MARKET SPOTLIGHT

2026 Q2 Office

Houston, TX Metro Area

Houston's office market continues to present a mix of challenges and opportunities in Q2 2026, with a 19.7% vacancy rate creating ample options and negotiating leverage for tenants, while average market rents of $30.27 per square foot increased a modest 0.7% year over year. Despite elevated vacancy, the market recorded approximately 457,000 square feet of positive absorption, signaling continued leasing activity, while a relatively limited 1.1 million square feet under construction should help restrain additional supply. For investors, transaction activity remains subdued, with 12-month sales volume declining 13.6% and market cap rates averaging 9.5%, potentially creating attractive acquisition opportunities for buyers willing to navigate current leasing and capital-market conditions. Houston's underlying economic and demographic fundamentals remain a positive influence, with 1.1% job growth and 1.6% population growth, both exceeding national rates of 0.2% and 0.5%, respectively. Overall, Houston offers tenants a favorable environment for securing quality space while providing investors with opportunities to acquire office assets at potentially compelling yields as the market works through its elevated vacancy.

Local CRE:

VACANCY	19.7%	▼
AVG. MARKET RENT	$30.27	▲
ANNUAL RENT GROWTH	0.7%	▲
ABSORBENCY	457,000 SF	▼
UNDER CONSTRUCTION	1.10 MM SF	▼
12 MONTH SALES VOLUME GROWTH	-13.6%	▼
MARKET CAP RATE	9.5%	▼

Local Economy:

UNEMPLOYMENT RATE	5.2%	▲
JOB GROWTH	1.1%	▲
POPULATION GROWTH	1.6%	▲

National CRE:

VACANCY	13.9%	▼
AVG. MARKET RENT	$37.13	▲
ANNUAL RENT GROWTH	1.6%	▲
AVG. ABSORBENCY	36,695	▼
AVG. UNDER CONSTRUCTION	131,956	▼
12 MONTH SALES VOLUME GROWTH	31.0%	▲
MARKET CAP RATE	8.7%	▼

National Economy:

UNEMPLOYMENT RATE	4.1%	▼
JOB GROWTH	0.2%	▼
POPULATION GROWTH	0.5%	▲

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

SVN®