

FIGURES | HOUSTON INDUSTRIAL | Q1 2026

# 2026 kicks off with major deliveries and elevated leasing activity

▲ 8.3%

Availability Rate

▲ 7.5%

Vacancy Rate

▼ 3.2M

SF Net Absorption

▲ 7.5M

SF Construction Delivered

▼ 20M

SF Under Construction

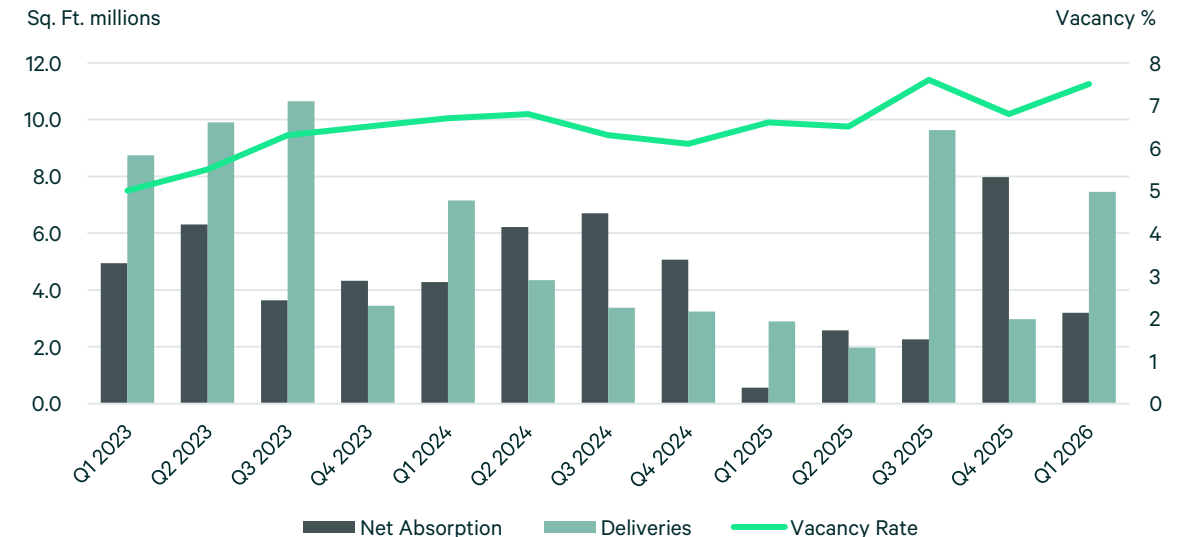
Note: Arrows indicate change from previous quarter.

## KEY HIGHLIGHTS

Net absorption and leasing activity held its 2025 momentum through the start of 2026, accompanied by a large number of new deliveries. Net absorption reached 3.2 million sq. ft across the Houston industrial market this quarter. For the second quarter in a row, the West submarket led the charge with 1.2 million sq. ft of net absorption. The development pipeline stayed active as 7.5 million sq. ft of new industrial space was delivered to the market as developers continue to attract prospective tenants. This total represents the second highest quarter for deliveries over the last two years, and the pre-lease rate sits at 21% for those properties. With an additional 20 million sq. ft. in the pipeline, developers are positioning themselves to meet rising levels of user demand.

Leasing activity totaled a healthy 8.0 million sq. ft to begin the year, with deal volume expected to remain high throughout 2026 as large tenants continue to express interest in the Houston market. This elevated leading indicator, coupled with large move-ins such as Foxconn and Grainger set to commence later this year, points to 2026 being another banner year for industrial activity.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Vacancy & Net Absorption

Net absorption in the first quarter reached 3.2 million sq. ft, reflecting the continued demand for industrial space as seen at the end of 2025. Over the past four quarters, net absorption in Houston industrial has totaled a robust 16 million sq. ft.

Move-in volume was the highest in the West and Southeast markets at 1.2 million sq. ft and 1.1 million sq. ft, respectively. Notably, Crane Worldwide Logistics occupied 767,500 sq. ft. at Uplands Distribution Center III in the West. With direct access to I-10 and the Grand Parkway, the Katy area continues to appeal to large distributional and 3PL companies.

The Southeast, consistently driven by the Port of Houston’s significance as a distribution hub, also continues to be one of Houston’s most active submarkets, as exemplified by Triad Electrical’s 386,000 sq. ft move-in at GreensPORT Logistics Park.

