓	90.8% ↔	5,206,512 ↔	9,676,165 ↓	12,772,687 ↓	0.78% ↓	7.55% ↑
Traditional	0.5% ↔	83.9% ↔	(30,300,603) ↑	48,656,986 ↓	92,207,754 ↓	1.25% ↓	8.25% ↑

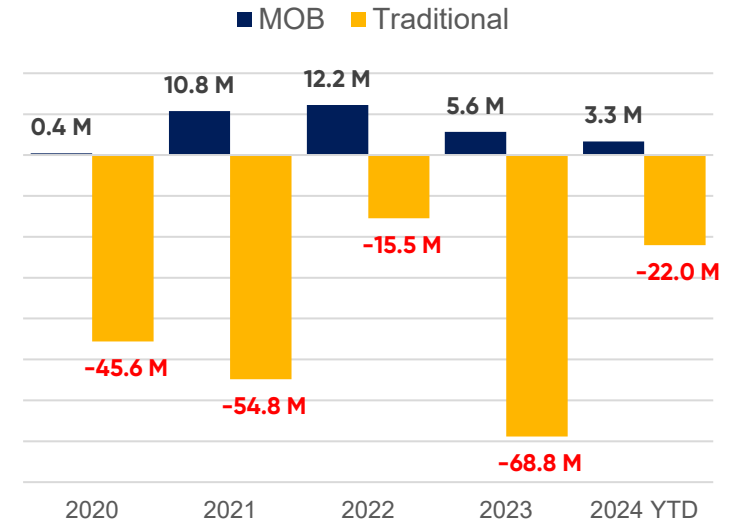
Annual Rent Growth



Occupancy



Net Absorption



Markets with strong construction pipelines and robust deliveries track closely with markets with the highest recorded net absorption over the past 12-months. While occupancy remains high in most markets, Charleston recorded the highest occupancy levels, followed closely by Seattle in the past year.

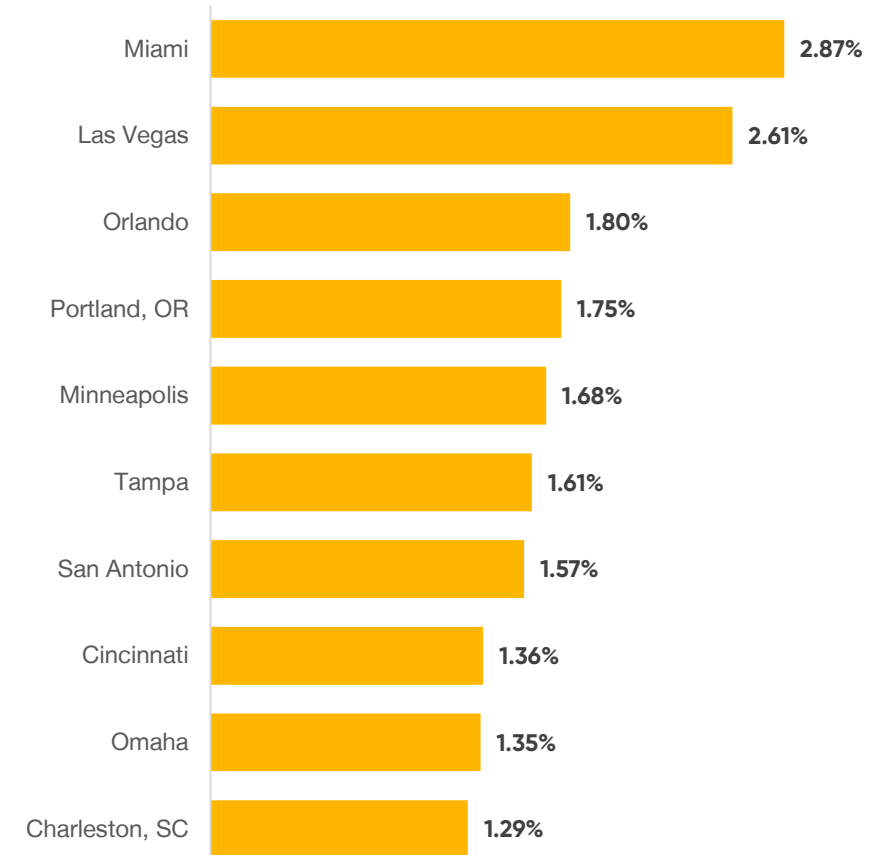
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Medical Office Buildings – Top 10 Markets: **Highest Asking Rent and Highest Rent Growth**

