

# Houston Office

Q1 2024 Market Report

**Vacancy Rate** **21.6%**
**Net Absorption** **-457,152 SF**
**Under Construction** **616,450 SF**
**Office Gross Rent Overall** **\$30.08**

## Houston Highlights

Houston's office market has been affected by **negative net absorption**, with a recorded -457,152 sq. ft.. Tenant adjustments in space utilization and relocations to modernized space have significantly contributed to this decline in absorption.

The **completion of significant projects** such as Town Centre Two and 1550 on the Green added a substantial 546,331 sq. ft. to the city's office market inventory.

As a result of the completed office buildings, the **construction pipeline** for Q1 2024 came to a standstill, with no new office buildings under construction for lease. But with several pre-leases signed recently, a few buildings are expected to start construction later this year.

**Office Gross Rents** remain stable quarter after quarter, recording \$30.08 per sq. ft.

## Market Indicators

**4.6%**  
Houston Unemployment Rate

**±140,000**  
Houston added nearly 140,000 residents in '23, second among U.S. metros in population growth

**\$86.91**  
U.S. Oil (WTI) Spot Price

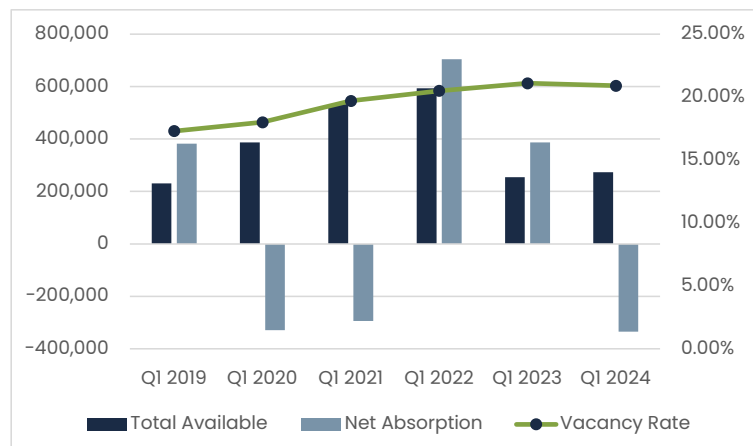
## Key Market Indicators

	CURRENT Q1 2024	PRIOR QUARTER Q4 2023	PRIOR YEAR Q1 2023
Vacant Total	55,947,502	55,047,196	54,313,235
Sublease Available	6,073,516	5,384,699	6,404,115
Available Total	64,188,180	62,754,569	63,632,730
Net Absorption (SF)	-457,152	719,863	386,905
Deliveries (SF)	443,154	880,263	254,072
Office Gross Rent Overall	\$30.08	\$30.90	\$30.33
Inventory (SF)	258,586,227	258,143,073	257,173,591

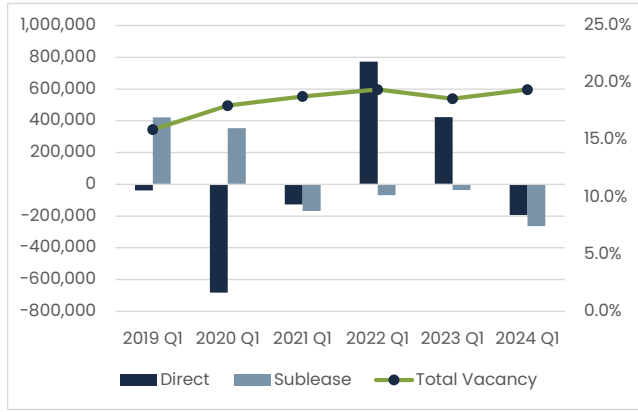
## West Houston's Leasing Dominance Continues

West Houston dominated the leasing scene in the first quarter of 2024. This surge was driven by both early lease renewals and the clear western migration trend, largely led by the energy sector. Additionally, the completion of Town Centre Two contributed to this momentum by adding 167,141 sq. ft. to West Houston's office market inventory.

