

FIGURES | HOUSTON INDUSTRIAL | Q4 2025

Big absorption gains as Houston industrial ends 2025 on a high note

▼ 7.9%

Availability Rate

▼ 6.7%

Vacancy Rate

▲ 8.3M

SF Net Absorption

▼ 3.0M

SF Construction Delivered

▲ 21.5M

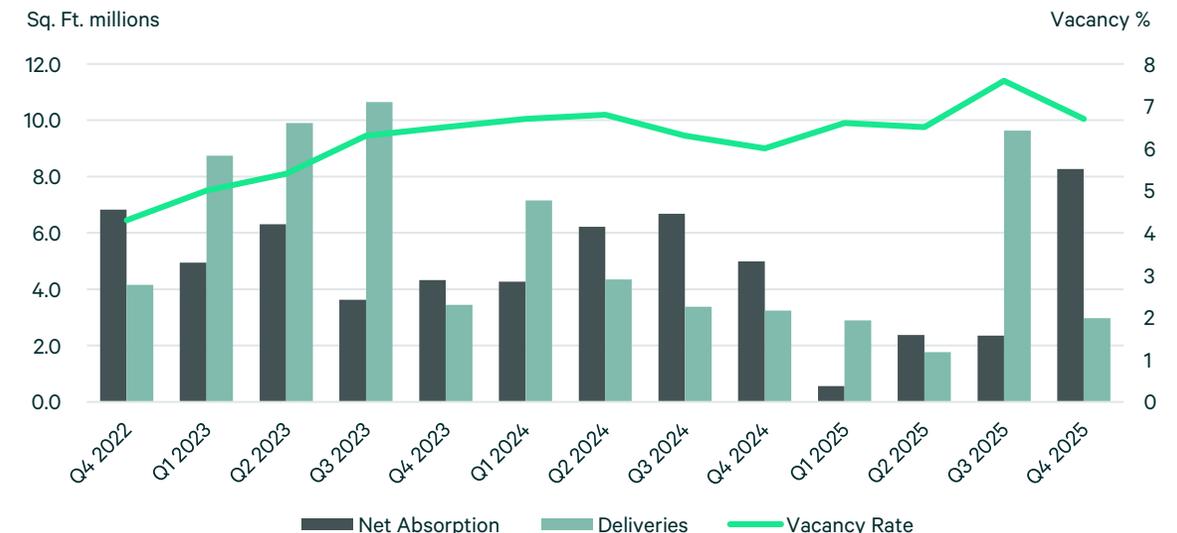
SF Under Construction

Note: Arrows indicate change from previous quarter.

KEY HIGHLIGHTS

- 2025 was a very active year in the Houston Industrial market with 13.6 million SF of positive net absorption and 17.2 million SF of new construction deliveries. Despite this massive infusion of new space, vacancy dipped under 7 percent thanks to sustained demand from users.
- The pipeline for new product continues to grow, with 21.5 million SF currently underway after an uptick in groundbreakings in the last few months of the year. These properties are currently 16% pre-leased.
- Net absorption increased in the fourth quarter to 8.3 million SF. Q4 represented the highest quarterly absorption seen in years, thanks in part to outsized leasing activity in Q3 and significant owner-user activity.
- Houston's Northwest submarket continues to shine, as it led Q4 in deliveries (1.97 million SF), properties under construction (6.3 million SF), and leasing activity over 50,000 SF (2.3 million SF). The submarket has seen massive growth, with 2.2 million SF of new occupancy in 2025 and 20 million SF over the last 5 years.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

Vacancy & Net Absorption

After several significant move-ins around the region, net absorption in the fourth quarter was the highest seen in recent memory as new occupancy eclipsed 8.3 million SF. With Q4’s spike in move-ins, the final net absorption number for 2025 reached 13.6 million SF.

This seemingly insatiable demand for industrial space comes from Houston-specific, regional, national, and even international sources. These include the energy industry, on-shoring, and heavy demand for consumer goods driving the growth of 3PLs.

