

PARTNERS MARKET EDGE

YOUR MONTHLY INSIGHT AND MARKET ANALYSIS BY TEXAS CRE RESEARCH EXPERT STEVE TRIOLET

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STEVE TRIOLET, Senior Vice President, Research and Market Forecasting



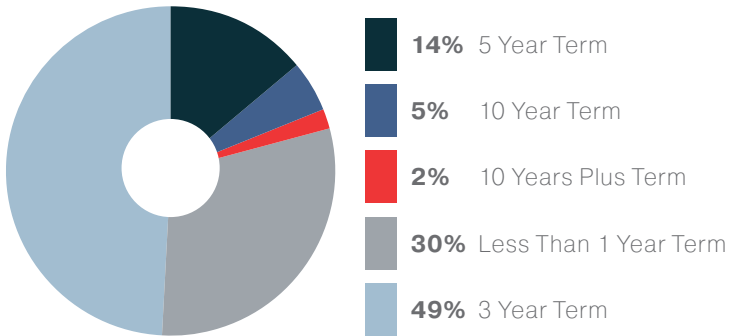
OFFICE LEASING TRENDS ACROSS TEXAS

Average office lease terms cut nearly in half across all major Texas markets

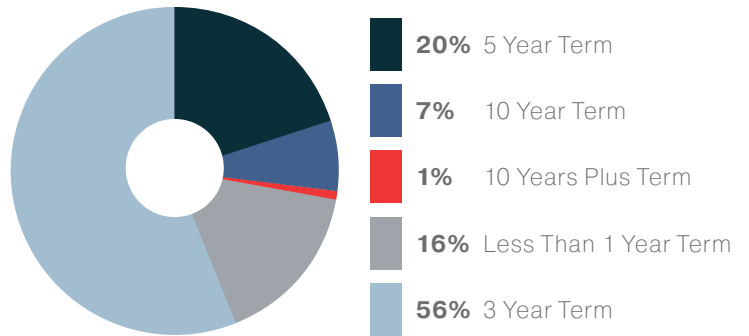
After analyzing almost 5,000 office leases signed across the four major Texas markets over the past 12 months, some trends emerged between the different type of leases (direct new deals versus subleases and renewals).

All of the major Texas market are seeing 3-year lease-terms on average for new direct deals. This is down significantly from the historic long-term average, which typically has been a 5-year lease terms. The only real exception to the shorter terms has been larger tenants moving into new construction. The very high tenant improvement packages in those deals have forced tenants to commit to longer terms, in some cases even up to 15-year terms (those only represent about 1 to 2% of deals though).

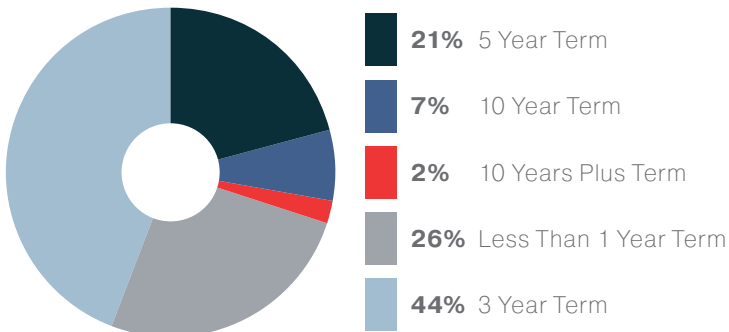
AUSTIN NEW DEALS BY LEASE TERM



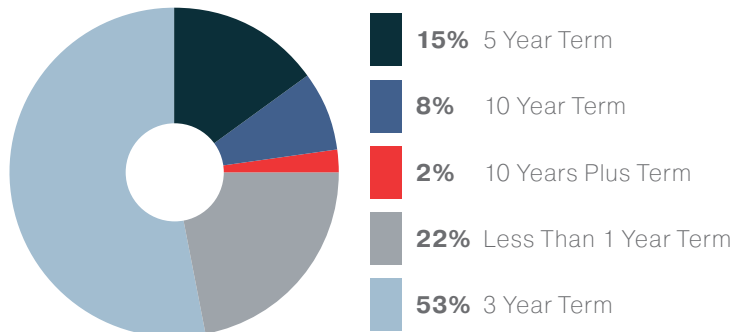
DALLAS/FORT WORTH NEW DEALS BY LEASE TERM



