

HOUSTON OFFICE MARKET

THIRD QUARTER 2016

Office Market Struggling to Gain Traction in Down Economy

Sublease space continues to impact vacancy

OVERVIEW

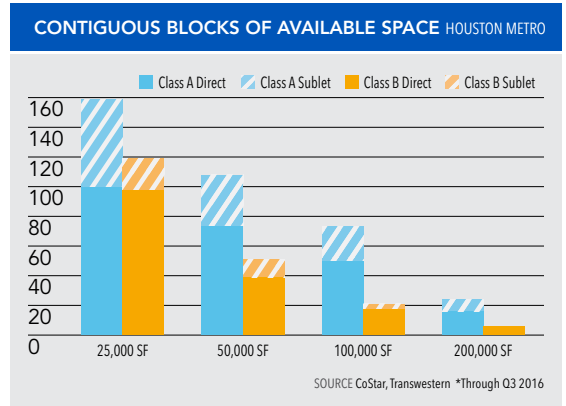
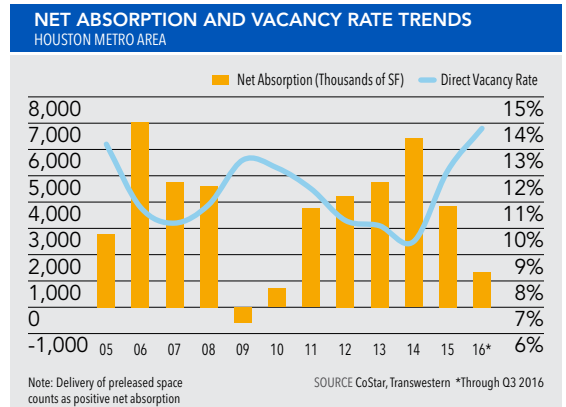
Office sector scuffles to find footing after downturn

The Houston office market continues to struggle as the local economy remains uncertain, pinned to the turmoil in the energy sector and ambiguity surrounding the pending election cycle. Currently, tenants are hesitant to make long-term leasing decisions until clarity avails itself in both the energy markets and governmental policy. Vacancy is on an upward trajectory as sublease space continues to be added to the market, particularly in submarkets traditionally occupied by the energy tenants. The significant decline in leasing activity paired with the increasing supply of available sublease space pushed net absorption into the red during the third quarter. Market conditions currently favor the tenant as landlords must leverage significant concession packages to compete in a sea of available space alternatives, especially for large users 20,000 SF and up.

NET ABSORPTION

Absorption pushes red in the ledger

Net absorption for all classes of office ran red for the third quarter totaling a net negative 397,000 SF. Year-to-date totals were more favorable coming in at 1.3 million SF, but are still well below historical averages. The Class A market recorded 429,000 SF of positive absorption for the quarter, while Class B recorded a sixth consecutive quarter of negative absorption at 795,000 SF. Following several quarters of positive absorption driven by preleased deliveries, the office market experienced its first quarter of overall negative absorption since mid-year 2015. Absorption over the final quarter of 2016 is anticipated to be minimal to slightly negative as true recovery appears most likely to begin in mid-2017 at the earliest.



Notable Q3 Leases

TENANT	SF	LEASE TYPE	BUILDING	SUBMARKET
Lloyd's Register	86,892	Renewal	1330 Enclave Parkway	Katy Freeway West
Orrick, Herrington & Sutcliffe	56,731	Prelease	609 Main at Texas	CBD
Hogan Lovells	43,000	Prelease	609 Main at Texas	CBD
Lockheed Martin Corporation	40,742	Renewal	Two Corporate Plaza	NASA/Clear Lake

HOUSTON METRO MARKET

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VACANCY

Sublease space nearly reaches 12.0 million SF

The overall office vacancy rate (including sublet) was 15.6% at third quarter, up from 14.7% at second quarter. Direct vacancy was 13.8%, up from 13.1% last quarter. Total available sublease space grew by 1.2 million SF this quarter to 11.9 million SF on the market. Also, in the third quarter, Shell announced they were vacating their entire space in One Shell Plaza, which totals approximately 800,000 SF, after initially only marketing 350,000 SF of space. FMC Technologies, WorleyParsons, NOV, and Freeport-McMoRan also put over 900,000 SF of combined sublease space on the market. With the continuation of space reductions through a slow market, sublease space will likely exceed 12.0 million SF by year-end. The submarkets that will continue to be affected by large amounts of sublease space are the Energy Corridor, CBD, Westchase, and the Galleria due to the strong oil and gas presence in those markets.

