



# Office Market Report

## Houston - TX

PREPARED BY



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Managing Member



**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**2.1 M**

12 Mo Net Absorption in SF

**(499 K)**

Vacancy Rate

**16.7%**

12 Mo Rent Growth

**0.9%**

Given the sea changes facing the energy industry in terms of lower oil prices, automation, new technologies, and demand for reduced carbon emissions, there is a very real threat that Houston's office market may not grow as it has in years past. Nevertheless, there are bright spots. Tenants and investors are capitalizing on a trend towards a flight to quality. And the city remains a hotbed for institutional capital.

The recent building boom has put pressure on older assets. As in other markets that experienced a large amount new construction this cycle, CoStar expects a wave of renovations here as older assets try to compete.

However, the new supply should satisfy key occupiers that are driven by quality buildings as part of their strategy to attract and retain talent in the midst of a tight national labor market.

The largest cluster of energy companies and the largest medical center in the world should keep large employers in Houston for the foreseeable future, even if growth moving forward is projected to be slower than in the recent oil boom years. Meanwhile, the planned TMC3 collaborative research campus and The Ion innovation hub in Midtown Houston both offer the promise of a burgeoning tech scene.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	147,879,823	18.2%	\$34.06	23.8%	(162,977)	16,100	4,160,651
3 Star	134,766,768	17.4%	\$24.55	19.8%	(152,916)	116,241	1,157,014
1 & 2 Star	48,954,247	10.5%	\$21.07	12.4%	64,783	3,584	39,045
<b>Market</b>	<b>331,600,838</b>	<b>16.7%</b>	<b>\$28.33</b>	<b>20.5%</b>	<b>(251,110)</b>	<b>135,925</b>	<b>5,356,710</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.6%	13.1%	15.3%	16.9%	2019 Q3	8.9%	1999 Q1
Net Absorption SF	(499 K)	2,890,259	3,592,954	9,371,788	2014 Q2	(4,571,607)	2017 Q3
Deliveries SF	2.1 M	5,115,558	3,141,689	13,333,470	2015 Q4	1,287,703	2010 Q4
Rent Growth	0.9%	1.7%	1.0%	14.5%	2008 Q1	-6.5%	2009 Q4
Sales Volume	\$2.9 B	\$1.8B	N/A	\$4.9B	2013 Q3	\$253.0M	2009 Q4



A return to hiring in Houston unfortunately has not translated into broad-based gains in the office sector. Houston's vacancy rate compressed from 16.7% in 18Q2 to 16% by 19Q1. However, significant move-outs in the second half of last year caused Houston's vacancy rate to return to 16.7% by 20Q1, ushering in a sense of renewed caution. Net absorption amounted to about -250,000 SF last quarter and -500,000 SF over the past year.

Office tenants in Houston have bountiful options for new space, as Houston has the highest vacancy rate in the country. In this tenants' market, landlords must offer significant amenities and compete in terms of price.

Houston is also experiencing a tremendous flight to quality, a trend also seen at the national level. Of the 100 largest new office leases signed last year, over 70% were for 4 Star space, and nearly 20% were for 5 Star space.

Some major occupancies helped move the needle in Houston last year.

In one of the largest moves, Bank of America moved into 210,000 SF at its new eponymous building in Downtown Houston in mid-2019. This represented a significant expansion, as the firm vacated about 135,000 SF at their prior location.

Late in the year, McDermott International moved into about 70% of the space it leased at Energy Center V in Katy Freeway West. It was then announced in 20Q1 that the firm would declare Chapter 11 bankruptcy, although it was unclear how this would affect its lease at Energy Center.

BHP Billiton (now BHP) landed tenants to fill a significant amount of its sublease space at Four Oaks Place in the Galleria/Uptown area, bringing the 500,000-SF building to nearly full occupancy from total vacancy within one

year. Stewart Title moved into approximately 156,000 SF in the tower mid-year after vacating its space in Two Post Oak Central. Engie followed Stewart Tile and moved into 110,000 SF later in the year, after vacating its space at Three Post Oak Central.

Overall, leasing volume remains healthy. As new leasing activity is down significantly from the peak of the shale boom, the majority of leases were renewals.

Underscoring this point, Burns & McDonnell renewed nearly 160,000 SF at 1700 West Loop South in the Galleria/Uptown area. The building, which is owned by Lingerfelt Commonwealth Partners, is undergoing a renovation as a condition of the renewal.

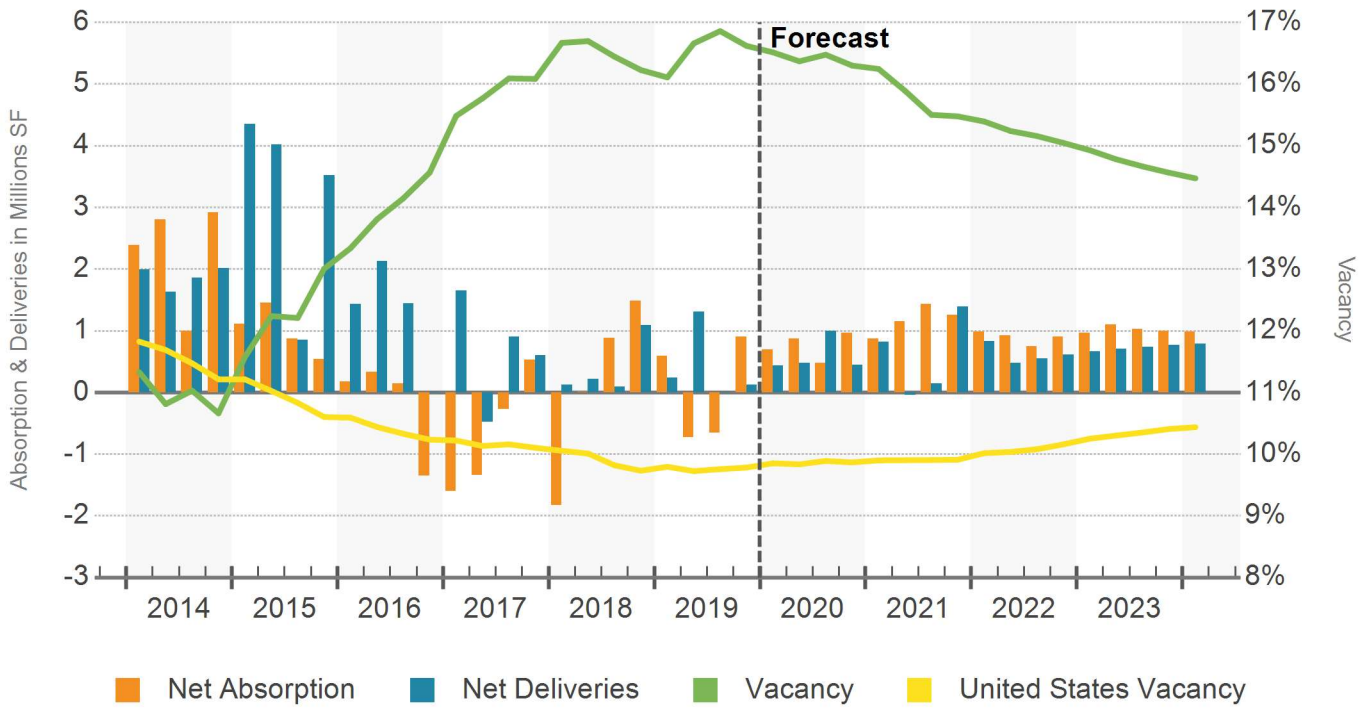
Alight Solutions leased 180,000 SF at 8770 New Trails Drive in The Woodlands. The property is being developed by The Howard Hughes Corporation and is expected to deliver in early 2020.

Kiewit Engineering leased 157,000 SF at Energy Center I in Katy Freeway West for an estimated \$22/SF triple net. Kiewit Engineering, which is expected to move in mid-2020, will occupy space in the property that sat empty for nearly four years.

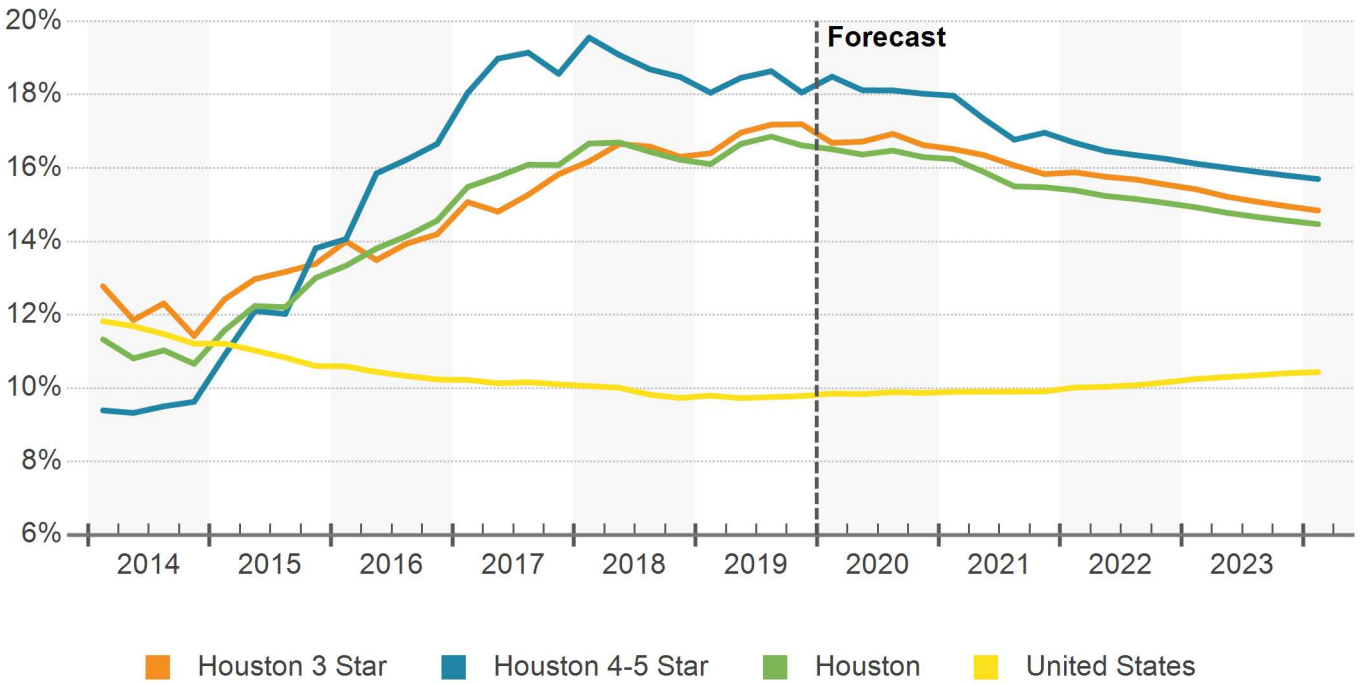
CoStar forecasts a gradual improvement in Houston's office vacancy rate to under 15% by 2024. But absent a resurgent energy sector or other office-using industries to bridge that demand, there is no guarantee of that happening. And at least over the past five years, both of those have remained elusive.

And CoStar's forecast calls for Houston's vacancy rate to be one of the few to compress over the next few years, as it is one of the only U.S. markets to have corrected. However, a continued slowdown in the energy sector and a potential late-cycle weakening of the global economy pose downside risks to Houston's relatively flat office outlook over the next few years.

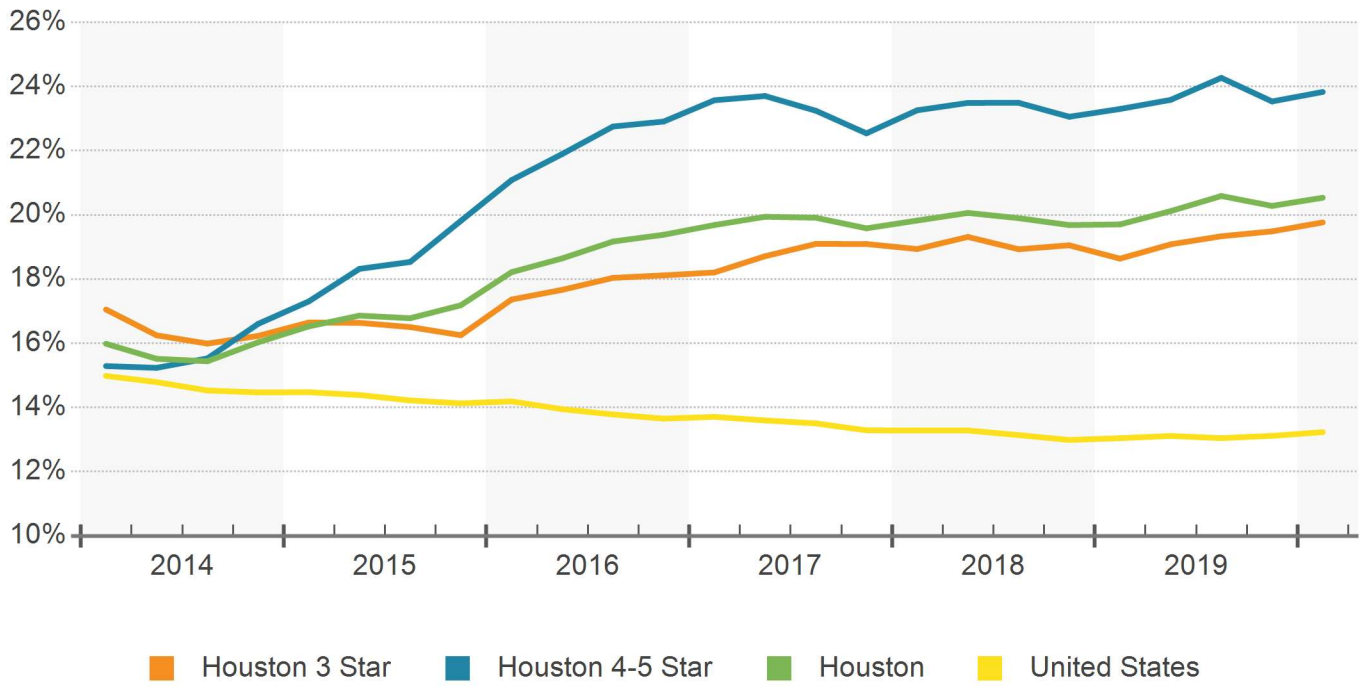
## NET ABSORPTION, NET DELIVERIES & VACANCY



