LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q1 2022
HOUSTON, TX

OFFICE MARKET OVERVIEW

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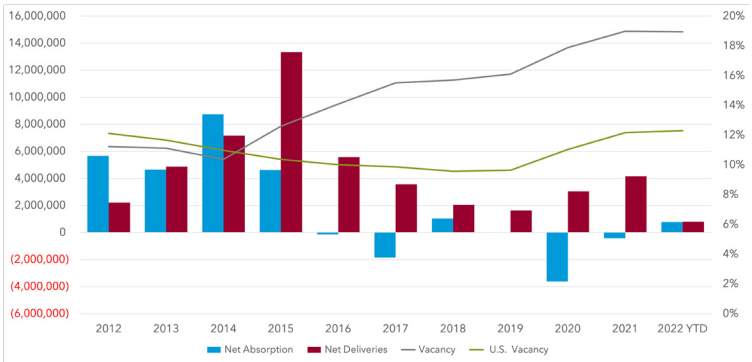
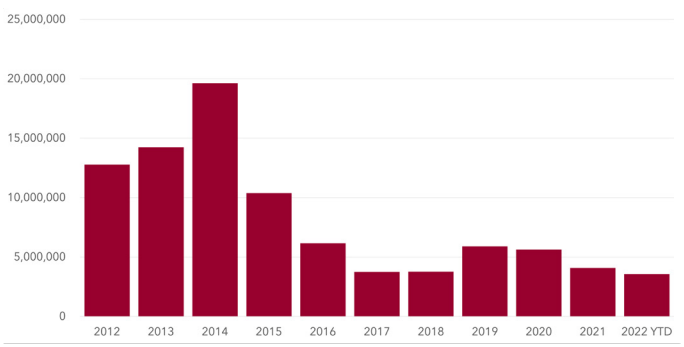
The Houston office market showed positive signs during the 1Q, with vacancy & new development decreasing, and over 1M SF of positive absorption. The tail winds of pent-up demand, strong energy pricing, and overall business confidence have started the trajectory toward a more equilibrium office market. Tenant concessions, and landlord's bolstering their amenity base, are still prevalent and necessary to close transactions. The amount of office space under construction is 18% of the 2014 peak,with minimal in the pipeline. Increased steel pricing has caused construction pricing for interiors to continue to increase, creating continued pressure TI Allowances and rents.

MARKET INDICATORS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
▲ Qtrly Net Absorption SF	1,148,815	(418,150)	(1,468,515)	(3,336,339)	(3,802,241)
▼ Vacancy Rate	18.80%	19.00%	18.50%	18.40%	18.10%
▲ Avg NNN Asking Rate PSF	$28.52	$28.49	$28.47	$28.50	$28.59
▼ SF Under Construction	3,570,560	4,084,235	4,965,764	4,867,136	5,352,127
▲ Inventory SF	350,754,697	349,971,987	347,841,659	347,068,365	346,354,934

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
11445 Compaq Center West CCA 4-7 Houston, TX	1,374,000 SF	Undisclosed	Mexcor, Inc. Hewlett Packard Enterprise	Class A
1500 CityWest Houston, TX	192,313 SF	Undisclosed	BioUrja Group Bridge Commercial	Class A
10001 Richmond Avenue Houston, TX	554,385 SF	Undisclosed	Real Capital Solutions LXP Industrial Trust	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
915 N. Eldridge Parkway (Sublease) Houston, TX	292,892 SF	McDermott	Enbridge Inc.	Oil/Gas Services
1585 Sawdust Houston, TX	40,813 SF	Orion Office REIT	Linde	Engineering
460 Wildwood Forest Drive Houston, TX	43,230 SF	GeoSouthern Energy Corp.	Strike Construction	Construction Services

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