

FIGURES | HOUSTON OFFICE | Q3 2026

Houston’s office market stays resilient despite seasonal slowdown



Note: Arrows indicate change from previous quarter.

KEY HIGHLIGHTS

Houston’s office market saw a relatively quiet third quarter with net absorption dipping slightly into the negative. Westlake made the largest move of Q3, relocating within the West Loop/ Galleria from 110,000 sq. ft. at 2801 Post Oak Blvd to 143,000 sq. ft. at 5444 Westheimer Rd.

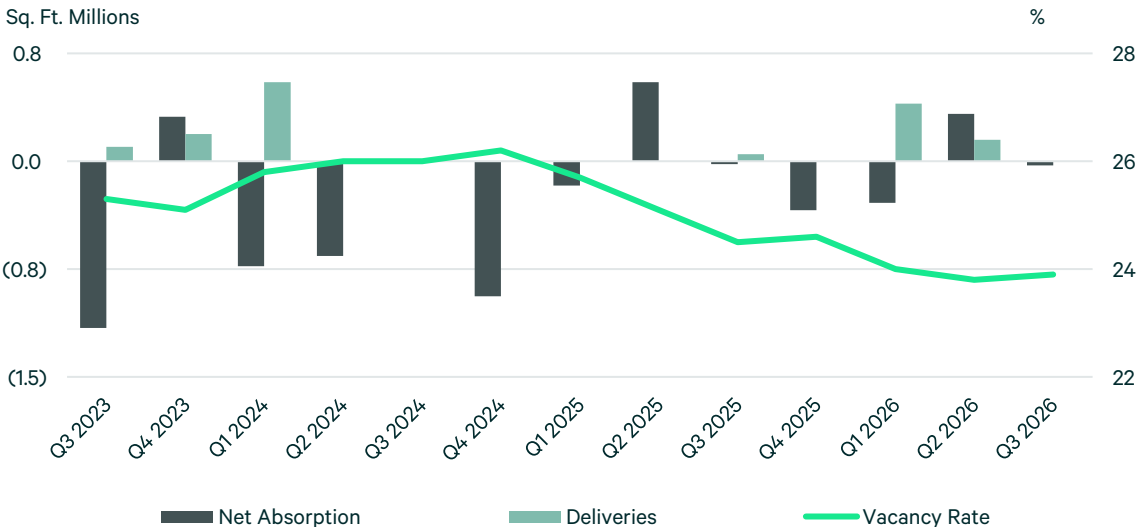
The Westward Migration persists as one of Houston’s defining office themes, with Magnolia Oil & Gas relocating from Greenway Plaza to Katy Freeway and Rockcliff Energy Management signing a sublease to relocate from CBD to Katy Freeway.

Although leasing activity is 53% lower than Q3 2025, several significant transactions completed. Harris County Flood Control District signed the quarter’s largest lease taking down 87,000 sq. ft. at 4425 Westway Park Blvd, and the Energy Corridor saw the most square footage signed.

“If you build it, they will come” - 100 Park Place broke ground on the last day of the quarter – Stonelake’s 277,000 sq. ft. property began construction on a fully speculative basis as developers feel confident about the strength of the Houston office market.



Figure 1: Historical Absorption, Deliveries, and Vacancy



Leasing Activity

Typical for the summer months, leasing activity in the Houston office market showed a slight decline in the third quarter of 2026, with activity cooling to 0.97 million sq. ft. for Class A properties and 60,000 sq. ft. for Class B. Despite this quarterly dip, the market remains supported by significant transactions, led by the 87,000 sq. ft. new lease by the Harris County Flood Control District at 4425 Westway Park Blvd and the 79,000 sq. ft. renewal by New Era Life Insurance at Energy Tower II.

Houston’s office sublease market saw notable movement this quarter. Michels Corporation, a tenant new to town, subleased 50,380 sq. ft. from Rimkus at 12140 Wickchester, representing one of the market’s more significant transactions. Rockcliff Energy Management set its sights westward, subleasing 22,600 sq. ft. from Devon Energy at CityCentre IV.

The Energy Corridor, West Loop/Galleria, and Katy Freeway submarkets captured the largest shares of total leasing activity, collectively representing over 50% of the market's demand.

