

REVIEW

# HOUSTON OFFICE MARKET

USA 2025

 TRANSWESTERN

AN ALLIANCE MEMBER  
OF BNP PARIBAS REAL ESTATE



**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world



2025

OFFICE MARKET HOUSTON

## KEY FIGURES

206m sqft

INVENTORY

21.5%

VACANCY RATE

\$48.9

PRIME AVERAGE ASKING RENT

\$14.2bn

TOTAL INVESTMENT

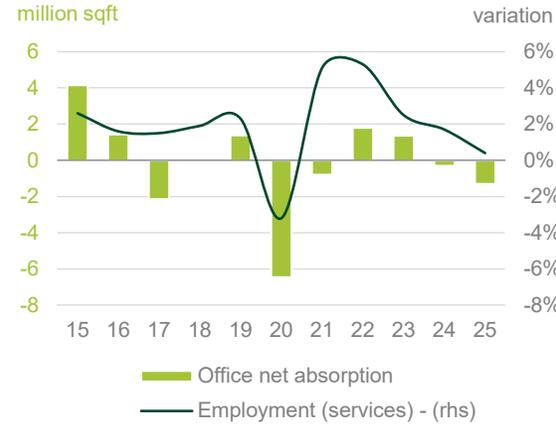
\$1.7bn

OFFICE INVESTMENT

11.50% (Q4 2024)

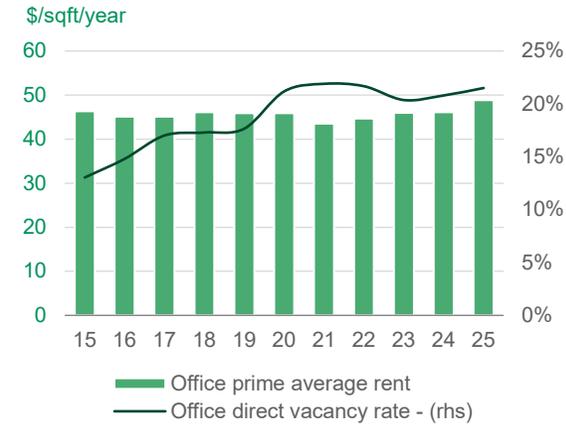
OFFICE PRIME CAP RATE

### Net Absorption / Employment



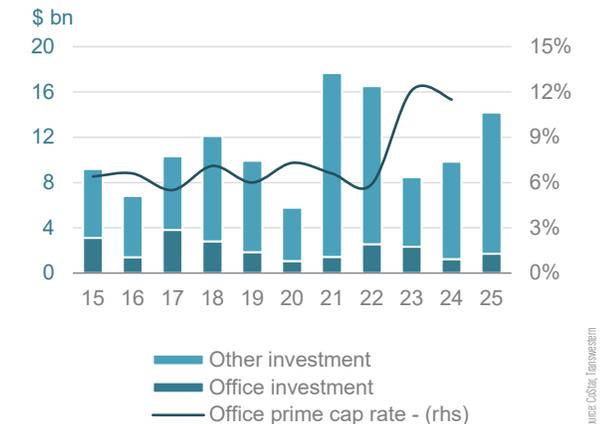
Source: Bureau of Labor Statistics, Colliers, Tenaris

### Prime rent / Vacancy Rate



Source: Colliers, Tenaris

### Investment / Capital Rate



Source: Colliers, Tenaris

### Planned Move-Outs Pull Key Submarkets into the Red

Houston's office leasing witnessed a net loss of over 639K SF this quarter after a lengthy list of leases expired and relocating tenants vacated large spaces as expected. Most notably, Marathon Oil vacated over 443K SF at 990 Town and Country in Katy Fwy/Energy Corridor after being acquired by ConocoPhillips in late-2024, Apache returned 160K SF of space at Three Post Oak Central in West Loop, and Tetra Technologies vacated nearly 103K SF at 24955 Interstate 45 N after moving their operations to 10000 Energy Dr in The Woodlands last quarter.

As a result, these three major submarkets saw the greatest net losses quarter-over-quarter: Katy Fwy/Energy Corridor (350K SF), West Loop (175K SF), and The Woodlands (78K SF).

### Vacancy on the Rise

Direct vacancy rose to 21.5% as numerous spaces were vacated after lease terms expired including Lennar vacating 69K SF at 681 Greens Pky in North Houston District, Envoy Mortgage vacating nearly 40K SF at 10496 Katy Fwy in Katy Fwy/Energy Corridor, and Terra Energy Partners vacating 36K SF at 3050 Post Oak Blvd in West Loop.

The tally of planned move outs drove Houston's overall office sector witnessing a net loss of nearly 640K SF during the quarter and 1.1M SF in the calendar year. Despite a slowdown in leasing, mid-to large-size tenants still signed leases this quarter including Fervo Energy and BNY Mellon, both taking space at 811 Main for 53K SF and 27K SF, respectively.

### Private Investors End 2025 with Net Portfolio Gains

Office buyers completed 46 property transactions during 2025 with an average sales price of \$119 PSF, a decrease of \$9 PSF from the third quarter of 2025 and a decrease of \$1 year-over-year, according to Real Capital Analytics.

