



# Office Market Report Houston Market

PREPARED BY



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**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**1.9 M**

12 Mo Net Absorption in SF

**2.8 M**

Vacancy Rate

**16.3%**

12 Mo Rent Growth

**0.3%**

Houston's office market continues to recover from the aftershock of the oil downturn. Things seem to have turned a corner; the metro has absorbed 2,795,107 SF over the past year, the highest absorption rate seen in several years' time.

Although Houston's economy had diversified substantially in recent years, the city's office market remains strongly tied to the performance of the energy sector. Oil prices climbed from a bottom of \$26/barrel in February 2016 to a high of \$75/barrel in October 2018, before falling to around \$50/barrel as of 19Q1. Volatility in oil prices causes uncertainty that may slow energy companies' growth plans. The majority of Houston's Fortune 500 oil companies are profitable again, and one-third of the oil

jobs lost during the oil downturn have been gained back. However, technological progress, the trend towards reduced space needs, and a general flight-to-quality challenge future office absorption in Houston. Also taking into account a high level of structural obsolescence, Houston's vacancy rate may remain elevated for some time.

Transaction volumes in recent years represent strong investor interest for value-add, well-located, high-quality product below replacement cost. During the past couple of years, investors sought to time the market as Houston's economy began to bounce back from the oil downturn.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Gross Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	145,878,206	18.2%	\$33.58	23.5%	551,148	13,051	3,535,243
3 Star	132,771,465	16.5%	\$24.27	18.8%	500,722	100,002	374,991
1 & 2 Star	50,172,074	9.9%	\$21.37	12.1%	35,509	20,008	27,008
<b>Market</b>	<b>328,821,745</b>	<b>16.3%</b>	<b>\$28.01</b>	<b>19.9%</b>	<b>1,087,379</b>	<b>133,061</b>	<b>3,937,242</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.5%	13.0%	14.1%	17.1%	2018 Q2	8.8%	1999 Q1
Net Absorption SF	2.8 M	3,072,022	4,690,543	9,619,250	2006 Q4	(4,213,789)	2017 Q3
Deliveries SF	1.9 M	5,191,528	3,345,524	13,228,769	2015 Q2	1,218,586	2010 Q4
Rent Growth	0.3%	1.8%	1.2%	14.4%	2008 Q1	-6.3%	2009 Q4
Sales Volume	\$1.5 B	\$1.8B	N/A	\$5.0B	2013 Q3	\$251.2M	2009 Q4

Houston's office vacancy rate of 16% was the highest among large metros as of 19Q1. However, the booming Dallas-Fort Worth metro was not far behind, with 15% vacancy as of 19Q1. This suggests a high rate of structural obsolescence in both markets. A significant amount of new inventory delivered in both metros during the early 1980s, right into the oil bust and savings and loan crisis of that decade. As much as one-third of Houston's office stock was built during these years. Even though both economies have diversified substantially since that time, tenants last cycle indicated a strong preference for 4 & 5 Star product, often at the expense of 1980s product unable to compete.

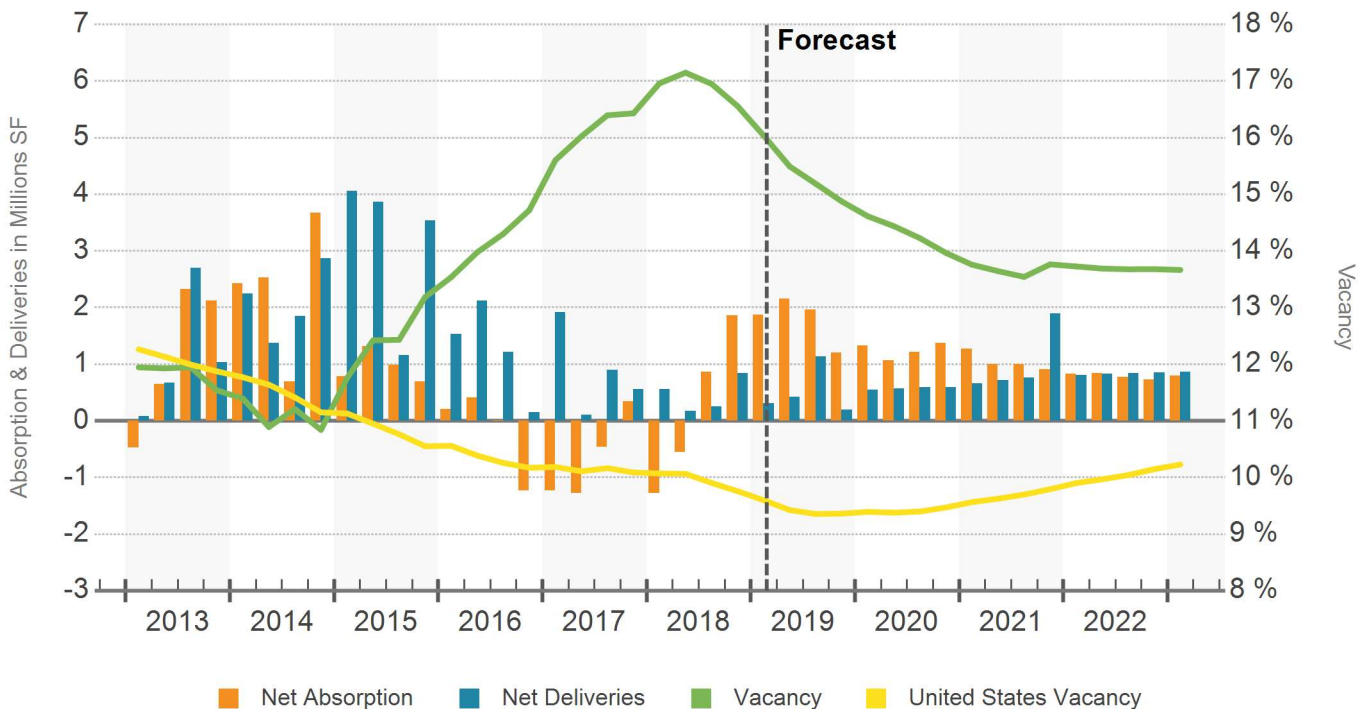
Product rated 4 & 5 Star accounted for nearly 93% of net completions this cycle, indicating a clear tenant preference for new product.

Strong net absorption in 2018 leading into 2019 indicates a turning point for Houston office. Last year was the first time Houston's office market posted positive net

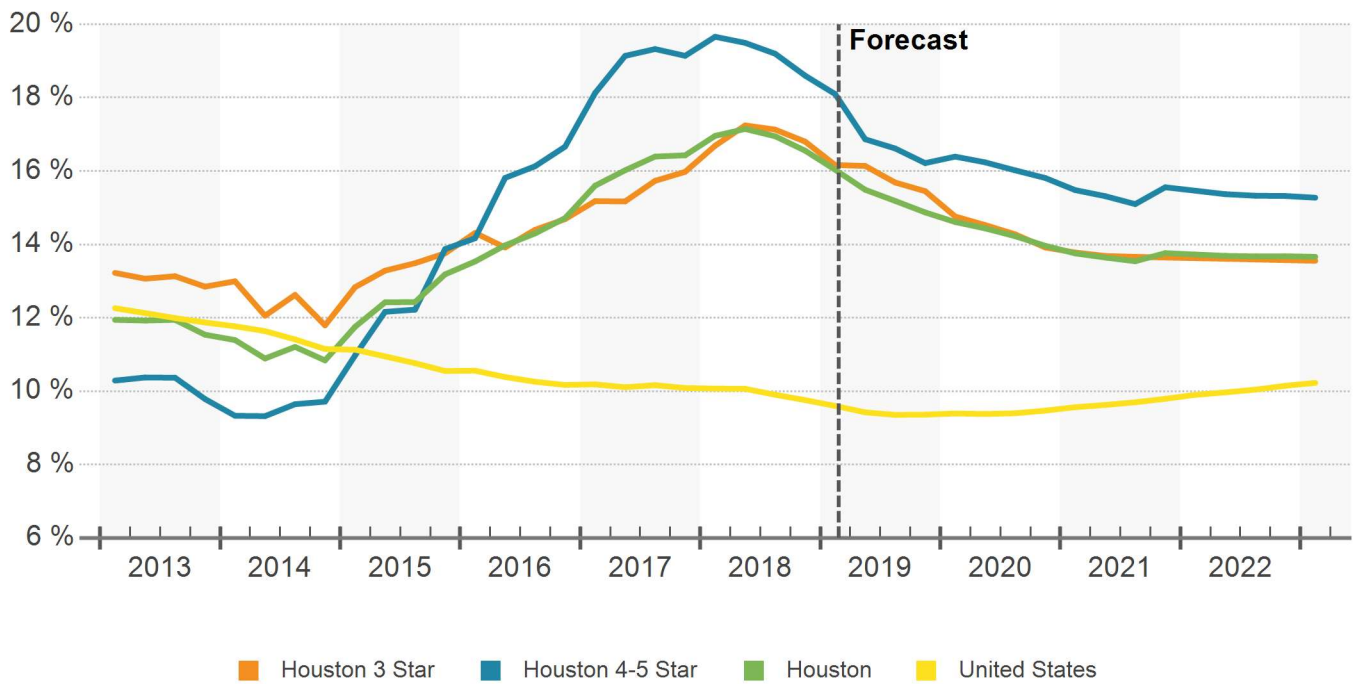
absorption numbers in three years, as Houston continued to work its way out of the oil slump. Last year, Houston also experienced its lowest level of new deliveries in eight years.

In 19Q1, Houston's office vacancy rate continued to decline from its peak in mid-2015. CoStar is forecasting that the vacancy rate could continue to decline, eventually reaching below 14% in 2021 and stabilizing at that rate during the following two years. That would be a welcome change, although it would still place Houston's vacancy rate 400 basis points above the national average, even if the metro follows the historical trend of behaving counter-cyclically to the U.S. economy. Downside risks to this forecast include low/volatile oil prices, slow hiring levels and further consolidation in the energy industry, and a general slowdown in the global economy. Even given the typical counter-cyclical behavior of the energy industry, more than half of Houston's economy still depends on the performance of the greater U.S. economy.

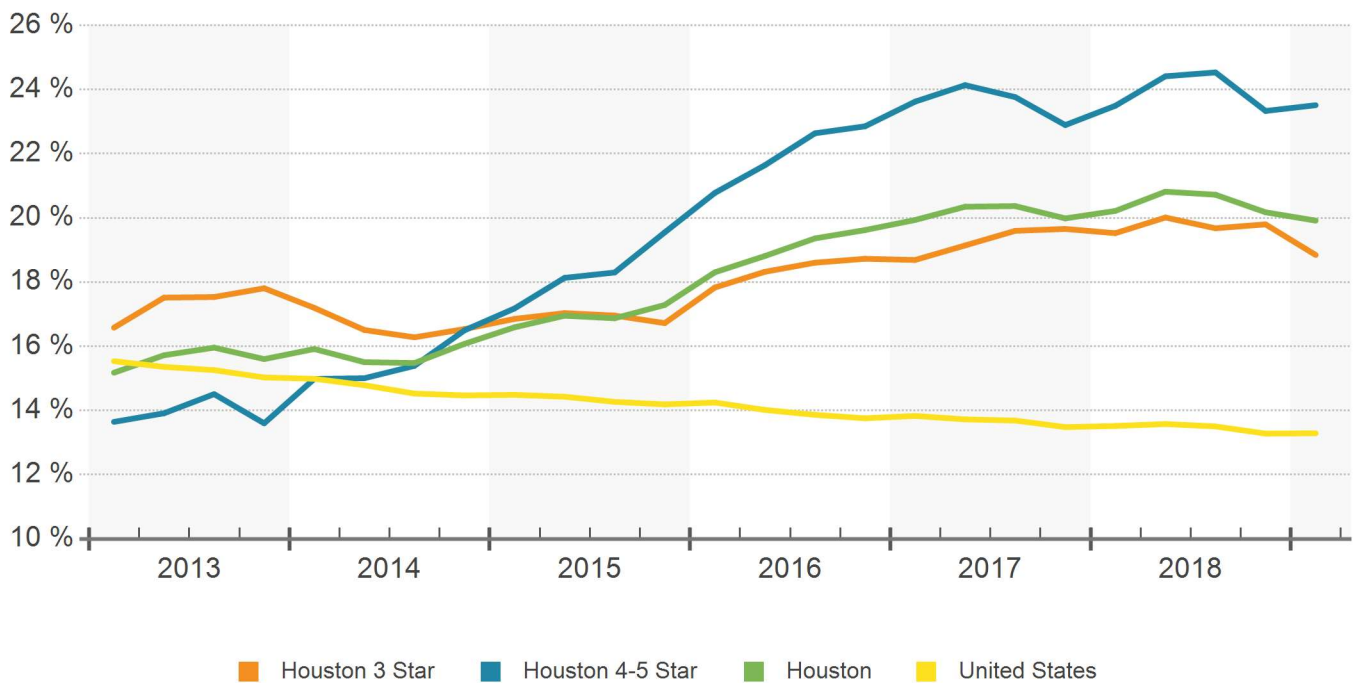
## NET ABSORPTION, NET DELIVERIES & VACANCY



