



HOUSTON **2026**  
**TRENDS**

Commercial Real Estate Market Update

February 3, 2026

Houston Country Club



# SPECIAL THANKS TO OUR 2026 Charity Partners



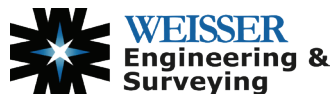
## MAJOR UNDERWRITERS

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2026  
CHARITY BENEFICIARY



THE MONARCH SCHOOL  
AND INSTITUTE

# HOUSTON **2026** TRENDS

4:30 **Networking**

.....

5:15 **Seating**

.....

5:30 **Welcome & Introduction**

.....

5:40 **Houston CRE Update  
by Danny Rice**

.....

6:00 **Evolution of Healthcare  
by Marc L. Boom, MD**

.....

6:30 **Networking**

.....

7:30 **Event Conclusion**

.....



For a copy of today's presentation,  
scan the QR code or visit:  
[colliers.com/Houston/TRENDS](https://colliers.com/Houston/TRENDS)

## Featured Speakers



**Danny Rice**

President | Houston  
Colliers

Danny joined Colliers Houston as President of the brokerage operations in July 2023. With nearly 20 years of experience in the commercial real estate industry, he has a diverse background in brokerage, marketing, research, technology, and management. Before this role, Danny was the Executive Managing Director & Market Leader for Central & West Florida markets at Colliers, managing a team of 145 professionals. As Colliers and the Houston market continue to expand, Danny's focus is to develop, recruit and assist the top brokers in the market, and provide their clients with a high level of service.



**Marc L. Boom, MD**

President and CEO  
Houston Methodist

Dr. Marc Boom has served as president and CEO of Houston Methodist since 2012, leading a system with more than 2,700 beds and 34,000 employees. Houston Methodist Hospital has been named an Honor Roll hospital by U.S. News & World Report nine times and the No. 1 hospital in Texas for 14 consecutive years. Dr. Boom earned a bachelor's degree from The University of Texas at Austin, an M.D. from Baylor College of Medicine, and an MBA from The Wharton School. In 2020, he emerged as a national leader in COVID-19 education and vaccine advocacy.

# Houston

AT A GLANCE

**7.8M**  
RESIDENTS

THE NATION'S  
**5th**  
MOST POPULOUS MSA

**#1**  
EXPORTING  
METRO

**\$129.9B**  
IN EXPORTS

**\$93.7B**  
IN IMPORTS

**1.5 Million**  
JOBS SUPPORTED BY  
CARGO ACTIVITY

**7th  
Largest**

U.S. METRO ECONOMY

## Leading Industries

- ENERGY & RESOURCES
- MANUFACTURING
- LOGISTICS
- HEALTHCARE
- AEROSPACE

**26**

FORTUNE 500  
COMPANIES

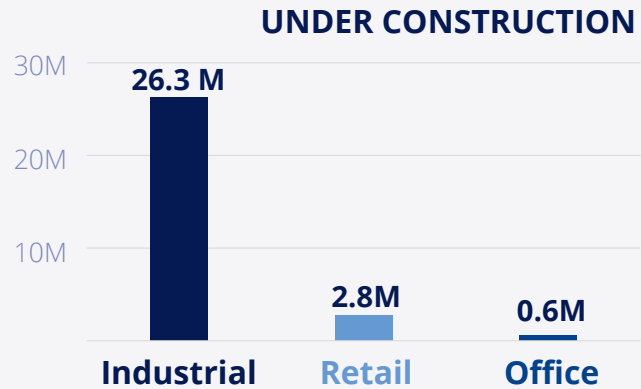
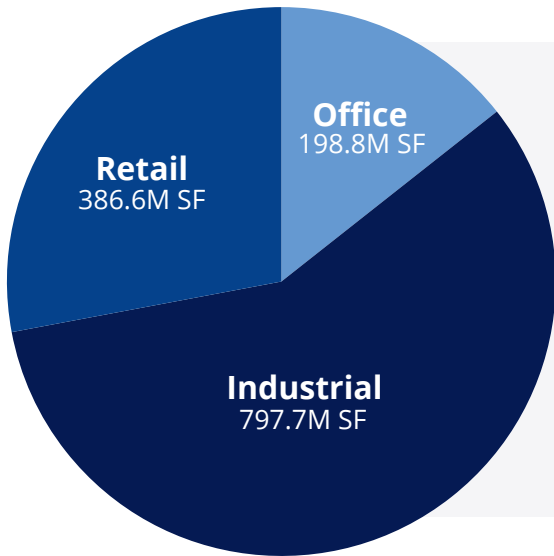
**44**

