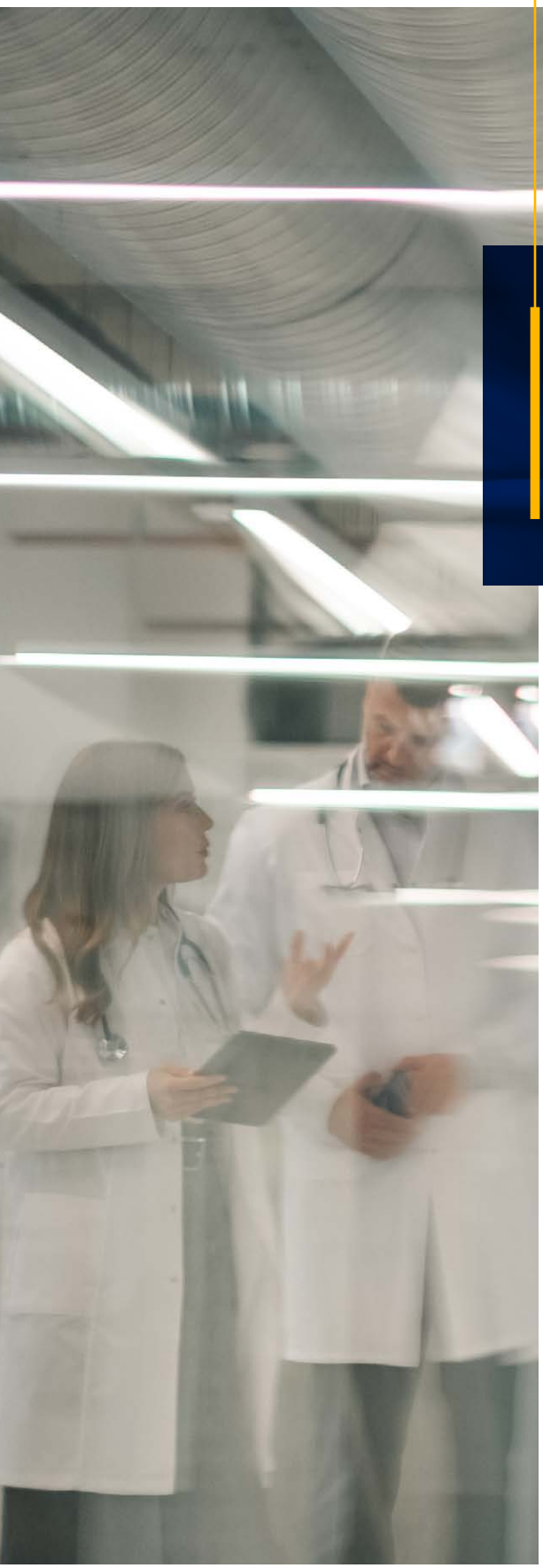
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HEALTHCARE SECTOR REPORT

Healthcare Real Estate Trends Occupiers Need to Know as AI and Staffing Reshape Space Needs

Cresa Research | Fall 2026



Healthcare Trends

AI Adoption, Workforce Strain, and the Shift to Decentralized, Value-Based Care Reshape the Healthcare Industry

1

Shift Toward Decentralized & Non-Acute Care Settings

Elevated costs, including staffing and inflation, are causing care to be increasingly delivered in non-acute settings (e.g., home, outpatient, and virtual).

2

Labor

Staffing shortages, burnout, and turnover remain structural issues, while digital and automation tools relieve pressure.

3

Digital Interoperability & Cyber Security

Healthcare technology is changing how providers collect, share, and protect information, increasing the need for secure systems, reliable connectivity, and flexible space.

4

AI, Precision Medicine, & Digital Health

AI, digital health tools, wearables, and personalized care models are changing how services are delivered, how healthcare work is organized, and how providers plan their facilities.

5

MOB Supply & Cost Pressures

Limited new construction, higher financing costs, and rising operating expenses are supporting occupancy in existing MOBs and increasing the value of flexible, well-located facilities.

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AI is Reshaping Healthcare Employment – and the Workplace

Early evidence points to task augmentation and workflow redesign before broad job displacement.

What the Evidence Shows

>80%
of physicians report using AI professionally

57%
identify administrative automation as AI's leading opportunity

51.9% to 38.8%
percentage decline in reported burnout among ambulatory clinicians after 30 days using an ambient AI scribe

How Work & Space May Change

Administrative Work

Documentation, coding, scheduling, messages, and information retrieval become more automated

Clinical Capacity

Providers may spend less time on notes and more time on patients, access, and higher-value work

Facility Requirements

Technology infrastructure, privacy, acoustics, flexible rooms, and reliable connectivity are becoming more important

Expert Perspectives

NEJM Catalyst

"Generative AI in Health Care: From Proof of Concept to Transformational Impact"

Healthcare organizations are moving from isolated pilots toward broader workflow integration.

Harvard Business Review

"AI Alone Won't Transform U.S. Healthcare"

AI's impact will depend on workflow integration, organizational change, and workforce adoption, not simply on deploying new technology.

Gensler

"Realizing the value of AI When Planning Tomorrow's Healthcare Facilities"

AI may influence space planning, adaptability, and facility efficiency

REAL ESTATE IMPLICATION

AI is more likely to change the mix and flexibility of healthcare space before it reduces total demand. Providers may need fewer administrative workstations, but more adaptable clinical environments, technology capacity, and locations that support distributed outpatient care.

