

HOUSTON OFFICE MARKET

Q1 2023



TRENDLINES

	Q1 2023	Q1 2022	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE (%)	4.1	5.2	↓	5.6	↔
NET ABSORPTION (Thousands SF)	(576.8)	1,023	↓	(263.0)	↓
DIRECT VACANCY RATE (All Classes, All Space)	19.6%	20.5%	↓	18.4%	↑
DIRECT VACANT AVAILABLE (MSF)	47.5	49.3	↓	44.4	↑
UNDER CONSTRUCTION (MSF)	1.3	0.8	↑	2.5	↓
ASKING RENT, FULL SERVICE (PSF)	\$32.35	\$31.56	↑	\$31.21	↑
SALES VOLUME (Millions)	\$301.8	\$436	↓	\$490.6	↓

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

OFFICE-TO-RESIDENTIAL WILL BENEFIT CBD

Building conversions grabbed local real estate headlines this quarter as the announcements that two Class B buildings, 800 Bell and 1801 Smith, totaling a combined 1.8 million square feet, were being redeveloped into residential towers in Houston’s CBD. The news comes in line with the greater industry curve nationwide that an oversupply of office space is largely attributed to obsolete and outdated product. Houston’s urban core will profit from the greater density of downtown residents, already more than 11,000 according to Central Houston, Inc., and expected to grow even further with the recent completion of Hines’ new 46-story apartment tower, Brava, along with Trammell Crow Company’s 43-story Houston Parkside Residences. As a result, CBD Class B direct vacancy plummeted by more than a third to 24.0 percent and citywide by 70 basis points for all classes. Additional similar conversion announcements are expected this year in Houston as building owners look to take advantage of repurposing outdated office product.

Other quarterly highlights include sizeable new leases signed by Community Health Choice of Texas at Loop Central I in the West Loop (82,706 square feet) and renewals and expansions such as Kiewit Corp. at Energy Center I in the Katy Fwy/Energy Corridor (277,105 square feet). Meanwhile, full-service asking rents for both Class A & B climbed \$0.73 PSF/YR to \$32.48 PSF/YR, largely reflecting overall inflationary trends.

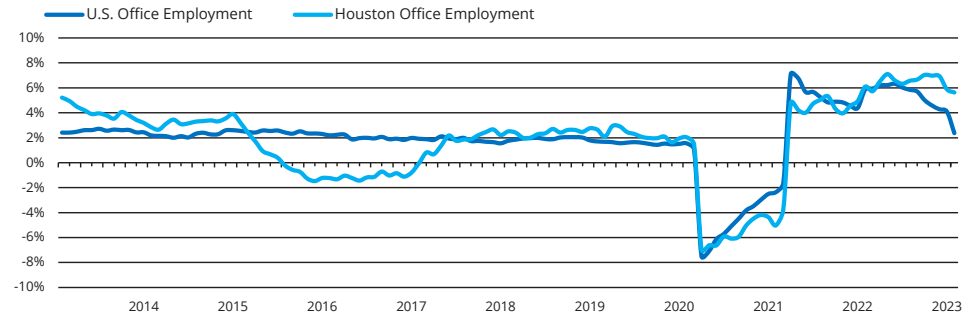


ECONOMY

Jobs, Port Activity Beating Long-Term Records

- Metro Houston created 29,200 jobs in February, according to the Texas Workforce Commission (TWC), a total well ahead the twenty-year average of 22,100 jobs for the month, suggesting Houston’s economy continues to grow above the long-term trend. Sectors with the largest employment gains included local education, administrative and support services and health care and social assistance. February’s gains offset nearly 60 percent of January’s job losses of more than 50,000. If job growth over the next two months matches long-term averages, the region will recover all January’s losses by April, according to the Greater Houston Partnership.
- Early signs suggest falling mortgage rates are starting to pull some Houston homebuyers back into the local housing market. Single-family home sales remained off in January compared to last year’s level, the Houston Association of Realtors (HAR) reported in February. Metro home sales started slowing last March when they were white-hot in both average sales prices and transaction volume. According to the HAR, the current easing environment of mortgage rates are instead creating more of a return to seasonal home sales trends: slower volume during the holidays and new year. But as lending rates stabilize along with more affordable price points hitting the market, the HAR expects an upswing in sales later this year.
- Houston consumer confidence is strong coming into 2023 as buyers snatched up big-ticket items for cars, trucks and SUVs. Houston-area dealers sold more than 315,000 vehicles in the 12 months ending February, an 11.9 percent increase over those sold this time last year according to TexAuto Facts, published by InfoNation, Inc. Likewise, Port Houston recorded its busiest year in 2022 as the global economy began recovering and West Coast port congestion attracted new shippers to the Gulf Coast. Almost 55.1 million tons moved through Port Houston, according to data released in January by port officials, a new record and an increase of 22 percent compared with 2021.

