



TRANSWESTERN

# HOUSTON OFFICE MARKET

## Q3 2024



### TRENDLINES

	Q3 2024	Q3 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
<b>UNEMPLOYMENT RATE</b>	4.8%	4.7%	↑	5.6%	↑
<b>NET ABSORPTION*</b> (Thousands SF)	404	90	↑	(189.8)	↔
<b>DIRECT VACANCY RATE</b> (All Classes, All Space)	20.8%	20.1%	↑	20.6%	↔
<b>TOTAL AVAILABILITY RATE</b> (All Classes, All Space)	27.2%	27.3%	↓	27.6%	↔
<b>UNDER CONSTRUCTION</b> (MSF)	0.5	0.7	↓	2.0	↑
<b>ASKING RENT, FULL SERVICE</b> (PSF)	\$34.21	\$32.22	↑	\$32.15	↑
<b>SALES VOLUME</b> (Millions)	\$138.5	\$258	↓	\$376.7	↑

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 PIPELINE REACHES >500K SF DURING Q3 2024; 77% OF NEW SPACE PRELEASED

### Q3 2024 House View

Houston’s office market broke ground on a third project pushing the pipeline up to more than 500,000 square feet with a robust 76.8 percent pre-lease rate. In early summer, Transwestern Development Co. broke ground on its much-anticipated mixed-use development, The RO, in Greenway Plaza. The 17-acre project contains a fully leased Class A, 146,000 square foot office component and will also include a luxury hotel-condominium tower, a 75,000-square-foot dining and retail center, and a 317-unit apartment complex. Construction on the site, once home to ExxonMobil’s research campus, is expected to complete in 2027.

Houston’s office sector saw tenants taking down 404,000 square feet of net absorption during the third quarter as large leases were signed across the metro. Most notable is a 121,068 square foot lease completed by Space City Financial, formerly known as TDECU, at 2000 Post Oak in the West Loop submarket. Houston’s CBD likewise witnessed several transactions totaling more than 20,000 square feet while Orion Group Holdings moved their headquarters to East River in Gulf Freeway/ Pasadena. These sizeable leases contributed to a small dip in overall availability which decreased 40 basis points to 27.2 percent, while vacancy remained steady at 20.8 percent.

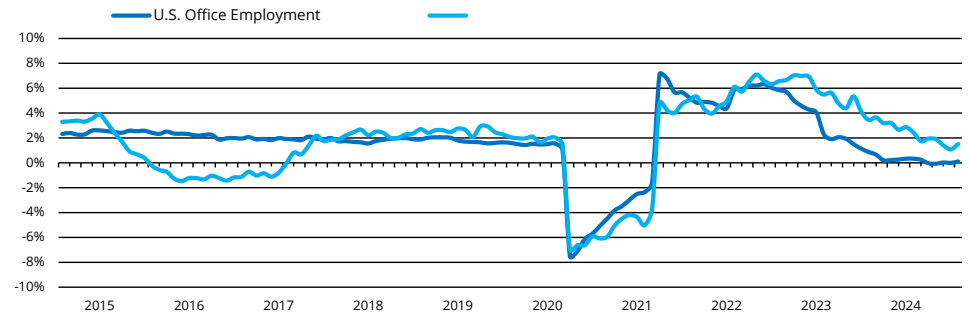


### ECONOMY

#### Job Growth Rebounds Following Hurricane Beryl While Inflation Cools and City Chooses to Expand the 1.8M SF George R. Brown Convention Center

- Metro Houston created 23,400 jobs in August, a record for the month, according to data released in late-September by the Texas Workforce Commission. The height of summer typically sees a net gain of 5,000 to 12,000 jobs but the boost represents a recovery of jobs lost early in July due to Hurricane Beryl coupled with an expansion of the local economy. In fact, Houston now has 252,000 more jobs than it did prior to the pandemic, reports the Greater Houston Partnership. The general robustness of the metro economy explains why the construction, restaurant/bars and wholesale and retail trade sectors were among the strongest for new job additions during the summer.
- In its first rate cut in four years, the Federal Reserve lowered interest rates by a half percentage point in mid-September, choosing a bolder start in making its long-anticipated pivot followed an all-out fight against inflation launched two years ago. Inflation rose a slight 0.10 percent in August and 2.5 percent nationwide in the past year as measured by the Consumer Price Index for all Urban Consumers (CPI-U). Core inflation, which excludes the volatile food and energy categories, rose 0.3 percent from last month and 3.2 percent over the year. Meanwhile, Houston’s inflation rate was 1.7 percent. Housing and groceries experienced some of the largest local increases with electricity and gasoline falling around the Houston region.
- Houston First Corp., the metro’s destination, tourism and marketing organization, selected Houston-based global real estate developer, Hines, to lead a major 500,000 square foot expansion of the 1.8 million square foot George R. Brown Convention Center and the surrounding downtown district in what could be one of the most influential projects in decades. Phase 1 of the project, to commence in 2025, will center around developing new meeting space south of the existing structure and laying the groundwork for new development and entertainment venues.

