

HOUSTON OFFICE MONTHLY MARKET SNAPSHOT | NOVEMBER 2021

Substantial year-over-year improvement for year-to-date net absorption in Houston Office market

MARKET HIGHLIGHTS

HOUSTON OFFICE VACANCY REMAINS ELEVATED

The vacancy rate at 25.0% is expected to increase as supply continues to deliver in a time where leasing activity hasn't returned to pre-pandemic levels. Overall office net absorption has remained negative at 2.1 million sq. ft. so far this year, although improved from negative 4.1 million sq. ft. this time last year, a 50% increase.

CONSTRUCTION JUST UNDER 4 MILLION SQ. FT.

As of year-to-date October 31, 2021 there is 3.7 million sq. ft. under construction, representing non-owner-occupied buildings 20,000 sq. ft. and over. Included are several large trophy assets in the CBD, Medical Center, The Woodlands, Katy Freeway East, and Midtown submarkets. This new construction is more than 57% leased. Houston's construction pipeline has decreased significantly since 2014 when the oil downturn became evident in the office market reaching a peak of 12 million sq. ft. Construction is now 1.5% of Houston's total inventory compared to 2014 when it registered at 5.4%.

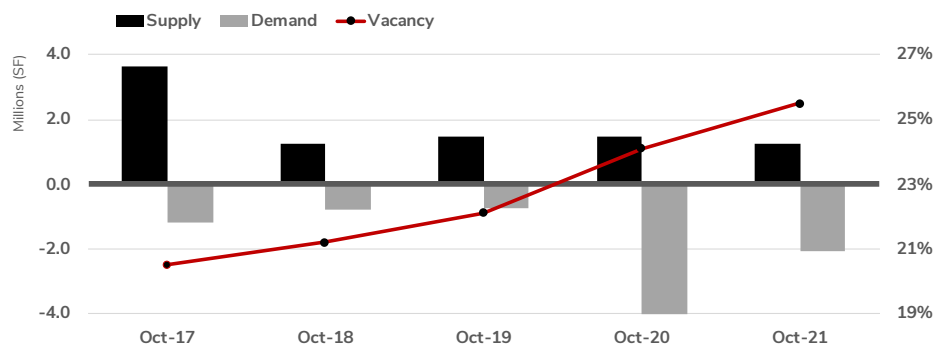
LARGEST OFFICE LEASE SIGNED IN THE CBD THIS YEAR

Houston-based Shell Oil Co. has renewed its lease for 231,704 sq. ft. at the recently renovated 1000 Main in downtown. The renewal represents the full space Shell has been occupying at 1000 Main on floors 11 through 18. While the energy company's lease at the property was not scheduled to expire until 2025, Shell Oil Co. made the decision to renew early. Shell's lease extension demonstrates a growing trend among tenants for amenity-driven office space as Houston's office market continues to face its fair share of challenges from the pandemic.

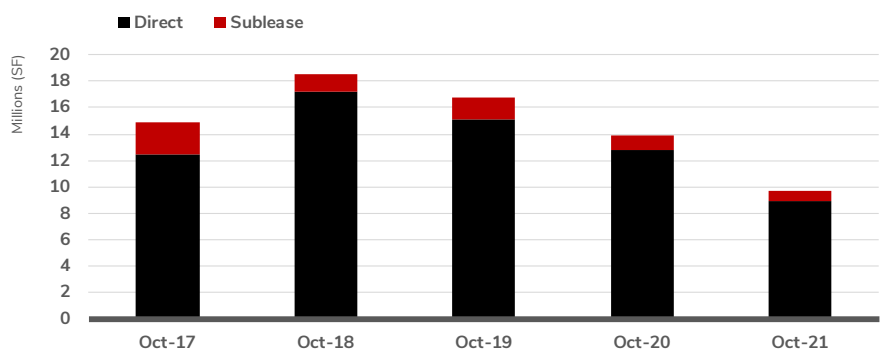
MARKET ACTIVITY

	OCTOBER 2021	vs	OCTOBER 2020
Vacancy	25.0%	▲	23.6%
Availability	29.5%	▲	27.4%
Under Construction SF	3,701,198	▼	4,099,289
Gross Average Asking Rent	\$29.41	▼	\$29.65
Net Absorption SF YTD	(2,095,424)	▼	(4,097,067)
Leasing Activity SF YTD	9,724,201	▼	13,884,363
Deliveries SF YTD	1,247,756	▼	1,486,368

SUPPLY & DEMAND | OCTOBER - YEAR OVER YEAR



LEASING ACTIVITY | OCTOBER - YEAR OVER YEAR



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