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Economy: Inflation (CPI)

Inflation falls closer to pre-pandemic levels, as the medical sector ticks higher

Inflation rose 3.4 percent through August 2026. Energy and transportation remain volatile. For healthcare occupiers, labor, construction, utilities, insurance, and supplies are more direct cost concerns than the broad medical CPI.

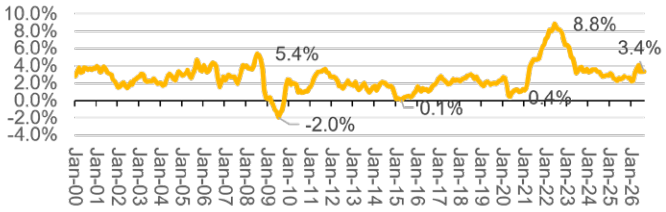
Higher interest rates raise the cost of financing healthcare construction and expansion. Combined with elevated labor and construction costs, this is encouraging providers to prioritize essential projects, phase growth, and make greater use of existing space.

Source: U.S. Bureau of Labor Statistics, https://bls.gov, Consumer Price Index (CPI) thru August, 2026.

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

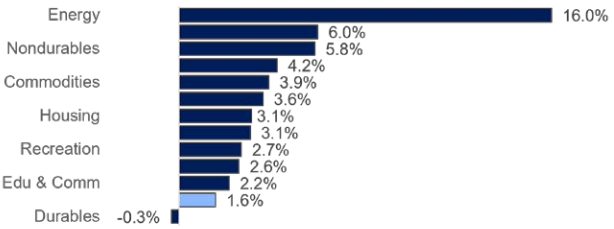
Consumer Price Index for All Items

(12-Month Change)



Consumer Price Index by Sector

(12-Month Change)

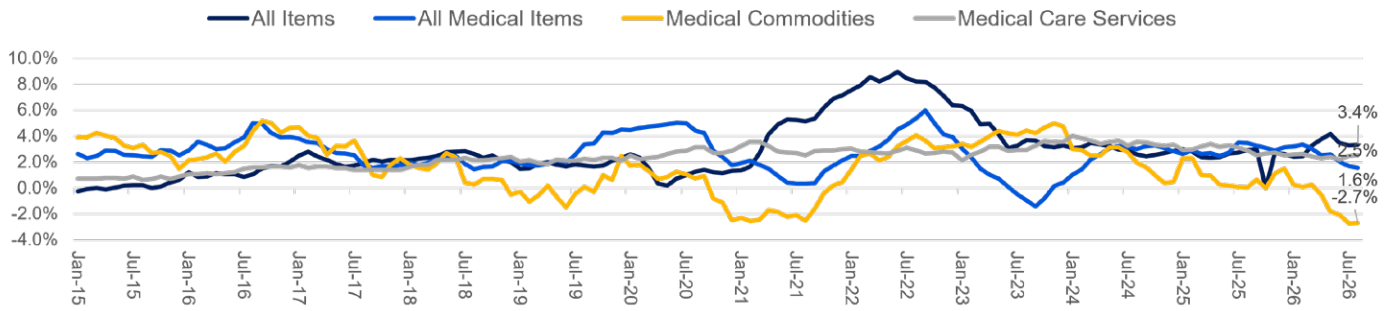


Economy: CPI for Medical Care

Inflation drops for both medical care commodities and services

Medical care inflation has eased. Through August 2026, medical care commodities declined 2.7 percent, while services increased 2.5 percent. Goods costs are less concerning, but labor-intensive services and facility operations remain under pressure.

Consumer Price Index (12-Month Change)



Source: U.S. Bureau of Labor Statistics, https://bls.gov, Consumer Price Index (CPI); thru August 2026 (Not Seasonally Adjusted)

Medical care commodities are tangible goods used in medical treatment, like prescription and non-prescription drugs, and medical equipment and supplies.

Medical care services encompass a broad range of healthcare services designed to address illnesses, injuries, and promote overall well-being.

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Labor

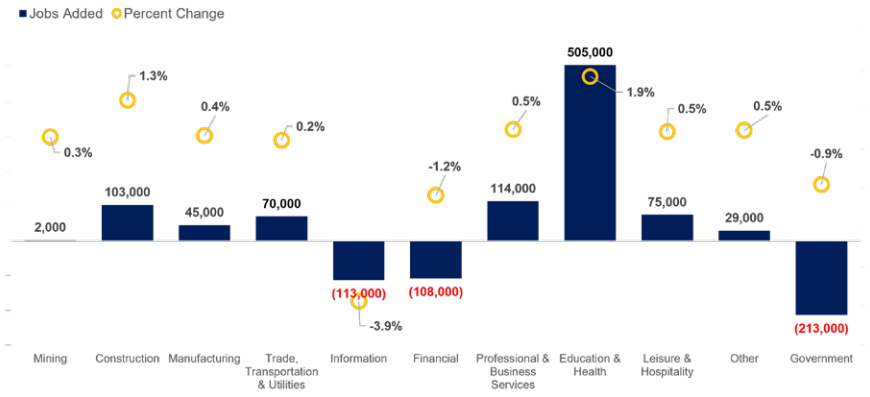
Healthcare is driving national job growth

Healthcare and social assistance remain the clearest source of job growth in the U.S. economy. The sector added over 500,000 jobs over the past year, offsetting weakness in several other major industries. The growth provides the underlying demand for additional care capacity, but the location and type of that demand are changing.

