



TEXAS 2024 YEAR-END[©]
 WHITE PAPER
 HEALTHCARE & LIFE SCIENCES REAL ESTATE



A Member of the TICI Group of Companies
 Business | Real Estate | Facilities
 Finance | Asset & Risk Management



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Capital Markets | Acquisition
 Disposition | Tenant Representation

SALE TRANSACTION OVERVIEW FOR Q3 & Q4



29
of transactions
↑ 34.1%



\$991.4 M
Transaction Volume
↑ 71.8%



3,251,031
Total Square Feet
↑ 130.5%



\$328.72
Avg Price Per SF
↓ -26.9%

Source: Revista

**(% Change represents YoY)

The Dallas-Fort Worth healthcare real estate market experienced steady growth in the latter half of 2024, driven by favorable demographic trends, strong investor confidence, and ongoing expansions by major healthcare providers. As one of the most dynamic healthcare real estate markets in the country, DFW continues to see sustained demand for high-quality medical outpatient buildings (MOBs) and healthcare facilities. Occupancy levels remained robust, with Revista reporting an average 90.2% occupancy rate across the region's MOB sector, underscoring the persistent demand for well-located, high-quality assets. Rental rates saw modest but steady increases, particularly in Class A properties, where rents exceeded \$32 per square foot in prime submarkets, signaling strong fundamentals despite broader economic fluctuations.

Investment activity remained strong, with several major transactions reinforcing institutional confidence in the Dallas-Fort Worth healthcare real estate sector. KKR and Co. completed the \$34 million acquisition of the Medical City Heart & Spine Hospital Pavilion II, highlighting the continued appeal of stabilized assets in growth markets. Similarly, Nuveen expanded its holdings in the region, acquiring a 48,192-square-foot MOB in Plano for \$21.5 million, further demonstrating investor confidence in well-located, high-occupancy properties. While rising interest rates have created a more selective lending environment, investor sentiment remains optimistic, with institutional buyers and private equity firms continuing to target healthcare real estate assets that offer long-term stability and strong tenancy.

Dallas-Fort Worth continues to establish itself as a national leader in healthcare real estate, bolstered by sustained investment, rapid population growth, and expanding healthcare infrastructure. Institutional capital, including REITs and private equity firms flowing into the market, with investors targeting assets that offer long-term lease stability and proximity to major hospital systems. The demand for suburban medical outpatient space is particularly strong, with leasing activity surging in high-growth areas such as Frisco, Southlake, Keller, Plano, and Arlington. This shift reflects a broader industry trend toward outpatient care delivery, prompting developers to prioritize the construction of multi-specialty medical centers that cater to evolving patient needs.

The life sciences sector is also gaining traction in North Texas, with the development of the \$4 billion Texas Research Quarter in Plano positioning the region as a significant player in biotech innovation. Spearheaded by NexPoint, a Dallas-based alternative investment firm, this transformative project involves the redevelopment of the former Electronic Data Systems (EDS) headquarters, a 91-acre site, into a state-of-the-art life sciences campus. Backed by the Plano City Council, which approved an economic development agreement to facilitate the project, the Texas Research Quarter is expected to attract leading biotech firms, pharmaceutical manufacturers, and research institutions. As the market solidifies its role as a center for healthcare innovation, the demand for specialized lab space and integrated healthcare facilities will continue to grow, further cementing DFW's reputation as a premier healthcare real estate investment market.

As the market progresses into 2025, Dallas-Fort Worth is well-positioned for continued expansion, supported by its strong economic base, growing patient population, and ongoing infrastructure development. While capital markets remain fluid, the region's strong investment fundamentals, robust development pipeline, and increasing demand for modern healthcare facilities ensure that it will remain a key destination for healthcare real estate investors in the years to come.

NEW DEVELOPMENT



Medical City Plano has launched a \$76 million expansion that will add 131,700 square feet to its C Tower, incorporating 60 new inpatient rooms, three helipads, and expanded space for oncology and trauma services. Medical City Plano anticipates nearly 50,000 ER visits, and the expansion is designed to reduce congestion in the hospital's emergency room.

SOURCE: Dallas News

MEDICAL OUTPATIENT MARKET SNAPSHOT

LAST HALF	TOTAL	QoQ*	RANK**
Total SF	38,026,932	0.2 %	5
SF in Progress	1,389,664	19.1%	6
Sold Volume TTM	\$991,482,000	13.1	3
Occupancy TTM	90.2 %	17 BPS	116
Avg Rent (NNN)	\$25.49	0.9 %	36
Rent Growth (Y/Y)	2.0 %		48

