AVISON YOUNG

Third Quarter 2019

Houston Industrial Market Statistics & Heat Maps

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CANADA BEST MANAGED COMPANIES

Platinum member

AVISON YOUNG

Market Statistics

Property Type | Third Quarter 2019

Market	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Available Sublease (sf)	Net Absorption Direct Q3 19 (sf)	Net Absorption Direct YTD 19 (sf)	Net Absorption Direct % of Inventory	Average Asking Rate Direct (NNN)	YTD Leasing Activity (sf)	YTD Deliveries (sf)	Under Construction (sf)
Manufacturing														
CBD-Inner Loop	118	10,303,036	132,692	1.3%	1.3%	3.9%	0	-75,872	-112,780	-1.1%	$7.93	54,789	0	0
North	178	15,212,768	198,819	1.3%	2.3%	3.2%	151,388	-52,739	163,196	1.1%	$5.98	310,120	0	1,042,596
Northeast	107	8,984,422	49,920	0.6%	0.6%	1.4%	0	74,880	74,880	0.8%	-	25,000	124,800	0
Northwest	238	26,121,107	992,219	3.8%	3.8%	7.4%	0	-51,370	111,444	0.4%	$6.71	314,988	342,500	593,100
South	134	9,772,179	314,082	3.2%	3.2%	7.5%	0	-95,143	-211,853	-2.2%	$7.18	45,000	0	88,480
Southeast	162	19,152,864	283,803	1.5%	1.5%	2.2%	150,000	334,700	244,400	1.3%	$7.56	52,051	350,000	22,650
Southwest	106	8,129,998	151,489	1.9%	1.9%	7.0%	0	55,065	327,748	4.0%	$6.69	112,119	137,434	0
Totals	1,043	97,676,374	2,123,024	2.2%	2.3%	4.8%	301,388	189,521	597,035	0.6%	$6.76	914,067	954,734	1,746,826
Flex														
CBD-Inner Loop	55	2,759,879	197,170	7.1%	7.1%	7.1%	0	-3,063	5,497	0.2%	$15.43	59,285	0	0
North	179	8,921,136	958,908	10.7%	11.1%	14.3%	522,775	-56,797	262,984	2.9%	$8.42	510,555	234,755	49,000
Northeast	10	472,194	42,574	9.0%	9.0%	12.4%	0	30,068	33,605	7.1%	$8.40	29,841	0	0
Northwest	287	14,334,011	1,487,554	10.4%	10.9%	13.9%	160,640	-773	-151,164	-1.1%	$7.50	467,355	103,000	20,000
South	33	1,874,697	147,063	7.8%	7.8%	8.2%	0	-23,485	50,373	2.7%	$7.48	39,660	0	0
Southeast	49	2,124,913	197,004	9.3%	9.3%	15.0%	0	4,078	20,583	1.0%	$11.03	35,828	0	125,888
Southwest	214	10,100,664	847,899	8.4%	8.6%	10.0%	23,247	-89,023	-96,417	-1.0%	$9.76	236,578	30,040	25,000
Totals	827	40,587,494	3,878,172	9.6%	9.9%	12.4%	706,662	-138,995	125,461	0.3%	$8.65	1,379,102	367,795	219,888

