CUSHMAN & WAKEFIELD

Texas Trophy Office Market Snapshot

Better never settles

H1 2025

TEXAS Introduction

Trophy office buildings represent the pinnacle of the office sector

Distinguished by iconic architecture, premier locations, and an unmatched tenant experience, trophy properties meet the evolving expectations of top-tier tenants by seamlessly integrating aesthetics, functionality, ESG leadership, and hospitality-inspired service.

The typical trophy tenants are firms in highly competitive, client-facing industries—where brand image, talent access, and location are mission-critical. These organizations view workplace strategy as a key tactic in the war for talent and are willing to invest accordingly. The tenant profile of trophy buildings often reflects:

- Financial services, legal, consulting, and technology firms
- Companies relocating from higher-cost coastal markets
- Employers competing for highly-skilled or scarce labor
- Firms that prioritize proximity to and face-to-face interaction with clients and partners

These companies are willing to pay a premium for space to enhance their brand, support employee engagement, and drive operational efficiency—making the office a strategic investment as well as a justifiable expense.

Strong demand for trophy buildings is driving recovery

A sustained trend of 'flight to quality' has allowed trophy buildings to outperform despite office sector headwinds as companies right-size for remote and hybrid work. While Class A net absorption in Texas has totaled negative 193,000 square feet (sf) over the last five years, trophy properties have outperformed to an exceptional degree.

Over the last five years, trophy properties captured positive 8.8 million square feet (msf) of direct net absorption. Meanwhile, the remainder of the Class A market experienced <u>negative</u> 9.0 msf of direct net absorption.

Core Trophy Features

Iconic Architecture & Design

Structured Parking
(Often 3.0:1,000 or Higher)

Strong ESG Commitment

Luxury Hospitality Style Amenities

Highly Visible, Accessible, & Walkable Locations

Flexible & Collaborative Workspaces

Definitions

- **Texas:** Major markets of Dallas/Fort Worth, Houston, and Austin
- **Trophy Office:** Properties identified by Cushman & Wakefield as representing a market's elite space
- **Legacy Trophy:** Buildings delivered before 2010
- **Premier Trophy:** Buildings delivered since 2010
- **Net Absorption:** Direct net absorption
- **Vacancy:** Direct vacancy
- **Stabilized Vacancy:** Direct vacancy in properties that have achieved 85.0% occupancy
- **Rents:** Triple Net (NNN) rent quoted annually per square foot (psf)

DALLAS LOCAL HIGHLIGHT
Maple Terrace

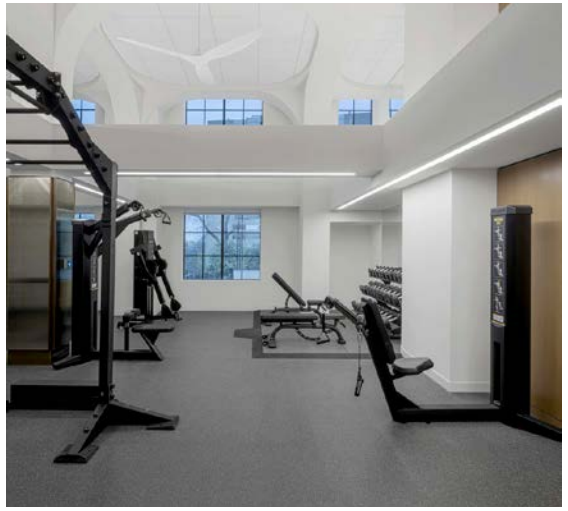
Iconic Landmark Building
Reinforcing the Office as a Destination

Walkable Location
In Desirable Uptown Neighborhood

Hospitality Inspired Experience
Design Details and Luxury
Mixed-Use Space

Michelin Star Dining
& Rooftop Cocktail Bar
Within the Building

Wellness Focused
Private Gardens, Fitness Center
and Easy Access to Katy Trail



EXPERIENCE DRIVERS

LOCATION & PARKING
- [x] Strategic Location
- [x] Pedestrian Friendly
- [x] Structured Parking (3.0:1,000 or higher)
- [x] Seamless Garage Entry

HOSPITALITY & DINING
- [x] Concierge Desk
- [x] Valet Parking
- [ ] On Site Car Wash
- [x] On Site Café
- [x] Rooftop Bar
- [x] Neighborhood Style Dining Options
- [x] Restaurant In Building

WORKSPACE
- [x] Tenant Lounge
- [x] Coworking Style Breakout Areas
- [x] Conference Center
- [x] Reservable Meeting Rooms

WELLNESS
- [x] Full-Service Gym
- [x] Yoga Studio
- [x] Locker Rooms
- [x] Bike Storage
- [x] Greenspace

TECHNOLOGY
- [x] Touchless Entry
- [ ] Tenant Experience Apps
- [x] Advanced HVAC / Air Filtration System
- [x] Wireless Connectivity

SUSTAINABILITY
- [ ] LEED or WELL
- [x] Energy-Efficient Systems
- [x] Native Gardens

HOUSTON LOCAL HIGHLIGHT
1500 Post Oak

Architectural Prestige
Creating a Vibrant Community Environment

Lifestyle Oriented Environment
Green Space, Walking Trails, Fitness Center and Natural Light-Filled Building

Best In Class Sustainability

Amenities That Encourage Work-Life Balance
On Site Market That Offers Fresh Take-Home Meals

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AUSTIN LOCAL HIGHLIGHT

405 Colorado

Sculptural Architecture
Stands Out as a Unique Addition to Austin's Skyline

Amenities Inspired By Regional Lifestyle
Robust Bike Storage, Fitness Center, Native Plant Filled Terraces and Sky Lounge

Best In Class Energy & Building Performance

Street Level Activation
Embraces Austin's Active Pedestrian Culture with Thoughtful Design of Open-Entry Lobby That Engages with the Urban Street Experience

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TEXAS TROPHY
Overview

Speculative construction accounts for a majority of trophy vacancy

As of Q2 2025, Texas trophy vacancy stood at 14.0%, vastly outperforming other Class A assets where vacancy averaged 25.7%. However, even a 14.0% vacancy rate overstated true availability: 55.1% of all trophy vacancy was concentrated in recently delivered buildings still in initial lease-up, which represented just 17.3% of total trophy inventory.

Excluding new construction, stabilized vacancy registered at just 7.0%, underscoring sustained demand for high-quality space.