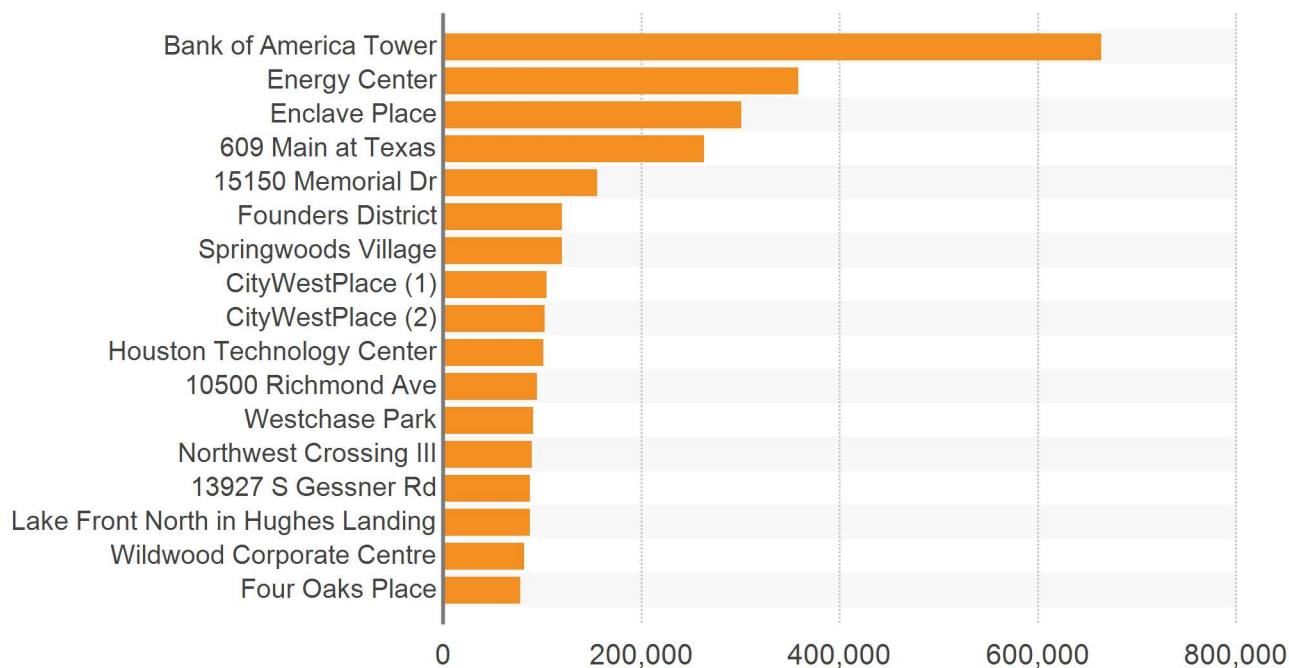
## VACANCY RATE



## 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
Bank of America Tower	CBD	780,341	115,990	315,588	0	0	0	664,351
Energy Center	Katy Freeway West	524,399	0	0	0	0	0	358,555
Enclave Place	Katy Freeway West	300,906	0	0	0	0	0	300,906
609 Main at Texas	CBD	1,057,237	90,807	58,363	0	0	0	263,270
15150 Memorial Dr	Katy Freeway West	155,175	0	155,175	0	0	0	155,175
Founders District	Katy Freeway West	120,000	0	0	0	0	0	120,000
Springwoods Village	The Woodlands	326,800	0	0	0	0	0	119,922
CityWestPlace (1)	Westchase	311,553	142,312	114,204	0	0	0	104,137
CityWestPlace (2)	Westchase	443,551	86,718	0	0	0	0	102,304
Houston Technology Center	Southwest Beltway 8	567,333	88,878	55,277	0	0	0	100,974
10500 Richmond Ave	Westchase	95,170	0	95,170	0	0	0	94,622
Westchase Park	Westchase	293,135	23,168	90,989	0	0	0	90,989
Northwest Crossing III	Northwest Far	305,242	55,812	7,487	0	0	0	89,672
13927 S Gessner Rd	E Fort Bend Co/Sug...	87,720	0	87,720	0	0	0	87,720
Lake Front North in Hughes Lan...	The Woodlands	105,600	13,975	87,231	0	0	0	87,495
Wildwood Corporate Centre	The Woodlands	201,933	17,949	18,032	0	0	0	81,726
Four Oaks Place	Galleria/Uptown	496,608	160,586	0	0	0	0	78,020
<b>Subtotal Primary Competitors</b>		<b>6,172,703</b>	<b>796,195</b>	<b>1,085,236</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,899,838</b>
Remaining Houston Market		325,428,135	54,610,217	(1,336,346)	0	0	0	(3,398,404)
<b>Total Houston Market</b>		<b>331,600,838</b>	<b>55,406,412</b>	<b>(251,110)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(498,566)</b>

### TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
The Woodlands Towers at The Wate...	The Woodlands	807,586	Q1 20	Occidental Petroleum Cor...	-	-
1100 Louisiana (Enterprise Plaza) *	CBD	512,845	Q1 20	Enterprise Products Partn...	Savills	Cushman & Wakefield
Alight Solutions	The Woodlands	180,000	Q2 19	Alight Solutions	JLL	Colliers International
Energy Center	Katy Freeway West	171,260	Q3 19	Kiewit Engineering	JLL;Savills	Transwestern
Burns & McDonnell Plaza *	Galleria/Uptown	158,775	Q2 19	Burns & McDonnell	Cushman & Wakefield	JLL
CityWestPlace *	Westchase	130,710	Q3 19	ION Geophysical Corpora...	Savills	Parkway Realty Manag...
Pennzoil Place	CBD	122,547	Q4 19	Bank of America	-	Transwestern
Jefferson Towers at Cullen Center *	CBD	120,120	Q2 19	Harris County District Atto...	-	Greenmark Realty
Sugar Creek Tower I *	E Fort Bend Co/Sugar Land	114,795	Q2 19	Noble Corporation	NAI Partners	-
CityWestPlace	Westchase	114,204	Q2 19	Honeywell	CBRE	Parkway Realty Manag...
Four Oaks Place	Galleria/Uptown	109,667	Q3 19	ENGIE North America	JLL	Cushman & Wakefield;...
Pinnacle Westchase *	Westchase	106,904	Q1 19	Empyrean Benefit Solutio...	Newmark Knight Frank	Stream Realty Partners...
Houston Center	CBD	105,934	Q1 19	Direct Energy LP	CBRE	Brookfield Office Prope...
Houston Center	CBD	104,348	Q1 19	-	-	Transwestern
4800 Fournace Pl	Bellaire	100,812	Q3 19	Houston Methodist Hospital	Colliers International	SLS Properties
Houston Technology Center	Southwest Beltway 8	98,694	Q2 19	Amerigroup Corporation	Savills	CBRE
2707 N Loop W	North Loop West	94,305	Q2 19	Veterans Evaluation Servi...	-	Fuller Realty Partners,...
Hess Tower	CBD	92,523	Q1 20	EDP Renewables North A...	-	Cushman & Wakefield
1100 Louisiana (Enterprise Plaza) *	CBD	91,264	Q2 19	King & Spalding	Cushman & Wakefield	Cushman & Wakefield
Westchase Park	Westchase	90,989	Q2 19	LJA Engineering, Inc.	Stream Realty Partn...	Transwestern
American General Center	Midtown	90,166	Q2 19	Marsh Wortham	Cushman & Wakefield	CBRE
CityWestPlace	Westchase	86,718	Q4 19	DCP Midstream	-	CBRE
Park Towers North	Post Oak Park	79,832	Q1 20	-	-	Transwestern
Montrose Collective	Midtown	75,000	Q1 20	Live Nation	-	-
Life Science Plaza	South Main/Medical Center	70,889	Q2 19	MD Anderson Cancer Ce...	-	JLL
Four Oaks Place	Galleria/Uptown	68,139	Q1 20	SEMPRA LNG	CBRE	Cushman & Wakefield
Four Oaks Place	Galleria/Uptown	68,139	Q3 19	Sumitomo Corp	-	Cushman & Wakefield
Havenwood Office Park	The Woodlands	61,308	Q2 19	GSA	Savills	J. Beard Real Estate C...
TC Energy Center	CBD	60,015	Q3 19	TC Energy	JLL	Madison Marquette
Atrium @ Nassau Bay Bldg *	NASA/Clear Lake	59,797	Q3 19	Lockheed Martin Corporat...	Savills	Transwestern
11000 Equity Drive *	West Belt	59,442	Q3 19	Exterran Energy Solutions	-	Transwestern
1001 Fannin St	CBD	57,770	Q2 19	Concho Resources	Cushman & Wakefield	Cushman & Wakefield
609 Main at Texas	CBD	57,315	Q2 19	White & Case LLP	JLL	Cushman & Wakefield
Beltway Lakes	West Belt	57,040	Q2 19	Ensign Natural Resources	-	-
Parkview I	Katy Freeway West	56,292	Q3 19	Arion Blue	-	Fuller Realty Partners,...
609 Main at Texas	CBD	56,039	Q2 19	WeWork	Savills	-
811 Main St *	CBD	55,435	Q3 19	Quorum Business Solutio...	-	Transwestern
West Little York DC	Northwest Inner Loop	55,170	Q3 19	Luminance Brands	Savills	Prologis, Inc.
The Offices at Park 10	Katy Freeway West	54,080	Q1 19	Olin Corporation	Colliers International	Pollan Hausman Real...
Sugar Creek Tower II *	E Fort Bend Co/Sugar Land	52,960	Q4 19	Team Industrial Services	-	Stream Realty Partners...

\*Renewal



Houston office rents, even for 4 & 5 Star space, are being offered at a deep discount to both the U.S. average and coastal metros, an attractive proposition for companies looking to relocate to an affordable, large U.S. metro.

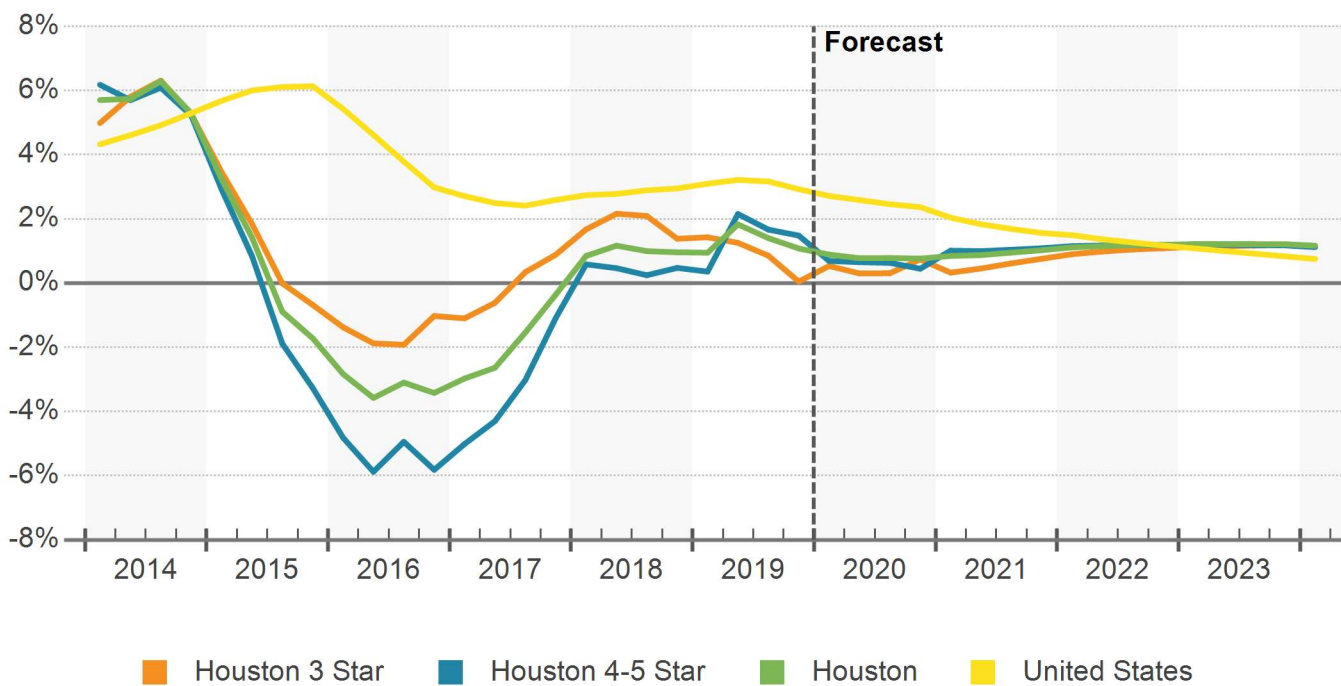
Rent growth over the past year was strongest inside the Loop, the area that is seeing the most new development and absorption activity. West Houston submarkets located in and near the Energy Corridor trail just slightly behind, a result of resurgent leasing activity in the area.

Despite the observable flight to quality trend, vacancy

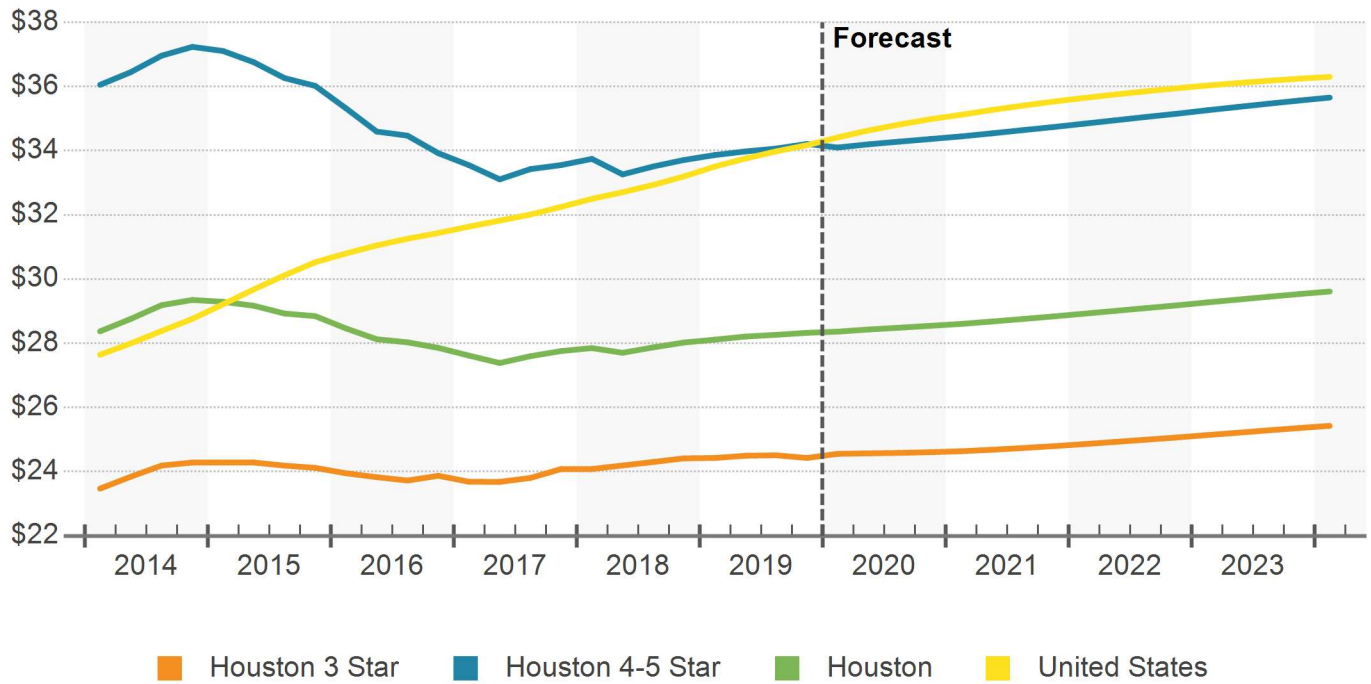
rates for 3 and 4 & 5 Star office properties, which make up 85% of the inventory, remain sky-high. This continues to place pressure on landlords to keep rents low to attract space. As a result, rent growth for all but 1 & 2 Star properties has been generally negative or flat since 2015.

