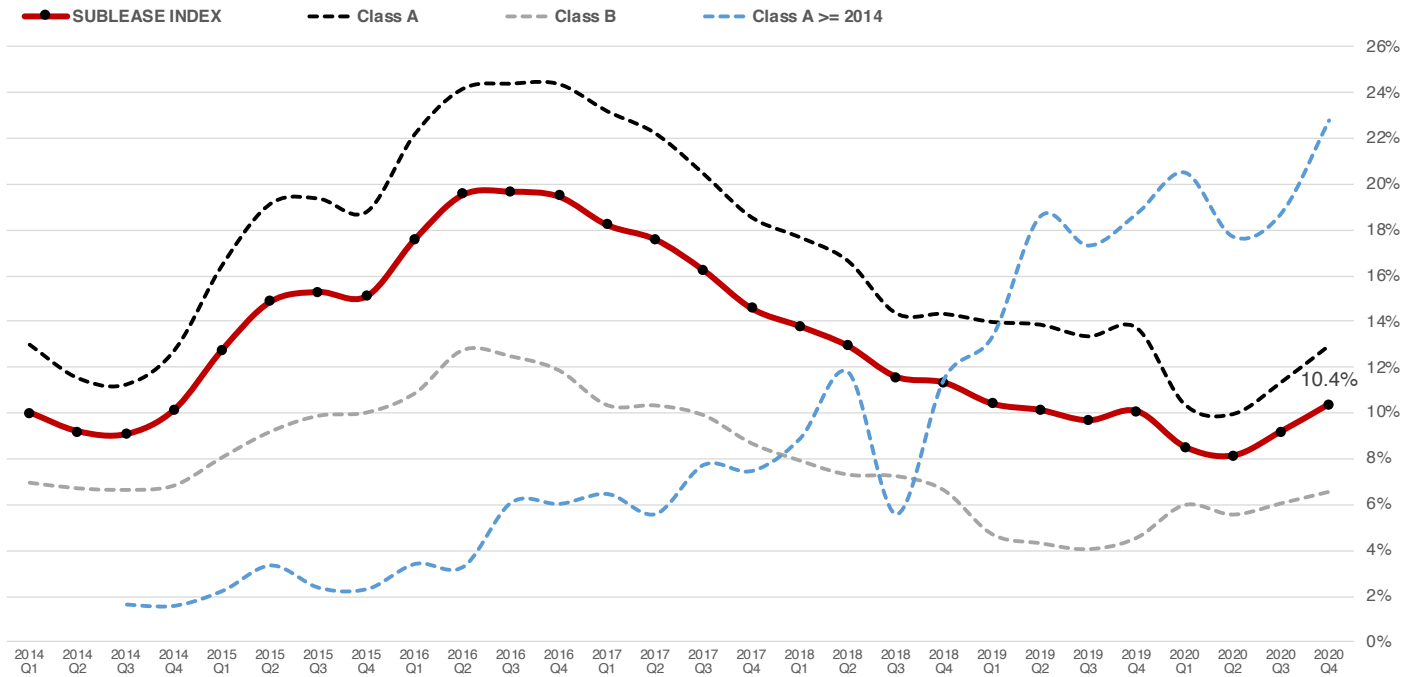


NAI Partners Sublease Index

JANUARY 2021

NAI Partners Sublease Index rises to 10.4%, up 120 basis points from last quarter



Key Takeaways

The NAI Partners Sublease Index—measured by the amount of sublease space as a percentage of total available space—registered at 10.4% as of December 30, 2020, up 120 basis points from Q3 2020 at 9.2%. The Sublease Index was last at 10.4% as of Q1 2019. The range of the index in the last two years touched a low of 8.1% in Q2 2020. The peak was reached at 19.7% back in Q3 2016.

The total amount of all available space (all space available regardless of whether it is vacant) in the Houston Office market is 68.8 million sq. ft. Available Class A space represents 62% of that total (42.4 million sq. ft.), and Class B represents 36% (24.5 million sq. ft.).

Houston’s office market saw sublease space decrease gradually during the first half of 2020, before rising in Q3 2020 to 6.1 million sq. ft., and up to 7.1 million sq. ft. as of December 30, 2020. As the year ends, it’s no secret

that COVID-19 has put the Houston economy in a crux, coupled with the hard hit to the oil and gas industry. By mid-2021 Houston growth should begin to recover slowly in the post-COVID period, while the energy sector may lag behind until further into the recovery.

Building Class	Q4 2020 Available Sublease (SF)	% Sublease Availability	% Change in Availability	
			Since Q3 2020	Since Q3 2014
Overall	7,132,052	10.4%	16.0%	83.2%
Class A	5,501,656	13.0%	18.1%	94.9%
Class B	1,602,827	6.6%	10.0%	50.2%
Class A >= 2014	1,602,709	22.8%	23.6%	-

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