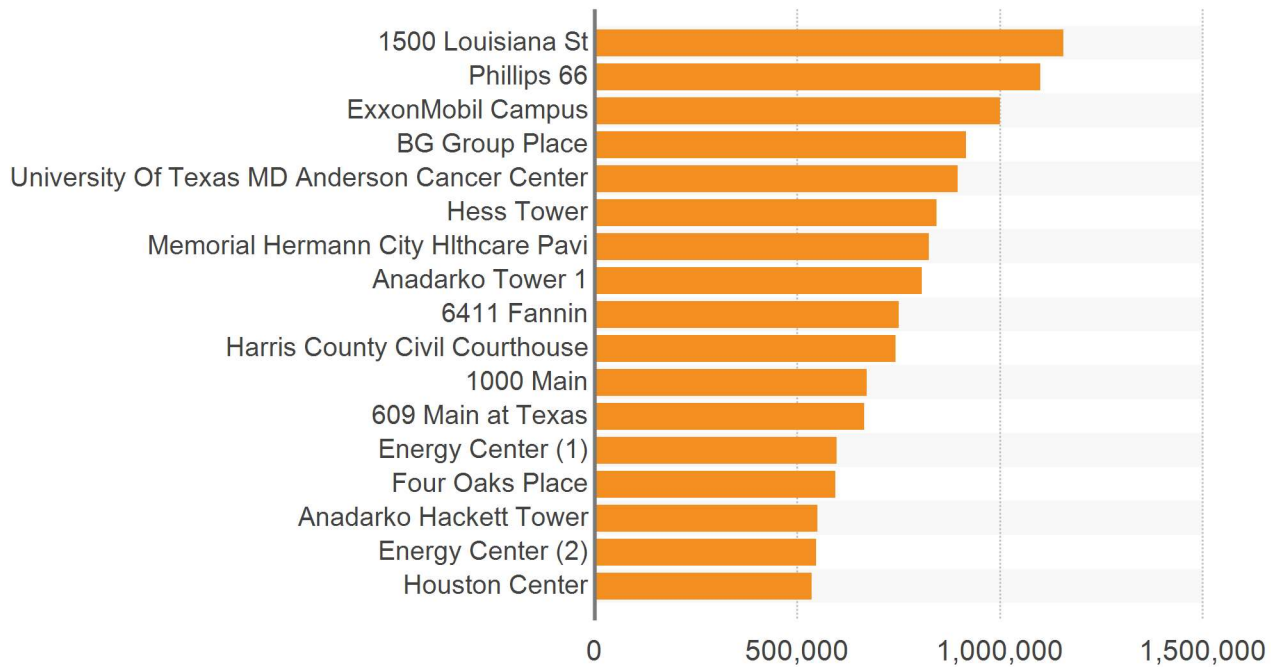
## VACANCY RATE



## AVAILABILITY RATE



### NET ABSORPTION SF IN SELECT BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Springwoods Village	The Woodlands	326,800	0	303,137	0	0	0	303,137
Legacy at Fallbrook	West Belt	206,808	10,857	126,983	0	0	0	126,983
Houston Center	CBD	580,875	44,830	123,798	0	0	0	123,798
10500 Richmond Ave	Westchase	95,170	0	93,785	0	0	0	93,785
West Memorial Place 2	Katy Freeway West	385,000	268,407	85,800	0	0	0	85,800
Total Plaza	CBD	843,533	60,617	77,873	0	0	0	77,873
Westchase Corporate Center	Westchase	184,259	5,481	77,367	0	0	0	77,367
San Felipe Plaza	San Felipe/Voss	980,472	164,337	77,133	0	0	0	77,133
Interwood Office Park	Greenspoint/IAH	80,000	0	76,914	0	0	0	76,914
West Loop Plaza	Post Oak Park	281,590	0	75,785	0	0	0	75,785
Imperial 20	Greenspoint/N Belt...	110,255	0	73,043	0	0	0	73,043
10200 Bellaire Blvd	Westchase	568,458	502,132	66,326	0	0	0	66,326
Hess Tower	CBD	844,763	0	61,689	0	0	0	61,689
Eldridge Place	Katy Freeway West	279,329	14,071	61,187	0	0	0	61,187
17000 Katy Fwy	Katy Freeway West	174,469	115,231	59,220	0	0	0	59,220
Hughes Landing	The Woodlands	332,000	11,902	55,040	0	0	0	55,040
2411 Fountain View Dr	San Felipe/Voss	54,198	0	54,198	0	0	0	54,198
<b>Subtotal Primary Competitors</b>		<b>6,327,979</b>	<b>1,197,865</b>	<b>1,549,278</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,549,278</b>
Remaining Houston Market		322,493,766	52,262,826	(461,899)	0	0	0	(461,899)
<b>Total Houston Market</b>		<b>328,821,745</b>	<b>53,460,691</b>	<b>1,087,379</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,087,379</b>

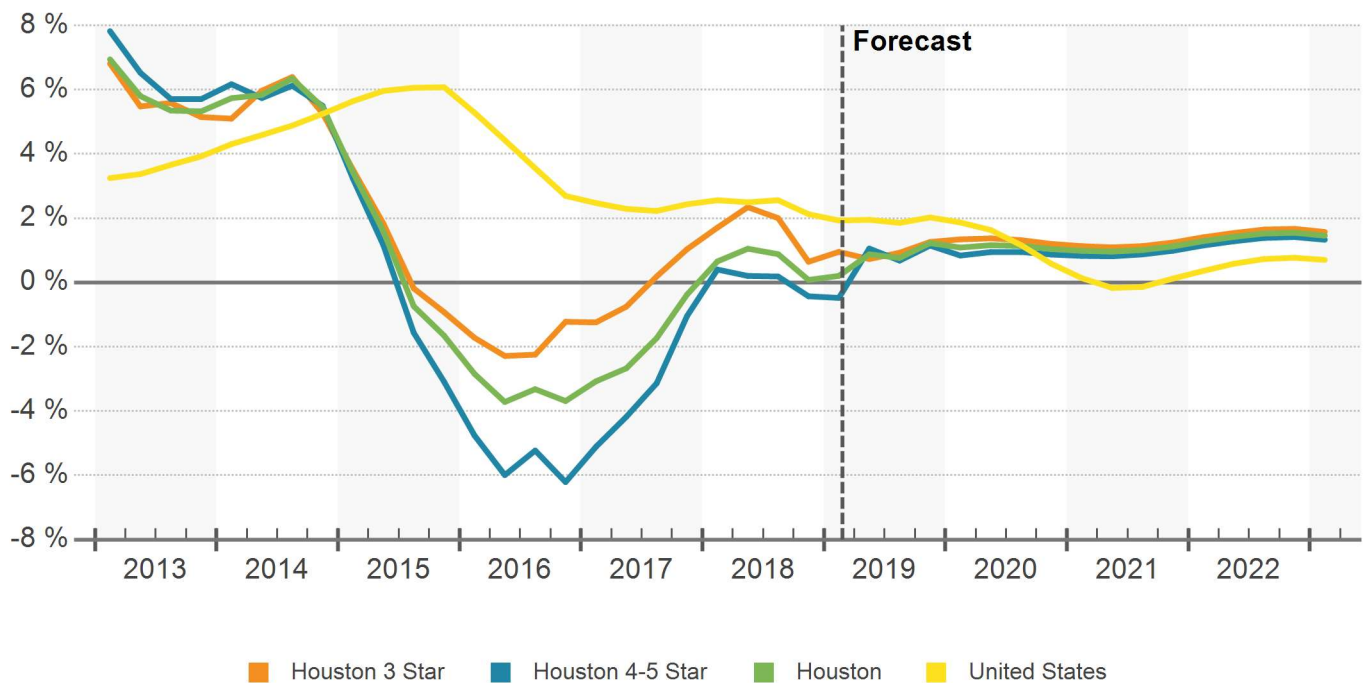
Houston's average rental rate of \$28.00/SF is similar to that of Chicago's, narrowly placing in the top 25 most expensive U.S. metros as of 19Q1. The local office market experienced flat rent growth over the past 12 months, while tenants continued to work through the recent supply wave. A significant sublease space overhang and a persistently high vacancy rate continue to place pressure on landlords to offer free rent and concessions. However, even flat rent growth is a welcome change from -6% rent growth experienced at the bottom of the oil downturn in 2016.

Several tech markets saw significantly higher rent growth than Houston this cycle, as office supply chased after red-hot demand in markets that already have high barriers to entry for new development. Meanwhile,

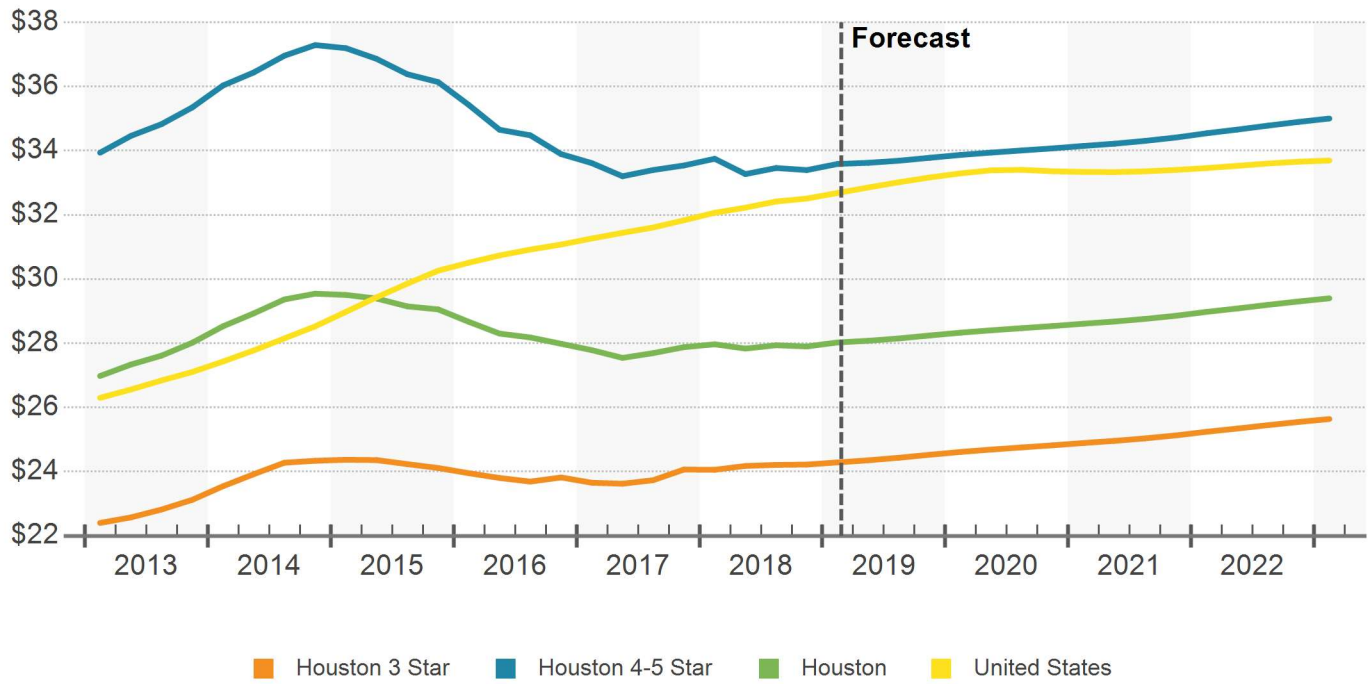
Houston has relatively low barriers to entry for new development: a comparatively easy permitting process, a lack of zoning, and abundant land. Houston initially saw over 9% rent growth in 2012 during the shale boom, during which time it kept pace with the top-tier tech markets, before turning negative in 2015 and 2016 and essentially flat thereafter.

CoStar is forecasting annual rent growth for Houston office to average a modest 1% and 2% over the next five years. Surprisingly, this may outperform the national average if the U.S. experiences a recession during that time. Both national and Houston office rent growth trends suggest end-of-cycle market behavior, with potentially a slight recovery in store for Houston in the face of these headwinds.

