

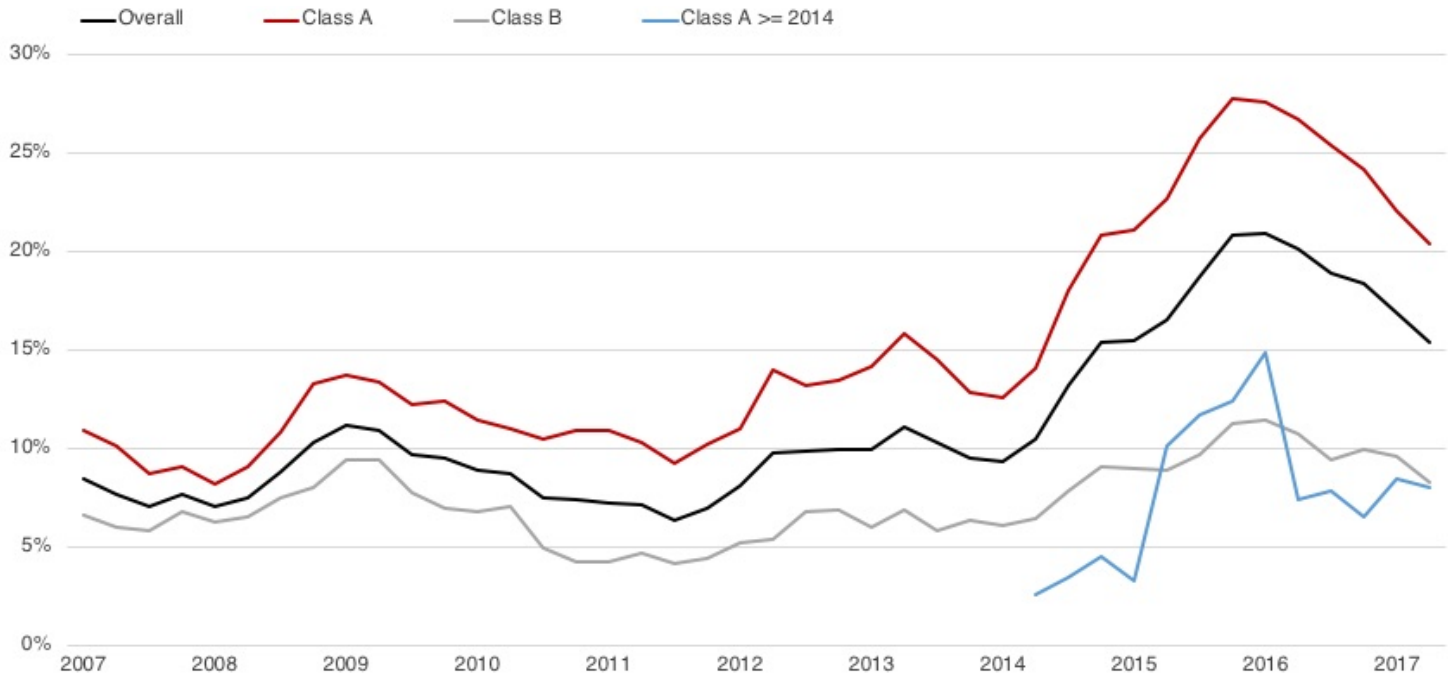
SUBLEASE DIGEST

Houston Office

OCTOBER 2017

Sublease space falls below 10 million sq. ft. for the first time since Q4 2015

Sublease Availability, % of Total Available



Highlights

Sublease space falls below 10 million sq. ft. The amount of sublease space as a percentage of the total amount of available space decreased to 15.4%, compared to 16.8% at this time last month. The amount of available sublease space stands at 9.2 million sq. ft., or 4.0%, and available direct space at 51.9 million sq. ft., or 22.5% of total inventory as of the end of October.

Price for sublease space in newer office buildings tumbles. The average gross rental rate for sublease space in Class A buildings built in 2014 or newer is at \$24.17 per sq. ft., down \$14.10 or 36.8% since the oil downturn began to manifest in the office market in Q3 2014.

Sublease Transactions. During October, the major move-ins include 35,327 sq. ft. of sublease space taken by Costello Engineering in CityWest Place; 26,742 sq. ft. occupied at Wortham Green.; and 25,295 sq. ft. of sublease space absorbed at Research Forest Lakeside. The major move-outs involve Cooper Cameron Valves vacating 100,337 sq. ft. of space at the Reserve at Westchase.; 23,398 sq. ft. left in Westchase Park Plaza; and 21,342 sq. ft. emptied at 3 Waterway Square Place.

Building Type	Oct. 30, 2017 Available Sublease (SF)	% Sublease Availability	% Change In Availability	
			Since Q3 2017	Since Q3 2014
Overall	9,298,752	15.4%	-15.6%	129.4%
Class A	7,289,544	20.4%	-16.5%	145.7%
Class B	1,835,209	8.2%	-13.5%	70.3%
Class A >= 2014	534,205	8.0%	21.1%	204.6%

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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