Industrial Market Report

Houston Market

PREPARED BY

VOELKEL
COMMERCIAL ADVISORS
REAL ESTATE SOLUTIONS

Stan Voelkel II, MBA, CPA
Managing Member
(713) 385-1997

CoStar™

www.voelkelca.com

Table of Contents

CoStar™ **Houston** Industrial Market

Methodology

The CoStar Industrial Statistics calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's global database includes approximately 119 billion square feet of coverage in 5.4 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

CoStar Group, Inc.

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Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Houston Industrial Market

Overview

Houston's Vacancy Increases to 5.6%

Net Absorption Negative (290,969) SF in the Quarter

The Houston Industrial market ended the second quarter 2018 with a vacancy rate of 5.6%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (290,969) square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 1,971,280 square feet. Rental rates ended the second quarter at $7.23, an increase over the previous quarter. A total of 32 buildings delivered to the market in the quarter totaling 1,713,288 square feet, with 12,678,385 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Houston Industrial market was negative (290,969) square feet in the second quarter 2018. That compares to positive 3,046,386 square feet in the first quarter 2018, positive 1,062,142 square feet in the fourth quarter 2017, and positive 3,825,836 square feet in the third quarter 2017.

Tenants moving out of large blocks of space in 2018 include: Moody Compress & Warehouse moving out of (605,879) square feet at Warehouse 1, Emser Tile moving out of (417,350) square feet at 9835A Genard Rd, and Plastipak Packaging Inc. moving out of (180,000) square feet at 300 S Sheldon Rd.

Tenants moving into large blocks of space in 2018 include: Amazon moving into 1,016,000 square feet at Amazon Distribution Center, Plasticpak moving into 274,417 square feet at Carson Bayport 2 - BLDG I-2, and Unis, LLC moving into 257,835 square feet at 10535 Red Bluff Rd.

The Flex building market recorded net absorption of negative (399,671) square feet in the second quarter 2018, compared to positive 18,863 square feet in the first quarter 2018, positive 168,985 in the fourth quarter 2017, and negative (37,574) in the third quarter 2017.

The Warehouse building market recorded net absorption of positive 108,702 square feet in the second quarter 2018 compared to positive 3,027,523 square feet in the first quarter 2018, positive 893,157 in the fourth quarter 2017, and positive 3,863,410 in the third quarter 2017.

Vacancy

The Industrial vacancy rate in the Houston market area increased to 5.6% at the end of the second quarter 2018. The vacancy rate was 5.2% at the end of the first quarter 2018, 5.2% at the end of the fourth quarter 2017, and 5.3% at the end of the third quarter 2017.

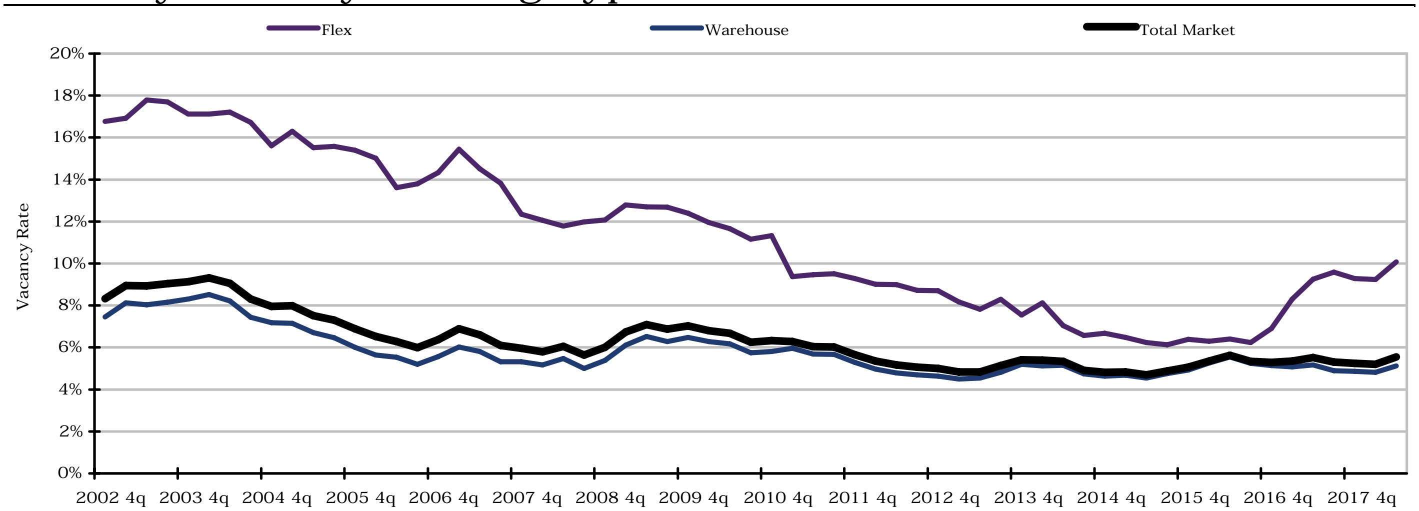
Flex projects reported a vacancy rate of 10.1% at the end of the second quarter 2018, 9.2% at the end of the first quarter 2018, 9.3% at the end of the fourth quarter 2017, and 9.6% at the end of the third quarter 2017.

Warehouse projects reported a vacancy rate of 5.1% at the end of the second quarter 2018, 4.8% at the end of first quarter 2018, 4.9% at the end of the fourth quarter 2017, and 4.9% at the end of the third quarter 2017.

Largest Lease Signings

The largest lease signings occurring in 2018 included: the 257,835-square-foot lease signed by Unis, LLC at 10535 Red Bluff Rd in the Southeast Corridor market; the 217,440-square-foot deal signed by Lowes at Gateway Southwest Industrial

Vacancy Rates by Building Type 1999-2018



Source: CoStar Property®

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Houston Industrial Market

Overview

Park - Building 2 in the Southwest Corridor market; and the 154,000-square-foot lease signed by Accelerated Process Systems at 24310 State Highway 249 in the North Corridor market.

Sublease Vacancy

The amount of vacant sublease space in the Houston market increased to 1,971,280 square feet by the end of the second quarter 2018, from 1,831,265 square feet at the end of the first quarter 2018. There was 1,654,264 square feet vacant at the end of the fourth quarter 2017 and 1,341,903 square feet at the end of the third quarter 2017.

Houston's Flex projects reported vacant sublease space of 258,381 square feet at the end of second quarter 2018, up from the 184,123 square feet reported at the end of the first quarter 2018. There were 129,913 square feet of sublease space vacant at the end of the fourth quarter 2017, and 181,856 square feet at the end of the third quarter 2017.

Warehouse projects reported increased vacant sublease space from the first quarter 2018 to the second quarter 2018. Sublease vacancy went from 1,647,142 square feet to 1,712,899 square feet during that time. There was 1,524,351 square feet at the end of the fourth quarter 2017, and 1,160,047 square feet at the end of the third quarter 2017.

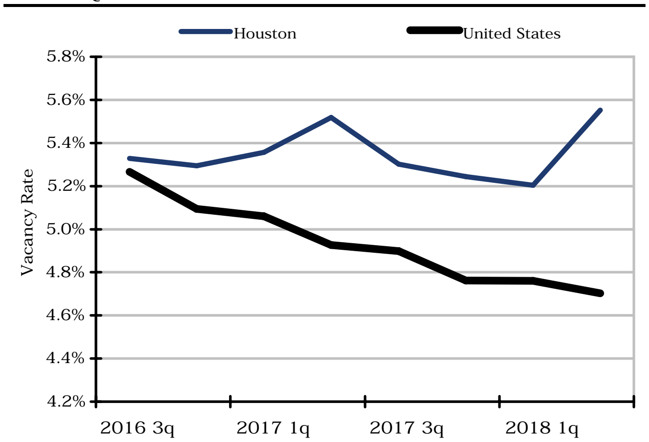
Rental Rates

The average quoted asking rental rate for available Industrial space was $7.23 per square foot per year at the end of the second quarter 2018 in the Houston market area. This represented a 3.9% increase in quoted rental rates from the end of the first quarter 2018, when rents were reported at $6.96 per square foot.

The average quoted rate within the Flex sector was $9.93 per square foot at the end of the second quarter 2018, while Warehouse rates stood at $6.89. At the end of the first quarter 2018, Flex rates were $9.96 per square foot, and Warehouse rates were $6.65.

U.S. Vacancy Comparison

Past 8 Quarters



Source: CoStar Property®

Deliveries and Construction

During the second quarter 2018, 32 buildings totaling 1,713,288 square feet were completed in the Houston market area. This compares to 41 buildings totaling 2,961,914 square feet that were completed in the first quarter 2018, 19 buildings totaling 686,383 square feet completed in the fourth quarter 2017, and 2,216,150 square feet in 25 buildings completed in the third quarter 2017.

There were 12,678,385 square feet of Industrial space under construction at the end of the second quarter 2018.

