

Healthcare & Life Science

Q1 2026 Market Report

Healthcare real estate entered 2026 with durable fundamentals and improving market confidence, and those trends have continued to hold as the year progresses. High occupancy, predictable income streams, and limited volatility remain defining characteristics of the sector, reinforcing healthcare's position as one of the most defensive asset classes within commercial real estate.

Transaction activity remained measured through much of 2025, but momentum strengthened in the second half of the year and continues to define market conditions in 2026. Greater capital markets stability, narrowing bid-ask spreads, and the re-emergence of portfolio-level transactions signal a market that has regained pricing clarity and is re-engaging with discipline. Medical office and specialty healthcare assets remain central to investor interest, supported by long-term demographic demand and resilient operating performance.



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Managing Director

Mr. Hill serves as Managing Director, overseeing the firm's growth in the Dallas market and serving as National Practice Lead for Healthcare and Life Sciences. He brings 20 years of commercial real estate experience, with deep expertise in healthcare valuation, including hospitals, medical office buildings, and specialized life science facilities. Mr. Hill was named one of GlobeSt. Real Estate Forum's Fifty Under 40 and is frequently sought out for his expertise in healthcare and life science valuation.

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Key Trends

Stability Anchors the Sector as Activity Re-Emerges

Stability Remains the Defining Theme

Healthcare real estate continues to demonstrate a stable and predictable performance profile, supported by consistently high occupancy across most property types. These fundamentals have provided a strong foundation for cash flow and reinforced investor confidence despite broader economic uncertainty.

This stability became increasingly evident in the second half of 2025 and has continued into early 2026, as capital gradually re-engaged with the sector, drawn to healthcare's combination of income durability and long-term demand visibility.

Portfolio Activity Begins to Re-Emerge

After an extended period of caution, portfolio-level transactions re-emerged in late 2025 and remain an area of focus for investors in 2026. Investors are once again placing value on scale, diversified tenant rosters, and operational efficiency, signaling the return of a long-absent portfolio premium.

While activity remains selective, this shift reflects growing confidence in pricing, underwriting assumptions, and long-term fundamentals rather than a broad return to volume-driven strategies.

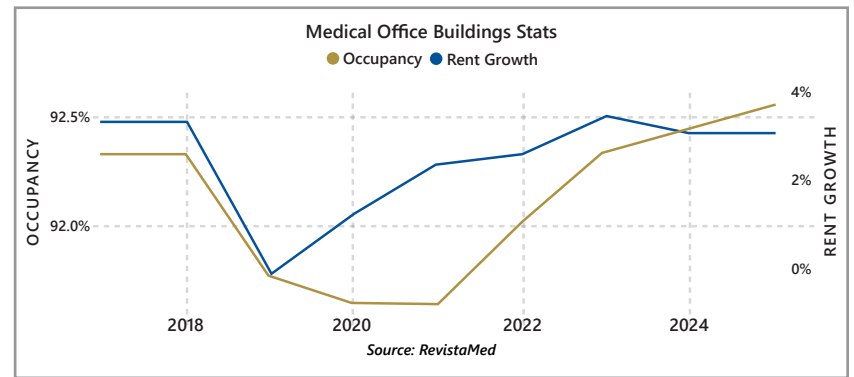
Capital Markets Sentiment Improves

Capital markets sentiment is showing signs of improvement as lender spreads compressed and financing conditions modestly eased. While pricing remains below pre-2022 peak levels, improving credit availability is beginning to unlock previously stalled acquisitions, refinancings, and select development opportunities.

Assets supported by strong utilization, mission-critical tenancy, and durable demand drivers continue to benefit most from these early improvements, as investors and lenders maintain a disciplined approach to risk.

Behavioral Health Gains Momentum

Within the broader healthcare landscape, behavioral health continues to attract increasing investor attention. Demographic tailwinds, rising clinical demand, and historically limited supply have positioned the segment for sustained growth, with many investors viewing behavioral health as a long-term outperformer within healthcare real estate.



What We're Watching in 2026

- **Portfolio Activity continues to re-emerge, reinforcing confidence in pricing and scale-driven strategies**
- **Capital Markets remain selective, with liquidity concentrated in high-quality, income-stable assets**
- **Investor interest in specialty healthcare (behavioral health, rehab) continues to gain momentum**

Transaction Pulse

Disciplined Capital. Quality-Driven Liquidity.

