



TRANSWESTERN

HOUSTON INDUSTRIAL MARKET

Q4 2022



TRENDLINES

	Q4 2022	Q4 2021	ONE-YEAR TRAILING	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE (%)	4.3	5.4	↓	5.6	↑
NET ABSORPTION (MSF)	13.2	12.6	↑	5.5	↔
DIRECT VACANCY RATE (%)	4.4%	5.3%	↓	5.7%	↔
DIRECT VACANT AVAILABLE (MSF)	24.6	32.0	↓	33.2	↔
UNDER CONSTRUCTION (MSF)	30.8	15.9	↑	17.0	↑
ASKING RENT, NNN (PSF)	\$0.66	\$0.59	↑	\$0.58	↑
SALES VOLUME (Millions)	\$240	\$695	↓	\$533.3	↔

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

WAREHOUSE/DISTRIBUTION DEMAND DOUBLES IN Q4 2022

Sector tenants registered a total of 13.2 million square feet of positive new demand this quarter exceeding the Q3 level by a factor greater than 2:1, with nearly all the absorption in warehouse/distribution space. About a third of the demand was in the Southwest Far submarket weighing in with 3.9 million square feet of newly occupied space. Due to rising demand, vacancy closed the year with an overall direct rate of 4.1 percent, a decrease of 30 basis points quarter-over-quarter and a tightening of 90 basis points for the year. Meanwhile, Houston’s industrial pipeline sits just under 31 million square feet, making a strong end-of-year push with nearly 7.2 million square feet of new construction starts.

The local robust construction level squares with the longer-term U.S. outlook. According to the Linneman Letter’s Winter 2022-23 edition, the combination of warehouse/logistics space demand associated with the growth in industrial, traditional brick sales, and online retail sales will require a nearly 50 percent increase in the stock of space over the next decade. In the near term, though, Houston’s economic activity expanded at a slightly slower pace in December, according to the Houston Purchasing Managers Index (PMI) registering 53.8, down from 54.7 in November and was tied to a small year-end pullback in sales/new orders and employment.

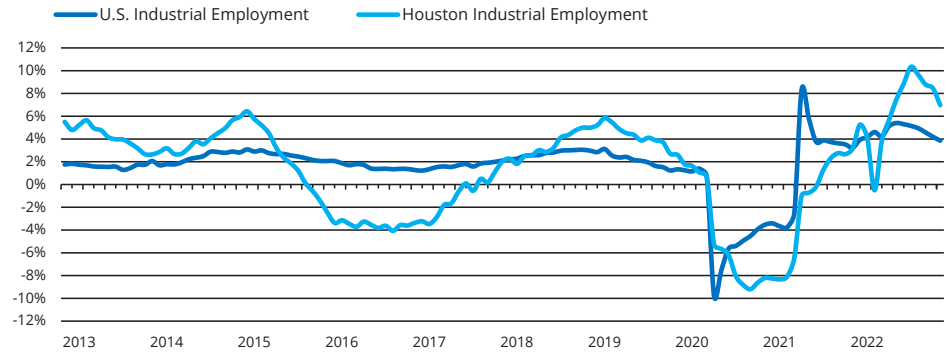


ECONOMY

Sizeable Growth Foreseen in 2023 Despite Headwinds

- Metro Houston added 14,500 new jobs in November 2022, according to data released during December by the Texas Workforce Commission (TWC). This falls behind seasonal expectations for the month when the region normally creates 15,000 or more in November, hinting that a slowdown in job growth is gradually on the way. As a result, Houston created approximately 158,400 jobs through the first 11 months of this year, however, expectations are the employment data will be noticeably revised downward in January with the year-end total. Even with substantial revisions, though, 2022 should finish with near-record job growth and employment at an all-time high topping 3.3 million.
- The Greater Houston Partnership (GHP) forecasts the Houston region will see significant job growth in the year ahead, but just how much growth and in what sectors is heavily dependent on whether the U.S. slips into a recession in 2023 and the subsequent depth and longevity of that downturn. In its baseline forecast, Houston experiences a short and shallow recession in the first half of 2023, with growth resuming in the third quarter. The resulting outlook for the new year, then, is that it would likely mean a net gain of approximately 60,800 jobs - a bit shy of the region's long-term average of 65,000 to 70,000 new payrolls annually, but still significant growth.
- The labor market proved to be a resilient stabilizer in 2022 for a U.S. economy facing the highest inflation in four decades. On a local level, Houston's metro unemployment was 4.1 percent in November, down from 5.4 percent over a year ago and declined steadily since peaking in April 2020. In its most recent full release, Houston's core inflation rate was 7.6 percent over the year according to the U.S. Bureau of Labor Statistics, outpaced by the U.S. November 2022 figure of 6.0 percent. Houston's core rate continues to track above that of the U.S. mainly due to higher local process for everyday items, such as groceries and restaurant meals, with smaller prices for housing, apparel, and vehicles.

