

HOUSTON OFFICE

JUNE 2016

RECENT OFFICE LEASES

The Woodlands :: American Bureau of Shipping
302,000 SF prelease at CityPlace 2

Greenway Plaza :: Potts Law Firm
19,319 SF new lease at 3737 Buffalo Speedway

Katy Freeway West :: Audimation Services
17,859 SF sublease at 1250 Woodbranch Park

RECENT OFFICE SALES

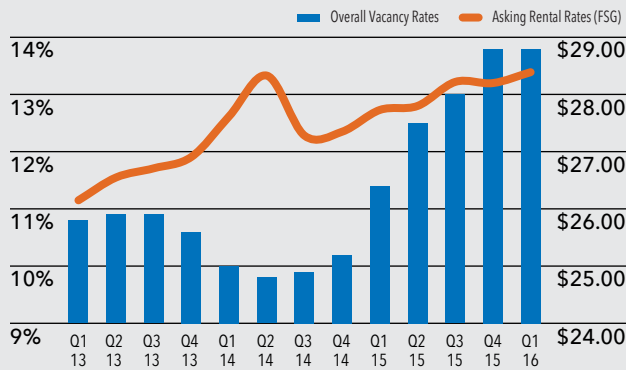
Northwest Near :: ExxonMobil Brookhollow Campus
486,937 SF total, three building portfolio
Buyer: Williamburg Enterprises & Fidelis Realty Partners joint venture
Seller: ExxonMobil

Office Market Indicators - All Space

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY RATE	OVERALL VACANCY RATE	SF UNDER CONSTRUCTION	Q1 2016 NET ABSORPTION	ASKING RENTAL RATES (FSG)	
								CLASS A	CLASS B
Downtown (CBD & Midtown)	120	53,679,318	6,477,048	12.1%	13.8%	1,056,658	149,000	\$41.82	\$28.59
FM 1960 (FM 1960/45 N, FM 1960/ Champions & FM 1960/Hwy 249)	77	8,527,532	1,275,646	15.0%	16.6%	165,754	(11,000)	\$26.92	\$15.98
Greenspoint/North Belt (North Belt West/Greenspoint & Greenspoint/West)	97	13,181,407	3,616,140	27.4%	30.1%	-	(34,000)	\$27.05	\$14.31
Greenway Plaza	50	11,064,288	1,349,843	12.2%	12.3%	398,696	121,000	\$35.90	\$25.83
Gulf Freeway/Pasadena	34	2,597,502	400,015	15.4%	15.4%	102,000	(36,000)	-	\$21.49
Katy	43	3,259,094	514,937	15.8%	15.9%	124,017	3,000	\$32.65	\$24.28
Katy Frwy/Energy Corridor (Katy Freeway East & Katy Freeway West)	205	36,110,960	3,963,361	11.0%	13.2%	1,179,475	(95,000)	\$37.00	\$22.97
Kingwood/Humble	9	1,025,047	84,054	8.2%	8.2%	-	11,000	\$32.00	\$18.75
NASA/Clear Lake	63	7,051,599	849,013	12.0%	12.4%	-	96,000	\$25.04	\$18.03
Northeast	16	1,665,562	206,530	12.4%	12.4%	-	510,000	-	\$17.46
Northwest (North Loop West, Northwest Near & Northwest Far)	73	8,883,138	1,436,160	16.2%	16.7%	-	(33,000)	\$22.37	\$17.88
South Main/Medical Center	49	10,469,072	975,718	9.3%	9.3%	-	(13,000)	\$29.38	\$25.21
Southwest Frwy/Sugar Land (SW Hillcroft, SW Beltway & E Ft Bend Co/Sugar Land)	123	16,266,671	2,015,539	12.4%	12.7%	-	115,000	\$25.20	\$16.16
West Belt	37	4,902,573	808,925	16.5%	17.8%	-	-	\$32.02	\$23.89
West Loop (Bellair, Post Oak Park, Galleria, Riverway, Richmond/Fountainview & San Felipe/Voss)	173	33,203,145	3,478,482	10.5%	11.2%	1,285,000	(134,000)	\$36.12	\$24.40
Westchase	88	16,367,349	1,734,939	10.6%	13.0%	1,100,000	178,000	\$38.86	\$21.35
The Woodlands	92	15,348,455	1,335,316	8.7%	9.3%	511,913	169,000	\$40.80	\$25.44
Conroe	13	903,345	79,494	8.8%	8.8%	-	-	\$29.40	\$24.77
Total - Houston	1,362	244,506,057	30,601,159	12.5%	13.8%	5,923,513	996,000	\$35.09	\$21.30

