



## Office Market Report

# Houston - TX

PREPARED BY



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**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**4.4M**

12 Mo Net Absorption in SF

**743K**

Vacancy Rate

**18.9%**

12 Mo Rent Growth

**-0.1%**

Houston's office market is showing early signs of recovery but continues to face its fair share of challenges. Leasing volume improved during 2021, with volumes up 8% compared to 2020. And total number of leases signed reached a record high last year. Net absorption has been positive since 21Q3. In the absence of strong leasing demand from the oil and gas industry, other sectors stepped in to account for more than two-thirds of new leasing activity during that time. In this environment, life sciences have taken center stage, accounting for some of Houston's most eye-popping new developments and lease transactions.

However, Houston's vacancy rate remains among the highest in the nation among major markets. Furthermore, leasing volume is still below pre-pandemic norms, and the amount of sublet space on the market remains near all-time highs.

There is also 4.6 million SF under construction. Nearly three-quarters of this activity is occurring in just four submarkets — South Main/Medical Center, the CBD, The Woodlands, and Katy Freeway East. About two-thirds of the construction activity is located inside the 610 Loop that surrounds Downtown Houston — a 5-mile circle that is considered Houston's urban core. The Woodlands is the notable exception — located 30 miles north of Downtown Houston — an area that has emerged as a hotspot for corporate relocations.

These trends, paired with uncertainty of what lies ahead for office-using companies and their physical footprints, continues to weigh on rent growth, which is among the worst in the U.S. and underperforming well below the national average. Nearly half of all of Houston's submarkets reported rent declines over the past year.

Houston is the largest MSA in the U.S. without zoning. As Houston's population grew exponentially since the post-World War II period, development pushed farther and farther out around highway loops, including 610, Beltway 8, and the Grand Parkway. This growth was unimpeded by any topographical or water features except for the Gulf of Mexico to the southeast. Several

office submarkets cropped up around the city, particularly near residential areas with a highly educated labor pool for office tenants expanding or entering the market could draw from.

There is a particularly high concentration of office inventory in a 40-square-mile area that includes Downtown and the affluent areas extending west of it to the Energy Corridor, bounded by I-10, Highway 6, the Westpark Tollway, and 59 where it loops around Downtown. While this area makes up less than 0.5% of the MSA's total land area, it is home to nearly 50% of its office inventory. It includes most of the CBD, Midtown, Greenway Plaza, Post Oak Park, Galleria/Uptown, Riverway, San Felipe/Voss, Richmond/Fountain View, Katy Freeway East, Westchase, Katy Freeway West, and Southwest Beltway submarkets.

Just five miles south of Downtown, the Texas Medical Center is the world's largest medical center in terms of most number of employees. The area is home to many medical office buildings in addition to hospital systems and medical schools. There is also an emerging cluster of buildings dedicated to fostering a commercial life sciences hub in the TMC. There is currently just over 500,000 SF of medical office space under construction that is slated for life sciences. For example, Texas A&M's Horizon Tower will allow life sciences and technology companies flexibility and scalability from 38,000 to 485,000 SF. The anchor collaborative building at the TMC3 campus currently under construction will also house synergistic research initiatives for its four founding medical institutions and industry partners. Hines also recently went under construction with the first phase of the 53-acre Levit Green in partnership with Harrison Street and 2ML Interests.

Sales volume has rebounded over the past few quarters after a slowdown. Given the uncertainty over the near-term leasing environment, investors in Houston have favored deals with minimal leasing risk and stable cash flows. Newer assets leased to credit tenants are selling for well above market pricing.



### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	160,027,424	23.0%	\$33.85	27.6%	(441,709)	1,225	3,302,413
3 Star	140,364,183	17.9%	\$24.97	20.1%	(74,646)	39,631	1,291,632
1 & 2 Star	50,765,733	9.0%	\$21.31	10.9%	(117,764)	0	18,781
<b>Market</b>	<b>351,157,340</b>	<b>18.9%</b>	<b>\$28.52</b>	<b>22.3%</b>	<b>(634,119)</b>	<b>40,856</b>	<b>4,612,826</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.8%	13.2%	18.0%	18.9%	2022 Q2	8.6%	1999 Q1
Net Absorption SF	743K	2,663,379	3,125,445	9,454,638	2014 Q2	(3,716,561)	2017 Q3
Deliveries SF	4.4M	5,187,960	3,871,053	13,943,350	2015 Q4	1,297,605	2010 Q4
Rent Growth	-0.1%	1.5%	3.4%	14.6%	2008 Q1	-6.5%	2009 Q4
Sales Volume	\$1.5B	\$1.8B	N/A	\$4.9B	2013 Q3	\$258.6M	2009 Q4

Houston's office leasing volumes have continued to rebound during 2022 but remain below the metro's pre-pandemic quarterly average. Leasing volume has averaged 3.2 million SF over the past four quarters, below the market's quarterly average of about 4.1 million SF recorded in 2018–19. Below-average leasing volume often signals that firms are either taking less space than they would have prior to the pandemic or adopting a wait-and-see approach to the hybrid work model before committing to long-term office leases.

In the absence of strong leasing demand from the oil and gas industry, the Services sector — which includes medical — stepped in to account for more than half of all new leasing activity last year. This trend has carried into this year. During 22Q1, Kelsey Seybold signed a sublease for more than 26,000 SF at Memorial Hermann Tower. The largest lease in the first three months of the year was Enbridge signing a 14-year sublease for nearly 293,000 SF at Energy Center V. The midstream pipeline company will be moving from the Galleria/Uptown area to the Energy Corridor later this year.

Houston's total number of leases reached a record high last year, exceeding 4,900. But large office leases are becoming less common, as evidenced by last year's average office deal size in Houston, which fell for the first time to below 3,000 SF.

Houston's office market experienced 740,000 SF of net absorption over the past 12 months as of 2022q2, following the 3.6 million SF of negative net absorption in 2020, which was the worst year on record — above the

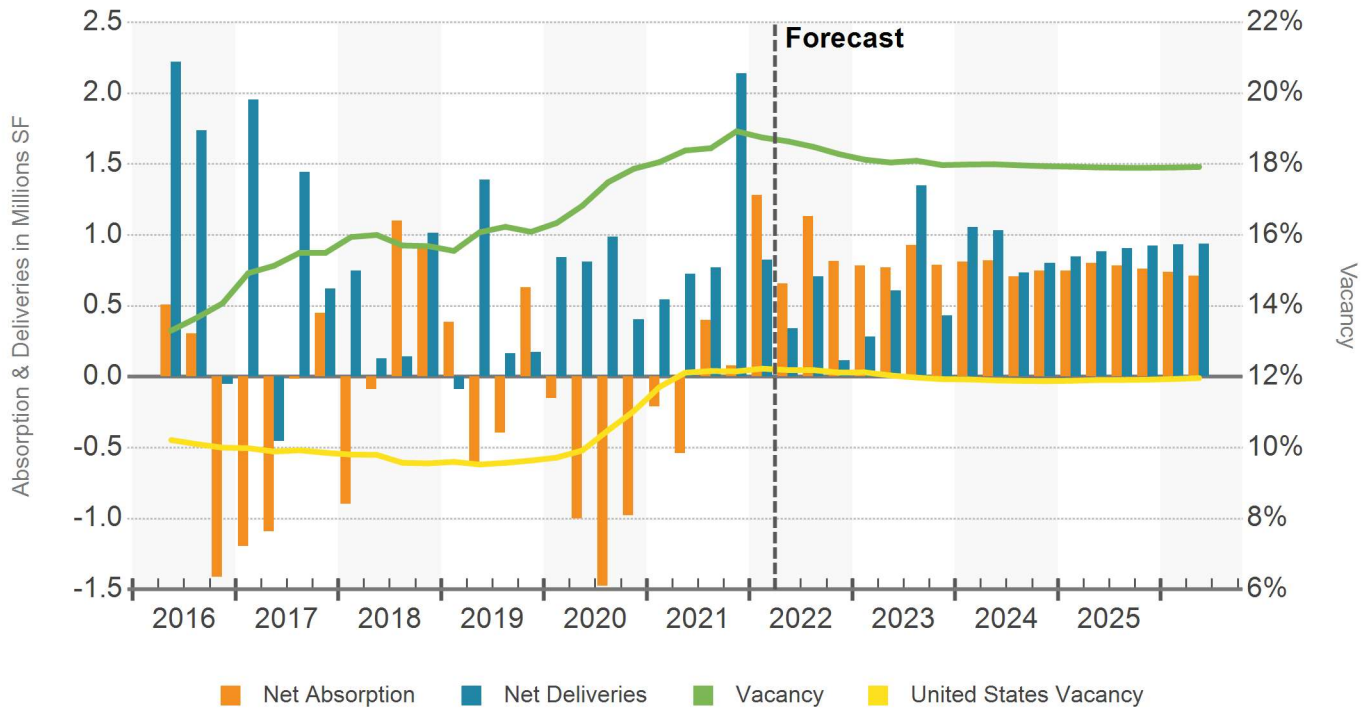
previous low of 2.6 million SF of negative absorption recorded during 1987. While encouraging, the market is still facing significant headwinds.

Out of all 390 markets that CoStar tracks, Houston had the highest vacancy rate in the country as of 2022q2 — 18.9%. Compared to nationally, office vacancies stood at 12.3%. CoStar is anticipating a rebound in 2022 with 2.3 million SF of positive net absorption — the highest level since 2015. This relatively bullish assessment draws on the rebounding economy at both the national and regional levels.

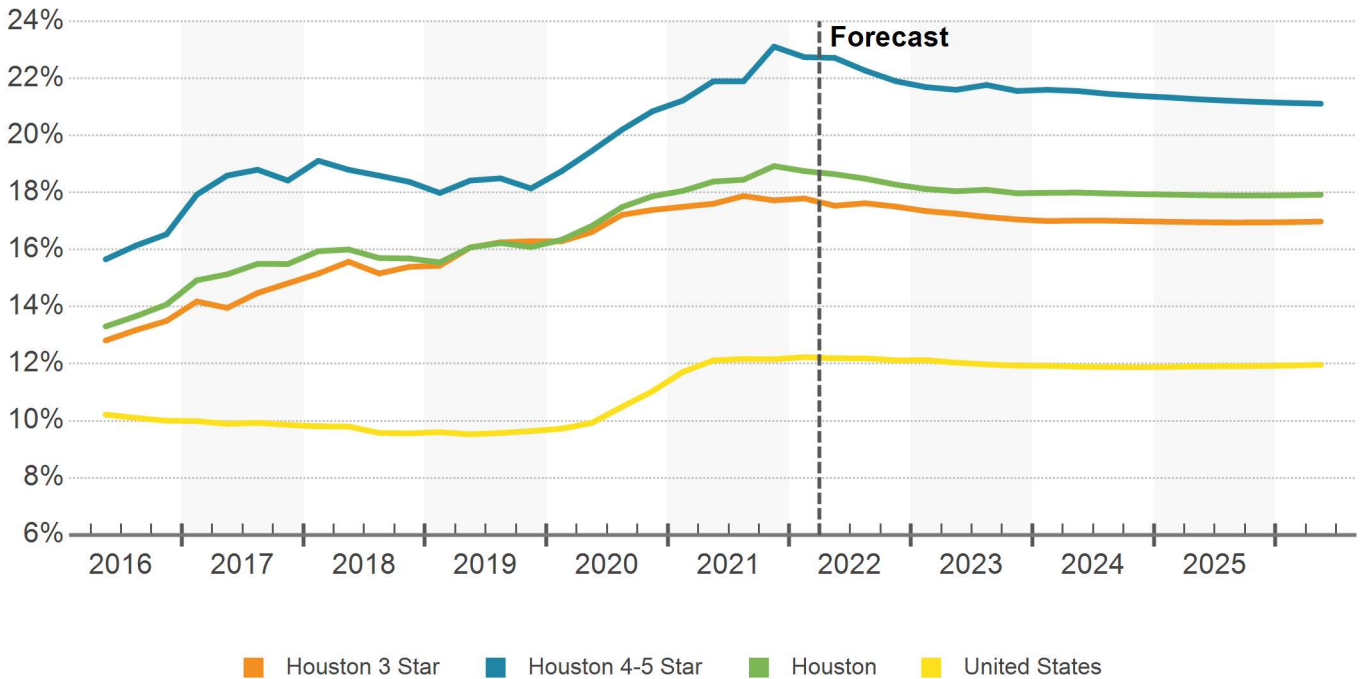
Another headwind is the amount of sublet space available in Houston, which is currently at approximately 8 million SF— about 2.3% of the metro's total inventory. This is up from about 5.1 million SF at the start of 2020. However, it remains below the figure of 11.2 million SF, recorded during the oil bust during 16Q4. The CBD alone accounts for more than one-third of all of Houston's available sublease space.

Houston benefits from business-friendly regulations, its relative affordability, strong talent pool, and the presence of George Bush Intercontinental Airport, and despite the aforementioned headwinds, the metro has landed some major corporate tenants since the start of the pandemic. For example, Hewlett Packard Enterprise (HPE), a Fortune 500 technology company, relocated its global headquarters to the Houston region from San Jose, California. The headquarters is located at the company's new 440,000-SF state-of-the-art Springwoods Village campus, which opened in early 2022.

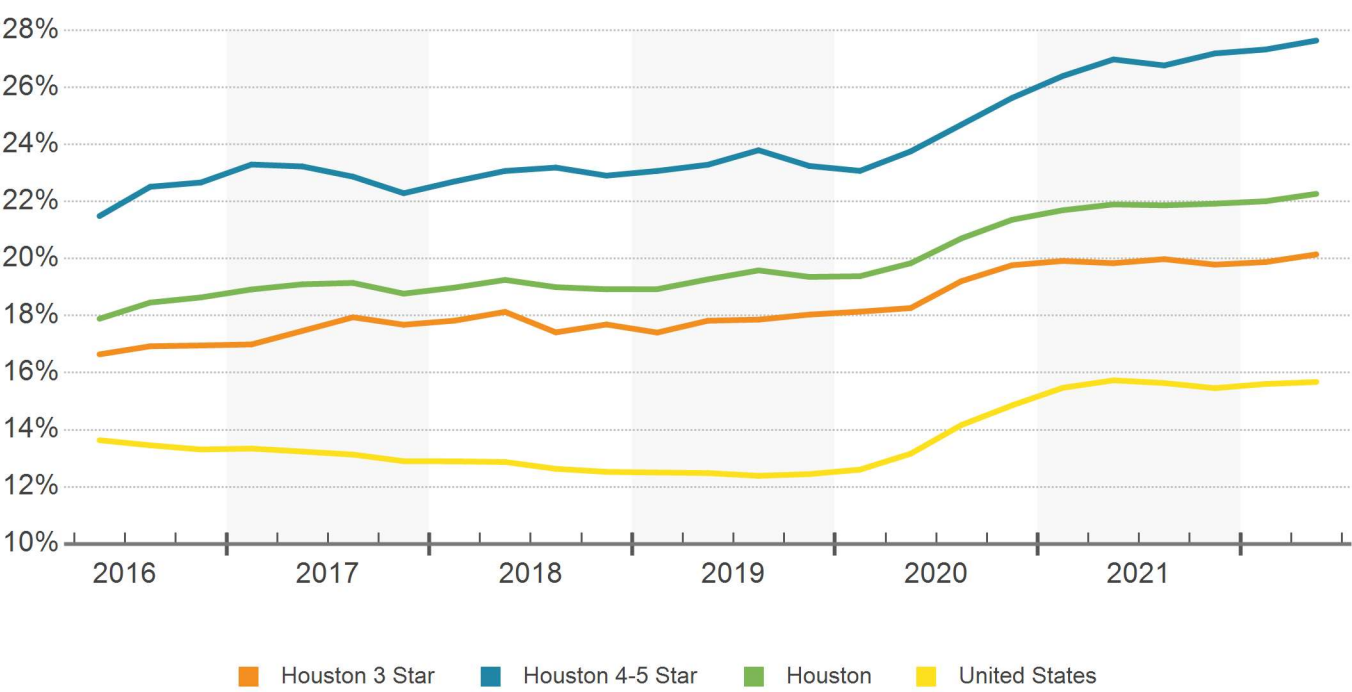
## NET ABSORPTION, NET DELIVERIES & VACANCY