A forecast of flat rent growth over the next few years is not a promising sign for Houston office tenants. As a result, Houston office investors may need to look to compression in the exit cap to derive real value from office buildings with otherwise tepid income growth.

## 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>	\$0.58	\$1.40	\$0.48	\$4.79	\$8.72	<b>\$15.97</b>
Bellaire	\$0.48	\$1.44	\$0.47	\$2.57	\$8.47	<b>\$13.43</b>
Conroe	\$0.64	\$1.29	\$0.39	\$2.55	\$7.78	<b>\$12.65</b>
Downtown	\$0.49	\$1.21	\$0.56	\$6.22	\$8.02	<b>\$16.50</b>
E Fort Bend Co/Sugar Land	\$0.54	\$1.67	\$0.47	\$3.66	\$7.53	<b>\$13.87</b>
FM 1960	\$0.65	\$1.14	\$0.42	\$5.03	\$9.17	<b>\$16.41</b>
Greenway Plaza	\$1.34	\$1.45	\$0.41	\$5.41	\$6.30	<b>\$14.91</b>
Gulf Freeway/Pasadena	\$0.64	\$1.88	\$0.63	\$4.32	\$8.14	<b>\$15.61</b>
I-10 East	\$0.45	\$1.38	\$0.65	\$0.77	\$9.04	<b>\$12.29</b>
Katy Freeway	\$0.55	\$1.52	\$0.38	\$5.42	\$9.78	<b>\$17.65</b>
Katy/Grand Parkway West	\$0.88	\$1.11	\$0.53	\$5.92	\$8.78	<b>\$17.22</b>
Kingwood/Humble	\$0.50	\$1.56	\$0.47	\$3.54	\$9.33	<b>\$15.40</b>
NASA/Clear Lake	\$0.50	\$1.55	\$0.76	\$4.22	\$8.77	<b>\$15.80</b>
North Belt	\$0.36	\$1.15	\$0.43	\$1.74	\$9.15	<b>\$12.83</b>
Northeast Near	\$0.38	\$1.16	\$0.48	\$2.46	\$9.66	<b>\$14.14</b>
Northeast Outlier	\$0.50	\$1.54	\$0.47	\$4.18	\$9.35	<b>\$16.04</b>
Northwest	\$0.33	\$1.00	\$0.39	\$2.94	\$8.79	<b>\$13.45</b>
Northwest Outlier	\$0.43	\$1.27	\$0.47	\$5.02	\$10.29	<b>\$17.48</b>
Outlying Montgomery Cnty	\$0.50	\$1.59	\$0.47	\$3.75	\$9.38	<b>\$15.69</b>
San Felipe/Voss	\$0.61	\$1.07	\$0.34	\$4.25	\$5.79	<b>\$12.06</b>
South	\$0.48	\$1.45	\$0.47	\$4.43	\$7.53	<b>\$14.36</b>
South Main/Medical Center	\$0.62	\$1.74	\$0.59	\$4.71	\$7.71	<b>\$15.37</b>
Southeast Outlier	\$0.47	\$1.41	\$0.56	\$9.23	\$8.28	<b>\$19.95</b>
Southwest	\$0.43	\$1.28	\$0.45	\$1.99	\$8.02	<b>\$12.17</b>
Southwest Far	\$0.48	\$1.45	\$0.47	\$3.07	\$7.52	<b>\$12.99</b>
Southwest Outlier	\$1.14	\$0.98	\$0.67	\$3.36	\$8.06	<b>\$14.21</b>
The Woodlands	\$0.49	\$1.80	\$0.45	\$4.55	\$9.08	<b>\$16.37</b>
West Belt	\$0.54	\$1.20	\$0.50	\$5.16	\$8.62	<b>\$16.02</b>
West Loop	\$0.74	\$1.10	\$0.41	\$4.97	\$8.12	<b>\$15.34</b>
Westchase	\$0.37	\$1.28	\$0.48	\$5.53	\$10.13	<b>\$17.79</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>	\$0.50	\$1.26	\$0.34	\$3.73	\$5.08	<b>\$10.91</b>
Austin County	\$0.52	\$1.28	\$0.41	\$2.51	\$6.88	<b>\$11.60</b>
Baytown	\$0.44	\$1.13	\$0.36	\$3.48	\$3.74	<b>\$9.15</b>
Bellaire	\$0.46	\$1.33	\$0.44	\$3.73	\$5.78	<b>\$11.74</b>
Conroe	\$0.49	\$1.48	\$0.26	\$2.32	\$4.41	<b>\$8.96</b>
Downtown	\$0.45	\$1.27	\$0.44	\$3.96	\$7.00	<b>\$13.12</b>
E Fort Bend Co/Sugar Land	\$0.49	\$1.52	\$0.41	\$3.66	\$4.63	<b>\$10.71</b>
FM 1960	\$0.53	\$1.20	\$0.28	\$3.60	\$4.92	<b>\$10.53</b>
Greenway Plaza	\$0.53	\$1.29	\$0.38	\$5.04	\$5.83	<b>\$13.07</b>
Gulf Freeway/Pasadena	\$0.53	\$1.18	\$0.38	\$3.64	\$2.41	<b>\$8.14</b>
I-10 East	\$0.44	\$1.14	\$0.35	\$2.81	\$4.01	<b>\$8.75</b>
Katy Freeway	\$0.51	\$1.35	\$0.34	\$5.17	\$6.19	<b>\$13.56</b>
Katy/Grand Parkway West	\$0.87	\$0.95	\$0.39	\$4.68	\$6.63	<b>\$13.52</b>
Kingwood/Humble	\$0.46	\$1.43	\$0.35	\$3.26	\$3.99	<b>\$9.49</b>
Liberty County	\$0.43	\$1.11	\$0.35	\$2.48	\$3.68	<b>\$8.05</b>
NASA/Clear Lake	\$0.46	\$1.16	\$0.37	\$3.15	\$3.78	<b>\$8.92</b>
North Belt	\$0.39	\$1.03	\$0.20	\$2.33	\$6.32	<b>\$10.27</b>
Northeast Near	\$0.38	\$1.02	\$0.27	\$3.13	\$6.10	<b>\$10.90</b>
Northeast Outlier	\$0.47	\$1.38	\$0.29	\$6.05	\$4.15	<b>\$12.34</b>
Northwest	\$0.38	\$1.01	\$0.30	\$4.23	\$5.79	<b>\$11.71</b>
Northwest Outlier	\$0.48	\$1.20	\$0.36	\$3.67	\$6.10	<b>\$11.81</b>
Outlying Chambers County	\$0.44	\$1.16	\$0.34	\$2.48	\$3.76	<b>\$8.18</b>
Outlying Montgomery Cnty	\$0.47	\$1.46	\$0.25	\$2.67	\$4.21	<b>\$9.06</b>
Outlying Waller County	\$0.52	\$1.28	\$0.41	\$1.34	\$6.88	<b>\$10.43</b>
Richmond/Fountainview	\$0.46	\$1.09	\$0.35	\$2.55	\$6.02	<b>\$10.47</b>
San Felipe/Voss	\$0.47	\$1.12	\$0.36	\$3.34	\$6.14	<b>\$11.43</b>
South	\$0.44	\$1.26	\$0.42	\$3.26	\$4.43	<b>\$9.81</b>
South Hwy 35	\$0.45	\$1.35	\$0.46	\$2.29	\$4.85	<b>\$9.40</b>
South Main/Medical Center	\$0.47	\$1.41	\$0.47	\$4.78	\$4.88	<b>\$12.01</b>
Southeast Outlier	\$0.44	\$1.31	\$0.44	\$2.25	\$4.63	<b>\$9.07</b>
Southwest	\$0.40	\$1.22	\$0.43	\$2.53	\$3.88	<b>\$8.46</b>
Southwest Far	\$0.46	\$1.38	\$0.46	\$3.73	\$4.94	<b>\$10.97</b>
Southwest Outlier	\$0.78	\$0.98	\$0.46	\$3.93	\$5.89	<b>\$12.04</b>
The Woodlands	\$0.47	\$1.68	\$0.19	\$3.91	\$4.35	<b>\$10.60</b>
West Belt	\$0.46	\$1.00	\$0.29	\$4.22	\$4.89	<b>\$10.86</b>
West Loop	\$0.41	\$0.98	\$0.36	\$4.22	\$7.09	<b>\$13.06</b>
Westchase	\$0.37	\$1.18	\$0.30	\$3.32	\$5.17	<b>\$10.34</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>	\$0.42	\$1.03	\$0.29	\$3.44	\$3.72	<b>\$8.90</b>
Austin County	\$0.49	\$1.13	\$0.34	\$1.84	\$4.60	<b>\$8.40</b>
Baytown	\$0.40	\$1.03	\$0.33	\$2.51	\$3.62	<b>\$7.89</b>
Bellaire	\$0.39	\$1.06	\$0.23	\$3.75	\$3.57	<b>\$9.00</b>
Conroe	\$0.44	\$1.07	\$0.23	\$1.82	\$4.67	<b>\$8.23</b>
Downtown	\$0.43	\$0.89	\$0.39	\$5.51	\$3.50	<b>\$10.72</b>
E Fort Bend Co/Sugar Land	\$0.45	\$1.41	\$0.35	\$2.85	\$3.82	<b>\$8.88</b>
FM 1960	\$0.42	\$1.09	\$0.26	\$2.94	\$4.36	<b>\$9.07</b>
Greenway Plaza	\$0.50	\$1.00	\$0.36	\$6.65	\$4.57	<b>\$13.08</b>
Gulf Freeway/Pasadena	\$0.42	\$1.04	\$0.31	\$2.84	\$2.50	<b>\$7.11</b>
I-10 East	\$0.39	\$0.98	\$0.30	\$2.46	\$3.61	<b>\$7.74</b>
Katy Freeway	\$0.46	\$1.15	\$0.31	\$3.92	\$4.46	<b>\$10.30</b>
Katy/Grand Parkway West	\$0.47	\$0.94	\$0.31	\$4.04	\$5.01	<b>\$10.77</b>
Kingwood/Humble	\$0.44	\$1.26	\$0.34	\$2.74	\$3.58	<b>\$8.36</b>
Liberty County	\$0.40	\$1.03	\$0.33	\$1.65	\$3.64	<b>\$7.05</b>
NASA/Clear Lake	\$0.41	\$1.03	\$0.33	\$2.76	\$3.63	<b>\$8.16</b>
North Belt	\$0.35	\$0.86	\$0.21	\$2.57	\$3.85	<b>\$7.84</b>
Northeast Near	\$0.35	\$0.78	\$0.25	\$2.27	\$1.71	<b>\$5.36</b>
Northeast Outlier	\$0.42	\$1.18	\$0.24	\$3.33	\$3.82	<b>\$8.99</b>
Northwest	\$0.34	\$0.77	\$0.28	\$4.63	\$3.63	<b>\$9.65</b>
Northwest Outlier	\$0.49	\$1.14	\$0.33	\$2.95	\$0.30	<b>\$5.21</b>
Outlying Chambers County	\$0.39	\$1.01	\$0.32	\$2.11	\$3.56	<b>\$7.39</b>
Outlying Montgomery Cnty	\$0.45	\$1.26	\$0.25	\$2.18	\$4.00	<b>\$8.14</b>
Outlying Waller County	\$0.46	\$1.07	\$0.31	\$3.03	\$3.60	<b>\$8.47</b>
Richmond/Fountainview	\$0.36	\$0.94	\$0.21	\$3.30	\$3.65	<b>\$8.46</b>
San Felipe/Voss	\$0.46	\$1.22	\$0.28	\$3.98	\$4.87	<b>\$10.81</b>
South	\$0.41	\$1.09	\$0.28	\$2.83	\$3.52	<b>\$8.13</b>
South Hwy 35	\$0.41	\$1.11	\$0.25	\$2.15	\$3.61	<b>\$7.53</b>
South Main/Medical Center	\$0.42	\$1.06	\$0.29	\$5.36	\$3.80	<b>\$10.93</b>
Southeast Outlier	\$0.45	\$1.22	\$0.28	\$1.58	\$3.96	<b>\$7.49</b>
Southwest	\$0.34	\$0.82	\$0.16	\$2.23	\$3.59	<b>\$7.14</b>
Southwest Far	\$0.40	\$1.10	\$0.25	\$1.96	\$3.56	<b>\$7.27</b>
Southwest Outlier	\$0.41	\$0.87	\$0.25	\$2.14	\$5.09	<b>\$8.76</b>
The Woodlands	\$0.42	\$1.30	\$0.18	\$3.50	\$4.03	<b>\$9.43</b>
West Belt	\$0.40	\$0.87	\$0.26	\$3.51	\$3.72	<b>\$8.76</b>
West Loop	\$0.44	\$1.05	\$0.29	\$4.54	\$5.10	<b>\$11.42</b>
Westchase	\$0.34	\$1.10	\$0.23	\$2.86	\$5.60	<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.

Houston's office supply pipeline is down significantly since the peak of the oil boom, as the market works through significant oversupply. However, there are a few new projects underway looking to capitalize on the flight to quality trend.