Source: Transwestern analysis of CoStar data, includes buildings 50,000 SF RBA and greater, excluding government owned buildings

OFFICE LEASE STATISTICS



Source: Transwestern analysis of CoStar data, includes buildings 50,000 SF RBA and greater, excluding government owned buildings

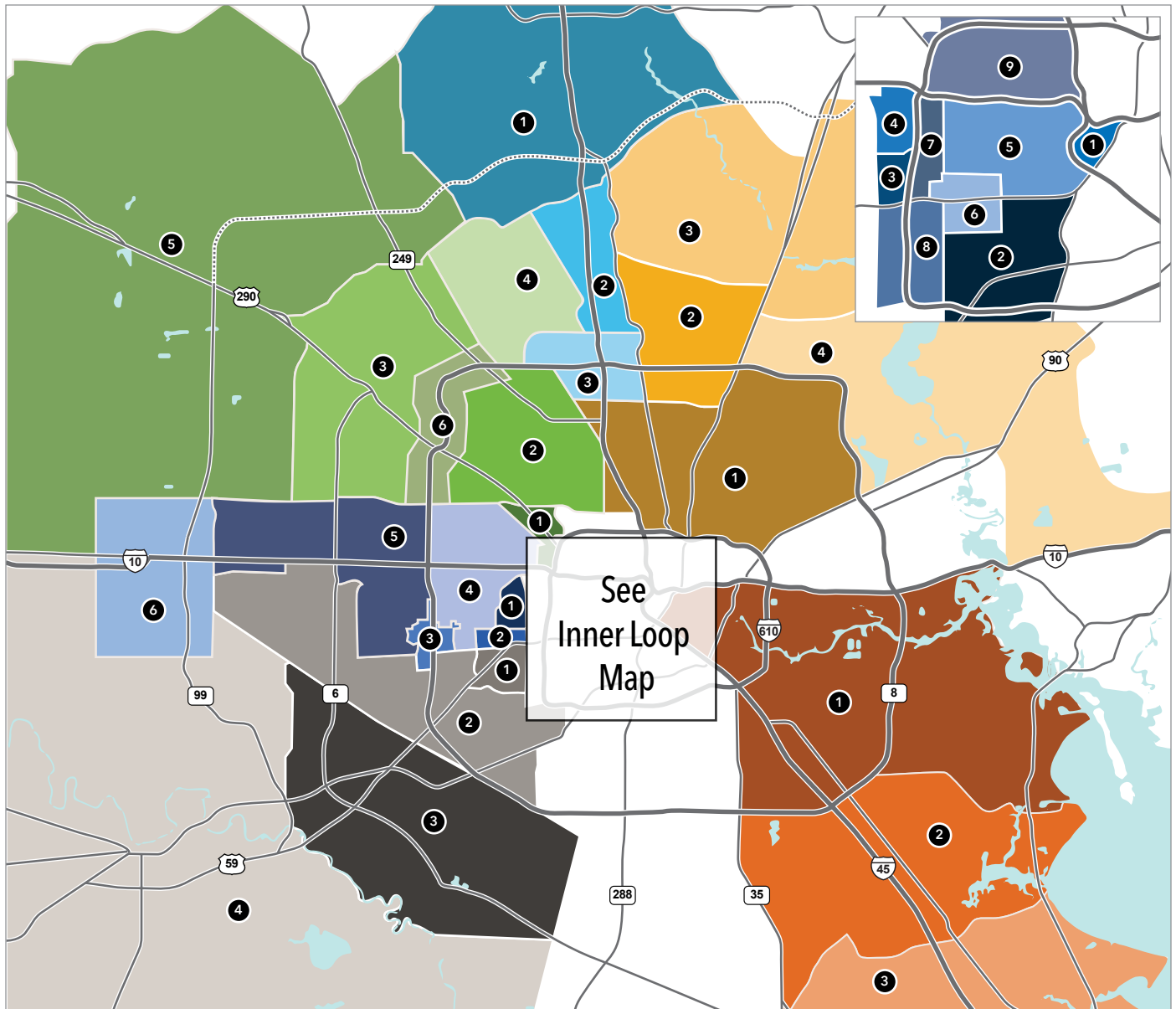
Office Sales Statistics

	HOUSTON MSA			UNITED STATES	
	QUARTER TO DATE	LAST QUARTER (Q1 2016)	TRAILING 12 MONTHS	LAST QUARTER (Q1 2016)	TRAILING 12 MONTHS
Volume (\$ Mil)	\$59.3	\$240.5	\$2,235.4	\$30,544.8	\$143,049.2
No. of Properties	9	18	129	1,209	5,840
Total SF	975,127	2,122,890	14,629,153	121,838,318	634,349,167
Average Price/SF	\$26	\$152	\$220	\$263	\$245
Average Cap Rate (Yield)	7.7%	N/A	7.3%	6.6%	6.7%

Source: Real Capital Analytics

HOUSTON OFFICE MARKET WATCH

JUNE 2016



INNER LOOP

1. CBD
2. South Main/Medical Center
3. Galleria
4. Riverway
5. Midtown
6. Greenway Plaza
7. Post Oak Park
8. Bellaire
9. North Loop West

