



# Houston industrial market report

Q3 2022

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**AVISON  
YOUNG**

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# Industrial market trends

## 01

### Expansions continue into 2023

Developers continued expanding their product offerings with record-level construction during third quarter even with slowed levels of absorption and leasing activity.

#### Our take on this trend...

Vacancy and availability rates increased slightly during the third quarter due to decreased activity levels coupled with a large delivery of product. More than 8.5 msf was completed during third quarter, more than doubling the previous two quarters.

## 02

### Developers keep building

The high levels of construction activity in the Southeast can be attributed to the increased Port of Houston traffic. The overall level of construction is currently setting an all-time record at 24.5 msf.

#### Our take on this trend...

The development pipeline will continue to keep pace with the current levels of absorption and leasing activity, which saw a slight drop in third quarter. If this trend continues, the pace of construction activity could level off in 2023.

## 03

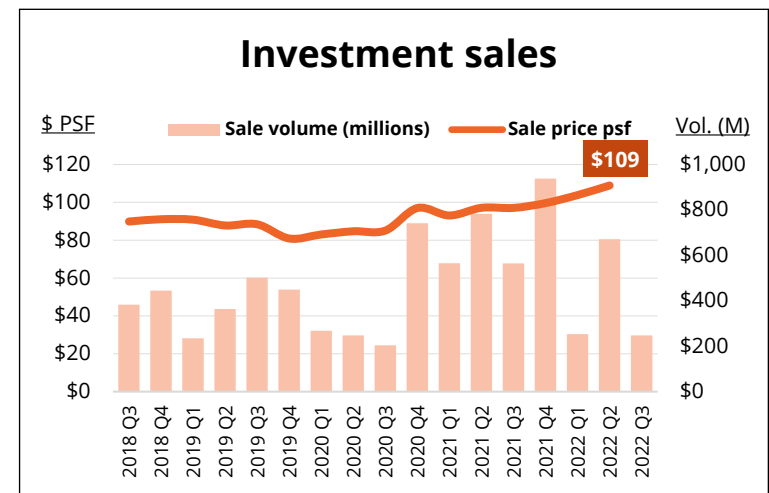
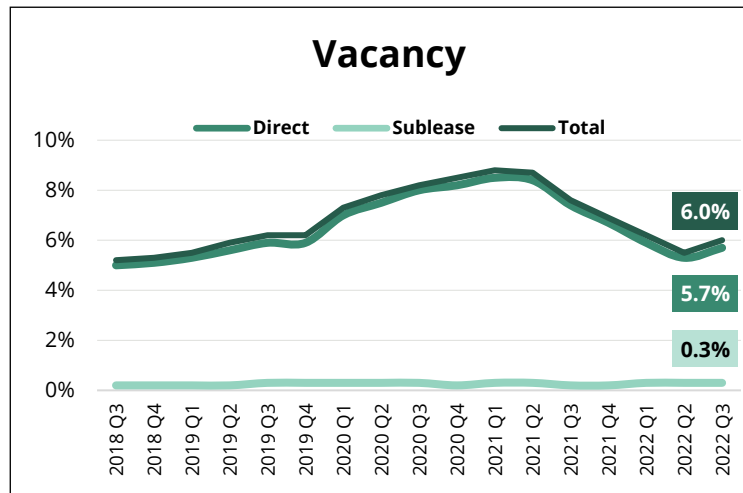
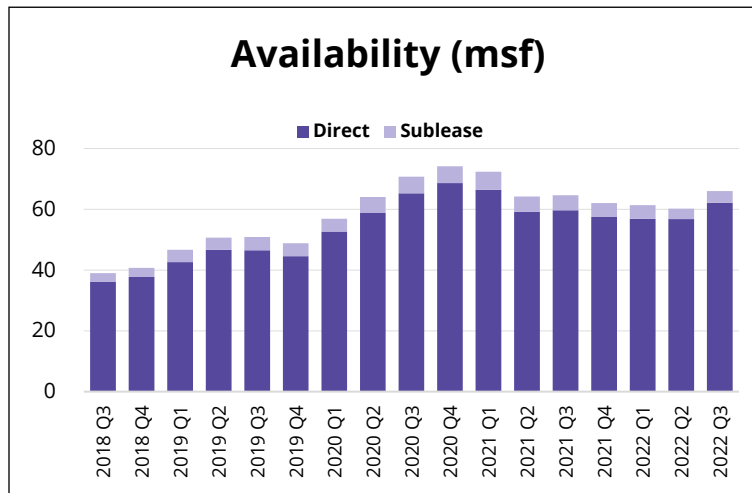
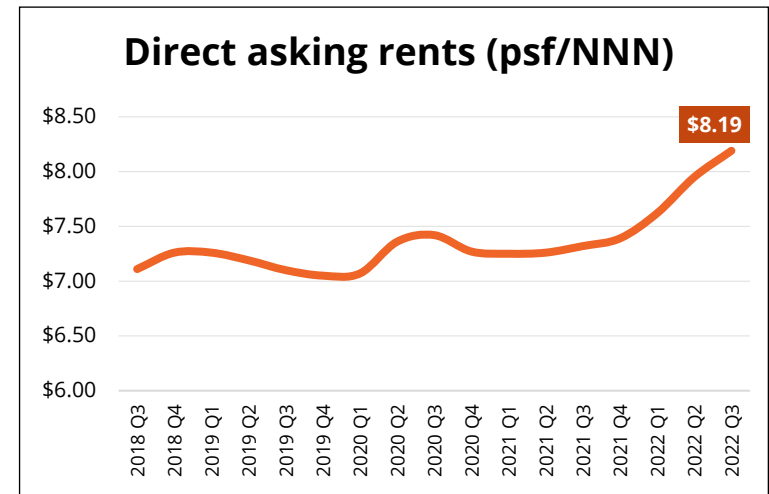
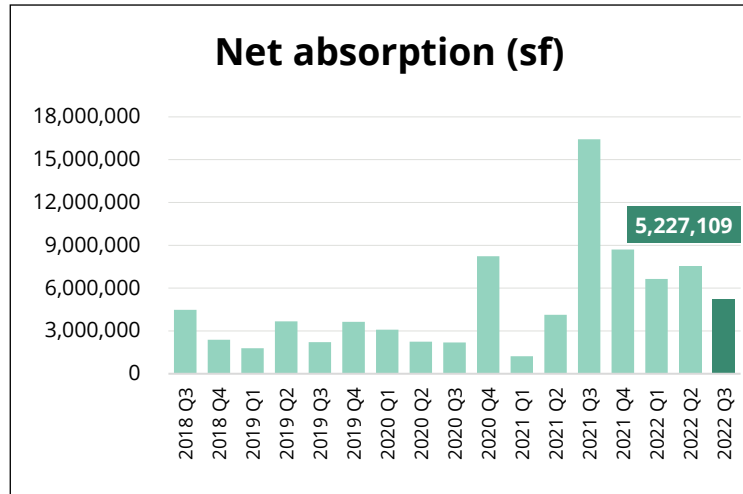
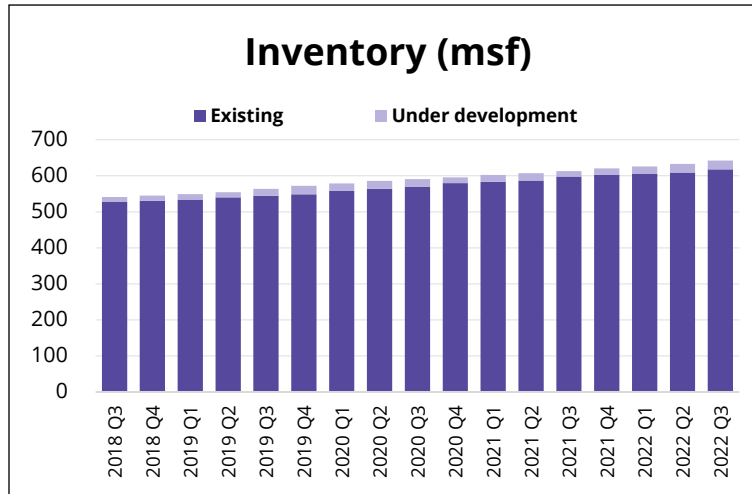
### Rents are also going up

Asking rental rates rose during third quarter, following an overall upward trend during the last 18 months and increasing 11.9% year-over-year.

#### Our take on this trend...

Rental rates are impacted by both increased demand and rising construction costs. If demand starts to level off while supply increases, rents will be impacted and may also stabilize.

