REVIEW

HOUSTON OFFICE MARKET

USA H1 2026

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BNP PARIBAS REAL ESTATE

Real Estate for a changing world

KEY FIGURES

204m sqft
INVENTORY

21.4%
VACANCY RATE

$42.6
PRIME AVERAGE ASKING RENT

$6.5bn
TOTAL INVESTMENT

$1.5bn
OFFICE INVESTMENT

11.25%
OFFICE PRIME CAP RATE

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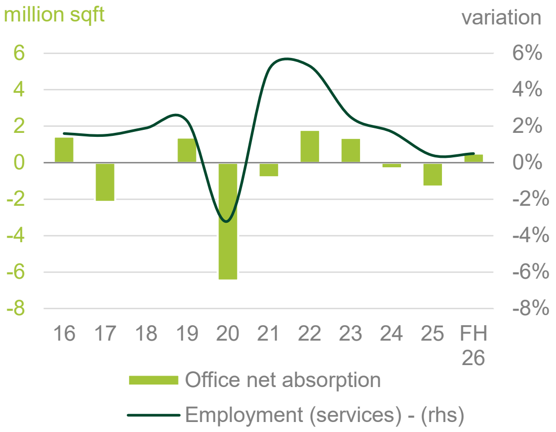
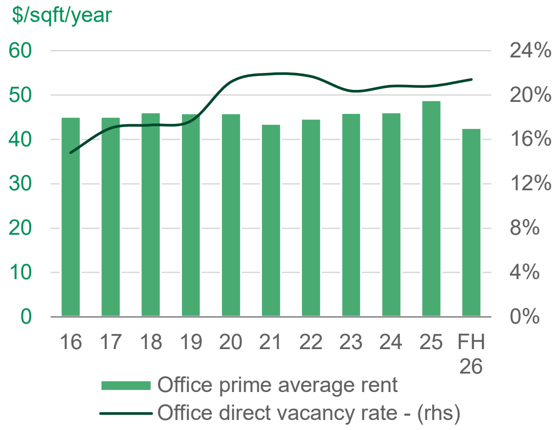
Net Absorption / Employment



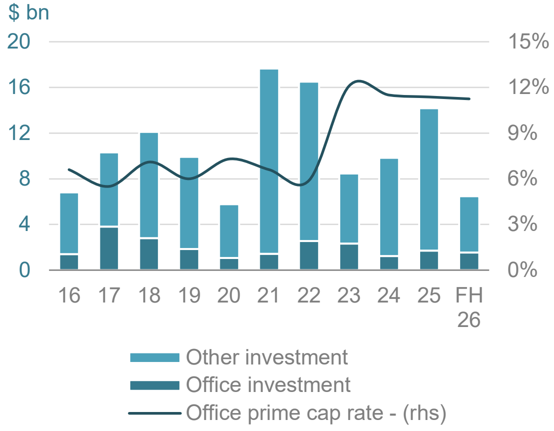
Source: Bureau of Labor Statistics, CoStar, Transwestern

Prime rent / Vacancy Rate



Source: CoStar, Transwestern

Investment / Capital Rate



Source: CoStar, Transwestern

Pipeline Nears 100% Pre-Leased With Escalating Demand for Prime Space

Houston Office market registered 265,000 SF of net gains in the second quarter, driven by tenants signing large leases for prime space in key submarkets. The Woodlands saw the greatest share of space gains, taking down 174,000 SF with help of NAES Corporation's 28,000 SF lease at Hughes Landing and new leases signed at 10000 Energy Dr including Quanta Infrastructure Solutions Group leasing 31,000 SF and Enerflex signing for 12,000 SF. Following close behind was CBD with 147,000 SF in net gains after 90,000 SF was taken down at 1100 Louisiana. New construction continues to come online largely pre-leased including the metro's newest office building, The RO, which delivered 151,000 SF of new product in Greenway Plaza fully leased. As it stands now, Houston's office construction pipeline now totals 331,000 SF.

