

Houston



Quick Stats

16.7

Msf of industrial space under construction

7.3%

Direct vacancy in Houston's industrial market

3.6

Msf of industrial space delivered during second quarter

73,800

Jobs during the month of May 2020

13.9%

May 2020 unemployment rate in Houston, down from 14.2% in April 2020

The industrial market should continue to outperform Houston's other commercial real estate segments amid the current economic disruption. Distribution hubs coupled with last-mile delivery facilities are expanding due to escalated home deliveries as the pandemic forced residents to utilize online shopping to meet their needs. Although the area's strong population growth resulted in high consumer demand, the large number of speculative industrial properties underway could result in higher vacancies for the near future.

Both the current high unemployment and the various shortages of goods due to supply chain disruptions could cause decreased consumer spending with reduced demand for non-essential goods. While many retailers are experiencing uncertainty, some large national retailers like Dollar Tree and Ross are continuing to build and expand distribution facilities as the economy works toward recovery.

The employment picture revived as businesses reopened, with the unemployment rate improving to 13.9% in May from the record-high 14.2% in April. The metro Houston area added 73,800 jobs in May as the state's

economy reopened in phases after closures during March. Despite the surge, local employment remains 276,400 jobs below the February pre-COVID-19 employment level, when the rate was 3.9%, according to the Greater Houston Partnership.

The largest job gains occurred in accommodation and food services, retail and health care; however, the recent rollback of re-opening plans due to a surge in area COVID-19 cases may reduce those job counts. Mining and logging (energy), professional, scientific and technical services, other services, and government continued to lose jobs. Only finance and insurance has returned to its pre-COVID employment level.

Absorption & Demand

Direct net absorption represented almost half that of the previous quarter, recording 1.7 msf during the second quarter, extending a multi-year positive trend. The largest property completed and occupied is retailer Five Below's 860,000-sf distribution center in Conroe.

Warehouse/distribution space accounted for 1.6 msf during the second quarter, which is 96% of the total.

Manufacturing space accounted for 185,651 sf of net absorption during the second quarter, while flex space reported negative net absorption of 116,523 sf.

1.7 msf
POSITIVE
ABSORPTION

Activity halted for most of the quarter as businesses prolonged decision-making, waiting to see how the market would respond. The North sector recorded the highest absorption, 907,528 sf, during the second quarter, followed by the Southeast at 442,848 sf and the South with 411,145 sf. With limited leasing activity, moveouts caused both the CBD/Inner Loop and Southwest sectors to record negative absorption, including the Men's Warehouse vacating 141,258 sf at 5803 Glenmont in Southwest Houston.

Industrial leasing activity plunged to 2.6 msf during the second quarter, a 47.6% drop from the 5.6 msf last quarter and 43% lower than last year's mid-year total of 14.6 msf. Three of the larger leases signed during the second quarter were China Manufacturer's Alliance's 183,289 sf in Bayport North Industrial Park at 4300 Malone and A&R Logistics' 133,333 sf in Building 14 of the AmeriPort Industrial Park, both in the Southeast, and NACC Disaster Services' 114,400 sf in Building 5 at Central Green Business Park in the North.

Dunavant Distribution Group signed two leases totaling 251,680 sf in Bay Area Business Park, one in each quarter, also in the Southeast. Amazon remained active, announcing plans to build another 850,000-sf fulfillment center in Richmond to serve the southwest.

Available sublease space jumped to a record-level 5.9 msf during second

quarter, following an average of 4.5 msf for the last five quarters. Three sectors are offering more than 1 msf: the North sector has 1.6 msf available, the Northwest 1.4 msf and the Southeast has 1.2 msf. Since leasing activity has shifted away from existing product to new construction, much of the net absorption gains this year coincide with the delivery timeline.

Vacancy & Availability

General economic conditions were on a downward trend prior to the pandemic, although commercial construction could continue during the stay-home orders. Leasing inactivity and the large number of unoccupied deliveries have contributed to the rise in the direct vacancy rate to 7.3% from 7% last quarter and from 5.5% year over year. Vacancy rates increased this quarter for warehouse/distribution space to 8.2% from 7.9% last quarter and from 6% year over year. Manufacturing space dropped 10 basis points to 2.7% this quarter while flex space increased 30 basis points from last quarter to 9.7%. Of the submarkets, the North is currently posting the highest vacancy of 9.4% while the South boasts the lowest at 4.1%.

Deliveries slowed during second quarter when compared to the record-breaking first quarter, with 24 properties totaling 3.6 msf added to the existing market. During the first half of the year, 89 properties with 12.9 msf were completed. By comparison, last year's overall delivery total was 14.8 msf in 108 properties while 2018 reported 92 properties totaling almost 13 msf. All new 2020 deliveries are collectively 38.3% leased.

Available space is also up; this category includes all space that could be leased

but may or may not be vacant. Overall direct availability is now at 12.2%, up from 10.9% last quarter and up from 8.9% during the same period last year.

Construction

Houston's construction pipeline is still soaring, although slightly decreased during second quarter after posting record numbers the previous two quarters. Second quarter's 16.7 msf in 85 buildings represented a drop from first quarter's 18.4 msf in 95 buildings. Cited by the Urban Land Institute in late 2019 as one of six dominant U.S. markets for industrial supply, Houston has recorded an average 14 msf of construction during the last six years.

16.7 msf
UNDER
CONSTRUCTION

The four largest projects underway are build-to-suit (BTS) representing 5.5 msf. The largest BTS project at 2.2 msf, Ross Distribution Center, broke ground during the first quarter and is scheduled for completion in September 2021 in the Southwest submarket. The largest spec project is 784,000 sf in Building 10 of Bay Area Business Park in the Southeast. Both the Northwest (5.7 msf) and Southwest (5.6 msf) sectors currently show more than 5 msf each underway, representing 68% of the total square footage under construction.