*Change from prior quarter
 **Ranking among top 125 metros

SOURCE: *Revista*

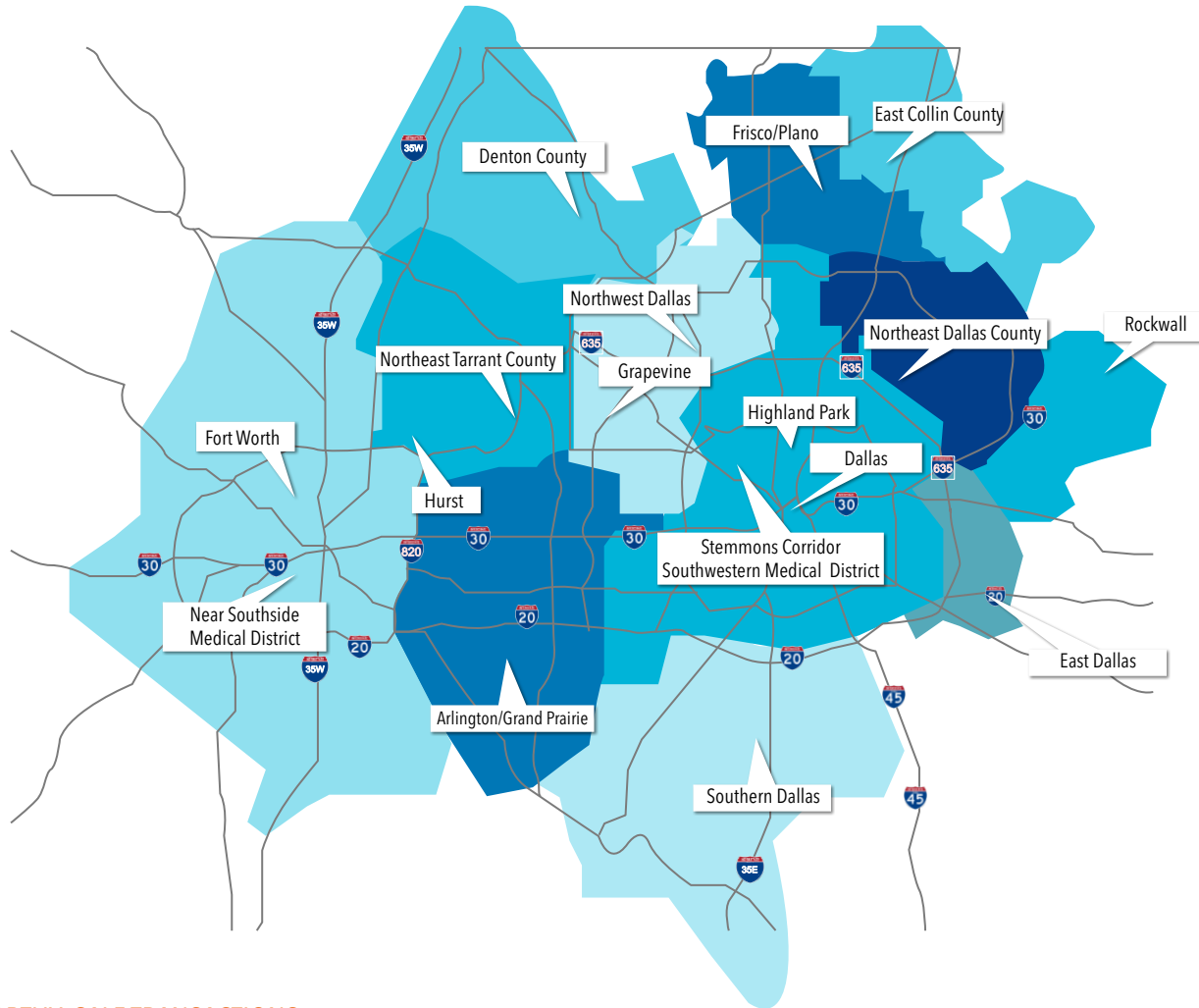
CONSTRUCTION SNAPSHOT

MOB & HOSPITAL STARTS AND COMPLETIONS

MOB STARTS - COMPLETIONS	Q3	Q4
SF Started	872,565	517,099
SF Completed	139,363	229,291

HOSPITAL STARTS - COMPLETIONS	Q3	Q4
SF Started	379,988	4,870,000
SF Completed	221,000	616,000

SOURCE: *Revista*



NOTEWORTHY SALE TRANSACTIONS



Arlington Physicians Pediatrics

Date: 8/2024
 Buyer: Alliance Consolidated Group
 Price: \$6,000,000
 Size: 15,000 SF



