

HOUSTON  
**OFFICE MARKET  
REPORT**

*Fourth Quarter 2018*



**BELVOIR**

REAL ESTATE GROUP, LLC

*Going Places*

BROKERAGE / DEVELOPMENT / MANAGEMENT / INVESTMENT

713.332.8202 / [belvoir.net](http://belvoir.net)

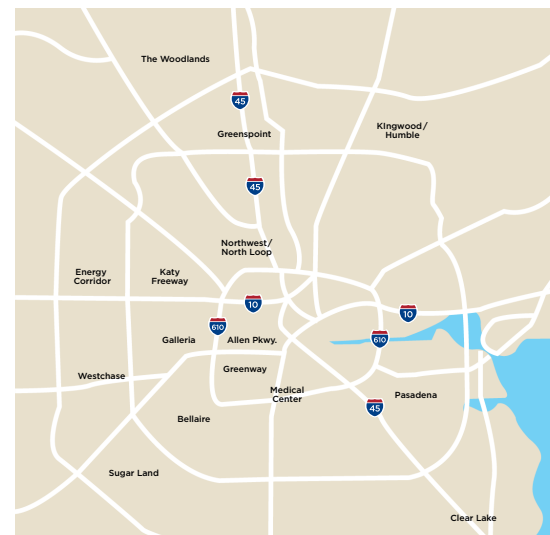
## *A Message from Matthew Goldsby, Belvoir Managing Director*

The data for Q4 2018 reflects the continuation of Houston's recovery, with positive net absorption and the vacancy rate dipping to 16.5%. The overall market rent average of \$28.56/SF reflected only a slight 0.1% growth in rates, while Houston's 12-month sales volume totaled \$1.6B at an average market sale price of \$227/SF. Houston's commercial office market has an assessed value of \$75.2 billion with an inventory of 328 million SF. CRE activity highlights included:

- HP Enterprise announcing the development of its new offices containing 568,000 SF in CityPlace (Springwood Village's commercial district) with construction to begin Q4 of 2019. HPE will be joining HP, which announced its move last year to this master-planned community, where it will occupy 378,000 SF of newly developed space. HP joins Exxon Mobil, Southwestern Energy and the American Bureau of Shipping in CityPlace.
- BP leasing 91,000 SF in West Memorial Place II and McDermott leasing the entirety of Energy Center V, driving activity in the Katy West/Energy Corridor.

# EXECUTIVE SUMMARY

The Houston Office market ended the fourth quarter 2018 with a vacancy rate of 16.5%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 2,004,576 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 4,974,697 square feet. Rental rates ended the fourth quarter at \$28.56, an increase over the previous quarter. A total of 17 buildings delivered to the market in the quarter totaling 814,151 square feet, with 3,141,781 square feet still under construction at the end of the quarter.



LET'S GO PLACES.

Belvoir's team of experts are ready to answer your commercial real estate and brokerage questions. Call us at **713.332.8202** or visit us online at **belvoir.net**.

# OFFICE MARKET SNAPSHOT

## ABSORPTION

Net absorption for the overall Houston office market was positive 2,004,576 square feet in the fourth quarter 2018. That compares to positive 908,622 square feet in the third quarter 2018, negative 423,309 square feet in the second quarter 2018, and negative 1,162,110 square feet in the first quarter 2018.

## VACANCY

The office vacancy rate in the Houston market area decreased to 16.5% at the end of the fourth quarter 2018. The vacancy rate was 16.9% at the end of the third quarter 2018, 17.2% at the end of the second quarter 2018, and 16.9% at the end of the first quarter 2018.

## LARGEST LEASE SIGNINGS

The largest lease signings occurring in 2018 included:

- the 524,316-square-foot lease signed by McDermott International at 915 N Eldridge Pky in the Katy Freeway market;
- the 390,717-square-foot deal signed by Apache Corporation at 2000 Post Oak Blvd in the West Loop market; and
- the 300,906-square-foot lease signed by Transocean at 1414 Enclave Pky in the Katy Freeway market.

## SUBLEASE VACANCY

The amount of vacant sublease space in the Houston market decreased to 4,974,697 square feet by the end of the fourth quarter 2018, from 6,295,373 square feet at the end of the third quarter 2018. There was 6,625,386 square feet vacant at the end of the second quarter 2018 and 6,873,198 square feet at the end of the first quarter 2018.

