



TRANSWESTERN

HOUSTON INDUSTRIAL MARKET

Q2 2023



TRENDLINES

	Q2 2023	Q2 2022	ONE-YEAR TRAILING	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE (%)	4.2	4.0	↑	5.4	↑
NET ABSORPTION (MSF)	7.7	12.1	↓	6.1	↔
DIRECT VACANCY RATE (%)	4.8%	4.1%	↑	5.7%	↑
DIRECT VACANT AVAILABLE (MSF)	29.8	23.6	↑	33.6	↑
UNDER CONSTRUCTION (MSF)	27.1	20.6	↑	18.7	↔
ASKING RENT, NNN (PSF)	\$0.70	\$0.63	↑	\$0.60	↑
SALES VOLUME (Millions)	\$789	\$422	↑	\$546.0	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

CONSTRUCTION DELIVERIES IN PACE WITH DEMAND, COMING OFF LAST YEAR'S PEAK

Houston's industrial demand measured more than 7.4 million square feet in net absorption following a similar pattern seen in Q1 when it weighed in at 8.1 million. New space completions brought down Houston's construction pipeline to 27.1 million square feet after peaking in the final quarter of 2022 at just over 30.8 million. The deliveries inched up overall vacancy by 40 basis points to 4.8 percent with speculative warehouse/distribution space accounting for the small rise in availabilities. Area demand remains tight, though, with slim vacancies most notably on the south by southeast side of the metro region in addition to Sugar Land and the Southwest Near submarkets.

Metro job growth is performing well as overall employment has hit an all-time high of 3.35 million and is on pace to go past that by topping 3.4 million by the end of the year, as forecast by the Greater Houston Partnership (GHP). Economic activity continues to expand but clocked in at slower pace during June, according to the most recent Houston Purchasing Managers Index (PMI) prepared by the Institute for Supply Management-Houston. The overall PMI dipped 0.3 points to 50.7 in June, down from 51.0 in May as trade, transportation and warehousing, construction, oil and gas, among other sectors, signaled moderate expansion.

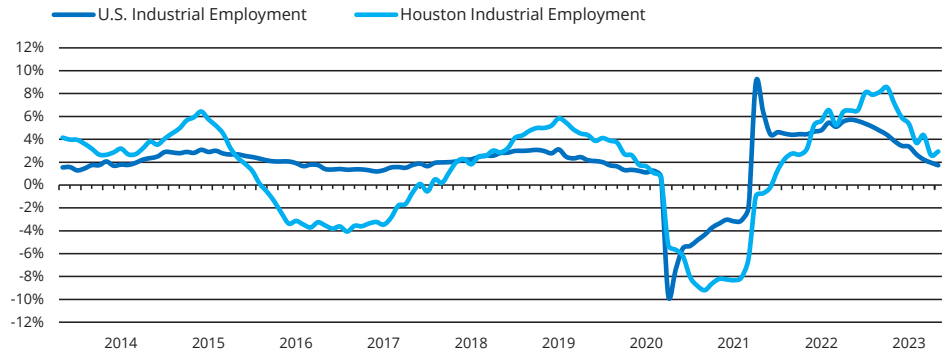


ECONOMY

Local Jobs Outlook Expected to 3.4 Million; YTD Construction Permits, Housing Sales Up

- Houston’s employment growth climbed significantly by 18,500 jobs in May following April’s slower but still positive numbers totaling 3,700, according to the Texas Workforce Commission (TWC). The region typically adds between 10,000 and 18,000 jobs in May, so the recent performance was exceptionally strong. Since the early-1990s the monthly metro average is 12,900 jobs during a typical May. The recent measure is another indicator of how satisfactory Houston’s job market is performing, reported the Greater Houston Partnership (GHP) in mid-June. Metro employment hit 3,354,300 in May, an all-time high, and has added 521,800 jobs since the pandemic, recovering 145.2 percent of the 359,300 jobs lost, said the GHP, and at the current pace of growth, local employment should top 3.4 million later this year.
- Meanwhile, the value of City of Houston building permits escalated noticeably during the first five months of 2023, totaling \$3.512 billion, and nearing the year-to-date value in May 2019 at \$3.580 billion, and is the third largest May-value since 2014. Residential permits topped \$1.968 billion, outweighing nonresidential’s \$3.094 billion as Houston’s housing market is showing signs of rebounding from slower home sales and higher mortgage rates.
- Houston’s market for existing single-family homes improved in May to norms more in line with historic levels as closings year-to-date returned to 2019 numbers following 10-year spikes during the prior to two years. Prices are rising but no longer escalating at double-digit rates, according to a late-June report by the Houston Association of Realtors (HAR). Additionally, the inventory of available homes greatly expanded with the HAR stating that brokers closed on just over 34,000 single-family homes in the first five months of 2023, down from the frenetic pace of the past two years, but still slightly above historic long-term averages.

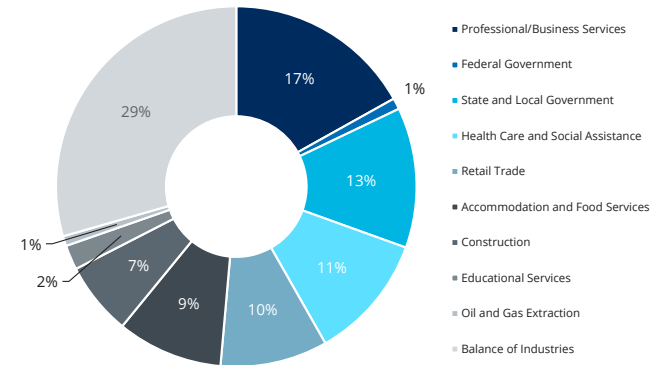
Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