The North and Northwest submarkets experienced a temporary slowdown in move-ins this quarter. However, strong leasing and new deliveries in Q1 should drive a quick rebound over the next few quarters.

Manufacturing demand also continued to be a common theme in Houston industrial to start 2026, as TAS Energy purchased Building 4 and 5 of Blue Ridge Commerce Center in the Southwest to extend their Houston footprint. Additional manufacturing tenants set to occupy space during 2026 are Foxconn with 656,700 sq. ft at Rankin Road Distribution Center and T1 Solar with 623,100 sq. ft at Port 99 Logistics.

The vacancy rate increased 80 basis points to 7.5% on the heels of 7.6 million sq. ft. of new deliveries. However, availability rate only expanded by 40 basis points to 8.3%. Both rates are expected to decline steadily as move-in activity and leasing volume pick up throughout 2026.

Source: CBRE Research

FIGURE 2: Quarterly Net Absorption by Building Size

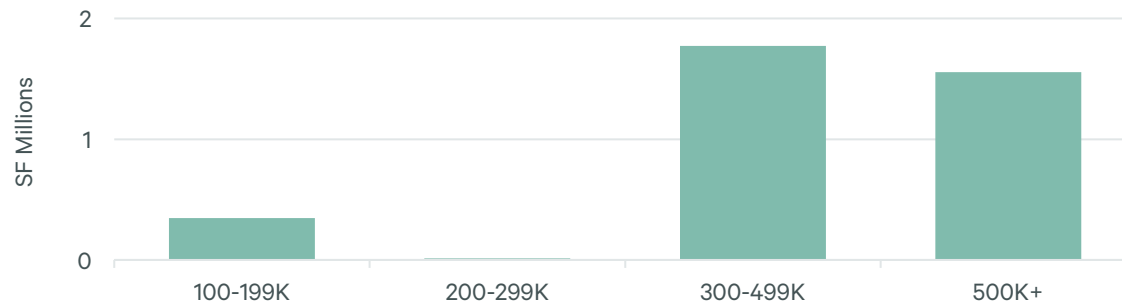


FIGURE 3: Quarterly Net Absorption by Submarket

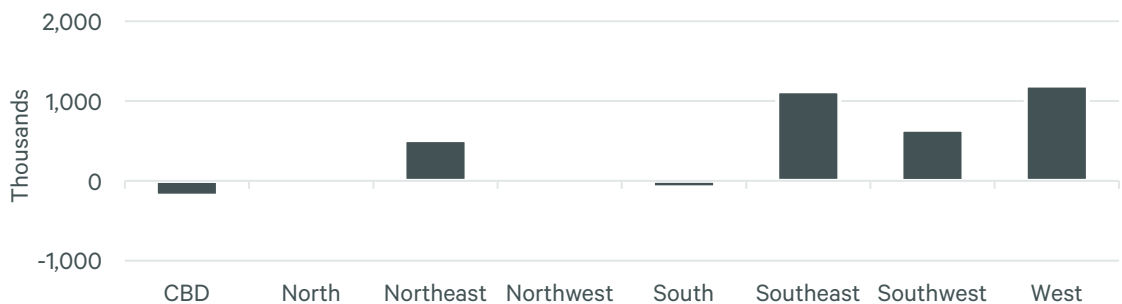
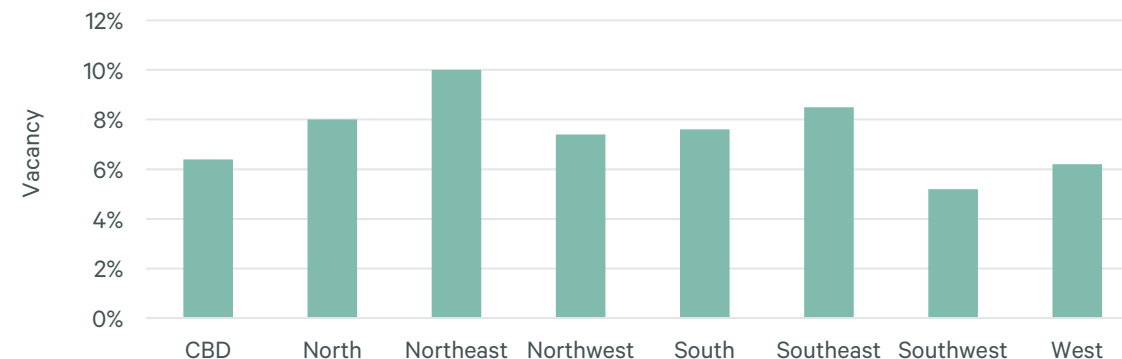


