

Texas markets post strongest quarterly absorption of the past two years, vacancy ticks down despite continued spec delivery.

▼ 8.9%

Total Vacancy Rate (Q)

▲ 56.7M

SF Under Construction

▼ 10.7M

SF Delivered (Q)

▲ 18.6M

SF of Net Absorption (Q)

Note: Arrows indicate change from previous quarter.

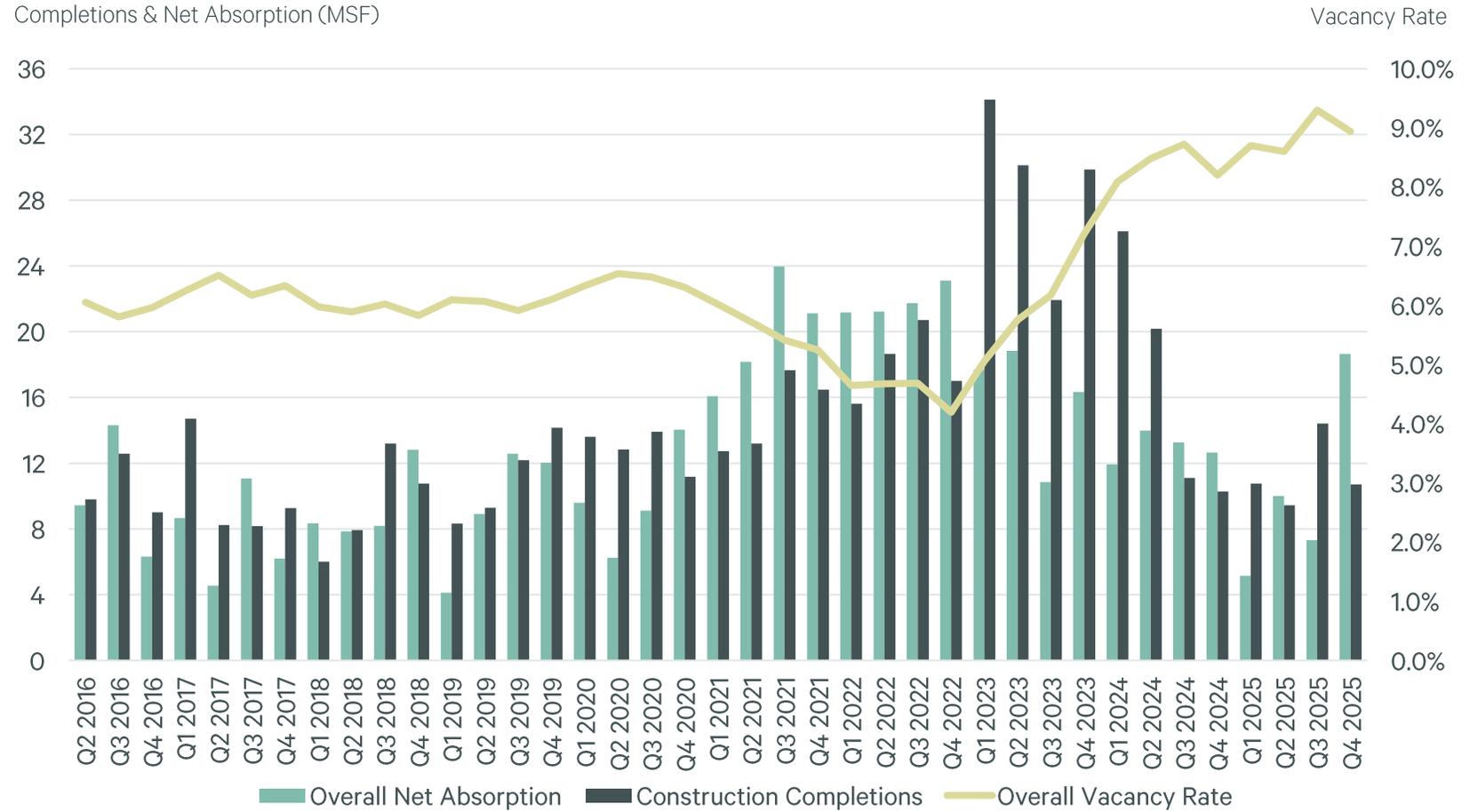
Market Summary

- Industrial markets across the state saw positive net absorption and strong new supply starts, with Houston leading the state in both. However, overall leasing and renewal activity was sluggish compared to activity of the previous two years.
- Net absorption outpaced deliveries in every market except Austin during Q4 2025. Texas markets collectively recorded 10.7 million sq. ft. in deliveries and net absorption of 18.6 million sq. ft. during the quarter. Although a large share of the quarter's deliveries were vacant speculative space, robust leasing activity during the quarter helped balance the markets. The statewide vacancy rate fell 40 basis points quarter over quarter, while individual market declines varied widely, ranging from 20 to 80 basis points.
- Sublease space has fluctuated over the past few years and a significant amount of space was added during 2023. Although sublease space began to steady in early 2024, it remained elevated and on an upward trend through 2025. Available sublet space now stands at 23.9 million sq. ft., a total that stood at 11.1 million sq. ft. in Q1 2023 and at 8.0 million sq. ft. at its low point in Q4 2021.
- Space under construction saw a quarter-over-quarter increase of 7.8 million sq. ft. The quarter closed with 56.7 million sq. ft. of industrial space under way. New construction starts totaled 17.2 million sq. ft., 6.4 million sq. ft. higher than Q3 2025 starts. Q1 2025 and Q4 2024 marked the lowest under construction figures seen since Q1 2019 when construction stood at 39.4 million sq. ft. Space under construction peaked in Q4 2022 with 134.2 million sq. ft. and a record setting 116.0 million sq. ft. was subsequently delivered during 2023.
- Overall rent and rents across most size categories saw year-over-year growth in year-1 taking rents. Overall year-1 taking rents were up 1.9% year-over-year. Leases that ranged in size from 400,000 sq. ft. to 800,000 sq. ft. had the largest year-over-year growth in year-1 taking rents, rising 9.1% or \$0.62 per sq. ft. The only size range to see a decline was the 25,000 sq. ft. to 50,000 sq. ft. range, decreasing year-over-year by 0.4% or \$0.04 per sq. ft.

