



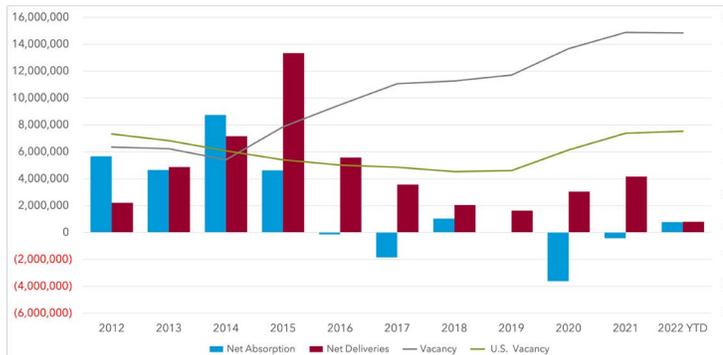
OFFICE MARKET OVERVIEW

TRAVIS TAYLOR, *Principal*

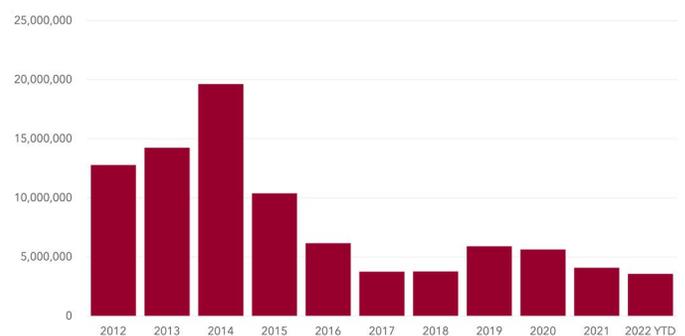
Recovery stumbled during Q2 as companies' fear of an economic recession and a third wave of COVID are delaying long-term spending decisions. Despite a bullish outlook for job growth in Houston, office vacancies are still becoming available as total present and planned vacancy represents over 25% of the office market. To complicate attrition due to the "less is more" workplace strategy, much of the vacancy is fraught with dysfunctional space as good options are still hard to find. Average rates have increased, accounting for inflated tenant improvement costs as companies demand attractive space. Anticipated investment in the energy sector should boost activity and balance over supply in the Houston office market.

MARKET INDICATORS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
▲ Qtrly Net Absorption SF	505,674	(418,150)	(1,468,515)	(3,336,339)	(3,802,241)
▼ Vacancy Rate	18.80%	19.00%	18.50%	18.40%	18.10%
▲ Avg NNN Asking Rate PSF	\$28.52	\$28.49	\$28.47	\$28.50	\$28.59
▼ SF Under Construction	3,570,560	4,084,235	4,965,764	4,867,136	5,352,127
▲ Inventory SF	350,754,697	349,971,987	347,841,659	347,068,365	346,354,934

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
11445 Compaq Center West Drive CCA 4-7, Houston, TX	2,050,000 SF	Undisclosed	Mexcor, Inc. Hewlett Packard Enterprise	Class A
15375 Memorial Drive-W Memorial Place I, Houston, TX	334,404 SF	\$68,000,000 \$203.35 PSF	Olympus Property Grayco Partners, LLC	Class A
10001 Richmond/3600 Briarpark Houston, TX	554,385 SF	\$80,250,000 \$142.19 PSF	Real Capital Solutions LXP Industrial Trust	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
915 North Eldridge Parkway Houston, TX	292,892 SF	JLL	Enbridge Inc.	Oil/Gas Services
10393 League Line Road Houston, TX	44,474 SF	Conroe Chs	Evergreen Properties Inc.	Real Estate Services
460 Wildwood Forest Drive Houston, TX	43,230 SF	GeoSouthern Energy Corp.	Strike Construction	Construction Services

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