FIGURE 4: Total Vacancy by Submarket



## Construction & Deliveries

At Q1 close, the industrial construction pipeline consists of 108 projects totaling 20 million sq. ft, down slightly compared to 21.3 million sq. ft at the end of 2025. These properties have a pre-lease rate of 12.5%. Large industrial centers such as Interchange 249 and Goose Creek Commerce Center broke ground this quarter as developers continue to take advantage of Houston’s status as a prime industrial market.

63 new properties were delivered to begin 2026, with these properties totaling 7.5 million sq. ft at a 21% pre-lease rate. Sizeable spec building parks such as Patriot Business Park (462,600 sq. ft) and Heritage West (332,800 sq. ft) finished development, and multiple newly delivered buildings such as Railspike Industrial Park (150,400 sq. ft) are already fully leased.

The Northwest delivered the most space at 2 million sq. ft. Other projects in the submarket, such as Building 1 of Prologis Legacy Point (1 million sq. ft), are set to break ground this year, further establishing the Northwest as a highly desirable industrial destination.

FIGURE 5: Deliveries by Submarket

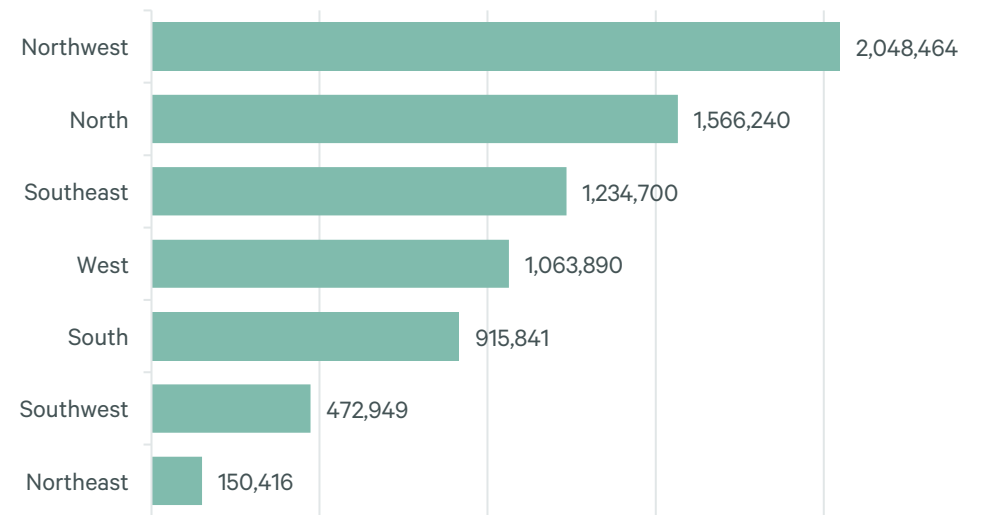


FIGURE 6: Deliveries by Year

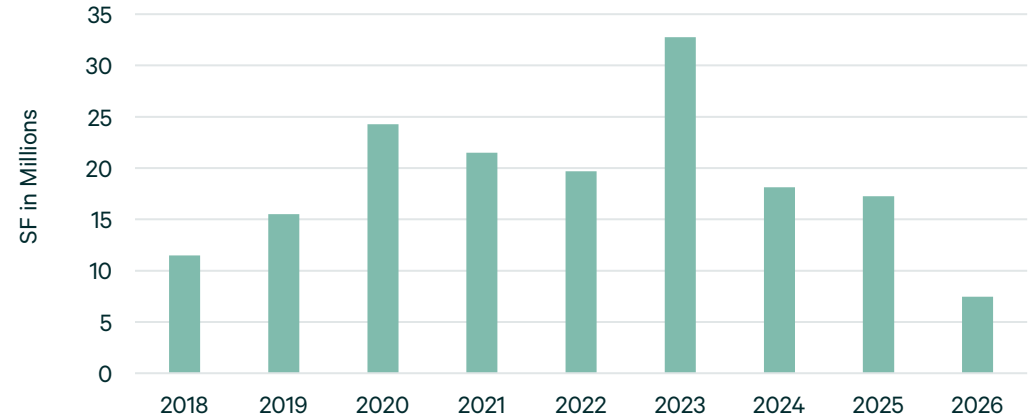
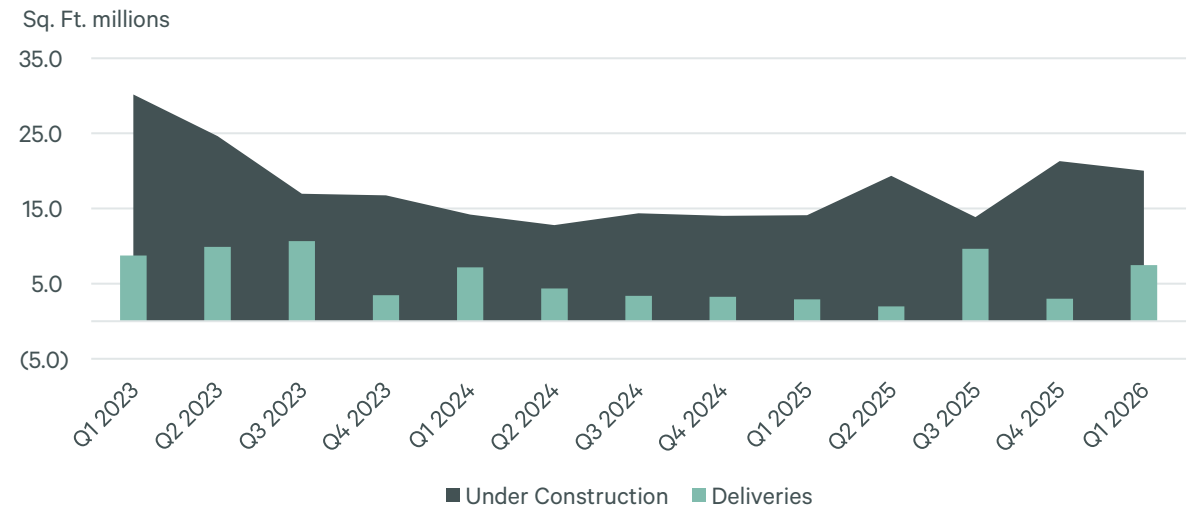


FIGURE 7: Construction Activity by Quarter



## Leasing Activity

Leasing activity in Houston’s industrial market remained strong in Q1 2026, reaching 8 million sq. ft across 48 leases larger than 50,000 SF in Q1. This marks the 4th quarter in a row that the Houston industrial market has eclipsed 7.5 million sq. ft in leasing. This trend does not show any signs of stopping as distributional and manufacturing tenants continue to look towards Houston’s industrial advantages.

The Southeast submarket’s 2.3 million sq. ft in leasing accounted for over a quarter of Q1’s total leasing activity as the Port market remains in high demand. In addition to T1 Solar’s 623,100 sq. ft, Tyler Distribution Centers signed off on 404,400 sq. ft at Port 99, fully leasing out the building.

The North, West, and the Northwest also all recorded over 1 million sq. ft in leasing activity to begin the year. The North was anchored by Emser Tile’s 601,400 sq. ft renewal at Pinto Business Park, while the Northwest was led by Sanmina’s 537K sq. ft lease at Constellation Eldridge. While the West was led by Crane Worldwide’s 767,500 sq. ft lease, Elogistics took 430,000 sq. ft off the market at Building 3 of Kingsland Ranch Logistics.

## Economic Outlook

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal.

The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market..