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

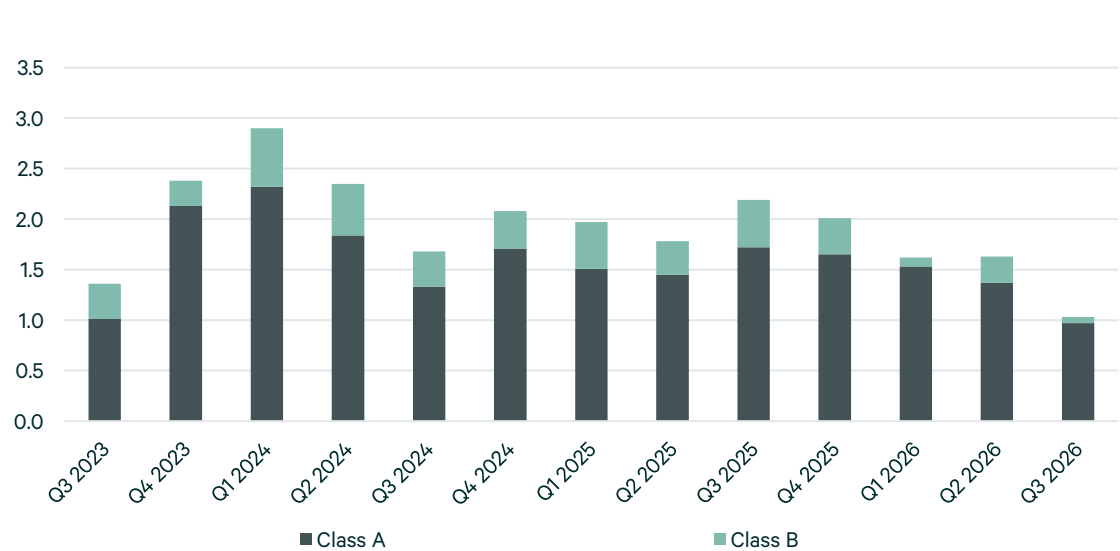


Figure 2: Leasing Activity by Sector – 10,000 sq. ft. and up

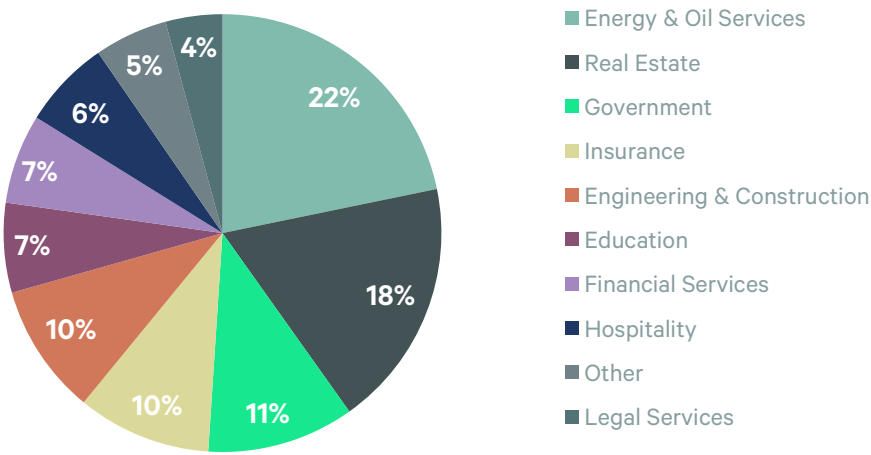
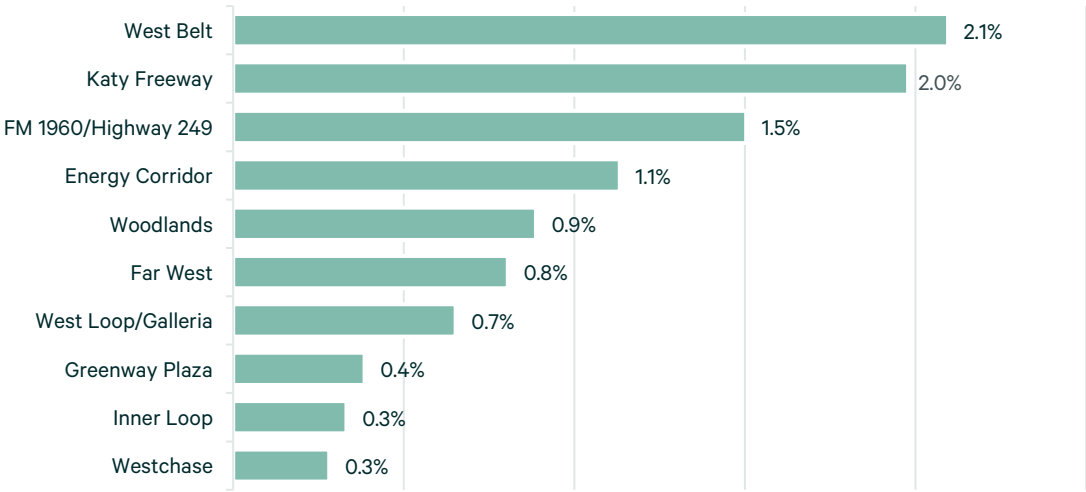


