

THE WOODLANDS | OFFICE

Q1 2016

Accelerating success.

The Woodlands Office Market

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Q1 2016 Submarket Highlights

The greater Houston metro is home to most major energy companies and its economy and real estate market can be positively or negatively affected by the price of oil. The Q1 2016 office market continues to struggle due to the low price of oil, but it appears to be performing better than expected in a \$40 per barrel economy. The Woodlands is not isolated from Houston’s current market conditions, but does fare better than most of Houston’s other office submarkets. The Woodlands Q1 2016 office market vacancy rates decreased over the quarter with the exception of class C product. Net absorption remained positive and class A rental rates rose.

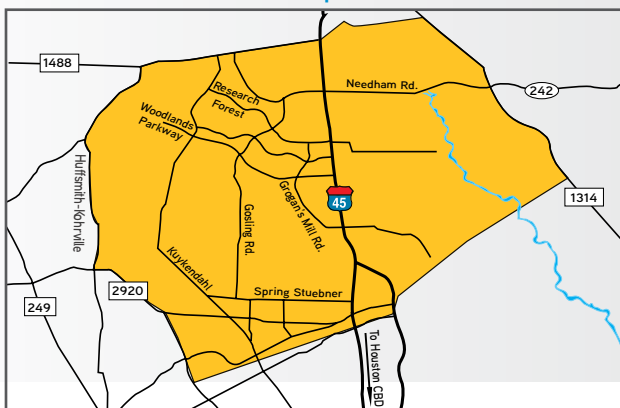
Office Market Indicators

	Class A	Class B
VACANCY	↓	↓
NET ABSORPTION	↓	↑
CONSTRUCTION	↓	↓
RENTAL RATE	↑	↓
NEW SUPPLY	↓	↓

The Woodlands Summary

Class	INVENTORY		DIRECT VACANCY		SUBLEASE VACANCY		VACANCY	VACANCY RATE		NET ABSORPTION		RENTAL RATE
	# of Bldgs.	Total (SF)	(SF)	Rate (%)	(SF)	Rate (%)	Total (SF)	Q1-2016	Q4-2015	Q1-2016	Q4-2015	AVG (\$/SF)
The Woodlands												
A	37	10,501,457	852,743	8.1%	54,036	0.5%	906,779	8.6%	9.0%	36,926	442,284	\$35.95
B	70	4,398,619	420,049	9.5%	64,167	1.5%	484,216	11.0%	11.6%	27,739	-71,790	\$23.88
C	4	308,161	25,119	8.2%	0	0.0%	25,119	8.2%	0.3%	-24,119	0	\$19.80
Total	111	15,208,237	1,297,911	8.5%	118,203	0.8%	1,416,114	9.3%	9.6%	40,546	370,494	\$30.06

Woodlands Submarket Map



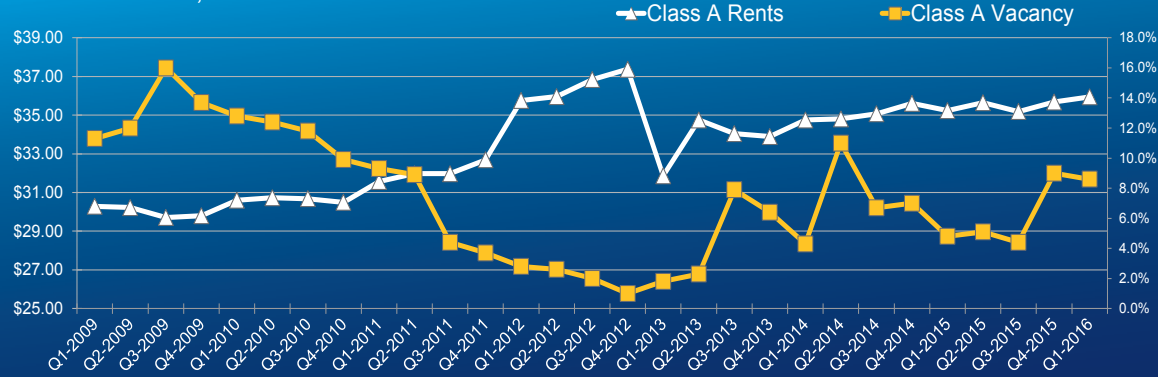
“In The News”

The Texas Department of Transportation has recently completed the segments of the Grand Parkway (SH 99), from Interstate 10 West to U.S. Highway 59 North.

