LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q2 2026
HOUSTON, TX

OFFICE MARKET OVERVIEW

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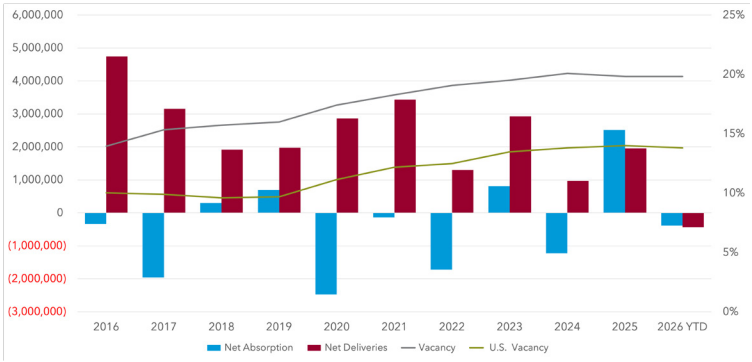
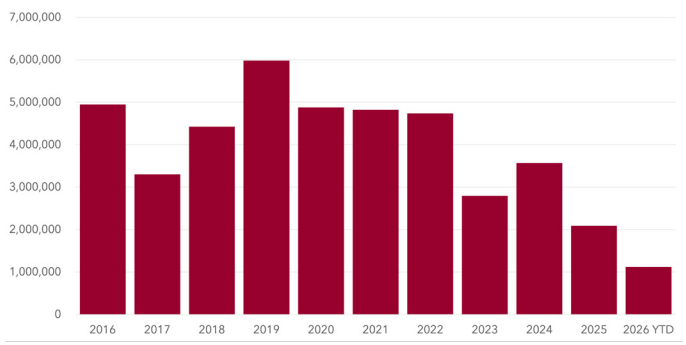
Houston's office market continued its gradual recovery during the second quarter as leasing fundamentals improved and overall market conditions stabilized. Twelve-month net absorption exceeded 619,000 square feet, reversing the slight contraction recorded in the previous quarter, while the vacancy rate declined to 19.6%, its lowest level in a year. Asking rents increased to $21.96 per square foot, reflecting continued pricing discipline among well-located, high-quality properties. Investment activity remained selective, highlighted by several significant Class A transactions, while the development pipeline contracted to approximately 1.1 million square feet, reducing future supply pressure and supporting long-term market fundamentals.

MARKET INDICATORS	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
▲ 12 Mo. Net Absorption SF	619,335	(125,142)	574,913	699,260	685,334
▼ Vacancy Rate	19.6%	19.9%	19.8%	19.9%	20.0%
▲ Avg NNN Asking Rate PSF	$21.96	$21.64	$21.55	$21.53	$21.35
▲ Sale Price PSF	$121.00	$94.00	$208.00	$279.00	$75.00
▼ Cap Rate	7.26%	7.88%	7.26%	7.36%	7.64%
▼ Under Construction SF	1,120,630	1,337,642	2,088,030	2,537,056	2,708,077
▼ Inventory SF	354,561,808	355,280,007	354,996,872	354,555,080	354,285,966

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
Greenway Plaza Houston, TX	4,311,629 SF (10 Buildings)	Undisclosed	Interra Properties, LLC Parkway/Nuveen/Canada Pen Pln Inv	Class A
919 Milam Street Houston, TX	542,919 SF	Undisclosed	Zhukovski Development Credit Suisse	Class A
The Preserve at North Loop Houston, TX	225,628 SF (7 Buildings)	Undisclosed	AAA Investments Silver Star Properties REIT, Inc.	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2800 North Loop Freeway West Houston, TX	36,476 SF	Dominus Commercial	Undisclosed	Undisclosed
990 Town and Country Boulevard Houston, TX	30,262 SF	MetroNational Corporation	Capgemini U.S.	Information
11330 Clay Road Houston, TX	28,051 SF	The Aztec Fund	Undisclosed	Undisclosed

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