



TRANSWESTERN

HOUSTON OFFICE MARKET

Q2 2024



TRENDLINES

	Q2 2024	Q2 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	4.2%	4.4%	↓	5.2%	↔
NET ABSORPTION* (Thousands SF)	58	2,063	↓	(162.2)	↑
DIRECT VACANCY RATE (All Classes, All Space)	20.8%	20.2%	↑	20.4%	↓
TOTAL AVAILABILITY RATE (All Classes, All Space)	27.6%	27.1%	↑	27.5%	↓
UNDER CONSTRUCTION (MSF)	0.4	1.0	↓	2.0	↑
ASKING RENT, FULL SERVICE (PSF)	\$34.38	\$32.55	↑	\$32.02	↑
SALES VOLUME (Millions)	\$229.6	\$62	↑	\$401.8	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern. Arrow color palette indicates property sector agency leasing, management and investor trending assessment(s).

*Net Absorption calculated as Net Leasing. See definition on page 13.

CONSTRUCTION GEARS UP AND NEW LEASING CITYWIDE PUSHES DOWN METRO AVAILABILITY IN Q2 2024

Q2 2024 House View

Houston’s empty construction pipeline reported last quarter was short lived as two projects broke ground this quarter: Midway’s 308,000 square foot, 19-story, CityCentre Six in the Katy Fwy/Energy Corridor submarket and Howard Hughes’s 50,000 square foot, mass timber, One Bridgeland Green in the Northwest submarket. Both projects are scheduled to come on-line with strong pre-lease commitments, with Midway’s scheduled to deliver in spring 2026 with 65 percent already taken by Dow Chemical.

Across the metro, direct vacancy held steady at 20.8 percent, in line with last quarter, while availability decreased, driven primarily by new, big-name leases executing and positive net absorption throughout the market. West Houston submarkets, such as Westchase and Katy Fwy/ Energy Corridor, continue their dominance in positive market trends, especially Westchase, experiencing 6-digit net absorption gains due to Noble Corp.’s relocation to 2101 CityWest Blvd.

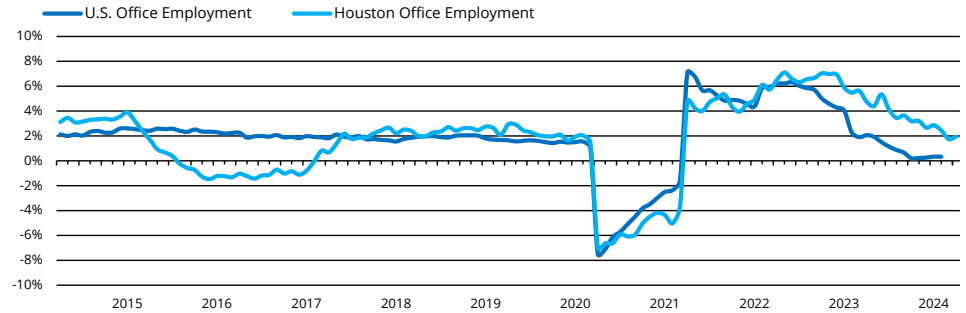


ECONOMY

Employment and Population Post Strong Gains. Summer Travel Season Starts as Passenger Counts Rise Along with Auto Sales

- In recent data, the U.S. Bureau of Labor Statistics reported that Houston MSA’s total nonfarm payroll employment topped more than 3,452,600 full-time workers, equating to an annual job growth of 2.3 percent in the past year since May 2023. Over the last 12 months, the metro has created 81,700 new jobs and approximately 86,000 Houstonians joined the workforce.
- The 10-county Houston metro area added more than 265,000 new residents since 2021, the second largest gain in the U.S. according to 2023 estimates provided by the Census Bureau early this summer. Two-thirds of the growth occurred in the outlying suburbs beyond Harris County.
- Houston’s economy expanded at a slightly faster pace in May over April, in results from the most recent Purchasing Managers Index (PMI) prepared by the Institute for Supply Management-Houston. Non-manufacturing growth accelerated the quickest over manufacturing and as a result, the overall PMI rose 0.8 points from 50.3 in April to 51.1 in May. On an industry specific basis, construction and professional and business services reported modest to strong expansion. Meanwhile, oil and gas along with durable goods manufacturing continue to show softer results.
- As the summer travel season kicks off, the Houston Airport System (HAS) stated it handled 61.4 million passengers in the 12 months ending in May, a surge of 7.3 percent from 57.2 million handled over the comparable period last year. Also hitting the road, Houston-area dealers sold more than 345,000 cars, trucks, and SUVs in the last year ending in May, a 1.5 percent increase, according to TexAutoFacts, published by InfoNation, Inc. Car sales rose 1.2 percent and truck and SUV sales 1.6 percent, with trucks and SUVs accounting for nearly 80 percent of all new vehicles sold.