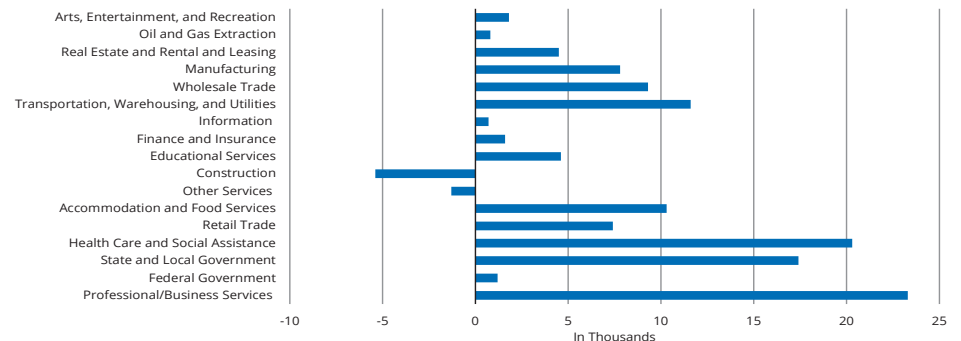
Houston | May 2023



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Houston | May 2023



Source: Bureau of Labor Statistics, Transwestern

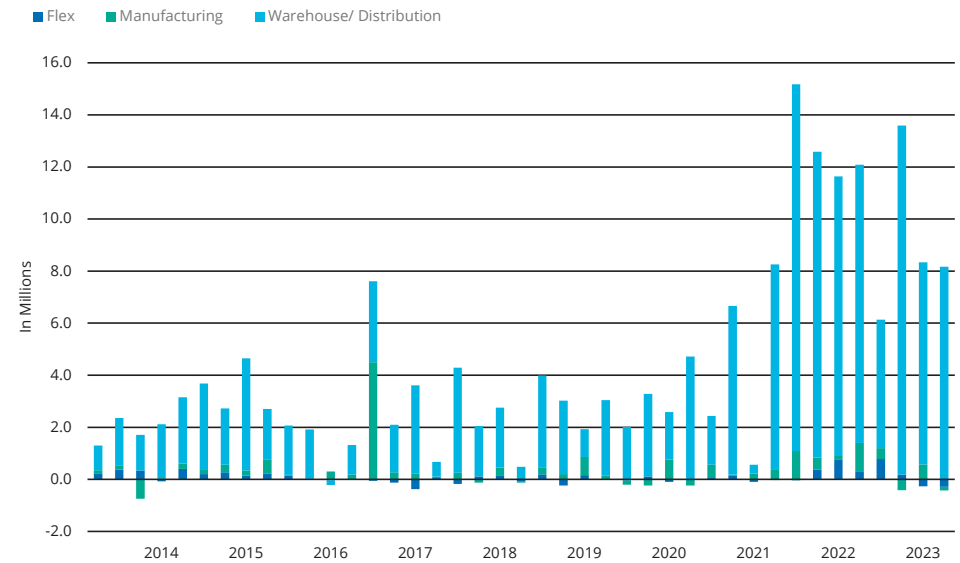


NET ABSORPTION

Warehouse/Distribution Demand Keeps Quarterly Absorption Above 8.0 Million SF

- Houston’s industrial demand measured more than 7.4 million square feet in net absorption following a similar patten seen in Q1 when it weighed in at 8.1 million. Warehouse/distribution took down a net total of 8.2 million square feet. Both Flex/R&D and manufacturing space finished with minor space givebacks totaling less than 500,000 square feet, mainly throughout inlying urban markets and on Houston’s north side.
- Four submarkets surpassed one million square feet in positive net absorption in a variety of markets: East-Southeast Far (2.2M SF), Northwest Far (1.7M SF), South Far (1.3M SF), and Northeast (1.1M SF). These top performing areas accounted for more than 80 percent of all net demand during the period and currently contain two-thirds of metro construction presently underway.
- The largest reported transaction during the quarter came from Dresser LLC, a manufacturing company, signing for a full-building lease at 10575 Red Bluff Rd in a 248,240 square foot warehouse/distribution building featuring cold storage space located in the East-Southeast Far submarket, at the corner of Red Bluff Rd and Bay Area Blvd.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

