

Houston

Industrial - Q2 2026

savills

Pre-leased deliveries drive strong absorption while fundamentals remain balanced

Houston's industrial market posted a strong second quarter, recording 6.7 million square feet (msf) of net absorption as pre-leased buildings delivered. Despite elevated deliveries, the vacancy rate held at 7.4%, remaining largely unchanged since Q3 2025 as healthy tenant demand continued to offset new supply. Notable completions included a 425,360-square-foot (sf) facility fully leased to SEG Manufacturing, Inc. at 20003 Old Mueschke Road. Another notable delivery was the 420,510-sf building at 5300 East McKinney Road, which was pre-leased to Supply Chain Management, LLC. Industrial deliveries now total 10.4 msf year to date, highlighting the market's vacancy rate stability as new pre-leased product delivers.

Rents remain stable as speculative pipeline expands

Asking rents were unchanged from the previous quarter at \$0.66 per square foot (psf), while remaining 3.4% above year-ago levels. The development pipeline continued its gradual rebound from the dip in 2024, reaching 22.7 msf this quarter. The pipeline remains heavily weighted toward speculative projects, which account for 81.3% of space under construction, while build-to-suit developments comprise the remaining 18.7%. The quarter's largest groundbreaking was the 620,751-sf speculative development at 4897 South Belt Central Drive.

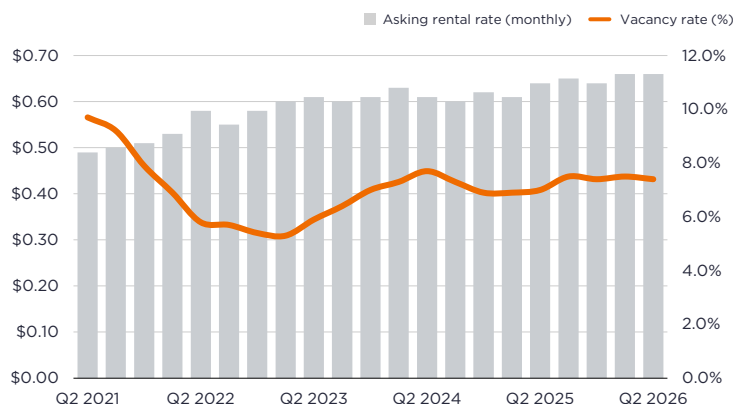
Manufacturing and digital infrastructure drive demand

Manufacturing and technology-related users continued to support market activity during the quarter. Tesla signed one of the market's largest leases, committing to 504,370 sf for a battery manufacturing facility at 4014 Kingsland Ranch Drive in Brookshire, while QTS, a data center operator, acquired 12515 Lockwood, highlighting continued investment in digital infrastructure. Although Walgreens vacated its 500,000-sf facility at 1805 Greens Road during the quarter, healthy tenant demand continued to offset new supply, keeping market fundamentals balanced.

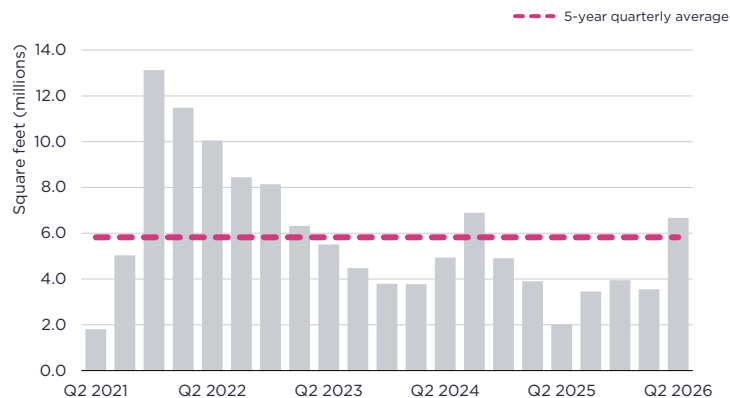
KEY STATISTICS

	Q2 2025	Q2 2026	Y-O-Y
Inventory	674.3 msf	704.2 msf	+29.9 msf
Vacancy rate	7.0%	7.4%	+40 bps
Asking rental rate (monthly)	\$0.64	\$0.66	+3.4%
Net absorption YTD	5.9 msf	10.2 msf	+4.3 msf
Deliveries YTD	6.6 msf	10.4 msf	+3.8 msf
Under construction	16.9 msf	22.7 msf	+5.7 msf

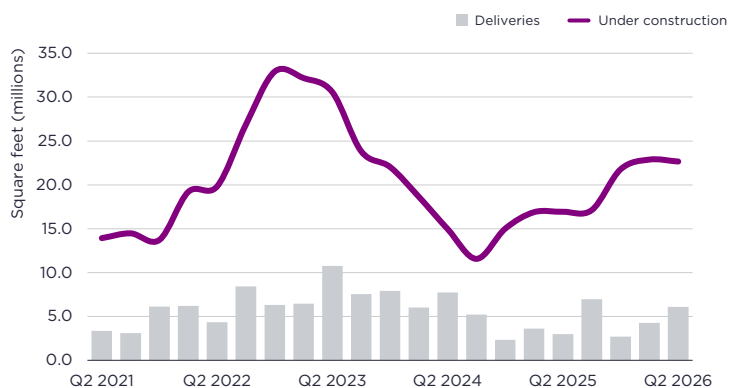
ASKING RENT AND VACANCY



NET ABSORPTION



DELIVERIES AND CONSTRUCTION



Outlook

01

Continued speculative deliveries could place upward pressure on vacancy if leasing activity moderates.

