



TRANSWESTERN

HOUSTON INDUSTRIAL MARKET

Q1 2023



TRENDLINES

	Q1 2023	Q1 2022	ONE-YEAR TRAILING	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE (%)	4.1	5.2	↓	5.6	↑
NET ABSORPTION (MSF)	8.1	11.6	↓	5.8	↔
DIRECT VACANCY RATE (%)	4.4%	5.3%	↓	5.7%	↔
DIRECT VACANT AVAILABLE (MSF)	26.5	28.3	↓	33.3	↔
UNDER CONSTRUCTION (MSF)	30.5	19.3	↑	17.9	↑
ASKING RENT, NNN (PSF)	\$0.67	\$0.63	↑	\$0.59	↑
SALES VOLUME (Millions)	\$153	\$302	↓	\$522.5	↔

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

STURDY LEASING AND CONSTRUCTION KICKOFF Q1 2023

Houston’s industrial occupiers took hold of nearly 8.1 million square feet in net absorption marking another strong start for the new year even during what historically are slower opening months looking at the five year-trend. Warehouse/distribution space is the preferred product type with 93.1 percent of all net positive space growth being within the subtype. The local robust construction level squares with the longer-term U.S. outlook. Three submarkets surpassed a million square feet in positive net absorption - East-Southeast Far (3.1M SF), North Far (1.7M SF), Katy/Far West (1.5M SF) - where the top performing submarkets accounted for more than three-fourths of all positive net absorption and are home to 46.3 percent of new construction.

Warehouse/distribution is being led by Houston’s key logistics location along global supply chains. Port Houston recorded its busiest year during 2022, for example, as the worldwide economy began recovering and West Coast port congestion attracted new shippers to the Gulf Coast. In addition, economic activity in Houston expanded at a faster monthly pace in March, according to the Houston Purchasing Managers Index (PMI) prepared by the Institute for Supply Management-Houston. The PMI rose 2.1 points to 54.8 in March and readings over 50 indicate expansion. Health care, oil and gas, construction, and professional and management services reported strong results while all three underlying indicators (sales/new orders, employment, and lead times) with the strongest correlation to Houston’s are pointing to more tempered expansion.

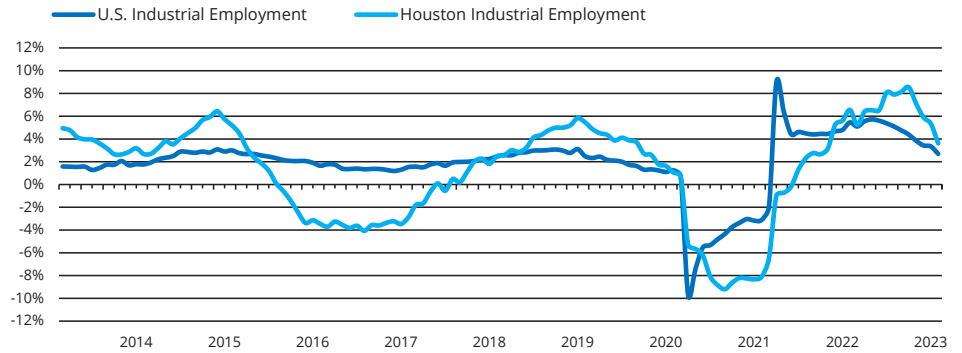


ECONOMY

Jobs, Port Activity Beating Long-Term Records

- Metro Houston created 29,200 jobs in February, according to the Texas Workforce Commission (TWC), a total well ahead the twenty-year average of 22,100 jobs for the month, suggesting Houston's economy continues to grow above the long-term trend. Sectors with the largest employment gains included local education, administrative and support services and health care and social assistance. February's gains offset nearly 60 percent of January's job losses of more than 50,000. If job growth over the next two months matches long-term averages, the region will recover all January's losses by April, according to the Greater Houston Partnership.
- Early signs suggest falling mortgage rates are starting to pull some Houston homebuyers back into the local housing market. Single-family home sales remained off in January compared to last year's level, the Houston Association of Realtors (HAR) reported in February. Metro home sales started slowing last March when they were white-hot in both average sales prices and transaction volume. According to the HAR, the current easing environment of mortgage rates are instead creating more of a return to seasonal home sales trends: slower volume during the holidays and new year. But as lending rates stabilize along with more affordable price points hitting the market, the HAR expects an upswing in sales later this year.
- Houston consumer confidence is strong coming into 2023 as buyers snatched up big-ticket items for cars, trucks and SUVs. Houston-area dealers sold more than 315,000 vehicles in the 12 months ending February, an 11.9 percent increase over those sold this time last year according to TexAuto Facts, published by InfoNation, Inc. Likewise, Port Houston recorded its busiest year in 2022 as the global economy began recovering and West Coast port congestion attracted new shippers to the Gulf Coast. Almost 55.1 million tons moved through Port Houston, according to data released in January by port officials, a new record and an increase of 22 percent compared with 2021.