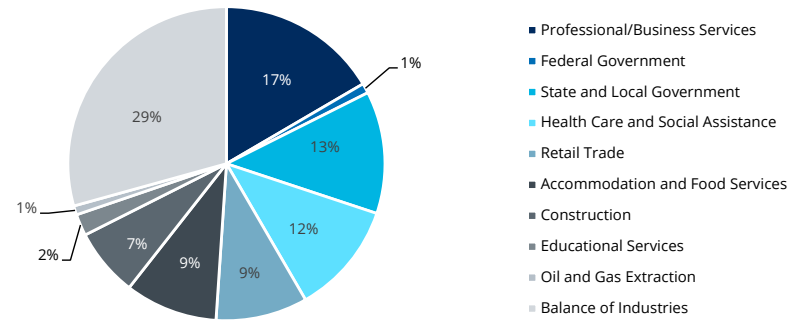
Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

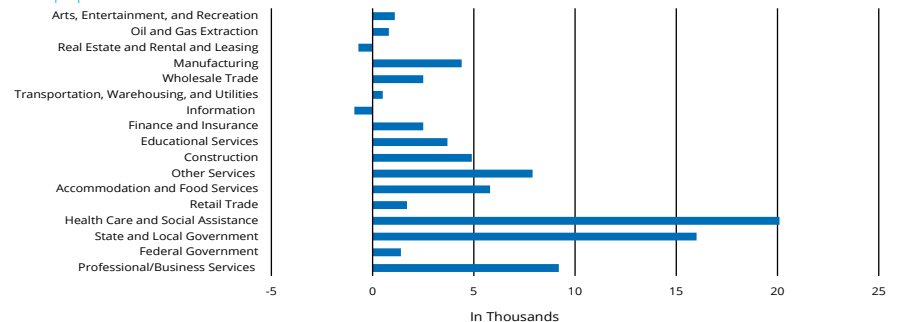
Houston | April 2024



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

Houston | April 2024



Source: Bureau of Labor Statistics, Transwestern

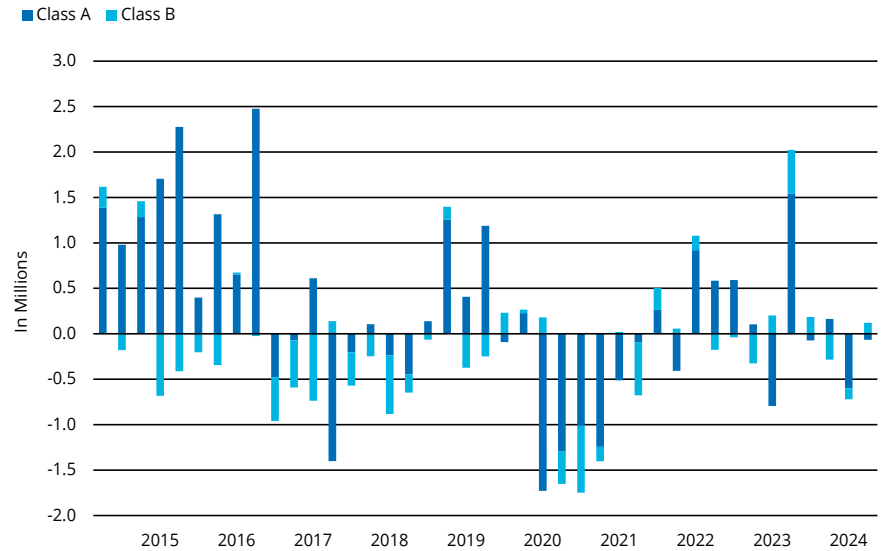


NET ABSORPTION & LEASING ACTIVITY

Demand Back Into the Black After Sluggish Start to Year

- Houston’s office sector measured 58,243 square feet of net absorption in the second quarter of 2024 led by Class B space clocking 120,700 square feet of growth while Class A space registered 65,560 square feet of net pull backs.
- The Woodlands submarket took down a net total of 80,063 square feet, led by CB&I signing a lease to occupy 43,000 square feet at 1725 Hughes Landing Blvd. In the Southwest Freeway submarket, Blue Cross Blue Shield signed a 136,800 square foot lease at 8101 W Sam Houston Pky S leading to net gains totaling 53,119 square feet for the submarket.
- Large move outs in the Katy Freeway/Energy Corridor contributed to negative results for Class A space in the submarket amounting to nearly 200,000 square feet. Subsea7, Hargrove Engineers & Constructors and Oiltanking North America all vacated this quarter amounting to nearly half of the negative Class A total, or approximately 100,000 square feet.
- In contrast, the Westchase submarket finished the quarter with a net gain of 134,716 square feet for Class A space largely due to Noble Corp.’s relocation to 2101 CityWest Blvd, where they signed a 110,250 square foot lease. The offshore drilling company emptied their space at 13135 Dairy Ashford Rd in the E Fort Bend Co/Sugar Land submarket which ended the quarter with a net loss totaling more than 90,000 square feet for Class A space.

NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

*Net Absorption calculated as Net Leasing. See definition on page 13.

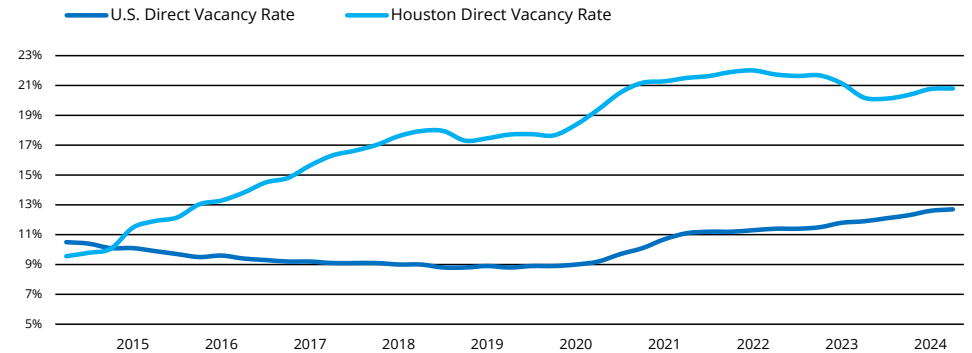


VACANCY & AVAILABILITY

Indicators Tighten as Landlords Remove Inactive Space Listings and Tenants Move West

