

Houston

Industrial Market | Q1 2026

Port Houston, Houston Airport System Extend Cargo Hot Streak into 2026

Market Observations

- Houston's regional supply chain operations set records at the close of CY 2025 with Port Houston handling 55M short tons and the Houston Airport System (HAS) moving 563K metric tons of cargo. Latest data from Port Houston put the estimated year-to-date total container volume and tonnage up by 2% and 5%, respectively, through March 2026 while similar data from HAS in January estimated its freight movement totaled at 46K metric tons, up at a moderate pace similar to that of Port Houston.
- With record shipping numbers during CY 2025, it's only fitting that Houston's industrial construction pipeline is maintaining its 23M+ SF figure achieved at the end of 2025 and last seen in similar volume in 2023.
- Notable projects to break ground this quarter include Houston-based Lovett Industrial's four building phase at Interchange 249, which saw buildings 3, 4, 5, and 11 break ground for a combined 780K SF in the Northwest Far submarket, and California-based Panattoni Development's 55-dock West/45 Logistics Center for 326K SF in the North Far submarket.



671.9 MSF
Inventory



3.7 MSF
Net Absorption



5.4%
Direct Vacancy



10.3%
Total Availability



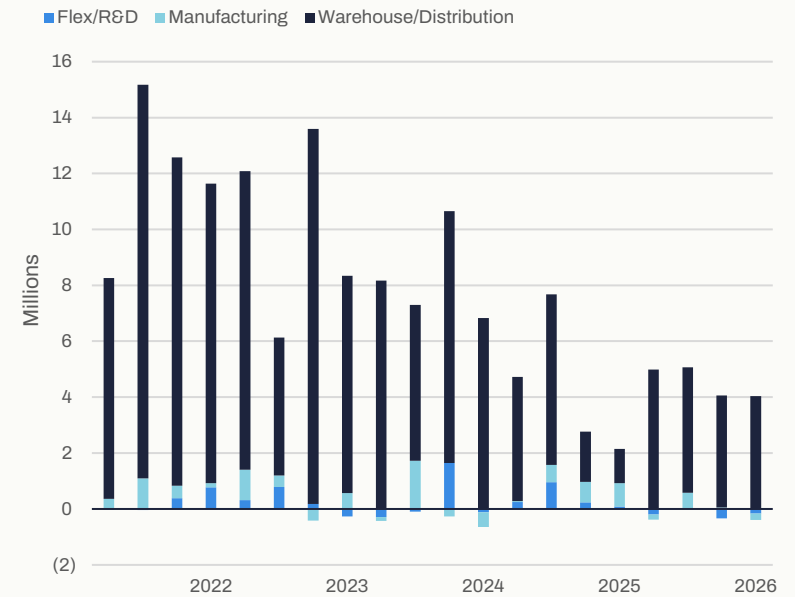
23.1 MSF
Under Construction



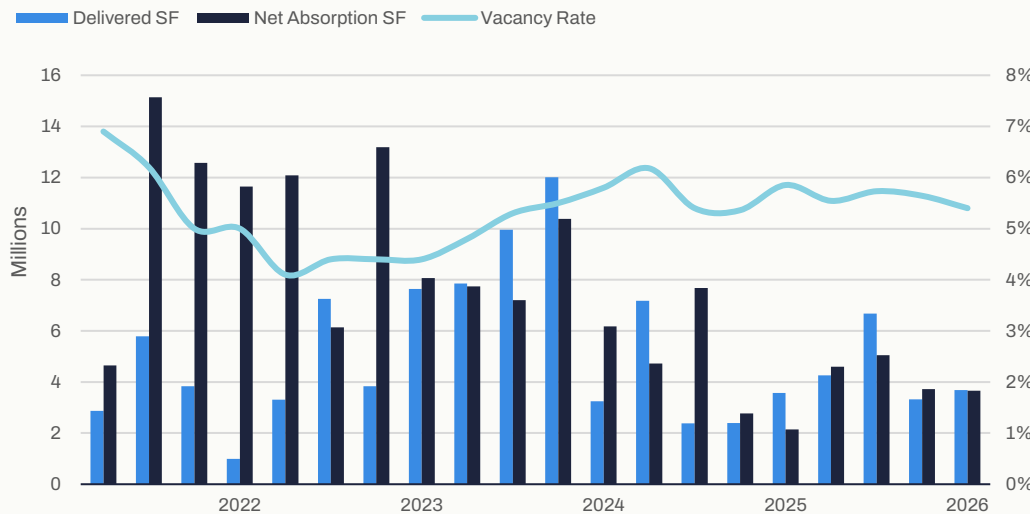
\$0.73 NNN
Monthly Asking Rent

- Direct vacancy subsided by 20 bps during the quarter to 5.4% while decreasing 50 bps year-over-year. Total availability also experienced a decline over the 90-day period, posting a 20 bps decrease to 10.3% while remaining unchanged from the same period last year. Monthly asking rents settled at \$0.73 NNN/monthly by quarter close, marking a slight softening year-over-year by 1.1% from \$0.74 NNN/monthly.