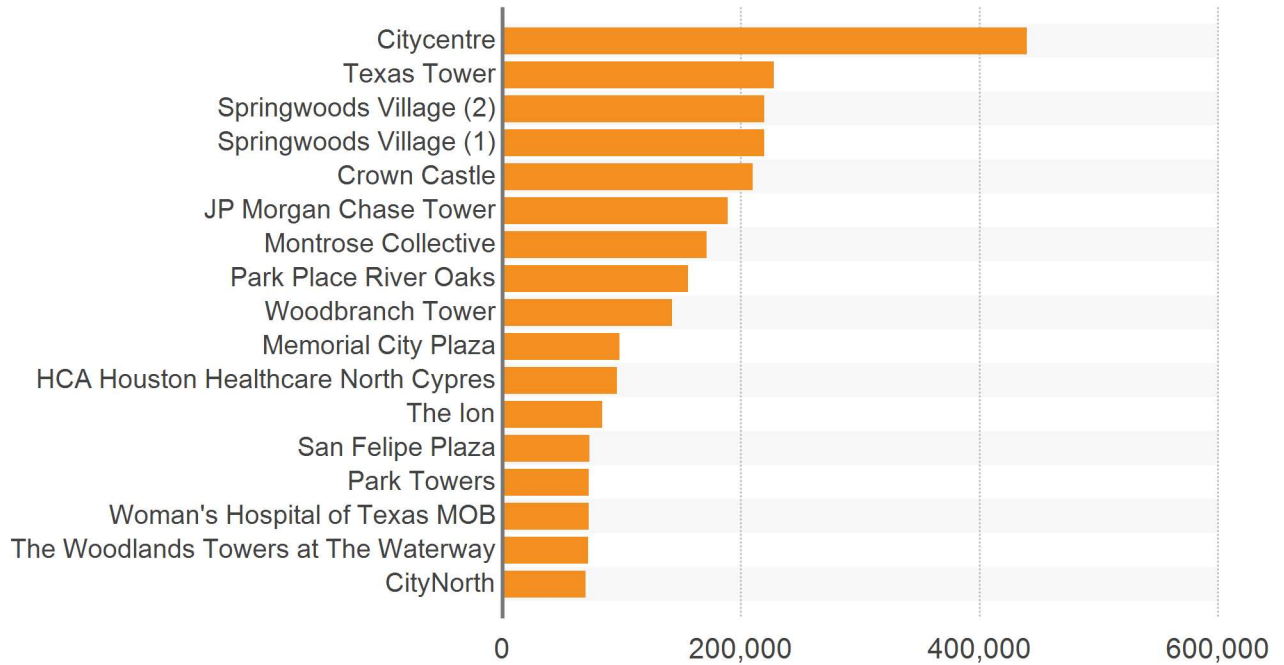
## VACANCY RATE



AVAILABILITY RATE



### 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Citycentre	Katy Freeway East	440,000	0	0	0	0	0	440,000
Texas Tower	CBD	1,133,619	905,897	227,722	0	0	0	227,722
Springwoods Village (2)	The Woodlands	220,000	0	220,000	0	0	0	220,000
Springwoods Village (1)	The Woodlands	220,000	0	220,000	0	0	0	220,000
Crown Castle	Katy Freeway East	210,000	0	0	0	0	0	210,000
JP Morgan Chase Tower	CBD	1,656,529	212,900	(40,652)	0	0	0	189,132
Montrose Collective	Midtown	197,000	25,713	(4,035)	0	0	0	171,287
Park Place River Oaks	Post Oak Park	210,000	0	73,628	0	0	0	155,627
Woodbranch Tower	Westchase	368,700	18,681	126,492	0	0	0	142,572
Memorial City Plaza	Katy Freeway East	360,000	23,749	31,708	13,319	0	0	98,549
HCA Houston Healthcare North...	FM 1960/Hwy 249	107,560	11,061	0	0	0	0	96,499
The Ion	Midtown	266,000	175,033	(5,193)	(18,408)	0	0	83,805
San Felipe Plaza	San Felipe/Voss	980,472	260,160	20,060	8,199	0	0	73,135
Park Towers	Post Oak Park	272,621	97,683	96,882	2,156	0	0	72,877
Woman's Hospital of Texas MOB	South Main/Medical...	116,500	43,781	72,719	0	0	0	72,719
The Woodlands Towers at The...	The Woodlands	601,500	336,607	29,988	36,008	0	0	71,856
CityNorth	Greenspoint/N Belt...	224,833	111,580	0	0	0	0	70,035
<b>Subtotal Primary Competitors</b>		<b>7,585,334</b>	<b>2,222,845</b>	<b>1,069,319</b>	<b>41,274</b>	<b>0</b>	<b>0</b>	<b>2,615,815</b>
Remaining Houston Market		343,572,006	64,285,007	212,593	(675,393)	0	0	(1,872,960)
<b>Total Houston Market</b>		<b>351,157,340</b>	<b>66,507,852</b>	<b>1,281,912</b>	<b>(634,119)</b>	<b>0</b>	<b>0</b>	<b>742,855</b>



## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Energy Center	Katy Freeway West	292,892	Q1 22	Enbridge Inc.	-	JLL
1000 Main *	CBD	258,837	Q3 21	Shell Trading North Ameri...	Cushman & Wakefield	Madison Marquette Re...
Jefferson Towers at Cullen Center *	CBD	140,136	Q2 21	Harris County District Atto...	-	Greenmark Realty
Memorial City Plaza *	Katy Freeway East	100,633	Q4 21	Coterra Energy	CBRE;Cushman &...	MetroNational Corporat...
Greenway Plaza *	Greenway Plaza	96,452	Q3 21	Boardwalk Pipeline Partn...	Cushman & Wakefield	Parkway Realty Manag...
Woodbranch Tower	Westchase	82,604	Q3 21	Healthstore Holdings	-	Stream Realty Partners...
7310 Eldridge Pky	FM 1960/Hwy 249	64,017	Q4 21	Sunnova Energy Corp	-	JLL
811 Louisiana	CBD	62,010	Q2 22	-	-	Cushman & Wakefield
Four Oaks Place	Galleria/Uptown	61,599	Q2 21	-	-	Transwestern Real Est...
Five Post Oak Park	Post Oak Park	60,792	Q3 21	Weaver	-	Transwestern Real Est...
San Felipe Plaza *	San Felipe/Voss	60,219	Q2 21	Raymond James (US)	-	Parkway Realty Manag...
2500 CityWest *	Westchase	56,250	Q3 21	Aspen Technology Inc	-	Cushman & Wakefield
Lake Front North in Hughes Landing	The Woodlands	53,604	Q3 21	Entergy	Cushman & Wakefield	Colliers
811 Main *	CBD	53,364	Q3 21	Castleton Resources, LLC	-	Transwestern Real Est...
Houston Center *	CBD	48,233	Q4 21	Beck Redden LLP	Cushman & Wakefield	Transwestern Real Est...
Pennzoil Place *	CBD	45,930	Q3 21	Opportune LLP	CBRE	Transwestern Real Est...
10393 League Line Rd	Outlying Montgomery Cnty	44,474	Q1 22	-	-	Evergreen Properties, Inc
Woodbranch Tower	Westchase	43,888	Q3 21	Healthstore Holdings	-	Stream Realty Partners...
Wildwood Corporate Centre	The Woodlands	43,230	Q1 22	Strike Construction	NAI Partners	CBRE
Two Riverway *	Riverway	41,610	Q3 21	Carr Riggs & Ingram LLC	-	Transwestern Real Est...
Sierra Pines	The Woodlands	40,813	Q1 22	Linde PLC	-	Stream Realty Partners...
M-K-T	North Loop West	40,000	Q4 21	Archaea Energy	CBRE	CBRE
5555 San Felipe St	Galleria/Uptown	37,205	Q4 21	Waterbridge	-	CBRE
Village Tower II	Katy Freeway East	36,460	Q3 21	Encap Investments	-	Moody National Realty...
Brookhollow Central	North Loop West	35,789	Q2 21	Bowen, Miclette & Britt Ins...	NAI Partners	Lincoln Property Comp...
Northwest Industrial Center	Northwest Inner Loop	35,316	Q2 21	-	-	Prologis, Inc.;Stream R...
Lyric Tower *	CBD	35,301	Q4 21	Daspit Law Firm	-	-
Beltway Lakes	West Belt	35,000	Q2 21	Lummus Technology	-	JLL
Memorial City Plaza	Katy Freeway East	33,749	Q2 21	Spruce Power	Newmark	MetroNational Corporat...
1001 West Loop S	Post Oak Park	32,075	Q2 21	Xavier Educational Acade...	Tenantbase	S E Covington & Co Inc
Bank of America Tower	CBD	31,257	Q1 22	Baker & McKenzie	CBRE	CBRE
Pennzoil Place *	CBD	30,882	Q3 21	Munsch Hardt Kopf & Har...	-	Transwestern Real Est...
Remington Square	West Belt	30,846	Q2 21	Highland Homes	-	Stream Realty Partners...
8 West Centre	Katy Freeway West	30,104	Q2 21	Battalion Oil	-	JLL
27315 Spectrum Way	The Woodlands	30,000	Q2 21	Pure Soccer	-	Texas Glocal Partners
1000 Main	CBD	29,675	Q4 21	JERA Americas	Newmark	Madison Marquette Re...
Houston Center	CBD	29,649	Q3 21	Crain Caton & James	-	Transwestern Real Est...
Texas Tower	CBD	29,492	Q3 21	McGuireWoods	Colliers	Cushman & Wakefield
Claymoore Business Park *	Northwest Inner Loop	28,588	Q3 21	Terracon	-	Transwestern Real Est...
Westway Plaza	West Belt	28,051	Q1 22	MacroFab, Inc.	Avison Young	CBRE

Renewal

While Houston's office recovery is unfolding, rent growth has not yet returned. Asking rents in Houston have corrected by about -0.1% over the past year, which was underperforming the U.S. average of 0.9% as of 2022q2. In CoStar's Baseline scenario, rents are projected to rise significantly starting in late 2022. However, past success is no guarantee of future success, and Houston's office performance has been mired in declining or flat asking rents since 2014.

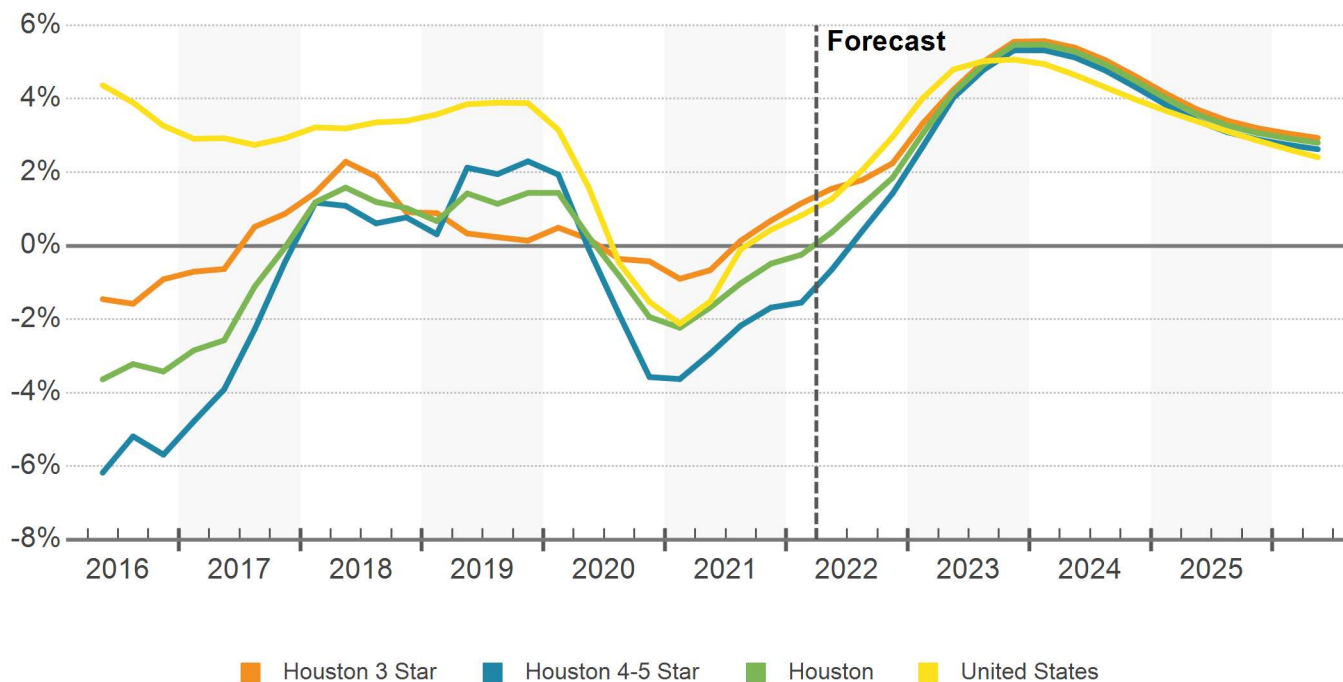
The highest market rents are found in submarkets with a notable concentration of 4 & 5 Star buildings. The CBD continues to command the highest average asking rents, at over \$36/SF, followed by The Woodlands, at around \$33/SF. These two submarkets combined account for more than 36% of the metro's 4 & 5 Star office buildings. Nearly half of all of Houston's submarkets reported rent declines over the past year. Generous concession packages also continue to accompany the rent discounts for tenants willing to make large commitments in most Houston submarkets.

Houston's sublease availability rate has grown from 1.5% to 2.3% over the past year. This recent uptick in

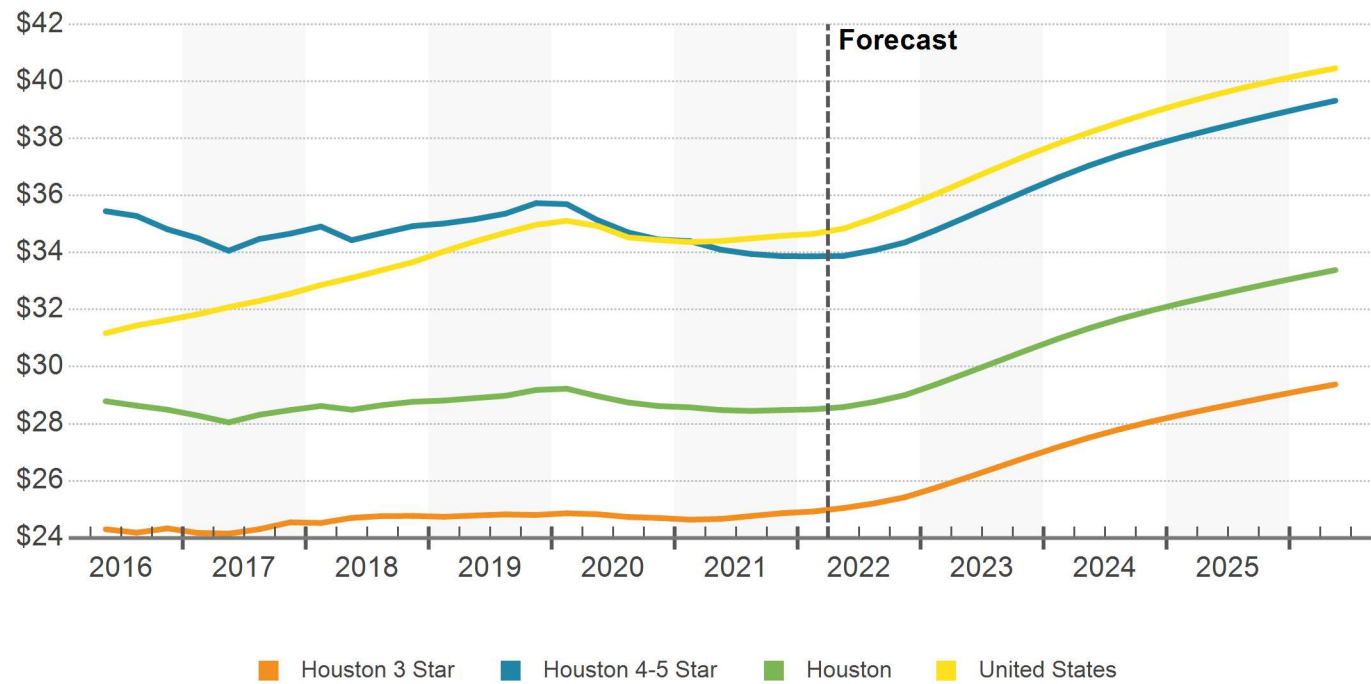
sublease space also continues to place downward pressure on rents. In some of the largest sublease blocks available downtown and in the Energy Corridor, triple net sublease rates are being offered at in a 25%-75% discount range to direct rents in the area for 4 and 5 Star properties. For example, CoStar reports that sublease rents are being offered at \$12.50/SF in Energy Tower III, whereas 5 Star rents in the Katy Freeway West Submarket are going for an average of \$34.50/SF, a nearly 65% discount. In Twelve Greenway Plaza, sublease rents are being offered at \$19.70/SF, compared with 4 Star rents in the Greenway Plaza Submarket being offered at \$31.70/SF on average, a nearly 40% discount. Some of the largest sublease blocks include Noble Energy's 450,000 SF in Noble Energy Center II, TechnipFMC's 330,000 SF in Energy Tower III, and BHP Petroleum's 250,000 SF in 1500 Post Oak Blvd.

The pace of rent growth has also decelerated following each of the past three local downturns. This is not a great sign for Houston landlords, as owners have had to contend with waning energy tenant demand ever since late 2014 and a major supply wave that began in 2013 and ended around 2018.

### MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



### 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Houston</b>	\$0.61	\$1.44	\$0.52	\$5.67	\$9.07	<b>\$17.31</b>
Baytown	\$0.48	\$1.47	\$0.72	\$4.71	\$9.61	<b>\$16.99</b>
Bellaire	\$0.49	\$1.48	\$0.50	\$3.73	\$8.77	<b>\$14.97</b>
Conroe	\$0.75	\$1.51	\$0.48	\$3.26	\$8.80	<b>\$14.80</b>
Downtown	\$0.50	\$1.24	\$0.59	\$6	\$8.28	<b>\$16.61</b>
E Fort Bend Co/Sugar Land	\$0.57	\$1.78	\$0.52	\$3.78	\$8.01	<b>\$14.66</b>
FM 1960	\$0.65	\$1.14	\$0.45	\$4.45	\$9.26	<b>\$15.95</b>
Greenway Plaza	\$1.28	\$1.43	\$0.42	\$4.58	\$6.06	<b>\$13.77</b>
Gulf Freeway/Pasadena	\$0.53	\$1.81	\$0.71	\$4.38	\$8.88	<b>\$16.31</b>
Katy Freeway	\$0.57	\$1.55	\$0.42	\$6.70	\$10.36	<b>\$19.60</b>
Katy/Grand Parkway West	\$1.04	\$1.12	\$0.63	\$7.87	\$9.27	<b>\$19.93</b>
Kingwood/Humble	\$0.53	\$1.66	\$0.52	\$6.80	\$10.04	<b>\$19.55</b>
NASA/Clear Lake	\$0.51	\$1.56	\$0.80	\$3.87	\$8.81	<b>\$15.55</b>
North Belt	\$0.37	\$1.16	\$0.46	\$2.11	\$9.41	<b>\$13.51</b>
Northeast Near	\$0.40	\$1.21	\$0.50	\$3.17	\$9.88	<b>\$15.16</b>
Northeast Outlier	\$0.53	\$1.64	\$0.52	\$4.16	\$9.94	<b>\$16.79</b>
Northwest	\$0.40	\$1.21	\$0.47	\$3.24	\$9.69	<b>\$15.01</b>
Northwest Outlier	\$0.50	\$1.40	\$0.52	\$12.56	\$10.85	<b>\$25.83</b>
Outlying Montgomery Cnty	\$0.55	\$1.67	\$0.52	\$3.57	\$9.92	<b>\$16.23</b>
San Felipe/Voss	\$0.67	\$1.18	\$0.39	\$3.20	\$6.34	<b>\$11.78</b>
South	\$0.51	\$1.54	\$0.52	\$6.65	\$8.01	<b>\$17.23</b>
South Main/Medical Center	\$0.58	\$1.67	\$0.58	\$5.57	\$7.62	<b>\$16.02</b>
Southeast Outlier	\$0.50	\$1.51	\$0.60	\$10.58	\$8.64	<b>\$21.83</b>
Southwest	\$0.47	\$1.42	\$0.50	\$1.48	\$9.82	<b>\$13.69</b>
Southwest Far	\$0.51	\$1.54	\$0.52	\$6.07	\$8	<b>\$16.64</b>
Southwest Outlier	\$1.23	\$1.03	\$0.74	\$3.74	\$8.74	<b>\$15.48</b>
The Woodlands	\$0.52	\$1.91	\$0.49	\$5.71	\$9.58	<b>\$18.21</b>
West Belt	\$0.53	\$1.18	\$0.50	\$5.54	\$8.82	<b>\$16.57</b>
West Loop	\$0.82	\$1.04	\$0.47	\$5.73	\$7.74	<b>\$15.80</b>
Westchase	\$0.36	\$1.24	\$0.48	\$5.51	\$10.06	<b>\$17.65</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.



### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Houston</b>	\$0.53	\$1.34	\$0.38	\$4.93	\$5.37	<b>\$12.55</b>
Austin County	\$0.56	\$1.36	\$0.45	\$2.79	\$7.32	<b>\$12.48</b>
Baytown	\$0.46	\$1.20	\$0.39	\$3.76	\$3.96	<b>\$9.77</b>
Bellaire	\$0.50	\$1.44	\$0.49	\$3.85	\$6.08	<b>\$12.36</b>
Conroe	\$0.51	\$1.57	\$0.28	\$4.14	\$4.58	<b>\$11.08</b>
Downtown	\$0.48	\$1.39	\$0.49	\$4.95	\$7.47	<b>\$14.78</b>
E Fort Bend Co/Sugar Land	\$0.53	\$1.63	\$0.45	\$5.41	\$4.96	<b>\$12.98</b>
FM 1960	\$0.54	\$1.23	\$0.30	\$5.16	\$5.09	<b>\$12.32</b>
Greenway Plaza	\$0.57	\$1.38	\$0.42	\$6.12	\$6.18	<b>\$14.67</b>
Gulf Freeway/Pasadena	\$0.55	\$1.25	\$0.41	\$4.33	\$2.68	<b>\$9.22</b>
I-10 East	\$0.46	\$1.20	\$0.38	\$3.67	\$4.28	<b>\$9.99</b>
Katy Freeway	\$0.53	\$1.42	\$0.37	\$5.44	\$6.49	<b>\$14.25</b>
Katy/Grand Parkway West	\$0.91	\$1.02	\$0.44	\$7	\$7.03	<b>\$16.40</b>
Kingwood/Humble	\$0.49	\$1.53	\$0.39	\$4.37	\$4.27	<b>\$11.05</b>
Liberty County	\$0.46	\$1.18	\$0.39	\$2.57	\$3.91	<b>\$8.51</b>
NASA/Clear Lake	\$0.49	\$1.23	\$0.41	\$3.90	\$4.01	<b>\$10.04</b>
North Belt	\$0.42	\$1.10	\$0.22	\$2.35	\$6.52	<b>\$10.61</b>
Northeast Near	\$0.40	\$1.07	\$0.29	\$4.19	\$6.49	<b>\$12.44</b>
Northeast Outlier	\$0.42	\$1.27	\$0.26	\$7.03	\$3.93	<b>\$12.91</b>
Northwest	\$0.40	\$1.07	\$0.33	\$5.09	\$6.13	<b>\$13.02</b>
Northwest Outlier	\$0.51	\$1.30	\$0.39	\$6.76	\$6.57	<b>\$15.53</b>
Outlying Chambers County	\$0.46	\$1.22	\$0.38	\$1.77	\$3.97	<b>\$7.80</b>
Outlying Montgomery Cnty	\$0.50	\$1.55	\$0.27	\$3.73	\$4.49	<b>\$10.54</b>
Outlying Waller County	\$0.55	\$1.37	\$0.46	\$2.02	\$7.09	<b>\$11.49</b>
Richmond/Fountainview	\$0.49	\$1.15	\$0.39	\$2.56	\$6.35	<b>\$10.94</b>
San Felipe/Voss	\$0.49	\$1.16	\$0.38	\$3.49	\$6.39	<b>\$11.91</b>
South	\$0.47	\$1.37	\$0.47	\$5.85	\$4.76	<b>\$12.92</b>
South Hwy 35	\$0.48	\$1.44	\$0.50	\$2.30	\$5.16	<b>\$9.88</b>
South Main/Medical Center	\$0.50	\$1.51	\$0.52	\$5.71	\$5.23	<b>\$13.47</b>
Southeast Outlier	\$0.47	\$1.38	\$0.47	\$3.24	\$4.85	<b>\$10.41</b>
Southwest	\$0.43	\$1.34	\$0.49	\$2.86	\$4.17	<b>\$9.29</b>
Southwest Far	\$0.48	\$1.45	\$0.51	\$4.12	\$5.19	<b>\$11.75</b>
Southwest Outlier	\$0.80	\$1.12	\$0.51	\$6.04	\$5.98	<b>\$14.45</b>
The Woodlands	\$0.50	\$1.80	\$0.21	\$5.03	\$4.65	<b>\$12.19</b>
West Belt	\$0.49	\$1.07	\$0.32	\$4.07	\$5.16	<b>\$11.11</b>
West Loop	\$0.45	\$0.97	\$0.41	\$5.49	\$6.91	<b>\$14.23</b>
Westchase	\$0.40	\$1.26	\$0.34	\$4.06	\$5.42	<b>\$11.48</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Houston</b>	\$0.45	\$1.10	\$0.32	\$4.12	\$3.95	<b>\$9.94</b>
Austin County	\$0.52	\$1.20	\$0.37	\$2.12	\$4.91	<b>\$9.12</b>
Baytown	\$0.43	\$1.10	\$0.36	\$3.36	\$3.88	<b>\$9.13</b>
Bellaire	\$0.41	\$1.11	\$0.26	\$4.04	\$3.83	<b>\$9.65</b>
Conroe	\$0.47	\$1.14	\$0.26	\$2.33	\$4.98	<b>\$9.18</b>
Downtown	\$0.46	\$0.95	\$0.43	\$6.32	\$3.72	<b>\$11.88</b>
E Fort Bend Co/Sugar Land	\$0.48	\$1.50	\$0.39	\$3.24	\$4.05	<b>\$9.66</b>
FM 1960	\$0.44	\$1.14	\$0.28	\$3.78	\$4.60	<b>\$10.24</b>
Greenway Plaza	\$0.53	\$1.07	\$0.40	\$7.53	\$4.87	<b>\$14.40</b>
Gulf Freeway/Pasadena	\$0.45	\$1.11	\$0.35	\$3.40	\$2.67	<b>\$7.98</b>
I-10 East	\$0.41	\$1.03	\$0.33	\$3.47	\$3.86	<b>\$9.10</b>
Katy Freeway	\$0.49	\$1.21	\$0.34	\$4.66	\$4.71	<b>\$11.41</b>
Katy/Grand Parkway West	\$0.49	\$1.01	\$0.34	\$5.05	\$5.29	<b>\$12.18</b>
Kingwood/Humble	\$0.47	\$1.35	\$0.38	\$3.51	\$3.84	<b>\$9.55</b>
Liberty County	\$0.43	\$1.11	\$0.36	\$2.31	\$3.90	<b>\$8.11</b>
NASA/Clear Lake	\$0.45	\$1.12	\$0.37	\$3.27	\$3.91	<b>\$9.12</b>
North Belt	\$0.38	\$0.93	\$0.23	\$3.05	\$4.15	<b>\$8.74</b>
Northeast Near	\$0.38	\$0.85	\$0.27	\$3.43	\$1.88	<b>\$6.81</b>
Northeast Outlier	\$0.43	\$1.21	\$0.27	\$3.66	\$3.91	<b>\$9.48</b>
Northwest	\$0.37	\$0.82	\$0.31	\$5.46	\$3.86	<b>\$10.82</b>
Northwest Outlier	\$0.52	\$1.21	\$0.36	\$3.89	\$0.52	<b>\$6.50</b>
Outlying Chambers County	\$0.42	\$1.09	\$0.36	\$2.24	\$3.89	<b>\$8</b>
Outlying Montgomery Cnty	\$0.48	\$1.33	\$0.27	\$3.77	\$4.25	<b>\$10.10</b>
Outlying Waller County	\$0.50	\$1.16	\$0.35	\$2.73	\$3.85	<b>\$8.59</b>
Richmond/Fountainview	\$0.38	\$1.01	\$0.24	\$3.91	\$3.89	<b>\$9.43</b>
San Felipe/Voss	\$0.49	\$1.30	\$0.31	\$6.53	\$5.18	<b>\$13.81</b>
South	\$0.44	\$1.17	\$0.31	\$3.50	\$3.76	<b>\$9.18</b>
South Hwy 35	\$0.43	\$1.18	\$0.27	\$2.28	\$3.84	<b>\$8</b>
South Main/Medical Center	\$0.45	\$1.13	\$0.32	\$6.58	\$4.07	<b>\$12.55</b>
Southeast Outlier	\$0.47	\$1.27	\$0.31	\$2.62	\$4.13	<b>\$8.80</b>
Southwest	\$0.36	\$0.88	\$0.18	\$2.67	\$3.81	<b>\$7.90</b>
Southwest Far	\$0.43	\$1.17	\$0.27	\$2.58	\$3.80	<b>\$8.25</b>
Southwest Outlier	\$0.44	\$0.92	\$0.28	\$3.05	\$5.33	<b>\$10.02</b>
The Woodlands	\$0.45	\$1.39	\$0.20	\$4.34	\$4.30	<b>\$10.68</b>
West Belt	\$0.44	\$0.93	\$0.29	\$3.62	\$3.99	<b>\$9.27</b>
West Loop	\$0.46	\$1.07	\$0.32	\$4.38	\$5.10	<b>\$11.33</b>
Westchase	\$0.36	\$1.16	\$0.25	\$4.37	\$5.92	<b>\$12.06</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

Houston's office construction pipeline has slowed over the past few quarters, with total starts falling to a 10-year low during 2021. The amount under construction in Houston as of 2022q2 has slowed to one-third of the level under construction seen in 14Q2 — equal to approximately about 1.3% of Houston's total inventory. Still, there is 4.6 million SF under construction, including several large trophy assets in the South Main/Medical Center, the CBD, Katy Freeway East, and The Woodlands submarkets — representing a mix of life sciences, spec, and build-to-suit development. This new construction was more than 50% preleased as of 2022q2.

Emblematic of the shift toward life sciences, the submarket with the most square footage under construction is the Texas Medical Center — amounting to over 11% of inventory. Texas A&M and partner Medistar are under construction with the 510,000-SF Horizon Tower — a state-of-the-art life sciences building — in the Texas Medical Center, which is expected to deliver in 23Q1.

Hines, in partnership with investment management firm Harrison Street and 2ML Interests, broke ground on the 53-acre Levit Green mixed-use development in 21Q4. The first phase includes a 270,000-SF spec building geared for life sciences companies seeking state-of-the-art wet lab space for research and development purposes. At least 25,000 SF will be set aside for lab incubator space, which will provide early-stage life science companies with flex lab and office space. The building is expected to deliver by 22Q4.

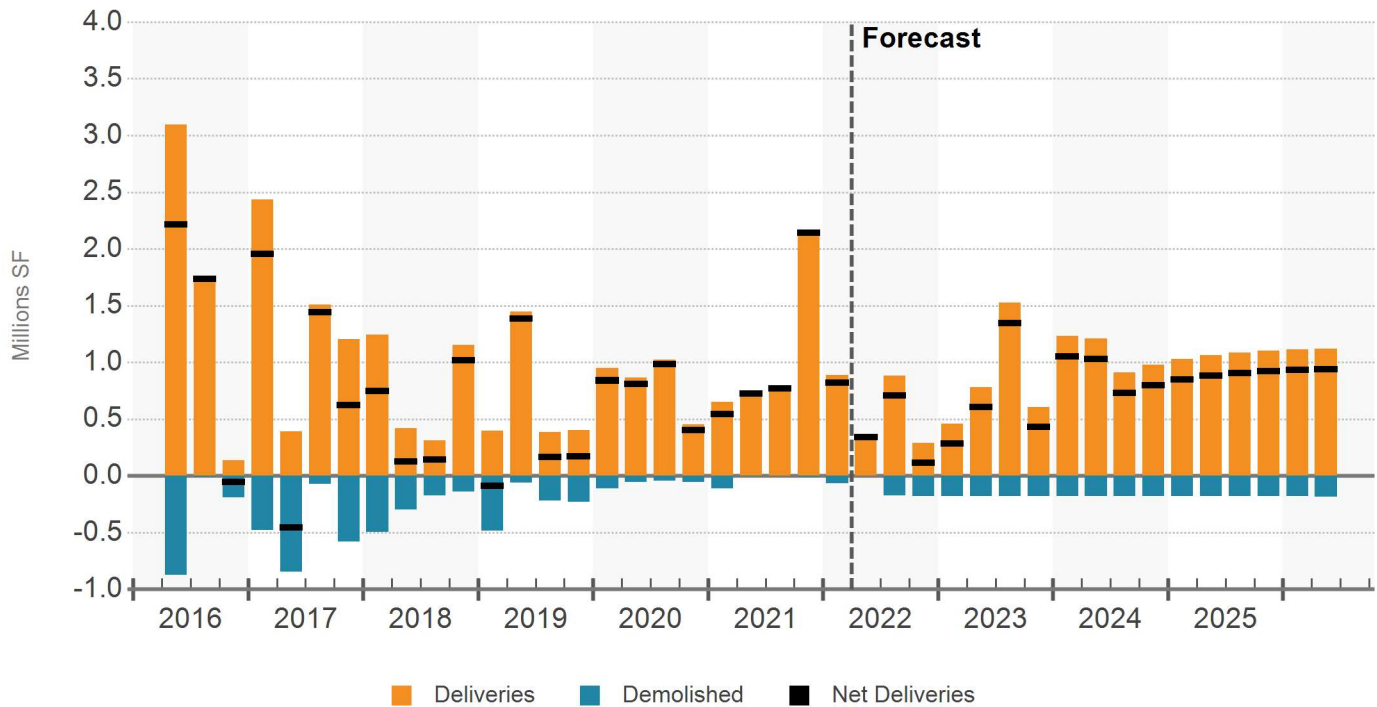
The Texas Medical Center also broke ground on its TMC3 mixed-use development in mid-2021 on the core 112,000-SF collaboration building and 138,000 SF of retail. Development plans eventually call for a 410-room TMC Hotel and Conference Center and 50,000 SF of conference space. In all, the site totals 36 acres. Beacon Capital Partners and Braidwell are managing the development of the first phase of the project. The first phase is expected to deliver in 22Q4.

Skanska's 1550 On The Green is the first trophy spec office development in Houston in several years. Law firm Norton Rose Fulbright, which will serve as the building's anchor tenant, has preleased nearly one-third of the building. The tower marks the first phase of its Discovery West mixed-use development, which, upon build-out, will house additional retail, restaurant, and adjacent multifamily units.

Hines' 1.1 million-SF Texas Tower in the CBD, which is anchored by law firm Vinson & Elkins and Hines' new global headquarters delivered in 22Q1.