Figure 4: Leasing Volume as a Percentage of Submarket Size – 10,000 sq. ft. and up



Construction and Deliveries

After four projects delivered in a busy first half of the year, deliveries paused in Q3. The next major completion, Autry Park Phase 1, is scheduled for the end of 2026.

Developers are responding to the tightening supply of Class A space by initiating new projects. While some developers require 50% pre-leasing thresholds, others are adopting a more bullish approach. For example, 100 Park Place broke ground on the last day of September. The Stonelake property will deliver fully spec, adding approximately 277,000 sq. ft. of available space to the West Loop/ Galleria submarket in 2028. Additionally, two Woodlands projects are set to break ground in Q4, also on a speculative basis.

Net Absorption

Net absorption for Q3 2026 remained relatively flat, recording a marginal negative absorption of 30,000 sq. ft. across the metro area. While Class A properties saw a slight positive gain of 15,000 sq. ft., this was offset by a 44,000 sq. ft. contraction in Class B space.

Westlake claimed the largest move of the quarter. Staying within Tanglewood Property Group owned buildings and within the West Loop / Galleria, Westlake vacated 150,200 sq. ft. at 2801 Post Oak and occupied 143,000 sq. ft. at 5444 Westheimer. Magnolia Oil & Gas moved from Greenway Plaza to Katy Freeway, participating in the westward migration trend currently defining the Houston office market. The company vacated 73,350 sq. ft. at 9 Greenway Plaza and occupied 60,000 sq. ft. at 990 Town & Country. 1501 McKinney saw the largest occupancy loss of the quarter with Hess, which is owned by Chevron, and Midcoast Energy giving back space, 123,400 sq. ft. and 30,500 sq. ft. respectively.

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Figure 5: Vacancy Rates by Class

