



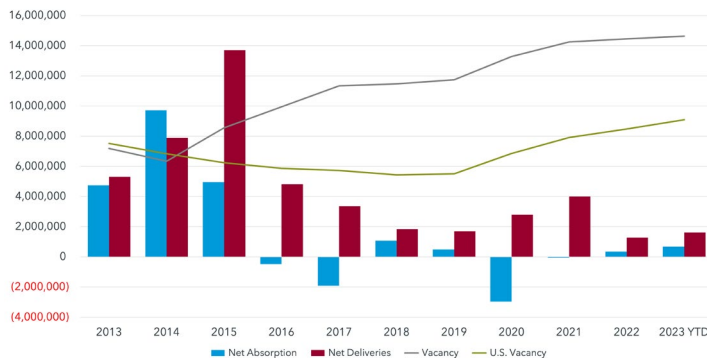
## OFFICE MARKET OVERVIEW

BLAKE R. VIRGILIO, CCIM, SIOR, *Senior Director*

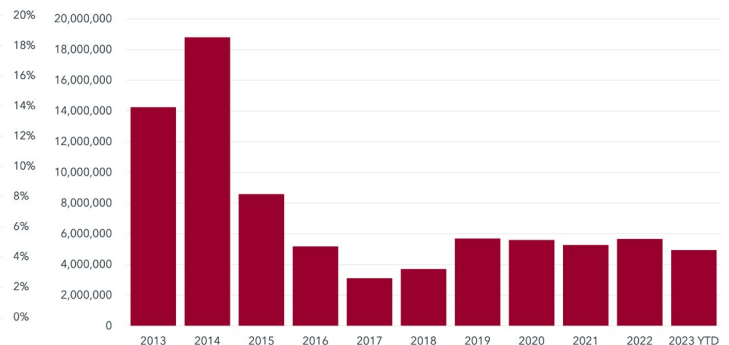
The office market continued at a moderate pace in Q2, with contrasting signs of growth and signs of continued struggles. There was a healthy amount of positive net absorption that has the trajectory of the market bridging the gap closer towards the national average. Several large leases and significant volume occurred in the West Loop/Galleria, Katy Freeway East, and Katy Freeway West submarkets, but high levels of vacancy and tenant concessions persist. Under construction inventory is a fraction of what was under construction 10 years prior, but while discipline on the supply side from new construction is evident, there is abundant vacancy in older 1980's vintage buildings.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▲ Qtrly Net Absorption SF	(44,511)	(490,405)	339,047	510,836	1,517,286
◀ ▶ Vacancy Rate	18.6%	18.6%	18.4%	18.3%	18.2%
▲ Avg NNN Asking Rate PSF	\$29.10	\$29.07	\$29.02	\$28.99	\$28.88
▼ SF Under Construction	4,943,107	5,210,442	5,671,707	5,706,413	4,904,805
▲ Inventory SF	352,512,475	351,639,927	350,884,708	350,551,481	350,742,868

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1001 McKinney Street Houston, TX	375,440 SF	Undisclosed	TPG Capital LP TRC Capital Partners	Class B
1325 S. Dairy Ashford Road Houston, TX	155,320 SF	Undisclosed	Donald Jason Ford Associated Financial Corporation	Class B
8303 Southwest Freeway Houston, TX	140,582 SF	Undisclosed	Swapan Dhairyawan Rishikesh Sohoni	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2800 Post Oak Boulevard Houston, TX	318,504 SF	Invesco	Lyondell Basell	Petrochemical
737 N. Eldridge Parkway Houston, TX	308,186 SF	Granite Properties, Inc.	Fluor Corporation	Construction
15377 Memorial Drive Houston, TX	171,600 SF	Fuller Realty Interests	Technip Energies	Engineering & Technology

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