

Quarterly Snapshot

↑	Average Rent \$8.98/SF
↑	Vacancy 7.2%
↓	Net Absorption 2,616,368 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.

Expect the vacancy rate to climb over the next several quarters but should begin to stabilize heading into 2025, thanks to tenant demand and slowing development.

Houston remains among the nation's leaders in both population and job growth, which should continue to make it an attractive market for industrial users.

Fueled by staggering population growth and robust activity at the port, Houston's industrial market welcomed more than 35 million square feet of new supply last year. Coupled with a drawback in occupier demand from the peak seen coming out of the pandemic, the city's vacancy rate has jumped to over 7 percent in early 2024, likely tied to the amount of new supply entering the market. This wave of available space has stunted rent growth. Registering at just over 3 percent over the past year, rent growth trails well behind the national average of 5.2 percent.

An additional 17 million square feet is remaining in the development pipeline, much of which is unleased. As a result, this could provide additional downward pressure on rental rates in the near term. Still, annual net absorption ranked among the highest in the country, helping landlords to not feel compelled to greatly increase tenant concession packages.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Solar Plus	567,140 SF	Northern Corridor	New Lease	Industrial
United Airlines	509,600 SF	Northeast Corridor	New Lease	Industrial
Gulf Coast Crating	341,000 SF	Southeast Corridor	Sublease	Industrial
Amazon	206,333 SF	Northern Corridor	New Lease	Industrial
Westore Frozen	179,872 SF	Southern Corridor	New Lease	Industrial
Festival Depot	168,893 SF	Southwest Corridor	New Lease	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
5.9%	▲	\$7.70	Southern Corridor
6.0%	▲	\$7.71	Northeast Corridor
8.4%	▲	\$8.18	Southeast Corridor
6.5%	▲	\$9.09	Northwest Corridor
8.7%	▲	\$9.17	Southwest Corridor
8.7%	▲	\$9.19	Northern Corridor