FORTUNE 1000  
COMPANIES

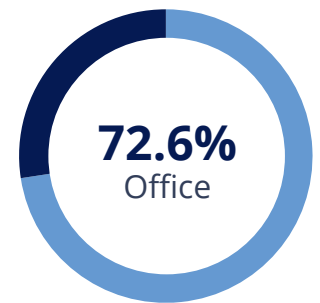
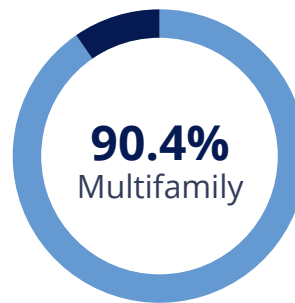
## TEXAS MEDICAL CENTER

WORLD'S LARGEST  
MEDICAL COMPLEX

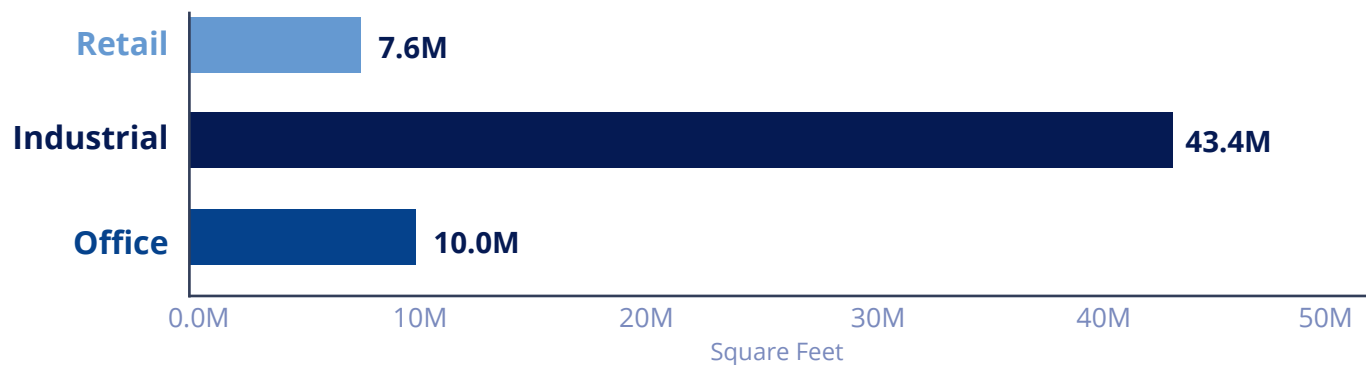
## TOTAL INVENTORY



## OCCUPANCY RATE



## ANNUAL LEASING ACTIVITY



## MARKET INDICATORS

**4.2%**

Houston  
Unemployment  
Rate

**0.7%**

Houston annual  
% change in  
employment

**\$58**

WTI Spot Price, U.S.  
benchmark for light  
sweet crude

# Retail

## 25Q4 HIGHLIGHTS

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▲  
YOY

**5.7%**  
VACANCY RATE

▲  
YOY

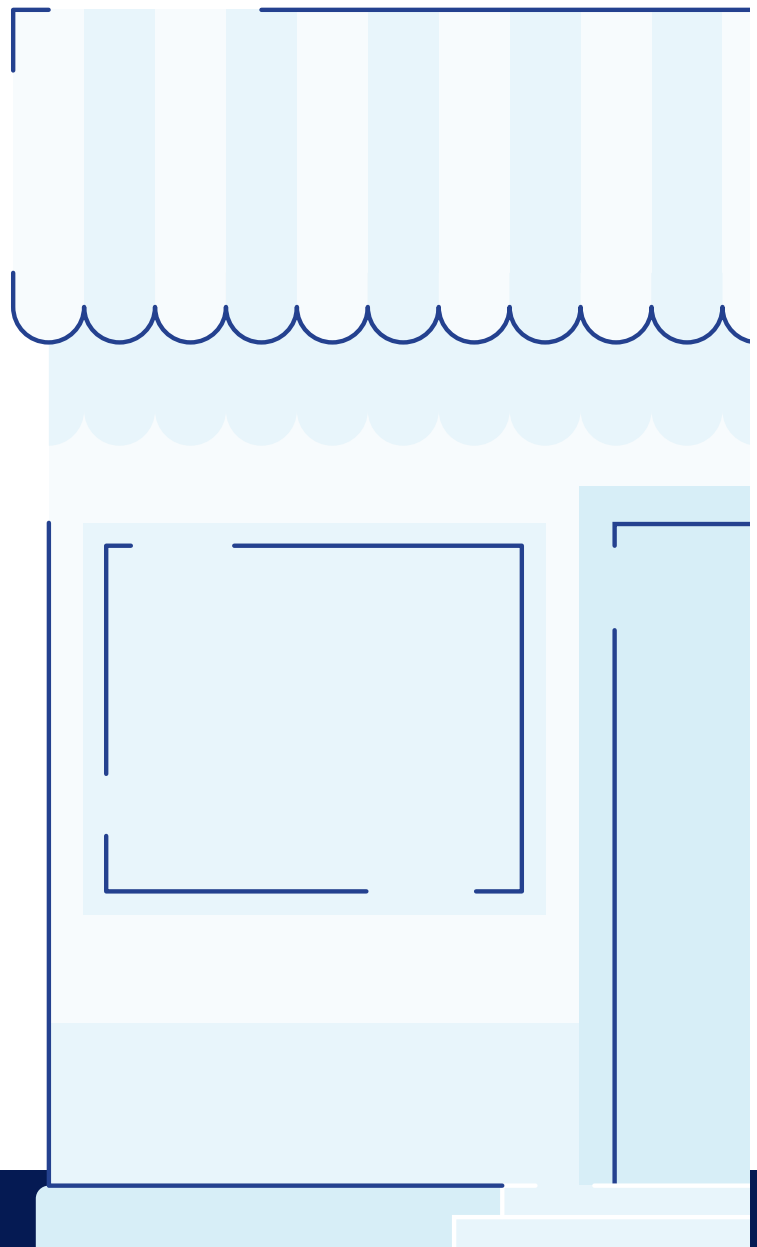
**559.1K SF**  
NET ABSORPTION

▼  
YOY

**2.8M SF**  
UNDER CONSTRUCTION

▲  
YOY

**\$20.79 /SF**  
OVERALL ASKING  
LEASE RATES (NNN)



### KEY TAKEAWAYS

- Demand continues to outpace new supply
- Overall vacancy stable
- Construction activity continues
- Sales, average PSF climb

# RETAIL HIGHLIGHTS



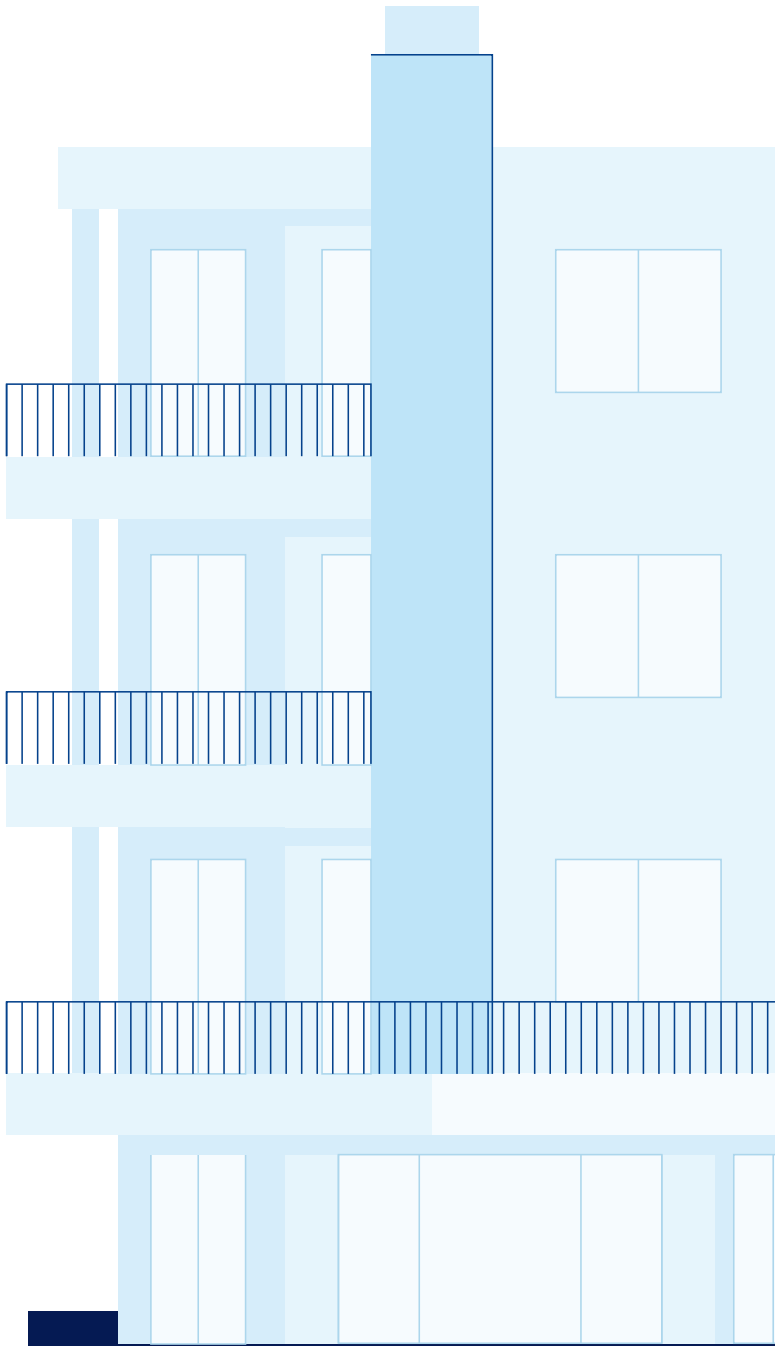
Houston's retail sector reflects the market's fundamental strengths, expanding in step with the metro's increased population, residential growth and business-friendly climate. Now home to more than 7.8 million residents, the region is fueling demand across the retail spectrum, from daily essentials to experiential destinations featuring entertainment venues. Residential growth remains a key driver, and Houston leads the country in top-selling master-planned communities. Growth is particularly strong in suburban areas, where retail is being added to support everyday needs and elevate the quality of life. Retail market fundamentals remain healthy, with vacancy rates holding within the historical 5%-to-6% range. Demand has outpaced supply for the last three quarters of 2025, keeping vacancy constant. Consistent leasing activity, stable rents and a development pipeline that totals 2.8M SF places Houston among the top U.S. markets for retail expansion, while it continues to absorb new supply while adapting to shifting consumer behavior and evolving tenant strategies. Houston's recent emergence in the Michelin Guide marks a milestone for the city's culinary scene, reflecting its cultural evolution and expanding restaurant diversity. National retailers, including Costco, Sam's Club, Target, Walmart and Lowe's, continue to grow their footprints while the grocery sector remains a cornerstone of retail demand. On the investment side, retail sales volume has almost tripled year over year, with the average sales price of \$329 PSF up 6.8% from the previous quarter's \$308 PSF and up 10.4% from \$287 PSF a year ago.

