



TRANSWESTERN

HOUSTON OFFICE MARKET

Q4 2024



TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	4.5%	4.1%	↑	5.6%	↑
NET ABSORPTION* (Thousands SF)	26	(165)	↑	(194.5)	↔
DIRECT VACANCY RATE (All Classes, All Space)	20.8%	20.4%	↑	20.7%	↔
TOTAL AVAILABILITY RATE (All Classes, All Space)	26.7%	27.3%	↓	27.6%	↔
UNDER CONSTRUCTION (MSF)	0.6	0.4	↑	1.9	↑
ASKING RENT, FULL SERVICE (PSF)	\$34.97	\$32.79	↑	\$32.31	↑
SALES VOLUME (Millions)	\$298.3	\$178	↑	\$368.0	↑

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.

OVERALL AVAILABILITY RATES EDGE DOWNWARD IN FINAL QUARTER

Q4 2024 House View

Houston’s office sector saw tenants take down nearly 175,000 square feet of net absorption for Class A space as large leases were signed across the metro, while Class B space witnessed large move outs leading to approximately 150,000 square feet of negative growth. Most notably was a 94,179 square foot lease signed by Ezee Fiber at 5959 Corporate Dr in the Southwest Freeway submarket. Net demand in Katy Fwy/Energy Corridor reached nearly 300,000 square feet as several leases were signed by tenants such as McDermott International, Chesmar Homes and Thyssenkrupp. Sizeable leases contributed to a decrease in overall availability by 50 basis points to 26.7 percent, while vacancy remained steady at 20.8 percent.

Meanwhile, Houston’s office market construction pipeline is more than 70 percent leased and grew to more than 580,000 square feet this quarter with Castle Biosciences breaking ground on their new headquarters building containing 80,000 square feet of office space with an additional 30,000 of retail in the NASA/Clear Lake submarket. The cancer diagnostics company will occupy approximately 40,000 square feet when the project is expected to be completed next year.

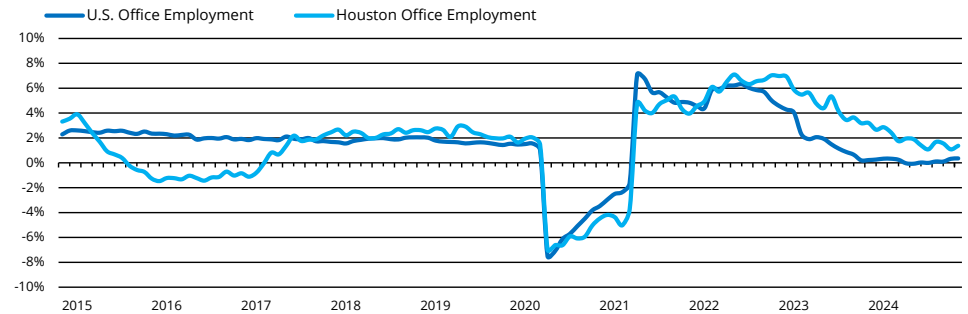


ECONOMY

Coming Off Strong from 2024, Outlook for 2025 Equally Upbeat

- Metro Houston is forecast to add 71,200 jobs next year and finish 2025 with over 3.5 million payroll jobs, a new record, according to the Greater Houston Partnership’s (GHP) annual Houston Region Economic Outlook released in December. Health care and construction industries are expected to advance the farthest, while professional and technical services, government, and restaurant and bars are also expected to realize significant gains.
- For example, health care is projected to add another 12,800 jobs next year, sustaining its expansion trend from the past 10 years. Construction is also another industry likely to see five-digit job growth in 2025, with the GHP projecting a gain of 10,200 full-time additions. The new jobs in construction will be across all sectors - office, industrial, retail, multifamily and single-family homes.
- Dodge Data & Analytics reported in November that nearly \$35.9 billion in construction contracts were awarded this year in the Houston area through October. The contract level is up 27.6 percent from the \$28.1 billion awarded over the comparable period in 2023. Residential and non-residential awards rose significantly compared to last year, while non-building contracts (i.e., streets, highways, utilities, etc.) remained largely flat increasing only slightly.
- The Houston Airport System (HAS) handled 62.6 million passengers in the 12 months ending October, up 5.2 percent from 59.5 million handled over the comparable period in 2023 and traffic surpassed pre-pandemic levels again this year. Meanwhile, HAS handled approximately 50 thousand metric tons of air cargo in October 2024, a 3.4 percent increase from 48 thousand metric tons in October 2023. Cargo leaving Houston was up 6.4 percent, while cargo arriving in Houston was up 0.9 percent during that time.