TEXAS INDUSTRIAL

Absorption outpaces deliveries

Net absorption more than doubled compared to the previous quarter, going from 7.3 million sq. ft. in Q3 2025 to 18.6 million sq. ft. in Q4 2025. This is the largest quarterly net absorption since Q2 2023 when the figure stood at 18.2 million sq. ft. This growth came from significant net absorption in both the Houston and Dallas / Fort Worth Industrial markets. Compared to the previous quarter, Texas markets saw a 3.7 million sq. ft. decrease in deliveries. Given these movements, the vacancy rate was down by 40 basis points quarter-over-quarter but up by 70 basis-points year-over-year.



Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

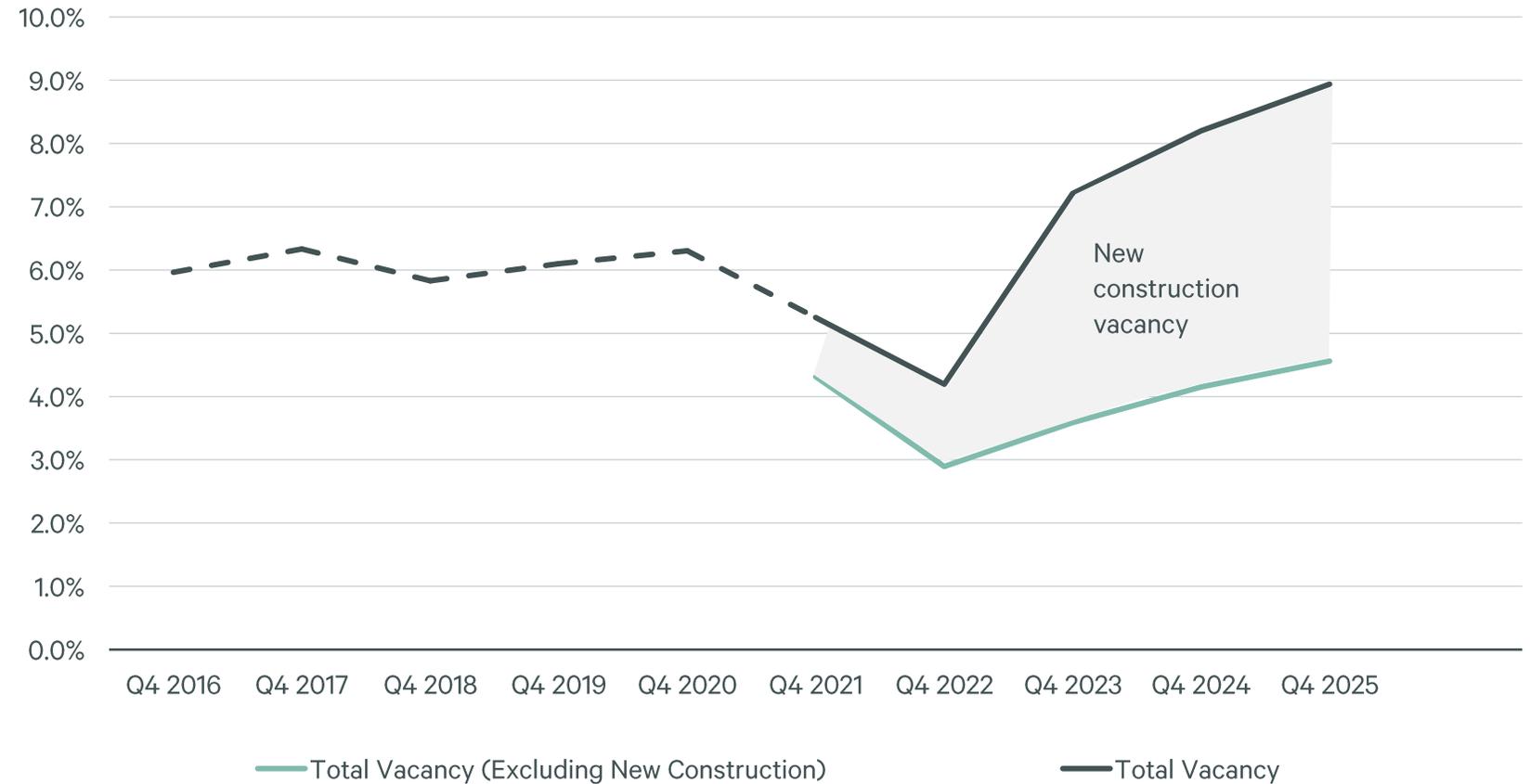
New product keeps vacancy elevated

Texas' industrial vacancy rate has risen in recent years, driven primarily by the large volume of new construction delivered since 2021.

Meanwhile, vacancy in existing buildings remains comparatively low, suggesting that much of the recent softness in the market stems from the rapid pace of new supply rather than a significant drop in tenant demand.

New construction vacancy accounts for 51% of the total vacancy in the Texas market as of Q4 2025.