- Net absorption measured positive 3.7M SF overall, driven solely by warehouse/distribution topping just over 4.0M SF and concentrated mostly in the Northwest Far (1.4M SF), Southwest Far (1.3M SF), and Katy/Far West (962K SF) submarkets. On the flip side, manufacturing and flex/R&D buildings recorded market wide space losses of 221K SF and 168K SF, respectively.
- Keeping in theme with record-breaking logistics activity, the construction pipeline is dominated by warehouse/distribution development with just under 22M SF. Buildings slated for manufacturing tenants have 1.2M SF in development while Flex/R&D space has no active development in the region.

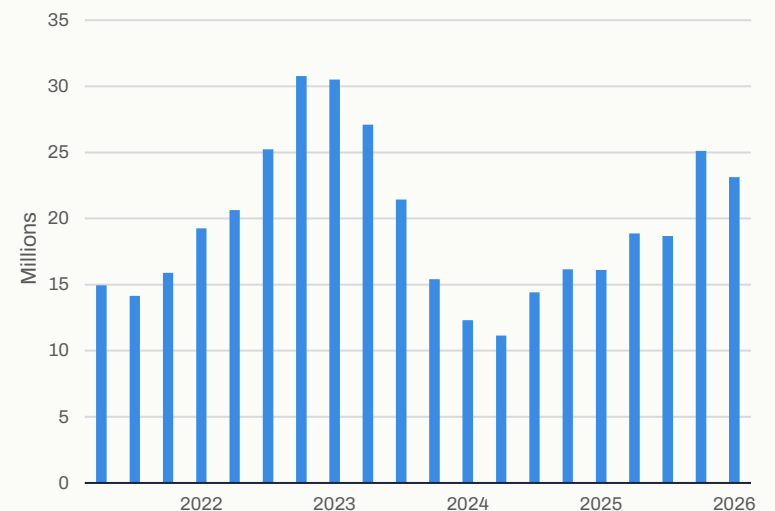
Net Absorption by Product Type



Delivery Impact On Key Indicators



Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	YoY Net Absorption SF	Asking Rent NNN, Monthly
CENTRAL BUSINESS DISTRICT								
FLEX/R&D	596,128	15,900	2.7%	2.7%	-	(2,800)	(3,500)	\$1.25
MANUFACTURING	5,453,785	20,983	0.4%	9.1%	-	-	82,104	\$1.05
WAREHOUSE DISTRIBUTION	19,509,518	1,555,599	8.0%	11.4%	-	(91,693)	(69,127)	\$0.73
TOTAL - CBD	25,559,431	1,592,482	6.2%	10.7%	-	(94,493)	9,477	\$0.77
EAST-SOUTHEAST FAR								
FLEX/R&D	2,073,464	143,745	6.9%	8.1%	-	(11,519)	7,974	\$0.85
MANUFACTURING	7,651,552	104,280	1.4%	1.8%	33,000	1,500	(72,768)	\$1.10
WAREHOUSE DISTRIBUTION	88,928,779	6,923,554	7.8%	15.6%	5,359,326	782,835	3,594,538	\$0.64
TOTAL - EAST-SE FAR	98,653,795	7,171,579	7.3%	14.4%	5,392,326	772,816	3,529,744	\$0.65
EAST-SOUTHEAST NEAR								
FLEX/R&D	361,108	3,000	0.8%	0.8%	-	6,000	-	\$0.80
MANUFACTURING	10,176,374	123,600	1.2%	1.2%	-	(59,300)	(60,800)	\$0.95
WAREHOUSE DISTRIBUTION	22,671,105	2,022,743	8.9%	10.6%	-	128,992	508,120	\$0.61
TOTAL - EAST-SE NEAR	33,208,587	2,149,343	6.5%	7.6%	-	75,692	447,320	\$0.63
KATY/FAR WEST								
FLEX/R&D	1,504,767	188,885	12.6%	15.5%	-	(28,755)	(39,734)	\$1.30
MANUFACTURING	2,084,081	61,532	3.0%	2.6%	247,674	-	-	\$1.20
WAREHOUSE DISTRIBUTION	35,962,527	1,145,910	3.2%	6.5%	252,800	962,141	4,438,935	\$0.64
TOTAL - KATY/FAR WEST	39,551,375	1,396,327	3.5%	6.6%	500,474	933,386	4,399,201	\$0.70