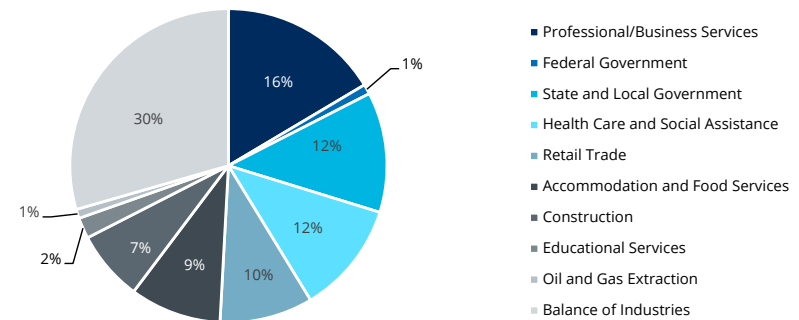
Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

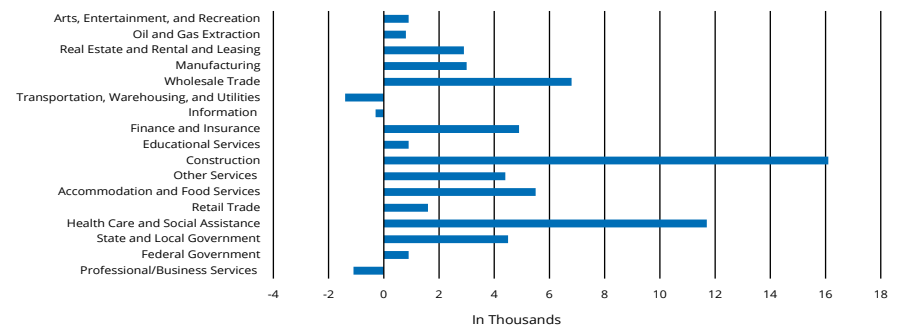
Houston | November 2024



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

Houston | November 2024



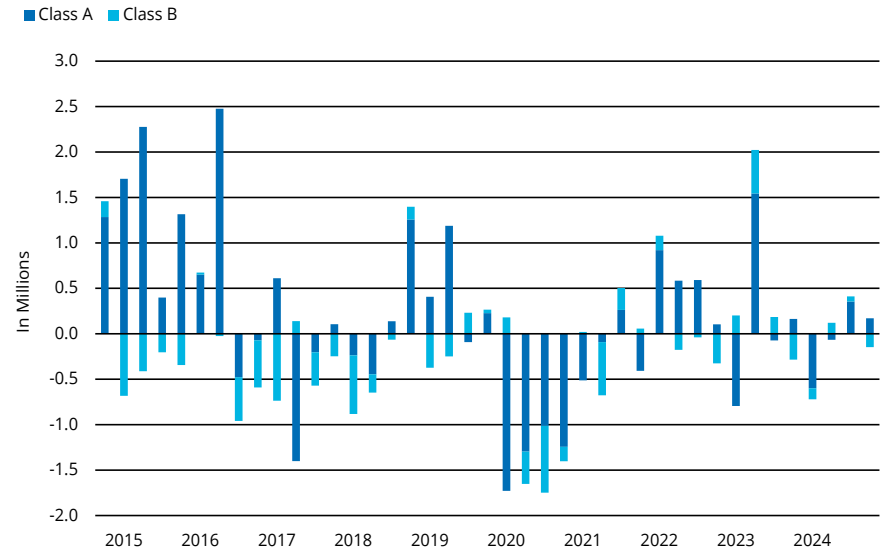
Source: Bureau of Labor Statistics, Transwestern

NET ABSORPTION & LEASING ACTIVITY

Class A Net Total Leasing Overrides Large Tenant Moves

- Class A space demands came close to 175,000 square feet this quarter, far outweighing the pullbacks in the Class B sector. Leading the metro's growth, the Katy Fwy/Energy Corridor submarket clocked in 297,269 square feet of net demand and The Woodlands took down a net total of 71,423 square feet. Examples include McDermott International and Chesmar Homes signing for 50,489 square feet and 31,906 square feet, respectively, at Westgate II. Additionally, Thyssenkrupp signed for 41,880 square feet at Energy Crossing II. In The Woodlands, Weaver and Tidewell doubled their space to 26,031 square feet at One Hughes Landing, Tachus signed a 25,051 square foot lease at 3831 Technology Forest, and Beusa expanded their footprint at Three Hughes Landing by 14,000 square feet.
- Announced in late December, Ezee Fiber signed the largest transaction this quarter to relocate their headquarters into 94,179 square feet at 5959 Corporate Drive in the Southwest Freeway submarket.
- In contrast, Westchase witnessed several large move outs resulting in 218,971 square feet of negative growth. Viridian, formerly CGG Veritas, cleared 67,250 square feet of space at 10300 Town Park Dr and 55,925 square feet at 10300 Town Park Dr, and Lockwood Andrews & Newman moved out of 38,984 square feet at 2925 Briarpark Dr. In the West Loop submarket, APA Corporation emptied 263,555 square feet at 2000 Post Oak Blvd, driving the submarket to a net loss of 116,220 square feet for the quarter.

NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

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

- Two additional submarkets, West Belt and CBD, registered net gains of 68,602 square feet and 65,750 square feet, respectively. In West Belt, Lennar Homes signed a lease for 47,903 square feet at 4920 Westway Park Blvd. In Houston's CBD, 845 Texas Ave gained new tenants with leases signed by Sheppard, Mullin, Richter & Hampton and Moelis & Co. for 29,771 square feet and 30,382 square feet, respectively.

