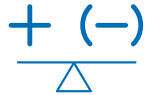




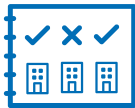
205.6M SF
Inventory



234.8K SF
Net Absorption



20.9%
Direct Vacancy



26.8%
Total Availability



914.1K SF
Under Construction



\$34.49 PSF
Asking Rent

Occupiers Heat Up Summer Space Gains

Market Observations

- Office leasing trends strengthened again this quarter. Direct vacancy dipped 30 basis points to 20.9% and net absorption reached 234.8K SF as tenants signed for new space most notably in the CBD, The Woodlands, and West Loop submarkets. Each of these three primary submarkets saw vacancies shrink by 70 basis points over the last 90 days, particularly led by The Woodlands and West Loop with net gains of more than 100K SF.
- Prominent leases include Westlake Corporation's 126.2K SF lease at 5444 Westheimer and Dean & Draper's 25.8K SF lease at 1177 West Loop South in the West Loop submarket, and North Houston Pole Line signing for 32.8K SF at 10000 Energy Dr and Bilfinger signing for 14.1K SF at 1800 Hughes Landing in The Woodlands. In the CBD, Frost Brown Todd signed a 22.8K SF lease and Reynolds Frizzell signed a 23.0K SF lease at 1100 Louisiana.
- Meanwhile, large move outs areawide this quarter comprised of Higginbotham & Associates, Inc. vacating 40.3K SF at Energy Tower I, Power Engineers leaving 22.9K SF at CityNorth 2, and Valco Energy 22.8K SF at 9800 Richmond Ave. As a result, three submarkets saw more than 50K SF of net negative tenant movement: Katy Fwy/Energy Corridor (148.1K SF), North Houston District (131.8K SF), and Westchase (92.8K SF).

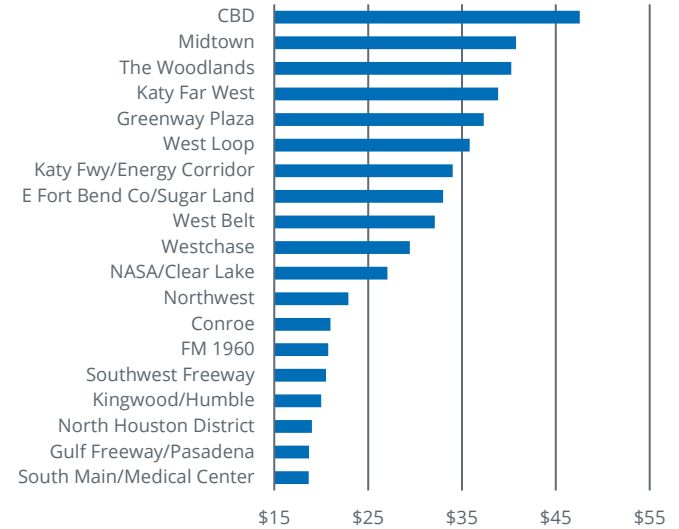




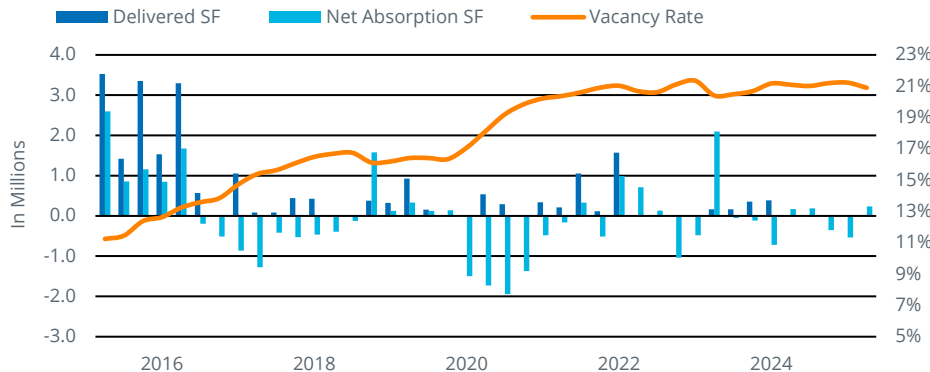
HOUSTON OFFICE MARKET | Q2 2025

- While direct vacancy shrank during the period, total availability also ticked down by 20 basis points quarter-over-quarter to 26.8% and 80 basis points year-over-year led by occupancy gains mainly in new construction while tenants shuffled in between existing buildings within established submarkets such as The Woodlands and Katy Freeway/Energy Corridor.
- Houston's overall office sector posted positive net growth reaching 243.8K SF during Q2 led by occupiers taking down space in the CBD, West Loop, and The Woodlands submarkets, mostly in the Class A category which measured 382.5K SF.
- Full-service asking rents, which now average \$34.49 PSF/YR, increased \$0.23 PSF/YR over the quarter and 70 basis points year-over-year.
- Houston's office construction pipeline expanded recently to now total nearly 915K SF which is 81.6% pre-leased. This quarter, Hanover Company broke ground on Autry Park, a 127.6K SF office located at 3712 Autry Park Dr in the Midtown submarket that is 73.2% preleased. Existing construction projects underway include Service Corporation International's office (210.0K SF) in Midtown, Midway's CityCentre Six (324.5K SF) in Katy Freeway/Energy Corridor, and Transwestern's The RO (146.0K SF) in Greenway Plaza where pre-lease commitments measure at least 62.2%.