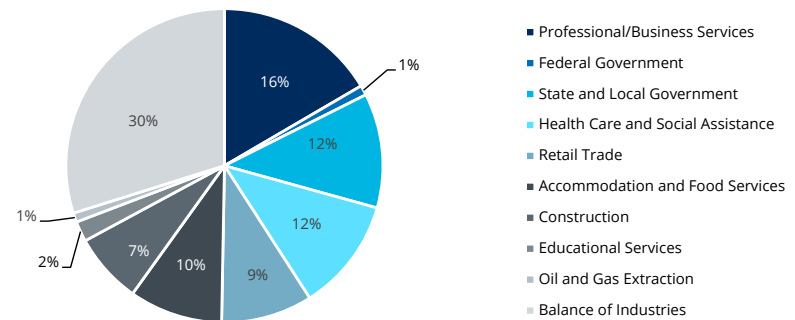
### Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

### SHARE OF EMPLOYEES BY INDUSTRY

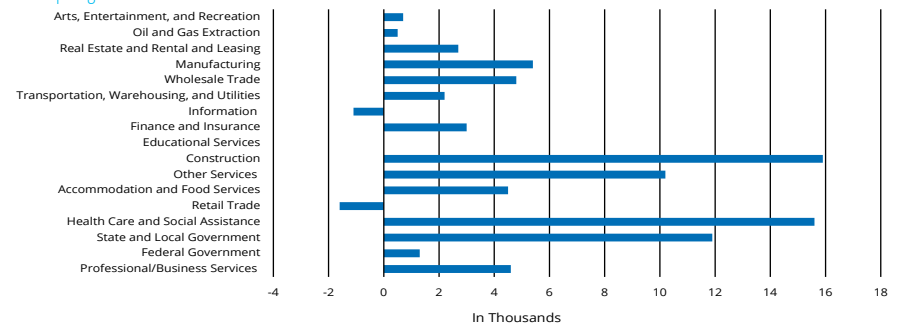
Houston | August 2024



Source: Bureau of Labor Statistics, Transwestern

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Houston | August 2024



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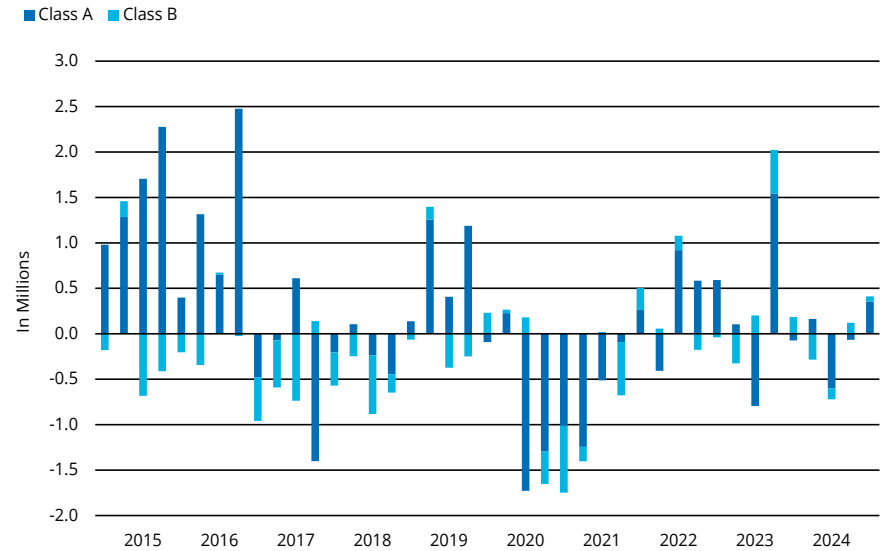


### NET ABSORPTION & LEASING ACTIVITY

#### Sizeable Leases Coupled with Tenant Relocations Lead to Positive Quarterly Space Gains

- Houston’s office sector measured 404,000 square feet of net absorption this quarter led by Class A space recording 354,780 square feet of growth while Class B space clocked 56,787 square feet of net gains.
- Two significant leases were signed in the West Loop submarket. The largest was completed by Space City Financial, formerly known as TDECU, for 121,068 square feet at 2000 Post Oak followed by Camden Property Trust signing for 104,013 square feet at 2800 Post Oak Blvd. However, these were not enough to off weigh the vacancy left behind by Bechtel vacating 425,029 square feet at 3000 Post Oak Blvd as the engineering company relocated to the Westchase submarket. The result was a negative for the West Loop during the quarter totaling 155,968 square feet.
- Large moveouts were also seen in Westchase contributing to negative growth for Class A space in the submarket amounting to approximately 110,000 square feet. Vroom emptied 102,492 square feet at 3600 W Sam Houston Pky S and EDG left 39,977 square feet at 10777 Westheimer. In contrast, Gulf Freeway/Pasadena took down a net total of 52,228 square feet, driven by Orion Holdings Group leasing 63,516 square feet between East River One and East River Two.
- Leasing activity picked up in Houston’s CBD with a handful of large lease agreements. In one example, Targa signed for the entire 16th floor at 811 Louisiana totaling 31,834 square foot lease. Additional leases brought downtown’s net growth to 117,725 square feet in the past 90 days. Three other submarkets rounded out the notable leasing activity this quarter which registered more than 100,000 square of net space gains: North Houston District (179,651 square feet), The Woodlands (114,422 square feet), and Katy Fwy/Energy Corridor (101,840 square feet).

### NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

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

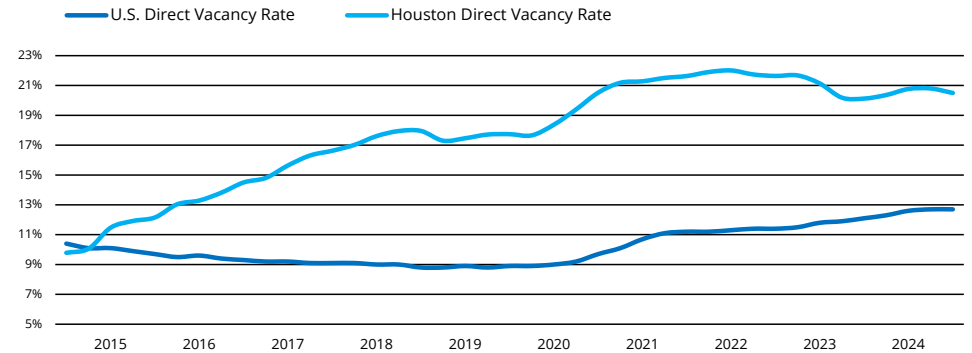


### VACANCY & AVAILABILITY

#### Direct Vacancy Holds Steady, Availability Shrinks in Gulf Freeway/Pasadena

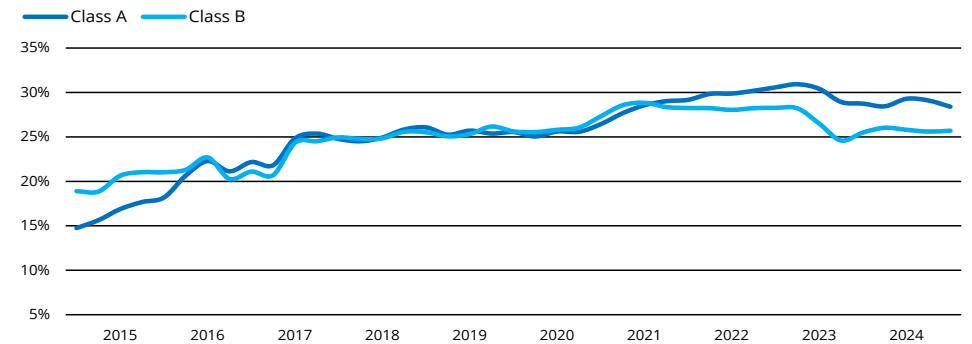
- Houston’s office market witnessed a slight decrease of 40 basis points in overall competitive space actively marketed to 27.2 percent over the last 90 days. Class A space experienced a decline in availability of 70 basis points to 28.4 percent while Class B space saw a small increase of 10 basis points to 25.7 percent.
- Overall direct vacancy in Houston’s office market held steady at 20.8 percent over the quarter. In Midtown, direct vacancy increased by 1.2 percent to 14.4 percent as American International Group listed 103,230 square feet of their space at 2929 Allen Pky.
- Gulf Freeway/Pasadena experienced the largest contraction in available Class A space by 37.2 percent to 29.3 percent due to Orion Group Holdings signing a 47,416 square foot lease at 2940 Riverby Rd – East River One and a 16,103 square foot lease at 2920 Riverby Rd - East River Two. Class A direct vacancy in the submarket is down 25.5 percent to 20.2 percent.