## HISTORIC COMPARISON

|  | Q4 2025 | Q3 2025 | Q4 2024 |
|--|---------|---------|---------|
| <b>Total Inventory (in millions of SF)</b>     | 386.6   | 386.2   | 384.0   |
| <b>New Supply (in thousands of SF)</b>         | 444.9   | 647.0   | 758.8   |
| <b>Net Absorption (in thousands of SF)</b>     | 559.1   | 858.2   | 483.7   |
| <b>Overall Vacancy Rate</b>                    | 5.7%    | 5.7%    | 5.5%    |
| <b>Under Construction (in thousands of SF)</b> | 2,756.3 | 2,678.5 | 3,194.1 |
| <b>Overall Asking Lease Rates (NNN)</b>        | \$20.79 | \$20.37 | \$20.56 |

For a copy of the full 2025 Q4 Retail Report scan the QR Code >>





# Multifamily

## 25Q4 HIGHLIGHTS

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**90.4%**

OCCUPANCY RATE



**3.7K Units**

NET ABSORPTION



**9.1K Units**

UNDER CONSTRUCTION



**\$1,258 /Unit**

OVERALL EFFECTIVE  
MONTHLY RENT

### KEY TAKEAWAYS

- Strong annual absorption
- Occupancy increases
- Construction activity slows
- Investment sales activity is up

# MULTIFAMILY HIGHLIGHTS



Houston's multifamily market posted one of its strongest performances in recent years during 2025, highlighted by robust annual absorption, record-setting Class A occupancy and continued investment momentum.

Total absorption reached 26,510 units for the year, representing a 32.3% increase over 2024 and marking the highest annual level since 2021. All properties contributed to the year's strength, with Class A occupancy climbing to an all-time high of 86.1% while Class B and Class C were maintaining steady demand throughout 2025, staying occupied at 90% or above. Overall occupancy increased 30 basis points to 90.4% from the third-quarter's 90.1% and a notable improvement from year-over-year's 88.4% occupancy.

Construction activity began to moderate after several years of elevated development, when Houston was among the top markets with the highest number of new units. Effective rents have experienced year-over-year declines across all asset classes, signaling a subtle shift in market conditions heading into 2026.

