HOUSTON

Office | Q2 2026 Market Report

cresa

Quarterly Snapshot

↓ Vacancy
23.7%

↑ Net Absorption YTD
446,044 SF

↑ Availability
24.1%

Occupier's Perspective

The flight-to-quality is accelerating.

Class A absorbed nearly 1 million square feet this quarter while Class B lost ground again. Tenants renewing in older buildings should expect landlords to compete harder on TI and free rent; tenants targeting top-tier Class A space should start early, as available large blocks keep thinning.

Downtown continues to tighten.

Though the largest Q2 leases landed in only two buildings, 1100 Louisiana and 811 Main, the CBD overall is getting tighter. Availability in the submarket has now returned to pre-Covid levels. Tenants with upcoming expirations are facing dwindling options in top tier buildings.

Houston's office market tightened in the second quarter, with total vacancy falling to 23.7 percent from 23.9 percent in the first quarter after posting 585,980 square feet of positive net absorption, pushing year-to-date absorption back into positive territory at 446,044 square feet after a soft first quarter.

The story beneath the headline remains bifurcation. Notably, Class A buildings absorbed nearly a million square feet in the quarter, while Class B space gave back 413,020 square feet. The pattern continues in which tenants with active requirements are consolidating into newer, better-amenitized buildings, while Class B properties hemorrhage tenants. Katy Freeway East illustrates the trend most sharply: vacancy there dropped by more than four points to 13.1 percent, driven by large move-ins at 990 Town & Country and City Centre Six.

Downtown also had an active quarter. Mitsubishi Corporation signed the market's largest lease of the quarter: 91,761 square feet at 1100 Louisiana, while 811 Main added two large deals in the same building: Two Sigma converted from subtenant to a 27,485-square-foot direct lease, and Latham & Watkins expanded by 26,763 square feet to bring the firm's total footprint there to 103,336 square feet. Landlord concessions have not meaningfully compressed, with build-out allowances still running $75-90/SF in older Class A and B product and $110-120/SF in newer or recently delivered buildings.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Mitsubishi Corporation	91,761	CBD	New	1100 Louisiana St
Superior Energy	56,256	Katy Fwy East	New	8020 Katy Fwy
IBM	42,627	NASA/Clear Lake	Renewal	12301 Kurland Dr
Melton & Melton	31,013	Westchase	New	3700 W Sam Houston Pky S
Quanta	30,983	The Woodlands	New	10000 Energy Dr
Sesco Cement	30,706	Galleria/West Loop	New	2000 Post Oak Blvd
Capgemini U.S.	30,262	Katy Fwy East	New	990 Town & Country Blvd

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent ($/SF FS)	Submarket
13.1%	▼	$42.45	Katy Freeway East
25.9%	▼	$39.07	CBD
12.4%	■	$38.52	The Woodlands
26.5%	▲	$35.71	Greenway Plaza
31.7%	▼	$34.62	Galleria / West Loop
21.0%	▼	$31.07	Sugar Land
21.2%	▲	$27.28	Katy Freeway West
27.8%	▼	$26.56	Westchase

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SELECT SUBMARKET COMPARISON

Submarket/Class	Inventory SF	Total Vacancy Rate	Total Availability Rate	Total Available SF	Available Sublease SF	YTD Net Absorption SF	Under Construction SF	YTD Deliveries	Direct Asking Rent ($/SF FSG)
Houston CBD	**51,090,041**	**25.9%**	**25.7%**	**13,145,918**	**471,684**	**5,024**	**0**	**0**	**$39.07**
Class A	39,385,991	25.3%	26.5%	10,442,587	442,937	(12,835)	0	0	$43.23
Class B	11,704,050	28.0%	23.1%	2,703,331	28,747	17,859	0	0	$21.63
Galleria / West Loop	**29,464,551**	**31.7%**	**28.0%**	**8,261,787**	**283,104**	**222,777**	**0**	**0**	**$34.62**
Class A	19,927,848	32.3%	29.0%	5,770,642	254,042	188,096	0	0	$38.68
Class B	9,536,703	30.5%	26.1%	2,491,145	29,062	34,681	0	0	$26.91
Greenway Plaza	**11,405,550**	**26.5%**	**32.0%**	**3,649,300**	**21,023**	**(42,107)**	**0**	**150,794**	**$35.71**
Class A	8,077,975	28.2%	35.2%	2,841,112	16,023	81,174	0	150,794	$37.19
Class B	3,327,575	22.3%	24.3%	808,188	5,000	(123,281)	0	0	$29.54
Katy Freeway East	**10,587,067**	**13.1%**	**11.5%**	**1,214,382**	**139,261**	**401,093**	**0**	**324,450**	**$42.45**
Class A	6,929,739	12.6%	8.1%	562,159	139,261	429,501	0	324,450	$59.85
Class B	3,657,328	13.9%	17.8%	652,223	0	(28,408)	0	0	$25.32
Katy Freeway West	**26,865,813**	**21.2%**	**23.9%**	**6,423,432**	**479,340**	**(366,226)**	**0**	**0**	**$27.28**
Class A	16,611,010	20.2%	22.1%	3,674,459	436,149	(24,063)	0	0	$31.54
Class B	10,254,803	22.9%	26.8%	2,748,973	43,191	(342,163)	0	0	$24.30
Sugar Land	**7,038,289**	**21.0%**	**23.0%**	**1,639,407**	**23,415**	**(27,092)**	**82,671**	**0**	**$31.07**
Class A	3,145,851	31.0%	34.4%	1,082,428	8,735	(20,015)	0	0	$34.54
Class B	3,892,438	12.9%	14.0%	556,979	14,680	(7,077)	82,671	0	$24.19
Westchase	**17,513,866**	**27.8%**	**30.9%**	**5,415,394**	**338,271**	**60,474**	**0**	**0**	**$26.56**
Class A	8,870,678	28.0%	31.5%	2,795,812	0	84,767	0	0	$30.42
Class B	8,643,188	27.5%	30.3%	2,619,582	338,271	(24,293)	0	0	$20.89
The Woodlands	**21,456,579**	**12.4%**	**14.1%**	**3,015,066**	**327,246**	**99,212**	**0**	**0**	**$38.52**
Class A	14,577,680	10.2%	13.2%	1,924,383	164,709	143,639	0	0	$45.19
Class B	6,878,899	17.1%	15.9%	1,090,683	162,537	(44,427)	0	0	$31.43
Houston Total	**252,015,046**	**23.7%**	**24.1%**	**60,813,411**	**2,844,468**	**446,044**	**465,397**	**761,386**	**$31.76**
Class A	150,324,473	24.5%	25.4%	38,320,047	1,715,829	955,085	414,397	615,244	$36.69
Class B	101,690,573	22.5%	22.1%	22,493,364	1,128,639	(509,041)	51,000	146,142	$23.60

**Featured submarkets are a select subset of the Houston metro and therefore will not sum to citywide totals.*