Plano Medical Pavilion

Date: 8/2024
 Buyer: Nuveen
 Price: \$21,500,000
 Size: 48,192 SF



Medical City Heart & Spine Hospital Pavilion II

Date: 12/2024
 Buyer: KKR & Co Inc
 Price: \$34,509,061
 Size: 68,217 SF

SOURCE: *Revista*

SALE TRANSACTION OVERVIEW FOR Q3 & Q4



26
of transactions
↑ 62.5%



\$670.7M
Transaction Volume
↑ 81.9%



1,959,678
Total Square Feet
↑ 133.7%



\$368
Avg Price Per SF
↓ -11.7%

Source: Revista

**(% Change represents YoY)

The Houston healthcare real estate market continued to demonstrate strength in the latter half of 2024, driven by ongoing population growth, a maturing medical outpatient sector, and a wave of institutional investment in healthcare properties. The market remains a dominant force in the national healthcare real estate landscape, buoyed by strong absorption trends, expansion of major hospital systems, and increased investor interest in medical outpatient buildings (MOBs). Occupancy levels in Houston's MOB sector remained solid, with Revista reporting an average occupancy rate of 88.7%, up slightly from 88.4% in the previous quarter. Rent growth was steady at 1.9% year-over-year, with Class A properties achieving rents between \$16.61 and \$33.30 per square foot, averaging \$23.48 per square foot across the region.

Significant capital deployment in Houston demonstrates sustained interest from both private equity firms and healthcare REITs, fueling further expansion. Third and fourth quarter total MOB transaction volume reached \$670.7 million, with an average price per square foot of \$368. Notable deals included the Texas Metro Medical Portfolio, a two-property acquisition comprising Class A medical outpatient buildings in Houston and Dallas, and the Memorial Hermann Sports Park, a 53,165-square-foot facility that traded hands in December. Institutional investors and private equity firms, recognizing the stability and growth potential of the Houston healthcare market, have remained active in acquiring prime medical outpatient assets.

Houston's healthcare real estate market continues to evolve, driven by the expansion of medical outpatient facilities, the rising prominence of life sciences, and strategic investments by institutional players. The city's strong economic base and reputation as a national leader in medical research have fueled sustained demand for state-of-the-art medical outpatient and life sciences facilities. With venture capital investment in biotech surpassing \$3 billion over the past five years, developers are increasingly repurposing existing office properties to accommodate the growing need for lab space and research facilities. Meanwhile, major health systems are strategically expanding their footprints, particularly within The Texas Medical Center and surrounding high-growth submarkets, to support the region's increasing patient population.

As healthcare providers and developers adapt to these trends, resilience has become a core focus in new and existing projects. Experts at Bisnow's Future of Houston Healthcare conference underscored the need for new developments to incorporate flood mitigation strategies and enhanced structural resilience due to the increasing frequency of extreme weather events. This shift has prompted developers to integrate climate-adaptive features, including elevated critical systems, improved drainage infrastructure, and storm-resistant building materials, ensuring that Houston's healthcare facilities remain operational during adverse conditions. Additionally, the demand for flexible medical outpatient layouts and advanced lab spaces is outpacing supply, prompting developers to focus on adaptive reuse and mixed-use healthcare hubs that integrate clinical, research, and outpatient functions.

With these evolving market dynamics, Houston's healthcare infrastructure is well-positioned for continued expansion, making it a key target for both domestic and international healthcare real estate investors.

With continued momentum, Houston's healthcare real estate market is expected to remain one of the most resilient and attractive investment destinations in the country. The continued expansion of healthcare providers, coupled with a favorable demographic landscape and a deep pool of institutional capital, will likely sustain the sector's momentum into 2025. While macroeconomic factors such as interest rate fluctuations and construction costs could create short-term headwinds, the region's healthcare infrastructure investments and strong demand fundamentals position Houston as a premier market for healthcare real estate investment and development.

NEW DEVELOPMENT



The Houston Methodist West Hospital announced a \$247 million expansion, which includes the addition of a 36-bed observation unit, four state-of-the-art operating rooms, 16 emergency department rooms, and five new neonatal intensive care unit (NICU) beds. The project is part of a larger regional healthcare infrastructure investment aimed at meeting the growing demands of Houston's expanding population.

SOURCE: Community Impact

MEDICAL OUTPATIENT MARKET SNAPSHOT

LAST HALF	TOTAL	QoQ*	RANK**
Total SF	45,933,832	0.3 %	3
SF in Progress	1,451,601	-1.9%	3
Sold Volume TTM	\$670,744,000	38.8%	7
Occupancy TTM	88.64 %	26 BPS	123
Avg Rent (NNN)	\$23.48	0.7%	55
Rent Growth (Y/Y)	1.9 %		56

