

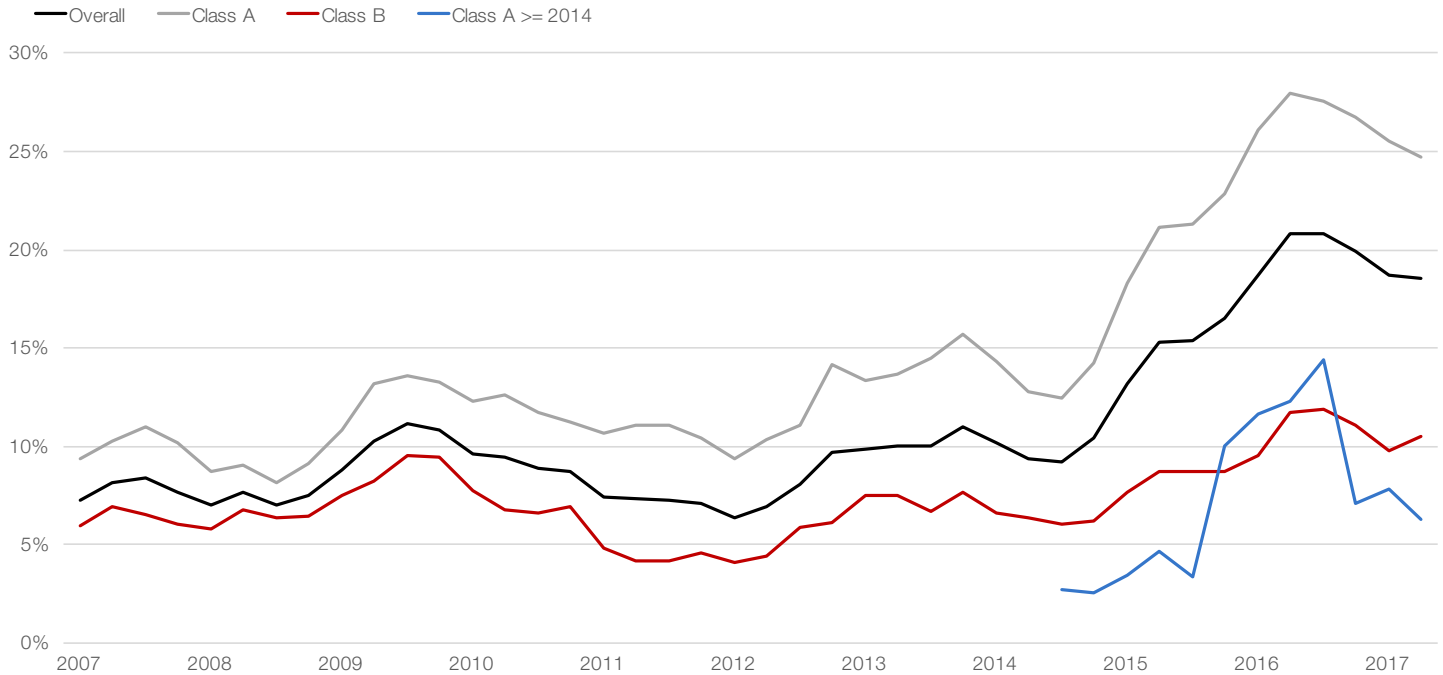
SUBLEASE DIGEST

Houston Office

MAY 2017

The Houston office sublease market showed signs of stabilization, remaining at around 11.1 million sq. ft. during 2017, marking the half-way point through the second quarter.

Sublease Availability, % of Total Available



Highlights

Overall sublease space grew by only 0.7% since the end of Q1 2017, while Class B rose 8.7%. Class B sublease space being added to the market included Lloyd's Register with 36,361 sq. ft. at 1330 Enclave Pkwy. in the Energy Corridor, along with URS Energy & Construction listing 31,350 sq. ft. at 1111 Fannin St. in the CBD.

Class A sublease space in buildings built in 2014 or newer dropped 15.4% since the end of the last quarter. The signing of 73,128 sq. ft. of Air Liquide's sublease listing at 9807 Katy Fwy. assisted in the decrease.

There is 2.6 million sq. ft. in the construction pipeline, of which roughly 44% is pre-leased, giving some relief to the oversupply.

Reassuring indicators that the energy sector is steadying, the rig count in Texas climbed to 458, up from a low of 173 last May. U.S. crude prices have climbed above \$50 per barrel.

Building Class	May 2017 Available Sublease (SF)	% Sublease Availability	% Change In Availability	
			Since Q1 2017	Since Q3 2014
Overall	11,188,259	18.5%	0.7%	176.0%
Class A	8,814,385	24.7%	-1.2%	200.1%
Class B	2,345,866	10.5%	8.7%	111.7%
Class A >= 2014	457,512	6.3%	-15.4%	160.9%

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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