

HOUSTON OFFICE MONTHLY MARKET SNAPSHOT

Houston Office vacancy rate at 23.9%

March 2021

MARKET HIGHLIGHTS

RISE IN VACANCY TO 23.9%

Year-over-year, as of February 2021, overall vacancy in the Houston office market is at 23.9% and availability is at 28.6%, both up from this time last year. Year-to-date, the Houston office market has recorded 1.2 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 1.4 million sq. ft. There have been two projects delivered so far in 2021 totaling 105,400 sq. ft., and 19 developments under construction at 4.3 million sq. ft. The Houston average asking full-service rent is at \$29.25 per sq. ft., down slightly from this time last year.

SIGNIFICANT LEASE TRANSACTIONS IN 2021

Susman Godfrey, LLP has expanded and renewed its lease in the Central Business District's Wells Fargo Plaza located at 1000 Louisiana Boulevard, to 76,856 sq. ft. SIBS International leased the sixth floor, totaling 26,033 sq. ft. at 4411 San Felipe in the Galleria/West Loop submarket. The property is under construction and expected to deliver in December 2021. The General Services Administration renewed its lease for 22,809 sq. ft. at Interwood Business Park, at 15109 Heathrow Forest Parkway in the Greespoint/IAH submarket.

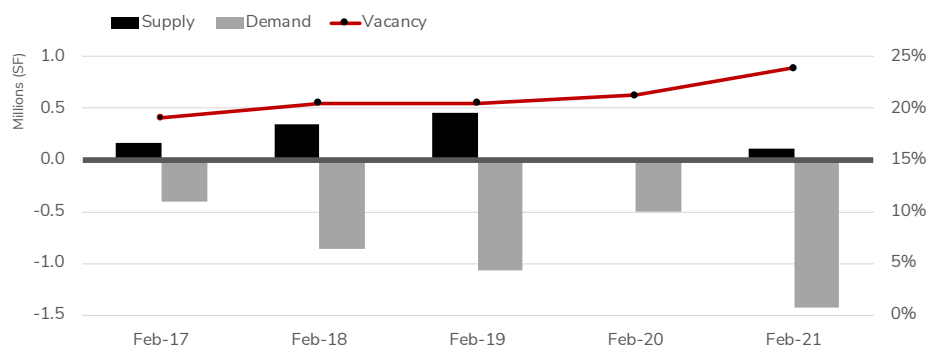
HOUSTON ECONOMIC INDICATORS

The Federal Reserve Bank of Dallas reported that Houston jobs continued to recover through the end of 2020, trailing the rest of Texas but on par with the nation. Jobs fell in Houston and Texas during the pandemic but less abruptly than in the rest of the nation. However, layoffs and bankruptcies from a struggling energy industry slowed the speed of Houston's recovery. Houston employment ended 2020 down 5.8% compared to year-end 2019. Similarly, the rest of Texas was down 4.1%, and the U.S. outside of Texas was down 6.3%.

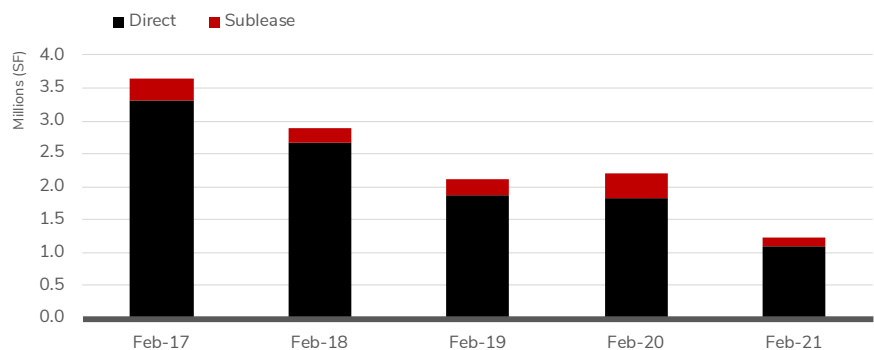
MARKET ACTIVITY

	FEBRUARY 2021		FEBRUARY 2020
Vacancy	23.9%	▲	21.8%
Availability	28.6%	▲	26.4%
Under Construction SF	4,277,159	▲	3,538,479
Gross Average Asking Rent	\$29.25	▼	\$29.36
Net Absorption SF YTD	(1,416,846)	▼	(206,269)
Leasing Activity SF YTD	1,225,288	▼	2,018,809
Deliveries SF YTD	105,400	▼	180,000

SUPPLY & DEMAND | FEBRUARY - YEAR OVER YEAR



LEASING ACTIVITY | FEBRUARY - YEAR OVER YEAR



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