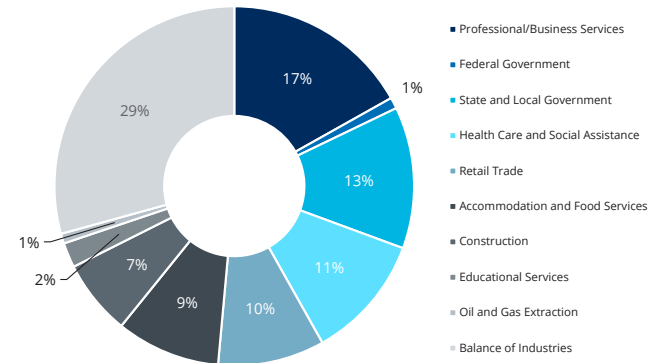
Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

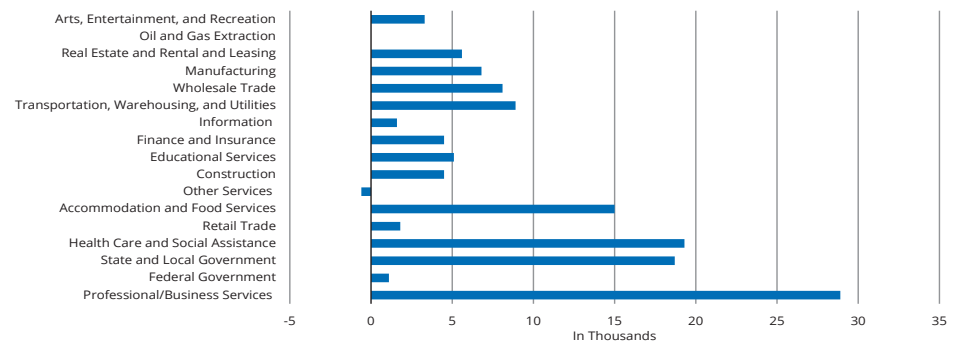
Houston | February 2023



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Houston | February 2023



Source: Bureau of Labor Statistics, Transwestern

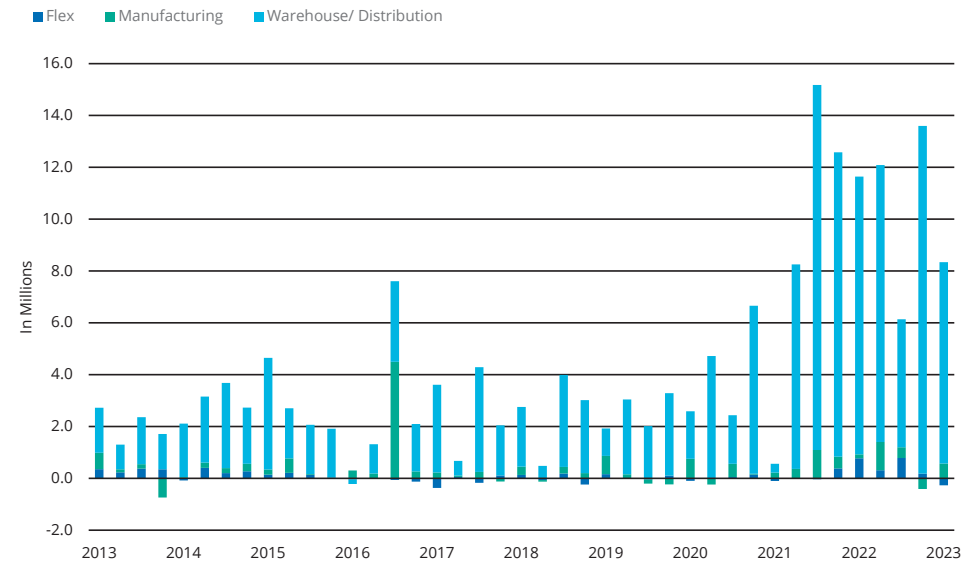


NET ABSORPTION

Strong Leasing Velocity; Seasonal Momentum Slowed as Expected

- Houston's industrial demand registered positive again this quarter with just under 8.1 million square feet in net absorption, another strong start for the new year even during what historically are slower opening months looking at the five year-trend. Warehouse/distribution space continues to be the preferred product type with 93.1 percent of all net positive space growth being within the subtype. Manufacturing space summed up the remaining 6.9 percent of the total net positive space absorbed during the quarter.
- Three submarkets surpassed 1 million square feet in positive net absorption this quarter; East-Southeast Far (3.1M SF), North Far (1.7M SF), Katy/Far West (1.5M SF), staking their claim as Houston's top performing submarkets for the start of the new year. These top performers accounted for 75.8 percent of all positive net absorption during the period and are home to 46.3 percent of new construction currently underway throughout Metro Houston.
- Three submarkets showed negligible space givebacks outweighing new quarterly demand: South Near (-41K SF), Northwest Near (-85K SF), East-Southeast Near (-143K SF). South Near being the only submarket out of the three, and all reported submarkets, to have negative net absorption over a four-quarter period with a net total of 129K square feet given back to the market.
- The largest reported transaction during the quarter came from RS Technology, a manufacturing company, signing for a full-building lease at 19409 Kenswick Dr, a 410,000 square foot warehouse/distribution previously occupied by DSV, a third-party logistics provider. 19409 Kenswick Dr is located in the North Far submarket, at the corner of FM1960 Business and Kenswick Dr.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

