Intelligent Investment

2025 Investor & Developer Survey Results

REPORT

CBRE U.S. Healthcare Capital Markets

CBRE BlackBirch Capital

To Healthcare Real Estate Providers, Investors and Developers

CBRE U.S. Healthcare Capital Markets is pleased to present the 2025 findings of our 15th annual Investor & Developer Survey. The survey uncovers key patterns and forces driving the healthcare and life sciences real estate industry, allowing our clients to better understand the state of the market and potential trends for the coming year.

We would be pleased to create a customized benchmark comparison of the responses of your firm and the national sample. Please contact the U.S. Healthcare Capital Markets team via email at Chris.Bodnar@cbre.com to coordinate a presentation of our findings or request a personalized benchmarking of your firm's assets.

Thank you to all the participants in this year's survey.

Sincerely,

U.S. Healthcare Capital Markets

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Methodology

- This year's survey contained several new questions for a total of 35 questions on various facets of the healthcare and life sciences real estate market.
- The survey was distributed to approximately 500 of real estate's most influential healthcare real estate investment trusts (REITs), institutional healthcare investors, private capital investors and developers throughout the United States, with a 20%+ response rate.
- To ensure the accuracy of our survey results, we removed duplicate responses from the same firm as a measure to not exaggerate or inflate results for specific questions.

Highlights

This primary study generated qualitative industry data that provides an understanding of investor and developer return expectations, investment criteria and, most importantly, market shifts and progressions that these key professionals anticipate in the coming year.

Among the most intriguing findings of this year's study include the following:

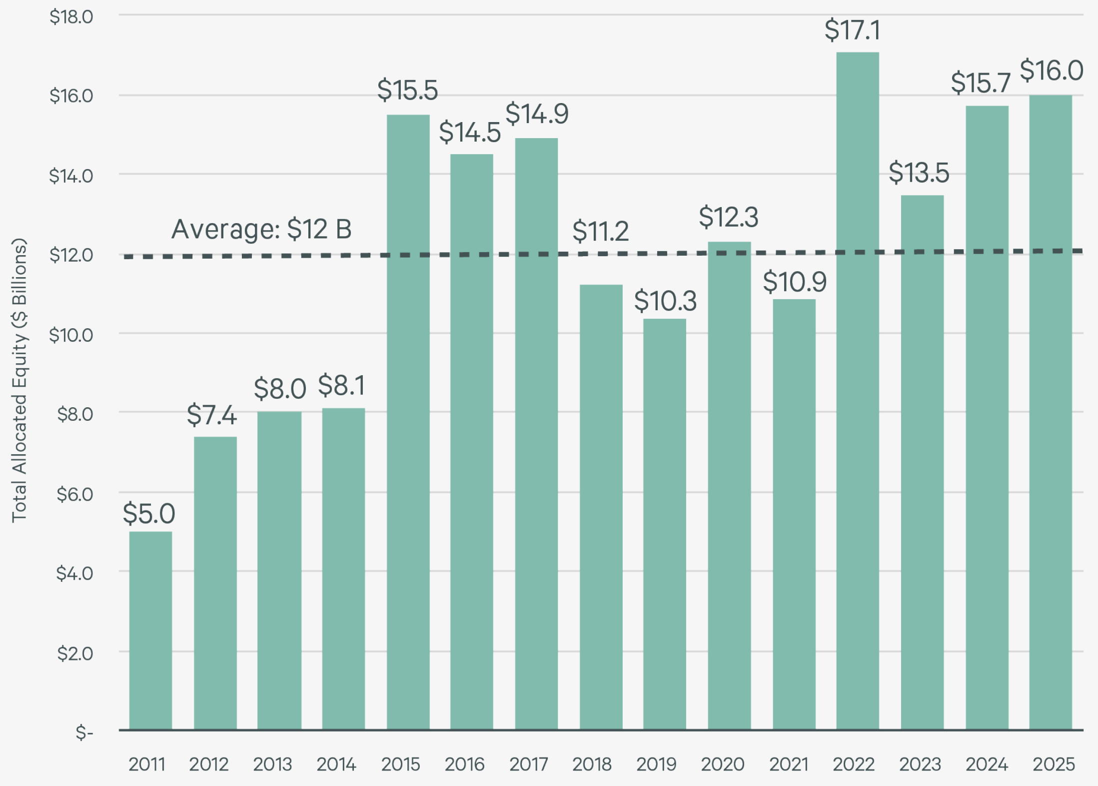
Investment Criteria

Greater Equity Capital Allocated

The 2025 survey results suggest that more capital is being allocated to healthcare real estate compared to 2024. As such, it is anticipated that transaction volume for 2025 will exceed 2024 and outpace the historical average of $12 billion. The $16 billion allocation for 2025 represents approximately 94% of the record allocation of $17.1 billion, which was published in our 2022 survey.

The 2025 total represents a 2% year-over-year increase from $15.7 billion in 2024. We attribute this slight increase to investors' continued interest in less-cyclical asset classes such as healthcare. Additionally, with the overall improvement in the real estate debt markets, investors are in a better position to achieve required returns allowing them to provide additional allocations.

Figure 1: Capital Allocation to Healthcare Real Estate



Highlights (continued)

2025 Challenges

Sustained Higher Interest Rates

Higher interest rates have subsided from peak levels in 2023 but will continue to impact commercial real estate markets in 2025. For the third consecutive year, most healthcare real estate investors identify interest rates as the greatest challenge they expect to face. The Federal Reserve is keeping a close eye on inflation and the impact potential tariffs could have on the economy. As of the writing of this report, Goldman Sachs and Wells Fargo expect two interest rate cuts by the Fed in 2025, while Morgan Stanley, Barclays and Macquarie revised their outlook with only a single 25 basis point rate cut by the Fed in 2025.

Inflation, as measured by headline CPI, stood at 3.0% in January 2025. If inflation decreases, interest rates should follow.

Top-Performing Markets

Top Choices Remain in the Sun Belt

In 2025, investors continue to be drawn to high-performing markets in the Sun Belt region, with Dallas/Fort Worth, Phoenix, Atlanta, Nashville and Miami/South Florida all ranked as favorites for the second year in a row.

The Sun Belt has experienced continual growth due to its business-friendly environment, lower cost of living and mild climate. Currently, the Sun Belt region represents approximately 50% of the national population, making it an attractive destination for investment opportunities.

Other cities that saw better positioning on the list in 2025 include Houston, Boston, San Diego and Chicago.

Return Requirements

Capitalization Rates Normalize

Last year's 2024 survey saw capitalization rates increase by 50 basis points on average for medical outpatient buildings (MOB) across all quality classes (Class A/B and on/off-campus). In 2025, investors are settling into current cap rate expectations. The volatility in the debt markets over the last several years has put downward pressure on pricing to keep returns in-line with expectations, which respondents seem to be accepting based on their cap rate projections this year.

With CBRE's Econometric Advisors projecting the 10-year treasury rate to stabilize by the end of the year at 4.30% and lender spreads starting to tighten in 2025, we expect 2025 to be the start of a slight downward trend for cap rates. Most respondents predict market cap rates for Class A on-campus product will range between 5.50% - 6.50%. Over half of investors believe the most common cap rate will hold steady at 6.00% - 6.49%, with no change from last year.

Planned Investment Activity

More Net Buyers in 2025

The majority (68%) of survey respondents indicate plans to be net buyers of MOB product in 2025. Most institutional healthcare investors and healthcare REITs consider themselves to be net buyers, with private capital healthcare investors accounting for less of the buyer makeup this year.

Only 14% of investors expect to be net sellers of healthcare product in 2025, which is consistent with 2024. However, the makeup of net sellers shifted dramatically in 2025. Private capital investors made up over half of the net seller responses, representing a year-over-year increase of 41% from 2024. A decrease of healthcare developers made up the seller mix in 2025, with less than a quarter expecting to be net sellers, down 37% from 2024.

Highlights (continued)

Market Fundamentals

Improving Occupancy and Rent Escalations

Healthcare portfolios around the country have proven to be incredibly stable, with 92% of respondents indicating that their medical outpatient portfolio occupancy is the same or higher compared to the previous year.

Investors and developers continue to believe that healthcare rental rates will grow at a tenable rate, with over half of investors expecting an annual rent growth of 2%-3%.

It is anticipated that medical outpatient buildings and ambulatory surgery centers will have increased demand in 2025. The highest increases in supply of for sale product are expected for medical outpatient buildings, ambulatory surgery centers, behavioral health hospitals and medical conversions.

Life Sciences

Investors Subdued Despite Funding Momentum

The life sciences industry in the U.S. saw a record level of venture capital funding in 2021, hitting a high of $49.2 billion. Since then, the rapid growth of the life sciences sector has leveled out, with forecast venture capital funding in 2025 estimated to roughly increase by 5.0%.

Of respondents who plan to be active in the life sciences sector, just over one third indicated they were net buyers in 2025, which is consistent with 2024. Of this group, most healthcare REITs consider themselves to be net buyers. The amount of private capital investors as net buyers dropped considerably by 37% since 2024.

Over half of respondents indicated no planned life sciences activity in 2025.

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CBRE

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Profile of Participating Firms

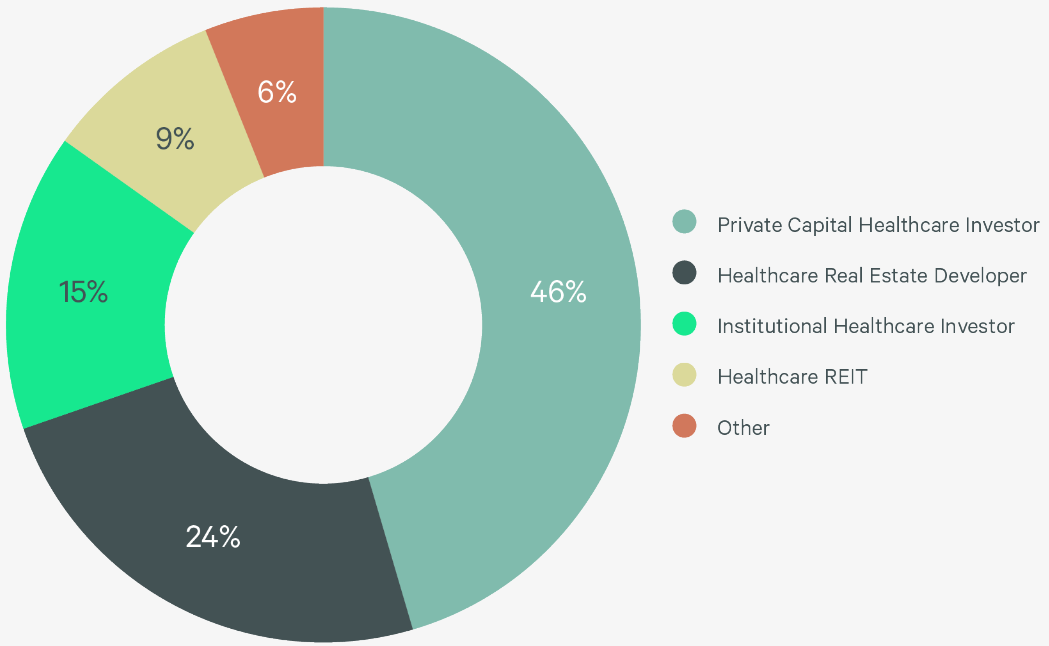
Question 1

Type of Healthcare Investor

Our survey drew a wide range of responses, with the largest type of investor represented as:

Private capital healthcare investors

Figure 2: Type of Healthcare Investor



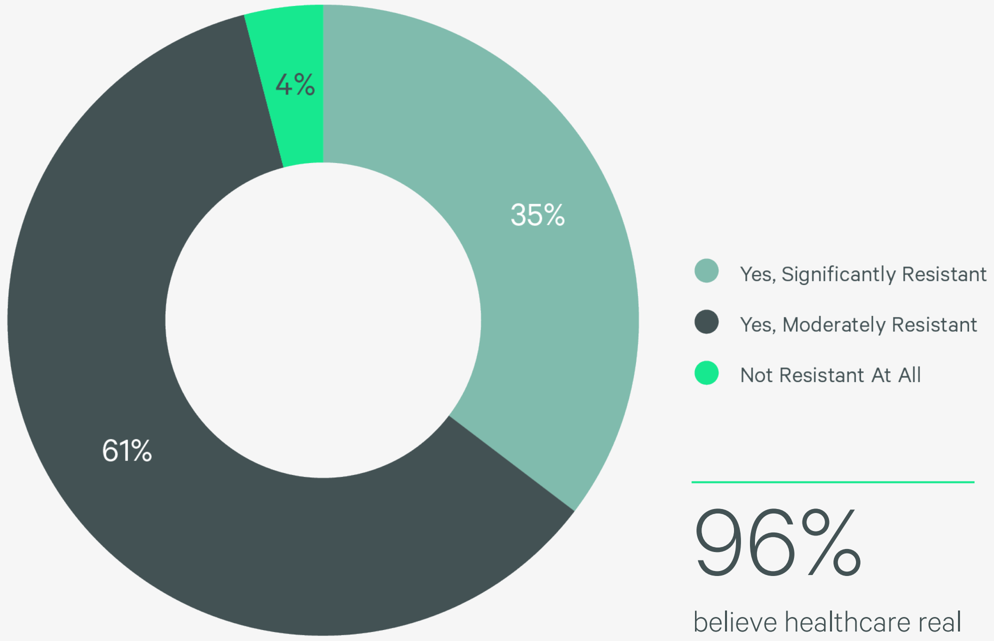
Question 2

Do you believe the healthcare real estate industry to be recession-resistant?

The economy and commercial real estate industry have experienced turbulence over the last several years caused largely by interest rate hikes and resulting market instability. As such, investors continue to shift allocations to healthcare real estate given its inelastic relationship to the broader economy. Large firms, such as MetLife Investment Management, have recently published reports positioning MOB in the overweight category and ranking ahead of all other real estate sectors.

Healthcare real estate has historically served as a refuge for investors during economic downturns and the industry proved its resiliency during the COVID-19 pandemic. Nearly all (96%) of respondents believe that healthcare real estate is recession-resistant, with 61% viewing it as “moderately resistant” to recessions.

Figure 3: Healthcare Real Estate Sector Resiliency



96%

believe healthcare real estate is at least moderately recession resistant

Question 3

What are possible headwinds that could impact the MOB market in 2025?

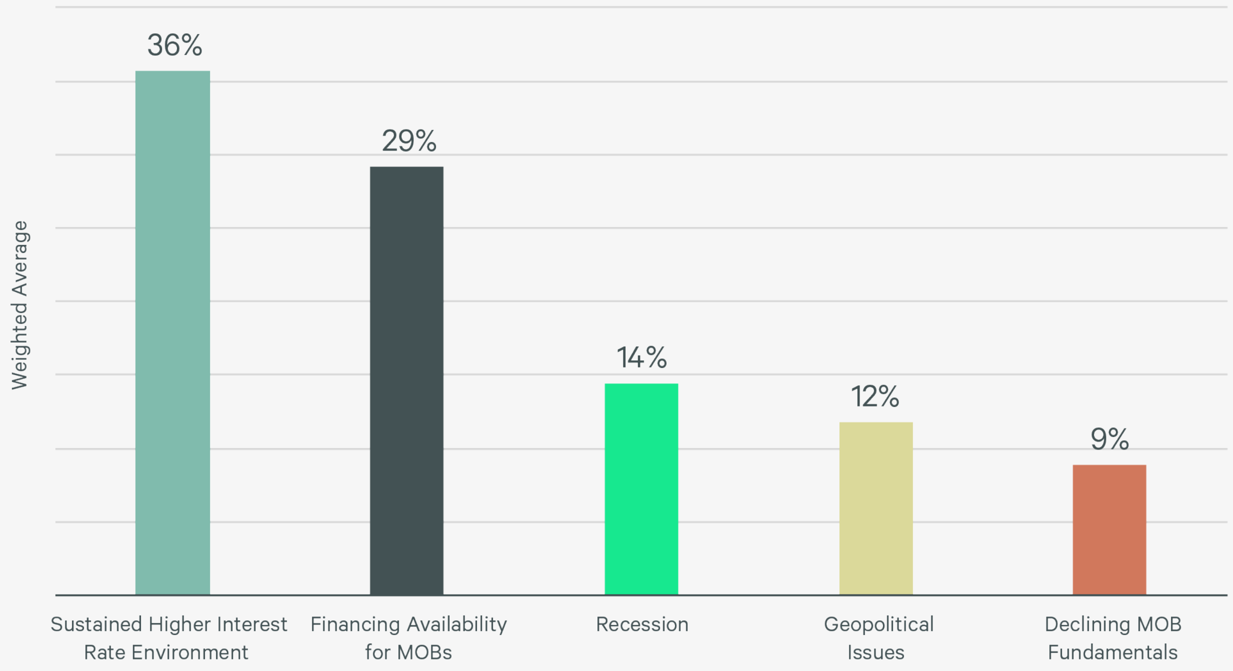
More than one third of respondents (36%) ranked higher interest rates as the most probable challenge that could impact the MOB market in 2025, followed by financing availability (29%).

Declining MOB fundamentals was ranked as the least probable challenge (9%), demonstrating that respondents do not view occupancy declines, lease rate declines, etc. as a potential headwind in 2025.