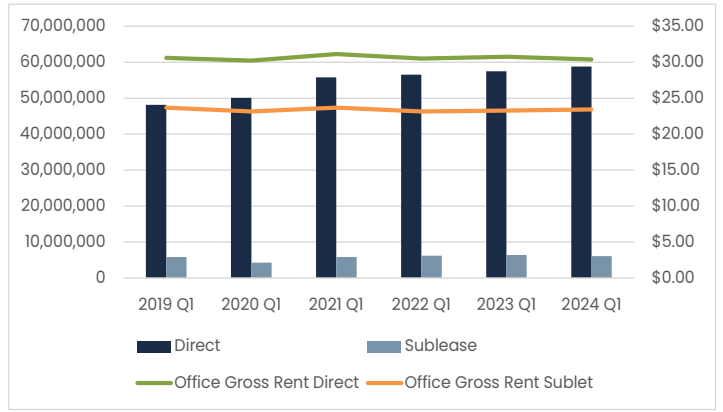
## Supply and Demand



## Net Absorption



## Availability & Rental Rates

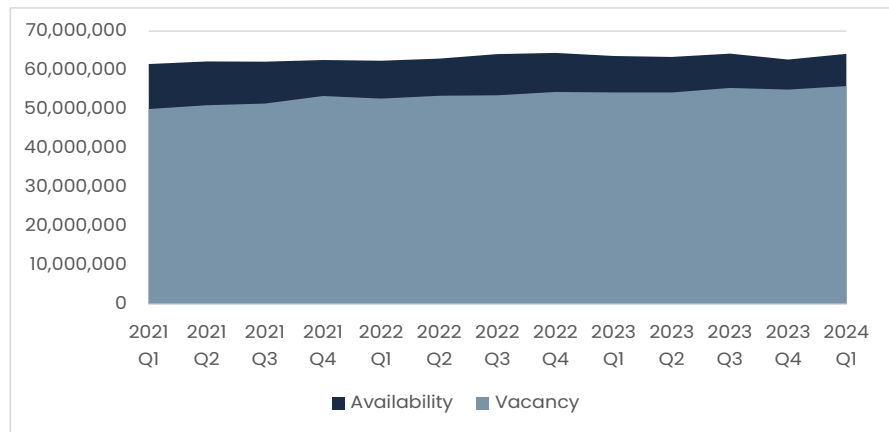


## Notable Lease Transactions

### Houston Office Market Activity

Tenant	Address	Submarket	Size SF (est.)
Dow Chemical	903 Town and Country Lane	Katy Freeway East	210,000
Frazer	1410 Gillingham Lane	E Fort Bend Co/Sugar Land	150,000
Noble Drilling	2101 CityWest Blvd	Westchase	110,200
Bechtel Corporation	2103 CityWest Boulevard	Westchase	77,200
Axiom Space	1290 Hercules Avenue	NASA/Clear Lake	63,700
Enlink Midstream	1501 McKinney Street	CBD	61,600
Venture Global	1401 McKinney Street	CBD	58,200
SynergenX	11445 Compaq Center West Drive	FM 1960	54,200