Steady Activity with Selective Demand

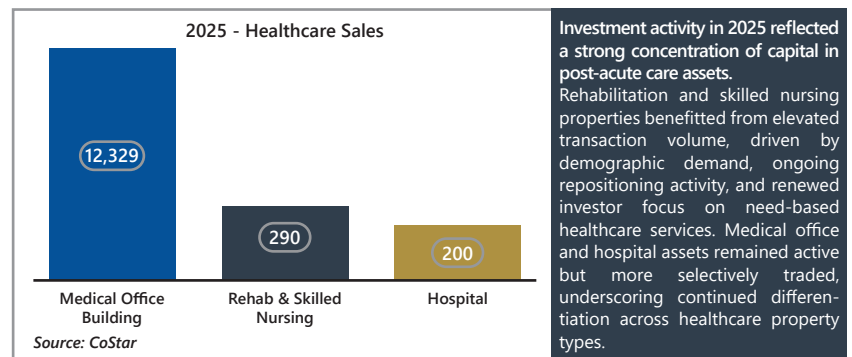
Transaction activity remained steady but disciplined through the second half of 2025 and continues into early 2026, reflecting a market focused on quality rather than volume. Investors have deployed capital selectively, prioritizing assets with durable tenancy, strong locations, and predictable cash flow over aggressive pricing strategies.

This measured approach underscores a broader re-engagement with the sector that emphasizes underwriting discipline and downside protection over short-term growth.

Medical Office Leads Demand

Medical office buildings continue to be the most sought-after healthcare asset type, supported by consistently high occupancy, mission-critical tenancy, and strong alignment with the ongoing shift toward outpatient care.

Although pricing adjustments have remained limited, demand for well-located, institutionally sized medical office assets has stayed firm, reinforcing the sector's role as a core allocation within healthcare real estate as investors position portfolios for 2026.



Liquidity Concentrated at the Top

As observed across other commercial real estate sectors, liquidity within healthcare remains concentrated in core and core-plus assets. Secondary properties have experienced longer marketing periods, underscoring a bifurcated market in which asset quality, location, and tenant strength continue to be the primary drivers of valuation outcomes.

Top Healthcare Transactions of Q1 2026

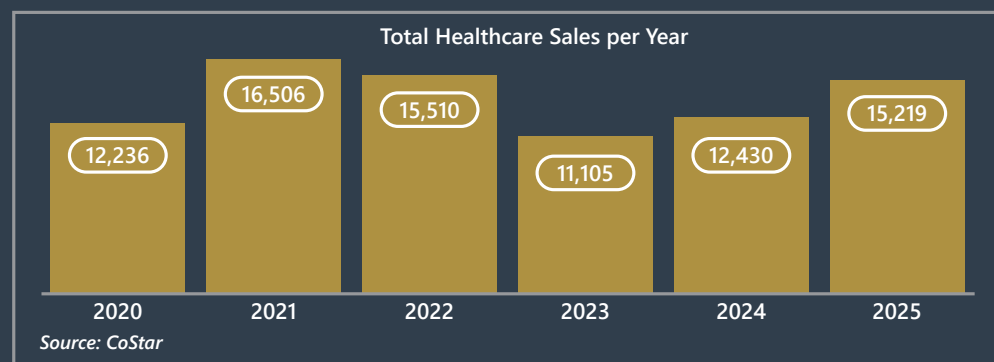
PROPERTY	CITY/STATE	BUYER	SELLER	DATE	TOTAL PRICE	PSF
Santa Clara Valley Healthcare Bascom Station	San Jose, CA	Santa Clara County	Not disclosed	1/15/26	\$340M	\$1,475/SF
Grandview Physicians Plaza II	Birmingham, AL	Healthcare Realty Trust (NYSE: HR)	Rethink Capital Partners	3/27/26	\$89.1M	\$621/SF
Silver Cross Hospital Campus - Pavilion A	New Lenox, IL	Farpoint Development	PGIM Real Estate	3/4/26	\$88.6M	\$507/SF
Long Ridge Medical Center	Stamford, CT	Remedy Medical Properties	Not disclosed	3/26/26	\$71.0M	\$360/SF
UH Beachwood Medical Center	Beachwood, OH	University Hospitals	MMAC-FCA Beachwood LLC	1/20/26	\$62.0M	\$888/SF