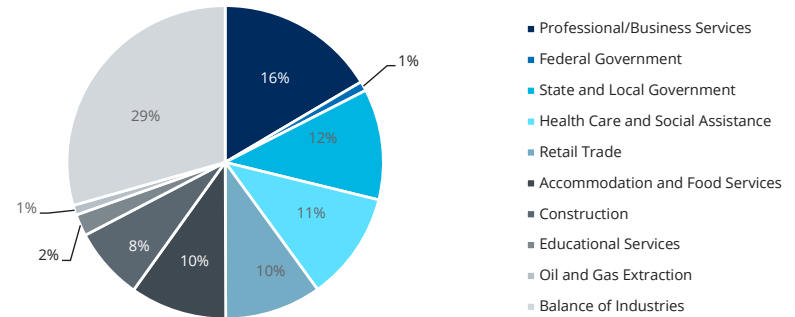
Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

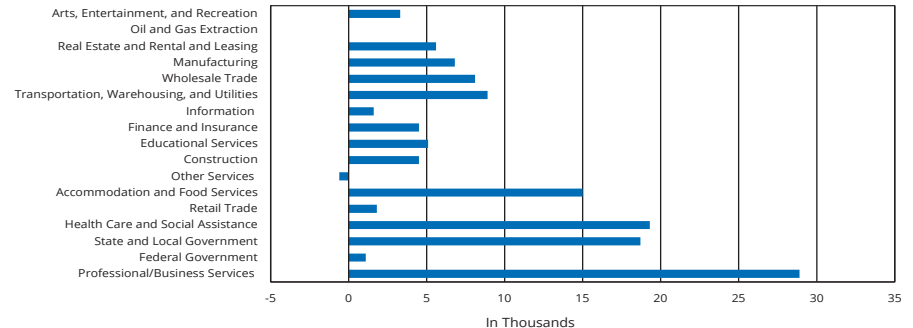
Houston | February 2023



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

Houston | February 2023



Source: Bureau of Labor Statistics, Transwestern

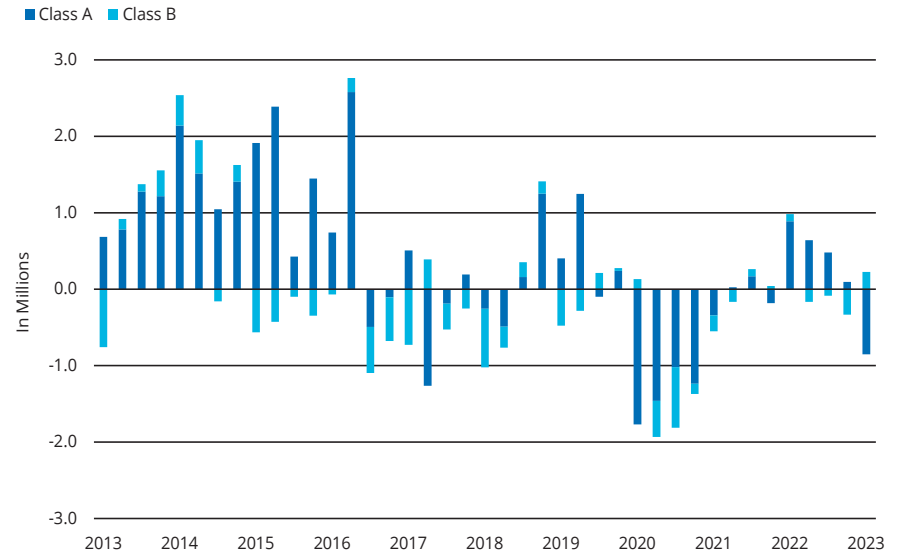


NET ABSORPTION

New Leases, Expansions and Conversions Make for Active Q1 2023

- Leasing activity during the first quarter was led by several new leases being signed in the CBD, West Loop, and Southwest Fwy/Sugar Land where all three submarkets scored positive net absorption aided by transactions such as Clark Hill (18,368 square feet at Wells Fargo Plaza in the CBD), Community Health Choice of Texas (82,706 square feet at Loop Central I in the West Loop), and Arthur J. Gallagher Insurance (12,601 square feet at The Plaza Building in E. Fort Bend County/Sugar Land).
- Sizeable renewals and expansions include Kiewit Corp. (277,105 square feet at Energy Center I in the Katy Fwy/Energy Corridor), JPMorgan Chase (37,621 square feet at the JPMorgan Chase & Co. Tower in the CBD), and Bank of Texas (29,558 square feet at 5 Houston Center also in the CBD). Sublease activity also hit the radar during the quarter. QuarterNorth Energy signed for 49,980 square feet at 3737 Buffalo Speedway Ave. in Greenway Plaza. Chemex Global took down 57,712 square feet at 1735 Hughes Landing Blvd. in The Woodlands and Reimer McGuinness & Hess P.C. chose 16,304 square feet in Town Center One in the Katy Fwy/Energy Corridor, to name only a few.
- While total net absorption weighed a loss of nearly 630,000 square feet, brought on by scheduled expirations, reduced space needs during relocations and renewals, mainly in Class A space which totaled approximately -850,000 square feet in net absorption, Class B buildings came out statistically ahead with a total net positive of 225,000 square feet. The Class B sector saw absorption in the black for the CBD, Katy Fwy/Energy Corridor, North Houston District, Southwest Fwy/Sugar Land, West Belt and West Loop.

NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

- Space conversions of two large vacant Class B buildings located in the CBD also made the news during the quarter when it was announced that 800 Bell, a 1.3 million square foot building that was once the headquarters of ExxonMobil and 1801 Smith, a 450,000 square foot building, are set to be converted into residential towers by the new owners and as a result, both were removed from the competitive leasing inventory causing a sharp reduction in Class B direct vacancy by 11.2 percent to 24.0 percent.