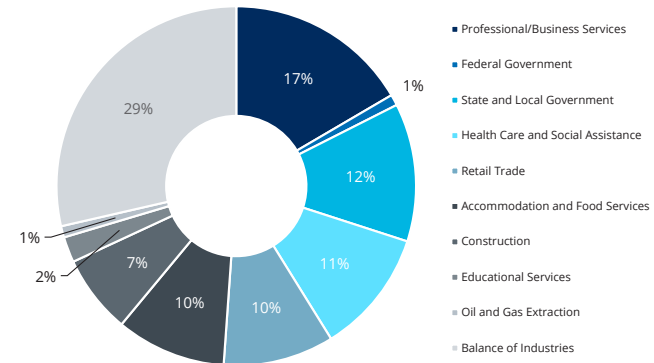
Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

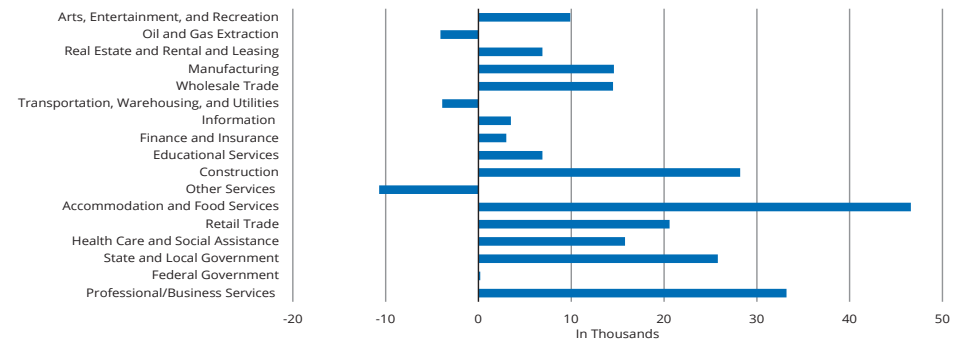
Houston | November 2022



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Houston | November 2022



Source: Bureau of Labor Statistics, Transwestern

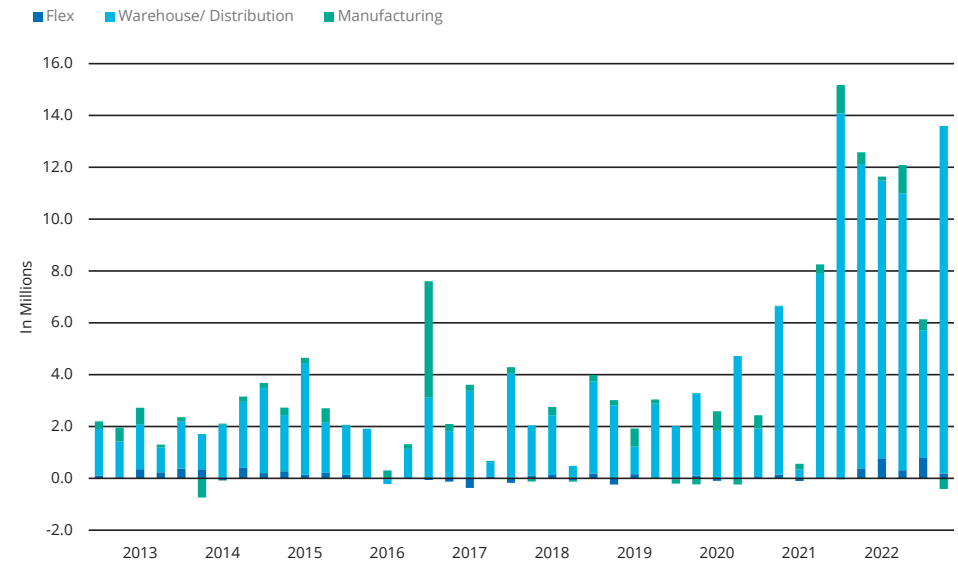


NET ABSORPTION

Year-End Leasing Volume Doubles Over Q3 2022

- Houston's industrial tenants expanded in the fourth quarter by a total of 13.2 million square feet of positive new demand, more than doubling over the third quarter which registered 6.1 million square feet by comparison. Warehouse/distribution space finished the period as the most dominant subtype with 99 percent all net positive absorption being attributed to the subtype, showing an overall increase in net absorption of 1.5 million square feet.
- The five top performing submarkets for new demand include Southwest Far (3.9M SF), Katy/Far West (2.4M SF), East-Southeast Near (2.1M SF), Northwest Far (1.3M SF), and East-Southeast Far (961K SF), and account for more than 81 percent of all positive growth while also home to just under 60 percent of total new construction projects underway throughout metro Houston. Two submarkets, South Far and South Near, showed negative absorption this quarter. The red ink totaled a slight 243,000 square feet.
- Announced late in the quarter was the largest industrial lease during the final 90-day period of the year. Austin-based electric car manufacturer Tesla, Inc. signed for a full-building lease at Empire West Business Park – Building 9, a 1,040,000 square foot warehouse/distribution facility developed by Stream Realty Partners. Empire West Business Park is in the Katy/Far West submarket in Brookshire at the corner of IH-10 and Empire Blvd.
- A large transaction this quarter includes Penske Logistics signing for a full-building lease at South Belt Central Business Park – Building 4, a 603,780 square foot warehouse/distribution facility developed by Investment & Development Ventures. South Belt Central Business Park is located in the South Far, at the corner of the Sam Houston Tollway and Cottingham St.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