> **Healthcare and social assistance accounted for over 500,000 of the 509,000 total jobs added over the past year**

Job Creation by Sector

(12-Month Change)



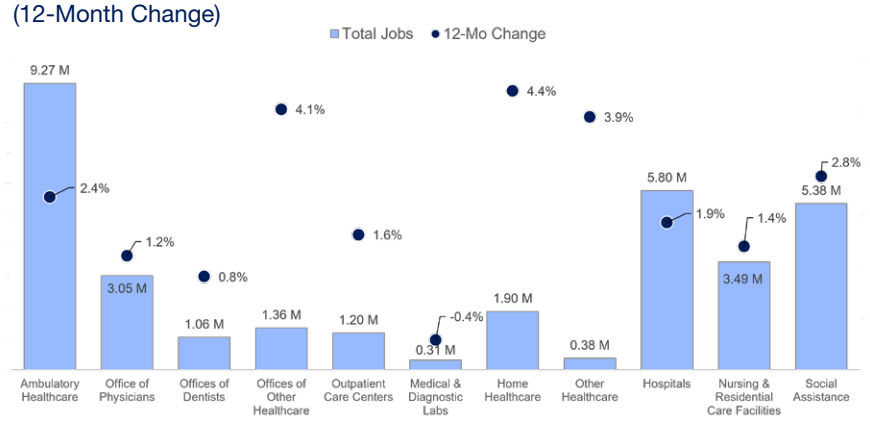
Source: U.S. Bureau of Labor Statistics, https://bls.gov

Growth is concentrated in community-based care

Job growth is concentrated in ambulatory healthcare, home healthcare, and social assistance rather than in traditional hospital settings. That shift supports more distributed care models, including outpatient clinics, specialty practices, home-based services, and community healthcare centers. For real estate occupiers, the result is a broader need for accessible, flexible locations outside the traditional hospital.

Healthcare Sector Total Jobs

(12-Month Change)



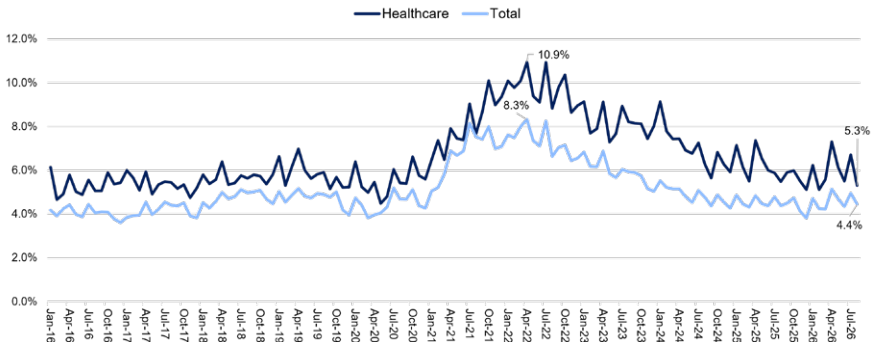
Source: U.S. Bureau of Labor Statistics, https://bls.govthru August 2026

Staffing constraints affect real estate decisions

Healthcare continues to add jobs, but elevated job openings show that providers still face difficulty filling and retaining positions. Labor availability therefore affects more than operating costs. It can influence where facilities are located, how large they need to be, and whether providers favor centralized campuses, community-based locations, or more technology-enabled care models.

Healthcare vs. Total Jobs

Job Openings as a Percentage of Total Employment



Source: U.S. Bureau of Labor Statistics, https://bls.gov thru September 2026 (JTS6200JOL)

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Healthcare Real Estate Trends

Strong Demand, Rising Costs, and the Outpatient Shift Redefine the Market Landscape



The medical office building (MOB) sector continues to outperform traditional office as healthcare providers expand outpatient and community-based services. National MOB occupancy is at 91.3 percent, with direct vacancy at 8.3 percent, while annual rent growth has moderated to approximately 0.8 percent. New construction remains selective because of higher financing, construction, and operating costs. Conditions are not uniform, however, and weaker absorption in several large markets gives occupiers more leverage where supply and demand are less constrained.

Limited new MOB construction reflects development economics rather than weak demand. Healthcare employment growth is broad-based, but much of it occurs in home healthcare, social assistance, nursing and residential care, hospitals, and other settings that do not directly generate MOB demand. Higher interest rates, construction costs, insurance expenses, and specialized building requirements make speculative development difficult, while lenders often prefer preleased, creditworthy tenants or build-to-suit commitments. As a result, providers are competing for existing high-quality space, pursuing adaptive reuse or expansions, and delaying speculative projects until capital and operating conditions improve.

Tenant View

Specialized build-outs and longer lease terms make healthcare relocations expensive and give landlords leverage in high-occupancy MOB markets. Occupier leverage remains stronger in markets with weaker absorption, older buildings, or more available supply. Healthcare tenants should prioritize locations and buildings that provide access to labor, support outpatient growth, accommodate technology upgrades, and allow space to be expanded or reconfigured over time.

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Medical Office Buildings
Largest Metros

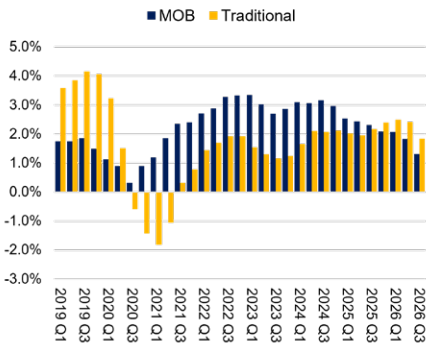


The national MOB market remains stable but is not moving uniformly. Inventory totals approximately 1.57 billion square feet, with 91.3 percent occupancy, 5.1 million square feet of net absorption, and 10.4 million square feet under construction. Market conditions vary widely: Houston has the lowest occupancy among the largest markets, while Miami has the highest asking rent and Dallas has the largest construction pipeline. These differences matter when occupiers compare expansion, renewal, and relocation options.