*Change from prior quarter
 **Ranking among top 125 metros

SOURCE: Revista

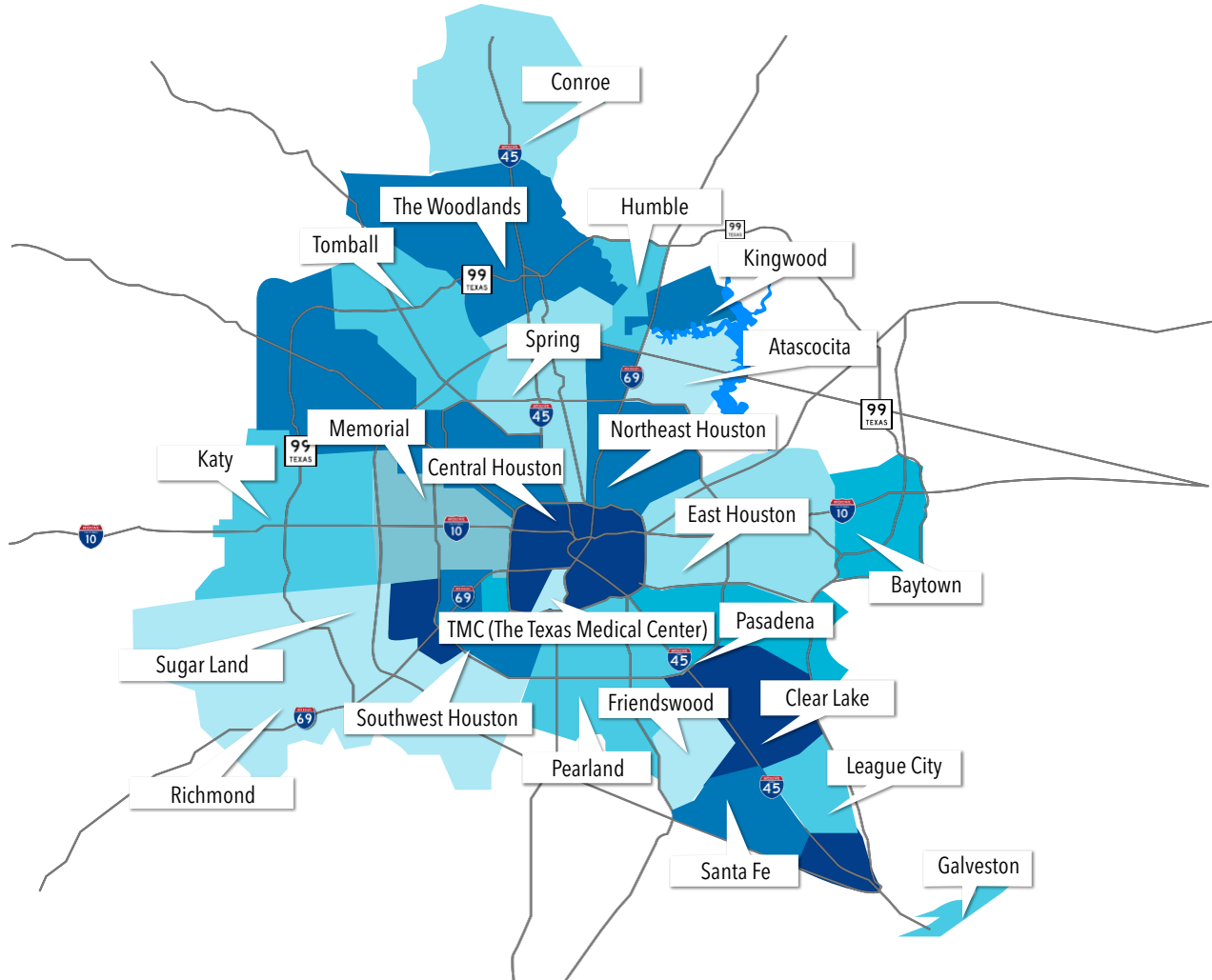
CONSTRUCTION SNAPSHOT

MOB & HOSPITAL STARTS AND COMPLETIONS

MOB STARTS - COMPLETIONS	Q3	Q4
SF Started	461,716	258,501
SF Completed	1,403,716	1,112,684

HOSPITAL STARTS - COMPLETIONS	Q3	Q4
SF Started	1,440,147	1,417,647
SF Completed	-	-

SOURCE: Revista



NOTEWORTHY SALE TRANSACTIONS



Clear Lake MOB

Date: 8/2024
 Buyer: KKR & Co. Inc
 Price: \$55,945,500
 Size: 113,112 SF



The Woodlands Pincroft IV - MOB

Date: 12/2024
 Buyer: KKR & Co. Inc
 Price: \$41,828,521
 Size: 82,686 SF



Conroe Medical Office Building

Date: 12/2024
 Buyer: Woodside Health
 Price: \$17,486,228
 Size: 68,832 SF

SOURCE: Revista

SALE TRANSACTION OVERVIEW FOR Q3 & Q4



6
of transactions
↑ 100.0%



\$430.1 M
Transaction Volume
↑ 39.2



1,036.9 M
Total Square Feet
↑ 73.5%



\$418.48
Avg Price Per SF
↓ -16.1%

Source: Revista

**(% Change represents YoY)

The Austin healthcare real estate market continued its rapid expansion in the latter half of 2024, solidifying its position as one of the fastest-growing healthcare hubs in the country. With strong demographic tailwinds and a steady influx of investment capital, the region is experiencing heightened development activity across medical outpatient buildings (MOBs), life sciences infrastructure, and other outpatient care facilities. Occupancy rates in Austin’s medical outpatient sector remained stable at 89.6%, with Class A assets achieving higher retention rates and commanding premium rents. The market saw a 1.5% year-over-year increase in rental rates, with NNN lease rates averaging \$28.43 per square foot, reflecting continued demand for well-positioned medical outpatient properties.