Class A overall vacancy was 15.5% at third quarter, up from 14.6% at second quarter, and Class A direct was 13.0%, up from 12.4% over the same period. Class B overall vacancy was 16.1%, a jump from 15.2% at mid-year, and Class B direct vacancy rose to 15.0%, from 14.2% over the same period. Looking ahead, vacancies are anticipated to increase further as leasing velocity remains low and companies continue to put sublease space on the market.

RENTAL RATES

Concession packages increasing

While overall face rents increased modestly year-over-year, the underlying value of concession packages being offered foretells a different story. Class A rents declined 0.2% year-over-year to \$35.24 per SF gross, and Class B rents carried the increase in face rents, rising by 1.2% to \$21.53 per SF gross from the close of the year. In the current, tenant-favored market, landlords are offering significant concession packages with generous tenant improvement packages and free rent in order to entice prospective tenants. Rental rates have not seen a sharp decline, as rate decreases typically lag behind other indicators due to landlords maintaining face rents for as long as possible. As competitive spaces grow in number throughout the market, the value of the concessions in nearing its ceiling and declines in rates will begin to show through most areas.

SUPPLY AND DEVELOPMENT

Development cycle comes to a close

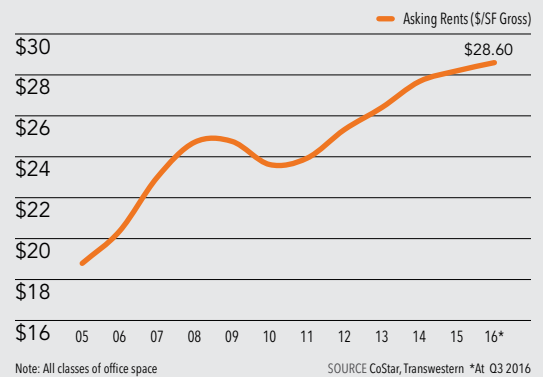
Houston is nearing the completion of its most recent development phase as there was a total of 2.6 million SF of office space under construction in the third quarter, as compared to 3.7 million SF just three months earlier. This space was 48% preleased, a metric that remains unchanged from the second quarter. There are no other buildings anticipated to deliver in 2016, with all 2.6 million SF anticipated to deliver by the end of 2017. The CBD is the only remaining submarket with over 1.0 million SF in the pipeline.

Total Available Space

Houston Metro | Q3 2016

SUBMARKET	SUBLEASE SPACE (SF)	% SUBLEASE
Energy Corridor	3,575,660	9.6%
CBD	2,757,005	5.8%
Westchase	1,485,336	8.5%
Galleria	1,092,267	8.3%
Greenspoint	982,267	5.9%
All of Houston	11,868,908	4.8%

AVERAGE OFFICE RENTS HOUSTON METRO AREA



Office Under Construction

Houston Metro | Q3 2016

SUBMARKET	NUMBER OF BLDGS	SF	% PRE-LEASED
CBD	1	1,056,658	38%
West Loop	2	520,000	75%
Energy Corridor	2	324,428	40%
Katy	2	285,465	18%
Greenway Plaza	1	191,802	48%
Westchase	1	186,000	100%
Total	9	2,564,356	48%



The largest projects under construction are 609 Main (CBD, 1.1 million SF) and Amegy Bank's new headquarters located at 1717 West Loop South (Post Oak Park, 380,000 SF).

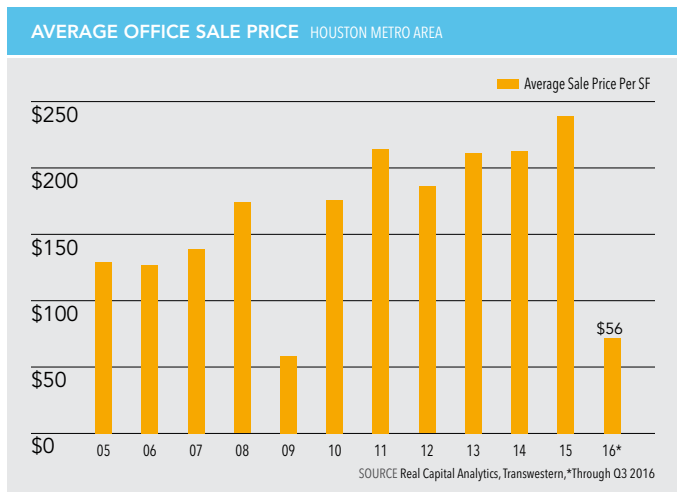
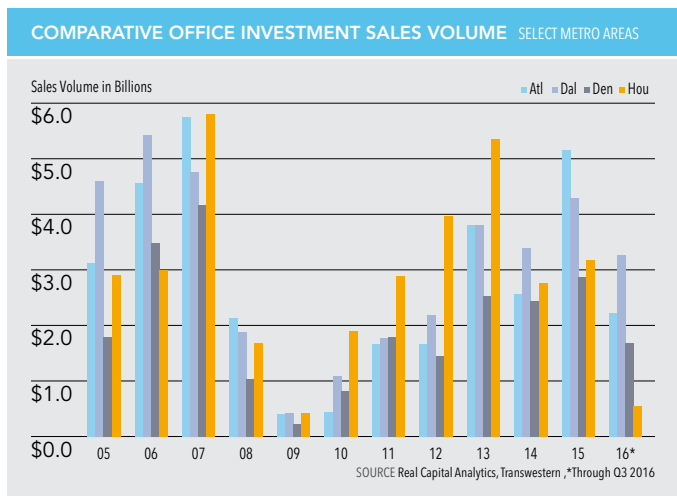
There were 1.4 million SF of deliveries at 62% preleased in the third quarter. The preleased percentage is significantly lower than the first quarter's 92% due to only one owner-occupied project delivering. The largest project deliveries include BHP's new headquarters (Galleria, 600,000 SF) and West Memorial Place II (Katy Freeway West, 385,532 SF).

