

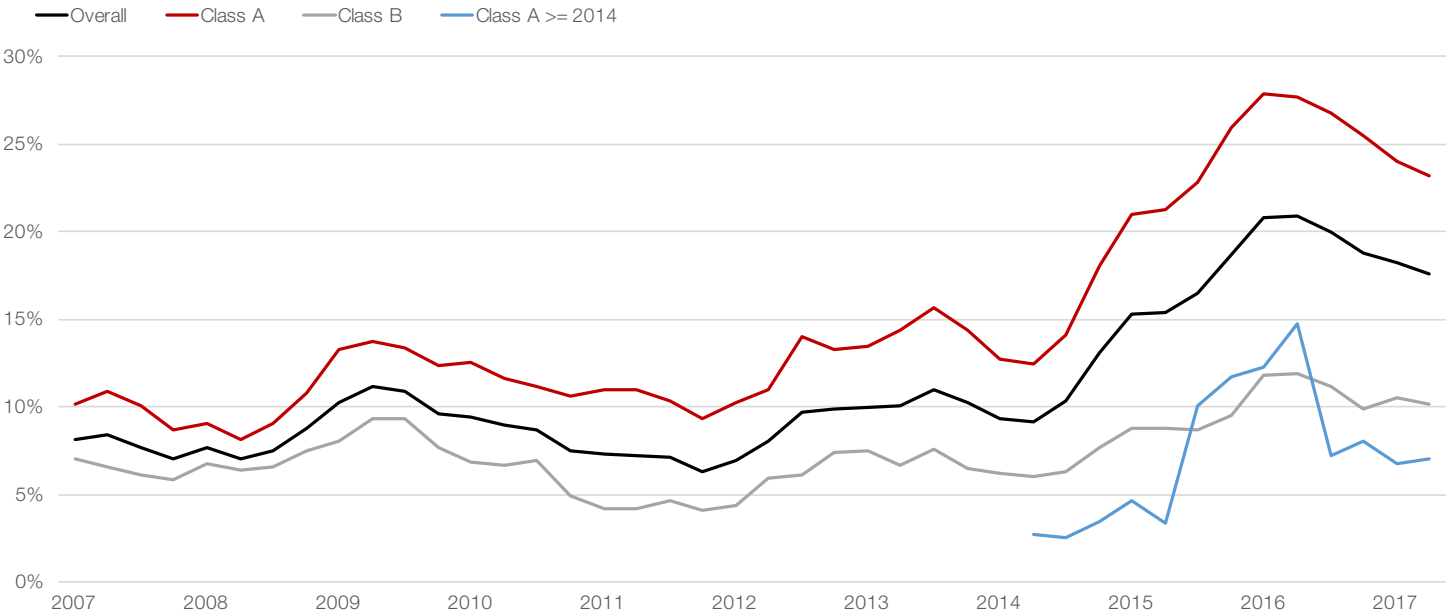
SUBLEASE DIGEST

Houston Office

JULY 2017

The amount of sublease space in the Houston office market as a percentage of the total amount of available space has decreased for four consecutive quarters.

Sublease Availability, % of Total Available



Highlights

The amount of sublease space as a percentage of the total amount of available space has decreased the last four consecutive quarters. However, the amount of overall available space in the Houston office market has continued to rise since the oil slump was set in motion.

With over 2 million sq. ft. of space that will have subleases expiring in the next 12 months, this space could potentially turn into direct space, adding to Houston’s already collapsing occupancy rate. The largest, ExxonMobil, has 253,562 sq. ft. at Three Greenspoint Place, and an additional 198,256 sq. ft. at Eight Greenspoint Place, totaling over 451,000 sq. ft. expiring in June 2018.

Though several tenants in the market are looking for new state-of-the-art space, the amount in the construction pipeline is slowing down. Currently, there is approximately 2.5 million sq. ft. underway, down 78.5% since Q3 2014, when the oil downturn began to become evident in the office market.

| Building Type | July 24, 2017 Available Sublease (SF) | % Sublease Availability | % Change In Availability | |
|-----------------|---------------------------------------|-------------------------|--------------------------|---------------|
| | | | Since Q2 2017 | Since Q3 2014 |
| Overall | 10,576,772 | 17.6% | -3.5% | 161.0% |
| Class A | 8,288,893 | 23.2% | -3.9% | 179.6% |
| Class B | 2,254,208 | 10.2% | -2.2% | 108.6% |
| Class A >= 2014 | 490,626 | 7.0% | 4.4% | 179.8% |

The last column “Since Q3 2014” shows percent change since the oil downturn began to manifest in the office market. Source: NAI Partners Research.

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