A surge of acquisitions and new developments is reshaping Austin’s healthcare real estate landscape, with institutional capital targeting key healthcare submarkets. In the last two quarters alone, total volume of medical outpatient transactions reached \$430.1 million, covering 1,036.9 million square feet, with an average price per square foot of \$418.48. Notable transactions included Big Sky Medical’s acquisition of Baylor Scott & White – Cedar Park, a 38,709-square-foot Class A MOB, fully leased to Texas’ largest non-profit healthcare system. Meanwhile, Austin Regional Clinic (ARC) broke ground on a 65,000-square-foot ambulatory surgery center and specialty clinic, expanding its footprint to accommodate rising patient demand. These transactions reflect growing confidence in Austin’s healthcare market as a long-term growth sector, attracting both institutional and private investors.

Austin’s life sciences sector is also driving healthcare real estate expansion, with more than 9.6 million square feet dedicated to biotech and health innovation. The region has experienced a surge in venture capital funding, raising \$3.5 billion over the past five years, positioning it among the top ten national markets for life sciences investment. Developments such as the Austin South Campus Medical Office Project, a 63,000-square-foot state-of-the-art facility, are expected to further strengthen the region’s healthcare infrastructure. Additionally, the expansion of behavioral health services is gaining momentum, exemplified by Hightop Health’s acquisition of Roots Behavioral Health, which is enhancing mental health treatment accessibility throughout the region.

Austin’s healthcare real estate market continues to thrive, fueled by rising outpatient care demand and an increased emphasis on patient-centered facility design. Developers are integrating sustainability initiatives, advanced technology, and flexible space configurations to meet the evolving needs of healthcare providers. As Austin’s population grows, healthcare systems are prioritizing the development of strategically located medical outpatient buildings and ambulatory care centers to improve accessibility and operational efficiency. At the same time, the expansion of the life sciences sector is driving demand for cutting-edge research and clinical space, reinforcing Austin’s standing as a major center for healthcare innovation.

NEW DEVELOPMENT



To accommodate the growing needs of Williamson County, Ascension Seton Williamson has initiated a \$230 Million expansion project in October that will significantly increase its capacity. The new facility will encompass 216,000 square feet and feature six stories, adding 160 beds to the existing 181-bed hospital. Additionally, a 34,000 square foot medical office building will be constructed to provide outpatient services including wound care, cardiac rehabilitation, and pediatric physical therapy. Currently, the hospital serves approximately 50,000 patients annually and manages 50,000 emergency room visits from 14 counties.

SOURCE: Ascension Seton Williamson Foundation

MEDICAL OUTPATIENT MARKET SNAPSHOT

LAST HALF	TOTAL	QoQ*	RANK**
Total SF	8,503,540	0.0%	37
SF in Progress	233,582	0.0%	34
Sold Volume TTM	\$430,152,000	-2.4%	17
Occupancy TTM	89.67 %	-5 BPS	118
Avg Rent (NNN)	\$28.33	0.7%	12
Rent Growth (Y/Y)	1.5%		70

