

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

Houston's office market, barely recovered from the most recent oil downturn, has the highest overall availability in the country at 20.8%. Further decline is expected, as continued uncertainty clouds the future of Houston's economy as a result of fallout from the global COVID-19 pandemic and the corresponding downturn in the energy industry. Following multiple waves of bankruptcies and budget cuts, new direct vacancies and subleases are being added to the current glut of available space in the market.

Increasing vacancy rates and sluggish demand will continue to drive competition among landlords, resulting in compression of asking rental rates and significant concession packages for tenants executing lease transactions for the foreseeable future.

FUNDAMENTALS

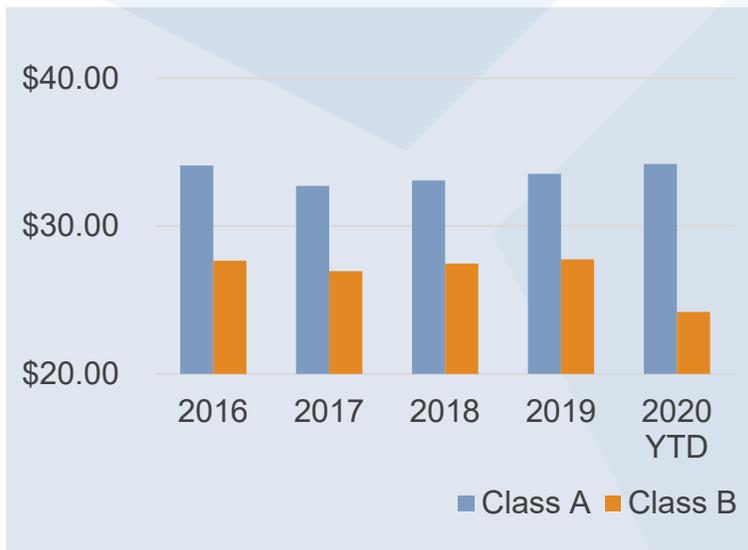
Forecast

YTD net absorption	(1,011,803) SF	▶
Under construction	5,749,950 SF	▶
Average asking rent (gross)	\$28.31	▼
Concessions	Rising	▲
Market Size	Largest Office Deal	Total Vacancy
334,060,211 SF	758,648 SF	57,651,829 SF

TOTAL VACANCY



AVERAGE ASKING RENTS



Metrics Used: Feet, US Dollars

For more information, please contact:



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WHAT THIS MEANS FOR TENANTS

Many Houston energy firms downsized, merged, or went out of business as a result of the energy downturn of 2014, and nearly all are facing a new crisis with the recent plunge in oil prices. The Houston metro area reported losses of roughly 330,000 jobs in March and April, according to the Texas Workforce Commission. Energy firms are slashing capital expense spending, and companies across all industries are looking to become more efficient with their space, moving toward more collaborative work areas with smaller footprints. Others are reducing density to give employees

more room to social distance. Many companies are evaluating remote working in an effort to decrease the amount of office space they occupy long-term.

While the long-term impacts of COVID-19 and resulting energy downturn remain to be fully realized, all indications point toward continued significant softening of the Houston office market for the remainder of 2020.

KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Occidental Petroleum	5 Greenway Plaza	Greenway Plaza	Renewal	758,648
Enterprise Products Partners	1100 Louisiana Street	CBD	Renewal	512,845
Western Midstream Partners	9950 Woodloch Forest Drive	Woodlands	New Lease	133,948
Universal Plant Services	4460 Highway 225	Gulf Freeway	Sublease	80,613
Rimkus Consulting Group	12140 Wickchester Lane	Energy Corridor	Sublease	50,380
EHRA Engineering	10011 Meadowglen Lane	Westchase	New Lease	47,238
BDO	2929 Allen Parkway	Midtown	New Lease	45,063
Waste Management	800 Capitol Street	CBD	New Lease	31,750
TDECU	14141 Southwest Freeway	Sugar Land	Sublease	29,419
DHL Express	16855 Northchase Drive	Greenspoint	New Lease	27,895

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