Additionally, the continued expansion among manufacturing tenants in Houston is a key storyline. This has been most notably seen with high-tech manufacturers like Foxconn, who have already occupied over two million square feet in Houston. In addition, they will be moving into another 656,000 SF early next year. Eli Lilly’s recently announced \$6.5 billion investment in Generation Park is another big development in Houston’s high-tech manufacturing story.

The West Houston submarket saw the highest volume of move-ins in Q4, as net absorption reached 2.3 million SF. This was primarily driven by Pepsi’s occupancy of I-10 West Commerce Center for 1 million SF, as well as Tesla’s move-in to 111 Empire Blvd for 617,000 SF. Inventec also took down 538,000 SF at 23623 Colonial Pkwy.

Another standout in the fourth quarter was the Northeast submarket, which saw 1.4 million SF of new occupancy.

Looking at the entirety of 2025, the three submarkets seeing the highest volume of new tenant move-ins were the West (2.9M SF), the Northwest (2.2M SF), and the Southeast (2.6M SF).

Thanks to the substantial growth in occupancy recorded in the fourth quarter, vacancy decreased 90 basis points to 6.7%. Total availability will likely lessen slightly in 2026 as groundbreakings level off and leasing activity persists.

Source: CBRE Research

FIGURE 2: Quarterly Net Absorption by Building Size

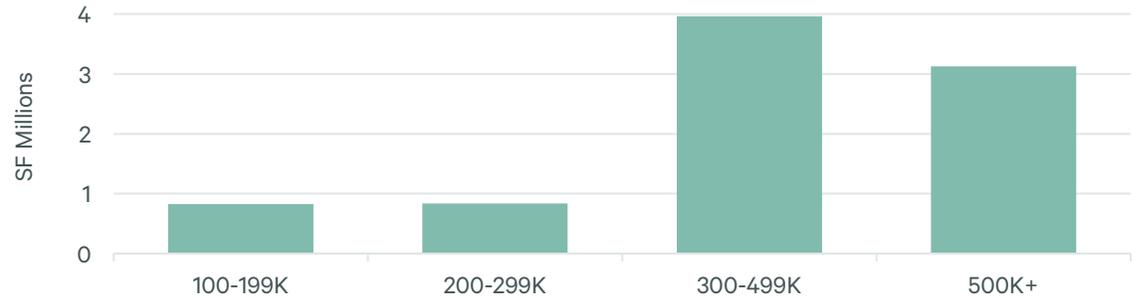


FIGURE 3: Quarterly Net Absorption by Submarket



FIGURE 4: Total Vacancy by Submarket



Construction

At year end, the Houston construction pipeline consists of 129 projects with a combined square footage of 21.5 million SF. These properties sit at 16% pre-leased at year-end.

A notable spike in the construction pipeline was seen in the fourth quarter, as 10.6 million SF of new industrial properties broke ground.

As more sizeable tenants look to lease and buy in Houston’s booming industrial market, developers are successfully meeting this demand head-on by continuing to invest capital in the market.

New Deliveries

New deliveries slowed in Q4, as 32 new projects totaling 3 million SF opened their doors. Newly delivered properties include Northwest 99 Business Park I (425K SF) and Buildings 5 & 6 of Weiser Business Park (274K SF & 354K SF). The Northwest led in new deliveries with just under 2 million SF in new projects.

Over the last year, 17 million SF of new industrial projects opened their doors, while total construction delivered over the last 3 years was 68 million SF.