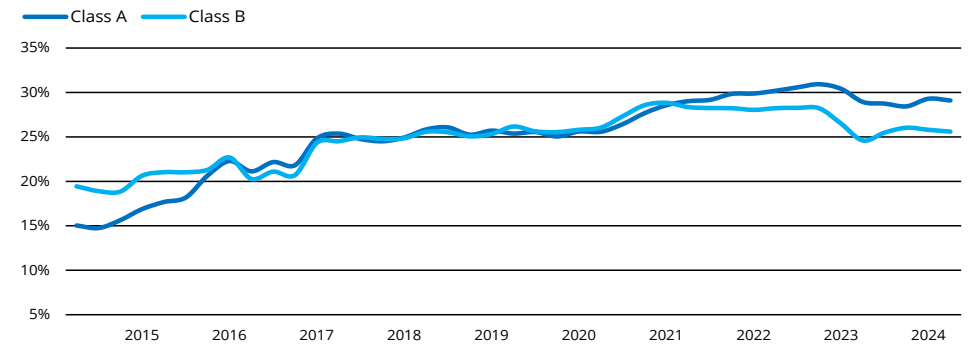
- Houston’s office market experienced a slight decrease in overall competitive space actively being marketed, causing a net change of 20 basis points to 27.6 percent. Classes A and B each saw drops to 29.1 percent and 25.6 percent, respectively.
- Direct vacancy remained in line with last quarter measuring 20.8 percent. Katy Freeway/Energy Corridor witnessed the largest contraction by 1.9 percent to 20.2 percent of available space as several tenants relocate further west. Further south, availability increased by 2.4 percent in the E Fort Bend Co/Sugar Land submarket rising to 26.8 percent.
- Class A direct vacancy in the E Fort Bend Co/Sugar Land submarket also increased 3.4 percent over the quarter to 28.1 percent largely due to Noble Corp. vacating their space at 13135 Dairy Ashford Rd and relocating to 2101 CityWest Blvd in the Westchase submarket. As a result, Class A direct vacancy in the Westchase submarket shrunk 1.3 percent to 20.3 percent.

