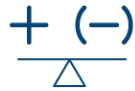




667.2 MSF

Inventory



4.6 MSF

Net Absorption



5.5%

Direct Vacancy



10.3%

Total Availability



18.9 MSF

Under Construction



\$0.80 NNN

Monthly Asking Rent

Strong Quarter Marked by Active Leasing, Construction and Industry News

Market Observations

- Houston's total under construction pipeline across all product types increased in the past 90 days, now totaling 18.9M SF, rising by 2.7M SF. New deliveries registered just over 4.3M SF during the quarter.
- Demand is keeping pace with construction. Net absorption across the metro totaled 4.6M SF this period with the rolling four quarter net total hitting 17.2M SF. Leasing volume intensified significantly this quarter with net absorption surging 2.4M SF ahead of the Q1 2025 as tenants signed entirely for warehouse/distribution space over other industrial product types.
- Direct vacancy came in at 5.5 percent, shaving 40 basis points while total availability remained flat during the 90-day period. Additionally, overall monthly asking rents increased \$0.06 NNN PSF during the quarter with Houston concluding at a market wide \$0.80 NNN PSF asking rate between the three subtypes.
- Notable leasing activity announced during the quarter include Taiwan-based Foxconn, a multinational electronics contract manufacturer, which signed two full-building leases for 417,360 SF and 184,320 SF at Innerbelt Northwest Logistics, a warehouse/distribution facility in the Northwest Far submarket. A second substantial lease announcement was from Redwood City, CA-based DPR Construction, a commercial contractor and construction management, signing a 325,219 square foot lease at 26007 Highway 249, a cross-dock warehouse/distribution facility in the Northwest Far submarket.

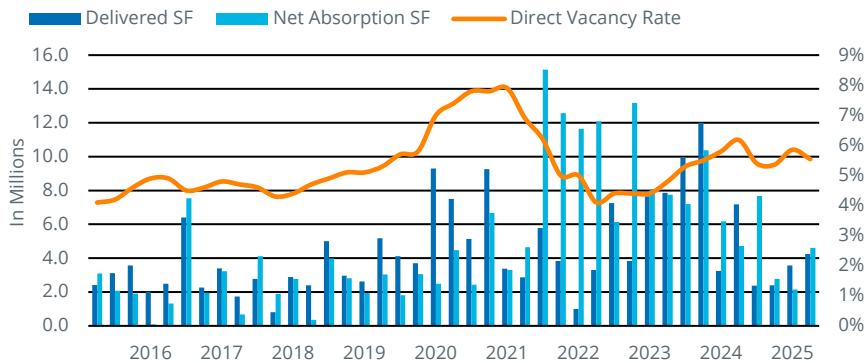




Houston INDUSTRIAL MARKET | Q2 2025

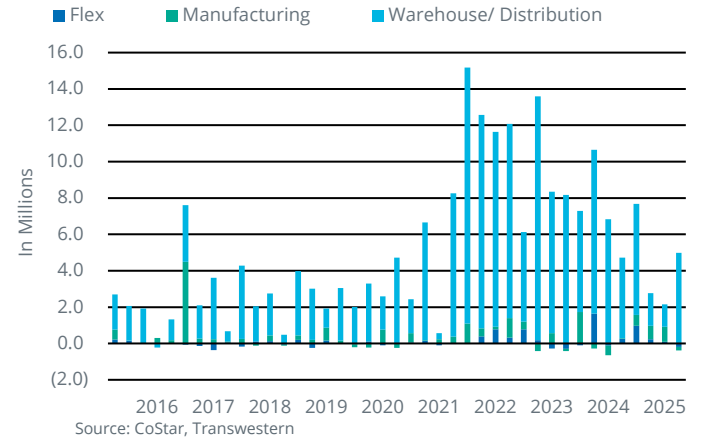
- The industrial sector is scoring major international headlines across the news cycle so far this year. Most distinctly is the announcement in May when Taiwan-based Foxconn released plans that the global semiconductor chip giant is spending \$142M to acquire the Fairbanks Logistics Park in the Northwest Far submarket. The company has an investment plan amounting to \$450M throughout Houston, where it plans to build an AI server manufacturing facility. Foxconn also reported it intends to create 600 jobs locally alongside their expansion strategy.
- Currently, 11 of the 14 Houston industrial submarkets have new construction projects underway. The total pipeline sits at just over 18.9M SF with two submarkets, East-Southeast Far and Northwest Far, eclipsing over 4M SF in new construction with individual submarket share hitting just shy of 24% and 22%, respectively.
- As forecasted, the Northwest Far submarket experienced the highest level of new demand across metro Houston with the submarket booking positive movement of 1.5M SF worth of net absorption. The submarket holds more than 4.1M SF of new construction spread between each subtype. Still, most new developments are taking place in the warehouse/distribution category, which commands nearly all (97%) of the submarket's new construction pipeline.