Highest Rent – Q3 2024



Highest Rent Growth – 12-Month Change

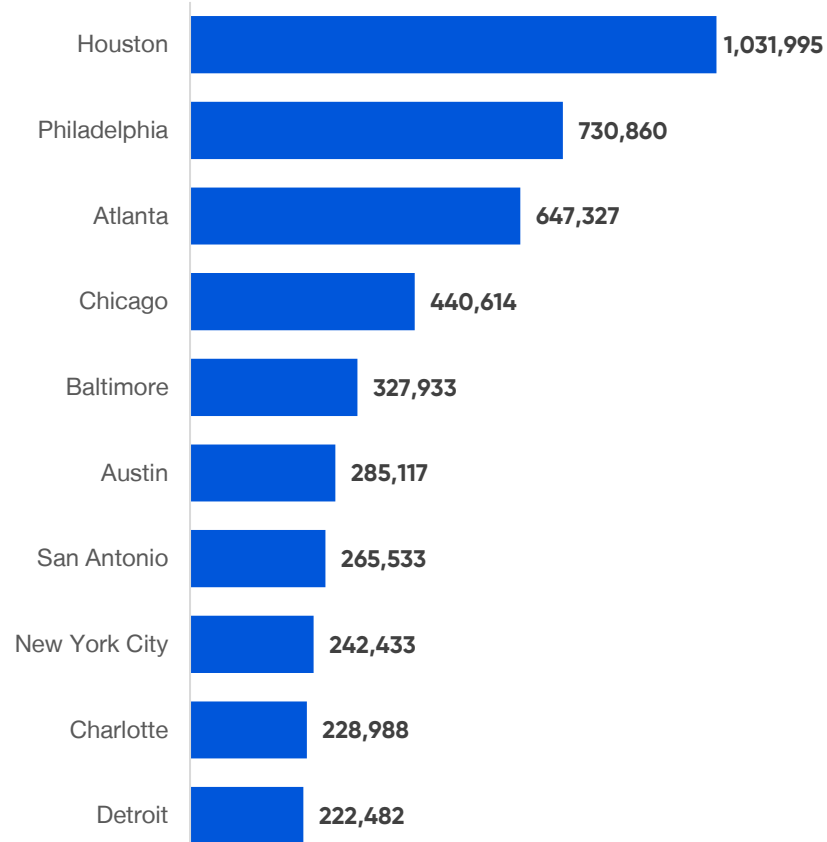


The highest MOB market rents are in gateway cities, with five of the highest rents located within west coast metros. At the same time, many tertiary cities, like Omaha or Cincinnati experienced some of the highest rent growth percentages in the past 12-months. It should be noted that overall rent growth has generally dropped across the board.

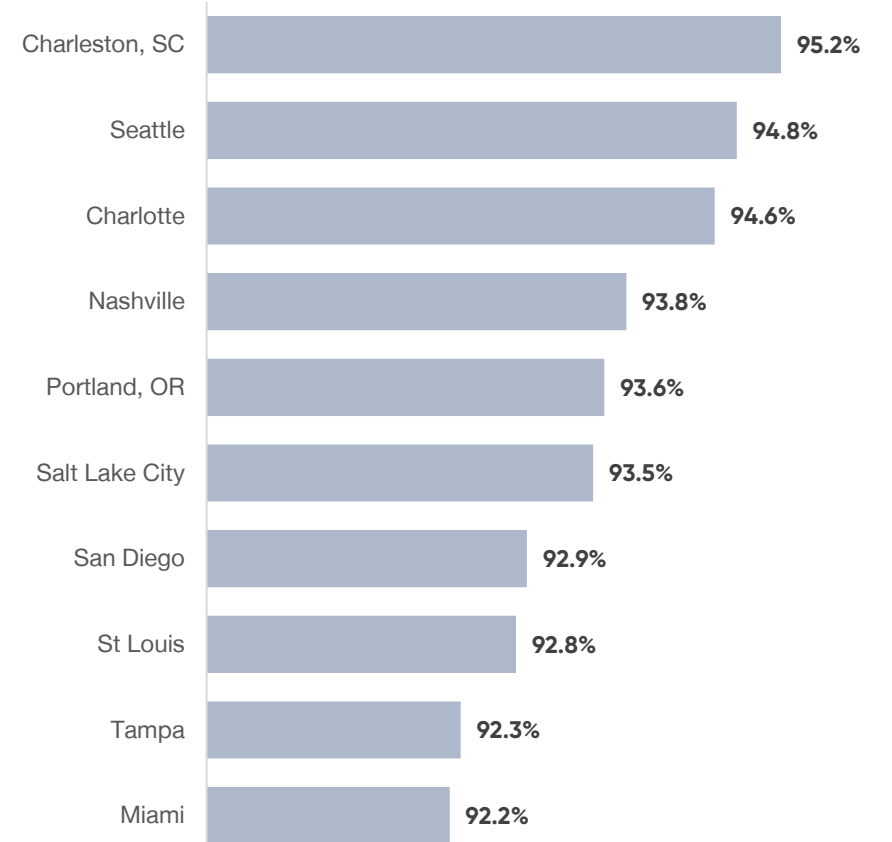
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Medical Office Buildings – Top 10 Markets: **Absorption and Highest Occupancy**

