

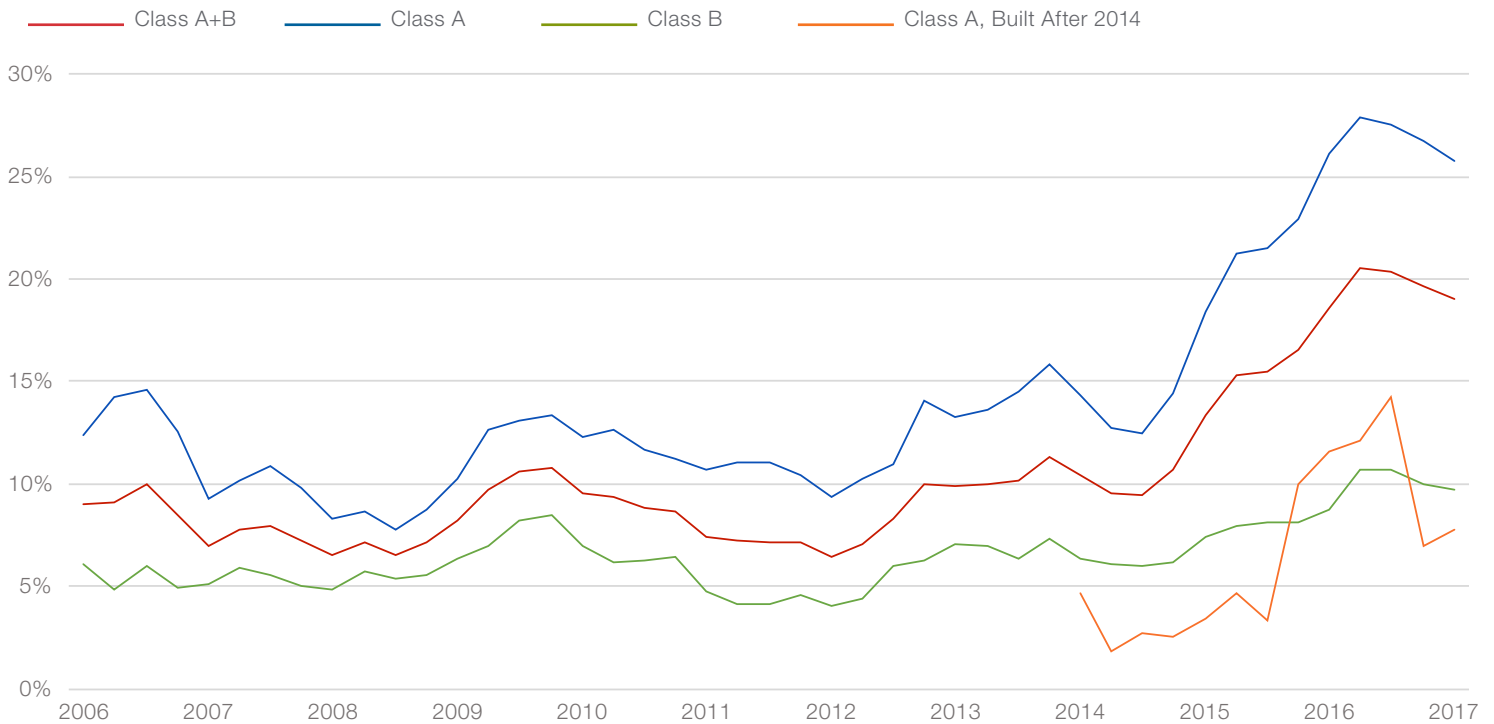
SUBLEASE DIGEST

Houston Office

MARCH 2017

Sublease availability has dropped slightly midway in Q1 2017, now totaling 11.3 million sq. ft.

Sublease Availability, % of Total Available



Highlights

The Houston office market's overabundance of sublease space may have maxed out at the end of 2016 at about 11.8 million sq. ft.

So far in 2017 we are seeing a small spark of optimism as the total amount of sublease space has declined to 11.3 million sq. ft.

Class A sublease space is down 3.2%, and Class B is shining the brightest, falling 5.6% since Q4 2016.

About 80% of the available space is in Class A office buildings, which mirrors how directly the sublease glut is tied to the energy industry.

Area experts have estimated that Houston has lost about 80,000 local oil-related jobs since December 2016. However, rising oil prices and rig counts signal the worst is behind us.

Construction activity is winding down, with approximately 1.6 million sq. ft. underway.

Building Type	QTD 2017 RBA (SQ. FT.)	% Sublease Availability	% Change In Availability	
			QoQ	Since Q3 2014
Class A+B	11,422,998	19.0%	-2.4%	170.6%
Class A	8,990,303	25.8%	-1.9%	203.0%
Class B	2,432,695	9.7%	-4.1%	93.9%
Class A, ≥2014	540,672	7.8%	10.8%	208.3%

The last column "Since Q3 2014" shows percent change since the oil downturn began to manifest in the office market. Data Source: CoStar