The Patrinely Group, in partnership with Coventry Development Corporation and USAA, also delivered two buildings for Hewlett-Packard Enterprise in 22Q1 at CityPlace, which serves as HPE's new headquarters. Houston has long been HP's largest U.S. employment hub, following its acquisition of Compaq computers in 2002. Meanwhile, its San Jose office will continue to serve as an innovation hub for HPE.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	South Main/Medical Center	7	2,452	1,054	43.0%	5	60,712	350,351	2
2	CBD	1	386	142	36.8%	6	321,328	386,323	1
3	Northwest Outlier	13	243	158	64.9%	3	7,318	18,675	8
4	Gulf Freeway/Pasadena	3	229	120	52.5%	4	12,592	76,200	5
5	Katy Freeway East	1	186	0	0%	10	46,045	186,000	3
6	Northwest Far	2	156	156	100%	1	35,230	78,123	4
7	NASA/Clear Lake	5	147	22	15.1%	9	18,314	29,455	7
8	The Woodlands	4	128	38	29.4%	8	34,014	32,063	6
9	Southwest Outlier	6	95	30	31.4%	7	8,290	15,898	9
10	Outlying Montgomery Cnty	9	92	73	79.2%	2	7,480	10,217	10
	All Other	38	498	408	81.9%		30,487	13,094	
Totals		89	4,613	2,200	47.7%		32,769	51,830	



Houston Office

## Properties

### Square Feet

### Percent of Inventory

**Preleased**

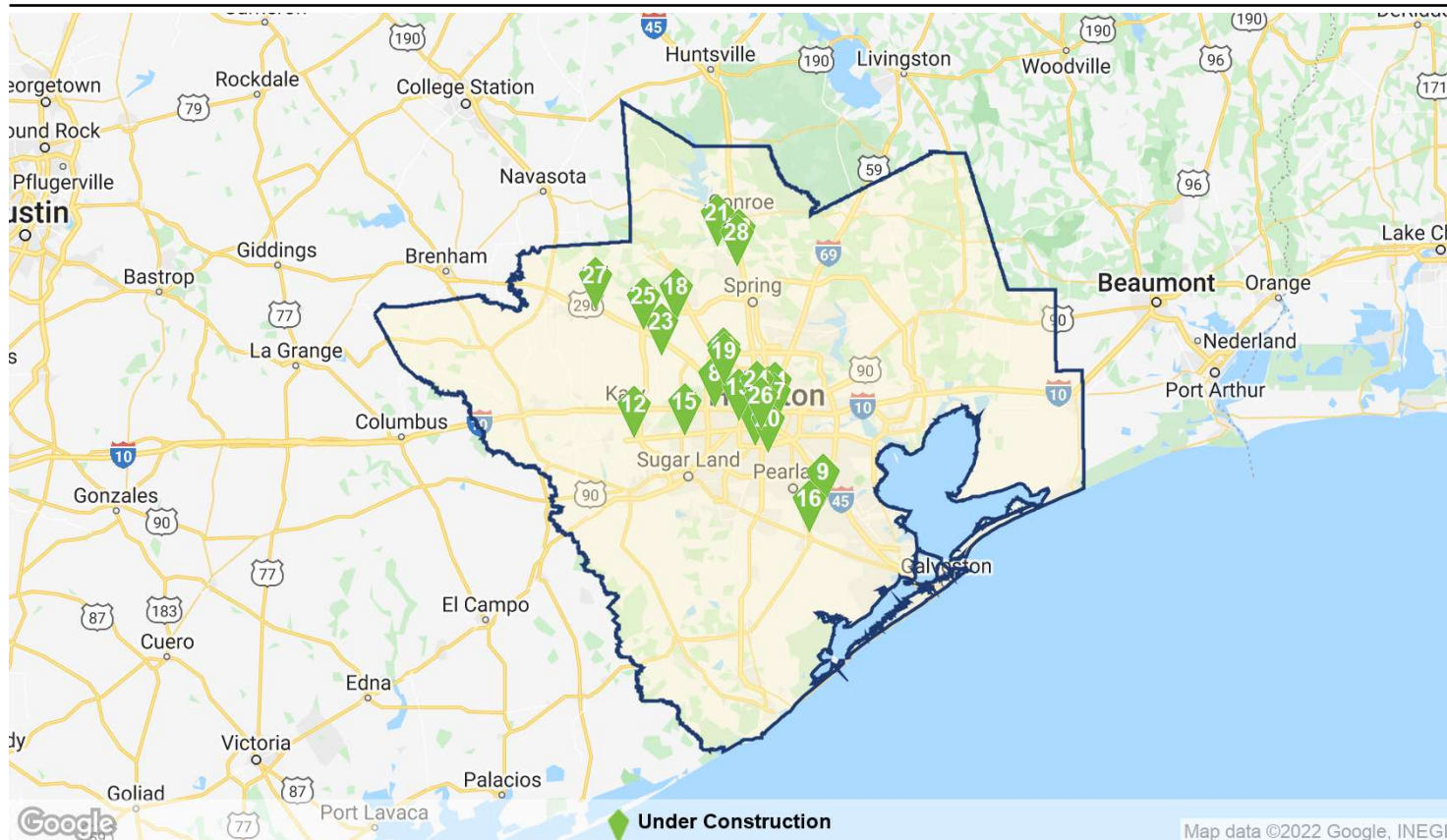
89

**4,612,826**

**1.3%**

# 47.7%

## UNDER CONSTRUCTION PROPERTIES



**UNDER CONSTRUCTION**

Property Name/Address		Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	<b>TMC Industry Building 1</b> Old Spanish Trl	★★★★★	700,000	10	Jul 2021	Aug 2023	Beacon Capital Partners Texas Medical Center
2	<b>Horizon Tower</b> 6929 Main St	★★★★★	521,552	31	Sep 2020	Jan 2024	Medistar Corporation Medistar Corporation
3	<b>7200 Cambridge St</b>	★★★★☆	427,000	12	Jan 2021	Jun 2022	- St. Luke's Health System
4	<b>1550 on the Green</b> 1550 Lamar St	★★★★☆	386,323	28	Oct 2021	Mar 2024	Skanska USA Commercial Devel... Skanska USA Commercial Devel...
5	<b>Levit Green Phase 1</b> 3131 Holcombe Blvd	★★★★★	265,000	5	Oct 2021	Dec 2022	Hines Harrison Street Capital
6	<b>TMC3 Collaborative Buil...</b> Old Spanish Trl	★★★★☆	250,000	4	Jan 2021	Aug 2023	Beacon Capital Partners Texas Medical Center
7	<b>BayouTech Park</b> 1615 S Loop West	★★★★☆	250,000	1	Apr 2022	Apr 2023	- Imran Piyar Ali

# Under Construction Properties

Houston Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 9753 Katy Fwy	★ ★ ★ ★ ★	186,000	9	Oct 2019	May 2023	MetroNational Corporation MetroNational Corporation
9 1715 South Friendswood	★ ★ ★ ★ ★	105,800	4	Feb 2022	Aug 2023	- -
10 6900 Hollister St	★ ★ ★ ★ ★	98,674	3	Sep 2021	Aug 2022	- -
11 Building F 100 Jensen Dr	★ ★ ★ ★ ★	96,500	5	Dec 2021	Mar 2023	Midway Midway
12 24200 Via Mazzini Way	★ ★ ★ ★ ★	80,000	4	Oct 2021	Sep 2022	- Realty 1 Partners
13 4411 San Felipe St	★ ★ ★ ★ ★	77,189	7	Jan 2021	May 2022	DC Partners DC Partners
14 Building C 100 Jensen Dr	★ ★ ★ ★ ★	72,100	5	Dec 2021	Mar 2023	Midway Midway
15 13930 Bellaire Blvd	★ ★ ★ ★ ★	70,647	1	Feb 2022	Feb 2023	- -
16 Highway 35 & Steele Rd	★ ★ ★ ★ ★	61,000	4	Nov 2021	Aug 2022	- -
17 L.W. "Bud" Shipley Jr. S... 4001 Gulf Fwy	★ ★ ★ ★ ★	60,000	2	Oct 2021	Nov 2022	- -
18 17122 Telge Rd	★ ★ ★ ★ ★	58,850	1	May 2021	Dec 2022	- -
19 13143 Northwest Fwy	★ ★ ★ ★ ★	57,571	2	Mar 2021	Jun 2022	- Legend Homes Houston
20 Sunnyside Health and M... 4410 Reed Rd	★ ★ ★ ★ ★	57,165	2	Oct 2021	Oct 2022	- -
21 Magnolia Medical Specia... 3776 Fm 1488 Rd	★ ★ ★ ★ ★	53,000	3	Apr 2021	May 2022	Egrets Group Oakdale Group & SMS
22 Physicians Centre at Visi... 18354 I-45 South	★ ★ ★ ★ ★	50,400	3	Dec 2021	Jun 2022	- i3 Interests
23 Towne Lake Office Condos 10242 Greenhouse Rd	★ ★ ★ ★ ★	50,000	1	May 2021	Dec 2022	- Caldwell Companies
24 Houston Endowment HQ 3615 Willia St	★ ★ ★ ★ ★	40,000	3	May 2021	Sep 2022	Forney Construction Houston Endowment
25 Cypress Health & Wellne... TBD Hwy 290 & 99	★ ★ ★ ★ ★	40,000	2	Apr 2022	Jul 2023	- Second Baptist Church
26 1802 Binz St	★ ★ ★ ★ ★	38,907	5	Jan 2022	Sep 2023	- Balcor Commercial LLC
27 Waller Business Center 31390 FM 2920	★ ★ ★ ★ ★	35,282	2	Jan 2022	Jun 2022	- -
28 Life Time Co-Work Six Pines Dr	★ ★ ★ ★ ★	35,000	1	Apr 2020	May 2022	Life Time Inc. Life Time Inc.

Deal volume in Houston has picked up over the past few quarters. Annual investment sales volumes increased nearly 60% in 2021 from 2020 lows, yet were still down nearly 30% from 2019 levels. Average pricing, based on the estimated price movement of all properties in the market, sits at roughly \$220/SF, which is well below the national average of around \$330/SF. Cap rates have increased in recent years, and the metro's average cap rate stands at around 7.9%, above similar-sized in terms of total office inventory Sun Belt markets such as DFW's 7% and Atlanta's 7.2% cap rates.

Private out-of state and institutional capital drive the majority of Houston's transaction activity, though foreign investment has picked up in recent years. A handful of relatively new, fully leased towers have driven transaction volume in recent quarters.

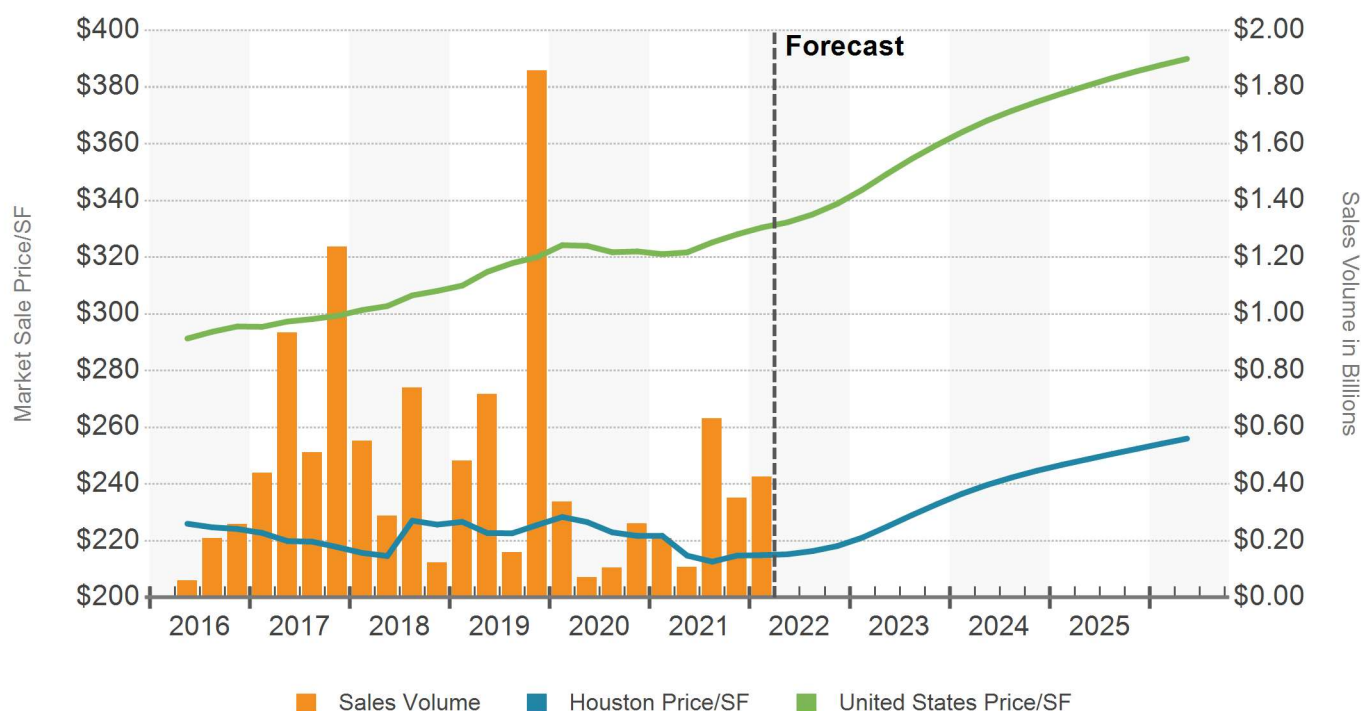
During 21Q3, a private out-of-state investor acquired Invesco's 4 Star Helios Plaza in Energy Corridor for \$178 million (\$472/SF) at an estimated 7.2% cap rate. The property was built in 2009 and fully leased to BP at the

time of sale. The property previously sold in 2017 for \$172 million (\$456/SF).

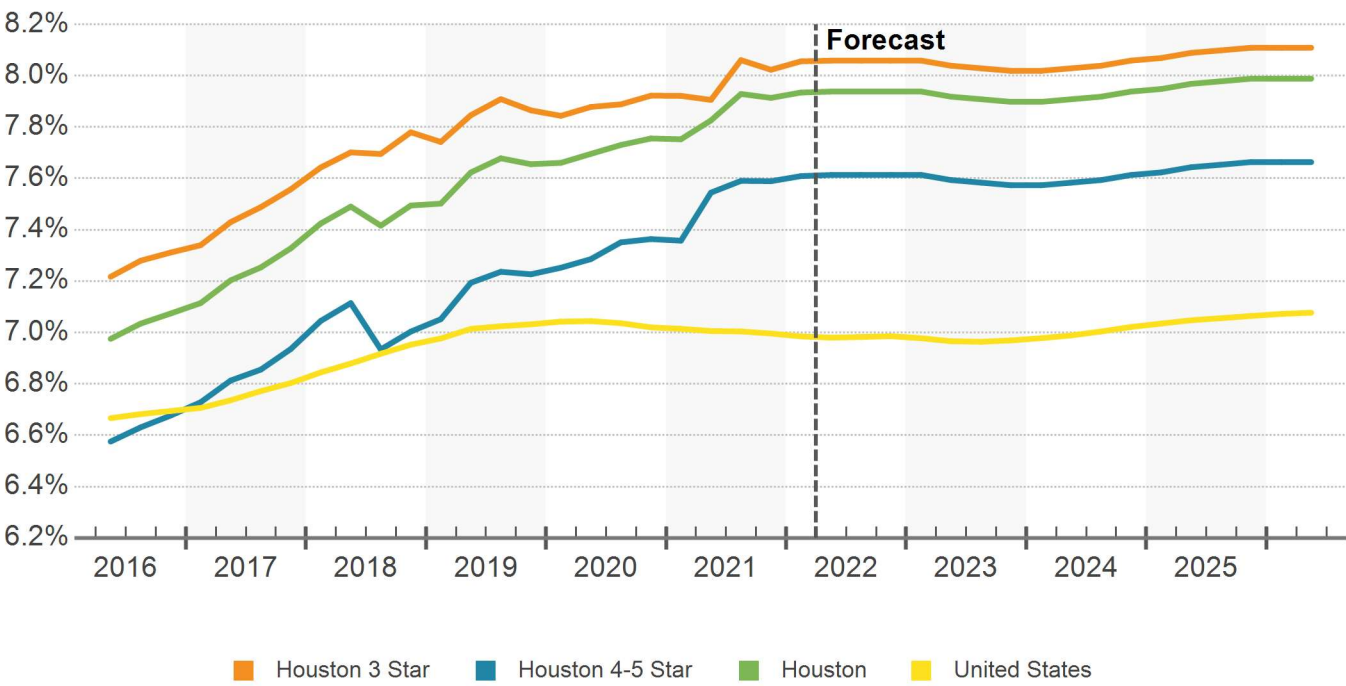
In 21Q1, Qatar First Bank purchased Clarion Partners' 5 Star Waterway Plaza I located in The Woodlands Town Center for \$107 million (\$478/SF) at a 7% cap rate. The nine-story property was built in 2000 and fully leased to the Huntsman Corporation at the time of sale. Its current lease began on April 1, 2018, and expires on July 31, 2030, subject to two five-year extensions.