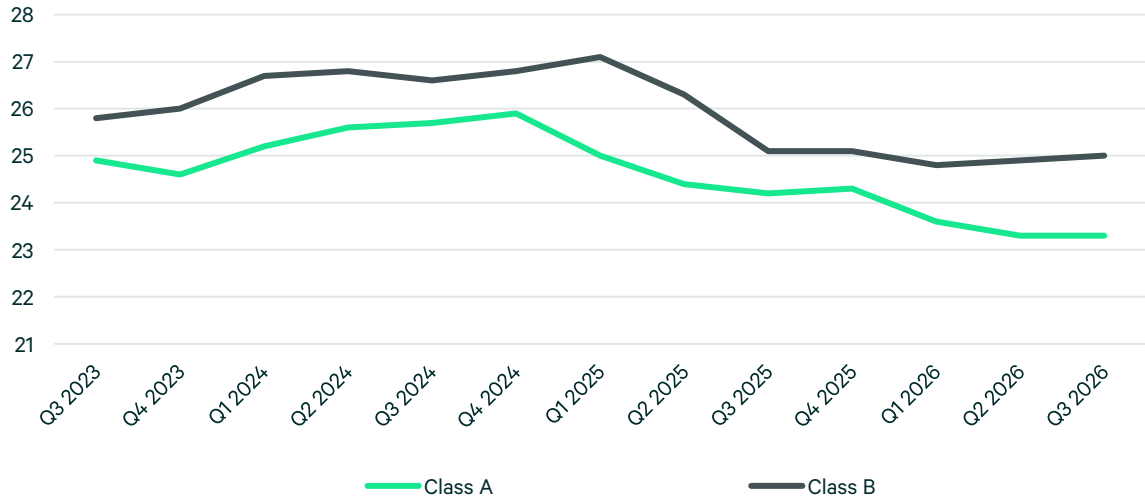


Figure 6: Key Leasing Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Harris County Flood Control District	87,000	New Lease	4425 Westway Park Blvd	West Belt
New Era Life Insurance	79,000	Renewal	11720 Katy Fwy	Energy Corridor
Spaces	77,000	Renewal	1980 Post Oak Blvd	West Loop/Galleria
Marathon Petroleum	57,000	Renewal/Expansion	500 Dallas St	CBD
Target Hospitality	52,000	New Lease	1790 Hughes Landing Blvd	Woodlands
Michels Coproration	50,000	New Lease	12140 Wickchester Ln	Energy Corridor
Dashiell Corp.	43,000	New Lease	15011 Katy Freeway	Energy Corridor
The Dinerstein Companies	37,000	New Lease	3737 Buffalo Speedway Ave	Greenway Plaza

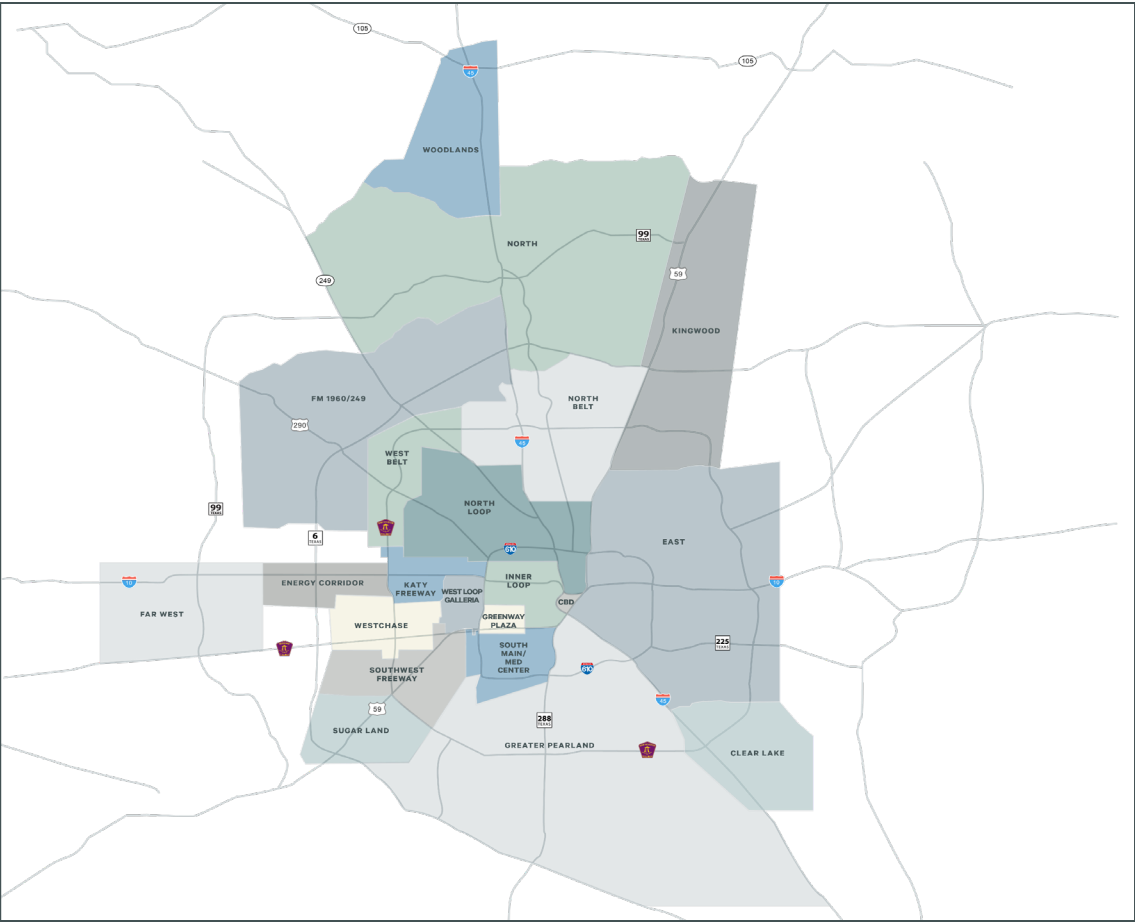
FIGURE 7: Houston Office Market Statistics