### DIRECT VACANCY RATE



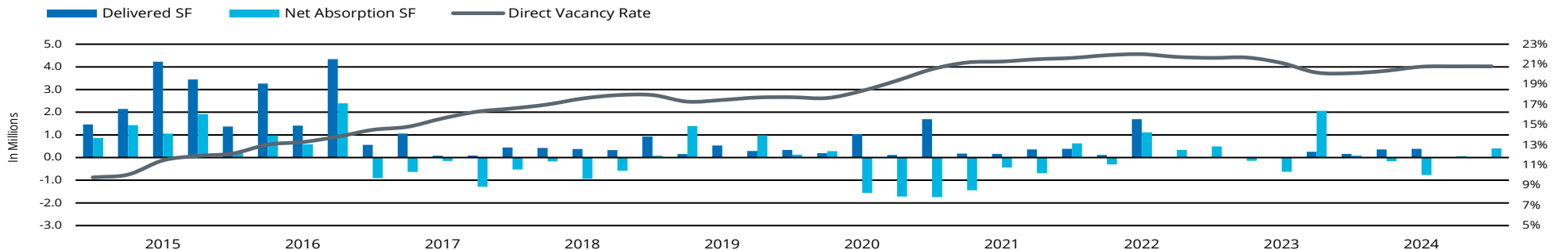
Source: CoStar, Transwestern

### OVERALL AVAILABILITY RATE BY CLASS



Source: CoStar, Transwestern

### DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

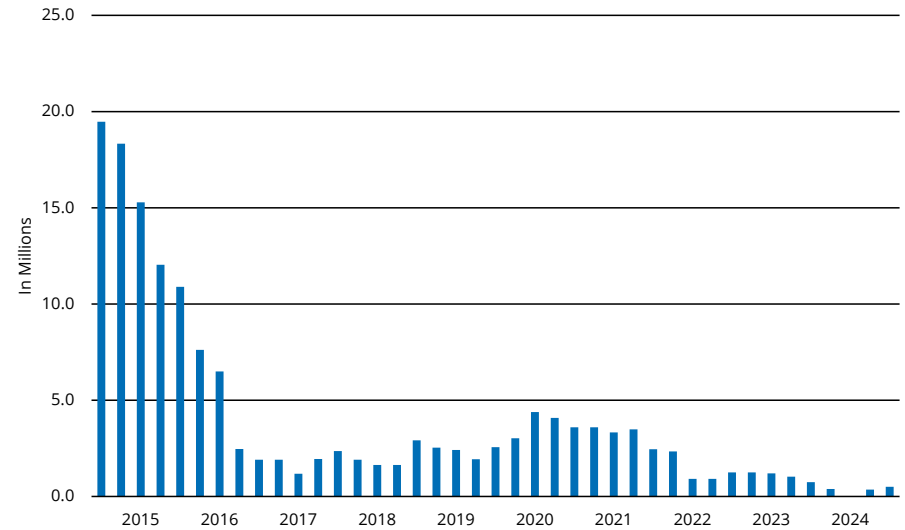


### UNDER CONSTRUCTION

#### The RO Breaks Ground, Pipeline Reaches 500K Square Feet

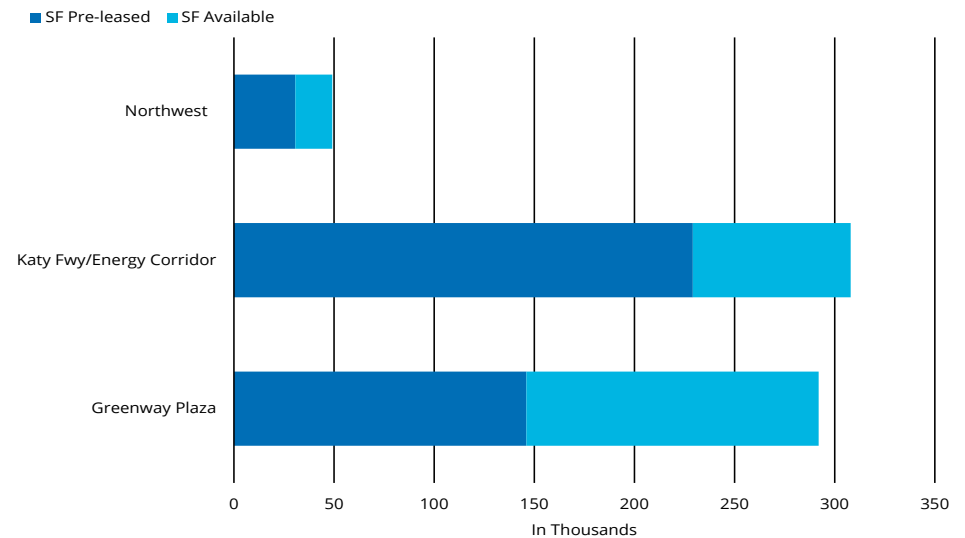
- Houston’s office construction pipeline grew to 503,117 square feet this quarter with the addition of a new major project, The RO. In the Greenway Plaza submarket, Transwestern Development Co. broke ground on The RO, a mixed-use development to include office, retail, hotel, condos, and apartments at the former site of ExxonMobil’s research campus. The project, slated to deliver in 2027, is located at 3120 Buffalo Speedway and includes the construction of a fully leased 146,000 square foot Class A office building.
- Earlier this year, Midway broke ground on their project at 903 Town and Country Blvd, CityCentre Six, a 308,000 square foot Class A tower in the Katy Freeway/Energy Corridor. The anchor tenant, Dow Chemical, signed a pre-lease commitment for approximately 65 percent of the building, 229,656 square feet, and will occupy the top eight floors when the project is completed in 2026.
- Howard Hughes’s nearly 50,000 square foot mass timber project, One Bridgeland Green, in the Northwest submarket is 80 percent pre-leased. Advanced Orthopedics & Sports Medicine signed for 17,755 square feet and CrossCover Insurance signed for 8,789 square feet. The Bridgeland Welcome Center and Howard Huges development team will also relocate to the building.