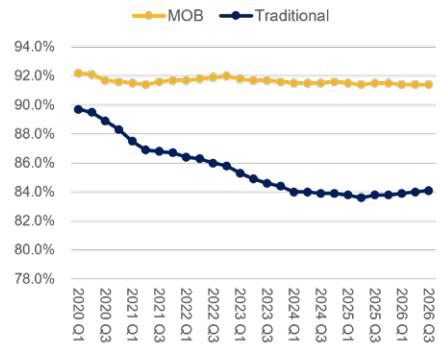
Market	Inventory SF	Asking Rent ($/SF)	Rent Growth (12 mo.)	Occupancy Rate	Net Absorption SF (12 mo.)	Deliveries SF (12 mo.)	Under Construction SF
New York City	42.4 M	$42.68	2.33%	88.40%	570 K	470 K	359 K
Los Angeles	43.2 M	$46.08	0.96%	89.20%	-283 K	113 K	45 K
Chicago	43.1 M	$25.61	0.87%	88.60%	-105 K	22 K	223 K
Houston	50.8 M	$31.44	-0.41%	83.50%	268 K	622 K	194 K
Dallas	37.8 M	$35.48	2.48%	87.50%	558 K	459 K	638 K
Washington, DC	40.8 M	$32.49	1.53%	87.30%	-14 K	0 K	125 K
Philadelphia	33.3 M	$27.80	1.91%	89.60%	-310 K	0 K	333 K
Atlanta	33.3 M	$29.51	0.82%	91.20%	568 K	171 K	545 K
Phoenix	25.4 M	$33.41	1.89%	85.10%	186 K	102 K	485 K
Miami	16.3 M	$50.00	0.85%	93.50%	89 K	19 K	253 K
Boston	29.7 M	$32.57	0.93%	91.50%	97 K	16 K	190 K

Market	Inventory SF	Asking Rent ($/SF)	Rent Growth (12 mo.)	Occupancy Rate	Net Absorption SF (12 mo.)	Deliveries SF (12 mo.)	Under Construction SF	Average Cap Rate
Medical Office Buildings (MOB)	1.57B	0.80%	8.30%	91.30%	5.1 M	7.9 M	10.4 M	7.30%
Traditional Office	7.22B	1.30%	14.80%	84.10%	18.1 M	26.3 M	52.5 M	8.80%

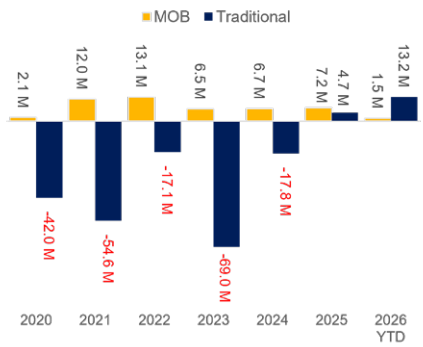
Annual Rent Growth %



Occupancy %

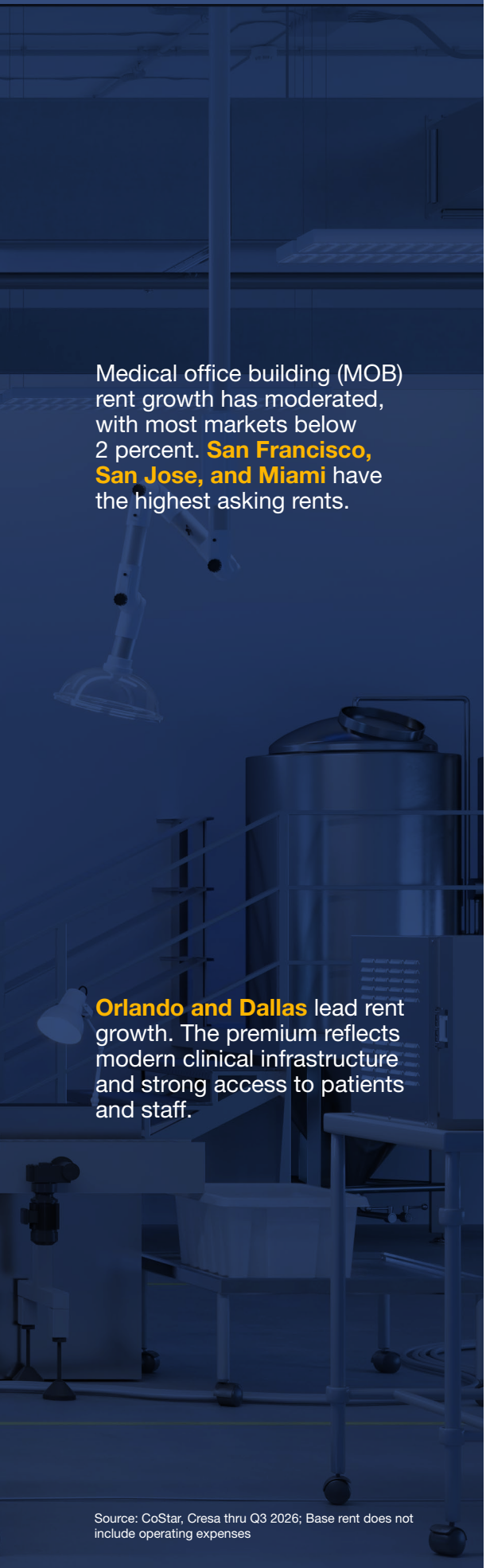


Net Absorption SF



Source: CoStar, Cresa, Data is thru Q3 2026

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Medical office building (MOB) rent growth has moderated, with most markets below 2 percent. **San Francisco, San Jose, and Miami** have the highest asking rents.