DIRECT VACANCY RATE



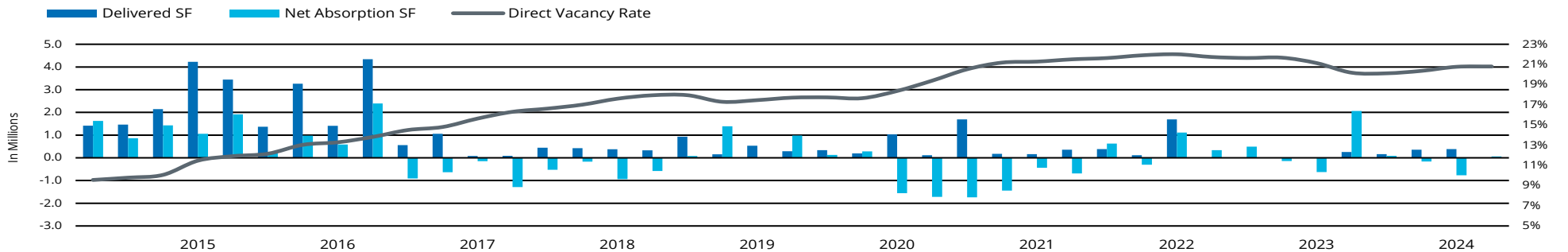
Source: CoStar, Transwestern

OVERALL AVAILABILITY RATE BY CLASS



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

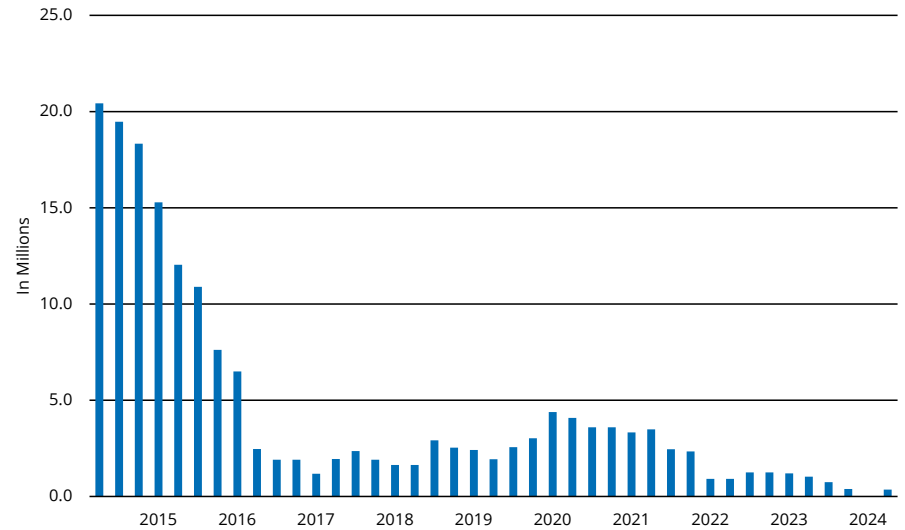


UNDER CONSTRUCTION

Expansion Begins (Again) with Two Ground Breakings in Q2 2024

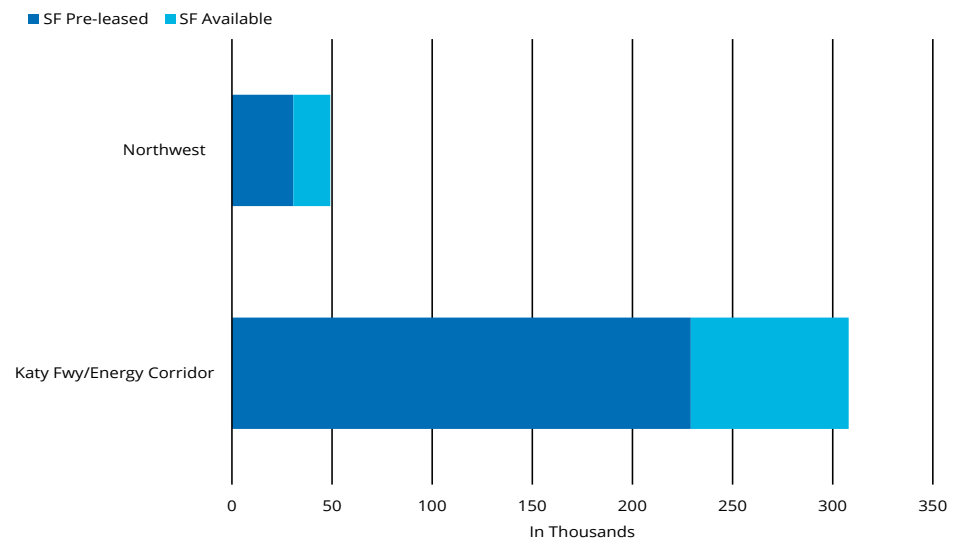
- Office construction in the metro started up again this quarter adding a total of more than 357,000 square feet to the briefly emptied pipeline seen in the first quarter. Two major projects broke ground in west Houston where populations are growing with the development of several master planned communities.
- The first project to break ground was Midway's 308,000 square foot Class A office tower at 903 Town and Country Blvd, CityCentre Six, in the Katy Freeway/Energy Corridor. The project has secured Dow Chemical as the anchor tenant, signing a pre-lease commitment to occupy 229,656 square feet of the building. Construction is expected to be completed in 2026.
- The second major project to break ground this quarter was in in the Northwest submarket where Howard Hughes broke ground on One Bridgeland Green at 20203 Bridgeland Parkway – the first mass timber office building in the metro. The approximately 50,000 square foot project is designed for sustainability and aims to reduce carbon emissions. Pre-lease commitments have been signed for 62.4 percent of One Bridgeland Green which is expected to deliver in the summer of next year.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

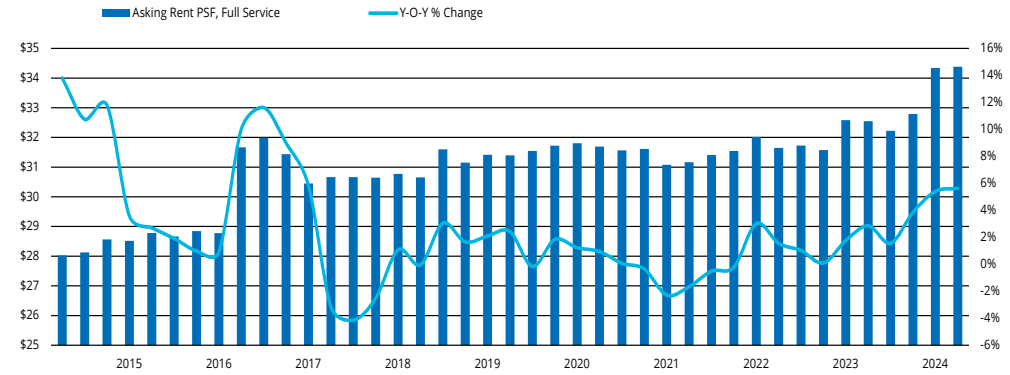


RENTAL RATES

Class A Rates Decline Slightly Over Quarter but Climb in Past Year

- Full-service asking rates for both Class A and B increased marginally by three basis points to \$34.38 PSF/YR quarter over quarter and increased \$1.72 PSF/YR from the same time last year. Class A space experienced an overall decline in asking rates by 62 basis points to \$38.60 PSF/YR over the quarter while Class B space witnessed an increase of 50 basis points to \$25.13 PSF/YR.
- NASA/Clear Lake saw the largest rise in Class A and B asking rates over the quarter increasing by \$1.39 PSF/YR to \$28.55 PSF/YR. West Loop and Greenway Plaza also saw rents climb for Class A and B space to \$36.51 PSF/YR and \$37.95 PSF/YR, respectively. Meanwhile, declines of more than \$2.00 PSF/YR were seen in Gulf Freeway/Pasadena and Southwest Freeway.
- Asking rents for the metro's overall Class A space increased \$2.08 PSF/YR to \$38.60 PSF/YR from the second quarter of last year. Three submarkets witnessed Class A asking rates rise more than three percent over the last 90 days: NASA/Clear Lake (4.9%), West Loop (3.2%), and Greenway Plaza (3.2%). Class B asking rates rose by 3.5 percent year-over-year to \$25.13 PSF/YR with the largest increases seen in the CBD by \$4.06 PSF/YR, Greenway Plaza by \$2.10 PSF/YR, and West Belt by \$2.02 PSF/YR.