## RENTAL RATES

The average quoted asking rental rate for available office space, all classes, was \$28.56 per square foot per year at the end of the fourth quarter 2018 in the Houston market area. This represented a 0.1% increase in quoted rental rates from the end of the third quarter 2018, when rents were reported at \$28.52 per square foot.

## DELIVERIES AND CONSTRUCTION

During the fourth quarter 2018, 17 buildings totaling 814,151 square feet were completed in the Houston market area. This compares to 13 buildings totaling 191,632 square feet that were completed in the third quarter 2018, 19 buildings totaling 259,839 square feet completed in the second quarter 2018, and 547,116 square feet in 33 buildings completed in the first quarter 2018.

## INVENTORY

Total office inventory in the Houston market area amounted to 328,175,609 square feet in 9,462 buildings as of the end of the fourth quarter 2018. The Class-A office sector consisted of 146,022,400 square feet in 529 projects. There were 4,080 Class-B buildings totaling 138,687,596 square feet, and the Class-C sector consisted of 43,465,613 square feet in 4,853 buildings. Within the Office market there were 671 owner-occupied buildings accounting for 43,785,663 square feet of office space.

## SALES ACTIVITY

Tallying office building sales of 15,000 square feet or larger, Houston office sales figures rose during the third quarter 2018 in terms of dollar volume compared to the second quarter of 2018. Cap rates have been lower in 2018, averaging 7.09% compared to the same period in 2017 when they averaged 7.44%. One of the largest transactions that has occurred within the last four quarters in the Houston market is the merger of Parkway Inc. and Canada Pension Plan Investment Board in Houston. This 1,883,440-square-foot office building portfolio sold for \$687,900,000, or \$365.24 per square foot. The portfolio sold on 10/12/2017.

*Source: CoStar Property®*

## CLASS A SUBMARKET STATISTICS

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	0	0	0	0	0.0%	0	0	0	\$0.00
Baytown	0	0	0	0	0.0%	0	0	0	\$0.00
Bellaire	8	1,475,481	134,778	180,498	12.2%	15,227	0	0	\$28.42
CBD	37	33,364,116	5,307,661	6,243,381	18.7%	68,810	0	1,887,174	\$42.59
Conroe	4	278,831	31,870	31,870	11.4%	42,551	0	0	\$27.48
E Fort Bend Co/Sugar Land	21	3,794,021	231,574	335,085	8.8%	-9,682	20,681	0	\$27.68
FM 1960/Champions	2	214,500	3,350	3,350	1.6%	350	0	0	\$16.00
FM 1960/Hwy 249	17	3,684,052	395,917	408,429	11.1%	-62,762	0	156,000	\$28.29
FM 1960/I-45 North	2	199,873	61,619	62,867	31.5%	-8,355	0	0	\$25.00
Galleria/Uptown	36	13,461,604	1,788,557	2,124,069	15.8%	630,076	104,579	0	\$37.68
Greenspoint/IAH	8	1,215,189	516,732	522,190	43.0%	50,551	0	\$0.00	\$21.69
Greenspoint/N Belt W.	18	4,425,292	2,864,965	2,898,708	65.5%	-122,949	0	0	\$22.00
Greenway Plaza	21	7,429,743	1,317,897	1,388,849	18.7%	-37,097	0	0	\$32.83
Gulf Freeway/Pasadena	3	170,782	29,975	29,975	17.6%	53,101	83,076	0	\$0.00
I-10 East	0	0	0	0	0.0%	0	0	0	\$0.00
Katy Freeway East	28	6,023,897	686,765	754,015	12.5%	196,275	0	102,474	\$39.08
Katy Freeway West	73	18,889,258	2,965,244	4,452,993	23.6%	295,122	0	120,000	\$33.25
Katy/Grand Parkway W.	26	2,234,767	449,413	459,211	20.5%	317,026	165,000	0	\$28.95
Kingwood/Humble	5	319,312	130,323	130,323	40.8%	-16,333	100,000	0	\$26.59
Liberty County	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown	9	2,639,720	364,673	367,132	13.9%	98,699	0	35,363	\$32.55
NASA/Clear Lake	19	2,276,661	249,451	251,841	11.1%	-12,641	28,725	51,614	\$28.21
North Loop West	6	1,240,544	468,191	468,191	37.7%	-95,035	0	100,000	\$26.30
Northeast Near	3	642,223	21,702	21,702	3.4%	10,881	0	0	\$0.00
Northeast Outlier	1	36,400	0	0	0.0%	0	0	0	\$0.00
Northwest Far	4	797,237	369,953	371,156	46.6%	-34,574	0	0	\$19.06
Northwest Near	0	0	0	0	0.0%	0	0	0	\$0.00
Northwest Outlier	1	165,671	69,010	69,010	41.7%	39,444	0	0	\$30.23
Outlying Chambers Co.	0	0	0	0	0.0%	0	0	0	\$0.00
Outlying Montgomery Co.	3	103,449	56,449	56,449	54.6%	25,000	0	0	\$23.53
Outlying Waller Co.	0	0	0	0	0.0%	0	0	0	\$0.00
Post Oak Park	9	2,617,868	790,254	865,032	33.0%	76,098	0	0	\$35.20
Richmond/Fountainview	0	0	0	0	0.0%	0	0	0	\$0.00
Riverway	5	1,885,813	392,267	397,498	21.1%	50,589	0	0	\$33.14
San Felipe/Voss	3	1,720,793	484,127	504,906	29.3%	-57,474	0	0	\$36.11
San Jacinto Co.	0	0	0	0	0.0%	0	0	0	\$0.00