Orlando and Dallas lead rent growth. The premium reflects modern clinical infrastructure and strong access to patients and staff.

Source: CoStar, Cresa thru Q3 2026; Base rent does not include operating expenses

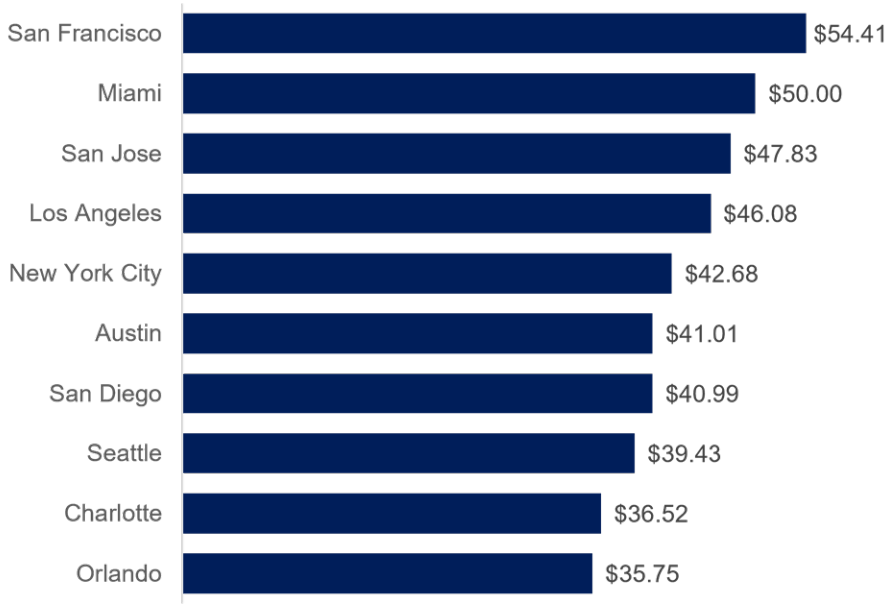
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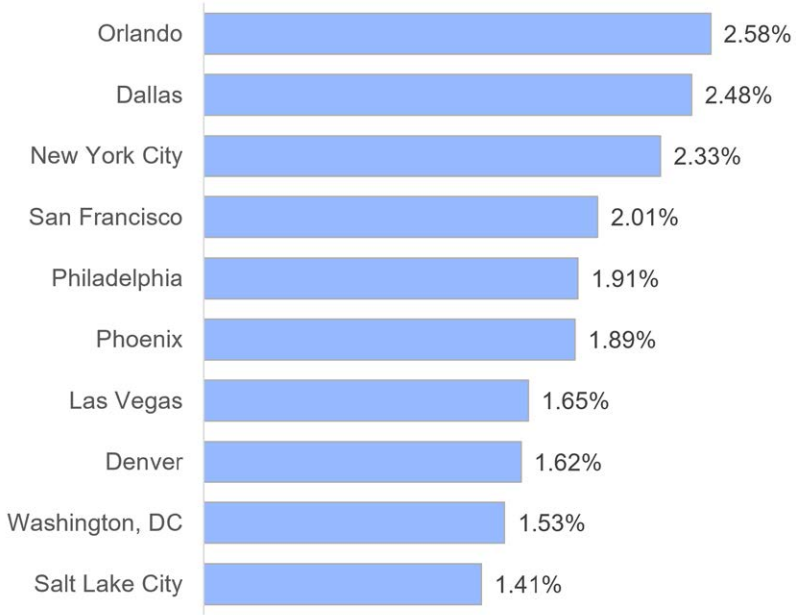
Top 10 Markets

Highest Asking Rent and Highest Rent Growth

Highest Asking Rent – Q3 2026



Highest Rent Growth – 12-Month Change



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New York City, Atlanta, and Dallas recorded the strongest net absorption, correlating with new deliveries entering the market.

Madison, Charleston, Omaha, Seattle, and Charlotte posted the highest occupancy, showing how limited supply can constrain smaller markets.

Source: CoStar, Cresa thru Q3 2026; Base rent does not include operating expenses