On the investment side, the market demonstrated resilience with \$1.1B in multifamily sales during the fourth quarter, contributing to a 9.2% year-over-year improvement on a rolling four-quarter basis as buyer-seller pricing gaps narrowed and interest rate pressures eased.

| <b>HISTORIC COMPARISON</b>              | <b>Q4 2025</b> | <b>Q3 2025</b> | <b>Q4 2024</b> |
|---|----------------|----------------|----------------|
| <b>Total Inventory (Existing Units)</b> | 789,228        | 788,217        | 777,437        |
| <b>New Supply (Units Delivered)</b>     | 1,011          | 4,148          | 4,088          |
| <b>Demand (Units Absorbed)</b>          | 3,749          | 10,833         | 4,562          |
| <b>Occupancy</b>                        | 90.4%          | 90.1%          | 88.4%          |
| <b>Under Construction (Units)</b>       | 9,087          | 7,985          | 13,769         |
| <b>Overall Monthly Rent (Effective)</b> | \$1,258        | \$1,273        | \$1,277        |

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# Office

## 25Q4 HIGHLIGHTS

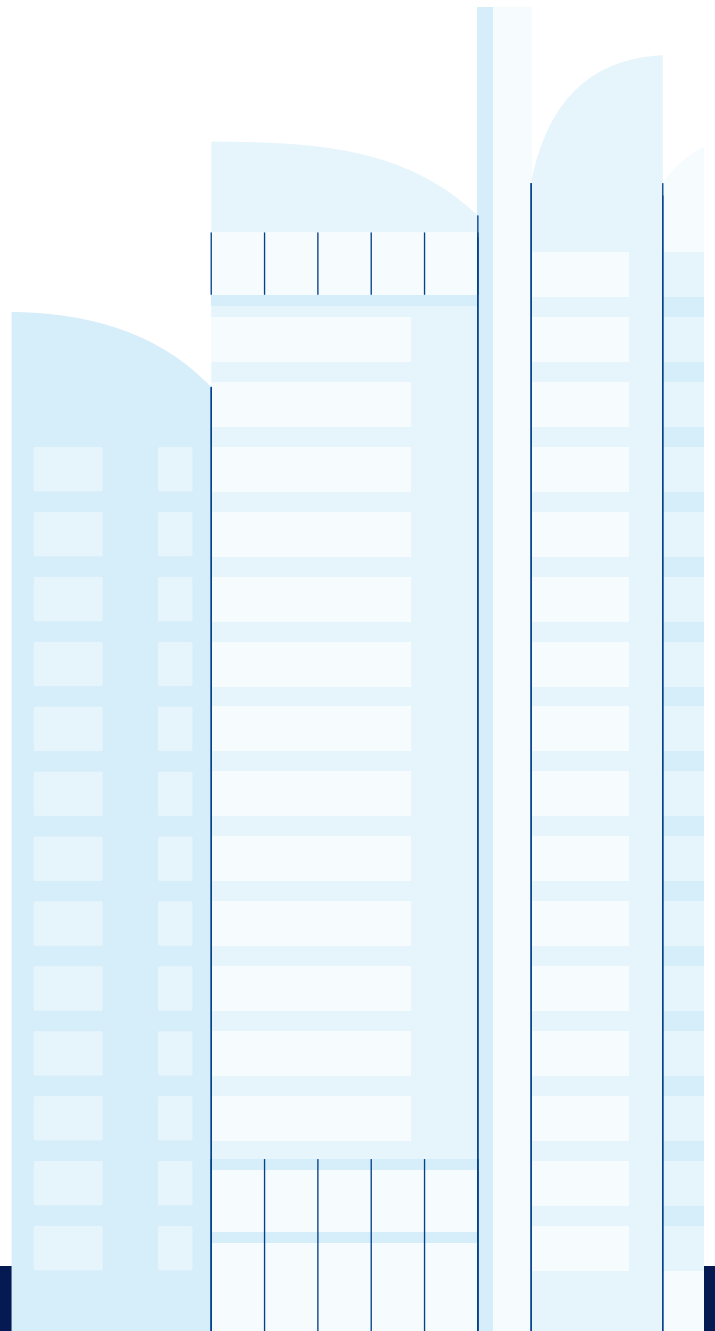
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▼  
YOY **27.4%**  
VACANCY RATE

▲  
YOY **(31.4K) SF**  
NET ABSORPTION

▲  
YOY **598.1K SF**  
UNDER CONSTRUCTION

▲  
YOY **\$30.79 /SF**  
OVERALL ASKING  
LEASE RATES (FSG)



### KEY TAKEAWAYS

- Annual positive absorption
- Vacancy stabilizes
- Development remains limited
- Leasing activity trends flight-to-quality

# OFFICE HIGHLIGHTS



Houston's office market enters 2026 in a measured recovery, supported by flight-to-quality demand and steady small- to mid-size tenant activity. Regaining momentum with 718,989 SF of positive annual net absorption, the office market recorded the first yearly gain since 2019. The fourth quarter posted a modest 31,398-SF decline, yet more than half of all submarkets recorded positive quarterly absorption. The West Loop led both quarterly and annual absorption with 332,696 SF for the quarter and an annual 547,675 SF.