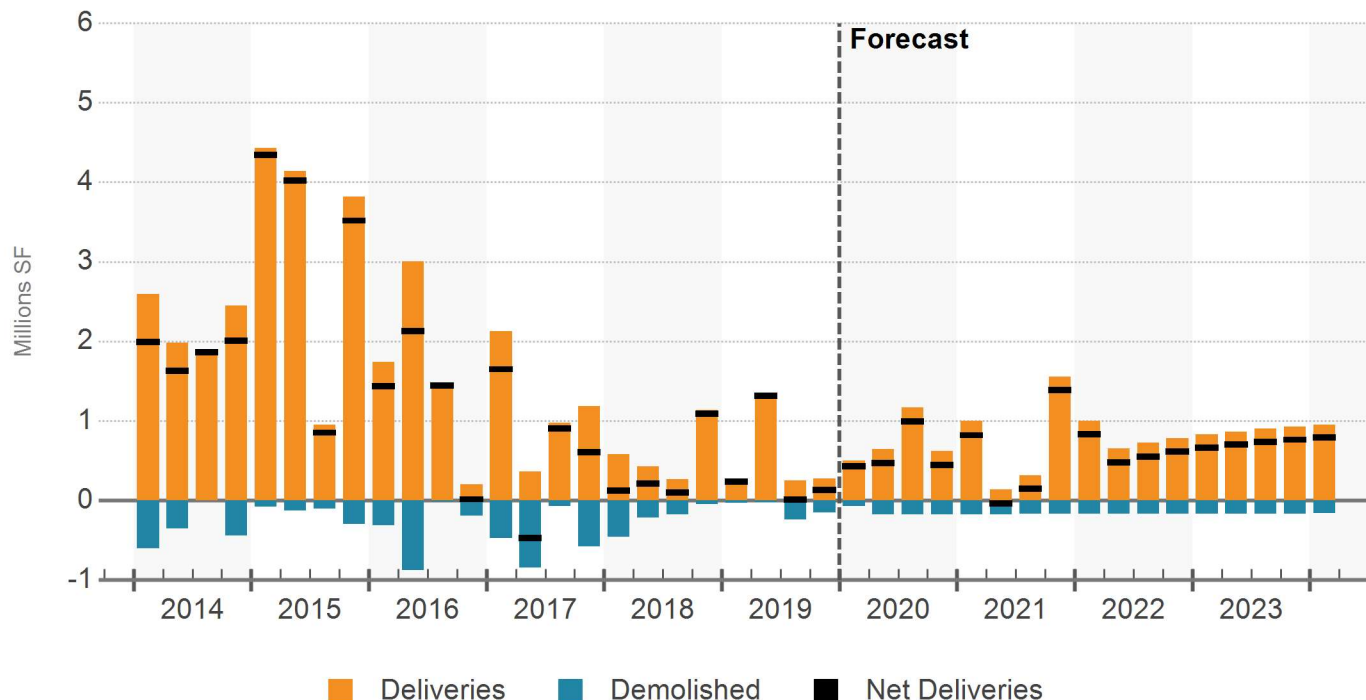
Among the largest, Hines is under construction with its 1.1-million-SF Texas Tower in Downtown Houston, which is set to deliver in 2021. The building is now nearly 40% preleased. Law firm Vinson & Elkins, which signed a 212,000-SF lease, will serve as the building's anchor tenant.

Moody National Company is building the Village Tower

Plaza in Hedwig Village. The Village Towers will comprise 300,000 SF of office space with more than 30,000 SF of ground-floor retail. The project is expected to deliver by early 2020.

Moreover, the Ion Innovation Hub, which is expected to deliver in late 2020, will be run by Station Houston in partnership with Capital Factory. Property owner Rice University is expected to spend a reported \$100 million on the redevelopment of the 270,000-SF former Midtown Sears building. Upon completion, it is expected to eventually serve as the de facto innovation tech hub for Houston.

## 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	Katy Freeway East	5	1,321	871	65.9%	4	44,472	264,256	2
2	CBD	2	1,252	460	36.7%	7	318,968	625,928	1
3	Midtown	3	359	329	91.4%	1	17,063	119,797	4
4	The Woodlands	6	358	195	54.5%	5	35,398	59,646	6
5	Kingwood/Humble	4	319	281	88.1%	2	15,514	79,777	5
6	E Fort Bend Co/Sugar Land	15	260	218	83.6%	3	23,630	17,364	9
7	Post Oak Park	1	207	60	28.8%	8	111,994	207,202	3
8	FM 1960/Hwy 249	24	192	89	46.5%	6	20,726	8,009	10
9	Katy/Grand Parkway West	3	159	5	3.2%	10	13,665	52,840	7
10	North Loop West	6	144	35	24.6%	9	17,169	23,949	8
	All Other	40	785	537	68.3%		31,552	19,628	
<b>Totals</b>		<b>109</b>	<b>5,357</b>	<b>3,079</b>	<b>57.5%</b>		<b>33,771</b>	<b>49,144</b>	

# Under Construction Properties

Houston Office

Properties

Square Feet

Percent of Inventory

Released

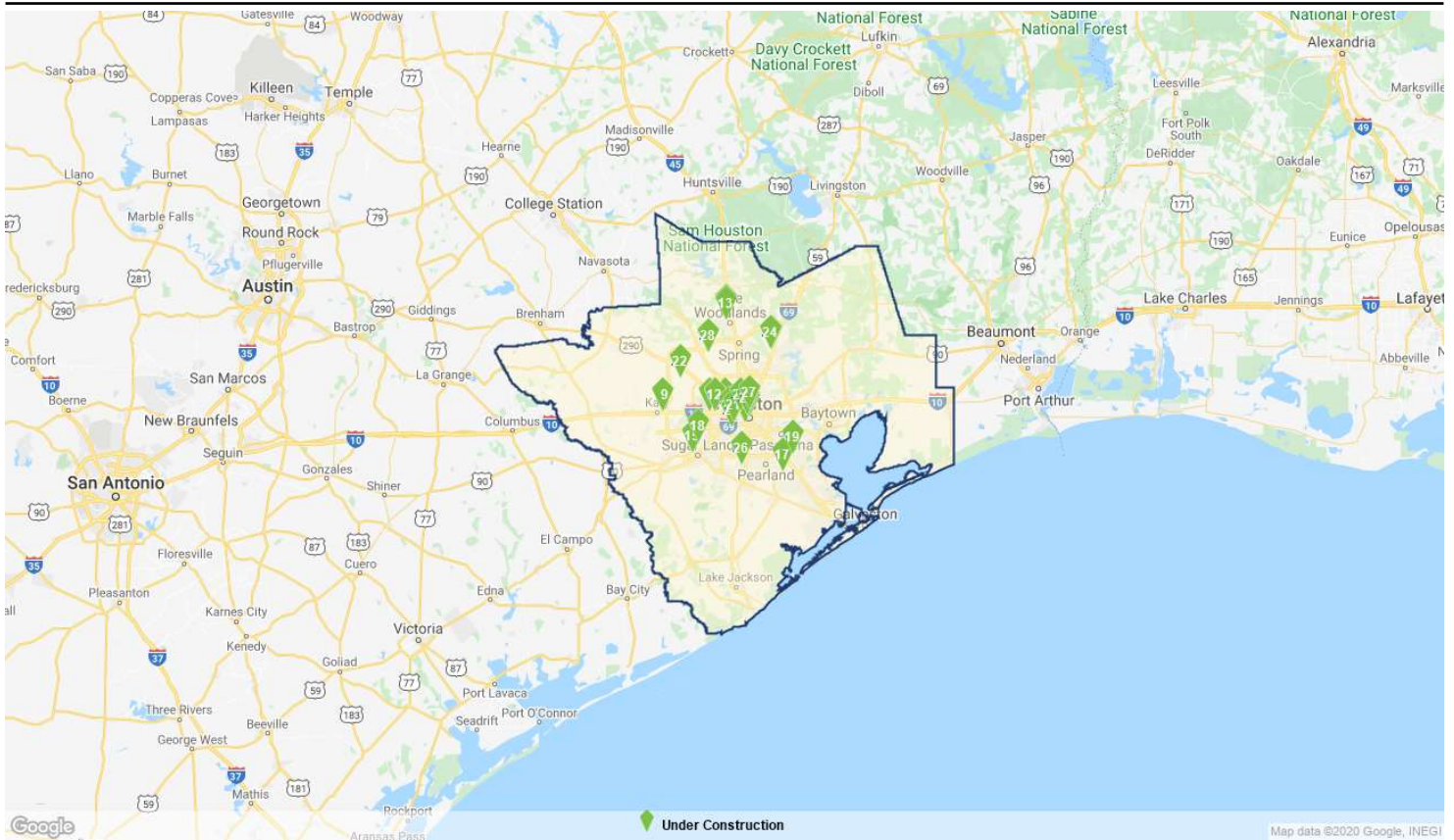
**109**

**5,356,710**

**1.6%**

**57.5%**

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Texas Tower</b> 845 Texas Ave	★★★★★	1,101,856	47	Jul-2018	Oct-2021	Hines Hines
2 <b>Marathon Oil Corp</b> 990 Town And Country Blvd	★★★★☆	440,000	15	Dec-2019	Dec-2021	Hines Marathon Oil Corporation
3 <b>8020 Katy Fwy</b>	★★★★☆	420,000	13	Dec-2019	Jan-2021	- Crown Castle International Corp.
4 <b>The Ion</b> 4201 Main St	★★★★☆	270,000	-	May-2019	Dec-2020	Hines Rice Management Company
5 <b>Insperty Campus Buildi...</b> US-59 & Kingwood Dr	★★★★☆	270,000	10	May-2019	Jun-2020	D E Harvey Cleary Insperty, Inc.
6 <b>200 Park Place</b> 4200 Westheimer Rd	★★★★★	207,202	15	Feb-2019	Mar-2020	Stonelake Capital Partners Stonelake Capital Partners
7 <b>Alight Solutions</b> 8770 New Trails Dr	★★★★☆	180,000	4	Jun-2019	Mar-2020	The Howard Hughes Corporation The Howard Hughes Corporation



# Under Construction Properties

Houston Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>9753 Katy Fwy</b>	★★★★★	161,280	8	Oct-2019	Oct-2020	MetroNational Corporation MetroNational Corporation
9 <b>Katy Ranch Phase II</b> 24279 Katy Fwy	★★★★★	150,920	6	Jul-2019	Sep-2020	Freeway Properties Freeway Properties
10 <b>401 Franklin St</b>	★★★★★	150,000	5	Sep-2018	Aug-2020	Lovett Commercial Lovett Commercial
11 <b>Village Tower II</b> 9655 Katy Fwy	★★★★★	150,000	6	Jan-2020	Jan-2021	Moody National Companies Moody National Companies
12 <b>Village Tower I</b> 9655 Katy Fwy	★★★★★	150,000	6	Sep-2019	Jan-2021	Moody National Companies Moody National Companies
13 <b>Building 9</b> 9709 Lakeside Blvd	★★★★★	137,938	6	Aug-2019	Aug-2020	Warmack Investments Warmack Investments
14 <b>1801 Post Oak Blvd</b>	★★★★★	133,248	5	Oct-2019	Nov-2020	NS Zadok Investments NS Zadok Investments
15 <b>Building B</b> 800 Bonaventure Way	★★★★★	87,500	1	Jun-2019	Mar-2020	- Rubicon Realty Group, LLC
16 <b>Office/Retail 5</b> 600 N Shepherd Dr	★★★★★	70,324	1	Jun-2019	Jun-2020	Radom Capital LLC Draxis Management Inc.
17 <b>Tannos land Holding III</b> 505 S Friendswood Dr	★★★★★	65,000	4	Jun-2019	Mar-2020	Tannos Construction & Developm... Tannos Construction & Developm...
18 <b>Bldg 3</b> 13151 W Airport Blvd	★★★★★	56,000	2	Oct-2019	Sep-2020	HCSS HCSS
19 <b>Phase I</b> 13150 Space Center Blvd	★★★★★	53,000	-	Jul-2019	Jul-2020	Texas Sterling Construction Com... Texas Sterling Construction Com...
20 <b>Bissonnet Medical Plaza</b> 4460 Bissonnet St	★★★★★	52,825	3	Oct-2019	Oct-2020	Jacob White Construction Jacob White Construction
21 <b>River Oaks Medical</b> 3720 Westheimer Rd	★★★★★	52,344	6	Jan-2019	Mar-2020	Ancorian LLC Ancorian LLC
22 <b>Towne Lake Office Condos</b> 10242 Greenhouse Rd	★★★★★	50,000	1	Aug-2019	Jul-2020	- Caldwell Companies
23 <b>Office 3</b> 600 N Shepherd Dr	★★★★★	44,025	2	Jun-2019	Jun-2020	Radom Capital LLC Draxis Management Inc.
24 <b>215 Kingwood Executive...</b>	★★★★★	39,106	2	Jun-2019	Jun-2020	Jacob White Construction Jacob White Construction
25 <b>Rethink Co-Working</b> 1512 Center St	★★★★★	37,046	1	May-2019	Jun-2020	- Rethink Center Llc
26 <b>Primeline Pro Office Buil...</b> 2941 Broadway Bend Dr	★★★★★	31,691	2	Oct-2019	Sep-2020	- Steve Wu
27 <b>Avenue CDC Headquarters</b> 3417 Irvington Blvd	★★★★★	30,500	3	Sep-2019	May-2020	Avenue CDC Avenue CDC
28 <b>The Landing at Gleanno...</b> 9070 Gleannloch Forest Dr	★★★★★	30,000	1	Dec-2019	Jun-2020	- -

Houston once again ranked in the top 15 U.S. markets for office transaction volume last year.

And the city’s office transaction volume of \$4.7 billion remained robust in 2019.

In October 2019, Cerberus Capital and Hines acquired the iconic JP Morgan Chase Tower at 600 Travis, which is the tallest building in Texas, and the adjacent 601 Travis from the Hariri family. This was the first trophy office asset to trade in Houston since the Masaveu family acquired BBVA Plaza in the Galleria/Uptown area in late 2015 for a record price at the time of \$527/SF. Cerberus Capital and Hines purchased the two properties for an estimated \$627 million (\$304/SF) at a 6.9% cap.

In December 2019, The Howard Hughes Corporation announced that it would spend \$565 million to buy 2.8 million SF in the Houston area from the combined Occidental and Anadarko real estate portfolio in the wake of its August 2019 merger. This will include a 1.4-million-SF campus in The Woodlands and a vacant 1.3-million-SF campus in the Energy Corridor. Howard Hughes plans to sell the Energy Corridor campus and occupy the smaller of the two Anadarko Woodlands towers for its world headquarters, leasing back the taller Woodlands

tower to Occidental for 13 years.

