

FIGURES | HOUSTON OFFICE | Q1 2026

# Top of the market continues to capture majority of demand



Note: Arrows indicate change from previous quarter.

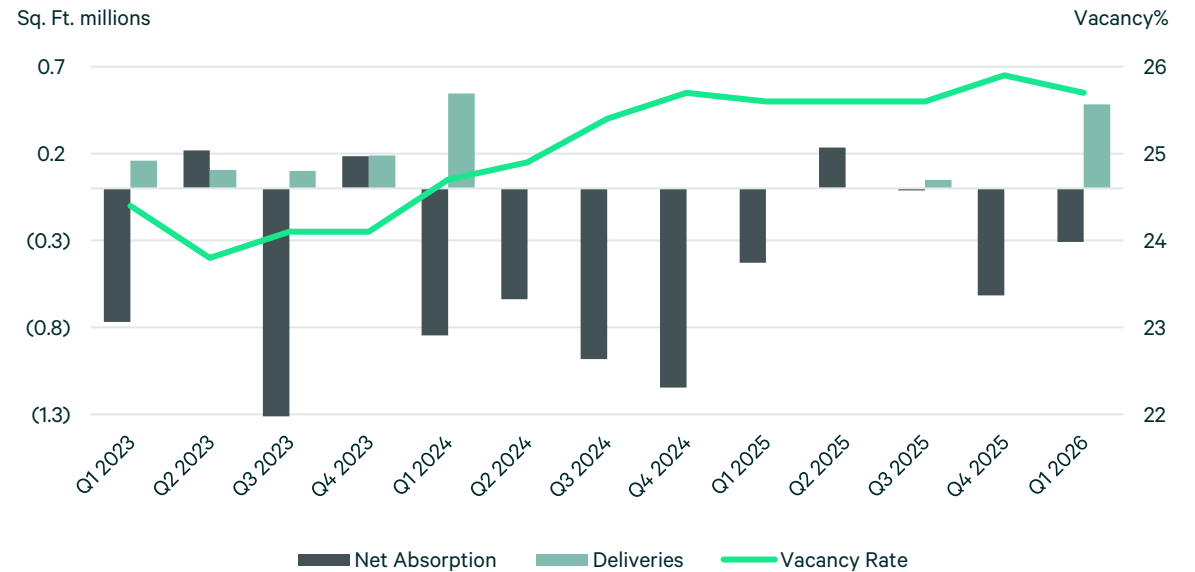
## KEY HIGHLIGHTS

Houston entered the new year with the delivery of three office buildings. In a market where new construction remains virtually non-existent, 483,000 sq. ft. was added to the City’s Class A office product. City Centre Six completed in Katy Freeway at 91.3% leased, Port Houston Headquarters completed in East at 100% leased, and Castle Biosciences completed in Greater Pearland at 50% leased. The strong pre-leasing for new construction reinforces the continued trend of tenants seeking higher quality space.

Although in the red for the second quarter in a row, absorption improved from Q4 2025. Move-outs were spread evenly between Class A and B product. By far the largest tenant office vacation was NRG’s 479,000 sq. ft. move-out of 910 Louisiana, offset slightly by its 290,000 sq. ft. occupancy at 3 Houston Center. Vacancy tightened this quarter despite negative net absorption, as 1600 Smith – a fully vacant 1.1 million sq. ft. building – was removed from inventory due to its owner user purchase.

Bifurcation between Class A and B properties continues to widen. Vacancy rates hit their largest delta to date with 3.2% basis points between the two Class segments, and 96% of leases signed over 10,000 sq. ft. this quarter took place in Class A properties. This trend is exacerbated in Trophy buildings. Within the CBD, Trophy vacancy is 4.4%, 24.1% basis points below the submarket average of 28.5%.

Figure 1: Historical Absorption, Deliveries, and Vacancy



## Leasing Activity

The Katy Freeway and West Belt submarkets captured the highest share of leasing activity relative to their total inventory, underscoring strong tenant preference for Class A Office space on the western side of Houston. The largest transaction occurred in Katy Freeway with Boardwalk Pipeline’s 143,000 sq. ft. signature at 990 Town & Country. Following Marathon’s completely vacancy of 990 Town & Country, the property has quickly rebounded and is now nearly fully leased with only two floors remaining.