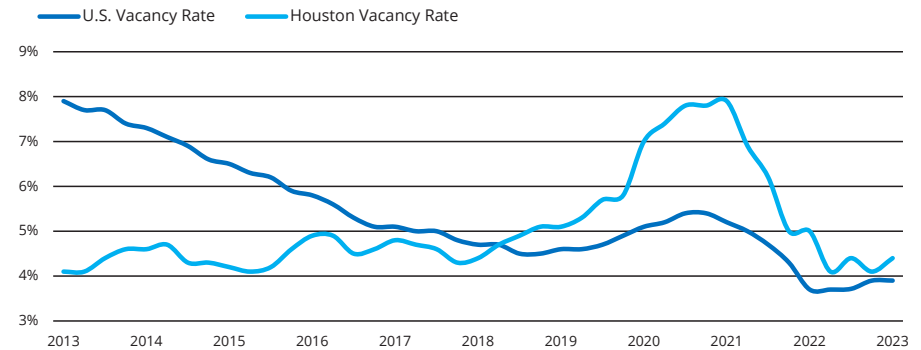


VACANCY

Minor Rise of 0.30 Percent as Robust Construction Pipeline Marks Completions

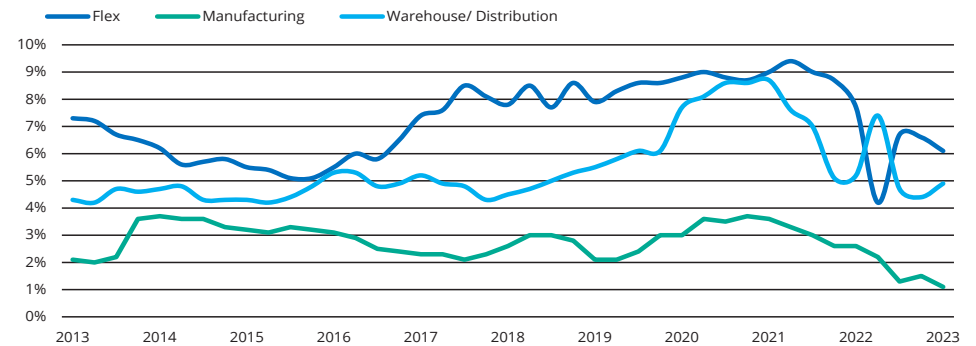
- Houston started the year with an overall direct vacancy rate of 4.4 percent, an increase of 30 basis points quarter-over-quarter as new, speculative construction delivered, but still a sizeable decrease of 60 basis points from the first quarter of 2022.
- Three submarkets sit below three percent: Sugar Land (1.7%), East-Southeast Near (1.8%), and South Near (2.0%). Two submarkets from the previous reporting period did not return to the 'below 3.0% vacancy' list this year: Northwest Near (3.1%) and South Far (3.1%), the two submarkets showed an uptick in vacancy to the tune of 20 basis points and 100 basis points, respectively.
- Submarkets with the highest direct vacant square feet, and are home to new development, include Katy/Far West (3.9M SF of direct vacancy and 2.6M SF under development), North Far (3.9M SF of direct vacancy and 5.9M under development), and Northwest Far (4.2M SF of direct vacancy and 6.4M SF under development). The three submarkets alone have a combined 12.1 million square feet of vacancy, or 45.6 percent of Houston's total direct vacancy of 26.5 million square feet.

OVERALL VACANCY RATE



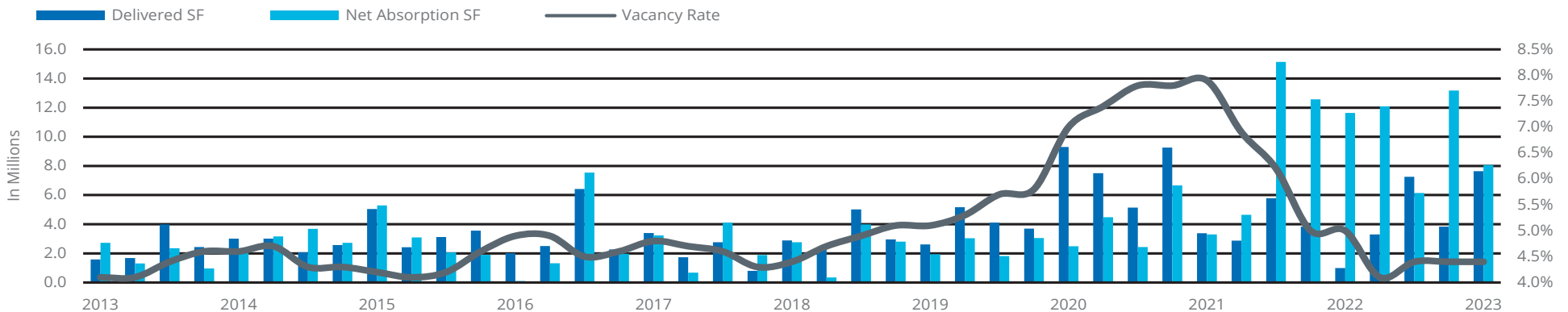
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

