

HOUSTON OFFICE MONTHLY MARKET SNAPSHOT | MARCH 2022

Houston Office market outlook remains cautiously optimistic

MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST TWO MONTHS OF THE YEAR—FEBRUARY 2022 COMPARED TO FEBRUARY 2021.

HOUSTON OFFICE VACANCY AT 24.9%

Two months into 2022, overall vacancy is at 24.9%, up 110 basis points from this time last year. Availability is at 29.0%, up 50 basis points from February 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The Houston office market has recorded 1.7 million sq. ft. of leasing activity, is comprised of both new leases and renewals, while net absorption (move-ins minus move-outs) is at a positive 634,000 sq. ft., up from negative 513,000 sq. ft. year-over-year. The Houston average asking full-service rent is at \$29.25 per sq. ft., down slightly from this time last year.

POSITIVE NET ABSORPTION IN 2022

A notable move-in that contributed to the positive net absorption so far in 2022 include Hewlett Packard Enterprise moving into their new 60-acre campus and global headquarters, which was announced in their plans to relocate from California in December 2020. The 440,000 sq.-ft. campus is located at 1701 East Mossy Oaks Road about 26 miles north of downtown Houston within City Place, a mixed-use development formerly known as Springwoods Village where Exxon Mobil's headquarters are also moving.

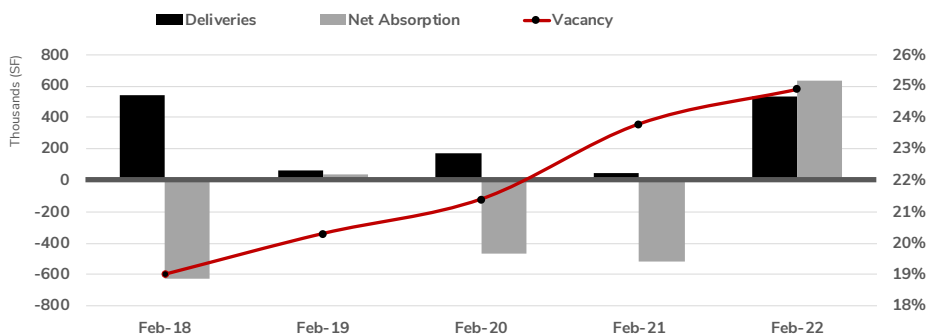
BACK TO THE OFFICE AT TEXAS TOWER

Vinson & Elkins is returning to the office in a brand-new location in Texas Tower. Bloomberg Law reported that the firm has more than 650 lawyers and will have its attorneys spend at least three days a week in the office, adopting a hybrid policy. More than 40% of those attorneys are based in Houston. Vinson & Elkins is leasing 215,000 sq. ft. of the top seven floors. The tower also houses law firms DLA Piper and McGuireWoods.

MARKET ACTIVITY

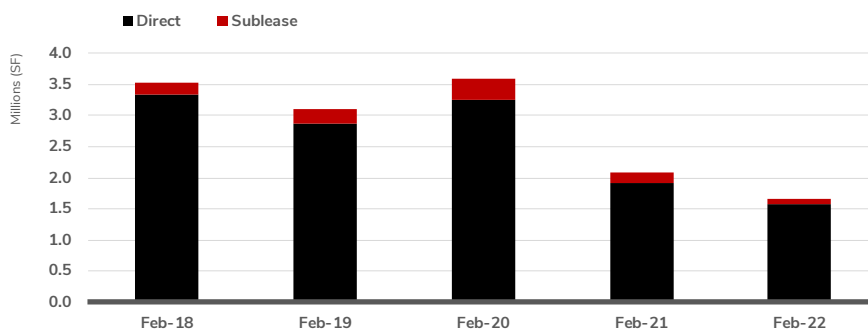
	FEBRUARY 2022	vs	FEBRUARY 2021
Vacancy	24.9%	▲	23.8%
Availability	29.0%	▲	28.5%
Under Construction SF	1,701,662	▼	4,127,586
Gross Average Asking Rent	\$29.25	▼	\$29.29
Net Absorption SF YTD	633,921	▲	(512,747)
Leasing Activity SF YTD	1,668,323	▼	2,087,397
Deliveries SF YTD	531,395	▲	46,667

SUPPLY & DEMAND | FEBRUARY - YEAR OVER YEAR



Source: CoStar, NAI Partners Research

LEASING ACTIVITY | FEBRUARY - YEAR OVER YEAR



Source: CoStar, NAI Partners Research

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