HOUSTON

Office | Q3 2026 Market Report

Quarterly Snapshot

– Vacancy
23.6%

↓ Net Absorption YTD
212,275 SF

↓ Availability
23.7%

Occupier's Perspective

Start Early For Top-Tier Space

Trophy buildings are commanding record rents and concession packages are shrinking. Occupiers are entering the market well ahead of expiration so the best spaces aren't leased out from under them. Those tenants with 2027 and 2028 expirations should be engaging now.

New Supply Won't Bail Occupiers Out

At 1,117,000 SF, the pipeline of new office projects under construction remains thin, and nothing underway delivers before 2028. Tenants should plan around existing inventory, where second-generation and Class B space still offers the most negotiating room.

Houston's office market saw signs of life in the third quarter, but the structural challenges facing the office market continue to temper recovery. Though vacancy held at 23.6%, some key standouts at the submarket level demonstrated strength throughout the quarter. The Woodlands, Galleria, and Katy Freeway East submarkets all saw vacancy decline with the consistent leasing demand seen over the last year.

Oil prices above $100 have kept energy companies quite active, and their growth is generating requirements in legal and financial services alongside it. M&A has added a separate layer of demand, particularly for professional services and private equity firms working through deal-driven changes to their footprint.

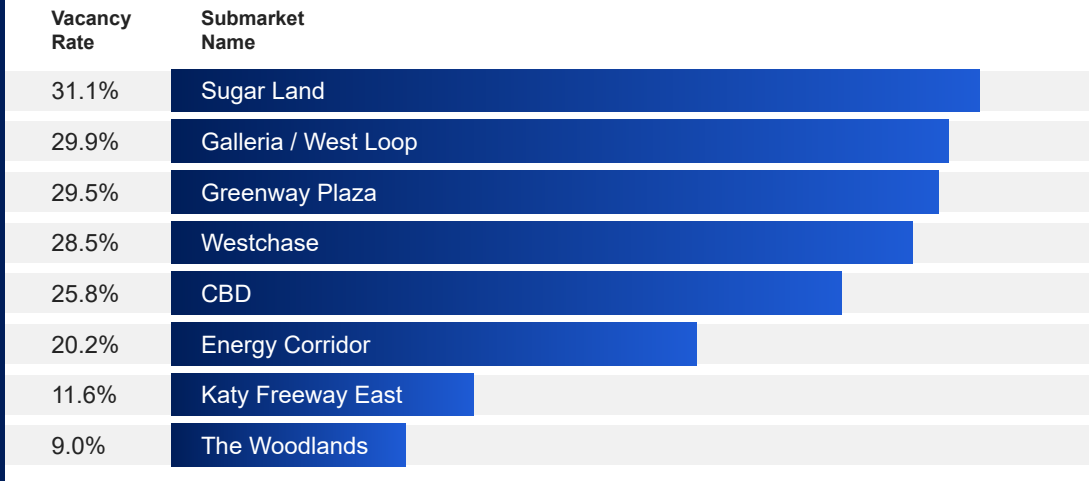
Trophy buildings with strong locations are commanding never-before-seen rents, and tenant concession packages are shrinking with them. Much of the quarter's volume came from tenants looking for a full floor or less, and firms are entering the market well ahead of their lease expirations, pushed in part by the threat of the best spaces being leased out from under them.

Phase Two of Park Place at 4100 Westheimer broke ground speculatively in Q3, bringing Houston's total under construction inventory to 1,117,000 square feet. Construction costs and financing conditions remain the primary check on new starts, though the performance of recently delivered projects like CityCentre Six and 990 Town & Country Blvd have drawn attention from developers who have been on the sidelines.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Harris County Flood Cntrl	86,743	West Belt	New	4425 Westway Park Blvd
New Era Life Insurance	79,000	Energy Corridor	Renewal	11720 Katy Fwy
Spaces	72,485	Galleria/West Loop	Renewal	1980 Post Oak Blvd
Marathon Petroleum Corp	56,749	CBD	Ren./Exp.	500 Dallas St
Target Hospitality	52,234	The Woodlands	New	1790 Hughes Landing Blvd
Michels Corp	50,380	Energy Corridor	Sublease	12140 Wickchester Ln