02

The governor's recent directive signals that future data center and large industrial developments may be required to bear more of their own power costs.

03

Rent growth is expected to remain modest in the near term while the market absorbs additional speculative inventory.

NOTABLE LEASES

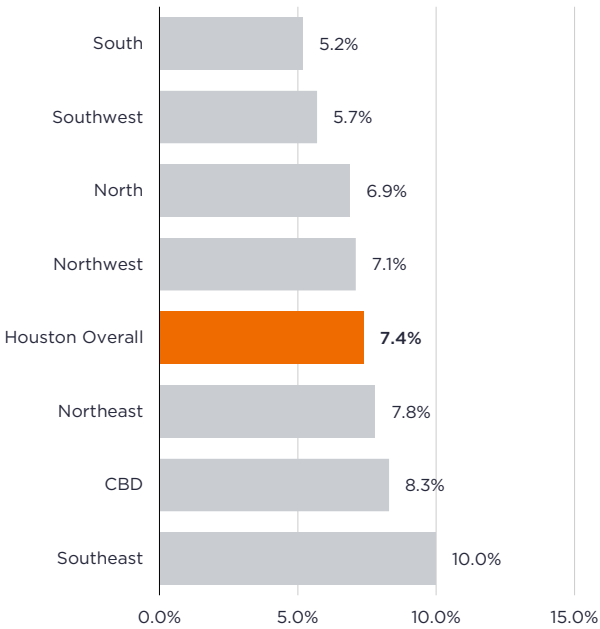
Source: Savills Research

Tenant	Size (SF)	Submarket	Address	Transaction type	Industry
Tesla	504,370	Southwest	4014 Kingsland Ranch Drive	New Lease	Automotive
Applied Optoelectronics, Inc.	343,332	Southwest	6100 McHard Road	New Lease	Communications / Media / Tech
Titanium Plus Autoparts, Inc.	342,667	South	South Sam Houston Parkway East	New Lease	Automotive
TAS Energy Inc.	321,172	South	2920 Airport Boulevard	New Lease	Energy
AIT Worldwide Logistics	289,200	North	18727 Kenswick Drive	New Lease	Logistics & Distribution/3PLs

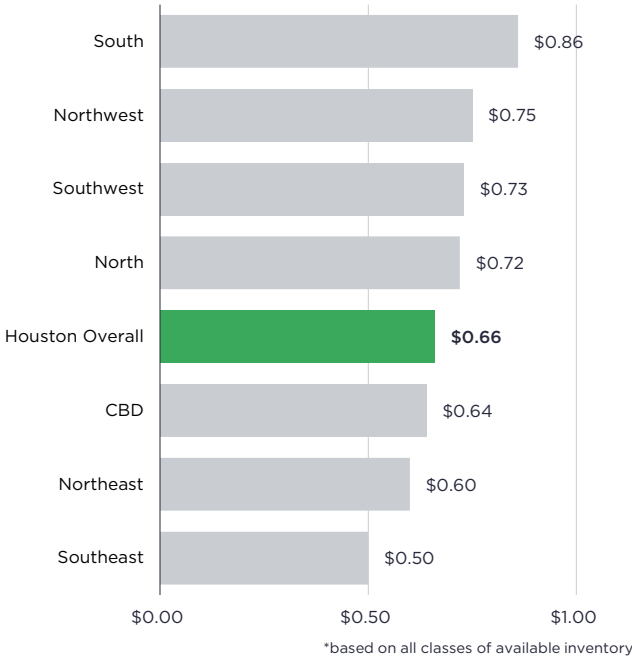
NEW DEVELOPMENTS

Developer / Tenant	Size (SF)	Submarket	Address	Development type	Status
Investment & Development Ventures	620,751	South	4897 S Belt Central Drive	Speculative (available)	Under Construction
Clay Development & Construction / SEG Manufacturing, Inc.	425,360	Northwest	20003 Old Mueschke Road	Speculative (pre-leased)	Delivered Q2 2026
TGS Cedar Port Partners, L.P. / Supply Chain Management, LLC	420,510	Southeast	5300 E. McKinney Road	Speculative (pre-leased)	Delivered Q2 2026
Lovett Industrial, LLC	395,611	Southeast	Scarsdale Boulevard at I-45 S	Speculative (available)	Under Construction
Panattoni Development	326,086	North	Deer Tail Drive and West Road	Speculative (available)	Under Construction

VACANCY RATE COMPARISON (%)
HOUSTON SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)*
HOUSTON SUBMARKETS



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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory. The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research. Copyright © 2026 Savills