Medical offices are also highly targeted. During 22Q1, Wolf Capital Partners purchased the 117,000-SF HeightsMD from Adams Insurance Service for an undisclosed price. The seven-story medical office building is located in the heart of The Heights and was 82% leased at the time of the sale with a tenant roster of mostly doctors and other medical-related users. The property was built in 1977 and renovated in 2022. CoStar estimates that it sold for approximately \$21 million (\$180/SF) at a 7.7% cap rate.

#### SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE





# Sales Past 12 Months

Houston Office

Sale Comparables

1,035

Avg. Cap Rate

7.1%

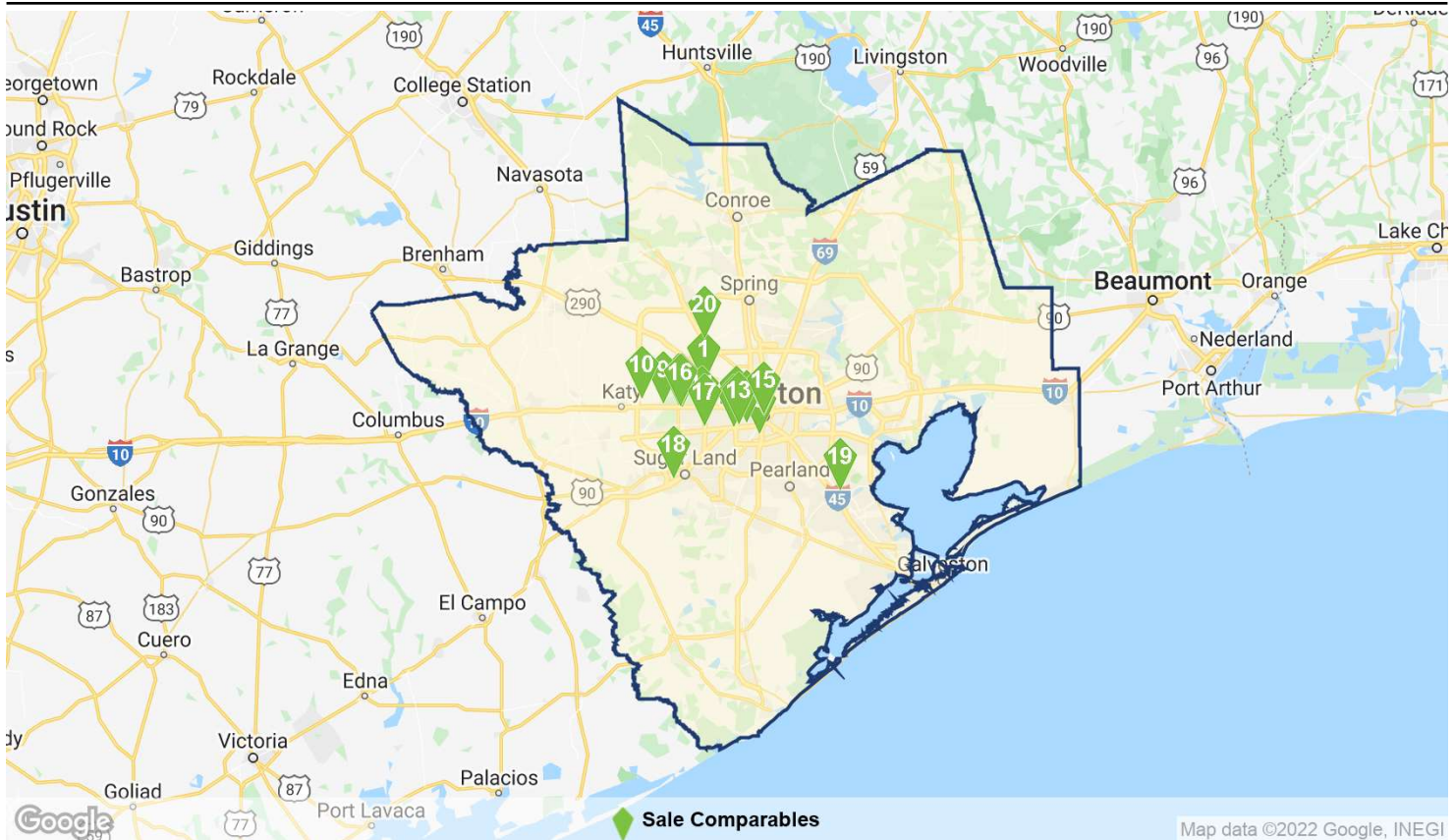
Avg. Price/SF

\$221

Avg. Vacancy At Sale

20.5%

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$42,448	\$8,975,020	\$1,060,725	\$209,408,032
Price/SF	\$20	\$221	\$211	\$30,801
Cap Rate	1.0%	7.1%	6.9%	11.4%
Time Since Sale in Months	0.0	6.0	5.7	12.0
Property Attributes	Low	Average	Median	High
Building SF	342	30,776	5,039	780,000
Stories	1	2	1	35
Typical Floor SF	171	9,953	4,242	181,525
Vacancy Rate At Sale	0%	20.5%	0%	100%
Year Built	1890	1982	1982	2023
Star Rating	★★★★★	★★★★★ 2.5	★★★★★	★★★★★

# Sales Past 12 Months

Houston Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
<b>1</b> <b>Building 2</b> 5170 Westway Park Blvd	★★★★★	2015	162,000	0%	3/1/2022	\$209,408,032	\$1,293	-
<b>2</b> <b>Helios Plaza</b> 201 Helios Way	★★★★★	2009	377,185	0%	9/1/2021	\$178,000,000	\$472	-
<b>3</b> <b>Levit Green Phase 1</b> 3131 Holcombe Blvd	★★★★★	2022	265,000	100%	9/30/2021	\$159,919,093	\$805	-
<b>4</b> <b>Five Post Oak Park</b> 4400 Post Oak Pky	★★★★★	1982	567,000	31.1%	7/21/2021	\$92,000,000	\$162	-
<b>5</b> <b>West Memorial Place II</b> 15377 Memorial Dr	★★★★★	2016	384,531	64.5%	2/1/2022	\$77,599,251	\$202	-
<b>6</b> <b>Arrive Upper Kirby</b> 3200 Kirby Dr	★★★★★	2017	246,989	0%	10/26/2021	\$73,025,000	\$296	-
<b>7</b> <b>Memorial Hermann Orth...</b> 5410 West Loop S	★★★★★	2007	126,946	0%	12/15/2021	\$72,800,000	\$573	-
<b>8</b> <b>West Memorial Place I</b> 15375 Memorial Dr	★★★★★	2015	331,404	17.9%	2/1/2022	\$69,400,749	\$209	-
<b>9</b> <b>Ten West Corporate Cen...</b> 17420 Katy Fwy	★★★★★	1998	199,001	0%	10/22/2021	\$67,100,000	\$337	6.6%
<b>10</b> <b>The Oaks at Mason</b> 2027 N Mason Rd	★★★★★	2020	1,320	60.0%	9/27/2021	\$40,657,222	\$30,801	-
<b>11</b> <b>BP America Supercomp...</b> 13831 Katy Fwy	★★★★★	2013	103,200	0%	7/22/2021	\$39,850,683	\$386	-
<b>12</b> <b>1111 Fannin St</b>	★★★★★	1971	428,629	0%	6/18/2021	\$29,600,000	\$69	-
<b>13</b> <b>T-Mobile Tower</b> 4126 Southwest Fwy	★★★★★	1974	139,831	30.3%	7/29/2021	\$26,480,000	\$189	-
<b>14</b> <b>1500 CityWest</b> 1500 Citywest Blvd	★★★★★	1981	192,313	35.2%	12/31/2021	\$24,224,004	\$126	-
<b>15</b> <b>Bank of America Tower</b> 800 Capitol St	★★★★★	2019	780,000	10.8%	7/15/2021	\$24,000,000	\$308	-
<b>16</b> <b>Three WestLake Park</b> 550 Westlake Park Blvd	★★★★★	1983	419,671	96.9%	2/3/2022	\$21,367,500	\$51	-
<b>17</b> <b>10255 Richmond Ave</b>	★★★★★	1981	107,923	0%	12/7/2021	\$20,323,000	\$188	7.2%
<b>18</b> <b>Telfair Medical Office Bu...</b> 6921 Brisbane Ct	★★★★★	2020	36,663	14.1%	12/30/2021	\$18,400,000	\$502	-
<b>19</b> <b>Galaxy II</b> 455 E Medical Center Blvd	★★★★★	2008	106,168	0%	6/9/2021	\$17,400,000	\$164	-
<b>20</b> <b>Hargrave Medical Office...</b> 13325 Hargrave	★★★★★	2007	45,393	8.8%	5/14/2021	\$13,500,000	\$297	5.4%

Houston's economy continues to recover from the effects of the coronavirus pandemic. According to the preliminary March jobs report, Houston had recouped about 99% of the jobs lost during the pandemic. Houston employment fell by about 360,000 jobs from February to April 2020, surpassing the job losses from the '80s oil bust (226,000) and the Great Recession (120,000). The year 2021 ranked as the best job growth year on record for Houston, as the metro added 159,700 jobs. Houston has averaged around 65,000 new jobs annually from 2010 to 2019. Employment growth is anticipated to surpass the national benchmark over the next five years.

The Houston metropolitan area is the fifth-largest in the U.S. Its young population, affordability, warm climate, low taxes, generally pro-business environment, diversity, and culture continue to attract new residents. Over the past decade, the Bayou City has consistently ranked among the top metropolises in terms of population growth.

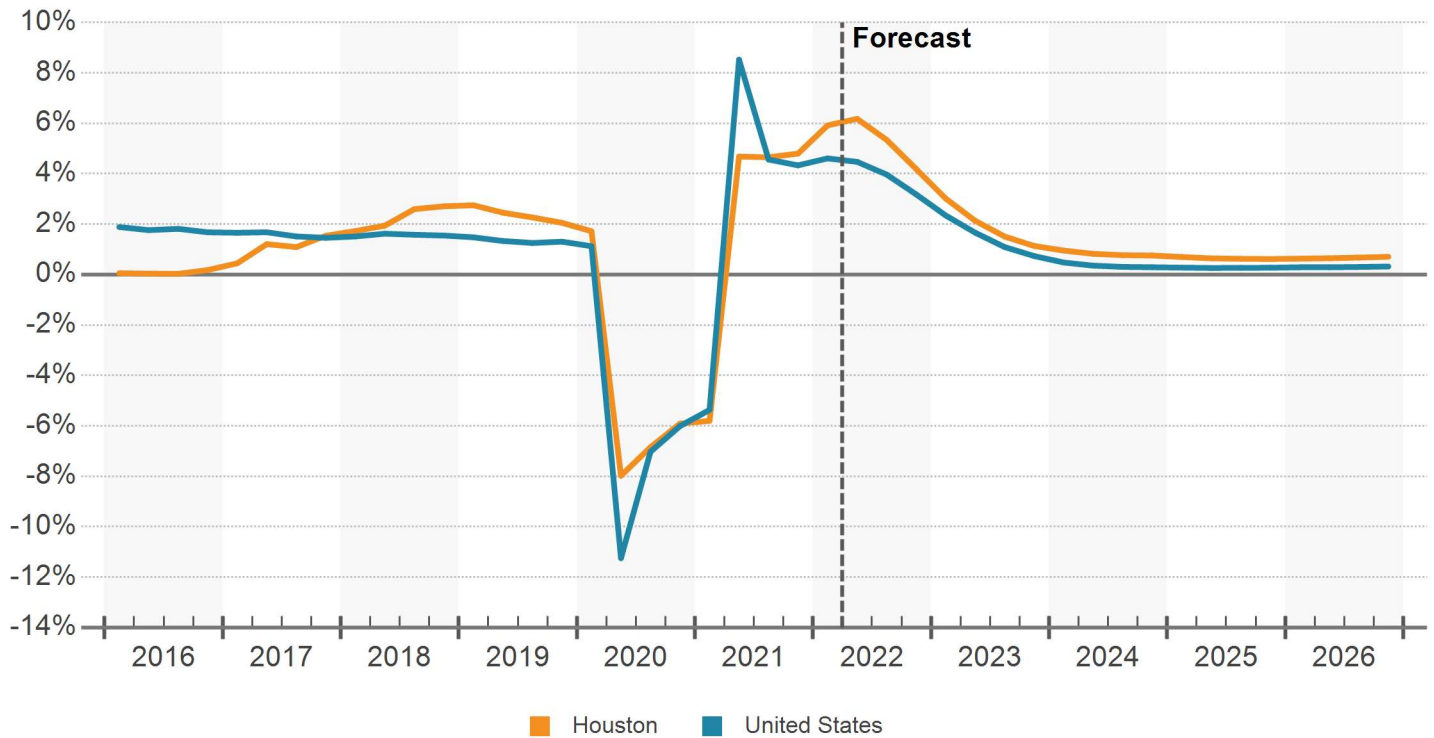
Houston has taken the longest to recover from the pandemic-induced job losses, compared to its fellow Texas Triangle peers (DFW, Austin, and San Antonio). Oil remains a significant part of Houston's economy, but the Bayou City continues to diversify its economy and foster other sectors such as commercial life sciences. Houston is home to the world's largest medical center. The TMC3 project currently under construction is the linchpin in the Texas Medical Center's plan to establish Texas as the "Third Coast" for commercial life sciences and biotechnology research to compete directly with Cambridge, Massachusetts, and Mission Bay in San Francisco. TMC3 is expected to create 26,000 jobs and generate \$5.2 billion in economic benefits in Houston. In addition, there are several million SF of new life science-oriented mixed-use projects either under construction or planned along a 2-mile stretch of Holcombe Boulevard in the Texas Medical Center.

### HOUSTON EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	224	0.8	5.82%	3.28%	-0.55%	0.62%	1.16%	0.34%
Trade, Transportation and Utilities	649	1.1	4.66%	3.62%	1.62%	1.17%	0.77%	0.29%
Retail Trade	312	0.9	3.62%	2.70%	1.29%	0.59%	0.54%	0.21%
Financial Activities	173	0.9	2.67%	1.94%	2.02%	1.39%	0.82%	0.34%
Government	428	0.9	2.95%	1.63%	1.62%	0.13%	0.71%	0.58%
Natural Resources, Mining and Construction	292	1.7	9.93%	3.90%	0.49%	2.43%	1.31%	0.56%
Education and Health Services	429	0.8	6.22%	2.58%	2.91%	1.55%	1.11%	0.83%
Professional and Business Services	527	1.1	6.27%	5.14%	2.24%	2.13%	1.11%	0.55%
Information	31	0.5	10.87%	5.84%	-0.13%	0.92%	1.02%	0.52%
Leisure and Hospitality	329	1.0	10.33%	16.51%	2.70%	1.33%	2.39%	2.02%
Other Services	115	1.0	5.90%	5.55%	1.50%	0.43%	1.29%	0.93%
<b>Total Employment</b>	<b>3,197</b>	<b>1.0</b>	<b>5.99%</b>	<b>4.57%</b>	<b>1.70%</b>	<b>1.21%</b>	<b>1.14%</b>	<b>0.69%</b>

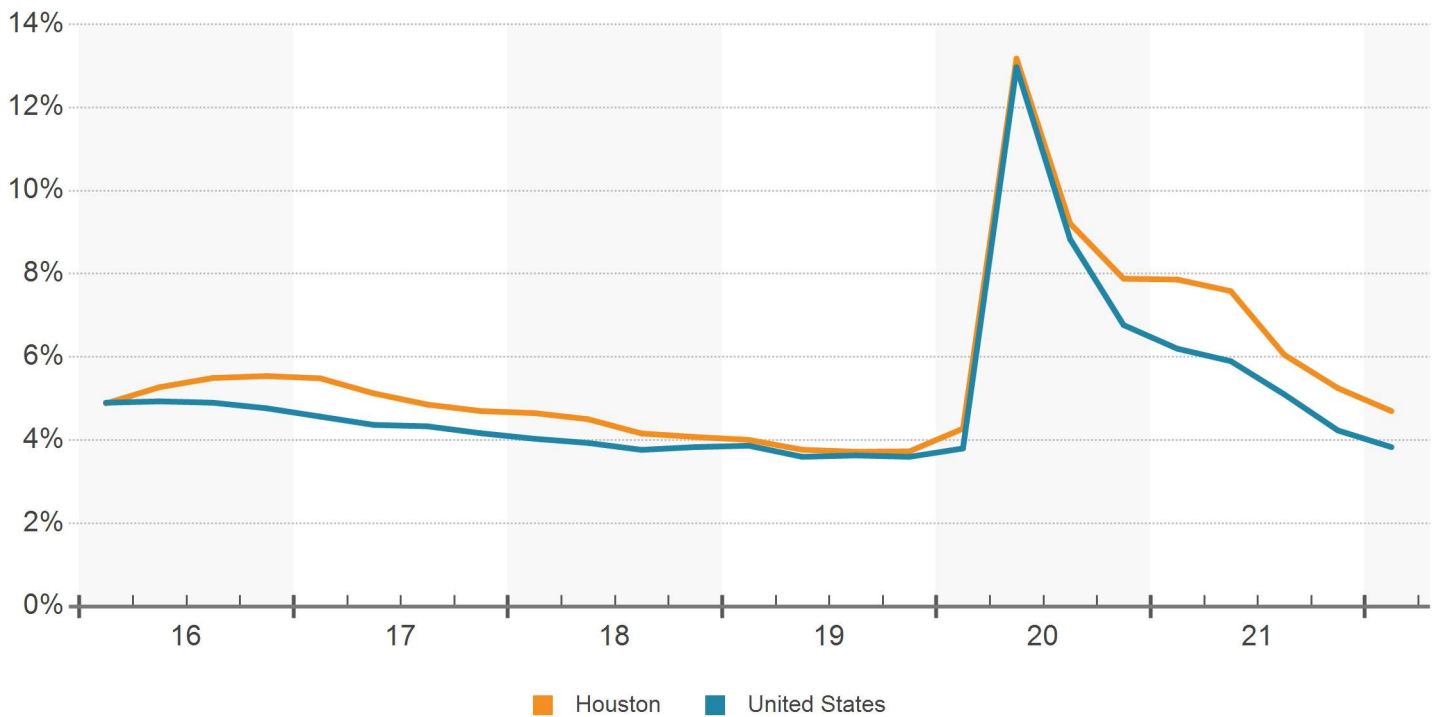
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)



