



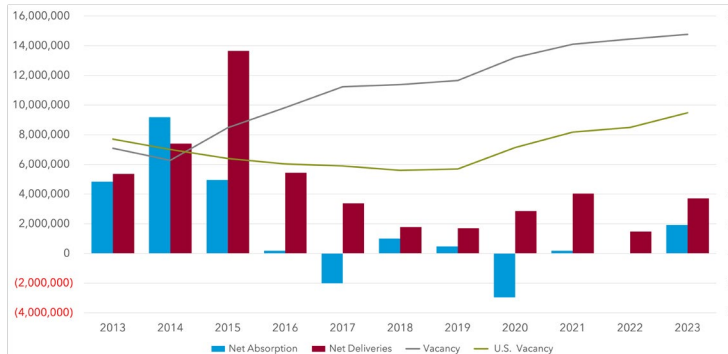
OFFICE MARKET OVERVIEW

TRAVIS TAYLOR, *Principal*

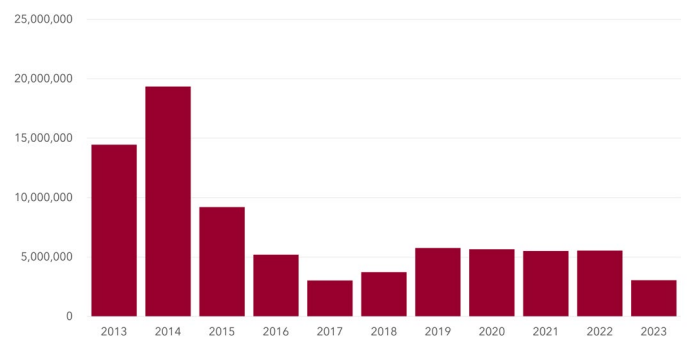
Houston's office market is experiencing stable job growth, population gains, and a healthy energy sector, leading to leasing activity and positive net absorption in Q4 2023. However, capital markets correction is hindering office property valuations, particularly in the commercial mortgage-backed security (CMBS) sector. High interest rates, paralyzed credit markets, and distressed loans make it difficult for selling or refinancing properties. Institutional funds and banks may present opportunities for capitalizing on discounted assets. The demand for office space is changing, with employers focusing on enhancing employee experience. Large tenants are leveraging the market to reduce their footprint and improve office amenities.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ Qtrly Net Absorption SF	1,996,273	(313,708)	(56,014)	(395,148)	(9,050)
▼ Vacancy Rate	18.7%	18.8%	18.6%	18.5%	18.5%
▲ Avg NNN Asking Rate PSF	\$29.64	\$29.59	\$29.49	\$29.48	\$29.33
▼ SF Under Construction	3,060,344	4,654,532	4,813,293	5,251,004	5,543,414
▲ Inventory SF	356,837,000	355,179,756	354,733,444	353,934,785	353,126,861

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3555 Timmons Lane Houston, TX	225,895 SF	\$21,000,000 \$92.96 PSF	Novel Office Unilev Capital	Class A
1200 Enclave Parkway Houston, TX	149,683 SF	\$40,000,000 \$267.23 PSF	Fuller Realty Interests Peakstone Realty Trust	Class B
16666 Northchase Drive Houston, TX	147,135 SF	\$4,330,625 \$29.43 PSF	Formation Capital Geosam Capital	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
757 N. Eldridge Parkway Houston, TX	277,515 SF	Granite Properties	Fluor	Oil/Gas Pipeline Related Structures
11025 Equity Drive Houston, TX	64,319 SF	Adkisson Group	Seadrill America, Inc.	Drilling Oil & Gas Wells
15377 Memorial Drive Houston, TX	57,200 SF	Fuller Realty Interests	CBRE	Offices of Real Estate Agents & Brokers