### UNDER CONSTRUCTION



Source: CoStar, Transwestern

### UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

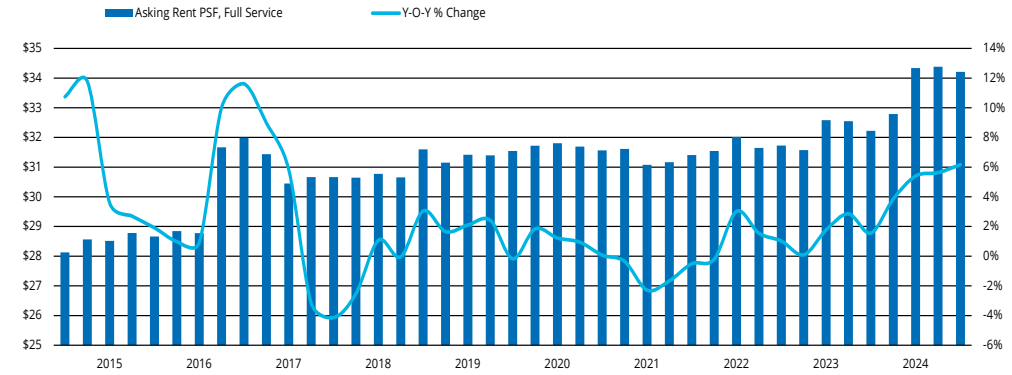


## RENTAL RATES

### Increased Rates Seen 'Inside The Loop'

- Class A and B full-service asking rates ticked down slightly by three basis points to \$34.37 PSF/YR during the last 90 days. Asking rates for Class A space rose to \$38.80 PSF/YR, up 50 basis points from \$38.60 PSF/YR last quarter, while asking rates for Class B space decreased to \$24.84 PSF/YR, down 1.2 percent from \$25.13 PSF/YR.
- Midtown witnessed the largest increase in full-service asking rates for both Class A and B space, climbing 6.8 percent over the quarter from \$36.34 PSF/YR to \$38.82 PSF/YR due to space coming online. Greenway Plaza and Katy Fwy/Energy Corridor also saw Class A and B asking rents increase to \$40.20 PSF/YR and \$29.00 PSF/YR, respectively. Both West Loop and West Belt experienced a decline of 2.1 percent to \$35.74 PSF/YR and \$27.74 PSF/YR, respectively. Increased operating expenses led mostly to the rise in rates across the board.
- Class A asking rates are up by 7.0 percent from the third quarter of last year, while Class B asking rates increased by 1.8 percent. Overall Class A and Class B asking rates are up by \$2.04 PSF/YR from \$32.33 PSF/YR from this time last year. Three submarkets witnessed Class A and B asking rates rise by more than 7.0 percent year-over-year: Greenway Plaza (13.1 %), Midtown (10.3%), and CBD (7.7%).

## ASKING RENT



Source: CoStar, Transwestern

## NOTABLE LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
SPACE CITY FINANCIAL (FORMERLY TDECU)	2000 Post Oak Blvd	West Loop	New Lease	121,068
BECHTEL CORPORATION	2103 CityWest Blvd	Westchase	New Lease	108,724
CAMDEN PROPERTY TRUST	2800 Post Oak Blvd	West Loop	New Lease	104,013
HIGGINBOTHAM & ASSOCIATES	4424 W Sam Houston Pky N	West Belt	New Lease	75,036
KIEWIT CORPORATION	3831 Technology Forest Blvd	The Woodlands	Renewal	50,102
EDG, INC.	580 Westlake Park Blvd	Katy Fwy/Energy Corridor	New Lease	44,400