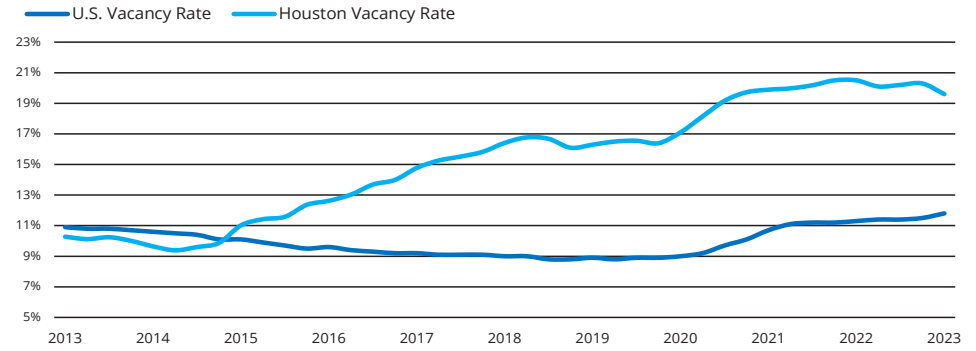


VACANCY & AVAILABILITY

Building Sales and Conversions Reduce Overall Direct Vacancy

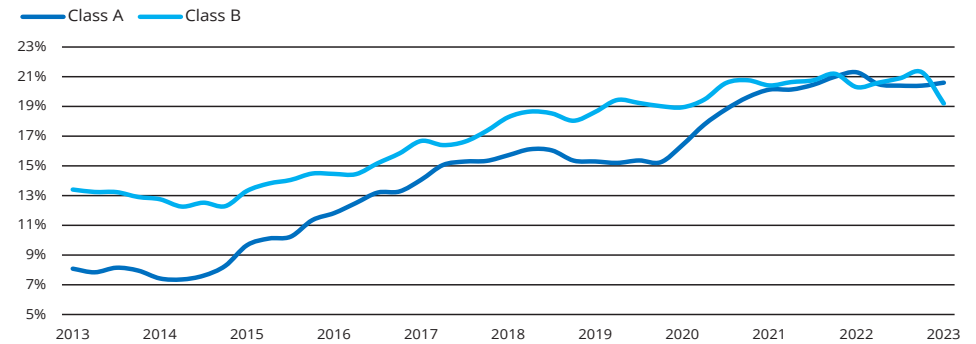
- Changes in area direct vacancy during the first quarter were led by building additions and removals throughout Houston’s total office building inventory. These include several vacant buildings being removed from inventory to be converted to residential, mainly 800 Bell (1.3 million square feet) and 1801 Smith (450,000 square feet) in the CBD, as well as changes in building ownership where existing buildings were added to the competitive leasing market such as the former Class A Hewlett Packard campus (927,200 square feet) located in the FM 1960 submarket.
- Due to the building inventory adjustments, overall vacancy decreased 70 basis points to 19.6 percent during the first quarter for all classes of space over year-end 2022. For example, Class B buildings citywide registered a direct vacancy decline of 1.1 percent and in the CBD, condensed from 33.5 percent to 24.0 percent with the CBD Class B as total submarket inventory being reduced by a total of 1.8 million.
- Class A space, however, saw direct vacancy rise slightly by 20 basis points for metro Houston led by a spike in the FM 1960 submarket which climbed to 25.5 percent over 12.6 percent in the fourth quarter. The addition of the previously owner-occupied Hewlett Packard campus, located at 11445 Compaq Center West Dr., as a Class A multi-tenant campus now available for lease. The ownership and leasing status change brought approximately 580,000 available square feet to the submarket.

OVERALL VACANCY RATE



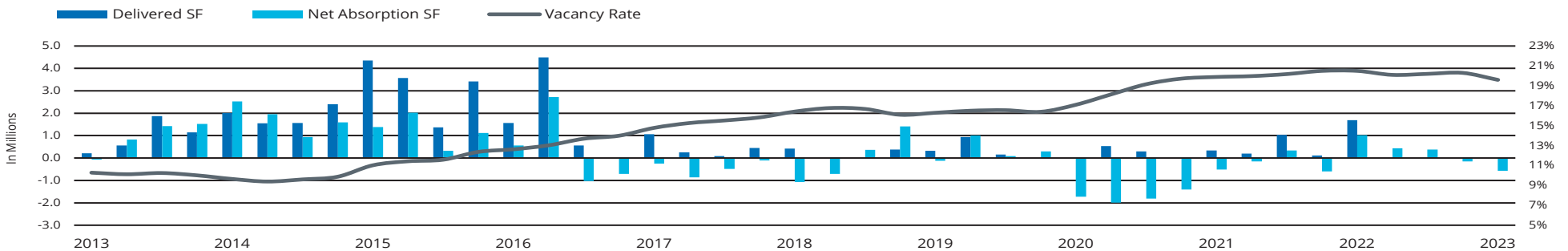
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY CLASS



