



The Woodlands Office
21Q2

Key Takeaways

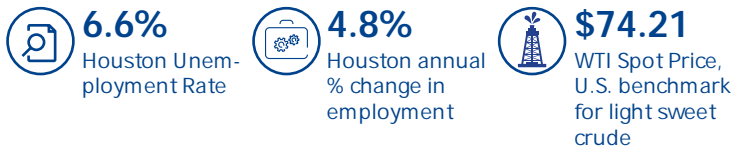
- Leasing activity increased on a quarterly basis
- Vacancy fell over the quarter by 40 basis points
- Absorption increased during Q2 2021
- Rental rates increase between quarters



Highlights

The Woodlands office market vacancy rate decreased from 16.8% to 16.4% over the quarter, but is still well under the Houston Metro and Houston CBD average vacancy rates of 23.0% and 25.7%, respectively. The submarket recorded 66,900 square feet of positive net absorption in Q2 2021. The average asking rental rate increased from \$34.82 per SF in Q1 2021 to \$35.82 per SF in Q2 2021 and the average Class A rental rate increased from \$36.52 per SF to \$37.11 per SF. Construction activity remained steady between quarters and leasing activity increased.

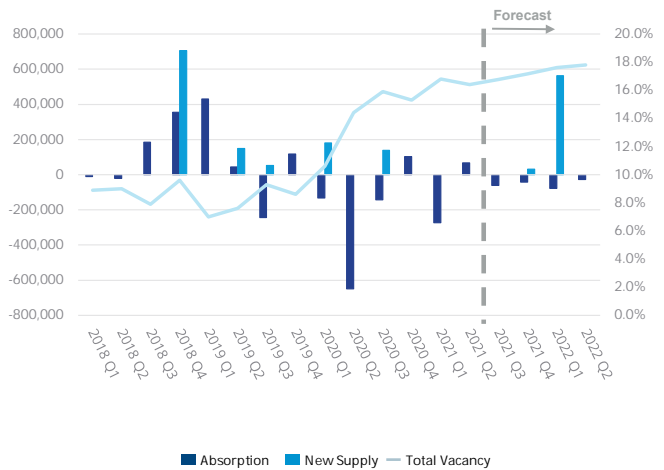
Market Indicators



Historic Comparison

| | 20Q2 | 21Q1 | 21Q2 |
|-----------------------------------------|----------|----------|----------|
| Total Inventory (in Thousands of SF) | 17,350.5 | 17,488.4 | 17,488.4 |
| New Supply (in Thousands of SF) | 180.0 | 0 | 0 |
| Net Absorption (in Thousands of SF) | -648.8 | -272.7 | 66.9 |
| Overall Vacancy | 14.2% | 16.8% | 16.4% |
| Under Construction (in Thousands of SF) | 740.9 | 603.0 | 603.0 |
| Overall Asking Lease Rates (FSG) | \$34.79 | \$34.82 | \$35.82 |

Market Fundamentals



The forecast in the above graph is based on a trailing 4-quarter average.

Recent Transactions

Source: CoStar



Lease
1401 Lake Plaza Dr
26.8k SF



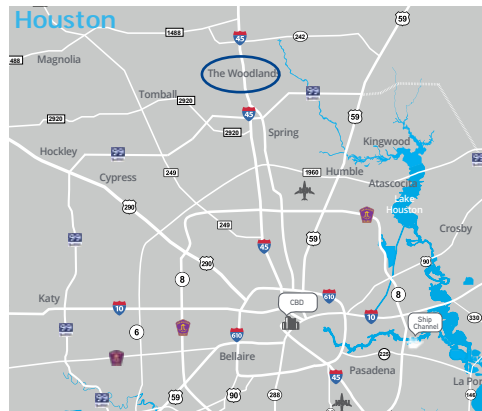
Lease
CityPlace 1
5.3k SF



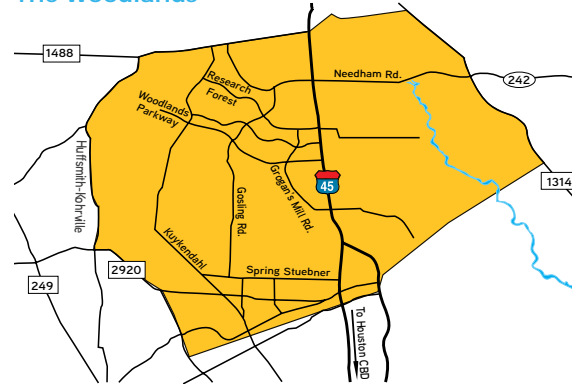
| Submarket/ Class | Total Inventory SF | Direct Availability Rate | Sublease Availability Rate | Availability Rate | Total Vacancy Rate | Previous Vacancy Rate | Net Absorption Current | Net Absorption YTD | Under Construction | Deliveries YTD | Avg Direct Asking Rate (FSG) |
|----------------------|--------------------|--------------------------|----------------------------|-------------------|--------------------|-----------------------|------------------------|--------------------|--------------------|----------------|------------------------------|
| The Woodlands | | | | | | | | | | | |
| A | 13,263,611 | 13.0% | 3.6% | 16.5% | 14.0% | 14.3% | 42,268 | -201,058 | 568,000 | 0 | \$37.11 |
| B | 4,093,105 | 24.0% | 2.0% | 26.1% | 24.5% | 25.1% | 24,643 | 5,910 | 35,000 | 0 | \$32.40 |
| C | 131,696 | 22.5% | 0.0% | 22.5% | 9.8% | 9.8% | 0 | -10,621 | 0 | 0 | \$12.00 |
| TOTAL | 17,488,412 | 15.6% | 3.2% | 18.8% | 16.4% | 16.8% | 66,911 | -205,769 | 603,000 | 0 | \$35.82 |
| Houston CBD | | | | | | | | | | | |
| A | 35,357,715 | 27.5% | 3.3% | 30.5% | 25.1% | 24.7% | -120,117 | -278,573 | 1,621,829 | 0 | \$42.77 |
| B | 7,296,735 | 32.2% | 3.5% | 35.7% | 29.6% | 28.8% | -57,333 | -35,601 | 0 | 0 | \$30.44 |
| C | 593,330 | 5.6% | 0.0% | 5.6% | 13.2% | 13.2% | 0 | 0 | 0 | 0 | \$24.00 |
| TOTAL | 43,247,780 | 28.0% | 3.3% | 31.0% | 25.7% | 25.2% | -177,450 | -314,174 | 1,621,829 | 0 | \$40.27 |
| Houston Metro | | | | | | | | | | | |
| A | 136,188,022 | 25.9% | 4.4% | 30.0% | 24.3% | 24.0% | -234,670 | -807,804 | 3,204,077 | 298,900 | \$32.83 |
| B | 85,634,185 | 23.4% | 1.5% | 24.9% | 22.1% | 21.8% | -215,844 | -360,138 | 303,473 | 184,671 | \$22.12 |
| C | 11,910,625 | 14.3% | 0.6% | 14.8% | 14.3% | 14.1% | -24,157 | -52,210 | 0 | 0 | \$19.48 |
| TOTAL | 233,732,832 | 24.4% | 3.1% | 27.4% | 23.0% | 22.7% | -474,671 | -1,220,152 | 3,507,550 | 483,571 | \$28.51 |

Submarket Map

Texas



The Woodlands



FOR MORE INFORMATION

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