36%

foresee "Sustained Higher Interest Rate Environment" as the greatest challenge in 2025

Figure 4: Real Estate Challenges in 2025



Question 4

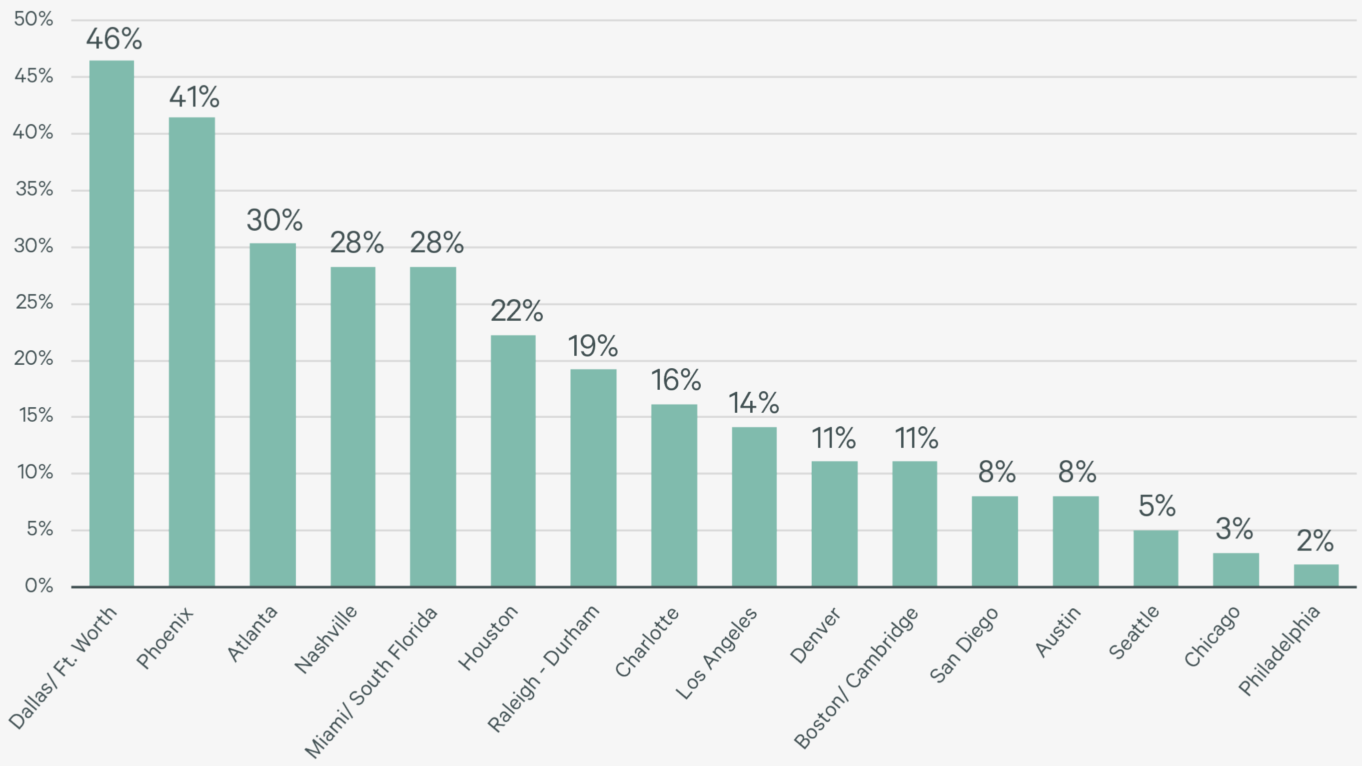
What do you expect to be the Top 3 performing markets in 2025 for medical outpatient buildings?

Healthcare real estate investors continue to prioritize the fastest-growing markets, versus the largest markets by population. Respondents prefer metros with strong job and population growth, specifically in the Sun Belt region and other warmer year-round climate locations.

For the third consecutive year, the Dallas/Fort Worth market has been ranked as the top market. It is preferred by 46% of respondents in 2025, up from 37% in 2024.

Phoenix has ranked the second top performing market for two years in a row, gaining popularity from 36% in 2024 to 41% in 2025. Houston made the largest advancement up the list with a year-over-year increase of 10%, moving from position 10 in 2024 (12%) to the sixth top market in 2025 (22%).

Figure 5: Top Healthcare Markets for 2025



Question 4 (continued)

What do you expect to be the Top 3 performing markets in 2025 for medical outpatient buildings?

Ranking

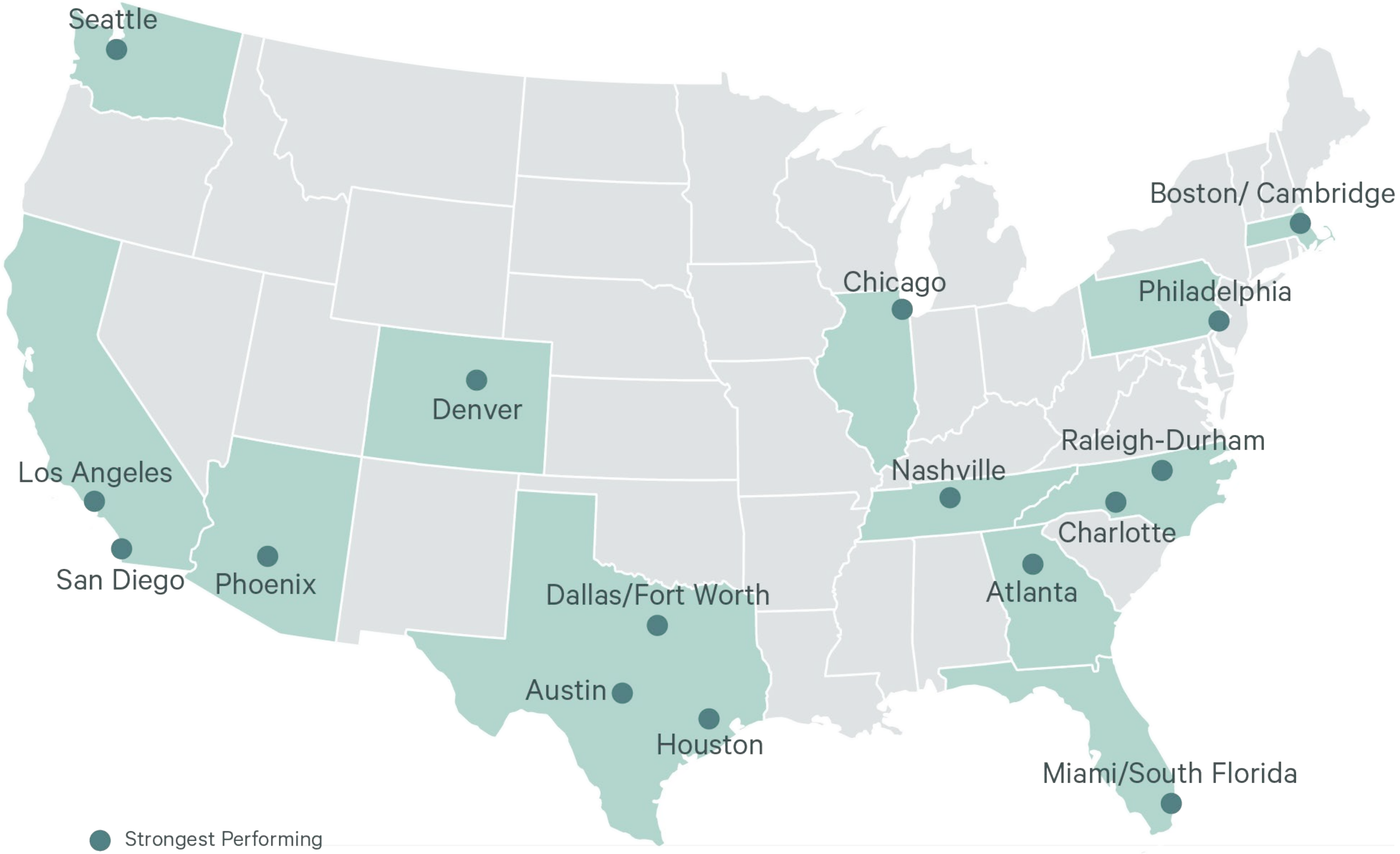
1. Dallas/Fort Worth, TX
2. Phoenix, AZ
3. Atlanta, GA
4. Nashville, TN ▲+1
5. Miami/South Florida, FL
6. Houston, TX ▲+4
7. Raleigh-Durham, NC
8. Charlotte, NC
9. Los Angeles, CA
10. Denver, CO
11. Boston/Cambridge, MA ▲+1
12. San Diego, CA ▲+1
13. Austin, TX
14. Seattle, WA
15. Chicago, IL ▲+1
16. Philadelphia, PA

46%

expect Dallas/Fort Worth to be a top performing market

▲ Advancement on list in 2025

Figure 6: Expected Top Performing Healthcare Markets for 2025



02

Investment Criteria

Question 5

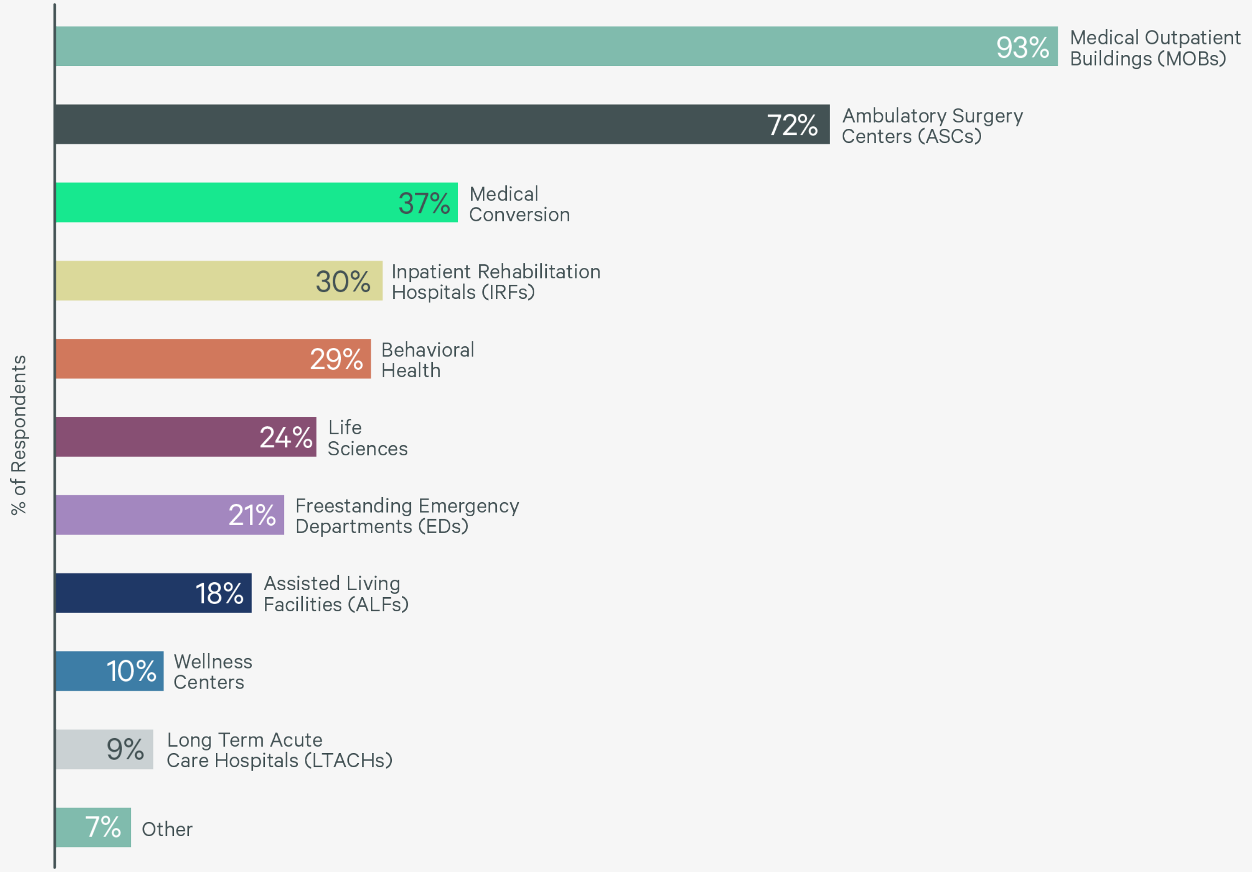
Which types of healthcare real estate properties meet your acquisition criteria?

Consistent with previous surveys, nearly all respondents (93%) cited medical outpatient buildings (MOBs) as the most appealing in 2025.

Assisted living facilities (ALFs) saw the largest increase from the 2024 survey, up by 9% with a rapidly aging national population driving demand. However, ALFs still represent a lower acquisition desirability by respondents (18%), likely due to stringent regulatory landscape and the complex nature of managing both housing and healthcare needs of residents.

Life sciences saw the largest decrease from the 2024 survey, down by 8% but still garnering almost one quarter (24%) of respondents' interest for an acquisition.

Figure 7: Acquisition Criteria – Healthcare Assets



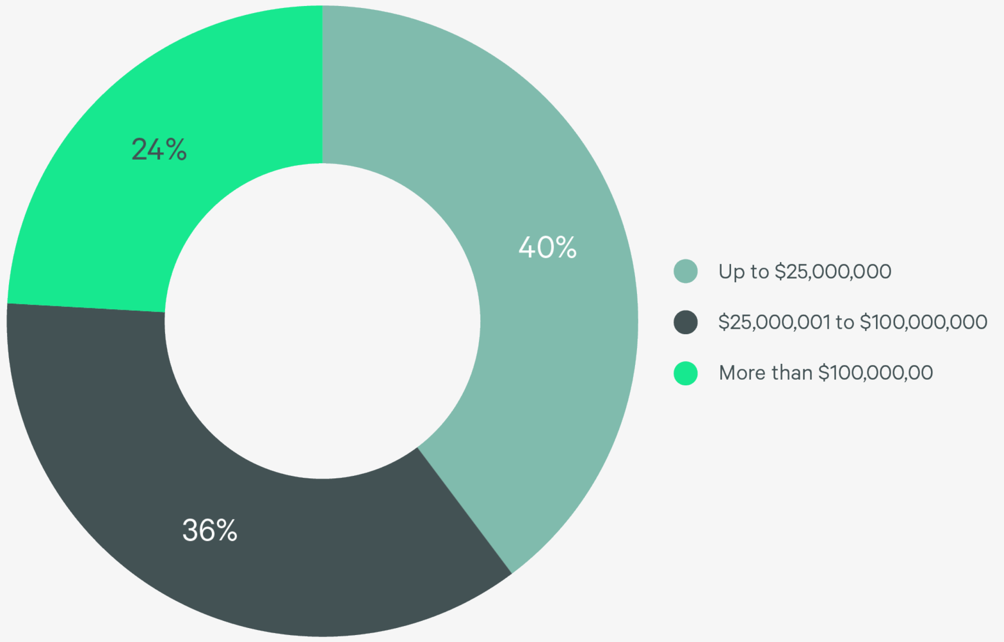
Question 6

How much equity has your firm allocated to healthcare real estate investment and development activity in 2025?

Of the 99 respondents to this survey, 93 disclosed an approximate total of $14.3 billion worth of equity allocated for healthcare real estate investments in 2025. Based on CBRE's knowledge of additional capital sources entering the market, we approximate at least $16 billion of capital allocations. This represents a 2.0% increase in healthcare investment allocation year-over-year and a 55% increase compared to pre-pandemic capital allocations (up from $10.3 billion in 2019).

Respondents indicate that a balanced spread of investments should occur in 2025. Of the 40% selecting a capital allocation up to $25 million, healthcare real estate developers prefer this investment size (57%). 36% of respondents selected the $25 million to $100 million range, which is the investment size preferred by healthcare REITs (63%). Almost a quarter of respondents expect to invest more than $100 million in 2025, which is the investment size preferred by institutional healthcare investors (60%). Overall, private capital healthcare investors represent a healthy spread across all tranches, with 48% selecting investments up to $25 million, 32% selecting the $25 million to $100 million range and 20% at more than $100 million.

Figure 8: Equity Allocated to Healthcare Real Estate



Question 7 - New Question for 2025 Survey

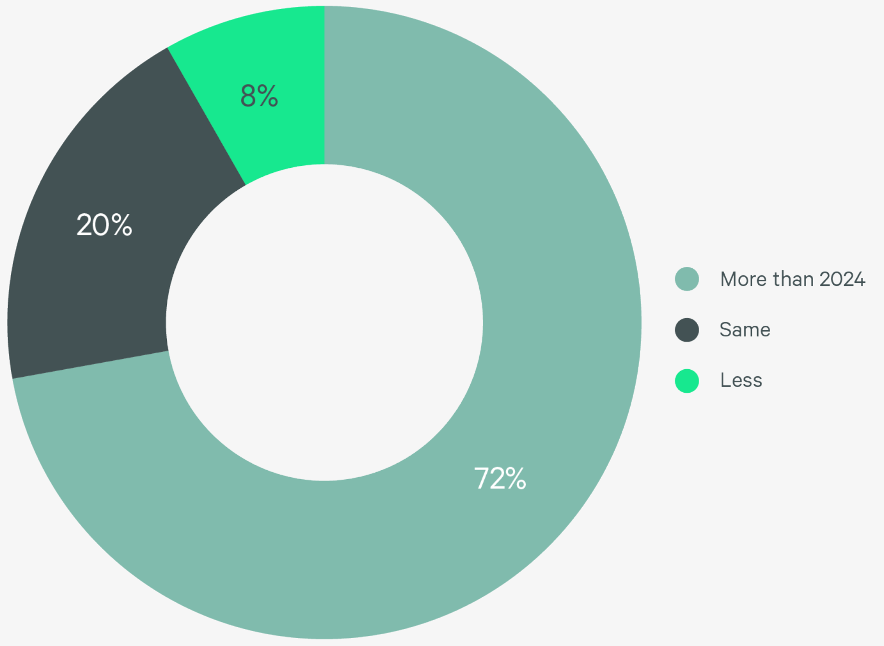
What is your anticipated investment volume for 2025 in comparison to 2024?

As capital continues to flow into healthcare real estate, the majority (72%) of respondents anticipate elevated investment volume in 2025.