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

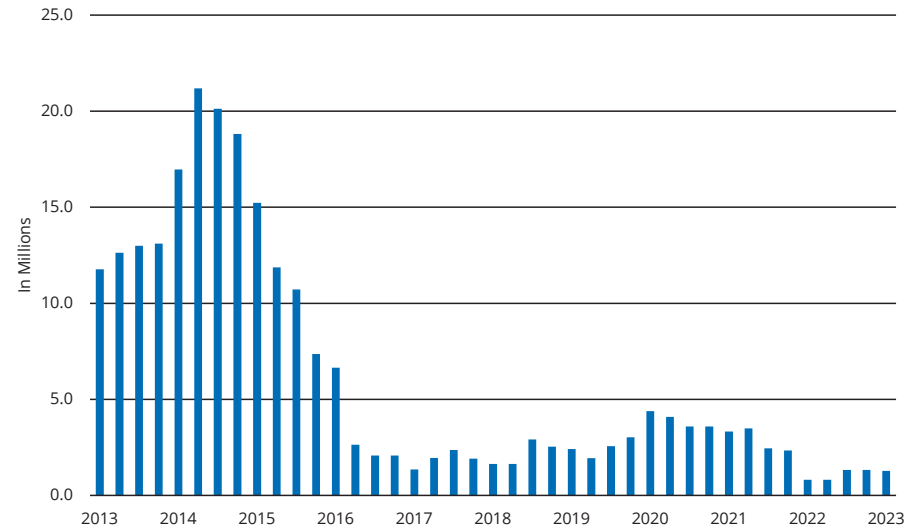


UNDER CONSTRUCTION

1550 on the Green Tops Off

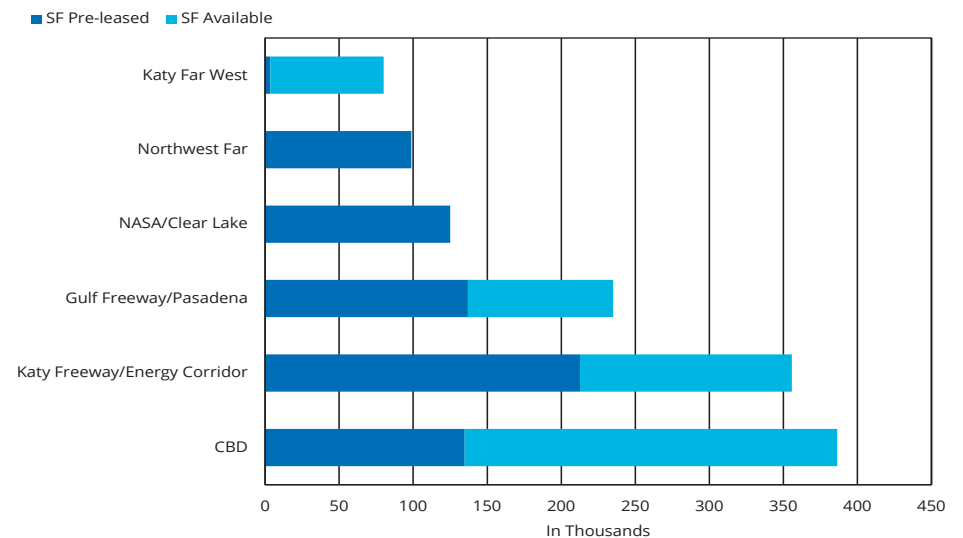
- Houston’s office sector saw no new office ground breakings this period with 1.3 million square feet of office product in the pipeline throughout ten buildings tracked in the Transwestern quarterly survey. These buildings collectively are 55.6 percent pre-leased.
- In February, Skanska USA Commercial Development Inc. topped out 1550 on the Green, a 28-story, 386,000 square foot Class A building under construction at 1550 Lamar St. in the CBD adjacent to Discovery Green. Law firm, Norton Rose Fulbright has pre-leased more than 107,000 square feet on seven upper floors and will relocate from Fulbright Tower, at 1301 McKinney, also in the CBD when the building is completed late in the year or early-2024.
- Early in the quarter, it was announced that independent oil and natural gas company, Callon Petroleum plans to relocate its headquarters from OneBriarLake Plaza at 2000 West Sam Houston Parkway S., in the last half of 2024. Callon Petroleum’s current headquarters occupies approximately 75,000 square feet while its new 107,000 square foot space will span five floors at 9753 Katy Freeway, a 190,000 square foot Class A building in the Katy Freeway Easy submarket that is currently under construction. Being developed by MetroNational Corp., the building is expected to deliver in the first half of the year and the lease brings the property to fully leased on its completion. Callon Petroleum new headquarters is an increase of more than 42 percent over its current location.
- Suderman & Young Towing Co., a company providing towing services for boats and vessels, is planning to relocate its Houston headquarters to the East River mixed-use development under construction just east of downtown Houston. Suderman & Young Towing Co. signed a 6,000-square-foot lease at East River’s Trail Head 1 (Building F), a 101,000 square foot, five-story building adjacent to the development’s greenspace. The building is 28.5 percent pre-leased and expected to deliver in the first half of 2023. Houston-based Midway is building East River on 150 acres along Buffalo Bayou and plans call for a mix of housing, dining, retail, office and recreational uses.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern



RENTAL RATES

Rising Asking Rents and New Leases Sum Up Activity

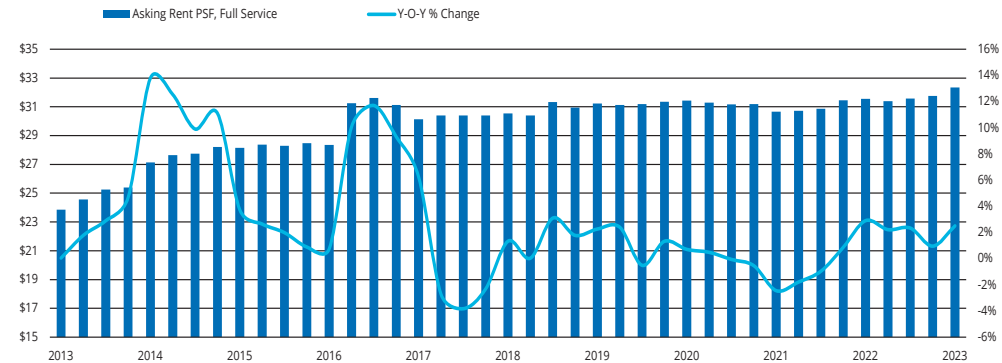
- Full-service asking rents both Class A & B climbed \$0.73 PSF/YR to \$32.48 PSF/YR over the past 90 days. Overall full-service asking rents maintained their upward trajectory due primarily to the rates being quoted for the available amount of Class A space which has been on the rise, giving lift to the weighted average statistic. Effective rates however on recently completed transactions are varying widely by building, submarket and deal size. As a result, Houston's office market has a distinct spread between asking rents and effective ones that will be sustained during 2023 as tenants continue to right-size renewals and in a number of cases, relocate.
- One of the largest new leases this quarter was Community Health Choice Texas, Inc., a nonprofit managed care organization, signing a new 82,706 square foot lease for four full floors at Loop Central I, located at 4888 Loop Central Drive in the West Loop submarket. The transaction was the largest of several leases totaling 110,050 square feet at Loop Central, a three-building Class A office campus owned by Houston-based Griffin Partners. Loop Central underwent renovations in 2020, including an upgraded fitness center, tenant lounge, conference facility and multiple indoor and outdoor seating options. The new leases lifted occupancy of the 575,000-square-foot campus by 16 percent. West Loop full-service Class A rents rose \$0.41 PSF/YR during the quarter to \$37.20 PSF/YR.