CONTINUED

Source: CoStar Property®

## CLASS A SUBMARKET STATISTICS CONTINUED

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
South	6	699,270	51,503	51,503	7.4%	3,204	25,000	0	\$30.31
South Hwy 35	0	0	0	0	0.0%	0	\$0.00	0	\$0.00
South Main/Medical Center	14	4,454,410	190,818	190,818	4.3%	35,064	\$0.00	0	\$33.22
Southeast Outlier	3	246,382	28,525	28,525	11.6%	14,145	\$0.00	0	\$30.86
Southwest Beltway 8	3	566,699	119,044	119,044	21.0%	-14,730	0	0	\$18.48
Southwest Far	2	158,720	19,737	19,737	12.4%	0	0	0	\$0.00
Southwest Outlier	1	98,862	44,392	44,392	44.9%	0	0	0	\$0.00
Southwest/Hillcroft	6	1,489,093	413,707	413,707	27.8%	576	0	0	\$19.43
The Woodlands	59	13,268,574	1,407,131	1,474,930	11.1%	531,383	705,202	198,340	\$33.83
West Belt	29	3,730,831	803,075	1,031,363	27.6%	-142,270	0	0	\$29.12
Westchase	34	10,002,462	1,950,569	2,664,892	26.6%	-290,900	0	0	\$31.93
<b>TOTALS</b>	<b>529</b>	<b>146,022,400</b>	<b>25,211,218</b>	<b>29,437,641</b>	<b>20.2%</b>	<b>1,649,370</b>	<b>1,232,263</b>	<b>2,650,965</b>	<b>\$34.23</b>