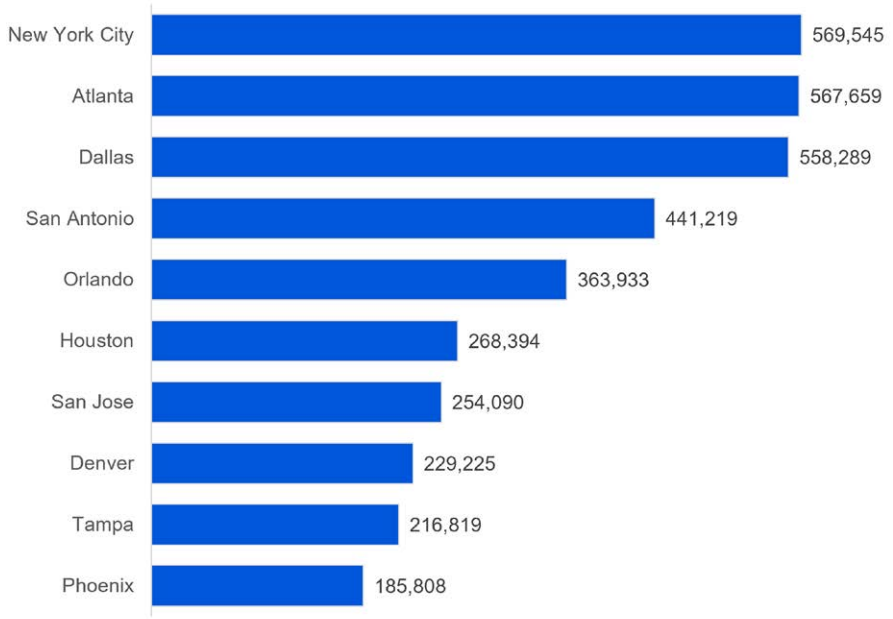
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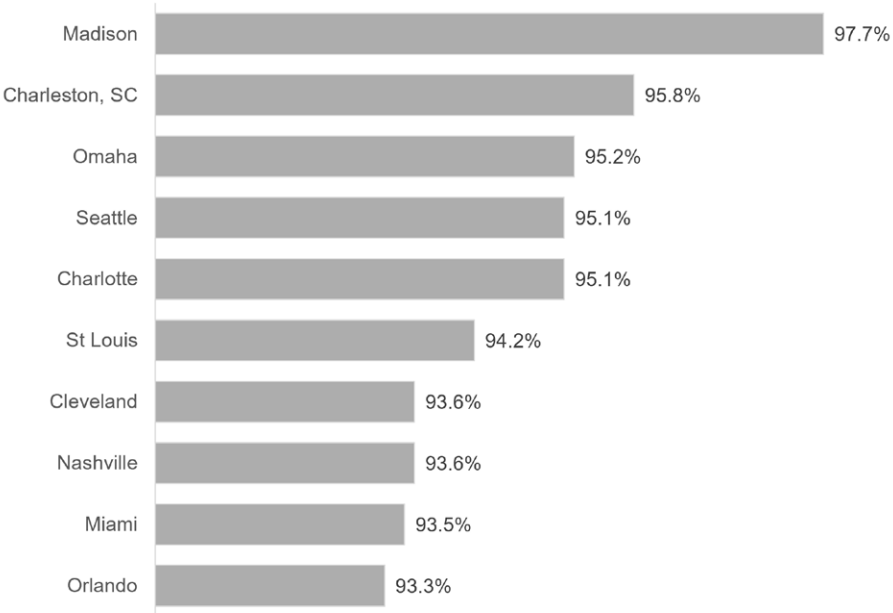
Top 10 Markets

Absorption and Highest Occupancy

Highest Net Absorption – Past 12 Months



Highest Occupancy – Q3 2026



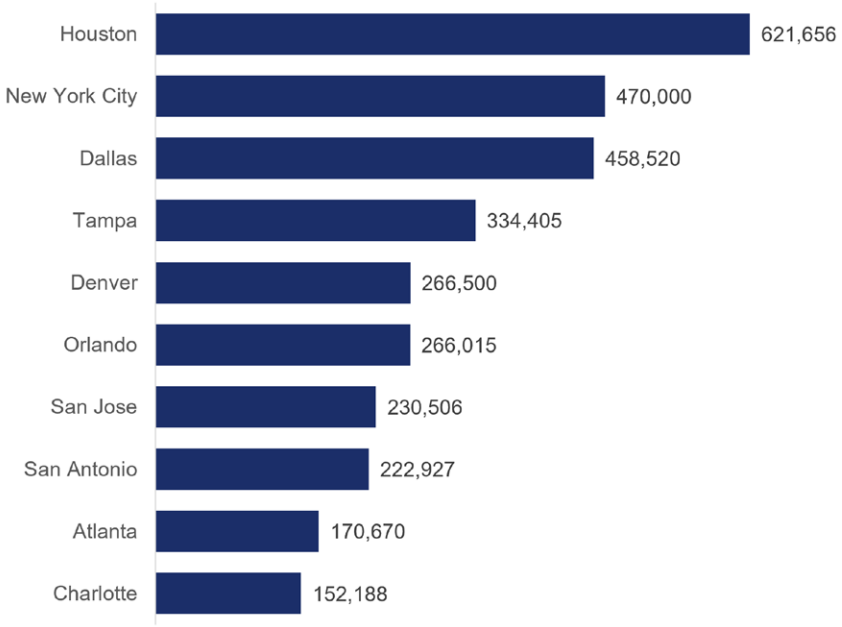
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Top 10 Markets
Construction Pipelines

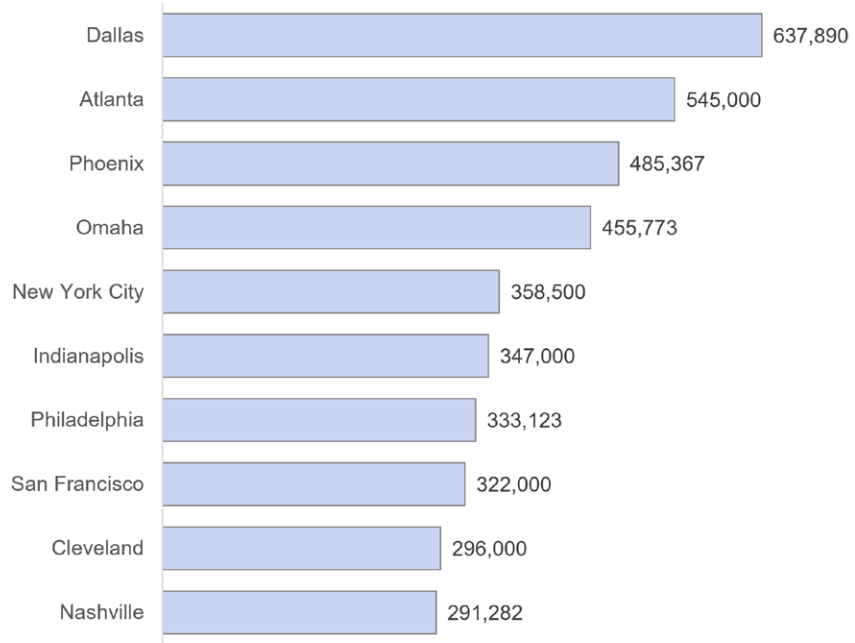
Houston, New York, and Dallas led deliveries. Seven of the top 10 markets with the highest deliveries are in Sun Belt markets, matching the demand for fast-growing populations.