And in December 2019, Skanska reported that it sold a 90% interest in the new Bank of America Tower to Beacon Capital Partners for \$373 million, or approximately \$530/SF, at an estimated 6.9% cap. This set the record for the highest non-medical office sales price per SF in Houston.

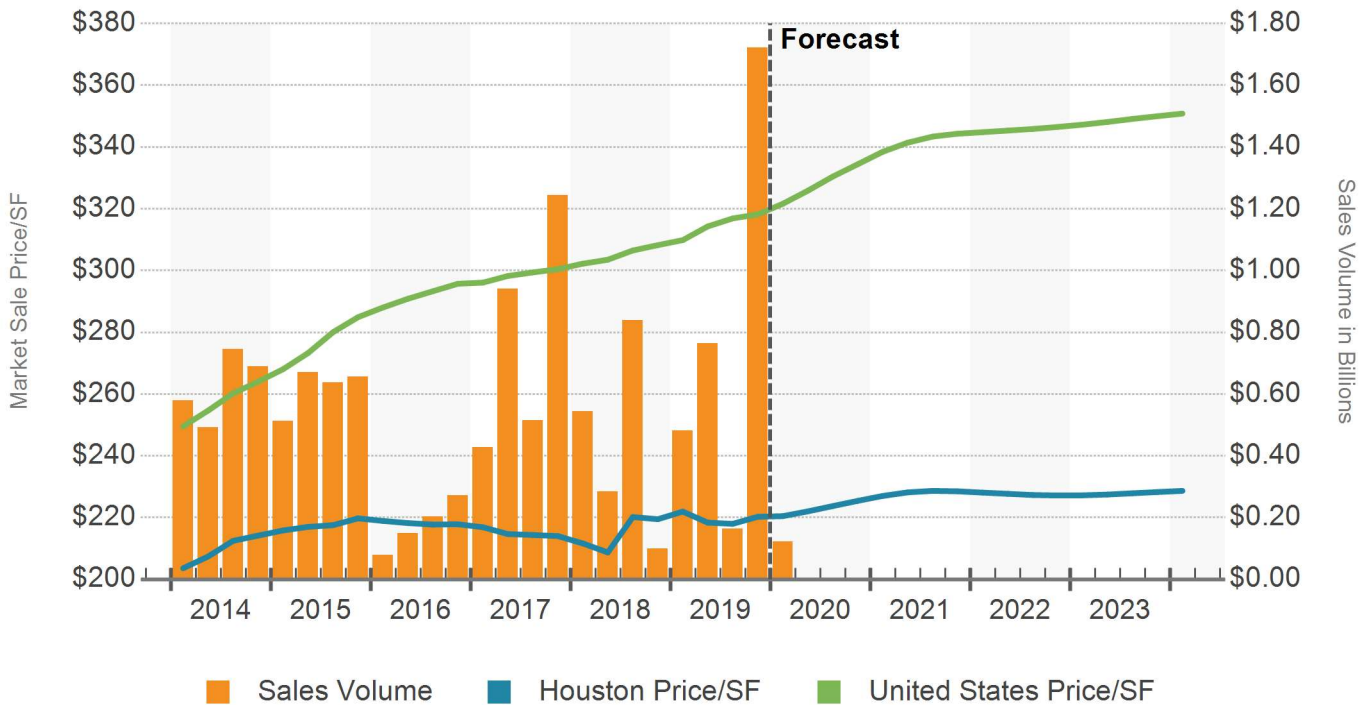
At an average cap rate of 7.4%, Houston could still be considered underpriced relative to the 6.7% national average cap rate.

And while CoStar forecasts cap rate expansion for all top 30 markets over the next five years, Houston’s market cap rate is only expected to expand by about 15 basis points, which would be right in line with the U.S. average.

This paints Houston as a relative safe harbor in the near term, at least in comparison with some of the faster-growing and more volatile Sun Belt and markets.

CoStar also estimates that Houston’s average sales price per SF and cap rates were relatively flat last year. Transaction pricing fell by about 30 basis points, and cap rates compressed 10 basis points.

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



# Sales Past 12 Months

Houston Office

Sale Comparables

**765**

Avg. Cap Rate

**7.8%**

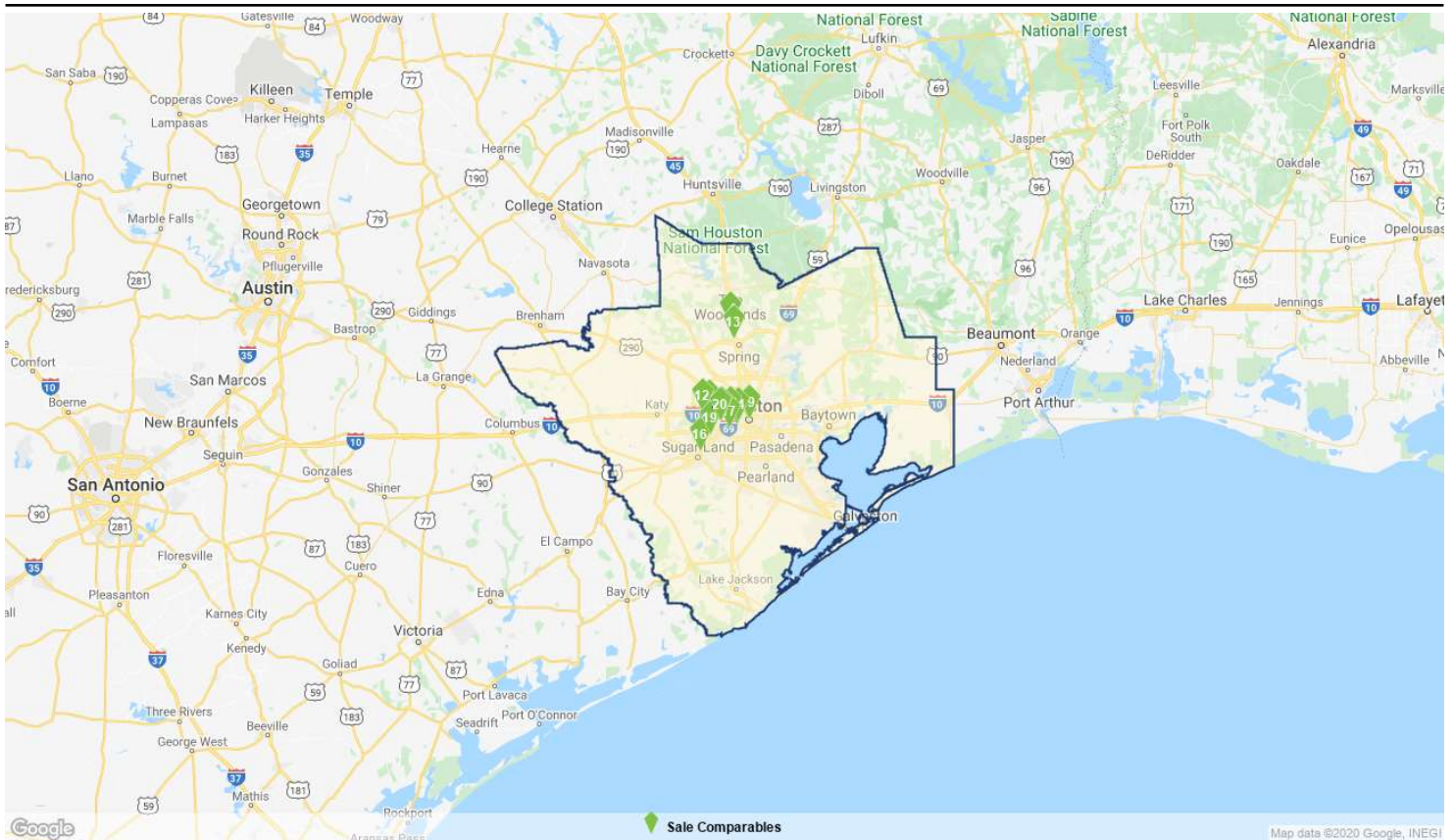
Avg. Price/SF

**\$236**

Avg. Vacancy At Sale

**17.7%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$11,738	\$19,870,531	\$1,700,000	\$535,004,514
Price Per SF	\$1.82	\$236	\$168	\$589
Cap Rate	3.3%	7.8%	8.0%	12.5%
Time Since Sale in Months	0.1	6.2	6.0	12.0
Property Attributes	Low	Average	Median	High
Building SF	482	37,074	6,000	1,656,529
Stories	1	2	1	75
Typical Floor SF	482	9,866	4,900	87,720
Vacancy Rate At Sale	0%	17.7%	0%	100%
Year Built	1900	1983	1982	2020
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	
1 <b>JP Morgan Chase Tower</b> 600 Travis St	★★★★★	1981	1,656,529	20.5%	10/25/2019	\$535,004,514	\$323	-	
2 <b>Bank of America Tower</b> 800 Capitol St	★★★★★	2019	780,341	55.3%	12/17/2019	\$373,000,000	\$531	-	
3 <b>The Woodlands Towers...</b> 1201 Lake Robbins Dr	★★★★★	2002	807,586	0%	12/30/2019	\$203,525,627	\$252	-	
4 <b>The Woodlands Towers...</b> 9950 Woodloch Forest Dr	★★★★★	2014	596,400	0%	12/30/2019	\$150,303,106	\$252	-	
5 <b>One BriarLake Plaza</b> 2000 W Sam Houston Pky S	★★★★★	2000	502,410	25.4%	6/14/2019	\$133,906,829	\$267	5.3%	
6 <b>Kirby Grove</b> 2925 Richmond Ave	★★★★★	2015	248,275	6.9%	1/24/2020	\$115,000,000	\$463	-	
7 <b>HP Building 1</b> 10300 Energy Dr	★★★★★	2018	233,516	0%	4/4/2019	\$109,476,934	\$469	6.0%	
8 <b>CityCentre Five</b> 825 Town & Country	★★★★★	2015	227,063	6.1%	9/11/2019	\$93,000,000	\$410	5.7%	
9 <b>601 Travis</b> 601 Travis St	★★★★★	1982	431,080	7.6%	10/25/2019	\$91,995,486	\$213	-	
10 <b>Two BriarLake Plaza</b> 2050 W Sam Houston Pky S	★★★★★	2014	333,100	20.2%	6/14/2019	\$88,780,806	\$267	5.3%	
11 <b>20 Greenway Plz</b>	★★★★★	1984	433,159	3.2%	5/16/2019	\$87,900,000	\$203	8.4%	
12 <b>Energy Tower I</b> 11700 Katy Fwy	★★★★★	1999	325,797	7.4%	6/21/2019	\$83,300,000	\$256	8.5%	
13 <b>HP Building 2</b> 10400 Energy Dr	★★★★★	2018	144,886	0%	4/4/2019	\$63,523,066	\$438	6.0%	
14 <b>River Oaks Bank Building</b> 2001 Kirby Dr	★★★★★	1968	170,233	15.4%	12/19/2019	\$56,500,000	\$332	-	
15 <b>1177 West Loop South</b>	★★★★★	1979	341,947	12.8%	4/1/2019	\$53,000,000	\$155	7.1%	
16 <b>Comerica Bank Building</b> 1 Sugar Creek Center	★★★★★	1983	193,998	13.6%	5/17/2019	\$40,000,000	\$206	7.9%	
17 <b>Memorial Hermann Orth...</b> 5420 West Loop S	★★★★★	2005	99,768	10.6%	5/15/2019	\$35,788,414	\$359	5.5%	
18 <b>Woodway Tower</b> 6363 Woodway Dr	★★★★★	1982	198,428	4.8%	3/28/2019	\$33,180,000	\$167	7.3%	
19 <b>Parkwood Circle Building</b> 7909 Parkwood Circle Dr	★★★★★	1983	196,589	0%	3/29/2019	\$30,191,935	\$154	6.2%	
20 <b>Memorial Tower I</b> 1616 S Voss Rd	★★★★★	1980	179,061	27.7%	3/28/2019	\$30,000,000	\$168	7.3%	



The U.S.' seventh-largest economy in the nation's fifth-largest city is again decelerating, this time led by a renewed slowdown in U.S. shale, which may not bode well for the Bayou City's multifamily, industrial, or office sectors.

Houston had added 88,000 jobs year-over-year as of December 2019, according to the latest Bureau of Labor Statistics update. Oxford Economics predicts that Houston added 78,221 jobs in 2019. However, Oxford Economics' bullish job numbers for last year were likely based on overestimated job numbers from the Bureau of Labor Statistics. Nearly every economic indicator, including the rig count, purchasing managers index, and forecasted energy cap ex point to a flattening energy industry. And in 2020, Oxford Economics' Moderate Upside scenario forecasts that Houston will add 39,971 jobs, well below Houston's historical average of about 50,000 new jobs per year. Meanwhile, in Oxford's baseline scenario, the company forecasts that Houston will add just 25,606 new jobs in 2020, which is half of Houston's long-term average job growth.

In a recent report, Goldman Sachs estimates that U.S. energy industry capital expenditures declined 3% in 2019, will decline 8% this year, and will be flat in 2021 at 1% growth, followed by 7% growth in 2022. Over the next three years, this would collectively represent 0% growth. This is not nearly as bad as the 32% decline in 2015 and 48% decline in 2016. But this flat growth for Houston's primary industry may negatively impact Houston's commercial real estate market.

For Houston, waning crude oil prices in the mid-\$50/barrel range are extending economic uncertainty for Houston's exploration, production, and oil field services companies, the region's largest employers. The Oil Patch may also be in the midst of another wave of bankruptcies and consolidations, as energy companies struggle to remain profitable. Wall Street, which encouraged growth in U.S. shale for much of the past decade, and even through the oil downturn, has become frustrated with the

sector's lack of capital discipline and lower returns in comparison with other sectors, especially amid lower oil prices. As a result, the investment community is largely pulling back investments from North American energy, which could hurt many major and independent producers and oilfield services companies with operations in Houston. According to a survey by the Dallas Federal Reserve, the oil and gas industry has faced contractions in recent months, with nearly a quarter of Texas companies in that sector reporting third-quarter layoffs. Oil and gas companies are declaring bankruptcy at the fastest pace since 2016, according to data from law firm Haynes & Boone LLP.

Houston's energy industry also faces tough existential questions in a post-Paris Accords world. Uncertainties remain about how the energy industry will adapt to mounting pressures to reduce the world's carbon footprint and single-use plastics.