Source: CoStar Property®

## CLASS B SUBMARKET STATISTICS

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	13	152,480	0	0	0.0%	0	0	0	\$0.00
Baytown	44	1,072,513	66,779	66,779	6.2%	3,666	6,172	0	\$19.02
Bellaire	38	2,784,462	606,149	625,359	22.5%	-42,942	0	5,000	\$20.66
CBD	64	15,348,468	3,006,510	3,078,074	20.1%	-82,769	0	0	\$29.12
Conroe	80	1,267,476	103,493	103,493	8.2%	73,033	31,321	3,300	\$23.74
E Fort Bend Co/Sugar Land	288	5,339,176	617,415	636,531	11.9%	27,659	92,145	78,223	\$25.56
FM 1960/Champions	126	2,900,285	515,172	518,112	17.9%	17,252	43,600	0	\$15.31
FM 1960/Hwy 249	230	3,673,784	418,333	472,452	12.9%	-26,049	49,880	74,103	\$22.71
FM 1960/I-45 North	69	1,866,815	377,873	384,013	20.6%	8,757	0	0	\$17.81
Galleria/Uptown	23	3,220,602	345,148	405,771	12.6%	-75,974	0	0	\$27.80
Greenspoint/IAH	23	1,667,661	290,100	290,100	17.4%	-48,371	0	0	\$14.95
Greenspoint/N Belt W.	55	5,019,612	1,781,330	1,809,487	36.0%	-124,021	0	0	\$15.95
Greenway Plaza	55	4,221,410	414,121	419,767	9.9%	31,704	0	0	\$27.12
Gulf Freeway/Pasadena	203	4,427,999	458,105	468,660	10.6%	102,103	35,127	0	\$22.73
I-10 East	31	661,950	69,169	69,169	10.4%	33,426	0	0	\$17.53
Katy Freeway East	86	3,456,904	266,674	295,346	8.5%	18,565	0	0	\$20.46
Katy Freeway West	137	8,817,711	2,007,336	2,123,395	24.1%	-15,501	4,320	10,300	\$22.29
Katy/Grand Parkway W.	305	3,324,427	184,150	190,645	5.7%	47,202	71,384	20,925	\$26.86
Kingwood/Humble	93	2,229,996	207,405	210,247	9.4%	-66,323	0	0	\$24.76
Liberty County	12	92,060	0	0	0.0%	3,482	0	0	\$0.00
Midtown	154	4,454,936	337,808	354,808	8.0%	-132,860	0	0	\$27.00
NASA/Clear Lake	244	5,925,153	1,180,100	1,180,100	19.9%	93,515	14,200	0	\$20.90
North Loop West	108	3,474,829	447,340	447,340	12.9%	45,229	15,000	10,020	\$22.22
Northeast Near	36	715,135	55,269	63,269	8.8%	19,433	0	0	\$19.92
Northeast Outlier	43	669,636	43,371	43,371	6.5%	-3,488	0	8,000	\$22.71
Northwest Far	45	2,671,814	447,321	447,321	16.7%	76,402	0	0	\$15.43
Northwest Near	18	791,830	80,639	82,344	10.4%	-17,570	0	8,750	\$18.14
Northwest Outlier	128	1,161,297	140,876	154,905	13.3%	6,188	40,656	31,805	\$26.80
Outlying Chambers Co.	6	31,976	0	0	0.0%	0	0	7,421	\$21.60
Outlying Montgomery Co.	88	857,512	92,588	99,360	11.6%	7,296	16,600	26,952	\$25.13
Outlying Waller Co.	6	31,728	0	0	0.0%	0	0	0	\$15.00
Post Oak Park	20	1,880,948	403,153	409,882	21.8%	-125,515	0	0	\$26.89
Richmond/Fountainview	32	1,141,407	131,751	131,751	11.5%	28,198	0	4,500	\$18.31
Riverway	15	1,084,389	155,796	155,796	14.4%	10,278	0	0	\$25.59
San Felipe/Voss	37	3,546,497	650,848	670,386	18.9%	-97,317	0	0	\$24.89
San Jacinto Co.	1	27,261	0	0	0.0%	0	0	0	\$0.00

CONTINUED

Source: CoStar Property®

## CLASS B SUBMARKET STATISTICS CONTINUED

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
South	100	1,591,987	164,011	164,011	10.3%	-38,156	0	13,224	\$25.55
South Hwy 35	39	377,988	8,859	8,859	2.3%	8,712	0	15,000	\$18.01
South Main/Medical Center	79	6,130,031	243,281	248,926	4.1%	-23,530	0	0	\$22.55
Southeast Outlier	121	2,477,529	226,946	230,078	9.3%	38,716	20,070	22,072	\$21.47
Southwest Beltway 8	99	5,644,720	1,125,478	1,184,615	21.0%	-240,636	0	0	\$17.24
Southwest Far	37	959,712	238,522	238,522	24.9%	19,954	0	0	\$23.29
Southwest Outlier	88	1,198,242	118,557	118,557	9.9%	42,073	8,100	2,841	\$24.99
Southwest/Hillcroft	29	1,934,044	384,729	389,104	20.1%	-63,614	0	0	\$17.75
The Woodlands	398	7,978,874	778,792	805,759	10.1%	138,128	93,400	148,380	\$26.61
West Belt	60	2,319,098	360,729	436,683	18.8%	30,492	17,500	0	\$19.19
Westchase	74	8,063,232	1,533,859	1,567,023	19.4%	-75,043	21,000	0	\$22.11
<b>TOTALS</b>	<b>4,080</b>	<b>138,687,596</b>	<b>21,085,885</b>	<b>21,800,170</b>	<b>15.7%</b>	<b>-368,216</b>	<b>580,475</b>	<b>490,816</b>	<b>\$22.05</b>

