



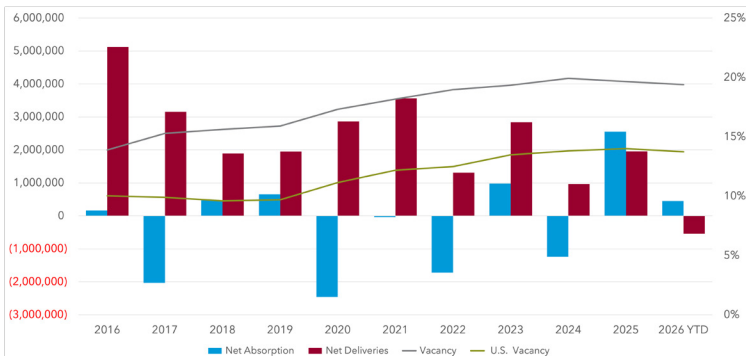
OFFICE MARKET OVERVIEW

MARY DOETTERL, *Research Director*

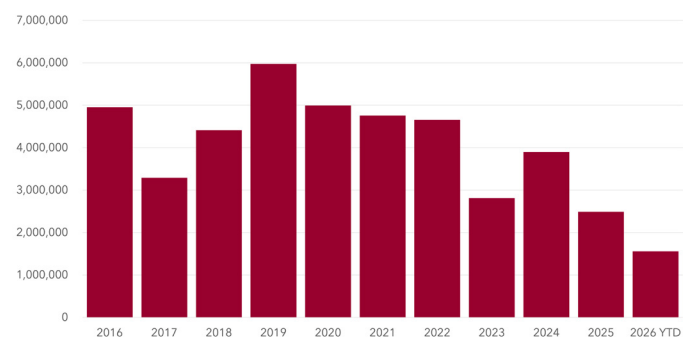
Office fundamentals remained relatively stable through Q3 2026, although demand moderated as 12-month net absorption declined to approximately 811,000 square feet from 1.5 million square feet in Q2 2026. Vacancy held steady at 19.4%, while average NNN asking rents edged down to \$2.60 per square foot annually from \$2.62 in the prior quarter. Sales pricing also moderated slightly to \$210 per square foot, while cap rates remained unchanged at 9.5% and improved from 9.9% one year earlier. The construction pipeline remained limited at approximately 1.6 million square feet, well below the 2.9 million square feet underway in Q3 2025.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	811,242	1,513,047	1,873,516	2,554,854	1,271,924
◀ ▶ Vacancy Rate	19.40%	19.40%	19.70%	19.60%	19.70%
▼ Avg NNN Asking Rate PSF	\$2.60	\$2.62	\$2.59	\$2.59	\$2.58
▼ Sale Price PSF	\$210.00	\$213.00	\$210.00	\$206.00	\$196.00
◀ ▶ Cap Rate	9.50%	9.50%	9.60%	9.70%	9.90%
◀ ▶ Under Construction SF	1,600,000	1,600,000	1,700,000	2,500,000	2,900,000
◀ ▶ Inventory SF	355,000,000	355,000,000	356,000,000	356,000,000	355,000,000

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2800 Post Oak Blvd Houston, TX	1,452,818 SF	Undisclosed	The Williams Companies Invesco/MetLife	Class A
1201 Louisiana St Houston, TX	834,000 SF	Undisclosed	The Wideman Company Brookfield	Class A
737-777 N Eldridge Pkwy Houston, TX	828,784 SF	Undisclosed	Fuller Realty Granite Properties, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4425 Westway Park Blvd Houston, TX	86,743 SF	Principal Real Estate Investors	Harris County Flood Control District	Utilities
500 Dallas St Houston, TX	52,234 SF	BGRE	Target Hospitality	Retailer
12140 Wickchester Ln Houston, TX	50,380 SF	Stena	Michel's Corporation (Sublease)	Construction

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