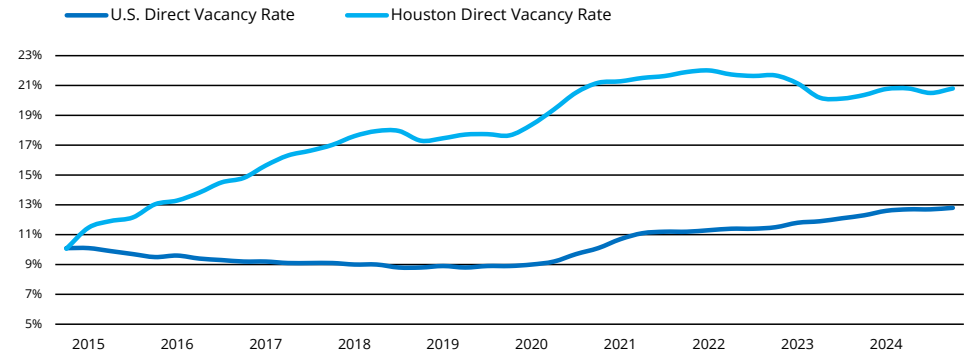


VACANCY & AVAILABILITY

Direct Vacancy Drops in West Belt as New Tenants Sign Large Space Agreements

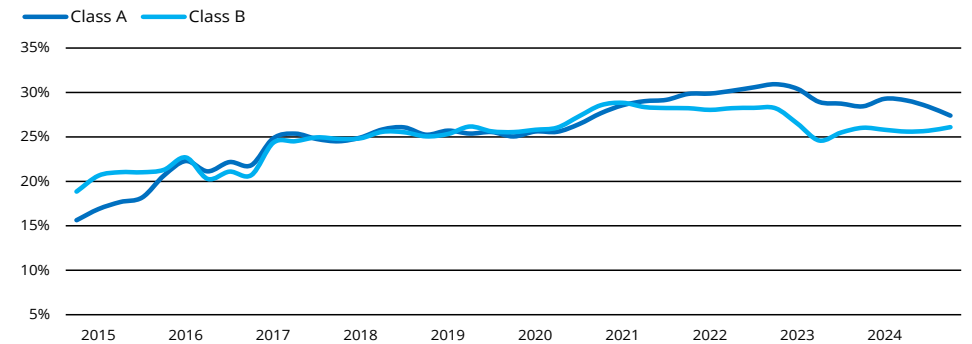
- Houston’s office market witnessed overall competitive space being actively marketed decrease slightly by 50 basis points to 26.7 percent over the last 90 days. Class A space experienced a decline in availability of 1.0 percent to 27.4 percent while Class B space saw an increase of 40 basis points to 26.1 percent.
- Overall direct vacancy in Houston’s office market remained steady at 20.8 percent over the quarter, ticking up slightly by 20 basis points year-over-year. Houston’s Class A vacancy decreased 10 basis points to 21.3 percent quarter-over-quarter, while Class B vacancy increased 30 basis points to 20.7 percent.
- In Westchase, direct vacancy increased by 1.3 percent to 24.8 percent as Lockwood, Andrews, and Newman, Inc. vacated their space of 38,984 square feet at 2925 Briarpark Dr. Meanwhile, West Belt experienced the largest contraction in direct vacancy by 2.0 percent to 21.4% as large leases were signed including Lennar Homes signing a lease to occupy 47,903 square feet at 5775 N Sam Houston Pky W and U.S. Med signing a lease for 20,330 square feet at 4920 Westway Park Blvd.