Source: CoStar Property®

## CLASS C SUBMARKET STATISTICS

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	30	108,446	5,078	5,078	4.7%	1,600	0	0	\$13.71
Baytown	93	599,548	33,428	33,428	5.6%	34,838	0	0	\$16.59
Bellaire	44	765,449	43,190	43,190	5.6%	6,823	0	0	\$17.93
CBD	59	1,774,072	85,994	85,994	4.8%	-33,558	0	0	\$20.43
Conroe	175	1,134,974	56,803	59,929	5.3%	-987	0	0	\$16.94
E Fort Bend Co/Sugar Land	97	811,141	9,326	9,326	1.1%	3,691	0	0	\$19.65
FM 1960/Champions	128	1,277,913	136,929	136,929	10.7%	52,148	0	0	\$15.76
FM 1960/Hwy 249	171	1,128,957	53,502	56,802	5.0%	-13,321	0	0	\$16.39
FM 1960/I-45 North	39	463,005	85,265	85,265	18.4%	7,798	0	0	\$18.01
Galleria/Uptown	7	132,598	0	0	0.0%	0	0	0	\$0.00
Greenspoint/IAH	26	281,683	4,140	4,140	1.5%	5,235	0	0	\$10.44
Greenspoint/N Belt W.	46	1,620,254	290,615	293,372	18.1%	-4,262	0	0	\$12.33
Greenway Plaza	203	1,461,635	49,858	49,858	3.4%	21,472	0	0	\$25.75
Gulf Freeway/Pasadena	428	3,433,577	336,072	339,322	9.9%	-25,715	0	0	\$19.08
I-10 East	101	674,867	22,066	22,066	3.3%	21,720	0	0	\$19.35
Katy Freeway East	148	2,171,387	117,803	119,616	5.5%	-31,099	0	0	\$20.58
Katy Freeway West	50	757,484	75,243	79,286	10.5%	-32,414	0	0	\$19.72
Katy/Grand Parkway W.	100	612,933	28,428	28,428	4.6%	28,072	0	0	\$22.32
Kingwood/Humble	126	939,517	51,440	51,440	5.5%	35,254	0	0	\$18.02
Liberty County	57	249,209	7,619	7,619	3.1%	2,657	0	0	\$18.96
Midtown	390	2,463,238	198,814	198,814	8.1%	-80,687	0	0	\$26.00
NASA/Clear Lake	258	2,019,646	151,869	151,869	7.5%	4,695	0	0	\$19.34
North Loop West	230	1,463,324	68,631	71,631	4.9%	-3,443	0	0	\$21.99
Northeast Near	110	911,215	37,870	37,870	4.2%	6,417	0	0	\$17.64
Northeast Outlier	42	220,626	3,826	3,826	1.7%	8,141	0	0	\$12.83
Northwest Far	81	954,424	71,766	71,766	7.5%	-19,673	0	0	\$15.93
Northwest Near	35	644,145	65,234	65,234	10.1%	-28,255	0	0	\$15.41
Northwest Outlier	127	473,503	22,717	22,717	4.8%	12,783	0	0	\$20.16
Outlying Chambers Co.	15	41,503	0	0	0.0%	0	0	0	\$0.00
Outlying Montgomery Co.	106	412,843	28,677	28,677	6.9%	-12,491	0	0	\$20.90
Outlying Waller Co.	16	86,705	0	0	0.0%	0	0	0	\$0.00
Post Oak Park	15	178,081	2,639	2,639	1.5%	4,913	0	0	\$27.44
Richmond/Fountainview	86	1,107,574	37,343	37,343	3.4%	-13,523	0	0	\$15.84
Riverway	4	120,274	7,518	7,518	6.3%	-7,518	0	0	\$21.53
San Felipe/Voss	10	79,276	0	0	0.0%	700	0	0	\$26.00
San Jacinto Co.	2	11,878	0	0	0.0%	0	0	0	\$0.00