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

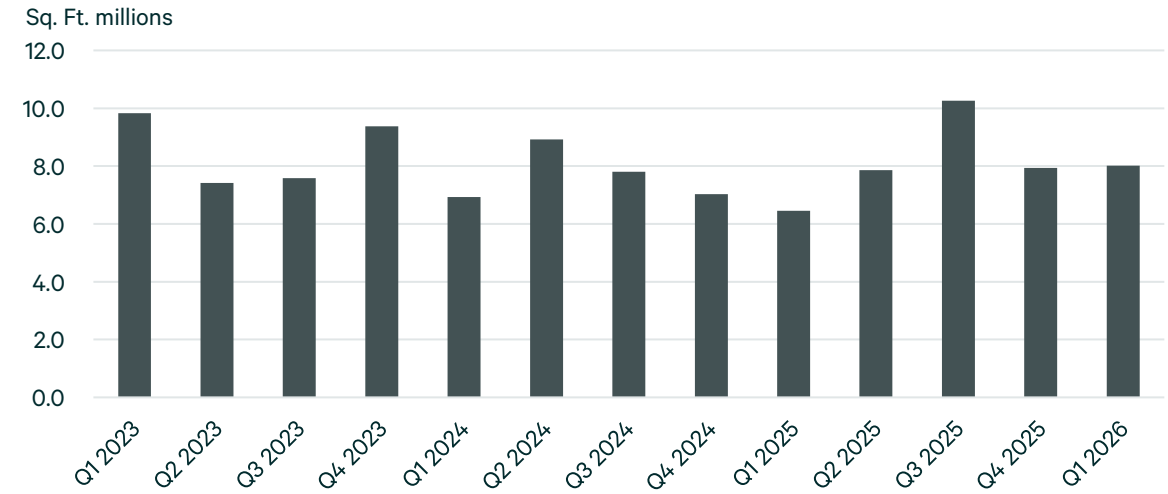
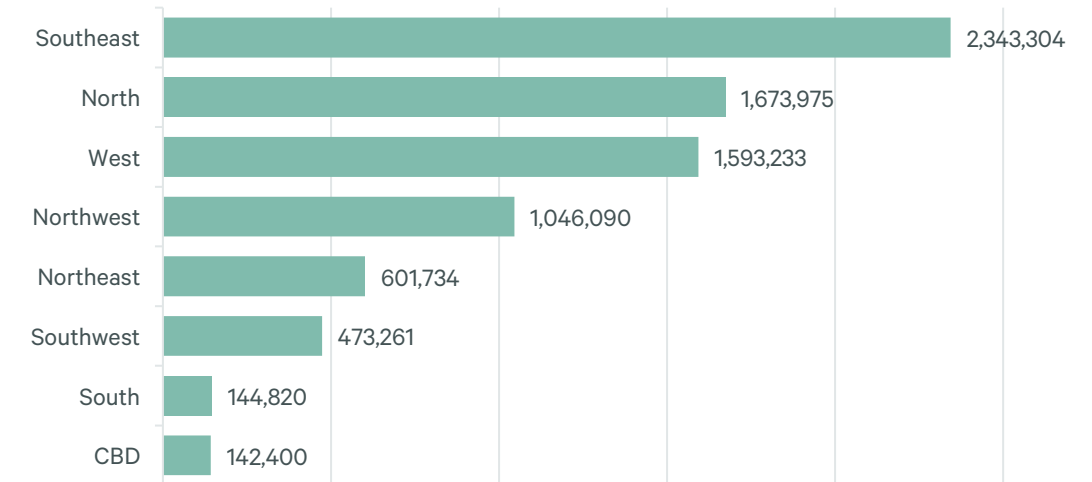


FIGURE 9: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



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	42,358,275	6.4	7.4	6.1	1.4	(183,811)	(183,811)	0	251,444
North	112,962,688	8.0	8.7	7.7	1.0	34,098	34,098	1,566,240	3,160,678
Northeast	45,479,619	10.0	10.8	9.8	1.0	510,509	510,509	150,416	2,100,905
Northwest	143,277,388	7.4	7.7	6.8	0.9	(42,357)	(42,357)	2,048,464	5,401,024
South	35,711,797	7.6	7.9	7.6	0.2	(81,186)	(81,186)	915,841	1,826,059
Southeast	120,263,659	8.5	10.0	8.4	1.7	1,122,231	1,122,231	1,234,700	4,281,416
Southwest	85,852,275	5.2	5.1	4.5	0.6	642,000	642,000	472,949	2,497,422
West	33,921,349	6.2	9.0	5.9	3.2	1,193,776	1,193,776	1,063,890	500,474
<b>Total</b>	<b>619,827,050</b>	<b>7.5</b>	<b>8.3</b>	<b>7.1</b>	<b>1.1</b>	<b>3,195,260</b>	<b>3,195,260</b>	<b>7,452,500</b>	<b>20,019,422</b>