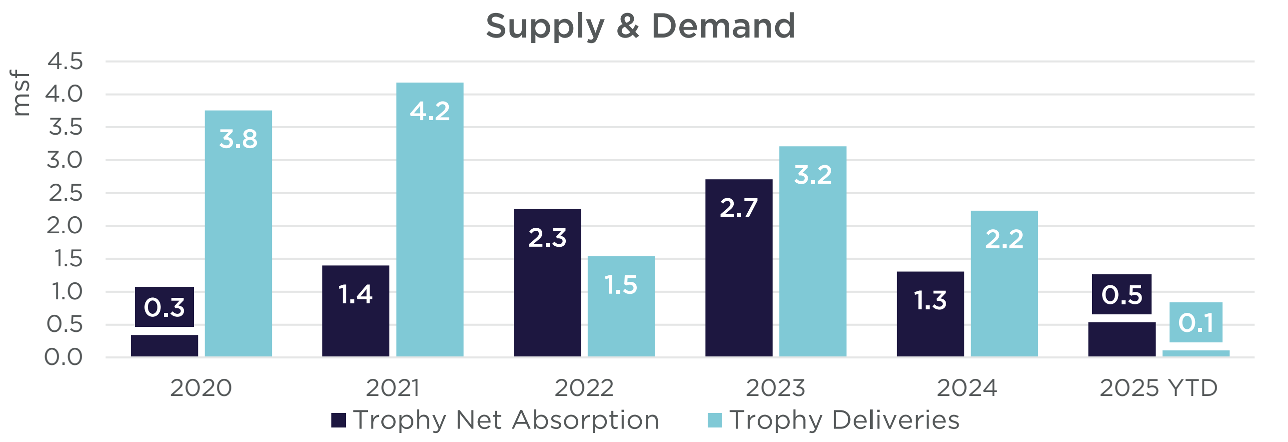
New trophy deliveries have outpaced absorption since 2020 as developers sought to capitalize on flight to quality and increased job growth in Texas in the post-pandemic recovery. Elevated vacancy, therefore, reflects the additional time required to lease up premium space.

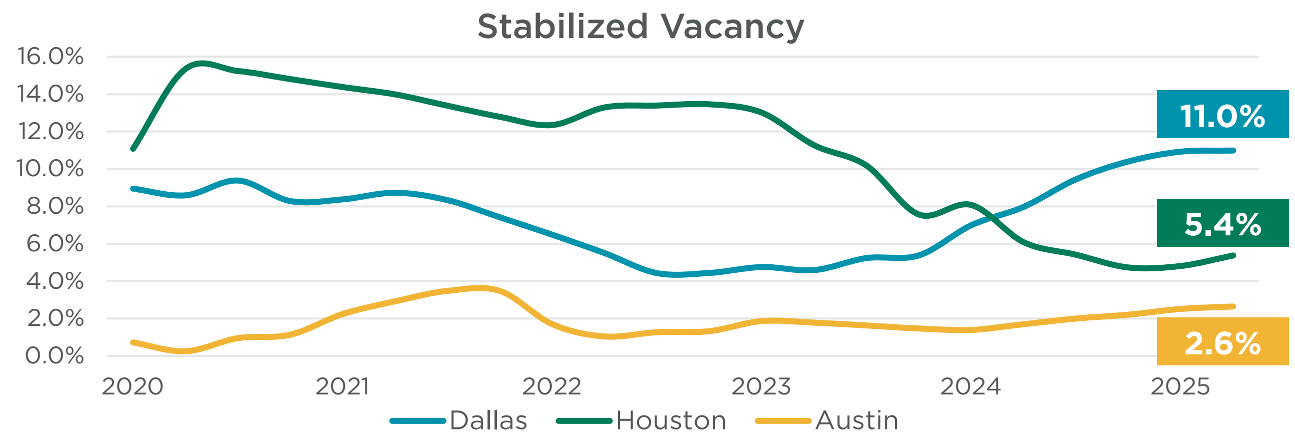
Unlike persistent vacancies in other Class A buildings with obsolescence issues, trophy buildings are expected to lease over time. Multi-year lease-up timelines are typical as elite tenants often have longer decision cycles and complex management structures. Once stabilized, trophy assets maintain strong occupancy—provided they continue to meet evolving tenant demands.

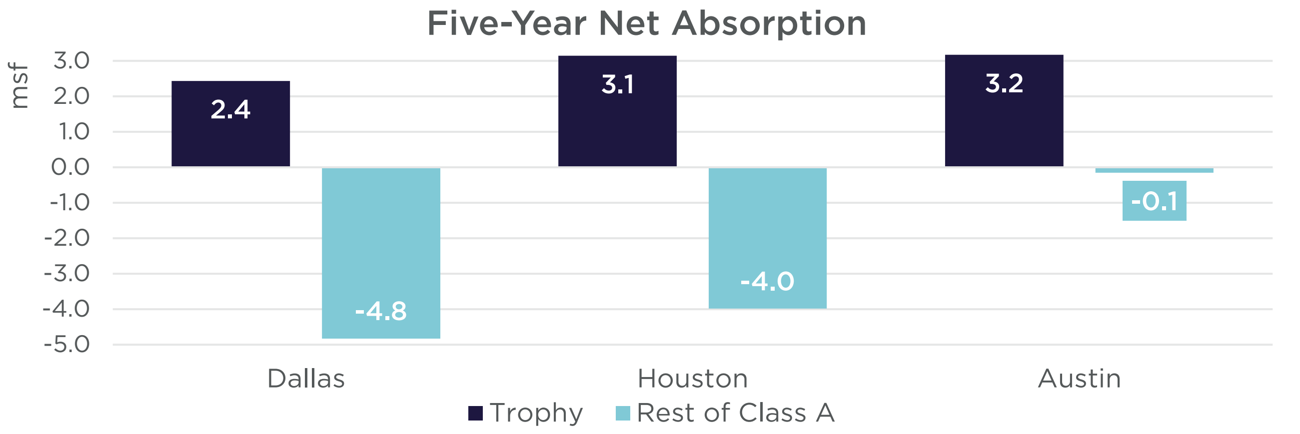
Rent premiums are significant

Trophy assets command significant rent premiums, often exceeding $20.00 net per square foot (psf) above non-trophy peers. In Dallas, best-in-class urban properties can achieve net rents of $65.00-$80.00 psf, while select buildings in Houston and Austin reach $50.00-$55.00 net psf—demonstrating tenants' willingness to pay for premier office product.

Long-Term Trends







TEXAS TROPHY
Market Segmentation

Trophy status is not limited to new developments

Although many trophy tenants are willing to pay a premium for the newest space, some are more cost sensitive and willing to consider space in 'older' buildings—provided that asset still delivers an elevated experience. Rents in legacy buildings—those built before 2010—are generally discounted to premier buildings built since 2010, but the exact spread varies widely within markets and submarkets:

- In Dallas, rent spreads appear narrow due to the concentration of legacy inventory in Uptown/Turtle Creek, the market's most expensive submarket. Within that submarket, legacy rents range from $40.00-$60.00 net psf while the best premier buildings command rents of $65.00-$80.00 net psf.
- In Houston, legacy rents appear significantly cheaper as all inventory is concentrated in suburban submarkets with rents ranging from $34.00-$35.00 net psf. However, rents in premier trophy buildings in Houston's CBD range from $43.00-$54.00 net psf.

