

Houston Office Market Snapshot NASA / Clear Lake

Grubb & Ellis Research
Fourth Quarter 2008



VACANCY HOLDS STEADY The NASA/Clear Lake submarket posted 98,718 square feet of positive net absorption during the fourth quarter as the annual total rose to 136,227 square feet of growth. The quarterly growth was attributed to Class A properties recording 71,248 square feet of black ink. Following suit, Class B and C type buildings registered 16,948 and 10,522 square feet of positive absorption, respectively. Despite the quarterly growth, overall vacancy held steady at 9.1 percent as new construction deliveries kept pace with demand. Class A vacancy within the submarket currently sits at a low 3.8 percent.

ASKING RENTS INCREASE ACROSS THE BOARD During the fourth quarter, overall full-service asking rents improved by \$0.11 to \$20.40 per square foot per year. The quarterly rise in rents was attributed to Class A full-service rents rising by \$0.05 to \$23.38 per square foot per year. Meanwhile, Class B asking rents increased by \$0.25 to \$20.35 while Class C rents improved by \$0.49 to \$17.06 per square foot per year.

QUALITY SPACE OPTIONS REMAIN SCARCE With vacancy sitting below 10 percent, quality space options, primarily in the Class A market, are still relatively scarce, which has triggered asking rents to continue to rise. Tenants looking to upgrade or expand their space should do so quickly as landlords hold the upper hand.