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AVISON YOUNG

Market Statistics

Property Type | Third Quarter 2019

Market	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Available Sublease (sf)	Net Absorption Direct Q3 19 (sf)	Net Absorption Direct YTD 19 (sf)	Net Absorption Direct % of Inventory	Average Asking Rate Direct (NNN)	YTD Leasing Activity (sf)	YTD Deliveries (sf)	Under Construction (sf)
Warehouse/Distribution														
CBD-Inner Loop	559	33,040,079	1,730,583	5.2%	5.2%	8.5%	71,439	-200,609	131,755	0.4%	$7.23	778,205	0	0
North	981	67,250,607	4,697,046	7.0%	7.5%	15.1%	1,305,860	36,034	1,619,415	2.4%	$8.55	2,458,028	2,879,948	3,992,138
Northeast	335	24,737,205	1,359,096	5.5%	5.6%	11.1%	47,407	132,582	166,027	0.7%	$5.00	1,359,029	438,000	1,074,700
Northwest	1,537	110,014,552	6,842,069	6.2%	6.8%	10.5%	1,020,321	710,644	154,180	0.1%	$6.94	4,708,606	1,971,133	3,303,062
South	480	29,387,138	1,433,498	4.9%	5.4%	9.9%	320,069	8,885	-504,755	-1.7%	$5.17	366,249	0	40,000
Southeast	704	73,538,382	4,764,388	6.5%	7.1%	12.7%	963,001	36,259	2,689,761	3.7%	$7.06	1,698,918	3,350,401	3,294,233
Southwest	674	45,278,096	2,505,927	5.5%	5.7%	14.0%	249,126	440,084	584,549	1.3%	$7.58	1,189,740	1,725,413	2,529,021
Totals	5,270	383,246,059	23,332,607	6.1%	6.5%	12.0%	3,977,223	1,163,879	4,840,932	1.3%	$6.94	12,558,775	10,364,895	14,233,154
Totals by Submarket														
CBD-Inner Loop	732	46,102,994	2,060,445	4.5%	4.5%	7.4%	71,439	-279,544	24,472	0.1%	$7.56	892,279	0	0
North	1,338	91,384,511	5,854,773	6.4%	7.0%	13.0%	1,980,023	-73,502	2,045,595	2.2%	$8.11	3,278,703	3,114,703	5,083,734
Northeast	452	34,193,821	1,451,590	4.2%	4.3%	8.6%	47,407	237,530	274,512	0.8%	$5.14	1,413,870	562,800	1,074,700
Northwest	2,062	150,469,670	9,321,842	6.2%	6.6%	10.2%	1,180,961	658,501	114,460	0.1%	$7.00	5,490,949	2,416,633	3,916,162
South	647	41,034,014	1,894,643	4.6%	5.0%	9.2%	320,069	-109,743	-666,235	-1.6%	$5.68	450,909	0	128,480
Southeast	915	94,816,159	5,245,195	5.5%	6.0%	10.7%	1,113,001	375,037	2,954,744	3.1%	$7.28	1,786,797	3,700,401	3,442,771
Southwest	994	63,508,758	3,505,315	5.5%	5.7%	12.6%	272,373	406,126	815,880	1.3%	$7.90	1,538,437	1,892,887	2,554,021
Overall Totals	7,140	521,509,927	29,333,803	5.6%	6.0%	11.0%	4,985,273	1,214,405	5,563,428	1.1%	$7.14	14,851,944	11,687,424	16,199,868