Vacancy (%) in new construction defined as space delivered 2021 or later



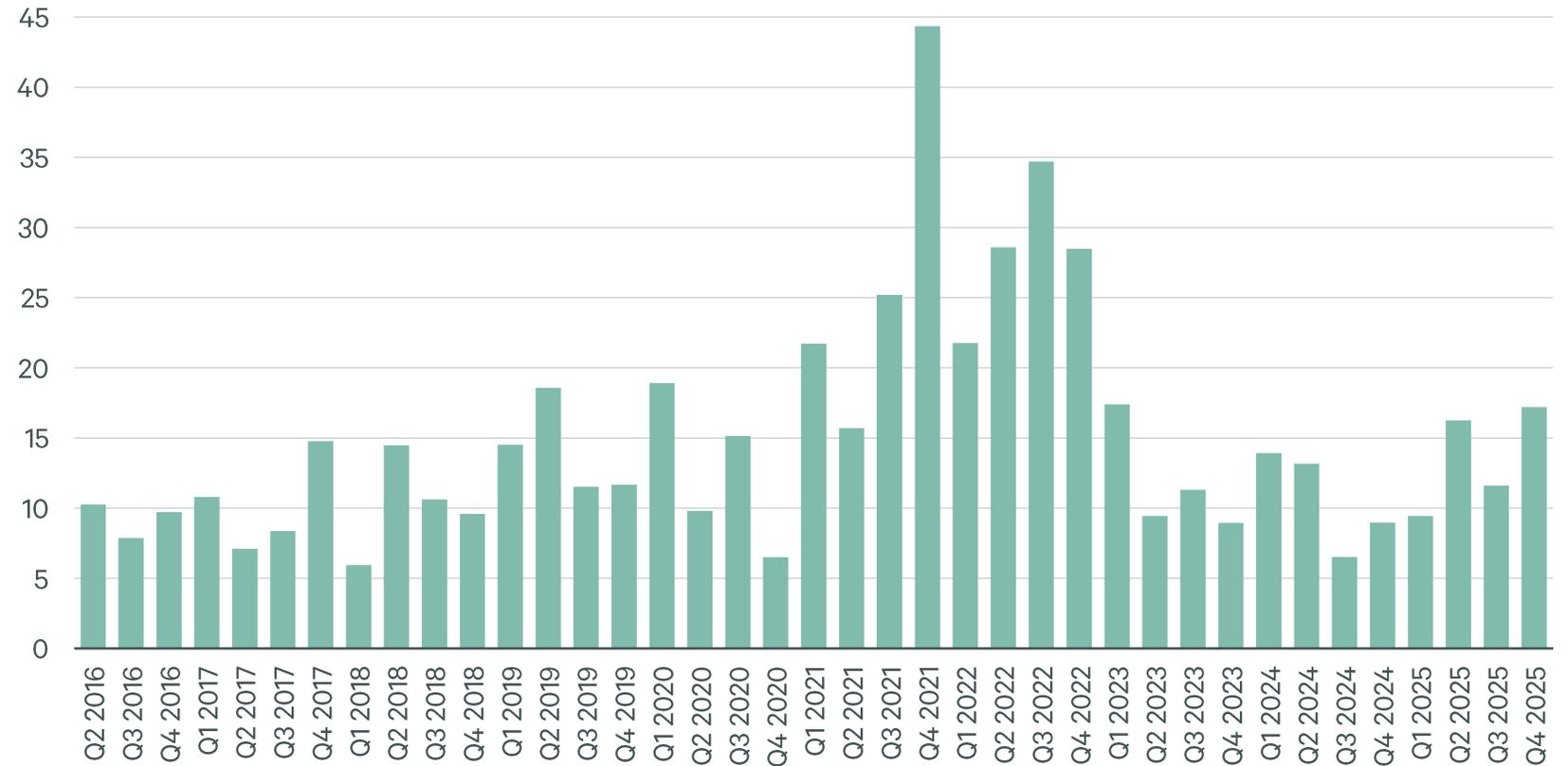
Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

Uptick in construction starts

New construction starts were up 6.4 million sq. ft. quarter-over-quarter, a total of 17.2 million sq. ft., while the amount of space underway increased by 7.8 million sq. ft. However, both these figures remained well below the record setting numbers seen between Q4 2021 and Q4 2022. New starts outpaced deliveries by 6.5 million sq. ft.

New Construction Stars (MSF)