ASKING RENT



Source: CoStar, Transwestern

NOTABLE LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
OVINTIV	4 Waterway Ave	The Woodlands	Renewal	168,805
BLUE CROSS BLUE SHIELD	8101 W Sam Houston Pky S	Southwest Freeway	New Lease	136,800
ONESUBSEA	915 N Eldridge Pky	Katy Fwy/Energy Corridor	Sublease	99,501
HIGGINBOTHAM & ASSOCIATES	4424 W Sam Houston Pky N	West Belt	New Lease	75,036
UBS FINANCIAL SERVICES INC	4400 Post Oak Pky	West Loop	Renewal	54,015
BOSTON CONSULTING GROUP	1550 Lamar St	CBD	New Lease	53,007

= Transwestern transaction
Source: CoStar, Transwestern

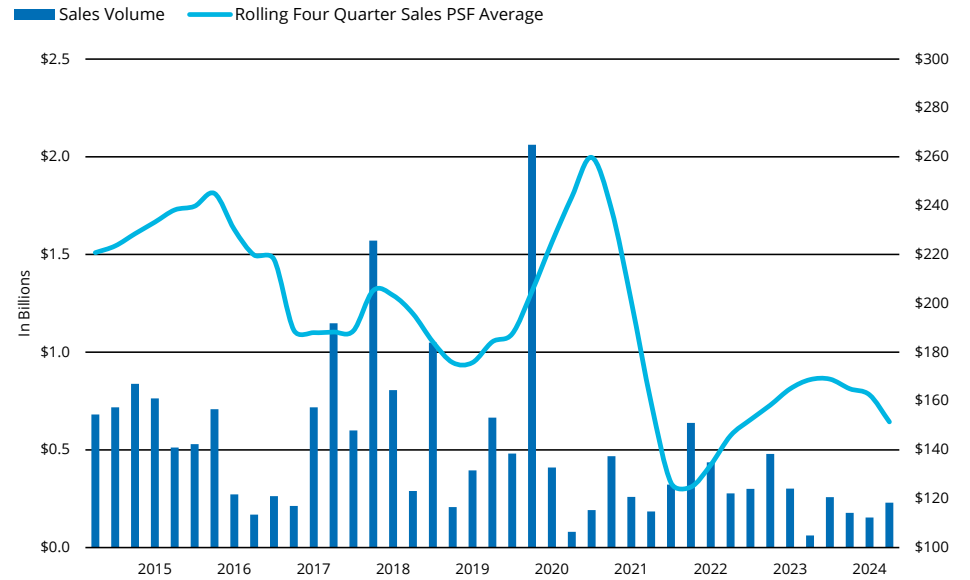


SALES

Historic Buildings Trade in Downtown Houston; Private Investment Sector Dominates Quarterly Sales Activity

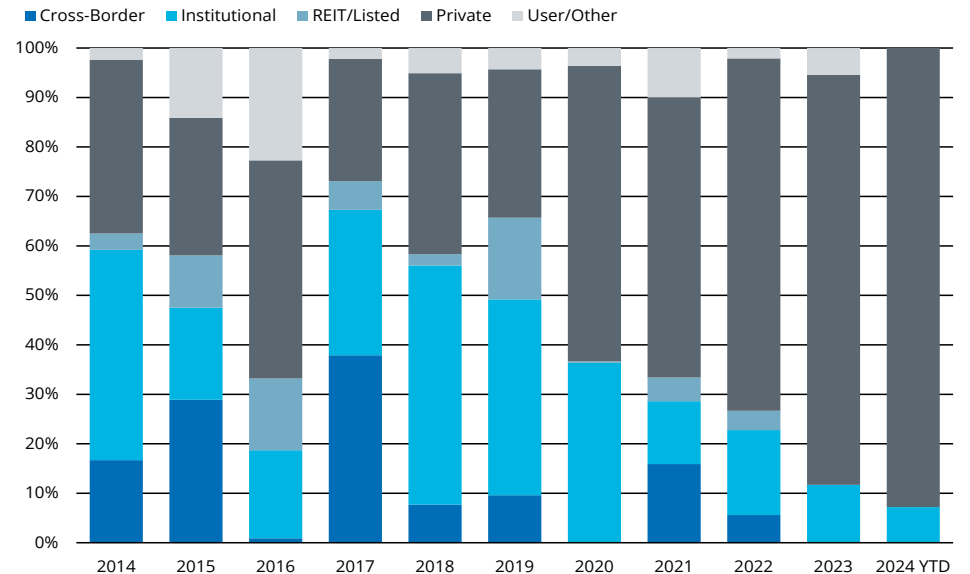
- Office buyers completed seven property transactions during the second quarter with an average sales price of \$131 per square foot, a sharp decrease of \$35 over Q1 2024 and an even larger one of \$44 year-over-year, according to Real Capital Analytics.
- Both the private sector and international investors finished the period with net positive investment activity. Private investors increased their net holdings by \$158.1 million during the 90-day period, bringing their estimated 2024 YTD net holdings up to \$297.7 million. International investors secured a net \$1.2 million in new assets during the quarter. It should be noted that cross-border investors' 2024 YTD investment portfolio is reading red with roughly \$68.5 million in net sales.
- Sustaining similar trends seen in Q1 2024, institutional investors clocked in as the only net sellers during the period, selling a net total of \$144.9 million and bringing their estimated 2024 YTD portfolio to \$204.8 million in net trades.
- REITs did not record any investment activity during Q2 2024. Proceeding with a position which has seen no acquisitions or sales activity since CY 2022.
- A noteworthy property trade announced during the quarter came from The Wideman Company, an Orlando, FL-based second-generation real estate investment group, acquiring The Jones at Main and the Great Jones located in Houston's CBD at 712 Main St and 708 Main St, respectively. The Wideman Company purchased the Class B, 873,000 square foot, two-property portfolio from Houston-based Lionstone Investments.