The average quoted rental rates are a mix of direct and sublet rates and are based on a blend of gross and NNN. The graphs below are only intended to show rental rate trends. Actual gross rates are higher than the average rate shown in the graph.

Class A Rental Rate and Vacancy Percentage

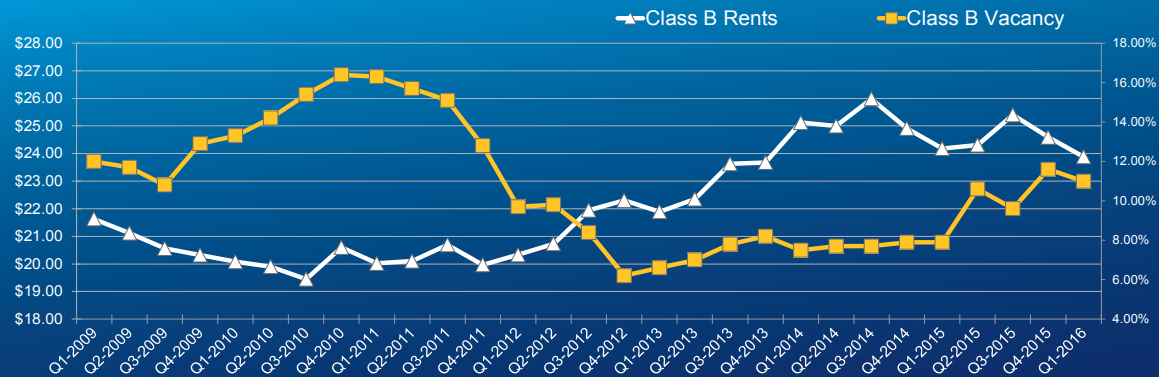
The Woodlands, TX



*Vacancy percentage includes direct and sublease space.

Class B Rental Rate and Vacancy Percentage

The Woodlands, TX



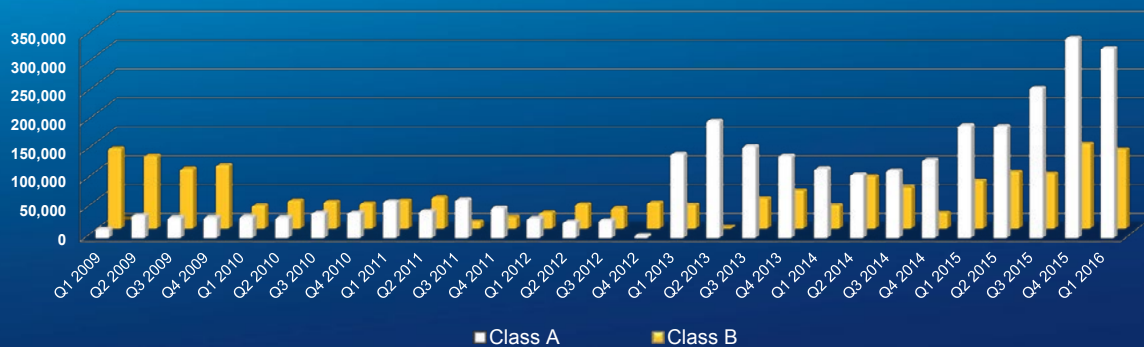
*Vacancy percentage includes direct and sublease space.

