

FIGURES | HOUSTON INDUSTRIAL | Q3 2026

Booming deal activity headlines terrific Q3 for Houston industrial

▼ 8.2%

Availability Rate

▼ 6.3%

Vacancy Rate

▲ 7.2M

SF Net Absorption

▼ 4.9M

SF Construction Delivered

▲ 18.4M

SF Under Construction

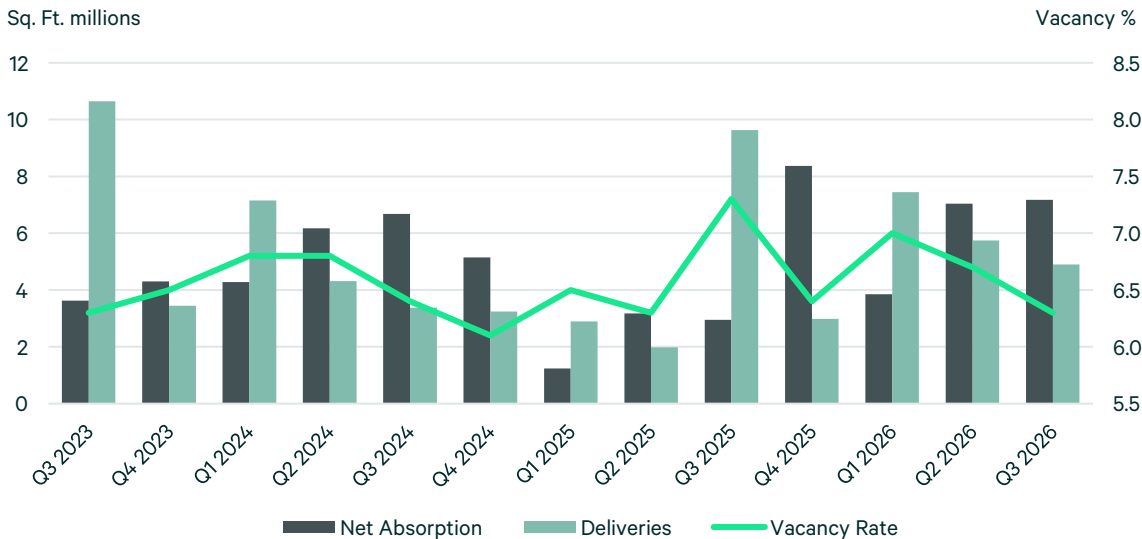
Note: Arrows indicate change from previous quarter.

KEY HIGHLIGHTS

After a healthy second quarter of 2026, Q3 continued that trend remarkably through increased absorption and massive deal volume, thus leading to decreased vacancy and availability rates. Q3's net absorption was clocked at 7.2 million sq. ft., which lowered vacancy to 6.3% and increased 2026 YTD absorption to about 18 million sq. ft. The Southeast led the absorption charge with 2.3 million sq. ft. of net occupancy, while the North and South each finished above 1 million sq. ft. of net absorption. Deliveries decreased slightly from Q2 with 4.9 million sq. ft. delivered in Q3, while projects under construction slightly increased from Q2 with 18.4 million sq. ft. under development. Of that 18.4 million sq. ft. under development, almost a third of the pipeline (31%) is pre-leased.

A staggering 14.7 million sq. ft. was done in leases over 50,000 sq ft. in Q3, bringing 2026 YTD deal activity up to 32.2 million sq. ft. and the current availability rate down to 8.2%. Similarly to Q2, 6 different submarkets had over 1 million sq. ft. in leasing activity, with the Southeast and the Northwest also eclipsing 3 million sq. ft. in deal volume in Q3. Evidenced by such volume, AI-related manufacturing and onshoring demand continues to grow rapidly in the Houston market alongside continued distributional needs. 2026 is set to be another banner year for Houston industrial as 2027 approaches.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Vacancy & Net Absorption

After 7 million sq. ft. of absorption in Q2, Q3 continued the trend with 7.2 million sq. ft. of occupancy. The combined 14.2 million sq. ft. of absorption between Q2 and Q3 marks the highest combined back-to-back quarter total since Q3 and Q4 of 2022. High recent absorption continues to drive vacancy down quarter-over-quarter with the vacancy rate currently sitting at 6.3%. Year-to-date net absorption stands at 18 million sq. ft. going into the final quarter of 2026 – this total already exceeds 2025’s total YTD absorption mark of 15.8 million sq. ft.