Some of the notable 2018 deliveries include: Amazon Distribution Center, a 1,016,000-square-foot facility that delivered in first quarter 2018 and is now 100% occupied, and Ravago Americas, a 712,740-square-foot building that delivered in first quarter 2018 and is now 100% occupied.

The largest projects underway at the end of second quarter 2018 were Grocers Supply, a 727,600-square-foot building with 100% of its space pre-leased, and Parc Air 59, a 677,040-square-foot facility that is 0% pre-leased.

Inventory

Total Industrial inventory in the Houston market area amounted to 609,179,265 square feet in 19,786 buildings as of the end of the second quarter 2018. The Flex sector consisted of 52,499,604 square feet in 2,151 projects. The Warehouse sector consisted of 556,679,661 square feet in 17,635 buildings. Within the Industrial market there were 3,570 owner-occupied buildings accounting for 161,320,786 square feet of Industrial space.

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Houston industrial sales figures fell during the first quarter 2018 in terms of dollar volume compared to the fourth quarter of 2017.

In the first quarter, nine industrial transactions closed with a total volume of $61,820,500. The nine buildings totaled 703,462 square feet and the average price per square foot equated to $87.88 per square foot. That compares to 22 transactions totaling $98,475,850 in the fourth quarter. The total square footage was 1,422,705 for an average price per square foot of $69.22.

Total year-to-date industrial building sales activity in 2018 is down compared to the previous year. In the first three months of 2018, the market saw nine industrial sales transactions with a total volume of $61,820,500. The price per square foot has averaged $87.88 this year. In the first three months of 2017, the market posted 29 transactions with a total volume of $348,816,854. The price per square foot averaged $75.91.

Cap rates have been higher in 2018, averaging 7.75%, compared to the first three months of last year when they averaged 6.74%.

Houston Industrial Market

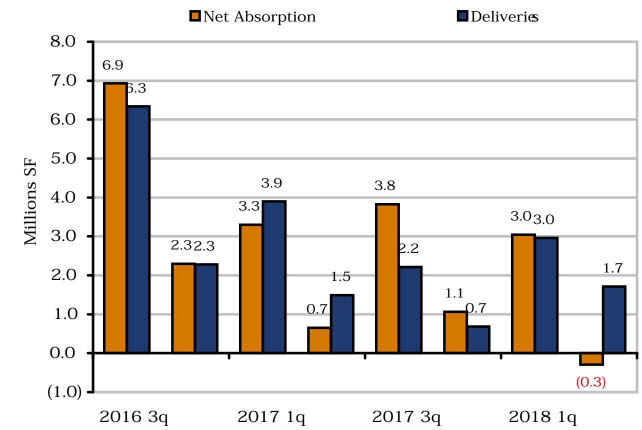
Overview

One of the largest transactions that has occurred within the last four quarters in the Houston market is the sale of Cedar Port Distribution Centre in Baytown. This 996,482-square-foot industrial building sold for $63,500,000, or $63.72 per square foot. The property sold on 4/6/2017, at a 6.78% cap rate.

Reports compiled by: William Steward, CoStar Research Manager

Absorption & Deliveries

Past 8 Quarters



Source: CoStar Property®

CoStar Submarket Clusters & Submarkets

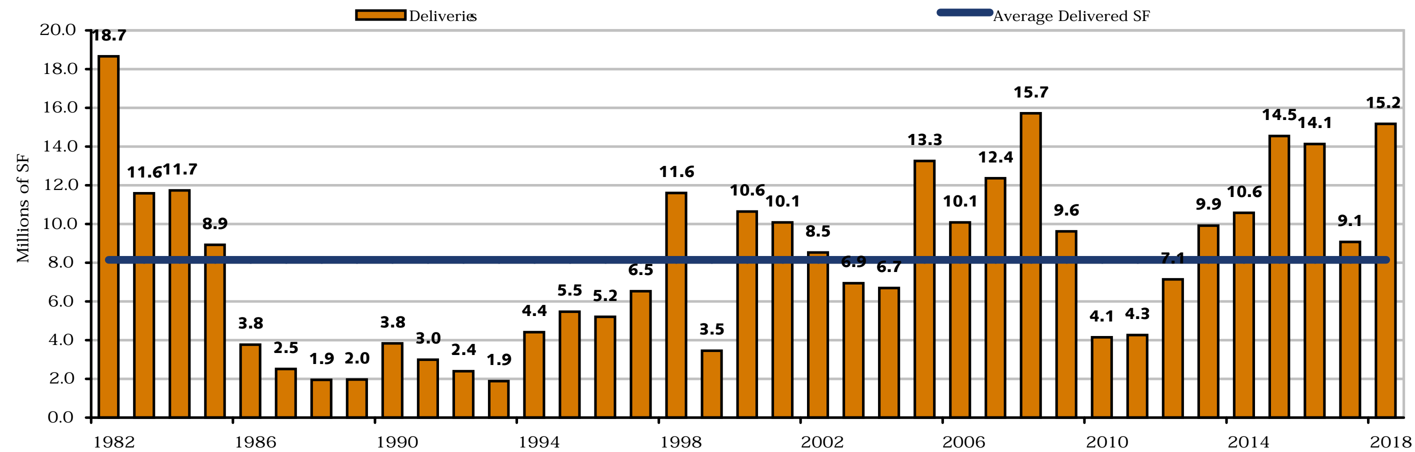
In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets
Austin County Ind	Austin County Ind
CBD Ind	CBD-NW Inner Loop Ind Downtown Houston Ind North Inner Loop Ind Southwest Inner Loop Ind
Liberty County Ind	Liberty County Ind
North Corridor Ind	North Fwy/Tomball Pky Ind North Hardy Toll Road Ind North Outer Loop Ind The Woodlands/Conroe Ind
Northeast Corridor Ind	Northeast Hwy 321 Ind Northeast Hwy 90 Ind Northeast I-10 Ind Northeast Inner Loop Ind
Northwest Corridor Ind	Hwy 290/Tomball Pky Ind Northwest Hwy 6 Ind Northwest Inner Loop Ind Northwest Near Ind Northwest Outliers Ind West Outer Loop Ind
San Jacinto County Ind	San Jacinto County Ind
Southeast Corridor Ind	East I-10 Outer Loop Ind East-Southeast Far Ind Southeast Outer Loop Ind
Southern Corridor Ind	South Hwy 35 Ind South Inner Loop Ind
Southwest Corridor Ind	Hwy 59/Hwy 90 (Alt) Ind Southwest Far Ind Southwest Outer Loop Ind Sugar Land Ind

Houston Industrial Market

Inventory & development

Historical Deliveries 1982 - 2018



Source: CoStar Property® * Future deliveries based on current under construction buildings.

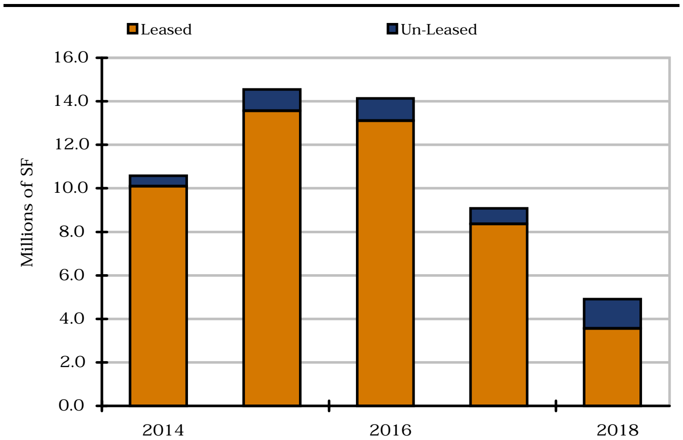
Construction Activity Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Southeast Corridor Ind	31	4,523,805	1,449,325	32.0%	36,728	145,929
Northwest Corridor Ind	66	4,419,115	1,590,484	36.0%	34,149	66,956
North Corridor Ind	23	2,031,141	988,102	48.6%	28,101	88,310
Northeast Corridor Ind	5	1,003,690	6,650	0.7%	35,103	200,738
Southwest Corridor Ind	6	604,019	602,397	99.7%	27,315	100,670
Southern Corridor Ind	5	82,365	60,205	73.1%	24,768	16,473
CBD Ind	1	14,250	14,250	100.0%	28,549	14,250
San Jacinto County Ind	0	0	0	0.0%	8,092	0
Austin County Ind	0	0	0	0.0%	49,719	0
Liberty County Ind	0	0	0	0.0%	22,822	0
Totals	137	12,678,385	4,711,413	37.2%	30,788	92,543

Source: CoStar Property®

Recent Deliveries

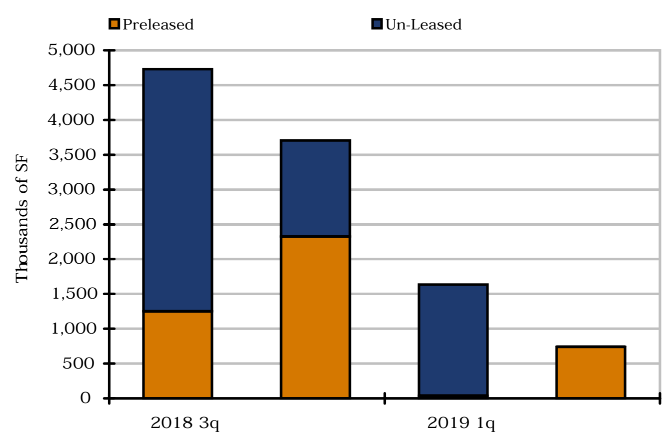
Leased & Un-Leased SF in Deliveries Since 2014



