

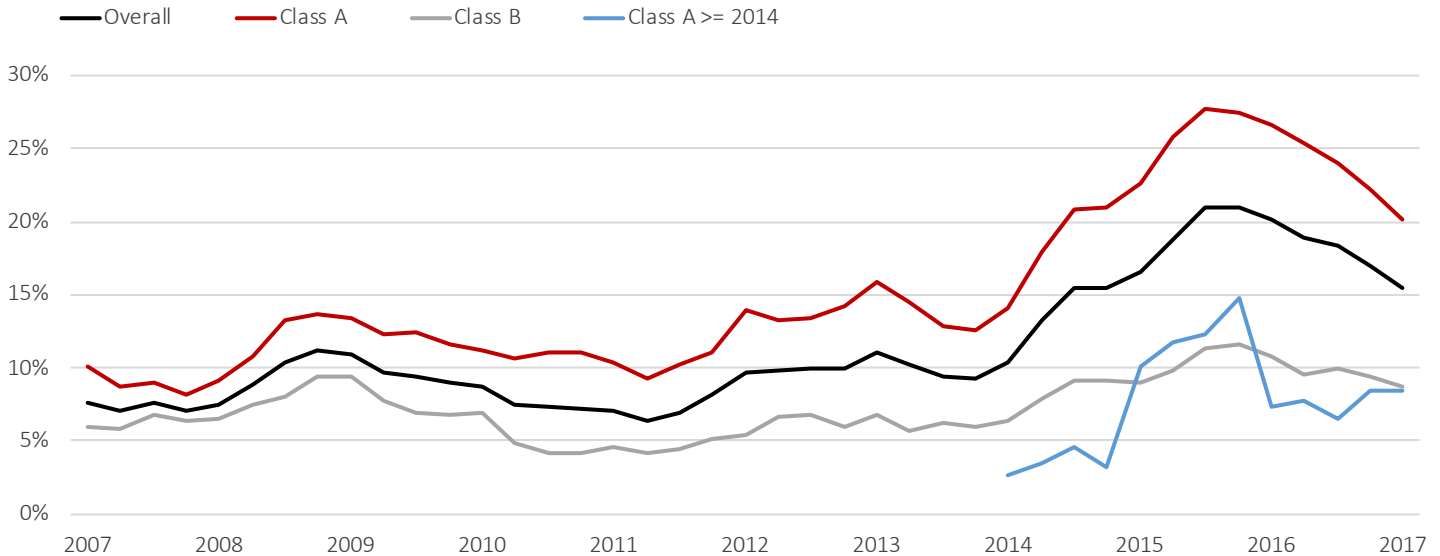
SUBLEASE DIGEST

Houston Office

DECEMBER 2017

Sublease space ends 2017 below 9 million sq. ft.

Sublease Availability, % of Total Available



Highlights

Sublease space less than 9 million sq. ft. The amount of sublease space as a percentage of the total amount of available space decreased to 15.4%, compared to 16.0% at this time last month. The amount of available sublease space stands at 8.9 million sq. ft., or 3.9%, and available direct space at 50.0 million sq. ft., or 21.7% of total inventory as of the end of December.

Sublease space will take time to be absorbed. The majority of available sublease space remains in the CBD (23%); the Energy Corridor (21%); and Westchase (16%). Class A sublease space represents 78% of the total, including buildings constructed since 2014 accounting for 8% of that sum. The abundance of sublease space will take time to be absorbed, with a steady albeit slow pace throughout 2018.

Sublease Activity. A 19,130-sq. ft. sublease was signed in CityCentre Four at 840 W. Sam Houston Parkway N., with a projected move-in date of February 2018. Another 11,898-sq. ft. of sublease space was taken off the market in Courtlandt Square in Midtown at 3401 Louisiana St.; and 9,422 sq. ft. was occupied by Rockcliff Energy, on the 15th floor of 1301 McKinney. Recent sublease space added to the market include Hess Corporation vacating 123,364 sq. ft. of space on floors 6 thru 9 at 1501 McKinney; 31,897 sq. ft. left by EP Energy in the Kinder Morgan building at 1001 Louisiana St.; and 23,809 sq. ft. became available by Coats Rose in Nine Greenway Plaza.

Building Type	Dec. 29, 2017 Available Sublease (SF)	% Sublease Availability	% Change In Availability	
			Since Q3 2017	Since Q3 2014
Overall	8,973,918	15.4%	-18.4%	121.4%
Class A	6,975,151	20.1%	-19.9%	135.0%
Class B	1,824,768	8.7%	-14.0%	70.5%
Class A >= 2014	544,576	8.5%	23.4%	210.5%

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

Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIPartners

HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com