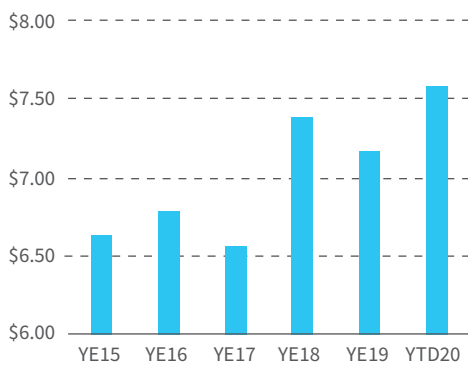
Asking Rates

The average rental rate for industrial space increased about 5% to \$7.58 per square foot (psf) from last quarter's rate of \$7.25 psf. Rates first rose to above \$7.00 in mid-2018 and have remained stable. The two sectors asking the highest rates in the metro are the Southwest at \$9.26 psf, a 14.6% increase from last quarter, and the North at \$9.00 psf, a 6.4% increase.

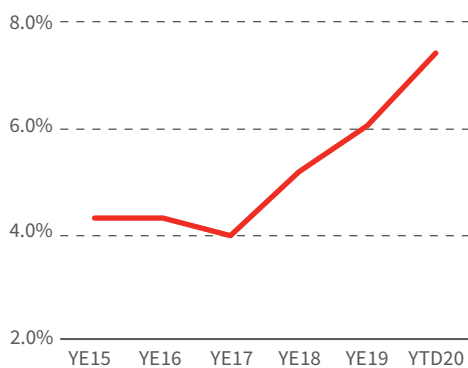
7.3%
VACANCY
RATE



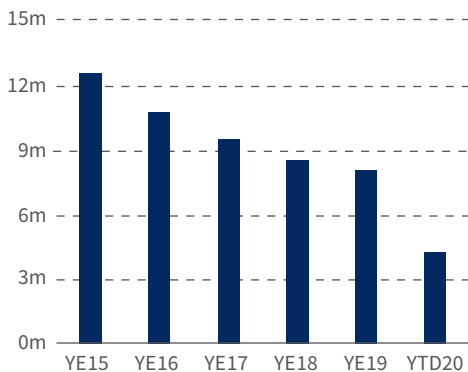
Asking Rates



Vacancy Rates



Net Absorption



Second-Quarter 2020 Highlights

- Completions slowed during second quarter as 24 properties delivered 3.6 msf, almost 40% less than the 9.3 msf delivered last quarter. The properties came online 38% collectively leased.
- Retailer **Five Below** represented the largest single absorption recorded for the quarter as it completed and occupied its new 860,000-sf facility in Conroe.
- **Hallmark Floors** purchased and occupied a 170,476-sf building at 730 Old Genoa Bluff Road in Southeast Distribution Center. Completed this past January, the new facility will serve as a regional distribution center for both distributors and dealers.
- **Dunavant Distribution Group** expanded its presence in Bay Area Business Park by signing a second lease for the year (one in each quarter) for a total 251,680 sf.
- Construction totals represent the third highest in history at 16.9 msf as retailers such as **Ross Stores** and **Dollar Tree** build out their large distribution centers.
- **Amazon** continues to expand with the most recent announcement for a new 850,000-sf fulfillment center in Richmond to serve the southwest area. That news followed the first-quarter activity: the groundbreaking of **Amazon's** new 806,000-sf facility in Clay 99 Business Park off Peek Road and signing the largest lease early in 2020, committing to 443,520 sf in Park 249's Building 1 at 16225 Tomball Parkway.
- Three of the larger leases signed during the second quarter were **China Manufacturer's Alliance's** 183,289 sf in Bayport North Industrial Park at 4300 Malone, **A&R Logistics'** 133,333 sf in Building 14 of the AmeriPort Industrial Park, both in the Southeast, and **NACC Disaster Services'** 114,400 sf in Building 5 at Central Green Business Park in the North.

Trends to Watch

With its central location within the U.S. and the Americas, Houston is an important office base. The following are regional updates for key economic indicators.



Employment

Employment dropped to unprecedented levels due to the effects of COVID-19 and the oil crisis, registering 13.9% during May 2020, down from April's 14.2%.



Oil

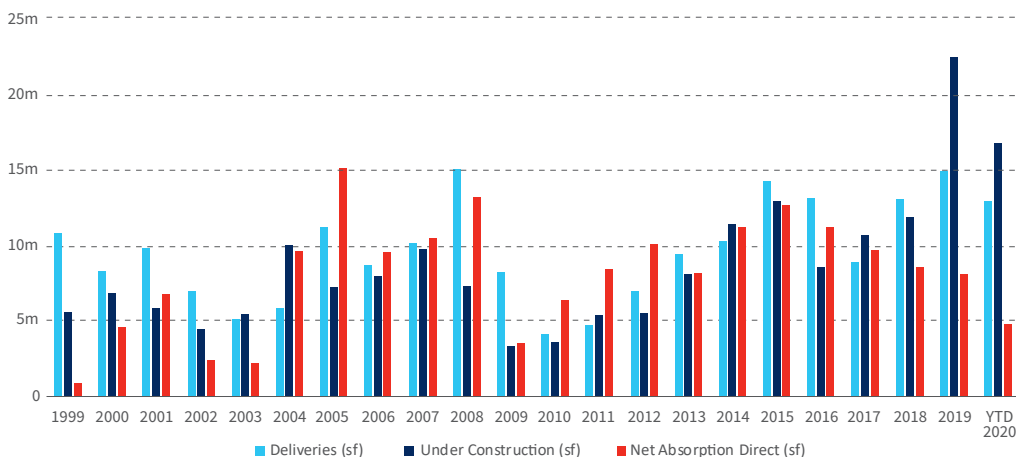
The WTI price of oil was up to \$38 in late June, suffering record-level lows earlier in the year due to an oil trade war coupled with effects from the pandemic.