INVESTMENT MARKET

Investment opportunities feeling the burn

The investment landscape is changing quickly as the metro recorded \$122.4 million in office sales during the third quarter, a decline of 27% over the previous quarter. Small or mid-size assets accounted for most of the sales activity, as large transaction sales have declined dramatically over the past year. Pricing per square foot averages took a major hit for the period, averaging \$56 per SF as compared to \$158 per SF at second quarter due mainly to the quality and size of assets traded. The majority of single-property sales were smaller, Class B and C assets. The average cap rate was 7.8%, up from the second quarter average of 7.6%. These figures represent assets for which pricing information could be obtained.

Owners are still hesitant to market their properties through the changing scope of the office market and the disparity in pricing expectations. The number of listings in 2016 has been lower than historical averages as owners are sourcing deals off market to keep lower pricing from being advertised. Additionally, investors are exercising more conservative underwriting projections throughout the office sector in order to maintain financial viability. However, the long-term outlook for Houston remains bright as it still remains one of the nation's largest economies.



Notable Q3 Transactions

BUILDING	SUBMARKET	SF	SELLER	BUYER
9720 Cypresswood	FM 1960/Hwy 249	83,077	Torchlight Loan Services, LLC	Vista Equities Group, Inc.
6464 Savoy	Southwest/Hillcroft	182,658	Yunan Properties	Ridgepoint Jr LLC

SOURCE Real Capital Analytics, HFF, Transwestern

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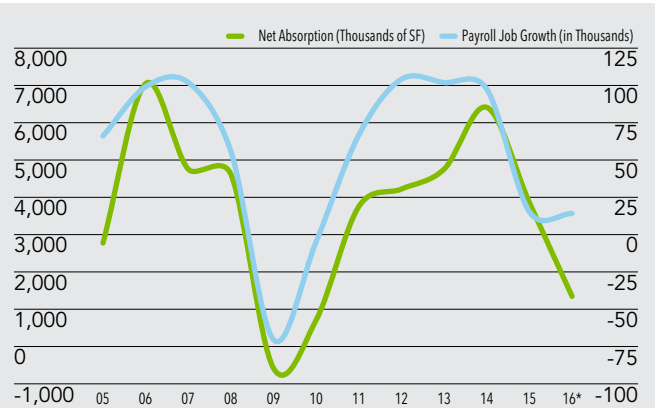
OUTLOOK

Baby steps on a soft floor

The combination of the downturn in the energy sector and the over-zealous nature of our most recent development cycle, the Houston office market is in a transition state as signs begin to point that we may have hit our floor. Availability from the new deliveries along with blocks of space being added via the sublease market present lingering reminders as their impact on market fundamentals displays itself. The current energy market has reached the bottom with job cuts and even found a floor in price per barrel; however, it may still take the office market an additional 12 to 18 months to see the return of office demand. Job growth for Houston is anticipated to remain flat or slightly positive for the year with impacts from the Super Bowl having little impact on office leasing.

The metro's current development is 48% preleased and these projects are all anticipated to deliver by the end of 2017. Looking ahead, tenants will continue to adopt a wait-and-see approach as they debate the impacts of the upcoming Presidential election and policies that follow the winning candidate coupled with the continued volatility in the oil markets. Rental rates will likely remain flat or decline as a large abundance of space needs to be absorbed. Development activity will taper off as developers hold off on new projects and wait for the next development upcycle to break ground. With more sublease space hitting the market, vacancy rates will continue to be impacted and trend upward.