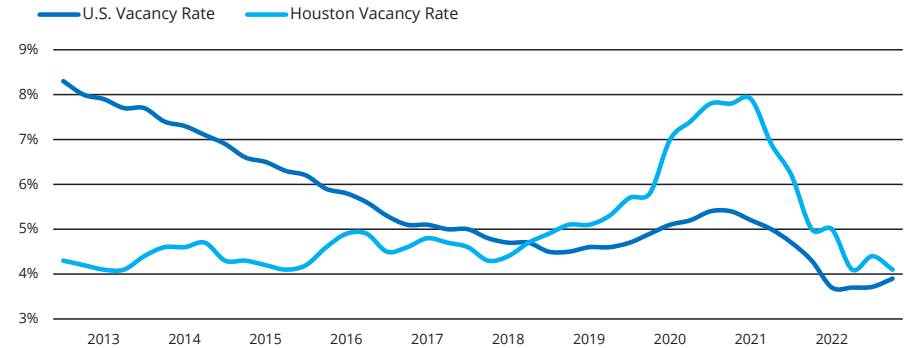


VACANCY

Snug Are Vacancies Mirror Pace of U.S. Level, Triggering More New Construction

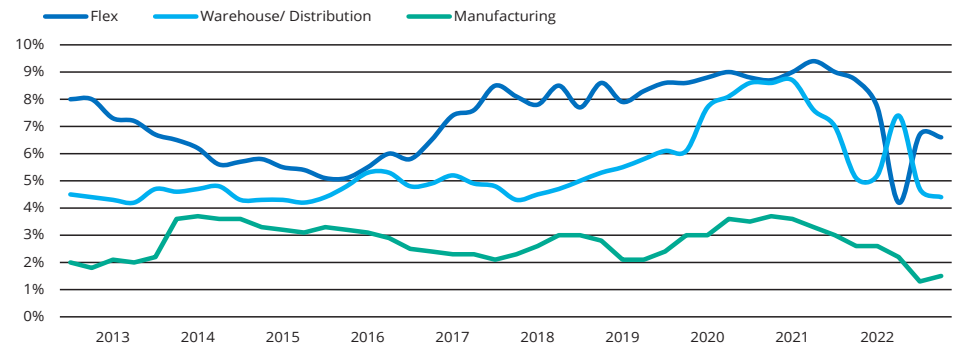
- Houston closed the year with an overall direct vacancy rate of 4.1 percent, a decrease of 30 basis points quarter-over-quarter and a decrease of 90 basis points from the fourth quarter of 2021.
- Five submarkets currently sit below three percent, with four adding new construction to the pipeline. Along with their present vacancy, these include East-Southeast Near (0.4%), Sugar Land (1.8%), South Far (2.1%) and Northwest Near (2.2%). Combined these have just under 4.1 million square feet in new development of warehouse/distribution space underway.
- Submarkets with the highest direct vacant square feet and home to new development include North Far (4.4M SF of direct vacancy and 5.5M SF under development), Northwest Far (3.4M SF of direct vacancy and 5.4M SF under development), and East-Southeast Far (3.3M SF of direct vacancy and 6.5M SF under development). The three submarkets alone have a combined 11.1 million square feet of vacancy, or 45.2 percent of Houston’s total direct vacancy of 24.6 million square feet.
- Houston’s vacancy at year-end is 4.1 percent, remaining close in line to the U.S. rate of 3.8 percent according the CommercialEdge in December 2022.

OVERALL VACANCY RATE



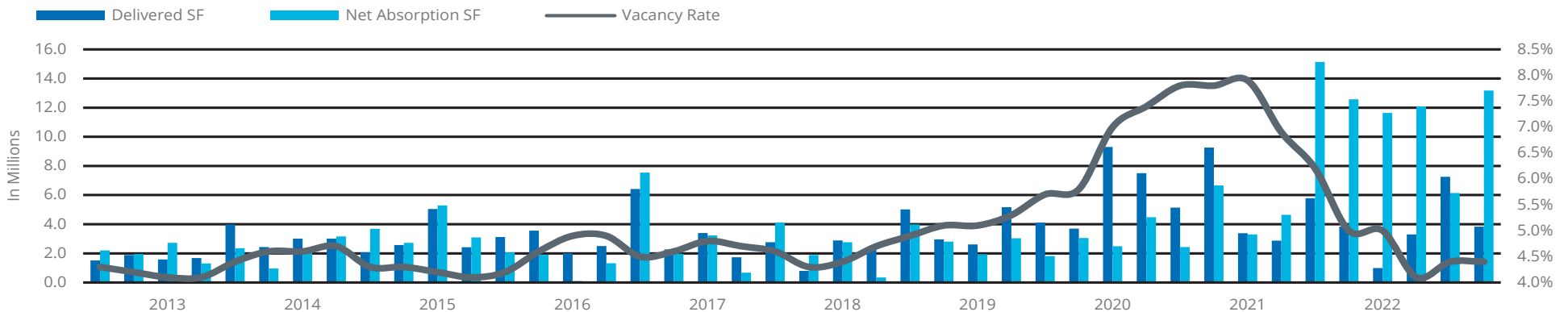
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