DIRECT VACANCY RATE



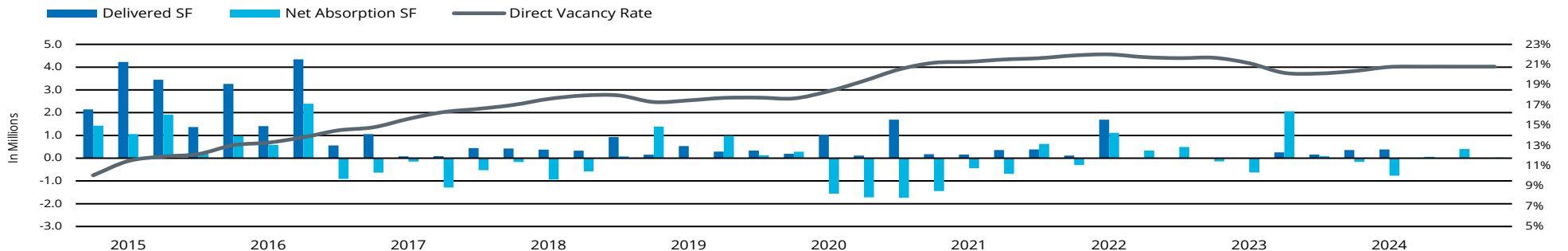
Source: CoStar, Transwestern

OVERALL AVAILABILITY RATE BY CLASS



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

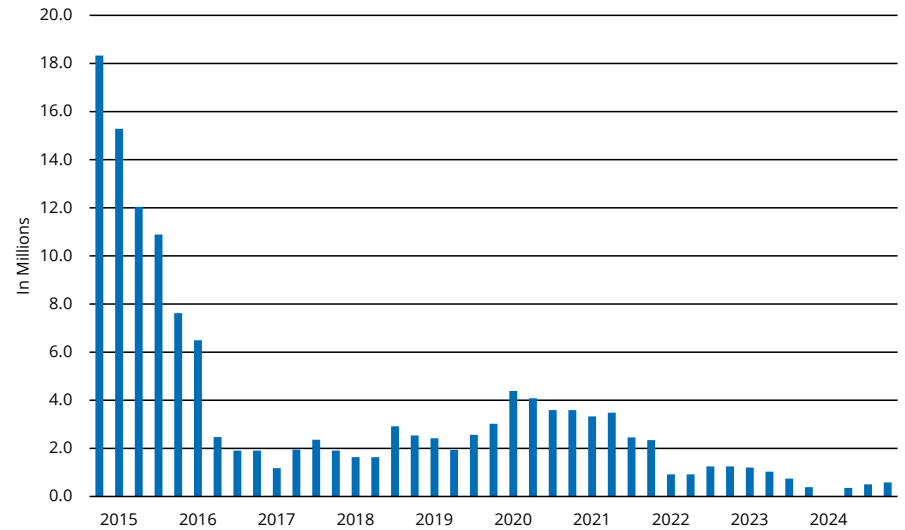


UNDER CONSTRUCTION

Pipeline Expands in Q4 2024 With New Headquarters Project in NASA/Clear Lake

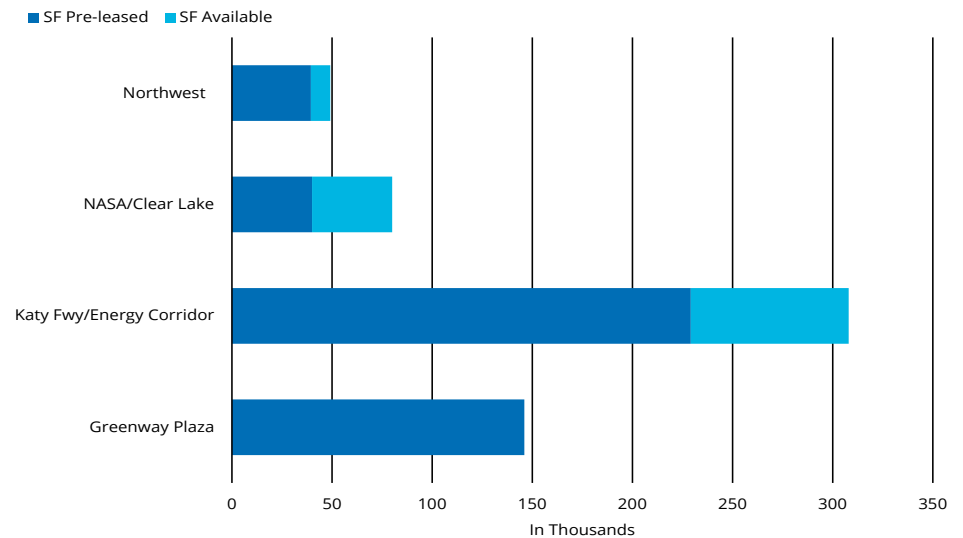
- After starting 2024 in an unusual position for Houston’s office sector by having no office properties under construction, the metro pipeline is closing the year with nearly 585,000 square feet of new construction underway. The newest addition to the pipeline is Castle Biosciences’ headquarters at 1500 W Parkwood Ave in the NASA/Clear Lake submarket. The four-story project broke ground in October and includes 80,000 square feet of Class-A office space and 30,000 square feet of retail space. Castle Biosciences is expected to move into 40,000 square feet.
- In December, Howard Hughes topped out on the metro’s first mass timber project, One Bridgeland Green, in the Northwest submarket. The nearly 50,000 square foot project is 80.3 percent leased with leases signed by Advanced Orthopedics & Sports Medicine, CrossCover Insurance, and the Howard Huges development team.
- Next quarter, Stonelake Capital Partners plans to break ground on 100 Park Place in the West Loop submarket. The 17-story project, projected to deliver in the second quarter of 2026, will include 250,000 square feet of Class A office space and 12,000 square feet or retail.
- Additional projects in the office pipeline include Transwestern Development Company’s 503,117 square foot The RO in the Greenway Plaza submarket, and Midway’s 308,000 square foot CityCentre Six in the Katy Freeway/Energy Corridor.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