Legacy buildings can maintain their elite positioning through strategic reinvestment in infrastructure, amenities, and ESG alignment. Well-positioned legacy trophy buildings can capitalize on premium pricing set by new construction and consistently outperform newer, non-trophy buildings.

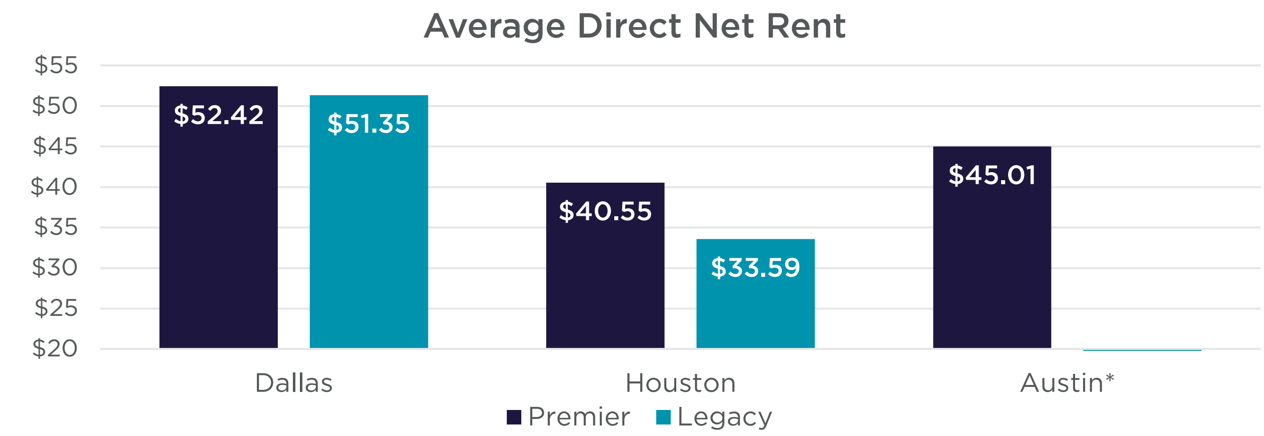
Trophy office is not just an urban phenomenon

Location also plays a critical role in shaping trophy performance across Texas. Urban trophy buildings command an average rent premium of $8.00–$10.00 net psf over suburban counterparts, reflecting both higher delivery costs and the value of walkable, high-profile locations.

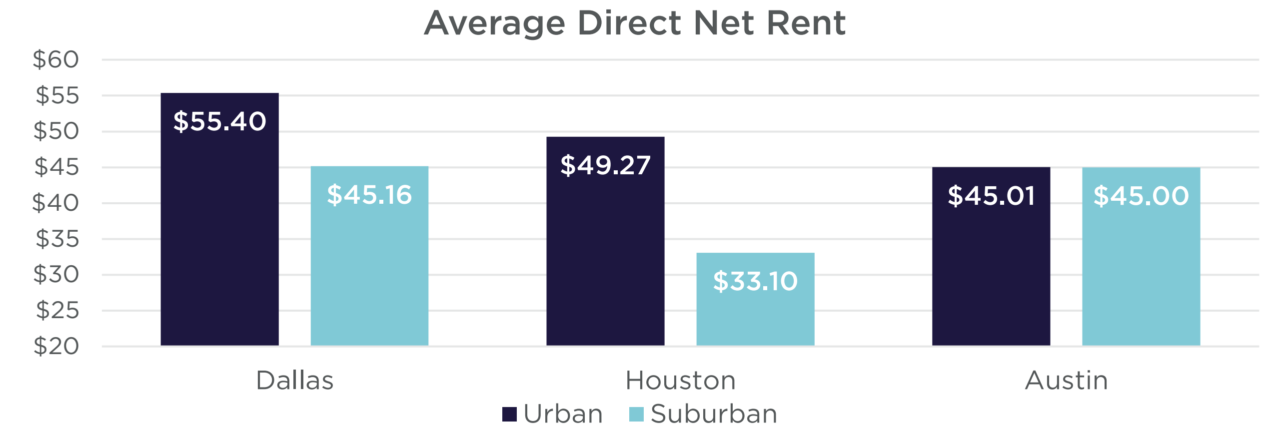
Over the past five years, net absorption in urban and suburban assets has been fairly balanced in Dallas and Houston due to urban sprawl and migration to suburban submarkets. In Austin, the vast majority of trophy development and net absorption has occurred in the CBD. Nevertheless, vacancy rates remained comparable statewide at 14.3% for urban trophy versus 13.5% for suburban.

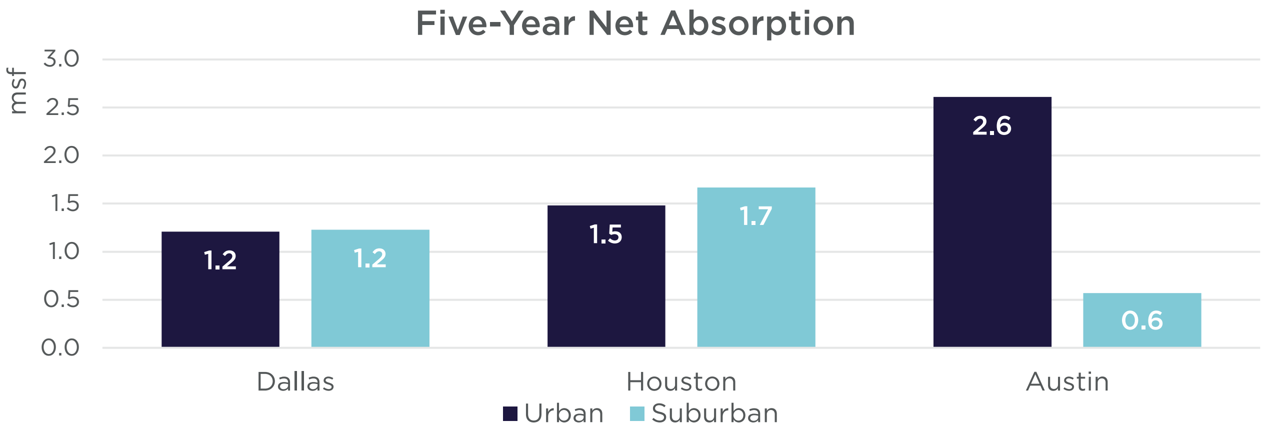
Suburban assets compete with urban properties with competitive pricing, curated amenities, proximity to executive housing, and commuter convenience in Texas' car-centric metros. Many are in or near mixed-use developments providing a walkable experience akin to urban neighborhoods. In short, these properties may offer compelling alternatives for tenants balancing cost and labor accessibility.

Long-Term Trends



Legacy rents not calculated for Austin due to limited qualifying propeties.