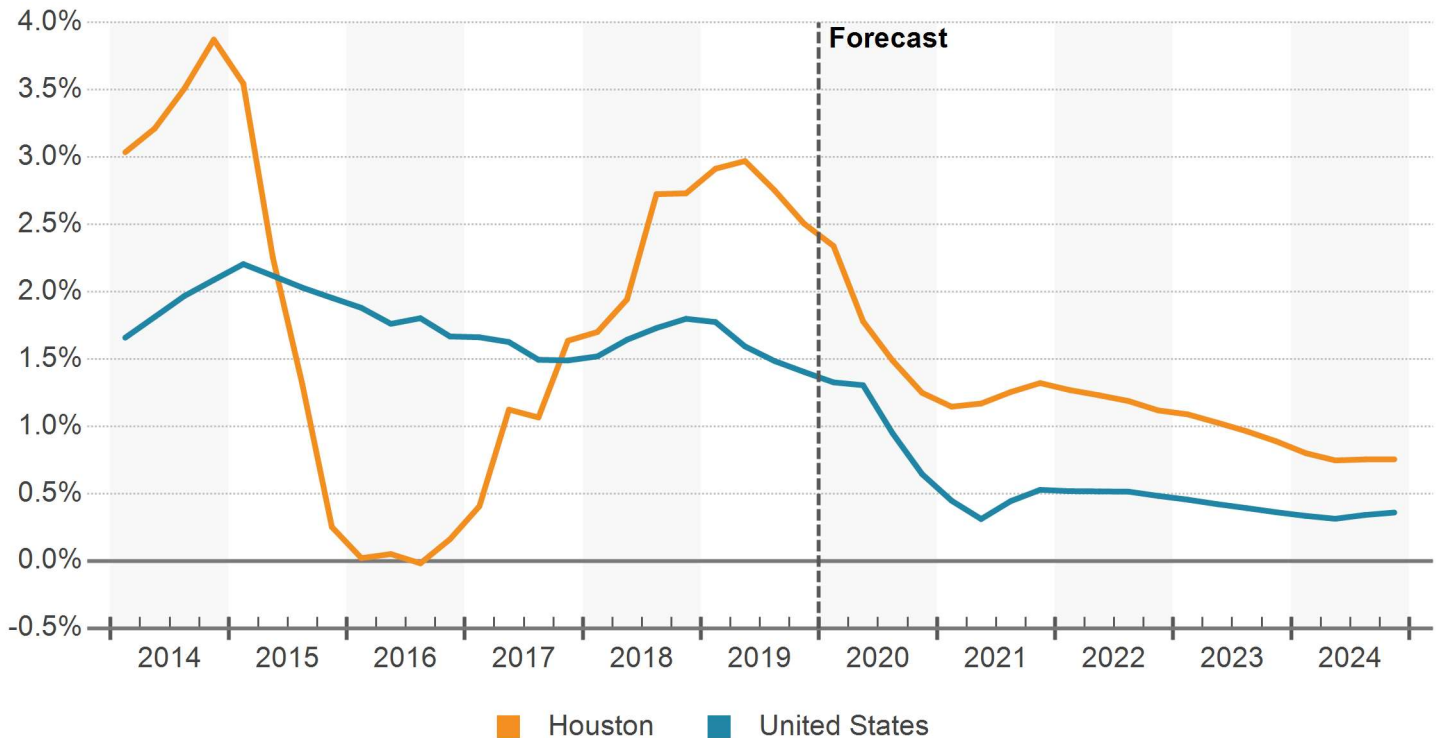
Fortunately, Houston has shifted away from being solely an oil and gas city and persistently continues to diversify its economy in industries like healthcare (where it is home to the world's largest medical center), giving the city a bit of a cushion. Houston's public and private sectors today are united in the goal of growing Houston's general tech (especially data science and digital tech) and biotech clusters. At the center of these blue ocean projects are two key real estate developments in the works to encourage growth in these sectors: The Ion and TMC3. Rice University is transforming the Art Deco 270,000-SF former Sears department store in Houston's Midtown neighborhood into The Ion, the hub of a proposed 16-acre innovation district that the mayor hopes will boost the city's technological appeal. And the TMC3 project was officially announced in April 2018 as the cornerstone of the Texas Medical Center's plan to establish Texas as the "Third Coast" for life sciences and biotechnology research to compete directly with Boston and San Francisco. TMC3 is expected to create roughly 26,000 jobs and generate \$5.2 billion in economic benefits in Houston.

## 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	243	0.9	2.23%	0.29%	1.24%	1.14%	0.32%	-0.31%
Trade, Transportation and Utilities	634	1.1	1.22%	0.44%	2.03%	1.32%	0.99%	0.26%
Retail Trade	304	0.9	0.14%	-0.08%	1.54%	0.94%	0.74%	0.21%
Financial Activities	171	0.9	2.30%	1.42%	1.99%	1.24%	1.17%	0.33%
Government	411	0.9	0.69%	0.68%	0.80%	0.07%	1.03%	0.63%
Natural Resources, Mining and Construction	322	1.8	4.45%	1.65%	2.38%	2.87%	0.39%	0.23%
Education and Health Services	409	0.8	2.29%	2.55%	3.03%	2.17%	0.98%	0.57%
Professional and Business Services	527	1.2	3.60%	2.02%	3.53%	2.74%	1.73%	0.87%
Information	30	0.5	-4.07%	0.89%	-1.17%	0.37%	-0.09%	0.49%
Leisure and Hospitality	339	1.0	3.07%	1.95%	3.82%	2.71%	1.33%	0.55%
Other Services	123	1.0	4.84%	1.37%	2.55%	1.15%	0.70%	0.28%
<b>Total Employment</b>	<b>3,209</b>	<b>1.0</b>	<b>2.40%</b>	<b>1.36%</b>	<b>2.34%</b>	<b>1.62%</b>	<b>1.03%</b>	<b>0.45%</b>

Source: Oxford Economics  
LQ = Location Quotient

## YEAR OVER YEAR JOB GROWTH



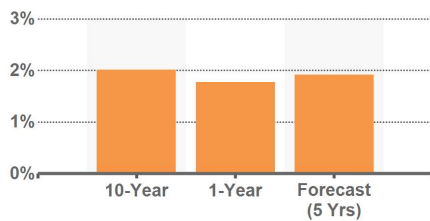
Source: Oxford Economics

## DEMOGRAPHIC TRENDS

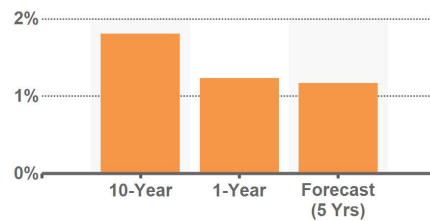
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	7,172,951	330,399,094	1.8%	0.7%	2.0%	0.7%	1.9%	0.7%
Households	2,415,168	122,530,391	1.7%	0.5%	1.9%	0.7%	1.8%	0.6%
Median Household Income	\$68,250	\$64,399	3.8%	3.4%	2.4%	2.5%	3.9%	3.7%
Labor Force	3,469,900	164,459,938	1.2%	0.9%	1.8%	0.7%	1.2%	0.5%
Unemployment	3.5%	3.5%	-0.7%	-0.3%	-0.5%	-0.7%	-	-

Source: Oxford Economics

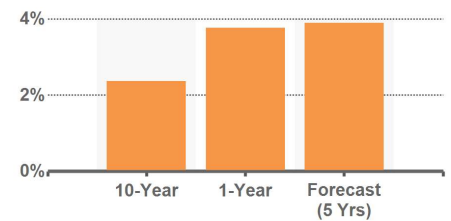
### POPULATION GROWTH



### LABOR FORCE GROWTH

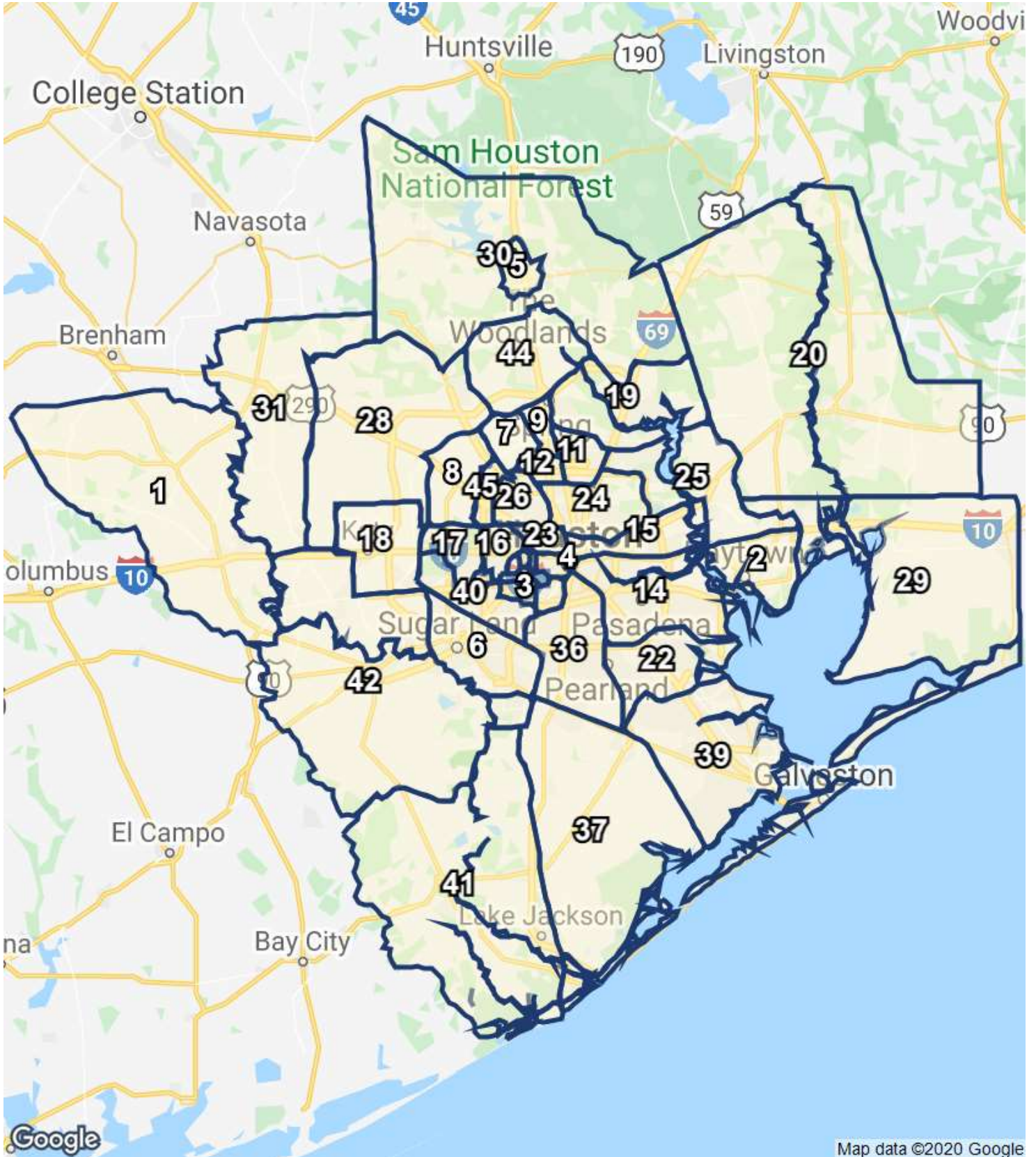


### INCOME GROWTH



Source: Oxford Economics

## 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	47	271	0.1%	44	0	0	0%	-	0	-	-	-
2	Baytown	140	1,905	0.6%	35	0	0	0%	-	0	-	-	-
3	Bellaire	91	5,083	1.5%	21	1	5	0.1%	20	1	53	1.0%	16
4	CBD	161	51,354	15.5%	1	1	780	1.5%	1	2	1,252	2.4%	2
5	Conroe	262	2,765	0.8%	30	1	5	0.2%	21	2	17	0.6%	21
6	E Fort Bend Co/Sugar Land	429	10,137	3.1%	11	17	87	0.9%	8	15	260	2.6%	6
7	FM 1960/Champions	262	4,400	1.3%	23	0	0	0%	-	0	-	-	-
8	FM 1960/Hwy 249	452	9,368	2.8%	13	14	156	1.7%	5	24	192	2.1%	8
9	FM 1960/I-45 North	113	2,510	0.8%	31	0	0	0%	-	0	-	-	-
10	Galleria/Uptown	65	16,448	5.0%	5	0	0	0%	-	1	133	0.8%	11
11	Greenspoint/IAH	57	3,355	1.0%	27	0	0	0%	-	0	-	-	-
12	Greenspoint/N Belt West	116	10,766	3.2%	9	0	0	0%	-	0	-	-	-
13	Greenway Plaza	272	12,235	3.7%	7	0	0	0%	-	0	-	-	-
14	Gulf Freeway/Pasadena	649	8,467	2.6%	14	0	0	0%	-	0	-	-	-
15	I-10 East	139	1,384	0.4%	40	0	0	0%	-	1	31	2.2%	18
16	Katy Freeway East	263	11,696	3.5%	8	2	18	0.2%	12	5	1,321	11.3%	1
17	Katy Freeway West	263	27,977	8.4%	2	2	126	0.5%	6	1	15	0.1%	23
18	Katy/Grand Parkway West	463	6,327	1.9%	16	17	163	2.6%	4	3	159	2.5%	9
19	Kingwood/Humble	238	3,692	1.1%	26	2	15	0.4%	15	4	319	8.6%	5
20	Liberty County	77	450	0.1%	43	0	0	0%	-	0	-	-	-
21	Midtown	584	9,965	3.0%	12	2	40	0.4%	9	3	359	3.6%	3
22	NASA/Clear Lake	535	10,225	3.1%	10	3	17	0.2%	14	3	127	1.2%	12
23	North Loop West	360	6,181	1.9%	18	1	4	0.1%	22	6	144	2.3%	10
24	Northeast Near	148	2,263	0.7%	32	0	0	0%	-	0	-	-	-
25	Northeast Outlier	90	954	0.3%	41	1	8	0.8%	16	1	13	1.4%	24
26	Northwest Far	132	4,396	1.3%	24	0	0	0%	-	0	-	-	-
27	Northwest Near	60	1,567	0.5%	37	2	25	1.6%	11	1	16	1.0%	22
28	Northwest Outlier	287	2,019	0.6%	34	11	173	8.6%	3	6	105	5.2%	14
29	Outlying Chambers County	25	171	0.1%	45	1	7	4.4%	17	0	-	-	-
30	Outlying Montgomery Cnty	216	1,478	0.4%	38	2	18	1.2%	13	3	30	2.0%	19
31	Outlying Waller County	23	117	0%	46	0	0	0%	-	0	-	-	-
32	Post Oak Park	45	5,040	1.5%	22	0	0	0%	-	1	207	4.1%	7
33	Richmond/Fountainview	119	2,196	0.7%	33	0	0	0%	-	0	-	-	-
34	Riverway	24	3,099	0.9%	29	0	0	0%	-	0	-	-	-
35	San Felipe/Voss	50	5,346	1.6%	19	0	0	0%	-	0	-	-	-
36	South	271	3,269	1.0%	28	4	109	3.3%	7	4	43	1.3%	17
37	South Hwy 35	160	862	0.3%	42	1	6	0.7%	19	1	3	0.3%	27
38	South Main/Medical Center	240	13,032	3.9%	6	0	0	0%	-	1	5	0%	25
39	Southeast Outlier	354	4,250	1.3%	25	1	7	0.2%	18	8	108	2.6%	13
40	Southwest Beltway 8	190	7,364	2.2%	15	0	0	0%	-	0	-	-	-
41	Southwest Far	93	1,458	0.4%	39	0	0	0%	-	1	20	1.3%	20
42	Southwest Outlier	233	1,896	0.6%	36	3	30	1.6%	10	4	63	3.3%	15