Highest Net Absorption – Past 12 Months



Highest Occupancy – Q3 2024

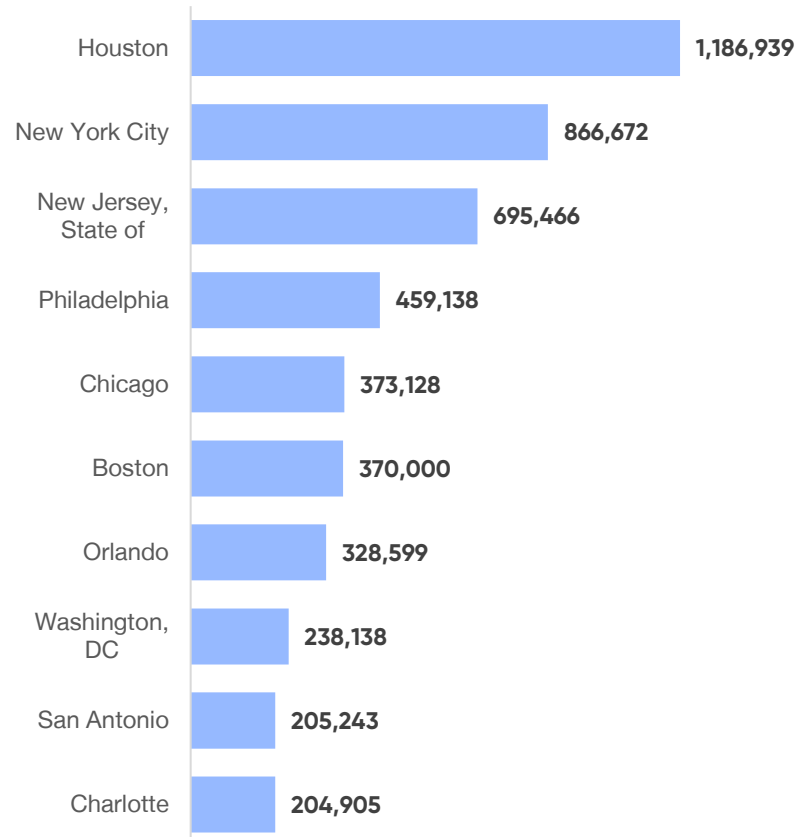


New deliveries have fallen in the past two quarters, but MOB construction pipelines are still active. Texas remains an active market, particularly Houston with the most deliveries in the past 12-months and the most square footage currently under construction, at 1.28 million square feet. Smaller markets like Indianapolis, Charlotte, and St. Louis were well-represented with more than 400,000 square feet either delivered or under construction.