TEXAS TROPHY Outlook

Trophy assets will continue raising the standard for office

While the office sector faces a challenging cycle, trophy buildings continue to outperform by capturing robust demand, sustaining high occupancy, and commanding premium rents. Their resilience is rooted in a deep alignment with shifting tenant priorities: prestige, flexibility, ESG leadership, and an elevated employee experience.

As companies refine their return-to-office (RTO) strategies, trophy buildings are becoming increasingly central to workplace planning. Tenants now view the office not merely as a place to work, but as a cultural anchor and a strategic tool for talent attraction. With hospitality-grade amenities, wellness-focused design, and curated environments, trophy office buildings are helping organizations re-engage employees and reinforce brand identity in a post-pandemic world.

In a market where experience is as critical as efficiency, best-in-class space will remain a top priority for employers competing for talent and market presence.

Looking ahead, trophy office is expected to remain a bright spot. Even amid short-term headwinds—slower job growth, elevated interest rates, and ongoing pressure on office demand—trophy assets are well positioned to outperform on the tailwinds of Texas' high population and job growth. Their superior infrastructure, appeal to high-credit tenants, and prime locations offer meaningful insulation from volatility, allowing them to generate stable returns for investors.

Landlords—particularly those of legacy trophy buildings and premier buildings that delivered early in the previous cycle—should proactively invest in ESG, technology, wellness, and service to be best positioned to continue capturing future demand even as tenant expectations evolve for trophy buildings.

Market Data

Dallas

TEXAS
DALLAS
- Market Overview
- Submarket Snapshots

HOUSTON
AUSTIN

DALLAS
Market Overview

Trophy vacancy was elevated at 20.2% due to the number of projects in lease-up, but remained well-below the Class A market average of 25.2%.

Net absorption over the last five years totaled positive 2.4 msf in trophy buildings, while the remainder of the Class A market totaled negative 4.8 msf.

Several multi-floor deals were executed in H1 2025: Sally Beauty for 144,000 sf in 7600 Windrose, Lockton for 100,00 sf in Victory Commons One, Lockton for 53,000 sf in Granite Park Six, and Simpson Strong Tie for 53,000 sf in Granite Park Six.

Uptown/Turtle Creek rents continue setting records for rents near or exceeding $100 psf gross. Rents this expensive are typical of gateway markets.

Market Snapshot

15.0 MSF
Inventory

$52.18 NNN
Direct Average Rent

358K SF
12-Month Net Absorption

2.4 MSF
Five-Year Net Absorption

20.2%
Vacancy

11.0%
Stabilized Vacancy

Pipeline

2.2 MSF
Under Construction

78.0%
Preleased

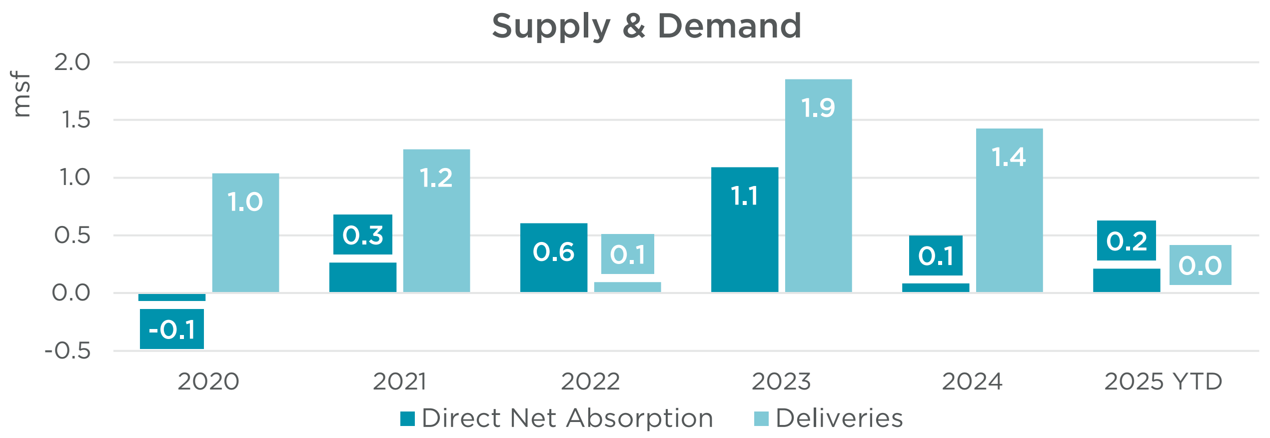
Tailwinds

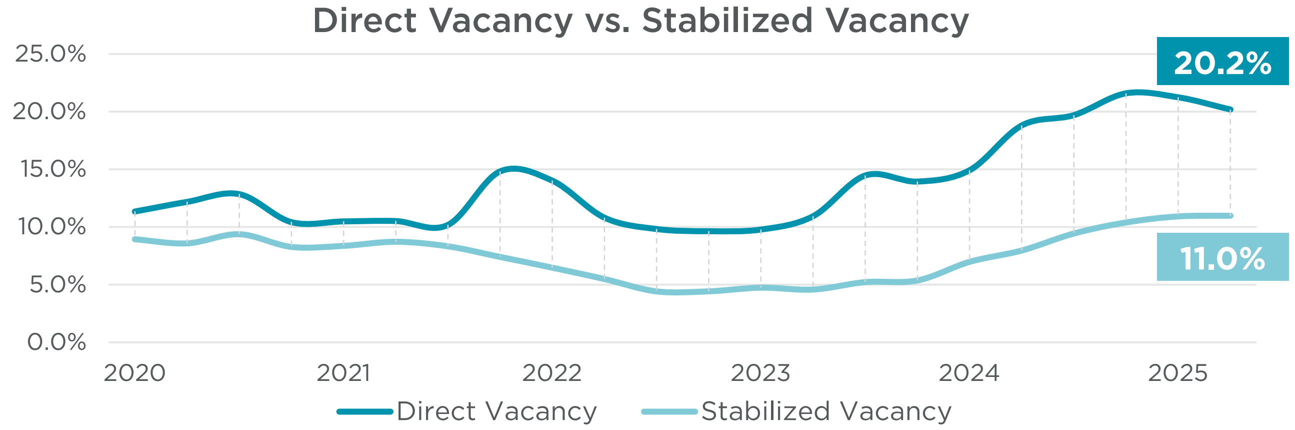
- Industry Diversity
- Out of Market Relos
- Willingness to Pay

