

Monthly Market Snapshot

DECEMBER 2017

Market Highlights

Largest commercial property in Houston CBD sold. One of the biggest deals this year is the acquisition by Brookfield Asset Management of Houston Center, a 4.2 million-sq.-ft. office and retail complex from J. P. Morgan Asset Management. The property encompasses a 9.2-acre, 6.5-block site and includes five properties along Fannin and McKinney streets and Lamar Ave., including three high-rise office towers and a 16-story office building over 196,000 square feet of retail space. The complex was 72% leased at the time of sale, and is home to notable tenants like Haynes and Boone, LyondellBasell Chemical, and North Rose Fulbright.

Energy firm leases 32,000 sq. ft. on top floor. Quantum Energy Partners inked a deal at Skanska's Capitol Tower project in downtown Houston for its future headquarters. The 35-story, 778-344-sq.-ft. office high-rise is scheduled for completion in mid-2019 and is currently 33% preleased.

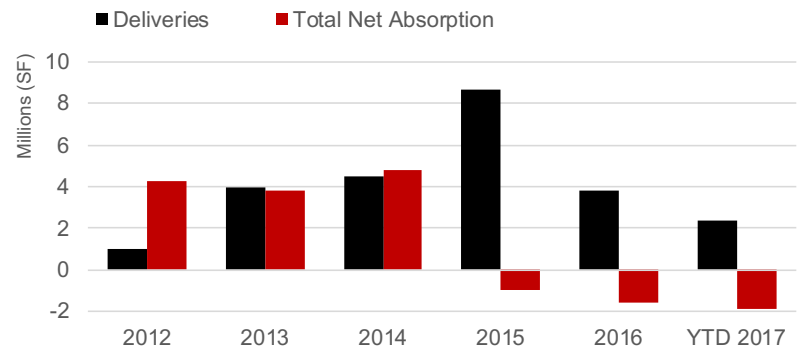
Office sales volume up 137% year-over-year. Real Capital Analytics data reports year-to-date office sales volume in the Houston area at \$3.8 billion, resulting in a year-over-year change of 137.6%. The buyer composition is made up of 58% cross-border, 15% private, 12% institutional, 9% user/other, and 6% REIT/listed.

Jobs prediction in 2018. The Greater Houston Partnership is cautiously optimistic about the Houston economy for 2018. The area is expected to create approximately 45,500 jobs next year, down from 48,100 jobs created in 2017. Manufacturing, real estate, and arts and entertainment could see job growth in Houston, in addition to health care, which is expected to create 8,000 jobs next year and has paced Houston's job growth for the past decade. Energy jobs are expected to remain flat, although Houston's employment remained resilient throughout the energy downturn with only the months of June, July, and August 2016 reflecting a negative 12-month change in total employment.

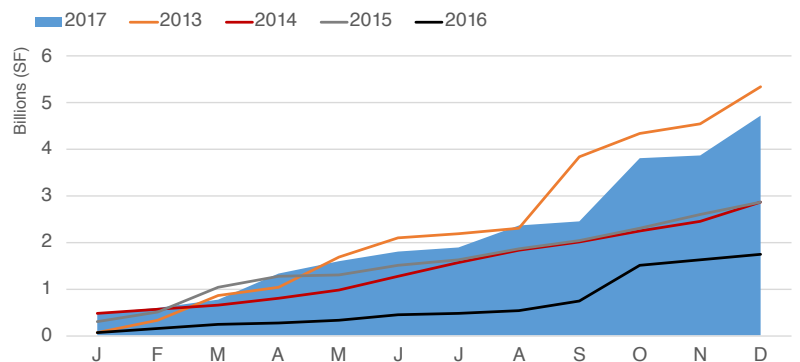
Market Activity

	YTD 2017
Vacancy	20.6%
Availability	25.4%
Net Absorption (SF)	(1,893,206)
Leasing Activity (SF)	12,717,742
Deliveries (SF)	2,371,394
Under Construction (SF)	1,961,769
Gross Avg Asking Rent (PSF)	\$28.17

Supply & Demand



Cumulative Monthly Sales Volume Houston Office



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