



Colliers

Houston

Industrial

25Q2

As we move into the second half of 2025, Houston's industrial market remains active, with **construction activity surging** 84% year-over-year, **providing a strong indicator of renewed developer confidence**. Net absorption rose to 2.1 million square feet, while new leasing totaled 7.7 million square feet.

With continued growth in both Port of Houston traffic and the region's population, **market fundamentals remain solid**, positioning Houston for a positive finish to the year.

Danny Rice | President

Accelerating success.



Industrial Houston 25Q2

Key Takeaways

- Construction activity accelerates
- Vacancy stable
- Absorption, deliveries up
- Sublease availability rises



Houston Highlights

New supply continued to outpace demand in the second quarter, with 3.8M SF delivered compared to 2.1M SF of net absorption. Construction starts totaled 18.8M SF, representing an increase of 16.0% quarter over quarter and a significant 77.0% year over year. Leasing activity reached 7.7M SF, declining 29.5% from the first quarter and down 35.2% from the same period last year. The largest lease of the quarter was Foxconn's 417,360 SF at 8228 Houston Avenue; the firm leased another 184,320 SF at 8118 Houston Avenue for a combined 601,680 SF total, both buildings in Innerbelt Northwest Logistics Park. Also, Foxconn purchased four buildings with 1.0M SF in Fairbanks Logistics Park. The overall vacancy rate edged up 10 basis points to 6.9% from the prior quarter but remains below the year-ago figure of 7.3%. Average asking rents rose to \$10.31 PSF, reflecting a 5.5% increase quarter over quarter and 8.9% year-over-year growth. Sublease availability at 5.5M SF climbed 12.8% from the previous quarter and is up 17.1% compared to the same time last year.

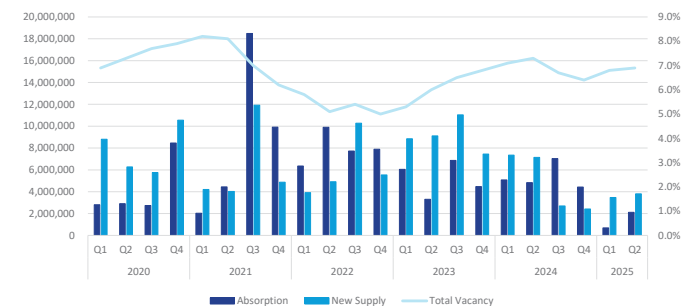
Market Indicators



Historic Comparison

| | 24Q2 | 25Q1 | 25Q2 |
|---|--------|--------|---------|
| Total Inventory (in Millions of SF) | 775.8 | 784.3 | 788.1 |
| New Supply (in Millions of SF) | 7.1 | 3.5 | 3.8 |
| Net Absorption (in Millions of SF) | 4.8 | 0.7 | 2.1 |
| Overall Vacancy | 7.3% | 6.8% | 6.9% |
| Under Construction (in Millions of SF) | 10.2 | 16.2 | 18.8 |
| Overall Asking Lease Rates (NNN) | \$9.47 | \$9.77 | \$10.31 |

Market Fundamentals



The overall industrial vacancy rate edged up slightly from the previous quarter, indicating a modest slowdown in demand alongside a quarter-over-quarter increase in new deliveries. During the second quarter, 3.8 million square feet of new industrial space delivered, with 29.4% of that inventory leased.

While new deliveries rose compared to the previous quarter, the total represents just 53.2% of the volume delivered during the same period last year. Deliveries declined sharply over the past four quarters but are now trending upward as construction activity gains momentum.

Source: Colliers, CoStar

Recent Transactions

*Colliers' Transaction



Lease
8118 & 8228 Houston Ave
Hwy 290/Tomball Pky
601.7K SF



Lease
The Uplands Twinwood DC
Sugar Land
353.0K SF



***Sublease**
Carson Bayport 3
Southeast Far
274.4K SF



***Lease**
13650 Pike Rd Bldg 1
Hwy 59/Hwy 90
259.5K SF



Lease
Main Central Business Park
Southwest Far
164.8K SF



Executive Summary

By Patsy Fretwell, Research Director

The Houston industrial market continues to gain stability and momentum, even as supply edges ahead of demand. Leasing activity remained healthy at 7.7 million square feet this quarter, although below last quarter's 11.0 million square feet and 12.0 million square feet a year ago.