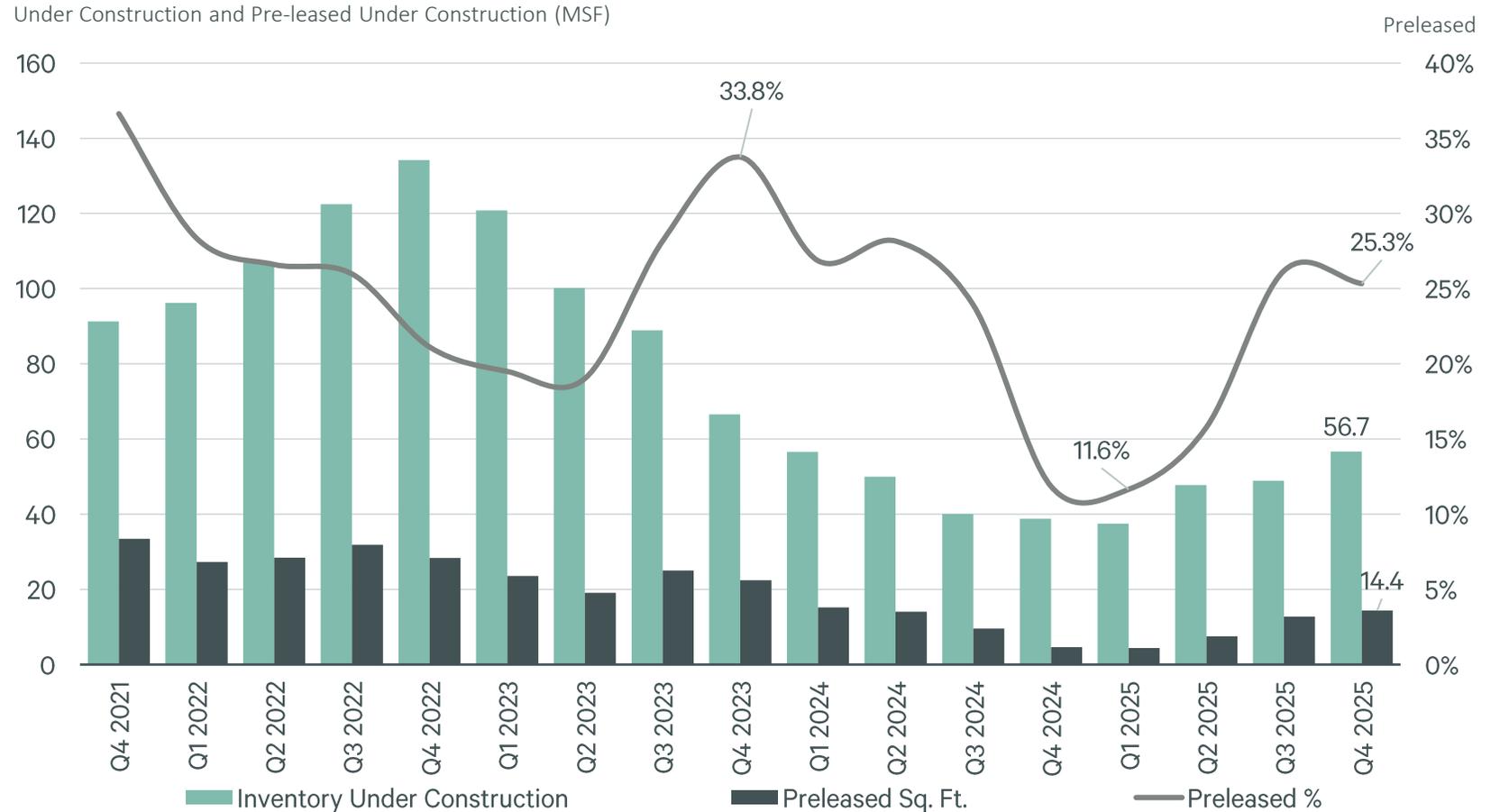
Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

Under construction picks up, pre-leasing dips slightly

Each industrial market, except for Austin, saw a quarter-over-quarter increase in space under construction. The Houston market was up by 8.6 million sq. ft. following significant new starts during the quarter.

The pre-leasing rate decreased from 26.2% in Q3 2025 to 25.3% in Q4 2025. The total sq. ft. of pre-leased space increased by 1.6 million sq. ft. quarter-over-quarter. The Dallas / Fort Worth market had the largest pre-leasing rate at 33.2%.



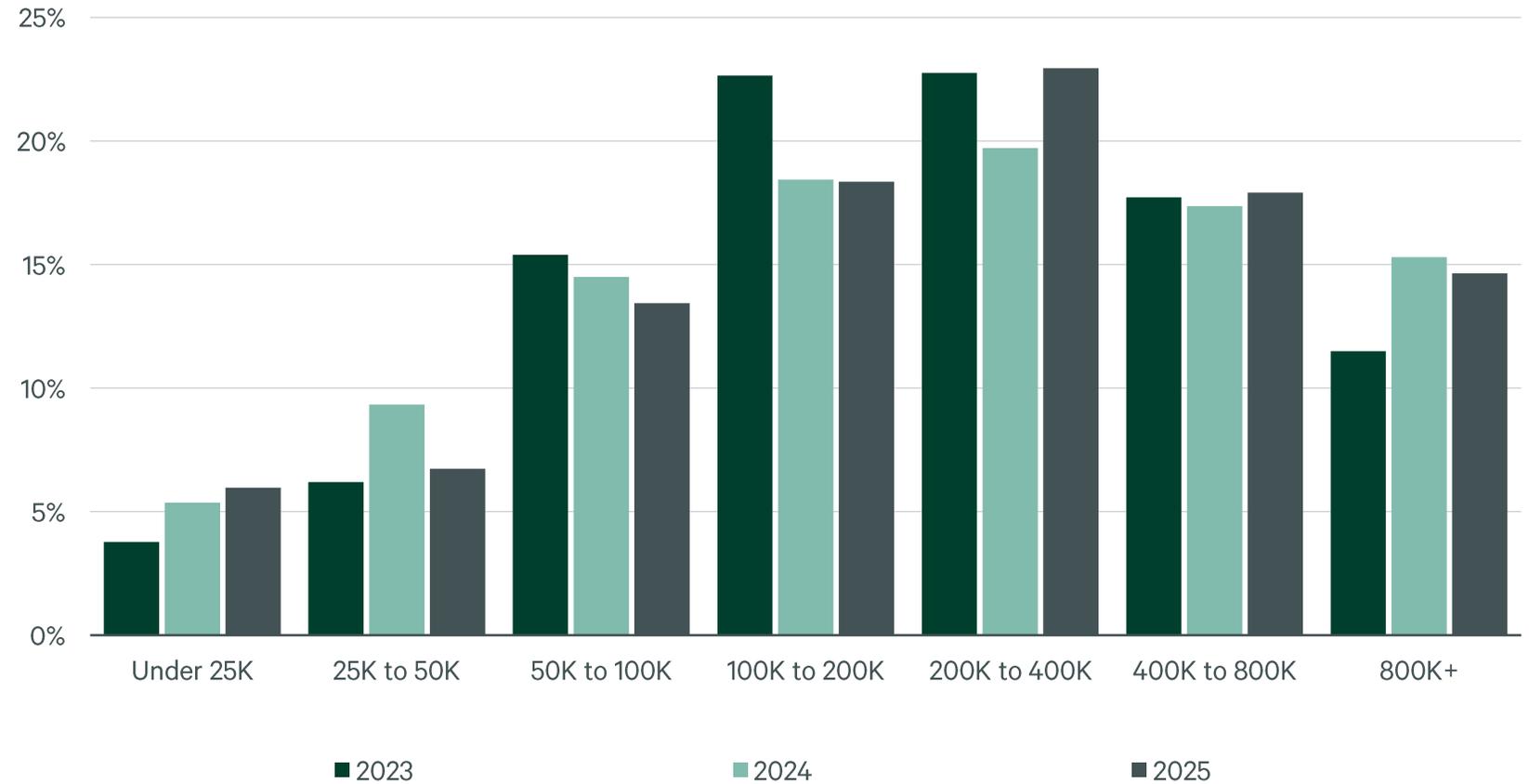
Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