Several smaller and mid-sized markets with strong healthcare systems, such as **Cleveland and Indianapolis,** have high levels of MOBs currently under construction.

Deliveries – Past 12 Months



Under Construction – Q3 2026



Source: CoStar, Cresa thru Q3 2026

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Top 10 Markets

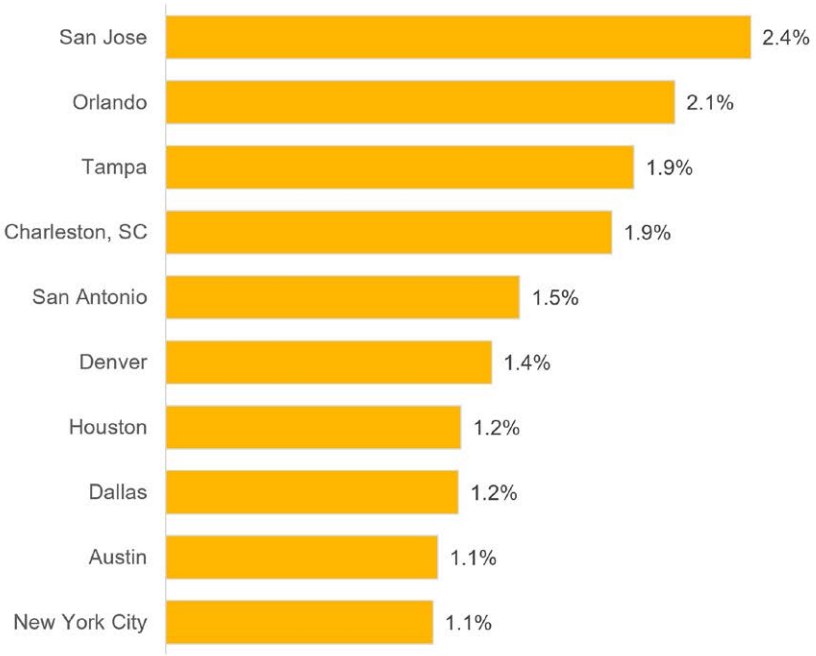
Active Construction Markets

Analyzing the levels of deliveries and the square footage under construction as a percentage of total inventory provides valuable insights into the magnitude of new development.

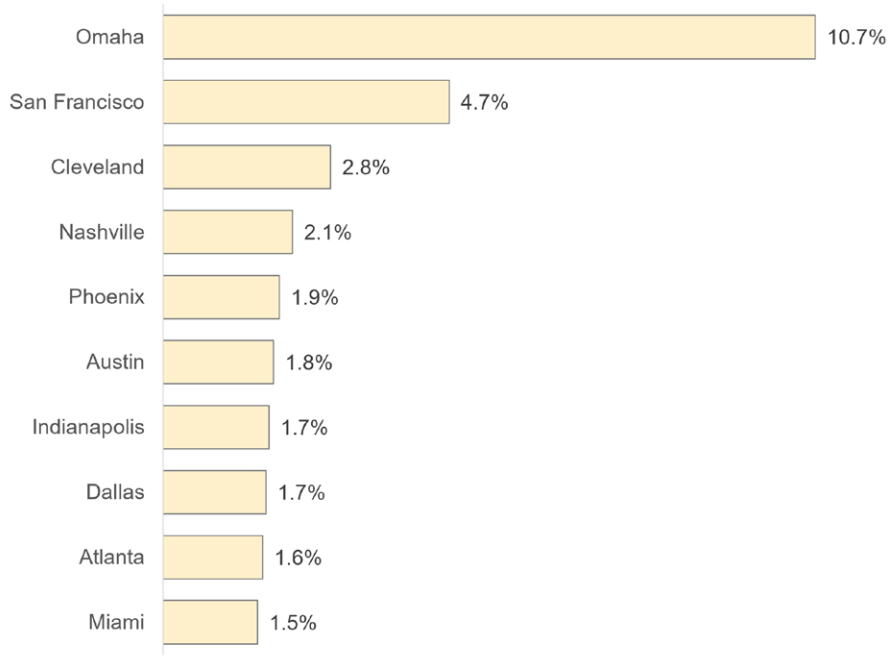
Four of the top 10 MOB markets with the highest percentage of new deliveries are located within **Texas.** Additionally, the influx of people relocating to Florida is driving increased construction activity in cities such as **Tampa and Orlando.**

Omaha's high construction pipeline is a function of its small existing MOB inventory, meaning a limited number of sizable projects produces a large percentage-of-inventory figure. Development is also concentrated around major healthcare nodes, including the University of Nebraska Medical Center and growing outpatient activity in west Omaha.

Deliveries (12-Months) as Percentage of Total Inventory



Under Construction as Percentage of Inventory



Source: CoStar, Cresa thru Q3 2026

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Medical Office Buildings
FastFacts

The following is a snapshot of Medical Office Buildings (MOBs) in several markets across the United States.