= Transwestern transaction  
Source: CoStar, Transwestern

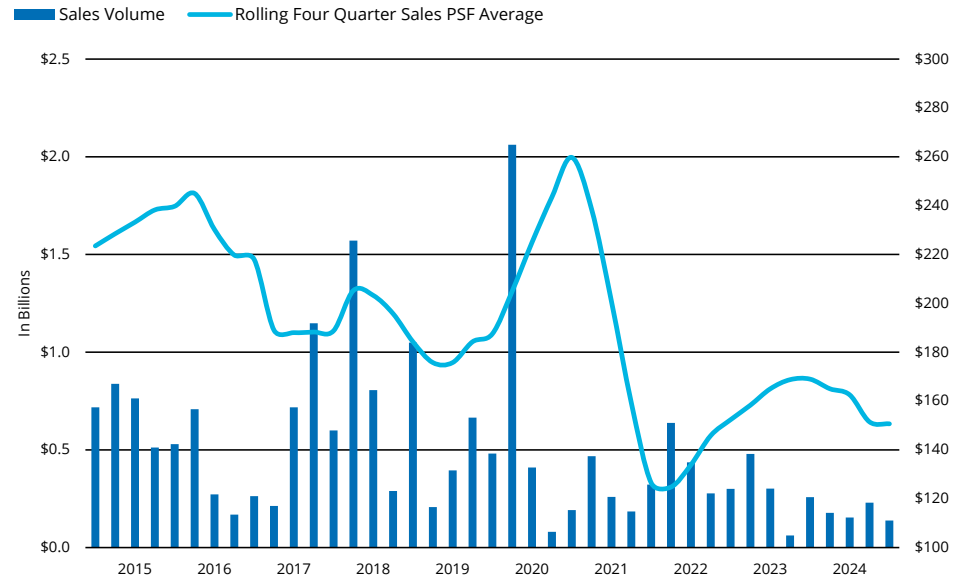


### SALES

#### REITs Participate in Property Trades, Add to Investment Portfolio

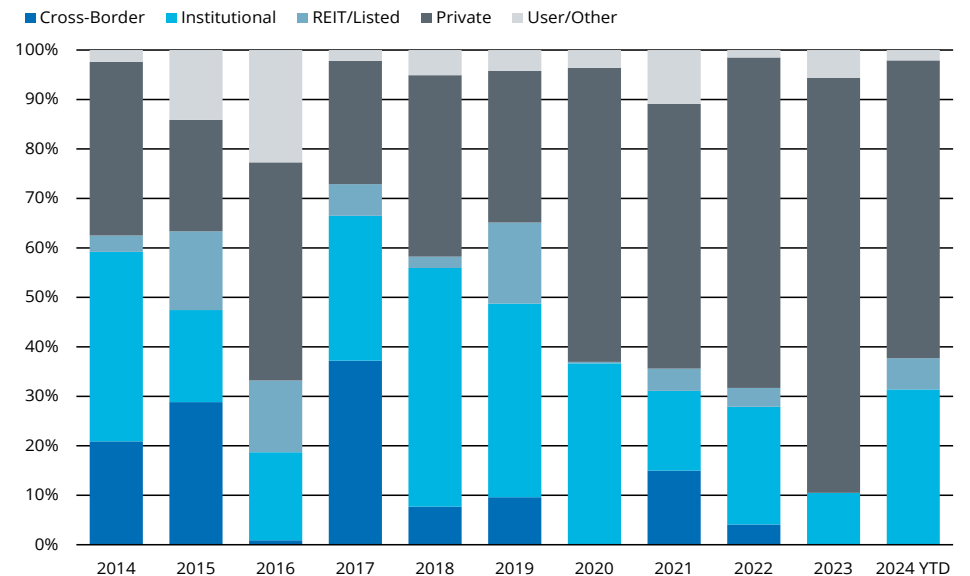
- Office buyers completed eight property transactions during the third 90 days of the year with an average sales price of \$148 per square foot, an increase of \$17 per square foot from Q2 2024 and an increase of \$4 year-over-year, according to Real Capital Analytics.
- International, institutional, private investors and REITs were all active participants in property trades during the quarter. REITs were the only group to finish the period with net positive investment activity. REITs participated for the first time this year, ending the quarter with net holdings of \$10.8 million. Institutional investors ended the quarter securing a net of \$13.7 million in new assets, though their 2024 YTD investment portfolio is still in the red with \$191.0 million in net sales.
- International and private investors were net sellers this quarter. International investors disposed of \$15.8 million in net holdings over the last 90 days bringing their estimated 2024 YTD portfolio to \$84.3 million in net trades while private investors sold a net total of \$32.9 million bringing their 2024 YTD portfolio to \$264.7 million in net acquisitions.
- One noteworthy property trade announced during the quarter was The Offices at Greenhouse, a 203,221 square foot Class A office located at 19219 Katy Freeway in the Katy Freeway/Energy Corridor. Capital Commercial acquired the property from KBS Growth & Income REIT for \$17.6 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	41,792,398	10,600,993	25.5%	31.7%	-	117,725	(523,671)	\$45.44
2. CONROE	235,037	17,262	7.3%	7.3%	-	2,559	(14,703)	\$21.00
3. E FORT BEND CO/SUGAR LAND	4,387,764	903,788	20.6%	26.6%	-	35,107	36,919	\$31.32
4. FM 1960	8,616,554	2,216,634	25.7%	40.0%	-	(19,160)	(97,203)	\$21.12
5. GREENWAY PLAZA	10,401,893	2,366,252	22.7%	27.7%	146,000	74,395	(118,400)	\$40.20
6. GULF FREEWAY/PASADENA	2,203,040	195,234	8.9%	11.1%	-	52,228	60,395	\$20.59
7. KATY FAR WEST	2,036,486	157,847	7.8%	12.7%	-	25,925	48,289	\$37.74
8. KATY FWY/ENERGY CORRIDOR	32,108,019	4,452,816	13.9%	20.3%	308,000	101,840	723,332	\$29.00
9. KINGWOOD/HUMBLE	1,131,809	36,007	3.2%	3.2%	-	(191)	14,984	\$20.04
10. MIDTOWN	4,794,365	688,141	14.4%	20.5%	-	(56,835)	(34,893)	\$40.52
11. NASA/CLEAR LAKE	4,086,711	514,284	12.6%	20.2%	-	19,275	(81,574)	\$28.05
12. NORTH HOUSTON DISTRICT	10,678,876	4,132,116	38.7%	41.7%	-	179,651	48,816	\$18.91
13. NORTHEAST	996,108	6,606	0.7%	0.8%	-	(3,881)	7,613	-
14. NORTHWEST	7,121,436	991,153	13.9%	19.0%	49,117	45,508	154,667	\$21.17
15. SOUTH MAIN/MEDICAL CENTER	933,853	149,041	16.0%	17.6%	-	2,133	(44,379)	\$18.59
16. SOUTHWEST FREEWAY	7,879,307	1,555,107	19.7%	29.8%	-	(80,224)	(400,717)	\$18.90
17. THE WOODLANDS	16,255,057	1,459,896	9.0%	14.9%	-	114,422	131,206	\$32.12
18. WEST BELT	4,563,612	1,069,775	23.4%	37.1%	-	79,068	(10,770)	\$27.74
19. WEST LOOP	32,303,113	8,060,304	25.0%	29.6%	-	(155,968)	(309,290)	\$35.74
20. WESTCHASE	16,494,353	3,874,430	23.5%	31.6%	-	(129,577)	(59,419)	\$29.19
<b>HOUSTON TOTAL</b>	<b>209,019,791</b>	<b>43,447,686</b>	<b>20.8%</b>	<b>27.2%</b>	<b>503,117</b>	<b>404,000</b>	<b>(468,798)</b>	<b>\$34.37</b>