OFFICE ABSORPTION AND EMPLOYMENT HOUSTON METRO AREA



*12-month job growth through August 2016, net absorption through Q3 2016

SOURCE Bureau of Labor Statistics, Transwestern

Multi-tenant market vs Transwestern comprehensive market coverage

	MULTI-TENANT	ENTIRE MARKET
Inventory	209.5 MSF	248.4 MSF
Overall Vacancy	17.6%	15.6%
Q3 Net Absorption	13,723,349 SF	(397,000) SF

WHY OUR METHODOLOGY IS THE BEST INDICATOR OF CURRENT MARKET CONDITIONS

We include owner occupied and single-tenant buildings in our inventory, vacancy and absorption statistics to capture more market activity than many of our competitors. This allows us to better correlate changes in the market with changes in employment. As single-tenant space does compete with multi-tenant space, we believe it is critical to understand all components of the market. The inclusion of single-tenant and owner-occupied space tends to yield lower vacancy rates and higher absorption totals than some of our competitors' results, but our coverage of the market is more comprehensive.

Houston Office Market Indicators - All Space

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY 2015	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	NET ABSORPTION YTD 2016
Central Business District	87	47,919,574	5,804,977	11.3%	12.1%	14.6%	1,056,658	(112,000)	(43,000)
Midtown	33	5,759,744	859,930	15.0%	14.9%	15.3%	-	44,000	4,000
Downtown	120	53,679,318	6,664,907	11.7%	12.4%	14.7%	1,056,658	(68,000)	(39,000)
FM 1960 / I-45 North	15	1,371,988	238,726	14.2%	17.4%	17.7%	-	(16,000)	(44,000)
FM 1960 / Champions	22	1,850,305	427,420	24.0%	23.1%	23.1%	-	30,000	17,000
FM 1960 / Highway 249	41	5,470,993	708,494	11.8%	13.0%	15.4%	-	(3,000)	83,000
FM 1960	78	8,693,286	1,374,640	14.8%	15.8%	17.4%	-	11,000	56,000
North Belt West / Greenspoint	75	10,105,399	3,242,823	30.6%	32.1%	36.7%	-	33,000	(156,000)
Greenspoint / IAH	22	3,076,008	502,005	16.1%	16.3%	16.3%	-	6,000	(7,000)
Greenspoint / North Belt	97	13,181,407	3,744,827	27.2%	28.4%	31.9%	-	39,000	(163,000)
Greenway Plaza	51	11,246,288	1,483,385	11.3%	13.2%	13.4%	191,805	126,000	170,000
Gulf Freeway/Pasadena	35	2,699,502	460,535	14.0%	17.1%	17.1%	-	(7,000)	5,000
Katy	44	3,383,389	613,070	15.9%	18.1%	18.1%	285,465	6,000	29,000
Katy Freeway East	64	9,681,026	879,037	9.1%	9.1%	10.0%	238,173	(76,000)	71,000
Katy Freeway West	144	27,416,975	4,425,648	11.3%	16.1%	19.9%	86,255	(102,000)	(521,000)
Katy Frwy / Energy Corridor	208	37,098,001	5,304,685	10.7%	14.3%	17.3%	324,428	(178,000)	(450,000)
Kingwood / Humble*	9	1,025,047	70,728	9.3%	6.9%	6.9%	-	9,000	24,000
NASA / Clear Lake	63	7,051,599	892,027	13.4%	12.7%	13.2%	-	(50,000)	53,000
Northeast	17	1,711,262	261,823	17.9%	15.3%	15.3%	-	(51,000)	501,000
North Loop West	29	4,133,495	563,395	13.9%	13.6%	14.5%	-	(22,000)	12,000
Northwest Near	13	1,319,023	7,914	0.8%	0.6%	0.6%	-	7,000	3,000
Northwest Far	31	3,430,620	829,181	23.8%	24.2%	24.7%	-	48,000	(11,000)
Northwest	73	8,883,138	1,400,490	15.8%	15.8%	16.4%	-	33,000	4,000
South Main / Medical Center	49	10,469,072	944,310	9.2%	9.0%	9.1%	-	(2,000)	19,000
Southwest / Hillcroft	35	4,269,911	677,635	17.2%	15.9%	15.9%	-	14,000	58,000
Southwest Beltway 8	43	5,620,512	864,435	16.8%	15.4%	15.4%	-	(21,000)	80,000
E Fort Bend Co / Sugar Land	45	6,376,248	492,246	7.1%	7.7%	8.9%	-	(64,000)	(43,000)
Southwest Fwy / Sugar Land	123	16,266,671	2,034,316	13.1%	12.5%	13.0%	-	(71,000)	95,000
West Belt	37	4,902,573	779,509	16.5%	15.9%	21.5%	-	(5,000)	29,000
Bellaire	29	4,374,993	365,749	6.4%	8.4%	8.6%	-	(66,000)	(86,000)
Post Oak Park	29	4,294,059	807,283	16.7%	18.8%	19.7%	380,000	(33,000)	(91,000)
Galleria	57	16,569,024	1,617,137	8.6%	9.8%	11.0%	140,000	565,000	502,000
Riverway	16	2,868,495	361,430	11.2%	12.6%	13.0%	-	11,000	(40,000)
Richmond / Fountainview	11	819,689	197,545	22.9%	24.1%	24.1%	-	(10,000)	(10,000)
San Felipe / Voss	33	5,041,885	591,917	9.6%	11.7%	12.0%	-	(47,000)	(108,000)
West Loop	175	33,968,145	3,941,062	10.1%	11.6%	12.4%	520,000	420,000	167,000
Westchase	89	17,467,349	2,391,280	9.2%	13.7%	17.6%	186,000	(645,000)	621,000
The Woodlands	94	15,790,858	1,724,362	8.0%	10.9%	11.8%	-	36,000	222,000
Conroe	13	903,345	78,591	8.8%	8.7%	8.7%	-	0	1,000
TOTAL - Houston	1,375	248,420,250	34,164,549	12.2%	13.8%	15.6%	2,564,356	(397,000)	1,344,000