The CBD submarket recorded the largest total lease volume with 372,300 sq. ft. of transactions over 10,000 sq. ft. TC Energy Center saw the submarket’s two largest leases with a confidential tenant signing 99,000 sq. ft. and Mayer Brown renewing 60,965 sq. ft. Other notable CBD leases include Yetter Coleman’s 43,900 sq. ft. deal at 600 Travis and Seyfarth Shaw’s 31,900 sq. ft. renewal at 700 Milam.

Figure 3: Leasing Activity Trend – 10,000 sq. ft. and up

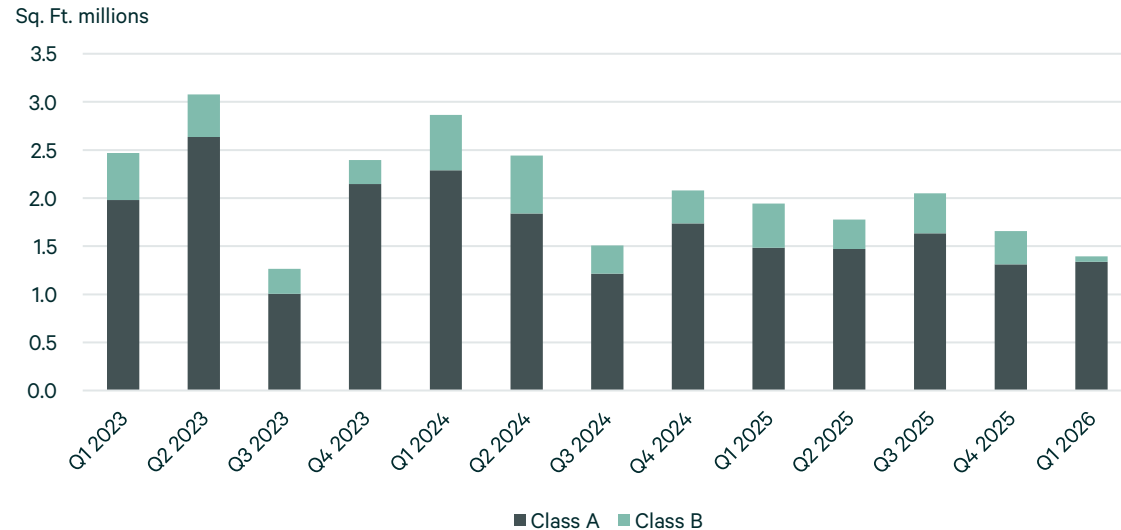


Figure 2: Leasing Activity by Sector– 10,000 sq. ft. and up

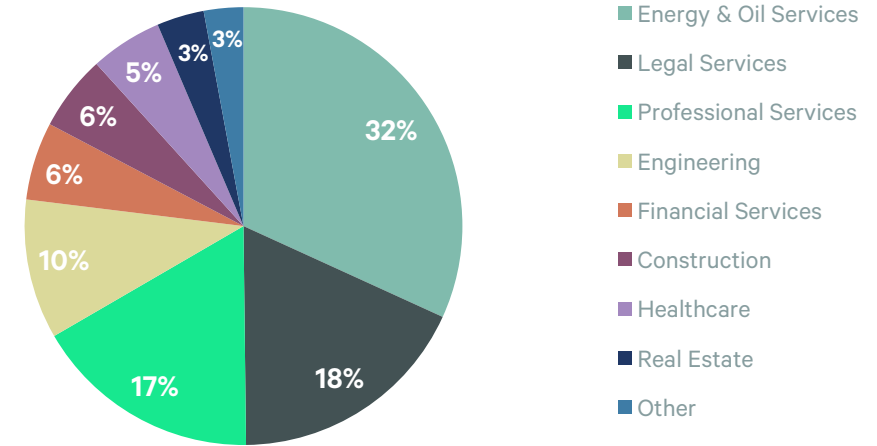
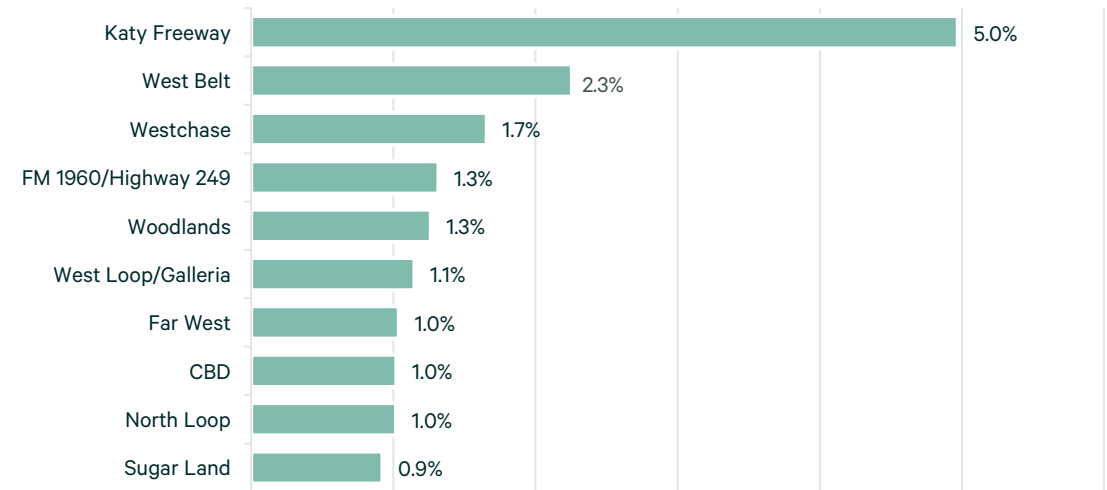