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

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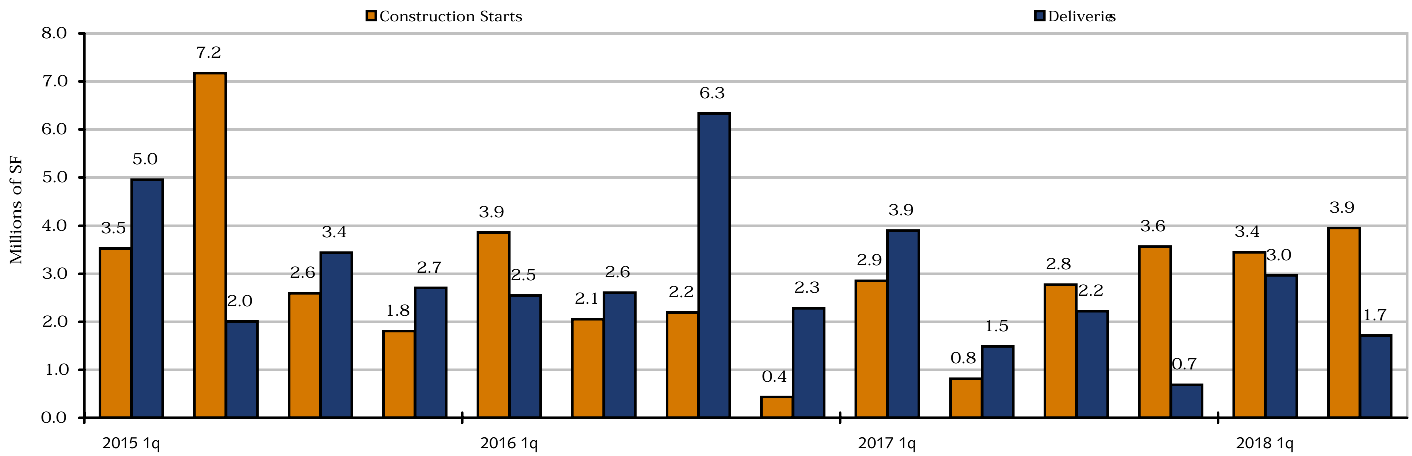
Houston Industrial Market

Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

Recent Deliveries by Project Size

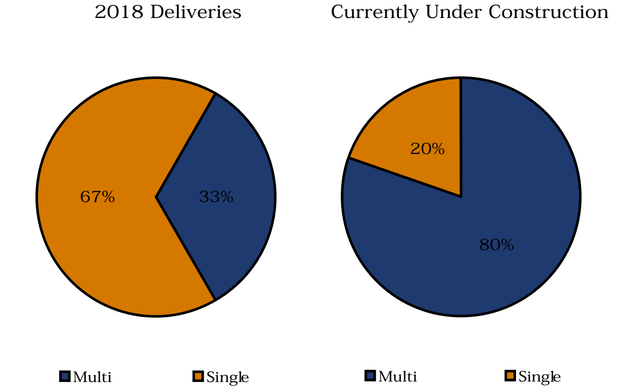
Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	64	895,490	441,607	49.3%	$10.65	268,864	626,626
50,000 SF - 99,999 SF	1	89,440	89,440	100.0%	$0.00	0	89,440
100,000 SF - 249,999 SF	6	1,045,077	439,571	42.1%	$5.28	268,500	776,577
250,000 SF - 499,999 SF	2	551,115	257,835	46.8%	$5.29	257,835	293,280
>= 500,000 SF	3	2,329,740	2,329,740	100.0%	$0.00	2,329,740	0

Source: CoStar Property®

Recent Development by Tenancy

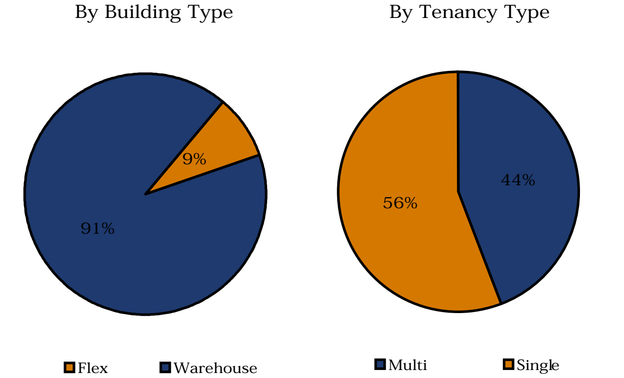
Based on RBA Developed for Single & Multi-Tenant Use



Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA



Source: CoStar Property®

Select Year-to-Date Deliveries

Based on Project Square Footage

1. Amazon Distribution Center

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**1,016,000**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**First Quarter 2017**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**Duke Realty Corporation**
Developer:	**Duke Realty Corporation**

2. Ravago Americas

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**712,740**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**N/A**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**N/A**
Developer:	**N/A**

3. Emser Tile

Submarket:	**North Corridor Industrial Market**
RBA:	**601,000**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Hines Securities, Inc.**
Developer:	**Hines Securities, Inc.**

4. 11833 Cutten Road

Submarket:	**North Corridor Industrial Market**
RBA:	**293,280**
Occupied:	**0%**
Quoted Rate:	**$5.04**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Cushman & Wakefield**
Developer:	**N/A**

5. 10535 Red Bluff Rd

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**257,835**
Occupied:	**96%**
Quoted Rate:	**$12.60**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**Cushman & Wakefield**
Developer:	**N/A**

6. 22533 NW Lake Dr

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**231,839**
Occupied:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**The Carson Companies**
Developer:	**N/A**

7. 9703 Highway 225

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**222,210**
Occupied:	**66%**
Quoted Rate:	**$5.28**
Grnd Brk Date:	**N/A**
Deliv Date:	**2018**
Leasing Co:	**N/A**
Developer:	**N/A**

8. 10025 Porter Rd

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**167,867**
Occupied:	**44%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**2017**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**CBRE**
Developer:	**N/A**

9. 6410 Langfield Rd - Building D

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**154,661**
Occupied:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**Carson Co**
Developer:	**N/A**

10. Generation Park - GHX

Submarket:	**Northeast Corridor Industrial Market**
RBA:	**143,500**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Second Quarter 2017**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**Navisys Group**
Developer:	**N/A**

11. Century Plaza Distribution Center IV

Submarket:	**North Corridor Industrial Market**
RBA:	**125,000**
Occupied:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**First Quarter 2018**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Cushman & Wakefield**
Developer:	**N/A**

12. 850 Sens Road

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**89,440**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Cushman & Wakefield**
Developer:	**N/A**

13. Memstar USA

Submarket:	**North Corridor Industrial Market**
RBA:	**40,500**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**N/A**
Developer:	**N/A**

14. Will Clayton Industrial Park - Building D

Submarket:	**North Corridor Industrial Market**
RBA:	**40,000**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Cushman & Wakefield**
Developer:	**N/A**

15. Linh Dao Plaza

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**39,500**
Occupied:	**73%**
Quoted Rate:	**$20.58**
Grnd Brk Date:	**First Quarter 2017**
Deliv Date:	**First Quarter 2018**
Leasing Co:	**Living Quarters, LLC**
Developer:	**N/A**

Source: CoStar Property®

Select Top Under Construction Properties

Based on Project Square Footage

1. Grocers Supply

Submarket:	**North Corridor Industrial Market**
RBA:	**727,600**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Second Quarter 2018**
Deliv Date:	**Second Quarter 2019**
Leasing Co:	**Liberty Property Trust**
Developer:	**N/A**

2. Parc Air 59

Submarket:	**Northeast Corridor Industrial Market**
RBA:	**677,040**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Second Quarter 2018**
Deliv Date:	**Fourth Quarter 2018**
Leasing Co:	**JLL**
Developer:	**Archway Properties**

3. 525 Cane Island Pky

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**673,785**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Third Quarter 2018**
Leasing Co:	**NAI Partners**
Developer:	**N/A**

4. Port Crossing Commerce Center - Bldg. B2

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**600,360**
Preleased:	**0%**
Quoted Rate:	**$4.80**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Third Quarter 2018**
Leasing Co:	**Colliers International**
Developer:	**N/A**

5. Best Buy Distribution Center

Submarket:	**Southwest Corridor Industrial Market**
RBA:	**550,000**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Fourth Quarter 2018**
Leasing Co:	**HPC-Seefried BB LLC**
Developer:	**Seefried Properties, Inc.**