The current development pipeline is strong, totaling 18.8 million square feet — up 16% from last quarter and 83.5% year over year — with 29.1% preleased. Activity remains concentrated in the Southeast and Northwest, but construction is active in more than half of the metro's submarkets.

This quarter alone, 62 buildings totaling 6.4 million square feet broke ground. Notable projects include the 407,302-square-foot Building 5 in Prologis Legacy Park in the Northwest along with several projects with multiple buildings underway: Lovett Commercial's 610 Business Park in the South, Trammell Crow's Gulfbelt Logistics in the Southeast and Investment & Development Ventures' Patriot Business Park in the North.

Key Economic Driver

The Port of Houston continues to fuel industrial growth, posting a 5% year-over-year gain in May TEUs and pushing year-to-date container volumes to 1.8 million, up 4% from last year. In May, both loaded container imports and loaded container exports increased by 1%, reflecting an ongoing balance in containerized trade activity in Houston.

General cargo has climbed 12% and steel imports are up 11% year to date, while total tonnage across public terminals has grown 2% so far this year.

Port improvements are ongoing, with the final Port-led segment of Project 11, the Houston Ship Channel Expansion, scheduled for completion later this summer. The overall project also received an additional \$161 million in federal funding for FY 2026, ensuring continued progress toward completion by 2029.

Market Fundamentals

New deliveries reached 3.8 million square feet in the second quarter, surpassing net absorption of 2.1 million square feet. While absorption is down 56.3% year over year, it rose significantly from the first quarter's 692,549 square feet, bringing the mid-year total to 2.8 million square feet. About 29.4% of new supply delivered this quarter was preleased.

Foxconn led activity with the purchase of four buildings totaling 1.0 million square feet in Fairbanks Logistics Park. The firm also leased another 601,680 square feet in two buildings at nearby Innerbelt Northwest Logistics Park.

Other major deals included JW Fulfillment's 353,024-square-foot lease at The Uplands Twinwood Distribution Center in Brookshire and DPR Construction's 325,219-square-foot lease in Tomball.

Overall vacancy ticked up 10 basis points to 6.9%, driven by the 60.6% vacancy in newly delivered space. Rents remain strong, posting a 5.5% increase over the previous quarter and up 8.9% year over year.

With solid population growth, thriving port activity and healthy leasing momentum, Houston's industrial sector is well positioned for long-term stability.

Under Construction

Institutional Inventory 275,000 SF or Greater

The buildings in the table below represent a sampling of the developments currently underway in Houston's industrial market.

| Business Park/Address | Submarket | RBA | % Leased/Owned | Est. Delivery | Developer/Owner |
|-----------------------------------|-------------------|-----------|----------------|---------------|-----------------------------------|
| Grainger Distribution Center | Northwest Hwy 6 | 1,281,280 | 100.0% | Q3 2026 | Hines |
| Empire West Business Park Bldg 10 | Northwest Outlier | 616,463 | 100.0% | Q4 2025 | Stream Realty Partners |
| First Liberty Logistics Center | Northeast Hwy 90 | 425,560 | 50.0% | Q4 2025 | First Industrial Realty Trust |
| C5IP at Ley Road | Northeast Hwy 90 | 408,536 | 0.0% | Q3 2025 | Core5 Industrial Partners |
| Prologis Legacy Point Bldg 5* | Northwest Outlier | 407,302 | 0.0% | Q1 2026 | Prologis |
| South Belt Central BP Bldg 11 | South Hwy 35 | 373,709 | 0.0% | Q4 2025 | Investment & Development Ventures |
| East Bay Trade Center* | Southeast Far | 307,595 | 0.0% | Q3 2025 | Rockefeller Group |
| Gulfbelt Logistics Park Bldg 3 | Southeast Far | 278,858 | 0.0% | Q4 2026 | Trammell Crow Company |

