

MARKET SPOTLIGHT

2025 Q2 Office

Houston, TX Metro Area

In Q2 2025, Houston's office real estate market continued to face significant headwinds, marked by a high vacancy rate of 19.6%, well above the national average of 6.1%. Despite offering a competitive average market rent of \$28.41 per square foot, annual rent growth was minimal at just 0.3%. The market absorbed 679,046 square feet, a positive sign amid lingering challenges, while 2.36 million square feet remained under construction. The 12-month sales volume grew by 52.3%, showing a rebound in investor activity, though the elevated market cap rate of 10.2% indicates heightened risk perception. In contrast, the national office market contracted slightly, with negative net absorption of 51,583 square feet. Houston's local economy showed relative strength, with a 4.5% unemployment rate, 1.4% job growth, and 1.8% population growth—figures that exceeded national averages—suggesting long-term potential despite current structural hurdles in office demand.

Local CRE:

VACANCY	19.6%	▼
AVG. MARKET RENT	\$28.41	▼
ANNUAL RENT GROWTH	0.3%	▼
ABSORBENCY	679,046 SF	▲
UNDER CONSTRUCTION	2.36 MM SF	▼
12 MONTH SALES VOLUME GROWTH	52.3%	▲
MARKET CAP RATE	10.2%	▲

Local Economy:

UNEMPLOYMENT RATE	4.5%
JOB GROWTH	1.4%
POPULATION GROWTH	1.8%

National CRE:

VACANCY	6.10%	▼
AVG. MARKET RENT	\$22.63	▼
ANNUAL RENT GROWTH	1.6%	▲
AVG. ABSORBENCY	-51,583 SF	▼
AVG. UNDER CONSTRUCTION	213,690 SF	▼
12 MONTH SALES VOLUME GROWTH	51.8%	▲
MARKET CAP RATE	11.20%	▲

National Economy:

UNEMPLOYMENT RATE	4.1%	
JOB GROWTH	1.6%	▲
POPULATION GROWTH	0.8%	▲

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

©2023 SVN International Corp. All Rights Reserved. SVN® and the SVN COMMERCIAL REAL ESTATE ADVISORS®
Logos are registered service marks of SVN International Corp. All SVN® offices are independently owned and operated.



*The information contained in this publication has been obtained from sources generally regarded to be reliable. However, no representation is made, or warranty given, in respect of the accuracy of this information.