New Leasing

Leases between 200,000 to 400,000 sq. ft. accounted for the largest share of total 2025 activity, capturing 23.0% of deal volume based on total sq. ft. Leases between 100K to 200K sq. ft. accounted for 18.4% of annual activity in sq. ft. The largest number of deals recorded for the year, 44%, were under 25,000 sq. ft.

Share of New Leasing Activity



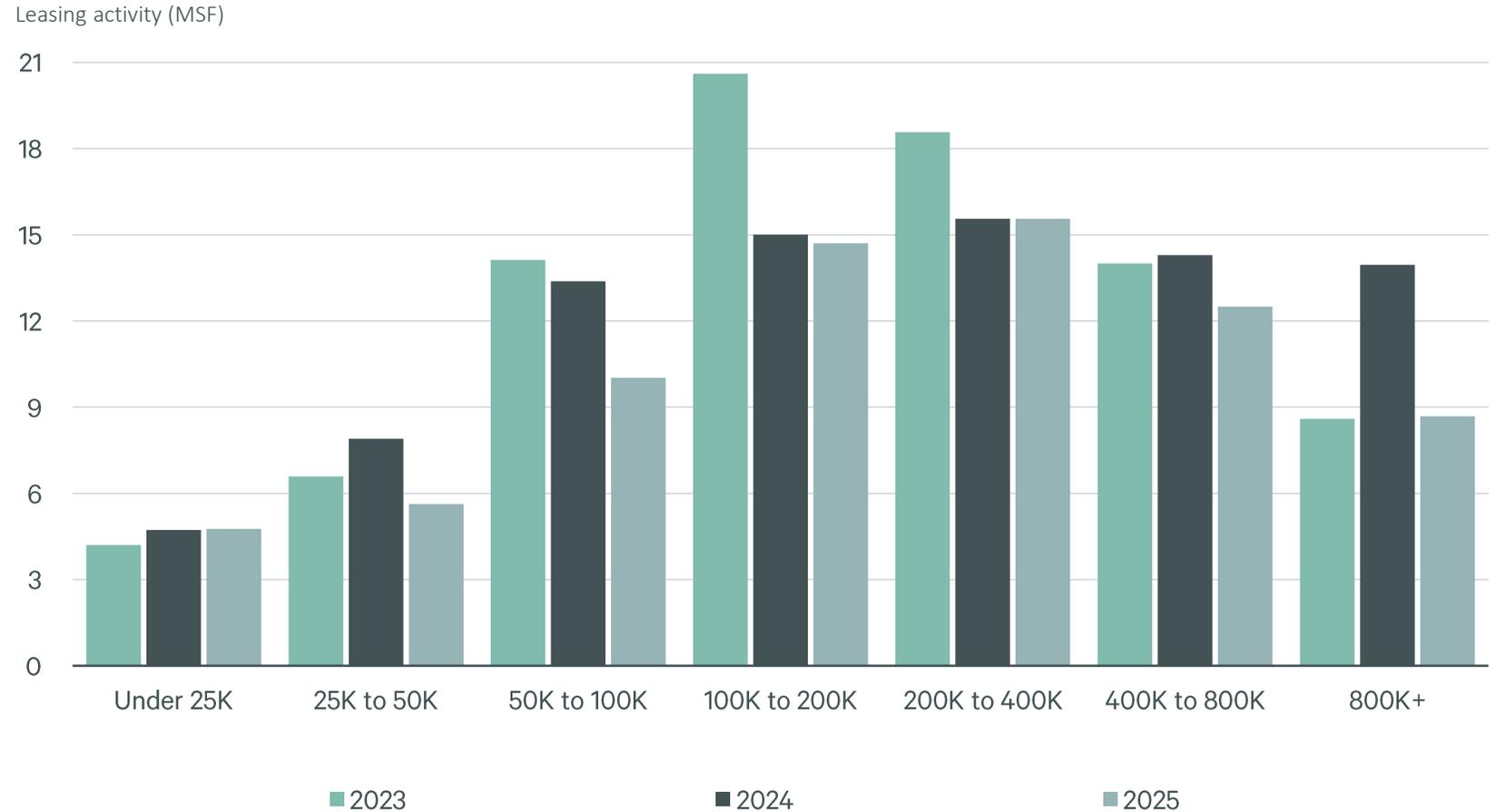
Transaction volume includes new leases signed from 1/1 to 12/31 with a lease term of 24 months and longer

Source: CBRE Research, Q4 2025.