The Southeast submarket recorded the most absorption in Q3 with 2.3 million sq. ft. of occupancy, dropping the Port of Houston market’s vacancy rate down to 7.8%. The North and South also broke 1 million sq. ft. in Q3 occupancy with 1.4 million sq. ft. and 1.1 million sq. ft. of net absorption, respectively. South Houston appeal seems to be increasing as of late, as the submarket last exceeded 1 million sq. ft. in absorption in Q3 of 2024.

The leading move-in of the Southeast, as well as of Houston in general, was Tesla’s 1.2 million sq. ft. occupancy of TGS Cedar Port DC 4. The building park was featured in other large move-ins in Q3, as Chefman occupied 421,000 sq. ft. at TGS Cedar Port DC 10 and Supply Chain Management occupied 421,000 sq. ft. at TGS Cedar Port DC 9. These large distributional deals continue to establish the Southeast as a primary logistics destination due to its Port proximity and easy highway access.

Similarly to Tesla occupying more space in Houston, companies such as Gulf Coast Crating and TAS Energy continue to expand their Houston footprint through large occupancies. Gulf Coast moved into 500,000 sq. ft. in the North and 428,000 sq. ft. in the Southeast this quarter, while TAS occupied 751,000 total sq. ft. between three buildings at Carson 288 building park in the South. TAS is also set to occupy 371,000 sq. ft. at Lone Star Logistics Park before the end of the year. As Houston industrial space becomes increasingly sought after, growing corporations are finding more value in the long run with further Houston expansion.