*Change from prior quarter
**Ranking among top 125 metros

SOURCE: Revista

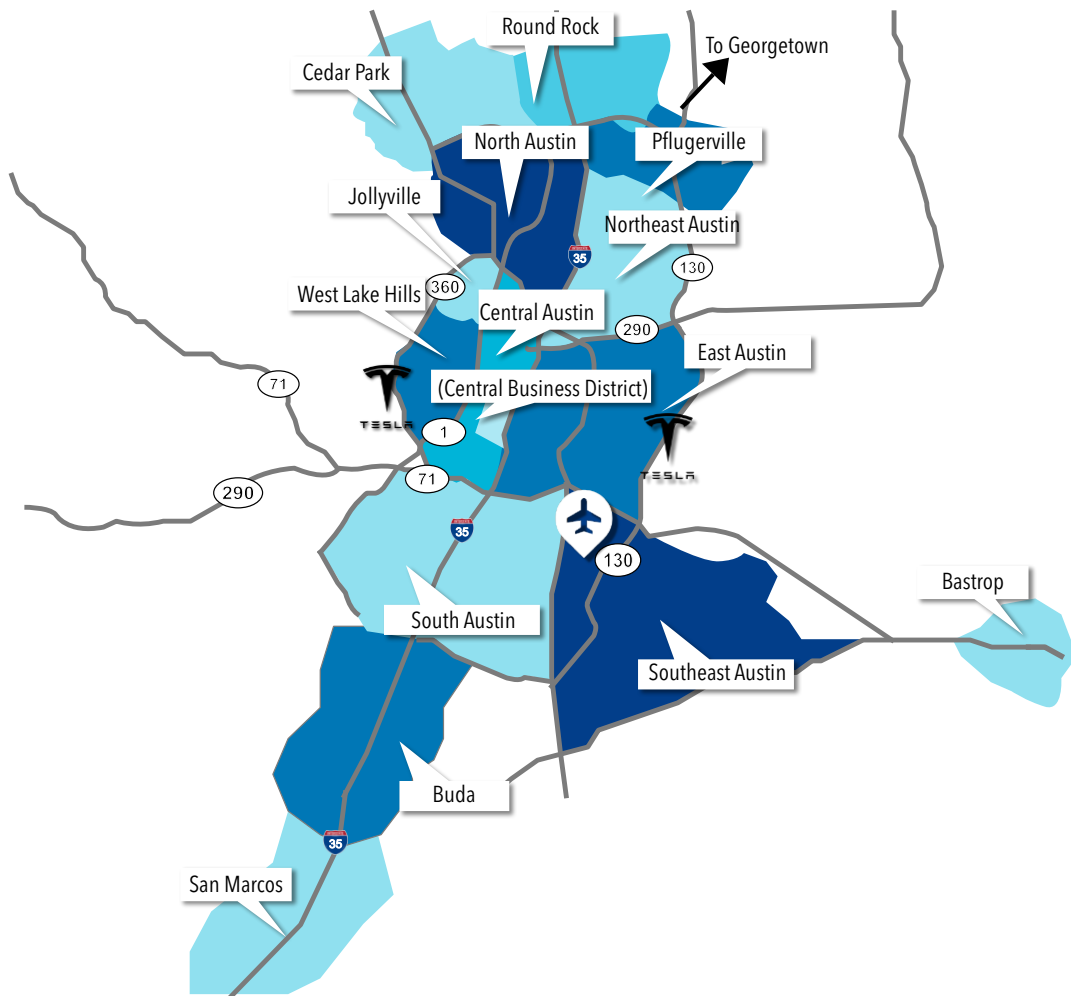
CONSTRUCTION SNAPSHOT

MOB & HOSPITAL STARTS AND COMPLETIONS

MOB STARTS - COMPLETIONS	Q3	Q4
SF Started	111,739	96,400
SF Completed	182,642	170,000

HOSPITAL STARTS - COMPLETIONS	Q3	Q4
SF Started	216,000	216,000
SF Completed	590,788	495,000

SOURCE: Revista



NOTEWORTHY SALE TRANSACTIONS



Cedar Park Clinic

Date: 7/2024
Buyer: Big Sky
Financing Amount: \$38,500,000
Size: 38,709



Scott & White Specialty Clinic

Date: 9/2024
Buyer: Baylor Scott & White
Price: \$42,281,000
Size: 76,246 SF



New Development
ARC Ben White ASC & MOB
Date: 9/2024
Buyer: Austin Regional Clinic
Price: \$34,000,000
Size: 62,400SF

SOURCE: Revista

SALE TRANSACTION OVERVIEW FOR Q3 & Q4



14
of transactions
↑ 75.0%



\$417.6 M
Transaction Volume
↑ 80.6%



1,038.3 M
Total Square Feet
↑ 42.2%



\$375.7
Avg Price Per SF
↑ 5.4%

Source: Revista

**(% Change represents YoY)

The San Antonio healthcare real estate market experienced substantial growth in the latter half of 2024, driven by strong investment activity, new development projects, and a continuously evolving healthcare infrastructure. With a steadily expanding population and a thriving life sciences sector, San Antonio has established itself as one of Texas' most dynamic healthcare real estate markets. Medical outpatient building (MOB) occupancy levels remained stable at 89.3%, reflecting a 0.9% year-over-year increase, with Class A properties commanding an average rental rate of \$26.34 per square foot. Investor interest in the region surged, with transaction volume reaching \$417.6 million and an average sale price of \$375.72 per square foot in the last half of 2024.

The San Antonio healthcare real estate sector has seen a wave of transactions, reflecting heightened investor confidence and the increasing demand for well-positioned medical assets. Big Sky Medical expanded its presence in the market with the acquisition of Sunset at Treeline, a 58,000-square-foot MOB, adding to its growing portfolio. Additionally, University Health completed a \$28 million acquisition of a 142,500-square-foot office building in Northwest San Antonio, further demonstrating its long-term commitment to enhancing healthcare services in the region.