SOURCE CoStar, Transwestern

NOTE Includes buildings 50,000 SF RBA and greater; does not include buildings under construction or owned by the government

* Inventory and number of buildings amended per changes in CoStar

HOUSTON METRO MARKET

THIRD QUARTER 2016

Houston Office Market Indicators - Class A

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	NET ABSORPTION YTD 2016
Central Business District	34	31,851,191	2,857,052	9.0%	12.2%	1,056,658	(96,000)	106,000
Midtown	7	2,494,696	469,003	18.8%	19.9%	-	45,000	67,000
Downtown	41	34,345,887	3,326,055	9.7%	12.8%	1,056,658	(51,000)	173,000
FM 1960 / I-45 North	2	206,705	33,693	16.3%	16.3%	-	0	1,000
FM 1960 / Champions	1	150,000	2,100	1.4%	1.4%	-	0	(2,000)
FM 1960 / Highway 249	18	3,883,421	510,282	13.1%	14.1%	-	(3,000)	102,000
FM 1960	21	4,240,126	546,074	12.9%	13.8%	-	(3,000)	101,000
North Belt West / Greenspoint	17	4,343,919	1,750,599	40.3%	45.3%	-	(2,000)	(217,000)
Greenspoint / IAH*	8	1,213,677	336,189	27.7%	27.7%	-	(1,000)	(4,000)
Greenspoint / North Belt	25	5,557,596	2,086,788	37.5%	41.5%	-	(3,000)	(221,000)
Greenway Plaza	18	7,020,681	1,012,382	14.4%	14.5%	191,805	134,000	245,000
Gulf Freeway/Pasadena	-	0	0	0.0%	0.0%	-	0	0
Katy	21	1,581,714	506,148	32.0%	32.0%	222,465	8,000	32,000
Katy Freeway East	23	5,496,806	554,078	10.1%	11.1%	238,173	(87,000)	75,000
Katy Freeway West	74	18,980,730	2,820,536	14.9%	19.4%	86,255	57,000	(246,000)
Katy Frwy / Energy Corridor	97	24,477,536	3,374,615	13.8%	17.5%	324,428	(30,000)	(171,000)
Kingwood / Humble	2	140,977	28,195	20.0%	20.0%	-	0	2,000
NASA / Clear Lake	16	2,182,855	38,855	1.8%	3.4%	-	5,000	16,000
Northeast	1	555,700	0	0.0%	0.0%	-	0	556,000
North Loop West	6	1,252,947	166,642	13.3%	15.4%	-	0	12,000
Northwest Near	1	237,384	0	0.0%	0.0%	-	0	0
Northwest Far	16	801,764	323,913	40.4%	41.6%	-	0	(61,000)
Northwest	23	2,292,095	490,555	21.4%	23.0%	-	0	(49,000)
South Main / Medical Center	16	4,618,943	191,224	4.1%	4.3%	-	7,000	18,000
Southwest / Hillcroft	6	1,485,352	213,594	14.4%	14.4%	-	11,000	20,000
Southwest Beltway 8	3	573,500	49,321	8.6%	8.6%	-	0	30,000
East Ft Bend Co. / Sugar Land	21	4,122,722	345,896	8.4%	10.1%	-	(61,000)	(42,000)
Southwest Fwy / Sugar Land	30	6,181,574	608,811	9.8%	11.0%	-	(50,000)	8,000
West Belt	23	4,066,013	674,958	16.6%	19.9%	-	(8,000)	27,000
Bellaire	7	1,203,314	162,447	13.5%	14.3%	-	(72,000)	(80,000)
Post Oak Park	8	2,213,527	557,809	25.2%	26.5%	380,000	(42,000)	(71,000)
Galleria	32	12,747,940	1,272,244	10.0%	11.3%	140,000	572,000	565,000
Riverway	5	1,885,813	203,668	10.8%	11.3%	-	8,000	(14,000)
Richmond / Fountainview	-	0	0	0.0%	0.0%	-	0	0
San Felipe / Voss	3	1,714,929	265,814	15.5%	15.9%	-	14,000	(19,000)
West Loop	55	19,765,523	2,461,982	12.5%	13.6%	1,120,000	480,000	381,000
Westchase	31	9,604,638	1,234,196	12.9%	19.8%	-	(91,000)	1,101,000
The Woodlands	41	11,018,964	1,317,868	12.0%	12.8%	201,933	31,000	243,000
Conroe	2	128,832	16,362	12.7%	12.7%	-	0	(5,000)
TOTAL - Houston	463	137,779,654	17,915,069	13.0%	15.5%	2,315,356	429,000	2,457,000