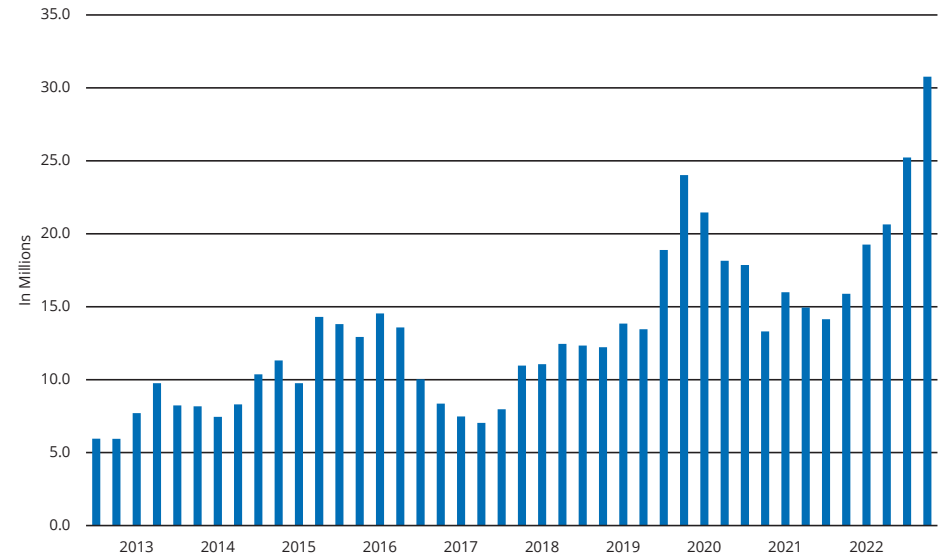


UNDER CONSTRUCTION

Starts Up by 7.2 Million Square Feet

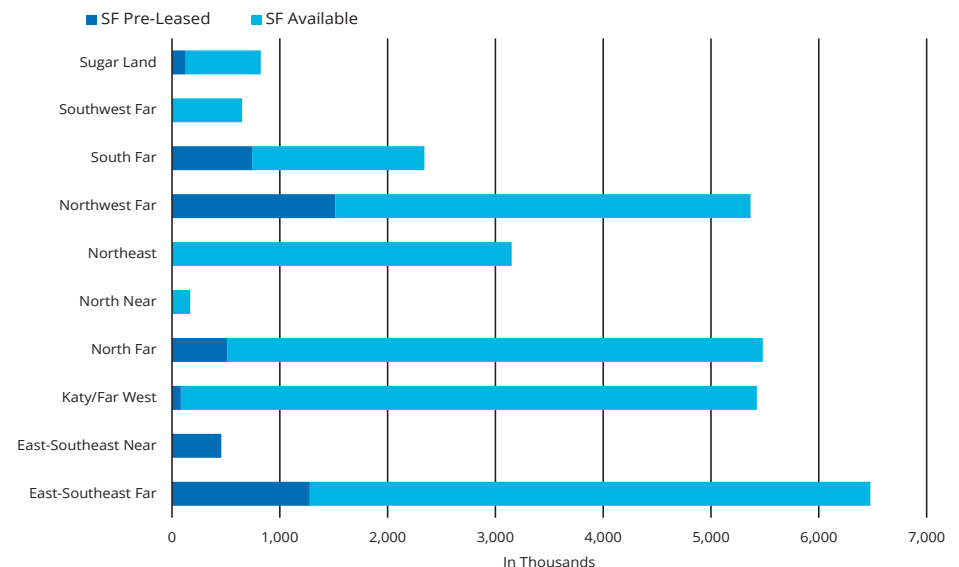
- Houston’s industrial pipeline sits just under 31 million square feet at the end of the reporting period, making a strong end-of-year push with nearly 7.2 million square feet of new construction starts. The amount of new industrial product starts should sound familiar as the number just falls shy of around 90 thousand square feet of the total deliveries recorded in the previous quarter. Seven submarkets cut the ribbon for project deliveries over the 90-day period: Katy/Far West, East-Southeast Far, North Far, Northwest Far, Northeast, Southwest Far, Sugar Land/Southwest.
- There were two notable deliveries announced during the period with the largest property over 400,000 square feet and the second property weighing at just over 340,000 square feet. Clay Development & Construction’s Cedar Port Distribution Center – Building 5, a 405,000square foot speculative warehouse/distribution center coming online at 4836 Borusan Road Frd in the East-Southeast Far submarket and Triten Real Estate Partners’ Pederson Logistics Center, a speculative warehouse/distribution center featuring just over 340,000 square feet and located at 574 Pederson Rd in the Katy/Far West submarket.
- Turning toward notable project announcements during the quarter, two projects recently broke ground that offer over 550,000 square feet of rentable space: I-10 East Commerce Center, a 609,000square foot speculative warehouse/distribution center at 11249 I-10 E in the East-Southeast Far submarket. The second major project announcement came from Houston-based Lovett Industrial, a real estate logistics investment and development company, with their 567,000 square foot speculative warehouse/distribution center, currently named Greens Rd, located in the Northeast submarket at the corner of Greens Rd and Green Manor Dr.
- The past year has seen record new construction starts of warehouse/ distribution for both metro Houston. Logistics providers, retailers and food and beverage services are the driving force behind the expansion.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