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Market Statistics

Submarket | Third Quarter 2019

	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Available Sublease (sf)	Net Absorption Direct Q3 19 (sf)	Net Absorption Direct YTD 19 (sf)	Net Absorption Direct % of Inventory	Average Asking Rate Direct (NNN)	YTD Leasing Activity (sf)	YTD Deliveries (sf)	Under Construction (sf)
CBD-Inner Loop														
Manufacturing	118	10,303,036	132,692	1.3%	1.3%	3.9%	0	-75,872	-112,780	-1.1%	$7.93	54,789	0	0
Flex	55	2,759,879	197,170	7.1%	7.1%	7.1%	0	-3,063	5,497	0.2%	$15.43	59,285	0	0
Warehouse/Distribution	559	33,040,079	1,730,583	5.2%	5.2%	8.5%	71,439	-200,609	131,755	0.4%	$7.23	778,205	0	0
Totals	732	46,102,994	2,060,445	4.5%	4.5%	7.4%	71,439	-279,544	24,472	0.1%	$7.56	892,279	0	0
North														
Manufacturing	178	15,212,768	198,819	1.3%	2.3%	3.2%	151,388	-52,739	163,196	1.1%	$5.98	310,120	0	1,042,596
Flex	179	8,921,136	958,908	10.7%	11.1%	14.3%	522,775	-56,797	262,984	2.9%	$8.42	510,555	234,755	49,000
Warehouse//Distribution	981	67,250,607	4,697,046	7.0%	7.5%	15.1%	1,305,860	36,034	1,619,415	2.4%	$8.55	2,458,028	2,879,948	3,992,138
Totals	1,338	91,384,511	5,854,773	6.4%	7.0%	13.0%	1,980,023	-73,502	2,045,595	2.2%	$8.11	3,278,703	3,114,703	5,083,734
Northeast														
Manufacturing	107	8,984,422	49,920	0.6%	0.6%	1.4%	0	74,880	74,880	0.8%	-	25,000	124,800	0
Flex	10	472,194	42,574	9.0%	9.0%	12.4%	0	30,068	33,605	7.1%	$8.40	29,841	0	0
Warehouse/Distribution	335	24,737,205	1,359,096	5.5%	5.6%	11.1%	47,407	132,582	166,027	0.7%	$5.00	1,359,029	438,000	1,074,700
Totals	452	34,193,821	1,451,590	4.2%	4.3%	8.6%	47,407	237,530	274,512	0.8%	$5.14	1,413,870	562,800	1,074,700
Northwest														
Manufacturing	238	26,121,107	992,219	3.8%	3.8%	7.4%	0	-51,370	111,444	0.4%	$6.71	314,988	342,500	593,100
Flex	287	14,334,011	1,487,554	10.4%	10.9%	13.9%	160,640	-773	-151,164	-1.1%	$7.50	467,355	103,000	20,000
Warehouse//Distribution	1,537	110,014,552	6,842,069	6.2%	6.8%	10.5%	1,020,321	710,644	154,180	0.1%	$6.94	4,708,606	1,971,133	3,303,062
Totals	2,062	150,469,670	9,321,842	6.2%	6.6%	10.2%	1,180,961	658,501	114,460	0.1%	$7.00	5,490,949	2,416,633	3,916,162