Purchasing

The Purchasing Manager's Index (PMI) registered 40.2 in May 2020, up from 34.6 in April, the lowest reading in the history of the series.

Supply & Demand



Select Second-Quarter Under Construction

Building Name	Building Address	Building Size (sf)	% Preleased	Projected Delivery	Submarket
Ross Distribution Center	31207 Kingsland Boulevard	2,165,000	100%	September 2021	Southwest
Medline	29895 Highway 90	1,300,000	100%	December 2020	Northwest
Dollar Tree Distribution Center	1210 Hartledge Road	1,200,000	100%	July 2020	Southwest
Amazon	22525 Clay Road	806,000	100%	January 2021	Northwest
Bay Area Business Park Building 10	10629 Red Bluff Road	784,000	0%	July 2020	Southeast
Empire West Business Park Building 3	100 Empire Boulevard	750,775	0%	March 2021	Northwest
Boulevard Oaks Business Park Building 6 (Katoen Natie)	1919 S. FM 565 Road	604,800	100%	July 2020	Southeast
Boulevard Oaks Business Park Building 8	Fuqua & Beltway 8	534,440	0%	December 2020	Southwest
American Furniture Warehouse	500 Pin Oak Road	498,700	100%	July 2020	Northwest
Park 249 Building 1 (Amazon)	16225 Tomball Parkway	443,520	100%	July 2020	Northwest
Monument Business Park Building B	739 Independence Parkway	414,900	0%	August 2020	Southeast

Source: CoStar

Select Second-Quarter Deliveries

Building Name	Building Address	Building Size (sf)	% Preleased	Tenant	Submarket
Five Below	950 Conroe Park West Drive	860,000	100%	Five Below	North
Cedar Port Logistics	4725 E. Grand Parkway South	644,000	0%	TBD	Southeast
Bayport South Business Park	10591 Red Bluff Road	642,994	0%	TBD	Southeast
Sam Houston Distribution Center Building 1	Fallbrook Pines Drive	494,800	0%	TBD	Northwest
Telge 290 Logistics Center	14803 Cypress N. Houston Road	207,635	0%	TBD	Northwest
Sam Houston Distribution Center Building 1	Taub Road	200,200	0%	TBD	Northwest
2400 S. Persimmon Street	2400 S. Persimmon Street	191,239	100%	Hoelscher Weatherstrip Manufacturing	North
Southeast Distribution Center	730 Old Genoa Bluff Road	170,476	100%	TBD	Southeast
1203 Thompson Park Drive	1203 Thompson Park Drive	118,800	0%	TBD	Southeast
AFGlobal Campus	19961 GH Circle	95,000	100%	AFGlobal	Northwest

Source: CoStar



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Properties



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Second Quarter 2020



Houston Industrial Market Statistics & Heat Maps

Partnership. Performance.

	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Availability Rate Total (%)	Available Sublease (sf)	Q2 2020 Net Absorption (sf)			YTD 2020 Net Absorption (sf)			Average Asking Rate Direct (NNN)	YTD 2020 Leasing Activity (sf)	YTD 2020 Deliveries (sf)	Under Const. (sf)
									Direct	Sublease	Total	Direct	Sublease	Total				
Manufacturing																		
CBD/Inner Loop	112	9,953,376	322,349	3.2%	3.2%	6.2%	6.2%	0	0	0	0	-168,962	0	-168,962	\$14.40	0	0	0
North	190	16,592,519	258,080	1.6%	1.6%	3.4%	3.9%	90,306	72,590	94,800	167,390	1,134,355	94,800	1,229,155	\$9.77	319,900	1,296,476	106,396
Northeast	110	9,328,258	90,120	1.0%	1.0%	2.1%	2.1%	0	0	0	0	-16,000	0	-16,000	\$9.60	33,531	40,200	0
Northwest	254	27,689,997	1,124,574	4.1%	4.2%	5.8%	6.0%	49,249	112,785	0	112,785	128,700	-27,876	100,824	\$6.41	163,623	174,598	558,700
South	137	9,977,031	320,934	3.2%	3.2%	5.0%	6.0%	104,671	95,000	0	95,000	95,000	0	95,000	\$8.10	94,200	0	137,430
Southeast	174	19,596,084	265,603	1.4%	2.2%	4.3%	5.1%	150,000	2,150	-150,000	-147,850	-16,300	-150,000	-166,300	\$5.77	8,750	22,650	20,000
Southwest	111	8,473,467	405,614	4.8%	4.8%	8.6%	8.6%	0	-96,874	0	-96,874	-106,374	0	-106,374	\$6.79	22,050	0	0
Totals	1,088	101,610,732	2,787,274	2.7%	2.9%	5.0%	5.4%	394,226	185,651	-55,200	130,451	1,050,419	-83,076	967,343	\$7.08	642,054	1,533,924	822,526
Flex																		
CBD/Inner Loop	53	2,503,406	85,669	3.4%	3.4%	6.5%	6.5%	0	23,956	0	23,956	19,834	0	19,834	\$26.03	42,215	0	0
North	185	9,372,141	1,306,194	13.9%	14.1%	17.3%	22.9%	523,540	-15,502	7,484	-8,018	-161,889	4,262	-157,627	\$10.99	157,537	40,800	0
Northeast	9	408,694	11,471	2.8%	2.8%	5.7%	5.7%	0	18,853	0	18,853	18,932	0	18,932	\$8.62	27,628	0	0
Northwest	295	14,107,930	1,364,123	9.7%	9.9%	13.3%	14.0%	92,631	-104,182	9,675	-94,507	-92,312	22,744	-69,568	\$8.92	275,680	20,000	30,000
South	35	1,985,218	176,075	8.9%	8.9%	10.4%	10.4%	0	-19,627	0	-19,627	-54,912	4,587	-50,325	\$11.05	73,460	0	0
Southeast	49	2,124,764	136,801	6.4%	6.4%	8.4%	8.4%	0	-1,167	0	-1,167	27,138	0	27,138	\$10.39	0	0	0
Southwest	210	10,083,543	856,323	8.5%	8.8%	12.6%	12.9%	26,350	-18,854	-5,731	-24,585	29,313	-16,549	12,764	\$12.60	121,784	0	101,683
Totals	836	40,585,696	3,936,656	9.7%	9.9%	13.2%	14.8%	642,521	-116,523	11,428	-105,095	-213,896	15,044	-198,852	\$11.04	698,304	60,800	131,683