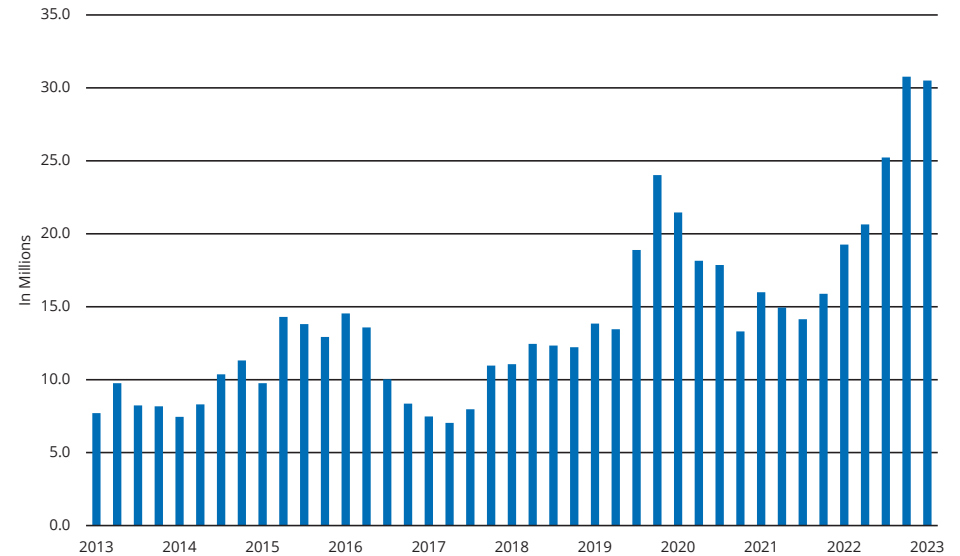


UNDER CONSTRUCTION

Million-SF Deliveries and New Starts Sustain 5-YR Construction Pipeline

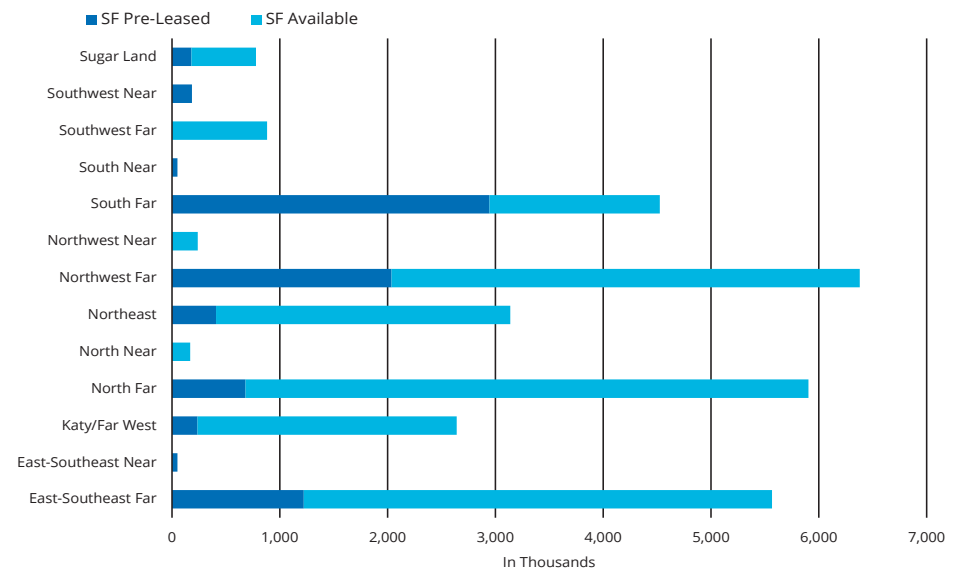
- Houston’s industrial pipeline clocked in just over 30.5 million square feet at the end of the first quarter, sustaining its strong figures that began over five years ago. Turning towards project deliveries, nine submarkets cut the ribbon for new projects over the 90-day period: East-Southeast Far, East-Southeast Near, Katy/Far West, North Far, Northeast, Northwest Far, Northwest Near, Southwest Far, Sugar Land/Southwest.
- There were two recent notable deliveries with the largest property over one million square feet and the second just breaking past 510,000 square feet. Hunt Southwest Real Estate’s I-10 West Trade Center, a 1.05 million square foot speculative warehouse/distribution center came online at 31270 Kingland Blvd in the Katy/Far West submarket, the newly delivered project still has all rentable space available for lease. The second project delivery during the quarter was Avera Companies’ 7527 Sutton Rd, a 511,000 square foot warehouse/distribution center located in the East-Southeast submarket. The facility delivered with 511,000 square feet of available sublease space listed by California-based furniture company, Article.
- Two large projects were announced during the quarter: Hillwood’s Beltway66 Logistics Park, a 1.2 million square foot warehouse/distribution center at 5805 S Sam Houston Pky E in the South Far submarket. The development currently is fully pre-leased by Minneapolis-based retailer, Target, laying claim to all rentable space. The second major new project came from Houston-based Adkisson Development Group with their 325,200 square foot speculative warehouse/distribution center at 26003 Highway 249 in the Northwest Far submarket. The new development is located at the corner of Tomball Tollway and Boudreaux Estates Dr, and as an estimated completion date of August 2023.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

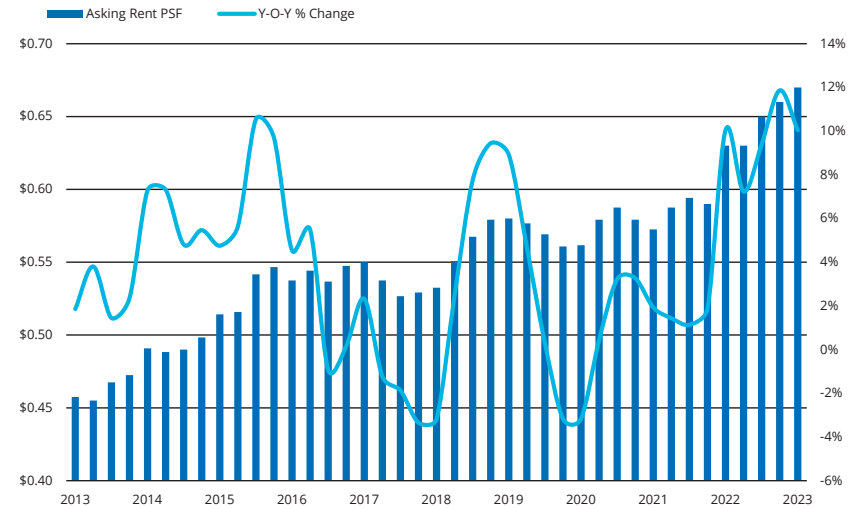


RENTAL RATES

Rising Metro Rents, Construction Starts and Scheduled Completions Lead to Growth Outlook