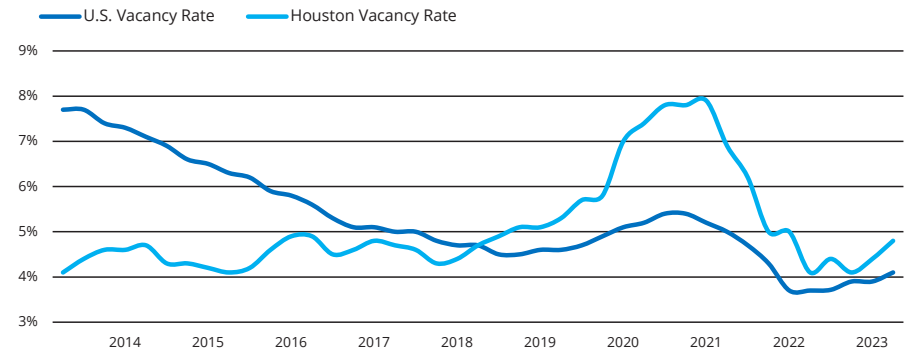


VACANCY

Warehouse/Distribution Completions Spur Slight Vacancy Rise

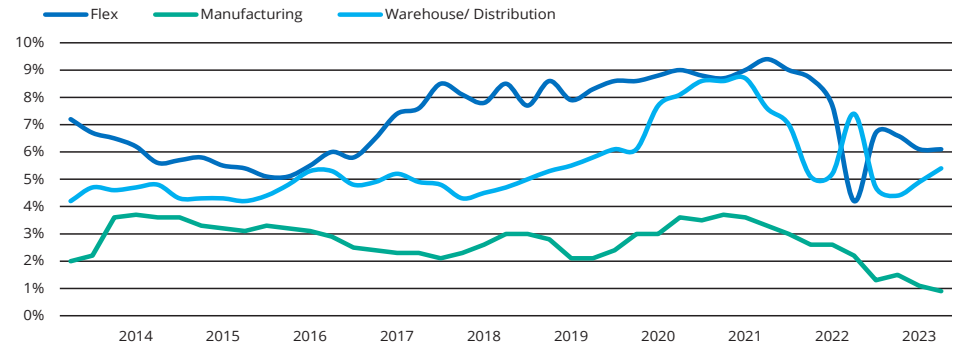
- Houston finished the quarter with an overall direct vacancy of 4.8 percent, increasing 40 basis points this period, with new speculative warehouse/distribution space delivering accounting for the small rise in availabilities.
- Four submarkets have slim space vacancies below three percent: East-Southeast Near (0.8%), South Near (1.9%), Sugar Land (2.0%), and Southwest Near (2.8%) and currently have just under one million square feet of new construction projects in the pipeline with most of the facilities already fully leased prior to completion.
- Submarkets with the highest direct vacant square feet, and home to some of the newest industrial development, include Northwest Far (6.1M SF of direct vacancy and 3.4M SF under development), North Far (5.9M SF and 4.5M SF respectively), Katy/Far West (3.7M SF and 2.6M SF), and East-Southeast Far (3.7M SF and 6.3M SF). New construction completions totaled 7.9 million square feet this quarter with 5.8 million being actively marketed.

OVERALL VACANCY RATE



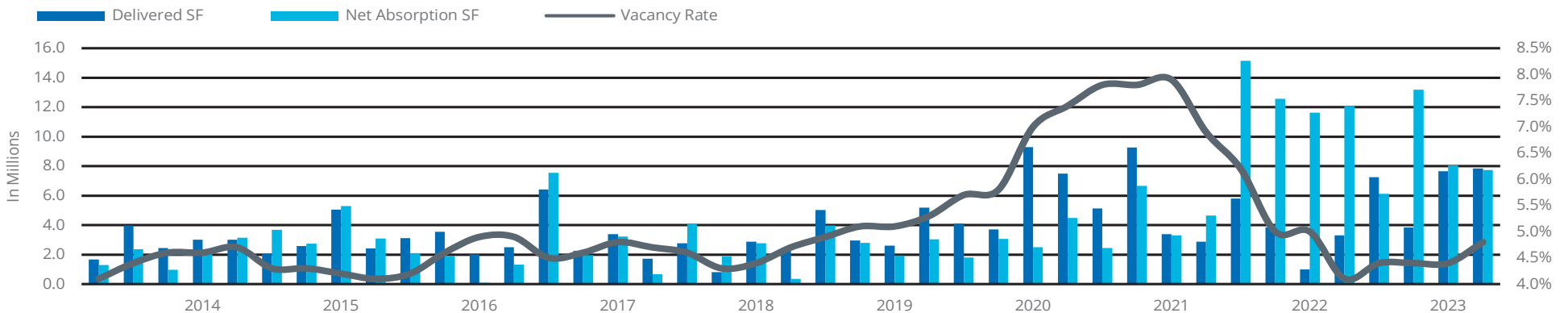
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