Source: Transwestern

Market Indicators Table – Cont.

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	YoY Net Absorption SF	Asking Rent NNN, Monthly
NORTH FAR								
FLEX/R&D	7,754,235	468,270	6.0%	6.9%	-	(45,914)	(157,516)	\$1.25
MANUFACTURING	10,440,406	34,000	0.3%	1.4%	710,144	-	-	\$1.05
WAREHOUSE DISTRIBUTION	80,650,087	3,577,018	4.4%	11.5%	2,803,996	(133,224)	3,033,514	\$0.83
TOTAL - NORTH FAR	98,844,728	4,079,288	4.1%	10.0%	3,514,140	(179,138)	2,875,998	\$0.86
NORTH NEAR								
FLEX/R&D	989,457	70,789	7.2%	9.1%	-	(11,040)	1,065	\$0.88
MANUFACTURING	3,228,005	276,723	8.6%	12.9%	-	(16,400)	(100,403)	\$0.95
WAREHOUSE DISTRIBUTION	16,970,002	541,529	3.2%	6.0%	162,590	115,348	290,043	\$0.65
TOTAL - NORTH NEAR	21,187,464	889,041	4.2%	7.2%	162,590	87,908	190,705	\$0.74
NORTHEAST								
FLEX/R&D	592,873	23,338	3.9%	3.9%	-	-	(3,585)	\$0.75
MANUFACTURING	9,384,134	229,600	2.4%	4.1%	72,000	(139,450)	(22,205)	\$0.90
WAREHOUSE DISTRIBUTION	39,239,572	3,814,101	9.7%	16.1%	2,491,905	267,680	1,271,489	\$0.64
TOTAL - NORTHEAST	49,216,579	4,067,039	8.3%	13.8%	2,563,905	128,230	1,245,699	\$0.67
NORTHWEST FAR								
FLEX/R&D	3,529,101	440,165	12.5%	15.0%	-	(7,038)	2,869	\$1.15
MANUFACTURING	17,868,257	107,656	0.6%	3.3%	118,048	68,256	95,756	\$1.10
WAREHOUSE DISTRIBUTION	68,559,393	3,426,100	5.0%	11.3%	5,036,718	1,387,280	3,119,307	\$0.70
TOTAL - NORTHWEST FAR	89,956,751	3,973,921	4.4%	9.9%	5,154,766	1,448,498	3,217,932	\$0.74

Source: Transwestern

Market Indicators Table – Cont.