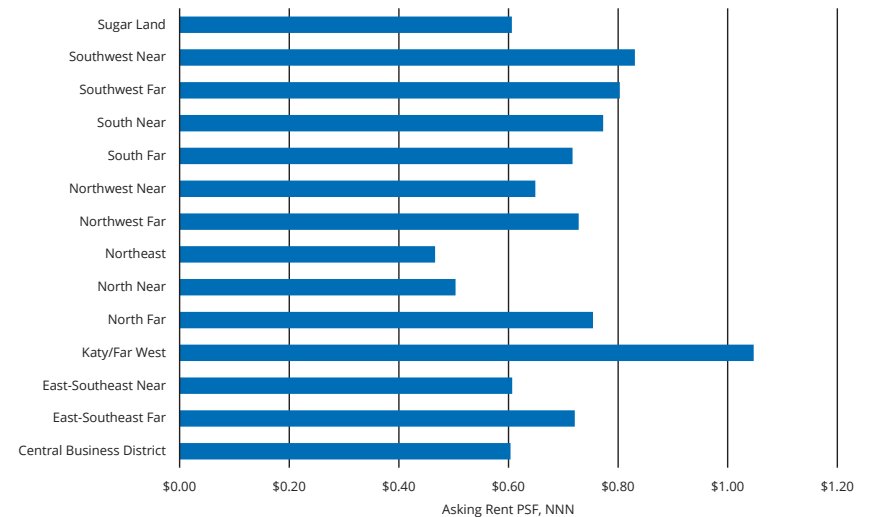
- Houston triple-net industrial rents rose throughout the quarter, both Flex/R&D and manufacturing space saw gains of 1.08 percent and most important, 11.04 percent, respectively. Manufacturing space rose to \$0.70/MO NNN PSF led by strides in the Northwest Near, up \$0.20 to \$0.80/MO NNN, and South Far, up by \$0.05 to \$0.52/MO NNN.
- While warehouse/distribution space remained flat at \$0.65/MO NNN, overall asking rents rounded out at \$0.67/MO NNN PSF, scoring a 1.5 percent increase for quarter-over-quarter, and jumping 6.4 percent on year-over-year basis.
- Notable rent gains were made in a combination of property types throughout metro Houston this quarter. For example, North Far saw Flex/R&D rise by \$0.08/MO NNN PSF to \$0.76/MO NNN PSF, or 11.77 percent, while South Near had its warehouse/distribution space command an additional \$0.25/MO NNN PSF to \$0.80/MO NNN PSF, or 45.5 percent. Tight vacancies, 5.1 and 1.1 percent, respectively, for the property types in both submarkets contribute to the increased rent premiums.
- Encapsulating the rent movements this quarter, eight submarkets experienced rising overall rent averages while six saw some loosening of rents or had total average rents weighing in unchanged. Most submarkets seeing rising rents, strong absorption and slower product completions led developers to get active on new starts where the pipeline 30.5 million square feet in the first quarter compared to 30.8 million square feet at the close of 2022. A large portion of the construction is scheduled to be completed in the second half of the year creating a robust demand forecast spanning the next six to nine months.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET



Source: CoStar, Transwestern

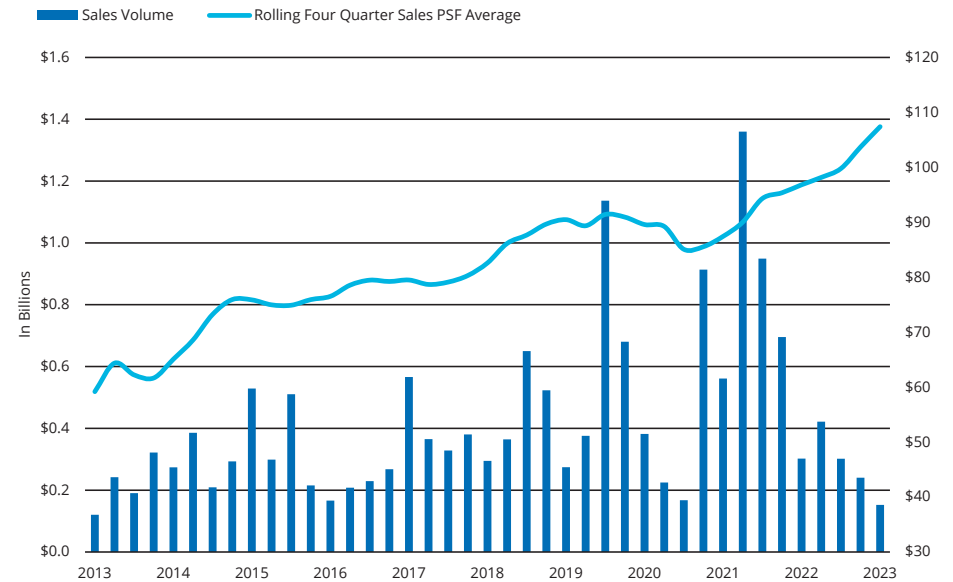


SALES

Private Investors, Institutions Define Q1 2023 Investment Activity

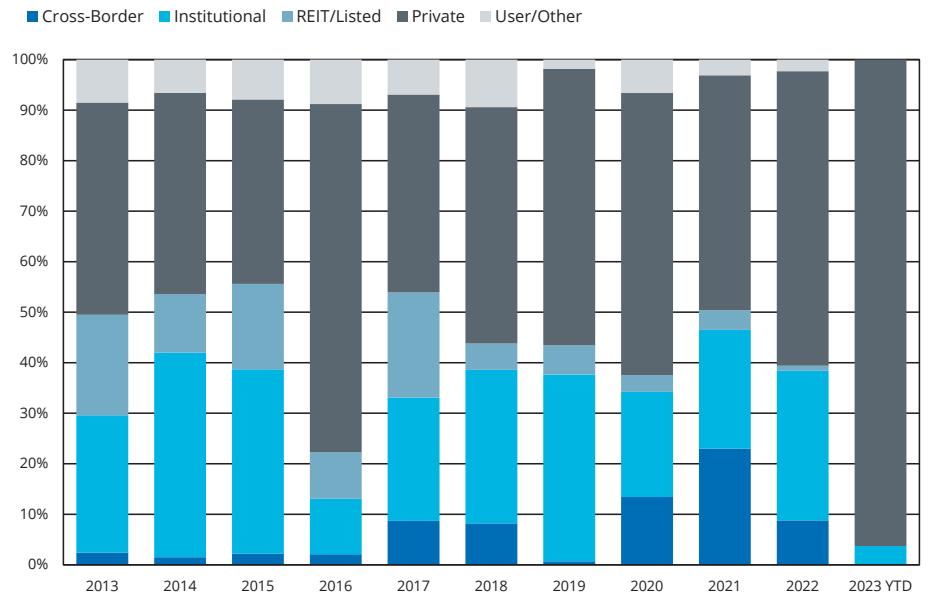
- Investors completed 18 property sales throughout Houston during the first reporting period of 2023 with acquisitions averaging \$113 per square foot, an average price increase of \$2 per square foot quarter-over-quarter and gain of \$14 per square foot year-over-year.
- For investor groups, the private sector clocked in as the only net buyers during the quarter, purchasing a net total of \$26.5 million, flipping the script on their quarter-over-quarter position where the group were net sellers during the final quarter of last year.
- The second, and only other active market participant this quarter were institutions. The investor group came in as net sellers at the close of the quarter and disposed a net total of \$7.7 million in assets.
- International investors and REITs showed no market investment sales in Q1 2023.
- A noteworthy property trade announced during the quarter, Houston-based Hunington Properties, a full-service commercial real estate company, acquired Mitchelldale Business Park from Hartman REIT. The Class-C Flex/R&D campus measures in at 377,752 square feet located in the Northwest Near submarket at the corner of Mitchelldale St and Central Pkwy.
- Also announced during the quarter, Houston-based Lonestar Electric Supply, an electrical distributor, acquired 4414 Hollister Rd in the Northwest Near submarket. The Class-B, 234,215 square foot, warehouse/distribution facility is located at the corner of Hollister Rd and Langtry St.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



NOTABLE REPORTED LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
RS TECHNOLOGY	19409 Kenswick Dr	North Far	New	410,000
H-E-B	122 Empire Blvd	Katy/Far West	New	333,330
NEW ENERGY EQUIPMENT CO., LTD.	12001 N Houston Rosslyn Rd	Northwest Far	New	262,612
CADECO INDUSTRIES, INC.	1221 Kress St	Central Business District	New	258,450
ACM	21803 Cypress Slough Dr	North Far	New	257,890
MAXAM TIRE NORTH AMERICA	121 Esplanade Blvd	North Near	New	244,550
PROACTIVE SUPPLY CHAIN SOLUTIONS	5803 Old Highway 146	East-Southeast Far	New	227,300
BERLIN PACKAGING	13788 West Rd	Northwest Far	Renewal	219,800
SUNPAN TRADING & IMPORTING USA	2540 FM 565	East-Southeast Far	New	205,920
ADAM'S WAREHOUSE	2112 Greens Rd	North Far	New	143,585

= Transwestern transaction

SOURCE: Transwestern Research.