## MARKET RENT GROWTH (YOY)



## MARKET RENT PER SQUARE FOOT





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

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Houston</b>	\$0.56	\$1.36	\$0.45	\$4.69	\$8.52	<b>\$15.58</b>
Bellaire	\$0.46	\$1.39	\$0.45	\$2.84	\$8.49	<b>\$13.63</b>
Conroe	\$0.67	\$1.34	\$0.40	\$2.45	\$7.88	<b>\$12.74</b>
Downtown	\$0.47	\$1.16	\$0.54	\$6.32	\$7.72	<b>\$16.21</b>
E Fort Bend Co/Sugar Land	\$0.53	\$1.63	\$0.45	\$3.79	\$7.42	<b>\$13.82</b>
FM 1960	\$0.64	\$1.12	\$0.41	\$4.98	\$9.05	<b>\$16.20</b>
Greenway Plaza	\$1.34	\$1.44	\$0.40	\$4.50	\$6.25	<b>\$13.93</b>
Gulf Freeway/Pasadena	\$0.52	\$1.87	\$0.63	\$4.66	\$7.83	<b>\$15.51</b>
I-10 East	\$0.44	\$1.34	\$0.63	\$0.74	\$8.78	<b>\$11.93</b>
Katy Freeway	\$0.53	\$1.48	\$0.36	\$5.41	\$9.46	<b>\$17.24</b>
Katy/Grand Parkway West	\$0.85	\$1.09	\$0.51	\$5.71	\$8.58	<b>\$16.74</b>
Kingwood/Humble	\$0.49	\$1.52	\$0.45	\$3.33	\$9.07	<b>\$14.86</b>
NASA/Clear Lake	\$0.47	\$1.46	\$0.70	\$4.30	\$8.37	<b>\$15.30</b>
North Belt	\$0.35	\$1.11	\$0.41	\$1.47	\$8.83	<b>\$12.17</b>
Northeast Near	\$0.37	\$1.13	\$0.46	\$2.59	\$9.39	<b>\$13.94</b>
Northeast Outlier	\$0.49	\$1.50	\$0.45	\$4.06	\$9.09	<b>\$15.59</b>
Northwest	\$0.33	\$1.02	\$0.39	\$2.98	\$8.62	<b>\$13.34</b>
Northwest Outlier	\$0.43	\$1.24	\$0.45	\$5.19	\$10.04	<b>\$17.35</b>
Outlying Montgomery Cnty	\$0.49	\$1.56	\$0.45	\$3.12	\$9.12	<b>\$14.74</b>
San Felipe/Voss	\$0.65	\$1.14	\$0.36	\$4.52	\$6.13	<b>\$12.80</b>
South	\$0.46	\$1.40	\$0.47	\$3.74	\$7.45	<b>\$13.52</b>
South Main/Medical Center	\$0.59	\$1.67	\$0.56	\$4.08	\$7.45	<b>\$14.35</b>
Southeast Outlier	\$0.45	\$1.37	\$0.54	\$9.22	\$8.05	<b>\$19.63</b>
Southwest	\$0.40	\$1.19	\$0.43	\$2.06	\$8.36	<b>\$12.44</b>
Southwest Far	\$0.47	\$1.41	\$0.45	\$3.33	\$7.31	<b>\$12.97</b>
Southwest Outlier	\$1.00	\$1.07	\$0.61	\$5.09	\$7.46	<b>\$15.23</b>
The Woodlands	\$0.48	\$1.75	\$0.43	\$4.18	\$8.83	<b>\$15.67</b>
West Belt	\$0.53	\$1.17	\$0.48	\$4.92	\$8.38	<b>\$15.48</b>
West Loop	\$0.73	\$1.09	\$0.40	\$4.70	\$8.13	<b>\$15.05</b>
Westchase	\$0.36	\$1.24	\$0.46	\$5.03	\$9.87	<b>\$16.96</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>	\$0.48	\$1.23	\$0.33	\$3.61	\$4.91	<b>\$10.56</b>
Austin County	\$0.51	\$1.25	\$0.39	\$2.39	\$6.69	<b>\$11.23</b>
Baytown	\$0.43	\$1.11	\$0.34	\$3.35	\$3.66	<b>\$8.89</b>
Bellaire	\$0.45	\$1.28	\$0.41	\$3.59	\$5.59	<b>\$11.32</b>
Conroe	\$0.47	\$1.44	\$0.24	\$2.27	\$4.20	<b>\$8.62</b>
Downtown	\$0.44	\$1.24	\$0.42	\$3.83	\$6.73	<b>\$12.66</b>
E Fort Bend Co/Sugar Land	\$0.48	\$1.48	\$0.39	\$3.66	\$4.47	<b>\$10.48</b>
FM 1960	\$0.51	\$1.17	\$0.27	\$3.25	\$4.75	<b>\$9.95</b>
Greenway Plaza	\$0.53	\$1.27	\$0.37	\$4.99	\$5.67	<b>\$12.83</b>
Gulf Freeway/Pasadena	\$0.51	\$1.15	\$0.36	\$3.48	\$2.32	<b>\$7.82</b>
I-10 East	\$0.43	\$1.10	\$0.34	\$2.79	\$3.91	<b>\$8.57</b>
Katy Freeway	\$0.49	\$1.31	\$0.32	\$5.11	\$6.02	<b>\$13.25</b>
Katy/Grand Parkway West	\$0.85	\$0.92	\$0.37	\$4.56	\$6.41	<b>\$13.11</b>
Kingwood/Humble	\$0.44	\$1.39	\$0.33	\$3.04	\$3.88	<b>\$9.08</b>
Liberty County	\$0.42	\$1.08	\$0.34	\$2.10	\$3.58	<b>\$7.52</b>
NASA/Clear Lake	\$0.44	\$1.09	\$0.34	\$3.07	\$3.51	<b>\$8.45</b>
North Belt	\$0.37	\$0.98	\$0.19	\$2.29	\$6.06	<b>\$9.89</b>
Northeast Near	\$0.36	\$0.98	\$0.26	\$3.17	\$5.87	<b>\$10.64</b>
Northeast Outlier	\$0.45	\$1.33	\$0.28	\$5.71	\$4.00	<b>\$11.77</b>
Northwest	\$0.37	\$0.99	\$0.29	\$3.87	\$5.63	<b>\$11.15</b>
Northwest Outlier	\$0.47	\$1.17	\$0.34	\$3.44	\$5.91	<b>\$11.33</b>
Outlying Chambers County	\$0.42	\$1.08	\$0.34	\$2.02	\$3.58	<b>\$7.44</b>
Outlying Montgomery Cnty	\$0.45	\$1.41	\$0.24	\$2.83	\$4.06	<b>\$8.99</b>
Outlying Waller County	\$0.51	\$1.25	\$0.39	\$1.17	\$6.69	<b>\$10.01</b>
Richmond/Fountainview	\$0.45	\$1.07	\$0.34	\$2.27	\$5.73	<b>\$9.86</b>
San Felipe/Voss	\$0.46	\$1.08	\$0.34	\$3.38	\$5.93	<b>\$11.19</b>
South	\$0.43	\$1.22	\$0.40	\$3.31	\$4.18	<b>\$9.54</b>
South Hwy 35	\$0.43	\$1.31	\$0.43	\$2.35	\$4.70	<b>\$9.22</b>
South Main/Medical Center	\$0.46	\$1.39	\$0.45	\$4.73	\$4.75	<b>\$11.78</b>
Southeast Outlier	\$0.43	\$1.27	\$0.42	\$2.24	\$4.48	<b>\$8.84</b>
Southwest	\$0.38	\$1.18	\$0.41	\$2.38	\$3.84	<b>\$8.19</b>
Southwest Far	\$0.44	\$1.34	\$0.44	\$3.84	\$4.80	<b>\$10.86</b>
Southwest Outlier	\$0.78	\$0.92	\$0.44	\$4.00	\$5.94	<b>\$12.08</b>
The Woodlands	\$0.46	\$1.64	\$0.18	\$3.85	\$4.21	<b>\$10.34</b>
West Belt	\$0.45	\$0.97	\$0.28	\$4.37	\$4.75	<b>\$10.82</b>
West Loop	\$0.39	\$0.95	\$0.35	\$3.78	\$6.85	<b>\$12.32</b>
Westchase	\$0.36	\$1.15	\$0.29	\$3.23	\$5.10	<b>\$10.13</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>	\$0.41	\$1.01	\$0.28	\$3.33	\$3.62	<b>\$8.65</b>
Austin County	\$0.48	\$1.10	\$0.33	\$1.71	\$4.48	<b>\$8.10</b>
Baytown	\$0.39	\$1.00	\$0.31	\$2.31	\$3.53	<b>\$7.54</b>
Bellaire	\$0.38	\$1.03	\$0.22	\$4.25	\$3.47	<b>\$9.35</b>
Conroe	\$0.43	\$1.04	\$0.22	\$1.86	\$4.54	<b>\$8.09</b>
Downtown	\$0.42	\$0.87	\$0.37	\$5.41	\$3.42	<b>\$10.49</b>
E Fort Bend Co/Sugar Land	\$0.44	\$1.36	\$0.33	\$2.78	\$3.65	<b>\$8.56</b>
FM 1960	\$0.41	\$1.05	\$0.25	\$2.87	\$4.22	<b>\$8.80</b>
Greenway Plaza	\$0.49	\$0.97	\$0.35	\$6.62	\$4.43	<b>\$12.86</b>
Gulf Freeway/Pasadena	\$0.41	\$1.01	\$0.30	\$2.71	\$2.44	<b>\$6.87</b>
I-10 East	\$0.38	\$0.96	\$0.29	\$2.40	\$3.53	<b>\$7.56</b>
Katy Freeway	\$0.45	\$1.11	\$0.29	\$3.74	\$4.32	<b>\$9.91</b>
Katy/Grand Parkway West	\$0.46	\$0.91	\$0.30	\$3.91	\$4.88	<b>\$10.46</b>
Kingwood/Humble	\$0.43	\$1.21	\$0.33	\$2.54	\$3.46	<b>\$7.97</b>
Liberty County	\$0.39	\$1.00	\$0.31	\$1.63	\$3.54	<b>\$6.87</b>
NASA/Clear Lake	\$0.40	\$1.01	\$0.31	\$2.63	\$3.55	<b>\$7.90</b>
North Belt	\$0.34	\$0.83	\$0.20	\$2.43	\$3.76	<b>\$7.56</b>
Northeast Near	\$0.34	\$0.77	\$0.24	\$2.08	\$1.68	<b>\$5.11</b>
Northeast Outlier	\$0.42	\$1.18	\$0.24	\$3.18	\$3.81	<b>\$8.83</b>
Northwest	\$0.33	\$0.75	\$0.26	\$4.36	\$3.54	<b>\$9.24</b>
Northwest Outlier	\$0.48	\$1.11	\$0.31	\$2.99	\$0.32	<b>\$5.21</b>
Outlying Chambers County	\$0.40	\$1.03	\$0.32	\$1.94	\$3.62	<b>\$7.31</b>
Outlying Montgomery Cnty	\$0.44	\$1.21	\$0.23	\$2.08	\$3.85	<b>\$7.81</b>
Outlying Waller County	\$0.45	\$1.04	\$0.30	\$2.75	\$3.50	<b>\$8.04</b>
Richmond/Fountainview	\$0.35	\$0.92	\$0.21	\$3.21	\$3.57	<b>\$8.26</b>
San Felipe/Voss	\$0.43	\$1.14	\$0.26	\$4.18	\$4.58	<b>\$10.59</b>
South	\$0.40	\$1.07	\$0.27	\$2.86	\$3.43	<b>\$8.03</b>
South Hwy 35	\$0.40	\$1.08	\$0.24	\$2.16	\$3.52	<b>\$7.40</b>
South Main/Medical Center	\$0.41	\$1.03	\$0.27	\$5.19	\$3.68	<b>\$10.58</b>
Southeast Outlier	\$0.44	\$1.19	\$0.27	\$1.57	\$3.87	<b>\$7.34</b>
Southwest	\$0.33	\$0.80	\$0.15	\$2.19	\$3.53	<b>\$7.00</b>
Southwest Far	\$0.39	\$1.07	\$0.23	\$1.98	\$3.47	<b>\$7.14</b>
Southwest Outlier	\$0.40	\$0.85	\$0.24	\$2.08	\$4.93	<b>\$8.50</b>
The Woodlands	\$0.41	\$1.28	\$0.17	\$3.55	\$3.93	<b>\$9.34</b>
West Belt	\$0.39	\$0.85	\$0.25	\$3.32	\$3.60	<b>\$8.41</b>
West Loop	\$0.43	\$1.04	\$0.28	\$4.65	\$5.05	<b>\$11.45</b>
Westchase	\$0.33	\$1.08	\$0.22	\$2.76	\$5.46	<b>\$9.85</b>

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

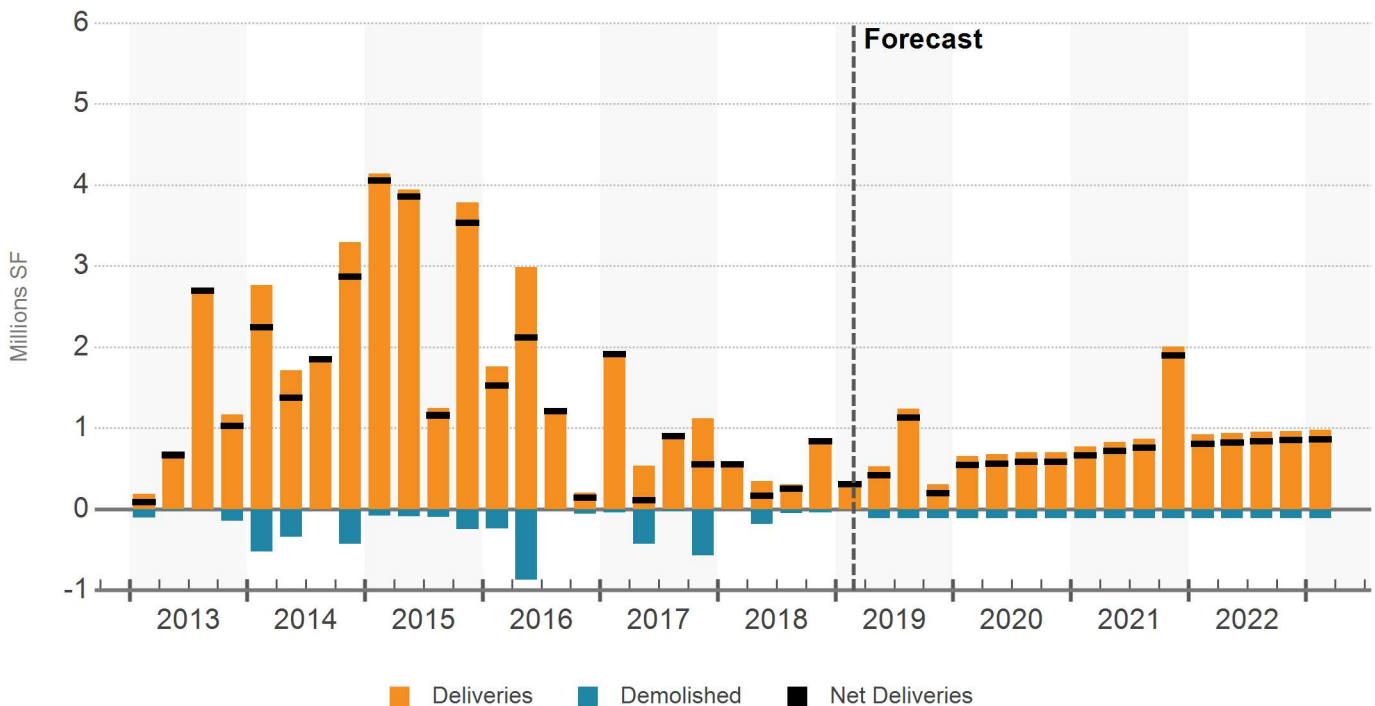
The pipeline of new construction is down significantly, to 3,900,000 SF from a peak of nearly 20 million SF in 14Q2. The development cycle looks like it may be nearing bottom, although Houston could see a slight uptick in new projects announced in the near future as firms continue to seek flight-to-quality and space efficiencies.