**CONTINUED**

Source: CoStar Property®



## CLASS C SUBMARKET STATISTICS CONTINUED

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
South	155	908,789	68,990	68,990	7.6%	34,382	0	0	\$20.15
South Hwy 35	113	443,345	25,962	25,962	5.9%	-1,940	0	0	\$14.50
South Main/Medical Center	145	2,738,215	103,020	105,720	3.9%	-26,732	0	0	\$23.40
Southeast Outlier	224	1,429,154	93,620	93,620	6.6%	13,034	0	0	\$15.28
Southwest Beltway 8	91	1,315,137	46,301	46,301	3.5%	-4,481	0	0	\$15.05
Southwest Far	53	338,869	2,433	2,433	0.7%	4,307	0	0	\$16.90
Southwest Outlier	118	451,630	21,948	21,948	4.9%	15,542	0	0	\$13.61
Southwest/Hillcroft	71	1,842,244	198,221	198,221	10.8%	32,575	0	0	\$14.89
The Woodlands	179	1,370,597	42,223	42,223	3.1%	32,856	0	0	\$23.58
West Belt	20	212,243	0	10,000	4.7%	-10,000	0	0	\$0.00
Westchase	29	828,486	27,085	27,085	3.3%	5,071	0	0	\$15.14
<b>TOTALS</b>	<b>4,853</b>	<b>43,465,613</b>	<b>2,819,506</b>	<b>2,853,495</b>	<b>6.6%</b>	<b>46,625</b>	<b>0</b>	<b>0</b>	<b>\$17.96</b>

Source: CoStar Property®

## TOTAL OFFICE SUBMARKET STATISTICS

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	43	260,926	5,078	5,078	1.9%	1,600	0	0	\$13.71
Baytown	137	1,672,061	100,207	100,207	6.0%	38,504	6,172	0	\$18.28
Bellaire	90	5,025,392	784,117	849,047	16.9%	-20,892	0	5,000	\$22.03
CBD	160	50,486,656	8,400,165	9,407,449	18.6%	-47,517	0	1,887,174	\$40.39
Conroe	259	2,681,281	192,166	195,292	7.3%	114,597	31,321	3,300	\$22.70
E Fort Bend Co/Sugar Land	406	9,944,338	858,315	980,942	9.9%	21,668	112,826	78,223	\$26.43
FM 1960/Champions	256	4,392,698	655,451	658,391	15.0%	69,750	43,600	0	\$15.43
FM 1960/Hwy 249	418	8,486,793	867,752	937,683	11.0%	-102,132	49,880	230,103	\$24.33
FM 1960/I-45 North	110	2,529,693	524,757	532,145	21.0%	8,200	0	0	\$18.49
Galleria/Uptown	66	16,814,804	2,133,705	2,529,840	15.0%	554,102	104,579	0	\$35.69
Greenspoint/IAH	57	3,164,533	810,972	816,430	25.8%	7,415	0	0	\$19.03
Greenspoint/N Belt W.	119	11,065,158	4,936,910	5,001,567	45.2%	-251,232	0	0	\$18.85
Greenway Plaza	279	13,112,788	1,781,876	1,858,474	14.2%	16,079	0	0	\$31.57
Gulf Freeway/Pasadena	634	8,032,358	824,152	837,957	10.4%	129,489	118,203	0	\$21.69
I-10 East	132	1,336,817	91,235	91,235	6.8%	55,146	0	0	\$18.06
Katy Freeway East	262	11,652,188	1,071,242	1,168,977	10.0%	183,741	0	102,474	\$29.09
Katy Freeway West	260	28,464,453	5,047,823	6,655,674	23.4%	247,207	4,320	130,300	\$29.38
Katy/Grand Parkway W.	431	6,172,127	661,991	678,284	11.0%	392,300	236,384	20,925	\$28.08
Kingwood/Humble	224	3,488,825	389,168	392,010	11.2%	-47,402	100,000	0	\$23.96
Liberty County	69	341,269	7,619	7,619	2.2%	6,139	0	0	\$18.96
Midtown	553	9,557,894	901,295	920,754	9.6%	-114,848	0	35,363	\$29.08
NASA/Clear Lake	521	10,221,460	1,581,420	1,583,810	15.5%	85,569	42,925	51,614	\$21.96
North Loop West	344	6,178,697	984,162	987,162	16.0%	-53,249	15,000	110,020	\$23.98
Northeast Near	149	2,268,573	114,841	122,841	5.4%	36,731	0	0	\$18.80
Northeast Outlier	86	926,662	47,197	47,197	5.1%	4,653	0	8,000	\$22.01
Northwest Far	130	4,423,475	889,040	890,243	20.1%	22,155	0	0	\$17.00
Northwest Near	53	1,435,975	145,873	147,578	10.3%	-45,825	0	8,750	\$16.87
Northwest Outlier	256	1,800,471	232,603	246,632	13.7%	58,415	40,656	31,805	\$26.85
Outlying Chambers Co.	21	73,479	0	0	0.0%	0	0	7,421	\$21.60
Outlying Montgomery Co.	197	1,373,804	177,714	184,486	13.4%	19,805	16,600	26,952	\$24.14
Outlying Waller Co.	22	118,433	0	0	0.0%	0	0	0	\$15.00
Post Oak Park	44	4,676,897	1,196,046	1,277,553	27.3%	-44,504	0	0	\$32.48
Richmond/Fountainview	118	2,248,981	169,094	169,094	7.5%	14,675	0	4,500	\$17.53
Riverway	24	3,090,476	555,581	560,812	18.1%	53,349	0	0	\$30.93
San Felipe/Voss	50	5,346,566	1,134,975	1,175,292	22.0%	-154,091	0	0	\$29.75
San Jacinto Co.	3	39,139	0	0	0.0%	0	0	0	\$0.00