FIGURE 2: Quarterly Net Absorption by Building Size

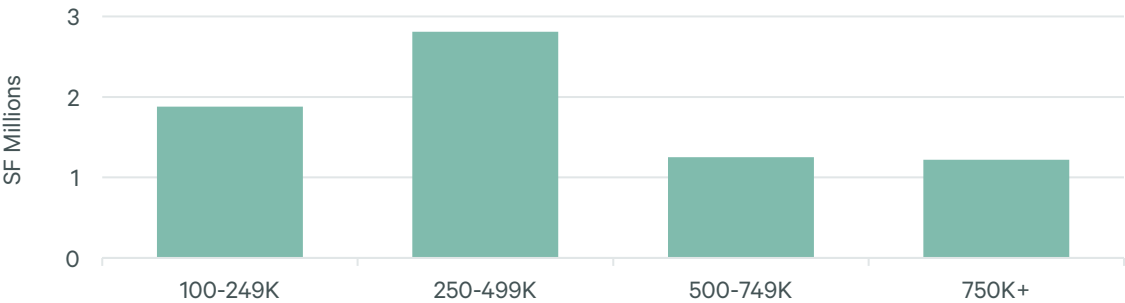


FIGURE 3: Quarterly Net Absorption by Submarket

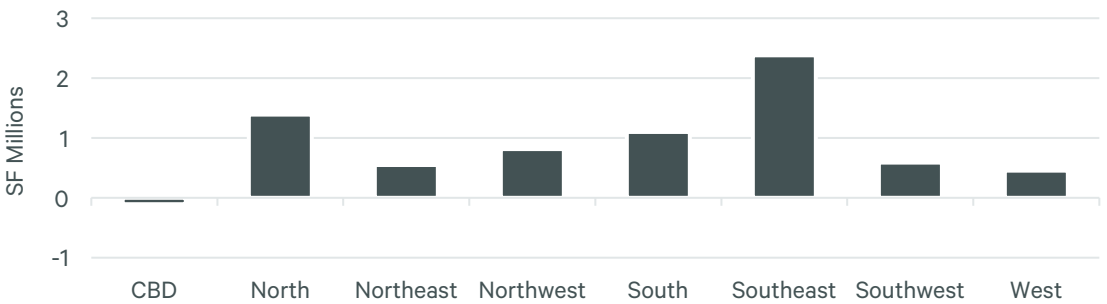


FIGURE 4: Total Vacancy by Submarket



Construction & Deliveries

With year-end around the corner, the Houston industrial pipeline consists of 90 projects totaling about 18.4 million sq. ft. – a slight increase from Q2. Q3’s pipeline pre-lease rate was 31%, which is also an increase from Q2 by about 11%. Projects set to deliver already fully leased include Building A & B of Core5 Logistics Center at Airtex (858,000 total sq. ft.), Building 5 of South Belt Central Business Park (621,000 sq. ft.), and Building 5 of CityPark Logistics Center (404,000 sq. ft.).

38 properties totaling 4.9 million sq. ft. were delivered in Q3, with these properties possessing a pre-lease rate of 22%. Substantial deliveries this quarter include Buildings 1 & 2 of Innerbelt Northwest Logistics (612,000 sq. ft. total), Baywood Logistics (374,000 sq. ft.), and R45 Distribution Center (347,000 sq. ft.).

The North and the Northwest were the most active in both the construction pipeline and in deliveries in Q3. The North had 4.2 million sq. ft. in properties under development and about 3 million sq. ft. in deliveries, while the Northwest had 3.6 million sq. ft. in the pipeline with 1.6 million sq. ft. in deliveries. These submarkets’ strategic location and consistent economic growth continue to attract institutional investment and development on a yearly basis.

