

Houston

Office Market | Q1 2026

Demand Picks Up Again as Newest Buildings Come Online

Market Observations

- Houston's Office market registered 189K SF of net gains this quarter, driven by two new properties coming online: Midway's CityCentre Six, a 308K SF office in Katy Fwy/Energy Corridor delivered with a pre-lease rate of 91% and tenants including Dow Chemical (203K SF), VoltaGrod (60K SF), Octave (11K SF), and Enverus (11K SF), and Castle Biosciences completed the construction of their new 80K SF headquarters in NASA/Clear Lake where they will occupy 40K SF.
- Katy Fwy/Energy Corridor took the lion share with space gains measuring nearly 490K SF with new leases including Boardwalk Pipeline Partners signing for 143K SF and UT Austin's McCombs School of Business leasing 15K SF at 990 Town and Country and DRB Group taking 26K SF at Energy Tower II.
- Westchase followed with 297K SF in net gains with IES Commercial and Industrial signing for 39K SF at 2925 Briarpark Dr while Melton & Melton took down 31K SF at Westchase Park I.
- As a result, overall direct vacancy dipped 20 basis points quarter-over-quarter and year-over-year to 21%, with Katy Fwy/Energy Corridor and Westchase dropping to 14% and 24%, respectively.



204.3 MSF
Inventory



188.5K SF
Net Absorption



21.3%
Direct Vacancy



26.5%
Total Availability



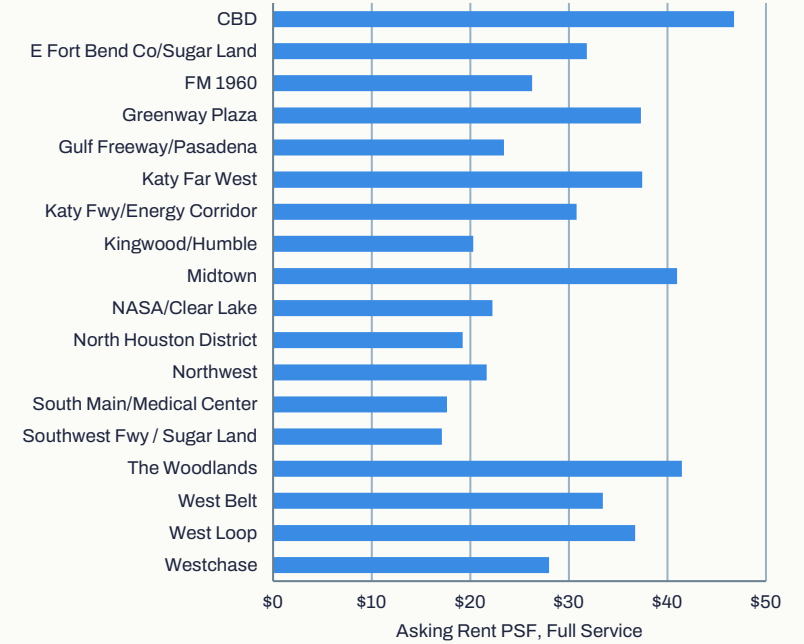
477,003 SF
Under Construction



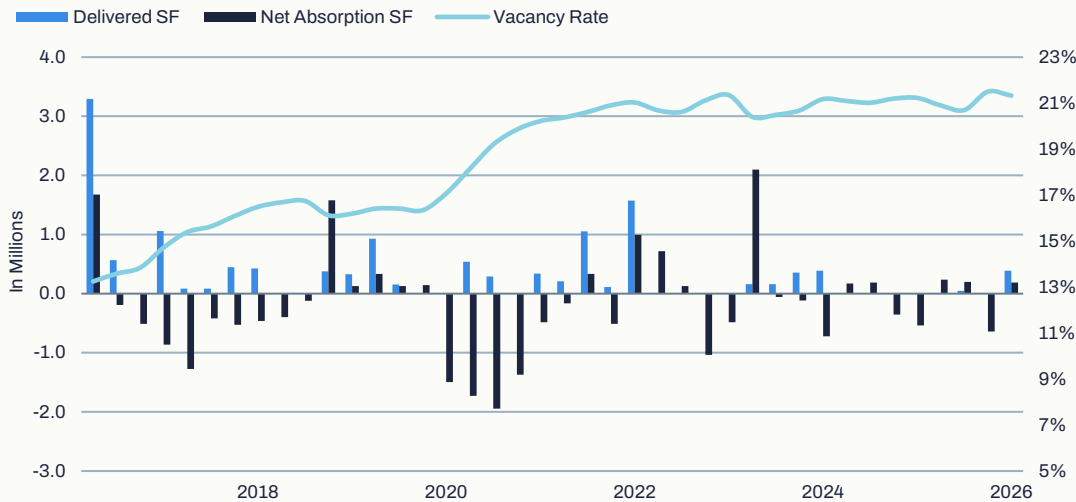
\$34.44 PSF
Asking Rent

- Direct vacancy dipped to 21% as new properties CityCentre Six and 1500 W Parkwood delivered largely pre-leased and large deals were signed in Katy Fwy/Energy Corridor and Westchase. Meanwhile, overall availability dropped by 70 basis points quarter-over-quarter to 27%, down 60 basis points year-over-year.
- The largest leases this quarter came from energy companies, including Boardwalk Pipeline Partners' 143K SF at 990 Town and Country and VoltaGrid's 60K SF at CityCentre Six in Katy Fwy/Energy Corridor. Crescent Energy will relocate to 609 Main at Texas from JP Morgan Chase Tower in the CBD early next year after signing for 125K SF late in the quarter. Still, even with this lease, the CBD experienced net losses over the quarter totaling 587K SF largely due to NRG's lease expiration of 480K SF at 910 Louisiana.
- Houston's office construction pipeline now totals 477K SF with an overall pre-lease rate of 98.8%. Projects include 1945 Allen Pky (210K SF) and Autry Park (121K SF) in Midtown and The RO (146K SF) in Greenway Plaza.