DELIVERY IMPACT ON KEY INDICATORS



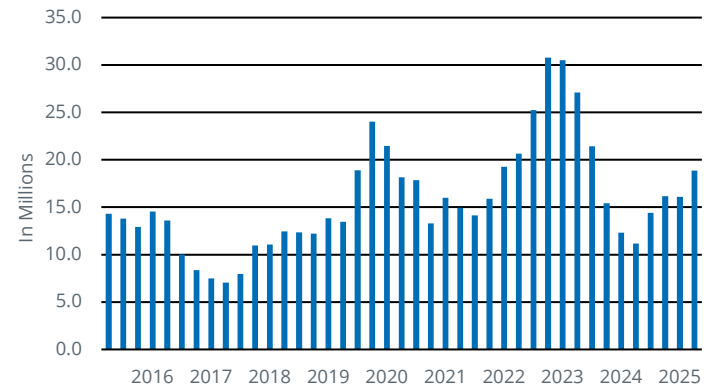
Source: CoStar, Transwestern

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



Houston INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

All Classes of Space | Q2 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT NNN, MONTHLY
CENTRAL BUSINESS DISTRICT								
FLEX/R&D	524,668	12,400	2.4%	2.4%	-	-	142,000	\$1.50
MANUFACTURING	4,878,662	67,579	1.4%	11.4%	-	(1,000)	27,000	\$0.55
WAREHOUSE/DISTRIBUTION	19,342,584	1,234,665	6.4%	9.4%	-	321,000	(663,000)	\$0.70
TOTAL - CENTRAL BUSINESS DISTRICT	24,745,914	1,314,644	5.3%	9.6%	-	320,000	(494,000)	\$0.68
EAST-SOUTHEAST FAR								
FLEX/R&D	2,574,292	157,040	6.1%	7.4%	-	(5,000)	210,000	\$0.94
MANUFACTURING	7,891,983	3,540	0.0%	1.9%	-	88,000	359,000	-
WAREHOUSE/DISTRIBUTION	87,071,314	7,330,163	8.4%	12.6%	4,449,217	488,000	2,793,000	\$0.63
TOTAL - EAST-SOUTHEAST FAR	97,537,589	7,490,743	7.7%	11.6%	4,449,217	570,000	3,361,000	\$0.74
EAST-SOUTHEAST NEAR								
FLEX/R&D	361,108	6,000	1.7%	1.7%	-	(3,000)	(6,000)	-
MANUFACTURING	9,452,043	124,300	1.3%	6.3%	-	(62,000)	37,000	\$0.50
WAREHOUSE/DISTRIBUTION	22,861,537	1,228,802	5.4%	11.9%	1,183,703	(146,000)	(158,000)	\$0.62
TOTAL - EAST-SOUTHEAST NEAR	32,674,688	1,359,102	4.2%	10.2%	1,183,703	(211,000)	(127,000)	\$0.59
KATY/FAR WEST								
FLEX/R&D	1,561,660	133,893	8.6%	14.5%	28,800	(43,000)	41,000	\$1.32
MANUFACTURING	1,300,912	71,032	5.5%	4.6%	247,674	(10,000)	107,000	\$1.32
WAREHOUSE/DISTRIBUTION	35,169,426	3,589,384	10.2%	14.4%	1,329,557	494,000	700,000	\$1.10
TOTAL - KATY/FAR WEST	38,031,998	3,794,309	10.0%	14.1%	1,606,031	441,000	848,000	\$1.11
NORTH FAR								
FLEX/R&D	8,823,665	383,787	4.3%	5.1%	-	(83,000)	370,000	\$0.83
MANUFACTURING	11,156,292	34,000	0.3%	4.1%	-	69,000	(54,000)	-
WAREHOUSE/DISTRIBUTION	80,611,315	5,198,582	6.4%	10.8%	2,249,827	774,000	1,174,000	\$0.74
TOTAL - NORTH FAR	100,591,272	5,616,369	5.6%	9.6%	2,249,827	760,000	1,490,000	\$0.75



Houston INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

All Classes of Space | Q2 2025 – Cont.