92%

expect at least the same or more investment volume in 2025

Figure 9: Anticipated 2025 Investment Volume



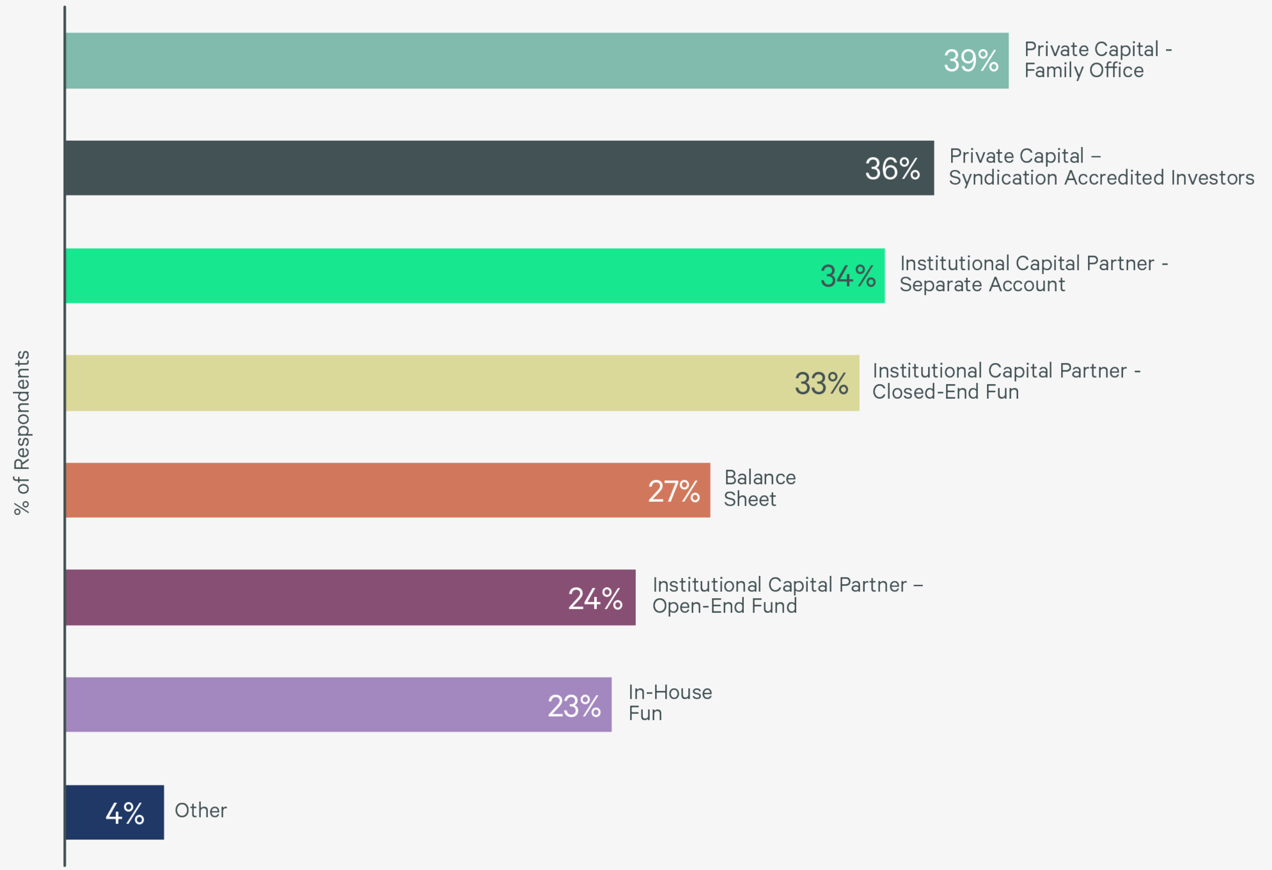
Question 8 - New Question for 2025 Survey

What is your source of capital?

Though respondents' anticipated use of equity is balanced between private and institutional capital in 2025, the most utilized source is expected to be:

Private capital - family office

Figure 10: Capital Sources



Question 9

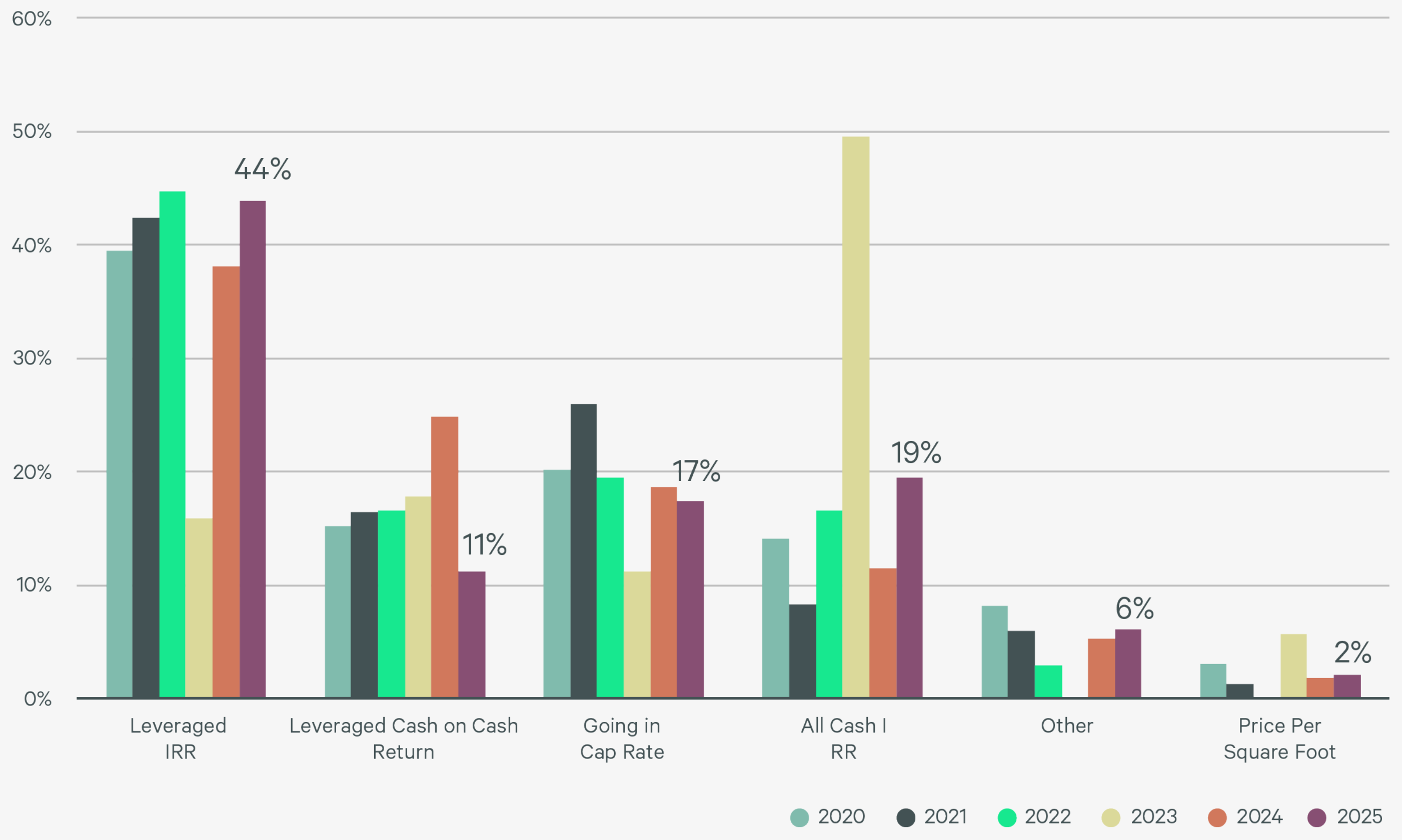
What measurement of investment return do you rely on most?

The return to traditional financing is prevalent in recent years, with "leveraged IRR" ranking the highest at 44% in 2025, which represents a year-over-year increase of 6% from 2024 (38%), and drastically up from the low point of 16% in 2023.

19% of respondents named "all-cash IRR" as the most important investment methodology in 2025, significantly down from the high point in 2023 when 50% of respondents selected this as their preferred investment methodology.

The shift from all-cash IRRs back to leveraged IRRs suggests that healthcare real estate investors are more focused on structuring debt to achieve their investment returns.

Figure 11: Investment Methodology



Question 10

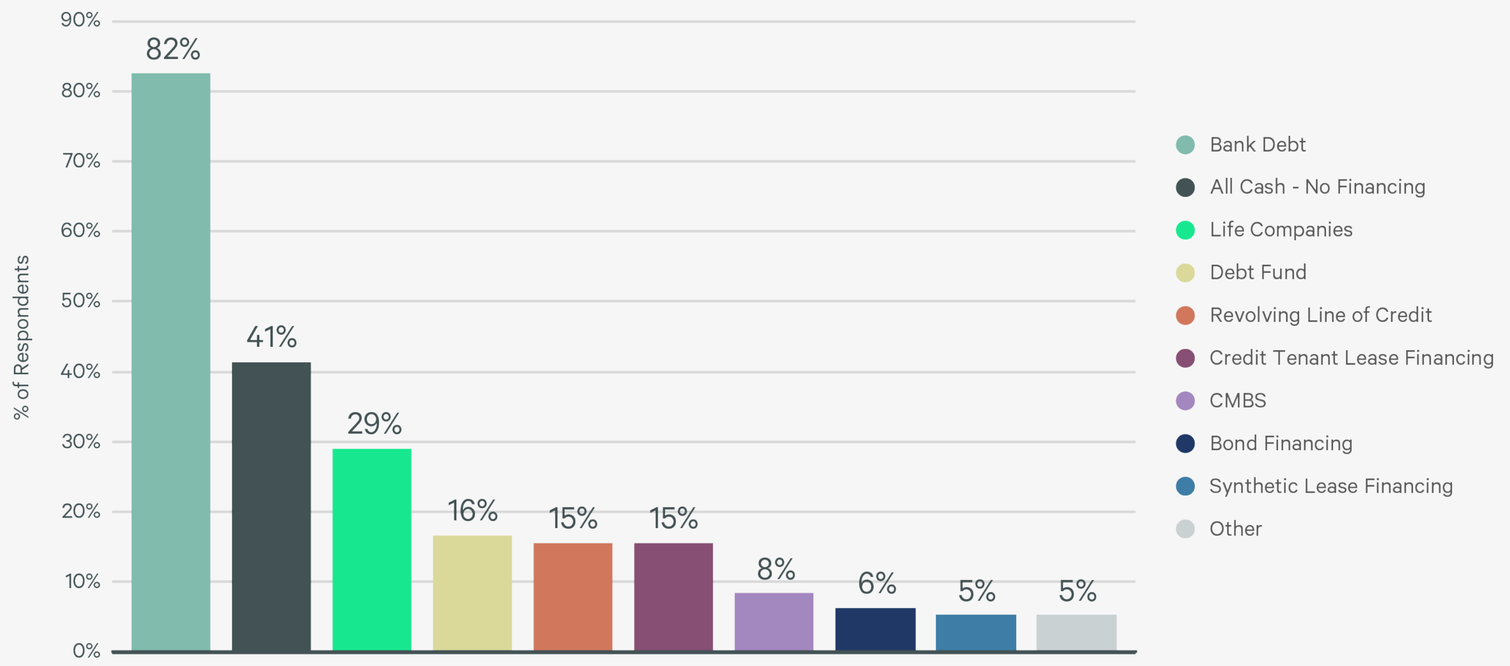
What types of financing sources are you utilizing?

Bank debt has remained the most popular financing source among respondents (82%), followed by all-cash (41%), which is consistent with previous years. Debt from life companies remained the third popular financing source but saw the highest year-over-year decrease in utilization, down from 36% in 2024 to 29% in 2025.

82%

expect to utilize bank debt in 2025

Figure 12: Financing Sources



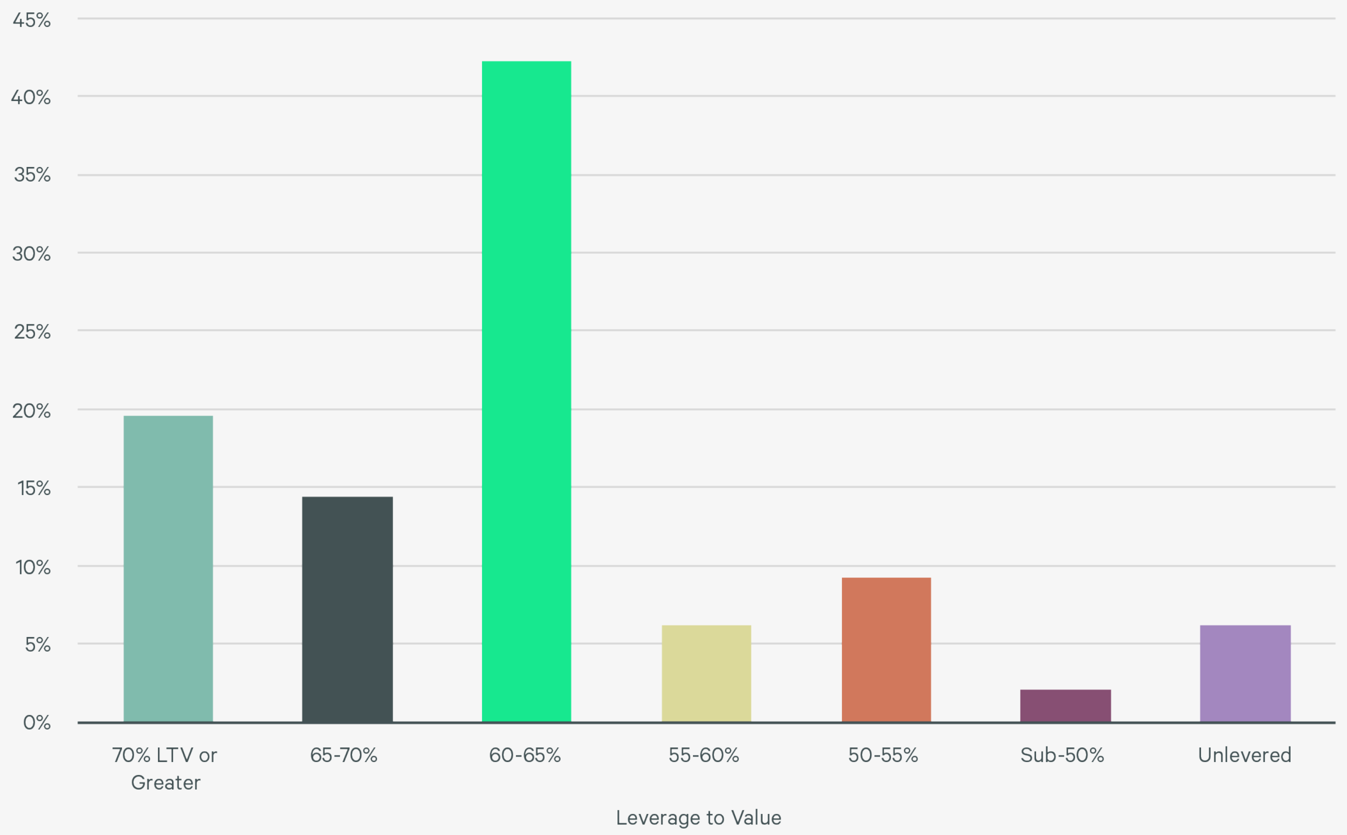
Question 11

What level of financing do you most often target?

Overall, survey respondents utilize various debt levels, with the most popular range selected at 60-65% loan-to-value (LTV) ratio.

While developers account for almost half (47%) that accept a higher leverage point of 70% LTV or greater, REITs strongly prefer lower leverage with sub-50% LTV, or no leverage at all, for more than half of their investments (56%). In this year's survey, institutional investors indicated that they will only consider loans between 50-65% LTV. For private capital healthcare investors, financing at 60-65% LTV is strongly preferred (58%).

Figure 13: Target Leverage



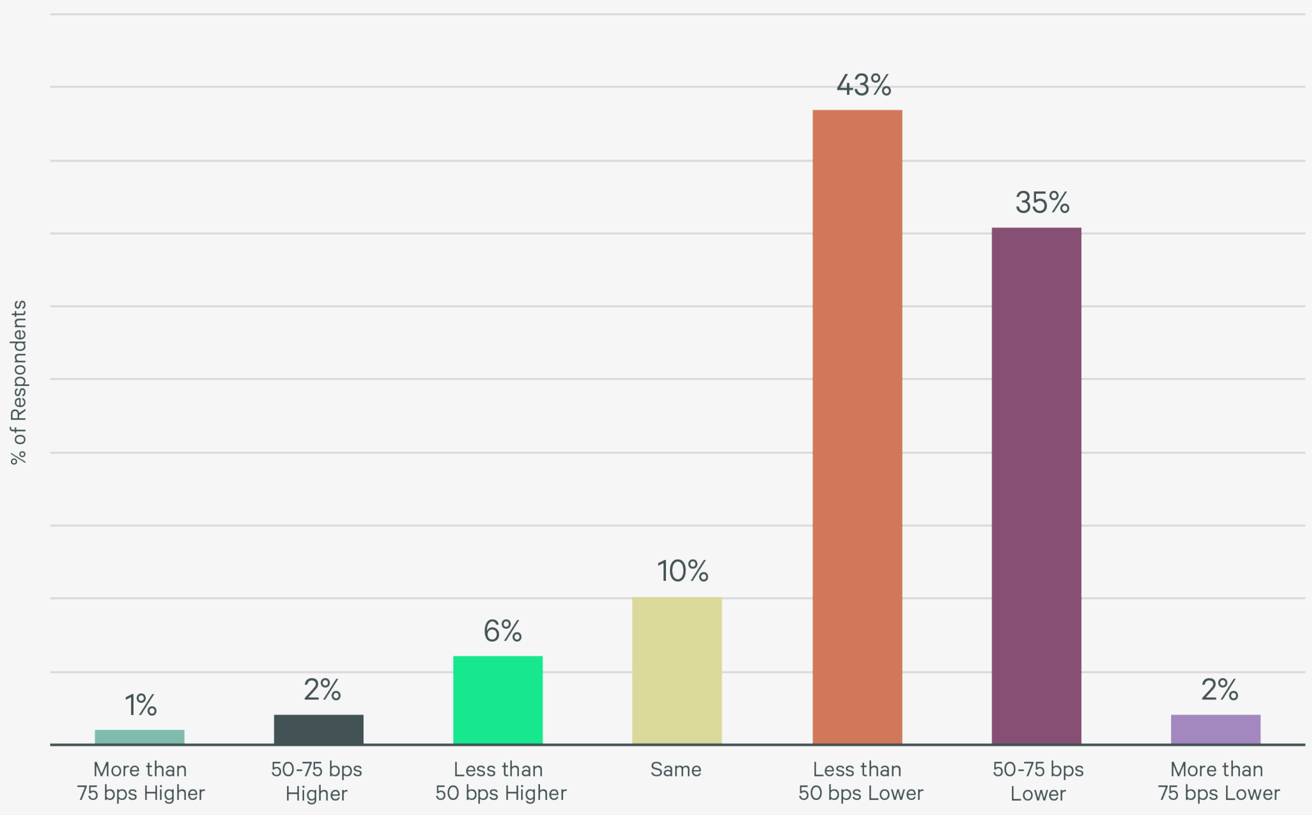
Question 12 - New Question for 2025 Survey

Where do you think interest rates will be at the end of 2025, relative to January?

When asked to compare interest rates at year-end 2025, compared to rates at the beginning of the year, the majority (79%) of survey respondents think rates will be 1-75 basis points (bps) lower at the end of the year. This outlook of a continually improving debt market throughout the year is positive with 10% of respondents expecting the same interest rates, 43% expecting 1-50 bps lower rates and 35% expecting a 50-75 bps rate interest rate drop. Only 9% of respondents believe that rates will be higher at the end of 2025 than in January.

The Federal Reserve cut the Fed funds rate by 100 bps in 2024, easing monetary policy for the first time in four years. Investors are seemingly getting used to higher bond rates and, based on the responses of this survey, expect to continue seeing lowered interest rates as a result.