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	41,792,398	10,281,713	24.6%	31.6%	-	(64,128)	(636,182)	\$45.39
2. CONROE	293,809	19,821	6.7%	6.7%	-	(7,714)	(13,520)	\$21.00
3. E FORT BEND CO/SUGAR LAND	4,387,764	938,895	21.4%	26.8%	-	(82,197)	(17,218)	\$31.85
4. FM 1960	8,616,554	2,197,474	25.5%	39.6%	-	(37,133)	(122,529)	\$20.69
5. GREENWAY PLAZA	10,401,893	2,440,647	23.5%	28.5%	-	(13,057)	(225,665)	\$37.95
6. GULF FREEWAY/PASADENA	2,263,040	247,462	10.9%	13.5%	-	10,039	109,264	\$20.84
7. KATY FAR WEST	2,036,486	183,772	9.0%	18.7%	-	6,784	(25,902)	\$36.73
8. KATY FWY/ENERGY CORRIDOR	32,108,019	4,554,656	14.2%	20.2%	308,000	(15,458)	92,006	\$27.89
9. KINGWOOD/HUMBLE	1,131,809	35,816	3.2%	3.3%	-	6,269	17,742	\$20.04
10. MIDTOWN	4,794,365	631,306	13.2%	17.2%	-	38,715	2,932	\$36.34
11. NASA/CLEAR LAKE	4,086,711	533,559	13.1%	18.4%	-	(60,092)	333,551	\$28.55
12. NORTH HOUSTON DISTRICT	10,678,876	4,311,767	40.4%	43.4%	-	(71,399)	(67,933)	\$18.87
13. NORTHEAST	996,108	2,725	0.3%	0.4%	-	-	11,494	-
14. NORTHWEST	7,121,436	1,036,661	14.6%	19.3%	49,117	100,724	115,267	\$21.03
15. SOUTH MAIN/MEDICAL CENTER	933,853	151,174	16.2%	17.2%	-	(8,340)	(46,912)	\$18.59
16. SOUTHWEST FREEWAY	7,879,307	1,473,430	18.7%	29.6%	-	53,119	(341,295)	\$18.48
17. THE WOODLANDS	16,255,057	1,595,438	9.8%	15.9%	-	80,063	322,593	\$32.14
18. WEST BELT	4,563,612	1,148,843	25.2%	38.8%	-	11,002	(89,768)	\$28.33
19. WEST LOOP	32,303,113	7,904,336	24.5%	30.8%	-	27,147	(326,135)	\$36.51
20. WESTCHASE	16,494,353	3,744,853	22.7%	32.2%	-	83,899	125,336	\$29.22
HOUSTON TOTAL	209,138,563	43,435,801	20.8%	27.6%	357,117	58,243	(782,874)	\$34.38

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

All building inventory was audited in Q1 2024 to remove any office buildings with >50% healthcare tenants resulting in a reduction of previously reported total inventory. Historical quarterly statistics were accordingly adjusted and revised. See page 13 for full description.



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	203,873,957	42,883,679	21.0%	27.9%	357,117	55,140	(676,337)	\$34.38
CLASS A	135,645,043	28,778,418	21.2%	29.1%	357,117	(65,560)	(575,179)	\$38.60
CLASS B	68,228,914	14,105,261	20.7%	25.6%	-	120,700	(101,158)	\$25.13
1. CBD	41,572,344	10,281,713	24.7%	31.7%	-	(64,128)	(636,182)	\$45.39
CLASS A	34,681,033	8,312,802	24.0%	31.6%	-	(17,146)	(301,398)	\$47.18
CLASS B	6,891,311	1,968,911	28.6%	32.0%	-	(46,982)	(334,784)	\$37.23
2. CONROE	191,219	19,821	10.4%	10.4%	-	(7,714)	(13,520)	\$21.00
CLASS A	-	-	-	-	-	-	-	-
CLASS B	191,219	19,821	10.4%	10.4%	-	(7,714)	(13,520)	\$21.00
3. E FORT BEND CO/SUGAR LAND	4,387,764	938,895	21.4%	26.8%	-	(82,197)	(17,218)	\$31.85
CLASS A	2,665,805	748,162	28.1%	33.3%	-	(90,044)	(24,685)	\$34.82
CLASS B	1,721,959	190,733	11.1%	16.8%	-	7,847	7,467	\$23.85
4. FM 1960	8,510,839	2,193,076	25.8%	40.0%	-	(37,133)	(123,679)	\$20.69
CLASS A	4,242,190	1,182,145	27.9%	52.5%	-	15,111	(16,838)	\$24.98
CLASS B	4,268,649	1,010,931	23.7%	27.6%	-	(52,244)	(106,841)	\$15.87
5. GREENWAY PLAZA	10,261,596	2,433,808	23.7%	28.8%	-	(13,798)	(227,215)	\$37.95
CLASS A	7,339,095	1,917,463	26.1%	32.1%	-	(2,349)	(225,379)	\$39.67
CLASS B	2,922,501	516,345	17.7%	20.8%	-	(11,449)	(1,836)	\$32.17

*See page 13 for definition of Net Absorption under the Research Methodology

All building inventory was audited in Q1 2024 to remove any office buildings with >50% healthcare tenants resulting in a reduction of previously reported total inventory. Historical quarterly statistics were accordingly adjusted and revised. See page 13 for full description.