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT NNN, MONTHLY
NORTH NEAR								
FLEX/R&D	983,196	64,644	6.6%	9.2%	-	28,000	47,000	\$0.72
MANUFACTURING	3,415,341	372,503	10.9%	10.8%	-	(182,000)	(31,000)	-
WAREHOUSE/DISTRIBUTION	17,268,578	358,176	2.1%	6.2%	-	8,000	728,000	\$0.68
TOTAL - NORTH NEAR	21,667,115	795,323	3.7%	7.1%	-	(146,000)	744,000	\$0.68
NORTHEAST								
FLEX/R&D	707,373	22,943	3.2%	18.6%	-	(3,000)	28,000	\$0.67
MANUFACTURING	10,751,527	285,003	2.7%	2.7%	-	15,000	468,000	\$0.58
WAREHOUSE/DISTRIBUTION	38,346,453	2,886,522	7.5%	14.6%	984,216	237,000	933,000	\$0.72
TOTAL - NORTHEAST	49,805,353	3,194,468	6.4%	12.1%	984,216	249,000	1,429,000	\$0.71
NORTHWEST FAR								
FLEX/R&D	3,979,021	454,203	11.4%	15.3%	-	32,000	478,000	\$0.78
MANUFACTURING	16,558,446	177,678	1.1%	9.4%	133,000	-	375,000	\$0.79
WAREHOUSE/DISTRIBUTION	66,839,512	2,080,645	3.1%	13.2%	3,958,180	1,414,000	3,548,000	\$0.91
TOTAL - NORTHWEST FAR	87,376,979	2,712,526	3.1%	12.6%	4,091,180	1,446,000	4,401,000	\$0.88
NORTHWEST NEAR								
FLEX/R&D	9,125,587	724,883	7.9%	10.6%	50,000	(41,000)	(135,000)	\$0.89
MANUFACTURING	8,698,494	179,052	2.1%	2.9%	-	(46,000)	5,000	\$1.23
WAREHOUSE/DISTRIBUTION	60,594,722	2,128,426	3.5%	7.6%	970,652	313,000	343,000	\$0.71
TOTAL - NORTHWEST NEAR	78,418,803	3,032,361	3.9%	7.4%	1,020,652	226,000	213,000	\$0.77
SOUTH FAR								
FLEX/R&D	1,389,755	38,256	2.8%	6.3%	40,000	(5,000)	252,000	\$0.79
MANUFACTURING	7,239,522	181,561	2.5%	3.1%	-	47,000	405,000	\$0.53
WAREHOUSE/DISTRIBUTION	32,072,207	1,777,794	5.5%	11.2%	1,865,548	1,004,000	3,803,000	\$0.78
TOTAL - SOUTH FAR	40,701,484	1,997,611	4.9%	9.6%	1,905,548	1,047,000	4,461,000	\$0.76



Houston INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

All Classes of Space | Q2 2025 – Cont.