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)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)
CBD	40.65M	25.5%	10.35M	28.1%	11.42M	998,000	\$26.80	0	0	-111,000	-154,000
Class A	31.98M	25.3%	8.10M	26.9%	8.62M	686,000	\$28.62	0	0	-96,000	-115,000
Class B	8.68M	25.9%	2.25M	32.3%	2.80M	312,000	\$19.47	0	0	-15,000	-40,000
Clear Lake	4.78M	15.7%	748,000	25.6%	1.22M	127,000	\$17.78	0	0	36,000	26,000
Class A	1.71M	19.8%	338,000	19.5%	333,000	24,000	\$18.18	0	0	4,000	11,000
Class B	3.07M	13.4%	410,000	29.0%	890,000	104,000	\$17.60	0	0	32,000	16,000
East	1.94M	15.4%	299,000	16.8%	327,000	26,000	\$15.97	0	0	-37,000	71,000
Class A	340,000	8.5%	29,000	12.2%	41,000	16,000	\$11.21	0	0	-5,000	8,000
Class B	1.60M	16.9%	270,000	17.8%	285,000	10,000	\$16.21	0	0	-32,000	63,000
Energy Corridor	20.75M	21.9%	4.54M	25.2%	5.23M	683,000	\$19.39	0	0	-37,000	-358,000
Class A	15.90M	20.6%	3.27M	23.6%	3.76M	631,000	\$22.51	0	0	-40,000	-285,000
Class B	4.84M	26.1%	1.27M	30.4%	1.47M	52,000	\$13.58	0	0	3,000	-74,000
Far West	1.53M	13.3%	203,000	15.9%	243,000	37,000	\$21.82	0	0	5,000	-38,000
Class A	918,000	21.3%	196,000	25.7%	236,000	37,000	\$21.92	0	0	5,000	-38,000
Class B	610,000	1.2%	8,000	1.2%	8,000	0	\$20.76	0	0	0	0
FM 1960/Highway 249	6.00M	32.8%	1.97M	33.0%	1.98M	36,000	\$14.96	0	0	39,000	16,000
Class A	2.29M	48.6%	1.11M	48.6%	1.11M	18,000	\$18.34	0	0	49,000	46,000
Class B	3.72M	23.1%	860,000	23.4%	868,000	18,000	\$10.39	0	0	-10,000	-30,000
Greenway Plaza	9.60M	30.3%	2.91M	33.7%	3.23M	203,000	\$23.75	0	0	-123,000	-289,000
Class A	6.50M	31.0%	2.01M	33.8%	2.20M	169,000	\$25.53	0	0	-108,000	-206,000
Class B	3.10M	28.9%	897,000	33.3%	1.03M	35,000	\$19.96	0	0	-14,000	-83,000
Inner Loop	5.05M	17.8%	901,000	21.3%	1.07M	107,000	\$21.71	109,000	0	-3,000	11,000
Class A	3.22M	20.4%	657,000	25.0%	804,000	94,000	\$22.05	109,000	0	-16,000	6,000
Class B	1.83M	13.3%	244,000	14.8%	270,000	12,000	\$20.49	0	0	13,000	6,000
Katy Freeway	6.44M	10.4%	669,000	8.0%	513,000	77,000	\$40.31	0	0	95,000	474,000
Class A	5.84M	9.9%	578,000	6.4%	375,000	77,000	\$41.43	0	0	120,000	514,000
Class B	602,000	15.2%	92,000	23.0%	139,000	0	\$26.44	0	0	-26,000	-39,000
Kingwood	796,000	9.9%	79,000	15.3%	121,000	44,000	\$11.13	0	0	5,000	11,000
Class A	537,000	5.6%	30,000	12.8%	69,000	38,000	\$12.39	0	0	5,000	4,000
Class B	259,000	18.9%	49,000	20.3%	53,000	7,000	\$10.28	0	0	0	7,000
North	6.96M	5.7%	395,000	6.6%	462,000	77,000	\$23.80	0	0	59,000	64,000
Class A	6.05M	3.8%	229,000	4.4%	267,000	39,000	\$22.70	0	0	61,000	72,000
Class B	910,000	18.3%	167,000	21.4%	195,000	37,000	\$24.73	0	0	-3,000	-8,000
North Belt	8.62M	39.6%	3.41M	41.6%	3.59M	30,000	\$9.72	0	0	41,000	23,000
Class A	4.14M	40.4%	1.67M	41.7%	1.72M	0	\$13.04	0	0	32,000	38,000
Class B	4.48M	38.9%	1.74M	41.6%	1.87M	30,000	\$7.14	0	0	9,000	-15,000

