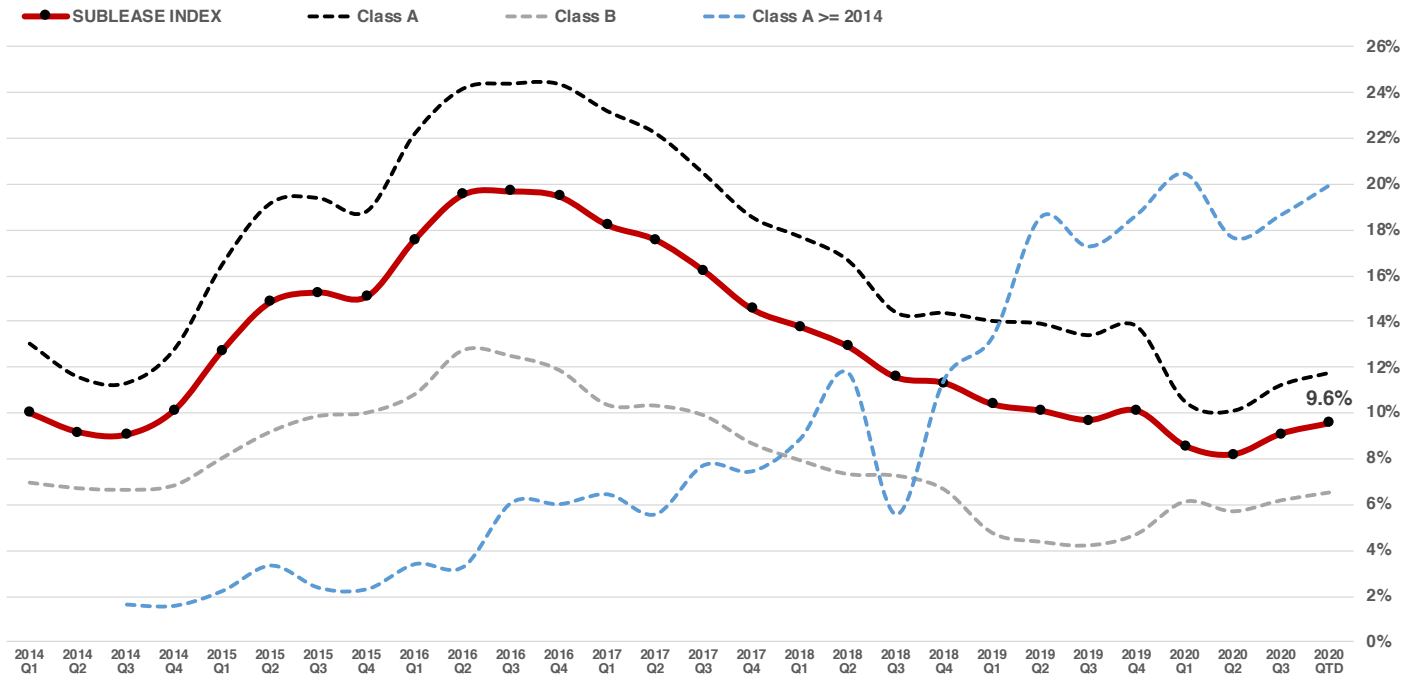


NAI Partners Sublease Index

December 2020

NAI Partners Sublease Index continues its sub-10% run in 2020



Key Takeaways

The NAI Partners Sublease Index—measured by the amount of sublease space as a percentage of total available space—registered at 9.6% as of November 30, 2020, up 50 basis points from Q3 2020 at 9.1%. The Sublease Index remained below 10% during 2020, dipping as low as 8.2% as of Q2 2020—the lowest percentage reached since the Q3 2014 oil downturn began in the office market, and a far cry from its 19.7% apex back in Q3 2016.

The total amount of all available space (space available regardless of whether it is vacant) in the Houston Office market is 67.8 million sq. ft. Available direct space represents 61.5 million sq. ft. and available sublease space represents 6.5 million sq. ft.

Houston’s office market saw sublease space decrease gradually during the first half of 2020, dipping down to 5.2 million sq. ft., before low oil and gas prices pushed by weak demand—and the economic effect from the COVID-19 pandemic—increased the amount. Of the largest office

occupiers in Houston and the amount of sublease space they have listed as of the fourth quarter of 2020, many are directly tied to the energy industry—including upstream, midstream or downstream—and oilfield services firms, utilities engineering, and construction firms.

Building Class	Q4 QTD Available Sublease (SF)	% Sublease Availability	% Change in Availability	
			Since Q3 2020	Since Q3 2014
Overall	6,487,711	9.6%	6.4%	66.6%
Class A	4,874,528	11.7%	6.5%	72.4%
Class B	1,585,614	6.5%	6.6%	49.4%
Class A >= 2014	1,406,113	20.0%	8.5%	-

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