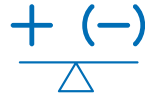




**205.7M SF**  
Inventory



**(639.1K) SF**  
Net Absorption



**21.5%**  
Direct Vacancy



**27.1%**  
Total Availability



**865.0K SF**  
Under Construction



**\$35.16 PSF**  
Asking Rent

### Planned Move-Outs Pull Key Submarkets into the Red

#### Market Observations

- Houston's office leasing witnessed the net loss of over 639K SF this quarter after a lengthy list of leases expired and relocating tenants vacated large spaces as expected. Most notably, Marathon Oil vacated over 443K SF at 990 Town and Country in Katy Fwy/Energy Corridor after being acquired by ConocoPhillips in late-2024, Apache returned 160K SF of space at Three Post Oak Central in West Loop, and Tetra Technologies vacated nearly 103K SF at 24955 Interstate 45 N after moving their operations to 10000 Energy Dr in The Woodlands last quarter.
- As a result, these three major submarkets saw the greatest net losses quarter-over-quarter: Katy Fwy/Energy Corridor (350K SF), West Loop (175K SF), and The Woodlands (78K SF). Direct vacancy for the metro pushed up 80 basis points to 21.5%, while availability ticked up by 10 basis points to 27.1% over the quarter.
- Large move-outs compounded with those earlier in the year contributed to a negative year-end net absorption of 1.1M SF, including LyondellBasell (370K SF), OneSubsea (225K SF), Empyrean Benefit Solutions (107K SF), Camden Property Trust (87K SF), and IBM (78K SF) which occurred earlier during 2025.
- Leasing also slowed as the year closed with 15 transactions totaling under 530K SF (in spaces >20K SF). The largest include Simpson Thacher's 99K SF sublease at 1000 Main in the CBD and Kimmeridge Energy's 91K SF lease at 990 Town & Country in Katy Fwy/Energy Corridor.