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 &amp; 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
<b>HOUSTON TOTAL</b>	<b>203,755,185</b>	<b>42,887,997</b>	<b>21.0%</b>	<b>27.5%</b>	<b>503,117</b>	<b>411,567</b>	<b>(375,257)</b>	<b>\$34.37</b>
<b>CLASS A</b>	135,645,043	29,010,993	21.4%	28.4%	503,117	354,780	(146,625)	\$38.80
<b>CLASS B</b>	68,110,142	13,877,004	20.4%	25.7%	-	56,787	(228,632)	\$24.84
<b>1. CBD</b>	41,572,344	10,600,993	25.5%	31.8%	-	117,725	(523,671)	\$45.44
<b>CLASS A</b>	34,681,033	8,806,794	25.4%	31.3%	-	114,483	(329,892)	\$47.09
<b>CLASS B</b>	6,891,311	1,794,199	26.0%	34.0%	-	3,242	(193,779)	\$37.07
<b>2. CONROE</b>	132,447	17,262	13.0%	13.0%	-	2,559	(14,703)	\$21.00
<b>CLASS A</b>	0	-	-	-	-	-	-	-
<b>CLASS B</b>	132,447	17,262	13.0%	13.0%	-	2,559	(14,703)	\$21.00
<b>3. E FORT BEND CO/SUGAR LAND</b>	4,387,764	903,788	20.6%	26.6%	-	35,107	36,919	\$31.32
<b>CLASS A</b>	2,665,805	739,040	27.7%	33.7%	-	9,122	(21,135)	\$33.75
<b>CLASS B</b>	1,721,959	164,748	9.6%	15.6%	-	25,985	58,054	\$23.86
<b>4. FM 1960</b>	8,510,839	2,216,634	26.0%	40.3%	-	(23,558)	(101,601)	\$21.12
<b>CLASS A</b>	4,242,190	1,168,587	27.5%	51.9%	-	13,558	28,346	\$25.95
<b>CLASS B</b>	4,268,649	1,048,047	24.6%	28.8%	-	(37,116)	(129,947)	\$16.00
<b>5. GREENWAY PLAZA</b>	10,261,596	2,360,680	23.0%	28.0%	146,000	73,128	(122,879)	\$40.20
<b>CLASS A</b>	7,339,095	1,858,637	25.3%	31.0%	146,000	58,826	(121,741)	\$42.55
<b>CLASS B</b>	2,922,501	502,043	17.2%	20.4%	-	14,302	(1,138)	\$32.37

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

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<b>CLASS B</b>	68,110,142	13,877,004	20.4%	25.7%	-	56,787	(228,632)	\$24.96
<b>6. GULF FREEWAY/PASADENA</b>	1,811,570	127,109	7.0%	9.6%	-	48,106	47,882	\$20.59
<b>CLASS A</b>	175,000	35,276	20.2%	29.3%	-	44,639	47,702	-
<b>CLASS B</b>	1,636,570	91,833	5.6%	7.5%	-	3,467	180	\$20.59
<b>7. KATY FAR WEST</b>	2,036,486	157,847	7.8%	12.7%	-	25,925	48,289	\$37.74
<b>CLASS A</b>	1,364,272	157,847	11.6%	18.9%	-	25,925	48,289	\$37.74
<b>CLASS B</b>	672,214	-	-	-	-	-	-	-
<b>8. KATY FWY/ENERGY CORRIDOR</b>	31,467,628	4,412,404	14.0%	20.5%	308,000	103,204	735,886	\$29.00
<b>CLASS A</b>	22,923,850	2,875,945	12.5%	19.4%	308,000	79,658	394,355	\$34.64
<b>CLASS B</b>	8,543,778	1,536,459	18.0%	23.5%	-	23,546	341,531	\$23.58
<b>9. KINGWOOD/HUMBLE</b>	1,131,809	36,007	3.2%	3.2%	-	(191)	14,984	\$20.04
<b>CLASS A</b>	370,000	-	-	-	-	-	-	-
<b>CLASS B</b>	761,809	36,007	4.7%	4.7%	-	(191)	14,984	\$20.04
<b>10. MIDTOWN</b>	4,736,001	688,141	14.5%	20.7%	-	(58,343)	(36,789)	\$40.52
<b>CLASS A</b>	2,613,427	312,277	11.9%	22.8%	-	(19,446)	(43,671)	\$43.32
<b>CLASS B</b>	2,122,574	375,864	17.7%	18.2%	-	(38,897)	6,882	\$37.19

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<b>CLASS B</b>	68,110,142	13,877,004	20.4%	25.7%	-	56,787	(228,632)	\$24.96
<b>11. NASA/CLEAR LAKE</b>	4,086,711	514,284	12.6%	20.2%	-	19,275	(81,574)	\$28.05
<b>CLASS A</b>	2,035,636	277,006	13.6%	22.1%	-	7,517	(8,575)	\$29.52
<b>CLASS B</b>	2,051,075	237,278	11.6%	18.3%	-	11,758	(72,999)	\$22.10
<b>12. NORTH HOUSTON DISTRICT</b>	9,589,199	3,986,193	41.6%	44.6%	-	172,299	79,281	\$18.91
<b>CLASS A</b>	5,035,413	2,378,700	47.2%	49.2%	-	90,816	124,209	\$20.90
<b>CLASS B</b>	4,553,786	1,607,493	35.3%	39.5%	-	81,483	(44,928)	\$15.86
<b>13. NORTHEAST</b>	996,108	6,606	0.7%	0.8%	-	(3,881)	7,613	-
<b>CLASS A</b>	651,175	2,725	0.4%	0.6%	-	-	8,952	-
<b>CLASS B</b>	344,933	3,881	1.1%	1.1%	-	(3,881)	(1,339)	-
<b>14. NORTHWEST</b>	6,804,970	987,660	14.5%	19.3%	49,117	45,483	149,028	\$21.17
<b>CLASS A</b>	2,065,234	413,877	20.0%	25.0%	49,117	49,164	47,969	\$24.37
<b>CLASS B</b>	4,739,736	573,783	12.1%	16.7%	-	(3,681)	101,059	\$18.93
<b>15. SOUTH MAIN/MEDICAL CENTER</b>	664,023	122,058	18.4%	19.1%	-	-	(45,553)	\$18.59
<b>CLASS A</b>	0	-	-	-	-	-	-	-
<b>CLASS B</b>	664,023	122,058	18.4%	19.1%	-	-	(45,553)	\$18.59