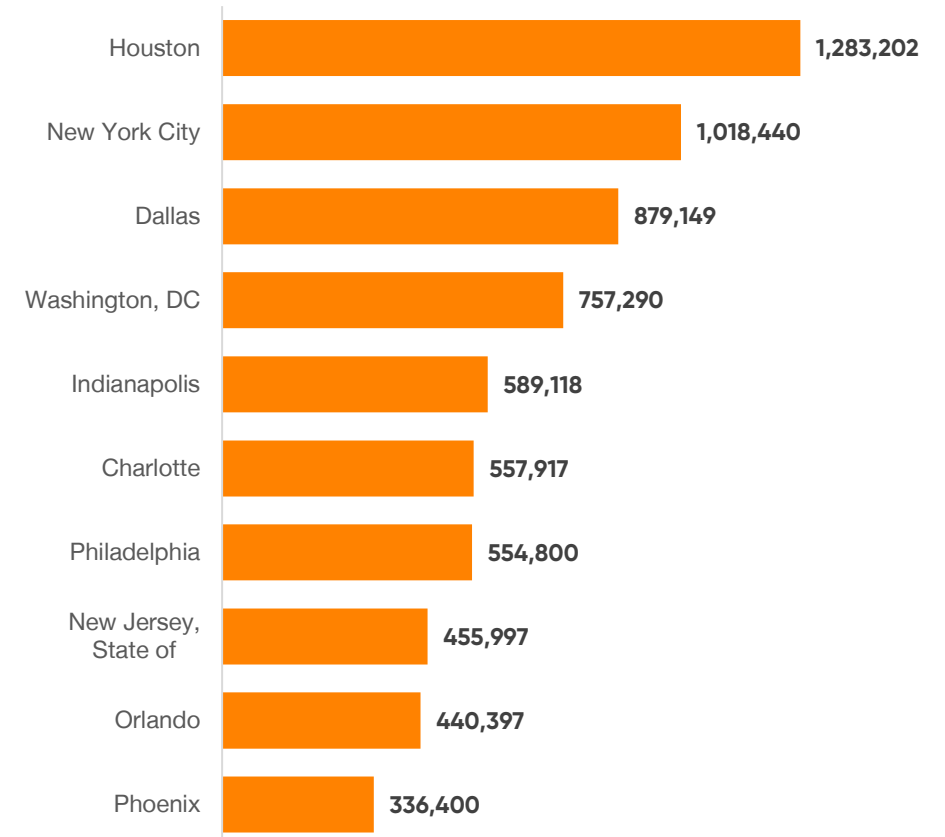
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Medical Office Buildings – Top 10 Markets: **Construction Pipelines**

Deliveries – Past 12 Months



Under Construction – Q3 2024

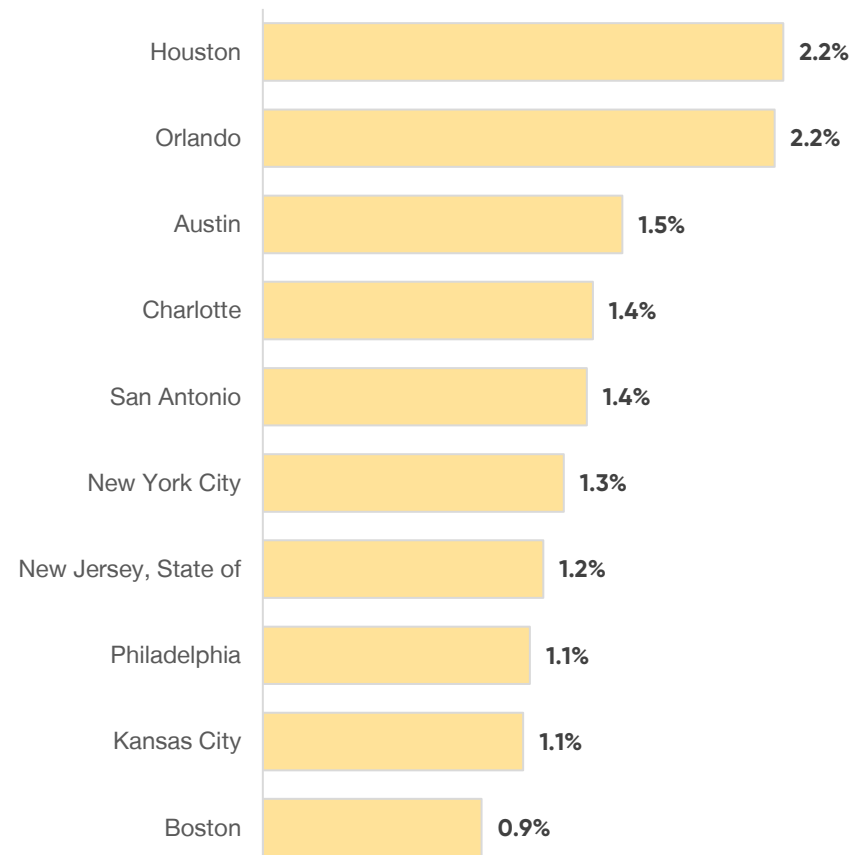


The most active MOB markets in terms of construction and deliveries as a percentage of inventory were Charlotte, Orlando, and Indianapolis. SunBelt markets have several MOB markets in the top 10. Historic averages are typically in the 1.5 percent or lower range.