Submarket Vacancy (Class A)



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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 Absorp. SF	Under Const. SF	YTD Deliveries	Direct Asking Rent ($/SF FSG)
Houston CBD	**50,679,457**	**26.4%**	**25.9%**	**13,132,346**	**1,076,512**	**(199,094)**	**0**	**0**	**$39.48**
Class A	39,304,566	25.8%	26.6%	10,474,486	898,217	(184,131)	0	0	$43.90
Class B	11,374,891	28.4%	23.4%	2,657,860	178,295	(14,963)	0	0	$21.35
Galleria / West Loop	**29,118,017**	**31.6%**	**27.0%**	**7,871,977**	**474,533**	**297,884**	**266,161**	**0**	**$34.83**
Class A	19,364,525	29.9%	25.9%	5,019,767	389,364	320,009	266,161	0	$39.17
Class B	9,753,492	34.9%	29.2%	2,852,210	85,169	(22,125)	0	0	$27.17
Greenway Plaza	**10,943,469**	**28.4%**	**33.7%**	**3,722,398**	**209,117**	**(256,453)**	**104,434**	**150,794**	**$34.65**
Class A	8,077,975	29.5%	34.8%	2,847,370	197,234	(71,136)	104,434	150,794	$36.15
Class B	2,865,494	25.4%	30.5%	875,028	11,883	(185,317)	0	0	$29.25
Katy Freeway East	**9,813,883**	**12.7%**	**10.7%**	**1,054,600**	**130,627**	**410,926**	**0**	**324,450**	**$39.11**
Class A	7,243,112	11.6%	8.1%	587,246	109,290	494,801	0	324,450	$56.09
Class B	2,570,771	15.7%	18.2%	467,354	21,337	(83,875)	0	0	$26.60
Energy Corridor	**25,878,356**	**21.4%**	**24.0%**	**6,215,339**	**713,486**	**(387,727)**	**0**	**0**	**$27.52**
Class A	16,517,589	20.2%	22.6%	3,737,883	650,689	(18,870)	0	0	$31.66
Class B	9,360,767	23.6%	26.5%	2,477,456	62,797	(368,857)	0	0	$24.42
Sugar Land	**5,190,669**	**22.6%**	**26.2%**	**1,357,549**	**43,291**	**(13,018)**	**0**	**0**	**$30.49**
Class A	2,780,316	31.1%	36.9%	1,027,214	34,921	2,839	0	0	$34.31
Class B	2,410,353	12.8%	13.7%	330,335	8,370	(15,857)	0	0	$22.42
Westchase	**16,969,888**	**27.6%**	**29.3%**	**4,963,997**	**584,497**	**26,128**	**0**	**0**	**$26.22**
Class A	9,612,840	28.5%	30.2%	2,907,460	227,255	10,177	0	0	$29.93
Class B	7,357,048	26.4%	28.0%	2,056,537	357,242	15,951	0	0	$19.76
The Woodlands	**19,552,478**	**11.2%**	**13.1%**	**2,562,963**	**432,091**	**196,396**	**0**	**0**	**$38.61**
Class A	14,143,924	9.0%	12.6%	1,777,445	296,507	196,450	0	0	$42.61
Class B	5,408,554	16.9%	14.5%	785,518	135,584	(54)	0	0	$31.65
Houston Total	**251,990,023**	**23.6%**	**23.7%**	**59,829,603**	**4,939,665**	**212,275**	**1,117,248**	**761,386**	**$31.66**
Class A	150,390,197	24.3%	24.9%	37,558,195	3,375,521	784,367	784,992	615,244	$36.59
Class B	101,599,826	22.7%	21.8%	22,271,408	1,564,144	(572,092)	332,256	146,142	$23.67

**Inventory includes existing, under construction, and under renovation Class A & B office properties above 50,000 SF.*
Featured submarkets are a select subset of the Houston metro and therefore will not sum to citywide totals.