SOURCE CoStar, Transwestern

NOTE Includes buildings 50,000 SF RBA and greater; does not include buildings under construction or owned by the government

* Inventory and number of buildings adjusted per changes in CoStar

Houston Office Market Indicators - Class B

SUBMARKET	TOTAL BLDGS	INVENTORY	SF AVAILABLE IMMEDIATELY	DIRECT VACANCY Q3 2016	VACANCY WITH SUBLET Q3 2016	UNDER CONSTRUCTION	NET ABSORPTION Q3 2016	NET ABSORPTION YTD 2016
Central Business District	38	14,511,526	2,519,201	17.4%	18.8%	-	(17,000)	(149,000)
Midtown	19	3,177,347	165,222	5.2%	5.2%	-	22,000	6,000
Downtown	57	17,688,873	2,684,423	15.2%	16.4%	-	5,000	(143,000)
FM 1960 / I-45 North	12	1,016,244	227,639	22.4%	22.7%	-	(11,000)	(39,000)
FM 1960 / Champions	20	1,632,335	423,591	26.0%	26.0%	-	30,000	18,000
FM 1960 / Highway 249	20	1,444,701	156,028	10.8%	16.8%	-	0	(17,000)
FM 1960	52	4,093,280	807,257	19.7%	21.9%	-	19,000	(38,000)
North Belt West / Greenspoint	45	4,664,503	1,292,067	27.7%	33.0%	-	35,000	89,000
Greenspoint / IAH	11	1,693,378	148,171	8.8%	8.8%	-	6,000	(3,000)
Greenspoint / North Belt	56	6,357,881	1,440,238	22.7%	26.6%	-	41,000	86,000
Greenway Plaza	27	3,764,733	271,061	7.2%	7.5%	-	0	(70,000)
Gulf Freeway / Pasadena	29	2,248,468	406,973	18.1%	18.1%	-	(7,000)	24,000
Katy	20	1,611,171	29,001	1.8%	1.8%	63,000	(2,000)	(5,000)
Katy Freeway East	29	3,064,396	240,555	7.9%	8.8%	-	11,000	11,000
Katy Freeway West	73	8,194,731	1,600,431	19.5%	21.5%	-	(158,000)	(278,000)
Katy Fwy / Energy Corridor	102	11,259,127	1,840,986	16.4%	18.0%	-	(147,000)	(267,000)
Kingwood / Humble	7	884,070	35,363	4.0%	4.0%	-	9,000	20,000
NASA / Clear Lake	43	4,511,246	924,805	20.5%	20.5%	-	(54,000)	36,000
Northeast*	10	861,956	202,560	23.5%	23.5%	-	(53,000)	(57,000)
North Loop West	20	2,536,907	366,583	14.5%	14.7%	-	(22,000)	1,000
Northwest Near	8	802,294	7,221	0.9%	0.9%	-	6,000	3,000
Northwest Far	24	2,381,429	504,863	21.2%	21.5%	-	48,000	51,000
Northwest	52	5,720,630	878,667	15.4%	15.6%	-	32,000	55,000
South Main / Medical Center	18	3,991,862	690,592	17.3%	17.3%	-	(8,000)	4,000
Southwest / Hillcroft	16	1,598,169	367,579	23.0%	23.0%	-	1,000	32,000
Southwest Beltway 8	32	4,413,473	752,938	17.1%	17.2%	-	(25,000)	45,000
East Ft Bend Co. / Sugar Land	24	2,247,136	148,760	6.6%	7.3%	-	(3,000)	(1,000)
Southwest Fwy / Sugar Land	72	8,258,778	1,269,278	15.4%	15.6%	-	(27,000)	76,000
West Belt	14	1,261,839	194,323	15.4%	27.2%	-	3,000	3,000
Bellaire	18	2,781,223	170,211	6.1%	6.1%	-	5,000	(28,000)
Post Oak Park	18	1,891,123	228,826	12.1%	12.6%	-	10,000	(21,000)
Galleria	22	3,307,175	305,914	9.3%	10.6%	-	(5,000)	(61,000)
Riverway	9	870,126	155,753	17.9%	17.9%	-	3,000	(24,000)
Richmond / Fountainview	7	559,977	148,954	26.6%	26.6%	-	(10,000)	(3,000)
San Felipe / Voss	30	3,326,956	370,956	11.2%	11.3%	-	(62,000)	(90,000)
West Loop	104	12,736,580	1,380,612	10.8%	11.3%	-	(59,000)	(227,000)
Westchase	53	7,301,615	1,137,592	15.6%	15.9%	186,000	(553,000)	(480,000)
The Woodlands	51	4,566,209	436,530	9.6%	10.9%	-	6,000	(29,000)
Conroe	9	689,737	68,284	9.9%	9.9%	-	0	7,000
TOTAL - Houston	776	97,808,055	14,698,544	15.0%	16.1%	249,000	(795,000)	(1,005,000)