NOTABLE LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
KIEWIT COPORATION	585 N Dairy Ashford Rd	Katy Fwy/Energy Corridor	Renewal	277,105
COMMUNITY HEALTH CHOICE TEXAS, INC.	4888 Loop Central Dr	West Loop	New	82,706
MATTRESS FIRM	3250 Briarpark Dr	Westchase	New	55,855
CHEMEX GLOBAL	1735 Hughes Landing Blvd	The Woodlands	New	54,712
QUARTERNORTH ENERGY	3737 Buffalo Speedway Ave	Greenway Plaza	New	49,980
DIRECTV	9700 Bissonnet St	Southwest Fwy / Sugar Land	Renewal	46,521

= Transwestern transaction
Source: CoStar, Transwestern

ASKING RENT



Source: CoStar, Transwestern

- Another sizeable transaction includes ChemEx Global, Inc., an engineering, procurement, fabrication company, completing a new 54,712 square foot lease at 1735 Hughes Landing Blvd. in The Woodlands. The 318,700 square foot Class A building attracted the relocation of the equipment manufacturer from 24 Waterway, a 308,000 square foot Class A building also located in The Woodlands, where they had occupied less than 12,000 square feet of sublease space. The Woodlands experienced Class A rents spot softening during the Q1 2023 period, from \$38.48 PSF full-service at the close of 2022 to \$36.62 PSF full-service currently, however area Class A direct vacancy, at 11.5 percent, continues to be tight compared to the Houston metro average of 20.6 percent.

