

HOUSTON OFFICE

AUGUST 2016

RECENT OFFICE LEASES

Katy Freeway West :: Lloyd's Register
86,892 SF renewal at 1330 Enclave Parkway

CBD :: Orrick, Herrington and Sutcliffe
56,731 SF prelease at 609 Main at Texas

CBD :: Hogan Lovells
43,000 SF prelease at 609 Main at Texas

FM 1960/Hwy 249 :: BB&T - AmRisc
37,632 SF renewal at Two Chasewood

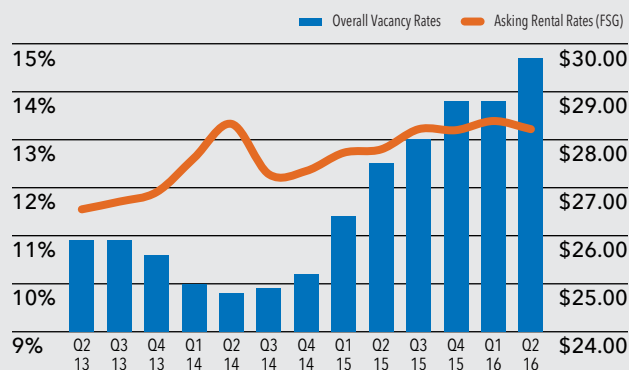
RECENT OFFICE SALES
FM 1960/Hwy 249 :: 9720 Cypresswood
85,290 SF, Class A
Buyer: Vista Equities Group, Inc.
Seller: Torchlight Loan Services, LLC

Office Market Indicators - All Space

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY RATE	OVERALL VACANCY RATE	SF UNDER CONSTRUCTION	Q2 2016 NET ABSORPTION	ASKING RENTAL RATES (FSG)	
								CLASS A	CLASS B
Downtown (CBD & Midtown)	120	53,679,318	6,597,125	12.3%	14.1%	1,056,658	(120,000)	\$41.67	\$28.26
FM 1960 (FM 1960/45 N, FM 1960/ Champions & FM 1960/Hwy 249)	78	8,693,286	1,385,045	15.9%	17.6%	-	56,000	\$27.13	\$15.97
Greenspoint/North Belt (North Belt West/Greenspoint & Greenspoint/West)	97	13,181,407	3,783,712	28.7%	31.1%	-	(168,000)	\$26.99	\$14.14
Greenway Plaza	50	11,064,288	1,427,293	12.9%	13.0%	398,696	(77,000)	\$35.93	\$25.61
Gulf Freeway/Pasadena	35	2,699,502	453,516	16.8%	16.8%	-	48,000	-	\$21.67
Katy	44	3,383,389	619,160	18.3%	18.4%	-	20,000	\$32.67	\$24.15
Katy Frwy/Energy Corridor (Katy Freeway East & Katy Freeway West)	207	36,712,469	4,742,006	12.9%	16.5%	655,076	(177,000)	\$36.54	\$22.60
Kingwood/Humble	9	1,025,047	79,954	7.8%	7.8%	-	4,000	\$32.03	\$18.75
NASA/Clear Lake	63	7,051,599	841,961	11.9%	12.2%	-	7,000	\$24.97	\$17.97
Northeast	17	1,711,262	210,485	12.3%	12.3%	-	42,000	-	\$17.36
Northwest (North Loop West, Northwest Near & Northwest Far)	73	8,883,138	1,432,864	16.1%	16.7%	-	4,000	\$21.83	\$17.84
South Main/Medical Center	49	10,469,072	942,216	9.0%	9.1%	-	34,000	\$29.29	\$25.18
Southwest Frwy/Sugar Land (SW Hillcroft, SW Beltway & E Ft Bend Co/Sugar Land)	123	16,266,671	1,963,286	12.1%	12.4%	-	51,000	\$25.40	\$16.09
West Belt	37	4,902,573	774,607	15.8%	19.1%	-	34,000	\$32.29	\$23.66
West Loop (Bellair, Post Oak Park, Galleria, Riverway, Richmond/Fountainview & San Felipe/Voss)	174	33,368,145	3,762,440	11.3%	12.0%	1,120,000	(119,000)	\$36.04	\$24.48
Westchase	89	17,467,349	1,746,735	10.0%	12.0%	186,000	1,088,000	\$38.37	\$21.08
The Woodlands	93	15,588,925	1,558,893	10.0%	11.1%	271,443	17,000	\$40.37	\$25.09
Conroe	13	903,345	78,591	8.7%	8.7%	-	1,000	\$29.22	\$24.53
Total - Houston	1,371	247,050,785	32,399,889	13.1%	14.7%	3,687,873	745,000	\$35.13	\$21.53