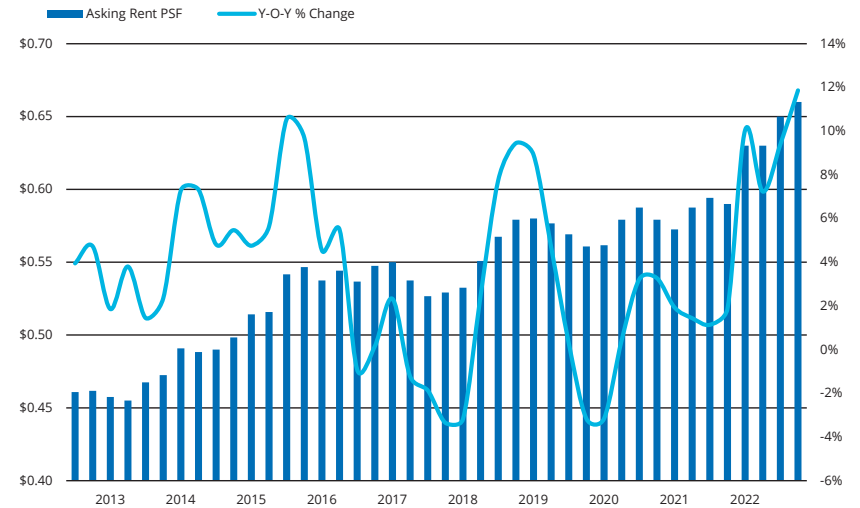


RENTAL RATES

New Construction Leads to Asking Rent Gains for All Product Types

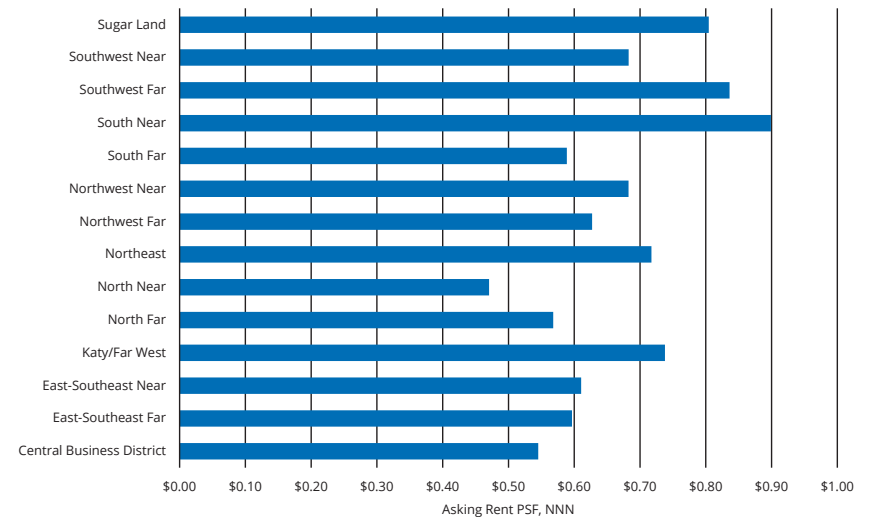
- Houston triple-net industrial rents marginally increased throughout the quarter, both Flex/R&D and manufacturing space saw gains of 4.5 percent and 3.3 percent, respectively, while warehouse/distribution space remained flat completely flat. At the end of the fourth quarter, asking rents rounded out at \$0.66/MO NNN PSF, scoring a 1.5 percent increase for both a quarter-over-quarter and year-over-year basis.
- Flex/R&D continues to command the highest asking rates for industrial assets throughout Metro Houston. As previously mentioned, Flex/R&D also saw the largest increase in asking rates based on percentage for quarter-over-quarter and at 4.5 percent. The consistent growth throughout 2022 allowed asking rents for Flex/R&D space to finish the year at \$0.92/MO NNN.
- Manufacturing followed closely behind in terms of asking rate gains. In addition, the sub-type reversed its previous quarter trend of negative rent growth. The sub-type finished 2022 with a net asking rate gain of 3.3 percent for quarter-over-quarter, marking the final asking price of 2022 at \$0.62/MO NNN.
- Wrapping up the average asking rents for metro Houston is warehouse/distribution, the industrial sub-type experienced no quarter-over-quarter gains resulting in an average asking rate \$0.65/MO NNN. Demand gains triggered developers enlarging their pipeline to include 30.5 million square feet currently under way and as a result, market wide asking rents remained tight and competitive throughout the quarter.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