The two largest projects currently under construction are located in Downtown and include 801 Texas, otherwise known as Texas Tower, and Capitol Tower. Designed by world-renowned architecture firm Pelli Clarke Pelli, the 5 Star, 1.1-million-SF Texas Tower will rise to 47 stories upon completion in 2021. Hines and partner Ivanhoé Cambridge decided to build the tower as a counter-cyclical play, betting on Houston's continued economic recovery, the trend towards a flight-to-quality, and the site's prime location. The property was 33% leased as of 19Q1. International law firm Vinson & Elkins signed a 16-year lease on 212,000 SF for the top seven floors of the building, and Hines' decision to move their global headquarters to the building also provided an added

level of sponsor commitment to the asset. Additionally, Skanska is nearing completion on its Downtown office building Capitol Tower. This 5 Star, 35-story, approximately 780,000-SF building was more than 80% leased as of 19Q1. Bank of America will serve as the anchor tenant in 210,000 SF, and Waste Management will occupy 284,000 SF.

Stonelake Capital Partners also announced in February that it will break ground on Park Place Tower, a 15-story, 200,000-SF office building at the intersection of Westheimer Road and Mid Lane. It is the third building in their mixed-use development at the site, which already includes the Ivy and the James multifamily towers and green space. Stonelake is already negotiating with two financial services tenants with a presence in Houston to occupy space in the building. Stonelake felt that it was the right time to deliver to the Galleria area a new, Class-A, luxury office building with first-class amenities. The building will also contain ground-floor retail. This gives further proof of the flight-to-quality trend in Houston.

## DELIVERIES & DEMOLITIONS



# Under Construction Properties

Houston Office

Properties

**73**

Square Feet

**3,978,242**

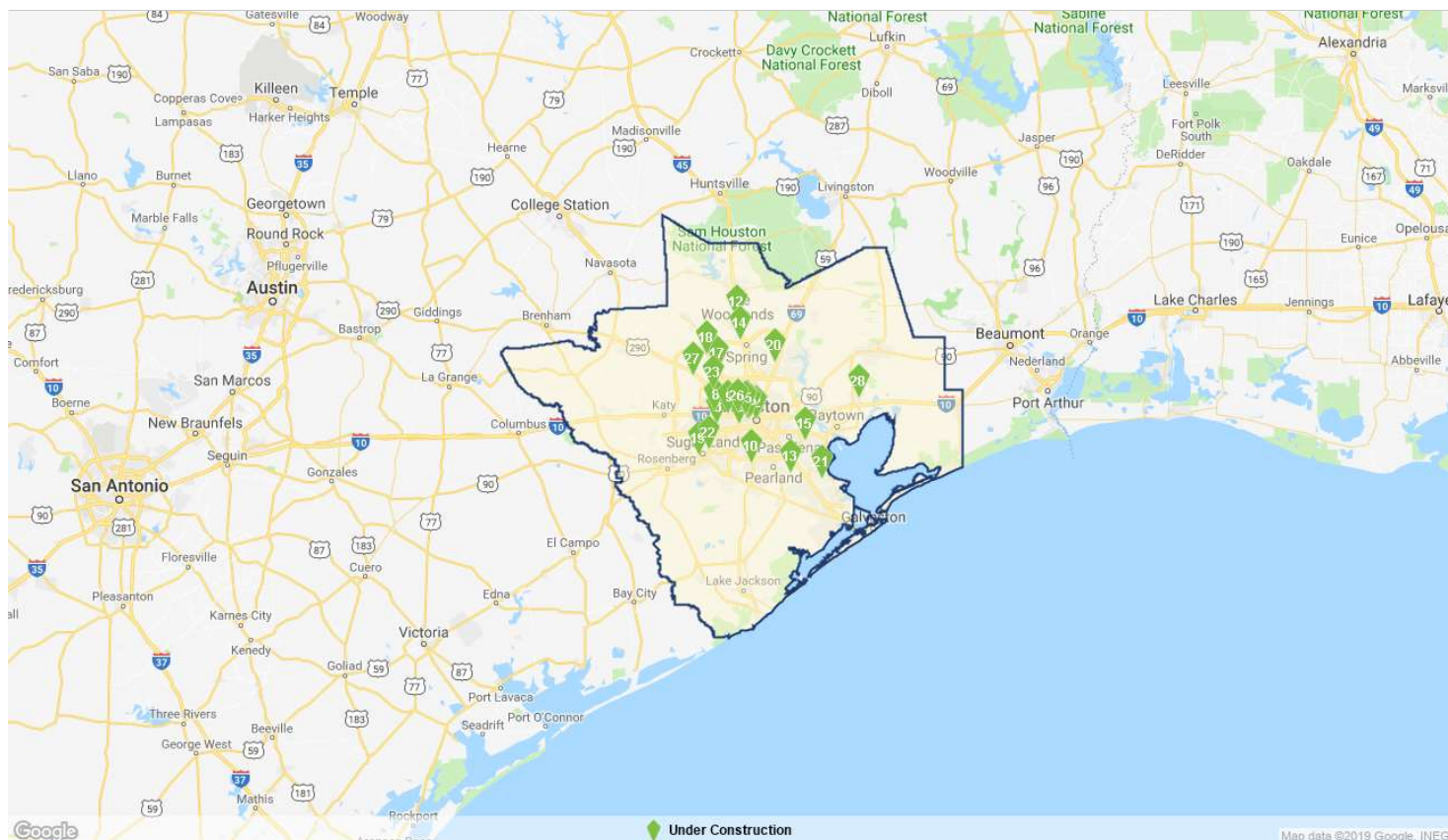
Percent of Inventory

**1.2%**

Released

**48.1%**

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Texas Tower</b> 845 Texas Ave	★★★★★	1,106,581	47	Jul-2018	Oct-2021	Hines Securities, Inc. Hines Securities, Inc.
2 <b>Capitol Tower</b> 800 Capitol St	★★★★★	780,593	35	Apr-2017	Jun-2019	Skanska USA Commercial Devel... SCD Acquisitions LLC
3 <b>CityWestPlace 5</b> CityWestPlace 5	★★★★☆	306,900	12	Jan-2019	Jul-2019	Thomas Properties Group Parkway Realty Management LLC
4 <b>Regent Square</b> Allen Pky	★★★★☆	240,000	11	Feb-2019	Feb-2020	GID Urban Development Group GID Investment Advisors, LLC
5 <b>Park Place   River Oaks</b> 4200 Westheimer Rd	★★★★☆	207,202	15	Feb-2019	Apr-2020	Stonelake Capital Partners Stonelake Capital Partners
6 <b>Chasewood Crossing Th...</b> 19350 State Highway 249	★★★★☆	156,000	6	Jun-2018	Sep-2019	Greenwood Properties Inc Greenwood Properties Inc
7 <b>CityPlace 1</b> 1700 City Plaza Dr	★★★★☆	149,500	5	Jun-2018	Apr-2019	Patrinely Group, LLC Patrinely Group, LLC

# Under Construction Properties

Houston Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>The Cannon</b> 1334 Brittmore Rd	★★★★☆	120,000	-	Feb-2018	May-2019	Burton Construction W.P. Carey, Inc.
9 <b>Hedwig Place</b> 8731 Katy Fwy	★★★★☆	102,474	4	Mar-2018	Mar-2019	Stream Realty Partners, LP Memorial Mob I Llc
10 <b>Discovery Bay Medical P...</b> 11025 Discovery Bay Dr	★★★★☆	100,838	4	Mar-2019	Jun-2020	Stream Realty Partners, LP AMD Asset Holdings
11 <b>The M-K-T</b> 600 N Shepherd Dr	★★★★★	100,000	1	Nov-2018	Jan-2020	- Triten Real Estate Partners
12 <b>Vision Park Medical</b> 121 Vision Park Blvd	★★★★☆	58,000	3	Sep-2017	Apr-2019	Everson Developments, LLC Avanti Senior Living
13 <b>Tannos land Holding III</b> 505 S Friendswood Dr	★★★★☆	51,614	4	Jun-2018	Jun-2019	Tannos Land Holding III, LLC Tannos Land Holding III, LLC
14 <b>City Place</b> 1401 Lake Plaza Dr	★★★★☆	48,840	2	May-2018	May-2019	Patrinely Group, LLC -
15 <b>4509 Center St</b>		36,000	1	Mar-2019	Dec-2019	- -
16 <b>Buffalo Heights</b> 3663 Washington Ave	★★★★☆	35,363	7	Jul-2017	Sep-2019	Midway Companies SG Interests
17 <b>Dotson Rd</b>	★★★★☆	30,000	2	Mar-2018	Mar-2019	- -
18 <b>24445 State Highway 249</b>	★★★★☆	20,000	2	Sep-2018	Mar-2019	- -
19 <b>Offices at Telfair</b> 300 Promenade Way	★★★★☆	19,600	2	Oct-2018	Mar-2019	- Rubicon Realty Group, LLC
20 <b>9717 McKay Dr</b>	★★★★☆	16,000	2	Jun-2018	Aug-2019	- -
21 <b>South Shore Suites</b> 000 E League City Pky	★★★☆☆	15,000	1	Jun-2018	Jun-2019	- -
22 <b>Phase II Building 1</b> 12926 Dairy Ashford Rd	★★★★☆	12,027	-	Feb-2019	Nov-2019	- -
23 <b>Office</b> 17030 Northwest Fwy	★★★★☆	12,000	2	Jul-2017	Mar-2019	- River Oaks Emergency Center
24 <b>5424 Katy Fwy</b>	★★★★☆	10,020	2	Dec-2017	Mar-2019	- -
25 <b>5301 Katy Fwy</b>	★★★★☆	9,399	3	Dec-2018	Mar-2019	- -
26 <b>1201 N Post Oak Rd</b>	★★★★☆	8,750	1	Aug-2018	Aug-2019	- Razan Daccak
27 <b>Queenston Business Park</b> 12234 Queenston Blvd	★★★★☆	8,750	1	Feb-2019	Aug-2019	Rockwell Homes -
28 <b>Eagle Drive &amp; I-10</b>	★★★★☆	8,000	1	Jan-2018	Apr-2019	- L2MJ Properties Investments LLC

Houston's office transaction volume in 2018 was down nearly 42% from the prior year, although it amounted to a strong \$1.8 billion in trades. This is not surprising, given the number of large portfolio trades that occurred in 2017, including Parkway's recapitalization of Greenway Plaza, CPPIB's acquisition of Parkway, and Brookfield's acquisition of Houston Center.

Institutional and private equity capital represented nearly two-thirds of buyers in 2018, versus 30% private capital. Strong investor interest remained for value-add, well-located, high-quality office properties below replacement cost. Investors also sought medical office properties, chasing an aging and growing population in Houston, both trends that portend future growth.

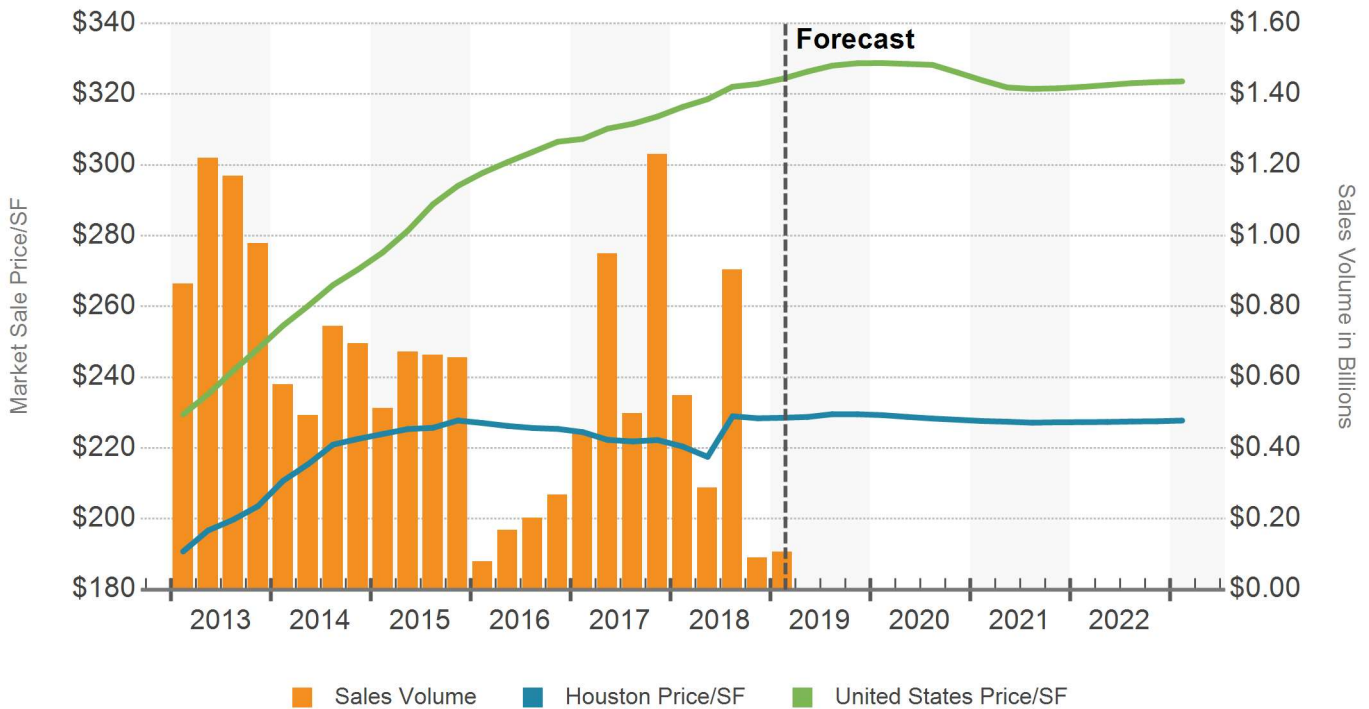
Nearly three-fourths of transactions this cycle were for 4 & 5 Star properties (versus 23% for 3 Star and 2% for 1 & 2 Star), suggesting that investors followed tenants in their flight-to-quality.