Fourth-quarter absorption turned negative primarily due to the former Marathon headquarters at 990 Town & County becoming vacant after its acquisition by ConocoPhillips. The property has since regained momentum, with three new leases announced for about 180,000 SF scheduled for late-2026 move-ins.

Major annual move-ins included TDECU's 121,067-SF relocation to Central Park One, and LyondellBasell's 318,504 SF at Williams Tower. Market vacancy held steady at 27.4%, with newer Class A buildings delivered since 2015 reporting 13.3% overall vacancy and 10.4% direct vacancy.

Leasing slowed but reached 1.6M SF for the quarter and 10.0M SF for the year, with Class A following the annual trend and capturing 63.2% of activity. The CBD led both fourth-quarter and annual leasing totals. New product and construction remained minimal, with two deliveries totaling 89,433 SF while three projects, two fully leased, are underway in 2025. Asking rents inched up to \$30.79 PSF.

## HISTORIC COMPARISON

|  | Q4 2025 | Q3 2025 | Q4 2024 |
|--|---------|---------|---------|
| <b>Total Inventory (in millions of SF)</b>     | 198.8   | 198.8   | 199.7   |
| <b>New Supply (in thousands of SF)</b>         | 0       | 49.4    | 0       |
| <b>Net Absorption (in thousands of SF)</b>     | (31.4)  | 426.4   | (877.8) |
| <b>Overall Vacancy Rate</b>                    | 27.4%   | 27.4%   | 28.5%   |
| <b>Under Construction (in thousands of SF)</b> | 598.1   | 598.1   | 559.9   |
| <b>Overall Asking Lease Rates (FSG)</b>        | \$30.79 | \$30.74 | \$30.41 |

For a copy of the full 2025 Q4 Office Report scan the QR Code >>





# Industrial

## 25Q4 HIGHLIGHTS

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▲  
YOY **7.4%**  
VACANCY RATE

▼  
YOY **3.6M SF**  
NET ABSORPTION

▲  
YOY **26.3M SF**  
UNDER CONSTRUCTION

▲  
YOY **\$10.66 /SF**  
OVERALL ASKING  
LEASE RATES (NNN)

### KEY TAKEAWAYS

- New supply up, outpaces demand
- Vacancy rate edges up
- Annual leasing activity expands
- Average rents marginally increase

# INDUSTRIAL HIGHLIGHTS



Houston's industrial market remains buoyed by rising construction activity and a solid leasing pace despite supply consistently outpacing demand. Fourth-quarter leasing was slightly below earlier quarters, while annual leasing rose 3.6% over 2024 to end at 43.6M SF. Development activity continued to drive the market, with the construction pipeline expanding to 233 buildings totaling 26.3M SF, 25.2% of which was preleased. Construction remained concentrated in the Northwest and Southeast submarkets, which together accounted for 46.2% of all space underway. New deliveries reached 4.3M SF in Q4 2025, exceeding net absorption of 3.6M SF, although absorption rose 21.0% from the previous quarter. Annual net absorption reached 10.5M SF, less than half the 21.7M SF recorded in 2024. Major move-ins included Pepsi's 1.1M-SF occupancy in I-10 West Trade Center, Tesla's 616,463-SF move into 111 Empire Boulevard, and Inventec's 540,000-SF occupancy in Park 1099, which pushed Sugar Land to the top of quarterly and annual absorption rankings. Leasing slowed to 9.5M SF during the fourth quarter, down 25.1% from the prior quarter but 8.4% higher year over year. The overall vacancy rate ended the year at 7.4%, up from 6.5% a year earlier, and average rents increased 10.2% year over year. The Port of Houston remained a vital catalyst to industrial growth, with loaded exports rising 8.0% due to strong demand for resin and manufactured goods. Overall tonnage and container volume each increased 5.0% above 2024 levels.