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	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Availability Rate Total (%)	Available Sublease (sf)	Q2 2020 Net Absorption (sf)			YTD 2020 Net Absorption (sf)			Average Asking Rate Direct (NNN)	YTD 2020 Leasing Activity (sf)	YTD 2020 Deliveries (sf)	Under Const. (sf)
Warehouse/Distribution									Direct	Sublease	Total	Direct	Sublease	Total				
CBD/Inner Loop	545	33,194,040	1,693,687	5.1%	5.4%	10.1%	10.5%	127,430	-38,533	0	-38,533	-272,592	-88,000	-360,592	\$5.11	119,413	0	0
North	1,035	74,748,186	7,854,330	10.5%	10.8%	17.2%	18.4%	953,903	850,440	-8,550	841,890	897,332	92,700	990,032	\$7.99	1,421,266	2,891,028	1,830,494
Northeast	344	25,880,605	1,745,408	6.7%	6.8%	9.6%	10.1%	120,774	16,860	5,000	21,860	477,790	5,000	482,790	\$4.86	344,425	194,000	279,500
Northwest	1,578	113,160,432	9,206,431	8.1%	8.6%	13.5%	14.6%	1,255,341	-3,868	-116,571	-120,439	532,239	-64,013	468,226	\$7.75	2,458,486	3,677,687	5,120,541
South	479	29,177,010	1,169,910	4.0%	4.8%	7.7%	10.1%	708,194	335,772	32,128	367,900	480,995	14,628	495,623	\$5.24	326,582	140,000	162,208
Southeast	728	78,470,369	7,474,345	9.5%	9.8%	15.5%	16.8%	1,034,781	441,865	0	441,865	1,231,445	24,328	1,255,773	\$6.90	1,436,274	3,039,354	2,795,495
Southwest	704	47,403,718	3,658,357	7.7%	7.9%	15.8%	17.0%	633,469	41,448	6,310	47,758	572,137	3,869	576,006	\$7.87	825,888	1,365,853	5,544,014
Totals	5,413	402,034,360	32,802,468	8.2%	8.6%	13.9%	15.1%	4,833,892	1,643,984	-81,683	1,562,301	3,919,346	-11,488	3,907,858	\$6.93	6,932,334	11,307,922	15,732,252
Totals by Submarket																		
CBD/Inner Loop	710	45,650,822	2,101,705	4.6%	4.8%	9.1%	9.4%	127,430	-14,577	0	-14,577	-421,720	-88,000	-509,720	\$5.71	161,628	0	0
North	1,410	100,712,846	9,418,604	9.4%	9.7%	14.9%	16.4%	1,567,749	907,528	93,734	1,001,262	1,869,798	191,762	2,061,560	\$9.00	1,898,703	4,228,304	1,936,890
Northeast	463	35,617,557	1,846,999	5.2%	5.3%	7.6%	7.9%	120,774	35,713	5,000	40,713	480,722	5,000	485,722	\$5.25	405,584	234,200	279,500
Northwest	2,127	154,958,359	11,695,128	7.5%	7.9%	12.1%	13.0%	1,397,221	4,735	-106,896	-102,161	568,627	-69,145	499,482	\$7.61	2,897,789	3,872,285	5,709,241
South	651	41,139,259	1,666,919	4.1%	4.7%	7.1%	9.1%	812,865	411,145	32,128	443,273	521,083	19,215	540,298	\$6.00	494,242	140,000	299,638
Southeast	951	100,191,217	7,876,749	7.9%	8.3%	13.2%	14.4%	1,184,781	442,848	-150,000	292,848	1,242,283	-125,672	1,116,611	\$6.84	1,445,024	3,062,004	2,815,495
Southwest	1,025	65,960,728	4,920,294	7.5%	7.7%	14.4%	15.3%	659,819	-74,280	579	-73,701	495,076	-12,680	482,396	\$9.26	969,722	1,365,853	5,645,697
Overall Totals	7,337	544,230,788	39,526,398	7.3%	7.6%	12.2%	13.3%	5,870,639	1,713,112	-125,455	1,587,657	4,755,869	-79,520	4,676,349	\$7.58	8,272,692	12,902,646	16,686,461

