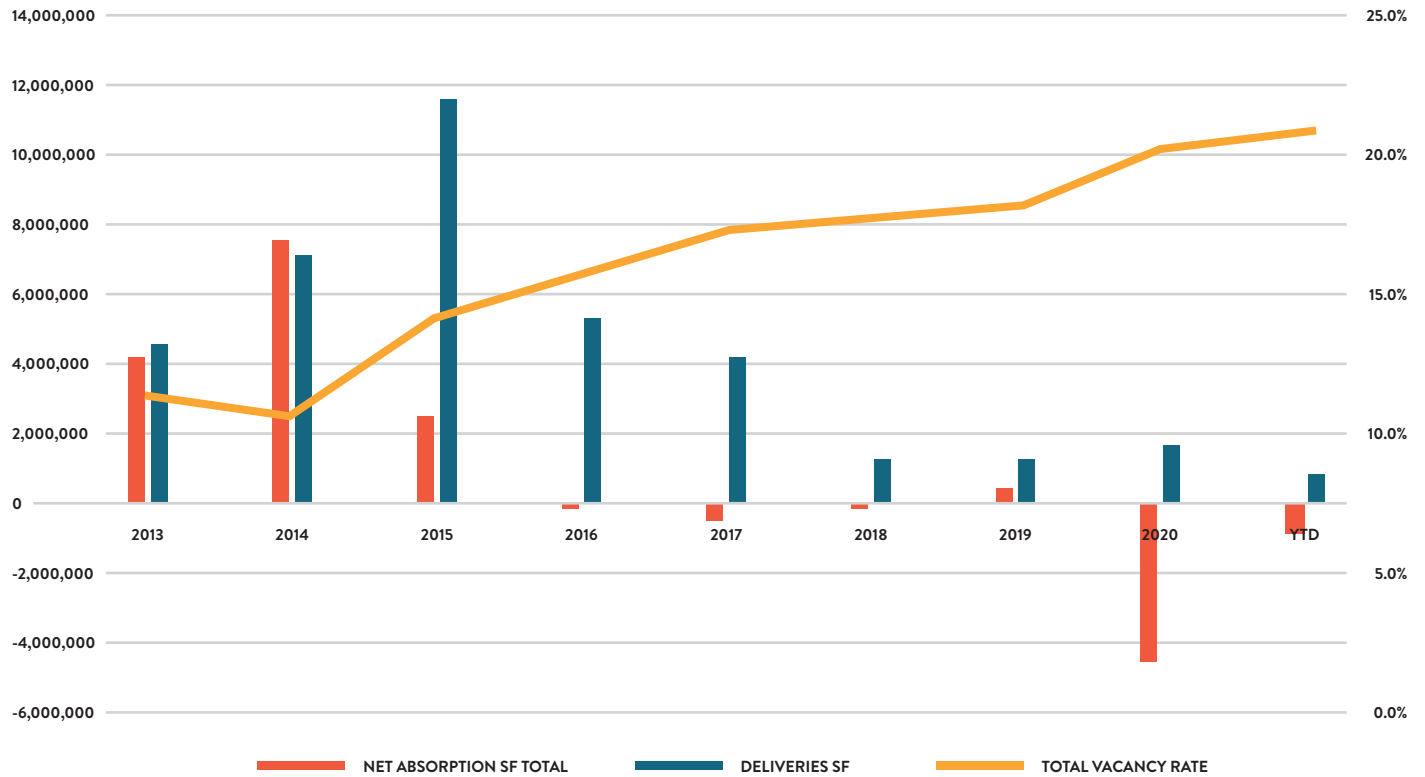


HOUSTON OFFICE MARKET FUNDAMENTALS 2Q21



	TOTAL VACANCY	SUBLEASE SPACE	NET ABSORPTION	COMPLETIONS	UNDER CONSTRUCTION	AVERAGE ASKING RATES
1Q21	20.4%	6,824,252 SF	-436,459 SF	477,446 SF	4,104,675 SF	\$29.38
2Q21	20.5%	7,475,519 SF	-435,162 SF	316,125 SF	3,788,550 SF	\$29.19

OFFICE MARKET CONDITIONS

The Houston office market has continued to struggle overall, since the energy downturn in 2014. Though energy prices have been increasing over recent months, elevated construction and increasing sublease space have continued to put a damper on market fundamentals like vacancy and average asking rates. Though negative absorption has been trending in the right direction over the past couple of quarters (being less negative), Houston holds the distinction of having the highest total vacancy rate among the top office markets in the US.

The elevated vacancy has put downward pressure on asking rates, which have slightly decreased over recent quarters. Overall, the total weighted average asking rate is \$29.19 (FSG), which is down \$0.19 from the beginning of 2021.