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT NNN, MONTHLY
SOUTH NEAR								
FLEX/R&D	997,053	230,948	23.2%	25.3%	-	11,000	(152,000)	\$1.00
MANUFACTURING	1,582,298	22,000	1.4%	1.4%	-	(22,000)	(22,000)	\$0.90
WAREHOUSE/DISTRIBUTION	7,875,373	230,887	2.9%	8.3%	251,444	165,000	159,000	\$0.52
TOTAL - SOUTH NEAR	10,454,724	483,835	4.6%	8.9%	251,444	154,000	(15,000)	\$0.66
SOUTHWEST FAR								
FLEX/R&D	2,080,402	218,612	10.5%	13.8%	-	(57,000)	(18,000)	\$1.84
MANUFACTURING	1,607,576	126,664	7.9%	16.3%	-	(127,000)	9,000	-
WAREHOUSE/DISTRIBUTION	18,779,481	2,436,104	13.0%	16.1%	673,807	(427,000)	426,000	\$0.88
TOTAL - SOUTHWEST FAR	22,467,459	2,781,380	12.4%	15.9%	673,807	(611,000)	417,000	\$0.97
SOUTHWEST NEAR								
FLEX/R&D	5,560,332	364,548	6.6%	9.1%	-	(49,000)	(135,000)	\$0.93
MANUFACTURING	3,160,822	-	-	2.1%	-	52,000	171,000	-
WAREHOUSE/DISTRIBUTION	30,242,322	1,387,610	4.6%	8.2%	446,944	270,000	562,000	\$1.14
TOTAL - SOUTHWEST NEAR	38,963,476	1,752,158	4.5%	7.8%	446,944	273,000	598,000	\$1.11
SUGAR LAND								
FLEX/R&D	2,583,768	119,902	4.6%	7.7%	-	19,000	(32,000)	\$0.99
MANUFACTURING	2,144,623	-	-	-	-	-	140,000	-
WAREHOUSE/DISTRIBUTION	19,030,190	540,385	2.8%	4.1%	-	67,000	(231,000)	\$0.90
TOTAL - SUGAR LAND	23,758,581	660,287	2.8%	4.1%	-	87,000	(122,000)	\$0.92
HOUSTON								
FLEX/R&D	41,251,880	2,932,059	7.1%	9.7%	118,800	(199,000)	1,090,000	\$0.96
MANUFACTURING	89,838,541	1,644,912	1.8%	5.4%	380,674	(179,000)	1,996,000	\$0.91
WAREHOUSE/DISTRIBUTION	536,105,014	32,408,145	6.0%	11.2%	18,363,095	4,982,000	14,117,000	\$0.77
TOTAL - HOUSTON	667,195,435	36,985,116	5.5%	10.3%	18,862,569	4,604,000	17,203,000	\$0.80



Research Methodology

The information in this report is the result of a compilation of information on Flex, Manufacturing, and Warehouse/Distribution properties located in the Houston metro area. This report includes single tenant, multi-tenant and owner-user properties 25,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency. Transwestern calculates Net Absorption as “Net Leasing,” or change in immediately available space. Space returned to market registers as negative absorption; Space leased or reoccupied registers as positive absorption. Transwestern’s methodology provides a real-time indicator of supply and demand in the space market that eliminates time lags and incomplete information inherent to tracking physical move-ins & move-outs.

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Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern)

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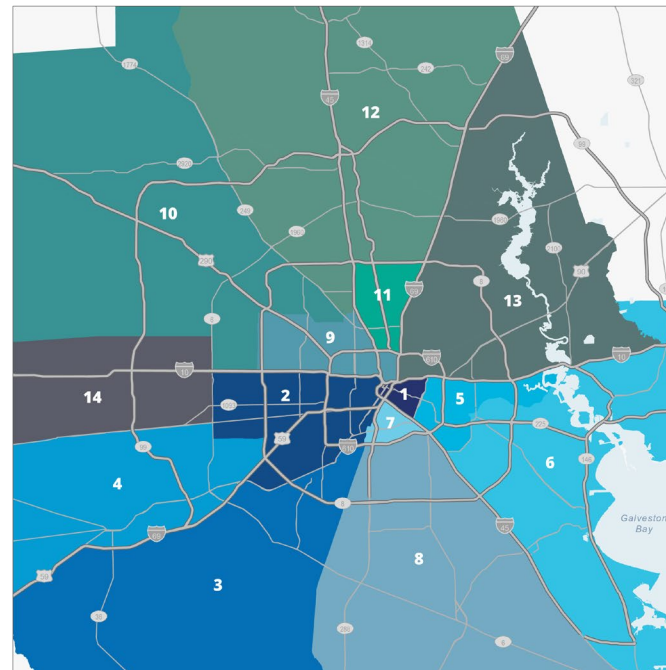
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Houston Industrial Submarkets

- 1 Houston CBD
- Southwest**
- 2 Southwest Near
- 3 Southwest Far
- 4 Sugar Land/Southwest
- Southeast**
- 5 East-Southeast Near
- 6 East-Southeast Far
- South**
- 7 South Near
- 8 South Far
- Northwest**
- 9 Northwest Near
- 10 Northwest Far
- North**
- 11 North Near
- 12 North Far
- Northeast**
- 13 Northeast
- West**
- 14 Katy/Far West