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South														
Manufacturing	134	9,772,179	314,082	3.2%	3.2%	7.5%	0	-95,143	-211,853	-2.2%	$7.18	45,000	0	88,480
Flex	33	1,874,697	147,063	7.8%	7.8%	8.2%	0	-23,485	50,373	2.7%	$7.48	39,660	0	0
Warehouse/Distribution	480	29,387,138	1,433,498	4.9%	5.4%	9.9%	320,069	8,885	-504,755	-1.7%	$5.17	366,249	0	40,000
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Manufacturing	162	19,152,864	283,803	1.5%	1.5%	2.2%	150,000	334,700	244,400	1.3%	$7.56	52,051	350,000	22,650
Flex	49	2,124,913	197,004	9.3%	9.3%	15.0%	0	4,078	20,583	1.0%	$11.03	35,828	0	125,888
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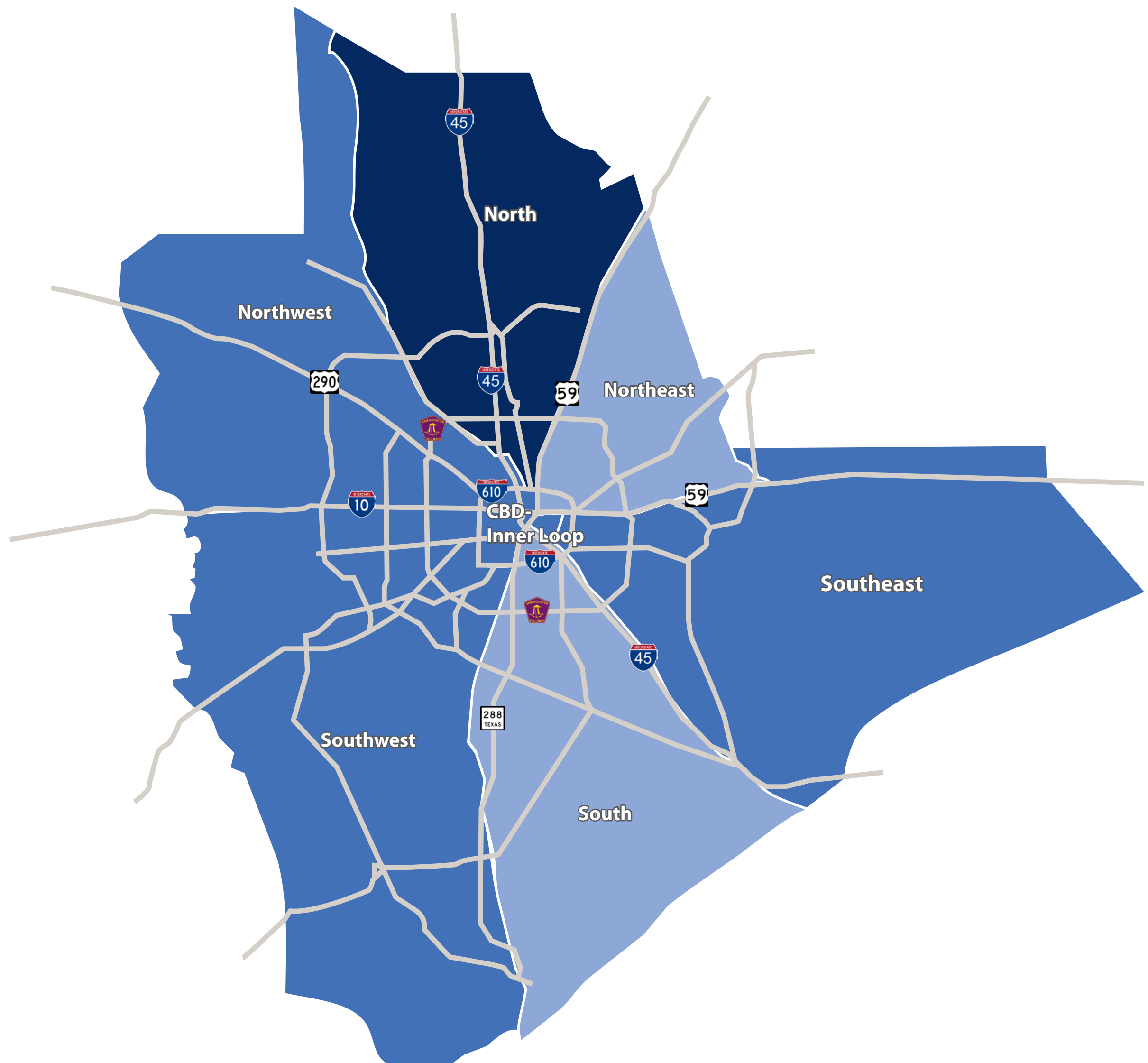
Heat Maps

Average NNN Asking Rate Direct (All Types) = $7.14 | Third Quarter 2019

Submarket	Average NNN Asking Rate Direct
North	$8.11
Southwest	$7.90
CBD-Inner Loop	$7.56
Southeast	$7.28
Northwest	$7.00
South	$5.68
Northeast	$5.14
Overall Average	$7.14



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.