Among notable trades, Chicago-based LaSalle Investment Management acquired the 5 Star, 30-story,

510,300-SF Memorial Hermann Medical Plaza in the Texas Medical Center from locally based Mischer Investments in July 2018. The building sold at a 4.67% cap rate for approximately \$405 million (\$794/SF), making it the most expensive medical office sale in U.S. history. The property is anchored by Memorial Hermann, which at the time of sale occupied more than 60% of the building. Overall, the property was 99% leased at the time of sale, and the building's significant parking revenue made it an especially attractive buy. The transaction was financed with a \$224 million loan from Massachusetts Mutual Life Insurance Company.

In January 2018, the 4 Star, 41-story, 1.2-million-SF Marathon Oil Tower sold for \$176.5 million (\$147/SF) at a 7.4% cap rate. A joint venture between Baupost Group of Boston and M-M Properties of Houston acquired the asset from CBRE Global Investors. The property was about 87% occupied at the time of sale. However, the building's namesake tenant Marathon Oil, which occupies more than 60% of the building, recently announced that it would move to a planned development by Hines in CityCentre. Marathon Oil's lease ends in 2021.

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



# Sales Past 12 Months

Houston Office

Sale Comparables

**637**

Avg. Cap Rate

**7.2%**

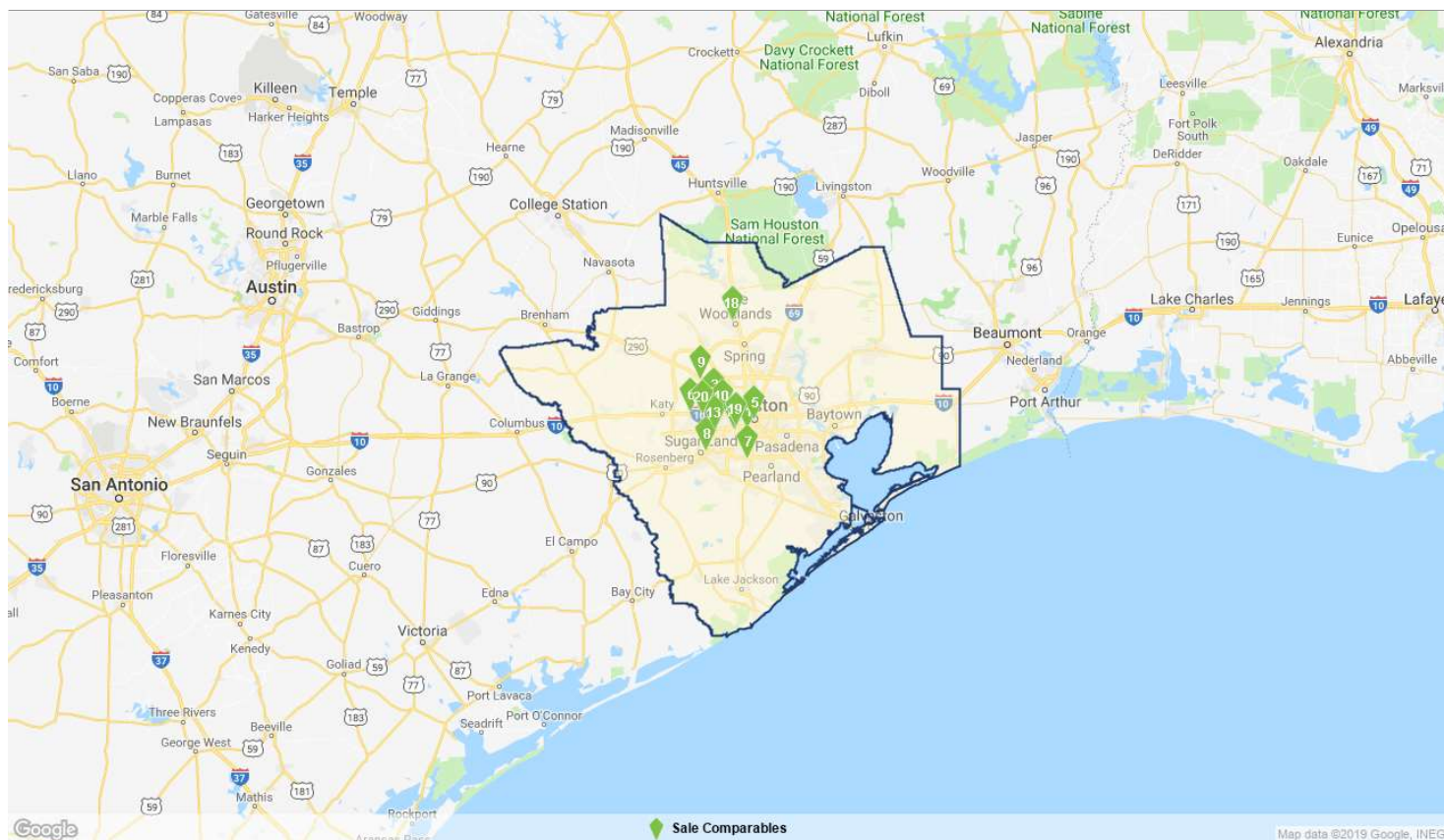
Avg. Price/SF

**\$198**

Avg. Vacancy At Sale

**23.4%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$80,000	\$10,072,994	\$1,000,000	\$404,700,000
Price Per SF	\$21	\$198	\$172	\$1,192
Cap Rate	4.7%	7.2%	7.5%	9.7%
Time Since Sale in Months	0.0	6.2	6.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	541	28,589	6,300	568,458
Stories	1	2	1	30
Typical Floor SF	541	11,356	5,000	276,770
Vacancy Rate At Sale	0%	23.4%	0%	100%
Year Built	1900	1984	1983	2019
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> Memorial Hermann Medi... 6400 Fannin St	★★★★★	2007	510,355	0%	7/24/2018	\$404,700,000	\$793	4.7%
<b>2</b> Schlumberger 10001 Richmond Ave	★★★★☆	1976	554,385	0%	9/4/2018	\$114,637,904	\$258	8.6%
<b>3</b> Westway Plaza 11330 Clay Rd	★★★★☆	2015	313,420	20.4%	7/27/2018	\$101,300,000	\$323	7.5%
<b>4</b> 6330 West Loop S	★★★★☆	1976	279,333	16.9%	5/1/2018	\$70,400,000	\$252	5.1%
<b>5</b> 1001 McKinney 1001 McKinney St	★★★★☆	1947	375,440	26.4%	6/20/2018	\$68,100,000	\$181	7.7%
<b>6</b> Westgate I 17220 Katy Fwy	★★★★☆	2013	248,707	4.7%	8/1/2018	\$63,420,285	\$255	7.6%
<b>7</b> Lonza Houston 14905 Kirby Dr	★★★★☆	2017	276,770	0%	3/9/2018	\$54,400,000	\$197	6.0%
<b>8</b> Three Sugar Creek Cent... 3 Sugar Creek Center Blvd	★★★★☆	2008	152,743	5.9%	4/27/2018	\$40,000,000	\$262	7.6%
<b>9</b> 21212 Northwest Fwy	★★★★☆	2008	148,942	4.0%	8/27/2018	\$38,376,153	\$258	-
<b>10</b> 952 Echo Ln	★★★★☆	1984	128,378	9.1%	5/30/2018	\$30,760,182	\$240	-
<b>11</b> Three Eldridge Place 737 N Eldridge Pky	★★★★★	2009	305,886	9.1%	1/31/2019	\$30,668,510	\$100	-
<b>12</b> Lake Front North 2103 Research Forest Dr	★★★★☆	2003	105,864	100%	9/7/2018	\$30,215,552	\$285	-
<b>13</b> Oak Park Office Center III 6001 Rogerdale Rd	★★★★☆	2008	150,950	100%	9/27/2018	\$28,000,000	\$185	-
<b>14</b> Two Eldridge Place 757 N Eldridge Pky	★★★★☆	1986	279,329	5.0%	1/31/2019	\$25,907,628	\$93	-
<b>15</b> 4800 Fournace Pl	★★★★☆	1976	452,370	100%	9/27/2018	\$25,717,444	\$57	-
<b>16</b> Loop Central III 4828 Loop Central Dr	★★★★☆	1982	198,946	20.7%	3/27/2018	\$25,628,091	\$129	7.5%
<b>17</b> Loop Central II 4848 Loop Central Dr	★★★★☆	1981	197,868	11.9%	3/27/2018	\$25,403,526	\$128	7.5%
<b>18</b> Lake Front North 2107 Research Forest Dr	★★★★☆	2014	152,827	63.1%	9/7/2018	\$21,997,344	\$144	-
<b>19</b> Loop Central I 4888 Loop Central Dr	★★★★☆	1980	178,130	15.2%	3/27/2018	\$21,868,383	\$123	7.5%
<b>20</b> One Eldridge Place 777 N Eldridge Pky	★★★★☆	1985	239,417	47.0%	1/31/2019	\$21,823,862	\$91	-

Houston added 108,300 jobs in 2018, based on preliminary estimates from the U.S. Bureau of Labor Statistics. At first glance, this represents staggering job growth for the metro, although several leading indicators suggest that the BLS's March annual benchmark revisions may result in a downward correction to the 2018 numbers.

As of February 2019, West Texas Intermediate (WTI) oil prices were trading near \$55/barrel, down from a recent high of \$75/barrel in October 2018, portending caution in the energy industry with regards to 2019 capital expenditures and hiring plans. In mid-2018, the Trump Administration voiced a clear desire to curb oil prices as a form of domestic stimulus. This was accomplished by President Trump announcing in May 2018 renewed sanctions on Iran then, in November 2018, offering waivers to several U.S. allies that imported Iranian crude. The end result left a glut of supply on the global market, as OPEC producers stepped in to fill the perceived supply gap, and then those same barrels were allowed to trade. In December 2018, OPEC and a 10-nation coalition led by Russia have agreed to curb production, which should help balance global supply and demand. The U.S. Energy Information Administration forecasts WTI to average \$54/barrel in 2019 and \$60/barrel in 2020.

Structural changes in Houston's energy industry are afoot. Although nearly one-third of energy jobs lost during the oil downturn have been gained back, there are some notes of caution. Technological progress has increased energy companies' ability to do more with less, which may result in less demand for traditional oil and gas jobs in the future. For instance, the industry is seeing a brisk uptick in demand for data scientists, while the hiring rate for petroleum engineers has been slower to recover.

Houston's economy has diversified measurably since the 1980s, especially since globalization and increased mobility have allowed Houston's deep bench of professional and business services talent to more broadly serve clients across the globe and in industries beyond oil and gas. However, as the Energy Capital of the World, Houston's economy remains predominately influenced by changes in the energy sector. Nearly half of Houston's Gross Metro Product (GMP) remains tied to energy.

CoStar assumes a general cooling in the U.S. economy in 2020, which would negatively impact Houston, although the local energy-based economy has tended to behave counter to the national trend. Houston is the only major U.S. metro to have "corrected" this cycle. This may mitigate recessionary pressures on Houston's economy as the energy industry continues its path to recovery. Moreover, Houston has experienced unprecedented population and employment growth this cycle, and its low cost of living, low-tax rate, business-friendly environment, diversity, temperate climate, and increasing quality of life should continue to attract residents.

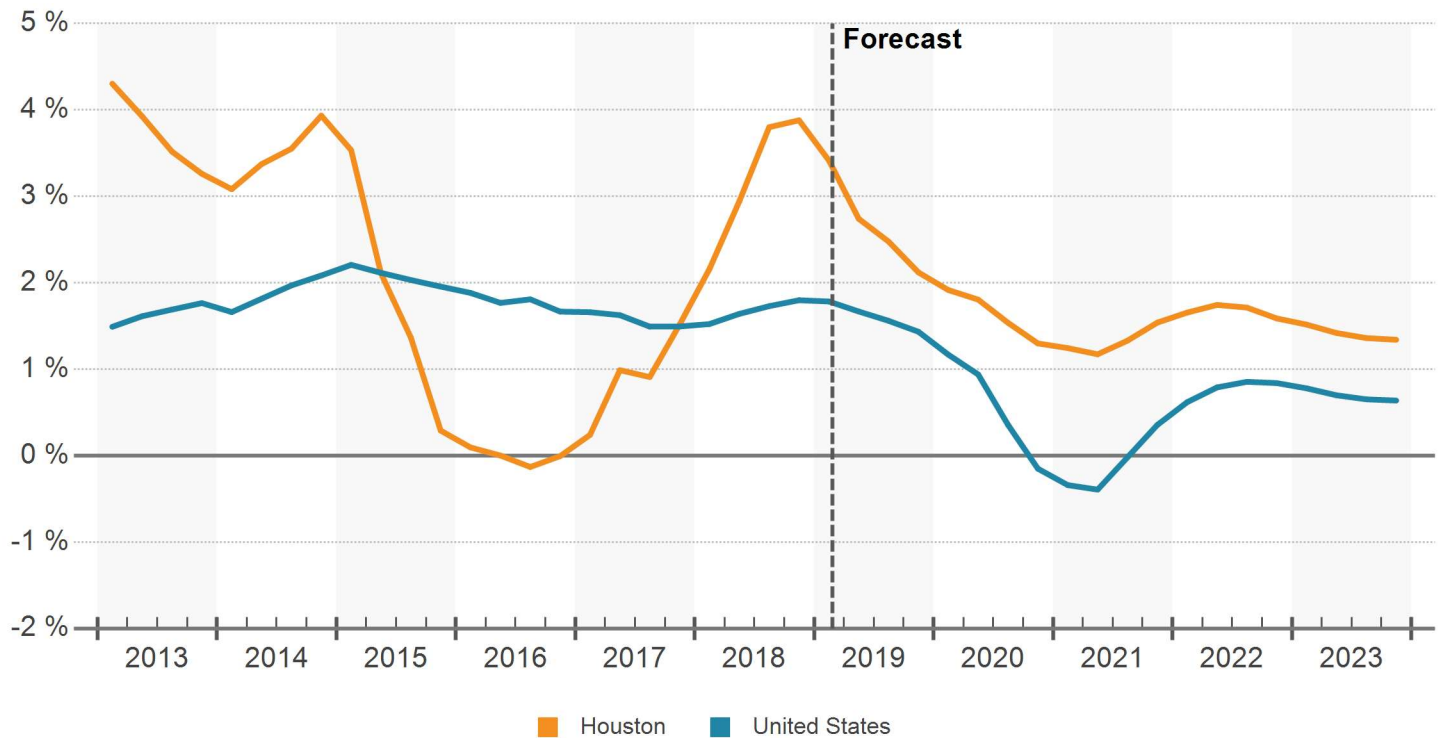
Houston has an important existential question to answer regarding the future of the energy industry in the face of climate change. Namely, will Houston make the transition to a true, all-encompassing "energy" city, including renewables? The Ion in Midtown, which will serve as the de-facto hub of a Houston Innovation District in Midtown upon completion in late 2020, will be a welcome addition to Houston's growing tech ecosystem. There is also significant talk of large tech companies eyeing Houston for work in Big Data related to the energy and healthcare industries. And The Texas Medical Center | 3 project, which will create a \$1.5 billion collaborative research campus with the purpose of fostering a life sciences and biotech scene in Houston, could also represent a change in the local economy.