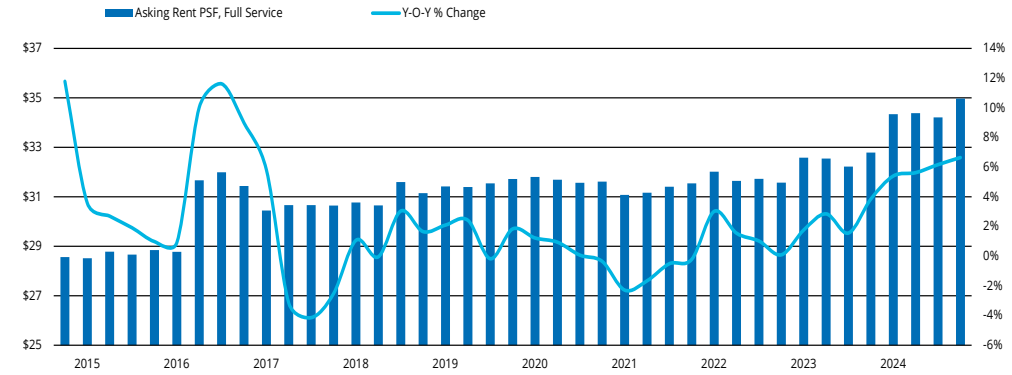


RENTAL RATES

Asking Rates Up Sharply in The Woodlands Led by Strong Leasing Gains in 2024

- Class A and B full-service asking rates increased by 1.7 percent to \$34.97 PSF/YR during the last 90 days. Asking rates for Class A space climbed to \$39.50 PSF/YR, up 1.8 percent from \$38.80 PSF/YR last quarter, while asking rates for Class B space rose to \$25.24 PSF/YR, up 1.6 percent from \$24.84 PSF/YR. Increased operating expenses led mostly to the rise in rates across the board.
- The Woodlands experienced the largest increase in full-service asking rates for Class A and B space, climbing \$9.37 PSF/YR over the quarter from \$32.12 PSF/YR to \$41.49 PSF/YR as several buildings with previously withheld rates added asking rates to their listings. Class A leasing activity in The Woodlands during the year was strong and led to direct vacancy shrinking to 7.5 percent, among the tightest in the metro area.
- Meanwhile, the Gulf Freeway/Pasadena also saw Class A and B asking rents increase to \$23.83 PSF/YR, up \$3.24 PSF/YR from last quarter. Southwest Freeway and CBD witnessed declines of 3.2 percent to \$18.30 PSF/YR and 2.2 percent to \$44.43 PSF/YR, respectively.

ASKING RENT



Source: CoStar, Transwestern

- Overall Class A and Class B asking rates are up by \$2.02 PSF/YR from \$32.95 PSF/YR from this time last year, led by Class A asking rates which are up by 6.6 percent from the fourth quarter of last year. Meanwhile, Class B asking rates increased by 1.8 percent from \$24.56 PSF/YR. Four submarkets witnessed Class A and B asking rates rise by more than 7.0 percent year-over-year: The Woodlands (26.5%), Greenway Plaza (13.3%), Midtown (8.6%), and West Loop (7.7%).

NOTABLE LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
EZEE FIBER	5959 Corporate Dr	Southwest Freeway	New Lease	94,179
DNV GROUP	19219 Katy Fwy	Katy Far West	New Lease	56,433
MCDERMOTT	17320 Katy Fwy	Katy Fwy/Energy Corridor	New Lease	50,489
LENNAR - HOUSTON DIVISION	5775 N Sam Houston Pky W	West Belt	New Lease	47,903
FREEMPORT LNG	333 Clay St	CBD	Renewal	41,677
SCHWEITZER ENGINEERING LABORATORIES	10111 Richmond Ave	Westchase	New Lease	32,293

