

Quarterly Snapshot

↑	Average Rent \$9.14/SF
↑	Vacancy 7.1%
↓	Net Absorption YTD 2,380,485 SF

Occupier's Perspective

Asking rents remain steadily mid-pack among major US metros as an active supply pipeline has kept rent growth well below the national average.

Newer, small-bay space remains in short supply, especially in infill locations, leading to increased competition and fewer incentives compared to larger distribution warehouse facilities.

Houston continues to benefit from long-term demand drivers, including port expansion, robust population growth, and a diversified industrial base spanning logistics, manufacturing, and petrochemicals.

Houston remains one of the top-performing industrial markets in the U.S., with net absorption averaging 15% above pre-pandemic levels over the past year. Vacancy has stabilized just below the national average for the first time in nearly a decade, driven by steady demand from logistics, manufacturing, and e-commerce users.

Leasing remains strong though new supply continues to pressure the big-box segment. Over the past five years, inventory has grown by nearly 20%, and another 19 MSF is under construction, most of which remains unleased. Most of it consists of 100,000+ SF buildings concentrated near Beltway 8 and the Port.

Development is beginning to slow. Groundbreakings in 2024 and early 2025 are tracking well below peak levels, as high costs and tighter lending standards are making many deals unfeasible.

Rent growth has decelerated to 1.8% year over year—the slowest pace since 2016. However, small-bay and infill spaces continue to outperform, with minimal new supply and strong local demand. Meanwhile, concessions have increased on larger footprints, giving tenants more leverage than in recent years.

For tenants, today's rising concessions and slower rent growth offer a window to lock in favorable lease terms—before tightening supply and steady demand potentially push rents higher as the market rebalances.

Recent Transactions

Tenant	Size (SF)	Submarket	Type
Foxconn	417,360 SF	Northwest Corridor	New
JW Fulfillment Inc.	353,024 SF	Northwest Corridor	New
SBM Offshore	346,637 SF	Southeast Corridor	New
DPR Construction	325,219 SF	Northwest Corridor	New
Texas Logistics & Fulfillment	299,731 SF	Southwest Corridor	New
Plastipak	274,417 SF	Southeast Corridor	Renewal
JD Logistics	259,543 SF	Southeast Corridor	New
TAS	245,230 SF	South Corridor	New
Foxconn	184,320 SF	Northwest Corridor	New

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
6.3%	▼	\$8.25	Northeast Corridor
8.8%	▲	\$8.44	Southeast Corridor
5.5%	▼	\$8.53	South Corridor
5.8%	▲	\$9.55	Northwest Corridor
6.5%	▼	\$9.69	North Corridor
9.5%	▼	\$9.98	Southwest Corridor
6.3%	▲	\$10.02	CBD

Market Comparison

Submarket/Class	Inventory SF	Total Vacancy Rate	Total Availability Rate	Total Available SF	Sublease SF	YTD Net Absorption SF	Under Construction SF	YTD Deliveries	Market Asking Rate
CBD	10,714,203	6.3%	7.6%	817,299	57,218	(148,860)	0	0	\$10.02
Warehouse	8,936,999	5.2%	6.4%	567,696	33,325	(134,295)	0	0	\$8.88
Flex	1,777,204	12.0%	14.0%	249,603	23,893	(14,565)	0	0	\$15.72
Northeast Corridor	55,213,170	7.2%	11.9%	6,761,451	718,739	260,229	1,777,699	0	\$8.25
Warehouse	54,161,647	7.3%	11.8%	6,608,500	718,739	253,793	1,777,699	0	\$8.15
Flex	1,051,523	3.5%	14.5%	152,951	0	6,436	0	0	\$13.71
North Corridor	148,685,817	6.5%	8.8%	13,298,012	673,637	657,169	2,779,605	803,408	\$9.69
Warehouse	135,450,554	6.1%	8.9%	12,305,377	654,053	751,709	2,604,175	803,408	\$9.38
Flex	13,235,263	10.2%	7.4%	992,635	19,584	(94,540)	175,430	0	\$12.94
Northwest Corridor	213,738,420	5.8%	8.0%	17,564,054	877,233	(432,538)	5,484,172	1,323,363	\$9.55
Warehouse	197,262,223	5.3%	7.7%	15,513,722	749,349	(356,026)	5,414,172	1,323,363	\$9.29
Flex	16,476,197	11.4%	12.4%	2,050,332	127,884	(76,512)	70,000	60,525	\$12.77
Southeast Corridor	145,745,092	8.8%	10.8%	16,275,201	571,512	(293,849)	5,496,506	123,440	\$8.44
Warehouse	141,610,184	8.9%	10.8%	15,922,445	561,408	(274,930)	5,436,961	123,440	\$8.29
Flex	4,134,908	7.0%	8.4%	352,756	10,104	(18,919)	59,545	0	\$13.67
South Corridor	61,815,183	5.5%	8.9%	5,727,109	311,551	191,874	2,506,722	541,106	\$8.53
Warehouse	58,656,895	5.3%	8.8%	5,340,281	305,691	285,676	2,374,812	541,106	\$8.31
Flex	3,158,288	7.8%	9.7%	386,828	5,860	(93,802)	131,910	0	\$12.71
Southwest Corridor	110,651,128	9.5%	11.2%	12,482,653	1,829,515	222,056	1,194,012	1,512,816	\$9.98
Warehouse	96,781,224	9.7%	11.4%	11,134,587	1,793,476	391,338	1,143,990	1,447,809	\$9.43
Flex	13,869,904	6.0%	8.0%	1,348,066	36,039	(169,282)	50,022	65,007	\$13.86
Houston	790,924,385	7.1%	9.4%	76,456,220	5,537,854	2,380,485	19,238,716	4,304,133	\$9.14
Warehouse	735,778,587	6.9%	9.4%	70,793,331	5,314,490	2,812,847	18,751,809	4,239,126	\$8.83
Flex	55,145,798	9.6%	10.2%	5,662,889	223,364	(432,362)	486,907	65,007	\$13.37