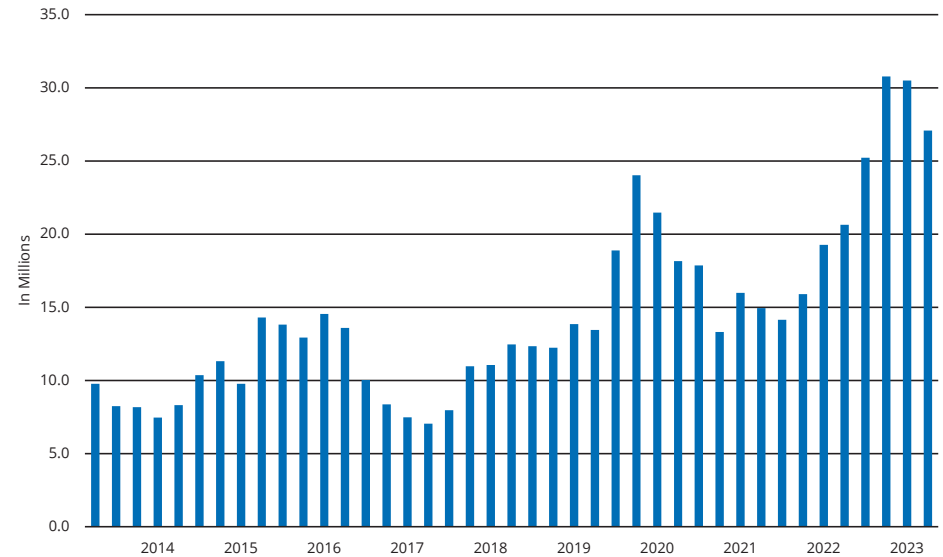


UNDER CONSTRUCTION

Deliveries Overtake Starts for Second Consecutive Quarter

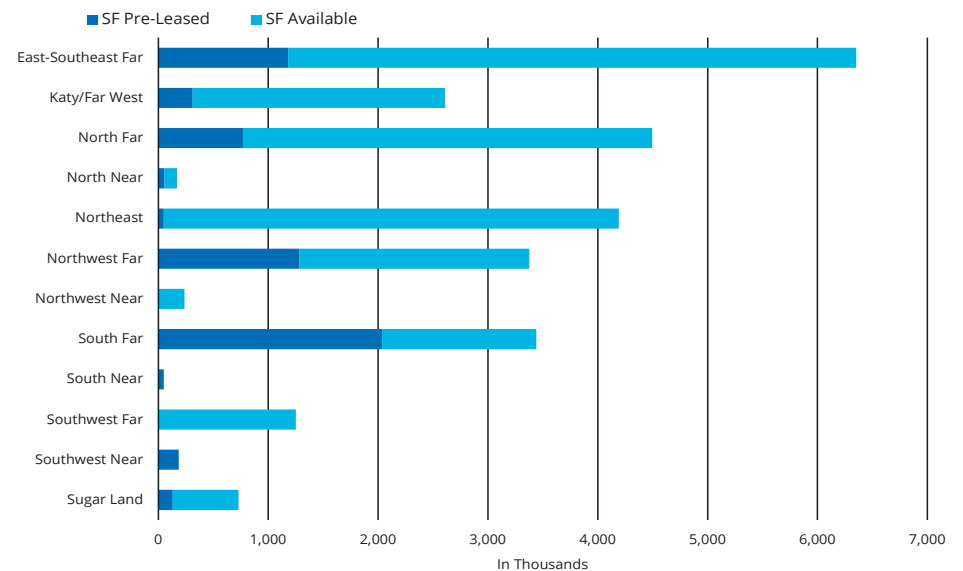
- Houston’s industrial pipeline clocked in just over 27.1 million square feet this reporting period, maintaining its double-digit figure that began in 2018 but subsided over its peak of more than 30.8 million at the end of last year. New building deliveries out-paced new construction starts by 3.4 million square feet this quarter with projects completed in six submarkets: East-Southeast Far, Katy/Far West, North Far, Northeast, Northwest Far, and South Far, for a total of just over 7.8 million square feet.
- There were two recent notable deliveries with the largest being just under 740,000 square feet and the second measuring more than 600,000 square feet. Clarion Partners’ Interchange 249 – Building 6, a 740,000 square foot speculative warehouse/distribution center came online at 19200 Hamish Rd in the Northwest Far submarket with the newly delivered project being fully marketed for lease. The second project delivery during the quarter was MDH Partners’ Building 4 in the South Belt Central Business Park, a 600,000 square foot warehouse/distribution center located in the South Far submarket. The facility delivered fully occupied with Penske Logistics’ pre-lease commitment for the entire building signed in November 2022.
- Two large projects were announced during the quarter. The largest, Capital Development Partners’ Logistics Center II in the Cedar Port Industrial Park, is an approximate 800,000 square foot warehouse/distribution center located at 6500 Nita Way in the East-Southeast Far. The entire building is currently available for pre-lease and has an estimated delivery for the first half of 2024. The second major new project is from Houston-based Avera Companies with their 484 thousand square foot speculative, cross-dock, warehouse/distribution center at the corner of Grand Parkway & Kilgore Parkway in the East-Southeast Far submarket. The project is slated to deliver in June 2024.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