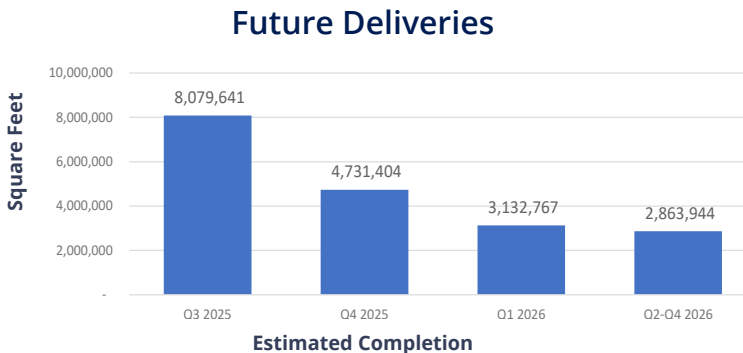
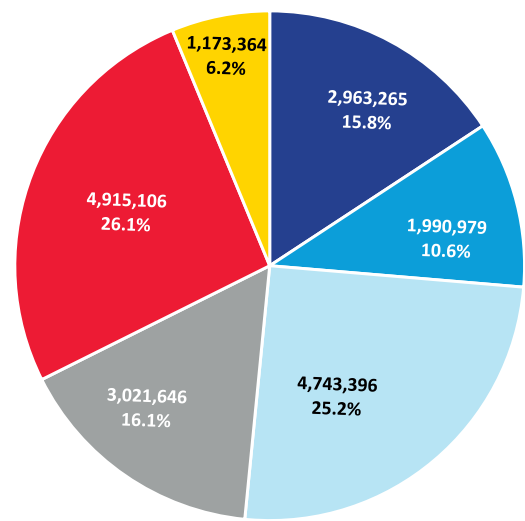
*Colliers lease assignment
Source: Colliers, CoStar