Market	Inventory SF	Asking Rent ($/SF) (12 mo.)	Rent Growth (12 mo.)	Occupancy Rate	Net Absorption SF (12 mo.)	Deliveries SF (12 mo.)	Under Construction SF
US	**1,567,009,240**	**$30.10**	**0.77%**	**91.30%**	**5,050,095**	**7,944,292**	**10,446,698**
Atlanta	33,322,782	$29.51	0.82%	91.20%	567,659	170,670	545,000
Austin	12,043,503	$41.01	0.84%	89.40%	59,260	135,891	218,114
Baltimore	21,933,042	$27.24	0.67%	90.00%	22,112	121,351	50,232
Boston	29,687,974	$32.57	0.93%	91.50%	96,846	15,500	190,000
Charleston, SC	7,446,303	$35.26	0.51%	95.80%	124,127	137,821	108,160
Charlotte	14,168,965	$36.52	0.33%	95.10%	163,774	152,188	123,627
Chicago	43,105,982	$25.61	0.87%	88.60%	-105,347	21,600	223,132
Cincinnati	11,988,720	$21.65	0.37%	92.20%	99,510	13,000	0
Cleveland	10,759,487	$21.77	0.14%	93.60%	23,864	0	296,000
Columbus	12,994,057	$25.85	0.70%	92.00%	-20,109	24,314	22,180
Dallas	37,760,871	$35.48	2.48%	87.50%	558,289	458,520	637,890
Denver	19,711,075	$31.45	1.62%	90.00%	229,225	266,500	0
Detroit	28,036,600	$22.45	1.26%	88.10%	-19,066	30,000	263,369
Houston	50,765,885	$31.44	-0.41%	83.50%	268,394	621,656	194,407
Indianapolis	19,992,369	$26.15	1.00%	92.60%	-261,836	23,775	347,000
Kansas City	15,008,233	$28.31	0.43%	92.80%	103,010	0	0
Las Vegas	13,498,771	$30.12	1.65%	87.20%	-43,042	91,879	175,007
Los Angeles	43,215,146	$46.08	0.96%	89.20%	-283,257	113,000	45,227
Madison	3,663,418	$22.55	-0.13%	97.70%	106,038	12,000	0
Miami	16,332,372	$50.00	0.85%	93.50%	88,745	18,500	252,968
Minneapolis	24,876,776	$28.70	-0.24%	91.80%	-327,287	0	0
Nashville	13,711,934	$33.10	0.46%	93.60%	49,392	41,217	291,282
Northern New Jersey	12,244,020	$31.65	0.38%	92.70%	94,126	0	0
New York City	42,405,386	$42.68	2.33%	88.40%	569,545	470,000	358,500
Omaha	4,257,065	$28.74	0.10%	95.20%	21,288	35,980	455,773
Orlando	12,596,038	$35.75	2.58%	93.30%	363,933	266,015	129,265
Philadelphia	33,293,108	$27.80	1.91%	89.60%	-309,539	0	333,123
Phoenix	25,417,045	$33.41	1.89%	85.10%	185,808	101,845	485,367
Pittsburgh	15,101,645	$23.24	-0.34%	91.60%	42,063	0	220,187
Portland, OR	9,080,367	$34.00	0.56%	92.20%	-26,302	0	0
Salt Lake City	8,561,851	$26.57	1.41%	90.40%	-24,513	21,570	0
San Antonio	15,180,116	$29.79	0.95%	87.60%	441,219	222,927	105,756
San Diego	15,632,220	$40.99	0.66%	91.70%	-114,839	75,000	134,800
San Francisco	6,853,131	$54.41	2.01%	90.90%	2,590	0	322,000
San Jose	9,499,382	$47.83	0.36%	90.70%	254,090	230,506	0
Sacramento	8,580,232	$30.74	0.95%	91.80%	95,582	0	92,000
Seattle	19,505,838	$39.43	0.31%	95.10%	117,817	0	16,000
St Louis	12,700,795	$27.01	-0.11%	94.20%	-50,861	28,000	37,354
Tampa	17,220,760	$31.51	1.22%	92.60%	216,819	334,405	64,000
Washington, DC	40,788,109	$32.49	1.53%	87.30%	-14,438	0	124,606



Source: CoStar, Cresa thru Q3 2026; Base rent does not include operating expenses

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Conclusions

Strong demand, constrained supply, and changing care models are reshaping healthcare real estate decisions.

Care is moving closer to the patient.

Employment growth is increasingly tied to outpatient, home-based, and community care, broadening the range of locations and property types healthcare occupiers need.

Labor availability is becoming a real estate variable.

Providers must consider staff access, commuting patterns, facility efficiency, and technology infrastructure alongside rent and occupancy. AI may improve clinical capacity and reduce administrative burdens, but its near-term effect is more likely to change the mix and flexibility of space than reduce total healthcare real estate demand.

Limited supply increases the value of flexibility

With high occupancy and limited new construction, occupiers should evaluate expansion rights, adaptive reuse, phased build-outs, and buildings that can accommodate changing care models.

About the Author

Craig Van Pelt

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Craig serves as the Head of Research for Cresa, the leading commercial real estate tenant advisory in the world. The research role provides insight, thought leadership, and trends impacting occupiers of real estate, and supports existing client relationships and business development.

With 1,350 employees and 55+ offices across North America, and supported by its global alliance with Knight Frank, Cresa is the world's leading commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We think beyond space to find and foster the best environment for every business. Delivered across every industry and supported by world-class technology, Cresa's services include Transaction Management, Project & Development Services, Workplace Solutions, Location Advisory, Portfolio Solutions, Lease Administration, Capital Strategies and Strategic Consulting.

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