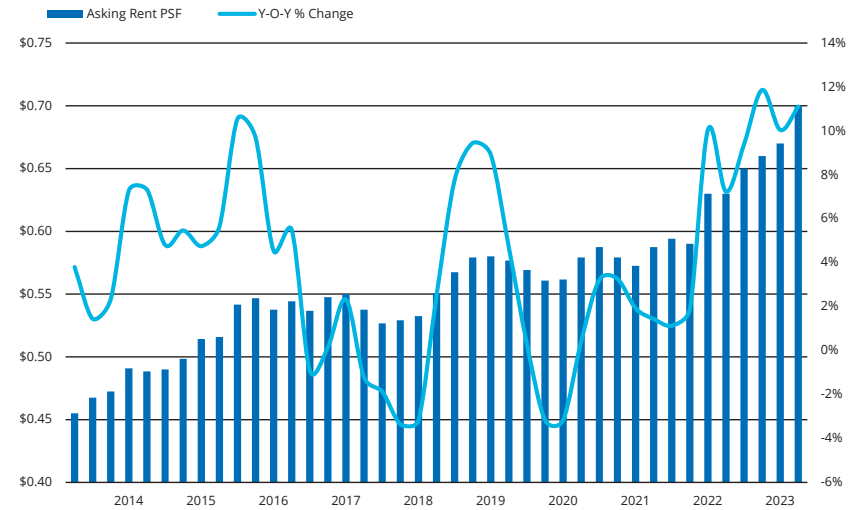


RENTAL RATES

Outlook Asking Rents Up in Most Submarkets a Full Percent in Q2 2023

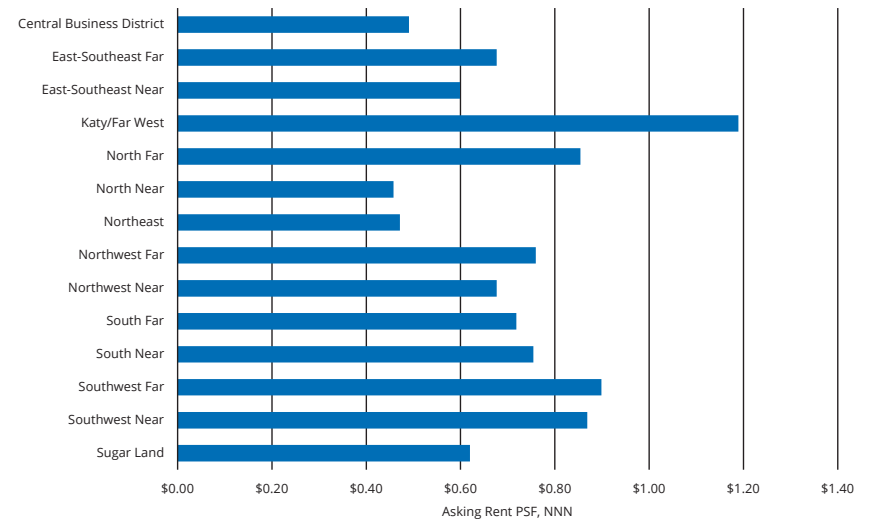
- Houston’s overall triple-net industrial rents rose throughout the quarter, as both manufacturing and warehouse/distribution space experienced gains of 1.4 percent and 4.6 percent, respectively. On the flip side, Flex/R&D witnessed a small decline of \$0.02/MO NNN or 2.1 percent.
- Warehouse/distribution space asking rent gains of 4.6 percent, or more than double last quarter’s gains, brought asking rents up to \$0.68/MO NNN which also adds up to double-digit gains of 11.5 percent year-over-year. Manufacturing space was home to the second net positive percentage in terms of asking rent gains. The subtype clocked in at \$0.71/MO NNN for Q2, a 1.4 percent increase quarter-over-quarter and a more impressive 10.9 percent gain when comparing from the same period last year.
- Notable rent gains came mainly from warehouse/distribution space. For example, Southwest Far saw warehouse/distribution rise by \$0.12/MO NNN PSF to \$0.88/MO NNN PSF, or 16.4 percent, while Katy Far West had its warehouse/distribution space command an additional \$0.15/MO NNN PSF to \$1.20/MO NNN PSF, or 14.4 percent. Both Katy Far West and Southwest Far tallied decreased vacancies for warehouse/distribution with the latter being near 4.0 percent over the past 90-day period.
- Eight of the 14 submarkets experienced at least a full percent gain or better during the second quarter, while one submarket, East-Southeast Far, experienced a marginal and sideways movement, and five submarkets experienced decreases greater than 1 percent. Industrial rent gains seen in Houston follow the same upwards trajectory seen throughout the U.S. major markets, “up.” Houston’s overall annual rent gains clocked in a 11.1 percent while a recent report from Yardi Matrix, a market and institutional research intelligence tool reports national national gains at 7.3 percent, and cementing Houston with a 4 percent advantage over the U.S. leading into the second half of the year.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET



Source: CoStar, Transwestern

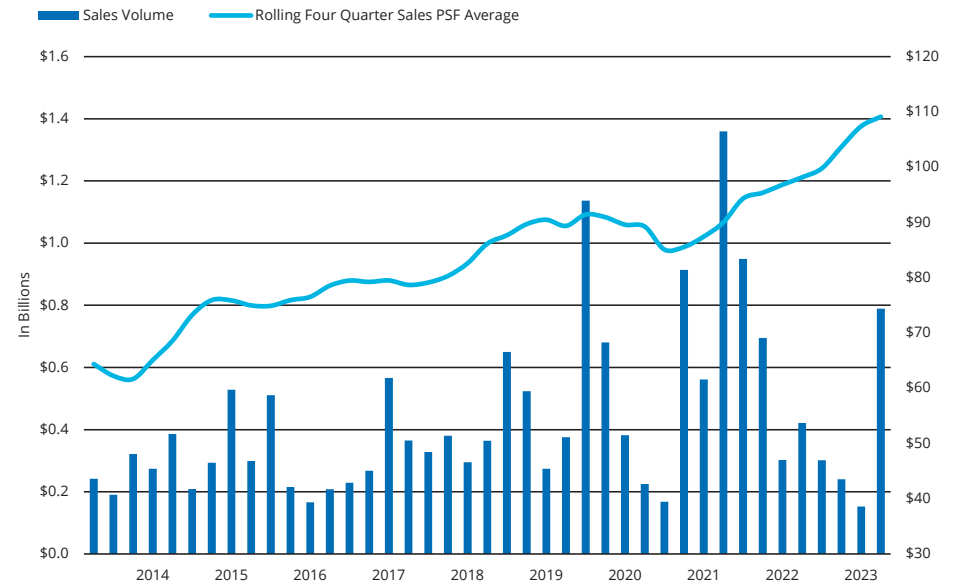


SALES

All Investor Classes Active This Quarter

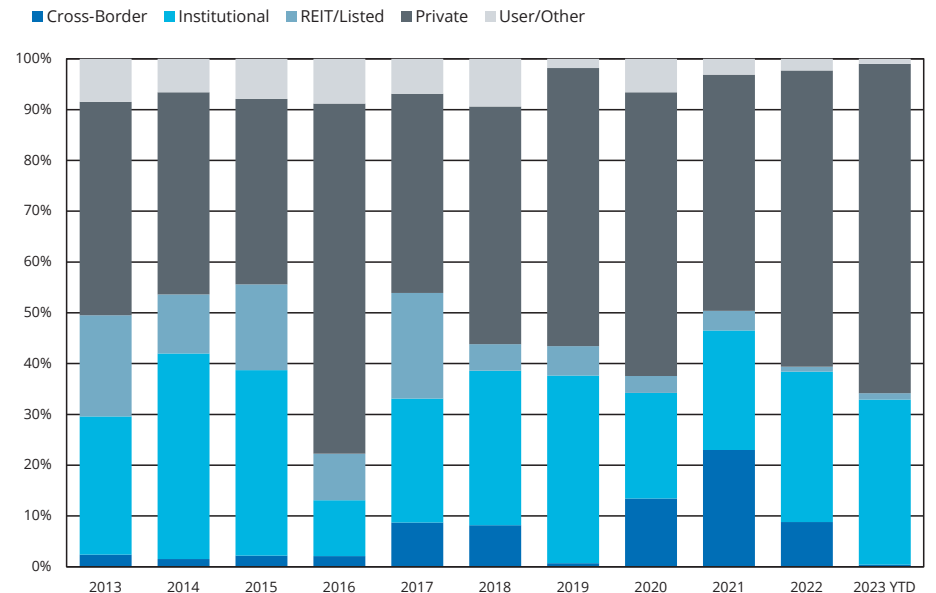
- Investors completed 45 property sales throughout Houston during the second reporting period of 2023 and more than doubling the previous quarter’s 18 property trades with acquisitions averaging \$109 per square foot, up from \$102 over the same period last year, but a decrease of \$4.00 per square foot quarter-over-quarter.
- Private investors were net buyers for the second consecutive quarter and remain the only net purchasers during 2023. The investor group increased their position by \$277.5 million, which brings the 2023’s year-to-date acquisitions to a net total of \$303.9 million.
- REITs, international and institutional investors finished quarter being net sellers. Institutions, which were net sellers last quarter, disposed \$50.6 million bringing on a net \$58.3 million in total depositions for 2023. International investors and REITs were previously absent during Q1 2023 but both groups reported market activity during Q2. International investors reported the largest number of net dispositions during Q2 with the group reportedly disposing of a net total of \$101.4 million. REITs, reporting the lowest amount of market activity, finished the quarter with a net total of \$3.2 million in dispositions.
- A noteworthy property trade announced during the quarter was completed by Houston-based Lovett Industrial, a real estate investment firm, acquiring Claymoore Northwest Portfolio from Atlanta-based Invesco Real Estate. The portfolio is comprised of 10 buildings, measures an estimated 1,397,900 square feet and located proximate to Beltway 8 and Highway 290 in the Northwest Far submarket.
- Also announced during the quarter, Atlanta-based MDH Partners, a real estate investment firm, acquired Building 4 in the South Belt Central Business Park in the South Far submarket. The Class A, 603,780 square foot, warehouse/distribution facility is located at the corner of the Sam Houston Tollway and Journey Rd.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



