



North Houston District

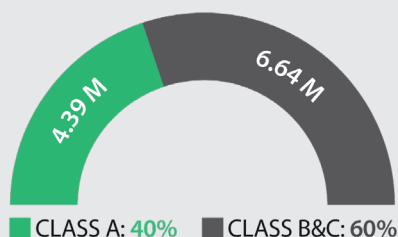
Submarket Report

Mid Year - July 2019

AT A GLANCE

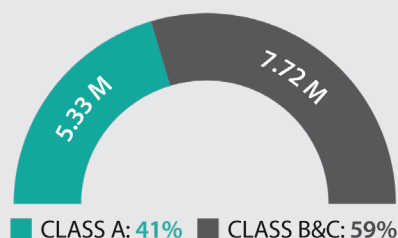
OFFICE INVENTORY

11.03
MILLION SF



INDUSTRIAL/FLEX INVENTORY

13.05
MILLION SF



Source: CoStar

OFFICE

The North Houston District submarket continues to fight its way back from the loss of significant tenants just as the 2015 oil slump was beginning. Since that time, property owners have invested millions of dollars in updating and modernizing their buildings to better reflect the needs of today's employees. Today, tenants can find bright, airy spaces with access to desired services and amenities at prices unmatched across other major business centers.

Class A

From a survey of 18 buildings, occupancy at July 17th was 34.6%, up slightly from a July 2018 reading of 31.9% in the North Houston submarket. Out of a total of 4.39 million sq. ft., 2.93 million is available, 2.87 million vacant and 17,000 on the sublet market. Gross rents were reported to be \$21.32 per square foot, down from \$22.38 per square foot in July of last year. Over the last 12 months, 139,958 sq. ft. was reported leased.

**CLASS A
OCCUPANCY** | **34.6%**

TOTAL 4.39 M SF

AVAILABLE 2.93 M SF

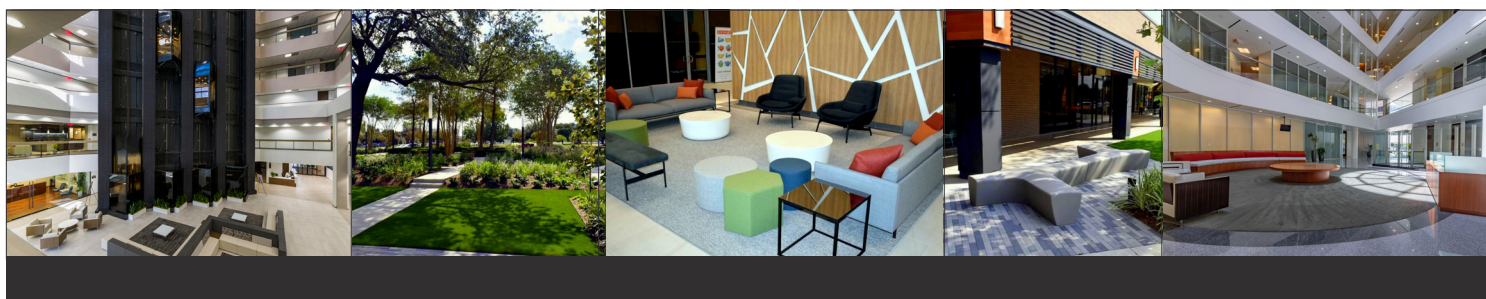
VACANT 2.87 M SF

SUBLET 17 k SF

Source: CoStar

Class B & C

The Class B & C office market is performing slightly better than the Class A and has essentially held steady over the last year. As of July 17th, reported occupancy was 67.7%, slightly higher from last July's figure of 66.3%. From a survey of 101 buildings, out of a total of 6.64 million sq. ft., 2.41 million is available, with 2.14 million vacant. Current gross rents are reported at \$14.86 per square foot, down from 15.29 in July 2018. Over the last 12 months 472,308 sq. ft. was reported leased.



INDUSTRIAL/FLEX

The industrial market has emerged as the strength of the North Houston submarket, with several major projects recently completed or underway - including the 1 million sq. ft. Coca-Cola Southwest Beverages facility scheduled to open Q1 2020 – and occupancy continues to be high. With its premier location at the junction of the North Freeway and Beltway 8, North Houston's access to all points of the compass, proximity to IAH and the Port of Houston make it desirable to national, regional and local warehouse and distribution operations.

Class A

From a survey of 21 buildings, occupancy at July 17th was 86.8% in the North Houston submarket, up slightly from July 2018. Out of a total of 5.33 million sq. ft., 2.9 million was available, 705,000 was vacant, and just under 348,000 sq. ft. was on the sublet market.

Class B & C

Class B & C industrial properties continue to perform very well in the North Houston submarket. From a survey of 188 buildings, occupancy at July 17th was 94.2%, up from a July 2018 reading of 92.5%. Out of a total of 7.72 million sq. ft., 1.32 million sq. ft. was available and 451,000 vacant.



CLASS A OCCUPANCY | **86.8%**

TOTAL 5.33 M SF

AVAILABLE 2.99 M SF

VACANT 705 k SF

SUBLET 348 k SF

CLASS B & C OCCUPANCY | **94.2%**

TOTAL 7.72 M SF

AVAILABLE 1.32 M SF

VACANT 451 k SF

SUBLET 624 k SF

Source: CoStar

2018 HIGHLIGHTS

OFFICE

elementia
16,505 SF

OLLU
OUR LADY OF THE LAKE UNIVERSITY
20,000 SF

HUNTING
62,137 SF

INDUSTRIAL

Coca-Cola
SOUTHWEST BEVERAGES
ARCACONTINENTAL
1 Million SF

Kitchen Cabinet Distributors
108,000 SF

RETAIL



The retail sector in North Houston is a major component of the North Houston District's commercial real estate market. Retail developments encompass a range of styles and offerings, from big box stores such as Walmart,

Home Depot and Marshall's along the North Freeway, to Hispanic-focused strip centers in the southeast quadrant of the District, to a new international grocery chain location (Aldi's).

CoStar surveyed 233 buildings in the North Houston District which together is nearly 5.9 million sq. ft. of space. The survey indicated that only 332,000 sq. ft. were vacant as of July 17th for an occupancy rate of 97%.

RETAIL OCCUPANCY | **96.6%**

TOTAL 5.91 M SF

AVAILABLE 332 k SF

VACANT 198 k SF

SUBLET 8 k SF

Source: CoStar

FOR MORE INFORMATION
Greg Simpson | President
281-874-2144 | gsimpson@northhouston.org

northhouston.org

f **in**
NH District
9/2019