HOUSTON OFFICE MARKET FUNDAMENTALS 2Q21

SELECT SUBMARKETS	INVENTORY		VACANCY		NET ABSORPTION		COMPLETIONS		UNDER CONSTRUCTION	ASKING RENT
	# of Bldgs.	Total SF	Total SF	Rate	Current Quarter	YTD	Current Quarter	YTD	At End of Quarter	Wtd. Avg. (FS/G)
Austin County	3	72,724	31,629	43.5%	0	-31,629	0	0	0	\$16.50
Baytown	14	896,420	33,825	3.8%	-2,924	-6,992	0	0	0	\$24.04
Bellaire	33	3,023,051	336,167	11.1%	-9,555	-11,516	0	0	0	\$25.29
Conroe	23	848,516	42,431	5.0%	-2,956	15,215	0	0	32,800	\$20.07
Downtown	230	59,605,342	12,267,044	20.6%	-169,579	-271,483	0	35,400	2,057,829	\$38.40
E Fort Bend Co/Sugar Land	93	6,946,454	1,202,752	17.3%	-49,580	-126,443	0	0	0	\$30.88
FM 1960	146	10,640,325	1,878,146	17.7%	-21,741	75,909	0	77,664	48,000	\$19.88
Greenway Plaza	75	11,246,226	2,460,563	21.9%	-299,366	-340,047	0	0	0	\$34.89
Gulf Freeway/Pasadena	126	4,947,979	585,586	11.8%	-26,377	-19,518	0	0	89,473	\$23.59
I-10 East	15	770,001	109,672	14.2%	4,310	-8,375	0	0	0	\$16.93
Katy Freeway	262	35,201,915	6,962,574	19.8%	272,352	187,912	193,500	193,500	767,059	\$26.33
Katy/Grand Parkway West	46	3,030,164	464,267	15.3%	42,045	5,301	61,625	61,625	25,000	\$30.43
Kingwood/Humble	37	1,978,534	111,724	5.6%	20,030	278,302	0	270,000	0	\$22.07
Liberty County	3	124,984	0	0.0%	0	0	0	0	0	\$22.00
NASA/Clear Lake	85	5,526,431	751,093	13.6%	74,856	78,663	0	0	0	\$20.81
North Belt	113	13,089,117	5,493,451	42.0%	54,408	12,120	0	0	0	\$17.98
Northeast Near	16	1,132,422	75,350	6.7%	-11,987	11,742	0	24,382	0	\$19.09
Northeast Outlier	9	421,836	22,875	5.4%	1,606	-1,370	0	0	15,000	\$21.47
Northwest	140	9,646,769	1,824,871	18.9%	-49,549	-126,974	0	0	23,200	\$20.68
Northwest Outlier	16	472,235	44,593	9.4%	-3,309	9,591	0	0	50,000	\$30.70
Outlying Chambers County	1	84,194	0	0.0%	0	0	0	0	0	\$22.00
Outlying Montgomery Cnty	11	301,731	71,136	23.6%	14,254	14,254	45,000	45,000	0	\$33.17
Outlying Waller County	1	38,150	0	0.0%	0	0	0	0	0	\$22.00
Richmond/Fountainview	33	1,495,292	163,093	10.9%	-4,107	-32,254	0	0	0	\$17.50
San Felipe/Voss	39	5,194,067	1,547,436	29.8%	-107,867	-66,436	0	0	0	\$31.42
San Jacinto County	1	27,261	0	0.0%	0	0	0	0	0	\$22.00
South	32	1,152,297	142,473	12.4%	3,264	11,696	0	0	0	\$20.87
South Hwy 35	10	258,057	0	0.0%	0	0	0	0	0	\$22.00
South Main/Medical Center	33	3,584,656	248,583	6.9%	6,948	-19,290	0	0	0	\$23.31
Southeast Outlier	42	2,511,820	43,579	1.7%	-7,605	-11,817	0	0	0	\$14.90
Southwest	117	9,816,320	1,890,885	19.3%	-862	-2,617	0	0	0	\$17.06
Southwest Far	17	1,369,097	53,924	3.9%	2,953	-1,500	0	0	0	\$22.00
Southwest Outlier	18	529,301	29,225	5.5%	-1,534	373	0	0	0	\$28.45
The Woodlands	155	18,889,541	2,927,465	15.5%	85,417	-186,560	16,000	16,000	603,000	\$32.17
West Belt	79	6,167,265	1,596,996	25.9%	14,097	-12,158	0	0	0	\$25.35
West Loop	109	24,329,142	5,800,962	23.8%	-63,739	-135,739	0	70,000	77,189	\$34.02
Westchase	116	18,624,572	4,870,107	26.1%	-199,065	-160,202	0	0	0	\$26.69
TOTAL	2,299	263,994,208	54,084,477	20.5%	-435,162	-871,621	316,125	793,571	3,788,550	\$29.19
CLASS A	486	142,892,430	33,474,323	23.4%	-241,260	-548,004	193,500	568,900	3,470,077	\$34.00
CLASS B	1,302	103,169,025	19,385,829	18.8%	-242,152	-340,709	122,625	224,671	318,473	\$22.51
CLASS C	511	17,932,753	1,224,325	6.8%	48,250	17,092	0	0	0	\$16.47
TOTAL HOUSTON	2,299	263,994,208	54,084,477	20.5%	-435,162	-871,621	316,125	793,571	3,788,550	\$29.19