NOTABLE REPORTED LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
DRESSER LLC	10575 Red Bluff Rd	East-Southeast Far	New	248,240
ADAMS WAREHOUSE & DELIVERY	3200 W 11th St	Northwest Near	New	230,000
PROFESSIONAL PACKAGING SYSTEMS, LLC	32509 US Hwy 90 BUS	Katy/Far West	New	229,150
DREAM HARVEST	12855 S Kirkwood Rd	Southwest Near	New	207,000
ABACO DRILLING	713 NorthPark Central Dr	North Far	New	198,880
KHD GROUP	9707 Fairbanks N Houston Rd	Northwest Far	New	156,483
DSI LOGISTICS	10001 Fannin St	Southwest Far	New	151,342
MERIH LOGISTICS	3710 Cedar Blvd	East-Southeast Far	New	129,527
WOW DESIGN	12855 S Kirkwood Rd	Southwest Near	New	118,028
GULF STATES TRUCKING	4033 Malone Dr	East-Southeast Far	New	107,000

= Transwestern transaction

SOURCE: Transwestern Research.

NOTABLE SALES

PROPERTY	SUBMARKET	BUILDING SF	BUYER	SELLER
CLAYMOORE NORTHWEST PORTFOLIO	Northwest Far	1,397,900	Lovett Industrial	Invesco Real Estate
SOUTH BELT CENTRAL - BUILDING 4	South Far	603,389	MDH Partners	Investment & Development Ventures
KIRKWOOD INDUSTRIAL	Southwest Near	539,737	Cabot Properties	CHI
NORTH HOUSTON LOGISTICS CENTER - BLDG G	North Near	351,400	Blackstone, Inc.	IDI Logistics
MARKET STREET INDUSTRIAL PARK	East-Southeast Near	312,728	ATCAP Partners	CenterPoint Properties
INTERPAK PARK - BUILDING 1	South Far	295,426	ATCAP Partners	CenterPoint Properties

= Transwestern transaction

SOURCE: Transwestern Research.

WHY OUR METHODOLOGY IS THE BEST INDICATOR OF CURRENT MARKET CONDITIONS

We include owner occupied and single-tenant buildings in our inventory, vacancy and absorption statistics to capture more market activity than many of our competitors. This allows us to better correlate changes in the market with changes in employment. As single-tenant space does compete with multi-tenant space, we believe it is critical to understand all components of the market. The inclusion of single-tenant and owner-occupied space tends to yield lower vacancy rates and higher absorption totals than some of our competitors' results, but our coverage of the market is more comprehensive.



HOUSTON INDUSTRIAL MARKET INDICATORS

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ROLLING 4-QTR ABSORPTION SF	ASKING RENT NNN, MONTHLY
CENTRAL BUSINESS DISTRICT								
FLEX/R&D	362,552	5,948	1.6%	1.6%	-	(3,000)	(18,000)	\$1.50
MANUFACTURING	5,050,925	31,900	0.6%	0.6%	-	(22,000)	(281,000)	-
WAREHOUSE/DISTRIBUTION	19,901,800	904,439	4.5%	7.0%	-	(39,000)	40,000	\$0.47
TOTAL - CENTRAL BUSINESS DISTRICT	25,315,277	942,287	3.7%	5.6%	-	(64,000)	(259,000)	\$0.49
EAST-SOUTHEAST FAR								
FLEX/R&D	1,819,797	158,780	8.7%	8.7%	-	(15,000)	61,000	\$0.89
MANUFACTURING	7,564,993	74,384	1.0%	1.0%	725,000	-	385,000	-
WAREHOUSE/DISTRIBUTION	77,648,571	3,425,677	4.4%	5.6%	5,627,039	2,209,000	8,180,000	\$0.67
TOTAL - EAST-SOUTHEAST FAR	87,033,361	3,658,841	4.2%	5.3%	6,352,039	2,194,000	8,626,000	\$0.68
EAST-SOUTHEAST NEAR								
FLEX/R&D	361,108	-	-	-	-	-	-	-
MANUFACTURING	9,388,383	2,800	0.0%	0.0%	-	(152,000)	(375,000)	\$0.50
WAREHOUSE/DISTRIBUTION	21,549,766	257,119	1.2%	1.2%	-	347,000	3,094,000	\$0.64
TOTAL - EAST-SOUTHEAST NEAR	31,299,257	259,919	0.8%	0.8%	-	195,000	2,719,000	\$0.60
KATY/FAR WEST								
FLEX/R&D	1,377,413	156,395	11.4%	11.6%	-	27,000	165,000	\$1.27
MANUFACTURING	1,193,593	20,500	1.7%	1.7%	-	23,000	141,000	\$0.77
WAREHOUSE/DISTRIBUTION	31,827,893	3,522,170	11.1%	11.3%	2,610,078	227,000	4,334,000	\$1.20
TOTAL - KATY/FAR WEST	34,398,899	3,699,065	10.8%	11.0%	2,610,078	277,000	4,640,000	\$1.19