Figure 4: Leasing Volume as a Percentage of Submarket Size



## Construction and Deliveries

Houston Office new construction deliveries hit the highest quarterly amount since 2024, with the completion of three Class A properties. CityCentre Six was the final delivery of Midway’s six building “CityCentre” office portfolio in the Katy Freeway submarket. It completed at 91.3% leased, with Dow Chemical preparing to occupy 7 floors in Q2 2026. 2960 Riverby Rd delivered 95,000 sq. ft. in the East submarket and is fully occupied by The Port Houston Authority, which is using the building as its headquarters. Lastly, 1500 W Parkwood Ave delivered 80,000 sq. ft. in Greater Pearland. Castle Biosciences has occupied 50% of the building to use as its corporate office space. These deliveries have added much needed office space to a market in which demand is skewed almost entirely to Class A space. There are two additional office buildings under construction in central Houston. Autry Park Phase I is expected to deliver 127,700 sq. ft. at the end of 2026 and The RO Phase I is expected to deliver 146,000 sq. ft. in 2027. Both buildings are 100% pre-leased and part of larger mixed-use developments.

## Net Absorption

The first quarter of 2026 ended with 308,000 sq. ft. of negative absorption, Class A properties attributing to 109,000 sq. ft. and Class B properties attributing to 127,000 sq. ft. Q1’s largest move-out was NRG’s 479,000 sq. ft. vacation from 910 Louisiana. The energy company stayed within CBD but has downsized and moved into 290,000 sq. ft. at 3 Houston Center. Texas Tower saw two large move-ins with Fayez Sarofim occupying 60,000 sq. ft. and Skadden occupying 52,000 sq. ft. The East submarket saw the highest absorption due to the Port of Houston’s 95,000 sq. ft. occupancy at the newly delivered 2960 Riverby Rd.

## Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

Figure 5: Vacancy Rates by Class



Figure 6: Key Leasing Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Boardwalk Pipeline Partners	143,253	New Lease	990 Town and Country Blvd	Katy Freeway
Confidential Tenant	99,000	New Lease	700 Louisiana St	CBD
Forum Us	81,138	Renewal	10344 Sam Houston Park Dr	West Belt
Mayer Brown	60,965	Renewal	700 Louisiana St	CBD
Volta Grid	60,355	New Lease	920 Town and Country Blvd	Katy Freeway
Zachry Engineering	52,745	New Lease	3151 Briarpark Dr	Westchase
Yetter Coleman	43,906	New Lease	600 Travis St	CBD
AT&T Services	40,064	New Lease	200 Westlake Park Blvd	Energy Corridor
Seyfarth Shaw	31,879	Renewal	700 Milam St	CBD
Melton & Melton	31,013	New Lease	3700 W Sam Houston Pky S	Westchase