\*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 &amp; 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
<b>HOUSTON TOTAL</b>	<b>203,755,185</b>	<b>42,887,997</b>	<b>21.0%</b>	<b>27.5%</b>	<b>503,117</b>	<b>411,567</b>	<b>(375,257)</b>	<b>\$34.45</b>
<b>CLASS A</b>	135,645,043	29,010,993	21.4%	28.4%	503,117	354,780	(146,625)	\$38.86
<b>CLASS B</b>	68,110,142	13,877,004	20.4%	25.7%	-	56,787	(228,632)	\$24.96
<b>16. SOUTHWEST FREEWAY</b>	6,737,449	1,419,122	21.1%	32.4%	-	(61,007)	(290,682)	\$18.90
<b>CLASS A</b>	1,606,012	347,119	21.6%	29.3%	-	(21,566)	(7,471)	\$19.77
<b>CLASS B</b>	5,131,437	1,072,003	20.9%	33.3%	-	(39,441)	(283,211)	\$17.76
<b>17. THE WOODLANDS</b>	16,255,057	1,459,896	9.0%	14.9%	-	114,422	131,206	\$32.12
<b>CLASS A</b>	14,109,046	1,125,892	8.0%	13.6%	-	68,503	25,952	\$34.83
<b>CLASS B</b>	2,146,011	334,004	15.6%	23.4%	-	45,919	105,254	\$29.28
<b>18. WEST BELT</b>	4,563,612	1,069,775	23.4%	37.1%	-	79,068	(10,770)	\$27.74
<b>CLASS A</b>	3,321,996	816,952	24.6%	38.5%	-	104,153	(21,489)	\$28.31
<b>CLASS B</b>	1,241,616	252,823	20.4%	33.3%	-	(25,085)	10,719	\$26.28
<b>19. WEST LOOP</b>	31,581,045	7,927,108	25.1%	29.9%	-	(148,177)	(338,704)	\$35.74
<b>CLASS A</b>	20,441,738	5,556,857	27.2%	33.4%	-	(160,358)	(333,640)	\$39.17
<b>CLASS B</b>	11,139,307	2,370,251	21.3%	23.4%	-	12,181	(5,064)	\$27.18
<b>20. WESTCHASE</b>	16,428,527	3,874,430	23.6%	31.7%	-	(129,577)	(59,419)	\$29.19
<b>CLASS A</b>	10,004,121	2,137,462	21.4%	30.5%	-	(110,214)	15,215	\$35.00
<b>CLASS B</b>	6,424,406	1,736,968	27.0%	33.6%	-	(19,363)	(74,634)	\$20.14

\*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

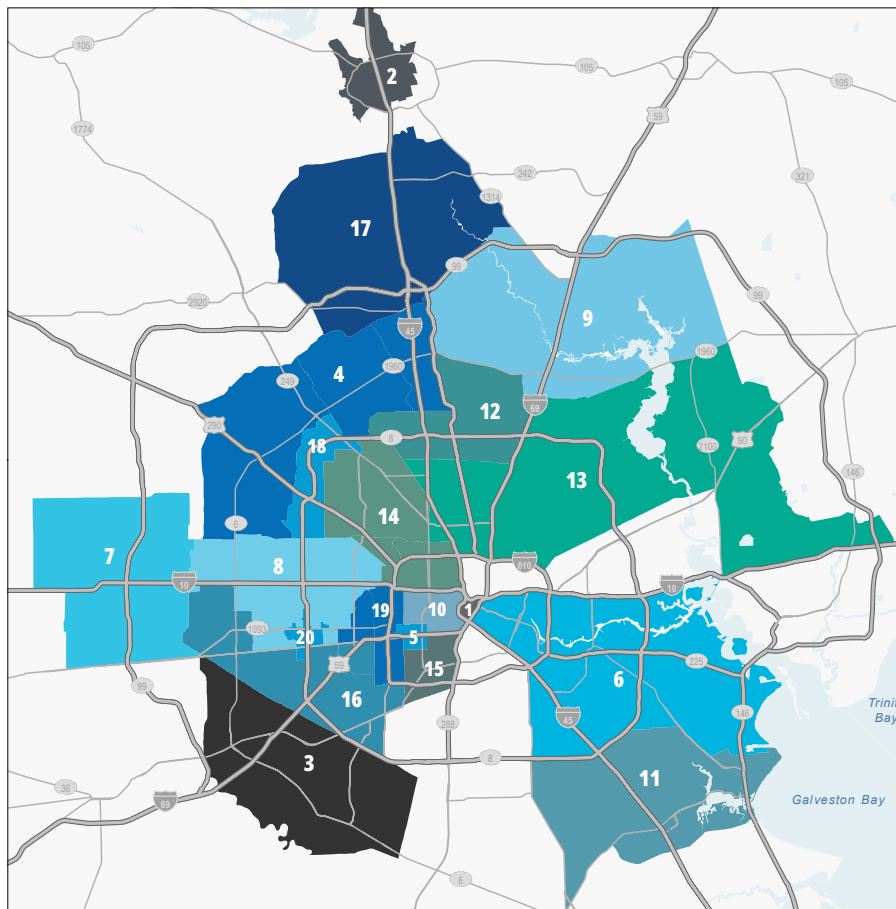
**RESEARCH METHODOLOGY**

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.**

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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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