## HISTORIC COMPARISON

|   | Q4 2025 | Q3 2025 | Q4 2024 |
|---|---------|---------|---------|
| <b>Total Inventory (in millions of SF)</b>    | 797.7   | 796.5   | 778.9   |
| <b>New Supply (in millions of SF)</b>         | 4.3     | 5.2     | 2.4     |
| <b>Net Absorption (in millions of SF)</b>     | 3.6     | 2.9     | 4.6     |
| <b>Overall Vacancy Rate</b>                   | 7.4%    | 7.3%    | 6.5%    |
| <b>Under Construction (in millions of SF)</b> | 26.3    | 21.4    | 16.9    |
| <b>Overall Asking Lease Rates (NNN)</b>       | \$10.66 | \$10.62 | \$9.67  |

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# Healthcare

## 25Q4 HIGHLIGHTS

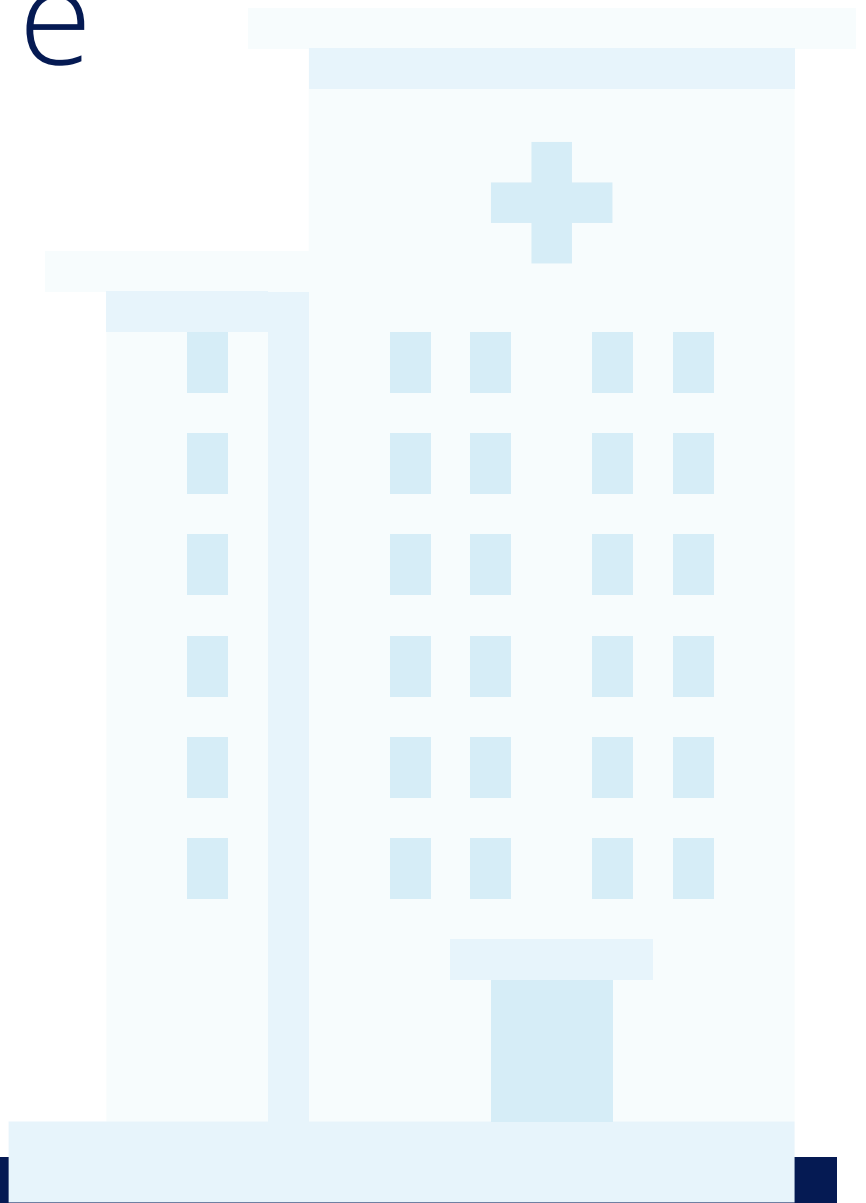
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▼  
YOY **10.9%**  
OVERALL VACANCY RATE

▼  
YOY **376.9K SF**  
NET ABSORPTION

▲  
YOY **1.3M SF**  
UNDER CONSTRUCTION

▲  
YOY **\$24.93 /SF**  
OVERALL ASKING  
LEASE RATES (NNN)



### KEY TAKEAWAYS

- Net absorption up
- Vacancy rate drops
- New deliveries increased
- Average rents up

# HEALTHCARE HIGHLIGHTS



Houston's medical office market continued strengthening in 2025, driven by solid leasing, new deliveries and rising construction activity. Vacancy fell to 10.9% in Q4, the lowest level since 2019, as absorption outpaced supply. The quarter recorded 376,898 SF of net absorption, exceeding 272,856 SF of new deliveries and contributing to a full-year gain of 667,198 SF compared to 483,061 SF of delivered space.