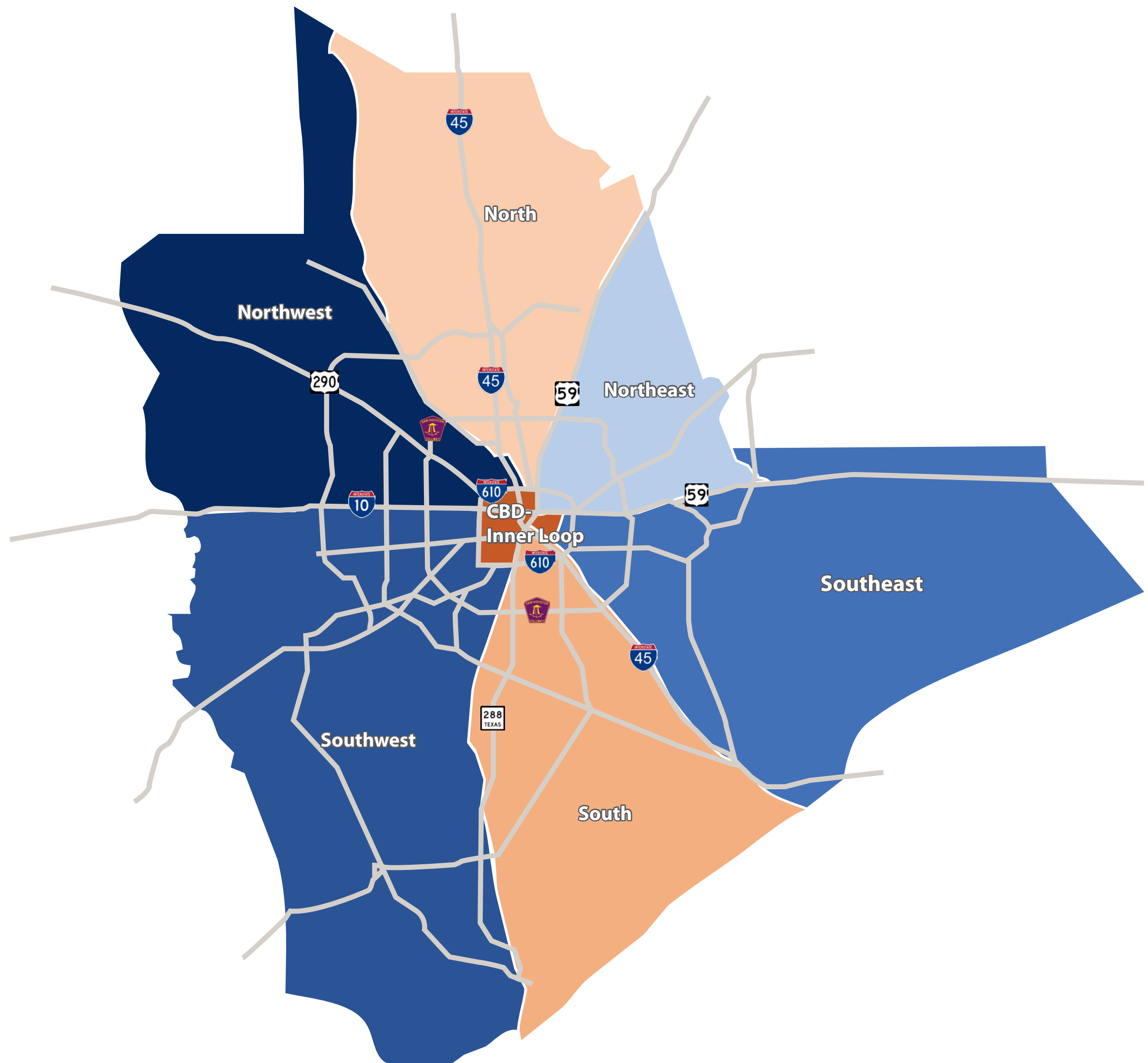
AVISON YOUNG

Heat Maps

Net Absorption Direct = 1,214,405 sf | Third Quarter 2019

Market Areas	Net Absorption Direct (sf)
Northwest	658,501
Southwest	406,126
Southeast	375,037
Northeast	237,530
North	-73,502
South	-109,743
CBD-Inner Loop	-279,544
Overall Total	1,214,405

