MARKET SPOTLIGHT

2026 Q2 Industrial

Houston, TX Metro Area

Houston's industrial real estate market remains active in Q2 2026, supported by substantial tenant demand and the region's continued economic and population growth, although new supply is creating a more competitive leasing environment. Vacancy stands at 7.1%, while average market rent is $9.46 per square foot, down 0.8% year over year. Importantly, the market recorded approximately 18.9 million square feet of positive absorption, demonstrating significant demand for industrial space, although the 29.6 million square feet currently under construction could place continued pressure on vacancy and rental rates as projects deliver. Investment activity was relatively stable, with 12-month sales volume declining only 0.53%, while the average market cap rate of 7.8% may offer attractive yields for investors seeking exposure to Houston's industrial sector. The market is further supported by Houston's 1.1% job growth and 1.6% population growth, both well above national rates. Overall, current owners benefit from strong space demand but face increased competition from new development, potential investors can target opportunities in a highly active market at comparatively attractive yields, and tenants should benefit from expanding space options and greater negotiating leverage as new supply comes online.

Local CRE:

VACANCY	7.1%	▼
AVG. MARKET RENT	$9.46	▲
ANNUAL RENT GROWTH	-0.8%	▼
ABSORBENCY	18.9 MM SF	▲
UNDER CONSTRUCTION	29.6 MM SF	▲
12 MONTH SALES VOLUME GROWTH	-0.53%	▼
MARKET CAP RATE	7.8%	▲

Local Economy:

UNEMPLOYMENT RATE	5.2%	▲
JOB GROWTH	1.1%	▲
POPULATION GROWTH	1.6%	▲

National CRE:

VACANCY	7.4%	▼
AVG. MARKET RENT	$12.20	▲
ANNUAL RENT GROWTH	1.2%	▲
AVG. ABSORBENCY	496,183 SF	▼
AVG. UNDER CONSTRUCTION	982,189 SF	▼
12 MONTH SALES VOLUME GROWTH	16.8%	▼
MARKET CAP RATE	7.3%	▲

National Economy:

UNEMPLOYMENT RATE	4.1%	▼
JOB GROWTH	0.2%	▼
POPULATION GROWTH	0.5%	▲

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