TEXAS INDUSTRIAL

Activity saw downward trend in 2025

2025 annual activity was slow compared to activity reported for the previous two years. Activity was down 13.0 million sq. ft. compared to 2024 and 14.8 million sq. ft. compared to 2023. 2025 activity declined year-over-year for every size category except for a very small increase in the under 25,000 sq. ft. category and no change in the 200,000 to 400,000 sq. ft. range. Decreases ranged in size from 2.0% to 37.8%.



Transaction volume includes new leases and renewals signed from 1/1 to 12/31 with a lease term of 24 months and longer

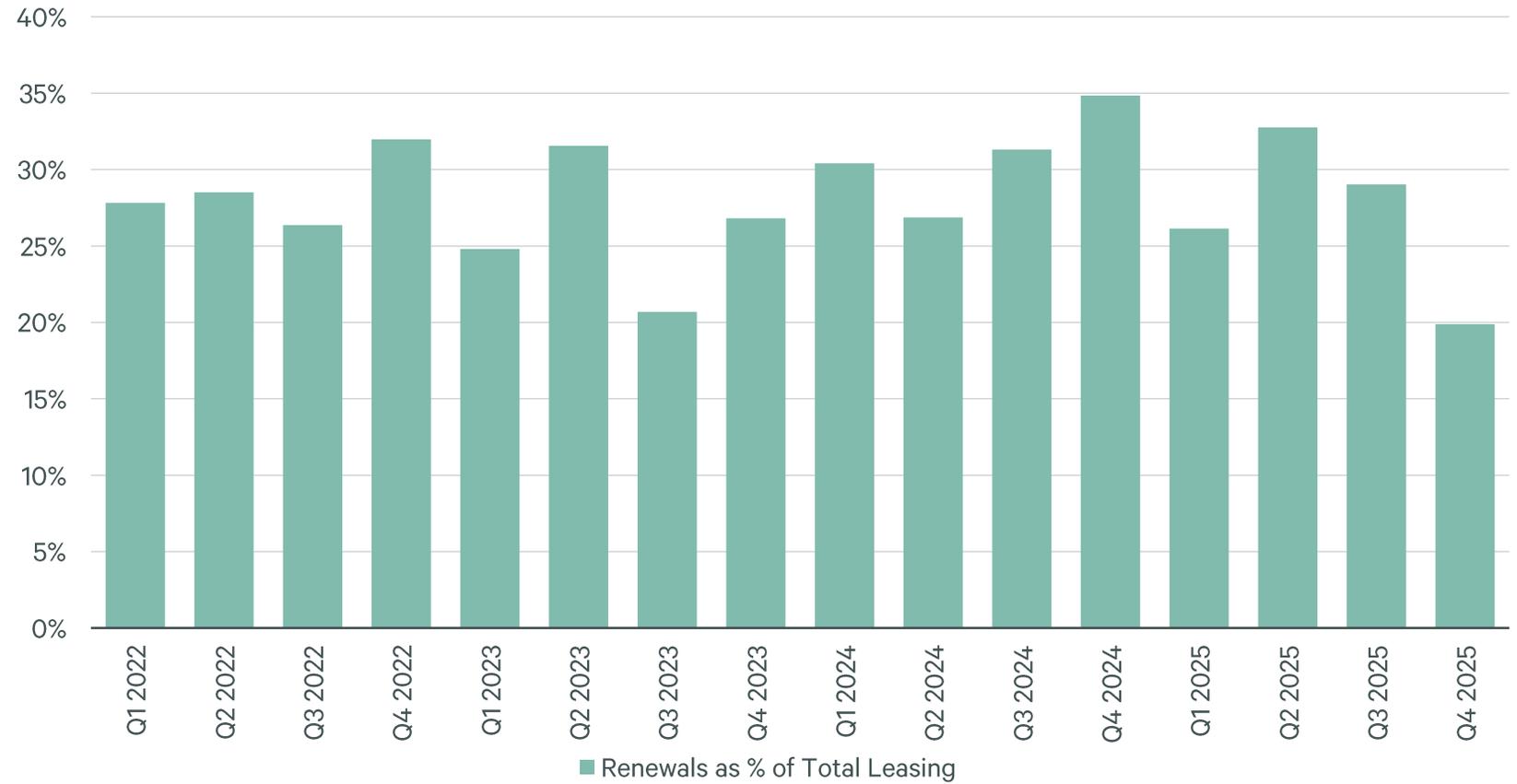
Source: CBRE Research, Q4 2025.

TEXAS INDUSTRIAL

Renewals share of total leasing below average

About 70 renewals totaling 3.2 million sq. ft. with an average size of 48,400 sq. ft. were signed in Q4 2025. Just under 75 renewals with a total of 6.8 million sq. ft. and an average of 98,000 sq. ft., were signed in Q4 2024.