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CBD/Inner Loop																		
Manufacturing	112	9,953,376	322,349	3.2%	3.2%	6.2%	6.2%	0	0	0	0	-168,962	0	-168,962	\$14.40	0	0	0
Flex	53	2,503,406	85,669	3.4%	3.4%	6.5%	6.5%	0	23,956	0	23,956	19,834	0	19,834	\$26.03	42,215	0	0
Warehouse/Distribution	545	33,194,040	1,693,687	5.1%	5.4%	10.1%	10.5%	127,430	-38,533	0	-38,533	-272,592	-88,000	-360,592	\$5.11	119,413	0	0
Totals	710	45,650,822	2,101,705	4.6%	4.8%	9.1%	9.4%	127,430	-14,577	0	-14,577	-421,720	-88,000	-509,720	\$5.71	161,628	0	0
North																		
Manufacturing	190	16,592,519	258,080	1.6%	1.6%	3.4%	3.9%	90,306	72,590	94,800	167,390	1,134,355	94,800	1,229,155	\$9.77	319,900	1,296,476	106,396
Flex	185	9,372,141	1,306,194	13.9%	14.1%	17.3%	22.9%	523,540	-15,502	7,484	-8,018	-161,889	4,262	-157,627	\$10.99	157,537	40,800	0
Warehouse/Distribution	1,035	74,748,186	7,854,330	10.5%	10.8%	17.2%	18.4%	953,903	850,440	-8,550	841,890	897,332	92,700	990,032	\$7.99	1,421,266	2,891,028	1,830,494
Overall Totals	1,410	100,712,846	9,418,604	9.4%	9.7%	14.9%	16.4%	1,567,749	907,528	93,734	1,001,262	1,869,798	191,762	2,061,560	\$9.00	1,898,703	4,228,304	1,936,890
Northeast																		
Manufacturing	110	9,328,258	90,120	1.0%	1.0%	2.1%	2.1%	0	0	0	0	-16,000	0	-16,000	\$9.60	33,531	40,200	0
Flex	9	408,694	11,471	2.8%	2.8%	5.7%	5.7%	0	18,853	0	18,853	18,932	0	18,932	\$8.62	27,628	0	0
Warehouse/Distribution	344	25,880,605	1,745,408	6.7%	6.8%	9.6%	10.1%	120,774	16,860	5,000	21,860	477,790	5,000	482,790	\$4.86	344,425	194,000	279,500
Overall Totals	463	35,617,557	1,846,999	5.2%	5.3%	7.6%	7.9%	120,774	35,713	5,000	40,713	480,722	5,000	485,722	\$5.25	405,584	234,200	279,500
Northwest																		
Manufacturing	254	27,689,997	1,124,574	4.1%	4.2%	5.8%	6.0%	49,249	112,785	0	112,785	128,700	-27,876	100,824	\$6.41	163,623	174,598	558,700
Flex	295	14,107,930	1,364,123	9.7%	9.9%	13.3%	14.0%	92,631	-104,182	9,675	-94,507	-92,312	22,744	-69,568	\$8.92	275,680	20,000	30,000
Warehouse/Distribution	1,578	113,160,432	9,206,431	8.1%	8.6%	13.5%	14.6%	1,255,341	-3,868	-116,571	-120,439	532,239	-64,013	468,226	\$7.75	2,458,486	3,677,687	5,120,541
Overall Totals	2,127	154,958,359	11,695,128	7.5%	7.9%	12.1%	13.0%	1,397,221	4,735	-106,896	-102,161	568,627	-69,145	499,482	\$7.61	2,897,789	3,872,285	5,709,241