Houston climbed to No. 1 nationally for medical office square footage under construction among the Top 50 markets and held the No. 4 ranking for year-over-year net absorption, according to RevisaMed, a national medical property database provider. Asking rents continued rising, reaching an average NNN \$24.93 PSF, up from \$24.41 PSF at midyear and \$23.93 PSF at year-end 2024. Sales volume and average PSF also increased from earlier in the year but remained below 2024 totals.

Major medical-related development activity is reshaping the region's long-term pipeline. Eli Lilly & Company announced a \$6.5 billion, 236-acre pharmaceutical manufacturing facility in Generation Park in Northeast Houston – the first major investment of its kind in Texas – with completion slated for 2030. Additionally, Rice University, in partnership with Lincoln Property Co., plans a 196,400-SF, seven-story research, lab and office building in The Ion District. Rice will occupy approximately 30,000 SF as the lead tenant. Construction is scheduled to begin in Q2 2026, with delivery targeted for early 2028.

## HISTORIC COMPARISON

|  | 25H2    | 25H1    | 24H2    |
|--|---------|---------|---------|
| <b>Total Inventory (in thousands of SF)</b>    | 46,695  | 46,423  | 46,212  |
| <b>New Supply (in thousands of SF)</b>         | 272.8   | 210.2   | 175.9   |
| <b>Net Absorption (in thousands of SF)</b>     | 376.9   | 290.3   | 423.3   |
| <b>Overall Vacancy</b>                         | 10.9%   | 11.2%   | 11.4%   |
| <b>Under Construction (in thousands of SF)</b> | 1,257   | 1,390   | 1,096   |
| <b>Overall Asking Lease Rates (NNN)</b>        | \$24.93 | \$24.41 | \$23.93 |

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Chris Pagano  
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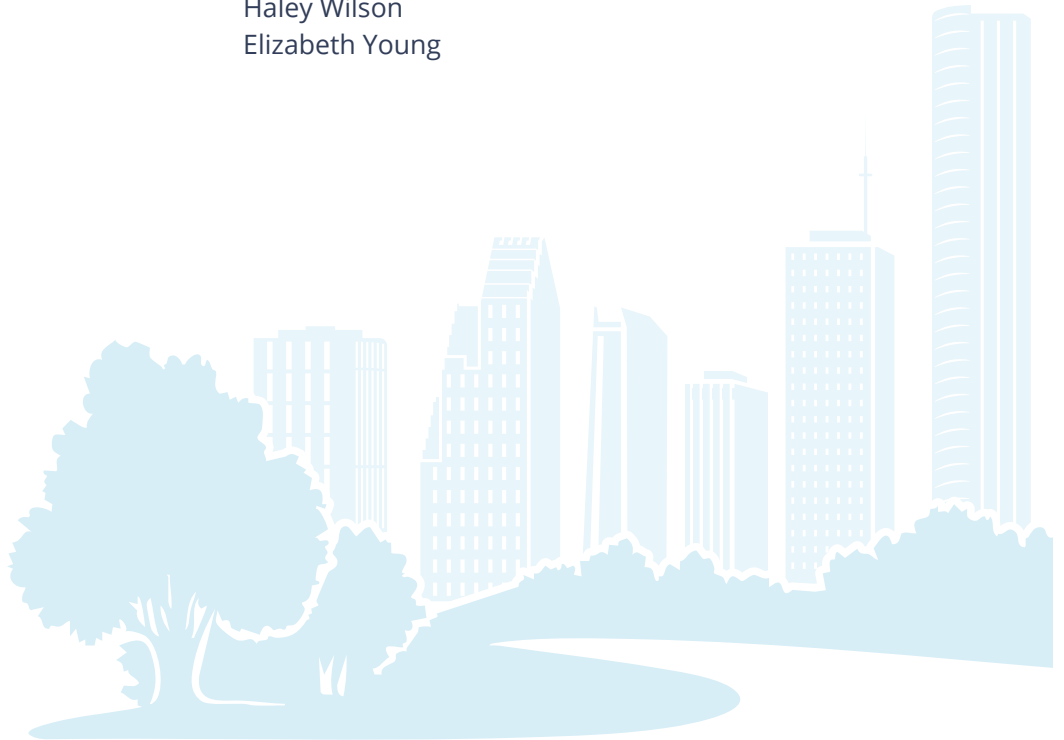
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Kyle Taylor

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Through specialized classrooms, interdisciplinary teams, vocational opportunities, and residential supports, Monarch partners with families to help each learner pursue their own definition of success.

[www.monarchschoollhouston.org](http://www.monarchschoollhouston.org)



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