FIGURE 5: Deliveries by Submarket

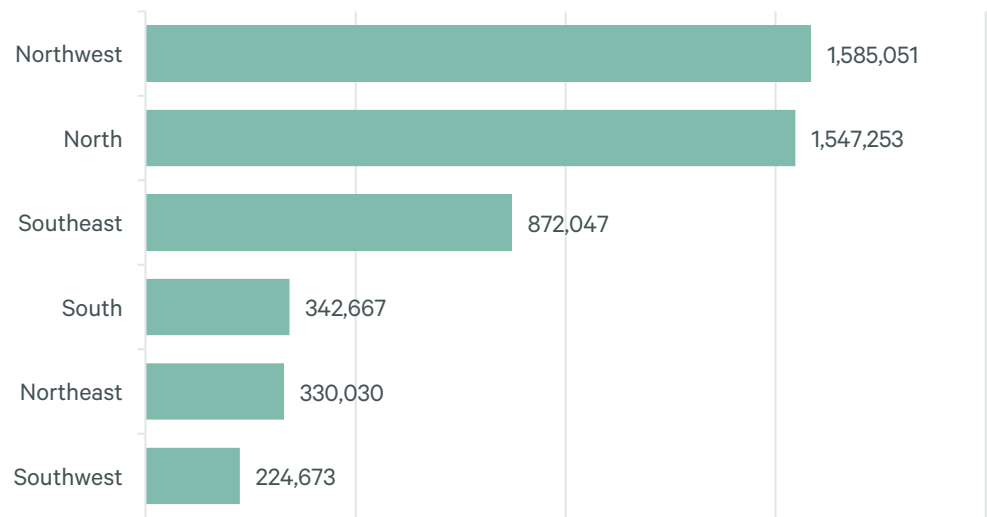


FIGURE 6: Deliveries by Year

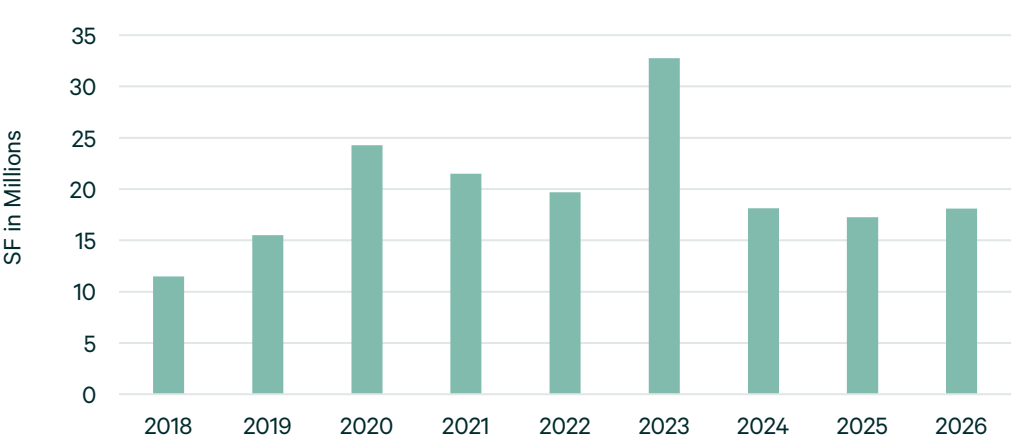
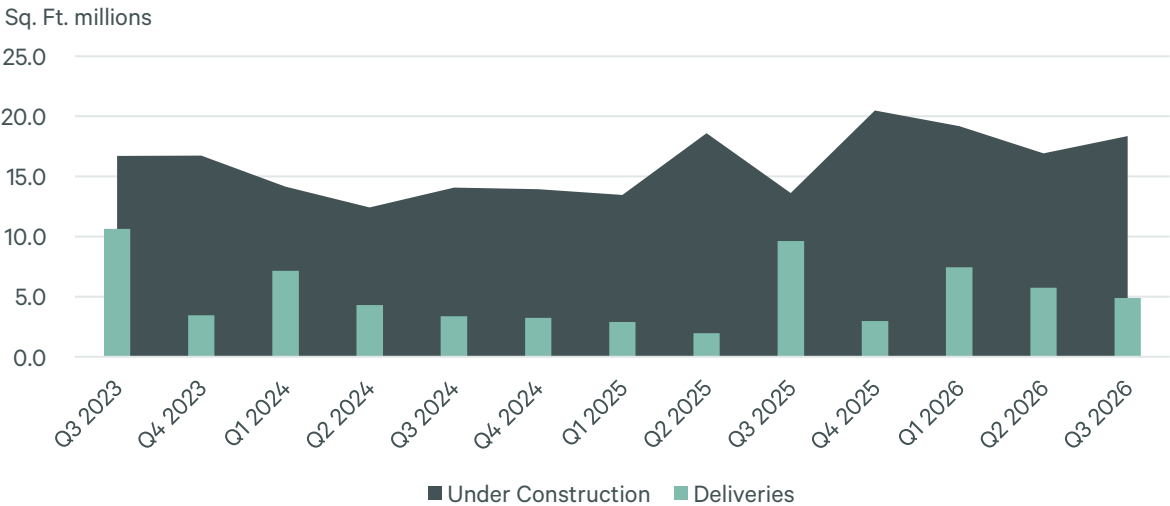


FIGURE 7: Construction Activity by Quarter



Leasing Activity

After two straight quarters of at least 8 million sq. ft. in leasing activity, Q3’s deal volume skyrocketed to 14.7 million sq. ft. in leases over 50,000 sq. ft. Q3 2026 is the highest leasing quarter by far in the past three years, with the next highest being Q3 2025’s 10.3 million sq. ft. in deals. YTD leasing activity has now reached about 32 million sq. ft. with manufacturing and logistics demand remaining insatiable throughout all Houston submarkets.

6 submarkets eclipsed 1 million sq. ft. in leasing for the second quarter in a row, with the Southeast and the Northwest both exceeding 3 million sq. ft. in Q3. Deals by Tesla (1.2 million sq. ft.) and Spike Electric (643,000 sq. ft.) headlined activity in the Southeast, while the Northwest featured multiple leases by both SEG Solar (1.5 million sq. ft. total) and Foxconn (612,000 sq. ft. total).

AI related manufacturing remains one of the biggest common themes among large deal activity. Energy and technology manufacturers are aiming to keep up with data center demand, as seen through massive leases by Modular Power Solutions (857,000 sq. ft. total), Enchanted Rock (649,000 sq. ft.), and TD Synnex (621,000 sq. ft.). Pre-leasing by these companies is also more prevalent, as the leases by SEG Solar, Modular Power Solutions, and TD Synnex are tied to proposed or under construction properties. As Texas data center populations increase, these trends are expected to keep up.

