

# HOUSTON OFFICE MONTHLY MARKET SNAPSHOT | DECEMBER 2021

## Houston Office market vacancy at 25.4%

### MARKET HIGHLIGHTS

#### HOUSTON OFFICE VACANCY STILL PUSHING UPWARDS

The vacancy rate increased 180 basis points to 25.4% as of November 30, compared to this time last year at 23.6%. Almost 2.6 million sq. ft. has been delivered to the market in 2021, with half of that space available for lease. At a time when leasing activity hasn't returned to pre-pandemic levels, overall office net absorption registered at negative 2.4 million sq. ft.

#### CONSTRUCTION JUST UNDER 2.5 MILLION SQ. FT.

As of year-to-date November 30, 2021, there is 2.4 million sq. ft. under construction, representing non-owner-occupied buildings 20,000 sq. ft. and over. The submarket with the most square footage under construction is the Texas Medical Center, underscoring continued momentum toward life sciences office product. Texas A&M and partner Medistar are under way on construction of the 510,000-sq.-ft. Horizon Tower—a state-of-the-art life sciences building—at 6929 Main Street, which is expected to deliver in Q1 2023.

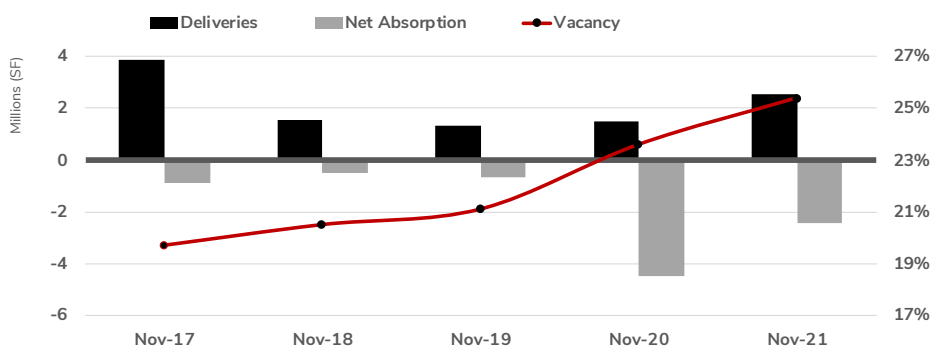
#### FUTURE JOB GROWTH EXPECTED FROM SECTORS OTHER THAN ENERGY

Houston shed 361,400 jobs at the start of the pandemic, but the metropolitan area has since recovered about 74.4% of those positions, according to the Greater Houston Partnership's annual employment forecast. About 8,700 jobs are expected to be added in the professional, scientific, and technical services sector, which includes office-using industries such as accounting, engineering, architecture, and law to name a few. However, it's not clear how many of the office-using jobs will translate to the need for more office space.

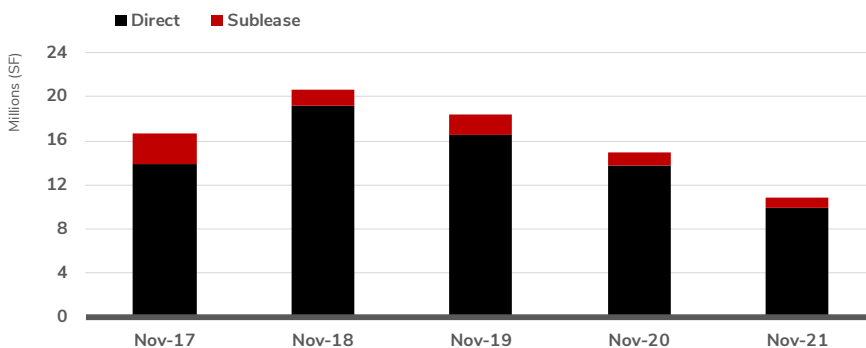
### MARKET ACTIVITY

	NOVEMBER 2021	vs	NOVEMBER 2020
Vacancy	25.4%	▲	23.6%
Availability	29.2%	▲	28.1%
Under Construction SF	2,431,198	▼	4,131,108
Gross Average Asking Rent	\$29.46	▼	\$29.87
Net Absorption SF YTD	(2,437,797)	▲	(4,465,197)
Leasing Activity SF YTD	10,792,925	▼	14,897,714
Deliveries SF YTD	2,551,375	▲	1,495,968

### SUPPLY & DEMAND | NOVEMBER - YEAR OVER YEAR



### LEASING ACTIVITY | NOVEMBER - YEAR OVER YEAR



**LETA WAUSON**

DIRECTOR OF RESEARCH  
leta.wauson@naipartners.com  
tel 713 275 9618

**NAI**partners  
BROKERAGE SERVICES  
www.naipartners.com