HOUSTON INDUSTRIAL MARKET INDICATORS

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ROLLING 4-QTR ABSORPTION SF	ASKING RENT NNN, MONTHLY
NORTH FAR								
FLEX/R&D	8,348,197	410,570	4.9%	5.1%	241,094	(50,000)	742,000	\$0.76
MANUFACTURING	11,160,582	-	-	-	29,974	(25,000)	355,000	\$1.08
WAREHOUSE/DISTRIBUTION	72,746,318	5,468,967	7.5%	7.7%	4,224,482	229,000	2,674,000	\$0.83
TOTAL - NORTH FAR	92,255,097	5,879,537	6.4%	6.5%	4,495,550	154,000	3,771,000	\$0.85
NORTH NEAR								
FLEX/R&D	926,240	106,506	11.5%	11.5%	-	(15,000)	(20,000)	\$0.68
MANUFACTURING	2,994,900	104,108	3.5%	3.5%	-	(68,000)	18,000	-
WAREHOUSE/DISTRIBUTION	16,716,115	622,289	3.7%	3.7%	168,243	(11,000)	1,368,000	\$0.45
TOTAL - NORTH NEAR	20,637,255	832,903	4.0%	4.0%	168,243	(94,000)	1,366,000	\$0.46
NORTHEAST								
FLEX/R&D	343,917	21,536	6.3%	6.3%	-	1,000	19,000	\$0.70
MANUFACTURING	8,767,696	50,052	0.6%	0.6%	-	(36,000)	7,000	\$0.35
WAREHOUSE/DISTRIBUTION	33,530,397	1,540,173	4.6%	4.6%	4,191,591	1,164,000	3,094,000	\$0.50
TOTAL - NORTHEAST	42,642,010	1,611,761	3.8%	3.8%	4,191,591	1,129,000	3,120,000	\$0.47
NORTHWEST FAR								
FLEX/R&D	3,282,854	238,171	7.3%	7.3%	51,890	(164,000)	(629,000)	\$0.85
MANUFACTURING	15,634,564	122,328	0.8%	1.0%	-	5,000	287,000	\$0.72
WAREHOUSE/DISTRIBUTION	62,264,463	5,692,484	9.1%	9.5%	3,323,983	1,842,000	3,499,000	\$0.77
TOTAL - NORTHWEST FAR	81,181,881	6,052,983	7.5%	7.8%	3,375,873	1,683,000	3,157,000	\$0.76



HOUSTON INDUSTRIAL MARKET INDICATORS

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ROLLING 4-QTR ABSORPTION SF	ASKING RENT NNN, MONTHLY
NORTHWEST NEAR								
FLEX/R&D	9,502,744	662,162	7.0%	7.6%	-	(57,000)	(259,000)	\$0.93
MANUFACTURING	9,000,958	222,620	2.5%	2.5%	-	81,000	77,000	\$0.80
WAREHOUSE/DISTRIBUTION	60,111,740	1,761,795	2.9%	3.1%	238,200	(215,000)	(167,000)	\$0.62
TOTAL - NORTHWEST NEAR	78,615,442	2,646,577	3.4%	3.6%	238,200	(191,000)	(349,000)	\$0.68
SOUTH FAR								
FLEX/R&D	1,125,882	56,053	5.0%	5.0%	30,000	(26,000)	99,000	\$1.26
MANUFACTURING	6,692,152	25,783	0.4%	0.4%	-	71,000	(157,000)	\$0.53
WAREHOUSE/DISTRIBUTION	24,159,332	1,455,476	6.0%	6.3%	3,410,409	1,255,000	1,139,000	\$0.75
TOTAL - SOUTH FAR	31,977,366	1,537,312	4.8%	5.0%	3,440,409	1,300,000	1,081,000	\$0.72
SOUTH NEAR								
FLEX/R&D	869,831	63,447	7.3%	7.3%	-	(14,000)	(66,000)	\$0.95
MANUFACTURING	1,652,475	78,312	4.7%	4.7%	-	(13,000)	(61,000)	\$0.55
WAREHOUSE/DISTRIBUTION	7,623,552	55,872	0.7%	0.7%	50,000	50,000	(53,000)	\$0.78
TOTAL - SOUTH NEAR	10,145,858	197,631	1.9%	1.9%	50,000	23,000	(180,000)	\$0.75
SOUTHWEST FAR								
FLEX/R&D	1,781,324	66,204	3.7%	4.2%	-	103,000	164,000	\$0.94
MANUFACTURING	1,899,693	-	-	-	-	-	150,000	\$1.00
WAREHOUSE/DISTRIBUTION	14,480,593	869,774	6.0%	6.0%	1,250,582	815,000	1,637,000	\$0.88
TOTAL - SOUTHWEST FAR	18,161,610	935,978	5.2%	5.2%	1,250,582	918,000	1,951,000	\$0.90