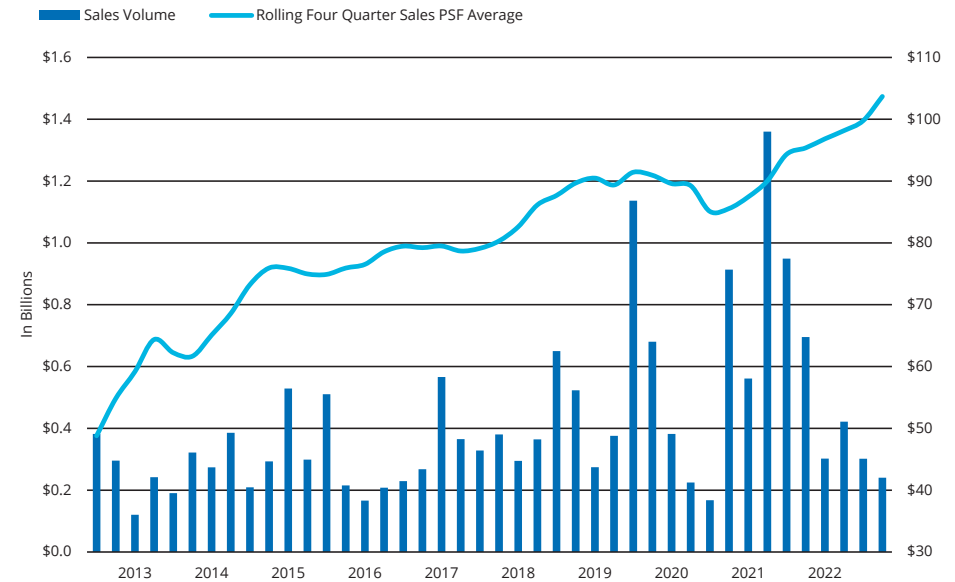


SALES

Quarterly Activity See Property Trades Hold Steady; Institutions Were Net Buyers

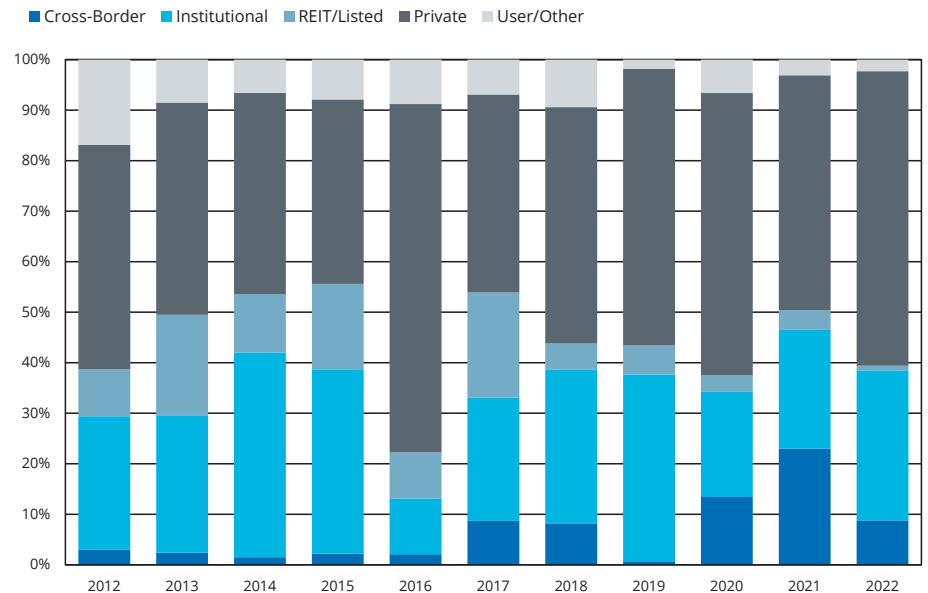
- Investors completed 22 property sales throughout Houston during Q4 2022 with acquisitions averaging \$111 per square foot, an average price increase of \$7 per square foot quarter-over-quarter and \$16 per square foot year-over-year.
- Institutional investors clocked in as the only net buyers over the quarter, purchasing a net total of \$168 million, and increasing their total net holdings to \$483.5 million. On the other hand, private and international investors, along with REITs, yielded net dispositions. Private investors displayed the highest net selloff with a net total \$83.7 million, bringing their overall 2022 net holdings to \$278.4 million. International investors sold the second largest net number of assets, decreasing their position by just under \$41 million during the period, yet their overall 2022 positions remained positive, and their net 2022 holdings remained at \$160.7 million. Rounding out the net sellers, REITs had a total of \$5.4 million in net dispositions over the 90-day period, causing the investor group's total holdings to be a net negative of \$829.9 million and making the REITs the only net seller by year-end 2022.
- A noteworthy property trade announced during the quarter, High Street Logistics Properties, acquired 9003-9055 Spikewood Dr, a property in the Railwood Industrial Park, from CenterPoint Properties. The Class B warehouse/distribution building measures in at 311,550 square feet and is located in the Northeast submarket at the corner of Spikewood Dr and Express Ln.
- Also announced during the quarter, Houston-based Hines, a real estate investment, development, and management company, acquired Pinto 23 in the North Far submarket. The Class B, 282,190 square foot, warehouse/distribution facility is located at the corner of Sam Houston Tollway and Greens Crossing Blvd.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



NOTABLE REPORTED LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
TESLA, INC.	111 Empire West Blvd	Katy/Far West	New	1,040,000
PENSKE LOGISTICS	4851 Sam Houston Pky	South Far	New	603,780
ROADONE LOGISTICS	9501 Bay Area Blvd	East-Southeast Far	New	480,480
WAREFOR LOGISTICS	2244 N Mason	Katy/Far West	New	373,860
H-E-B	112 Empire Blvd	Katy/Far West	New	333,030
FRESH PAK	12400 W Little York Rd	Northwest Far	New	295,680
GULF STREAM MARINE	4000 Cedar Blvd	East-Southeast Far	Renewal	242,000
FREDERICK TRUCKING	10549 Red Bluff Rd	East-Southeast Far	New	187,983
DAIKIN	10650 Telge Rd	Northwest Far	New	158,730
AERONET WORLDWIDE	600 Fallbrook Dr	North Far	New	154,084

SOURCE: Transwestern Research.

