

HOUSTON OFFICE | ABSORPTION Market Insight

Q2 2019

Houston Absorption Heat Map

1. Woodlands/Conroe ranked #1, absorbing 7.6% of the available space in its submarket. It was also a top 3 submarket last quarter, ranking second at 13.0%. Nine of the 23 submarkets in the metro recorded overall positive net absorption in the second quarter, with The Woodlands/Conroe absorbing the second-highest total (177,861 sq. ft.). This was due in part to Med-Data moving into 50,717 sq. ft. in Havenwood Office Park; a deal the company inked in November 2018.

2. Bellaire absorbed 6.3% of the available space in its area, claiming the #2 spot. The submarket has the fifth-lowest overall availability rate at 14.2%. Chevron's departure from its campus on Fournace Street in 2018—a move in which the major oil company vacated nearly 500,000 sq. ft. to consolidate in the CBD—more than doubled the submarket's vacancy rate overnight.

3. West Belt came in at the #3 position, absorbing 5.4% of the available space in its submarket. This activity is a welcome change as the submarket has one of the highest overall availability rates at 26.4%. A significant transaction this quarter involved Exterran Energy Solutions moving into 58,857 sq. ft. at 11000 Equity Drive. The company signed on as the anchor tenant in August 2018.

Legend (percentile)

■ Top 10th □ Top 50th ■ Bottom 50th

The map reflects activity relative to the office market, displayed as net absorption (total sq. ft. occupied less total space vacated) as a percentage of the available space (all space that is available for lease, regardless whether it is currently vacant) for a given quarter, by submarket. The legend indicates where each submarket ranks in relation to all of the other submarkets, expressed in percentiles.



Submarket	Q2 2019 Net Absorption (SF)	Q2 2019 Available Space (SF)	Absorption as % of Available Space	Overall Availability Rate
1. Woodlands/Conroe	177,861	2,346,502	7.6%	16.7%
2. Bellaire	32,383	516,861	6.3%	14.2%
3. West Belt	76,783	1,419,877	5.4%	26.4%
4. Pearland/South	13,206	252,160	5.2%	13.4%
5. Northeast	12,943	418,521	3.1%	17.8%
6. Katy Freeway	31,740	1,170,294	2.7%	11.7%
7. CBD	191,148	12,520,610	1.5%	31.9%
8. Westchase	51,415	5,168,956	1.0%	33.4%
9. NASA/Clear Lake/SE	12,008	1,506,190	0.8%	19.0%
10. Kingwood/Humble	-1,903	197,716	-1.0%	13.2%
11. Gulf Fwy/Pasadena	-8,050	654,455	-1.2%	17.0%
12. Greenway Plaza	-32,735	2,574,560	-1.3%	22.6%
13. Galleria/West Loop	-103,395	7,970,958	-1.3%	27.4%
14. Katy/Grand Pkwy W	-7,890	590,126	-1.3%	17.0%
15. Greenspoint/North Belt	-102,849	5,998,437	-1.7%	50.7%
16. Northwest	-23,106	1,014,253	-2.3%	25.4%
17. Southwest	-90,386	2,852,974	-3.2%	23.8%
18. North Loop West	-53,445	1,142,305	-4.7%	24.5%
19. FM 1960/Hwy 249	-140,047	2,660,981	-5.3%	24.9%
20. Midtown	-58,940	1,113,132	-5.3%	18.9%
21. Energy Corridor	-459,161	7,209,229	-6.4%	34.3%
22. Sugar Land/E Ft Bend	-97,043	1,156,408	-8.4%	16.8%
23. Medical Center	-56,981	675,893	-8.4%	6.9%

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