Economic Outlook

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

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

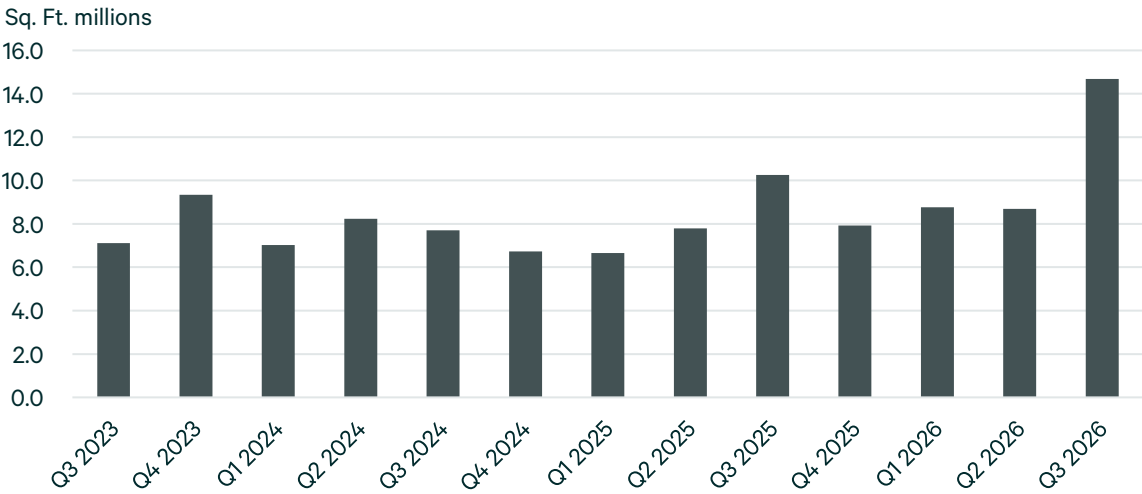
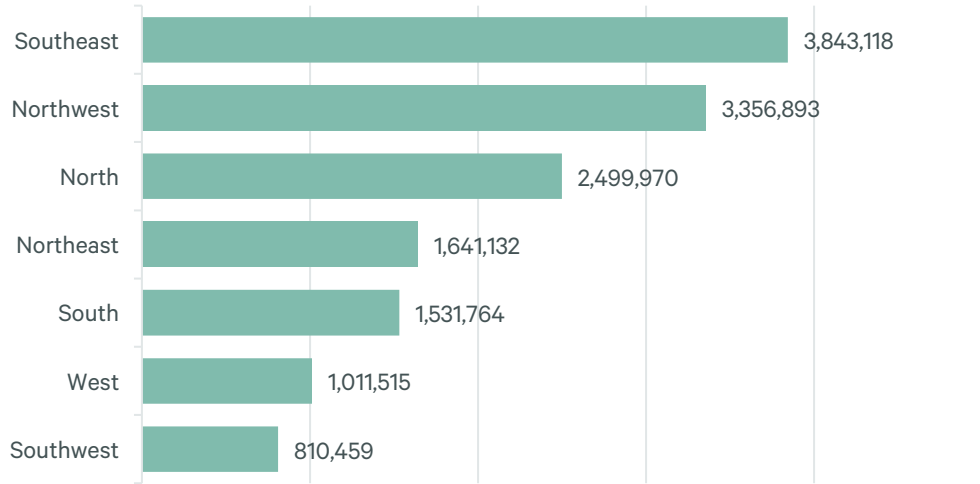


FIGURE 9: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



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	41.23M	7.0	9.4	8.0	1.4	(104,000)	(598,000)	-	251,000
North	114.64M	6.5	9.4	7.8	1.6	1.39M	2.95M	1.55M	4.22M
Northeast	46.01M	7.8	10.0	8.2	1.8	548,000	1.87M	330,000	1.96M
Northwest	144.76M	6.8	7.8	7.1	0.7	814,000	3.23M	1.59M	3.58M
South	36.70M	5.5	6.9	6.3	0.5	1.10M	1.41M	343,000	2.07M
Southeast	123.33M	7.8	10.0	8.7	1.4	2.38M	4.64M	872,000	2.12M
Southwest	86.30M	3.6	5.2	4.6	0.6	588,000	2.08M	225,000	3.49M
West	35.53M	2.9	5.2	4.7	0.5	454,000	2.49M	-	680,000
Total	628.50M	6.3	8.2	7.1	1.1	7.17M	18.06M	4.90M	18.37M

