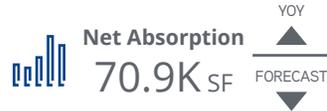




The Woodlands Office 22Q3

Key Takeaways

- Leasing activity increased quarterly and annually
- Vacancy rose annually but fell over the quarter
- Positive net absorption recorded
- Average rental rate decreased



Highlights

The Woodlands office market vacancy rate decreased over the quarter 40 basis points from 16.6% in Q2 2022 to 16.2% in Q3 2022. The submarket recorded 70,852 square feet positive net absorption in Q3 2022. The average asking rental rate decreased from \$34.51 per SF in Q2 2022 to \$34.22 per SF in Q3 2022 and the average Class A rental rate dropped from \$36.51 per SF to \$36.25 per SF. A 35,000 RSF Class B building is under construction and no new buildings delivered during Q3 2022. Leasing activity doubled over the quarter, recording 355,730 square feet compared to 174,614 square feet in the previous quarter.

Market Indicators

4.2% Houston Unemployment Rate

6.1% Houston annual % change in employment

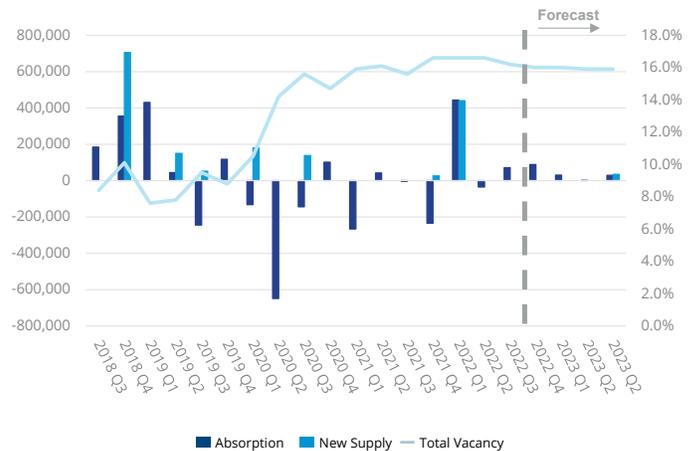
\$89 WTI Spot Price, U.S. benchmark for light sweet crude

Historic Comparison

	21Q3	22Q2	22Q3
Total Inventory (in Thousands of SF)	17,561.0	18,027.0	18,027.0
New Supply (in Thousands of SF)	0	0	0
Net Absorption (in Thousands of SF)	-4.0	-35.6	70.9
Overall Vacancy	15.6%	16.6%	16.2%
Under Construction (in Thousands of SF)	501.0	35.0	35.0
Overall Asking Lease Rates (FSG)	\$34.79	\$34.51	\$34.22

Source: CoStar

Market Fundamentals



The forecast in the above graph is based on a trailing 4-quarter average.

Recent Transactions



Lease*
9950 Woodloch Forest Dr
The Woodlands | 52.6k RSF



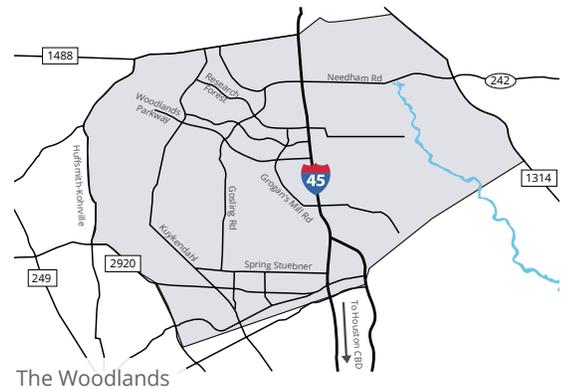
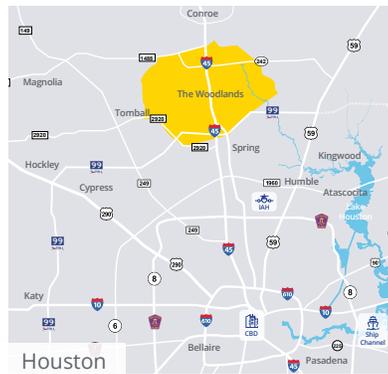
Lease*
9950 Woodloch Forest Dr
The Woodlands | 16.4k RSF

*Colliers Transaction



Submarket/ Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Total Vacancy Rate	Previous Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)
The Woodlands											
A	14,118,413	14.3%	5.2%	19.6%	15.1%	15.4%	42,071	635,954	0	440,000	\$36.25
B	3,806,947	21.5%	2.9%	24.4%	20.3%	21.1%	28,781	-116,326	35,000	0	\$27.16
C	101,639	16.6%	0.0%	16.6%	12.6%	12.6%	0	0	0	0	\$16.00
TOTAL	18,026,999	15.8%	4.7%	20.6%	16.2%	16.6%	70,852	519,628	35,000	440,000	\$34.22
Houston CBD											
A	36,516,664	28.9%	3.4%	32.1%	27.6%	28.3%	256,338	88,407	386,323	0	\$44.74
B	7,068,364	36.1%	5.8%	41.9%	35.1%	33.6%	-106,140	-193,320	0	0	\$32.20
C	593,330	5.1%	0.0%	5.1%	13.1%	13.1%	0	5,500	0	0	\$24.00
TOTAL	44,178,358	29.7%	3.7%	33.3%	28.6%	28.9%	150,198	-99,413	386,323	0	\$42.23
Houston Metro											
A	139,482,084	26.8%	4.9%	31.7%	25.6%	26.0%	222,473	1,384,466	1,397,017	440,000	\$35.59
B	86,947,683	22.2%	1.4%	23.6%	21.1%	20.9%	-601,933	-973,034	656,534	211,948	\$24.89
C	11,222,618	10.6%	0.1%	10.7%	9.3%	8.8%	-29,725	38,530	0	0	\$17.49
TOTAL	237,652,385	24.4%	3.4%	27.7%	23.3%	23.1%	-409,185	449,962	2,053,551	651,948	\$30.01

Submarket Map



FOR MORE INFORMATION

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