The city continues to experience significant healthcare infrastructure expansion, largely fueled by hospital network growth and the rise of San Antonio as a center for life sciences innovation. The UT Health San Antonio Proton Therapy & Research Center, a 26,000-square-foot, state-of-the-art facility, is scheduled to open in 2026 and is expected to drive further investment into the local healthcare ecosystem. Additionally, University Health Palo Alto Hospital, a 446,579 square-foot project valued at \$475 million, is among the largest hospital developments currently underway in Texas, reinforcing the city's commitment to expanding high-quality healthcare access. San Antonio's growing reputation as a driver in life sciences is also drawing major investments in biotechnology and research, further positioning the city as a premier market for medical innovation.

San Antonio's healthcare real estate market continues to evolve, shaped by increasing demand for modern, technology-integrated medical outpatient spaces and outpatient care facilities. Developers are responding to shifting healthcare delivery models by prioritizing flexible, high-quality facilities designed to improve provider efficiency and enhance the patient experience. Furthermore, San Antonio's strategic growth initiatives, including public-private partnerships and incentives for healthcare innovation, are creating a competitive landscape that attracts both healthcare providers and investors. These initiatives are not only supporting the expansion of medical outpatient developments but are also solidifying the city's role as an additional hub for life sciences and advanced medical research.

With continued momentum, San Antonio is well-positioned for further growth in 2025, driven by its expanding healthcare and life sciences sectors, strong investor interest, and a rapidly growing population. The market's solid fundamentals, coupled with a robust development pipeline and institutional capital inflows, make it an attractive destination for healthcare real estate investment. As healthcare providers seek to expand their footprints and enhance service delivery, San Antonio's healthcare real estate market is expected to maintain its upward trajectory well into the coming years.

NEW DEVELOPMENT



Construction of University Health Wheatley, the latest medical facility within the health care system, has commenced on the East Side. This new center is designed to enhance accessibility to healthcare services and connect residents in this historically underserved area with vital health resources. According to University Health, the single-story, 15,000-square-foot clinic is scheduled to open in early 2026 and will provide primary care, specialty care, and an urgent care clinic. Additionally, a pharmacy, laboratory, and radiology services will be available. This facility aims to facilitate access to medical services and encourage East Side residents to schedule regular checkups, screenings, and immunizations.

SOURCE: San Antonio Report

MEDICAL OUTPATIENT MARKET SNAPSHOT

LAST HALF	TOTAL	QoQ*	RANK**
Total SF	13,692,039	0.9%	23
SF in Progress	401,500	-23.7%	19
Sold Volume TTM	\$417,640,000	-6.8%	19
Occupancy TTM	89.5%	16 BPS	120
Avg Rent (NNN)	\$26.34	1.4%	25
Rent Growth (Y/Y)	0.9%		96