CONTINUED

Source: CoStar Property®

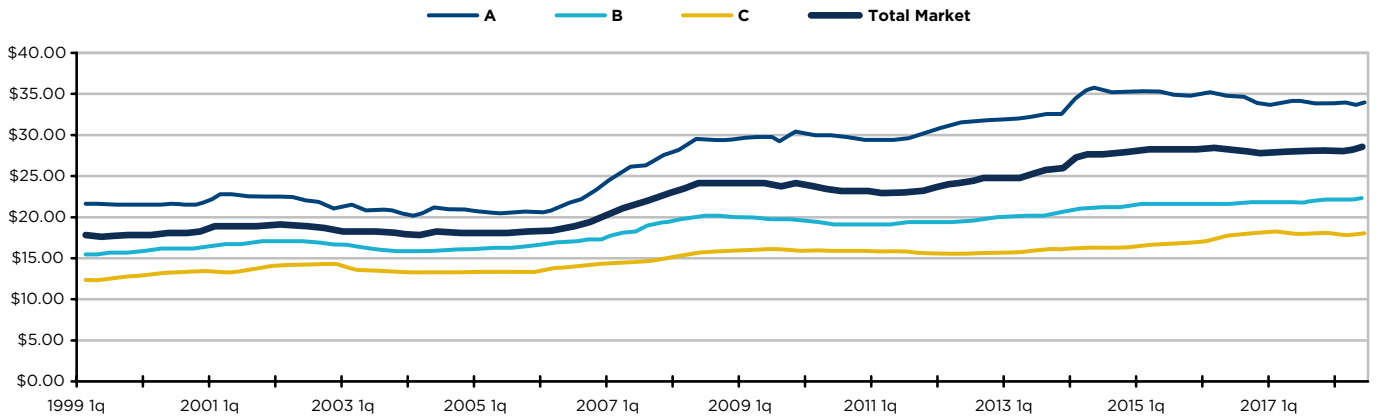
## TOTAL OFFICE SUBMARKET STATISTICS CONTINUED

Q4 2018

Submarket	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
South	261	3,200,046	284,504	284,504	8.9%	-570	25,000	13,224	\$25.47
South Hwy 35	152	821,333	34,821	34,821	4.2%	6,772	0	15,000	\$15.36
South Main/Medical Center	238	13,322,656	537,119	545,464	4.1%	-15,198	0	0	\$25.93
Southeast Outlier	348	4,153,065	349,091	352,223	8.5%	65,895	20,070	22,072	\$20.88
Southwest Beltway 8	193	7,526,556	1,290,823	1,349,960	17.9%	-259,847	0	0	\$17.19
Southwest Far	92	1,457,301	260,692	260,692	17.9%	24,261	0	0	\$21.82
Southwest Outlier	207	1,748,734	184,897	184,897	10.6%	57,615	8,100	2,841	\$22.90
Southwest/Hillcroft	106	5,265,381	996,657	1,001,032	19.0%	-30,463	0	0	\$17.81
The Woodlands	636	22,618,045	2,228,146	2,322,912	10.3%	702,367	798,602	346,720	\$29.77
West Belt	109	6,262,172	1,163,804	1,478,046	23.6%	-121,778	17,500	0	\$25.06
Westchase	137	18,894,180	3,511,513	4,259,000	22.5%	-360,872	21,000	0	\$27.20
<b>TOTALS</b>	<b>9,462</b>	<b>328,175,609</b>	<b>49,116,609</b>	<b>54,091,306</b>	<b>16.5%</b>	<b>1,327,779</b>	<b>1,812,738</b>	<b>3,141,781</b>	<b>\$28.56</b>

