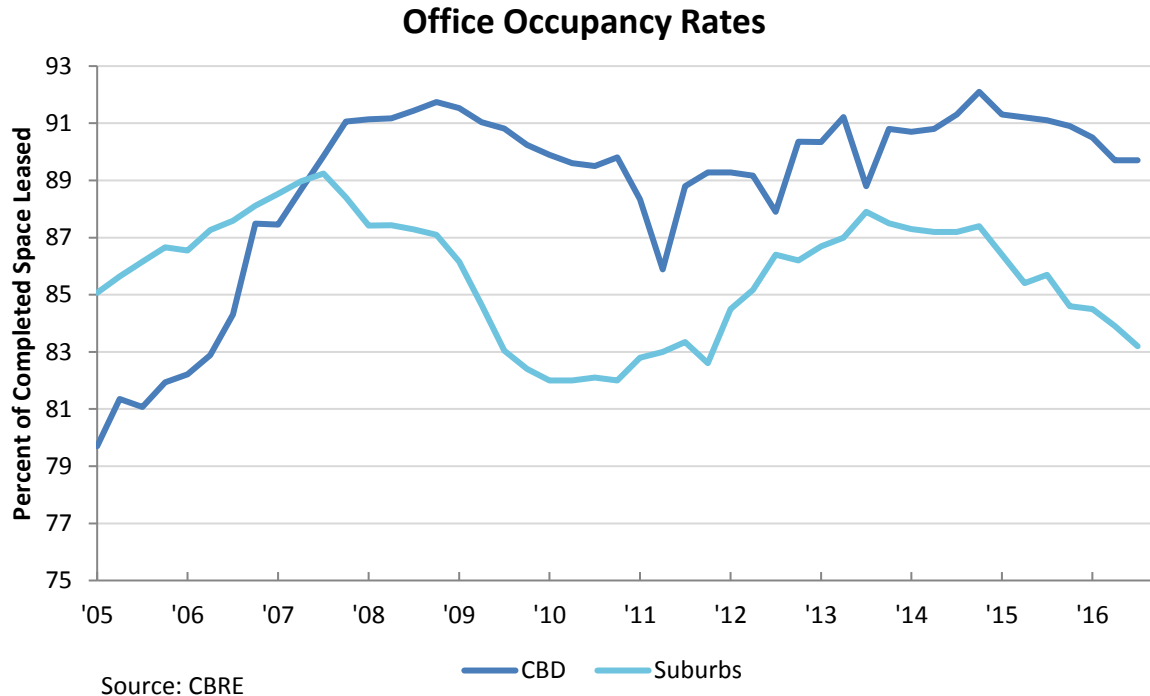


Office Market

The decline in Houston's office occupancy translates into a significant amount of space available at highly favorable terms.



- In Houston—the nation's fifth-largest office market with 212.1 million square feet (msf) of net rentable area—overall occupancy at the end of the third quarter of '16 stood at 84.4 percent (89.7 percent in the Central Business District (CBD) and 83.2 percent in the suburbs). Houston's 114.6 msf of Class A space was 86.4 percent leased.
- Third quarter '16 Class A asking lease rates ranged from \$44.80 per square foot in the CBD to \$35.86 in the suburban submarkets. Overall asking lease rates for Class A space averaged \$37.76, Class B \$23.66.
- A total of 2.3 million square feet of office space was under construction as of Q3/16, with 47.7 percent of the space preleased.
- Four buildings totaling more than one million square feet of new construction were delivered in Q3/16 at 42.1 percent preleased.
- Sublease space has increased from 7.1 msf in Q3/15 to 11.4 msf in Q3/16, accounting for nearly 5.5 percent of Houston's office market. Tenants are able to benefit from discounted rates on premier Class A space offering six year terms on average, more than the two to three year terms typical for sublease space.