## 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	110	5,318	1.6%	20	0	0	0%	-	0	-	-	-
44	The Woodlands	658	23,292	7.0%	3	10	301	1.3%	2	6	358	1.5%	4
45	West Belt	113	6,317	1.9%	17	0	0	0%	-	1	4	0.1%	26
46	Westchase	140	18,935	5.7%	4	0	0	0%	-	0	-	-	-

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$20.80	36	1.8%	8	5.3%	10
2	Baytown	\$22.22	33	1.5%	10	5.6%	9
3	Bellaire	\$25.52	18	0.6%	29	2.8%	24
4	CBD	\$36.72	1	3.0%	5	0.8%	31
5	Conroe	\$22.35	31	1.1%	19	4.0%	15
6	E Fort Bend Co/Sugar Land	\$27.41	12	1.2%	17	1.3%	28
7	FM 1960/Champions	\$18.99	43	1.7%	9	6.4%	3
8	FM 1960/Hwy 249	\$25.38	19	-0.2%	41	-0.1%	36
9	FM 1960/I-45 North	\$20.31	37	0.1%	37	3.3%	21
10	Galleria/Uptown	\$31.54	4	-2.0%	46	-5.9%	46
11	Greenspoint/IAH	\$19.40	42	0%	39	4.1%	14
12	Greenspoint/N Belt West	\$18.81	44	-0.5%	44	1.2%	29
13	Greenway Plaza	\$30.22	8	0.3%	34	-0.8%	41
14	Gulf Freeway/Pasadena	\$22.35	32	1.5%	11	3.6%	19
15	I-10 East	\$20.92	35	2.1%	6	5.3%	11
16	Katy Freeway East	\$31.33	5	1.4%	13	0.9%	30
17	Katy Freeway West	\$30.56	7	1.0%	22	0.1%	35
18	Katy/Grand Parkway West	\$28.85	9	0.6%	31	0.2%	34
19	Kingwood/Humble	\$25.02	20	0.7%	25	0.4%	32
20	Liberty County	\$22.01	34	2.1%	7	5.8%	7
21	Midtown	\$30.79	6	3.5%	1	-0.4%	37
22	NASA/Clear Lake	\$24.06	24	0.4%	32	2.2%	26
23	North Loop West	\$23.42	27	0.6%	27	3.5%	20
24	Northeast Near	\$24.42	22	1.0%	21	-0.8%	42
25	Northeast Outlier	\$24.37	23	1.0%	20	2.4%	25
26	Northwest Far	\$19.83	40	0.2%	36	3.0%	23
27	Northwest Near	\$19.96	38	0.6%	30	5.8%	6
28	Northwest Outlier	\$25.01	21	0.7%	24	3.2%	22
29	Outlying Chambers County	\$26.59	15	1.4%	12	5.7%	8
30	Outlying Montgomery Cnty	\$22.53	29	1.4%	15	4.5%	13
31	Outlying Waller County	\$22.54	28	3.3%	2	6.2%	4
32	Post Oak Park	\$31.72	3	0.3%	35	-0.6%	40
33	Richmond/Fountainview	\$19.52	41	3.0%	4	7.3%	2
34	Riverway	\$27.38	13	-0.4%	43	-1.8%	43
35	San Felipe/Voss	\$26.43	17	-0.2%	40	-4.1%	44
36	South	\$26.46	16	0.6%	28	1.5%	27
37	South Hwy 35	\$19.88	39	3.1%	3	6.0%	5
38	South Main/Medical Center	\$28.42	10	0.7%	26	-0.6%	39
39	Southeast Outlier	\$22.48	30	1.1%	18	4.8%	12
40	Southwest Beltway 8	\$18.01	45	0.3%	33	9.9%	1
41	Southwest Far	\$23.82	25	0.8%	23	4.0%	16
42	Southwest Outlier	\$23.66	26	1.2%	16	3.6%	18

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
43	Southwest/Hillcroft	\$17.23	46	-0.3%	42	3.8%	17
44	The Woodlands	\$32.01	2	-1.8%	45	-5.4%	45
45	West Belt	\$28.19	11	0%	38	0.2%	33
46	Westchase	\$27.22	14	1.4%	14	-0.5%	38

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Austin County	19,879	7.3%	11	(13,389)	-4.9%	27	-
2	Baytown	90,554	4.8%	4	12,347	0.6%	16	-
3	Bellaire	633,083	12.5%	22	95,455	1.9%	6	0.1
4	CBD	9,990,101	19.5%	37	178,114	0.3%	4	4.4
5	Conroe	279,134	10.1%	17	(19,552)	-0.7%	29	-
6	E Fort Bend Co/Sugar Land	1,105,454	10.9%	20	(21,352)	-0.2%	31	-
7	FM 1960/Champions	713,631	16.2%	29	(99,477)	-2.3%	39	-
8	FM 1960/Hwy 249	1,523,084	16.3%	30	(352,603)	-3.8%	46	-
9	FM 1960/I-45 North	665,061	26.5%	45	(94,054)	-3.7%	37	-
10	Galleria/Uptown	2,694,755	16.4%	31	(98,114)	-0.6%	38	-
11	Greenspoint/IAH	806,160	24.0%	44	33,947	1.0%	11	-
12	Greenspoint/N Belt West	4,983,921	46.3%	46	(208,188)	-1.9%	44	-
13	Greenway Plaza	2,013,120	16.5%	32	(266,327)	-2.2%	45	-
14	Gulf Freeway/Pasadena	1,081,388	12.8%	24	(149,904)	-1.8%	41	-
15	I-10 East	94,195	6.8%	8	(13,347)	-1.0%	26	-
16	Katy Freeway East	1,066,788	9.1%	13	207,903	1.8%	2	-
17	Katy Freeway West	6,169,430	22.1%	39	519,302	1.9%	1	0.2
18	Katy/Grand Parkway West	772,922	12.2%	21	(27,388)	-0.4%	32	-
19	Kingwood/Humble	379,937	10.3%	18	20,260	0.5%	13	0.6
20	Liberty County	11,614	2.6%	3	(4,334)	-1.0%	22	-
21	Midtown	982,848	9.9%	16	(57,215)	-0.6%	34	-
22	NASA/Clear Lake	1,369,317	13.4%	25	47,077	0.5%	8	-
23	North Loop West	971,432	15.7%	28	42,966	0.7%	9	-
24	Northeast Near	161,483	7.1%	9	(5,672)	-0.3%	23	-
25	Northeast Outlier	50,385	5.3%	5	7,945	0.8%	17	1.0
26	Northwest Far	767,620	17.5%	33	42,742	1.0%	10	-
27	Northwest Near	197,618	12.6%	23	23,885	1.5%	12	1.0
28	Northwest Outlier	307,663	15.2%	27	125,560	6.2%	5	1.1
29	Outlying Chambers County	2,339	1.4%	1	5,082	3.0%	20	1.5
30	Outlying Montgomery Cnty	154,974	10.5%	19	(10,394)	-0.7%	25	-
31	Outlying Waller County	2,200	1.9%	2	(870)	-0.7%	21	-
32	Post Oak Park	1,158,553	23.0%	43	(89,546)	-1.8%	36	-
33	Richmond/Fountainview	212,473	9.7%	14	(43,148)	-2.0%	33	-
34	Riverway	686,359	22.2%	41	(144,140)	-4.7%	40	-
35	San Felipe/Voss	1,099,156	20.6%	38	(89,382)	-1.7%	35	-
36	South	272,320	8.3%	12	77,656	2.4%	7	1.4
37	South Hwy 35	47,717	5.5%	6	(20,434)	-2.4%	30	-
38	South Main/Medical Center	801,380	6.1%	7	(154,832)	-1.2%	42	-
39	Southeast Outlier	303,494	7.1%	10	15,843	0.4%	14	-
40	Southwest Beltway 8	1,309,025	17.8%	34	15,353	0.2%	15	-
41	Southwest Far	269,657	18.5%	36	(15,255)	-1.0%	28	-
42	Southwest Outlier	258,788	13.7%	26	5,268	0.3%	19	5.1

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
43	Southwest/Hillcroft	965,460	18.2%	35	(9,392)	-0.2%	24	-
44	The Woodlands	2,293,342	9.8%	15	6,010	0%	18	47.5
45	West Belt	1,398,413	22.1%	40	(165,158)	-2.6%	43	-
46	Westchase	4,268,185	22.5%	42	192,185	1.0%	3	-



# Supply & Demand Trends

Houston Office

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	344,783,329	3,263,315	1.0%	3,902,290	1.1%	0.8
2023	341,520,014	2,856,909	0.8%	4,082,778	1.2%	0.7
2022	338,663,105	2,475,136	0.7%	3,558,975	1.1%	0.7
2021	336,187,969	2,308,009	0.7%	4,705,104	1.4%	0.5
2020	333,879,960	2,341,240	0.7%	3,009,018	0.9%	0.8
YTD	331,600,838	62,118	0%	(251,110)	-0.1%	-
2019	331,538,720	1,697,208	0.5%	108,819	0%	15.6
2018	329,841,512	1,704,523	0.5%	544,465	0.2%	3.1
2017	328,136,989	2,787,174	0.9%	(2,692,450)	-0.8%	-
2016	325,349,815	5,016,432	1.6%	(702,035)	-0.2%	-
2015	320,333,383	12,726,803	4.1%	3,968,148	1.2%	3.2
2014	307,606,580	7,485,913	2.5%	9,102,289	3.0%	0.8
2013	300,120,667	4,667,286	1.6%	4,265,051	1.4%	1.1
2012	295,453,381	1,846,821	0.6%	5,161,496	1.7%	0.4
2011	293,606,560	1,770,672	0.6%	2,495,446	0.8%	0.7
2010	291,835,888	1,231,624	0.4%	1,524,921	0.5%	0.8
2009	290,604,264	7,629,553	2.7%	2,297,656	0.8%	3.3
2008	282,974,711	8,204,480	3.0%	4,245,039	1.5%	1.9

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	163,043,233	3,896,157	2.4%	3,816,873	2.3%	1.0
2023	159,147,076	3,503,649	2.3%	3,657,740	2.3%	1.0
2022	155,643,427	3,142,613	2.1%	3,718,370	2.4%	0.8
2021	152,500,814	2,992,196	2.0%	4,074,132	2.7%	0.7
2020	149,508,618	1,644,895	1.1%	1,366,711	0.9%	1.2
YTD	147,879,823	16,100	0%	(162,977)	-0.1%	-
2019	147,863,723	1,359,475	0.9%	1,734,233	1.2%	0.8
2018	146,504,248	1,631,456	1.1%	1,370,170	0.9%	1.2
2017	144,872,792	3,492,088	2.5%	59,597	0%	58.6
2016	141,380,704	5,398,787	4.0%	633,469	0.4%	8.5
2015	135,981,917	11,879,900	9.6%	5,047,549	3.7%	2.4
2014	124,102,017	7,235,248	6.2%	6,880,236	5.5%	1.1
2013	116,866,769	4,419,619	3.9%	4,270,816	3.7%	1.0
2012	112,447,150	1,494,705	1.3%	3,130,098	2.8%	0.5
2011	110,952,445	2,164,363	2.0%	2,759,427	2.5%	0.8
2010	108,788,082	137,317	0.1%	548,620	0.5%	0.3
2009	108,650,765	5,317,042	5.1%	2,099,321	1.9%	2.5
2008	103,333,723	5,635,716	5.8%	3,681,663	3.6%	1.5

# Supply & Demand Trends

Houston Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	135,962,796	18,785	0%	562,650	0.4%	0
2023	135,944,011	16,892	0%	817,554	0.6%	0
2022	135,927,119	13,034	0%	403,808	0.3%	0
2021	135,914,085	10,003	0%	1,082,636	0.8%	0
2020	135,904,082	1,214,555	0.9%	1,792,188	1.3%	0.7
YTD	134,766,768	77,241	0.1%	(152,916)	-0.1%	-
2019	134,689,527	451,177	0.3%	(833,620)	-0.6%	-
2018	134,238,350	255,055	0.2%	(740,967)	-0.6%	-
2017	133,983,295	(215,570)	-0.2%	(2,386,429)	-1.8%	-
2016	134,198,865	(49,379)	0%	(1,120,825)	-0.8%	-
2015	134,248,244	1,113,738	0.8%	(1,553,065)	-1.2%	-
2014	133,134,506	394,528	0.3%	1,689,465	1.3%	0.2
2013	132,739,978	471,291	0.4%	365,419	0.3%	1.3
2012	132,268,687	391,314	0.3%	2,063,412	1.6%	0.2
2011	131,877,373	(52,167)	0%	256,489	0.2%	-
2010	131,929,540	960,186	0.7%	714,144	0.5%	1.3
2009	130,969,354	1,944,302	1.5%	44,220	0%	44.0
2008	129,025,052	2,386,090	1.9%	816,030	0.6%	2.9