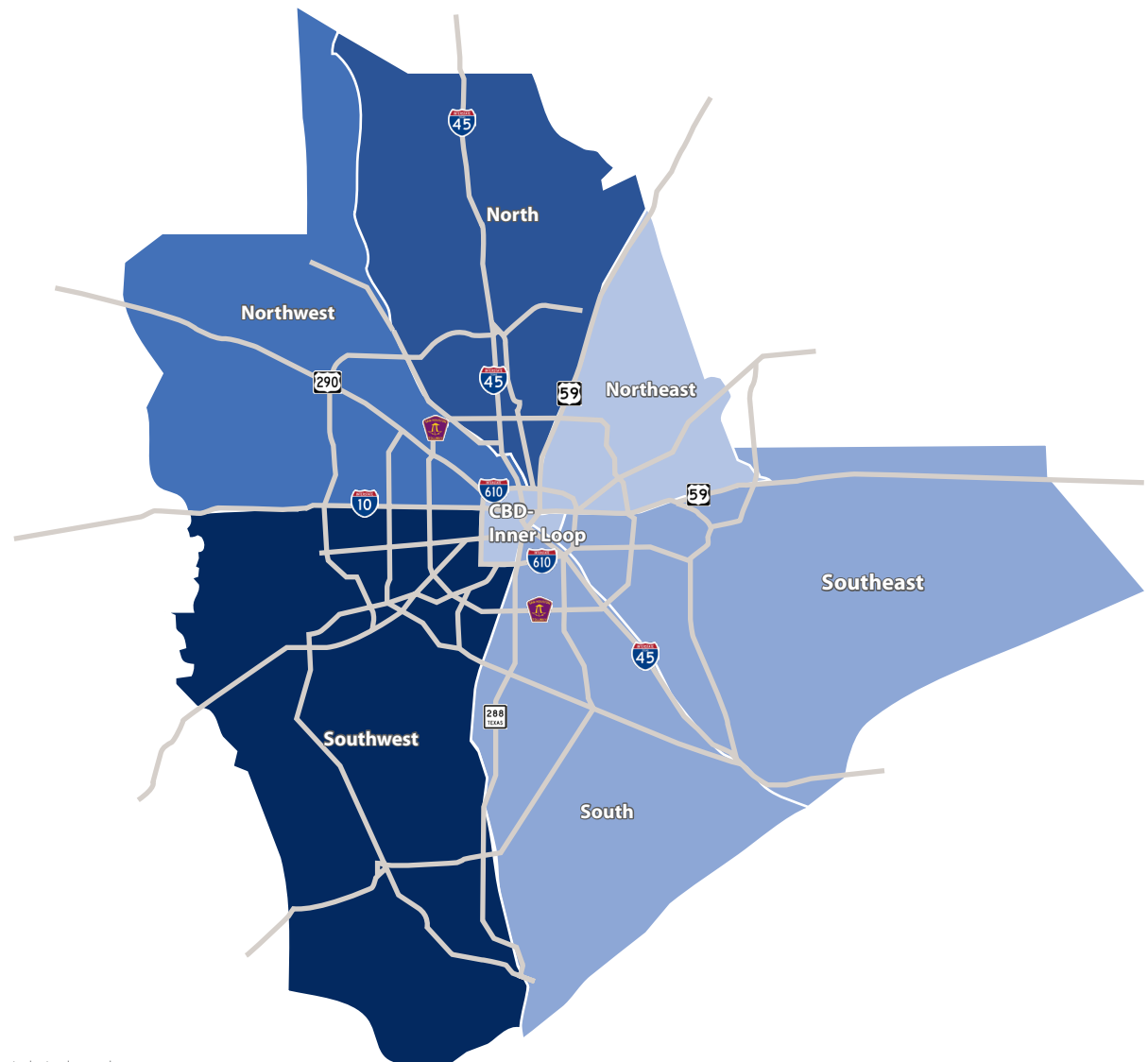
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	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Availability Rate Total (%)	Available Sublease (sf)	Q2 2020 Net Absorption (sf)			YTD 2020 Net Absorption (sf)			Average Asking Rate Direct (NNN)	YTD 2020 Leasing Activity (sf)	YTD 2020 Deliveries (sf)	Under Const. (sf)
									Direct	Sublease	Total	Direct	Sublease	Total				
South																		
Manufacturing	137	9,977,031	320,934	3.2%	3.2%	5.0%	6.0%	104,671	95,000	0	95,000	95,000	0	95,000	\$8.10	94,200	0	137,430
Flex	35	1,985,218	176,075	8.9%	8.9%	10.4%	10.4%	0	-19,627	0	-19,627	-54,912	4,587	-50,325	\$11.05	73,460	0	0
Warehouse/Distribution	479	29,177,010	1,169,910	4.0%	4.8%	7.7%	10.1%	708,194	335,772	32,128	367,900	480,995	14,628	495,623	\$5.24	326,582	140,000	162,208
Totals	651	41,139,259	1,666,919	4.1%	4.7%	7.1%	9.1%	812,865	411,145	32,128	443,273	521,083	19,215	540,298	\$6.00	494,242	140,000	299,638
Southeast																		
Manufacturing	174	19,596,084	265,603	1.4%	2.2%	4.3%	5.1%	150,000	2,150	-150,000	-147,850	-16,300	-150,000	-166,300	\$5.77	8,750	22,650	20,000
Flex	49	2,124,764	136,801	6.4%	6.4%	8.4%	8.4%	0	-1,167	0	-1,167	27,138	0	27,138	\$10.39	0	0	0
Warehouse/Distribution	728	78,470,369	7,474,345	9.5%	9.8%	15.5%	16.8%	1,034,781	441,865	0	441,865	1,231,445	24,328	1,255,773	\$6.90	1,436,274	3,039,354	2,795,495
Overall Totals	951	100,191,217	7,876,749	7.9%	8.3%	13.2%	14.4%	1,184,781	442,848	-150,000	292,848	1,242,283	-125,672	1,116,611	\$6.84	1,445,024	3,062,004	2,815,495
Southwest																		
Manufacturing	111	8,473,467	405,614	4.8%	4.8%	8.6%	8.6%	0	-96,874	0	-96,874	-106,374	0	-106,374	\$6.79	22,050	0	0
Flex	210	10,083,543	856,323	8.5%	8.8%	12.6%	12.9%	26,350	-18,854	-5,731	-24,585	29,313	-16,549	12,764	\$12.60	121,784	0	101,683
Warehouse/Distribution	704	47,403,718	3,658,357	7.7%	7.9%	15.8%	17.0%	633,469	41,448	6,310	47,758	572,137	3,869	576,006	\$7.87	825,888	1,365,853	5,544,014
Overall Totals	1,025	65,960,728	4,920,294	7.5%	7.7%	14.4%	15.3%	659,819	-74,280	579	-73,701	495,076	-12,680	482,396	\$9.26	969,722	1,365,853	5,645,697
Totals by Type																		
Manufacturing	1,088	101,610,732	2,787,274	2.7%	2.9%	5.0%	5.4%	394,226	185,651	-55,200	130,451	1,050,419	-83,076	967,343	\$7.08	642,054	1,533,924	822,526
Flex	836	40,585,696	3,936,656	9.7%	9.9%	13.2%	14.8%	642,521	-116,523	11,428	-105,095	-213,896	15,044	-198,852	\$11.04	698,304	60,800	131,683
Warehouse/Distribution	5,413	402,034,360	32,802,468	8.2%	8.6%	13.9%	15.1%	4,833,892	1,643,984	-81,683	1,562,301	3,919,346	-11,488	3,907,858	\$6.93	6,932,334	11,307,922	15,732,252
Overall Totals	7,337	544,230,788	39,526,398	7.3%	7.6%	12.2%	13.3%	5,870,639	1,713,112	-125,455	1,587,657	4,755,869	-79,520	4,676,349	\$7.58	8,272,692	12,902,646	16,686,461

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Average NNN Asking Rate Direct (All Types) = \$7.58 | Second Quarter 2020

Submarket	Average NNN Asking Rate Direct
Southwest	\$9.26
North	\$9.00
Northwest	\$7.61
Southeast	\$6.84
South	\$6.00
CBD/Inner Loop	\$5.71
Northeast	\$5.25
Overall Average	\$7.58