Construction Activity

Houston Industrial Construction



Construction by Submarket Corridor



Note: Includes all under-construction industrial and flex buildings 10,000+ SF

Source: Colliers, CoStar

Market Statistics

| | Total Inventory SF | Direct Availability Rate | Sublease Availability Rate | Availability Rate | Total Vacancy Rate | Previous Vacancy Rate | Net Absorption Current | Net Absorption YTD | Under Construction | Deliveries YTD | Avg Direct Asking Rate (NNN) |
|------------------------------|--------------------|--------------------------|----------------------------|-------------------|--------------------|-----------------------|------------------------|--------------------|--------------------|----------------|------------------------------|
| HOUSTON TOTAL | 788,130,488 | 9.0% | 0.7% | 9.6% | 6.9% | 6.8% | 2,114,183 | 2,806,732 | 18,807,756 | 7,273,415 | \$10.31 |
| Inner Loop Corridor | | | | | | | | | | | |
| CBD-NW Inner Loop | 10,682,558 | 7.2% | 0.5% | 7.7% | 6.3% | 3.4% | (57,444) | (148,860) | 0 | 0 | \$7.70 |
| Downtown | 29,769,695 | 7.9% | 1.6% | 9.5% | 6.4% | 7.4% | 402,942 | 512,110 | 0 | 0 | \$8.58 |
| North Inner Loop | 5,106,018 | 4.4% | 0.0% | 4.4% | 2.0% | 3.9% | 62,308 | 36,857 | 0 | 0 | \$4.21 |
| Southwest Inner Loop | 5,356,742 | 6.7% | 0.5% | 7.1% | 4.9% | 4.1% | (42,968) | (46,332) | 0 | 0 | \$13.40 |
| INNER LOOP TOTAL | 50,915,013 | 7.3% | 1.1% | 8.4% | 5.8% | 5.9% | 364,838 | 353,775 | 0 | 0 | \$8.59 |
| Liberty County | | | | | | | | | | | |
| Liberty County | 2,226,564 | 4.9% | 0.0% | 4.9% | 0.5% | 2.7% | 44,275 | 32,275 | 0 | 0 | \$0.00 |
| LIBERTY CO TOTAL | 2,226,564 | 4.9% | 0.0% | 4.9% | 0.5% | 2.7% | 44,275 | 32,275 | 0 | 0 | \$0.00 |
| North Corridor | | | | | | | | | | | |
| North Fwy/Tomball Pky | 41,638,749 | 11.3% | 0.1% | 11.4% | 9.7% | 8.1% | 260,391 | 279,212 | 1,265,598 | 1,235,249 | \$10.45 |
| North Hardy Toll Rd | 48,933,189 | 9.6% | 1.0% | 10.5% | 7.2% | 6.3% | 22,144 | (297,088) | 1,080,653 | 20,000 | \$9.34 |
| North Outer Loop | 27,899,729 | 6.3% | 0.4% | 6.7% | 4.4% | 6.2% | 207,814 | 207,784 | 274,480 | 147,600 | \$8.91 |
| The Woodlands/Conroe | 29,916,133 | 5.9% | 0.1% | 6.1% | 2.3% | 7.0% | 269,610 | 284,326 | 342,534 | 141,621 | \$13.03 |
| NORTH TOTAL | 148,387,800 | 8.7% | 0.5% | 9.2% | 6.4% | 6.9% | 759,959 | 474,234 | 2,963,265 | 1,544,470 | \$10.42 |
| Northeast Corridor | | | | | | | | | | | |
| Northeast Hwy 321 | 2,640,034 | 8.1% | 0.7% | 8.8% | 2.6% | 0.5% | (12,566) | (12,566) | 0 | 0 | \$11.87 |
| Northeast Hwy 90 | 32,182,315 | 13.6% | 1.9% | 15.6% | 8.1% | 13.2% | 270,443 | 659,387 | 1,990,979 | 0 | \$10.39 |
| Northeast I-10 | 7,049,026 | 7.4% | 0.2% | 7.6% | 7.5% | 8.7% | (17,990) | 24,805 | 0 | 0 | \$10.62 |
| Northeast Inner Loop | 13,296,687 | 7.0% | 0.3% | 7.3% | 5.8% | 1.8% | (290,988) | (405,653) | 0 | 0 | \$6.95 |
| NORTHEAST TOTAL | 55,168,062 | 11.0% | 1.2% | 12.2% | 7.2% | 9.3% | (51,101) | 265,973 | 1,990,979 | 0 | \$9.81 |
| Northwest Corridor | | | | | | | | | | | |
| Hwy 290/Tomball Pky | 34,497,777 | 6.5% | 0.6% | 7.0% | 5.3% | 8.5% | 440,170 | 681,786 | 776,547 | 662,205 | \$11.62 |
| Northwest Hwy 6 | 21,405,446 | 10.1% | 0.1% | 10.2% | 7.5% | 10.5% | 159,970 | 604,864 | 2,169,199 | 205,389 | \$9.66 |
| Northwest Inner Loop | 61,315,847 | 5.8% | 0.6% | 6.5% | 5.8% | 5.4% | (290,563) | (215,286) | 50,000 | 56,784 | \$10.06 |
| Northwest Near | 19,221,286 | 7.7% | 0.7% | 8.4% | 5.1% | 4.7% | (109,446) | (174,121) | 244,500 | 0 | \$7.94 |
| Northwest Outlier | 44,168,352 | 6.1% | 0.3% | 6.3% | 4.1% | 5.6% | 226,786 | 186,457 | 1,395,650 | 24,665 | \$10.10 |
| West Outer Loop | 33,376,188 | 10.3% | 0.1% | 10.5% | 7.1% | 5.2% | 123,654 | 53,673 | 107,500 | 710,950 | \$12.12 |
| NORTHWEST TOTAL | 213,984,896 | 7.3% | 0.4% | 7.7% | 5.7% | 6.3% | 550,578 | 1,137,373 | 4,743,396 | 1,659,993 | \$10.63 |
| South Corridor | | | | | | | | | | | |
| South Hwy 35 | 49,472,358 | 9.4% | 0.5% | 10.0% | 5.7% | 5.6% | 44,744 | 164,378 | 2,650,397 | 795,350 | \$10.90 |
| South Inner Loop | 12,131,966 | 8.1% | 0.4% | 8.5% | 5.1% | 2.5% | 43,780 | (211,001) | 371,249 | 12,004 | \$7.98 |
| SOUTH TOTAL | 61,604,324 | 9.2% | 0.5% | 9.7% | 5.6% | 5.0% | 88,524 | (46,623) | 3,021,646 | 807,354 | \$9.18 |
| Southeast Corridor | | | | | | | | | | | |
| East I-10 Outer Loop | 16,509,405 | 12.9% | 0.0% | 12.9% | 5.8% | 0.8% | (103,125) | (89,368) | 1,183,703 | 752,134 | \$11.82 |
| Southeast Far | 109,088,798 | 11.3% | 0.3% | 11.6% | 9.9% | 11.1% | 35,131 | 118,987 | 3,606,403 | 124,840 | \$9.30 |
| Southeast Outer Loop | 19,465,603 | 6.8% | 0.7% | 7.5% | 5.0% | 3.3% | (248,475) | (219,365) | 125,000 | 0 | \$6.54 |
| SOUTHEAST TOTAL | 145,063,806 | 10.8% | 0.3% | 11.2% | 8.8% | 8.9% | (316,469) | (189,746) | 4,915,106 | 876,974 | \$8.91 |
| Southwest Corridor | | | | | | | | | | | |
| Highway 59/Highway 90 | 29,406,228 | 6.2% | 0.5% | 6.7% | 5.3% | 4.6% | 505,914 | 490,878 | 418,980 | 807,908 | \$10.88 |
| Southwest Far | 27,378,130 | 13.1% | 1.3% | 14.5% | 12.0% | 8.1% | 19,032 | 72,796 | 111,581 | 1,513,966 | \$12.31 |
| Southwest Outer Loop | 13,670,986 | 7.2% | 0.9% | 8.1% | 6.6% | 5.0% | (138,781) | (180,925) | 0 | 0 | \$12.79 |
| Sugar Land | 40,324,679 | 10.8% | 3.0% | 13.8% | 10.5% | 13.1% | 287,414 | 396,722 | 642,803 | 62,750 | \$13.41 |
| SOUTHWEST TOTAL | 110,780,023 | 9.7% | 1.7% | 11.4% | 9.0% | 8.6% | 673,579 | 779,471 | 1,173,364 | 2,384,624 | \$12.64 |