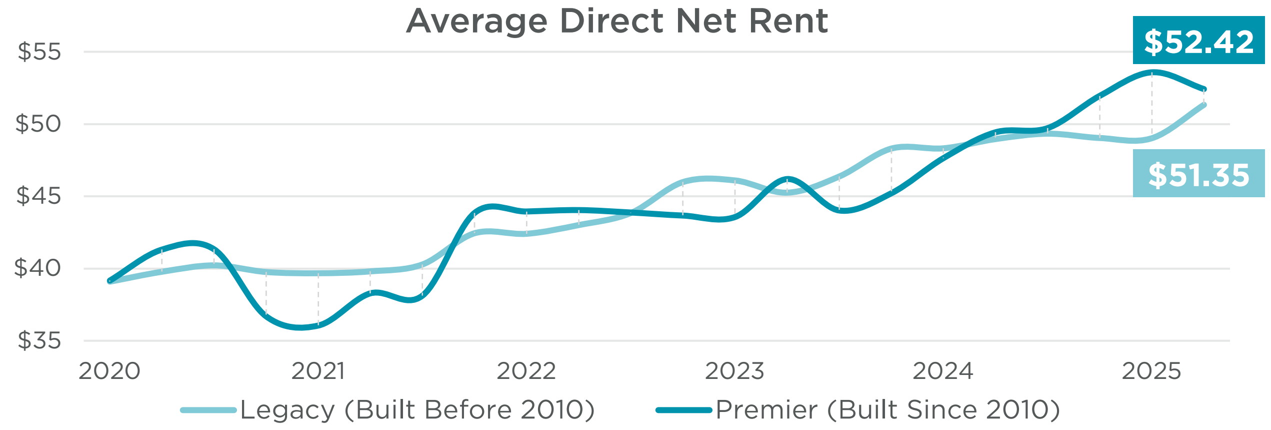
Headwinds

- Dwindling Pipeline
- Interest Rates/Cost of Capital

Long-Term Trends







TEXAS

DALLAS

Market Overview

Submarket Snapshots

HOUSTON

AUSTIN

DALLAS
Submarket Snapshot

Arts District

- Trophy properties priced at a discount to Uptown due to CBD location.
- Limited construction opportunities.

2.8 MSF Inventory	**-228K SF** 12-Month Net Absorption
0 SF Under Construction	**-47K SF** Five-Year Net Absorption
12.7% Vacancy	**$47.44 NNN** Direct Average Rent
12.7% Stabilized Vacancy	**$60.00 NNN** Highest Direct Rent

Uptown/Turtle Creek

- Ground zero for new trophy demand from out-of-market relos and migration from the CBD.
- Market metrics skewed by properties in lease-up and diminished deal activity in Harwood District.

8.6 MSF Inventory	**171K SF** 12-Month Net Absorption
2.2 MSF Under Construction	**1.3 MSF** Five-Year Net Absorption
17.5% Vacancy	**$57.70 NNN** Direct Average Rent
9.0% Stabilized Vacancy	**$85.00 NNN** Highest Direct Rent

Legacy/Frisco

- Destination market for out-of-market relos and emerging submarket for trophy product.
- With proposed projects, trophy status depends on level of value engineering by developer.

3.0 MSF Inventory	**348K SF** 12-Month Net Absorption
0 SF Under Construction	**822K SF** Five-Year Net Absorption
37.3% Vacancy	**$44.77 NNN** Direct Average Rent
16.5% Stabilized Vacancy	**$53.00 NNN** Highest Direct Rent

TEXAS
DALLAS
HOUSTON
Market Overview
Submarket Snapshots
AUSTIN

Market Data
Houston

HOUSTON
Market Overview

Trophy office assets in Houston led market performance with direct vacancy at just 8.8%—substantially lower than broader Class A average of 23.3%.

Over the last five years, trophy properties absorbed 3.1 msf of direct space, highlighting a notable disparity with the nearly 300,000 sf of negative absorption across the wider Class A market.

Several large leases over the past year highlight robust trophy demand— Dow Chemical (203,000 sf at CityCentre Six), Vitol (143,000 sf at The RO), and Mercuria Energy Trading (71,000 sf at Kirby Grove).

Development remains concentrated in the Katy Freeway East, Inner Loop, and Greenway submarkets where new projects command rents between $35.00 to $50.00 net psf, among the highest in the market.