## HOUSTON EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	234	0.9	5.88%	1.89%	-0.23%	0.16%	-0.41%	-1.41%
Trade, Transportation and Utilities	638	1.1	2.13%	1.08%	1.78%	0.89%	1.57%	0.18%
Retail Trade	316	0.9	0.30%	0.10%	1.67%	0.67%	1.99%	0.21%
Financial Activities	165	0.9	2.15%	1.41%	1.37%	0.74%	1.18%	0.65%
Government	409	0.9	0.31%	0.52%	0.94%	-0.03%	0.63%	0.54%
Natural Resources, Mining and Construction	329	1.9	8.92%	4.43%	1.30%	0.99%	2.27%	1.12%
Education and Health Services	395	0.8	2.84%	2.18%	3.07%	2.09%	1.78%	1.00%
Professional and Business Services	524	1.2	5.65%	2.73%	2.96%	2.21%	2.11%	1.22%
Information	31	0.5	-1.42%	0.35%	-1.40%	-0.24%	0.77%	0.00%
Leisure and Hospitality	328	0.9	2.09%	2.25%	3.39%	2.28%	2.30%	1.07%
Other Services	116	0.9	5.78%	1.32%	2.06%	0.80%	1.46%	0.23%
<b>Total Employment</b>	<b>3,168</b>	<b>1.0</b>	<b>3.58%</b>	<b>1.79%</b>	<b>1.89%</b>	<b>1.16%</b>	<b>1.54%</b>	<b>0.59%</b>

Source: Moody's Analytics  
LQ = Location Quotient

## YEAR OVER YEAR JOB GROWTH



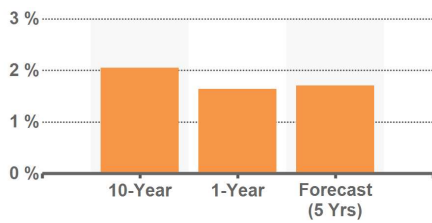
Source: Moody's Analytics

## DEMOGRAPHIC TRENDS

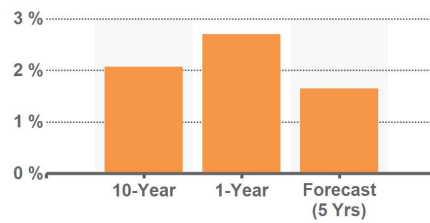
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	7,076,802	328,495,789	1.6%	0.6%	2.1%	0.7%	1.7%	0.6%
Households	2,498,155	126,577,859	1.7%	1.0%	2.0%	0.8%	1.8%	1.0%
Median Household Income	\$68,228	\$64,063	5.4%	3.7%	1.8%	2.2%	3.6%	2.8%
Labor Force	3,437,813	163,145,554	2.7%	1.2%	2.1%	0.5%	1.6%	0.8%
Unemployment	4.0%	3.8%	-0.6%	-0.3%	-0.2%	-0.4%	-	-

Source: Moody's Analytics

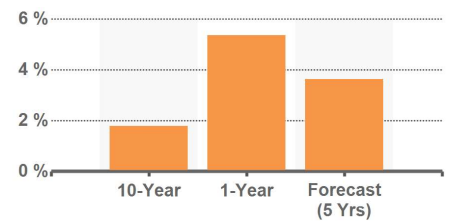
### POPULATION GROWTH



### LABOR FORCE GROWTH

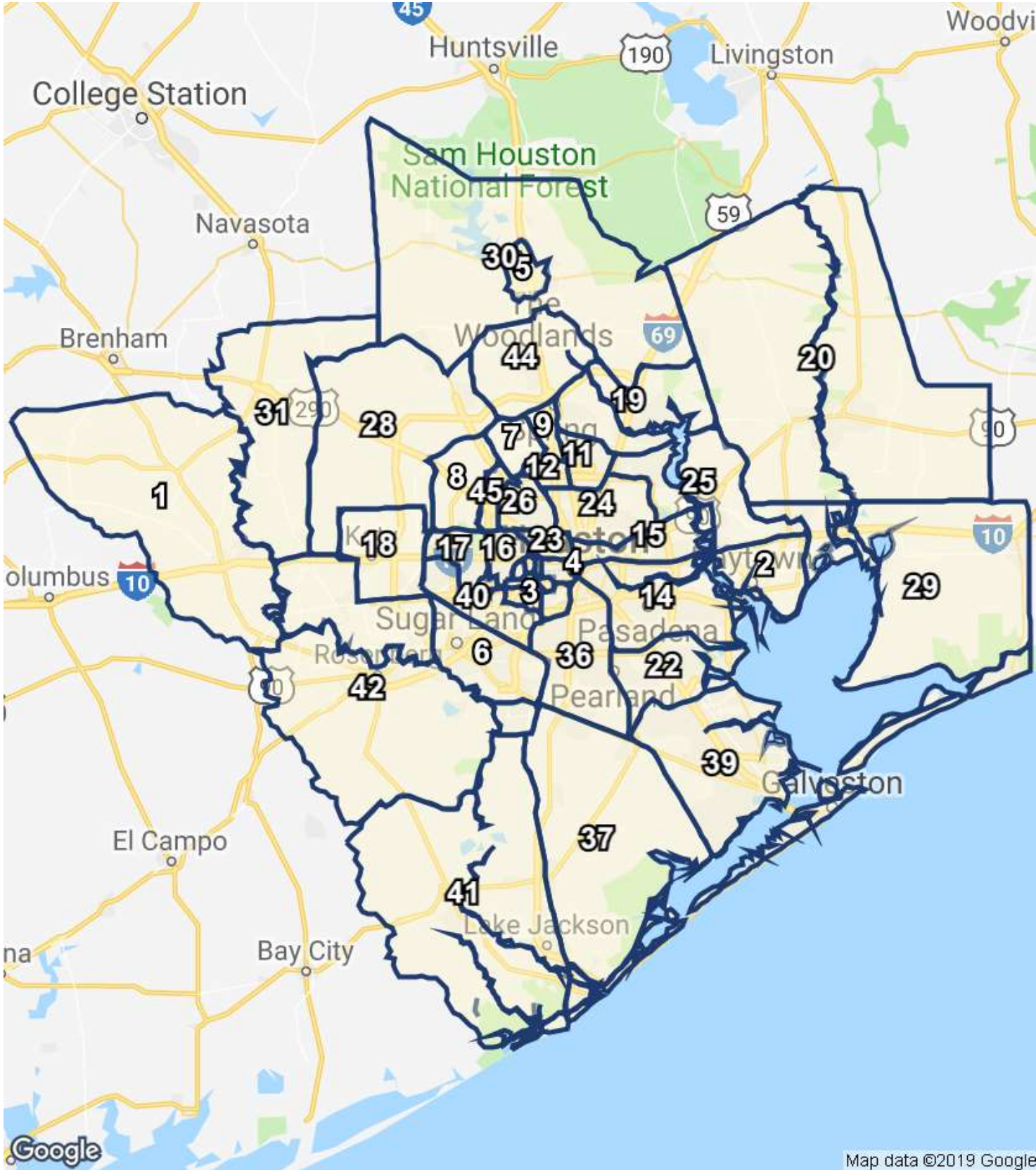


### INCOME GROWTH



Source: Moody's Analytics

## 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	44	263	0.1%	44	0	0	0%	-	0	-	-	-
2	Baytown	138	1,673	0.5%	36	1	6	0.4%	20	0	-	-	-
3	Bellaire	91	5,106	1.6%	21	0	0	0%	-	1	5	0.1%	20
4	CBD	160	50,533	15.4%	1	0	0	0%	-	2	1,887	3.7%	1
5	Conroe	260	2,688	0.8%	30	4	81	3.0%	6	1	3	0.1%	23
6	E Fort Bend Co/Sugar Land	410	10,028	3.0%	11	11	136	1.4%	3	12	77	0.8%	11
7	FM 1960/Champions	256	4,387	1.3%	24	2	45	1.0%	10	0	-	-	-
8	FM 1960/Hwy 249	421	8,538	2.6%	13	8	51	0.6%	8	17	259	3.0%	5
9	FM 1960/I-45 North	110	2,530	0.8%	31	0	0	0%	-	0	-	-	-
10	Galleria/Uptown	66	16,815	5.1%	5	1	37	0.2%	12	0	-	-	-
11	Greenspoint/IAH	56	3,138	1.0%	28	0	0	0%	-	0	-	-	-
12	Greenspoint/N Belt West	119	11,063	3.4%	9	0	0	0%	-	0	-	-	-
13	Greenway Plaza	279	13,113	4.0%	7	0	0	0%	-	0	-	-	-
14	Gulf Freeway/Pasadena	635	8,068	2.5%	14	4	115	1.4%	4	0	-	-	-
15	I-10 East	133	1,374	0.4%	40	1	1	0.1%	23	0	-	-	-
16	Katy Freeway East	260	11,602	3.5%	8	0	0	0%	-	1	102	0.9%	10
17	Katy Freeway West	260	28,488	8.7%	2	1	2	0%	22	3	130	0.5%	7
18	Katy/Grand Parkway West	436	6,229	1.9%	17	19	184	3.0%	2	2	10	0.2%	16
19	Kingwood/Humble	229	3,518	1.1%	26	1	100	2.8%	5	1	16	0.5%	15
20	Liberty County	70	342	0.1%	43	0	0	0%	-	0	-	-	-
21	Midtown	556	9,561	2.9%	12	1	3	0%	21	3	285	3.0%	3
22	NASA/Clear Lake	525	10,249	3.1%	10	5	53	0.5%	7	1	52	0.5%	12
23	North Loop West	347	6,217	1.9%	18	4	37	0.6%	13	2	110	1.8%	8
24	Northeast Near	150	2,263	0.7%	32	0	0	0%	-	0	-	-	-
25	Northeast Outlier	85	926	0.3%	41	0	0	0%	-	1	8	0.9%	18
26	Northwest Far	130	4,423	1.3%	23	0	0	0%	-	0	-	-	-
27	Northwest Near	54	1,454	0.4%	38	0	0	0%	-	1	9	0.6%	17
28	Northwest Outlier	257	1,804	0.5%	34	13	45	2.5%	11	5	42	2.3%	13
29	Outlying Chambers County	21	73	0%	46	0	0	0%	-	1	7	10.1%	19
30	Outlying Montgomery Cnty	200	1,418	0.4%	39	5	47	3.3%	9	1	5	0.4%	20
31	Outlying Waller County	23	120	0%	45	0	0	0%	-	0	-	-	-
32	Post Oak Park	44	4,680	1.4%	22	0	0	0%	-	1	207	4.4%	6
33	Richmond/Fountainview	118	2,248	0.7%	33	0	0	0%	-	1	5	0.2%	22
34	Riverway	24	3,090	0.9%	29	0	0	0%	-	0	-	-	-
35	San Felipe/Voss	49	5,297	1.6%	19	0	0	0%	-	0	-	-	-
36	South	264	3,208	1.0%	27	1	25	0.8%	14	2	105	3.3%	9
37	South Hwy 35	155	842	0.3%	42	1	15	1.8%	17	0	-	-	-
38	South Main/Medical Center	241	13,554	4.1%	6	0	0	0%	-	0	-	-	-
39	Southeast Outlier	348	4,097	1.2%	25	1	7	0.2%	19	2	22	0.5%	14
40	Southwest Beltway 8	193	7,529	2.3%	15	0	0	0%	-	0	-	-	-
41	Southwest Far	91	1,457	0.4%	37	0	0	0%	-	0	-	-	-
42	Southwest Outlier	210	1,764	0.5%	35	3	10	0.5%	18	1	3	0.2%	24

## 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	Southwest/Hillcroft	107	5,275	1.6%	20	0	0	0%	-	0	-	-	-
44	The Woodlands	640	22,613	6.9%	3	15	817	3.6%	1	8	281	1.2%	4
45	West Belt	110	6,268	1.9%	16	3	18	0.3%	16	0	-	-	-
46	Westchase	137	18,896	5.7%	4	1	21	0.1%	15	1	307	1.6%	2