NOTABLE SALES

PROPERTY	SUBMARKET	BUILDING SF	BUYER	SELLER
MITCHELDALE BUSINESS PARK	Northwest Near	377,752	Hunington Properties, Inc.	Hartman Income REIT
4414 HOLLISTER RD	Northwest Near	251,291	Lonestar Electric Supply	FCP Houston LLC
9000 HEMPSTEAD RD	Northwest Near	125,300	Belvoir Real Estate Group	Southwest Business Properties
6933 CLINTON DR	Central Business District	105,586	Private Buyer	Hellenic Marine LLC
9850 RAILWOOD DR	Northeast	90,000	Sue Transportes LLC	Mexcorp Importers
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	362,552	3,297	0.9%	0.9%	-	(61,000)	(3,000)	\$1.50
MANUFACTURING	5,050,925	10,000	0.2%	0.2%	-	(265,000)	(215,000)	-
WAREHOUSE/DISTRIBUTION	19,945,889	909,738	4.6%	6.1%	-	332,000	77,000	\$0.59
TOTAL - CENTRAL BUSINESS DISTRICT	25,359,366	923,035	3.6%	4.9%	-	6,000	(141,000)	\$0.60
EAST-SOUTHEAST FAR								
FLEX/R&D	1,819,787	143,457	7.9%	8.2%	39,000	86,000	325,000	\$1.00
MANUFACTURING	7,564,993	74,384	1.0%	1.0%	-	(51,000)	595,000	-
WAREHOUSE/DISTRIBUTION	74,988,633	2,974,961	4.0%	5.2%	5,526,569	3,061,000	8,325,000	\$0.71
TOTAL - EAST-SOUTHEAST FAR	84,373,413	3,192,802	3.8%	4.9%	5,565,569	3,096,000	9,245,000	\$0.72
EAST-SOUTHEAST NEAR								
FLEX/R&D	361,108	-	-	-	-	-	-	-
MANUFACTURING	9,539,965	2,800	0.0%	-	50,000	18,000	(182,000)	\$0.50
WAREHOUSE/DISTRIBUTION	21,518,266	572,608	2.7%	2.7%	-	(161,000)	2,755,000	\$0.65
TOTAL - EAST-SOUTHEAST NEAR	31,419,339	575,408	1.8%	1.8%	50,000	(143,000)	2,573,000	\$0.61
KATY/FAR WEST								
FLEX/R&D	1,378,572	184,839	13.4%	13.4%	-	69,000	196,000	\$1.23
MANUFACTURING	1,193,593	43,500	3.6%	3.6%	-	-	118,000	\$0.77
WAREHOUSE/DISTRIBUTION	31,796,789	3,717,671	11.7%	12.0%	2,641,178	1,446,000	4,419,000	\$1.05
TOTAL - KATY/FAR WEST	34,368,954	3,946,010	11.5%	11.8%	2,641,178	1,515,000	4,733,000	\$1.05



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	8,415,279	427,912	5.1%	5.2%	138,344	101,000	696,000	\$0.76
MANUFACTURING	11,185,582	-	-	-	-	237,000	266,000	\$0.45
WAREHOUSE/DISTRIBUTION	70,580,718	3,532,589	5.0%	5.1%	5,764,733	1,371,000	4,359,000	\$0.80
TOTAL - NORTH FAR	90,181,579	3,960,501	4.4%	4.5%	5,903,077	1,709,000	5,321,000	\$0.75
NORTH NEAR								
FLEX/R&D	926,240	91,330	9.9%	9.9%	-	(22,000)	(8,000)	\$0.67
MANUFACTURING	2,994,900	36,608	1.2%	1.2%	-	(57,000)	86,000	-
WAREHOUSE/DISTRIBUTION	16,978,051	872,941	5.1%	5.1%	168,243	504,000	1,651,000	\$0.49
TOTAL - NORTH NEAR	20,899,191	1,000,879	4.8%	4.8%	168,243	425,000	1,729,000	\$0.50
NORTHEAST								
FLEX/R&D	343,917	22,785	6.6%	6.6%	-	(1,000)	20,000	\$0.70
MANUFACTURING	8,753,646	-	-	-	-	(30,000)	274,000	\$0.45
WAREHOUSE/DISTRIBUTION	32,611,626	1,785,519	5.5%	5.5%	3,137,736	262,000	3,745,000	\$0.47
TOTAL - NORTHEAST	41,709,189	1,808,304	4.3%	4.4%	3,137,736	231,000	4,039,000	\$0.47
NORTHWEST FAR								
FLEX/R&D	3,471,942	262,960	7.6%	7.6%	51,890	(512,000)	(428,000)	\$0.80
MANUFACTURING	15,682,824	175,353	1.1%	1.3%	-	575,000	744,000	\$0.68
WAREHOUSE/DISTRIBUTION	58,480,208	3,750,657	6.4%	6.9%	6,327,502	200,000	3,566,000	\$0.74
TOTAL - NORTHWEST FAR	77,634,974	4,188,970	5.4%	5.8%	6,379,392	263,000	3,882,000	\$0.73



