



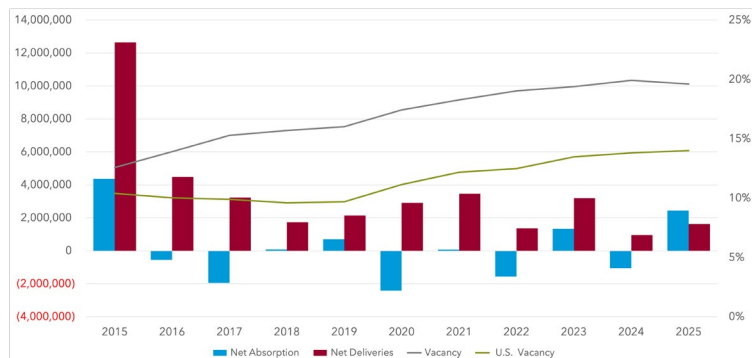
### OFFICE MARKET OVERVIEW

MARY DOETTERL, *Research Director*

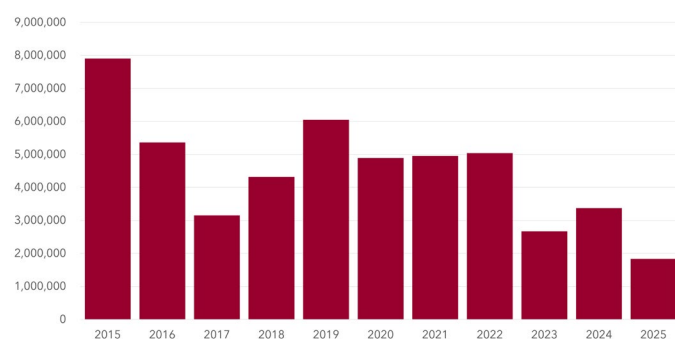
Houston's office market showed clear signs of stabilization and recovery entering Q4 2025. Twelve-month net absorption rebounded to 2.44M SF, reversing 2024 losses, while vacancy declined to 19.6% after peaking above 20% earlier in the year. Asking rents held steady at \$2.45 PSF, reflecting tenant caution but continued pricing resilience. Sales prices softened modestly as cap rates expanded to 10.1%, pointing to a more balanced investment environment. Construction slowed sharply to 1.8M SF, which should support further vacancy tightening as demand continues to improve.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	2,440,061	885,003	464,773	13,970	(1,053,326)
▼ Vacancy Rate	19.6%	19.8%	19.9%	20.2%	19.9%
◀▶ Avg NNN Asking Rate PSF	\$2.45	\$2.45	\$2.44	\$2.44	\$2.43
▼ Sale Price PSF	\$185.00	\$186.00	\$186.00	\$189.00	\$190.00
◀▶ Cap Rate	10.10%	10.10%	10.00%	9.90%	9.90%
▼ Under Construction SF	1.8M	2.2M	2.5M	2.4M	3.4M
◀▶ Inventory SF	355M	355M	355M	355M	354M

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1600 Smith Street Houston, TX	1,293,646 SF	Undisclosed	City of Houston Brookfield Properties	Class A
1401 McKinney Street Houston, TX	604,055 SF	Undisclosed	Tourmaline Capital Partners Spear Street Capital	Class A
11757 Katy Fwy Houston, TX	285,682 SF	Undisclosed	Davis Z. Mafrige Apollo Global Management	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1000 Main Street Houston, TX	99,397 SF	Union Investment	Simpson Thatcher	Law
990 Town and Country Boulevard Houston, TX	90,786 SF	MetroNational	Kimmeridge Energy	Energy
3100 Hayes Road Houston, TX	45,000 SF	Mission Companies	Concorde Career Colleges	Colleges & Universities

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