FIGURE 7: Houston Office Market Statistics

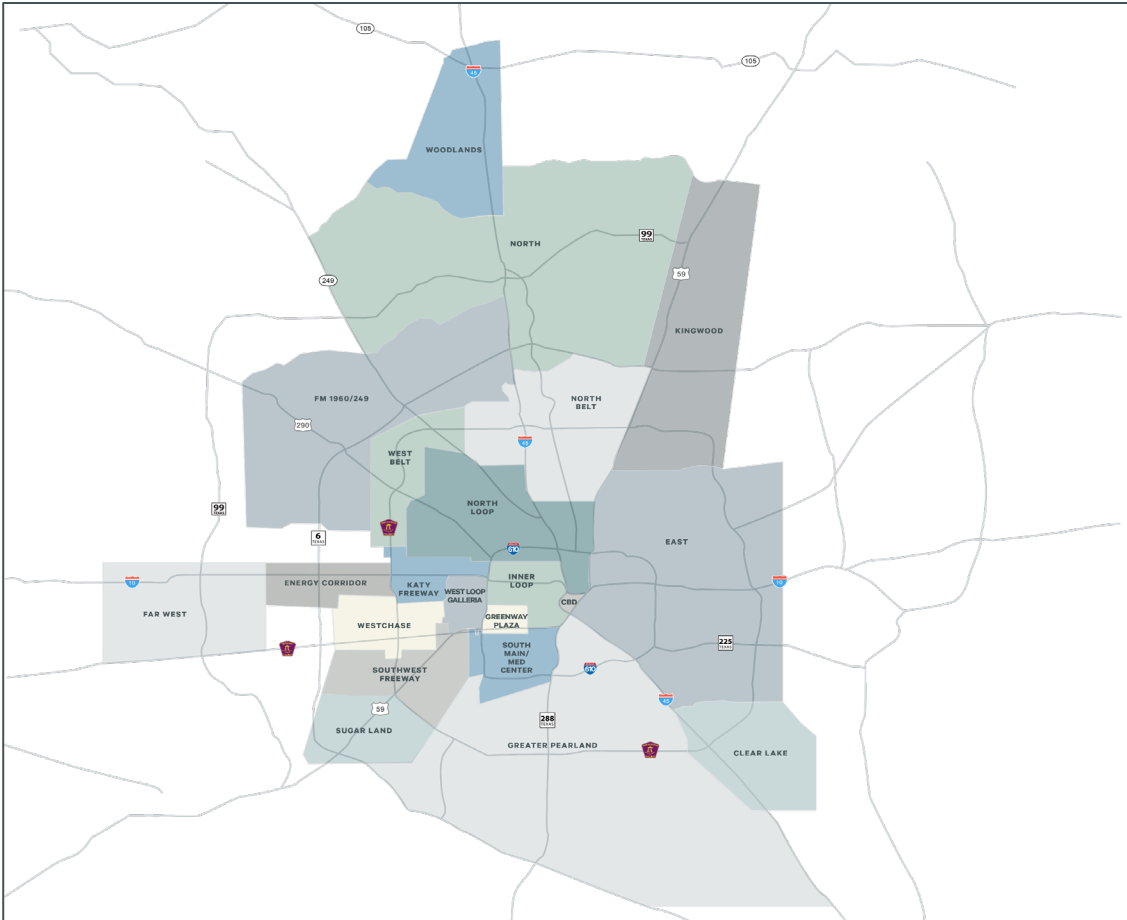
Submarket	Total Inventory (SF)	Total Vacancy (%)	Total Vacancy (SF)	Total Availability (%)	Total Availability (SF)	Sublease Availability (SF)	NNN Asking Rate (\$/PSF)	Under Construction (SF)	Deliveries (SF)	Q1 Net Absorption (SF)	YTD Net Absorption (SF)
<b>CBD</b>	<b>40,984,110</b>	<b>28.5%</b>	<b>11,680,471</b>	<b>28.8%</b>	<b>11,803,424</b>	<b>1,147,555</b>	<b>\$26.49</b>	-	-	<b>-151,147</b>	<b>-151,147</b>
Class A	31,977,466	26.4%	8,442,051	28.0%	8,953,690	831,414	\$28.34	-	-	-139,705	-139,705
Class B	8,675,181	37.2%	3,227,167	32.1%	2,784,733	286,281	\$19.31	-	-	-13,453	-13,453
<b>Clear Lake</b>	<b>5,578,575</b>	<b>17.1%</b>	<b>953,936</b>	<b>23.0%</b>	<b>1,283,072</b>	<b>128,307</b>	<b>\$16.60</b>	-	-	<b>-33,246</b>	<b>-33,246</b>
Class A	1,710,683	21.8%	372,929	20.4%	348,979	25,660	\$18.25	-	-	6,011	6,011
Class B	3,068,192	15.9%	487,843	27.7%	849,889	104,319	\$16.16	-	-	-25,517	-25,517
<b>East</b>	<b>2,322,724</b>	<b>14.1%</b>	<b>327,504</b>	<b>11.9%</b>	<b>276,404</b>	<b>9,291</b>	<b>\$15.97</b>	-	<b>95,000</b>	<b>120,297</b>	<b>120,297</b>
Class A	340,122	6.6%	22,448	6.6%	22,448	0	\$10.25	-	95,000	14,655	14,655
Class B	1,534,006	14.1%	216,295	14.1%	216,295	9,204	\$16.48	-	-	102,705	102,705
<b>Energy Corridor</b>	<b>21,384,201</b>	<b>21.5%</b>	<b>4,597,603</b>	<b>25.5%</b>	<b>5,452,971</b>	<b>641,526</b>	<b>\$17.81</b>	-	-	<b>-36,223</b>	<b>-36,223</b>
Class A	15,933,929	19.8%	3,154,918	24.2%	3,856,011	589,555	\$20.57	-	-	20,237	20,237
Class B	4,841,039	26.6%	1,287,716	30.2%	1,461,994	33,887	\$13.54	-	-	-43,731	-43,731
<b>Far West</b>	<b>1,646,325</b>	<b>13.9%</b>	<b>228,839</b>	<b>11.9%</b>	<b>195,913</b>	<b>47,743</b>	<b>\$22.05</b>	-	-	<b>599</b>	<b>599</b>
Class A	918,354	17.6%	161,630	20.3%	186,426	47,754	\$27.00	-	-	-1,525	-1,525
Class B	609,536	10.4%	63,392	12%	7,314	0	\$20.76	-	-	0	0
<b>FM 1960/Highway 249</b>	<b>6,769,923</b>	<b>32.9%</b>	<b>2,227,305</b>	<b>37.5%</b>	<b>2,538,721</b>	<b>487,434</b>	<b>\$14.93</b>	-	-	<b>-40,151</b>	<b>-40,151</b>