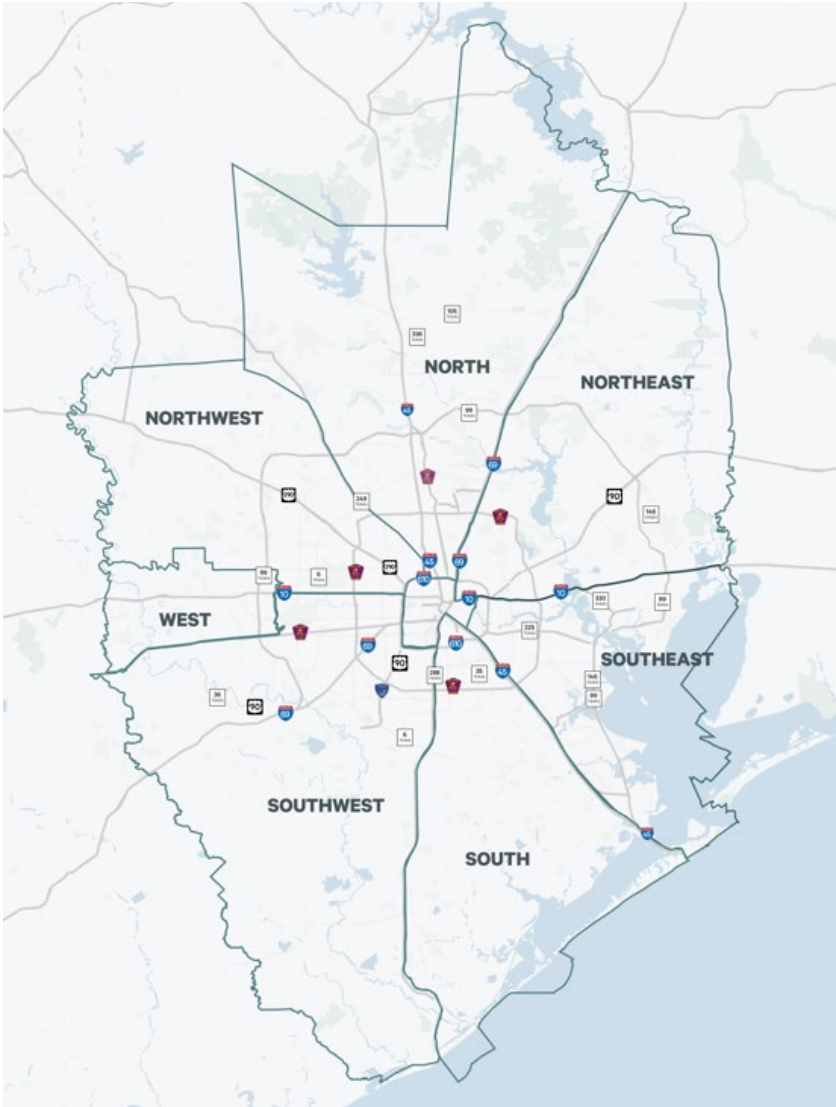
FIGURE 11: Market Statistics by Size

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
Below 50K SF	118.73M	7.0	8.6	8.1	0.4	0.85	227,000	386,000	474,000
50K-99,999 SF	104.60M	6.3	8.3	7.6	0.8	0.79	(218,000)	118,000	464,000
100K-249,999 SF	180.62M	8.5	11.2	9.9	1.3	0.70	1.88M	3.51M	2.15M
250K-499,999 SF	116.44M	5.0	5.9	4.4	1.5	0.60	2.81M	6.65M	1.81M
500K-749,999 SF	47.75M	2.3	5.5	3.9	1.6	-	1.25M	2.08M	-
750,000+ SF	60.35M	3.8	4.9	4.0	0.8	-	1.22M	5.32M	-
Total	628.50M	6.3	8.2	7.1	1.1	0.80	7.17M	18.06M	4.90M

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.

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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