Figure 14: Interest Rates at Year-End 2025

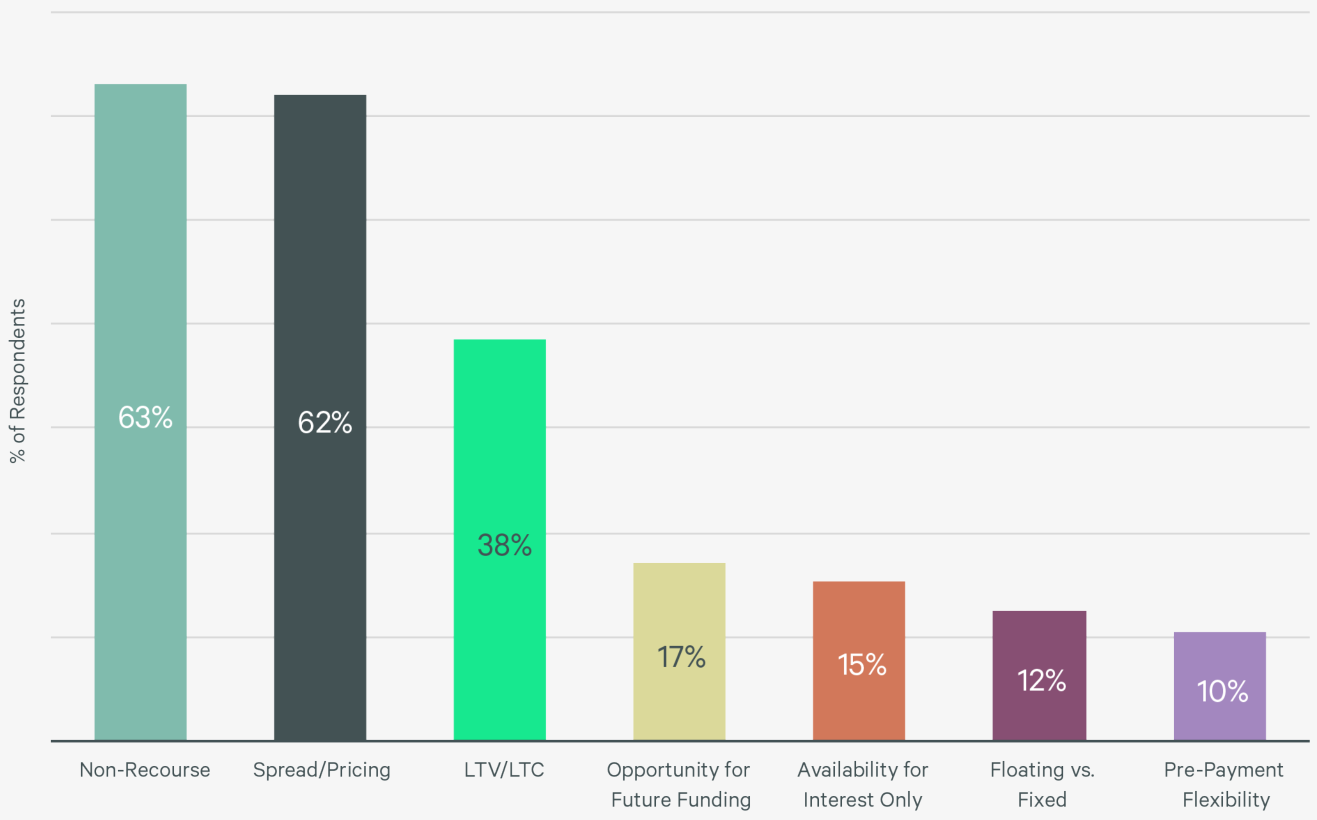


Question 13

When financing an asset, what terms are most important when choosing a lender/loan?

Healthcare real estate investors ranked non-recourse (63%) as the most important financing term in 2025, which is in-line with previous years, followed closely by the spread/pricing (62%).

Figure 15: Key Financing Point



Question 14

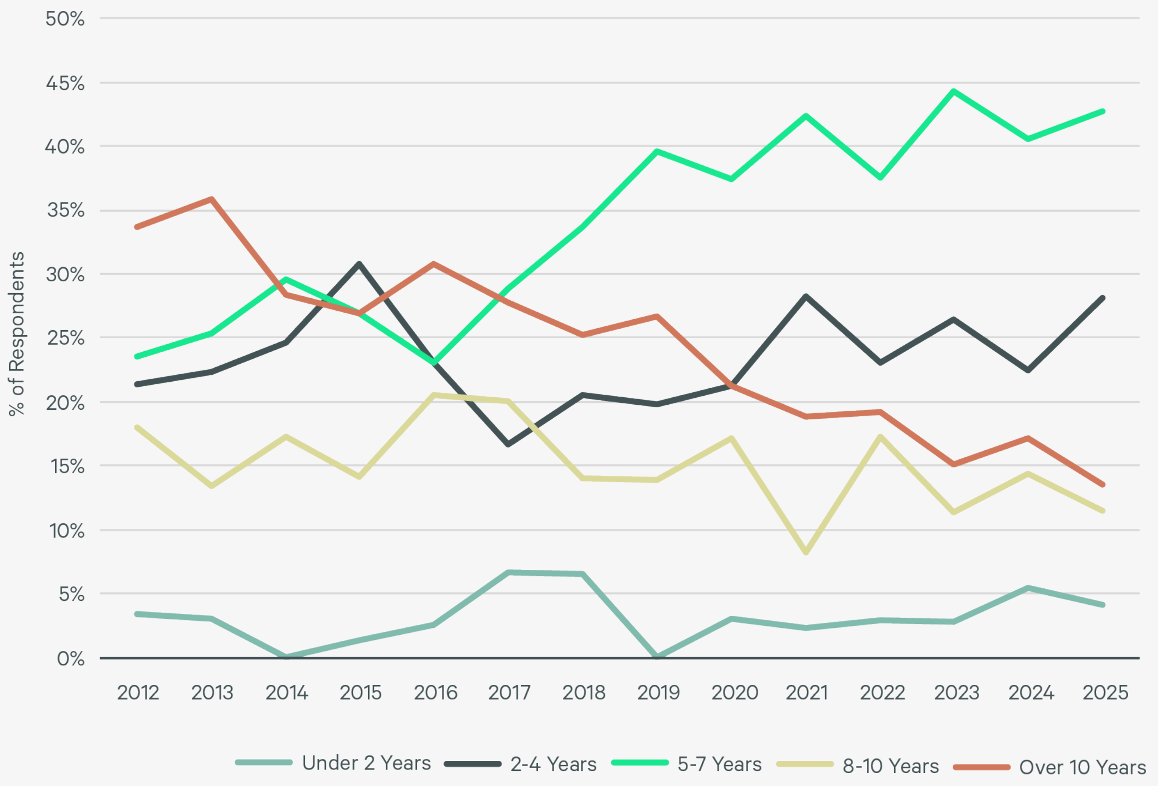
What is the average hold time for your investments?

For almost a decade, the average hold time of “5-7 years” has been the most preferred option, with 43% of investors selecting this in 2025, up from 41% in 2024. The “2-4 years” category experienced the largest year-over-year increase of 6% from 2024 (23%).

Healthcare real estate developers account for 75% of respondents that would consider a hold time under two years but indicate that only 13% of its investments fall in this category, with a stronger preference for “5-7 years” for 33% of its investments. Private capital healthcare investors significantly prefer (89%) a hold period of two to seven years, with an increased preference for “2-4 years” in 2025 by 63% of respondents, up from 42% in 2024. Institutional investors strongly prefer hold periods of 5-10 years (80%) and is consistent with previous years.

Healthcare REITs, are showing a decreased preference for longer hold periods, with 67% indicating an average investment horizon of more than 10 years in 2025, down from 92% in 2024.

Figure 16: Average Hold Period



03

Return Requirements

Question 15

What will be the “market” capitalization rate for multi-tenant MOBs in 2025?

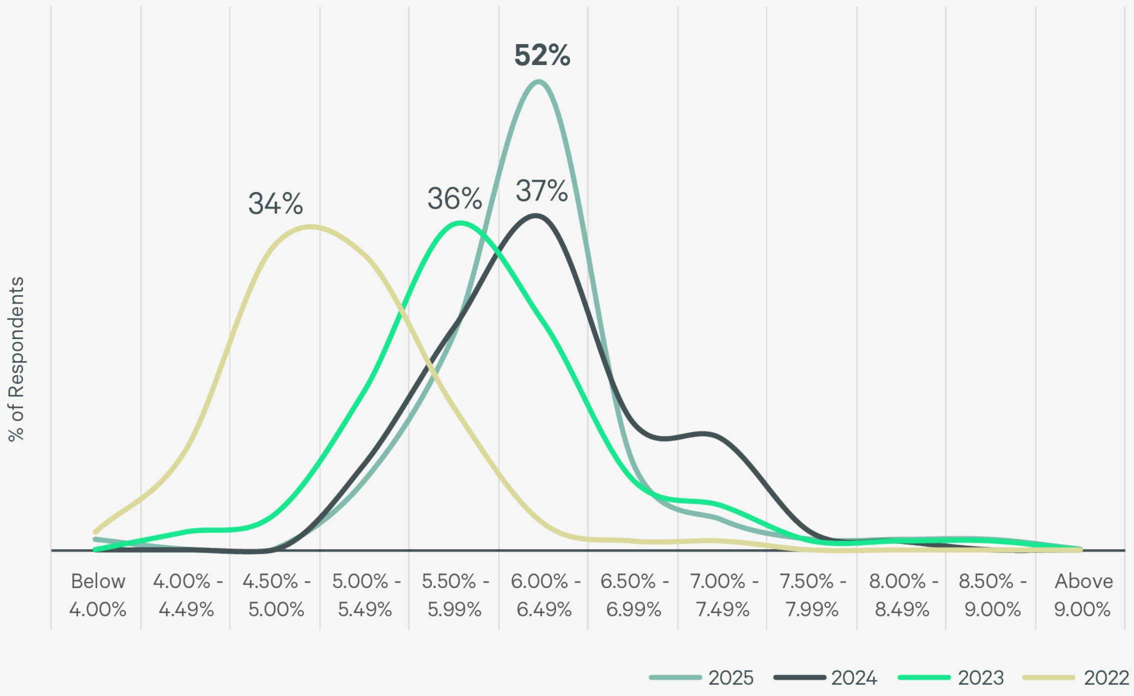
The MOB investment market may be settling into current cap rate expectations in 2025. Market conditions from recent years put downward pressure on pricing and created a decrease in investor value expectations, which respondents seem to be accepting based on their cap rate projections for 2025.

When compared to the 2024 survey, where investors indicated that cap rates increased by 50 bps over the last year and 125 bps over the last two years, 2025 may see stabilized cap rates without the substantial increases experienced in 2023 and 2024.

Class A Product

Class A On-Campus: The majority (75%) of respondents predict that a market cap rate for Class A on-campus product will range between 5.50% - 6.50% in 2025. Over half (52%) of investors believe the most common cap rate will hold steady at 6.00% - 6.49%, with no change in value from the previous year but with an increased conviction (up from 37% of respondents in 2024).

Figure 17: Class A On-Campus MOB Cap Rates



Question 15 (continued)

What will be the "market" capitalization rate for multi-tenant MOBs in 2025?

Class A Off-Campus: We observed a favorable shift in investor pricing sentiment for Class A off-campus assets, with 72% of respondents predicting cap rates between 6.00% - 6.99%. In 2025, the most selected range (40%) was a 6.00% - 6.49% cap rate range (up from 30% in 2024), followed by 6.50% - 6.99% selected by 32% of respondents (down from 36% in 2024, which was the most popular response).

Class B Product

Pricing became less aggressive for Class B on-campus MOBs year-over-year, with Class B on-campus assets pricing at about a 50 bps premium to Class B off-campus assets. For Class B assets, most investors (67%) anticipated a cap rate between 6.50% - 7.49% for on-campus buildings and 7.00% - 7.99% for off-campus buildings (58%).

Figure 18: Class A Off-Campus MOB Cap Rates

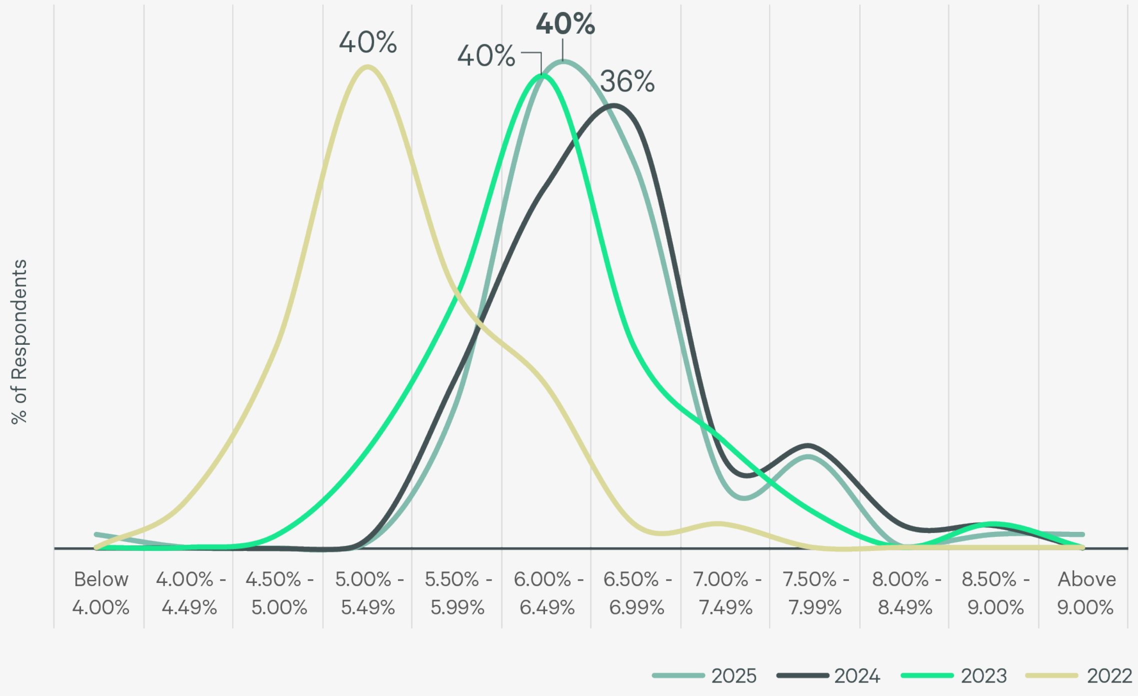


Figure 19: Class B On-Campus MOB Cap Rates

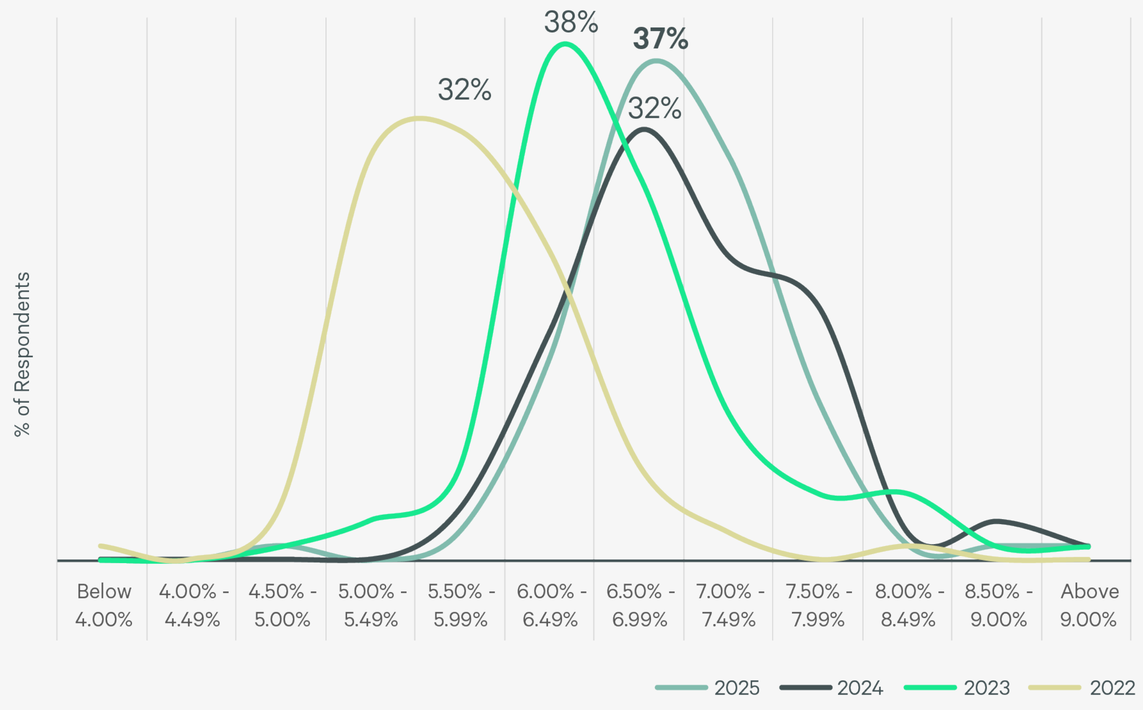
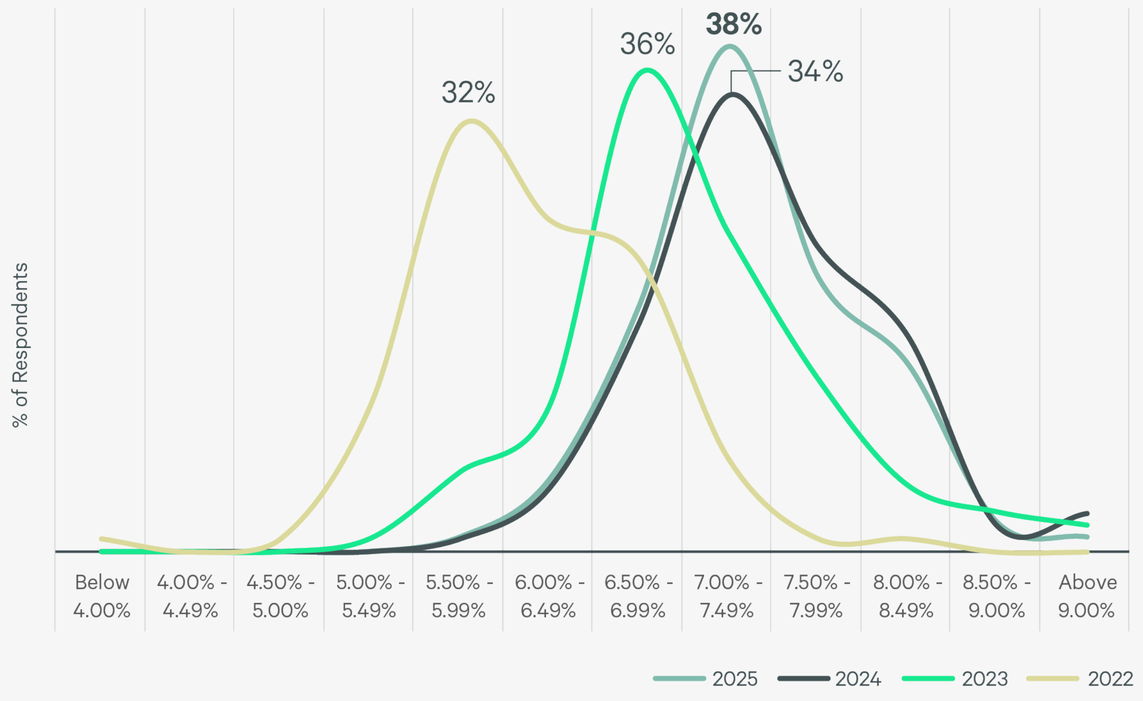


Figure 20: Class B Off-Campus MOB Cap Rates



Question 16

What is your target 10-year IRR (all-cash) for multi-tenant MOBs in 2025?