NOTABLE SALES

PROPERTY	SUBMARKET	BUILDING SF	BUYER	SELLER
RAILWOOD INDUSTRIAL PARK I	Northeast	497,656	High Street (HSLP)	CenterPoint Properties
PINTO 23	North Far	282,190	Hines	Griffin Partners, Pinto Realty Partners
5055 S LOOP E	South Near	223,400	Lloyd Moody (TX)	FMZ Holdings LLC
RAILWOOD INDUSTRIAL PARK - 8900 RAILWOOD	Northeast	210,850	DRA Advisors	CenterPoint Properties
10203 WALLISVILLE RD	Northeast	201,000	Wastewater Residuals Mgmt LLC	Goldman Sachs, Dalfen Industrial
2222 NORTH WAYSIDE DRIVE	Northeast	169,418	Joachim Real Estate Holdings Inc	World Trade Distribution Inc

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	420,552	-	-	-	-	46,000	58,000	-
MANUFACTURING	5,316,307	10,000	0.2%	0.2%	-	29,000	43,000	\$0.39
WAREHOUSE/DISTRIBUTION	19,542,466	838,336	4.3%	6.7%	-	109,000	-150,000	\$0.59
TOTAL - CENTRAL BUSINESS DISTRICT	25,279,325	848,336	3.4%	5.2%	-	184,000	-49,000	\$0.55
EAST-SOUTHEAST FAR								
FLEX/R&D	1,731,427	141,349	8.2%	8.2%	39,000	-19,000	231,000	\$1.00
MANUFACTURING	7,596,993	55,730	0.7%	0.7%	-	145,000	355,000	\$0.67
WAREHOUSE/DISTRIBUTION	72,103,263	3,150,644	4.4%	4.8%	6,438,897	835,000	6,787,000	\$0.58
TOTAL - EAST-SOUTHEAST FAR	81,431,683	3,347,723	4.1%	4.5%	6,477,897	961,000	7,373,000	\$0.60
EAST-SOUTHEAST NEAR								
FLEX/R&D	361,108	-	-	-	-	3,000	3,000	-
MANUFACTURING	9,518,897	-	-	-	-	-241,000	-198,000	\$0.50
WAREHOUSE/DISTRIBUTION	21,217,959	110,925	0.5%	0.5%	457,400	2,354,000	3,414,000	\$0.66
TOTAL - EAST-SOUTHEAST NEAR	31,097,964	110,925	0.4%	0.3%	457,400	2,116,000	3,219,000	\$0.61
KATY/FAR WEST								
FLEX/R&D	1,378,572	253,400	18.4%	18.4%	-	37,000	114,000	\$1.24
MANUFACTURING	1,193,593	43,500	3.6%	3.6%	-	19,000	118,000	\$0.77
WAREHOUSE/DISTRIBUTION	29,132,008	2,499,148	8.6%	8.6%	5,424,678	2,340,000	3,783,000	\$0.79
TOTAL - KATY/FAR WEST	31,704,173	2,796,048	8.8%	8.8%	5,424,678	2,396,000	4,015,000	\$0.80



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	8,374,481	488,193	5.8%	6.0%	-	184,000	484,000	\$0.68
MANUFACTURING	11,148,286	199,625	1.8%	1.8%	-	-19,000	395,000	\$0.64
WAREHOUSE/DISTRIBUTION	69,393,736	3,716,901	5.4%	5.5%	5,480,213	726,000	4,126,000	\$0.76
TOTAL - NORTH FAR	88,916,503	4,404,719	5.0%	5.1%	5,480,213	891,000	5,005,000	\$0.74
NORTH NEAR								
FLEX/R&D	926,240	69,490	7.5%	7.5%	-	6,000	11,000	\$0.68
MANUFACTURING	3,015,392	-	-	-	-	26,000	189,000	-
WAREHOUSE/DISTRIBUTION	16,682,497	1,081,470	6.5%	6.5%	168,243	253,000	704,000	\$0.56
TOTAL - NORTH NEAR	20,624,129	1,150,960	5.6%	5.6%	168,243	285,000	904,000	\$0.57
NORTHEAST								
FLEX/R&D	343,917	21,921	6.4%	6.4%	-	4,000	22,000	\$0.68
MANUFACTURING	8,783,646	-	-	-	-	-	436,000	\$0.45
WAREHOUSE/DISTRIBUTION	32,324,320	1,760,286	5.4%	5.4%	3,151,227	719,000	3,989,000	\$0.47
TOTAL - NORTHEAST	41,451,883	1,782,207	4.3%	4.3%	3,151,227	723,000	4,447,000	\$0.47
NORTHWEST FAR								
FLEX/R&D	3,967,573	246,963	6.2%	6.2%	-	-5,000	27,000	\$0.75
MANUFACTURING	15,252,824	319,966	2.1%	2.3%	130,000	-426,000	11,000	\$0.67
WAREHOUSE/DISTRIBUTION	57,328,441	2,798,813	4.9%	5.5%	5,236,399	1,750,000	5,114,000	\$0.73
TOTAL - NORTHWEST FAR	76,548,838	3,365,742	4.4%	4.9%	5,366,399	1,319,000	5,152,000	\$0.72