SOURCE CoStar, Transwestern

NOTE Includes buildings 50,000 SF RBA and greater; does not include buildings under construction or owned by the government

Houston Office Market Indicators - Asking Rental Rates

SUBMARKET	2013 CLASS A	2013 CLASS B	2014 CLASS A	2014 CLASS B	2015 CLASS A	2015 CLASS B	Q3 2016 CLASS A	Q3 2016 CLASS B	% CHANGE 12/15-09/16 CLASS A	% CHANGE 12/15-09/16 CLASS B
Central Business District	\$39.32	\$25.99	\$42.71	\$28.13	\$43.87	\$28.66	\$43.05	\$28.36	-1.9%	-1.0%
Midtown	\$30.32	\$26.03	\$34.36	\$27.17	\$34.73	\$27.39	\$34.15	\$27.39	-1.7%	0.0%
Downtown	\$38.10	\$25.99	\$41.93	\$28.03	\$42.28	\$28.57	\$41.80	\$28.30	-1.2%	-1.0%
FM 1960 / I-45 North	-	\$18.06	-	\$18.20	\$25.00	\$17.65	\$25.00	\$17.22	0.0%	-2.4%
FM 1960 / Champions	-	\$13.19	-	\$13.55	-	\$13.80	-	\$13.86	-	0.4%
FM 1960 / Highway 249	\$25.67	\$20.80	\$26.56	\$20.62	\$26.87	\$20.73	\$27.28	\$20.41	1.5%	-1.5%
FM 1960	\$25.71	\$15.52	\$26.56	\$15.74	\$26.73	\$15.99	\$27.03	\$16.07	1.1%	0.5%
North Belt West / Greenspoint	\$29.51	\$15.63	\$30.26	\$15.59	\$28.29	\$14.92	\$27.90	\$13.97	-1.4%	-6.4%
Greenspoint / IAH	\$21.36	\$16.34	\$21.65	\$15.80	\$21.77	\$15.97	\$21.87	\$15.43	0.5%	-3.4%
Greenspoint / North Belt	\$27.24	\$15.73	\$28.95	\$15.62	\$27.22	\$15.03	\$26.93	\$14.12	-1.1%	-6.1%
Greenway Plaza	\$32.11	\$23.72	\$35.04	\$25.34	\$35.92	\$25.89	\$35.95	\$25.63	0.1%	-1.0%
Gulf Freeway / Pasadena	-	\$21.61	-	\$22.35	-	\$22.35	-	\$21.65	-	-3.1%
Katy	\$30.56	\$23.20	\$32.26	\$23.71	\$32.94	\$24.01	\$32.71	\$24.03	-0.7%	0.1%
Katy Freeway East	\$35.52	\$21.79	\$36.65	\$23.26	\$38.02	\$23.89	\$38.08	\$24.07	0.2%	0.8%
Katy Freeway West	\$33.69	\$20.52	\$35.98	\$22.73	\$37.19	\$23.13	\$36.21	\$22.27	-2.6%	-3.7%
Katy Fwy / Energy Corridor	\$34.08	\$21.12	\$36.06	\$22.90	\$37.40	\$23.25	\$36.52	\$22.51	-2.4%	-3.2%
Kingwood / Humble	\$32.13	\$19.00	\$32.13	\$19.54	\$32.55	\$18.75	\$32.01	\$18.89	-1.7%	0.7%
NASA / Clear Lake	\$23.58	\$18.33	\$25.01	\$18.62	\$25.01	\$18.82	\$24.86	\$18.01	-0.6%	-4.3%
Northeast	-	\$16.57	-	\$17.32	-	\$17.29	-	\$17.38	-	0.5%
North Loop West	\$23.81	\$18.25	\$26.76	\$20.50	\$26.97	\$20.81	\$26.90	\$20.79	-0.3%	-0.1%
Northwest Near	-	\$15.60	-	\$16.40	-	\$16.63	-	\$16.63	-	0.0%