In recent years, higher costs of capital and interest rates increased the all-cash IRR requirements for most healthcare investors and developers.

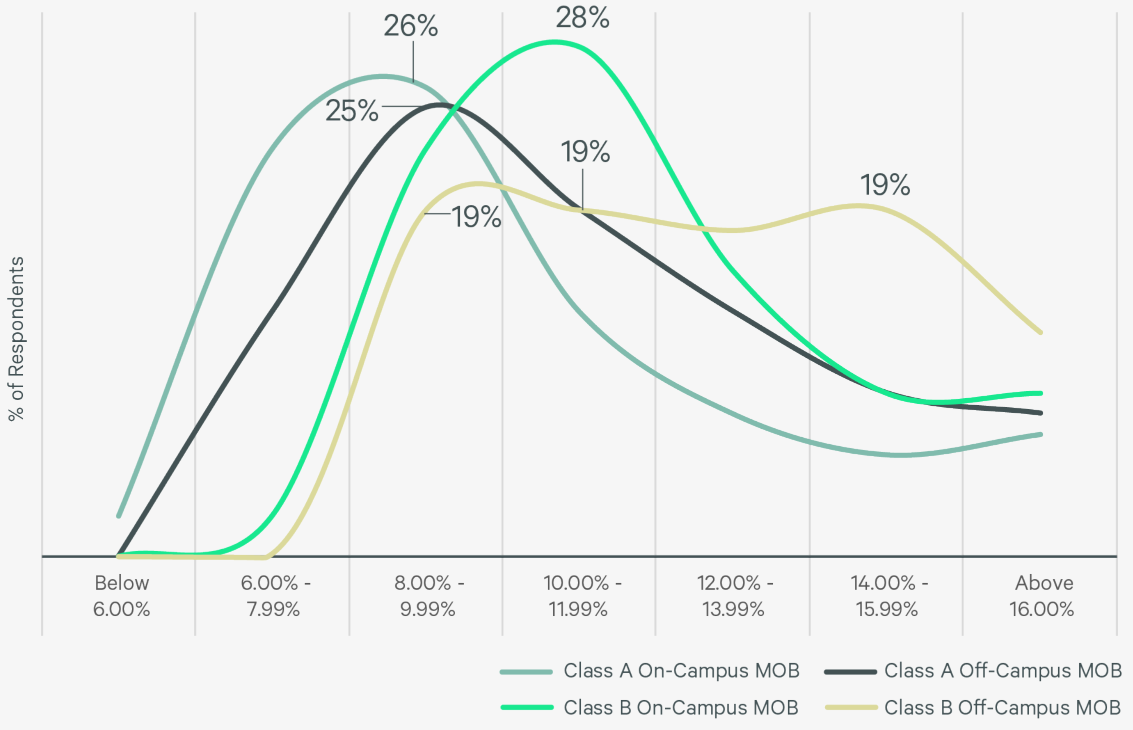
Class A Product

On-Campus: 60% of respondents in 2025 target an all-cash IRR of at least 8.0%, with one third (34%) expecting 10.0% and higher. The decreased risk assessment allows for lower return requirements, and 2% of investors are still willing to accept all-cash IRRs below 6.0%. Off-Campus: 74% of investors are targeting an all-cash IRR of at least 8.0%, and almost half (49%) expect 10.0% and higher.

Class B Product

On-Campus: 62% of respondents identified an all-cash IRR of at least 10.0%, with over one third (34%) expecting 12.0% and higher. Off-Campus: 69% of investors are targeting an all-cash IRR of at least 10.0%, and almost half (49%) expect 12.0% and higher. The increased risk profile commands higher returns, with 12% of respondents requiring all-cash IRRs above 16.0%.

Figure 21: All-Cash IRRs Across MOB Class Types



Question 17 - New Question for 2025 Survey

What is your target 10-year IRR (leveraged) for multi-tenant MOBs in 2025?

In comparison to the previous question, this new analysis for the 2025 survey examines investors' leveraged IRR requirements across the product types.

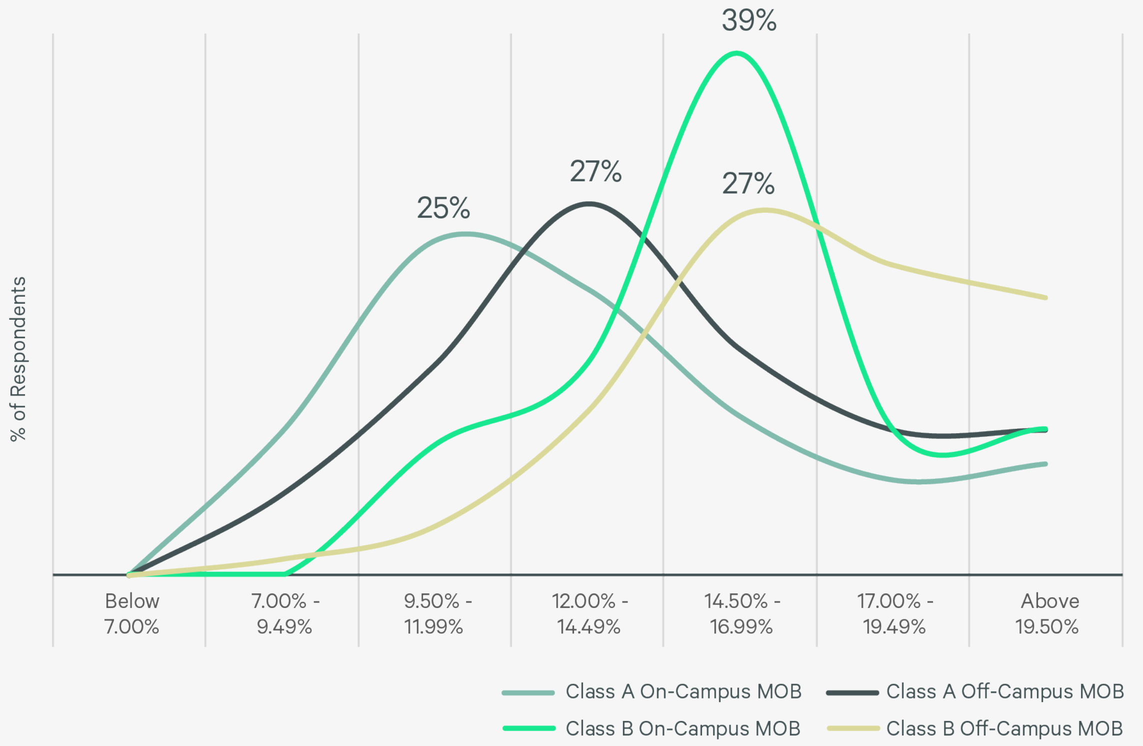
Class A Product

On-Campus: 73% of respondents in 2025 target a levered IRR of at least 9.5%, with just over a quarter (27%) expecting 14.5% and higher. Though increased interest rates naturally require higher returns, 11% of investors are still willing to accept leveraged IRRs below 9.5%, but none will accept below 7.0%. Off-Campus: 65% of investors are targeting a levered IRR of at least 12.0%, and 38% expect 14.5% and higher.

Class B Product

On-Campus: 60% of respondents identified a levered IRR of at least 14.5%, with 22% expecting 17.0% and higher. Off-Campus: 70% of investors are targeting a levered IRR of at least 14.5%, and 43% expect 17.0% and higher. The increased risk profile allows for higher returns, with 20% of respondents requiring above 19.5%.

Figure 22: Leveraged IRRs Across MOB Class Types



Question 18

What will be a market cap rate for the following single-tenant healthcare investments in 2025? Assume 10 years of lease term remaining and average credit.

Single-tenant MOBs are expected to remain among the most competitively priced asset types, with 74% of respondents anticipating a market cap rate of less than 6.50%, up from 67% in 2024. Additionally, 32% of investors believe cap rates for single tenant MOB's will start with a 5-handle. Ambulatory surgery centers follow close behind, with 52% pricing ASCs below a 6.50% cap rate, similar to 55% of investors in 2024.

Cap rates remained the most consistent for MOBs and ASCs, but 2025 saw less fluctuation and cap rates shifting higher across the board for other asset types, demonstrating the continued stability of healthcare real estate in 2025.

Figure 23: Market Cap Rate for 2025 Healthcare Investments

CAP RATE	Above 9.00%	8.50% - 8.99%	8.00% - 8.49%	7.50% - 7.99%	7.00% - 7.49%	6.50% - 6.99%	6.00% - 6.49%	5.50% - 5.99%	5.00% - 5.49%	Below 5.00%
Single-Tenant MOB	0%	0%	2%	0%	2%	19%	42%	28%	4%	0%
Freestanding Emergency Department	1%	3%	6%	7%	35%	19%	17%	10%	0%	0%
Ambulatory Surgery Center	0%	1%	1%	4%	11%	31%	37%	11%	4%	0%
Wellness Center	3%	4%	8%	23%	31%	25%	4%	1%	0%	0%
Acute Care Hospital	3%	4%	14%	23%	17%	19%	16%	1%	3%	0%
Long-Term Acute Care Hospital	9%	10%	20%	23%	14%	14%	4%	4%	0%	0%
Rehabilitation Hospital	1%	3%	11%	20%	26%	26%	8%	4%	1%	0%
Behavioral Hospital	4%	8%	18%	28%	19%	14%	6%	3%	0%	0%
Life Sciences	6%	0%	9%	9%	22%	25%	14%	12%	3%	0%

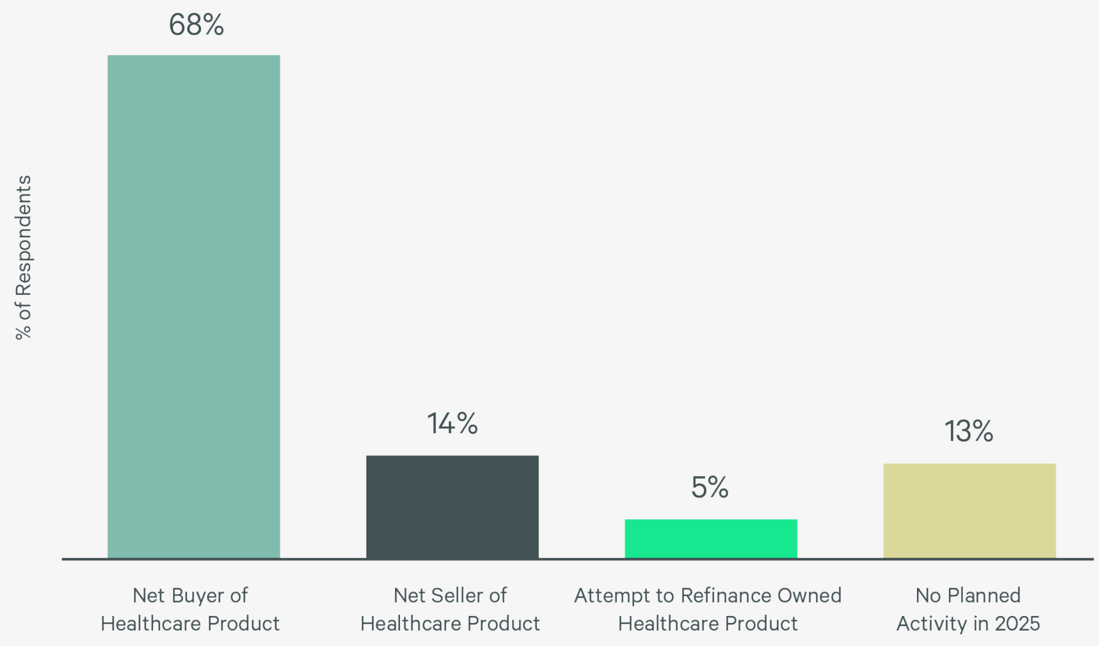
Question 19

For 2025, how would you characterize your MOB investment activity?

The majority of survey respondents (68%) indicate plans to be net buyers of healthcare product in 2025. 93% of institutional healthcare investors consider themselves to be net buyers, along with 75% of healthcare REITs - up significantly from 58% in 2024. 2025 saw less makeup of private capital investors as net buyers (68%), with a year-over-year decrease of 11% in 2024 (79%).

The remaining categories showed no fluctuations from 2024, though the makeup of net sellers in 2025 shifted dramatically: private capital investors made up over half (54%) of net sellers, which represents a year-over-year increase of 41% from 2024 (13%). This gain may be due to a loan maturity, forcing investors to choose to sell versus refinance at higher interest rates, or they may need a liquidity event. Additionally, less developers made up the seller mix, with only 23% in 2025, down 37% from 2024 (60%). Developers indicated higher selections of “attempt to refinance owned healthcare product” and “no planned activity” in 2025.

Figure 24: Net Healthcare Activity for 2025



04

Life Sciences

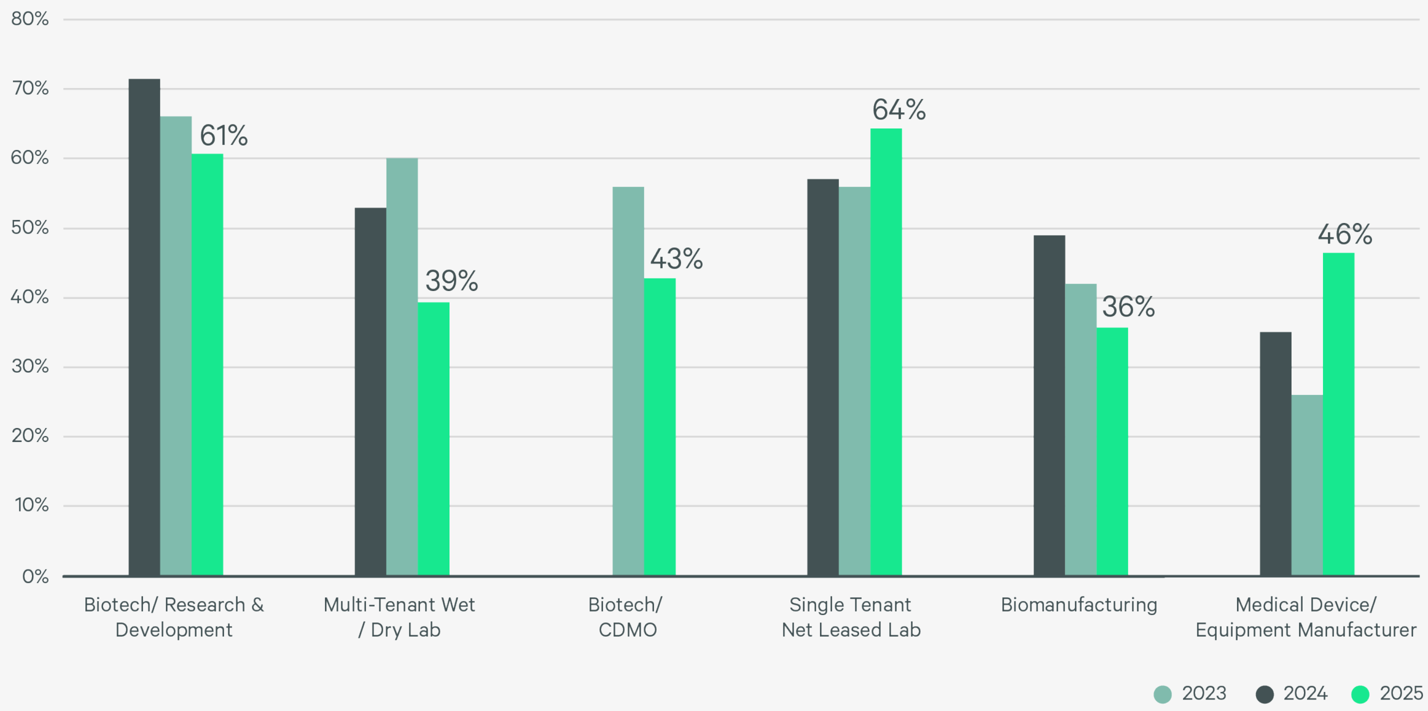
Question 20

What types of life sciences real estate properties meet your acquisition criteria?

The life sciences industry in the U.S. saw a record level of venture capital funding in 2021, hitting a high of $49.2 billion. Since then, the rapid growth of the life sciences sector has leveled out, with annual totals in 2022 at $36.0 billion, 2023 at $25.5 billion and 2024 at $30.4 billion. The amount of venture capital funding expected in 2025 is forecasted to increase by 5.0% (source: CBRE Life Sciences Research).

For the 28 respondents to this question, biotech/R&D properties continue to be one of the favored life sciences product type, though its popularity has dropped since 2023 along with several other asset types. Of those gaining popularity, single tenant net leased lab space increased by 8% year-over-year and was the most popular response in 2025, and medical device/equipment manufacturer made the most substantial climb with a 20% year-over-year increase.