Share of Leasing Activity



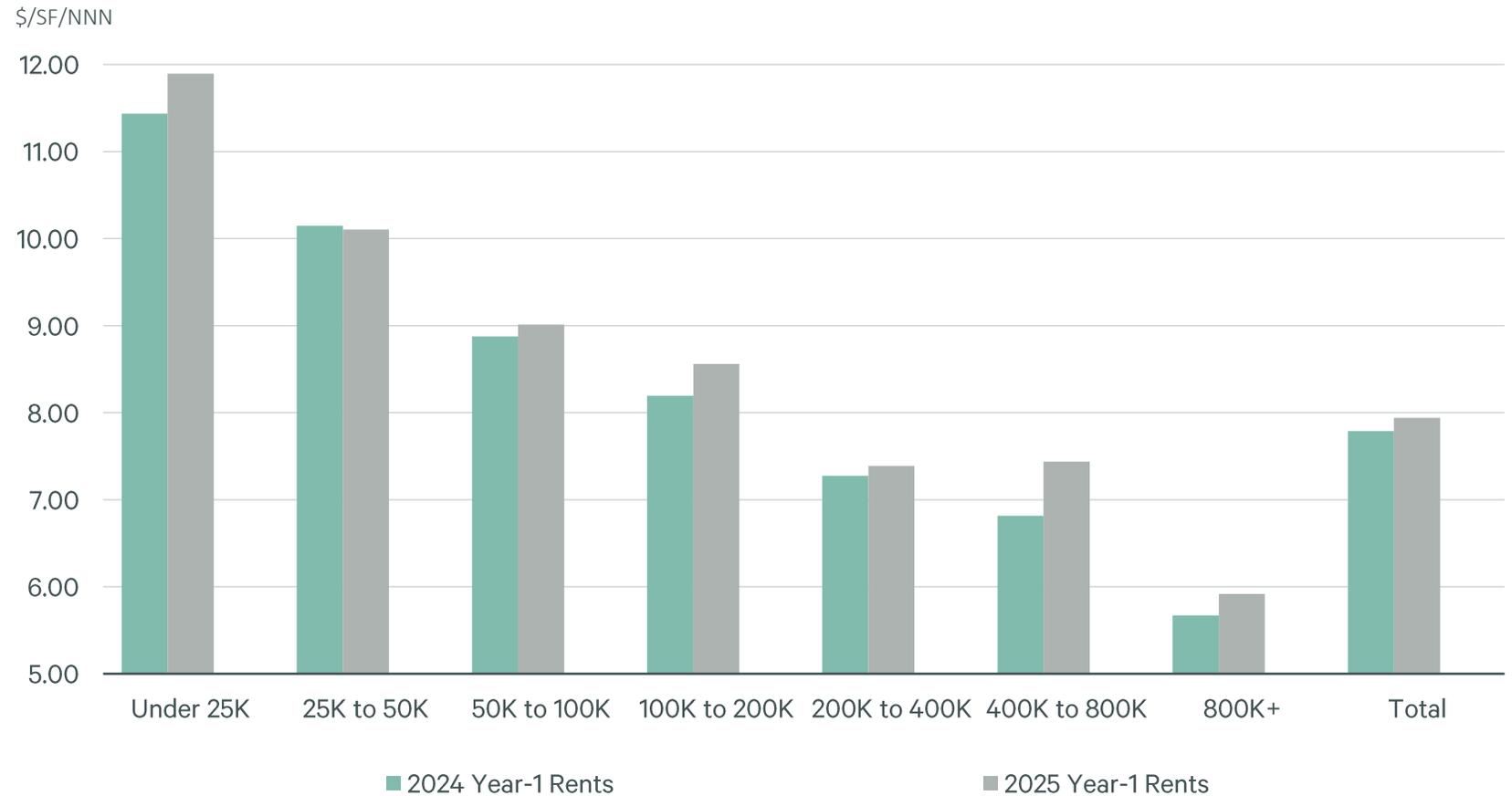
Transaction volume includes renewals with a lease term of 24 months and longer.

Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

Positive year-1 taking rent growth

Taking rents saw positive year-over-year growth of 1.9%, or \$0.15 per sq. ft., as well as growth among nearly all deal size ranges. Spaces of 400,000 sq. ft. to 800,000 sq. ft. had the largest year-over-year increase, rising 9.1% or \$0.62 per sq. ft.



Compares first year base rents for new leases signed from 1/1 to 12/31 with a lease term of 24 months and longer.

Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

Vacancy decreases for largest building tranches

Year-over-year, vacancy rates for buildings between 400,000 sq. ft. and 800,000 sq. ft. and over 800,000 sq. ft. fell by 140 basis points and 240 basis points, respectively. During this same time, vacancy rates across buildings below 400,000 sq. ft. saw positive growth with increases ranging from 130 basis points to 270 basis points. The overall vacancy rate also increased, rising 70 basis points year-over-year.



