



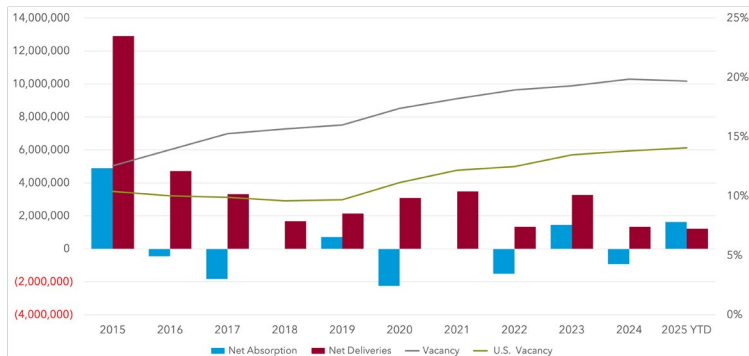
OFFICE MARKET OVERVIEW

MARY DOETTERL, Research Manager

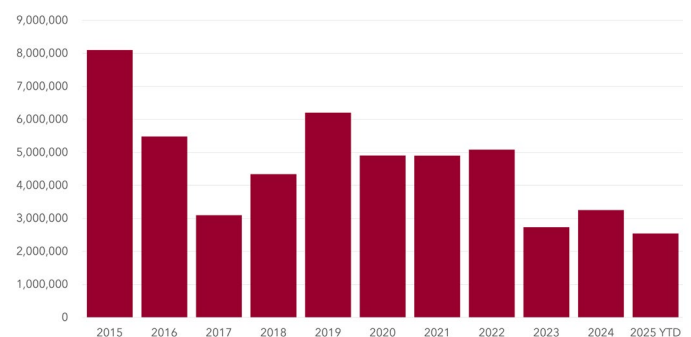
Houston's office market continued its steady recovery in Q3 2025, posting positive net absorption of 1.36 million square feet, up from 918,000 square feet last quarter. The vacancy rate declined slightly to 19.6%, reflecting incremental leasing gains across key submarkets. Average asking rents rose to \$29.69 per square foot, marking continued rent growth momentum. Investment metrics remained stable, with pricing and cap rates largely unchanged, underscoring consistent buyer confidence. Construction activity persisted at healthy levels, supporting long-term market vitality. Overall, Houston's office sector is demonstrating gradual but sustained improvement, signaling continued stabilization amid cautious optimism from tenants and investors alike.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Net Absorption SF	1,360,254	848,271	427,969	(916,284)	1,118,461
▼ Vacancy Rate	19.6%	19.7%	20.0%	19.9%	19.7%
▲ Avg NNN Asking Rate PSF	\$29.69	\$29.55	\$29.59	\$29.38	\$29.30
▲ Sale Price PSF	\$186.00	\$185.00	\$188.00	\$189.00	\$189.00
◀ ▶ Cap Rate	10.0%	10.0%	9.9%	9.8%	9.8%
▼ Under Construction SF	2,541,818	2,615,700	2,478,409	3,251,244	2,897,727
▲ Inventory SF	357,286,331	357,040,953	357,247,840	356,067,763	356,032,268

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
990 Town & Country Boulevard Houston, TX	443,500 SF	Undisclosed	MetroNational ConocoPhillips	Class A
15021 Katy Freeway Houston, TX	240,166 SF	Undisclosed	Capital Commercial Investments Invesco	Class A
3555 Timmons Lane Houston, TX	230,440 SF	Undisclosed	DML Capital Novel Office	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2700 Post Oak Boulevard Houston, TX	412,857 SF	Unilev Capital	Williams Companies (Renewal)	Oil & Gas
4425 Westway Park Boulevard Houston, TX	62,483 SF	Principal Real Estate Investors	Seadrill	Drilling Oil and Gas Wells
10000 Energy Drive Houston, TX	61,966 SF	Spear Street Capital	Tetra Technologies	Mining, Quarrying, Oil and Gas extraction

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com