Figure 25: Acquisition Criteria – Life Sciences Real Estate



Question 21

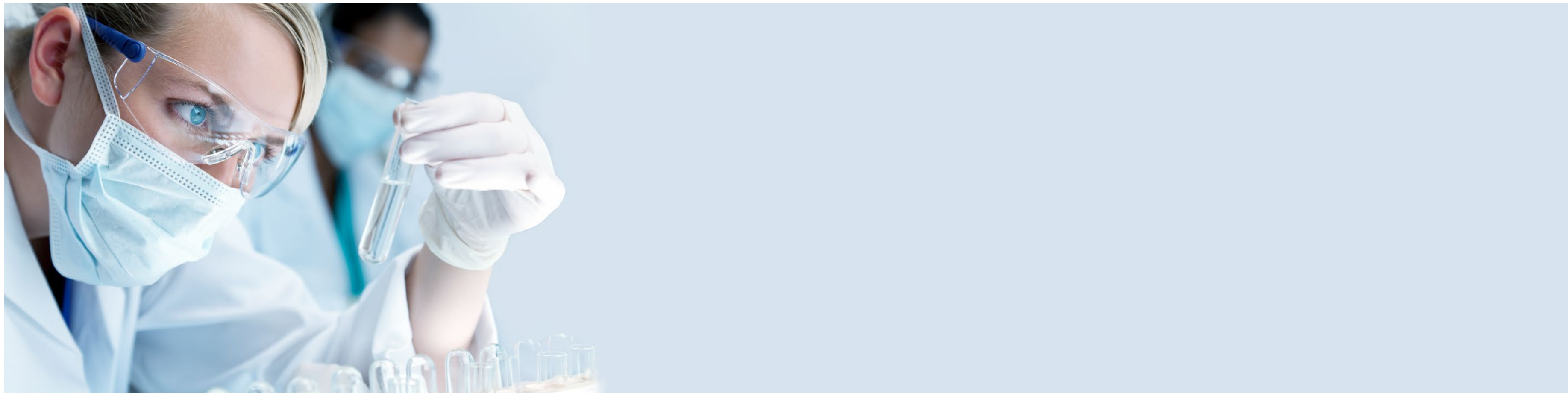
What will be a market cap rate for the following single-tenant life sciences investments in 2025? Assume 10 years of lease term remaining and investment-grade credit.

Of the 27 life sciences investors and developers who answered this question, Lab Space is expected to have the most competitive pricing, with 26% of respondents anticipating a market cap rate of 6.00% - 6.49% with a high degree of confidence of ± 50 bps.

Manufacturing (GMP) follows, with 36% of respondents expecting a market cap rate of 6.50% - 6.99%.

Figure 26: Market Cap Rate for 2025 Life Sciences Investments

CAP RATE	Above 9.00%	8.50% - 8.99%	8.00% - 8.49%	7.50% - 7.99%	7.00% - 7.49%	6.50% - 6.99%	6.00% - 6.49%	5.50% - 5.99%	5.00% - 5.49%	4.50% - 5.00%	Below 5.00%
Lab Space	7%	4%	4%	7%	7%	22%	26%	19%	0%	4%	0%
Manufacturing (GMP)	4%	8%	8%	8%	12%	36%	20%	4%	0%	0%	0%



Question 22

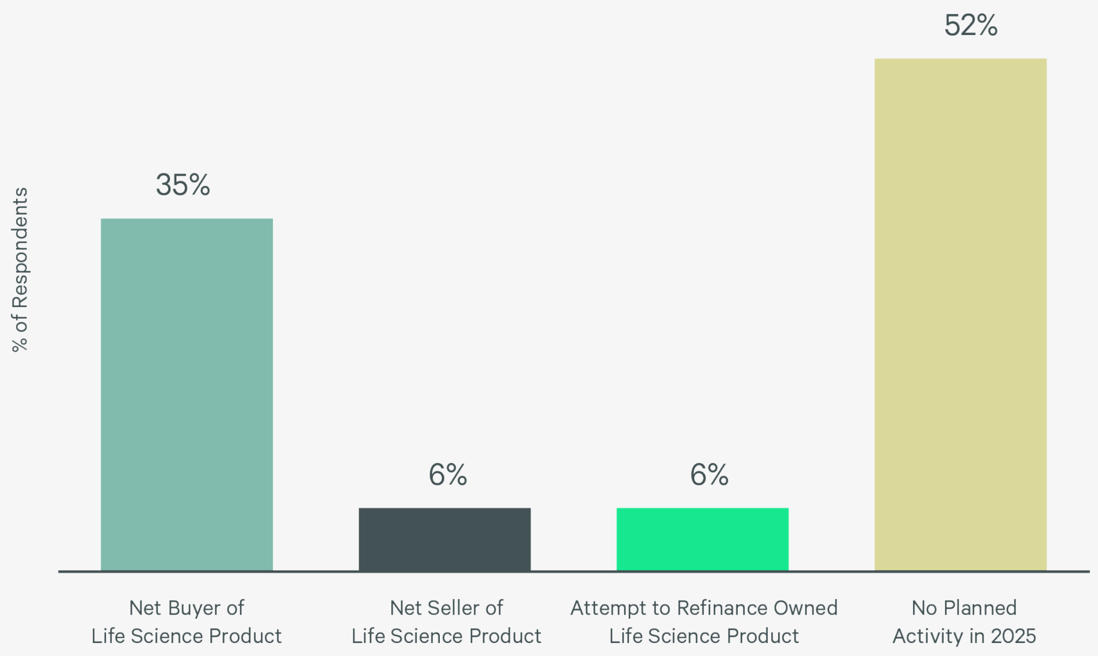
For 2025, how would you characterize your life sciences investment activity?

Based on the 31 life sciences investors and developers who answered this question, just over one third (35%) indicate plans to be net buyers of life sciences product in 2025, which is consistent with 2024 results. 67% of healthcare REITs consider themselves to be net buyers. Only 38% of private capital healthcare investors consider themselves to be net buyers in 2025 – down significantly from 75% in 2024 and representing a year-over-year decrease of 37%.

Only 6% of respondents plan to be net sellers of life sciences product in 2025, down from 13% in 2024. Likewise, only 6% will attempt to refinance an owned healthcare product, with only institutional healthcare investors and healthcare real estate developers considering this option.

Over half (52%) of respondents have no planned activity in 2025, which is a 5% increase from 2024 (47%). 75% of healthcare real estate developers, 57% of institutional healthcare investors, and 50% of private capital healthcare investors selecting this option.

Figure 27: Life Sciences Investment Activity for 2025



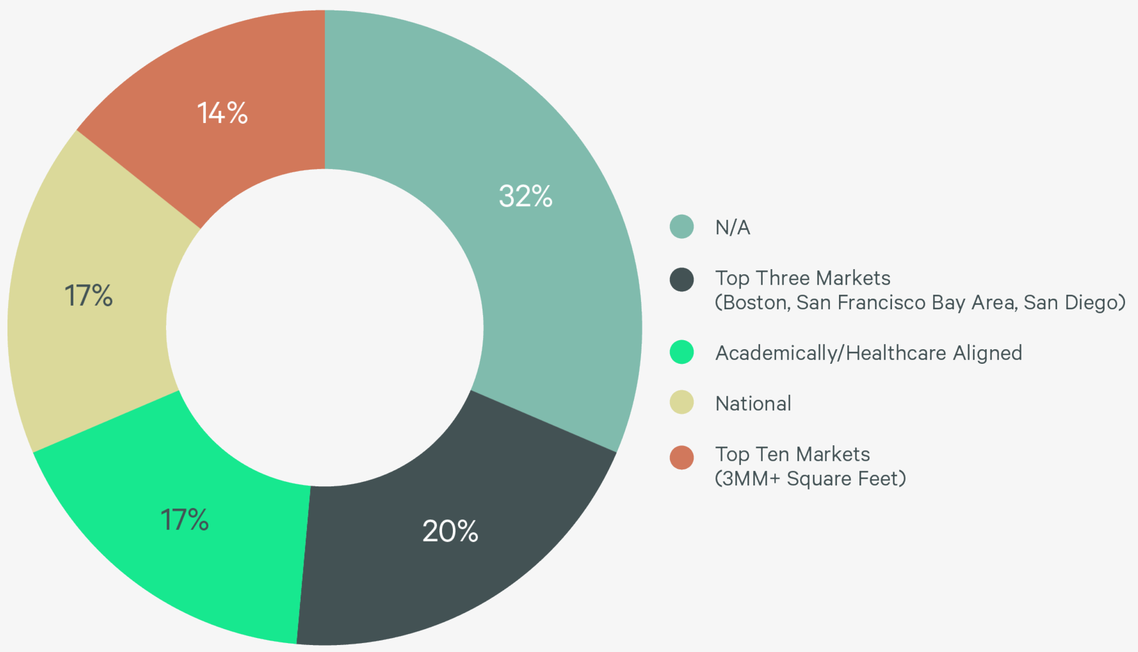
Question 23 - New Question for 2025 Survey

What markets will you target for life sciences acquisitions or developments in 2025?

Life sciences investors and developers will prioritize top markets for acquisitions and developments in 2025. Of the 35 respondents to this question, 20% will primarily focus on the top three markets of Boston, San Francisco Bay Area and San Diego.

As discussed in the previous question, over half of respondents have no planned activity in 2025, which is further demonstrated here with the highest selected answer (32%) noting this question as not applicable to their investment and developments plans in 2025.

Figure 28: Target Markets for Life Sciences Acquisitions and Developments



05

Market Fundamentals

Supply vs. Demand

Questions 24 & 25

Where do you see investment demand and supply for healthcare assets in 2025 compared to 2024?

The majority of responses reflect that investors believe that demand will remain the same for 80% of the healthcare asset types, with none expected to have decreased demand. It is anticipated that medical outpatient buildings (MOB) and ambulatory surgery centers (ASC) will have most increased demand in 2025.

On the supply side, investors generally anticipate no change in for sale product for 60% of the asset types, with none expected to have decreased supply. The highest increases in supply of for sale product are expected for MOBs, ASCs, behavioral health hospitals and medical conversions.

Overall, supply and demand are expected to remain consistent in 2025, with the highest probability to see increases among certain product types – specifically MOBs and ASCs. 2025 may be viewed by many investors as a repositioning or reorganizing year, with the hope of a continually improving debt market.

Demand

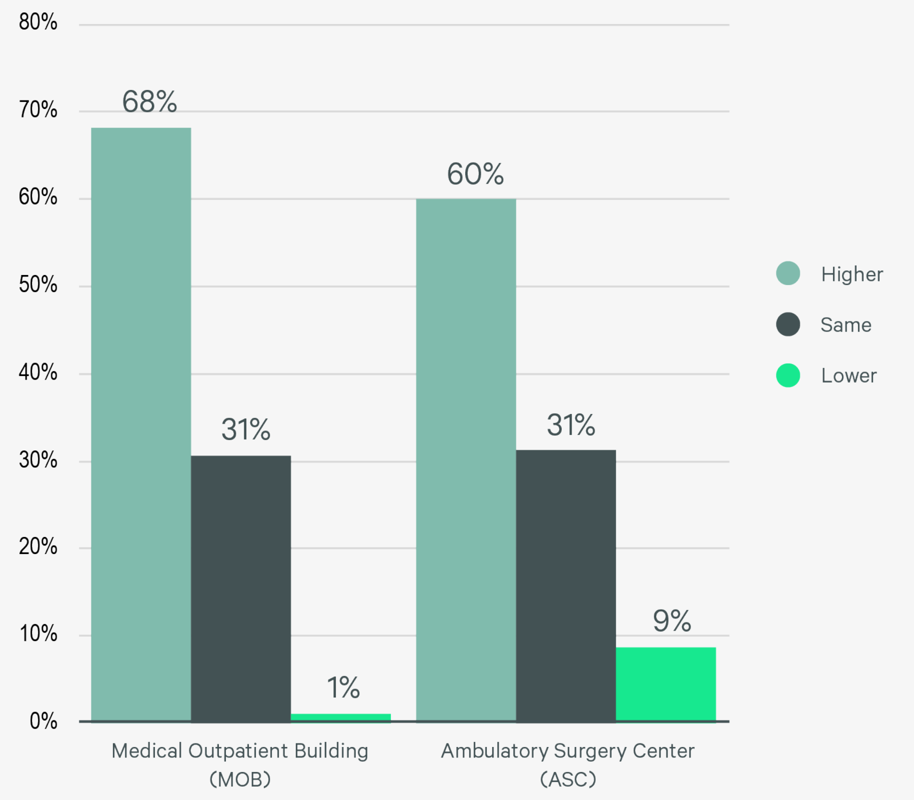
Questions 24 & 25 (continued)

Where do you see investment demand in 2025 compared to 2024?

For certain asset types, demand is expected to continue increasing in 2025. Respondents anticipate that medical outpatient buildings and ambulatory surgery centers will see the highest increases: 68% of investors believe that demand for MOBs will increase, a significant gain of 22% from 2024 (46%), and 60% think ASCs will have increased demand, with a 10% gain from 2024 (50%).

Across all 10 asset types, the overall outlook that demand will stay the same remained unchanged from 2024 to 2025, with an average of about half (53%) of respondents each year. Expectations that demand will increase across all asset types saw a 9% gain from the previous year, up to 33% in 2025. Respondents anticipating a decreased demand for all asset types has lowered year-over-year by 9%, with only 14% anticipating decreased demand in 2025.

Figure 29: Investment Demand for Healthcare Assets



Supply

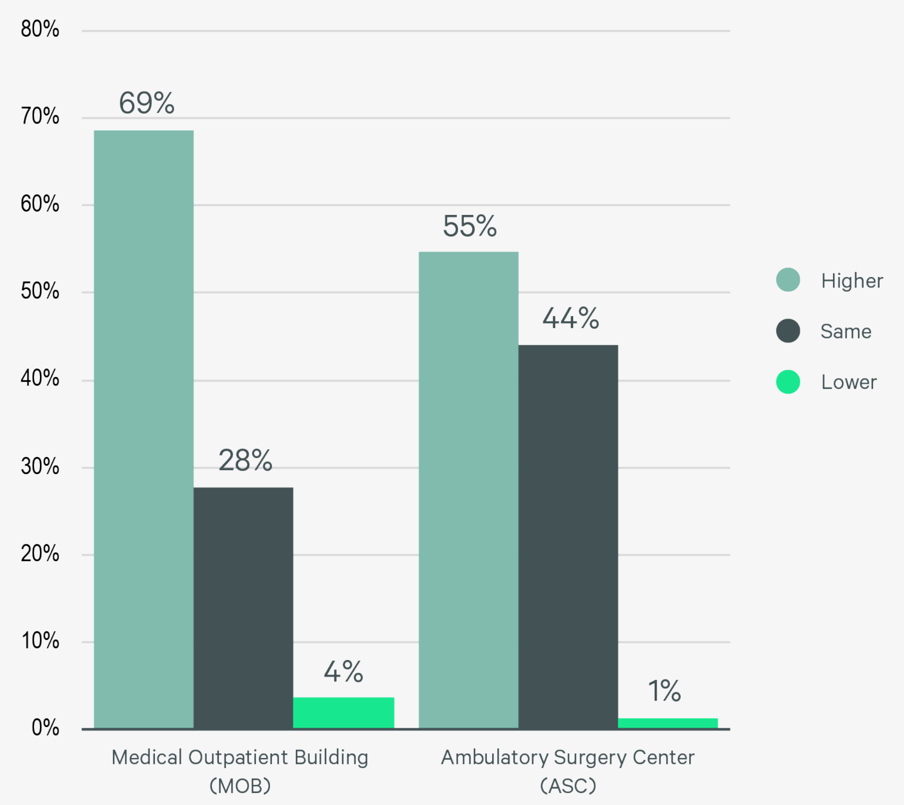
Questions 24 & 25 (continued)

Where do you see investment supply (for sale product) in 2025 compared to 2024?

On the supply side, investors anticipate that medical outpatient buildings and ambulatory surgery centers will see the highest levels of increased supply in 2025, with more for sale product than in 2024. 69% of respondents think supply of MOBs will continue to increase, a significant gain of 25% from 2024 (44%). 55% believe that ASCs will have increased supply of for sale product, reflecting a healthy gain of 12% from 2024 (43%).

Across all 10 asset types, respondents generally anticipate no change in the supply of healthcare real estate assets for sale, responding with "same" at an average rate of 48% across all asset types. Respondents expecting a "lower" supply across all asset types decreased to only 8%, down 9% from 2024 (17%). In 2025, 44% believe that supply of for sale product will be "higher" across all asset types, which is a year-over-year increase of 5% from 2024 (39%).

Figure 30: Investment Supply of Healthcare Assets



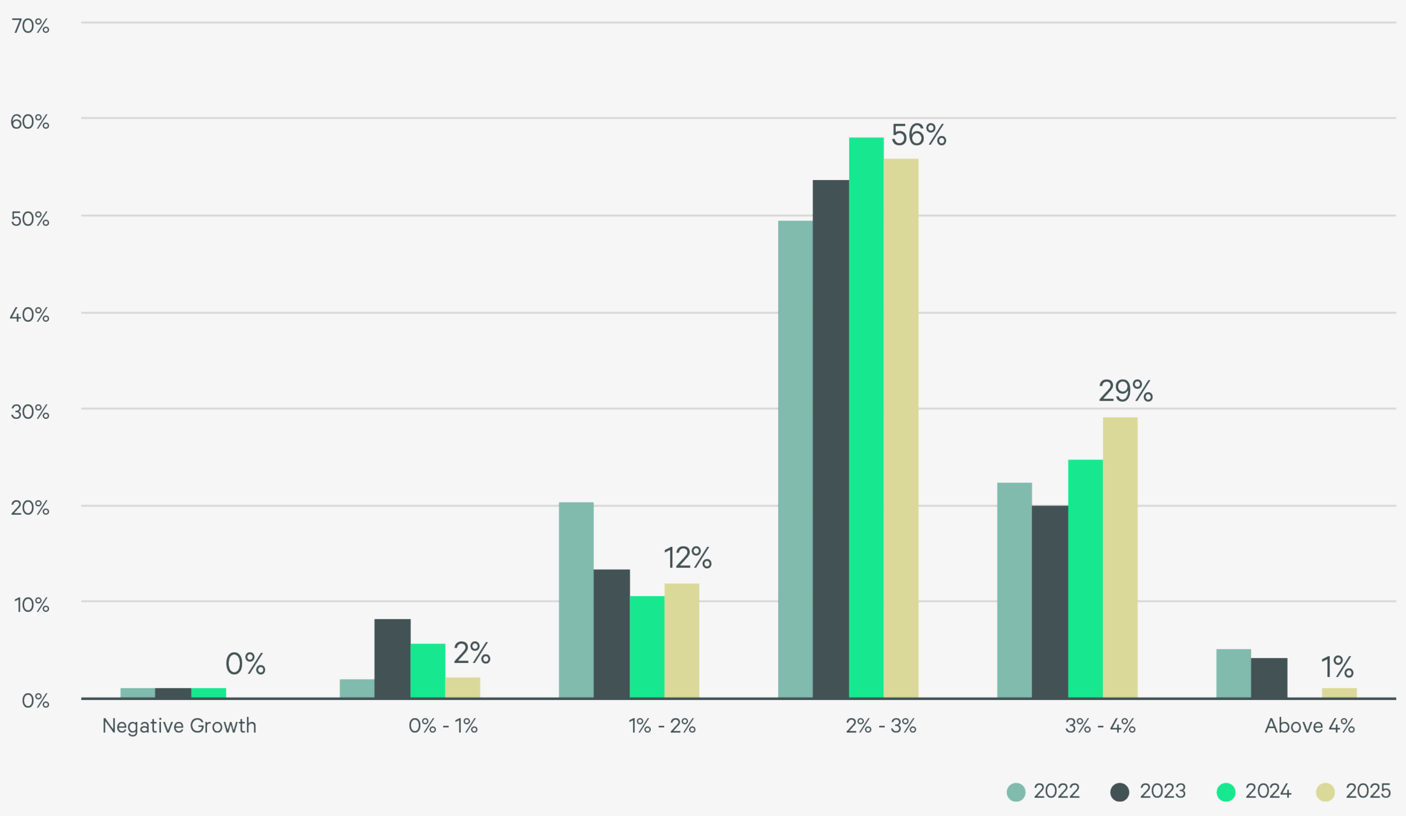
Question 26

Where would you project annual growth for MOB lease rates in 2025?

