



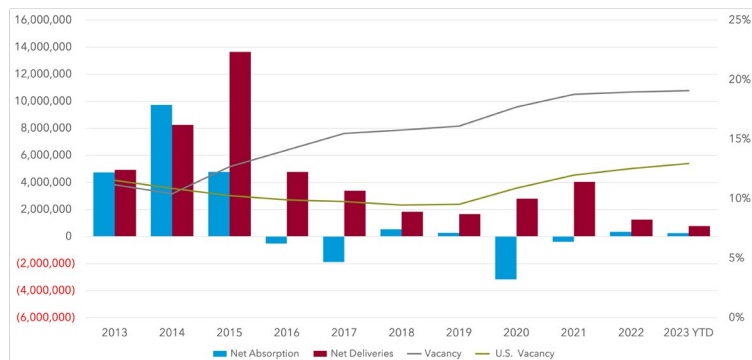
OFFICE MARKET OVERVIEW

TRAVIS TAYLOR, *Principal*

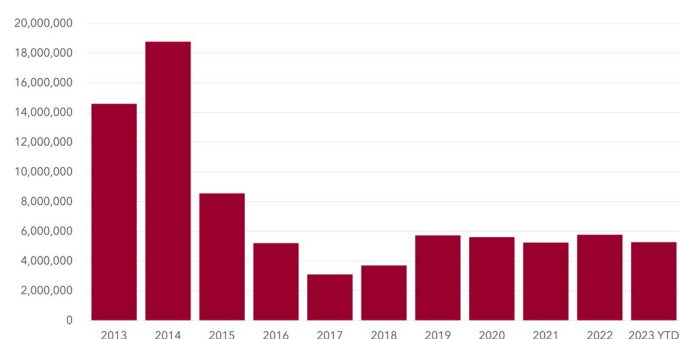
The year began with cautious optimism as hopes of building on conservative growth in 2022 lingered amidst several significant transactions. Key energy-related companies such as Kiewit Corporation and Modec International drew attention by signing large leases aligned with the shifting office trend of quality over quantity. Across the broader market, overall deal volume dipped among concerns about the economy. Large institutional real estate investors are starting to rebalance their portfolios away from office, giving opportunity buyers and foreign investment funds, a long awaited seat at the table. As economic headwinds loom large on a national scale, capital spending in the energy industry and flourishing population growth inspires optimism for the Houston economy.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ Qtrly Net Absorption SF	(595,259)	346,980	557,213	1,380,130	956,848
▲ Vacancy Rate	19.1%	19.0%	18.8%	18.7%	18.5%
▲ Avg NNN Asking Rate PSF	\$28.99	\$28.95	\$28.94	\$28.89	\$28.91
▼ SF Under Construction	5,277,442	5,772,675	5,801,850	5,027,481	5,024,667
▲ Inventory SF	349,565,169	348,796,733	348,474,923	348,691,278	347,813,994

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5847 San Felipe Street Houston, TX	980,472 SF	\$105,000,000 \$107.09 PSF	Sovereign Partners Canada Pension Plan Investments	Class A
1701 City Plaza Drive Houston, TX	326,800 SF	Undisclosed	Coventry Development Corp Patrinely Geoup, LLC	Class A
1700 City Plaza Drive Houston, TX	149,500 SF	Undisclosed	Coventry Development Corp Patrinely Geoup, LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
15375 Memorial Drive Houston, TX	116,161 SF	Mayde Creek Drive Investors	MODEC International/SOFEC	Energy Systems
585 North Dairy Ashford Road Houston, TX	105,839 SF	Spear Street Capital	Kiewit Engineering Group, Inc.	Energy Infrastructure
4888 Loop Central Drive Houston, TX	82,706 SF	Griffin Partners, Inc.	Community Health Choice Texas Inc.	Healthcare Services

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