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	45,777,300	(651,627)	-1.4%	(477,233)	-1.0%	-
2023	46,428,927	(663,632)	-1.4%	(392,516)	-0.8%	-
2022	47,092,559	(680,511)	-1.4%	(563,203)	-1.2%	-
2021	47,773,070	(694,190)	-1.4%	(451,664)	-0.9%	-
2020	48,467,260	(518,210)	-1.1%	(149,881)	-0.3%	-
YTD	48,954,247	(31,223)	-0.1%	64,783	0.1%	-
2019	48,985,470	(113,444)	-0.2%	(791,794)	-1.6%	-
2018	49,098,914	(181,988)	-0.4%	(84,738)	-0.2%	-
2017	49,280,902	(489,344)	-1.0%	(365,618)	-0.7%	-
2016	49,770,246	(332,976)	-0.7%	(214,679)	-0.4%	-
2015	50,103,222	(266,835)	-0.5%	473,664	0.9%	-
2014	50,370,057	(143,863)	-0.3%	532,588	1.1%	-
2013	50,513,920	(223,624)	-0.4%	(371,184)	-0.7%	-
2012	50,737,544	(39,198)	-0.1%	(32,014)	-0.1%	-
2011	50,776,742	(341,524)	-0.7%	(520,470)	-1.0%	-
2010	51,118,266	134,121	0.3%	262,157	0.5%	0.5
2009	50,984,145	368,209	0.7%	154,115	0.3%	2.4
2008	50,615,936	182,674	0.4%	(252,654)	-0.5%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$29.86	110	1.1%	1.7%	49,102,386	14.2%	-0.3%
2023	\$29.53	109	1.2%	0.6%	49,733,346	14.6%	-0.5%
2022	\$29.18	107	1.2%	-0.6%	50,951,313	15.0%	-0.4%
2021	\$28.84	106	1.0%	-1.8%	52,027,135	15.5%	-0.8%
2020	\$28.54	105	0.8%	-2.7%	54,415,686	16.3%	-0.3%
YTD	\$28.33	104	0%	-3.5%	55,406,412	16.7%	0.1%
2019	\$28.33	104	1.1%	-3.5%	55,093,184	16.6%	0.4%
2018	\$28.02	103	1.0%	-4.5%	53,517,609	16.2%	0.1%
2017	\$27.76	102	-0.4%	-5.4%	52,771,969	16.1%	1.5%
2016	\$27.86	102	-3.4%	-5.1%	47,387,337	14.6%	1.6%
2015	\$28.85	106	-1.7%	-1.7%	41,660,771	13.0%	2.3%
2014	\$29.35	108	5.3%	0%	32,799,200	10.7%	-0.9%
2013	\$27.88	102	5.3%	-5.0%	34,622,510	11.5%	-0.1%
2012	\$26.46	97	7.7%	-9.8%	34,378,047	11.6%	-1.2%
2011	\$24.58	90	1.9%	-16.3%	37,684,265	12.8%	-0.3%
2010	\$24.12	89	-5.2%	-17.8%	38,391,886	13.2%	-0.2%
2009	\$25.44	94	-6.5%	-13.3%	38,685,183	13.3%	1.6%
2008	\$27.21	100	7.3%	-7.3%	33,088,879	11.7%	1.1%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$35.94	103	1.1%	-3.5%	25,213,216	15.5%	-0.3%
2023	\$35.56	102	1.2%	-4.5%	25,135,120	15.8%	-0.5%
2022	\$35.15	101	1.2%	-5.6%	25,290,464	16.2%	-0.7%
2021	\$34.74	100	1.1%	-6.7%	25,867,448	17.0%	-1.1%
2020	\$34.36	99	0.4%	-7.7%	26,950,298	18.0%	0%
YTD	\$34.06	98	-0.4%	-8.5%	26,881,360	18.2%	0.1%
2019	\$34.21	98	1.5%	-8.1%	26,702,283	18.1%	-0.4%
2018	\$33.71	97	0.5%	-9.5%	27,074,909	18.5%	-0.1%
2017	\$33.55	96	-1.1%	-9.9%	26,900,671	18.6%	1.9%
2016	\$33.92	97	-5.8%	-8.9%	23,552,265	16.7%	2.8%
2015	\$36.02	103	-3.3%	-3.3%	18,781,222	13.8%	4.2%
2014	\$37.23	107	5.2%	0%	11,948,871	9.6%	-0.3%
2013	\$35.39	102	5.8%	-5.0%	11,593,859	9.9%	-0.4%
2012	\$33.45	96	9.1%	-10.2%	11,612,618	10.3%	-1.6%
2011	\$30.66	88	2.5%	-17.7%	13,248,011	11.9%	-0.8%
2010	\$29.91	86	-6.3%	-19.7%	13,840,922	12.7%	-0.4%
2009	\$31.94	92	-8.2%	-14.2%	14,252,225	13.1%	2.6%
2008	\$34.80	100	9.2%	-6.5%	10,829,713	10.5%	1.3%

### 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$25.64	117	1.1%	5.0%	19,785,685	14.6%	-0.4%
2023	\$25.36	115	1.2%	3.8%	20,329,701	15.0%	-0.6%
2022	\$25.06	114	1.1%	2.6%	21,130,513	15.5%	-0.3%
2021	\$24.79	113	0.8%	1.5%	21,521,430	15.8%	-0.8%
2020	\$24.61	112	0.7%	0.7%	22,594,173	16.6%	-0.6%
YTD	\$24.55	112	0.5%	0.5%	23,390,237	17.4%	0.2%
2019	\$24.43	111	0%	0%	23,160,080	17.2%	0.9%
2018	\$24.42	111	1.4%	0%	21,890,229	16.3%	0.5%
2017	\$24.08	110	0.9%	-1.4%	21,210,885	15.8%	1.6%
2016	\$23.87	109	-1.0%	-2.3%	19,049,720	14.2%	0.8%
2015	\$24.12	110	-0.7%	-1.3%	17,974,931	13.4%	2.0%
2014	\$24.28	110	5.3%	-0.6%	15,206,815	11.4%	-1.2%
2013	\$23.07	105	4.9%	-5.6%	16,708,686	12.6%	0%
2012	\$22.00	100	6.5%	-10.0%	16,599,899	12.6%	-1.3%
2011	\$20.66	94	1.3%	-15.4%	18,271,997	13.9%	-0.2%
2010	\$20.39	93	-4.2%	-16.5%	18,580,653	14.1%	0.1%
2009	\$21.28	97	-3.2%	-12.9%	18,334,611	14.0%	1.3%
2008	\$21.98	100	4.3%	-10.0%	16,374,913	12.7%	1.0%

### 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$22.71	125	1.4%	8.8%	4,103,485	9.0%	-0.2%
2023	\$22.40	124	1.5%	7.3%	4,268,525	9.2%	-0.4%
2022	\$22.07	122	1.6%	5.7%	4,530,336	9.6%	-0.1%
2021	\$21.74	120	1.6%	4.1%	4,638,257	9.7%	-0.3%
2020	\$21.40	118	2.5%	2.5%	4,871,215	10.1%	-0.6%
YTD	\$21.07	116	0.9%	0.9%	5,134,815	10.5%	-0.2%
2019	\$20.88	115	2.4%	0%	5,230,821	10.7%	1.4%
2018	\$20.38	113	2.1%	-2.4%	4,552,471	9.3%	-0.2%
2017	\$19.97	110	-0.6%	-4.4%	4,660,413	9.5%	-0.2%
2016	\$20.10	111	2.0%	-3.8%	4,785,352	9.6%	-0.2%
2015	\$19.70	109	4.0%	-5.7%	4,904,618	9.8%	-1.4%
2014	\$18.93	105	5.8%	-9.3%	5,643,514	11.2%	-1.3%
2013	\$17.90	99	4.3%	-14.3%	6,319,965	12.5%	0.4%
2012	\$17.16	95	3.5%	-17.8%	6,165,530	12.2%	0%
2011	\$16.58	92	0.7%	-20.6%	6,164,257	12.1%	0.5%
2010	\$16.47	91	-1.9%	-21.1%	5,970,311	11.7%	-0.3%
2009	\$16.79	93	-7.3%	-19.6%	6,098,347	12.0%	0.3%
2008	\$18.11	100	6.6%	-13.3%	5,884,253	11.6%	0.8%

### 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
2024	-	-	-	-	-	-	\$229.79	161	7.6%
2023	-	-	-	-	-	-	\$228.28	160	7.6%
2022	-	-	-	-	-	-	\$227.17	159	7.5%
2021	-	-	-	-	-	-	\$228.51	160	7.4%
2020	-	-	-	-	-	-	\$225.42	158	7.4%
YTD	66	\$121.6 M	0.4%	\$17,228,463	\$368.47	8.5%	\$219.89	154	7.5%
2019	759	\$3,128 M	7.1%	\$17,297,505	\$206.91	7.5%	\$220.28	154	7.4%
2018	646	\$1,765 M	5.4%	\$11,540,532	\$186.55	7.5%	\$219.49	153	7.3%
2017	578	\$3,124 M	7.6%	\$20,408,768	\$217.90	7.0%	\$214.02	150	7.2%
2016	555	\$701.5 M	4.3%	\$7,844,058	\$203.69	7.3%	\$217.86	152	7.0%
2015	587	\$2,474 M	7.4%	\$17,407,940	\$219.27	6.9%	\$219.76	154	6.9%
2014	599	\$2,505 M	6.4%	\$16,038,420	\$192.08	7.7%	\$214.18	150	6.9%
2013	469	\$4,436 M	9.3%	\$28,246,607	\$208.31	7.4%	\$196.85	138	7.2%
2012	448	\$3,683 M	8.8%	\$28,313,787	\$208.15	7.7%	\$181.94	127	7.5%
2011	286	\$2,302 M	6.0%	\$23,012,284	\$190.58	8.3%	\$167.67	117	7.9%
2010	232	\$1,364 M	4.6%	\$17,256,074	\$144.67	8.6%	\$146.30	102	8.6%
2009	218	\$253.0 M	2.0%	\$3,947,264	\$74.29	8.5%	\$126.35	88	9.6%

(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
2024	-	-	-	-	-	-	\$294.08	161	7.2%
2023	-	-	-	-	-	-	\$292.38	160	7.2%
2022	-	-	-	-	-	-	\$291.16	159	7.1%
2021	-	-	-	-	-	-	\$293.04	160	7.0%
2020	-	-	-	-	-	-	\$288.88	158	7.0%
YTD	5	\$115.5 M	0.3%	\$115,000,000	\$461.45	-	\$281.19	154	7.0%
2019	55	\$2,364 M	7.5%	\$102,708,581	\$268.89	6.8%	\$281.72	154	7.0%
2018	53	\$1,129 M	4.6%	\$62,681,704	\$232.77	7.0%	\$285.03	156	6.9%
2017	60	\$2,499 M	10.8%	\$75,731,799	\$224.94	6.8%	\$273.80	150	6.8%
2016	24	\$494.3 M	3.7%	\$82,375,439	\$333.42	6.8%	\$278.65	152	6.6%
2015	50	\$1,696 M	8.1%	\$60,588,473	\$276.50	6.2%	\$282.17	154	6.5%
2014	32	\$1,566 M	5.5%	\$74,588,202	\$269.45	7.2%	\$273.89	150	6.5%
2013	46	\$3,590 M	13.1%	\$97,035,816	\$248.38	6.9%	\$251.75	137	6.8%
2012	47	\$3,037 M	12.5%	\$84,359,738	\$232.84	7.0%	\$232.51	127	7.1%
2011	35	\$1,821 M	8.4%	\$75,894,559	\$262.51	7.3%	\$215.70	118	7.4%
2010	21	\$841.1 M	4.7%	\$64,699,184	\$179.96	7.7%	\$187.46	102	8.1%
2009	5	\$132.4 M	1.3%	\$33,106,116	\$110.84	8.5%	\$161.72	88	9.0%

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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
2024	-	-	-	-	-	-	\$186.26	160	7.8%
2023	-	-	-	-	-	-	\$184.96	159	7.8%
2022	-	-	-	-	-	-	\$184.04	158	7.7%
2021	-	-	-	-	-	-	\$185.21	159	7.6%
2020	-	-	-	-	-	-	\$183.21	158	7.6%
YTD	38	\$3.0 M	0.7%	\$908,333	\$58.84	8.4%	\$179.73	155	7.6%
2019	364	\$687.4 M	7.2%	\$7,032,721	\$120.95	7.3%	\$179.98	155	7.6%
2018	293	\$575.5 M	6.4%	\$7,776,031	\$140.71	7.4%	\$175.28	151	7.6%
2017	225	\$566.7 M	5.1%	\$8,435,413	\$201.80	6.5%	\$173.66	149	7.4%
2016	245	\$174.7 M	4.8%	\$3,741,916	\$106.51	7.1%	\$176.89	152	7.2%
2015	233	\$694.3 M	6.9%	\$11,750,538	\$155.04	6.9%	\$177.63	153	7.2%
2014	233	\$873.4 M	7.3%	\$12,267,098	\$131.59	7.8%	\$174.12	150	7.1%
2013	158	\$792.9 M	8.1%	\$15,229,716	\$126.98	8.0%	\$160.13	138	7.4%
2012	154	\$594.3 M	6.7%	\$13,790,983	\$142.59	8.1%	\$148.49	128	7.7%
2011	119	\$435.8 M	5.0%	\$10,357,835	\$96.86	8.5%	\$135.63	117	8.1%
2010	102	\$488.9 M	5.2%	\$13,556,482	\$116.08	9.0%	\$118.85	102	8.9%
2009	120	\$95.3 M	2.5%	\$3,666,542	\$54.35	9.3%	\$102.79	88	9.9%

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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
2024	-	-	-	-	-	-	\$151.39	162	8.3%
2023	-	-	-	-	-	-	\$149.94	161	8.3%
2022	-	-	-	-	-	-	\$148.68	159	8.2%
2021	-	-	-	-	-	-	\$148.79	160	8.1%
2020	-	-	-	-	-	-	\$146.01	157	8.1%
YTD	23	\$3.1 M	0.3%	\$958,079	\$108.26	8.9%	\$141.49	152	8.2%
2019	340	\$77.0 M	5.3%	\$1,247,742	\$119.48	8.2%	\$141.80	152	8.1%
2018	300	\$60.0 M	5.0%	\$954,753	\$115.64	8.1%	\$139.16	149	8.1%
2017	293	\$58.7 M	5.1%	\$1,098,480	\$139.51	8.2%	\$140.88	151	7.8%
2016	286	\$32.5 M	4.9%	\$857,849	\$101.34	8.1%	\$143.25	154	7.6%
2015	304	\$82.8 M	7.0%	\$1,493,974	\$124.08	8.0%	\$143.37	154	7.5%
2014	334	\$64.9 M	6.2%	\$1,010,583	\$110.05	8.0%	\$140.45	151	7.5%
2013	265	\$52.7 M	3.9%	\$771,277	\$88.42	8.1%	\$128.75	138	7.8%
2012	247	\$51.3 M	5.9%	\$996,656	\$106.81	7.9%	\$118.14	127	8.2%
2011	132	\$44.8 M	3.0%	\$1,315,586	\$69.88	9.4%	\$107.88	116	8.6%
2010	109	\$34.1 M	3.2%	\$1,136,904	\$62.75	8.6%	\$95.02	102	9.4%
2009	93	\$25.3 M	2.2%	\$723,224	\$55.23	7.1%	\$82.17	88	10.5%

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