Class A	2,530,259	39.4%	996,922	57.5%	1,454,899	457,977	\$18.11	-	-	-6,014	-6,014
Class B	3,701,530	28.1%	1,040,130	24.7%	914,278	29,612	\$11.14	-	-	-27,631	-27,631
<b>Greenway Plaza</b>	<b>10,210,352</b>	<b>27.2%</b>	<b>2,777,216</b>	<b>29.9%</b>	<b>3,052,895</b>	<b>153,155</b>	<b>\$22.37</b>	<b>146,003</b>	-	<b>-29,791</b>	<b>-29,791</b>
Class A	6,325,153	28.4%	1,796,343	30.6%	1,935,497	113,853	\$24.39	146,003	-	-17,720	-17,720
Class B	3,094,270	26.8%	829,264	32.5%	1,005,638	40,226	\$19.46	-	-	-14,150	-14,150
<b>Inner Loop</b>	<b>5,451,854</b>	<b>19.1%</b>	<b>1,041,304</b>	<b>21.5%</b>	<b>1,172,149</b>	<b>141,748</b>	<b>\$21.91</b>	<b>103,381</b>	-	<b>13,985</b>	<b>13,985</b>
Class A	3,387,971	22.2%	752,130	25.3%	857,157	115,191	\$22.41	103,381	-	11,318	11,318
Class B	1,884,353	14.5%	273,231	16.0%	301,496	26,381	\$20.35	-	-	3,804	3,804
<b>Katy Freeway</b>	<b>7,438,283</b>	<b>19.6%</b>	<b>1,457,903</b>	<b>11.5%</b>	<b>855,403</b>	<b>111,574</b>	<b>\$32.19</b>	-	<b>308,000</b>	<b>-54,103</b>	<b>-54,103</b>
Class A	5,927,804	20.9%	1,238,911	10.6%	628,347	106,700	\$38.24	-	308,000	-40,845	-40,845
Class B	690,292	12.8%	88,357	12.9%	89,048	0	\$24.71	-	-	-13,832	-13,832
<b>Kingwood</b>	<b>867,062</b>	<b>13.1%</b>	<b>113,585</b>	<b>11.4%</b>	<b>98,845</b>	<b>8,671</b>	<b>\$10.82</b>	-	-	<b>-7,857</b>	<b>-7,857</b>
Class A	536,758	8.5%	45,624	7.5%	40,257	2,147	\$11.12	-	-	-3,585	-3,585
Class B	259,254	24.8%	64,295	20.4%	52,888	6,481	\$10.18	-	-	-4,272	-4,272
<b>North</b>	<b>7,229,455</b>	<b>6.9%</b>	<b>498,832</b>	<b>7.1%</b>	<b>513,291</b>	<b>86,753</b>	<b>\$17.12</b>	-	-	<b>-5,358</b>	<b>-5,358</b>
Class A	5,731,663	5.1%	292,315	4.7%	269,388	22,927	\$23.93	-	-	-9,210	-9,210
Class B	1,425,943	14.6%	208,188	16.9%	240,984	64,167	\$15.07	-	-	3,852	3,852
<b>North Belt</b>	<b>10,928,179</b>	<b>41.4%</b>	<b>4,524,266</b>	<b>35.6%</b>	<b>3,890,432</b>	<b>54,641</b>	<b>\$9.68</b>	-	-	<b>-71,178</b>	<b>-71,178</b>
Class A	4,279,981	42.3%	1,810,432	40.6%	1,737,672	4,280	\$13.07	-	-	-10,210	-10,210
Class B	4,950,899	49.3%	2,440,793	38.2%	1,891,243	49,509	\$7.01	-	-	-64,167	-64,167