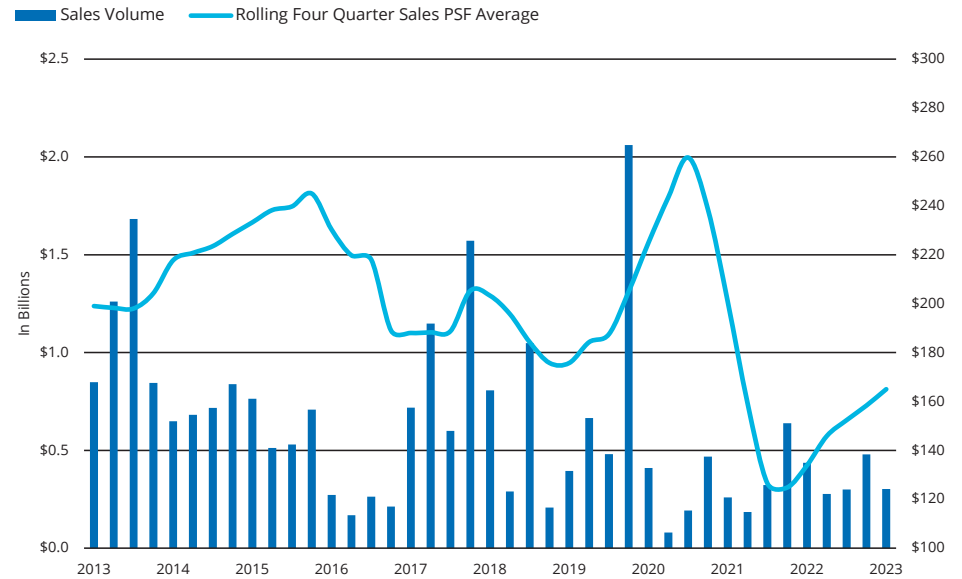


SALES

Private Investors Seek Opportunity with Net Acquisitions

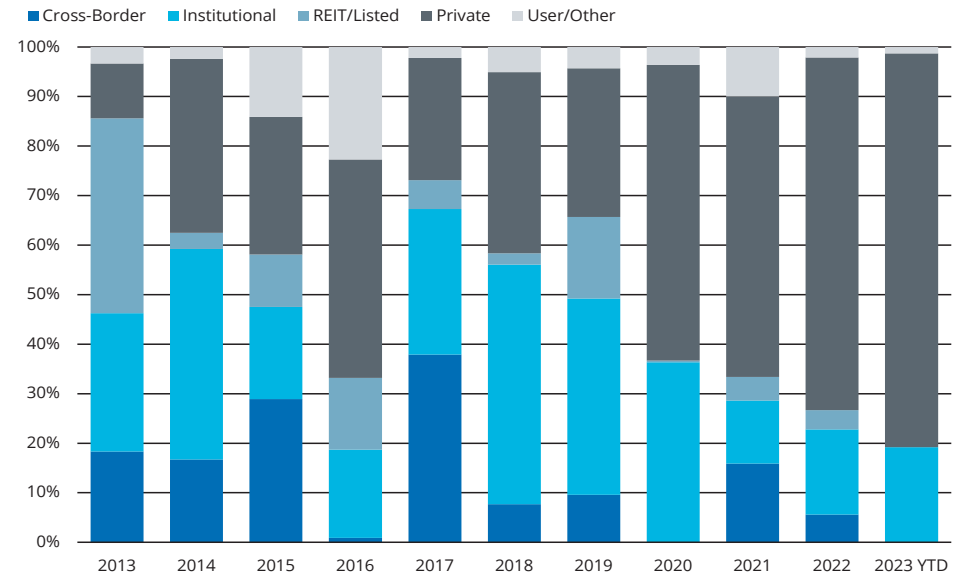
- Buyers completed ten property transactions during the first quarter with an average sales price of \$176 per square foot, a marginal increase of \$2 quarter-over-quarter and a healthy \$27 increase year-over-year, according to Real Capital Analytics.
- Private investors finished the period with positive net acquisitions with a net total of \$35.1 million. This investor group is continuing their momentum from the close of 2022 where they finished with an estimated \$413.1 million in total net acquisitions.
- On the other side of completed transactions is institutional investors where the investment group finished in the red with a total of \$39.1 million in net dispositions during Q1 2023. Like the private sector, institutional investors continue where they left off last year when the group had a total of \$233.9 million in net dispositions for 2022.
- REITs and international investors did not complete any property trades during the quarter but to recap the previous year, REITs finished 2022 slimly in the black with a net total of \$4.3 million in acquisitions while international investors capped the year off a net total of \$110.8 million of dispositions.
- A noteworthy property trade announced during the quarter, New York-based Sovereign Partner, a full-service commercial real estate investment firm, acquiring San Felipe Plaza, an approximate 980,472 square foot high-rise located in the West Loop submarket. Sovereign Partners purchased the property from Orlando-based Parkway Property Investments for a reported price of \$82.8 million.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



HOUSTON OFFICE MARKET INDICATORS - ALL SPACE*

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT FSG (CLASS A & CLASS B)
1. CBD	42,545,168	9,663,029	22.7%	30.6%	386,323	78,658	248,289	\$42.82
2. CONROE	867,484	29,857	3.4%	9.7%	-	12,342	15,996	\$21.56
3. FM 1960	9,914,152	2,336,083	23.6%	30.6%	-	(421,149)	(521,638)	\$19.46
4. GREENWAY PLAZA	11,102,856	2,129,034	19.2%	26.1%	-	8,644	94,834	\$34.58
5. GULF FREEWAY/PASADENA	2,481,886	268,189	10.8%	16.7%	235,000	(12,898)	(51,351)	\$25.24
6. KATY FAR WEST	2,875,499	334,634	11.6%	20.9%	80,000	2,922	52,203	\$31.11
7. KATY FWY/ENERGY CORRIDOR	36,392,257	5,731,894	15.8%	24.5%	355,694	(168,501)	358,789	\$30.00
8. KINGWOOD/HUMBLE	1,347,269	46,305	3.4%	4.6%	-	7,888	25,192	\$20.50
9. MIDTOWN	6,182,640	855,362	13.8%	17.9%	-	27,633	48,313	\$35.07
10. NASA/CLEAR LAKE	5,359,352	951,408	17.8%	20.9%	125,000	(54,625)	(160,620)	\$26.25
11. NORTH HOUSTON DISTRICT	12,669,479	5,121,132	40.4%	44.1%	-	101,822	200,566	\$18.50
12. NORTHEAST	1,377,409	9,198	0.7%	4.4%	-	(2,725)	19,814	\$23.86
13. NORTHWEST	7,964,109	1,280,698	16.1%	19.6%	98,674	6,154	74,271	\$20.87
14. SOUTH MAIN/MEDICAL CENTER	9,742,615	787,482	8.1%	10.4%	-	(80,914)	(90,354)	\$33.69
15. SOUTHWEST FWY/ SUGAR LAND	16,022,512	2,430,489	15.2%	24.6%	-	212,702	118,505	\$27.92
16. THE WOODLANDS	18,437,612	2,272,578	12.3%	19.1%	-	(47,530)	(7,514)	\$34.03
17. WEST BELT	4,735,274	1,213,629	25.6%	34.8%	-	(116,702)	(77,245)	\$28.96
18. WEST LOOP	35,014,365	8,215,019	23.5%	30.9%	-	69,543	(233,244)	\$34.09
19. WESTCHASE	17,029,499	3,841,263	22.6%	30.7%	-	(200,024)	(9,861)	\$27.64
HOUSTON TOTAL	242,061,437	47,517,283	19.6%	26.7%	1,280,691	(576,760)	104,945	\$32.48

NOTE: Indicators are for all classes of space with the exception of rent, which are classes A and B only