6. Vinmar International

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**500,006**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Second Quarter 2017**
Deliv Date:	**Third Quarter 2018**
Leasing Co:	**Avera Companies**
Developer:	**Avera Companies**

7. Bayport South Business Park III

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**500,000**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Second Quarter 2018**
Deliv Date:	**First Quarter 2019**
Leasing Co:	**Johnson Development Associates, Inc**
Developer:	**N/A**

8. Northwest Logistics Center

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**411,442**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Third Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Stream Realty Partners, LP**
Developer:	**N/A**

9. Bayport Logistics Park - Bldg 2

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**369,755**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**First Quarter 2018**
Deliv Date:	**Fourth Quarter 2018**
Leasing Co:	**Avera Companies**
Developer:	**Avera Companies**

10. 9800 Derrington Rd - Building 6

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**368,467**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**First Quarter 2018**
Deliv Date:	**Third Quarter 2018**
Leasing Co:	**CBRE**
Developer:	**N/A**

11. Gateway Northwest Business Park - Building 3

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**368,432**
Preleased:	**44%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**Duke Realty Corporation**
Developer:	**N/A**

12. Victory Commerce Center

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**349,050**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Second Quarter 2018**
Deliv Date:	**First Quarter 2019**
Leasing Co:	**Colliers International**
Developer:	**N/A**

13. Point North Three

Submarket:	**North Corridor Industrial Market**
RBA:	**337,700**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**First Quarter 2018**
Deliv Date:	**Third Quarter 2018**
Leasing Co:	**Duke Realty Corporation**
Developer:	**N/A**

14. AIV Inc

Submarket:	**Northwest Corridor Industrial Market**
RBA:	**320,000**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Fourth Quarter 2017**
Deliv Date:	**Fourth Quarter 2018**
Leasing Co:	**AIV, Inc.**
Developer:	**Kingham Dalton Ltd**

15. Port 10 Logistics Center - Building 1

Submarket:	**Southeast Corridor Industrial Market**
RBA:	**294,323**
Preleased:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**First Quarter 2018**
Deliv Date:	**Second Quarter 2018**
Leasing Co:	**JLL**
Developer:	**N/A**

Source: CoStar Property®

Houston Industrial Market

Figures at a Glance

Flex Market Statistics

Mid-Year 2018

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Austin County Ind	1	1,200	0	0	0.0%	0	0	0	$0.00
CBD Ind	184	3,757,947	228,046	248,897	6.6%	5,674	0	0	$13.95
Liberty County Ind	4	29,215	11,300	11,300	38.7%	0	0	0	$0.00
North Corridor Ind	445	11,552,935	1,414,766	1,467,509	12.7%	(138,033)	37,866	288,610	$10.45
Northeast Corridor Ind	74	714,563	92,120	92,120	12.9%	(28,205)	2,400	0	$11.14
Northwest Corridor Ind	592	17,516,667	1,670,178	1,815,536	10.4%	(275,594)	0	6,000	$8.86
San Jacinto County Ind	0	0	0	0	0.0%	0	0	0	$0.00
Southeast Corridor Ind	233	3,252,204	296,396	296,396	9.1%	(68,413)	0	0	$10.43
Southern Corridor Ind	130	2,542,807	262,548	262,548	10.3%	113,610	0	0	$6.32
Southwest Corridor Ind	488	13,132,066	1,052,245	1,091,674	8.3%	10,153	0	3,181	$11.14
Totals	2,151	52,499,604	5,027,599	5,285,980	10.1%	(380,808)	40,266	297,791	$9.93

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2018

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Austin County Ind	32	1,639,543	572,616	572,616	34.9%	6,200	0	0	$9.71
CBD Ind	1,891	55,481,996	2,083,164	2,114,505	3.8%	100,274	0	14,250	$5.87
Liberty County Ind	55	1,317,254	354,349	354,349	26.9%	(63,661)	0	0	$8.35
North Corridor Ind	3,430	97,340,115	6,325,799	6,830,991	7.0%	1,150,137	1,187,086	1,742,531	$7.40
Northeast Corridor Ind	1,007	37,231,984	857,963	893,058	2.4%	219,820	207,454	1,003,690	$6.36
Northwest Corridor Ind	4,380	152,273,759	7,858,361	8,260,507	5.4%	807,768	1,704,513	4,413,115	$7.33
San Jacinto County Ind	5	40,459	0	0	0.0%	0	0	0	$0.00
Southeast Corridor Ind	2,506	97,345,647	3,925,145	4,391,145	4.5%	1,121,746	1,302,082	4,523,805	$6.21
Southern Corridor Ind	2,008	50,411,784	1,658,697	1,800,828	3.6%	(239,709)	91,020	82,365	$6.33
Southwest Corridor Ind	2,321	63,597,120	3,190,002	3,320,996	5.2%	33,650	142,781	600,838	$7.48
Totals	17,635	556,679,661	26,826,096	28,538,995	5.1%	3,136,225	4,634,936	12,380,594	$6.89

Source: CoStar Property®

Total Industrial Market Statistics

Mid-Year 2018

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Austin County Ind	33	1,640,743	572,616	572,616	34.9%	6,200	0	0	$9.71
CBD Ind	2,075	59,239,943	2,311,210	2,363,402	4.0%	105,948	0	14,250	$6.53
Liberty County Ind	59	1,346,469	365,649	365,649	27.2%	(63,661)	0	0	$8.35
North Corridor Ind	3,875	108,893,050	7,740,565	8,298,500	7.6%	1,012,104	1,224,952	2,031,141	$7.82
Northeast Corridor Ind	1,081	37,946,547	950,083	985,178	2.6%	191,615	209,854	1,003,690	$6.41
Northwest Corridor Ind	4,972	169,790,426	9,528,539	10,076,043	5.9%	532,174	1,704,513	4,419,115	$7.60
San Jacinto County Ind	5	40,459	0	0	0.0%	0	0	0	$0.00
Southeast Corridor Ind	2,739	100,597,851	4,221,541	4,687,541	4.7%	1,053,333	1,302,082	4,523,805	$6.40
Southern Corridor Ind	2,138	52,954,591	1,921,245	2,063,376	3.9%	(126,099)	91,020	82,365	$6.33
Southwest Corridor Ind	2,809	76,729,186	4,242,247	4,412,670	5.8%	43,803	142,781	604,019	$7.90
Totals	19,786	609,179,265	31,853,695	33,824,975	5.6%	2,755,417	4,675,202	12,678,385	$7.23

Source: CoStar Property®

CoStar™

Houston Industrial Market

Figures at a Glance

Flex Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County Ind	1	1,200	0	0	0.0%	0	0	0	$0.00
CBD-NW Inner Loop In.	68	2,053,949	150,225	171,076	8.3%	(13,759)	0	0	$12.82
Downtown Houston Inc	35	598,347	52,041	52,041	8.7%	(8,541)	0	0	$7.91
East I-10 Outer Loop.	4	15,741	5,200	5,200	33.0%	(5,200)	0	0	$5.76
East-Southeast Far I.	208	2,851,732	265,710	265,710	9.3%	(48,727)	0	0	$10.73
Hwy 290/Tomball Pky	44	1,588,330	116,775	116,775	7.4%	399	0	0	$9.24
Hwy 59/Hwy 90 (Alt) .	137	2,889,565	161,033	175,818	6.1%	15,477	0	0	$8.10
Liberty County Ind	4	29,215	11,300	11,300	38.7%	0	0	0	$0.00
North Fwy/Tomball Pk.	106	3,889,118	391,548	404,413	10.4%	(65,679)	0	58,200	$9.50
North Hardy Toll Roa.	101	3,444,842	356,710	382,971	11.1%	(66,720)	0	200,000	$8.58
North Inner Loop Ind	6	44,176	3,000	3,000	6.8%	(3,000)	0	0	$0.00
North Outer Loop Ind	59	1,364,722	153,642	153,642	11.3%	9,358	0	0	$7.08
Northeast Hwy 321 In.	14	83,911	18,336	18,336	21.9%	(4,706)	2,400	0	$10.96
Northeast Hwy 90 Ind	47	446,507	30,025	30,025	6.7%	(5,550)	0	0	$7.36
Northeast I-10 Ind	8	128,047	42,051	42,051	32.8%	(19,031)	0	0	$14.40
Northeast Inner Loop.	5	56,098	1,708	1,708	3.0%	1,082	0	0	$0.00
Northwest Hwy 6 Ind	32	1,405,439	258,454	258,454	18.4%	(3,980)	0	0	$4.75
Northwest Inner Loop.	278	9,273,816	876,828	971,861	10.5%	(138,398)	0	0	$10.43
Northwest Near Ind	82	1,699,758	173,161	215,820	12.7%	(114,342)	0	0	$10.90
Northwest Outliers I.	85	2,058,450	180,283	187,949	9.1%	(22,292)	0	6,000	$9.47
San Jacinto County I.	0	0	0	0	0.0%	0	0	0	$0.00
South Hwy 35 Ind	88	1,676,316	82,617	82,617	4.9%	3,100	0	0	$8.60
South Inner Loop Ind	42	866,491	179,931	179,931	20.8%	110,510	0	0	$4.65
Southeast Outer Loop.	21	384,731	25,486	25,486	6.6%	(14,486)	0	0	$3.57
Southwest Far Ind	81	2,158,844	254,037	255,351	11.8%	9,031	0	3,181	$13.74
Southwest Inner Loop.	75	1,061,475	22,780	22,780	2.1%	30,974	0	0	$24.31
Southwest Outer Loop.	161	4,418,377	509,851	518,542	11.7%	(14,578)	0	0	$10.13
Sugar Land Ind	109	3,665,280	127,324	141,963	3.9%	223	0	0	$12.92
The Woodlands/Conroe.	179	2,854,253	512,866	526,483	18.4%	(14,992)	37,866	30,410	$13.93
West Outer Loop Ind	71	1,490,874	64,677	64,677	4.3%	3,019	0	0	$8.11
Totals	2,151	52,499,604	5,027,599	5,285,980	10.1%	(380,808)	40,266	297,791	$9.93