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	203,873,957	42,883,679	21.0%	27.9%	357,117	55,140	(676,337)	\$34.38
CLASS A	135,645,043	28,778,418	21.2%	29.1%	357,117	(65,560)	(575,179)	\$38.60
CLASS B	68,228,914	14,105,261	20.7%	25.6%	-	120,700	(101,158)	\$25.13
6. GULF FREEWAY/PASADENA	1,871,570	175,215	9.4%	12.4%	-	10,039	103,074	\$20.84
CLASS A	175,000	79,915	45.7%	66.5%	-	3,063	42,573	-
CLASS B	1,696,570	95,300	5.6%	6.8%	-	6,976	60,501	\$20.84
7. KATY FAR WEST	2,036,486	183,772	9.0%	18.7%	-	6,784	(25,902)	\$36.73
CLASS A	1,364,272	183,772	13.5%	28.0%	-	6,784	(25,902)	\$36.73
CLASS B	672,214	-	-	-	-	-	-	-
8. KATY FWY/ENERGY CORRIDOR	31,467,628	4,515,608	14.4%	20.4%	308,000	(6,129)	97,826	\$27.82
CLASS A	22,923,850	2,955,603	12.9%	19.3%	308,000	(197,819)	(42,303)	\$31.76
CLASS B	8,543,778	1,560,005	18.3%	23.2%	-	191,690	140,129	\$24.20
9. KINGWOOD/HUMBLE	1,131,809	35,816	3.2%	3.3%	-	6,269	17,742	\$20.04
CLASS A	370,000	-	-	-	-	-	-	-
CLASS B	761,809	35,816	4.7%	4.9%	-	6,269	17,742	\$20.04
10. MIDTOWN	4,736,001	629,798	13.3%	17.4%	-	38,046	4,440	\$36.34
CLASS A	2,613,427	292,831	11.2%	17.7%	-	7,263	9,849	\$39.41
CLASS B	2,122,574	336,967	15.9%	17.0%	-	30,783	(5,409)	\$33.56

*See page 13 for definition of Net Absorption under the Research Methodology

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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	203,873,957	42,883,679	21.0%	27.9%	357,117	55,140	(676,337)	\$34.38
CLASS A	135,645,043	28,778,418	21.2%	29.1%	357,117	(65,560)	(575,179)	\$38.60
CLASS B	68,228,914	14,105,261	20.7%	25.6%	-	120,700	(101,158)	\$25.13
11. NASA/CLEAR LAKE	4,086,711	533,559	13.1%	18.4%	-	(60,092)	333,551	\$28.55
CLASS A	2,035,636	284,523	14.0%	19.8%	-	13,071	2,373	\$29.53
CLASS B	2,051,075	249,036	12.1%	16.9%	-	(73,163)	331,178	\$20.43
12. NORTH HOUSTON DISTRICT	9,589,199	4,158,492	43.4%	46.4%	-	(66,444)	(18,587)	\$18.87
CLASS A	5,035,413	2,469,516	49.0%	51.0%	-	(58,038)	29,092	\$21.15
CLASS B	4,553,786	1,688,976	37.1%	41.2%	-	(8,406)	(47,679)	\$15.70
13. NORTHEAST	996,108	2,725	0.3%	0.4%	-	-	11,494	-
CLASS A	651,175	2,725	0.4%	0.6%	-	-	8,952	-
CLASS B	344,933	-	-	-	-	-	2,542	-
14. NORTHWEST	6,804,970	1,033,143	15.2%	19.6%	-	95,110	110,611	\$21.03
CLASS A	2,065,234	463,041	22.4%	26.8%	-	16,646	7,371	\$24.29
CLASS B	4,739,736	570,102	12.0%	16.3%	-	78,464	103,240	\$18.91
15. SOUTH MAIN/MEDICAL CENTER	664,023	122,058	18.4%	18.5%	-	(7,381)	(45,953)	\$18.59
CLASS A	-	-	-	-	-	-	-	-
CLASS B	664,023	122,058	18.4%	18.5%	-	(7,381)	(45,953)	\$18.59