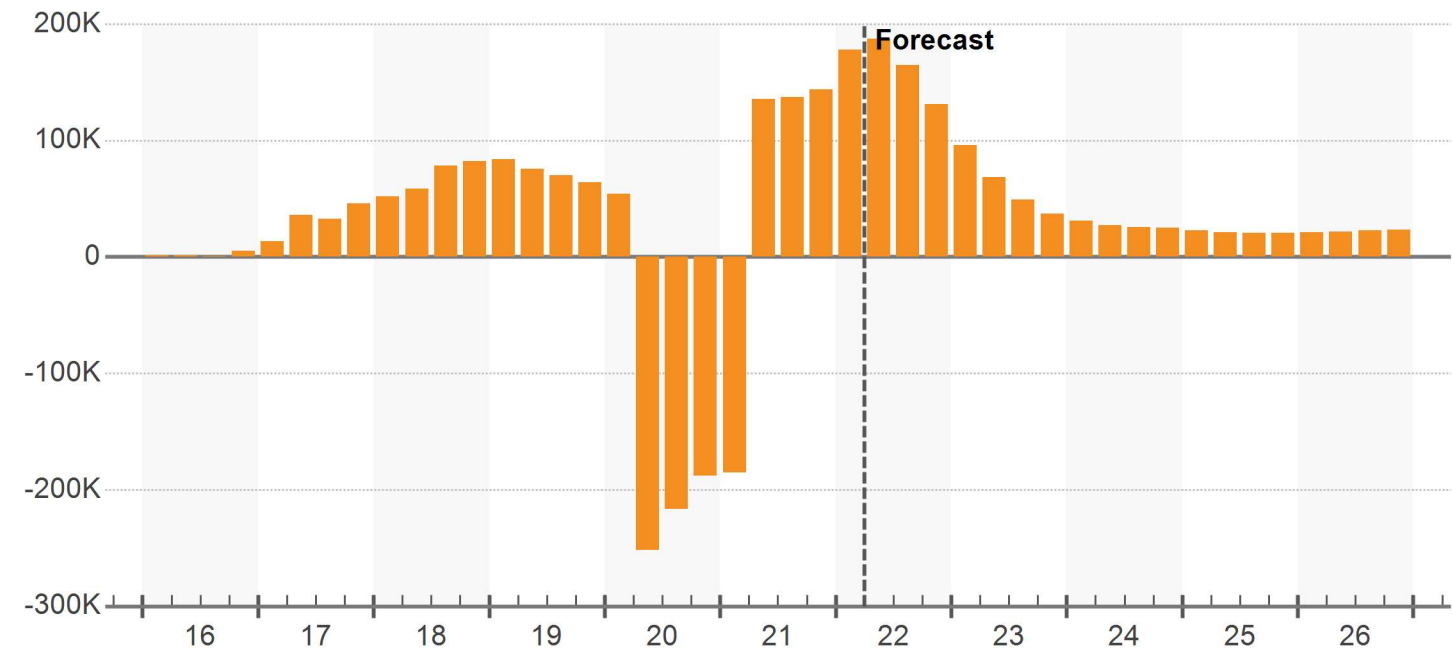
Source: Oxford Economics

## UNEMPLOYMENT RATE (%)

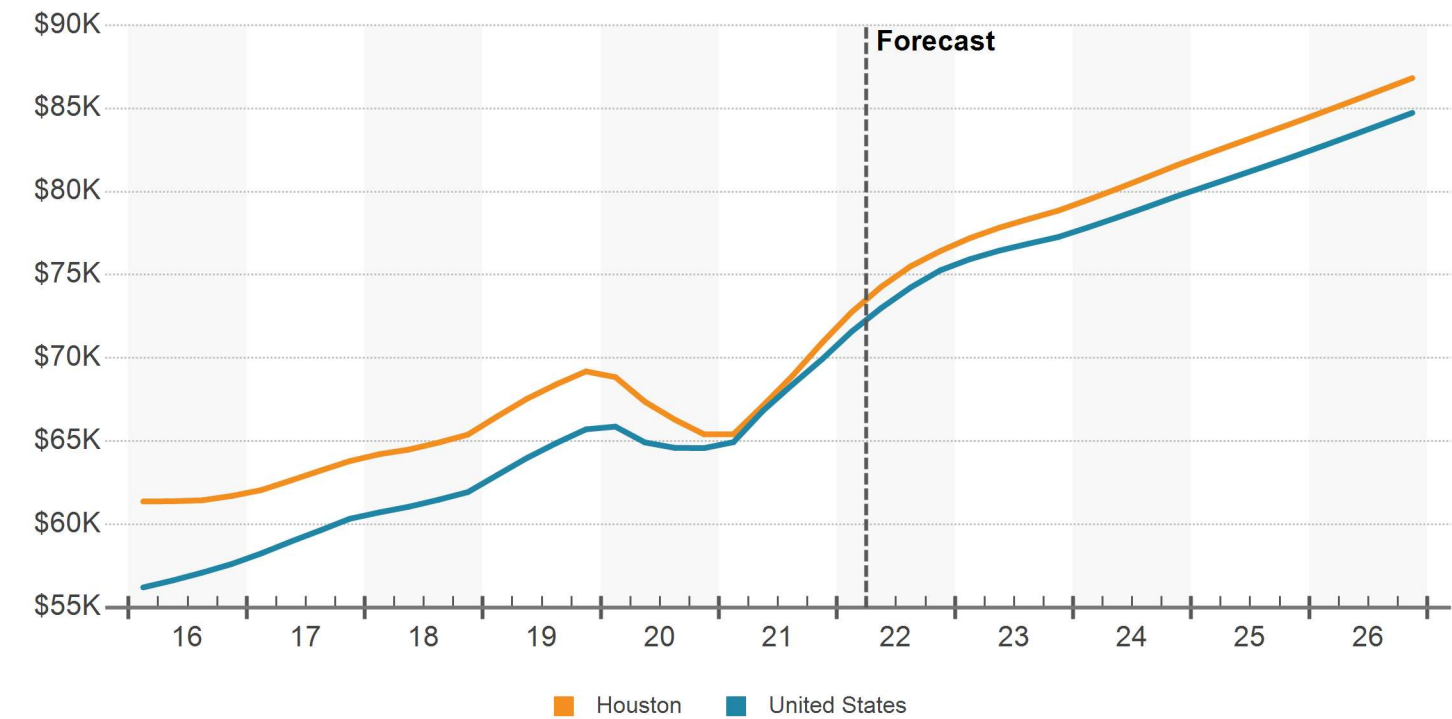




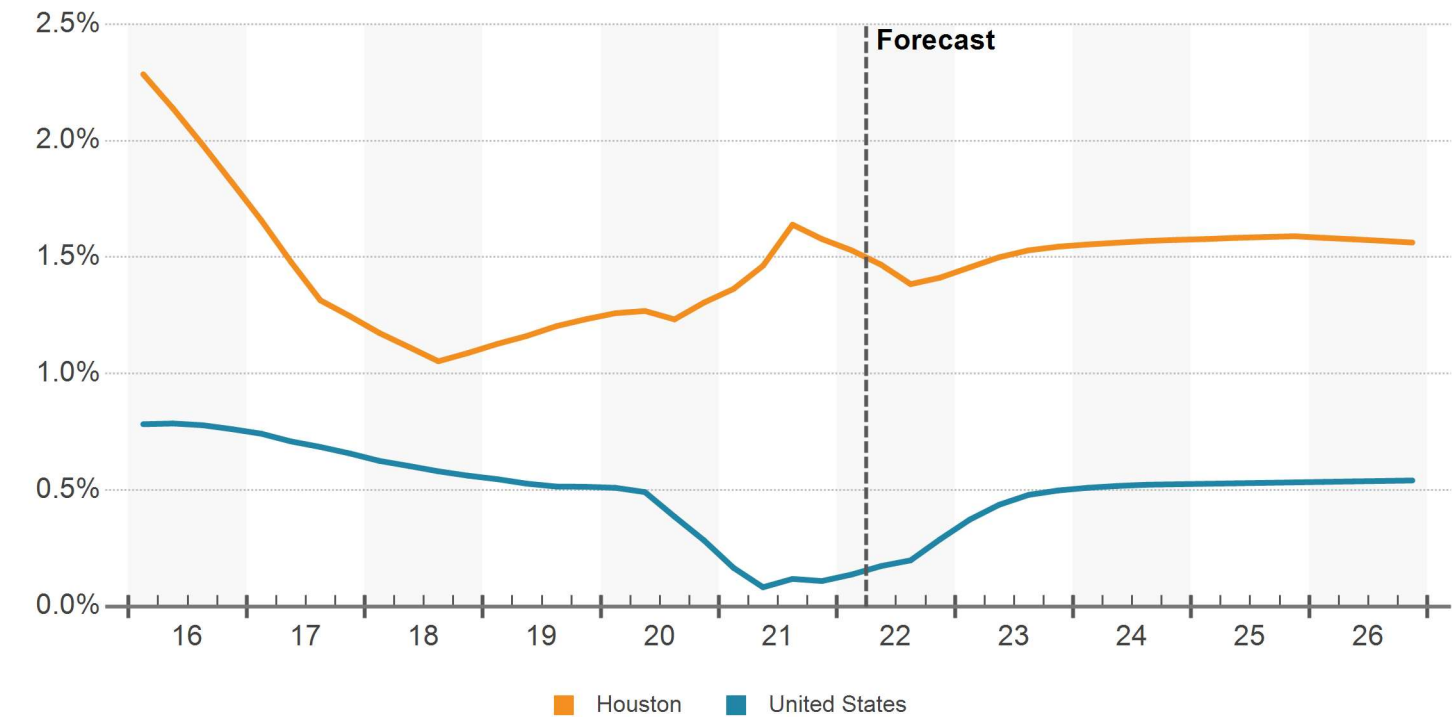
NET EMPLOYMENT CHANGE (YOY)



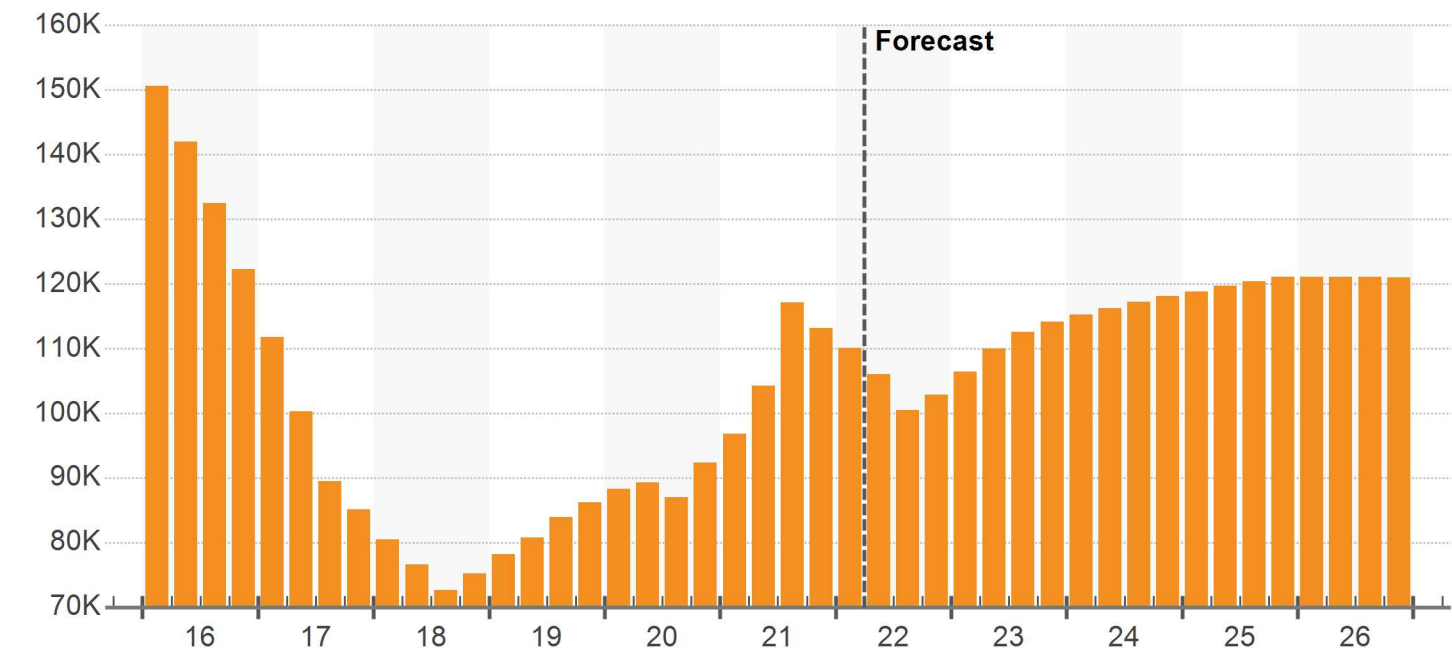
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

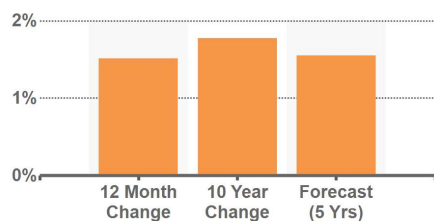


## DEMOGRAPHIC TRENDS

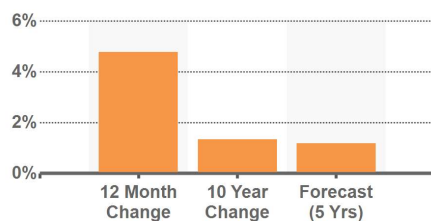
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	7,315,062	332,162,344	1.5%	0.1%	1.8%	0.6%	1.6%	0.5%
Households	2,519,290	124,023,203	1.5%	0.1%	1.8%	0.7%	1.5%	0.5%
Median Household Income	\$73,208	\$72,008	11.0%	9.9%	2.9%	3.6%	3.7%	3.5%
Labor Force	3,502,432	164,165,141	4.8%	2.2%	1.3%	0.6%	1.2%	0.5%
Unemployment	4.7%	3.8%	-3.1%	-2.3%	-0.2%	-0.5%	-	-