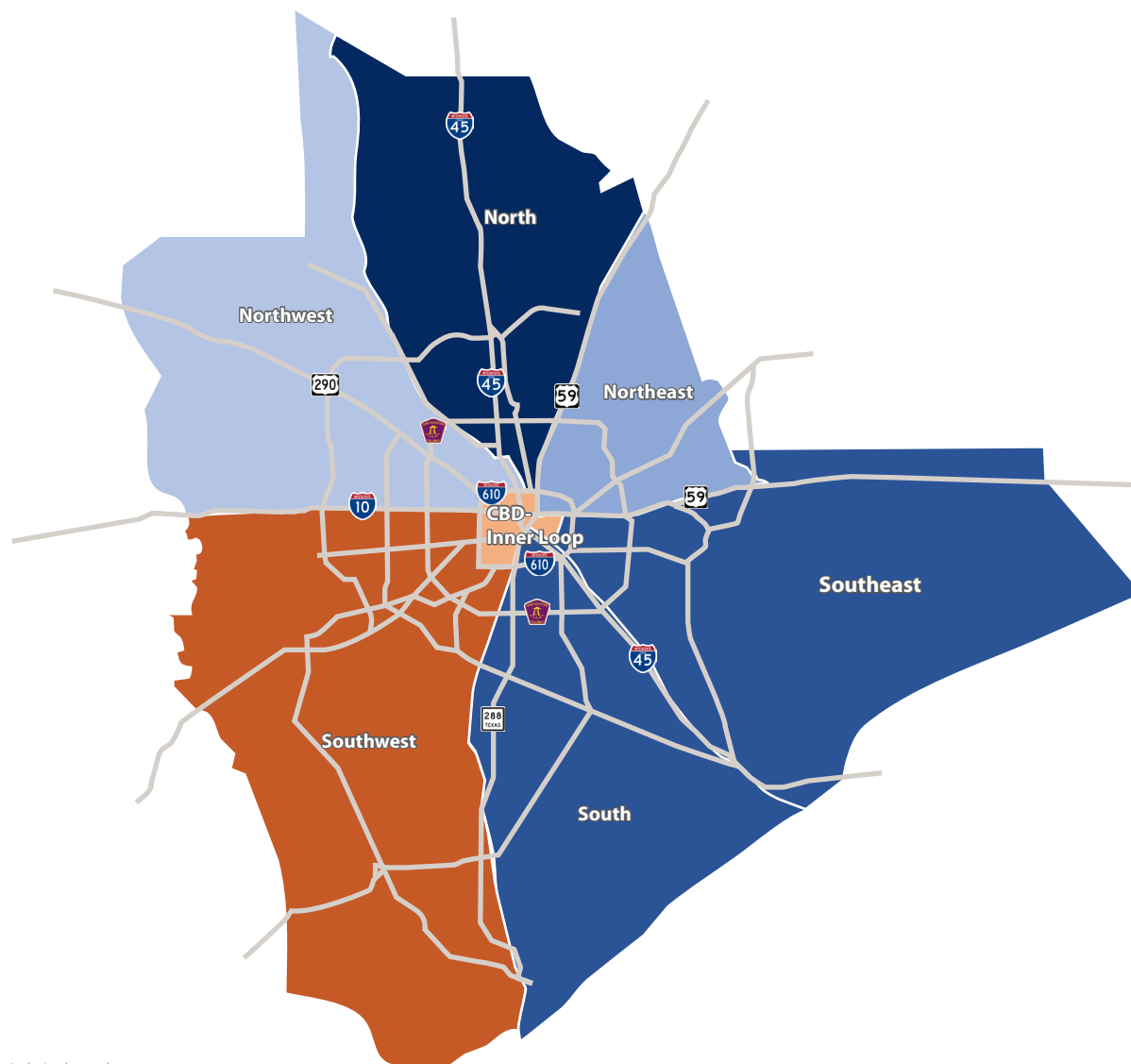


Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

Net Absorption Direct = 1,713,112 sf | Second Quarter 2020

Submarket	Net Absorption Direct (sf)
North	907,528
Southeast	442,848
South	411,145
Northeast	35,713
Northwest	4,735
CBD/Inner Loop	-14,577
Southwest	-74,280
Overall Totals	1,713,112

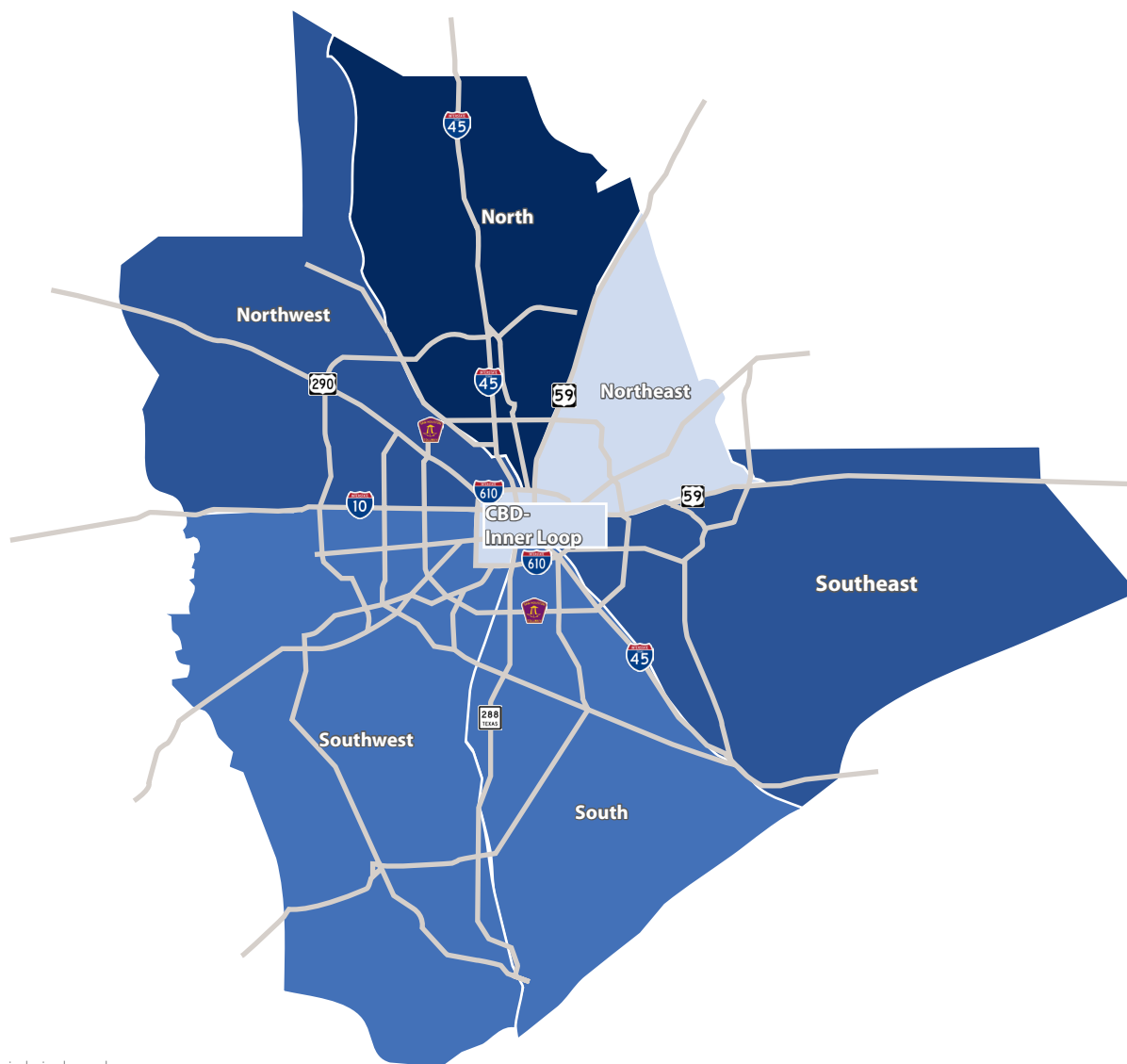
■ Blue Values (+ Absorption) ■ Orange Values (- Absorption)



Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

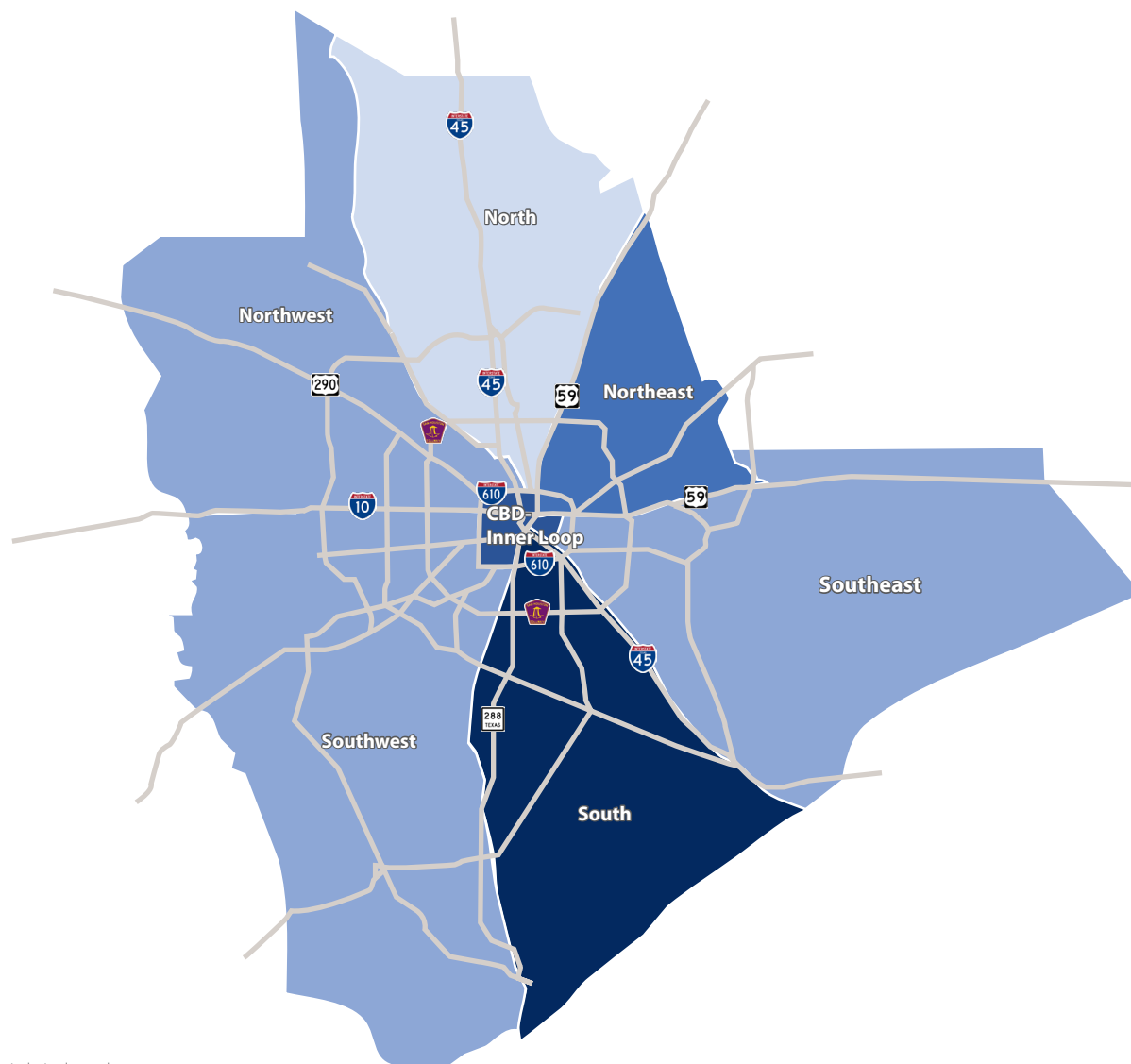
Available Sublease Space = 5,870,639 sf | Second Quarter 2020

Submarket	Available Sublease Space (sf)
North	1,567,749
Northwest	1,397,221
Southeast	1,184,781
South	812,865
Southwest	659,819
CBD/Inner Loop	127,430
Northeast	120,774
Overall Totals	5,870,639



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Submarket	Vacancy Rate Direct (%)
South	4.1%
CBD/Inner Loop	4.6%
Northeast	5.2%
Northwest	7.5%
Southwest	7.5%
Southeast	7.9%
North	9.4%
Overall Average	7.3%



Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

Houston Industrial Market Statistics & Heat Maps



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Properties 

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