*See page 13 for definition of Net Absorption under the Research Methodology

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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	203,873,957	42,883,679	21.0%	27.9%	357,117	55,140	(676,337)	\$34.38
CLASS A	135,645,043	28,778,418	21.2%	29.1%	357,117	(65,560)	(575,179)	\$38.60
CLASS B	68,228,914	14,105,261	20.7%	25.6%	-	120,700	(101,158)	\$25.13
16. SOUTHWEST FREEWAY	6,737,449	1,358,115	20.2%	32.4%	-	44,950	(233,054)	\$18.48
CLASS A	1,606,012	325,553	20.3%	28.8%	-	19,258	(3,354)	\$19.08
CLASS B	5,131,437	1,032,562	20.1%	33.5%	-	25,692	(229,700)	\$17.82
17. THE WOODLANDS	16,255,057	1,595,438	9.8%	15.9%	-	80,063	322,593	\$32.14
CLASS A	14,109,046	1,215,515	8.6%	14.5%	-	77,558	265,082	\$36.16
CLASS B	2,146,011	379,923	17.7%	25.3%	-	2,505	57,511	\$28.12
18. WEST BELT	4,563,612	1,148,843	25.2%	38.8%	-	11,002	(89,768)	\$28.33
CLASS A	3,321,996	921,105	27.7%	41.7%	-	(24,520)	(86,038)	\$29.24
CLASS B	1,241,616	227,738	18.3%	31.3%	-	35,522	(3,730)	\$25.37
19. WEST LOOP	31,581,045	7,778,931	24.6%	31.1%	-	23,994	(222,904)	\$36.51
CLASS A	20,441,738	5,396,499	26.6%	34.8%	-	30,886	(160,230)	\$39.67
CLASS B	11,139,307	2,382,432	21.4%	24.3%	-	(6,892)	(48,511)	\$26.90
20. WESTCHASE	16,428,527	3,744,853	22.8%	32.3%	-	83,899	125,336	\$29.22
CLASS A	10,004,121	2,027,248	20.3%	31.1%	-	134,716	108,841	\$34.67
CLASS B	6,424,406	1,717,605	26.7%	34.2%	-	(50,817)	16,495	\$20.64

*See page 13 for definition of Net Absorption under the Research Methodology

All building inventory was audited in Q1 2024 to remove any office buildings with >50% healthcare tenants resulting in a reduction of previously reported total inventory. Historical quarterly statistics were accordingly adjusted and revised. See page 13 for full description.

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



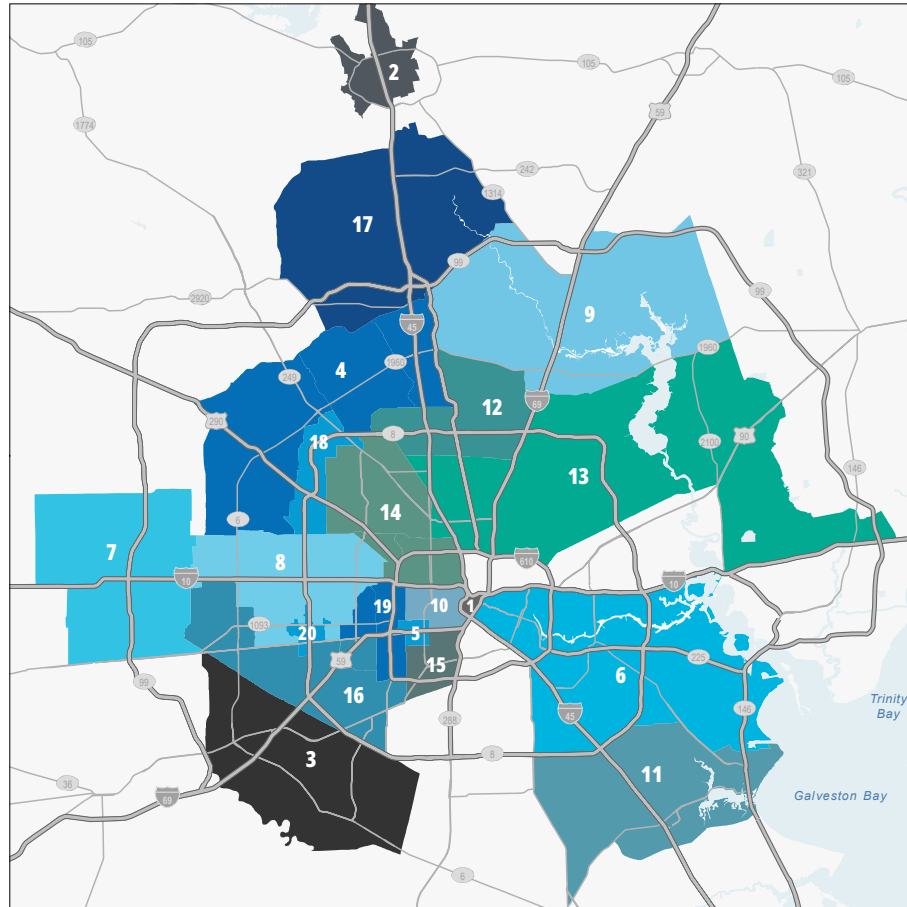
RESEARCH METHODOLOGY

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. In Houston, Transwestern calculates Net Absorption as "Net Leasing," or change in Total Available space. Space returned to market registers as negative absorption; Space leased or reoccupied registers as positive absorption. Transwestern's methodology provides a real-time indicator of supply and demand in the space market that eliminates time lags and incomplete information inherent to tracking physical move-ins & move-outs. **Transwestern completed a full inventory audit of all office buildings that contained Healthcare tenants during Q1 2024. All healthcare office buildings with >50 percent healthcare occupiers were subsequently removed from the Office inventory and are now fully tracked on in our quarterly Healthcare Medical Office Report exclusively to avoid any duplication of dual sector reporting. In addition, all historical Office market statistics were subsequently revised throughout each of the quarterly published market indicators and statistics.**

ABOUT TRANSWESTERN

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Houston Office Submarkets

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

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