Source: Colliers, CoStar

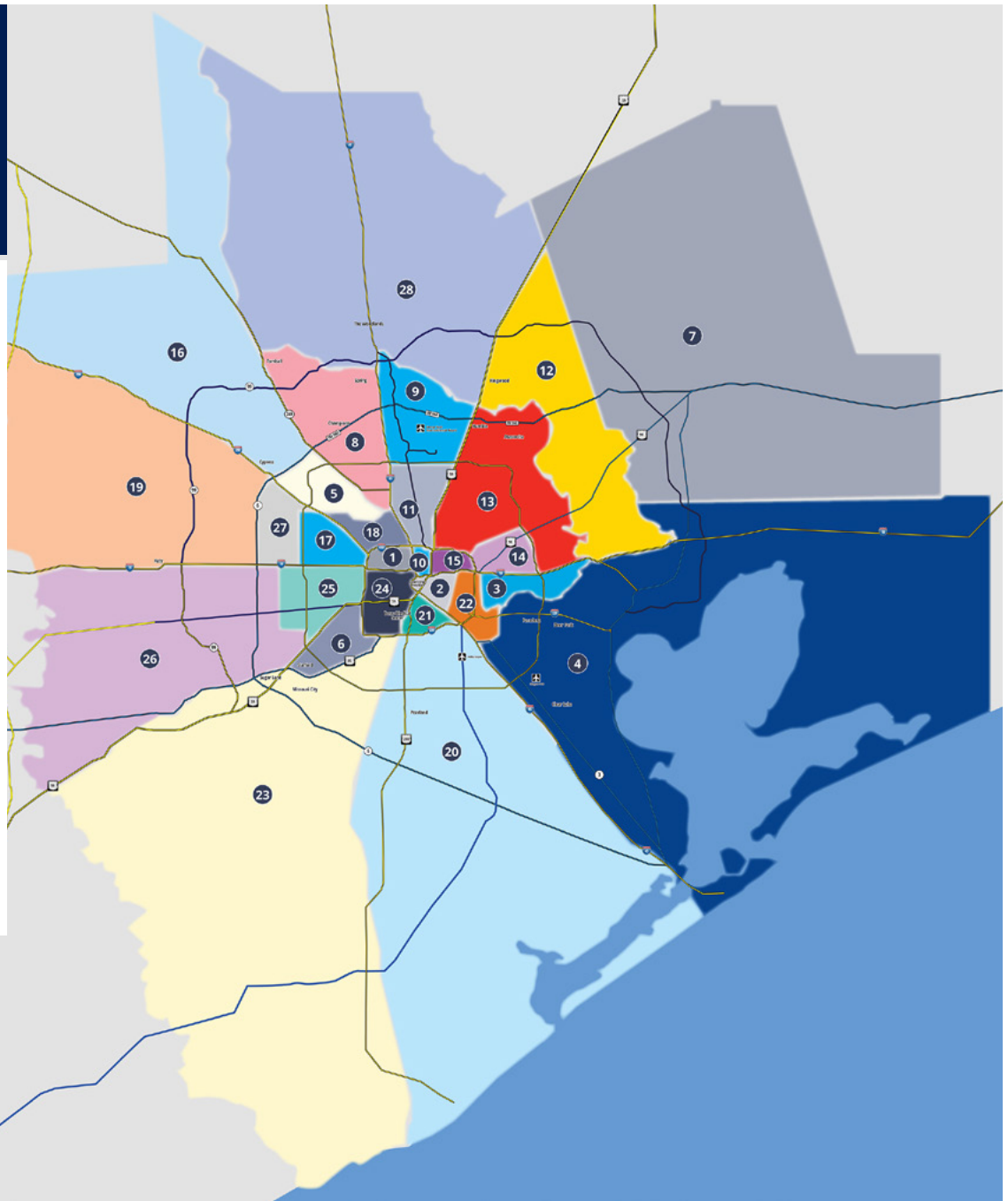
| Industrial Subtype | Total Inventory SF | Direct Availability Rate | Sublease Availability Rate | Availability Rate | Vacancy Rate Current | Vacancy Rate Previous | Net Absorption Current | Net Absorption YTD | Under Construction | Deliveries YTD | Avg Direct Asking Rate (NNN) |
|------------------------------|--------------------|--------------------------|----------------------------|-------------------|----------------------|-----------------------|------------------------|--------------------|--------------------|------------------|------------------------------|
| Total Flex/Office Service | 55,626,965 | 10.2% | 0.4% | 10.6% | 9.7% | 8.8% | (405,863) | (485,254) | 638,657 | 202,803 | \$11.68 |
| Total Manufacturing | 98,706,073 | 5.3% | 0.3% | 5.6% | 2.7% | 2.4% | (144,357) | (246,073) | 391,540 | 226,500 | \$11.09 |
| Total Warehouse/Distribution | 633,797,450 | 9.4% | 0.8% | 10.2% | 7.4% | 7.3% | 2,664,403 | 3,538,059 | 17,777,559 | 6,844,112 | \$9.83 |
| GRAND TOTAL | 788,130,488 | 9.0% | 0.7% | 9.6% | 6.9% | 6.8% | 2,114,183 | 2,806,732 | 18,807,756 | 7,273,415 | \$10.31 |