HOUSTON INDUSTRIAL MARKET INDICATORS

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ROLLING 4-QTR ABSORPTION SF	ASKING RENT NNN, MONTHLY
SOUTHWEST NEAR								
FLEX/R&D	5,463,981	300,540	5.5%	5.6%	35,000	(102,000)	50,000	\$0.99
MANUFACTURING	3,047,658	46,000	1.5%	1.5%	-	1,000	(99,000)	-
WAREHOUSE/DISTRIBUTION	28,960,526	707,861	2.4%	2.6%	150,000	372,000	1,336,000	\$0.85
TOTAL - SOUTHWEST NEAR	37,472,165	1,054,401	2.8%	2.9%	185,000	271,000	1,287,000	\$0.87
SUGAR LAND								
FLEX/R&D	2,315,089	79,931	3.5%	4.0%	30,000	25,000	96,000	\$1.03
MANUFACTURING	1,968,529	-	-	-	-	-	(5,000)	-
WAREHOUSE/DISTRIBUTION	18,866,495	375,845	2.0%	2.5%	698,720	(77,000)	350,000	\$0.57
TOTAL - SUGAR LAND	23,150,113	455,776	2.0%	2.4%	728,720	(52,000)	441,000	\$0.62
HOUSTON								
FLEX/R&D	37,880,929	2,326,243	6.1%	6.4%	387,984	(290,000)	404,000	\$0.92
MANUFACTURING	86,017,101	778,787	0.9%	0.9%	754,974	(135,000)	442,000	\$0.71
WAREHOUSE/DISTRIBUTION	490,387,561	26,659,941	5.4%	5.9%	25,943,327	8,168,000	30,525,000	\$0.68
TOTAL - HOUSTON	614,285,591	29,764,971	4.8%	5.2%	27,086,285	7,743,000	31,371,000	\$0.70

SOURCE Inventory and vacancy from analysis of CoStar data, net absorption computed by Transwestern

NOTE Includes buildings 25,000 SF RBA and greater, does not include buildings under construction or owned by the government

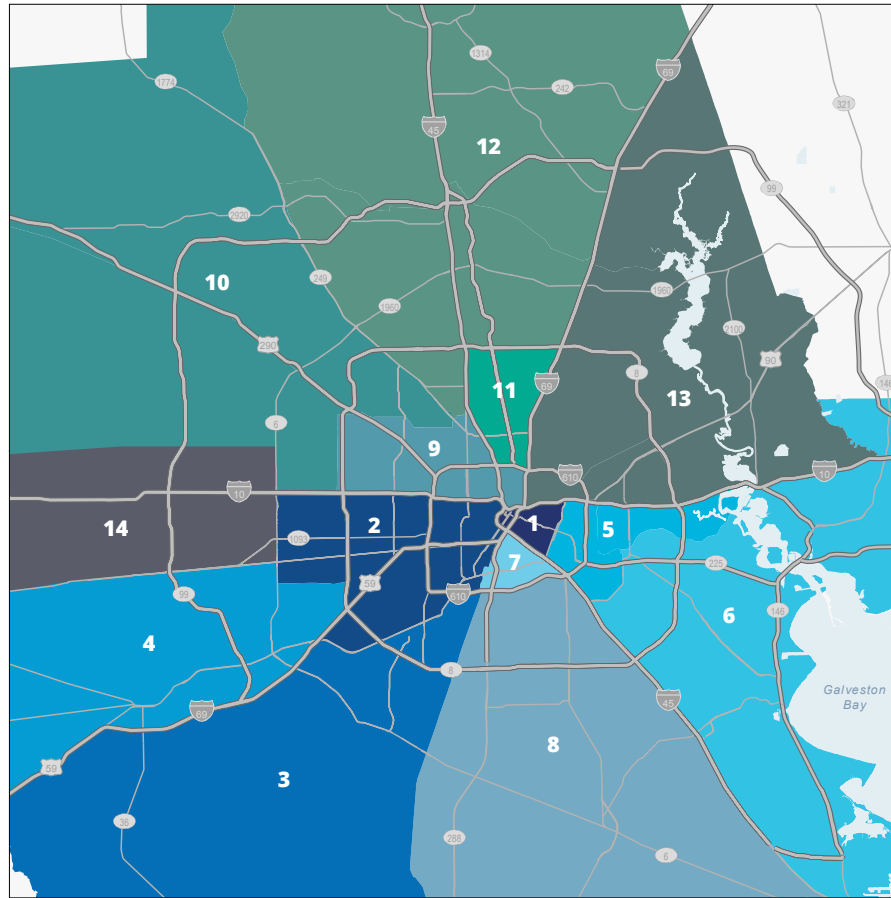


RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on office properties located in the Houston metropolitan area. This report includes Warehouse/distribution, Flex and Manufacturing properties 25,000 SF and larger and analyzes leasing, renewal, representative investment sales activity.

ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high-net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).



Houston Industrial Submarkets

- 1** Houston CBD
- Southwest**
- 2** Southwest Near
- 3** Southwest Far
- 4** Sugar Land/Southwest
- Southeast**
- 5** East-Southeast Near
- 6** East-Southeast Far
- South**
- 7** South Near
- 8** South Far
- Northwest**
- 9** Northwest Near
- 10** Northwest Far
- North**
- 11** North Near
- 12** North Far
- Northeast**
- 13** Northeast
- West**
- 14** Katy/Far West

FOR MORE INFORMATION

Robert Kramp

Vice President
Research & Investment Analytics

Robert.Kramp@transwestern.com
713.270.3346

Kelsey Meck

Analyst
Research & Investment Analytics

Kelsey.Meck@transwestern.com
713.272.1286

Harrison Owens

Analyst
Research & Investment Analytics

Harrison.Owens@transwestern.com
713.270.3338