# Industrial market indicators



# Industrial market activity

## Recent leasing activity

Tenant name	Address	Building name	Sign date	Size (sf)	Transaction type	Lease type	Submarket
Gateway Logistics	4000 Cedar Boulevard	Cedar Crossing Business Park Building A	8/15/22	312,034	Direct	New	Southeast
American Wire Group	29789 US Highway 90	Pederson Distribution Center I	7/18/22	205,200	Direct	New	Northwest
RR Donnelley	6315 West by Northwest Boulevard	West by Northwest Business Park Building 1	9/13/22	201,600	Direct	New	Northwest
FoxCon	10640 Windfern Road	Axis Northwest Distribution Center	7/28/22	201,240	Direct	New	Northwest
Innovex Downhole Solutions*	19120 Kenswick Drive	19120 Kenswick Drive	8/21/22	175,000	Direct	New	Northeast
HEB	7301-7401 Security Way	Prologis Park Jersey Village Building 3/4	7/18/22	161,099	Direct	New	Northwest
Pratt Industries	14415 Fallbrook Drive	14415 Fallbrook Drive	9/15/22	150,741	Direct	New	Northwest
Chadwell Supply	10431 Mula Road	Weatherford Business Park Building 2	8/4/22	144,682	Direct	New	Southwest
Liberty Tire	2425 Turning Basin Drive	2425 Turning Basin Drive	8/5/22	127,046	Direct	New	Southeast
Superbag*	9550 W. Wingfoot	Fairbanks Distribution Center II	9/15/22	102,001	Direct	Renewal	Northwest

\*Avison Young transaction

## Q3 2022 completed buildings

Building name	Address	Size (sf)	Preleased (%)	Tenant	Submarket
Cedar Port Industrial Park TGS Cedar Port DC1	6363 FM 1405	1,211,620	100%	Confidential	Southeast
Empire West Business Park Building 9	111 Empire Boulevard	1,039,060	0%	To be determined	Northwest
NorthPoint 90 Logistics Center Building 3	Highway 90	687,902	100%	Chewy	Northeast
Empire West Business Park Building 4	114 Empire Boulevard	666,360	0%	To be determined	Northwest
Crane Worldwide Logistics	13335 John F. Kennedy Boulevard	445,120	100%	Crane Worldwide Logistics	North
Kirkwood Industrial Building 2	12855 S. Kirkwood Road	325,028	0%	To be determined	Southwest
Houston Coldport	7500 Uvalde Road	315,101	100%	Lineage Logistics	Northeast

# Industrial market stats by submarket and product type

By Submarket	Inventory (sf)	Total Vacancy (%)	Available Sublease (sf)	Total Availability (%)	Q3 Total Net Absorption (sf)	YTD Total Net Absorption (sf)	YTD Leasing Activity (sf)	YTD Deliveries (sf)	Under Construction (sf)	Average Quoted Rents (psf/NNN)
CBD/Inner Loop	45,361,603	5.5%	731,178	9.5%	(90,792)	(404,036)	857,528	159,085	0	\$6.17
North	115,797,478	6.2%	895,771	12.2%	1,104,891	3,611,557	6,418,976	3,301,490	4,242,747	\$8.64
Northeast	42,259,946	5.2%	0	7.1%	633,720	2,446,725	2,964,976	1,448,249	945,975	\$5.50
Northwest	174,698,101	7.1%	1,205,479	10.6%	1,493,836	5,048,993	9,094,687	5,841,564	5,470,643	\$8.60
South	42,917,870	2.3%	157,064	6.6%	32,904	706,253	948,390	83,800	769,468	\$7.73
Southeast	112,798,067	5.4%	387,379	9.6%	1,226,466	5,522,040	8,735,302	2,599,774	7,449,863	\$8.54
Southwest	84,048,212	6.9%	446,904	11.8%	831,606	2,443,642	4,639,690	1,550,444	5,598,231	\$10.49
<b>Market Total</b>	<b>617,881,277</b>	<b>6.0%</b>	<b>3,823,775</b>	<b>10.7%</b>	<b>5,227,109</b>	<b>19,375,174</b>	<b>33,659,549</b>	<b>14,984,406</b>	<b>24,476,927</b>	<b>\$8.19</b>

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Flex	42,589,534	8.5%	682,950	11.4%	247,960	535,319	2,372,178	157,479	46,250	\$11.32
Manufacturing	108,244,303	2.9%	227,439	4.4%	181,959	2,043,093	3,085,750	1,471,150	853,350	\$7.20
Warehouse/Distribution	467,047,440	6.5%	2,913,386	11.4%	4,797,190	16,796,762	28,201,621	13,355,777	23,577,327	\$7.19
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For more market insights  
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