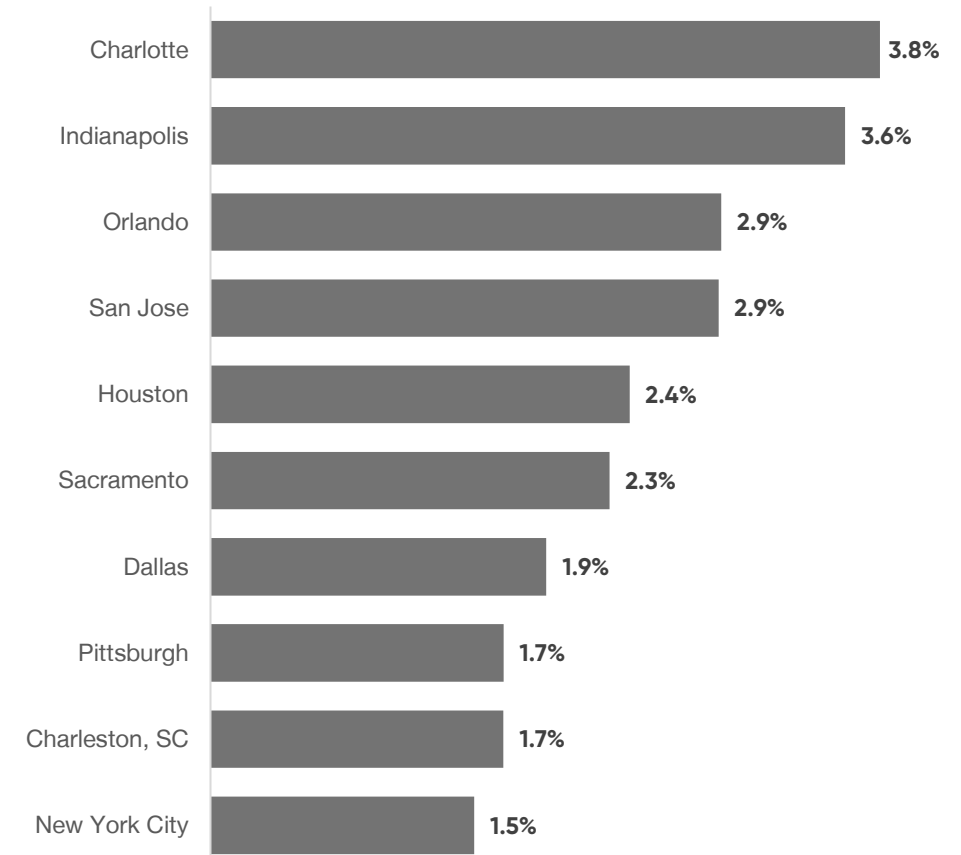
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Medical Office Buildings – Top 10 Markets: **Active Construction Markets**