= Transwestern transaction
Source: CoStar, Transwestern

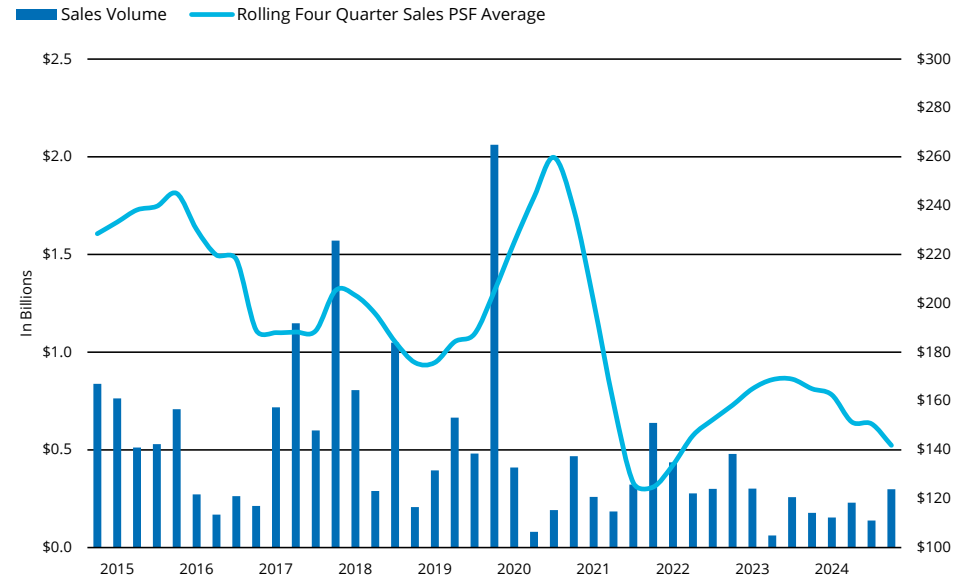


SALES

REITs and Private Investors End 2024 With Net Portfolio Gains

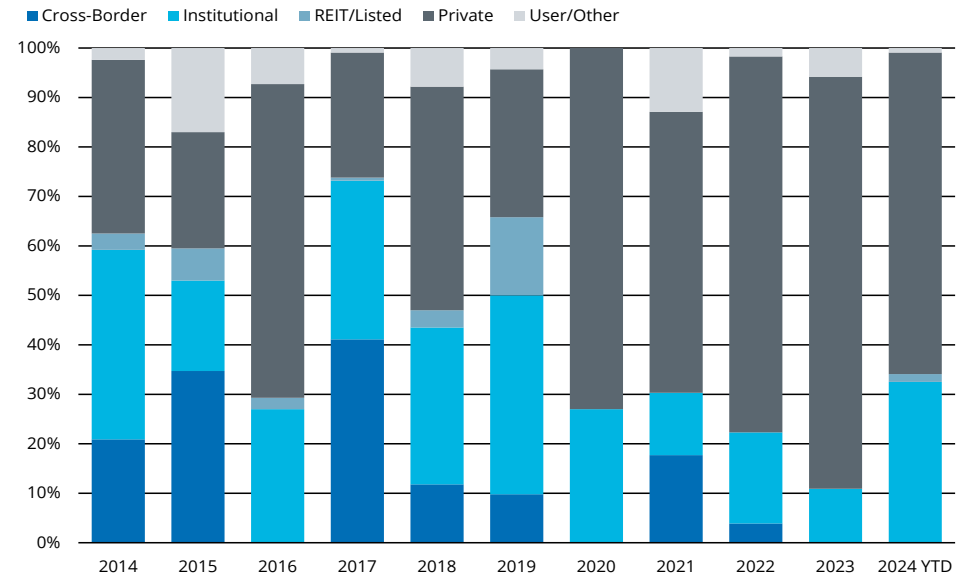
- Office buyers completed nine property transactions during the last 90 days of the year with an average sales price of \$123 per square foot, a decrease of \$25 per square foot from Q3 2024 and an increase of \$21 year-over-year, according to Real Capital Analytics.
- International, institutional, private investors and REITs were all active participants in property trades during the quarter. Private investors were the only group to finish the period with net positive investment activity totaling \$158.5 million in acquisitions and ending the year with \$423.2 million in net holdings. REITs disposed of \$7.7 million in net holdings during the quarter, bringing their 2024 investment portfolio to \$3.1 million in net acquisitions.
- International and institutional investors were net sellers this quarter. International investors disposed of \$64.2 million in net holdings over the last 90 days bringing their estimated 2024 portfolio to \$148.5 million in net trades while institutional investors sold a net total of \$49.5 million bringing their 2024 portfolio to \$260.6 million in net dispositions.
- One noteworthy property trade announced during the quarter was Energy Crossing II, a 327,404 square foot Class A office located at 15011 Katy Freeway in the Katy Freeway/Energy Corridor. Capital Commercial acquired the property from Invesco Real Estate for an undisclosed price. The property was 30.0 percent leased with an appraised value of \$60.4 million at the time of sale.
- Additionally, Interra Capital group bought Remington Square, a three-building complex totaling 392,000 square feet in the West Belt submarket from Bentall Green Oak for an undisclosed price.

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	10,534,334	25.2%	31.4%	-	65,750	(207,478)	\$44.43
2. CONROE	235,037	17,262	7.3%	7.3%	-	-	(14,703)	\$21.00
3. E FORT BEND CO/SUGAR LAND	4,387,764	908,379	20.7%	26.6%	-	(18,910)	(13,272)	\$31.05
4. FM 1960	8,616,554	2,287,198	26.5%	39.9%	-	(70,564)	(170,292)	\$20.82
5. GREENWAY PLAZA	10,401,893	2,341,181	22.5%	26.9%	146,000	25,071	(77,107)	\$39.91
6. GULF FREEWAY/PASADENA	2,203,040	192,457	8.7%	11.5%	-	2,777	80,803	\$23.83
7. KATY FAR WEST	2,036,486	145,687	7.2%	7.3%	-	12,160	49,314	\$37.17
8. KATY FWY/ENERGY CORRIDOR	32,108,019	4,155,547	12.9%	20.5%	308,000	297,269	593,016	\$29.17
9. KINGWOOD/HUMBLE	1,131,809	36,097	3.2%	3.3%	-	(90)	16,865	\$20.04
10. MIDTOWN	4,794,365	705,242	14.7%	21.5%	-	(17,101)	(68,400)	\$38.56
11. NASA/CLEAR LAKE	4,086,711	555,054	13.6%	20.5%	80,000	(40,770)	(110,593)	\$27.83
12. NORTH HOUSTON DISTRICT	10,678,876	4,144,888	38.8%	41.8%	-	(12,772)	307,598	\$18.87
13. NORTHEAST	996,108	6,606	0.7%	0.8%	-	-	7,001	-
14. NORTHWEST	7,016,419	1,049,174	15.0%	19.4%	49,117	(58,021)	130,886	\$20.79
15. SOUTH MAIN/MEDICAL CENTER	933,853	159,328	17.1%	21.6%	-	(10,287)	(36,459)	\$18.51
16. SOUTHWEST FREEWAY	7,879,307	1,602,140	20.3%	29.7%	-	47,146	(334,148)	\$18.30
17. THE WOODLANDS	16,255,057	1,388,473	8.5%	15.0%	-	71,423	139,912	\$41.49
18. WEST BELT	4,563,612	978,364	21.4%	28.7%	-	68,602	144,343	\$29.23
19. WEST LOOP	32,303,113	8,176,524	25.3%	27.2%	-	(116,220)	(451,139)	\$36.54
20. WESTCHASE	16,494,353	4,093,401	24.8%	32.5%	-	(218,971)	(263,083)	\$28.91
HOUSTON TOTAL	208,914,774	43,477,336	20.8%	26.7%	583,117	26,492	(276,936)	\$34.97