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



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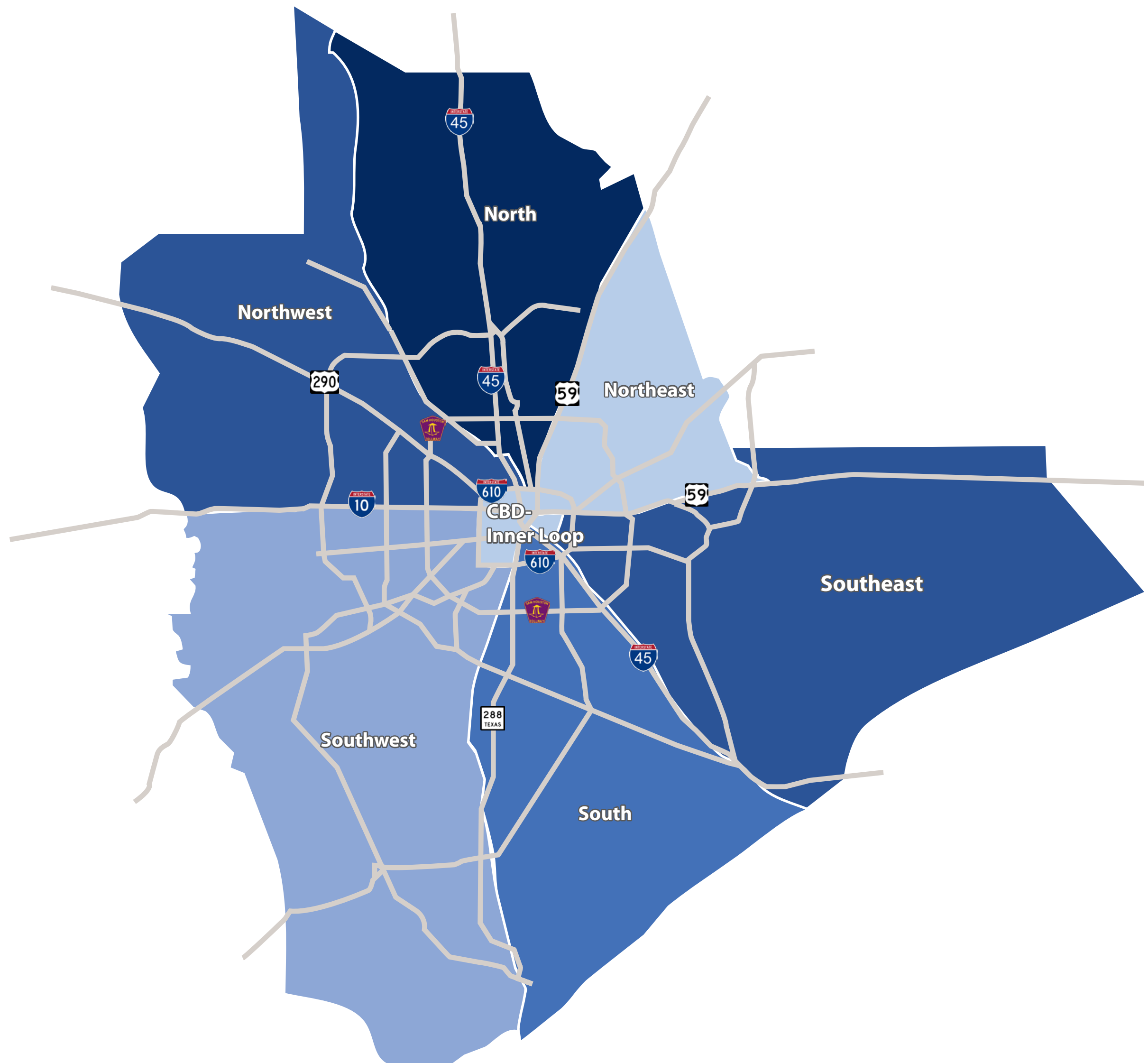
Heat Maps

Available Sublease Space = 4,985,273 sf | Third Quarter 2019

Market Areas	Available Sublease Space (sf)
North	1,980,023
Northwest	1,180,961
Southeast	1,113,001
South	320,069
Southwest	272,373
CBD-Inner Loop	71,439
Northeast	47,407
Overall Total	4,985,273