FIGURE 5: Deliveries by Submarket

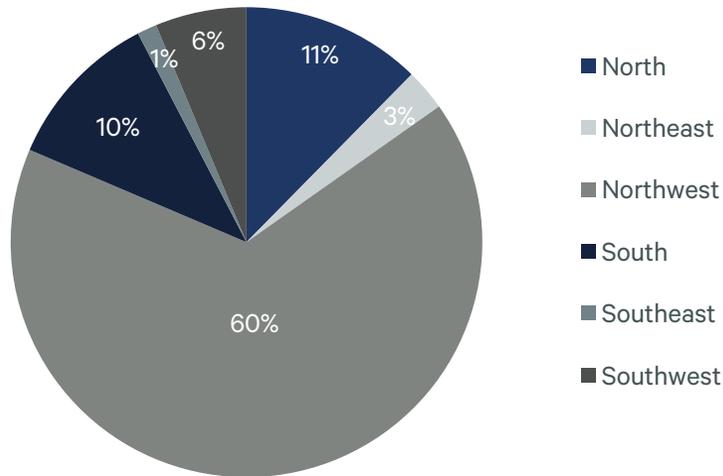


FIGURE 6: Deliveries by Year

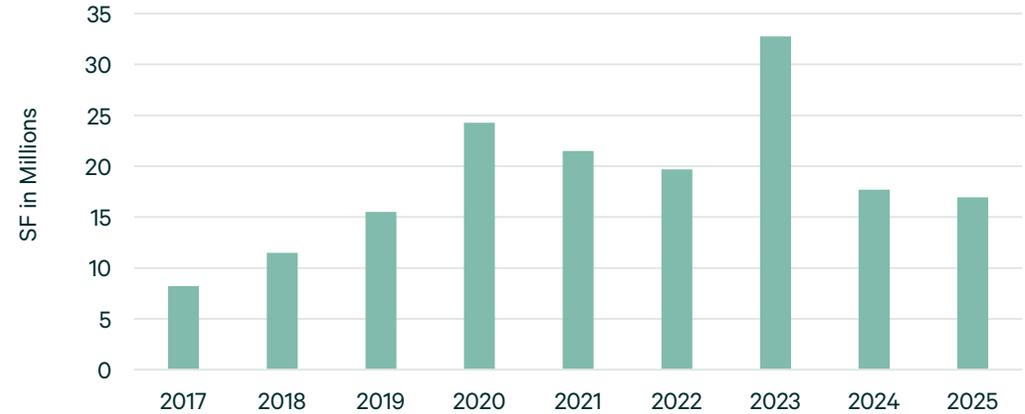


FIGURE 7: Construction Activity by Quarter



Leasing Activity

In Q4, leasing in Houston’s industrial market totaled just shy of 7 million SF among 45 leases larger than 50,000 SF. Although activity was lower than last quarter, Q4’s activity capped off a strong year in Houston, with a yearly total of 31.3 million SF leased; this is about 800K SF greater than 2024. With deals in negotiation now, 2026 is expected to maintain this momentum.

The Northwest submarket’s 2.3 million SF in leases over 50K SF were responsible for about one third of Houston’s Q4 leasing activity, highlighted by SEG Solar’s 425K SF deal and Enchanted Rock taking down 407K SF. The North, Northeast, and Southeast submarkets also eclipsed 1 million SF in leasing activity with tenants like Modular Power Solutions (436K SF) and Slay Industries (252K SF).

Additionally, there were some notably large manufacturing leases signed this quarter, particularly at NW Reservoir District Building Park; ProEnergy leased 458K SF, and Electro Technical Industries leased a combined 338K SF across 8 buildings in the park.

Economic Outlook

According to CBRE economists, the U.S. economy is sending mixed signals. Financial markets are focused on the upside, particularly AI’s sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