## SUBMARKET RENT

No.	Submarket	Gross Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$23.74	26	0.8%	16	0.9%	35
2	Baytown	\$20.74	37	0.6%	26	1.0%	30
3	Bellaire	\$25.37	17	2.7%	2	9.0%	1
4	CBD	\$35.94	1	-0.4%	39	4.2%	3
5	Conroe	\$22.55	32	1.2%	6	0.8%	36
6	E Fort Bend Co/Sugar Land	\$26.82	14	0.8%	20	1.4%	24
7	FM 1960/Champions	\$19.03	43	-0.8%	41	-0.7%	45
8	FM 1960/Hwy 249	\$25.36	18	-1.0%	42	0.7%	39
9	FM 1960/I-45 North	\$20.54	39	-1.3%	44	2.5%	6
10	Galleria/Uptown	\$31.96	3	0.4%	33	2.5%	8
11	Greenspoint/IAH	\$19.50	42	-3.4%	45	1.4%	20
12	Greenspoint/N Belt West	\$18.64	44	-4.7%	46	0.8%	38
13	Greenway Plaza	\$29.54	7	1.0%	10	1.9%	16
14	Gulf Freeway/Pasadena	\$21.85	35	1.0%	11	1.4%	22
15	I-10 East	\$21.09	36	1.2%	8	1.5%	18
16	Katy Freeway East	\$30.55	5	1.1%	9	2.9%	5
17	Katy Freeway West	\$30.19	6	0.7%	22	3.6%	4
18	Katy/Grand Parkway West	\$28.14	10	0.5%	30	1.9%	17
19	Kingwood/Humble	\$23.91	25	0.4%	32	1.4%	23
20	Liberty County	\$22.70	31	0.8%	17	1.2%	27
21	Midtown	\$29.37	8	0.6%	27	1.9%	15
22	NASA/Clear Lake	\$24.19	23	4.1%	1	0.8%	37
23	North Loop West	\$23.24	29	1.8%	4	2.1%	13
24	Northeast Near	\$24.39	21	-0.2%	38	-0.7%	44
25	Northeast Outlier	\$24.16	24	0.4%	34	0.3%	43
26	Northwest Far	\$19.71	40	0.9%	13	0.9%	33
27	Northwest Near	\$19.61	41	0.9%	15	0.6%	42
28	Northwest Outlier	\$25.17	19	1.2%	7	2.2%	10
29	Outlying Chambers County	\$23.60	27	0.8%	21	0.9%	34
30	Outlying Montgomery Cnty	\$22.81	30	0.7%	24	0.6%	41
31	Outlying Waller County	\$22.39	34	0.8%	19	1.4%	21
32	Post Oak Park	\$30.82	4	0.4%	31	1.2%	28
33	Richmond/Fountainview	\$24.86	20	2.5%	3	1.2%	26
34	Riverway	\$27.91	11	0.5%	28	0.7%	40
35	San Felipe/Voss	\$26.51	15	1.6%	5	7.0%	2
36	South	\$26.86	13	0.6%	25	2.5%	7
37	South Hwy 35	\$20.69	38	0.8%	18	1.3%	25
38	South Main/Medical Center	\$27.17	12	0.1%	36	1.5%	19
39	Southeast Outlier	\$22.55	33	0.9%	12	0.9%	32
40	Southwest Beltway 8	\$18.60	45	-0.6%	40	2.0%	14
41	Southwest Far	\$24.20	22	0.9%	14	1.0%	31
42	Southwest Outlier	\$23.41	28	0.5%	29	1.0%	29



## SUBMARKET RENT

No.	Submarket	Gross Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
43	Southwest/Hillcroft	\$17.38	46	-1.0%	43	-6.6%	46
44	The Woodlands	\$32.10	2	0.1%	35	2.1%	12
45	West Belt	\$28.37	9	0.7%	23	2.1%	11
46	Westchase	\$26.32	16	-0.1%	37	2.3%	9

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Austin County	7,414	2.8%	3	134	0.1%	33	-
2	Baytown	92,286	5.5%	8	34,603	2.1%	19	0.2
3	Bellaire	837,484	16.4%	31	(18,862)	-0.4%	37	-
4	CBD	9,489,872	18.8%	36	229,770	0.5%	5	-
5	Conroe	212,979	7.9%	10	106,073	3.9%	8	0.7
6	E Fort Bend Co/Sugar Land	993,934	9.9%	17	145,536	1.5%	7	0.8
7	FM 1960/Champions	613,798	14.0%	25	95,853	2.2%	9	0.3
8	FM 1960/Hwy 249	950,346	11.1%	21	(90,980)	-1.1%	44	-
9	FM 1960/I-45 North	568,314	22.5%	40	66,889	2.6%	12	-
10	Galleria/Uptown	2,603,284	15.5%	29	294,700	1.8%	4	-
11	Greenspoint/IAH	726,919	23.2%	42	56,601	1.8%	14	-
12	Greenspoint/N Belt West	4,930,535	44.6%	45	(170,095)	-1.5%	45	-
13	Greenway Plaza	1,857,931	14.2%	26	10,091	0.1%	27	-
14	Gulf Freeway/Pasadena	799,423	9.9%	16	180,068	2.2%	6	0.6
15	I-10 East	94,356	6.9%	9	59,193	4.3%	13	0
16	Katy Freeway East	1,291,478	11.1%	22	86,258	0.7%	10	-
17	Katy Freeway West	6,639,321	23.3%	43	602,689	2.1%	2	-
18	Katy/Grand Parkway West	630,447	10.1%	18	330,307	5.3%	3	0.4
19	Kingwood/Humble	387,328	11.0%	20	(10,466)	-0.3%	36	-
20	Liberty County	7,619	2.2%	2	2,781	0.8%	31	-
21	Midtown	942,002	9.9%	15	(90,592)	-0.9%	43	-
22	NASA/Clear Lake	1,583,383	15.4%	28	32,860	0.3%	20	1.5
23	North Loop West	992,654	16.0%	30	(49,998)	-0.8%	40	-
24	Northeast Near	122,847	5.4%	7	18,644	0.8%	25	-
25	Northeast Outlier	49,809	5.4%	6	3,871	0.4%	30	-
26	Northwest Far	899,808	20.3%	38	5,631	0.1%	29	-
27	Northwest Near	153,952	10.6%	19	(52,525)	-3.6%	41	-
28	Northwest Outlier	245,223	13.6%	24	51,101	2.8%	15	0.8
29	Outlying Chambers County	-	-	-	0	0%	-	-
30	Outlying Montgomery Cnty	211,350	14.9%	27	6,986	0.5%	28	6.7
31	Outlying Waller County	2,200	1.8%	1	(396)	-0.3%	35	-
32	Post Oak Park	1,190,620	25.4%	44	2,187	0%	32	-
33	Richmond/Fountainview	179,643	8.0%	11	12,224	0.5%	26	-
34	Riverway	563,706	18.2%	34	46,421	1.5%	16	-
35	San Felipe/Voss	1,035,657	19.6%	37	39,652	0.7%	17	-
36	South	291,744	9.1%	13	(27,762)	-0.9%	39	-
37	South Hwy 35	30,094	3.6%	4	24,165	2.9%	21	0.6
38	South Main/Medical Center	559,829	4.1%	5	(24,066)	-0.2%	38	-
39	Southeast Outlier	341,315	8.3%	12	82,216	2.0%	11	-
40	Southwest Beltway 8	1,351,253	17.9%	33	(202,381)	-2.7%	46	-
41	Southwest Far	258,941	17.8%	32	18,855	1.3%	24	-
42	Southwest Outlier	197,021	11.2%	23	36,268	2.1%	18	0.2

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
43	Southwest/Hillcroft	986,734	18.7%	35	21,026	0.4%	23	-
44	The Woodlands	2,058,278	9.1%	14	892,956	3.9%	1	0.9
45	West Belt	1,412,483	22.5%	41	21,198	0.3%	22	0.8
46	Westchase	4,065,077	21.5%	39	(84,577)	-0.4%	42	-

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	343,859,192	3,485,421	1.0%	3,822,097	1.1%	0.9
2022	340,373,771	3,320,698	1.0%	3,157,255	0.9%	1.1
2021	337,053,073	4,030,308	1.2%	4,163,963	1.2%	1.0
2020	333,022,765	2,280,839	0.7%	4,968,686	1.5%	0.5
2019	330,741,926	2,053,242	0.6%	7,183,426	2.2%	0.3
YTD	328,821,745	133,061	0%	1,087,379	0.3%	0.1
2018	328,688,684	1,819,430	0.6%	883,311	0.3%	2.1
2017	326,869,254	3,468,153	1.1%	(2,641,600)	-0.8%	-
2016	323,401,101	4,994,616	1.6%	(625,930)	-0.2%	-
2015	318,406,485	12,605,435	4.1%	3,774,997	1.2%	3.3
2014	305,801,050	8,334,854	2.8%	9,306,811	3.0%	0.9
2013	297,466,196	4,472,501	1.5%	4,592,240	1.5%	1.0
2012	292,993,695	2,093,389	0.7%	5,122,984	1.7%	0.4
2011	290,900,306	2,345,353	0.8%	2,951,534	1.0%	0.8
2010	288,554,953	1,208,719	0.4%	1,629,309	0.6%	0.7
2009	287,346,234	7,798,161	2.8%	2,454,144	0.9%	3.2
2008	279,548,073	8,602,346	3.2%	4,329,892	1.5%	2.0
2007	270,945,727	4,290,060	1.6%	6,727,476	2.5%	0.6

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	162,592,547	3,925,231	2.5%	4,043,723	2.5%	1.0
2022	158,667,316	3,756,120	2.4%	3,547,288	2.2%	1.1
2021	154,911,196	4,461,256	3.0%	4,154,552	2.7%	1.1
2020	150,449,940	2,705,348	1.8%	2,868,904	1.9%	0.9
2019	147,744,592	1,879,437	1.3%	5,040,148	3.4%	0.4
YTD	145,878,206	13,051	0%	551,148	0.4%	0
2018	145,865,155	1,353,922	0.9%	1,883,060	1.3%	0.7
2017	144,511,233	3,576,469	2.5%	(600,213)	-0.4%	-
2016	140,934,764	5,338,938	3.9%	663,441	0.5%	8.0
2015	135,595,826	11,814,472	9.5%	5,027,489	3.7%	2.3
2014	123,781,354	8,104,854	7.0%	7,400,172	6.0%	1.1
2013	115,676,500	4,097,932	3.7%	4,466,495	3.9%	0.9
2012	111,578,568	1,539,705	1.4%	2,992,470	2.7%	0.5
2011	110,038,863	2,239,764	2.1%	2,841,762	2.6%	0.8
2010	107,799,099	137,317	0.1%	494,206	0.5%	0.3
2009	107,661,782	5,438,294	5.3%	2,345,732	2.2%	2.3
2008	102,223,488	5,928,226	6.2%	3,714,344	3.6%	1.6
2007	96,295,262	1,828,827	1.9%	4,208,937	4.4%	0.4

# Supply & Demand Trends

Houston Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	133,210,716	19,556	0%	242,746	0.2%	0.1
2022	133,191,160	18,690	0%	111,038	0.1%	0.2
2021	133,172,470	16,586	0%	377,893	0.3%	0
2020	133,155,884	24,666	0%	2,064,148	1.6%	0
2019	133,131,218	459,755	0.3%	2,091,705	1.6%	0.2
YTD	132,771,465	100,002	0.1%	500,722	0.4%	0.2
2018	132,671,463	494,576	0.4%	(889,269)	-0.7%	-
2017	132,176,887	(104,342)	-0.1%	(1,793,959)	-1.4%	-
2016	132,281,229	(101,027)	-0.1%	(1,320,231)	-1.0%	-
2015	132,382,256	967,776	0.7%	(1,742,769)	-1.3%	-
2014	131,414,480	296,956	0.2%	1,438,430	1.1%	0.2
2013	131,117,524	511,849	0.4%	347,579	0.3%	1.5
2012	130,605,675	497,331	0.4%	2,193,343	1.7%	0.2
2011	130,108,344	(72,157)	-0.1%	230,838	0.2%	-
2010	130,180,501	924,906	0.7%	672,085	0.5%	1.4
2009	129,255,595	1,935,963	1.5%	(89,442)	-0.1%	-
2008	127,319,632	2,534,913	2.0%	806,237	0.6%	3.1
2007	124,784,719	2,251,242	1.8%	2,364,782	1.9%	1.0

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	48,055,929	(459,366)	-0.9%	(464,372)	-1.0%	-
2022	48,515,295	(454,112)	-0.9%	(501,071)	-1.0%	-
2021	48,969,407	(447,534)	-0.9%	(368,482)	-0.8%	-
2020	49,416,941	(449,175)	-0.9%	35,634	0.1%	-
2019	49,866,116	(285,950)	-0.6%	51,573	0.1%	-
YTD	50,172,074	20,008	0%	35,509	0.1%	0.6
2018	50,152,066	(29,068)	-0.1%	(110,480)	-0.2%	-
2017	50,181,134	(3,974)	0%	(247,428)	-0.5%	-
2016	50,185,108	(243,295)	-0.5%	30,860	0.1%	-
2015	50,428,403	(176,813)	-0.3%	490,277	1.0%	-
2014	50,605,216	(66,956)	-0.1%	468,209	0.9%	-
2013	50,672,172	(137,280)	-0.3%	(221,834)	-0.4%	-
2012	50,809,452	56,353	0.1%	(62,829)	-0.1%	-
2011	50,753,099	177,746	0.4%	(121,066)	-0.2%	-
2010	50,575,353	146,496	0.3%	463,018	0.9%	0.3
2009	50,428,857	423,904	0.8%	197,854	0.4%	2.1
2008	50,004,953	139,207	0.3%	(190,689)	-0.4%	-
2007	49,865,746	209,991	0.4%	153,757	0.3%	1.4

