



# North Houston District

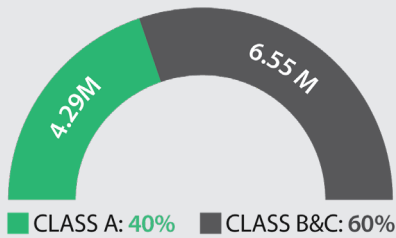
## Submarket Report

## January - June 2018

### AT A GLANCE

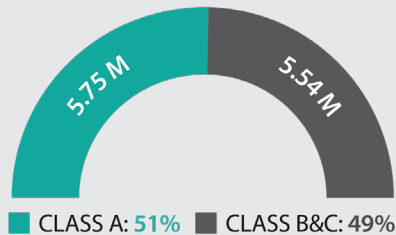
#### OFFICE INVENTORY

**10.84**  
MILLION SF



#### INDUSTRIAL/FLEX INVENTORY

**11.29**  
MILLION SF



Source: CoStar

### OFFICE

The Greater Houston Area office market continues to see difficulties, with increasing directly available and sublease space and higher than “healthy market” vacancy rates. NAI Partners indicates that overall occupancy in the Houston market (78%) is the lowest level since 1999. Additionally, their 2018 Q2 report shows that net absorption remains negative, albeit less than Q1. The North Houston District submarket reflects those trends and offers excellent value and opportunity for businesses seeking space.

#### Class A

From a survey of 17 buildings, occupancy as of July 2 was 31.9 percent in the North Houston District submarket. From a total of 4.29 million sq. ft., 2.97 million is available, 2.92 million is vacant and 9,061 is on the sublet market. Gross rents were reported at \$22.38 per square foot, down from \$23.12 per square foot at 2017 year-end and below the five-year average of \$26.03 per square foot. During the last 12 months, 332,277 sq. ft. was reported leased, up from 103,898 sq. ft. at 2017 year-end and higher than the five-year average of 284,143.

**CLASS A OCCUPANCY** | **31.9%**

TOTAL 4.29 M SF

AVAILABLE 2.97 M SF

VACANT 2.92 M SF

SUBLET 9 k SF

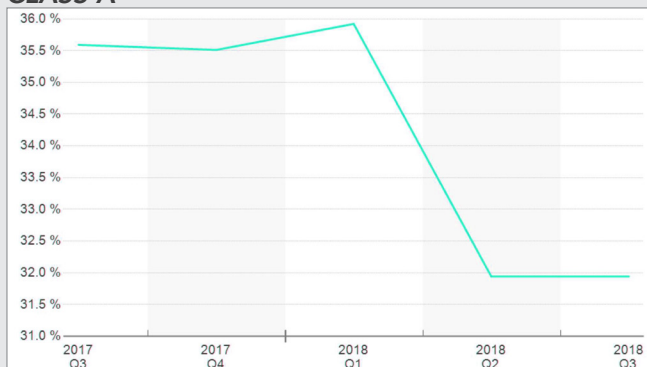
Source: CoStar

#### Class B & C

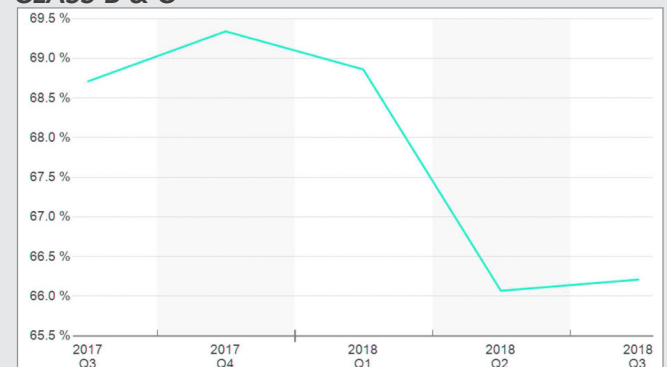
The Class B and Class C office market is performing better than Class A and has held steady over the last year. As of July 2, occupancy was reported at 66.3 percent, slightly lower than the 2017 year-end figure of 65.5 percent. From a survey of 99 buildings totaling 6.55 million sq. ft., 2.54 million is available, 2.21 million is vacant and 82,516 is on the sublet market. Current gross rents are reported at \$15.29 per square foot, which is higher than the five-year average of \$15.19 per square foot. During the last 12 months, 534,060 sq. ft. was reported leased.

### OFFICE OCCUPANCY RATE HISTORY

#### CLASS A



#### CLASS B & C



Source: CoStar

## INDUSTRIAL/FLEX

The industrial market continues to be strong in the North Houston District submarket. Perhaps for the first time in its history, the submarket reports more industrial/flex inventory than office inventory. Growth in Pinto Business Park continues, with Emser Tile expected to open their 600,000 sq. ft. warehouse and distribution center later this year and the announcement of the Q1 2020 opening of the first Coca-Cola plant built in the U. S. in a decade. The submarket's premier location at the junction of I-45 North and Beltway 8, additional freeway access via nearby Hardy Toll Road and I-69, proximity to Bush IAH and the Port of Houston continues to be valuable to national, regional and local warehouse and distribution operations.

### Class A

From a survey of 23 buildings, occupancy to July 2 was 85.7 percent in the North Houston submarket, higher than the 2017 year-end figure of 71.3 percent. From a total of 5.75 million sq. ft., 1 million is available, 825,820 is vacant, and 179,439 is on the sublet market. Twelve-month absorption was reported to be 1.9 million sq. ft, significantly higher than the five-year average of 825,105 sq. ft.

### Class B & C

Class B and Class C industrial properties continue to perform well. From a survey of 143 buildings, occupancy as of July 2 was 92.5 percent, down slightly from the 2017 year-end figure of 94.4 percent. From a total of 5.54 million sq. ft., only 709,272 is available, 416,309 is vacant and 175,560 is on the sublet market. Current gross rents are reported at \$6.29 per square foot, with the five-year average at \$6.83 per square foot.

**CLASS A OCCUPANCY** | **85.7%**

TOTAL 5.75 M SF

AVAILABLE 1 M SF

VACANT 825 k SF

SUBLET 179 k SF

**CLASS B & C OCCUPANCY** | **92.5%**

TOTAL 5.5 M SF

AVAILABLE 709k SF

VACANT 416k SF

SUBLET 175 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 North Houston District submarket's retail sector is a major component of its commercial real estate market. The area offers a variety of developments from big box stores, such as Walmart and Home Depot, to strip centers that cater to the local community. Major recent developments include the construction of a new ALDI grocery store, Chick-Fil-A, and Raising Cane's on West Road and the opening of a new, 47,000 square foot El Rancho grocery store on I-45 just south of the North Sam Houston Parkway.

CoStar surveyed 239 buildings in the North Houston District, which totals 5.68 million sq. ft. of space. The survey indicates that occupancy was 86.4 percent as of July 2, with 771,807 sq. ft. vacant. Twelve-month leasing activity was reported at 77,683 sq. ft.

**RETAIL OCCUPANCY** | **86.4%**

TOTAL 5.68 M SF

AVAILABLE 971 k SF

VACANT 771 k SF

SUBLET 8 k SF

Source: CoStar

FOR MORE INFORMATION

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