Source: CoStar Property®

Houston Industrial Market

CoStar™

Figures at a Glance

Warehouse Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County Ind	32	1,639,543	572,616	572,616	34.9%	6,200	0	0	$9.71
CBD-NW Inner Loop In.	461	10,645,691	392,746	397,650	3.7%	15,618	0	14,250	$10.58
Downtown Houston Ind	871	32,274,553	1,097,913	1,124,350	3.5%	267,758	0	0	$5.66
East I-10 Outer Loop.	204	13,380,694	364,468	364,468	2.7%	(167,590)	0	10,000	$9.59
East-Southeast Far I.	1,909	66,402,681	2,821,139	3,272,139	4.9%	1,547,330	1,302,082	4,513,805	$5.87
Hwy 290/Tomball Pky	598	22,245,220	1,253,016	1,407,139	6.3%	(243,037)	111,869	904,319	$7.03
Hwy 59/Hwy 90 (Alt) .	900	22,824,874	1,417,716	1,484,342	6.5%	(87,532)	35,770	550,000	$6.87
Liberty County Ind	55	1,317,254	354,349	354,349	26.9%	(63,661)	0	0	$8.35
North Fwy/Tomball Pk.	807	23,686,422	2,415,196	2,563,290	10.8%	450,703	933,765	579,170	$7.37
North Hardy Toll Roa.	730	32,252,539	2,330,432	2,507,636	7.8%	206,361	170,000	1,094,825	$6.81
North Inner Loop Ind	188	5,261,730	305,772	305,772	5.8%	(33,027)	0	0	$4.12
North Outer Loop Ind	1,012	23,233,737	551,716	635,626	2.7%	422,776	0	14,836	$7.56
Northeast Hwy 321 In.	88	1,556,792	39,000	39,000	2.5%	46,705	16,475	0	$7.10
Northeast Hwy 90 Ind	576	19,599,934	379,004	385,404	2.0%	246,911	190,979	997,040	$7.85
Northeast I-10 Ind	162	4,305,618	41,371	47,566	1.1%	99,341	0	6,650	$4.50
Northeast Inner Loop.	181	11,769,640	398,588	421,088	3.6%	(173,137)	0	0	$4.41
Northwest Hwy 6 Ind	337	10,047,579	232,501	232,501	2.3%	170,271	80,245	541,022	$9.33
Northwest Inner Loop.	1,488	53,987,659	2,802,271	2,900,260	5.4%	(567,366)	19,000	20,000	$6.71
Northwest Near Ind	749	18,494,537	851,720	888,004	4.8%	37,485	154,661	0	$7.29
Northwest Outliers I.	478	22,253,762	1,360,763	1,390,313	6.2%	1,320,659	1,270,438	2,447,932	$7.76
San Jacinto County I.	5	40,459	0	0	0.0%	0	0	0	$0.00
South Hwy 35 Ind	1,646	37,898,611	1,301,468	1,423,304	3.8%	(258,751)	91,020	82,365	$6.33
South Inner Loop Ind	362	12,513,173	357,229	377,524	3.0%	19,042	0	0	$6.34
Southeast Outer Loop.	393	17,562,272	739,538	754,538	4.3%	(257,994)	0	0	$6.35
Southwest Far Ind	495	11,698,772	714,244	722,047	6.2%	246,873	100,836	10,000	$8.03
Southwest Inner Loop.	371	7,300,022	286,733	286,733	3.9%	(150,075)	0	0	$6.93
Southwest Outer Loop.	533	10,516,248	404,559	404,559	3.8%	(38,032)	6,175	13,198	$8.66
Sugar Land Ind	393	18,557,226	653,483	710,048	3.8%	(87,659)	0	27,640	$7.41
The Woodlands/Conroe.	881	18,167,417	1,028,455	1,124,439	6.2%	70,297	83,321	53,700	$8.01
West Outer Loop Ind	730	25,245,002	1,358,090	1,442,290	5.7%	89,756	68,300	499,842	$7.10
Totals	17,635	556,679,661	26,826,096	28,538,995	5.1%	3,136,225	4,634,936	12,380,594	$6.89

Source: CoStar Property®

CoStar™

Houston Industrial Market

Figures at a Glance

Total Industrial Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County Ind	33	1,640,743	572,616	572,616	34.9%	6,200	0	0	$9.71
CBD-NW Inner Loop In.	529	12,699,640	542,971	568,726	4.5%	1,859	0	14,250	$11.32
Downtown Houston Ind	906	32,872,900	1,149,954	1,176,391	3.6%	259,217	0	0	$5.74
East I-10 Outer Loop.	208	13,396,435	369,668	369,668	2.8%	(172,790)	0	10,000	$9.57
East-Southeast Far I.	2,117	69,254,413	3,086,849	3,537,849	5.1%	1,498,603	1,302,082	4,513,805	$6.13
Hwy 290/Tomball Pky	642	23,833,550	1,369,791	1,523,914	6.4%	(242,638)	111,869	904,319	$7.13
Hwy 59/Hwy 90 (Alt) .	1,037	25,714,439	1,578,749	1,660,160	6.5%	(72,055)	35,770	550,000	$6.96
Liberty County Ind	59	1,346,469	365,649	365,649	27.2%	(63,661)	0	0	$8.35
North Fwy/Tomball Pk.	913	27,575,540	2,806,744	2,967,703	10.8%	385,024	933,765	637,370	$7.49
North Hardy Toll Roa.	831	35,697,381	2,687,142	2,890,607	8.1%	139,641	170,000	1,294,825	$7.16
North Inner Loop Ind	194	5,305,906	308,772	308,772	5.8%	(36,027)	0	0	$4.12
North Outer Loop Ind	1,071	24,598,459	705,358	789,268	3.2%	432,134	0	14,836	$7.53
Northeast Hwy 321 In.	102	1,640,703	57,336	57,336	3.5%	41,999	18,875	0	$7.56
Northeast Hwy 90 Ind	623	20,046,441	409,029	415,429	2.1%	241,361	190,979	997,040	$7.85
Northeast I-10 Ind	170	4,433,665	83,422	89,617	2.0%	80,310	0	6,650	$4.64
Northeast Inner Loop.	186	11,825,738	400,296	422,796	3.6%	(172,055)	0	0	$4.41
Northwest Hwy 6 Ind	369	11,453,018	490,955	490,955	4.3%	166,291	80,245	541,022	$7.83
Northwest Inner Loop.	1,766	63,261,475	3,679,099	3,872,121	6.1%	(705,764)	19,000	20,000	$7.76
Northwest Near Ind	831	20,194,295	1,024,881	1,103,824	5.5%	(76,857)	154,661	0	$7.68
Northwest Outliers I.	563	24,312,212	1,541,046	1,578,262	6.5%	1,298,367	1,270,438	2,453,932	$7.98
San Jacinto County I.	5	40,459	0	0	0.0%	0	0	0	$0.00
South Hwy 35 Ind	1,734	39,574,927	1,384,085	1,505,921	3.8%	(255,651)	91,020	82,365	$6.42
South Inner Loop Ind	404	13,379,664	537,160	557,455	4.2%	129,552	0	0	$5.92
Southeast Outer Loop.	414	17,947,003	765,024	780,024	4.3%	(272,480)	0	0	$6.32
Southwest Far Ind	576	13,857,616	968,281	977,398	7.1%	255,904	100,836	13,181	$8.83
Southwest Inner Loop.	446	8,361,497	309,513	309,513	3.7%	(119,101)	0	0	$10.94
Southwest Outer Loop.	694	14,934,625	914,410	923,101	6.2%	(52,610)	6,175	13,198	$9.09
Sugar Land Ind	502	22,222,506	780,807	852,011	3.8%	(87,436)	0	27,640	$7.79
The Woodlands/Conroe .	1,060	21,021,670	1,541,321	1,650,922	7.9%	55,305	121,187	84,110	$9.16
West Outer Loop Ind	801	26,735,876	1,422,767	1,506,967	5.6%	92,775	68,300	499,842	$7.19
Totals	19,786	609,179,265	31,853,695	33,824,975	5.6%	2,755,417	4,675,202	12,678,385	$7.23

