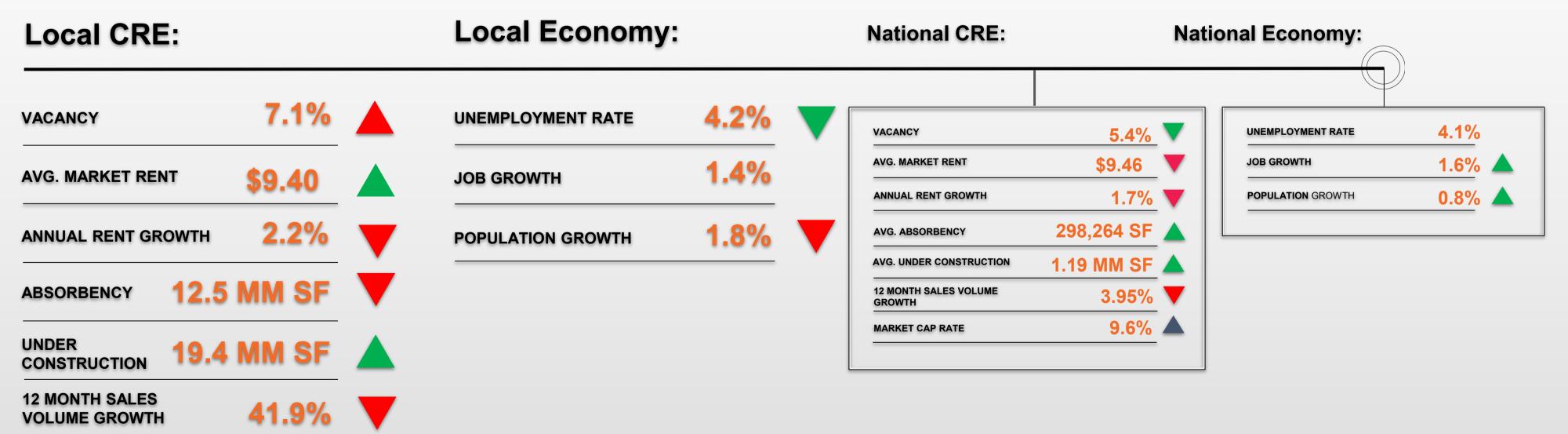


In the second quarter of 2025, Houston's industrial real estate market displayed solid momentum, characterized by a 7.1% vacancy rate and an average market rent of \$9.40 per square foot. Annual rent growth stood at 2.2%, signaling stable demand, while the market absorbed 12.5 million square feet, outpacing the 19.4 million square feet under construction. The 12-month sales volume growth surged by 41.9%, reflecting heightened investor interest. Comparatively, the national industrial market showed a slightly higher vacancy of 5.4% and a market rent of \$9.46, though with more modest annual rent growth of 1.7% and significantly lower absorption and construction metrics. Houston's market cap rate of 8.4% suggests a higher yield environment than the national average of 9.6%, underlining its regional attractiveness amidst a backdrop of moderate economic indicators like 4.2% unemployment and 1.4% job growth locally.



MARKET CAP RATE