Market Snapshot

13.1 MSF
Inventory

$39.78 NNN
Direct Average Rent

408K SF
12-Month Net Absorption

3.1 MSF
Five-Year Net Absorption

8.8%
Vacancy

5.4%
Stabilized Vacancy

Pipeline

443K SF
Under Construction

75.8%
Preleased

Tailwinds

Business Climate

Diverse Workforce

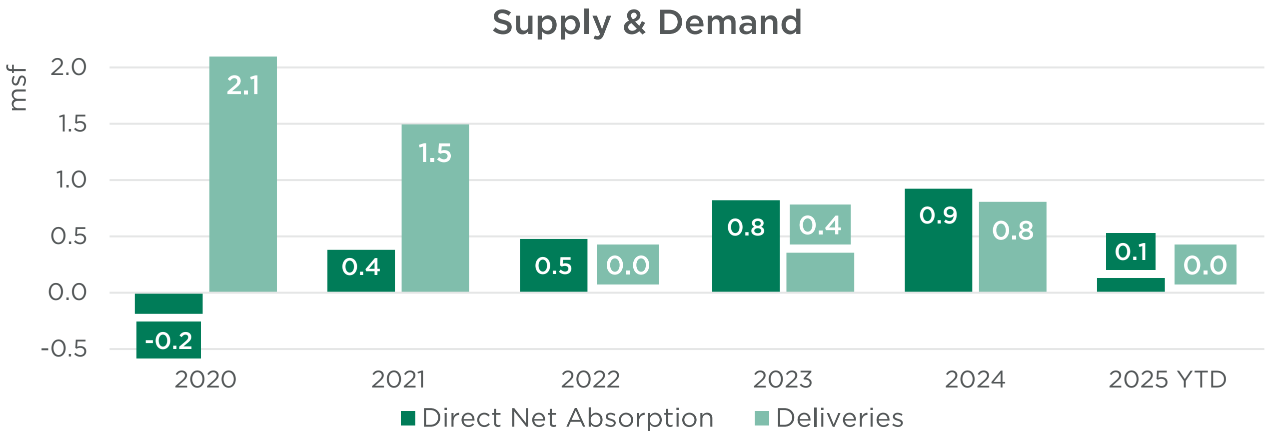
Energy Dominant

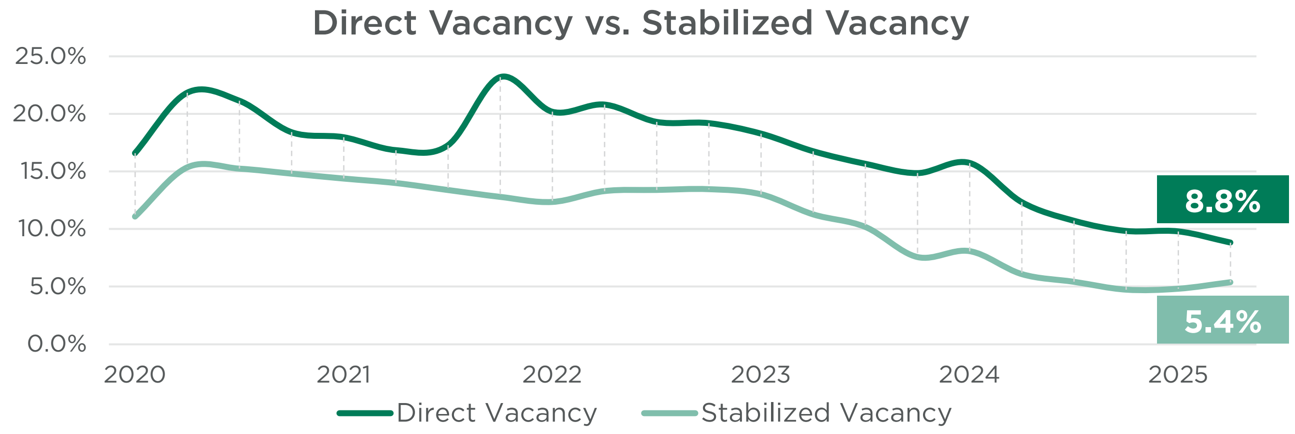
Headwinds

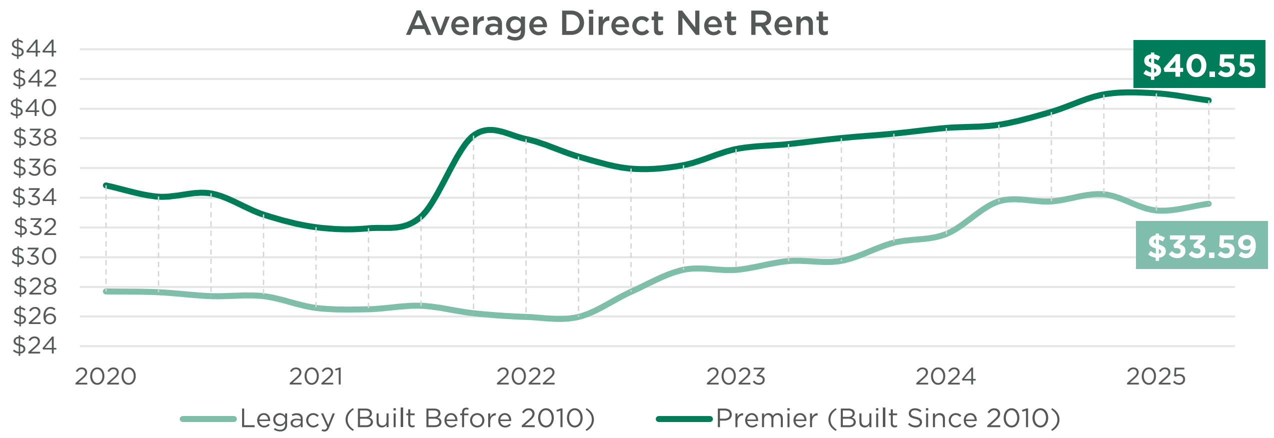
Dwindling Pipeline

Economic Uncertainty

Long-Term Trends







HOUSTON
Submarket Snapshot

Central Business District

- Premier Class A properties with market leading rents.
- Limited opportunities for new construction.

3.3 MSF Inventory	**132 KSF** 12-Month Net Absorption
0 SF Under Construction	**1.5 MSF** Five-Year Net Absorption
13.4% Vacancy	**$49.27 NNN** Direct Average Rent
6.8% Stabilized Vacancy	**$54.00 NNN** Highest Direct Rent

West Loop/Galleria

- Prominent location with a mix of top-tier buildings.
- Features some of the most recognizable trophy assets in the market.

1.0 MSF Inventory	**13 KSF** 12-Month Net Absorption
0 SF Under Construction	**278 KSF** Five-Year Net Absorption
0.0% Vacancy	**$— NNN** Direct Average Rent
0.0% Stabilized Vacancy	**$38.00 NNN** Highest Direct Rent

Katy Freeway East

- Known as the “Energy Corridor” housing headquarters and regional offices of many major energy and energy-related firms.
- Leading submarket for relocations within the region.

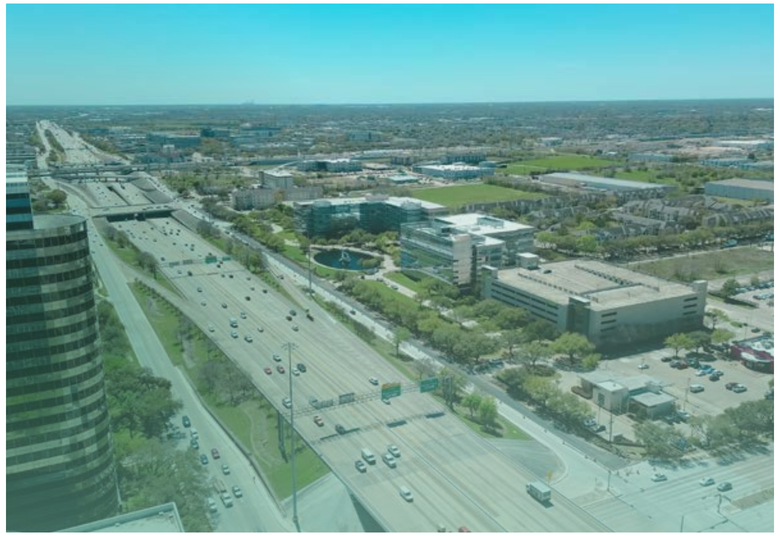
1.9 MSF Inventory	**81 KSF** 12-Month Net Absorption
300 KSF Under Construction	**562 KSF** Five-Year Net Absorption
2.1% Vacancy	**$38.14 NNN** Direct Average Rent
2.1% Stabilized Vacancy	**$52.50 NNN** Highest Direct Rent

HOUSTON
Submarket Snapshot

Greenway

- Centrally located with convenient proximity to both the CBD and the Galleria.
- Trophy properties within the submarket consistently attract high demand.

615K SF Inventory	-50K SF 12-Month Net Absorption
143K SF Under Construction	-21K SF Five-Year Net Absorption
15.4% Vacancy	$43.00 NNN Direct Average Rent
15.4% Stabilized Vacancy	$43.00 NNN Highest Direct Rent



Westchase

- Well-established submarket with a strong concentration of energy and engineering firms.
- Trophy assets in a competitively priced submarket.

2.3 MSF Inventory	52K SF 12-Month Net Absorption
0 SF Under Construction	603K SF Five-Year Net Absorption
2.7% Vacancy	$34.75 NNN Direct Average Rent
2.7% Stabilized Vacancy	$35.00 NNN Highest Direct Rent

The Woodlands/Spring

- Premier suburban submarket.
- Strong live-work-play environment continues to attract major tenants and corporate headquarters.