Source: CoStar Property®

Houston Industrial Market

CoStar

Figures at a Glance

Flex Market Statistics

Mid-Year 2018

Period	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	Net Absorption	Deliveries # Blds	Deliveries Total RBA	UC Inventory # Blds	UC Inventory Total RBA	Quoted Rates
2018 2q	2,151	52,499,604	5,027,599	5,285,980	10.1%	(399,671)	1	37,866	8	297,791	$9.93
2018 1q	2,150	52,461,738	4,664,320	4,848,443	9.2%	18,863	1	2,400	5	105,247	$9.96
2017 4q	2,148	52,446,338	4,734,993	4,864,906	9.3%	168,985	1	2,000	5	64,447	$9.93
2017 3q	2,147	52,444,338	4,850,035	5,031,891	9.6%	(37,574)	3	157,000	3	10,400	$9.40
2017 2q	2,144	52,287,338	4,611,506	4,837,317	9.3%	(287,584)	7	142,804	4	159,000	$9.64
2017 1q	2,137	52,058,746	4,122,874	4,321,141	8.3%	(616,091)	4	120,560	12	421,804	$9.61
2016	2,133	51,938,186	3,380,006	3,584,490	6.9%	57,557	18	464,615	13	513,614	$9.95
2015	2,115	51,587,895	3,120,254	3,291,756	6.4%	224,514	9	151,682	15	395,021	$10.30
2014	2,107	51,511,408	3,337,052	3,439,783	6.7%	949,435	15	577,745	10	135,362	$9.89
2013	2,091	50,965,960	3,767,204	3,843,770	7.5%	1,237,822	16	601,128	8	197,816	$9.62
2012	2,071	50,262,978	4,242,483	4,378,610	8.7%	753,139	11	339,678	14	578,595	$9.26
2011	2,054	49,746,456	4,503,510	4,615,227	9.3%	1,207,876	9	157,857	12	364,583	$8.51
2010	2,040	49,530,303	5,520,727	5,606,950	11.3%	638,552	8	102,085	10	129,729	$8.61
2009	2,028	49,404,988	6,004,346	6,120,187	12.4%	905,903	25	1,109,011	10	117,005	$9.67
2008	2,001	48,200,757	5,651,611	5,821,859	12.1%	1,292,110	48	1,010,041	26	1,195,981	$10.63
2007	1,940	46,871,454	5,673,524	5,784,666	12.3%	1,990,023	32	1,048,747	45	935,240	$9.41

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2018

Period	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	Net Absorption	Deliveries # Blds	Deliveries Total RBA	UC Inventory # Blds	UC Inventory Total RBA	Quoted Rates
2018 2q	17,635	556,679,661	26,826,096	28,538,995	5.1%	108,702	31	1,675,422	129	12,380,594	$6.89
2018 1q	17,602	554,783,379	25,104,273	26,751,415	4.8%	3,027,523	40	2,959,514	131	10,339,234	$6.65
2017 4q	17,560	551,796,590	25,295,073	26,819,424	4.9%	893,157	18	684,383	125	9,896,398	$6.74
2017 3q	17,538	551,072,996	25,809,165	26,969,212	4.9%	3,863,410	22	2,059,150	100	7,069,888	$6.44
2017 2q	17,507	548,542,422	27,192,190	28,321,823	5.2%	943,720	35	1,345,337	78	6,363,614	$6.40
2017 1q	17,466	547,071,811	26,651,767	27,775,157	5.1%	3,911,891	64	3,774,017	103	6,774,422	$6.51
2016	17,403	543,315,394	26,696,414	27,930,631	5.1%	10,586,633	141	13,302,839	114	7,724,820	$6.37
2015	17,246	530,978,228	25,683,485	26,180,098	4.9%	11,304,108	235	12,954,211	104	13,075,680	$6.22
2014	16,993	517,463,248	23,757,423	23,969,226	4.6%	10,844,051	164	8,114,264	199	11,348,984	$5.73
2013	16,838	509,078,752	25,928,864	26,428,781	5.2%	5,386,353	133	7,907,865	132	7,686,675	$5.40
2012	16,671	500,449,664	22,847,050	23,186,046	4.6%	9,301,629	106	4,628,935	91	4,340,108	$5.15
2011	16,515	494,061,626	25,479,574	26,099,637	5.3%	6,253,252	89	3,058,506	98	4,812,362	$5.01
2010	16,390	490,206,801	27,932,192	28,498,064	5.8%	6,938,601	74	2,908,488	95	3,148,470	$4.95
2009	16,274	486,260,646	30,885,097	31,490,510	6.5%	2,134,162	105	6,803,244	89	3,179,488	$5.10
2008	16,106	478,407,685	24,943,426	25,771,711	5.4%	13,241,357	202	11,493,855	136	7,251,003	$5.38
2007	15,816	464,076,733	24,171,537	24,682,116	5.3%	11,137,620	209	8,848,045	220	10,335,197	$5.07

Source: CoStar Property®

Total Industrial Market Statistics

Mid-Year 2018

Period	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	Net Absorption	Deliveries # Blds	Deliveries Total RBA	UC Inventory # Blds	UC Inventory Total RBA	Quoted Rates
2018 2q	19,786	609,179,265	31,853,695	33,824,975	5.6%	(290,969)	32	1,713,288	137	12,678,385	$7.23
2018 1q	19,752	607,245,117	29,768,593	31,599,858	5.2%	3,046,386	41	2,961,914	136	10,444,481	$6.96
2017 4q	19,708	604,242,928	30,030,066	31,684,330	5.2%	1,062,142	19	686,383	130	9,960,845	$7.04
2017 3q	19,685	603,517,334	30,659,200	32,001,103	5.3%	3,825,836	25	2,216,150	103	7,080,288	$6.72
2017 2q	19,651	600,829,760	31,803,696	33,159,140	5.5%	656,136	42	1,488,141	82	6,522,614	$6.71
2017 1q	19,603	599,130,557	30,774,641	32,096,298	5.4%	3,295,800	68	3,894,577	115	7,196,226	$6.80
2016	19,536	595,253,580	30,076,420	31,515,121	5.3%	10,644,190	159	13,767,454	127	8,238,434	$6.69
2015	19,361	582,566,123	28,803,739	29,471,854	5.1%	11,528,622	244	13,105,893	119	13,470,701	$6.61
2014	19,100	568,974,656	27,094,475	27,409,009	4.8%	11,793,486	179	8,692,009	209	11,484,346	$6.12
2013	18,929	560,044,712	29,696,068	30,272,551	5.4%	6,624,175	149	8,508,993	140	7,884,491	$5.81
2012	18,742	550,712,642	27,089,533	27,564,656	5.0%	10,054,768	117	4,968,613	105	4,918,703	$5.58
2011	18,569	543,808,082	29,983,084	30,714,864	5.6%	7,461,128	98	3,216,363	110	5,176,945	$5.37
2010	18,430	539,737,104	33,452,919	34,105,014	6.3%	7,577,153	82	3,010,573	105	3,278,199	$5.35
2009	18,302	535,665,634	36,889,443	37,610,697	7.0%	3,040,065	130	7,912,255	99	3,296,493	$5.71
2008	18,107	526,608,442	30,595,037	31,593,570	6.0%	14,533,467	250	12,503,896	162	8,446,984	$6.29
2007	17,756	510,948,187	29,845,061	30,466,782	6.0%	13,127,643	241	9,896,792	265	11,270,437	$5.84

