



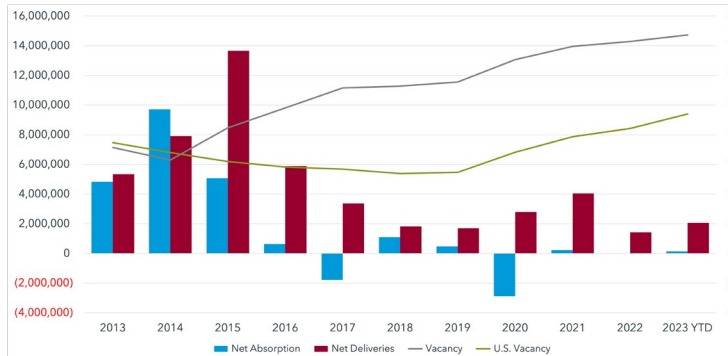
OFFICE MARKET OVERVIEW

BILL INSULL, CCIM, *Senior Director*

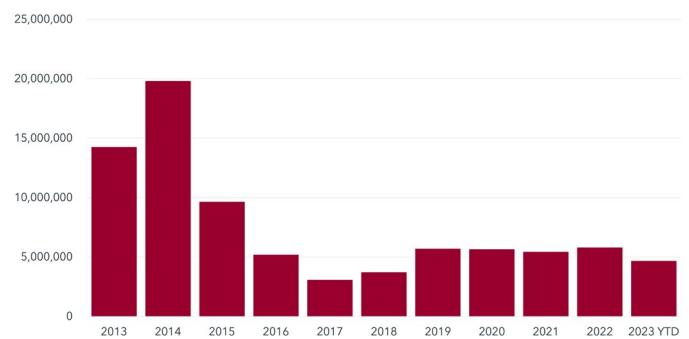
The primary indicators of the Houston office market health delivered a dose of mixed messages in Q3 2023 for occupiers and owners alike. With the key indicator of net absorption reverting to significant negative territory after slightly positive results in the first 2 quarters of 2023, overall leasing activity was less than half the average for the previous 4 quarters as occupiers are trying to sort out their true space needs and ability to attract qualified employees against a backdrop of some economic uncertainty. This situation affords owners the opportunity to differentiate their properties by offering amenities that are more attractive to occupiers in their efforts to gain favor with both potential and existing employees.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ Qtrly Net Absorption SF	(339,943)	(199,687)	(605,147)	10,067	749,579
▲ Vacancy Rate	18.7%	18.4%	18.3%	18.3%	18.0%
▲ Avg NNN Asking Rate PSF	\$29.30	\$29.23	\$29.22	\$29.10	\$29.04
▼ SF Under Construction	4,679,773	4,872,944	5,327,969	5,804,294	5,737,207
▲ Inventory SF	354,660,915	354,176,752	353,408,742	352,602,330	352,246,294

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2103 City West Boulevard* Houston, TX	2,715,238 SF	Undisclosed	Parkway Canada Pension Plan Investments	Class A
1002 Noble Energy Way Houston, TX	502,716 SF	Undisclosed	Undisclosed Undisclosed	Class A
9500 Lakeside Boulevard The Woodlands, TX	360,000 SF	Undisclosed	Chevron Phillips Chemical Co. LLC Warmack Investments	Class A

* Part of 7-property portfolio

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1000 Louisiana Street Houston, TX	90,030 SF	MetLife Investment Management	NextDecade Corporation	Mining, Quarrying, Oil & Gas Extraction
1111 Bagby Street Houston, TX	57,000 SF	AEW Capital Management	Lime Rock Partners	Mining, Quarrying, Oil & Gas Extraction
4424 West Sam Houston Parkway N Houston, TX	50,024 SF	GIC Real Estate	Cobb, Fendley & Associates, Inc.	Professional, Scientific, and Technical Services

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