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)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)
North Loop	6.31M	17.1%	1.08M	17.8%	1.12M	44,000	\$12.71	0	0	29,000	19,000
Class A	1.84M	18.6%	342,000	17.4%	320,000	18,000	\$14.94	0	0	40,000	2,000
Class B	4.47M	16.5%	738,000	18.0%	803,000	26,000	\$11.83	0	0	-12,000	17,000
South Main/Medical Center	2.15M	9.9%	212,000	12.5%	270,000	54,000	\$21.08	0	0	0	-10,000
Class A	-	-	-	-	-	-	-	-	-	-	-
Class B	2.15M	9.9%	212,000	12.5%	270,000	54,000	\$21.08	0	0	0	-10,000
Southwest Freeway	2.07M	26.5%	548,000	28.9%	599,000	47,000	\$12.72	0	0	2,000	-7,000
Class A	-	-	-	-	-	-	-	-	-	-	-
Class B	2.07M	26.5%	548,000	28.9%	599,000	47,000	\$12.72	0	0	2,000	-7,000
Sugar Land	3.31M	26.3%	872,000	30.7%	1.02M	33,000	\$19.87	0	0	23,000	-1,000
Class A	2.16M	34.7%	750,000	41.3%	893,000	33,000	\$21.56	0	0	26,000	9,000
Class B	1.15M	10.6%	122,000	10.9%	125,000	0	\$12.23	0	0	-3,000	-10,000
West Belt	6.04M	26.7%	1.62M	30.2%	1.82M	244,000	\$19.26	0	0	-57,000	-13,000
Class A	3.60M	26.7%	962,000	27.6%	993,000	188,000	\$21.63	0	0	-44,000	61,000
Class B	2.44M	26.8%	654,000	34.0%	831,000	56,000	\$16.85	0	0	-13,000	-75,000
West Loop/Galleria	27.45M	25.9%	7.12M	27.3%	7.50M	451,000	\$22.49	0	0	84,000	180,000
Class A	18.23M	25.0%	4.56M	25.3%	4.61M	335,000	\$27.41	0	0	76,000	173,000
Class B	9.23M	27.8%	2.56M	31.3%	2.89M	116,000	\$15.59	0	0	8,000	6,000
Westchase	15.70M	31.0%	4.87M	36.5%	5.73M	782,000	\$15.70	0	0	-45,000	-80,000
Class A	7.35M	26.8%	1.97M	31.2%	2.29M	235,000	\$21.64	0	0	-50,000	-56,000
Class B	8.35M	34.8%	2.90M	41.1%	3.43M	547,000	\$11.17	0	0	6,000	-25,000
Woodlands	7.69M	14.6%	1.12M	18.5%	1.42M	244,000	\$29.38	0	0	-34,000	52,000
Class A	5.85M	13.1%	764,000	18.9%	1.10M	188,000	\$33.32	0	0	-44,000	131,000
Class B	1.85M	19.5%	361,000	17.5%	323,000	56,000	\$20.87	0	0	10,000	-79,000
Suburban Total	143.76M	23.4%	33.67M	26.6%	38.25M	3.27M	\$18.45	109,000	146,000	208,000	70,000
Class A	86.68M	22.6%	19.60M	25.3%	21.89M	2.04M	\$22.50	109,000	146,000	357,000	381,000
Class B	56.80M	24.8%	14.07M	28.8%	16.36M	1.23M	\$13.52	0	0	-149,000	-311,000
Houston Total	184.46M	23.8%	43.91M	27.0%	49.87M	4.33M	\$20.30	109,000	146,000	325,000	33,000
Class A	118.70M	23.3%	27.61M	25.9%	30.71M	2.81M	\$24.32	109,000	146,000	486,000	369,000
Class B	65.47M	24.9%	16.30M	29.3%	19.16M	1.51M	\$14.18	0	0	-161,000	-336,000

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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