Source: CoStar Property®

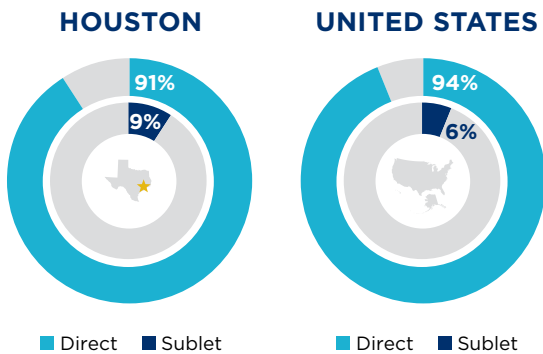
# HISTORICAL RENTAL RATES (Based on Quoted Rental Rates)



Source: CoStar Property®

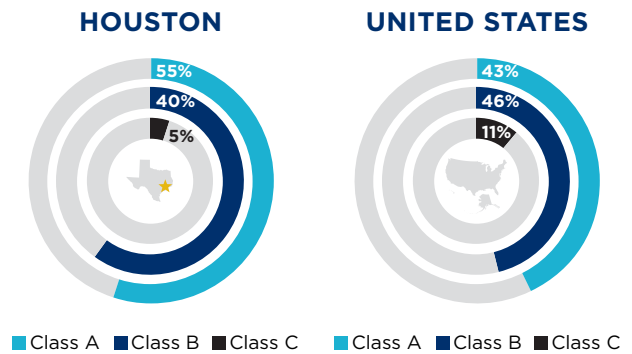
# VACANCY PERCENTAGES

## BY AVAILABLE SPACE TYPE



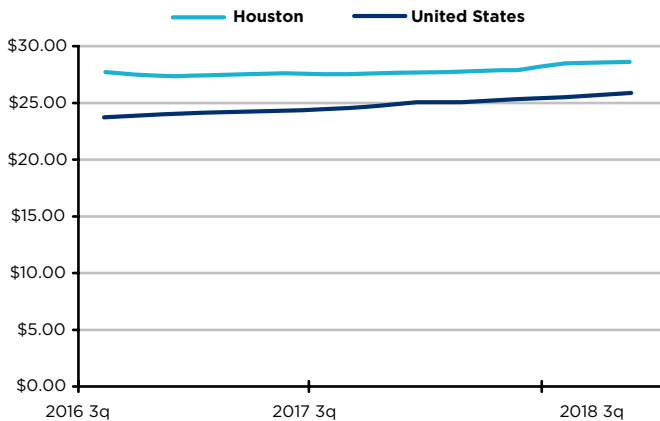
Source: CoStar Property®

## BY CLASS



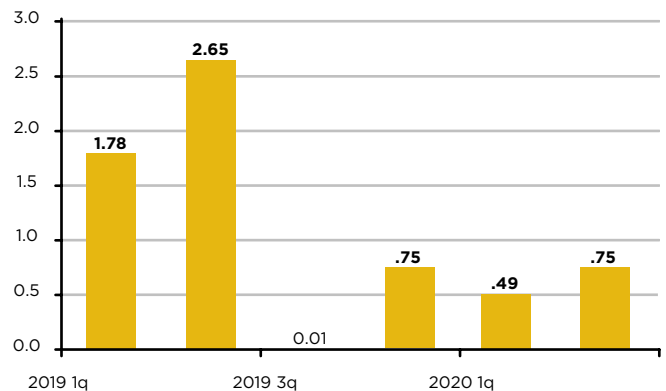
Source: CoStar Property®

# U.S. RENTAL RATE COMPARISON (Based on Full-Service Equivalent Rental Rates)



Source: CoStar Property®

# FUTURE SPACE AVAILABLE Space Scheduled to be Available for Occupancy\*



\*Includes Under Construction Space | Source: CoStar Property®