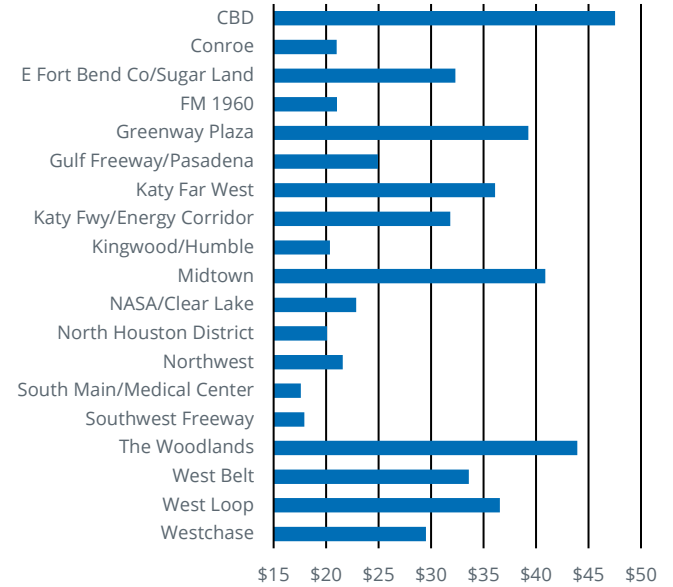




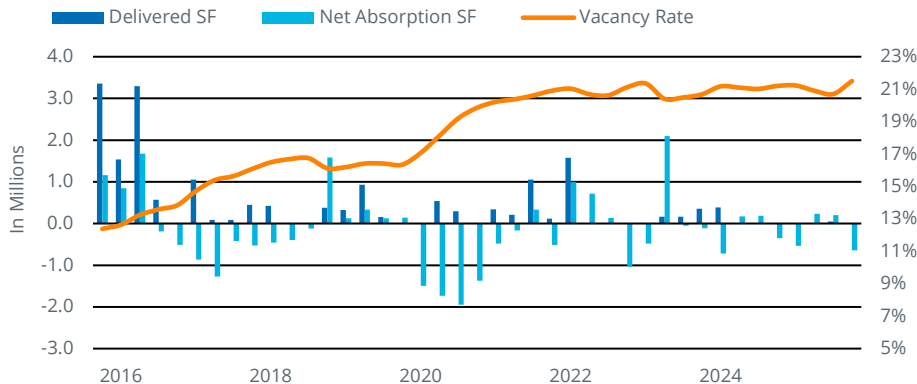
# HOUSTON OFFICE MARKET | Q4 2025

- Direct vacancy rose to 21.5% as numerous spaces were vacated after lease terms expired including Lennar vacating 69K SF at 681 Greens Pky in North Houston District, Envoy Mortgage vacating nearly 40K Sf at 10496 Katy Fwy in Katy Fwy/Energy Corridor, and Terra Energy Partners vacating 36K SF at 3050 Post Oak Blvd in West Loop.
- The tally of planned move outs drove Houston's overall office sector witnessing a net loss of nearly 640K SF during the quarter and 1.1M SF in the calendar year. Despite a slow down in leasing, mid- to large-size tenants still signed leases this quarter including Fervo Energy and BNY Mellon both taking space at 811 Main for 53K SF and 27K SF, respectively.
- Full-service asking rents gained \$0.49 PSF/YR which now average \$35.16 PSF/YR, an increase of 1.4% over the quarter and 0.5% year-over-year.
- Houston's office construction pipeline totals 865.0K SF with a pre-lease rate of 87.4%. New construction projects currently underway include Service Corporation International's office (210.0K SF) in Midtown, Midway's CityCentre Six (324.5K SF) in Katy Freeway/Energy Corridor, Transwestern's The RO (146.0K SF) in Greenway Plaza and Autry Park (127.6K SF) now fully pre-leased after ETQ Corporation signed a lease for 25,946 SF.

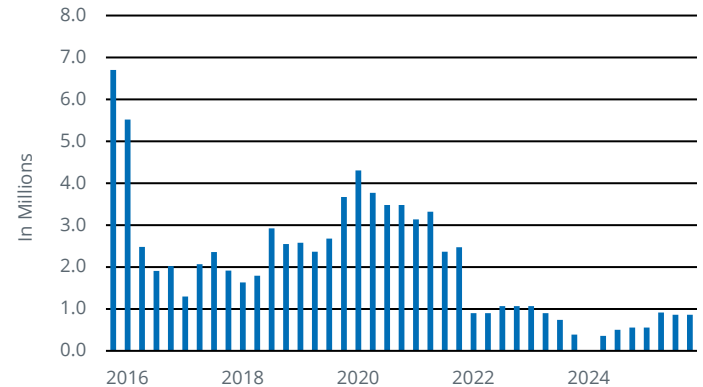
## ASKING RENT BY SUBMARKET, FULL SERVICE



## DELIVERY IMPACT ON KEY INDICATORS



## UNDER CONSTRUCTION





# HOUSTON OFFICE MARKET | Q4 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
<b>CBD</b>	40,926,880	9,682,172	23.7%	31.6%	-	49,002	(329,424)	\$47.53
<b>Conroe</b>	235,037	5,152	2.2%	2.2%	-	-	12,110	\$21.00
<b>E Fort Bend Co/Sugar Land</b>	4,376,337	970,714	22.2%	26.0%	-	(32,971)	(47,298)	\$32.32
<b>FM 1960</b>	7,657,325	2,513,019	32.8%	36.0%	-	(33,761)	(47,732)	\$21.03
<b>Greenway Plaza</b>	10,404,790	2,374,373	22.8%	26.8%	146,003	16,950	(52,271)	\$39.28
<b>Gulf Freeway/Pasadena</b>	2,182,838	238,237	10.9%	12.3%	-	10,331	(47,332)	\$24.95
<b>Katy Far West</b>	1,823,060	45,269	2.5%	14.1%	-	(1,578)	16,567	\$36.09
<b>Katy Fwy/Energy Corridor</b>	32,264,821	4,802,736	14.9%	21.1%	308,000	(350,701)	(182,825)	\$31.83
<b>Kingwood/Humble</b>	1,131,809	29,797	2.6%	3.4%	-	3,343	3,579	\$20.36
<b>Midtown</b>	4,738,207	687,721	14.5%	20.9%	331,000	8,016	(18,152)	\$40.90
<b>NASA/Clear Lake</b>	4,085,893	816,498	20.0%	26.4%	80,000	(22,546)	(264,455)	\$22.86
<b>North Houston District</b>	10,651,631	4,441,898	41.7%	42.5%	-	39,565	(247,733)	\$20.09



# HOUSTON OFFICE MARKET | Q4 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	4,595	0.5%	0.6%	-	2,758	2,011	-
Northwest	7,037,837	988,555	14.0%	17.9%	-	(28,962)	115,120	\$21.58
South Main/Medical Center	851,556	112,705	13.2%	18.9%	-	2,463	41,590	\$17.59
Southwest Freeway	7,880,354	1,781,786	22.6%	31.7%	-	(98,243)	(183,078)	\$17.92
The Woodlands	15,285,974	1,325,797	8.7%	15.3%	-	(77,699)	123,077	\$43.93
West Belt	4,531,971	1,123,265	24.8%	39.0%	-	(23,459)	(143,834)	\$33.58
West Loop	32,183,171	7,952,037	24.7%	27.1%	-	(174,920)	318,489	\$36.56
Westchase	16,509,600	4,269,684	25.9%	33.3%	-	73,324	(204,990)	\$29.51
<b>Metro</b>	<b>205,746,247</b>	<b>44,166,010</b>	<b>21.5%</b>	<b>27.1%</b>	<b>865,003</b>	<b>(639,088)</b>	<b>(1,136,581)</b>	<b>\$35.16</b>



## 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](http://transwestern.com) and [@Transwestern](https://www.instagram.com/transwestern).

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