Northwest Far	\$19.04	\$15.31	\$19.29	\$16.66	\$19.38	\$16.70	\$19.16	\$16.04	-1.1%	-4.0%
Northwest	\$21.83	\$16.72	\$23.67	\$18.50	\$22.44	\$18.32	\$21.79	\$18.03	-2.9%	-1.6%
South Main / Medical Center	\$28.54	\$24.00	\$29.09	\$25.09	\$29.19	\$25.26	\$29.20	\$25.14	0.0%	-0.5%
Southwest / Hillcroft	\$21.75	\$14.18	\$21.98	\$13.81	\$22.04	\$14.10	\$22.12	\$14.11	0.4%	0.1%
Southwest Beltway 8	\$23.24	\$16.68	\$22.45	\$16.43	\$22.45	\$16.23	\$22.51	\$16.07	0.3%	-1.0%
East Ft Bend Co. / Sugar Land	\$26.68	\$21.32	\$27.09	\$21.60	\$28.02	\$21.49	\$28.46	\$21.29	1.6%	-0.9%
Southwest Fwy / Sugar Land	\$24.95	\$16.67	\$25.17	\$16.56	\$25.05	\$16.12	\$25.75	\$16.11	2.8%	-0.1%
West Belt	\$30.35	\$23.21	\$31.42	\$23.83	\$32.02	\$23.89	\$32.27	\$23.69	0.8%	-0.8%
Bellaire	\$25.86	\$21.08	\$26.80	\$22.09	\$26.96	\$22.14	\$26.97	\$22.12	0.0%	-0.1%
Post Oak Park	\$35.43	\$26.36	\$35.94	\$27.43	\$36.51	\$27.76	\$36.28	\$27.74	-0.6%	-0.1%
Galleria	\$35.70	\$26.70	\$37.04	\$27.49	\$38.00	\$27.40	\$37.60	\$27.09	-1.1%	-1.1%
Riverway	\$30.82	\$23.72	\$32.10	\$25.12	\$33.14	\$25.66	\$32.99	\$25.30	-0.5%	-1.4%
Richmond / Fountainview	-	\$16.64	-	\$17.54	-	\$17.83	-	\$17.78	-	-0.3%
San Felipe / Voss	\$32.44	\$22.40	\$34.54	\$23.41	\$35.19	\$23.50	\$34.93	\$23.46	-0.7%	-0.2%
West Loop	\$34.25	\$23.68	\$35.40	\$24.43	\$36.44	\$24.46	\$35.93	\$24.40	-1.4%	-0.2%
Westchase	\$35.38	\$19.75	\$38.70	\$21.51	\$38.98	\$21.23	\$38.41	\$20.97	-1.5%	-1.2%
The Woodlands	\$35.95	\$23.38	\$39.56	\$25.63	\$40.56	\$25.39	\$40.35	\$25.01	-0.5%	-1.5%
Conroe	\$28.42	\$25.73	\$28.40	\$25.08	\$29.35	\$24.77	\$29.22	\$24.58	-0.4%	-0.8%
TOTAL - Houston	\$32.71	\$19.96	\$34.49	\$20.88	\$35.31	\$21.28	\$35.24	\$21.53	-0.2%	1.2%

SOURCE CoStar, Transwestern

NOTE Rents for properties using triple net terms have been grossed up to full service with operating expense data, rents reflect full service equivalent

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METHODOLOGY

The information in this report is the result of a compilation of information on office, industrial, retail, multifamily and healthcare properties located in the Houston metropolitan area. This report includes single-tenant, multi-tenant and owner-user properties and excludes properties owned and occupied by a government agency.