FIGURE 7: Houston Office Market Statistics (continued)

Submarket	Total Inventory (SF)	Total Vacancy (%)	Total Vacancy (SF)	Total Availability (%)	Total Availability (SF)	Sublease Availability (SF)	NNN Asking Rate (\$/PSF)	Under Construction (SF)	Deliveries (SF)	Q1 Net Absorption (SF)	YTD Net Absorption (SF)
<b>North Loop</b>	<b>7,536,934</b>	<b>19.2%</b>	<b>1,447,091</b>	<b>17.5%</b>	<b>1,318,963</b>	<b>67,832</b>	<b>\$12.68</b>	-	-	<b>-71,072</b>	<b>-71,072</b>
Class A	1,842,943	25.9%	477,322	21.9%	403,605	12,901	\$15.13	-	-	-56,578	-56,578
Class B	4,552,373	19.9%	905,922	19.0%	864,951	54,628	\$11.37	-	-	-4,395	-4,395
<b>South Main/Medical Center</b>	<b>3,829,491</b>	<b>10.2%</b>	<b>390,608</b>	<b>14.4%</b>	<b>551,447</b>	<b>68,931</b>	<b>\$18.10</b>	-	-	<b>-14,581</b>	<b>-14,581</b>
Class A	-	-	-	-	-	-	-	-	-	-	-
Class B	2,569,907	9.8%	251,851	15.6%	400,905	69,387	\$19.60	-	-	-15,967	-15,967
<b>Southwest Freeway</b>	<b>7,074,106</b>	<b>22.4%</b>	<b>1,584,600</b>	<b>22.3%</b>	<b>1,577,526</b>	<b>49,519</b>	<b>\$13.76</b>	-	-	<b>-27,168</b>	<b>-27,168</b>
Class A	-	-	-	-	-	-	-	-	-	-	-
Class B	3,006,087	29.9%	898,820	33.6%	1,010,045	45,091	\$14.20	-	-	-6,222	-6,222
<b>Sugar Land</b>	<b>4,081,523</b>	<b>27.1%</b>	<b>1,106,093</b>	<b>28.8%</b>	<b>1,175,479</b>	<b>32,652</b>	<b>\$20.11</b>	-	-	<b>-25,852</b>	<b>-25,852</b>
Class A	2,476,060	37.0%	916,142	40.7%	1,007,756	29,713	\$21.84	-	-	-10,146	-10,146
Class B	1,170,907	13.7%	160,414	11.6%	135,825	0	\$13.91	-	-	-16,472	-16,472
<b>West Belt</b>	<b>6,278,168</b>	<b>27.1%</b>	<b>1,701,384</b>	<b>31.9%</b>	<b>2,002,736</b>	<b>307,630</b>	<b>\$17.01</b>	-	-	<b>13,849</b>	<b>13,849</b>
Class A	3,598,860	27.1%	975,291	31.9%	1,148,036	237,525	\$17.20	-	-	13,619	13,619
Class B	2,501,953	26.5%	663,018	32.1%	803,127	67,553	\$16.83	-	-	3,941	3,941
<b>West Loop/Galleria</b>	<b>30,342,605</b>	<b>29.9%</b>	<b>9,072,439</b>	<b>25.4%</b>	<b>7,707,022</b>	<b>424,796</b>	<b>\$21.58</b>	-	-	<b>30,259</b>	<b>30,259</b>
Class A	18,200,931	31.2%	5,678,690	25.0%	4,550,233	364,019	\$26.20	-	-	65,503	65,503
Class B	9,306,879	30.3%	2,819,984	29.3%	2,726,916	46,534	\$15.04	-	-	-22,060	-22,060
<b>Westchase</b>	<b>18,478,226</b>	<b>31.9%</b>	<b>5,894,554</b>	<b>33.0%</b>	<b>6,097,815</b>	<b>923,911</b>	<b>\$15.46</b>	-	-	<b>11,785</b>	<b>11,785</b>