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

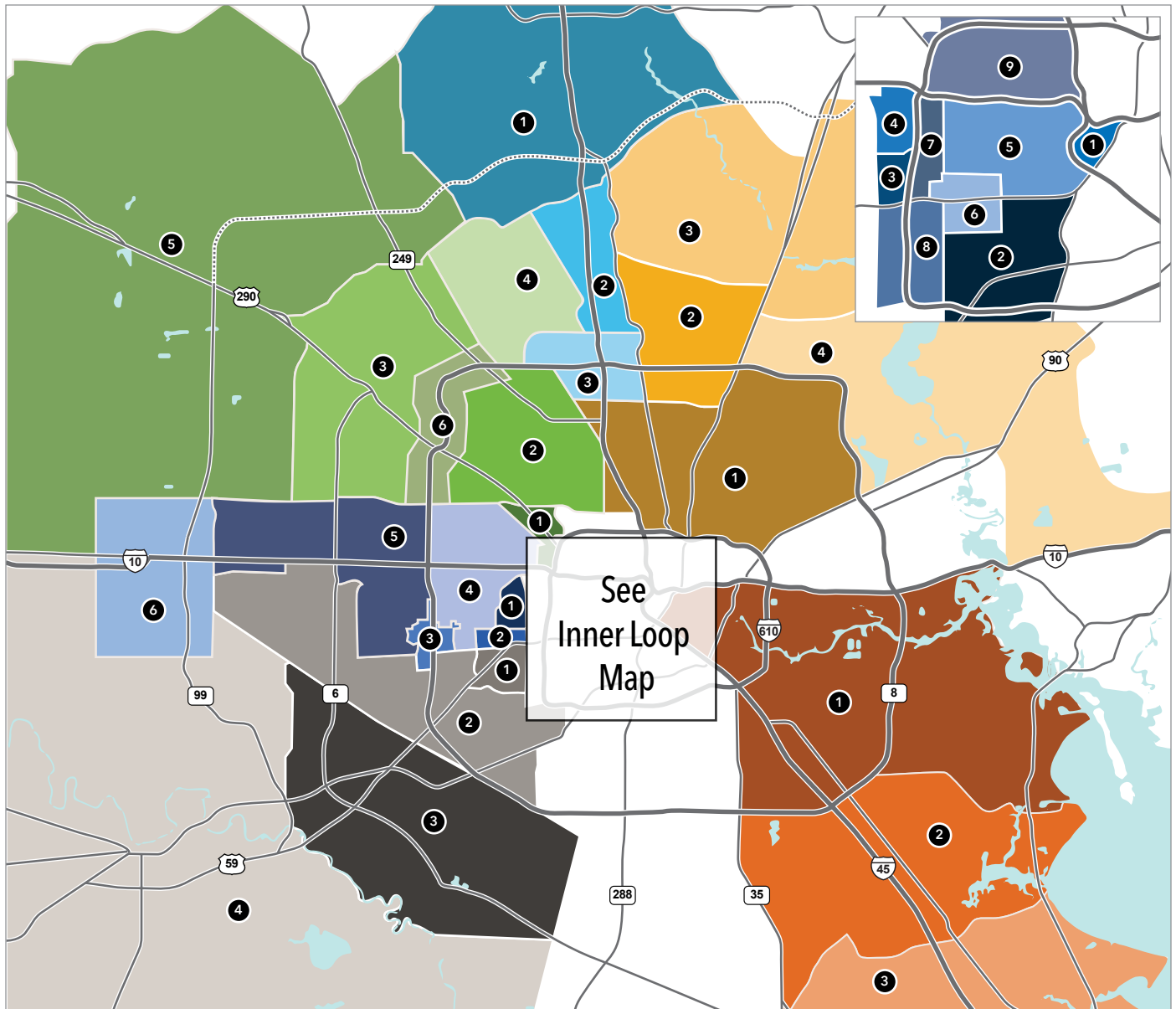
Office Sales Statistics

	HOUSTON MSA			UNITED STATES	
	QUARTER TO DATE	LAST QUARTER (Q2 2016)	TRAILING 12 MONTHS	LAST QUARTER (Q2 2016)	TRAILING 12 MONTHS
Volume (\$ Mil)	\$47.0	\$97.0	\$1,649.6	\$32,955.0	\$141,219.4
No. of Properties	4	12	105	1,153	5,580
Total SF	847,094	698,083	12,344,414	129,026,878	611,311,133
Average Price/SF	N/A	\$239	\$200	\$282	\$254
Average Cap Rate (Yield)	N/A	8.3%	7.7%	6.6%	6.7%

Source: Real Capital Analytics

HOUSTON OFFICE MARKET WATCH

AUGUST 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

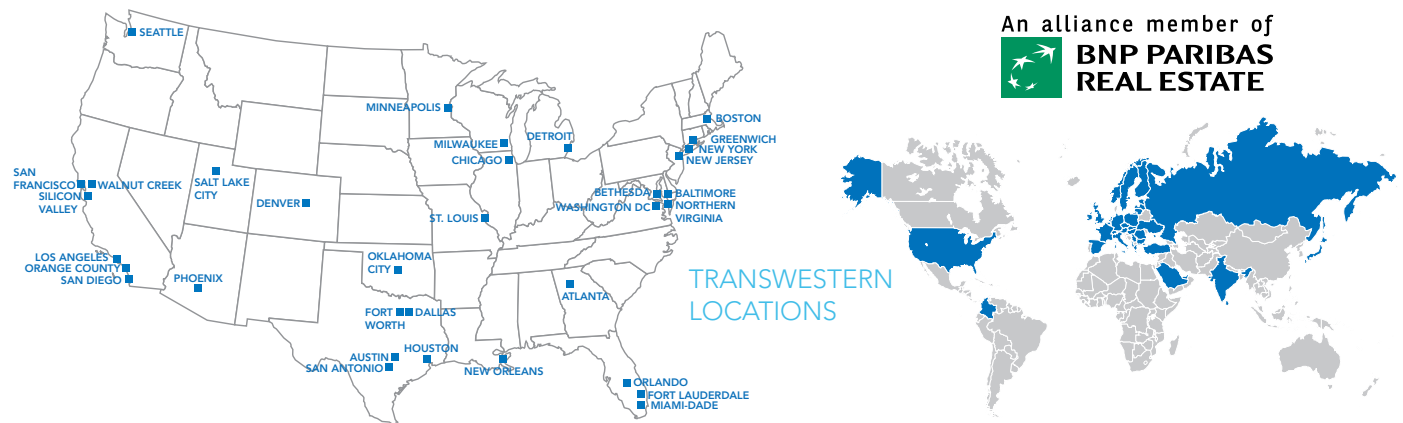
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ABOUT TRANSWESTERN

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
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METHODOLOGY

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



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