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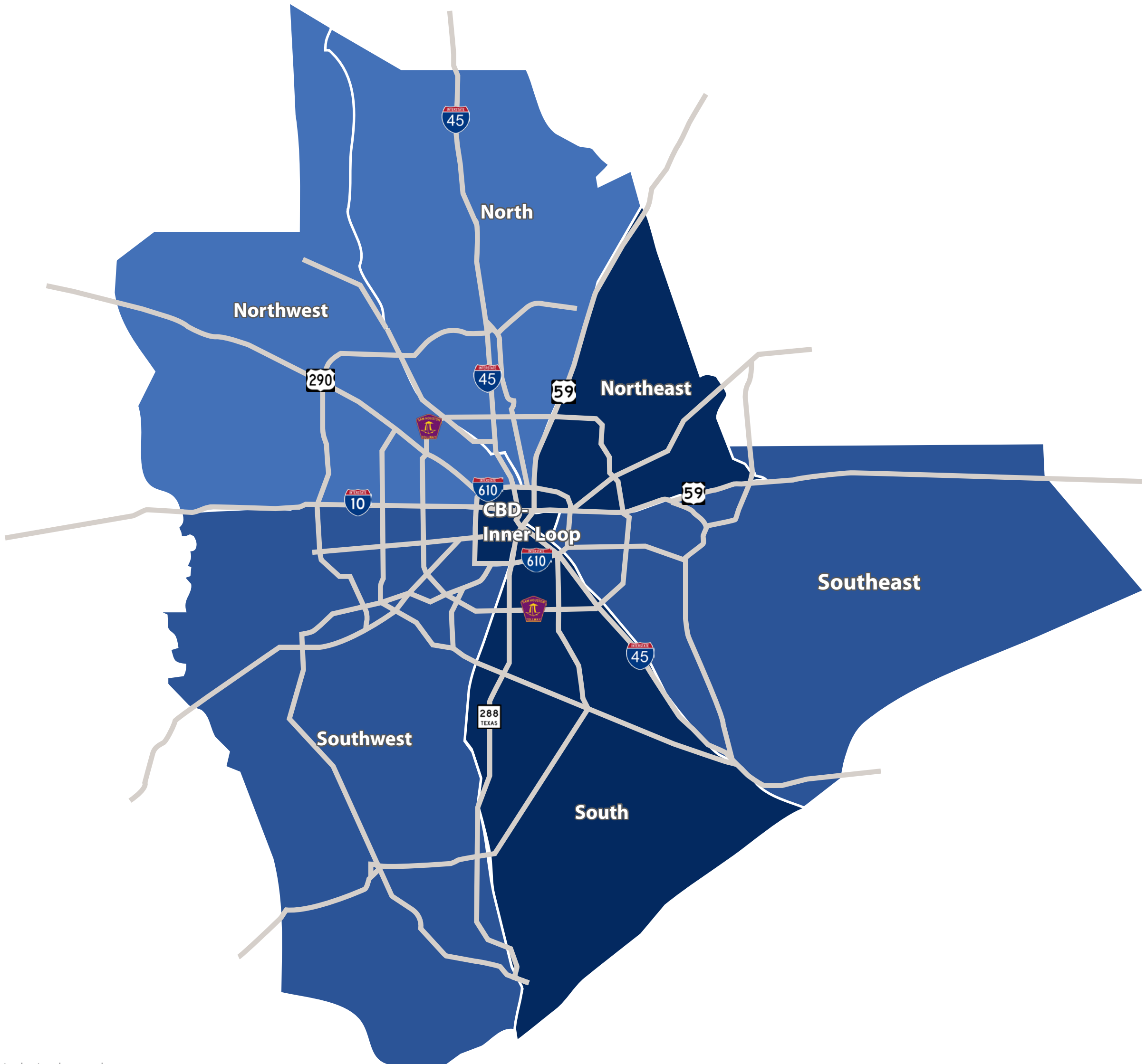
Heat Maps

Vacancy Rate Direct = 5.6% | Third Quarter 2019

Market Areas	Vacancy Rate Direct (%)
Northeast	4.2%
CBD-Inner Loop	4.5%
South	4.6%
Southeast	5.5%
Southwest	5.5%
Northwest	6.2%
North	6.4%
Overall Average	5.6%



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Properties

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