HOUSTON OFFICE MARKET INDICATORS - CLASS A & CLASS B

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT F5G
HOUSTON TOTAL	233,397,861	46,841,837	20.1%	27.3%	1,280,691	(627,409)	92,919	\$32.48
CLASS A	147,555,205	30,387,894	20.6%	29.3%	997,017	(852,585)	448,615	\$36.66
CLASS B	85,842,656	16,453,943	19.2%	23.9%	283,674	225,176	(355,696)	\$24.57
1. CBD	42,325,114	9,663,029	22.8%	30.7%	386,232	78,658	248,289	\$42.82
CLASS A	34,679,844	7,829,349	22.6%	29.8%	386,232	47,584	307,975	\$45.05
CLASS B	7,645,270	1,833,680	24.0%	35.2%	-	31,074	(59,686)	\$33.85
2. CONROE	764,894	29,857	3.9%	11.1%	-	12,342	15,996	\$21.56
CLASS A	68,832	9,756	14.2%	14.2%	-	5,317	7,225	\$32.15
CLASS B	696,062	20,101	2.9%	10.7%	-	7,025	8,771	\$26.50
3. FM 1960	9,650,498	2,263,741	23.5%	30.7%	-	(498,824)	(599,313)	\$19.46
CLASS A	4,676,509	1,194,128	25.5%	37.1%	-	(521,661)	(565,300)	\$26.94
CLASS B	4,973,989	1,069,613	21.5%	24.7%	-	22,837	(34,013)	\$16.83
4. GREENWAY PLAZA	10,962,559	2,117,910	19.3%	26.3%	-	10,468	99,866	\$34.58
CLASS A	7,585,438	1,533,428	20.2%	28.5%	-	(2,708)	142,744	\$36.48
CLASS B	3,377,121	584,482	17.3%	21.4%	-	13,176	(42,878)	\$29.06
5. GULF FREEWAY/ PASADENA	2,090,416	188,934	9.0%	16.1%	235,000	2,280	2,438	\$25.24
CLASS A	-	-	-	56.0%	175,000	-	-	-
CLASS B	2,090,416	188,934	9.0%	12.8%	60,000	2,280	2,438	\$25.24



HOUSTON OFFICE MARKET INDICATORS - CLASS A & CLASS B

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CLASS B	85,842,656	16,453,943	19.2%	23.9%	283,674	225,176	(355,696)	\$24.57
6. KATY FAR WEST	2,756,237	334,634	12.1%	21.8%	-	2,922	52,203	\$31.11
CLASS A	1,757,278	323,419	18.4%	32.3%	-	2,922	39,136	\$31.12
CLASS B	998,959	11,215	1.1%	2.4%	-	0	13,067	\$28.00
7. KATY FWY/ENERGY CORRIDOR	35,264,553	5,676,327	16.1%	25.1%	355,694	(179,289)	345,699	\$30.00
CLASS A	24,718,643	3,468,680	14.0%	24.8%	355,694	(218,393)	129,480	\$33.87
CLASS B	10,545,910	2,207,647	20.9%	25.9%	-	39,104	216,219	\$24.12
8. KINGWOOD/HUMBLE	1,347,269	46,305	3.4%	4.6%	-	7,888	25,192	\$20.50
CLASS A	514,236	1,441	0.3%	3.3%	-	0	0	\$36.15
CLASS B	833,033	44,864	5.4%	5.4%	-	7,888	25,192	\$20.00
9. MIDTOWN	6,011,642	805,362	13.4%	17.5%	-	27,633	48,313	\$35.07
CLASS A	3,064,955	367,662	12.0%	15.9%	-	46,544	74,003	\$38.57
CLASS B	2,946,687	437,700	14.9%	19.3%	-	(18,911)	(25,690)	\$32.06
10. NASA/CLEAR LAKE	5,299,427	951,408	18.0%	21.2%	125,000	(54,625)	(160,620)	\$26.25
CLASS A	2,291,321	314,421	13.7%	18.6%	-	(6,009)	(14,893)	\$28.39
CLASS B	3,008,106	636,987	21.2%	23.1%	125,000	(48,616)	(145,727)	\$24.50



HOUSTON OFFICE MARKET INDICATORS - CLASS A & CLASS B

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT F5G
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CLASS B	85,842,656	16,453,943	19.2%	23.9%	283,674	225,176	(355,696)	\$24.57
11. NORTH HOUSTON DISTRICT	11,579,802	5,002,311	43.2%	46.9%	-	105,242	246,631	\$18.50
CLASS A	5,704,243	2,969,574	52.1%	55.0%	-	1,574	182,060	\$20.55
CLASS B	5,875,559	2,032,737	34.6%	39.1%	-	103,668	64,571	\$15.87
12. NORTHEAST	1,198,031	5,777	0.5%	0.6%	-	(2,725)	16,474	\$23.86
CLASS A	642,223	2,725	0.4%	0.7%	-	(2,725)	0	-
CLASS B	555,808	3,052	0.5%	0.5%	-	0	16,474	\$23.86
13. NORTHWEST	7,597,643	1,272,833	16.8%	19.7%	98,674	3,959	71,666	\$20.87
CLASS A	2,046,352	504,250	24.6%	27.9%	-	32,690	45,406	\$24.18
CLASS B	5,551,291	768,583	13.8%	16.8%	98,674	(28,731)	26,260	\$18.81
14. SOUTH MAIN/MEDICAL CENTER	8,247,570	748,879	9.1%	11.8%	-	(72,118)	(81,882)	\$33.69
CLASS A	4,130,334	419,191	10.1%	14.3%	-	(62,807)	(68,928)	\$33.71
CLASS B	4,117,236	329,688	8.0%	9.3%	-	(9,311)	(12,954)	\$33.67
15. SOUTHWEST FWY/ SUGAR LAND	14,621,723	2,321,151	15.9%	26.2%	-	217,057	53,052	\$27.92
CLASS A	6,069,550	1,153,767	19.0%	37.4%	-	153,569	40,306	\$31.62
CLASS B	8,552,173	1,167,384	13.7%	18.3%	-	63,488	12,746	\$21.42