HOUSTON NEW DEALS BY LEASE TERM



SAN ANTONIO NEW DEALS BY LEASE TERM

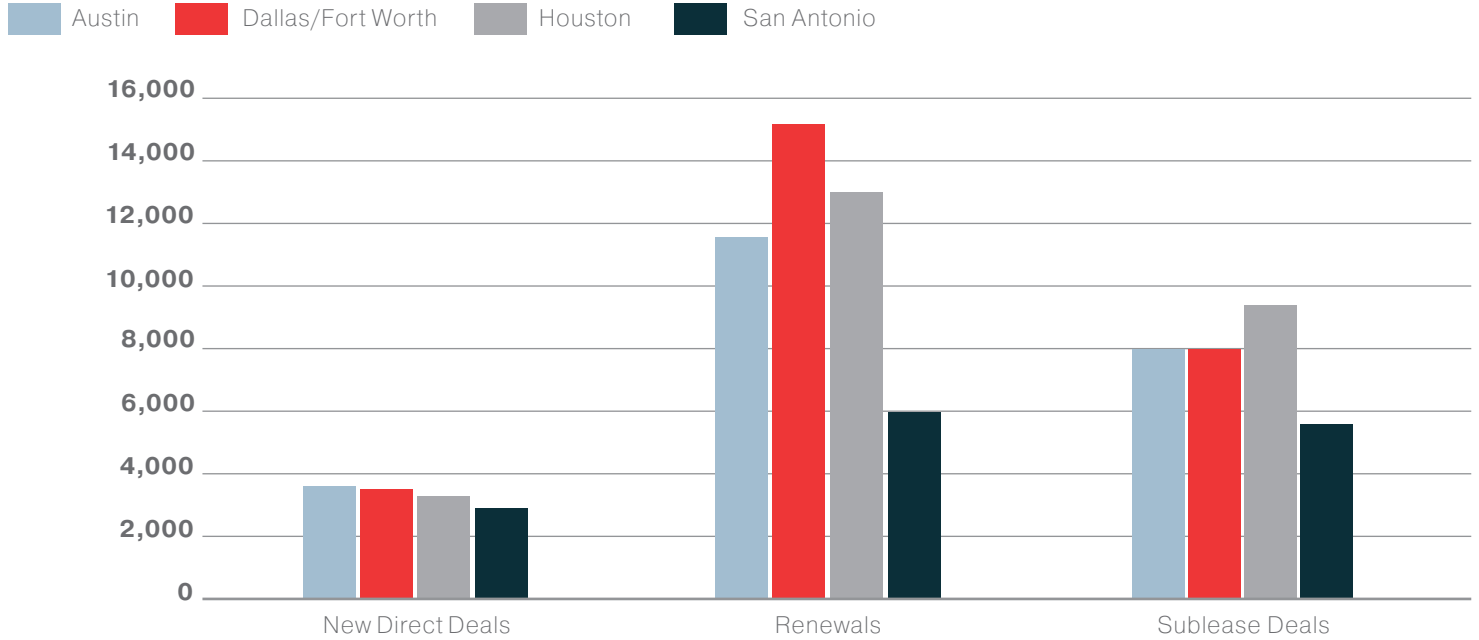


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Larger tenants tend to be more “sticky” than smaller tenants, as shown by the average deal size over renewals over the past year. For example, in San Antonio the average renewal size deal is more than twice new direct deals, while in Austin renewals deals have been on average almost three times as large as new direct deals.

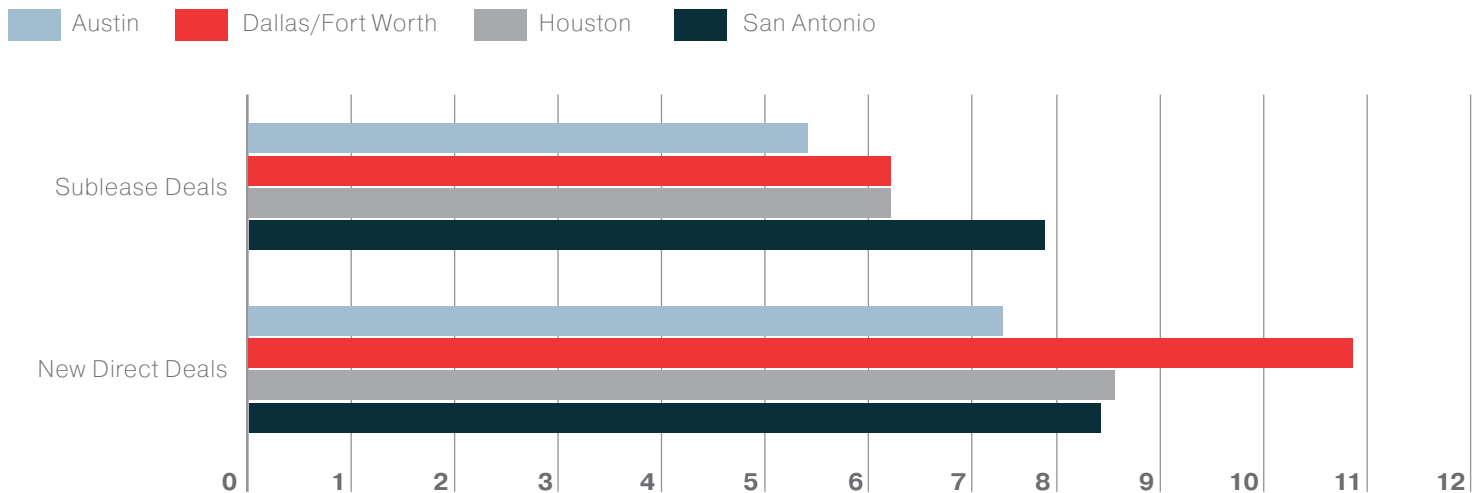
AVERAGE SIZE (SF)



The sweet spot for sublease space that has been leased up over the past year had an average term of roughly 3 years, while the majority of available sublease space out in the market has a longer term than that.

The average size for subleases leased over the past year was 9,388 square feet.

AVERAGE TIME ON MARKET (IN MONTHS)



partners

STEVE TRIOLET
SENIOR VICE PRESIDENT, RESEARCH AND
MARKET FORECASTING
steve.triolet@partnersrealestate.com
tel 214 223 4008