QuickTake BY NORTHMARQ

Northmarq
NATIONAL HEALTHCARE GROUP

Healthcare's Vital Signs *Part 2*

Real-Time Market Insights for Investors Buying for Income

With cap rates holding steady, supply growth staying low and institutional product moving into private hands, the edge belongs to buyers who underwrite the market as it is, not as the headlines suggest.

Market Truth #1

The data reads **like a durability thesis.**

- Cap rates are stable, supply growth is minimal, occupancy sits at cycle highs and institutional sellers keep supplying product.
- For an income buyer, that combination is close to ideal.

Market Truth #2

Know the buyer **behind every comp.**

- REITs paid an average of $566 PSF over the past 12 months against a market-wide average of $386.
- Private buyers set the clearing price in this market, so leaning on institutional comps is misleading.
- Know the buyer type before you rely on the number.

Market Truth #3

The spread pays you **for real work.**

- Healthcare cap rates of 7.05% against a 4.70% 10-year Treasury remain attractive, though the spread is thinner than it was in 2020.
- Tenant credit, lease term and rollover now drive returns more than further cap rate compression will.

Opportunity #1

Boring **is the entire point.**

- In the last four quarters, healthcare cap rates have held steady in a narrow 6.98% to 7.07% band, landing at 7.05% in Q2 2026.
- While most property types spent years repricing, medical office simply held.
- That stability is what durable income looks like on a chart.

Opportunity #2

Scarcity **underwrites your rent roll.**

- New medical office is being added at roughly 1.1% of inventory per year, while ambulatory employment outpaces the space that houses it.
- Square feet per employee has fallen from about 193 to about 176.
- That scarcity supports renewal probability and pricing power, and it is not reversing quickly.

Opportunity #3

A rare private window **on institutional product.**

- REITs sold $8.3 billion in medical office over the past year versus purchasing just $0.5 billion.
- Institutional-quality assets are moving into private hands at a pace the sector has not seen.
- This is a rare chance to acquire professionally managed, well-leased product without bidding against the institutions that built the portfolios.

Opportunity #4

Where the yield **and the growth sit.**

- East North Central offers the lowest rent basis in the country ($20.93 PSF) paired with the fastest one-year rent growth (up 3.9%).
- The Southeast combines 3.8% one-year growth with the strongest absorption nationally (3.8MSF).
- For liquidity, Phoenix, Birmingham and Charlotte trade the highest share of inventory annually.

Learn how Northmarq's National Healthcare Group helps private commercial real estate investors navigate today's market.

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