

### Houston Office leasing activity up 13% year-over-year

#### Houston Office

Eight months into 2023, the overall vacancy rate in the Houston office market was at **25.1%**, up 90 basis points from **24.2%** year-over-year. Flight-to-quality continues as demand for new construction leaves older buildings vacant. Year-to-date, net absorption—move-ins minus move-outs—is at **-766,608 sq. ft.**, down from the prior year-to-date tally of **645,827 sq. ft.** Year-to-date, leasing activity—comprised of new leases and renewals—registered at **9.1 million sq. ft.**, increasing 13% from the previous year-to-date figure of **8.0 million sq. ft.** Leasing activity is mixed amid company expansions and downsizing. Waste Connections signed a 116,817-sq.-ft. office lease for expansion and renewal in The Woodlands at 3 Waterway Square Place in June 2023. On the flip side, Technip Energies plans to downsize—inking a deal for a 171,600-sq.-ft. lease in April 2023, currently occupying 298,000 sq. ft. near the Energy Corridor. The average asking rent currently stands at **\$30.29 per sq. ft.**, up slightly from **\$30.08 per sq. ft.** year-over-year.

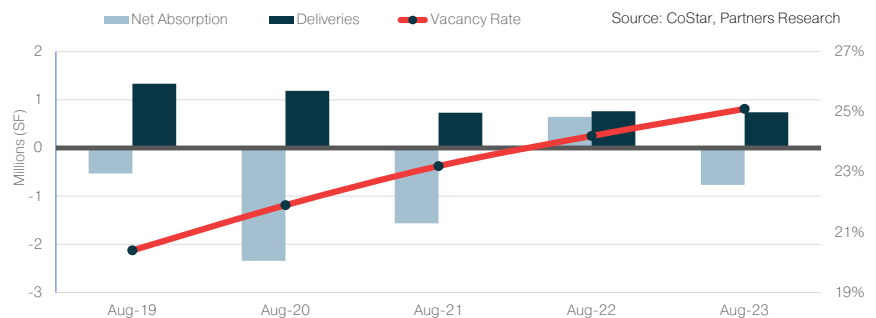
#### Office | Key Market Indicators

	August 2023	vs	August 2022
Vacancy	25.1%	▲	24.1%
Availability	28.1%	▼	29.1%
Under Construction SF	2,528,779	▼	3,052,641
Gross Average Asking Rent	\$30.29	▲	\$30.08
Net Absorption SF (YTD)	-766,608	▼	645,827
Leasing Activity SF (YTD)	9,134,105	▲	8,049,363
Deliveries SF (YTD)	742,170	▼	763,171

#### Houston Industrial

The overall vacancy rate in the Houston industrial market as of August 2023 was 6.4%, up 100 basis points from 5.4% year-over-year. Completions have continued to outpace net absorption contributing to the increase in the vacancy rate. By year-end, vacancies are projected to exceed 7% according to CoStar. Year-to-date, net absorption is at 12.4 million sq. ft.—down 27% from the previous year-to-date amount of 16.9 million sq. ft. Year-to-date, deliveries totaled 22.8 million sq. ft., more than doubling from the previous year-to-date deliveries at 9.1 million sq. ft. A notable delivery in August 2023 was a 759,693-sq.-ft. distribution center at 4838 Borusan Road within the Southeast submarket. The average asking rent currently stands at \$0.76 per sq. ft., up 7% from \$0.71 per sq. ft. the prior year.

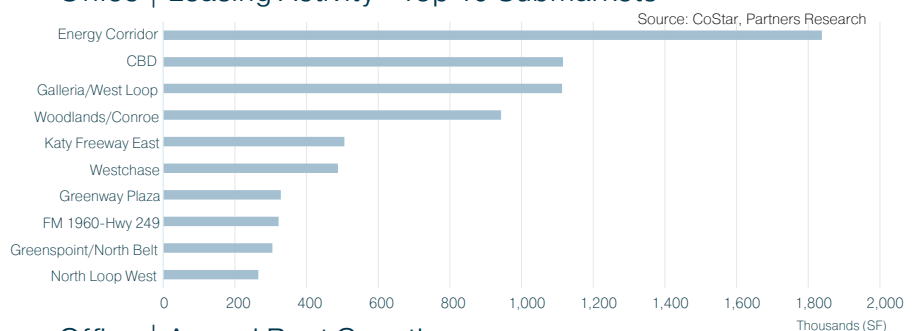
#### Office | Supply & Demand



#### Houston Multifamily

Year-to-date, 12,072 multifamily units have been absorbed in Houston, tripling from 4,904 units this time last year. Overall occupancy in the Houston multifamily market declined to 90.4% in August 2023, down 100 basis points from 91.4% in August 2022. As of August 2023, 32,254 units filled Houston's multifamily construction pipeline. Over the prior three years, construction averaged around 34,000 units annually. Year-to-date, deliveries have amounted to 16,946 units, increasing 81% from the prior year-to-date number of 9,382 units. The average monthly rate currently stands at \$1,304 per unit, up slightly from \$1,290 per unit the prior year.

#### Office | Leasing Activity - Top 10 Submarkets



#### Houston Retail

As of August 2023, the overall vacancy rate in Houston's retail market was 5.1%, up 20 basis points from 4.9% the previous year. The vacancy rate is projected to hold steady as positive absorption continues over the next several quarters. Year-to-date, net absorption is at 1.9 million sq. ft., down 39% from the previous year-to-date total of 3.2 million sq. ft. Year-to-date, leasing activity tallied 4.5 million sq. ft., down 10% from the prior year-to-date amount of 5.0 million sq. ft. Retail construction was at 4.0 million sq. ft. in August 2023—slightly above the three-year average of 3.9 million sq. ft. Year-to-date, deliveries increased 67% from 1.4 million in August 2022 sq. ft. to 2.4 million sq. ft. in August 2023. The average asking rent increased 3% year-over-year, currently standing at \$20.12 per sq. ft.

#### Office | Annual Rent Growth