3.8 MSF Inventory	190K SF 12-Month Net Absorption
0 SF Under Construction	240K SF Five-Year Net Absorption
13.5% Vacancy	$32.00 NNN Direct Average Rent
7.6% Stabilized Vacancy	$35.00 NNN Highest Direct Rent

Market Data Austin

AUSTIN
Market Overview

While direct vacancy remained tight at 10.6%, sublease listings drove overall vacancy to 23.3% at the end of Q2 2025. Three large sublease blocks totaling 736,000 sf accounted for 40.6% of overall vacant space in trophy buildings.

While sublease availability presents a challenge for landlords, it has provided occupiers a more affordable path into trophy space.

CBD leasing activity remained slow, though several full-floor deals were approaching completion in Q3 2025. Meanwhile, The Domain (Far Northwest) continued to outperform with limited availability and vacancy below 5.0%.

The Republic in Austin's CBD led all trophy buildings under construction with 50.7% of its space already preleased.

Market Snapshot

7.8 MSF Inventory	**$45.01 NNN** Average Direct Rent
179K SF 12-Month Net Absorption	**3.2 MSF** Five-Year Net Absorption
10.6% Vacancy	**2.6%** Stabilized Vacancy

Pipeline

1.6 MSF
Under Construction

27.1%
Preleased

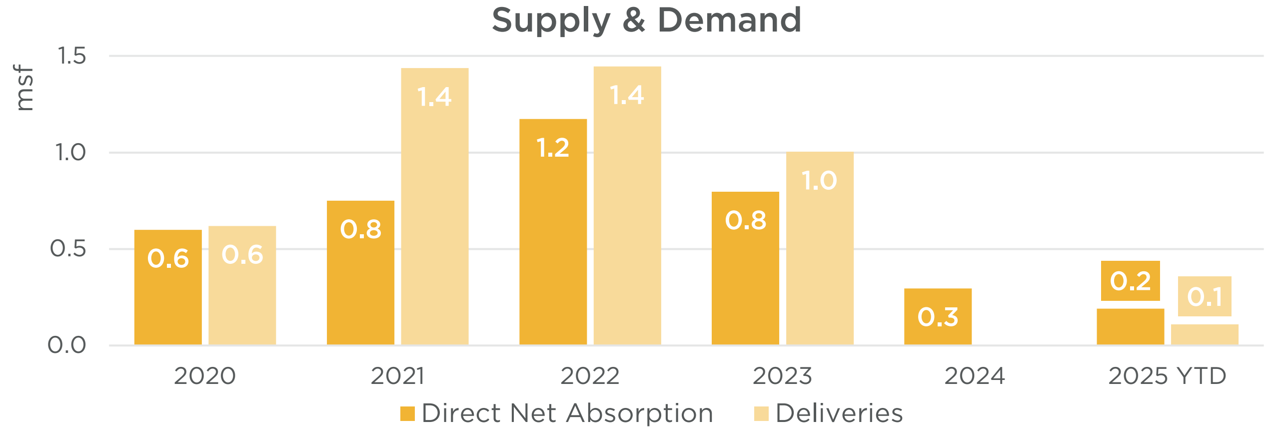
Tailwinds

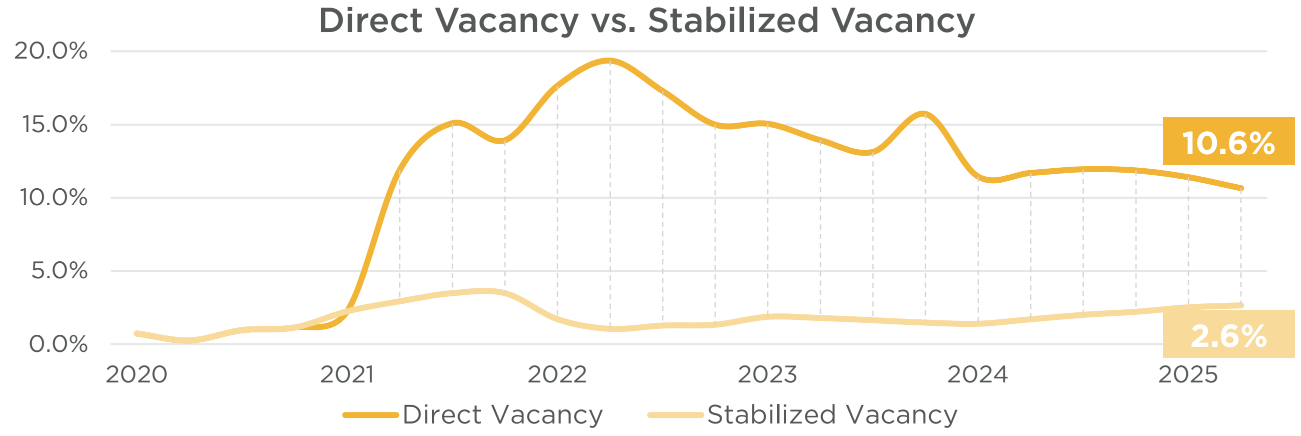
- Resilient Economy
- Out of Market Relos
- Large Block Availabilites

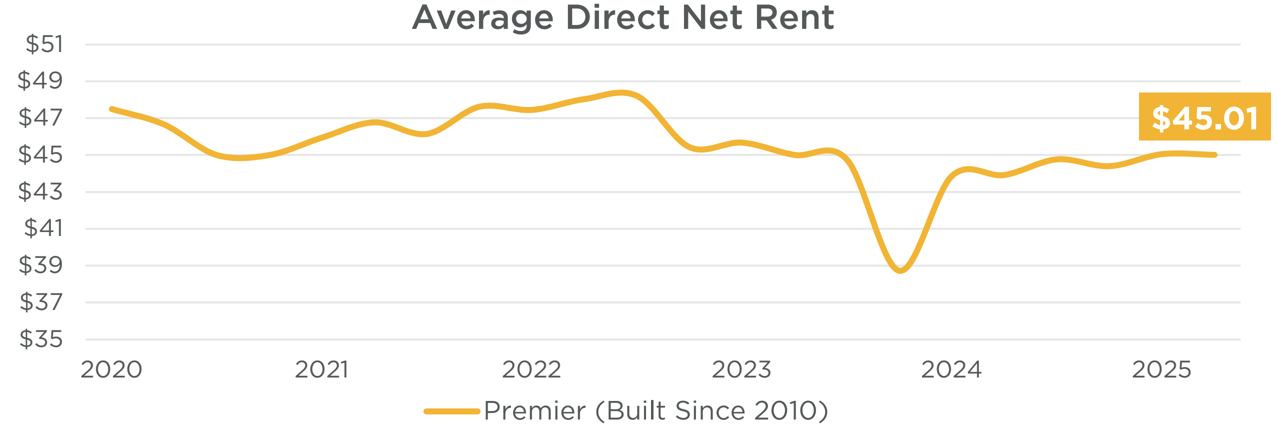
Headwinds

- Slowing Tech Sector
- Constrained Infrastructure

Long-Term Trends







AUSTIN
Submarket Snapshot

Central Business District (CBD)

- Abundance of large block trophy product available.
- Projects under construction are only 27% preleased.