Source: CoStar

Top Healthcare Transactions of 2025

PROPERTY	CITY/STATE	BUYER	SELLER	DATE	TOTAL PRICE	PSF
Multi-Asset Portfolio	Various U.S. Markets	Remedy Medical Properties	Welltower	10/28/25	\$7.2 B	\$400/SF
Hadley Memorial Hospital	Washington, D.C.	Private	BridgePoint Healthcare	12/9/25	\$79.0M	\$1,184/SF
Santa Rosa Medical Center	San Antonio, TX	University Health System	CHRISTUS Health	10/29/25	\$71.0M	\$309/SF
Duke Lake Norman Hospital	Mooresville, NC	Duke University Real Estate	Community Health Systems, Inc.	3/26/25	\$61.4M	\$208/SF
Jewish Hospital Medical Center South	Shepherdsville, KY	The Centurion Foundation, Inc.	Healthpeak Properties, Inc.	12/19/25	\$41.5M	\$417/SF

Source: CoStar



2026 Outlook

Confidence Rebuilds as Healthcare Enters Its Next

Confidence Is Returning

As 2026 progresses, healthcare real estate is showing clear signs of renewed momentum. Investor sentiment continues to improve as pricing clarity increases and capital that remained sidelined over the past two years begins to re-enter the market in a more measured, disciplined manner.

This re-engagement reflects growing conviction in the sector's long-term fundamentals rather than a return to volume-driven activity.

Opportunities in Specialty Healthcare

Specialty healthcare segments, including behavioral health and inpatient rehabilitation, continue to attract outsized investor interest. Aging demographics, expanding clinical demand, and limited new supply support these need-based asset types, which many investors view as well positioned to outperform across market cycles.

As capital re-deploys, these segments are increasingly seen as durable growth drivers within the broader healthcare landscape.

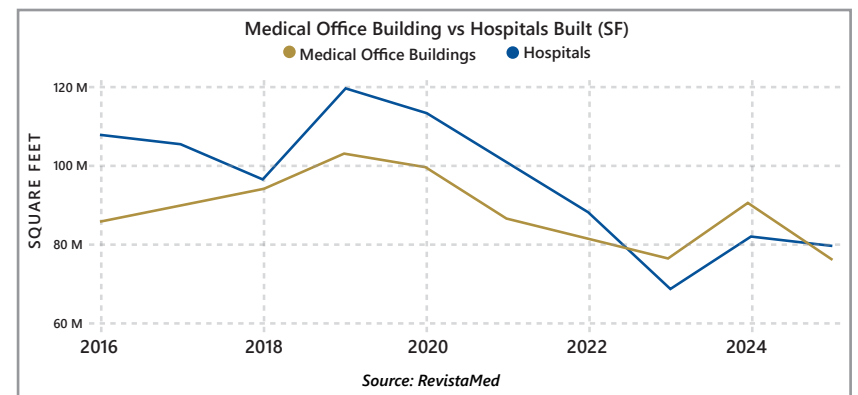
Development Returns—Cautiously

While construction costs remain elevated relative to historical norms, development activity has begun to re-emerge selectively. Developers are advancing projects where sustained healthcare demand and gradual improvement in capital markets support feasibility, particularly within outpatient and specialty care settings.

This disciplined approach to development reinforces the sector's broader emphasis on quality, underwriting rigor, and long-term demand fundamentals.

Investor Takeaway

Healthcare real estate has entered 2026 with greater clarity and direction. Investors who remain focused on asset quality, specialty demand drivers, and disciplined underwriting are well positioned to capitalize on a sector that continues to deliver stability while offering emerging growth opportunities as the market cycle evolves.



Partner Valuation Advisors is a trusted industry leader in healthcare & life science asset valuation.

In 2025 alone, Partner advised on ~785 healthcare & life science projects totaling over \$13.4 billion in value, delivering one of the industry's deepest perspectives on healthcare equity and debt transaction trends, perspective that enhances the accuracy and credibility of our valuations.

For more information,
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