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 F\$G
HOUSTON TOTAL	203,755,185	42,919,337	21.1%	27.0%	583,117	24,802	(229,256)	\$34.97
CLASS A	135,645,043	28,825,561	21.3%	27.4%	583,117	171,113	(139,229)	\$39.50
CLASS B	68,110,142	14,093,776	20.7%	26.1%	-	(146,311)	(90,027)	\$25.24
1. CBD	41,572,344	10,534,334	25.3%	31.5%	-	65,750	(207,478)	\$44.43
CLASS A	34,681,033	8,726,359	25.2%	31.0%	-	80,435	(95,770)	\$46.12
CLASS B	6,891,311	1,807,975	26.2%	34.2%	-	(14,685)	(111,708)	\$36.38
2. CONROE	132,447	17,262	13.0%	13.0%	-	-	(14,703)	\$21.00
CLASS A	-	-	-	-	-	-	-	-
CLASS B	132,447	17,262	13.0%	13.0%	-	-	(14,703)	\$21.00
3. E FORT BEND CO/SUGAR LAND	4,387,764	908,379	20.7%	26.6%	-	(18,910)	(13,272)	\$31.05
CLASS A	2,665,805	724,270	27.2%	32.6%	-	451	(44,764)	\$33.77
CLASS B	1,721,959	184,109	10.7%	17.3%	-	(19,361)	31,492	\$25.03
4. FM 1960	8,510,839	2,287,198	26.9%	40.3%	-	(70,564)	(174,690)	\$20.82
CLASS A	4,242,190	1,185,999	28.0%	51.3%	-	(17,412)	9,616	\$28.45
CLASS B	4,268,649	1,101,199	25.8%	29.3%	-	(53,152)	(184,306)	\$16.26
5. GREENWAY PLAZA	10,261,596	2,337,008	22.8%	27.2%	146,000	23,672	(81,683)	\$39.91
CLASS A	7,339,095	1,824,408	24.9%	30.1%	146,000	34,229	(91,912)	\$42.47
CLASS B	2,922,501	512,600	17.5%	19.9%	-	(10,557)	10,229	\$31.50

*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 F5G
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CLASS A	135,645,043	28,825,561	21.3%	27.4%	583,117	171,113	(139,229)	\$39.50
CLASS B	68,110,142	14,093,776	20.7%	26.1%	-	(146,311)	(90,027)	\$25.24
6. GULF FREEWAY/PASADENA	1,811,570	124,071	6.8%	10.1%	-	3,038	65,807	\$23.83
CLASS A	175,000	30,852	17.6%	26.8%	-	4,424	52,126	-
CLASS B	1,636,570	93,219	5.7%	8.4%	-	(1,386)	13,681	\$23.83
7. KATY FAR WEST	2,036,486	145,687	7.2%	7.3%	-	12,160	49,314	\$37.17
CLASS A	1,364,272	145,687	10.7%	10.8%	-	12,160	49,314	\$37.17
CLASS B	672,214	-	-	-	-	-	-	-
8. KATY FWY/ENERGY CORRIDOR	31,467,628	4,126,526	13.1%	20.7%	308,000	285,878	594,918	\$29.17
CLASS A	22,923,850	2,564,430	11.2%	19.4%	308,000	311,515	338,922	\$34.74
CLASS B	8,543,778	1,562,096	18.3%	24.5%	-	(25,637)	255,996	\$23.83
9. KINGWOOD/HUMBLE	1,131,809	36,097	3.2%	3.3%	-	(90)	16,865	\$20.04
CLASS A	370,000	-	-	-	-	-	-	-
CLASS B	761,809	36,097	4.7%	5.0%	-	(90)	16,865	\$20.04
10. MIDTOWN	4,736,001	705,242	14.9%	21.8%	-	(17,101)	(68,400)	\$38.56
CLASS A	2,613,427	347,292	13.3%	25.6%	-	(35,015)	(77,224)	\$43.32
CLASS B	2,122,574	357,950	16.9%	17.0%	-	17,914	8,824	\$33.49

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

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HOUSTON OFFICE MARKET INDICATORS - CLASS A & CLASS B

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CLASS B	68,110,142	14,093,776	20.7%	26.1%	-	(146,311)	(90,027)	\$25.24
11. NASA/CLEAR LAKE	4,086,711	555,054	13.6%	20.5%	80,000	(40,770)	(110,593)	\$27.83
CLASS A	2,035,636	258,158	12.7%	21.2%	80,000	18,848	14,456	\$29.42
CLASS B	2,051,075	296,896	14.5%	19.9%	-	(59,618)	(125,049)	\$23.88
12. NORTH HOUSTON DISTRICT	9,589,199	4,004,592	41.8%	44.8%	-	(18,399)	299,062	\$18.87
CLASS A	5,035,413	2,397,040	47.6%	49.1%	-	(18,340)	135,514	\$21.13
CLASS B	4,553,786	1,607,552	35.3%	39.9%	-	(59)	163,548	\$15.82
13. NORTHEAST	996,108	6,606	0.7%	0.8%	-	-	7,001	-
CLASS A	651,175	2,725	0.4%	0.6%	-	-	8,952	-
CLASS B	344,933	3,881	1.1%	1.1%	-	-	(1,951)	-
14. NORTHWEST	6,804,970	1,046,855	15.4%	19.9%	49,117	(59,195)	124,073	\$20.79
CLASS A	2,065,234	432,778	21.0%	26.3%	49,117	(18,901)	36,881	\$23.50
CLASS B	4,739,736	614,077	13.0%	17.1%	-	(40,294)	87,192	\$19.00
15. SOUTH MAIN/MEDICAL CENTER	664,023	126,710	19.1%	24.1%	-	(4,652)	(31,998)	\$18.81
CLASS A	-	-	-	-	-	-	-	-
CLASS B	664,023	126,710	19.1%	24.1%	-	-4,652	(31,998)	\$18.51

