

HOUSTON



Market Insights for Tenants: At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing market conditions and strategies that can benefit tenants in each marketplace – leveraging this information for your economic advantage. We're pleased to provide the below in-depth information; contact us for ways we can help you get the BEST deal on your commercial space needs.

OVERVIEW

More than a year since the double whammy that was the energy downturn compounded by the onset of the COVID-19 pandemic, Houston's office market remains flooded with uncertainty.

Following a slight uptick in leasing activity through the start of the year, the Houston market closed Q2 2021 with 21.9% overall vacancy (direct and sublease), down from 22.4% in Q1, but still among the highest of 390 national markets tracked by CoStar. Gross asking rents for Class A space across Houston averaged \$34.10/SF with the most expensive asking rents seen in Houston's CBD (\$42.72/SF) and the least expensive in Greenpoint (\$19.61/SF).

Tenants maintain the upper hand in negotiations, and concessions of free rent and large improvement allowances will continue to be mainstays as landlords struggle to attract and retain viable tenants.

FUNDAMENTALS

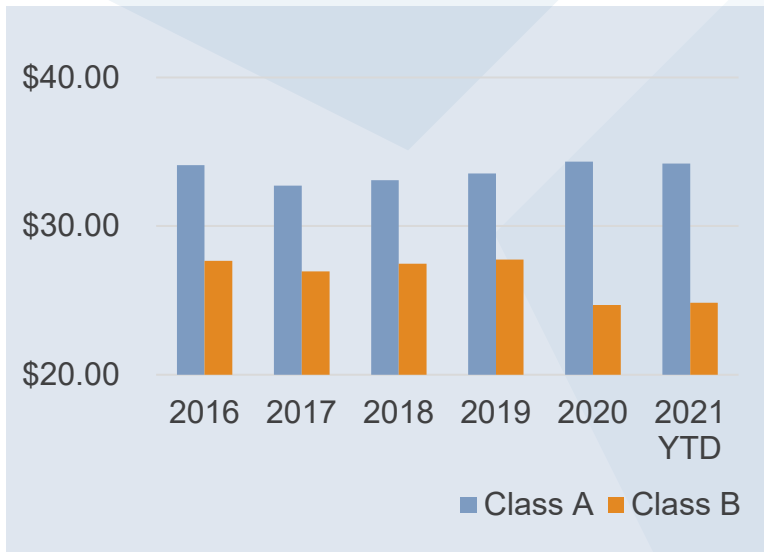
Forecast

YTD net absorption	(796,180) SF ▲	
Under construction	5,752,774 SF ▶	
Average asking rent (gross)	\$28.55 ▶	
Concessions	Rising ▲	
Market Size	Largest Office Deal	Total Vacancy
340,565,492 SF	120,454 SF	64,594,854 SF

TOTAL VACANCY



AVERAGE ASKING RENTS



For more information, please contact:



Anthony Fritsche | 713.275.3801 | afritsche@fritscheanderson.com



global tenant representation

exisglobal.com | info@exisglobal.com

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WHAT THIS MEANS FOR TENANTS

Tenants that would not otherwise consider a move are leveraging the state of the market by getting out and touring in an attempt to capture savings and potentially upgrade their space, as an influx of sublease space to Houston's office market makes it possible to obtain a high-end office at below market rates.

While the market is clearly struggling, asking rents have not dropped dramatically; the correction can be seen, however, in aggressive concessions offered by landlords

which include above average allowances that can be translated to significantly abated rent and substantial improvement projects.

Questions remain surrounding hybrid work schedules and the future of the office in terms of flexibility and necessity. As companies see more stability in the market, they can begin to make long-term plans.

KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Linde Engineering	1585 Sawdust Road	Woodlands	Renewal	120,454
Vroom	3600 W Sam Houston Parkway S	Westchase	New Lease	102,500
Susman Godfrey	1000 Louisiana Street	CBD	Renewal	76,856
Buckeye Partners	4200 Westheimer Road	Galleria	New Lease	73,075
NewRez	17000 Katy Freeway	Energy Corridor	New Lease	60,118
Greenberg Traurig	1000 Louisiana Street	CBD	New Lease	37,345
Colliers International	1233 West Loop S	Galleria	Renewal	36,954
Concho Resources	1001 Fannin Street	CBD	Renewal	27,767
AES Drilling Fluids	575 N Dairy Ashford Road	Energy Corridor	New Lease	27,614
Amazon	818 Town & Country Boulevard	Energy Corridor	New Lease	26,000

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