

Houston

Industrial | Q2 2024 Market Report

Quarterly Snapshot

- ↑ Average Rent
\$8.52/SF
- ↑ Vacancy
7.4%
- ↑ Net Absorption
6,404,518 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.

While demand has eased considerably since the historic levels seen in 2021-2022, Houston's strategic location, growing labor pool and role as a key logistics and distribution hub helped the city's industrial market post healthy leasing activity well-above pre-pandemic norms through the first half of the year. Non-farm employment hit an all-time high of 3.4 million last quarter as people continued to flock to the metro area. Yet the vacancy rate remained elevated at 7.4 percent, engorged from the 35 million square feet of new supply that delivered last year.

An additional 11.9 million square feet is in development, however, the pipeline is emptying as higher borrowing costs have led to a slowdown in construction starts. With asking rents roughly 25 percent below the national average, the Houston market has shown considerable value in attracting users from a variety of industries including logistics, manufacturing and oilfield services.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Integra Mission Critical	1,213,573 SF	Northern Corridor	Sublease	Industrial
PGS	372,090 SF	Southeastern Corridor	Renewal	Industrial
eFulfill	368,099 SF	Southwestern Corridor	New Lease	Industrial
Tigerhawk Logistics	328,048 SF	Southeastern Corridor	New Lease	Industrial
RPM Warehouse	291,459 SF	Southern Corridor	New Lease	Industrial
Ironwear	254,705 SF	Southeastern Corridor	New Lease	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
9.4%	▲	\$7.73	Northeast Corridor
5.7%	▲	\$7.77	Southern Corridor
9.4%	▲	\$7.98	Southeast Corridor
6.5%	▼	\$8.95	Northwest Corridor
7.7%	▲	\$9.10	Northern Corridor
9.2%	▲	\$9.13	Southwest Corridor