*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	203,755,185	42,919,337	21.1%	27.0%	583,117	24,802	(229,256)	\$34.97
CLASS A	135,645,043	28,825,561	21.3%	27.4%	583,117	171,113	(139,229)	\$39.50
CLASS B	68,110,142	14,093,776	20.7%	26.1%	-	(146,311)	(90,027)	\$25.24
16. SOUTHWEST FREEWAY	6,737,449	1,449,162	21.5%	32.0%	-	64,139	(306,541)	\$18.30
CLASS A	1,606,012	442,925	27.6%	29.1%	-	(95,806)	(102,711)	\$18.21
CLASS B	5,131,437	1,006,237	19.6%	32.9%	-	159,945	(109,651)	\$18.42
17. THE WOODLANDS	16,255,057	1,388,473	8.5%	15.0%	-	71,423	139,912	\$41.49
CLASS A	14,109,046	1,052,431	7.5%	13.6%	-	73,461	57,554	\$45.46
CLASS B	2,146,011	336,042	15.7%	24.2%	-	(2,038)	82,358	\$29.13
18. WEST BELT	4,563,612	978,364	21.4%	28.7%	-	68,602	144,343	\$29.23
CLASS A	3,321,996	724,265	21.8%	28.0%	-	92,687	145,064	\$30.97
CLASS B	1,241,616	254,099	20.5%	30.6%	-	(24,085)	(721)	\$27.04
19. WEST LOOP	31,581,045	8,048,316	25.5%	27.4%	-	(121,208)	(492,289)	\$36.54
CLASS A	20,441,738	5,692,535	27.8%	29.5%	-	(135,678)	(456,266)	\$39.91
CLASS B	11,139,307	2,355,781	21.1%	23.6%	-	14,470	(36,023)	\$27.45
20. WESTCHASE	16,428,527	4,093,401	24.9%	32.6%	-	(218,971)	(263,083)	\$28.91
CLASS A	10,004,121	2,273,407	22.7%	31.1%	-	(135,945)	(118,981)	\$34.26
CLASS B	6,424,406	1,819,994	28.3%	34.9%	-	(83,026)	(144,102)	\$20.44

*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



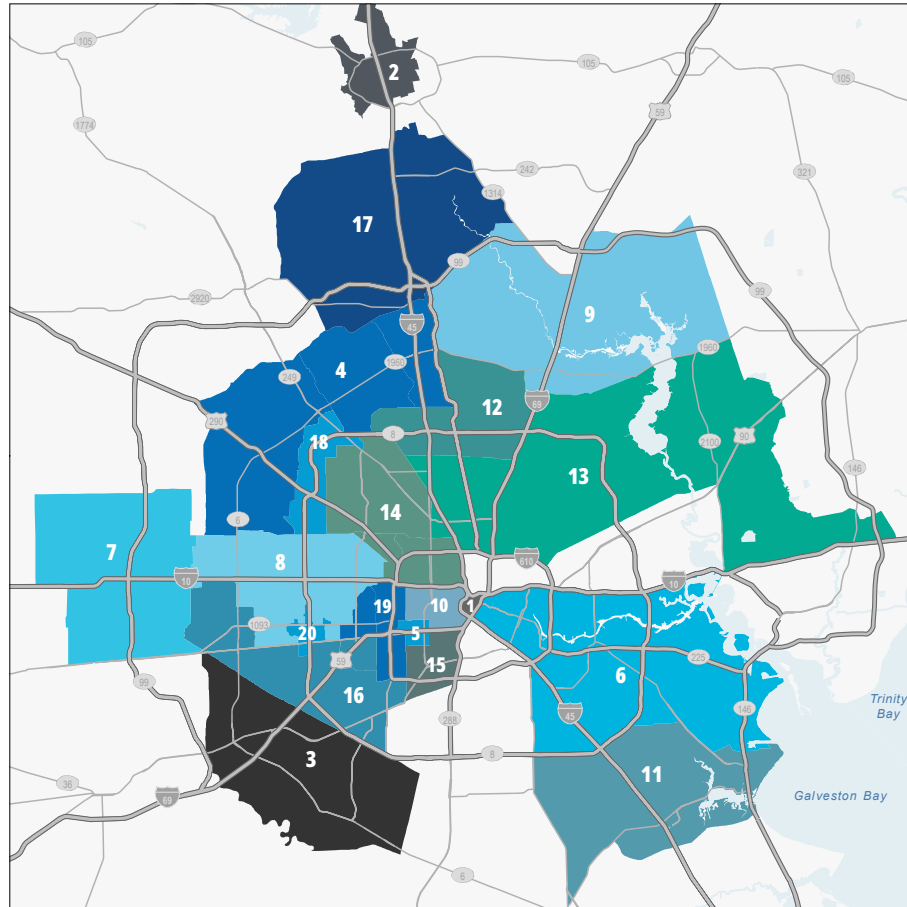
RESEARCH METHODOLOGY

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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