Investors and developers continue to believe that healthcare rental rates will grow at a tenable rate, with most investors (85%) anticipating an annual rent growth of 2% - 4%, of which over half (56%) expect to see 2% - 3% increases. Over the last three years, the 3% - 4% range has seen continual gains in respondents' preference, up to 29% in 2025 and a 4% year-over-year increase from 2024 (25%).

Only 14% of respondents expect rental increases under 2%, further demonstrating investor confidence in the stability of the healthcare real estate sector.

Figure 31: Projected Rent Growth 2025



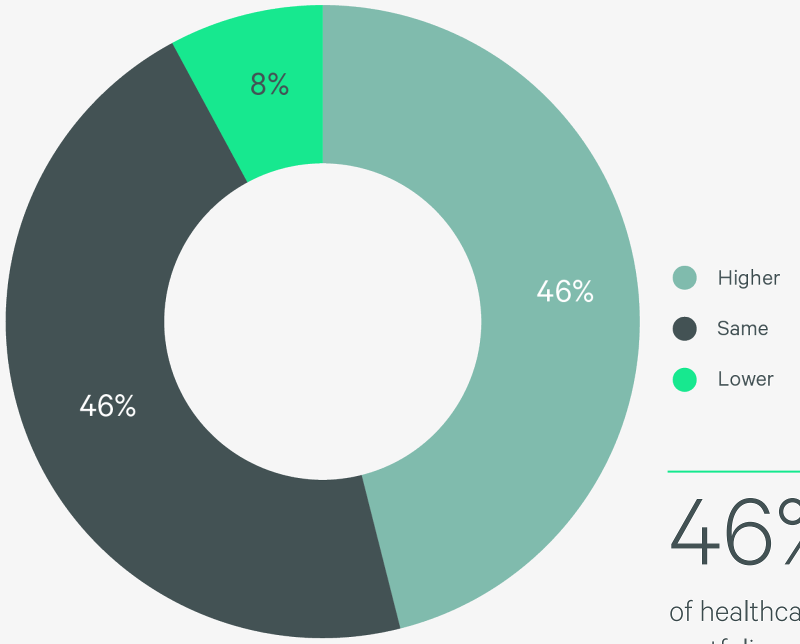
Question 27

How does the occupancy of your MOB portfolio compare to a year ago?

While commercial real estate capital markets were disrupted in recent years by rising interest rates, fundamental healthcare sector performance was largely unaffected, with 46% of respondents stating that their medical outpatient portfolio occupancy remained the same. In 2025, we saw an increase in the number of investors indicating that occupancy is higher: up to 46% in 2025 as compared to 40% in 2024. Only 8% state that their portfolio occupancy is lower than last year.

Despite higher costs of capital due to rising interest rates and declining stock prices, the fundamentals behind the healthcare sector remain strong. As the debt market improves, healthcare real estate will experience even more stability with increased occupancy and rental rates.

Figure 32: Healthcare Portfolio Occupancy Year-over-Year



46%

of healthcare real estate portfolio occupancy increased in 2025

06

Health System Monetization and Development Criteria

A portion of the survey was dedicated to MOB investors and developers seeking monetization or development opportunities with health systems.

Question 28 - New Question for 2025 Survey

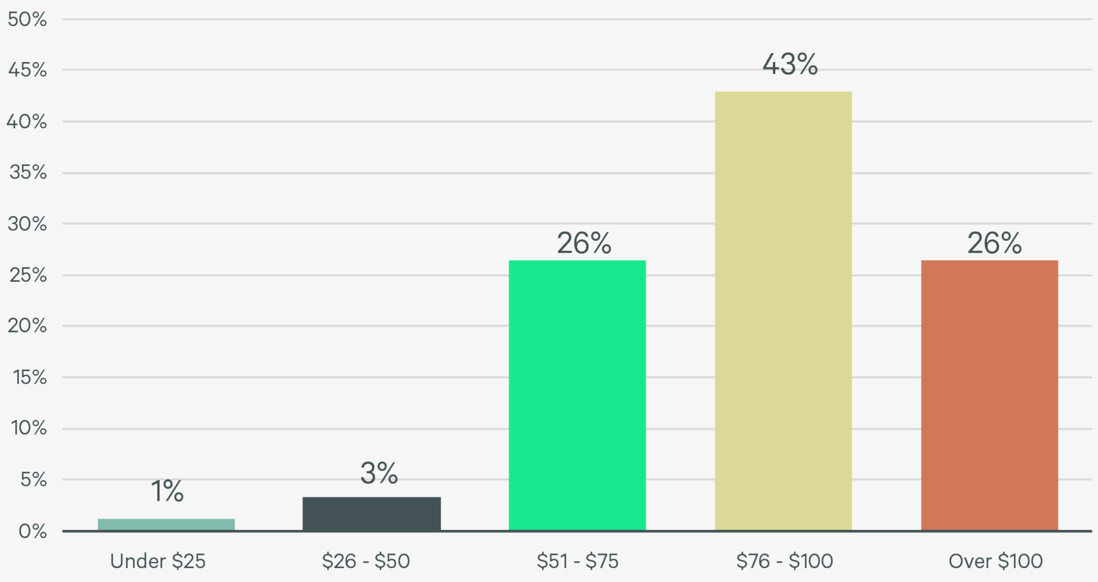
What is the average TI allowance per square foot that you see in your market for newly built MOBs?

Healthcare real estate investors selected a Tenant Improvement Allowance (TIA) of $76 - $100 per square foot as the most common amounts for newly built medical outpatient buildings in 2025.

69%

expect TIAs over $75 per square foot

Figure 33: Average TI Allowance for New MOBs



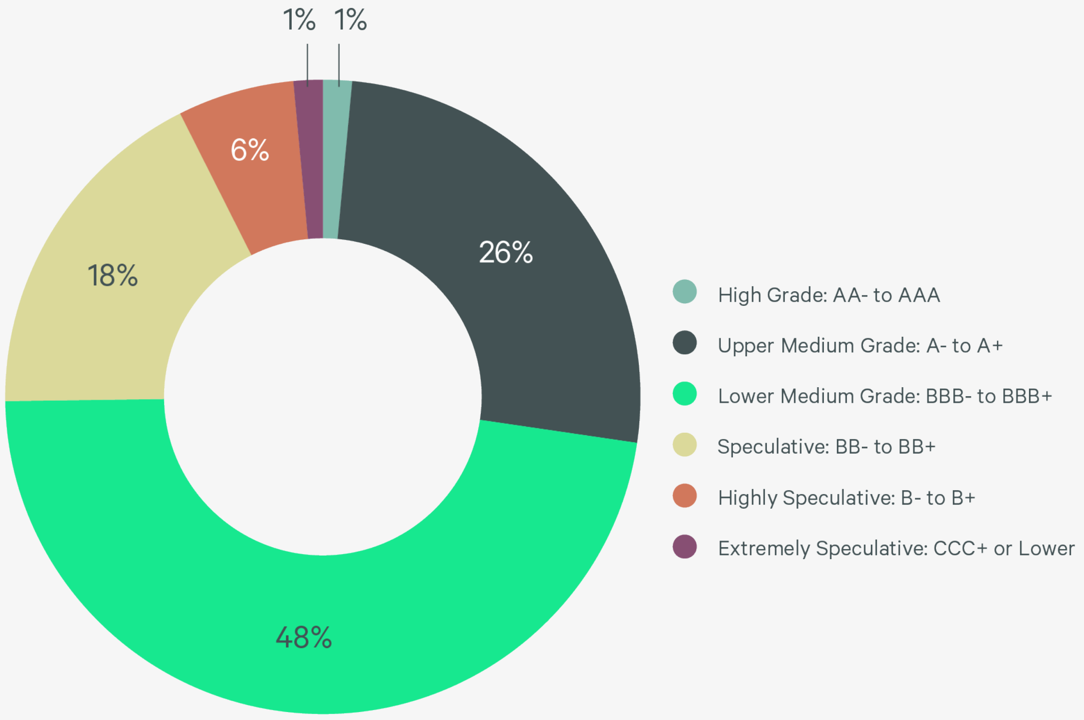
Question 29

What is the minimum hospital credit rating you would consider for investment?

Almost half (48%) of respondents would consider “Lower Medium Grade: BBB- to BBB+”, as investors drew a clear line in risk profile at investment grade credit, slightly down by 3% from 2024 (51%).

2025 saw a 4% increase to 27% of investors and developers that prefer a higher aversion to risk and would only consider “Above Lower Medium Grade: A- & Higher”, up from 23% in 2024. Debt capital is most likely fueling this investor sentiment, as lenders are focused equally on risk and commensurate credit rating.

Figure 34: Minimum Hospital Credit Rating

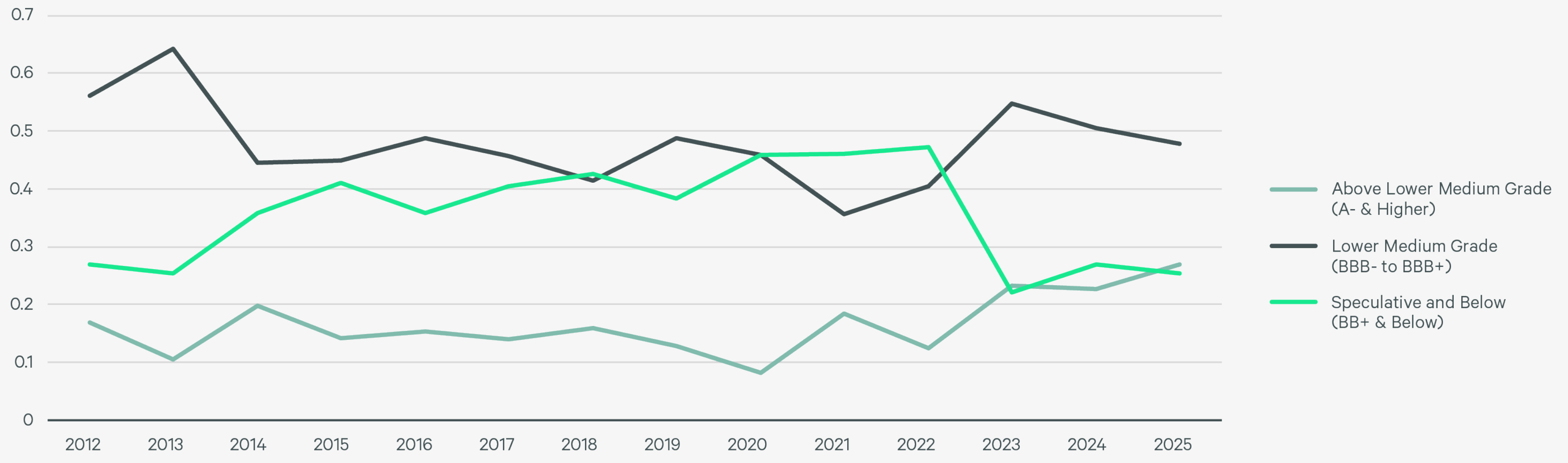


Question 29 (continued)

What is the minimum hospital credit rating you would consider for investment?

Investors and developers have adjusted their risk profiles to match the changes in the economy, with peaks and valleys reflective of economic recessions and upturns. Since 2012, respondents that would only consider “Above Lower Medium Grade: A- & Higher” has increased by 10%, demonstrating an overall heightened risk aversion through the years. Likewise, respondents indicating they would consider “Lower Medium Grade (BBB- to BBB+)” has decreased by 8% since 2012, and “Speculative and Below (BB+ & Below)” has decreased by 2%.

Figure 35: Minimum Hospital Credit Rating



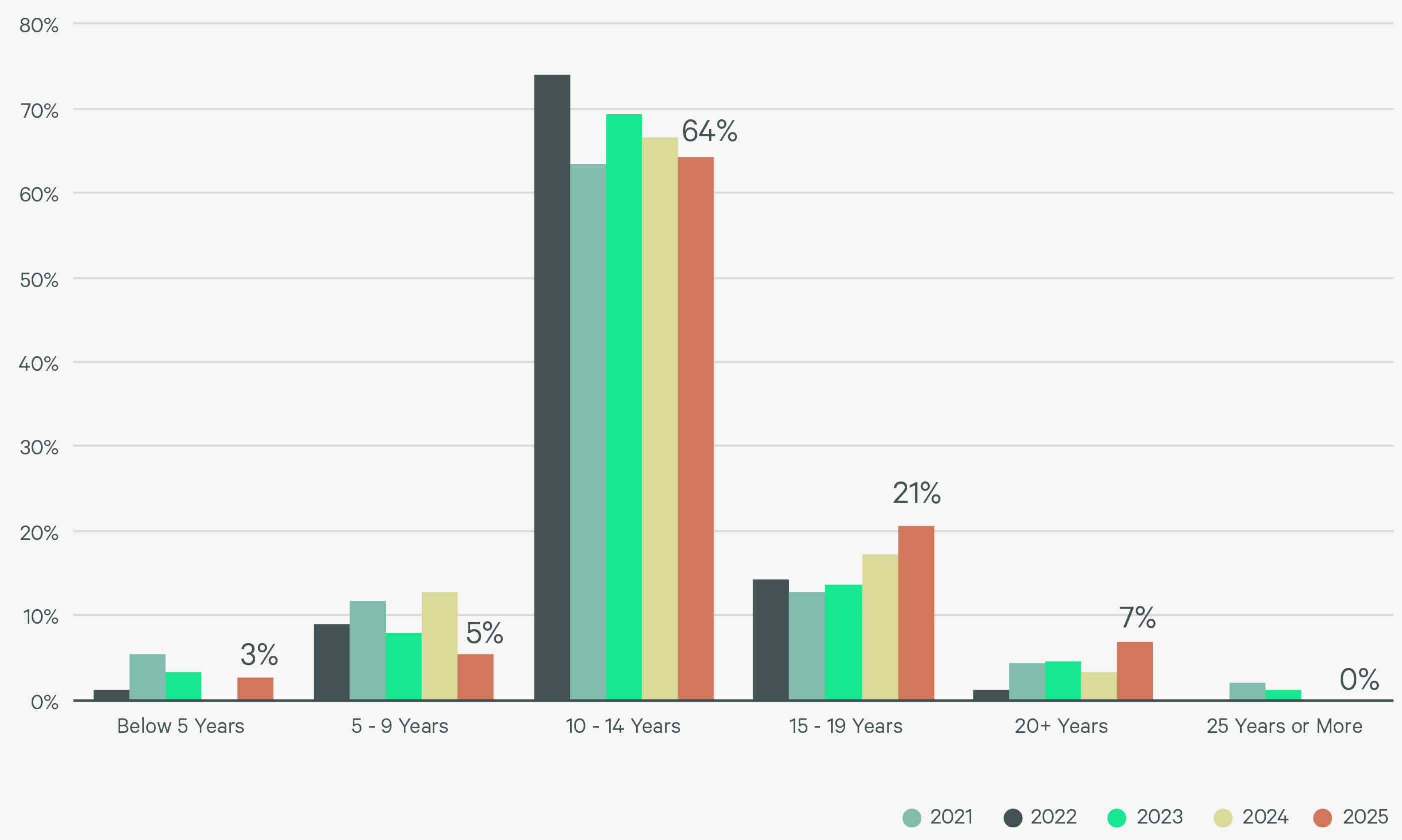
Question 30

What is the minimum lease term you would consider for a sale-leaseback by a health system?

Survey results reveal a sustained level of investor comfort with lease terms of at least 10-14 years. In 2025, responses showed almost no deviation from that trend except for a 3% decrease from 2024 (67%).

Longer lease terms are gaining momentum, with 28% of respondents requiring terms of 15 years or longer in 2025, representing a 7% year-over-year increase from 2024 (20%).