Vacancy on the Rise

Direct vacancy ticked up 10 basis points quarter-over-quarter and 30 basis points year-over-year to 21.4%. Overall availability ticked up 10 basis points quarter-over-quarter and dropped 20 basis points year-over-year to 26.6%.Prime, Class A product built since 2015 saw 334,000 SF of space gain over the quarter and 848K SF since this time last year with direct vacancy dropping 60 basis points over the quarter and 80 basis points year-over-year to 4.2%. Full-service asking rents ticked up slightly by $0.27 PSF/YR over the quarter now averaging $34.71 PSF/YR, increasing by 60 basis points year-over-year.

Private, Institutional Investors Post Positive Investment Activity

Office buyers completed 24 property transactions during the first half of 2026 with an average sales price of $149 PSF, an increase of $29 PSF from first half of 2025, according to Real Capital Analytics. International, institutional, private investors and REITs were all active participants in property trades during first half of 2026. Institutional and private investors finished the first half of the year with net positive investment activity, International investors and REITs were net sellers for the first six months of 2026 with international investors disposing just under $1.2 billion in net holdings during the year. REITs net selloff was nowhere near as drastic, though, and disposed of a net $66.0 million in assets by the close of first half of 2026.

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent ($/sqft/year)		
	Q2 2026	H1 2026	2025	Q2 2026	2025	Q2 2026	Trend
Atlanta	176	800	22.4%	21.1%	33.9	33.4	-2%
Chicago	155	-100	22.6%	23.2%	77.4	72.8	-6%
Dallas/Fort Worth	306	1,800	18.4%	18.2%	74.3	75.3	1%
Denver	164	200	18.7%	21.2%	33.5	35.6	6%
Detroit	202	-129	10.4%	10.1%	21.3	21.6	2%
Houston	204	500	20.8%	21.4%	48.9	42.6	-13%
Los Angeles	371	500	15.4%	15.3%	44.7	45.0	1%
Miami	52	160	11.6%	11.4%	89.7	89.7	0%
Minneapolis	68	-600	21.0%	29.4%	30.5	31.1	2%
New York/Manhattan	452	3,900	13.5%	12.8%	77.4	78.1	1%
Phoenix	98	-200	17.0%	16.7%	32.1	31.8	-1%
San Diego	125	-100	12.7%	14.0%	38.3	41.2	8%
San Francisco	93	1,900	30.1%	26.7%	74.3	77.7	5%
Seattle	183	686	15.9%	15.5%	34.5	35.9	4%
Washington DC	143	-400	16.0%	16.7%	88.3	88.2	0%
Total 15 markets	**2,791**	**8,917**	**17.8%**	**18.2%**	**53.3**	**53.3**	**0.5%**

Investment Market	Total investment volume ($ million)		Office investment volume ($ million)		Cap rate (%)		
	2025	H1 2026	2025	H1 2026	2025	Q2 2026	bps
Atlanta	15,990	5,400	1,560	1,210	8.30%	8.82%	52
Chicago	920	920	550	720	NA	NA	NA
Dallas/Fort Worth	13,410	2,970	3,440	780	6.20%	6.30%	10
Denver	7,740	3,660	1,260	560	7.20%	8.40%	120
Detroit	1,550	880	300	290	8.60%	7.40%	-120
Houston	14,170	6,490	1,710	1,550	NA	11.25%	NA
Los Angeles	13,080	5,360	4,140	2,130	NA	6.80%	NA
Miami	4,830	5,670	1,290	1,300	6.90%	6.50%	-40
Minneapolis	5,470	2,150	670	210	7.70%	13.00%	530
New York/Manhattan	14,010	5,660	11,660	4,390	6.30%	6.10%	-20
Phoenix	9,870	8,220	1,170	970	7.20%	7.00%	-20
San Diego	4,970	3,440	1,600	650	6.20%	7.20%	100
San Francisco	2,700	1,760	1,790	1,120	4.40%	5.30%	90
Seattle	2,440	1,000	1,110	290	7.60%	8.80%	120
Washington DC	1,300	830	870	760	9.00%	9.00%	0
Total 15 markets	**112,450**	**54,410**	**33,120**	**16,930**	**7.13%**	**7.99%**	**69**

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