

# HOUSTON OFFICE MONTHLY MARKET SNAPSHOT | SEPTEMBER 2021

Houston Office market experiences some gains, though picture remains cloudy

## MARKET HIGHLIGHTS

### CONSTRUCTION

Year-over-year, as of August 2021, 4.4 million sq. ft. of office space was under construction in the Houston metro. The majority of the projects delivering this year were started pre-Covid-19, in a much different office environment where remote work wasn't uncommon, but not to the level of saturation it is today because of the pandemic.

### VACANCY

The vacancy rate at 25.1% is expected to rise as supply continues to deliver in an atmosphere where leasing activity hasn't come back to pre-pandemic levels. Overall office net absorption has remained negative, expanding further into the red at 3.4 million sq. ft. so far this year.

### LEASING

Even with tenant commitments in place from preleasing efforts, a lot of space will hit the market in the next 12 to 24 months. Recent market activity and deal announcements have been encouraging; however, the spread of the Covid-19 Delta variant has led many companies to reconsider their office re-openings, and the continued future uncertainty could severely hamper any recent gains. We are literally living in a "wait-and-see" environment, making it extremely difficult to predict near-term or long-term trends.

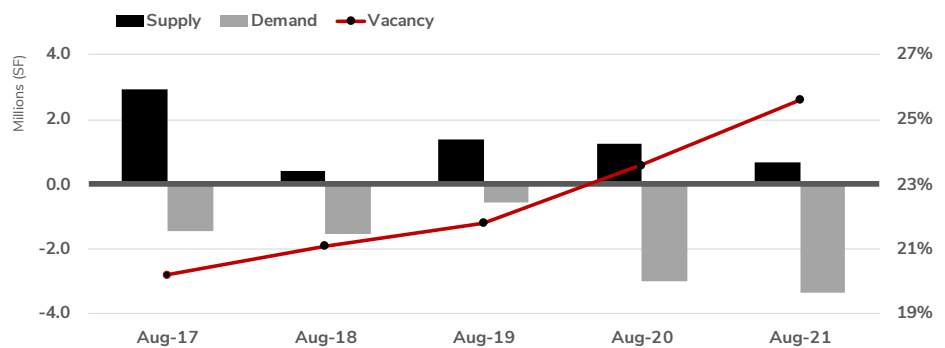
### SIGNIFICANT LEASE TRANSACTIONS

The Harris County District Attorney Office renewed its lease for 140,136 sq. ft. in Jefferson Towers at Cullen Center in the CBD in May, Linde PLC signed a renewal for 120,454 sq. ft. at 1585 Sawdust Road in The Woodlands submarket in March, and Aspen Technology signed a renewal for 79,867 sq. ft. at 2500 CityWest Blvd. in the Westchase submarket during August.

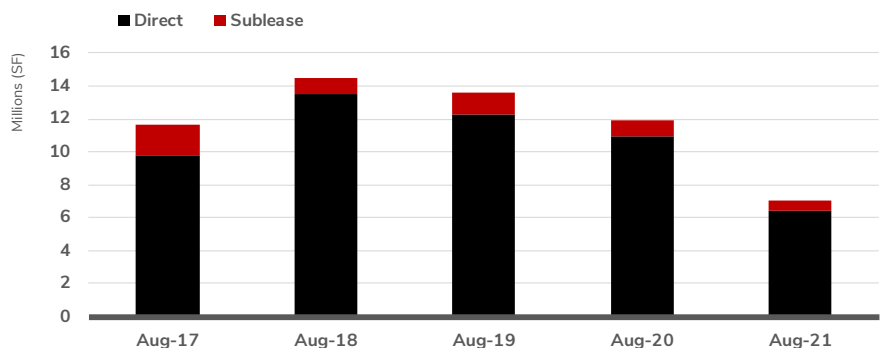
## MARKET ACTIVITY

	AUGUST 2021	vs	AUGUST 2020
Vacancy	25.1%	▲	23.1%
Availability	29.6%	▲	27.3%
Under Construction SF	4,355,093	▲	4,101,251
Gross Average Asking Rent	\$29.62	▲	\$29.34
Net Absorption SF YTD	(3,353,877)	▼	(2,993,365)
Leasing Activity SF YTD	7,006,041	▼	11,909,109
Deliveries SF YTD	658,165	▼	1,245,691

## SUPPLY & DEMAND | AUGUST - YEAR OVER YEAR



## LEASING ACTIVITY | AUGUST - YEAR OVER YEAR



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