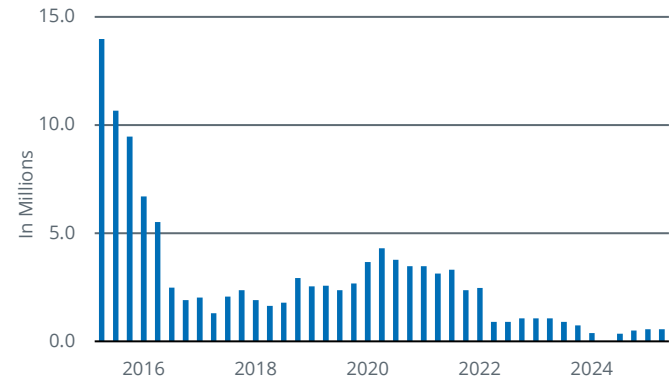
ASKING RENT BY SUBMARKET, FULL SERVICE



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION





HOUSTON OFFICE MARKET | Q2 2025

OFFICE MARKET INDICATORS - ALL SPACE

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CBD	41,178,461	9,405,637	22.8%	30.7%	-	23,285	293,424	\$46.81
Conroe	235,037	17,262	7.3%	7.3%	-	-	2,559	\$21.00
E Fort Bend Co/Sugar Land	4,453,145	981,747	22.0%	25.4%	-	22,154	(44,086)	\$32.01
FM 1960	7,607,518	2,446,779	32.2%	35.1%	-	57,697	(85,047)	\$20.79
Greenway Plaza	10,080,993	2,252,696	22.3%	25.1%	146,003	39,407	157,123	\$39.71
Gulf Freeway/Pasadena	2,562,838	239,284	9.3%	10.3%	-	(42,397)	(45,962)	\$23.87
Katy Far West	2,039,090	80,744	4.0%	13.6%	-	4,185	(11,321)	\$37.88
Katy Fwy/Energy Corridor	31,944,465	4,517,023	14.1%	20.3%	308,000	(148,159)	(90,513)	\$30.76
Kingwood/Humble	1,196,309	31,357	2.6%	3.2%	-	(1,679)	4,459	\$20.00
Midtown	4,448,437	673,700	15.1%	22.8%	331,000	39,701	(114,865)	\$40.26
NASA/Clear Lake	4,085,893	501,349	12.3%	22.6%	80,000	7,192	(413)	\$27.44
North Houston District	10,651,631	4,412,492	41.4%	43.8%	-	(131,796)	(181,201)	\$19.46



HOUSTON OFFICE MARKET | Q2 2025

OFFICE MARKET INDICATORS - ALL SPACE - Cont.

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Northeast	987,156	7,353	0.7%	0.9%	-	(747)	(4,628)	-
Northwest	6,884,060	1,002,176	14.6%	20.8%	49,117	65,182	49,759	\$22.26
South Main/Medical Center	933,853	124,801	13.4%	20.2%	-	44,414	27,035	\$18.66
Southwest Freeway	8,120,035	1,703,945	21.0%	30.8%	-	(21,814)	(213,734)	\$17.26
The Woodlands	15,227,458	1,366,200	9.0%	15.8%	-	116,584	205,987	\$41.28
West Belt	4,614,081	1,179,299	25.6%	40.9%	-	(9,564)	(97,146)	\$31.32
West Loop	32,093,840	7,797,034	24.3%	26.7%	-	263,995	(6,055)	\$36.60
Westchase	16,283,774	4,336,024	26.6%	34.4%	-	(92,827)	(546,043)	\$28.21
Metro	205,628,074	43,076,902	20.9%	26.8%	914,120	234,813	(700,668)	\$34.49



Research Methodology

The information in this report is the result of a compilation of current information on office properties located in the Houston metropolitan area and may also include historical property data revision(s). This report includes single tenant, multi-tenant, and owner-user properties 50,000 SF and larger, excluding condo and those properties owned and occupied by a government agency. In Houston, Transwestern calculates Net Absorption as “Net Leasing,” or change in Total Available space. Space returned to market registers as negative absorption; Space leased or reoccupied registers as positive absorption. Transwestern’s methodology provides a real-time indicator of supply and demand in the space market that eliminates time lags and incomplete information inherent to tracking physical move-ins & move-outs.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://www.instagram.com/transwestern).

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