



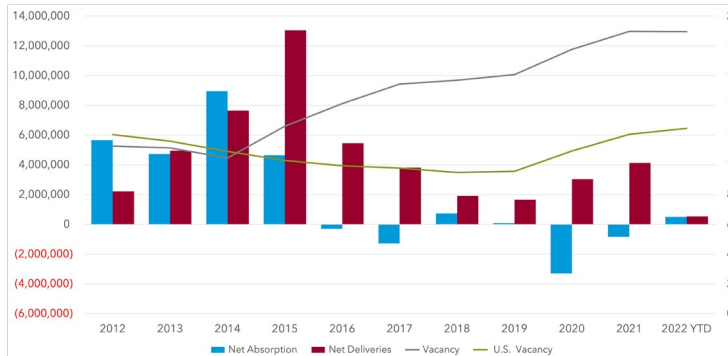
OFFICE MARKET OVERVIEW

TRAVIS TAYLOR, *Principal*

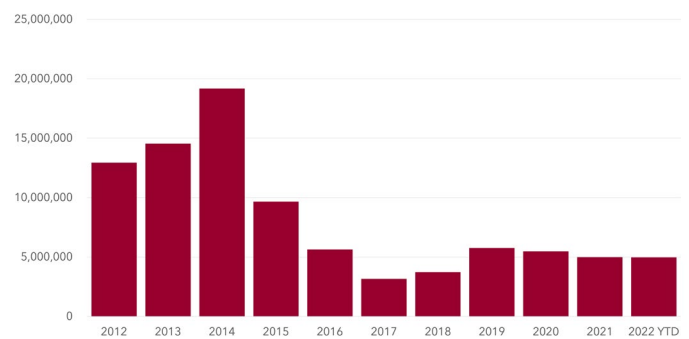
Despite continued decline, several significant lease transactions stole the show during the third quarter. Renewed investment in energy sectors and gravity toward the suburban campus environment should benefit submarkets in West Houston that have struggled with oversupply over the past several years. The office market has widely adapted to the initial wave of corporate downsizing as a function of low office attendance. Creating functional offices from large blocks of excess space is becoming prohibitive from both a construction and borrowing perspective, which will bring forth a broader economic dilemma. However, the hope is that the structural growth drivers specific to Houston (commodity prices, healthcare innovation, and labor availability) will prevail through the next real estate cycle.

| MARKET INDICATORS | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| ▼ Qtrly Net Absorption SF | 595,399 | 1,356,614 | 721,866 | (833,433) | (1,433,381) |
| ▲ Vacancy Rate | 18.85% | 18.70% | 18.66% | 18.97% | 18.43% |
| ▼ Avg NNN Asking Rate PSF | \$28.60 | \$28.59 | \$28.60 | \$28.57 | \$28.51 |
| ▲ SF Under Construction | 4,972,046 | 4,774,953 | 4,609,929 | 4,993,665 | 5,493,443 |
| ▼ Inventory SF | 349,770,692 | 350,015,383 | 349,366,765 | 349,232,815 | 347,223,746 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---|--------------|----------------------------|--|----------------|
| 700 Louisiana Street Houston, TX | 1,281,007 SF | \$319,000,000 \$249 PSF | Keener Domain LLC Imp Domain LLC | Class A |
| 9009 West Loop South Houston, TX | 479,493 SF | Undisclosed | Triten Corporation Aramco Americas Services Co. | Class B |
| 11450 Compaq Center West Drive Houston, TX | 419,584 SF | Undisclosed | Capital Commercial Commercial Inc. Lone Star College System | Class A |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--|------------|--------------------------------|---------------|--------------------|
| 1111 Bagby Street Houston, TX | 374,000 SF | Brookfield Properties | EOG Resources | Oil & Gas |
| 910 Louisiana Street Houston, TX | 172,301 SF | Enterprise Product Partners | Baker Botts | Law Office |
| 575 North Dairy Ashford Houston, TX | 129,231 SF | Undisclosed | Baker Hughes | Oil & Gas Services |

