

MARKET SPOTLIGHT

2025 Q1 Office

Houston, TX Metro Area

The Houston office market is showing signs of stabilization, with nearly 442,000 SF of net absorption in Q1. Demand for office space remains fragmented, with fast growing suburbs showing higher absorption and downtown maintaining a high vacancy rate. Overall, Houston's 19.8% vacancy rate remains among the highest in the nation in major markets, which in turn is keeping rent growth low, currently under 2%.

Local CRE:

VACANCY	19.8%	▲
AVG. MARKET RENT	\$30.30	▼
ANNUAL RENT GROWTH	1.7%	
ABSORBENCY	441,749 SF	▲
UNDER CONSTRUCTION	2.60 MM SF	▼
12 MONTH SALES VOLUME GROWTH	26.5%	▲
MARKET CAP RATE	10.0%	▼

Local Economy:

UNEMPLOYMENT RATE	4.5%	
JOB GROWTH	1.4%	▼
POPULATION GROWTH	2.0%	▲

National CRE:

VACANCY	13.9%	
AVG. MARKET RENT	\$36.04	▼
ANNUAL RENT GROWTH	1.2%	
AVG. ABSORBENCY	-34,578 SF	▲
AVG. UNDER CONSTRUCTION	2.23MM SF	▲
12 MONTH SALES VOLUME GROWTH	42.7%	▲
MARKET CAP RATE	9.1%	

National Economy:

UNEMPLOYMENT RATE	4.1%	▼
JOB GROWTH	1.2%	▼
POPULATION GROWTH	0.8%	▲

svn.com 185 Devonshire St, M102 Boston, MA 02110

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