FIGURE 8: Leasing Activity Trend – Leases 50,000 sq. ft. and up

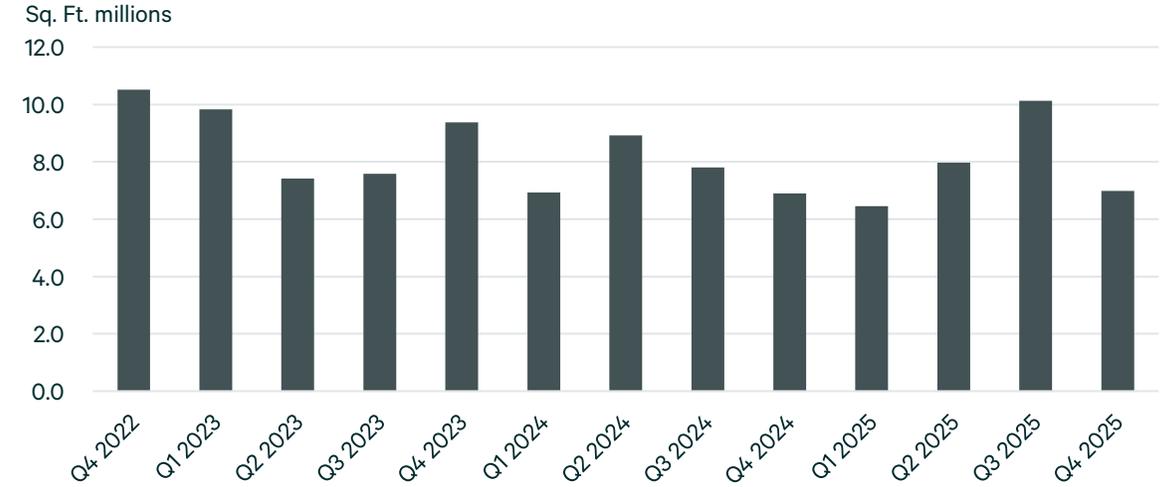
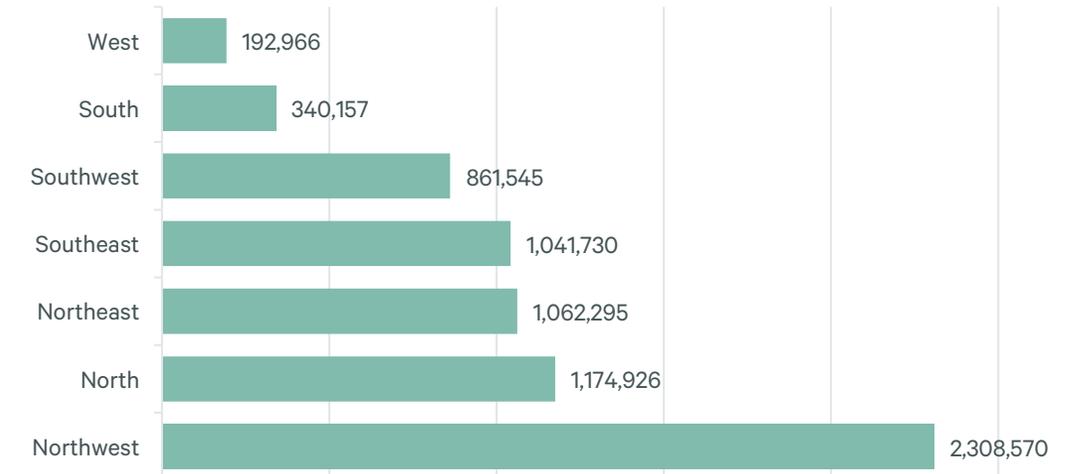


FIGURE 9: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research

FIGURE 10: Market Statistics by Snapshot

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Direct Availability %	Sublease Availability %	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
CBD	43,710,860	6.0	7.4	5.5	1.9	(50,645)	(202,331)	0	251,444
North	110,944,249	6.4	7.2	6.4	0.8	1,040,384	1,970,443	367,420	3,661,536
Northeast	45,316,681	10.4	11.4	10.2	1.2	1,436,674	1,598,441	84,867	1,347,995
Northwest	141,419,324	5.9	6.9	6.2	0.7	811,747	2,191,154	1,970,457	6,289,367
South	35,022,494	4.5	4.9	4.5	0.4	356,414	394,869	326,234	1,912,004
Southeast	119,042,245	8.5	9.4	8.4	1.0	1,373,430	2,637,164	40,000	3,818,295
Southwest	85,596,011	5.4	6.4	5.6	0.7	991,550	1,976,355	186,368	2,607,496
West	32,857,459	6.8	11.3	7.0	4.3	2,309,450	2,997,448	0	1,564,364
Total	613,909,323	6.7	7.9	6.8	1.1	8,269,004	13,563,543	2,975,346	21,452,501

