

Houston

Industrial | Q3 2024 Market Report

Quarterly Snapshot

↑ Average Rent
\$8.68/SF

↓ Vacancy
7.0%

↑ Net Absorption YTD
13,658,854 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.

The Federal Reserve's recent decision to lower interest rates and signaling of potential additional cuts in the near future could reinvigorate new development by lowering borrowing costs.

A business friendly climate, modest cost of living and strong employment growth have led to a population boom, making the Houston metro area one of the fastest growing in the nation.

Houston's strategic location, growing labor pool and role as a key logistics and distribution hub continue to help fuel hearty demand. Even still, leasing activity lags the historic highs seen in 2021-2022 with the 8.2 MSF taken down this quarter representing a nearly 35% decline from the quarterly average of 12.6 MSF during those two years.

The vacancy rate inflated by a recent wave of speculative development is trending downward but remains elevated above pre-pandemic norms. These market dynamics have caused year-over-year rent growth to slow to 2.5% from the high of 5.2% set in Q2 2022.

With construction starts at a 12-year low, Houston's industrial market could see vacancies tighten and stronger rent growth return later in 2025 or 2026 as supply contracts. In the meantime, Houston should continue to rank among the more tenant favorable markets in the nation as landlords compete to fill the glut of available space.

Recent Transactions

Tenant	Size (SF)	Submarket	Type
BroadRange Logistics	1,224,498 SF	North Corridor	New
Palmer Logistics	616,700 SF	Southeast Corridor	New
Lecangs	509,975 SF	Northwest Corridor	New
Gulf Coast Crating	432,316 SF	Southeast Corridor	New
Elogistek	420,000 SF	Northwest Corridor	Sublease
nVntori	300,000 SF	Northeast Corridor	New
Starwood Logistics	298,632 SF	Southeast Corridor	New
World Trade Distribution	189,018 SF	Northeast Corridor	New
MEI Rigging & Crating	164,840 SF	North Corridor	New

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
6.4%	▲	\$7.33	CBD
8.5%	▼	\$7.82	Northeast Corridor
6.4%	▲	\$8.02	South Corridor
8.1%	▼	\$8.11	Southeast Corridor
6.0%	▼	\$9.08	Northwest Corridor
6.0%	▼	\$9.26	North Corridor
8.5%	▼	\$9.78	Southwest Corridor