*Change from prior quarter

**Ranking among top 125 metros

SOURCE: *Revista*

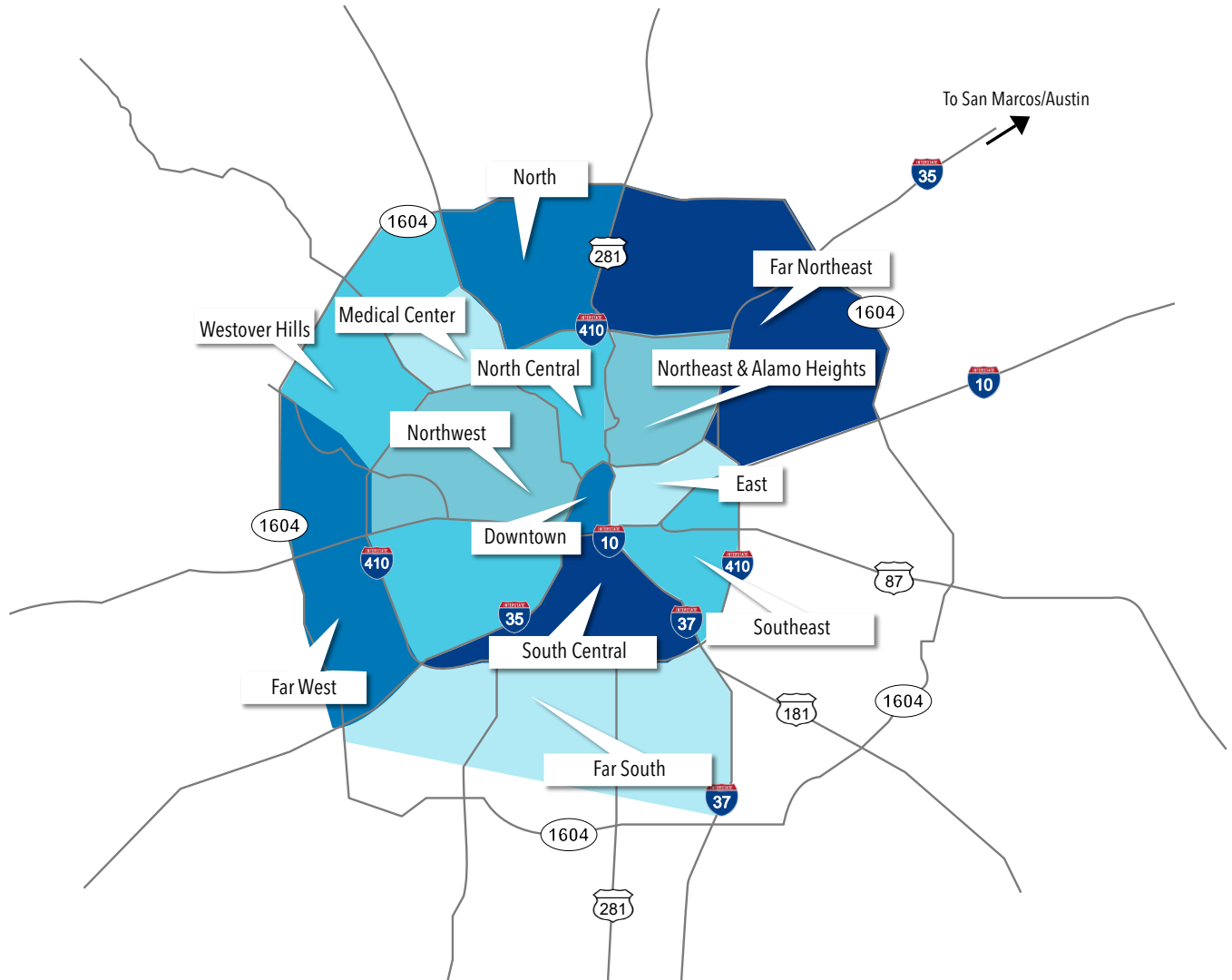
CONSTRUCTION SNAPSHOT

MOB & HOSPITAL STARTS AND COMPLETIONS

MOB STARTS - COMPLETIONS	Q3	Q4
SF Started	298,000	238,000
SF Completed	268,202	393,202

HOSPITAL STARTS - COMPLETIONS	Q3	Q4
SF Started	1,391,140	1,051,140
SF Completed	250,000	878,819

SOURCE: *Revista*



NOTEWORTHY SALE TRANSACTIONS



7540 Louis Pasteur Drive

Date: 7/2024
 Buyer: Virus Reference Laboratory
 Price: \$3,500,000
 Size: 26,812 SF



18707 Hardy Oak Medical Pavilion

Date: 8/2024
 Buyer: Nuveen
 Price: \$39,000,000
 Size: 116,838 SF



8119 South Flores St.

Date: 12/2024
 Buyer: South Texas Renal Care Group
 Financing Amount: \$4,400,000
 Size: 16,212 SF

SOURCE: *Costar, Revista*

About our Companies



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Texas International Consultants, Incorporated is the flagship of The TICI Group of Companies and recently celebrated its centennial anniversary with the third generation of Mendiolas at the helm. This member of the TICI Group is a strategic global consulting and advisory firm dedicated to representing private and public investors on behalf of their commercial real estate in the United States. We advise investors on their existing assets as well as potential acquisition targets along with mergers and acquisitions and sale leasebacks working on behalf of the clients along with their tax and legal advisors.



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Capitol Markets | Acquisition
Disposition | Tenant Representation

Stealth Realty Advisors, LLC was created in 2012 to assist the clients of The TICI Group with their capital market needs. National in scope of services, Stealth is a boutique firm specializing in healthcare real estate. Stealth executives are industry leaders with decades of experience coming from well-known national and institutional public healthcare companies. Handling all aspects of capital markets, including acquisitions, dispositions and finance. Tenant representation is also included in our services. Along with its sister company Texas International Consultants, it also advises clients on development, build to suits and sale/leasebacks. Our clients are sophisticated private and public individual, corporate and institutional REIT's. Stealth also represents, health systems, individual physicians and physician groups, private equity firms, developers, and lenders.

TICI Group of Companies Team



Kyle McKinney
Director of Research & Analysis
kylemckinney@ticigroup.com



Sarah Finney
Director of Operations
sarahfinney@ticigroup.com



H. Jay Banks
Principal, Chief Risk & Compliance Officer
jaybanks@ticigroup.com



Patrick Dwyer
Executive Managing Director
of Healthcare Real Estate Advisory
patrickdwyer@ticigroup.com



Helen Banks
Chairman
helenbanks@ticigroup.com



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THIS WHITE PAPER PROVIDES SNAPSHOTS ON THE FOUR MAJOR MARKETS IN TEXAS. FOR MORE INFORMATION ON THESE MARKETS, OR NATIONAL MARKETS IN WHICH WE ARE ACTIVE AND TRACK ACTIVITY, CONTACT:

Helen Banks | Chairman
(713) 705-1598
helenbanks@ticigroup.com

Patrick Dwyer, Executive Managing Director, Healthcare Real Estate Advisory
(614) 286-1500
patrickdwyer@ticigroup.com

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