FIGURE 11: Market Statistics by Size

Size Tranche	Net Rentable Area	Total Vacancy %	Total Availability %	Direct Availability %	Sublease Availability %	Current Quarter Net Absorption	YTD Net Absorption	Current Quarter Deliveries	Under Construction
Under 100,000 sq. ft.	222,649,701	6.2	6.7	6.1	0.6	(481,767)	(1,846,414)	983,570	2,348,486
100,000-199,999 sq. ft.	131,752,026	7.2	8.8	7.7	1.1	824,984	1,695,791	349,073	5,578,278
200,000-299,999 sq. ft.	75,816,168	5.1	7.1	6.1	0.9	835,272	3,044,403	548,431	5,025,746
300,000-499,999 sq. ft.	76,767,763	6.7	6.6	6.0	0.6	3,961,894	5,718,126	1,094,272	5,192,881
500,000-749,999 sq. ft.	47,853,979	5.6	5.3	4.2	1.1	2,077,541	4,050,557	0	1,070,370
750,000 sq. ft.	59,069,686	10.7	14.8	11.3	3.4	1,051,080	901,080	0	2,236,740
Total	613,909,323	6.7	7.9	6.8	1.1	8,269,004	13,563,543	2,975,346	21,452,501

Average Asking Rents have been removed from this report due to the high level of variability from quarter to quarter. Most industrial availabilities marketed in the Houston MSA do not provide asking rates, therefore rent values vary from quarter-to-quarter- sometimes dramatically.

Historical vacancy, construction, deliveries, and absorption data is subject to change given ongoing improvements to tracked inventory.

FIGURE 12: Houston Historical Market Statistics*

	2021	2022	2023	2024	2025 YTD
CBD					
Inventory (SF)	45,013,486	44,278,728	44,210,925	44,118,455	43,710,860
Absorption (Net, SF)	363,518	301,383	(566,526)	(375,551)	(202,331)
Delivered Construction (SF)	0	0	0	0	0
Vacancy Rate (%)	3.9	2.2	3.7	4.6	6.0
North					
Inventory (SF)	95,819,143	100,771,160	106,841,434	108,433,014	110,944,249
Absorption (Net, SF)	7,402,277	5,189,645	2,495,609	4,682,060	1,970,443
Delivered Construction (SF)	3,753,049	3,716,330	6,149,071	1,565,364	2,463,576
Vacancy Rate (%)	6.7	5.6	8.9	5.8	6.4
Northeast					
Inventory (SF)	34,249,420	37,217,662	39,152,942	43,492,711	45,316,681
Absorption (Net, SF)	1,452,687	3,198,034	859,245	3,550,068	1,598,441
Delivered Construction (SF)	957,643	2,116,989	1,915,950	4,207,972	1,776,563
Vacancy Rate (%)	4.5	5.1	8.0	10.3	10.4
Northwest					
Inventory (SF)	128,100,382	131,960,655	137,167,829	138,167,126	141,419,324
Absorption (Net, SF)	4,783,701	5,929,665	3,640,505	3,612,619	2,191,154
Delivered Construction (SF)	1,744,269	3,601,915	5,409,964	2,194,324	3,385,862
Vacancy Rate (%)	5.5	3.7	5.5	5.0	5.9