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$29.72	109	1.4%	0.6%	46,227,564	13.4%	-0.2%
2022	\$29.30	108	1.5%	-0.8%	46,555,965	13.7%	-0.1%
2021	\$28.86	106	1.1%	-2.3%	46,384,323	13.8%	-0.2%
2020	\$28.54	105	1.0%	-3.4%	46,502,238	14.0%	-0.9%
2019	\$28.24	104	1.2%	-4.4%	49,189,124	14.9%	-1.7%
YTD	\$28.01	103	0.4%	-5.2%	53,460,691	16.3%	-0.3%
2018	\$27.90	103	0.1%	-5.6%	54,415,009	16.6%	0.1%
2017	\$27.88	102	-0.4%	-5.6%	53,701,037	16.4%	1.7%
2016	\$27.99	103	-3.7%	-5.3%	47,598,408	14.7%	1.5%
2015	\$29.06	107	-1.7%	-1.7%	41,978,831	13.2%	2.3%
2014	\$29.55	109	5.5%	0%	33,144,793	10.8%	-0.7%
2013	\$28.02	103	5.3%	-5.2%	34,323,684	11.5%	-0.2%
2012	\$26.60	98	7.6%	-10.0%	34,443,423	11.8%	-1.1%
2011	\$24.72	91	2.1%	-16.3%	37,473,018	12.9%	-0.3%
2010	\$24.22	89	-5.0%	-18.0%	38,079,199	13.2%	-0.2%
2009	\$25.50	94	-6.3%	-13.7%	38,499,789	13.4%	1.5%
2008	\$27.22	100	7.4%	-7.9%	33,155,772	11.9%	1.2%
2007	\$25.36	93	14.2%	-14.2%	28,882,993	10.7%	-1.1%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$35.36	102	1.3%	-5.2%	24,187,747	14.9%	-0.4%
2022	\$34.90	101	1.4%	-6.4%	24,307,427	15.3%	-0.2%
2021	\$34.41	100	1.0%	-7.7%	24,099,777	15.6%	-0.3%
2020	\$34.07	99	0.9%	-8.6%	23,787,684	15.8%	-0.4%
2019	\$33.78	98	1.1%	-9.4%	23,958,366	16.2%	-2.4%
YTD	\$33.58	97	0.6%	-9.9%	26,592,646	18.2%	-0.4%
2018	\$33.40	97	-0.4%	-10.4%	27,130,743	18.6%	-0.5%
2017	\$33.54	97	-1.0%	-10.1%	27,659,881	19.1%	2.5%
2016	\$33.89	98	-6.2%	-9.1%	23,486,249	16.7%	2.8%
2015	\$36.14	105	-3.1%	-3.1%	18,810,752	13.9%	4.2%
2014	\$37.29	108	5.5%	0%	12,023,769	9.7%	-0.1%
2013	\$35.35	102	5.7%	-5.2%	11,319,087	9.8%	-0.7%
2012	\$33.44	97	9.0%	-10.3%	11,687,650	10.5%	-1.5%
2011	\$30.67	89	2.8%	-17.8%	13,140,415	11.9%	-0.8%
2010	\$29.85	87	-6.0%	-20.0%	13,742,413	12.7%	-0.3%
2009	\$31.76	92	-7.9%	-14.8%	14,099,302	13.1%	2.3%
2008	\$34.50	100	9.1%	-7.5%	11,006,740	10.8%	1.6%
2007	\$31.62	92	18.1%	-15.2%	8,792,858	9.1%	-2.7%

## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$25.93	118	1.5%	6.5%	17,853,635	13.4%	-0.2%
2022	\$25.55	116	1.7%	5.0%	18,077,056	13.6%	-0.1%
2021	\$25.13	114	1.2%	3.2%	18,169,625	13.6%	-0.3%
2020	\$24.82	113	1.2%	2.0%	18,531,141	13.9%	-1.5%
2019	\$24.53	112	1.3%	0.8%	20,570,850	15.5%	-1.4%
YTD	\$24.27	110	0.2%	-0.3%	21,890,551	16.5%	-0.3%
2018	\$24.22	110	0.6%	-0.5%	22,291,271	16.8%	0.8%
2017	\$24.07	109	1.0%	-1.1%	21,118,881	16.0%	1.3%
2016	\$23.82	108	-1.2%	-2.1%	19,432,125	14.7%	0.9%
2015	\$24.12	110	-0.9%	-0.9%	18,212,921	13.8%	2.0%
2014	\$24.34	111	5.3%	0%	15,498,776	11.8%	-1.1%
2013	\$23.12	105	5.1%	-5.0%	16,847,184	12.8%	0.1%
2012	\$21.99	100	6.6%	-9.7%	16,682,914	12.8%	-1.4%
2011	\$20.63	94	1.5%	-15.2%	18,378,926	14.1%	-0.2%
2010	\$20.34	92	-4.5%	-16.4%	18,681,921	14.4%	0.1%
2009	\$21.29	97	-3.2%	-12.5%	18,429,100	14.3%	1.4%
2008	\$22.00	100	4.7%	-9.6%	16,403,695	12.9%	1.1%
2007	\$21.01	96	9.3%	-13.7%	14,674,694	11.8%	-0.3%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$22.98	118	1.6%	7.2%	4,186,182	8.7%	0.1%
2022	\$22.62	116	1.8%	5.5%	4,171,482	8.6%	0.2%
2021	\$22.22	114	1.4%	3.6%	4,114,921	8.4%	-0.1%
2020	\$21.91	113	1.3%	2.2%	4,183,413	8.5%	-0.9%
2019	\$21.62	111	1.5%	0.8%	4,659,908	9.3%	-0.6%
YTD	\$21.37	110	0.3%	-0.4%	4,977,494	9.9%	0%
2018	\$21.31	110	0.8%	-0.6%	4,992,995	10.0%	0.1%
2017	\$21.14	109	-1.4%	-1.4%	4,922,275	9.8%	0.5%
2016	\$21.44	110	1.7%	0%	4,680,034	9.3%	-0.5%
2015	\$21.08	109	3.9%	-1.7%	4,955,158	9.8%	-1.3%
2014	\$20.30	105	5.8%	-5.3%	5,622,248	11.1%	-1.0%
2013	\$19.18	99	3.8%	-10.6%	6,157,413	12.2%	0.2%
2012	\$18.47	95	3.5%	-13.9%	6,072,859	12.0%	0.2%
2011	\$17.84	92	0.4%	-16.8%	5,953,677	11.7%	0.5%
2010	\$17.76	91	-1.6%	-17.2%	5,654,865	11.2%	-0.7%
2009	\$18.05	93	-7.0%	-15.8%	5,971,387	11.8%	0.4%
2008	\$19.42	100	6.5%	-9.4%	5,745,337	11.5%	0.6%
2007	\$18.24	94	9.9%	-15.0%	5,415,441	10.9%	0.1%

## 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
2023	-	-	-	-	-	-	\$229.20	156	7.4%
2022	-	-	-	-	-	-	\$227.58	155	7.3%
2021	-	-	-	-	-	-	\$227.29	154	7.3%
2020	-	-	-	-	-	-	\$228.01	155	7.2%
2019	-	-	-	-	-	-	\$229.56	156	7.0%
YTD	75	\$107.0 M	0.6%	\$6,187,024	\$101.48	7.3%	\$228.62	155	7.0%
2018	657	\$1,830 M	5.5%	\$11,521,243	\$184.63	7.4%	\$228.43	155	7.0%
2017	576	\$3,116 M	7.7%	\$20,218,871	\$215.35	7.0%	\$222.27	151	6.9%
2016	557	\$717.6 M	4.3%	\$7,848,524	\$208.27	7.3%	\$225.41	153	6.8%
2015	580	\$2,501 M	7.4%	\$17,358,494	\$217.67	6.9%	\$227.79	155	6.6%
2014	598	\$2,512 M	6.5%	\$15,985,327	\$191.79	7.7%	\$222.60	151	6.6%
2013	462	\$4,232 M	9.3%	\$27,470,380	\$205.59	7.5%	\$203.60	138	6.8%
2012	442	\$3,692 M	8.8%	\$28,609,512	\$208.34	7.7%	\$187.06	127	7.1%
2011	287	\$2,297 M	6.0%	\$23,674,741	\$191.60	8.3%	\$171.24	116	7.5%
2010	229	\$1,357 M	4.5%	\$17,160,973	\$143.12	8.6%	\$149.03	101	8.2%
2009	217	\$251.2 M	2.0%	\$3,922,018	\$75.46	8.5%	\$129.16	88	9.2%
2008	278	\$1,477 M	4.4%	\$11,894,678	\$169.17	7.6%	\$147.16	100	8.7%

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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.

## 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
2023	-	-	-	-	-	-	\$275.90	153	6.8%
2022	-	-	-	-	-	-	\$274.32	152	6.8%
2021	-	-	-	-	-	-	\$274.44	152	6.7%
2020	-	-	-	-	-	-	\$275.90	153	6.6%
2019	-	-	-	-	-	-	\$278.71	154	6.5%
YTD	4	\$78.7 M	0.6%	\$26,133,333	\$95.28	-	\$278.34	154	6.4%
2018	54	\$1,175 M	4.6%	\$53,373,838	\$226.53	6.9%	\$278.15	154	6.4%
2017	60	\$2,479 M	10.8%	\$75,107,011	\$223.80	6.8%	\$267.59	148	6.4%
2016	24	\$512.0 M	3.7%	\$85,340,512	\$347.29	6.8%	\$271.51	150	6.3%
2015	47	\$1,631 M	7.8%	\$65,258,432	\$287.13	6.3%	\$275.12	152	6.1%
2014	30	\$1,566 M	5.4%	\$74,577,722	\$266.83	7.2%	\$268.82	149	6.1%
2013	46	\$3,502 M	13.1%	\$97,266,553	\$247.44	6.9%	\$248.29	138	6.3%
2012	46	\$3,040 M	12.5%	\$84,438,068	\$232.92	7.0%	\$229.58	127	6.5%
2011	35	\$1,823 M	8.5%	\$75,947,394	\$262.52	7.3%	\$213.05	118	6.8%
2010	20	\$804.5 M	4.6%	\$67,044,950	\$175.96	7.7%	\$185.09	103	7.5%
2009	5	\$132.4 M	1.2%	\$33,106,116	\$115.74	8.5%	\$159.41	88	8.4%
2008	14	\$1,070 M	5.2%	\$82,305,645	\$203.92	6.1%	\$180.57	100	8.0%

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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
2023	-	-	-	-	-	-	\$198.31	158	7.8%
2022	-	-	-	-	-	-	\$196.66	157	7.7%
2021	-	-	-	-	-	-	\$196.09	156	7.7%
2020	-	-	-	-	-	-	\$196.30	156	7.6%
2019	-	-	-	-	-	-	\$196.98	157	7.4%
YTD	44	\$21.2 M	0.7%	\$2,176,889	\$125.56	7.3%	\$195.59	156	7.4%
2018	300	\$593.7 M	6.6%	\$8,139,325	\$141.64	7.4%	\$195.51	156	7.3%
2017	225	\$578.1 M	5.3%	\$8,479,013	\$195.67	6.5%	\$192.00	153	7.3%
2016	245	\$170.8 M	4.9%	\$3,736,716	\$104.95	7.3%	\$194.08	155	7.1%
2015	236	\$789.9 M	7.3%	\$12,325,833	\$153.61	6.8%	\$196.31	156	7.0%
2014	235	\$880.3 M	7.5%	\$12,365,055	\$132.67	7.8%	\$193.11	154	6.9%
2013	155	\$677.4 M	8.0%	\$13,528,943	\$116.07	8.0%	\$175.72	140	7.2%
2012	153	\$601.8 M	6.8%	\$13,648,114	\$143.49	8.1%	\$160.96	128	7.5%
2011	121	\$434.5 M	5.2%	\$10,577,927	\$96.71	8.5%	\$145.11	116	7.9%
2010	95	\$518.8 M	4.9%	\$14,386,632	\$118.99	8.9%	\$126.31	101	8.7%
2009	119	\$93.5 M	2.5%	\$3,602,922	\$54.14	9.3%	\$110.47	88	9.7%
2008	150	\$310.0 M	4.1%	\$6,694,832	\$123.30	7.7%	\$125.60	100	9.2%

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## 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
2023	-	-	-	-	-	-	\$172.06	164	8.0%
2022	-	-	-	-	-	-	\$170.41	162	7.9%
2021	-	-	-	-	-	-	\$169.67	162	7.9%
2020	-	-	-	-	-	-	\$169.51	162	7.8%
2019	-	-	-	-	-	-	\$169.65	162	7.6%
YTD	27	\$7.2 M	0.5%	\$1,437,482	\$119.10	-	\$168.16	160	7.6%
2018	303	\$61.1 M	5.0%	\$939,070	\$114.86	7.7%	\$167.72	160	7.5%
2017	291	\$59.1 M	4.9%	\$1,105,697	\$134.71	8.3%	\$167.66	160	7.4%
2016	288	\$34.8 M	4.7%	\$850,510	\$101.18	7.8%	\$171.30	163	7.2%
2015	297	\$80.0 M	6.7%	\$1,441,982	\$119.80	8.0%	\$170.36	162	7.1%
2014	333	\$65.9 M	6.3%	\$1,009,928	\$110.83	7.7%	\$163.18	156	7.1%
2013	261	\$52.6 M	3.8%	\$770,522	\$88.27	8.1%	\$144.49	138	7.6%
2012	243	\$50.9 M	5.7%	\$1,027,338	\$106.20	7.9%	\$129.67	124	8.0%
2011	131	\$40.1 M	2.9%	\$1,250,544	\$72.31	9.4%	\$116.04	111	8.5%
2010	114	\$33.3 M	3.4%	\$1,072,862	\$60.83	8.6%	\$101.96	97	9.3%
2009	93	\$25.3 M	2.2%	\$723,224	\$55.26	7.1%	\$88.70	85	10.4%
2008	114	\$97.2 M	3.7%	\$1,492,377	\$100.12	8.1%	\$104.92	100	9.7%

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