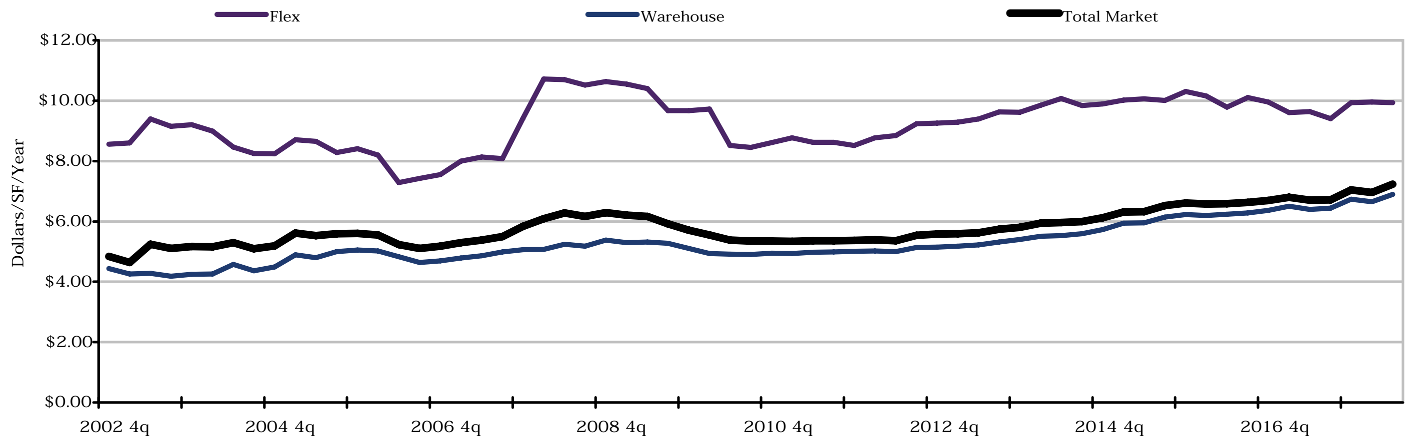
Source: CoStar Property®

Houston Industrial Market

Leasing Activity

Historical Rental Rates

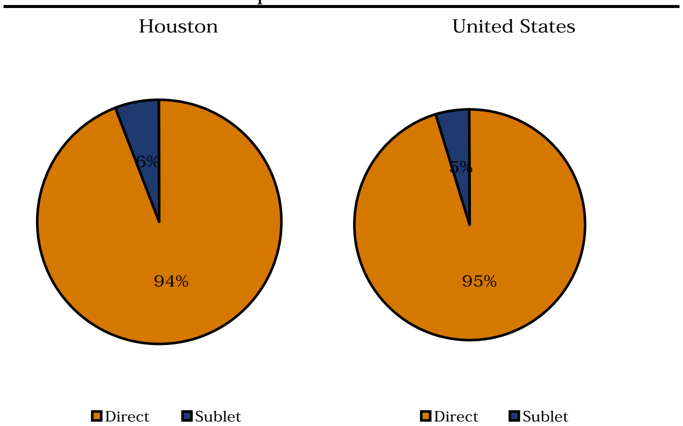
Based on Quoted Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

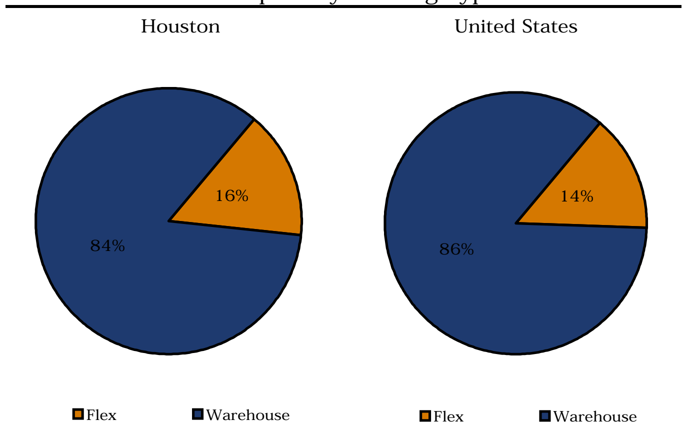
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

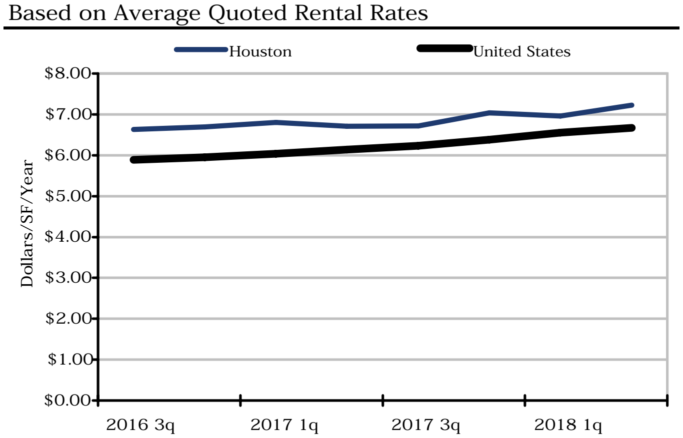
Percent of All Vacant Space by Building Type



Source: CoStar Property®

U.S. Rental Rate Comparison

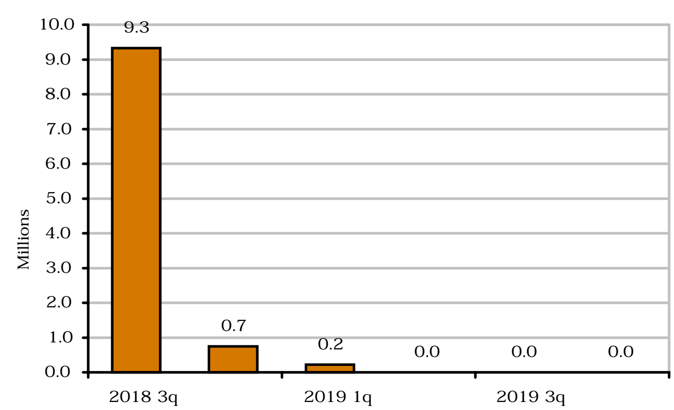
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Houston Industrial Market

Leasing Activity

Select Top Industrial Leases

Based on Leased Square Footage For Deals Signed in 2018

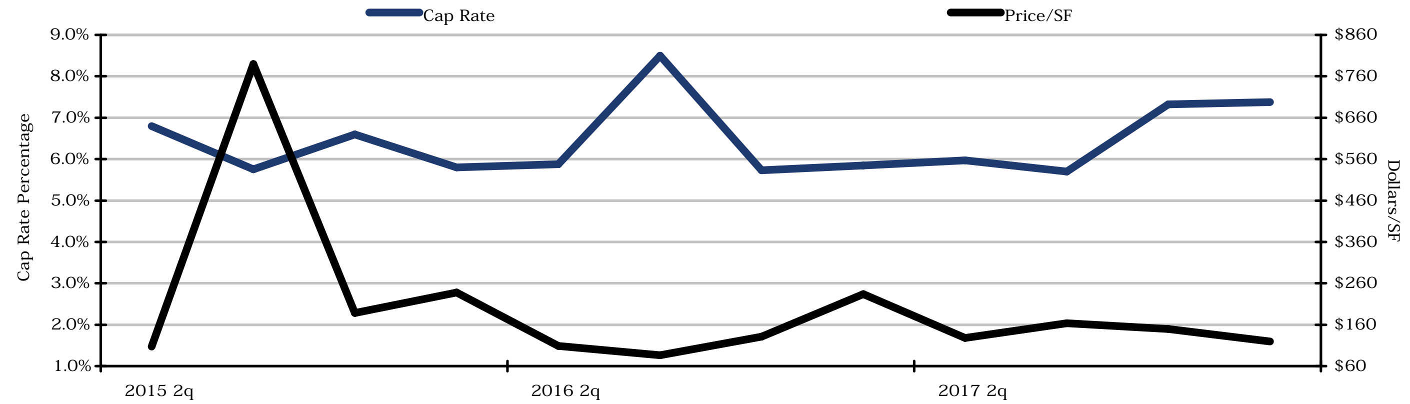
	Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1	Mason Ranch Bldg 2	Northwest Outliers Ind	282,880	2nd	N/A	N/A	Exeter Property Group
2	10535 Red Bluff Rd	East-Southeast Far Ind	257,835	1st	Unis, LLC	N/A	Cushman & Wakefield
3	Gateway Southwest Industrial Park - Building	Hwy 59/Hwy 90 (Alt) Ind	217,440	2nd	Lowes	N/A	Colliers International
4	9033 Spikewood Dr	Northeast Hwy 90 Ind	170,017	1st	N/A	N/A	Stream Realty Partners, LP
5	24310 State Highway 249*	North Fwy/Tomball Pky Ind	154,000	1st	Accelerated Process Systems	Direct Deal	Lee & Associates
6	404 N Witter St	East-Southeast Far Ind	140,782	2nd	N/A	N/A	Colliers International
7	2333 Clinton Dr	East I-10 Outer Loop Ind	138,921	1st	Richardson Steel	Direct Deal	Moody Rambin
8	Interstate Commerce Center - Building 2	North Fwy/Tomball Pky Ind	124,385	1st	N/A	N/A	Stream Realty Partners, LP
9	8575 Volta Dr	North Hardy Toll Road Ind	112,000	1st	Flexo Converters USA	Brazos ML	Lee & Associates
10	Fallbrook 1	North Fwy/Tomball Pky Ind	107,790	2nd	Kitchen Cabinet Distributors	N/A	Cushman & Wakefield
11	3000 Brittmoore Rd - Building 2	Northwest Inner Loop Ind	107,600	1st	N/A	N/A	Adkisson Development
12	15414 International Plaza Dr	North Hardy Toll Road Ind	107,000	2nd	Evoqua Water Technologies	N/A	InSite Commercial Real Estate
13	North Wayside Industrial Park	Downtown Houston Ind	105,480	1st	N/A	N/A	Texas Development Company
14	504 Bestway Dr	Southwest Far Ind	100,000	1st	N/A	N/A	Fincher Companies
15	10570 Bissonnet St	Sugar Land Ind	99,000	2nd	N/A	N/A	InSite Commercial Real Estate
16	6000 S Loop Fwy E	South Hwy 35 Ind	94,000	1st	N/A	N/A	Boyd Commercial, LLC/CORFAC Interna
17	8000 Market Street	Southeast Outer Loop Ind	93,600	2nd	Metrix	N/A	Cushman & Wakefield
18	401 W Crosstimbers St	Northwest Near Ind	91,860	2nd	N/A	N/A	Bridge Commercial Real Estate
19	World Houston Business Center - Building 27	North Hardy Toll Road Ind	91,800	2nd	N/A	N/A	Stream Realty Partners, LP
20	Greens Crossing DC - Bldg 5	North Fwy/Tomball Pky Ind	90,864	1st	Mattress One	N/A	Liberty Property Trust
21	Brookhollow West - Building A	Hwy 290/Tomball Pky Ind	90,000	1st	AIV, Inc.	N/A	N/A
22	850 Sens Road	East-Southeast Far Ind	89,440	1st	N/A	N/A	Cushman & Wakefield
23	9900 Sam Houston Center Dr	Hwy 290/Tomball Pky Ind	86,381	2nd	Relevant	N/A	Transwestern
24	Beltway North Commerce Center	North Hardy Toll Road Ind	83,200	1st	N/A	N/A	Stream Realty Partners, LP
25	2015 Turning Basin Dr	Southeast Outer Loop Ind	77,702	2nd	N/A	N/A	JLL
26	Bay Area Business Park - Bldg II	East-Southeast Far Ind	76,440	1st	Starplast USA	N/A	Stream Realty Partners, LP
27	Airtex Industrial Center - Phase I	North Hardy Toll Road Ind	76,234	2nd	N/A	N/A	Colliers International
28	Frito Lay Service Center*	North Outer Loop Ind	73,500	1st	Frito-Lay Inc	N/A	N/A
29	Greens Crossing DC - Bldg 5	North Fwy/Tomball Pky Ind	71,916	2nd	ThyssenKrupp	N/A	Liberty Property Trust
30	West by Northwest Industrial Park - Bldg 1	Northwest Inner Loop Ind	70,000	2nd	N/A	N/A	Transwestern
31	10225 Mula Road	Hwy 59/Hwy 90 (Alt) Ind	65,130	1st	N/A	N/A	Phillip Arnett Commercial Real Esta
32	2015 Turning Basin Dr	Southeast Outer Loop Ind	65,089	2nd	N/A	N/A	JLL
33	Interstate Commerce Center - Building 1	North Fwy/Tomball Pky Ind	64,968	2nd	Frameworks Manufacturing	Moody Rambin	Stream Realty Partners, LP
34	1314 W Sam Houston Pky S*	Northwest Inner Loop Ind	64,846	2nd	Relevant Solutions	Avison Young	Foldetta Commercial
35	4800 Fidelity St - Building 1	Southeast Outer Loop Ind	55,100	2nd	Sunbelt	N/A	Centermark Commercial Real Estate
36	Northwest Place Industrial Park - Phase II -	Hwy 290/Tomball Pky Ind	47,426	1st	OmniSource	Foundry Commercial; Avison Young	Levey; CBRE
37	4300 Windfern Rd	Northwest Inner Loop Ind	42,101	2nd	De Zurik	N/A	DCT Industrial Trust
38	433 Northpark Central Dr	North Hardy Toll Road Ind	42,000	1st	Charbonneau Industries, Inc.	N/A	JLL
39	Hempstead Hwy Dstrbtn - Bldg 200	Northwest Inner Loop Ind	40,716	2nd	Horizon Forest Products	N/A	Transwestern
40	455 W 38th Street	Northwest Near Ind	38,573	1st	United Wine And Spirits, Llc	N/A	Cushman & Wakefield