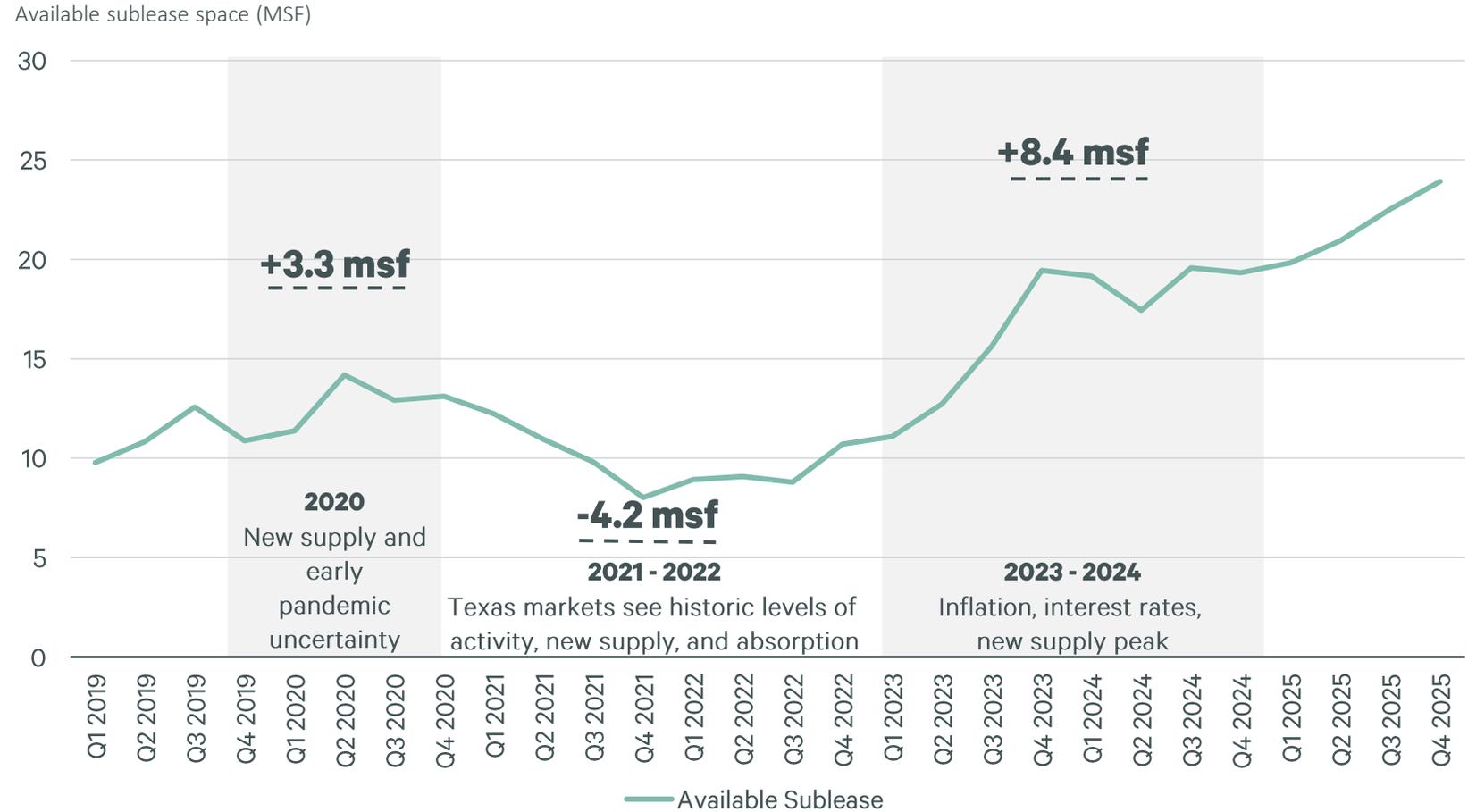
Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

Available sublease space continues upward trend

Available sublease space often grows amid difficult economic times, can be brought on by tenants reassessing space needs following rapid expansionary periods, or can be the result of tenants relocating to newer or more modern facilities.

Sublease activity represented only about 7.1% of Q4 2025 leasing activity and accounted for about 12.2% of available space at the end of the quarter. This includes two sublease availabilities of over 1.0 million sq. ft.,. However, the largest share of sublease space, about 20.5%, is in properties of 200,000 to 400,000 sq. ft. Properties of 100,000 sq. ft. to 200,000 sq. ft. hold about 20.1% of total available sublease space. Compared to the previous quarter, available sublease space increased by 1.4 million sq. ft.



Source: CBRE Research, Q4 2025

TEXAS INDUSTRIAL

Statistical snapshot Q4 2025

Market	Total Vacancy Rate (%)	Q4 2025 Net Absorption (SF)	Under Construction (SF)	Q4 2025 Deliveries (SF)
Dallas / Fort Worth	8.7%	8,146,540	22,610,363	3,619,243
Houston	6.7%	8,269,004	21,452,501	2,975,346
San Antonio	10.9%	879,872	2,819,626	297,874
Austin	20.4%	487,416	3,823,180	3,363,662
El Paso	10.4%	873,696	5,982,014	449,150
Texas Total	8.9%	18,656,528	56,687,684	10,705,275

Source: CBRE Research, Q4 2025

Contacts

Matt Munn

Field Research Analyst
matt.munn@cbre.com

Jack Rancier

Field Research Analyst
jack.rancier@cbre.com

Kim Thaker

Field Research Analyst
kim.thaker@cbre.com

Kathryn Ziegler

Field Research Analyst
kathryn.ziegler@cbre.com

Jeremy Bock

Field Research Manager
jeremy.bock@cbre.com

Elizabeth Butcher

Sr. Field Research Analyst
elizabeth.butcher@cbre.com

Elisabeth Downs

Sr. Field Research Analyst
elisabeth.downs@cbre.com

Eli Gilbert

Business Intelligence Director
eli.gilbert@cbre.com

Marc Miller

Research Director
marc.miller1@cbre.com

TEXAS OFFICES

Austin

500 W 2nd St, Suite 1700
Austin, TX 78701

Dallas

2100 McKinney Ave, Suite 700
Dallas, TX 75201

El Paso

221 N Kansas, Suite 2100
El Paso, TX 79901

Fort Worth

301 Commerce St, Suite 700
Fort Worth, TX 76102

Houston

2800 Post Oak Blvd, Suite 500
Houston, TX 77056

San Antonio

1803 Broadway, Suite 825
San Antonio, TX 78215