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	9,711,661	638,608	6.6%	7.2%	-	-58,000	663,000	\$0.88
MANUFACTURING	8,953,505	331,104	3.7%	3.7%	-	81,000	-135,000	\$0.60
WAREHOUSE/DISTRIBUTION	59,851,544	1,302,991	2.2%	0.2%	430,600	84,000	1,208,000	\$0.59
TOTAL - NORTHWEST NEAR	78,516,710	2,272,703	2.9%	1.5%	430,600	107,000	1,736,000	\$0.63
SOUTH FAR								
FLEX/R&D	1,052,356	1,500	0.1%	0.1%	30,000	-5,000	64,000	\$1.12
MANUFACTURING	6,710,663	118,143	1.8%	1.8%	-	-58,000	-24,000	\$0.57
WAREHOUSE/DISTRIBUTION	21,996,466	503,982	2.3%	0.2%	2,311,561	-85,000	736,000	\$0.70
TOTAL - SOUTH FAR	29,759,485	623,625	2.1%	0.6%	2,341,561	-148,000	776,000	\$0.68
SOUTH NEAR								
FLEX/R&D	923,006	63,485	6.9%	7.1%	-	-6,000	56,000	\$0.95
MANUFACTURING	1,652,479	65,505	4.0%	4.0%	-	2,000	29,000	\$0.56
WAREHOUSE/DISTRIBUTION	7,612,849	92,739	1.2%	1.2%	-	-91,000	-9,000	\$0.55
TOTAL - SOUTH NEAR	10,188,334	221,729	2.2%	2.2%	-	-95,000	76,000	\$0.59
SOUTHWEST FAR								
FLEX/R&D	1,781,259	155,835	8.7%	9.2%	-	-1,000	133,000	\$0.96
MANUFACTURING	1,829,693	-	-	-	-	-	99,000	\$1.00
WAREHOUSE/DISTRIBUTION	17,625,369	1,463,102	8.3%	8.4%	649,852	3,958,000	4,752,000	\$0.88
TOTAL - SOUTHWEST FAR	21,236,321	1,618,937	7.6%	7.7%	649,852	3,957,000	4,984,000	\$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	5,437,175	352,411	6.5%	6.6%	-	-23,000	196,000	\$0.89
MANUFACTURING	3,122,832	124,302	4.0%	4.0%	-	29,000	-77,000	-
WAREHOUSE/DISTRIBUTION	28,972,568	1,183,904	4.1%	4.3%	-	444,000	1,763,000	\$0.83
TOTAL - SOUTHWEST NEAR	37,532,575	1,660,617	4.4%	4.6%	-	450,000	1,882,000	\$0.84
SUGAR LAND								
FLEX/R&D	2,268,213	129,841	5.7%	6.2%	-	17,000	-12,000	\$1.03
MANUFACTURING	1,973,516	-	-	-	-	-	-	-
WAREHOUSE/DISTRIBUTION	18,553,236	279,735	1.5%	2.1%	823,155	19,000	3,532,000	\$0.64
TOTAL - SUGAR LAND	22,794,965	409,576	1.8%	2.3%	823,155	36,000	3,520,000	\$0.68
HOUSTON								
FLEX/R&D	38,677,540	2,562,996	6.6%	6.8%	69,000	180,000	2,050,000	\$0.93
MANUFACTURING	86,068,626	1,267,875	1.5%	1.5%	130,000	-413,000	1,241,000	\$0.62
WAREHOUSE/DISTRIBUTION	472,336,722	20,782,976	4.4%	4.7%	30,572,225	13,415,000	39,749,000	\$0.65
TOTAL - HOUSTON	597,082,888	24,613,847	4.1%	4.4%	30,771,225	13,182,000	43,040,000	\$0.66

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

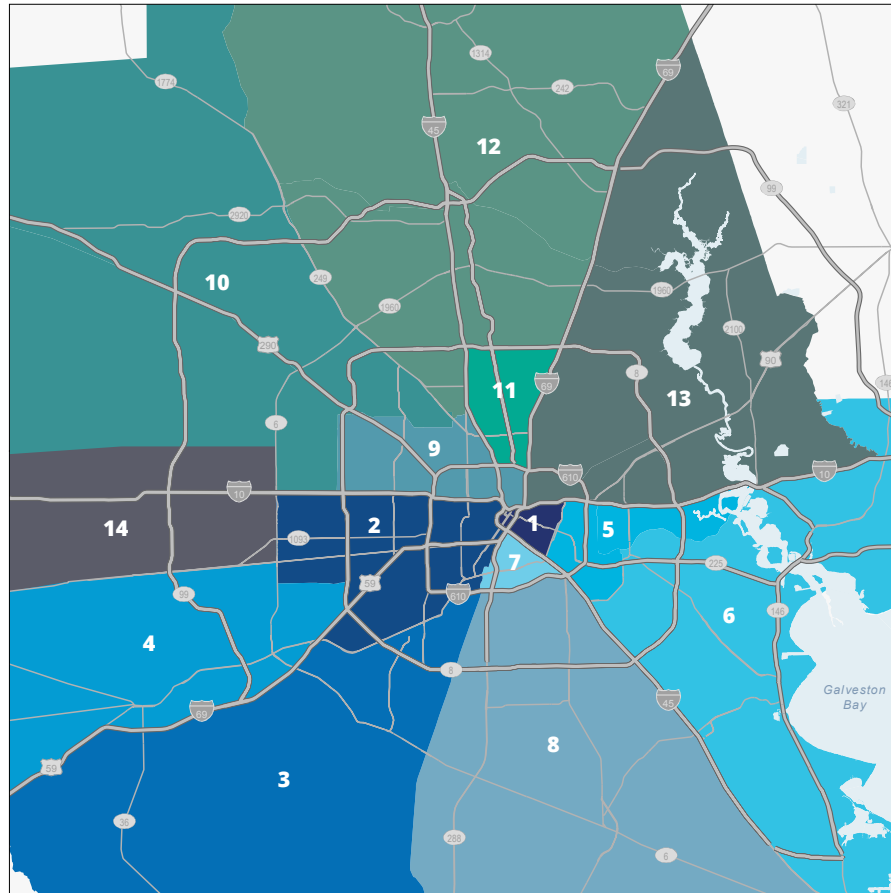


RESEARCH METHODOLOGY

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

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