Deliveries (12-Months) as Percentage of Total Inventory



Under Construction as Percentage of Inventory



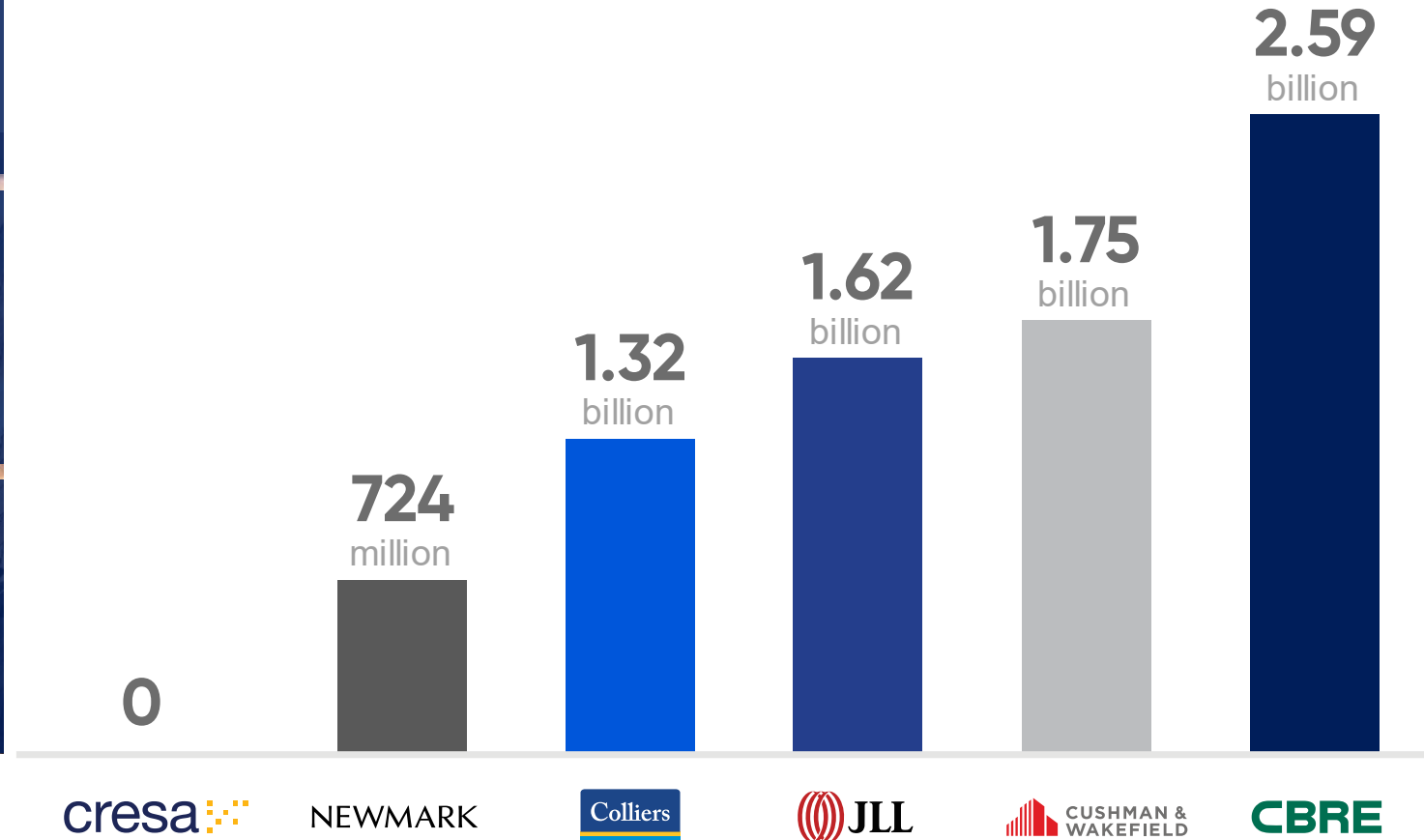
How We're Different

As the world's largest corporate real estate provider committed exclusively to serving occupiers, we're in a league of our own.

We offer creative solutions, unbiased advisory services and executive leadership on every account.

We believe this combination of transparency and executive involvement generates the superior service our clients have come to expect from Cresa.

Billions of square feet are represented on the landlord's behalf nationally. Cresa never does business on behalf of landlords.



Supporting our mission to find and foster the best environment for every business, we have over 50 offices in North America providing seamless coverage.