SOUTHEAST

1. Gulf Frwy/Pasadena
2. NASA/Clear Lake
3. Southeast Outlier

NORTHWEST

1. Northwest Near
2. Northwest Far
3. FM 1960/Hwy 249
4. FM 1960/Champions
5. Northwest Outlier
6. West Belt

NORTH

1. The Woodlands
2. FM 1960/ I-45 North
3. North Belt West/Greenspoint

WEST

1. San Felipe/Voss
2. Richmond/Fountainview
3. Westchase
4. Katy Freeway East
5. Katy Freeway West
6. Katy

SOUTHWEST

1. Southwest/Hillcroft
2. Southwest Beltway 8
3. E Fort Bend Co/Sugar Land
4. Southwest Outlier

NORTHEAST

1. Northeast Near
2. Greenspoint/IAH
3. Kingwood/Humble
4. Northeast Outlier

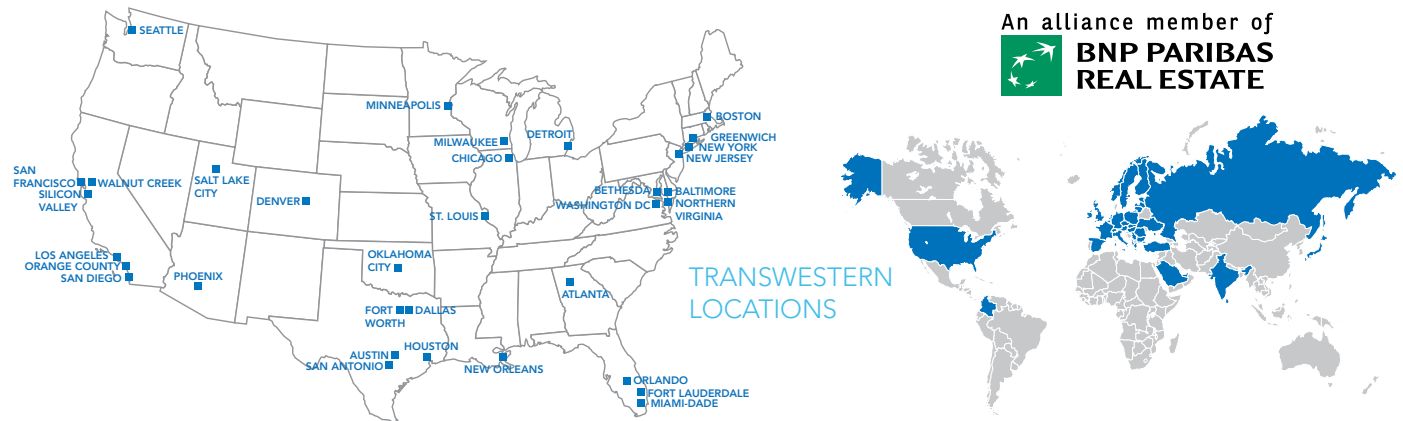
HOUSTON OFFICE MARKET WATCH

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ABOUT TRANSWESTERN

Transwestern is a privately held real estate firm specializing in agency leasing, property and facilities management, tenant advisory, capital markets, research and sustainability. The fully integrated global enterprise leverages competencies in office, industrial, retail, multifamily and healthcare properties to add value for investors, owners and occupiers of real estate. As a member of the Transwestern family of companies, the firm capitalizes on market insights and operational expertise of independent affiliates specializing in development, real estate investment management and research. Transwestern has 34 U.S. offices and assists clients through more than 180 offices in 37 countries as part of a strategic alliance with Paris-based BNP Paribas Real Estate.

Transwestern was founded in Houston, Texas in 1978, and Houston remains the corporate headquarters today. As one of the preeminent commercial real estate firms in Houston, we offer a comprehensive menu of real estate services designed to provide owners, tenants and investors with the optimum solutions for their unique requirements. Transwestern has seasoned veterans in every area of expertise with the integrity, experience and creativity to be the best partner for its clients. Transwestern's Houston office currently employs over 400 team members and has been an innovator in the Houston market for 38 years.



