



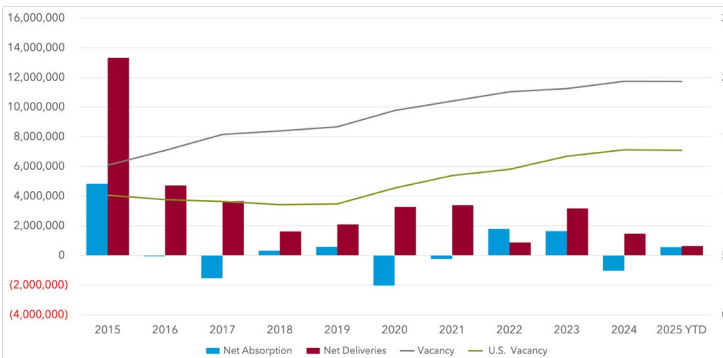
OFFICE MARKET OVERVIEW

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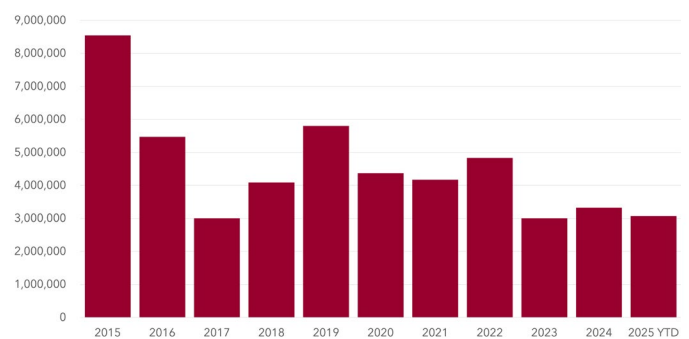
Over the past year, Houston's office market has experienced fluctuating absorption, highlighting shifting tenant preferences and demand patterns. While vacancy remains elevated, it has declined modestly. Asking rents have risen, driven by a shortage of high-quality space, whereas sales prices have held steady. Cap rates have inched up, indicating growing investor caution. Construction activity has been consistent, gradually expanding office inventory and offering more choices to tenants. Looking over the past decade, both absorption and net deliveries have varied. Vacancy rates have trended upward locally and nationwide, largely influenced by the rise of remote work. Meanwhile, the amount of space under construction has declined, reflecting a more cautious stance from developers.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▲ 12 Mo. Net Absorption SF	219,159	(1,035,267)	935,082	38,141	325,053
▼ Vacancy Rate	19.0%	19.7%	19.5%	19.5%	19.4%
▲ Avg NNN Asking Rate PSF	\$2.52	\$2.51	\$2.51	\$2.50	\$2.48
▲ Sale Price PSF	\$187	\$186	\$185	\$191	\$192
◀▶ Cap Rate	9.9%	9.9%	9.9%	9.7%	9.6%
▼ Under Construction SF	3,073,335	3,322,817	2,998,696	3,175,279	2,533,793
▲ Inventory SF	357,383,386	356,755,058	356,741,198	356,436,448	356,106,605

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
900 Threadneedle Street, 3 Bldgs Houston, TX	579,168 SF	Undisclosed	CSM Group Trigild	Class A
3040 Post Oak Boulevard Houston, TX	426,009 SF	Undisclosed	Braun Enterprises MetLife	Class A
585 North Dairy Ashford Road Houston, TX	332,000 SF	Undisclosed	Al Khor Holding Spear Street Capital	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2925 Richmond Houston, TX	64,775 SF	DWS Group	Mercuria	Commodity Broker
845 Texas Avenue Houston, TX	51,824 SF	Hines	Skadden	Attorneys
777 North Eldridge Parkway Houston, TX	41,454 SF	Granite Properties	SM Energy Company	Crude Oil & Gas

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