5.6 MSF Inventory	**27K SF** 12-Month Net Absorption
1.5 MSF Under Construction	**2.6 MSF** Five-Year Net Absorption
13.2% Vacancy	**$45.01 NNN** Average Direct Rent
3.8% Stabilized Vacancy	**$55.00 NNN** Highest Direct Rent

Far Northwest (FNW)

- Austin's "second downtown."
- Limited trophy availability due to high occupancy levels.

2.2 MSF Inventory	**152K SF** 12-Month Net Absorption
0 SF Under Construction	**568 KSF** Five-Year Net Absorption
4.1% Vacancy	**$45.00 NNN** Average Direct Rent
0.0% Stabilized Vacancy	**$45.00 NNN** Highest Direct Rent

AUSTIN
New Developments

In Lease-Up

Indeed Tower
200 West 6th Street

Submarket	CBD
Building Size	669,130 sf
% Leased	83.4%
Rental Rate	$52.00 - $53.00 NNN
Delivered	Jun 2021
Owner	Kilroy Realty

In Lease-Up

Domain Tower 2
10025 Alterra Pkwy

Submarket	Far Northwest (FNW)
Building Size	325,100 sf
% Leased	72.3%
Rental Rate	$45.00 NNN
Delivered	Feb 2022
Owner	Stonelake Capital Partners

In Lease-Up

Innovation Tower
1315 Red River Street

Submarket	CBD
Building Size	324,510 sf
% Leased	16.4%
Rental Rate	$40.00 NNN
Delivered	May 2022
Owner	Travis County Healthcare District

In Lease-Up

Texas Bankers Assoc. Bldg
203 West 10th Street

Submarket	CBD
Building Size	80,802 sf
% Leased	10.0%
Rental Rate	$40.00 - $46.00 NNN
Delivered	Mar 2023
Owner	Development 2000

In Lease-Up

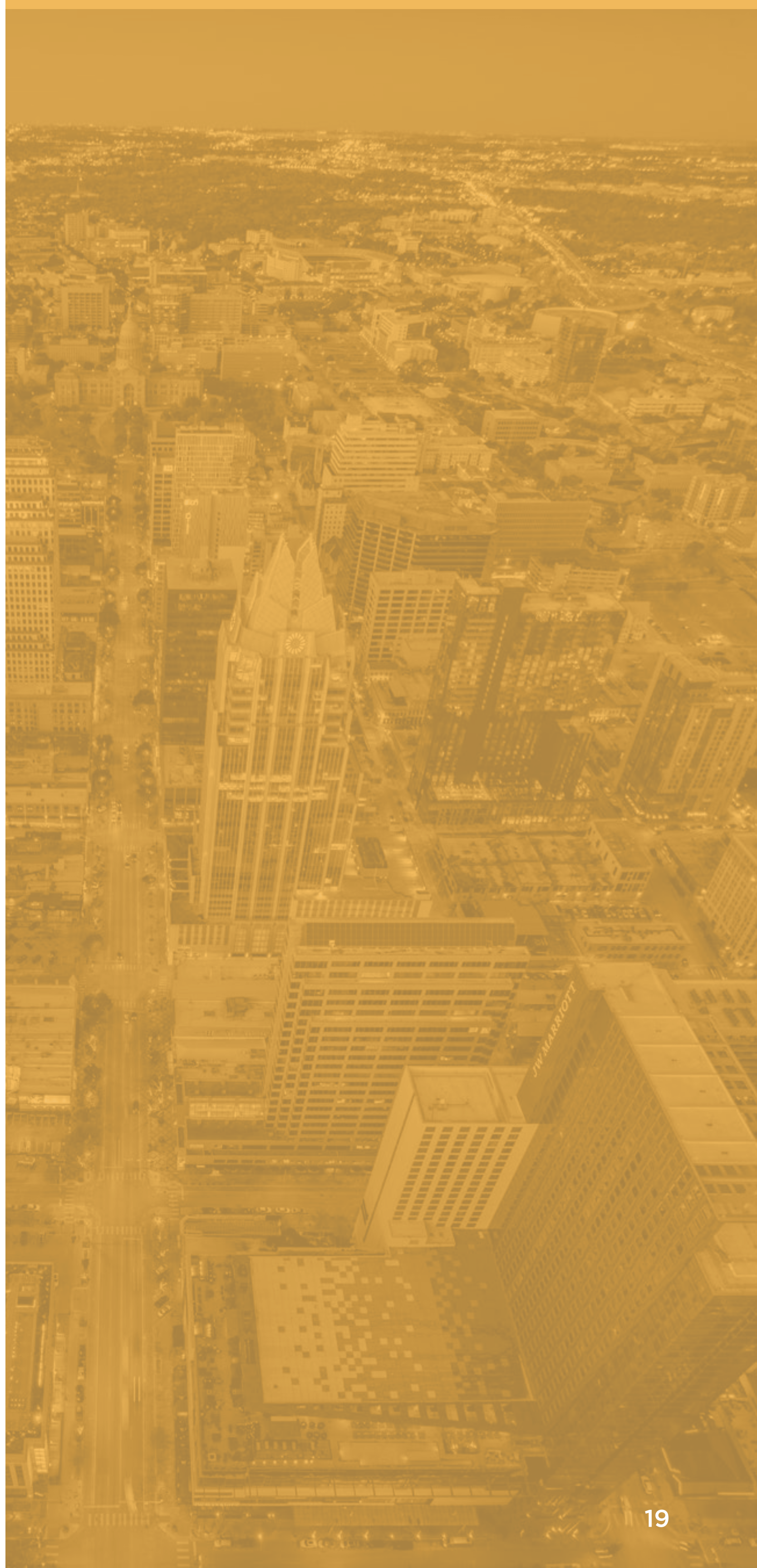
415 Colorado
415 Colorado Street

Submarket	CBD
Building Size	110,000 sf
% Leased	16.6%
Rental Rate	$44.00 - $50.00 NNN
Delivered	Mar 2025
Owner	Stonelake Capital Partners

Under Construction

The Republic
401 West 4th Street

Submarket	CBD
Building Size	800,987 sf
% Leased	50.7%
Rental Rate	$53.00 NNN
Est. Delivery	Jul 2025
Owner	Lincoln Property Company JV Lynd



CUSHMAN & WAKEFIELD

H1 2025

Texas Trophy Office Market Snapshot

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