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	9,480,681	583,557	6.2%	6.7%	-	(176,000)	(117,000)	\$0.91
MANUFACTURING	9,020,955	323,214	3.6%	3.6%	-	75,000	59,000	\$0.80
WAREHOUSE/DISTRIBUTION	60,102,785	1,537,745	2.6%	2.8%	238,200	16,000	516,000	\$0.59
TOTAL - NORTHWEST NEAR	78,604,421	2,444,516	3.1%	3.4%	238,200	(85,000)	458,000	\$0.65
SOUTH FAR								
FLEX/R&D	1,125,882	30,105	2.7%	2.7%	30	45,000	109,000	\$1.33
MANUFACTURING	6,688,703	92,860	1.4%	1.4%	-	3,000	(57,000)	\$0.52
WAREHOUSE/DISTRIBUTION	22,253,148	804,516	3.6%	3.9%	4,494,849	(44,000)	217,000	\$0.74
TOTAL - SOUTH FAR	30,067,733	927,481	3.1%	3.3%	4,494,879	4,000	269,000	\$0.72
SOUTH NEAR								
FLEX/R&D	869,831	49,515	5.7%	5.7%	-	(39,000)	(33,000)	\$0.95
MANUFACTURING	1,652,479	65,312	4.0%	4.0%	-	-	(66,000)	\$0.55
WAREHOUSE/DISTRIBUTION	7,602,324	84,399	1.1%	1.1%	50,000	(2,000)	(30,000)	\$0.80
TOTAL - SOUTH NEAR	10,124,634	199,226	2.0%	2.0%	50,000	(41,000)	(129,000)	\$0.77
SOUTHWEST FAR								
FLEX/R&D	1,781,324	168,835	9.5%	10.5%	-	(13,000)	99,000	\$0.97
MANUFACTURING	1,899,693	-	-	-	-	70,000	150,000	\$1.00
WAREHOUSE/DISTRIBUTION	14,194,119	1,397,897	9.8%	9.8%	882,483	397,000	1,206,000	\$0.76
TOTAL - SOUTHWEST FAR	17,875,136	1,566,732	8.8%	8.8%	882,483	454,000	1,455,000	\$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
SOUTHWEST NEAR								
FLEX/R&D	5,508,609	242,938	4.4%	4.4%	35,000	181,000	90,000	\$0.95
MANUFACTURING	3,122,832	122,302	3.9%	3.9%	-	2,000	(100,000)	-
WAREHOUSE/DISTRIBUTION	28,901,362	1,021,131	3.5%	3.7%	150,000	92,000	1,538,000	\$0.81
TOTAL - SOUTHWEST NEAR	37,532,803	1,386,371	3.7%	3.8%	185,000	275,000	1,528,000	\$0.83
SUGAR LAND								
FLEX/R&D	2,334,897	124,781	5.3%	5.3%	30,000	72,000	60,000	\$1.03
MANUFACTURING	1,968,529	-	-	-	-	(5,000)	(5,000)	-
WAREHOUSE/DISTRIBUTION	18,832,549	264,483	1.4%	2.1%	748,720	295,000	698,000	\$0.55
TOTAL - SUGAR LAND	23,135,975	389,264	1.7%	2.2%	778,720	362,000	753,000	\$0.61
HOUSTON								
FLEX/R&D	38,180,621	2,336,311	6.1%	6.2%	294,264	(270,000)	1,006,000	\$0.94
MANUFACTURING	86,319,619	946,333	1.1%	1.1%	50,000	572,000	1,667,000	\$0.70
WAREHOUSE/DISTRIBUTION	478,786,467	23,226,855	4.9%	5.3%	30,130,213	7,769,000	33,042,000	\$0.65
TOTAL - HOUSTON	603,286,707	26,509,499	4.4%	4.8%	30,474,477	8,071,000	35,715,000	\$0.67

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

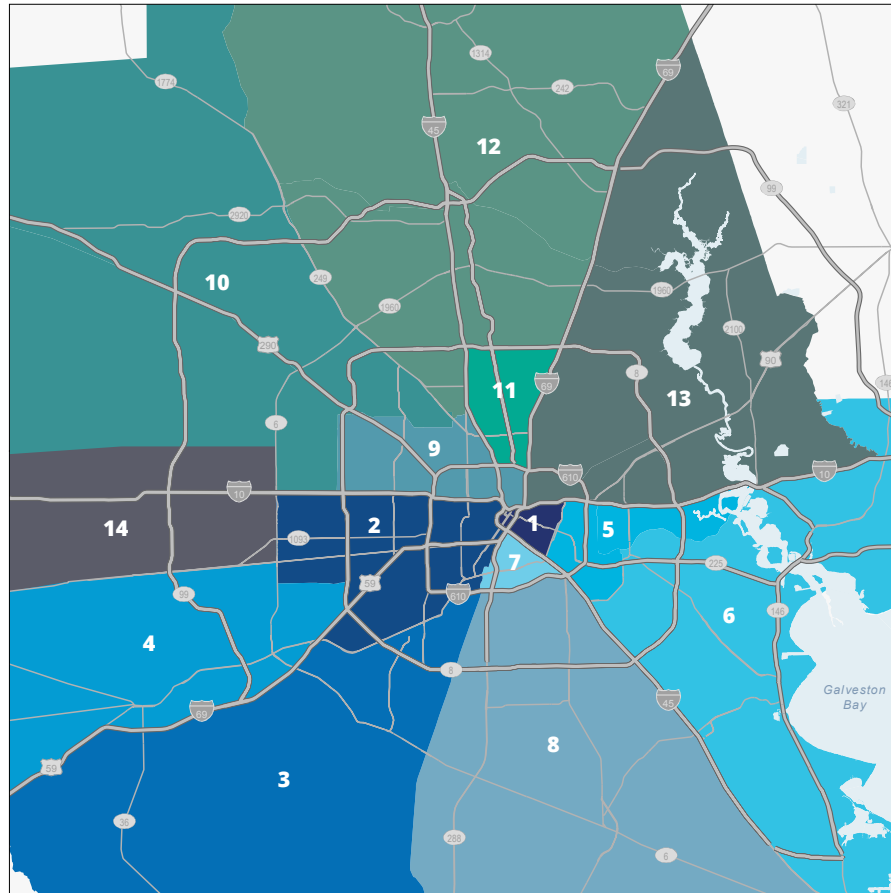


RESEARCH METHODOLOGY

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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