- Full-service asking rents dipped slightly over the quarter by \$0.72 PSF/YR which now average \$34.44 PSF/YR, increasing by 50 basis points year-over-year.

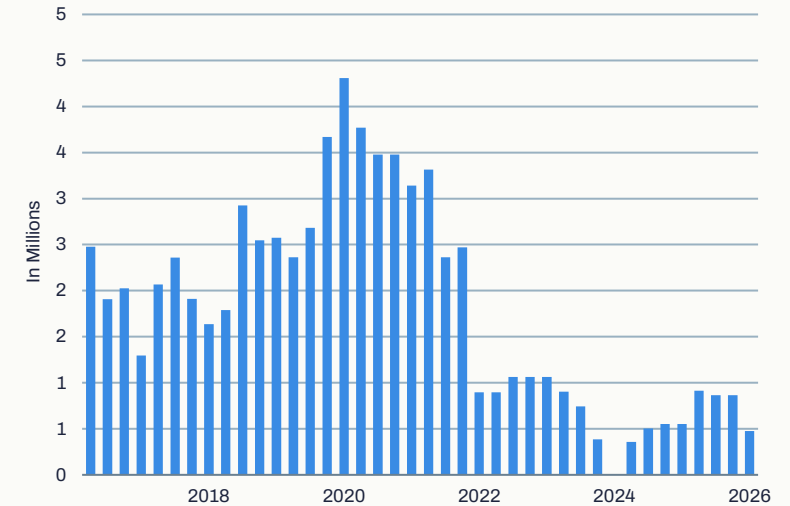
Asking Rent



Delivery Impact On Key Indicators



Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	Y-O-Y Net Absorption SF	Asking Rent PSF, Full Service
CBD	39,624,119	9,643,545	24.3%	31.1%	-	(586,784)	(447,127)	\$46.76
Conroe	235,037	1,545	0.7%	0.7%	-	3,607	15,717	\$21.00
E Fort Bend Co/Sugar Land	4,376,337	1,042,986	23.8%	28.1%	-	(72,272)	(39,085)	\$31.83
FM 1960	7,672,018	2,245,866	29.3%	30.4%	-	267,153	280,206	\$26.26
Greenway Plaza	10,404,790	2,480,868	23.8%	27.9%	146,003	(89,185)	(173,077)	\$37.32
Gulf Freeway/Pasadena	2,182,838	240,068	11.0%	12.0%	-	(1,831)	(43,181)	\$23.42
Katy Far West	1,823,060	40,215	2.2%	14.1%	-	5,054	30,365	\$37.43
Katy Fwy/Energy Corridor	32,490,524	4,654,517	14.3%	20.1%	-	488,979	77,534	\$30.77
Kingwood/Humble	1,131,809	26,964	2.4%	3.2%	-	2,833	2,714	\$20.31
Midtown	4,738,207	758,023	16.0%	21.2%	331,000	(70,302)	(44,622)	\$40.97
NASA/Clear Lake	4,165,893	840,099	20.2%	25.9%	-	56,399	(251,558)	\$22.24

Continued on next page.

Source: CoStar, Transwestern

Market Indicators Table Cont.

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	Y-O-Y Net Absorption SF	Asking Rent PSF, Full Service
North Houston District	10,405,631	4,194,763	40.3%	42.0%	-	(16,865)	(135,969)	\$19.24
Northeast	987,156	4,595	0.5%	0.6%	-	0	2,011	\$21.66
Northwest	7,037,837	1,053,787	15.0%	18.5%	-	(65,232)	76,261	\$21.58
South Main/Medical Center	933,853	133,514	14.3%	20.7%	-	(20,162)	35,701	\$17.64
Southwest Freeway	7,880,354	1,844,098	23.4%	31.8%	-	(62,312)	(133,388)	\$17.13
The Woodlands	15,285,974	1,313,344	8.6%	15.1%	-	12,453	227,956	\$41.48
West Belt	4,534,247	1,148,502	25.3%	38.4%	-	(25,237)	13,802	\$33.46
West Loop	31,793,345	7,887,056	24.8%	27.0%	-	64,981	258,119	\$36.72
Westchase	16,574,140	4,010,985	24.2%	31.2%	-	297,198	272,241	\$28.00
Total	204,277,169	43,565,340	21.3%	26.5%	477,003	188,475	24,620	\$34.44

Source: CoStar, Transwestern

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

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$64 billion¹ in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

¹Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

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