Source: Oxford Economics

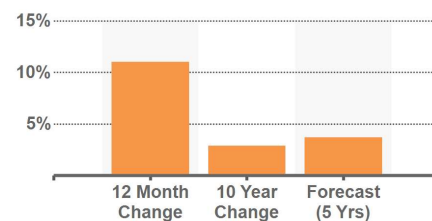
### POPULATION GROWTH



### LABOR FORCE GROWTH



### INCOME GROWTH

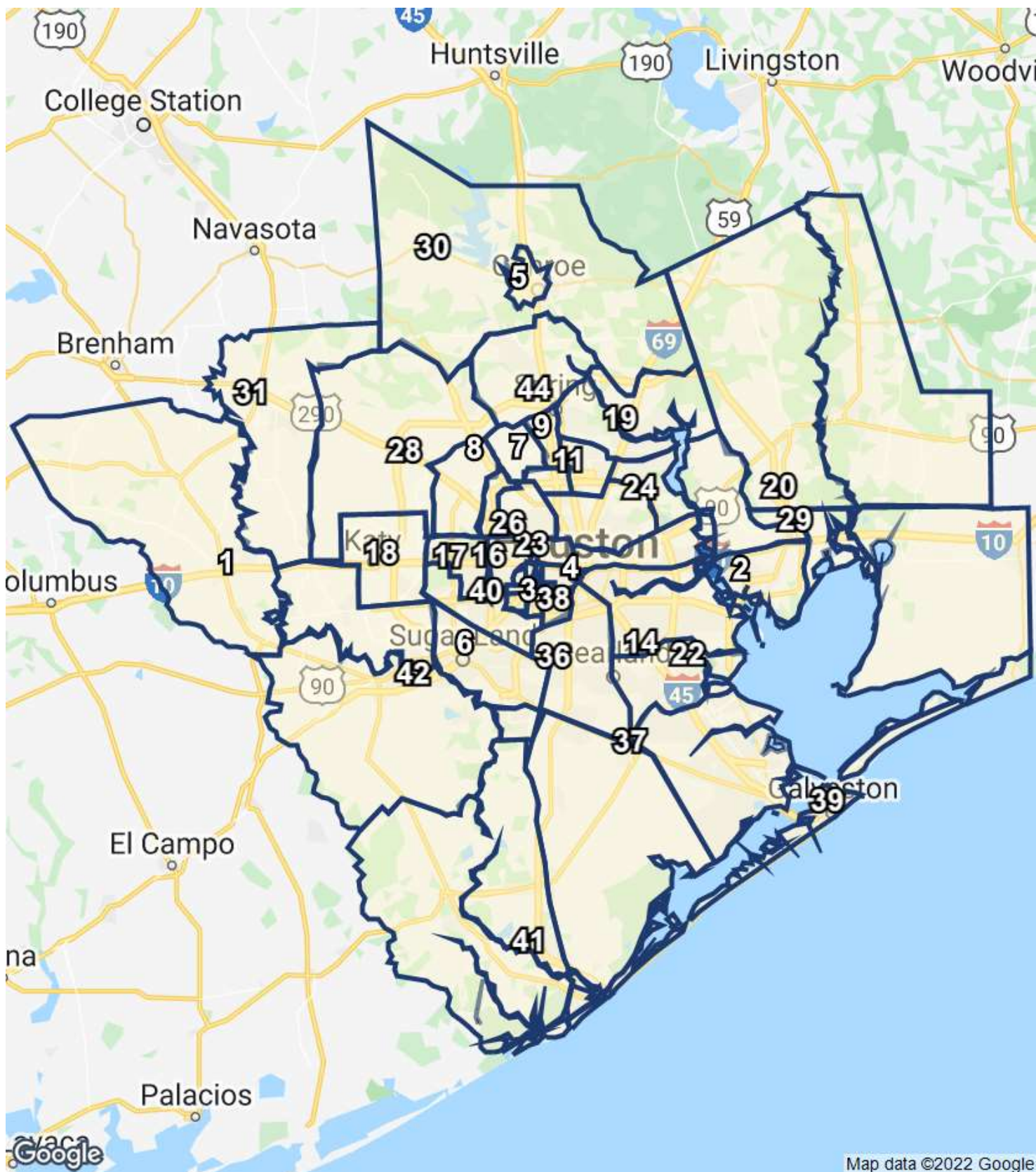


Source: Oxford Economics

## Submarkets

## Houston Office

## HOUSTON SUBMARKETS





### SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Austin County	55	275	0.1%	44	0	0	0%	-	0	-	-	-
2	Baytown	147	1,937	0.6%	37	0	0	0%	-	0	-	-	-
3	Bellaire	92	5,448	1.6%	19	0	0	0%	-	0	-	-	-
4	CBD	166	53,340	15.2%	1	2	1,248	2.3%	1	1	386	0.7%	2
5	Conroe	284	2,940	0.8%	30	4	73	2.5%	11	0	-	-	-
6	E Fort Bend Co/Sugar Land	474	10,601	3.0%	12	6	30	0.3%	16	6	33	0.3%	17
7	FM 1960/Champions	314	4,611	1.3%	25	9	42	0.9%	13	0	-	-	-
8	FM 1960/Hwy 249	548	12,075	3.4%	9	13	270	2.2%	6	4	16	0.1%	20
9	FM 1960/I-45 North	118	2,493	0.7%	32	0	0	0%	-	1	19	0.8%	19
10	Galleria/Uptown	67	17,468	5.0%	5	0	0	0%	-	0	-	-	-
11	Greenspoint/IAH	58	3,285	0.9%	29	0	0	0%	-	0	-	-	-
12	Greenspoint/N Belt West	121	11,079	3.2%	11	0	0	0%	-	0	-	-	-
13	Greenway Plaza	267	12,900	3.7%	7	1	5	0%	23	0	-	-	-
14	Gulf Freeway/Pasadena	688	8,663	2.5%	14	3	80	0.9%	10	3	229	2.6%	4
15	I-10 East	161	1,439	0.4%	40	2	12	0.8%	21	0	-	-	-
16	Katy Freeway East	279	12,846	3.7%	8	3	800	6.2%	2	1	186	1.4%	5
17	Katy Freeway West	276	28,234	8.0%	2	3	7	0%	22	2	11	0%	21
18	Katy/Grand Parkway West	521	6,812	1.9%	16	17	116	1.7%	8	10	51	0.7%	15
19	Kingwood/Humble	261	4,170	1.2%	26	1	13	0.3%	20	1	5	0.1%	22
20	Liberty County	83	478	0.1%	43	0	0	0%	-	0	-	-	-
21	Midtown	627	11,081	3.2%	10	3	419	3.8%	4	2	45	0.4%	16
22	NASA/Clear Lake	551	10,091	2.9%	13	3	17	0.2%	17	5	147	1.5%	7
23	North Loop West	400	6,532	1.9%	18	0	0	0%	-	0	-	-	-
24	Northeast Near	159	2,308	0.7%	33	0	0	0%	-	0	-	-	-
25	Northeast Outlier	103	1,055	0.3%	41	1	15	1.4%	18	0	-	-	-
26	Northwest Far	135	4,756	1.4%	23	0	0	0%	-	2	156	3.3%	6
27	Northwest Near	63	1,524	0.4%	39	2	30	2.0%	15	0	-	-	-
28	Northwest Outlier	364	2,664	0.8%	31	15	133	5.0%	7	13	243	9.1%	3
29	Outlying Chambers County	31	182	0.1%	45	0	0	0%	-	0	-	-	-
30	Outlying Montgomery Cnty	244	1,825	0.5%	38	4	46	2.5%	12	9	92	5.0%	10
31	Outlying Waller County	28	137	0%	46	0	0	0%	-	0	-	-	-
32	Post Oak Park	46	4,867	1.4%	22	0	0	0%	-	1	77	1.6%	12
33	Richmond/Fountainview	120	2,220	0.6%	34	0	0	0%	-	0	-	-	-
34	Riverway	24	3,475	1.0%	28	0	0	0%	-	0	-	-	-
35	San Felipe/Voss	50	5,362	1.5%	20	0	0	0%	-	0	-	-	-
36	South	315	3,654	1.0%	27	13	111	3.0%	9	8	84	2.3%	11
37	South Hwy 35	173	894	0.3%	42	0	0	0%	-	0	-	-	-
38	South Main/Medical Center	251	15,239	4.3%	6	2	270	1.8%	5	7	2,452	16.1%	1
39	Southeast Outlier	388	4,633	1.3%	24	0	0	0%	-	1	61	1.3%	14
40	Southwest Beltway 8	193	7,379	2.1%	15	0	0	0%	-	1	71	1.0%	13
41	Southwest Far	103	2,066	0.6%	36	0	0	0%	-	0	-	-	-
42	Southwest Outlier	266	2,205	0.6%	35	8	36	1.6%	14	6	95	4.3%	9



## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
43	<a href="#">Southwest/Hillcroft</a>	110	5,361	1.5%	21	0	0	0%	-	0	-	-	-
44	<a href="#">The Woodlands</a>	733	24,932	7.1%	3	11	571	2.3%	3	4	128	0.5%	8
45	<a href="#">West Belt</a>	119	6,636	1.9%	17	1	1	0%	24	0	-	-	-
46	<a href="#">Westchase</a>	140	18,986	5.4%	4	1	14	0.1%	19	1	24	0.1%	18

### SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$24.75	28	-0.2%	30	2.9%	5
2	Baytown	\$23.57	30	-0.7%	35	2.7%	9
3	Bellaire	\$26.02	22	-1.1%	43	1.8%	24
4	CBD	\$36.25	1	-0.9%	41	0.3%	38
5	Conroe	\$24.90	26	1.4%	11	2.8%	7
6	E Fort Bend Co/Sugar Land	\$28.32	12	0.4%	23	1.3%	29
7	FM 1960/Champions	\$18.91	44	3.2%	1	0.7%	37
8	FM 1960/Hwy 249	\$24.98	25	1.9%	5	0.3%	39
9	FM 1960/I-45 North	\$20.65	39	2.6%	2	1.3%	30
10	Galleria/Uptown	\$30.75	6	-0.7%	38	-2.1%	46
11	Greenspoint/IAH	\$19.86	41	1.0%	15	-0.3%	43
12	Greenspoint/N Belt West	\$19.29	43	1.2%	13	1.2%	31
13	Greenway Plaza	\$30.56	8	0%	27	1.9%	23
14	Gulf Freeway/Pasadena	\$22.48	34	1.5%	9	2.5%	13
15	I-10 East	\$21.53	36	0%	28	2.8%	6
16	Katy Freeway East	\$32.94	2	-0.4%	31	1.5%	26
17	Katy Freeway West	\$28.57	11	-0.7%	34	1.0%	33
18	Katy/Grand Parkway West	\$30.06	9	0.6%	18	2.7%	8
19	Kingwood/Humble	\$25.69	23	0.9%	16	2.7%	10
20	Liberty County	\$22.32	35	-0.2%	29	2.9%	4
21	Midtown	\$30.86	5	0.5%	20	2.6%	11
22	NASA/Clear Lake	\$24.75	27	1.1%	14	0.7%	36
23	North Loop West	\$23.49	31	1.2%	12	2.1%	21
24	Northeast Near	\$24.46	29	-1.3%	44	0.9%	34
25	Northeast Outlier	\$26.14	21	-0.7%	36	2.3%	16
26	Northwest Far	\$19.96	40	1.8%	6	2.4%	15
27	Northwest Near	\$19.79	42	1.7%	7	2.3%	17
28	Northwest Outlier	\$28.21	13	1.5%	10	2.4%	14
29	Outlying Chambers County	\$24.98	24	-1.0%	42	2.6%	12
30	Outlying Montgomery Cnty	\$26.84	16	-0.8%	39	2.2%	19
31	Outlying Waller County	\$23.05	32	0.5%	22	3.2%	2
32	Post Oak Park	\$31.89	4	0.5%	21	1.7%	25
33	Richmond/Fountainview	\$21.14	38	0.4%	24	1.5%	27
34	Riverway	\$26.92	15	0.1%	26	0%	40
35	San Felipe/Voss	\$26.26	20	-1.4%	45	-1.8%	45
36	South	\$28	14	0.8%	17	2.0%	22
37	South Hwy 35	\$21.27	37	0.6%	19	3.1%	3
38	South Main/Medical Center	\$30.58	7	-0.5%	32	-0.1%	42
39	Southeast Outlier	\$22.87	33	1.6%	8	4.0%	1
40	Southwest Beltway 8	\$18.79	45	2.4%	3	2.3%	18
41	Southwest Far	\$26.41	18	-1.7%	46	0%	41
42	Southwest Outlier	\$26.34	19	-0.6%	33	2.2%	20

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
43	<a href="#">Southwest/Hillcroft</a>	\$17.82	46	1.9%	4	1.1%	32
44	<a href="#">The Woodlands</a>	\$32.82	3	-0.8%	40	-0.8%	44
45	<a href="#">West Belt</a>	\$29.04	10	0.4%	25	1.5%	28
46	<a href="#">Westchase</a>	\$26.73	17	-0.7%	37	0.7%	35

### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Austin County	33,340	12.1%	20	10,789	3.9%	27	-
2	Baytown	238,039	12.3%	22	7,724	0.4%	28	-
3	Bellaire	958,645	17.6%	33	(324,613)	-6.0%	43	-
4	CBD	13,156,125	24.7%	40	(493,541)	-0.9%	45	-
5	Conroe	333,430	11.3%	18	49,037	1.7%	20	1.4
6	E Fort Bend Co/Sugar Land	1,630,243	15.4%	28	(99,845)	-0.9%	40	-
7	FM 1960/Champions	598,568	13.0%	23	66,442	1.4%	14	0.5
8	FM 1960/Hwy 249	1,658,313	13.7%	26	217,660	1.8%	5	1.0
9	FM 1960/I-45 North	730,443	29.3%	45	28,588	1.1%	24	-
10	Galleria/Uptown	4,475,814	25.6%	41	(965,560)	-5.5%	46	-
11	Greenspoint/IAH	773,488	23.5%	36	(28,574)	-0.9%	36	-
12	Greenspoint/N Belt West	5,089,306	45.9%	46	18,051	0.2%	26	-
13	Greenway Plaza	2,695,780	20.9%	35	(308,157)	-2.4%	42	-
14	Gulf Freeway/Pasadena	909,367	10.5%	16	58,571	0.7%	15	1.0
15	I-10 East	107,439	7.5%	7	29,520	2.1%	22	-
16	Katy Freeway East	1,209,783	9.4%	12	974,714	7.6%	1	0.8
17	Katy Freeway West	6,669,945	23.6%	37	(132,363)	-0.5%	41	-
18	Katy/Grand Parkway West	888,769	13.0%	24	172,498	2.5%	7	0.3
19	Kingwood/Humble	352,553	8.5%	11	94,232	2.3%	12	0.1
20	Liberty County	45,254	9.5%	13	(19,255)	-4.0%	34	-
21	Midtown	1,335,474	12.1%	19	252,496	2.3%	4	0.9
22	NASA/Clear Lake	833,296	8.3%	9	150,579	1.5%	8	0
23	North Loop West	1,055,880	16.2%	31	106,157	1.6%	10	-
24	Northeast Near	158,499	6.9%	6	(18,982)	-0.8%	33	-
25	Northeast Outlier	41,301	3.9%	3	39,786	3.8%	21	0.4
26	Northwest Far	823,420	17.3%	32	(45,495)	-1.0%	39	-
27	Northwest Near	148,031	9.7%	15	28,974	1.9%	23	0.8
28	Northwest Outlier	287,597	10.8%	17	137,839	5.2%	9	0.9
29	Outlying Chambers County	1,200	0.7%	1	2,311	1.3%	29	-
30	Outlying Montgomery Cnty	222,785	12.2%	21	58,515	3.2%	16	0.3
31	Outlying Waller County	2,245	1.6%	2	728	0.5%	30	-
32	Post Oak Park	1,368,462	28.1%	44	287,701	5.9%	3	-
33	Richmond/Fountainview	186,260	8.4%	10	23,730	1.1%	25	-
34	Riverway	821,330	23.6%	38	(44,662)	-1.3%	38	-
35	San Felipe/Voss	1,405,167	26.2%	42	(22,629)	-0.4%	35	-
36	South	350,224	9.6%	14	209,043	5.7%	6	0.2
37	South Hwy 35	56,625	6.3%	5	(3,074)	-0.3%	32	-
38	South Main/Medical Center	1,239,817	8.1%	8	97,145	0.6%	11	2.8
39	Southeast Outlier	197,773	4.3%	4	51,993	1.1%	18	-
40	Southwest Beltway 8	1,392,186	18.9%	34	56,185	0.8%	17	-
41	Southwest Far	324,545	15.7%	29	(2,814)	-0.1%	31	-
42	Southwest Outlier	300,402	13.6%	25	51,475	2.3%	19	0.6

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
43	Southwest/Hillcroft	743,187	13.9%	27	84,143	1.6%	13	-
44	The Woodlands	3,966,041	15.9%	30	304,357	1.2%	2	1.8
45	West Belt	1,585,734	23.9%	39	(40,221)	-0.6%	37	-
46	Westchase	5,105,727	26.9%	43	(378,343)	-2.0%	44	-



## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	365,875,405	3,756,405	1.0%	2,828,205	0.8%	1.3
2025	362,119,000	3,558,285	1.0%	3,089,246	0.9%	1.2
2024	358,560,715	3,616,492	1.0%	3,078,674	0.9%	1.2
2023	354,944,223	2,667,093	0.8%	3,270,498	0.9%	0.8
2022	352,277,130	1,982,561	0.6%	3,886,169	1.1%	0.5
YTD	351,157,340	862,771	0.2%	647,793	0.2%	1.3
2021	350,294,569	4,178,487	1.2%	(274,732)	-0.1%	-
2020	346,116,082	3,035,707	0.9%	(3,607,379)	-1.0%	-
2019	343,080,375	1,644,185	0.5%	(64)	0%	-
2018	341,436,190	2,071,958	0.6%	1,028,966	0.3%	2.0
2017	339,364,232	3,569,822	1.1%	(1,855,435)	-0.5%	-
2016	335,794,410	5,572,858	1.7%	(138,519)	0%	-
2015	330,221,552	13,330,943	4.2%	4,615,601	1.4%	2.9
2014	316,890,609	7,169,144	2.3%	8,750,262	2.8%	0.8
2013	309,721,465	5,032,949	1.7%	4,648,522	1.5%	1.1
2012	304,688,516	2,209,962	0.7%	5,670,422	1.9%	0.4
2011	302,478,554	1,880,129	0.6%	2,773,569	0.9%	0.7
2010	300,598,425	1,241,526	0.4%	1,505,171	0.5%	0.8

