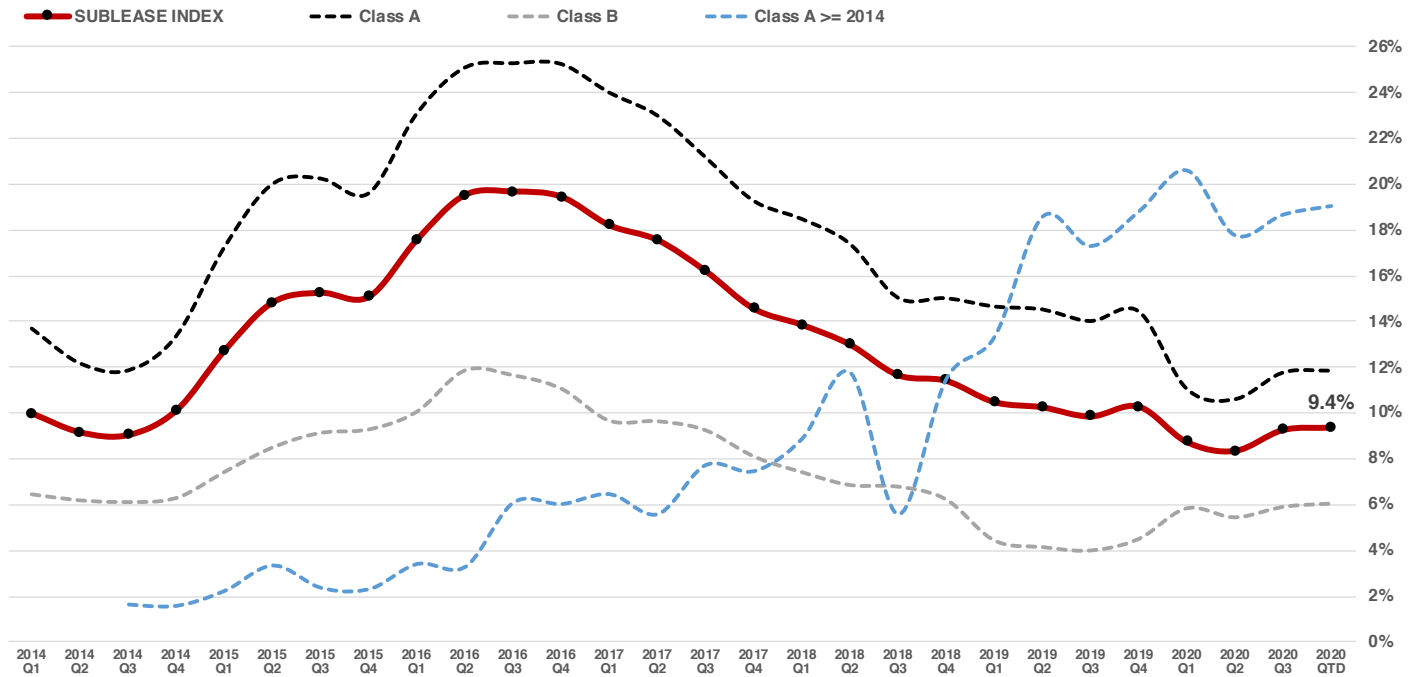


NAI Partners Sublease Index

November 2020

NAI Partners Sublease Index remains below 10%



Key Takeaways

The NAI Partners Sublease Index—measured by the amount of sublease space as a percentage of total available space—registered at 9.4% as of October 30, 2020, up 10 basis points from Q3 2020 at 9.3%. The Sublease Index has remained below 10% for the entirety of 2020 thus far—a far cry from its 19.7% peak back in Q3 2016.

The total amount of available space (all space available regardless of whether it is vacant) in the Houston Office market is 67.2 million sq. ft. Available Class A space represents 59% of that total, and Class B represents 38%.

Houston’s office market saw sublease space decrease gradually during the first half of 2020, before rising in Q3 2020 to 6.2 million sq. ft., and up to 6.3 million sq. ft. as of October 30, 2020. After months of

low oil and gas prices driven by weak demand, and the economic fallout from the COVID-19 pandemic, uncertainty still weighs heavily on the Houston economy.

Building Class	Q4 QTD Available Sublease (SF)	% Sublease Availability	% Change in Availability	
			Since Q3 2020	Since Q3 2014
Overall	6,303,500	9.4%	18.3%	61.9%
Class A	4,741,854	11.9%	18.6%	36.3%
Class B	1,534,077	6.1%	15.9%	40.9%
Class A >= 2014	1,324,439	19.0%	24.0%	-

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