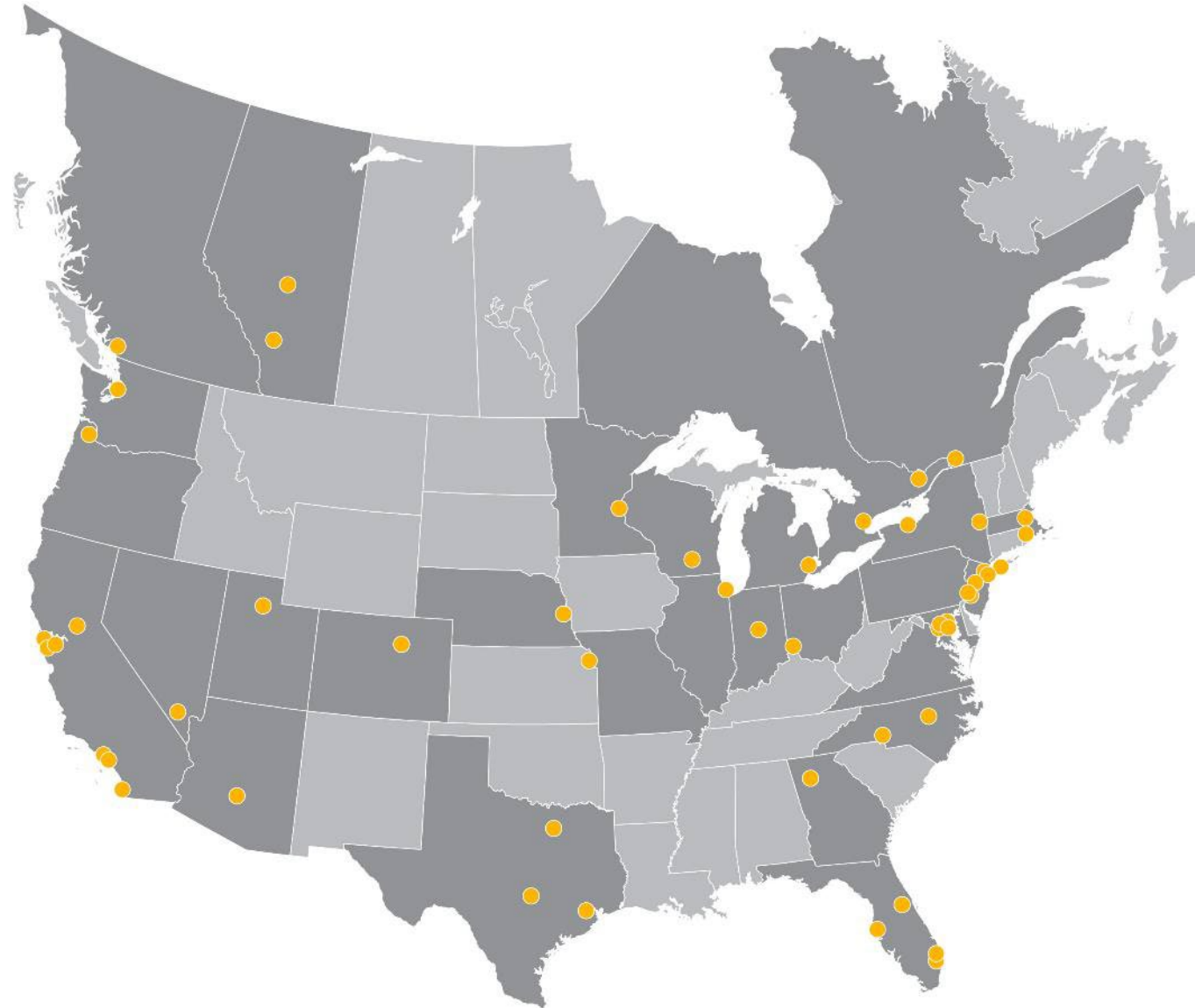
70+
Industries Served

2.1K+
Global Clients

75M+
SF Transacted

1.0K+
Cities

- | | |
|------------------|--------------------|
| Albany, NY | Montreal, QB |
| Atlanta, GA | New York, NY |
| Austin, TX | Omaha, NE |
| Baltimore, MD | Ottawa, ON |
| Bethesda, MD | Orange County, CA |
| Boca Raton, FL | Orlando, FL |
| Boston, MA | Philadelphia, PA |
| Calgary, AB | Phoenix, AZ |
| Charlotte, NC | Portland, OR |
| Chicago, IL | Princeton, NJ |
| Cincinnati, OH | Providence, RI |
| Dallas, TX | Raleigh, NC |
| Denver, CO | Rochester, NY |
| Detroit, MI | Rutherford, NJ |
| East Bay, CA | Sacramento, CA |
| Edmonton, AB | Salt Lake City, UT |
| Houston, TX | San Diego, CA |
| Indianapolis, IN | San Francisco, CA |
| Kansas City, MO | Seattle, WA |
| Las Vegas, NV | Silicon Valley, CA |
| Long Island, NY | Tampa, FL |
| Los Angeles, CA | Toronto, ON |
| Madison, WI | Tysons Corner, VA |
| Miami, FL | Vancouver, BC |
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