Source: Colliers, CoStar

Submarket Map



1. CBD-NW Inner Loop
2. Downtown
3. East I-10 Outer Loop
4. Southeast Far
5. Hwy 290/Tomball Pky
6. Highway 59/Highway 90
7. Liberty County
8. North Fwy/Tomball Pky
9. North Hardy Toll Rd
10. North Inner Loop
11. North Outer Loop
12. Northeast Hwy 321
13. Northeast Hwy 90
14. Northeast I-10
15. Northeast Inner Loop
16. Northwest Hwy 6
17. Northwest Inner Loop
18. Northwest Near
19. Northwest Outlier
20. South Hwy 35
21. South Inner Loop
22. Southeast Outer Loop
23. Southwest Far
24. Southwest Inner Loop
25. Southwest Outer Loop
26. Sugar Land
27. West Outer Loop
28. The Woodlands/Conroe



501 offices in 70 countries on 6 continents

United States: 156
Canada: 45
Latin America: 20
Asia Pacific: 99
EMEA: 112



\$4.9B+
in revenue



2B
square feet under management



23,000
professionals

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading global diversified professional services company, specializing in commercial real estate services, engineering consultancy and investment management. With operations in 70 countries, our 23,000 enterprising professionals provide exceptional service and expert advice to clients. For nearly 30 years, our experienced leadership – with substantial inside ownership – has consistently delivered approximately 20% compound annual investment returns for shareholders. With annual revenues exceeding \$4.9 billion and \$99 billion of assets under management, Colliers maximizes the potential of property, infrastructure and real assets to accelerate the success of our clients, investors and people. Learn more at corporate.colliers.com, X @Colliers or LinkedIn.

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Colliers' statistical tracked set for Houston includes all single- and multi-tenant industrial properties above 10,000 square feet. Heavy manufacturing and data center facilities are excluded from the total tracked inventory.

The CoStar database is updated daily along with some historical revisions, making comparisons with prior published reports challenging.

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