HOUSTON OFFICE MARKET INDICATORS - CLASS A & CLASS B

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT FSG
HOUSTON TOTAL	233,397,861	46,841,837	20.1%	27.3%	1,280,691	(627,409)	92,919	\$32.48
CLASS A	147,555,205	30,387,894	20.6%	29.3%	997,017	(852,585)	448,615	\$36.66
CLASS B	85,842,656	16,453,943	19.2%	23.9%	283,674	225,176	(355,696)	\$24.57
16. THE WOODLANDS	18,187,108	2,272,578	12.5%	19.1%	-	(47,530)	(7,514)	\$34.03
CLASS A	14,643,143	1,687,983	11.5%	18.3%	-	(28,597)	72,349	\$36.62
CLASS B	3,543,965	584,595	16.5%	22.3%	-	(18,933)	(79,863)	\$28.60
17. WEST BELT	4,735,274	1,213,629	25.6%	34.8%	-	(116,702)	(77,245)	\$28.96
CLASS A	3,495,407	916,655	26.2%	34.1%	-	(176,890)	(97,964)	\$30.29
CLASS B	1,239,867	296,974	24.0%	36.8%	-	60,188	20,719	\$25.13
18. WEST LOOP	34,156,153	8,085,909	23.7%	31.3%	-	77,803	(194,640)	\$34.09
CLASS A	21,447,795	5,506,393	25.7%	35.5%	-	7,477	(104,087)	\$37.20
CLASS B	12,708,358	2,579,516	20.3%	24.1%	-	70,326	(90,553)	\$26.67
19. WESTCHASE	16,601,948	3,841,263	23.1%	31.5%	-	(201,848)	(11,686)	\$27.64
CLASS A	10,019,102	2,185,072	21.8%	32.6%	-	(130,472)	259,103	\$33.30
CLASS B	6,582,846	1,656,191	25.2%	29.8%	-	(71,376)	(270,789)	\$20.30

SOURCE: CoStar, Transwestern Research, Transwestern Curve, a client service by Transwestern Commercial Services

NOTE: Includes buildings 50,000 SF RBA and greater; does not include buildings owned by the government

NOTE: Total availability includes under construction projects

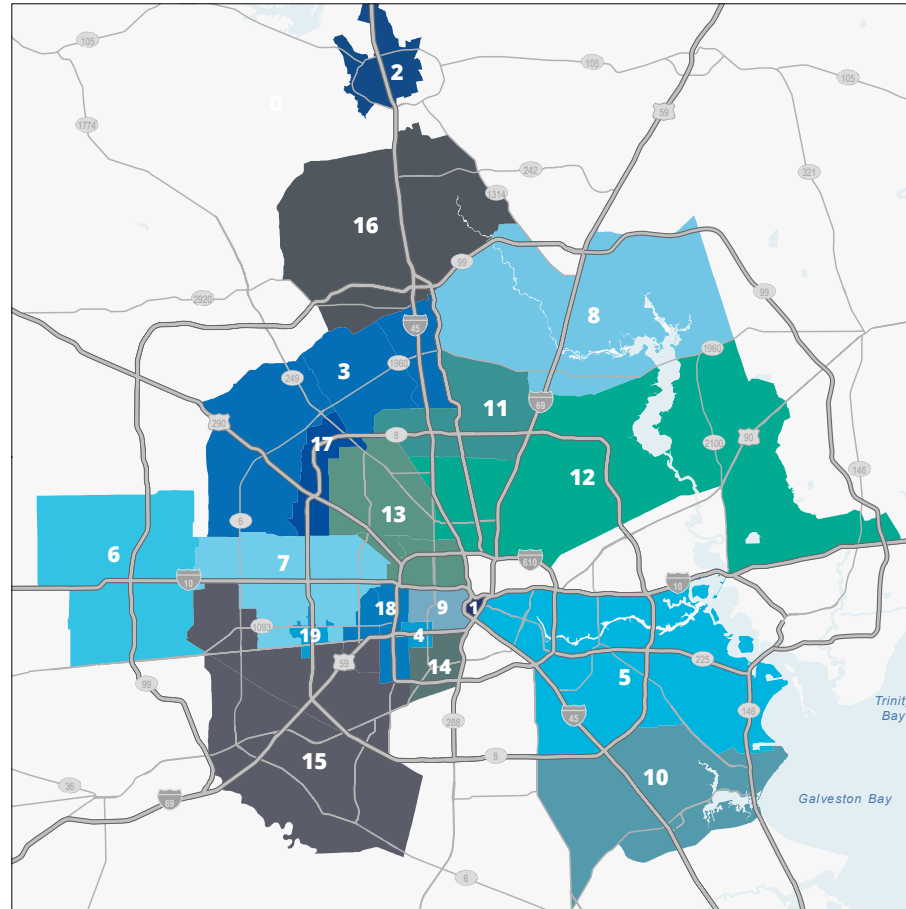


RESEARCH METHODOLOGY

The information in this report is the result of a compilation of current information on office properties located in the Houston metropolitan area and may also include historical property data revision(s). This report includes single tenant, multi-tenant, medical office and owner-user properties 50,000 SF and larger, excluding condo and those properties owned and occupied by a government agency.

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The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high-net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).



Houston Office Submarkets

- 1 CBD
- 2 Conroe
- 3 FM 1960
- 4 Greenway Plaza
- 5 Gulf Freeway/Pasadena
- 6 Katy Far West
- 7 Katy Fwy/Energy Corridor
- 8 Kingwood/Humble
- 9 Midtown
- 10 NASA/Clear Lake
- 11 North Houston District
- 12 Northeast
- 13 Northwest
- 14 South Main/Medical Center
- 15 Southwest Fwy/ Sugar Land
- 16 The Woodlands
- 17 West Belt
- 18 West Loop
- 19 Westchase

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