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	176,590,472	4,461,560	2.6%	3,683,474	2.1%	1.2
2025	172,128,912	4,257,544	2.5%	3,710,675	2.2%	1.1
2024	167,871,368	4,312,594	2.6%	3,675,706	2.2%	1.2
2023	163,558,774	2,813,786	1.8%	2,761,563	1.7%	1.0
2022	160,744,988	1,401,397	0.9%	3,018,851	1.9%	0.5
YTD	160,027,424	683,833	0.4%	672,383	0.4%	1.0
2021	159,343,591	3,188,860	2.0%	(1,087,634)	-0.7%	-
2020	156,154,731	1,348,259	0.9%	(3,119,197)	-2.0%	-
2019	154,806,472	1,485,920	1.0%	1,569,955	1.0%	0.9
2018	153,320,552	2,147,227	1.4%	1,795,216	1.2%	1.2
2017	151,173,325	4,059,513	2.8%	452,028	0.3%	9.0
2016	147,113,812	5,871,624	4.2%	543,072	0.4%	10.8
2015	141,242,188	12,215,775	9.5%	5,253,689	3.7%	2.3
2014	129,026,413	6,937,790	5.7%	6,584,284	5.1%	1.1
2013	122,088,623	4,550,722	3.9%	4,346,244	3.6%	1.0
2012	117,537,901	1,459,910	1.3%	3,368,094	2.9%	0.4
2011	116,077,991	2,201,130	1.9%	3,009,024	2.6%	0.7
2010	113,876,861	137,317	0.1%	557,843	0.5%	0.2

# Supply & Demand Trends

Houston Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	141,726,976	23,388	0%	(111,866)	-0.1%	-
2025	141,703,588	22,483	0%	76,631	0.1%	0.3
2024	141,681,105	18,437	0%	103,819	0.1%	0.2
2023	141,662,668	563,023	0.4%	1,106,413	0.8%	0.5
2022	141,099,645	961,512	0.7%	1,098,372	0.8%	0.9
YTD	140,364,183	226,050	0.2%	(12,306)	0%	-
2021	140,138,133	1,014,308	0.7%	363,534	0.3%	2.8
2020	139,123,825	1,737,869	1.3%	(70,433)	-0.1%	-
2019	137,385,956	243,438	0.2%	(1,031,764)	-0.8%	-
2018	137,142,518	10,027	0%	(810,575)	-0.6%	-
2017	137,132,491	(41,911)	0%	(1,857,438)	-1.4%	-
2016	137,174,402	10,505	0%	(531,410)	-0.4%	-
2015	137,163,897	1,338,398	1.0%	(1,177,917)	-0.9%	-
2014	135,825,499	344,201	0.3%	1,596,926	1.2%	0.2
2013	135,481,298	684,572	0.5%	627,885	0.5%	1.1
2012	134,796,726	761,678	0.6%	2,237,678	1.7%	0.3
2011	134,035,048	(53,653)	0%	194,131	0.1%	-
2010	134,088,701	922,027	0.7%	669,894	0.5%	1.4

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	47,557,957	(728,543)	-1.5%	(743,403)	-1.6%	-
2025	48,286,500	(721,742)	-1.5%	(698,060)	-1.4%	-
2024	49,008,242	(714,539)	-1.4%	(700,851)	-1.4%	-
2023	49,722,781	(709,716)	-1.4%	(597,478)	-1.2%	-
2022	50,432,497	(380,348)	-0.7%	(231,054)	-0.5%	-
YTD	50,765,733	(47,112)	-0.1%	(12,284)	0%	-
2021	50,812,845	(24,681)	0%	449,368	0.9%	-
2020	50,837,526	(50,421)	-0.1%	(417,749)	-0.8%	-
2019	50,887,947	(85,173)	-0.2%	(538,255)	-1.1%	-
2018	50,973,120	(85,296)	-0.2%	44,325	0.1%	-
2017	51,058,416	(447,780)	-0.9%	(450,025)	-0.9%	-
2016	51,506,196	(309,271)	-0.6%	(150,181)	-0.3%	-
2015	51,815,467	(223,230)	-0.4%	539,829	1.0%	-
2014	52,038,697	(112,847)	-0.2%	569,052	1.1%	-
2013	52,151,544	(202,345)	-0.4%	(325,607)	-0.6%	-
2012	52,353,889	(11,626)	0%	64,650	0.1%	-
2011	52,365,515	(267,348)	-0.5%	(429,586)	-0.8%	-
2010	52,632,863	182,182	0.3%	277,434	0.5%	0.7

### OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$33.78	121	2.5%	12.7%	65,735,420	18.0%	0.1%
2025	\$32.95	118	3.1%	9.9%	64,804,602	17.9%	0%
2024	\$31.97	114	4.5%	6.6%	64,332,123	17.9%	0%
2023	\$30.59	110	5.5%	2.1%	63,790,302	18.0%	-0.3%
2022	\$29.01	104	1.8%	-3.2%	64,391,499	18.3%	-0.6%
YTD	\$28.52	102	-0.1%	-4.8%	66,507,852	18.9%	0%
2021	\$28.48	102	-0.5%	-5.0%	66,292,874	18.9%	1.1%
2020	\$28.62	103	-1.9%	-4.5%	61,841,185	17.9%	1.8%
2019	\$29.19	105	1.4%	-2.6%	55,198,099	16.1%	0.4%
2018	\$28.77	103	1.0%	-4.0%	53,559,575	15.7%	0.2%
2017	\$28.48	102	0%	-5.0%	52,583,829	15.5%	1.4%
2016	\$28.49	102	-3.4%	-4.9%	47,255,770	14.1%	1.5%
2015	\$29.50	106	-1.6%	-1.6%	41,543,019	12.6%	2.2%
2014	\$29.97	107	4.7%	0%	32,822,302	10.4%	-0.8%
2013	\$28.63	103	5.5%	-4.5%	34,403,420	11.1%	-0.1%
2012	\$27.12	97	7.3%	-9.5%	34,175,838	11.2%	-1.2%
2011	\$25.27	90	2.0%	-15.7%	37,627,841	12.4%	-0.4%
2010	\$24.77	89	-5.2%	-17.4%	38,504,128	12.8%	-0.1%

### 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$39.75	111	2.3%	4.1%	37,218,714	21.1%	-0.1%
2025	\$38.84	108	2.9%	1.7%	36,441,998	21.2%	-0.2%
2024	\$37.75	105	4.3%	-1.1%	35,896,469	21.4%	-0.2%
2023	\$36.18	101	5.3%	-5.2%	35,260,920	21.6%	-0.3%
2022	\$34.36	96	1.4%	-10.0%	35,209,735	21.9%	-1.2%
YTD	\$33.85	94	-1.4%	-11.3%	36,838,595	23.0%	-0.1%
2021	\$33.87	94	-1.7%	-11.3%	36,827,145	23.1%	2.3%
2020	\$34.45	96	-3.6%	-9.8%	32,550,651	20.8%	2.7%
2019	\$35.73	99	2.3%	-6.4%	28,083,195	18.1%	-0.2%
2018	\$34.93	97	0.8%	-8.5%	28,167,230	18.4%	0%
2017	\$34.66	96	-0.4%	-9.2%	27,844,804	18.4%	1.9%
2016	\$34.82	97	-5.7%	-8.8%	24,322,319	16.5%	3.1%
2015	\$36.92	103	-3.3%	-3.3%	18,993,767	13.4%	4.1%
2014	\$38.18	106	4.4%	0%	12,031,681	9.3%	-0.2%
2013	\$36.58	102	6.1%	-4.2%	11,678,175	9.6%	-0.3%
2012	\$34.49	96	8.6%	-9.7%	11,641,259	9.9%	-1.8%
2011	\$31.75	88	2.5%	-16.9%	13,549,443	11.7%	-0.9%
2010	\$30.98	86	-6.1%	-18.9%	14,355,184	12.6%	-0.4%

### 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$29.74	133	2.6%	19.6%	24,154,578	17.0%	0.1%
2025	\$28.97	130	3.2%	16.5%	24,019,524	17.0%	0%
2024	\$28.08	126	4.6%	12.9%	24,073,872	17.0%	-0.1%
2023	\$26.84	120	5.6%	7.9%	24,159,471	17.1%	-0.5%
2022	\$25.43	114	2.2%	2.2%	24,702,980	17.5%	-0.2%
YTD	\$24.97	112	1.3%	0.4%	25,078,144	17.9%	0.1%
2021	\$24.87	112	0.7%	0%	24,839,788	17.7%	0.3%
2020	\$24.70	111	-0.4%	-0.7%	24,190,544	17.4%	1.1%
2019	\$24.80	111	0.1%	-0.3%	22,382,242	16.3%	0.9%
2018	\$24.77	111	0.9%	-0.4%	21,112,765	15.4%	0.6%
2017	\$24.54	110	0.9%	-1.3%	20,319,132	14.8%	1.3%
2016	\$24.33	109	-0.9%	-2.1%	18,514,590	13.5%	0.4%
2015	\$24.56	110	0%	-1.2%	17,970,332	13.1%	1.7%
2014	\$24.56	110	5.0%	-1.2%	15,450,245	11.4%	-1.0%
2013	\$23.38	105	4.7%	-6.0%	16,702,970	12.3%	0%
2012	\$22.32	100	6.2%	-10.2%	16,642,441	12.3%	-1.2%
2011	\$21.03	94	1.4%	-15.4%	18,118,441	13.5%	-0.2%
2010	\$20.74	93	-4.2%	-16.6%	18,366,225	13.7%	0.1%

### 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$25.83	145	3.0%	21.8%	4,362,128	9.2%	0.2%
2025	\$25.08	140	3.5%	18.3%	4,343,080	9.0%	0.1%
2024	\$24.23	136	5.0%	14.3%	4,361,782	8.9%	0.1%
2023	\$23.08	129	5.9%	8.8%	4,369,911	8.8%	-0.1%
2022	\$21.79	122	2.8%	2.8%	4,478,784	8.9%	-0.2%
YTD	\$21.31	119	2.0%	0.5%	4,591,113	9.0%	-0.1%
2021	\$21.20	119	2.0%	0%	4,625,941	9.1%	-0.9%
2020	\$20.79	116	2.1%	-2.0%	5,099,990	10.0%	0.7%
2019	\$20.36	114	1.1%	-4.0%	4,732,662	9.3%	0.9%
2018	\$20.14	113	2.9%	-5.0%	4,279,580	8.4%	-0.3%
2017	\$19.57	110	-1.0%	-7.7%	4,419,893	8.7%	0.1%
2016	\$19.76	111	1.6%	-6.8%	4,418,861	8.6%	-0.3%
2015	\$19.46	109	4.1%	-8.2%	4,578,920	8.8%	-1.4%
2014	\$18.69	105	5.9%	-11.9%	5,340,376	10.3%	-1.3%
2013	\$17.65	99	5.2%	-16.7%	6,022,275	11.5%	0.3%
2012	\$16.79	94	3.4%	-20.8%	5,892,138	11.3%	-0.1%
2011	\$16.23	91	1.3%	-23.5%	5,959,957	11.4%	0.4%
2010	\$16.03	90	-2.6%	-24.4%	5,782,719	11.0%	-0.2%

### OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$259.30	176	8.0%
2025	-	-	-	-	-	-	\$252.43	171	8.0%
2024	-	-	-	-	-	-	\$244.72	166	7.9%
2023	-	-	-	-	-	-	\$232.94	158	7.9%
2022	-	-	-	-	-	-	\$218.14	148	7.9%
YTD	279	\$427M	2.2%	\$8,714,137	\$268.99	7.5%	\$215.17	146	7.9%
2021	943	\$1.3B	5.3%	\$5,474,420	\$169.61	7.3%	\$214.79	146	7.9%
2020	651	\$773.4M	3.1%	\$4,658,847	\$175.34	7.4%	\$221.73	150	7.8%
2019	757	\$3.2B	7.1%	\$13,565,791	\$199.50	8.1%	\$225.57	153	7.7%
2018	636	\$1.7B	5.5%	\$8,377,724	\$180.06	7.4%	\$225.72	153	7.5%
2017	578	\$3.1B	7.5%	\$19,033,241	\$209.23	7.6%	\$217.78	148	7.3%
2016	548	\$605.7M	4.2%	\$5,714,600	\$171.51	7.6%	\$224.17	152	7.1%
2015	586	\$2.5B	7.4%	\$16,182,180	\$217.10	7.6%	\$228.28	155	6.9%
2014	597	\$2.6B	6.3%	\$14,592,657	\$188.38	8.0%	\$223.27	151	6.8%
2013	469	\$4.4B	9.0%	\$26,961,631	\$208.38	7.6%	\$205.85	140	7.1%
2012	451	\$3.7B	8.6%	\$26,183,774	\$204.66	7.9%	\$190.19	129	7.4%
2011	291	\$2.3B	6.0%	\$21,728,061	\$186.10	8.8%	\$174.31	118	7.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$321.98	172	7.7%
2025	-	-	-	-	-	-	\$313.94	167	7.7%
2024	-	-	-	-	-	-	\$304.87	163	7.6%
2023	-	-	-	-	-	-	\$290.67	155	7.6%
2022	-	-	-	-	-	-	\$272.49	145	7.6%
YTD	18	\$378.3M	1.4%	\$63,042,745	\$291.09	-	\$269.08	143	7.6%
2021	97	\$886.3M	4.3%	\$19,266,834	\$263.82	7.5%	\$268.72	143	7.6%
2020	43	\$470.8M	2.5%	\$20,471,234	\$193.38	6.7%	\$282.25	150	7.4%
2019	60	\$2.4B	7.7%	\$74,009,377	\$259.32	7.3%	\$289.51	154	7.2%
2018	54	\$1.2B	4.4%	\$46,121,529	\$236	6.7%	\$294.44	157	7.0%
2017	63	\$2.5B	10.7%	\$75,483,200	\$223.39	6.6%	\$278.20	148	6.9%
2016	28	\$417.2M	3.7%	\$59,601,414	\$274.49	6.8%	\$287.32	153	6.7%
2015	52	\$1.7B	8.5%	\$58,025,932	\$276.12	6.6%	\$293.56	157	6.5%
2014	35	\$1.7B	5.9%	\$72,750,603	\$259.15	7.5%	\$286.39	153	6.4%
2013	48	\$3.7B	12.8%	\$96,442,779	\$250.92	6.5%	\$264.12	141	6.7%
2012	51	\$3.1B	12.3%	\$82,554,061	\$232.63	7.2%	\$244.20	130	7.0%
2011	36	\$1.8B	8.3%	\$73,429,295	\$255.61	7.8%	\$224.10	119	7.3%

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### 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$217.90	182	8.1%
2025	-	-	-	-	-	-	\$211.85	177	8.1%
2024	-	-	-	-	-	-	\$205.06	172	8.1%
2023	-	-	-	-	-	-	\$194.93	163	8.0%
2022	-	-	-	-	-	-	\$182.39	153	8.1%
YTD	149	\$25.3M	2.7%	\$1,100,184	\$200.49	7.0%	\$179.72	150	8.1%
2021	448	\$336.6M	6.1%	\$3,032,520	\$95.77	7.6%	\$179.74	150	8.0%
2020	272	\$238.6M	3.3%	\$2,982,426	\$165.39	7.2%	\$181.39	152	7.9%
2019	359	\$697.1M	7.2%	\$5,051,283	\$115.50	7.9%	\$181.96	152	7.9%
2018	286	\$490.4M	6.9%	\$4,499,238	\$121.81	7.3%	\$177.30	148	7.8%
2017	227	\$570.6M	5.1%	\$7,816,443	\$170.84	7.2%	\$175.26	147	7.6%
2016	241	\$155.1M	4.6%	\$2,769,895	\$91.76	7.6%	\$179.54	150	7.3%
2015	237	\$651.3M	6.8%	\$10,020,266	\$148.38	7.9%	\$182.06	152	7.1%
2014	233	\$830M	6.8%	\$9,764,338	\$125.81	8.4%	\$178.76	150	7.1%
2013	161	\$731.3M	7.6%	\$12,829,160	\$118.95	8.3%	\$164.87	138	7.3%
2012	156	\$591.2M	6.6%	\$12,065,813	\$137.60	8.1%	\$152.30	127	7.6%
2011	124	\$425.2M	5.2%	\$8,859,095	\$92.11	9.1%	\$139.31	117	8.1%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$173.25	179	8.7%
2025	-	-	-	-	-	-	\$167.91	174	8.7%
2024	-	-	-	-	-	-	\$161.95	167	8.6%
2023	-	-	-	-	-	-	\$153.38	159	8.6%
2022	-	-	-	-	-	-	\$143.08	148	8.6%
YTD	112	\$23.4M	3.6%	\$1,171,600	\$144.90	7.7%	\$140.65	145	8.6%
2021	398	\$74.6M	6.5%	\$931,918	\$96.16	6.8%	\$139.12	144	8.7%
2020	336	\$63.9M	4.2%	\$1,014,859	\$119.91	7.9%	\$139.69	144	8.6%
2019	338	\$75.7M	4.9%	\$1,147,059	\$114.30	8.6%	\$141.64	146	8.5%
2018	296	\$57.2M	4.8%	\$829,315	\$107.27	8.4%	\$139.81	145	8.3%
2017	288	\$59.9M	4.6%	\$1,032,853	\$139.98	8.5%	\$142.16	147	7.9%
2016	279	\$33.4M	4.7%	\$777,293	\$103.97	7.8%	\$145.65	151	7.7%
2015	297	\$83.8M	6.3%	\$1,444,453	\$118.01	8.0%	\$147.34	152	7.5%
2014	329	\$50.5M	5.7%	\$753,469	\$100.51	7.6%	\$144.46	149	7.4%
2013	260	\$52.6M	3.7%	\$751,162	\$88.26	8.1%	\$132.82	137	7.7%
2012	244	\$46.2M	5.5%	\$839,765	\$75.45	9.5%	\$122.23	126	8.1%
2011	131	\$42.2M	2.9%	\$1,278,955	\$73.09	9.4%	\$111.87	116	8.5%

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