

MARKET SPOTLIGHT

2025 Q2 Industrial

Houston, TX Metro Area

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.

Local CRE:

VACANCY	7.1%	▲
AVG. MARKET RENT	\$9.40	▲
ANNUAL RENT GROWTH	2.2%	▼
ABSORBENCY	12.5 MM SF	▼
UNDER CONSTRUCTION	19.4 MM SF	▲
12 MONTH SALES VOLUME GROWTH	41.9%	▼
MARKET CAP RATE	8.4%	▲

Local Economy:

UNEMPLOYMENT RATE	4.2%	▼
JOB GROWTH	1.4%	▼
POPULATION GROWTH	1.8%	▼

National CRE:

VACANCY	5.4%	▼
AVG. MARKET RENT	\$9.46	▼
ANNUAL RENT GROWTH	1.7%	▼
AVG. ABSORBENCY	298,264 SF	▲
AVG. UNDER CONSTRUCTION	1.19 MM SF	▲
12 MONTH SALES VOLUME GROWTH	3.95%	▼
MARKET CAP RATE	9.6%	▲

National Economy:

UNEMPLOYMENT RATE	4.1%	▼
JOB GROWTH	1.6%	▲
POPULATION GROWTH	0.8%	▲

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