

Monthly Market Snapshot

SEPTEMBER 2020

Market Highlights

Vacancy and availability. Overall vacancy is up 120 basis points at 22.7% compared to this time last year, and availability is up 60 basis points to 26.8% compared to the same time period. The Houston office market has recorded 10.5 million sq. ft. of leasing activity—which is comprised of both new leases and renewals—while net absorption (move-ins minus move-outs) is at negative 3.0 million sq. ft., consisting of negative 2.9 million sq. ft. of direct space and negative 109,000 sq. ft. of sublease space.

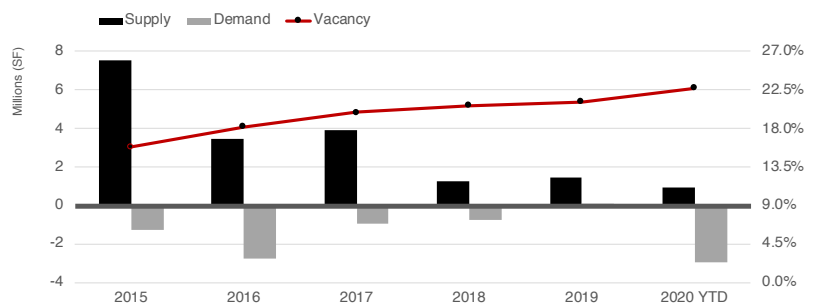
Historic Sears building redevelopment is on track. Rice University is renovating the 270,000-sq.-ft. Midtown building built in 1939, renaming it The Ion. Chevron has signed a lease at the former Sears store, becoming the building's first tenant. The collaborative space design is intended to encourage start-up and tech businesses. All Chevron employees or related startups will be able to use The Ion space for networking, professional development and opportunities to collaborate with other companies working on innovative projects. The campus is scheduled to open in the first quarter of 2021.

30% of pandemic job losses recovered. The Federal Reserve Bank of Dallas reported that Houston added over 106,600 jobs from April to July, recovering 30% of the jobs lost between February and April. The largest gains were in leisure and hospitality, which added back 63,400 jobs. Education and health services added 27,800 jobs (led by ambulatory health care). Trade, transportation and utilities, followed by professional and business services rounded out the sectors adding back the most jobs. The unemployment rate in Houston fell to 8.4% in July, compared with 8.0% for Texas and 10.2% for the U.S.

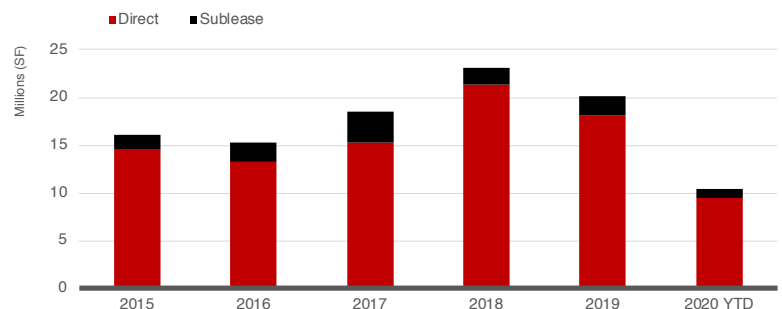
Market Activity

	August 2020 Year-to-Date		August 2019 Year-to-Date
Vacancy	22.7%	↑	21.5%
Availability	26.8%	↑	26.2%
Net Absorption (SF)	(2,967,539)	↓	(437,849)
Leasing Activity (SF)	10,468,157	↑	10,282,488
Deliveries (SF)	969,809	↓	1,378,260
Under Construction (SF)	3,929,892	↑	2,575,391
Gross Avg Asking Rent (PSF)	\$29.44	▬	\$29.44

Supply & Demand



Leasing Activity



Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIPartners

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www.naipartners.com