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	YoY Net Absorption SF	Asking Rent NNN, Monthly
NORTHWEST NEAR								
FLEX/R&D	8,101,166	761,453	9.4%	12.8%	-	(37,700)	(26,003)	\$1.05
MANUFACTURING	8,911,470	139,452	1.6%	4.2%	-	-	24,170	\$1.08
WAREHOUSE DISTRIBUTION	62,460,729	3,127,397	5.0%	8.1%	726,152	(292,425)	(766,785)	\$0.70
TOTAL - NORTHWEST NEAR	79,473,365	4,028,302	5.1%	8.1%	726,152	(330,125)	(768,618)	\$0.77
SOUTH FAR								
FLEX/R&D	1,714,098	50,710	3.0%	5.0%	-	(5,490)	9,480	\$0.85
MANUFACTURING	7,354,514	242,633	3.3%	5.0%	-	(57,607)	(57,357)	\$1.05
WAREHOUSE DISTRIBUTION	32,128,436	2,567,611	8.0%	17.3%	2,847,891	(14,707)	926,363	\$0.70
TOTAL - SOUTH FAR	41,197,048	2,860,954	6.9%	14.8%	2,847,891	(77,804)	878,486	\$0.73
SOUTH NEAR								
FLEX/R&D	685,984	290,657	42.4%	42.4%	-	3,292	(52,652)	\$1.15
MANUFACTURING	1,442,183	40,000	2.8%	5.9%	-	(18,000)	(40,000)	\$1.02
WAREHOUSE DISTRIBUTION	7,171,659	422,583	5.9%	6.7%	251,444	(118,310)	(32,595)	\$0.66
TOTAL - SOUTH NEAR	9,299,826	753,240	8.1%	9.1%	251,444	(133,018)	(125,247)	\$0.86
SOUTHWEST FAR								
FLEX/R&D	2,109,355	375,571	17.8%	20.5%	-	(35,972)	(144,267)	\$1.40
MANUFACTURING	2,217,866	-	-	1.8%	-	-	-	\$1.10
WAREHOUSE DISTRIBUTION	20,178,033	461,673	2.3%	7.3%	1,129,859	1,314,058	1,727,821	\$0.70
TOTAL - SOUTHWEST FAR	24,505,254	837,244	3.4%	7.9%	1,129,859	1,278,086	1,583,554	\$0.85

Source: Transwestern

Market Indicators Table – Cont.

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	YoY Net Absorption SF	Asking Rent NNN, Monthly
SOUTHWEST NEAR								
FLEX/R&D	5,197,492	412,475	7.9%	8.8%	-	44,572	(106,109)	\$0.99
MANUFACTURING	3,623,812	29,100	0.8%	0.8%	-	-	23,000	\$1.00
WAREHOUSE DISTRIBUTION	31,468,998	1,586,202	5.0%	9.3%	846,958	(457,924)	1,334,558	\$0.80
TOTAL - SOUTHWEST NEAR	40,290,302	2,027,777	5.0%	8.5%	846,958	(413,352)	1,251,449	\$0.83
SUGAR LAND/SOUTHWEST								
FLEX/R&D	2,199,192	120,660	5.5%	8.2%	-	(35,399)	(3,118)	\$1.07
MANUFACTURING	2,208,367	-	-	-	-	-	-	\$1.10
WAREHOUSE DISTRIBUTION	16,627,905	512,522	3.1%	3.2%	47,000	191,876	93,767	\$0.80
TOTAL - SUGAR LAND	21,035,464	633,182	3.0%	3.4%	47,000	156,477	90,649	\$0.87
HOUSTON								
FLEX/R&D	37,408,420	3,365,618	9.0%	10.9%	-	(167,763)	(515,096)	\$0.95
MANUFACTURING	92,044,806	1,409,559	1.5%	3.5%	1,180,866	(221,001)	(128,503)	\$1.05
WAREHOUSE DISTRIBUTION	542,526,743	31,684,542	5.8%	11.3%	21,956,639	4,041,927	19,469,948	\$0.70
TOTAL - HOUSTON	671,979,969	36,459,719	5.4%	10.3%	23,137,505	3,653,163	18,826,349	\$0.73

Source: Transwestern

Research Methodology

The information in this report is the result of a compilation of information on industrial properties located in Houston. This report includes single tenant, multi-tenant and owner-user properties 25,000 SF and larger, excluding data centers and properties owned by a government agency.

About Transwestern

Transwestern is a preeminent, vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$57 billion¹ in assets and have completed or commenced development on more than \$9 billion of real estate projects since 2012. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at [transwestern.com](https://www.transwestern.com).

1 Includes the Transwestern organization and RIA AUM as of June 30, 2025.

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