Class A	7,364,567	27.0%	1,988,433	30.5%	2,246,193	250,395	\$21.17	-	-	-3,603	-3,603
Class B	8,494,994	37.7%	3,202,613	36.2%	3,075,188	501,205	\$12.35	-	-	24,807	24,807
<b>Woodlands</b>	<b>8,205,338</b>	<b>18.6%</b>	<b>1,526,193</b>	<b>20.2%</b>	<b>1,657,478</b>	<b>237,955</b>	<b>\$29.11</b>	-	-	<b>19,072</b>	<b>19,072</b>
Class A	6,397,522	18.6%	1,189,939	20.9%	1,337,082	236,708	\$32.64	-	-	17,753	17,753
Class B	1,550,498	20.5%	317,852	19.4%	300,797	1,550	\$19.31	-	-	-2,288	-2,288
<b>Suburban Total</b>	<b>165,653,324</b>	<b>25.0%</b>	<b>41,413,331</b>	<b>25.0%</b>	<b>41,413,331</b>	<b>3,975,680</b>	<b>\$17.64</b>	<b>249,384</b>	<b>403,000</b>	<b>-206,734</b>	<b>-206,734</b>
Class A	87,503,560	25.0%	21,875,890	25.2%	22,050,897	2,625,107	\$22.10	249,384	308,000	-10,340	-10,340
Class B	59,212,912	27.4%	16,224,338	27.6%	16,342,764	1,125,045	\$13.46	0	95,000	-121,595	-121,595
<b>Houston Total</b>	<b>206,834,181</b>	<b>25.7%</b>	<b>53,156,385</b>	<b>25.8%</b>	<b>53,363,219</b>	<b>5,170,855</b>	<b>\$19.50</b>	<b>249,384</b>	<b>483,000</b>	<b>-308,935</b>	<b>-308,935</b>
Class A	119,610,143	25.4%	30,380,976	26.0%	31,098,637	3,468,694	\$23.97	249,384	388,000	-109,424	-109,424
Class B	67,955,723	28.6%	19,435,337	28.2%	19,163,514	1,427,070	\$14.12	0	95,000	-126,723	-126,723

Note: Class C inventory is also tracked and included in totals but not shown separately in this table.

## Market Area Overview



### Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate (if referenced): Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.

### Survey Criteria

CBRE’s market report analyzes existing single- and multi-tenant office buildings that total 20,000+ sq. ft. in the Houston market, some owner-occupied buildings and campuses are included. CBRE assembles all information through telephone/email canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial brokerage community. Please note: The 1.2 million SF former Fluor campus in Sugar Land was removed from our statistical set in Q1 2025 given it is no longer occupied nor planned for office use. This edit is not applied retroactively, resulting in a changing inventory denominator.

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