International, institutional, private investors and REITs were all active participants in property trades during 2025. Private investors were the only group to finish the year with net positive investment activity, which totaled \$1.4 billion in acquisitions and ended the year with \$1.0 billion in net holdings.

Institutional investors, international investors, and REITs were all net sellers during the year with intuitions disposing of \$734.5 million in net holdings during the year.

Shutterstock © Sergii Molchenko



2025

OFFICE MARKET  
USA

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent (\$/sqft/year)		
	2025	2025	2024	2025	2024	2025	Trend
Atlanta	177	20	22.3%	22.4%	33.0	33.9	3%
Chicago	156	-1,400	21.7%	22.6%	73.1	77.4	6%
Dallas/Fort Worth	308	2,200	19.5%	18.4%	72.1	74.3	3%
Denver	164	-1,880	16.5%	18.7%	32.1	33.5	4%
Detroit	202	1,174	10.9%	11.0%	21.3	21.3	0%
Houston	206	-1,300	20.8%	21.5%	46.1	48.9	6%
Los Angeles	396	-1,700	16.6%	15.4%	45.4	44.7	-2%
Miami	52	200	11.5%	11.6%	86.7	89.7	3%
Minneapolis	83	-1,200	19.8%	21.0%	29.5	30.5	3%
New York/Manhattan	458	15,700	14.4%	13.5%	79.9	77.4	-3%
Phoenix	198	360	20.8%	17.0%	30.1	32.1	7%
San Diego	120	-400	12.5%	12.7%	36.5	38.3	5%
San Francisco	93	1,200	30.4%	30.1%	70.0	74.3	6%
Seattle	181	-1,613	16.5%	18.2%	36.5	34.5	-5%
Washington DC	145	-800	14.9%	16.0%	83.3	88.3	6%
<b>Total 15 markets</b>	<b>2,939</b>	<b>10,561</b>	<b>17.9%</b>	<b>18.0%</b>	<b>51.7</b>	<b>53.3</b>	<b>2.8%</b>

Investment Market	Total investment volume (\$ million)		Office investment volume (\$ million)		Cap rate (%)		
	2024	2025	2024	2025	2024	2025	bps
Atlanta	15,090	15,990	1,170	1,560	8.20%	8.30%	10
Chicago	770	920	590	550	NA	NA	NA
Dallas/Fort Worth	2,510	13,410	410	3,440	6.40%	6.20%	-20
Denver	3,070	7,740	730	1,260	6.00%	7.20%	120
Detroit	1,700	1,550	260	300	8.90%	8.60%	-30
Houston	9,840	14,170	1,220	1,710	11.50%	NA	NA
Los Angeles	9,460	13,080	2,150	4,140	NA	5.80%	NA
Miami	5,120	4,830	1,760	1,290	6.80%	6.90%	10
Minneapolis	5,380	5,470	860	670	7.30%	7.70%	40
New York/Manhattan	10,240	14,010	7,620	11,180	5.70%	6.50%	80
Phoenix	7,110	9,870	1,140	1,170	7.50%	7.20%	-30
San Diego	4,380	4,970	930	1,600	7.50%	6.20%	-130
San Francisco	1,850	2,700	630	1,790	6.60%	4.40%	-220
Seattle	3,000	2,440	1,210	1,110	6.40%	7.60%	120
Washington DC	1,090	1,300	790	870	8.60%	9.00%	40
<b>Total 15 markets</b>	<b>80,610</b>	<b>112,450</b>	<b>21,470</b>	<b>32,640</b>	<b>7.49%</b>	<b>7.05%</b>	<b>-1</b>

AdobeStock © Grand Warszawski



## CONTACTS



**Vincent ROBION**  
Head of Research  
vincent.robion@realestate.bnpparibas

BNP PARIBAS  
REAL ESTATE

50, cours de l'Île Seguin  
92100 Boulogne-Billancourt  
France  
Tel.: +33 (0)1 55 65 20 04  
Fax: +33 (0)1 55 65 20 00  
www.realestate.bnpparibas.com

*This document constitutes an analysis of the United States Office Market by TRANSWESTERN Commercial Services, LLC. TRANSWESTERN Commercial Services, LLC is a BNP Paribas Real Estate Alliance member in the field of real estate advisory services. TRANSWESTERN Commercial Services, LLC and BNP Paribas are unaffiliated and independent parties. TRANSWESTERN Commercial Services LLC, a Delaware limited liability company, whose registered office is located at 19 West Loop South, Suite 1300, Houston, Texas 77027 under the number 2887228. This document is for use and distribution exclusively outside the United States and is intended only for non-U.S. residents. The report and the information contained in it may not be copied or reproduced without prior permission from TRANSWESTERN. This document has been prepared for informational purposes only. Although the information in this document has been obtained from sources which BNP Paribas Real Estate believes to be reliable, BNP Paribas Real Estate does not represent or warrant its accuracy, and such information may be incomplete or condensed. This document does not constitute an offer to sell or to buy any financial and/or real estate products/services and shall not, under any circumstances, be construed as a public offer of securities. All estimates and opinions included in this document constitute a judgment as of the date of the document and may be subject to change without notice. BNP Paribas Real Estate or its affiliates or TRANSWESTERN will not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission.*

BNP PARIBAS  
REAL ESTATE

Real Estate for a changing world

OFFICE MARKET | HOUSTON 3