Available Sublease Space - The Woodlands

Available Sublease Space
Q1 2016

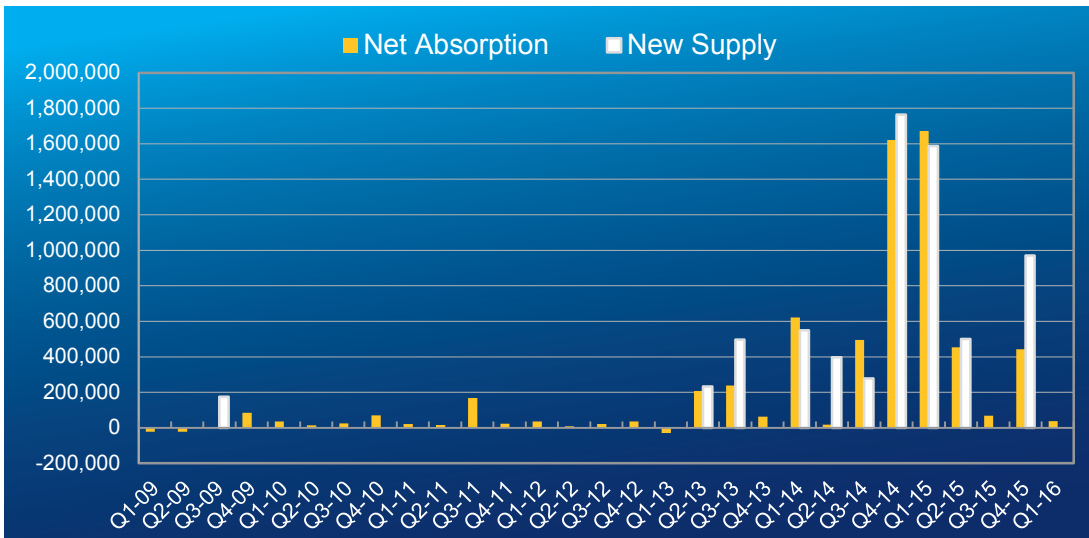
Class A: 330,038 SF or 3.1%

Class B: 138,558 SF or 3.2%

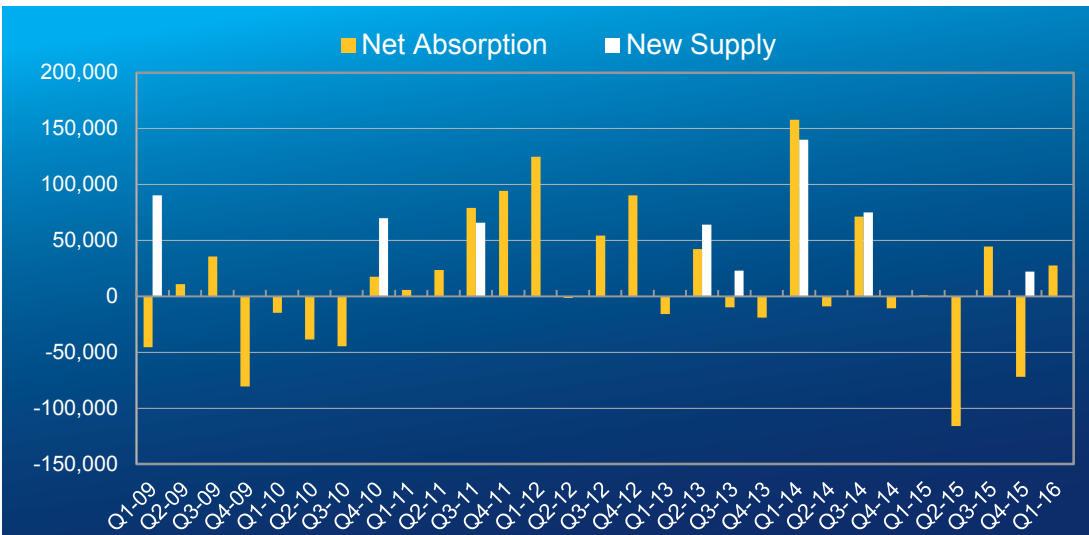


Absorption and New Supply

Woodlands Class A Office



Woodlands Class B Office



FOR MORE INFORMATION

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