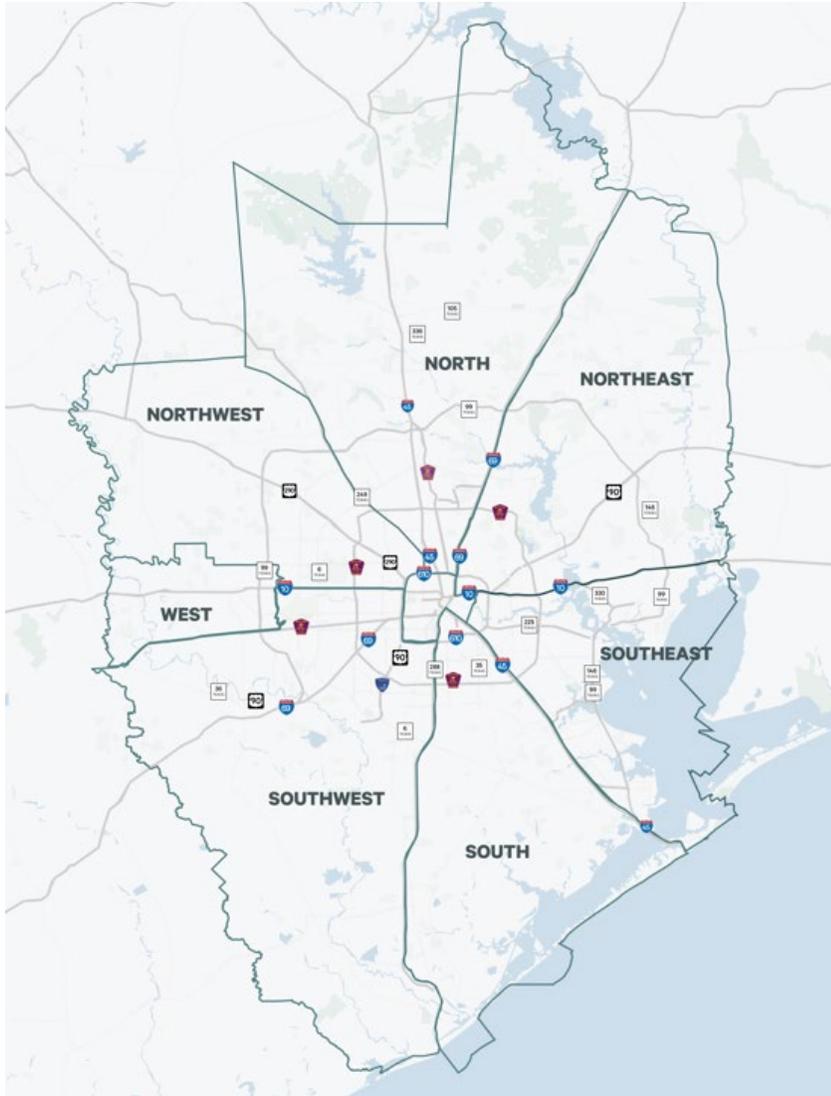
*Average Asking Rents have been removed from this report due to their potential inaccuracy. Most industrial availabilities marketed in the Houston MSA do not provide asking rates, therefore rent values can frequently vary from quarter-to-quarter— sometimes dramatically.

Historical vacancy, construction, deliveries, and absorption data is subject to change given ongoing improvements to tracked inventory.

	2021	2022	2023	2024	2025 YTD
South					
Inventory (SF)	29,259,316	29,536,425	32,354,617	34,586,186	35,022,494
Absorption (Net, SF)	742,882	496,550	1,131,220	2,794,886	394,869
Delivered Construction (SF)	568,122	180,000	2,748,353	2,130,319	838,269
Vacancy Rate (%)	3.2	2.4	6.8	3.7	4.5
Southeast					
Inventory (SF)	93,817,029	100,297,322	109,092,796	114,158,923	119,042,245
Absorption (Net, SF)	6,137,447	9,258,840	5,665,779	3,817,317	2,637,164
Delivered Construction (SF)	2,825,403	5,481,569	8,661,768	5,034,766	4,687,470
Vacancy Rate (%)	7.0	3.2	5.2	6.8	8.5
Southwest					
Inventory (SF)	76,958,868	78,379,262	80,251,488	82,387,873	85,596,011
Absorption (Net, SF)	6,941,453	3,517,356	2,374,512	2,218,439	1,976,355
Delivered Construction (SF)	7,216,066	1,479,896	1,752,517	2,102,814	3,123,251
Vacancy Rate (%)	7.3	4.5	4.4	3.8	5.4
West					
Inventory (SF)	21,746,767	24,872,429	30,978,542	31,871,182	32,857,459
Absorption (Net, SF)	3,692,844	2,940,756	3,599,301	1,857,439	2,997,448
Delivered Construction (SF)	4,435,097	3,118,238	6,107,863	892,640	986,277
Vacancy Rate (%)	11.1	10.0	14.5	13.3	6.8
Houston Total					
Inventory (SF)	524,996,841	547,346,073	580,050,573	597,215,470	613,909,323
Absorption (Net, SF)	31,516,809	30,832,229	19,199,645	22,157,277	13,563,543
Delivered Construction (SF)	21,499,649	19,694,937	32,745,486	18,128,199	17,261,268
Vacancy Rate (%)	6.1	4.3	6.5	6.0	6.7

Source: CBRE Research

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Under Construction: Buildings which have begun construction as evidenced by foundation work. Note: Historical data has and will continue to be revised due to refinement in the inventory.

Survey Criteria

Includes all industrial buildings 20,000 sq. ft. and greater in size in Houston.

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