Figure 36: Minimum Lease Term



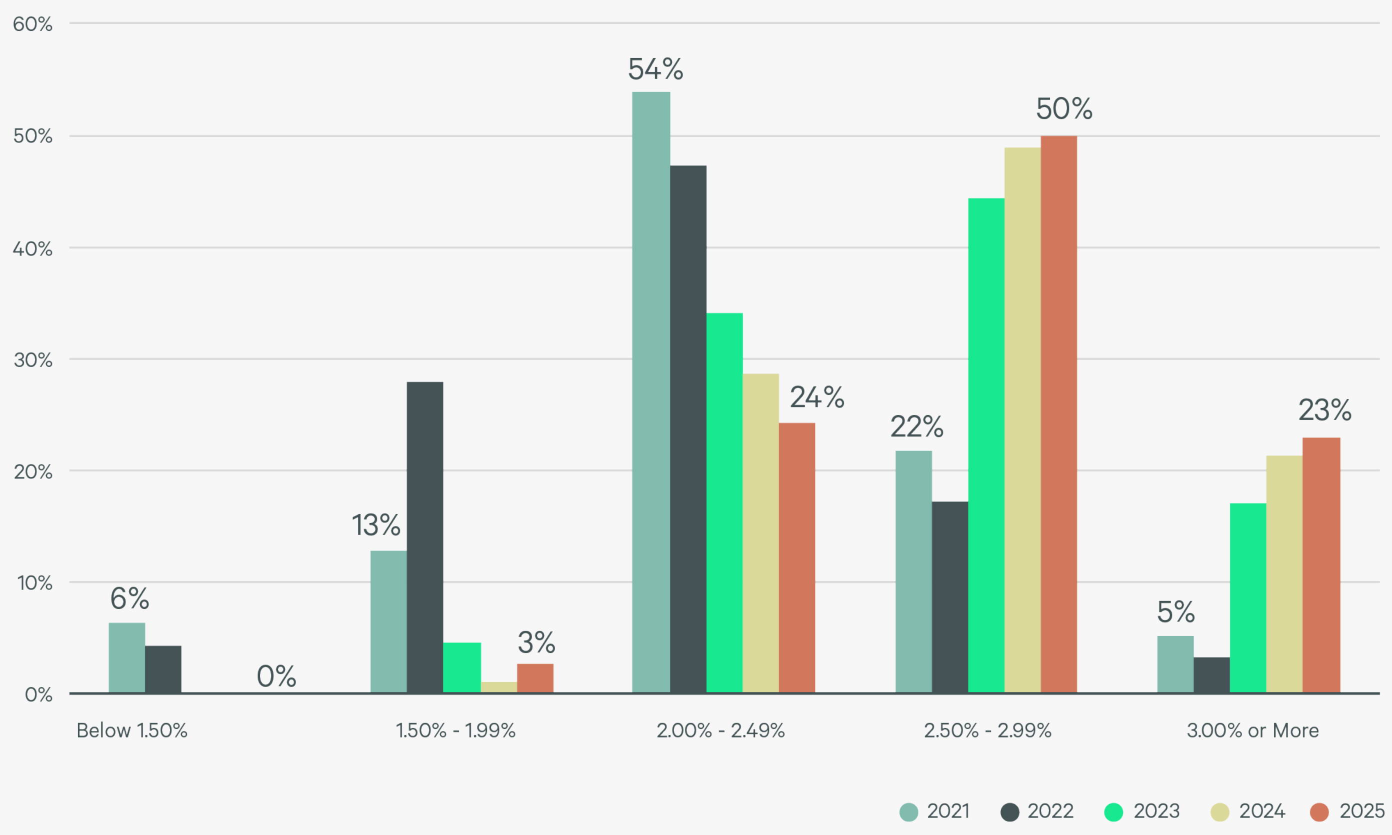
Question 31

What is the minimum annual rental rate escalation you would consider for a sale-leaseback by a health system?

When annual inflation peaked at 9.1% in June 2022, it was the highest on record since 1981. Though inflation has cooled significantly to 3.0% in January 2025, investors are still pushing for higher rent escalations, which are seemingly becoming the standard for healthcare real estate.

In line with inflationary trends, rental rate escalation expectations shifted to the highest in the history of this survey, with the majority (73%) of respondents stating they will require annual rent increases of 2.50% or more. Of that, 50% require at least a 2.50% – 2.99% escalation, an investor response that has more than doubled in five years. Even higher increases are becoming typical, with 23% of respondents requiring 3.0% or more in annual escalations, a response that has increased almost 5x since 2021 (5%).

Figure 37: Minimum Annual Rent Escalations



Question 32

What is the minimum ground lease term you would consider for investment (including extension options)?

In 2025, respondents showed the biggest shift in preferences towards a 90+ year ground lease, more than doubling the response rate from the last three years.

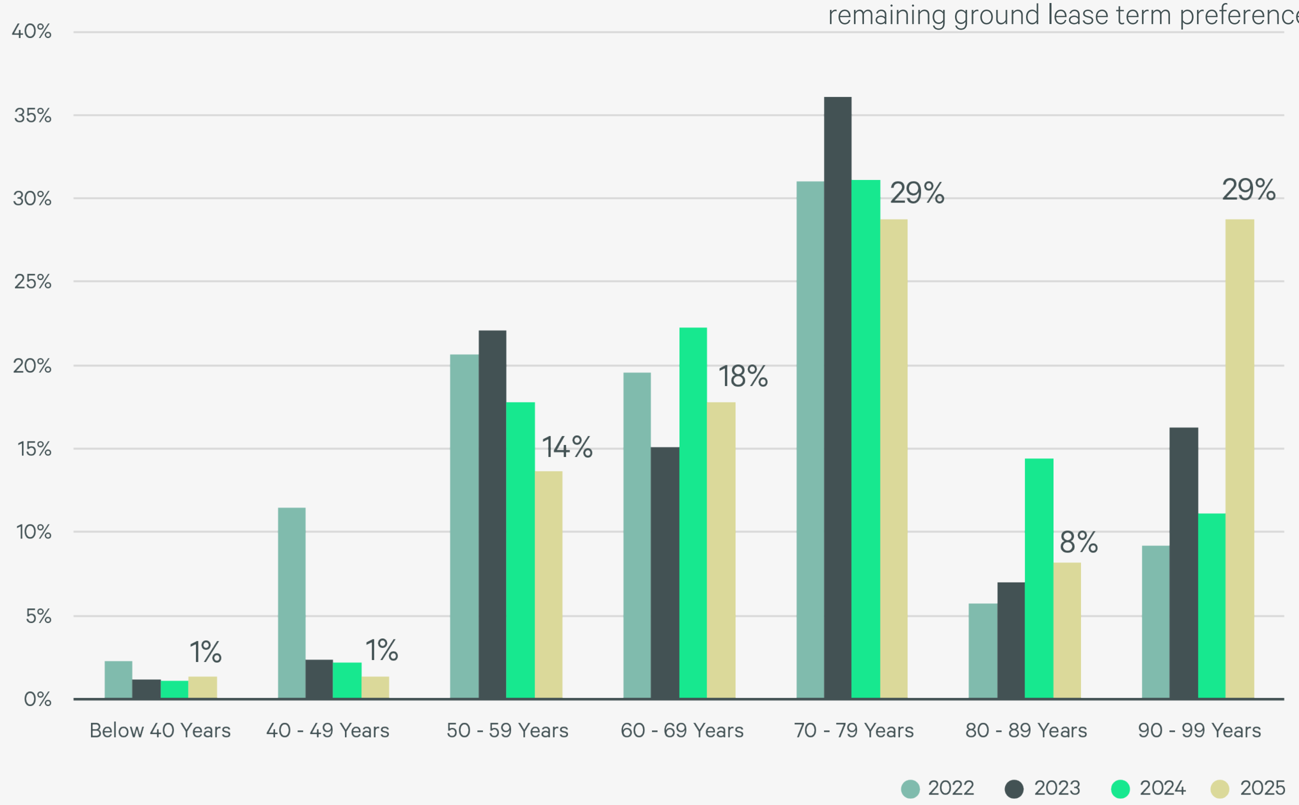
66% of respondents prefer terms over 70 years, a gain of 9% from 2024 (57%). 50% of healthcare REITs, 68% of private capital healthcare investors, 73% of institutional healthcare investors and 58% of healthcare real estate developers require a ground lease of at least 70 years to be considered for an investment.

Investor preference for more than 80 years of ground lease term increased by 9% year-over-year, where over one third (37%) of respondents selected a term over 80 years. Institutional investors are more stringent for longer ground leases, with over a third (36%) stating a minimum term of 90 - 99 years is required to be considered for an investment.

Figure 38: Minimum Ground Lease Term

>70 Years

remaining ground lease term preference



07

MOB Development

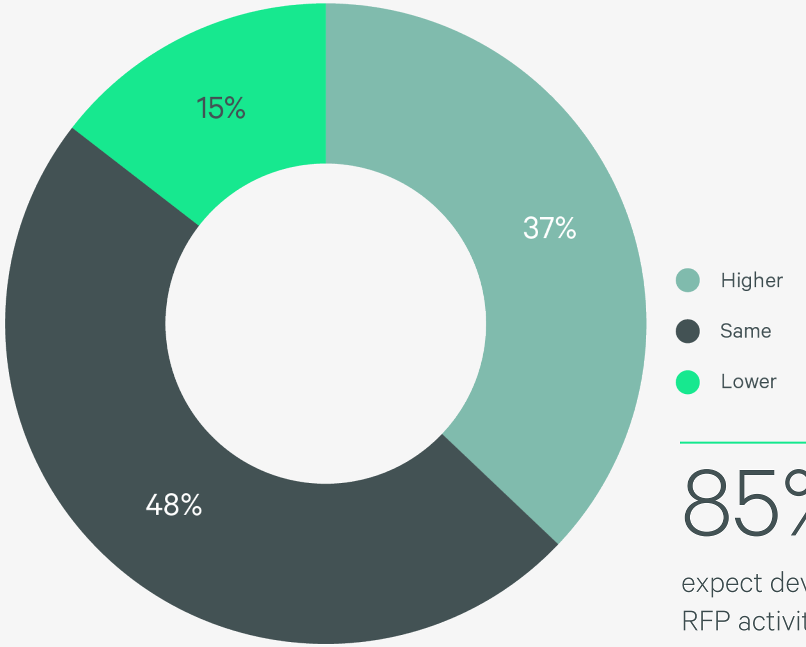
Question 33

For developers, where do you expect health system development RFP activity to be in 2025 compared to a year ago?

Overall, about half (48%) of respondents expect the same RFP activity as last year, representing a year-over-year increase of 15% from 2024 (33%). 37% anticipate that development RFP activity will increase in 2025, down by 12% from 2024 (49%). Only 15% anticipate that development RFP activity will decrease in 2025.

For the 62 respondents that answered this question, healthcare REITs and healthcare real estate developers are generally positive that they will see increased RFP activity, both with about 60% that expect “higher” activity in 2025. Private capital healthcare investors and institutional healthcare investors have a more conservative outlook, anticipating the “same” RFP activity by 64% and 62% of each group, respectively.

Figure 39: Health System RFP Activity for 2025



85%

expect development RFP activity to stay the same or increase in 2025

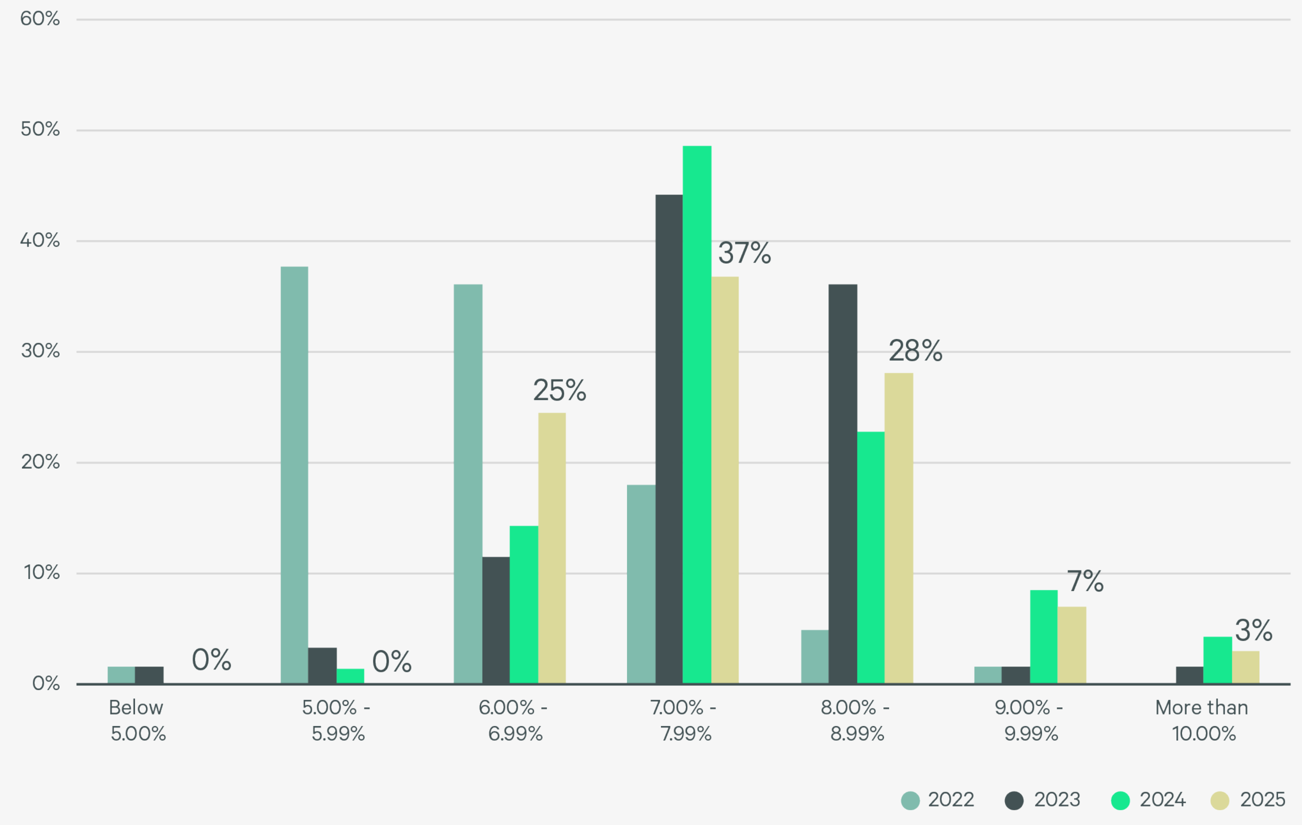
Question 34

For developers, what is the minimum lease constant you would consider for an MOB development meeting your highest standards (assuming current market conditions)?

In 2025, developers may accept slightly lower lease constants, with the majority (75%) requiring 7.0% or higher, which represents a 9% year-over-year decrease from 2024 (84%).

Developers may be optimistic that debt markets will continue to improve in 2025, lowering their risk aversion and coinciding return requirements on build-to-suit MOB projects. In 2025, one quarter (25%) of the 57 respondents to this question indicated that they would consider a lease constant of 6.00% - 6.99%, a significant gain of 11% from 2024 (14%).

Figure 40: Minimum Development Yield



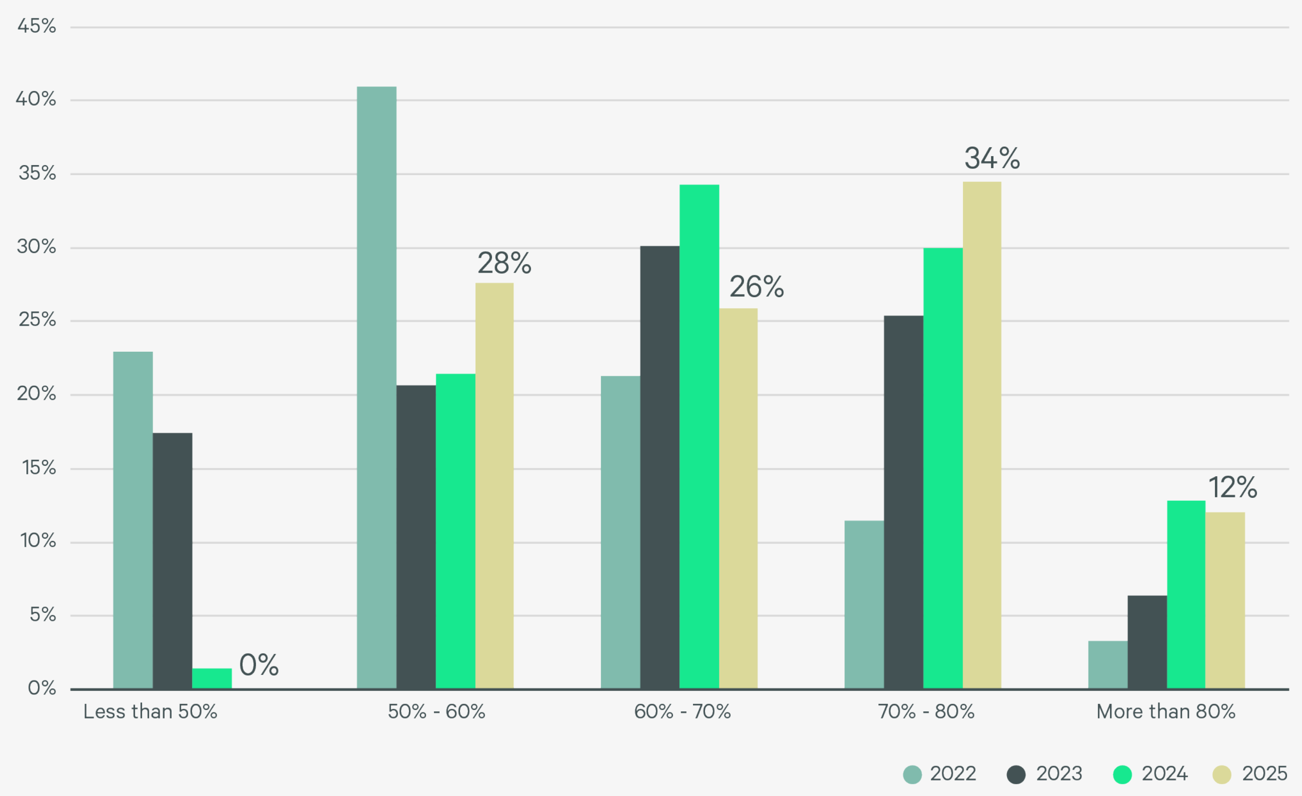
Question 35

For developers, what is the minimum pre-leased threshold percentage you (or your lender) would consider for an MOB development meeting your highest standards?

In 2025, not one of the 58 respondents that answered this question would accept an MOB development that is less than 50% pre-leased. Over the last three years, the threshold appears to have ultimately increased to a 60% minimum that has become a hard line for developers, with the majority (72%) requiring 60% or more pre-leased in 2025.

Almost half (46%) of developers require 70% or more pre-leased in 2025, up by 3% from 2024 (43%). For the strictest development criteria, 12% of respondents will not proceed unless more than 80% of the project is pre-leased, demonstrating stringent lender underwriting standards, as well as a higher cost of capital, that some developers have faced in recent years.

Figure 41: Minimum Pre-leasing Threshold



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About CBRE's Healthcare Capital Markets

CBRE Group, Inc. (NYSE: CBREG), a Fortune 500 and S&P 500 company headquartered in Dallas, is the world's largest commercial real estate services and investment firm and is the leading real estate advisor to the healthcare industry. With offices in 400 markets across the world, CBRE's more than 140,000 professionals provide exceptional outcomes for clients in 60+ countries by combining local market insight, broad services, specialized expertise and premier tools and resources. Our U.S. Healthcare Capital Markets group specializes in providing healthcare real estate investors with acquisition, disposition and recapitalization strategies; assisting healthcare providers with strategic capital planning (including monetization and capital raising efforts); and advising health systems and physician groups in the developer selection process.

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