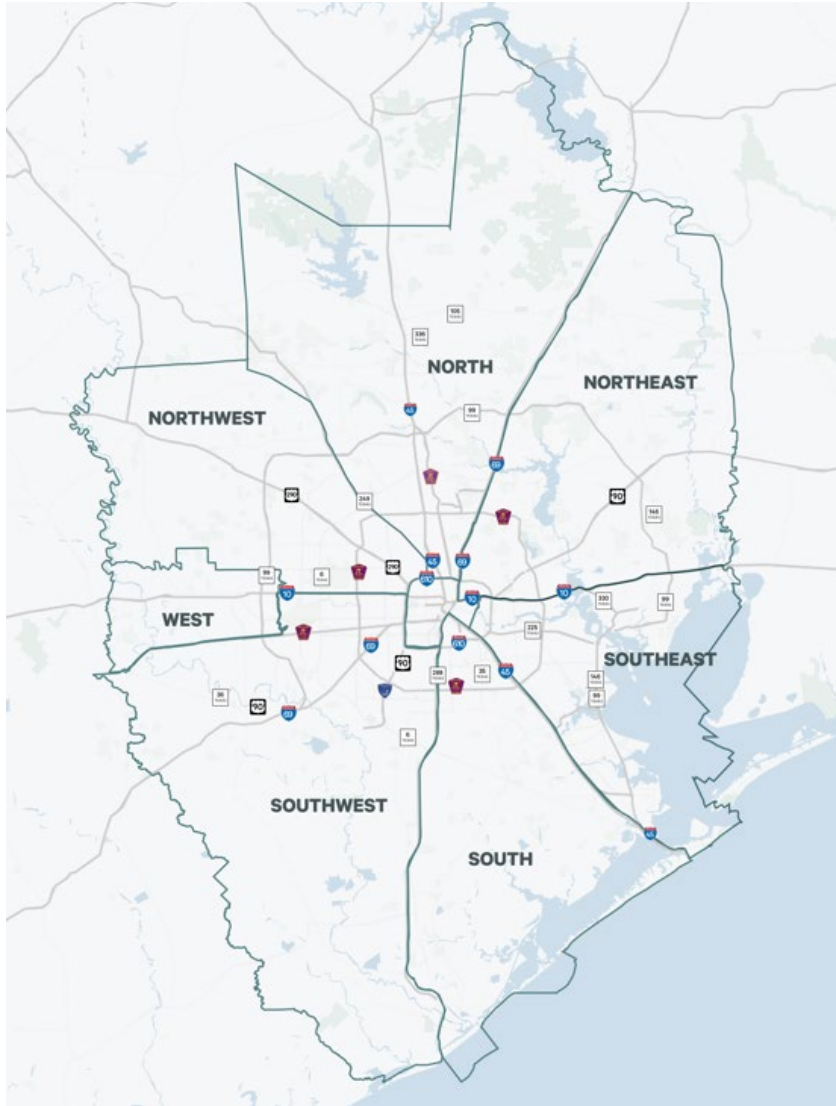
FIGURE 11: Market Statistics by Size

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.	223,235,926	7.2	7.6	6.9	0.7	(492,930)	(492,930)	1,549,304	1,726,436
100,000-199,999 sq. ft.	134,062,898	8.7	9.1	8.3	0.9	347,087	347,087	2,225,546	5,206,834
200,000-299,999 sq. ft.	77,419,960	7.5	9.5	8.2	1.3	12,544	12,544	1,657,170	4,791,000
300,000-499,999 sq. ft.	78,283,873	6.3	6.1	4.6	1.5	1,772,072	1,772,072	1,516,110	5,492,412
500,000-749,999 sq. ft.	47,754,707	5.9	7.1	5.8	1.3	384,608	384,608	504,370	566,000
750,000 sq. ft.	59,069,686	8.8	11.2	8.3	2.9	1,171,879	1,171,879	0	2,236,740
<b>Total</b>	<b>619,827,050</b>	<b>7.5</b>	<b>8.3</b>	<b>7.1</b>	<b>1.1</b>	<b>3,195,260</b>	<b>3,195,260</b>	<b>7,452,500</b>	<b>20,019,422</b>

*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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