## Availability & Vacancy



## Recent Significant Sales



**River Oaks District Bldg**  
4444 Westheimer Road  
**\$450 Million**



**The Tower at 290**  
13430 Northwest Fwy  
**\$11.8 Million**



**One Oak Park**  
6002 Rogerdale Road  
**\$26.5 Million**



**777 Post Oak Blvd**  
777 Post Oak Blvd  
**Confidential**



**World Houston Place**  
15710 John F. Kennedy  
**Confidential**

## – Submarket Statistics

Submarket Statistics (Totals reflect Class A & B)	Total Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	Total Net Absorption SF	Avg. Gross Rate (\$/PSF)
<b>Bellaire</b>	<b>2,805,435</b>	<b>586,459</b>	<b>19.7%</b>	<b>81,969</b>	<b>\$25.90</b>
Class A	833,695	192,123	22.7%	60,932	\$27.50
Class B	1,971,740	394,336	18.5%	21,037	\$23.81
<b>CBD</b>	<b>51,790,656</b>	<b>15,399,515</b>	<b>24.3%</b>	<b>55,747</b>	<b>\$38.41</b>
Class A	37,492,557	11,232,895	23.2%	132,489	\$43.02
Class B	14,298,099	4,166,620	27.3%	-76,742	\$27.14
<b>Sugar Land / Fort Bend</b>	<b>7,621,577</b>	<b>1,324,429</b>	<b>15.2%</b>	<b>38,945</b>	<b>\$27.34</b>
Class A	3,844,595	726,475	17.1%	71,571	\$30.15
Class B	3,776,982	597,954	13.2%	-32,626	\$24.48
<b>FM 1960</b>	<b>11,771,969</b>	<b>3,551,640</b>	<b>19.9%</b>	<b>22,860</b>	<b>\$21.53</b>
Class A	3,447,393	1,784,515	20.9%	-29,918	\$27.23
Class B	8,324,576	1,767,125	19.4%	52,778	\$19.69
<b>Galleria</b>	<b>29,112,644</b>	<b>9,088,274</b>	<b>28.8%</b>	<b>-166,966</b>	<b>\$32.92</b>
Class A	20,028,994	6,981,507	28.5%	-93,323	\$35.14
Class B	9,083,652	2,106,767	29.4%	-73,643	\$25.73
<b>Greenspoint</b>	<b>11,349,408</b>	<b>4,825,022</b>	<b>44.9%</b>	<b>-144,029</b>	<b>\$17.73</b>
Class A	5,471,982	2,732,717	52.4%	-24,657	\$20.02
Class B	5,877,426	2,092,305	37.8%	-119,372	\$14.90
<b>Greenway Plaza</b>	<b>11,027,665</b>	<b>2,943,324</b>	<b>24.0%</b>	<b>-239,460</b>	<b>\$34.39</b>
Class A	7,286,630	2,233,225	27.3%	-245,063	\$35.92
Class B	3,741,035	710,099	17.6%	5,603	\$29.78
<b>Katy Freeway East</b>	<b>9,188,009</b>	<b>950,383</b>	<b>11.2%</b>	<b>-3,432</b>	<b>\$29.25</b>
Class A	6,143,036	451,162	8.9%	-33,000	\$44.86
Class B	3,044,973	499,221	15.9%	29,568	\$22.55
<b>Katy Freeway West</b>	<b>25,684,649</b>	<b>6,896,914</b>	<b>21.3%</b>	<b>74,533</b>	<b>\$27.17</b>
Class A	17,452,203	4,928,878	22.6%	44,365	\$31.04
Class B	8,232,446	1,968,036	18.6%	30,168	\$21.99
<b>Kingwood/Humble</b>	<b>2,107,637</b>	<b>185,706</b>	<b>7.5%</b>	<b>15,786</b>	<b>\$21.24</b>
Class A	420,000	39,642	7.0%	-	\$14.38
Class B	1,687,637	146,064	7.7%	15,786	\$21.80
<b>Midtown</b>	<b>8,160,824</b>	<b>1,330,964</b>	<b>14.7%</b>	<b>-15,250</b>	<b>\$31.49</b>
Class A	3,289,389	521,731	14.9%	-15,833	\$34.26
Class B	4,871,435	809,233	14.5%	583	\$29.68
<b>NASA/Clear Lake</b>	<b>5,806,170</b>	<b>649,017</b>	<b>9.9%</b>	<b>23,209</b>	<b>\$25.66</b>
Class A	2,120,798	376,474	16.1%	-4,577	\$28.13
Class B	3,685,372	272,543	6.4%	27,786	\$20.06

## – Submarket Statistics

Submarket Statistics (Totals reflect Class A & B)	Total Inventory (SF)	Total Available (SF)	Total Vacancy Rate (%)	12 Month Net Absorption	SF Under Construction	Avg. Gross Rate (\$/PSF)
<b>South</b>	<b>1,590,244</b>	<b>1,590,244</b>	<b>5.0%</b>	<b>-5,579</b>	<b>\$26.61</b>	<b>\$28.90</b>
Class A	262,617	8,811	3.4%	3,395	-	\$33.44
Class B	1,327,627	72,439	5.4%	-8,974	\$26.61	\$23.15
<b>The Woodlands</b>	<b>19,834,912</b>	<b>3,065,735</b>	<b>14.3%</b>	<b>-157,581</b>	<b>\$28.16</b>	<b>\$24.91</b>
Class A	13,900,669	1,925,482	14.1%	-148,315	\$29.63	\$27.15
Class B	5,934,243	1,140,253	14.9%	-9,266	\$26.58	\$24.57
<b>West Belt</b>	<b>6,922,951</b>	<b>2,347,672</b>	<b>24.8%</b>	<b>69,179</b>	<b>\$24.24</b>	<b>\$37.54</b>
Class A	4,146,869	1,549,137	27.2%	61,140	\$25.56	\$40.37
Class B	2,776,082	798,535	21.1%	8,039	\$21.72	\$27.86
<b>Westchase</b>	<b>17,572,413</b>	<b>5,376,152</b>	<b>27.4%</b>	<b>18,560</b>	<b>\$26.88</b>	<b>\$29.45</b>
Class A	9,720,934	2,965,965	25.9%	45,920	\$33.10	\$32.91
Class B	7,851,479	2,410,187	29.2%	-27,360	\$19.90	\$25.73
<b>Houston</b>	<b>258,586,227</b>	<b>64,188,180</b>	<b>21.6%</b>	<b>-457,152</b>	<b>\$30.08</b>	<b>\$21.55</b>
Class A	142,779,899	40,126,135	23.3%	-207,994	\$34.90	\$28.74
Class B	115,801,422	24,062,045	19.6%	-249,158	\$22.81	\$19.79

Houston Totals encompass additional submarkets beyond those delineated in the Submarket Statistics.