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TRANSWESTERN
LOCATIONS

HOUSTON CONTACTS

Eric Anderson
Executive Vice President - Office
713.407.8704
eric.anderson@transwestern.com

Doug Little
Senior Managing Director - Office
713.272.1284
doug.little@transwestern.com

David Baker
Executive Vice President - Office
713.407.8701
david.baker@transwestern.com

Michelle Wogan
Executive Vice President - Office
713.270.3348
michelle.wogan@transwestern.com

David Lee
Senior Vice President - Office
713.270.3335
david.lee@transwestern.com

Paul Wittorf
Senior Vice President - Office
713.407.8709
paul.wittorf@transwestern.com

Monte Calvert
Senior Vice President - Office
713.272.1234
monte.calvert@transwestern.com

Greg Tilton
Vice President - Office
713.270.3386
greg.tilton@transwestern.com

Louann Pereira
Vice President - Office
713.272.1267
louann.pereira@transwestern.com

Justin Leighton
Executive Managing Director - TAS
713.272.1227
justin.leighton@transwestern.com

Ken Page
Managing Director - TAS
713.270.3361
ken.page@transwestern.com

Bobbie Bozarth
Senior Vice President - TAS
713.272.1221
bobbie.bozarth@transwestern.com

Margaret Ann Cook
Vice President - TAS
713.272.1223
margaretann.cook@transwestern.com

Michael Snodgrass
Managing Director - Structured Finance
713.270.3342
michael.snodgrass@transwestern.com

Jan Sparks
Managing Director - Structured Finance
713.270.3398
jan.sparks@transwestern.com

CONTACT

Rachel Andrae
Research Analyst
713.272.1216
Rachel.Andrae@transwestern.com

Kevin Roberts
President, Southwest
713.270.3347
Kevin.Roberts@transwestern.com

METHODOLOGY

The information in this report is the result of a compilation of publicly available data from a variety of commercial and government sources.



1900 West Loop South, Suite 1300
Houston, Texas 77027

T 713.270.7700 F 713.270.6285
www.transwestern.net/houston