Source: CoStar Property®

* Renewal

The Optimist Sales Index

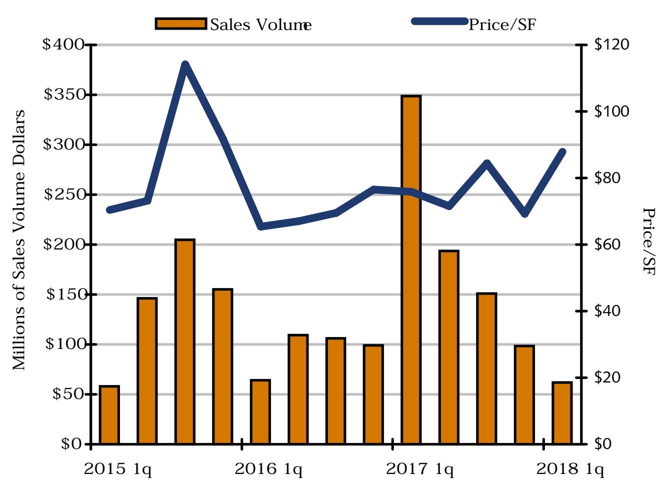
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

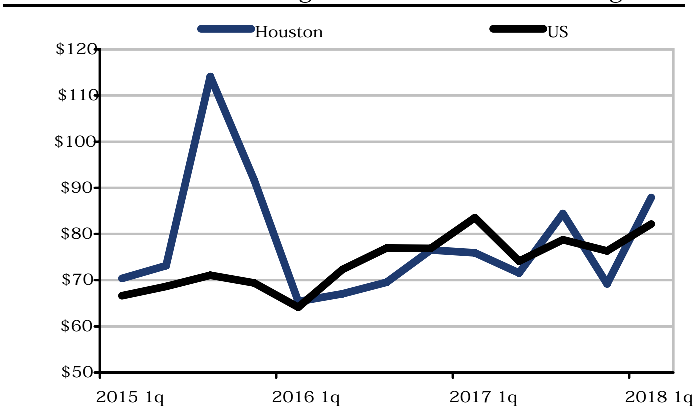
Based on Industrial Bldg Sales From April 2017 - March 2018

Bldg Size	#	RBA	$ Volume	Price/SF	Cap Rate
< 25,000 SF	54	676,173	$60,611,542	$ 89.64	9.38%
25K-99K SF	50	2,363,490	$159,439,399	$ 67.46	8.39%
100K-249K SF	9	1,415,745	$133,123,500	$ 94.03	6.92%
>250K SF	5	2,491,992	$185,278,000	$ 74.35	5.94%

Source: CoStar COMPS®

U.S. Price/SF Comparison

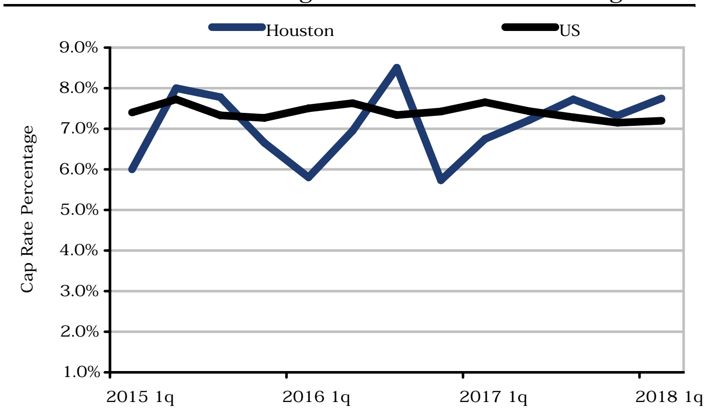
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Select Top Sales

Based on Sales from April 2017 Through June 2018

1. Cedar Port Distribution Centre

Baytown

Price:	$63,500,000
Price/SF:	$63.72
Cap Rate:	6.78%
RBA:	996,482
Date:	4/6/2017
Year Built:	2017
Buyer:	Pure Industrial Real Estate Trust
Seller:	Clay Development & Construction

2. Houston Central Industries

Houston

Price:	$44,500,000
Price/SF:	$196.38
Cap Rate:	6.3%
RBA:	226,596
Date:	8/23/2017
Year Built:	1990
Buyer:	Gramercy Property Trust, Inc.
Seller:	H N Gorin, Inc

3. Apex Distribution Center

Houston

Price:	$40,300,000
Price/SF:	$98.15
Cap Rate:	5.1%
RBA:	410,600
Date:	8/3/2017
Year Built:	2015
Buyer:	WPT Industrial REIT
Seller:	Crow Holdings Industrial

4. Techway Southwest I-IV

Houston

Price:	$33,000,000
Price/SF:	$79.58
Cap Rate:	N/A
RBA:	414,660
Date:	6/30/2017
Year Built:	2001
Buyer:	Cabot Properties, Inc.
Seller:	EastGroup Properties, Inc.

5. 9835A Genard Rd

Houston

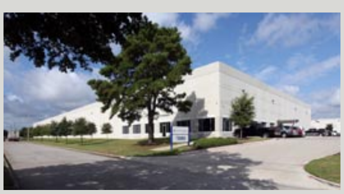
Price:	$26,000,000
Price/SF:	$62.30
Cap Rate:	N/A
RBA:	417,350
Date:	12/19/2017
Year Built:	1980
Buyer:	Polytex Fibers
Seller:	First Industrial Realty Trust, Inc.

6. Hardy/Henry Rd Houston Indus. Portf

Houston

Price:	$24,900,000
Price/SF:	$106.96
Cap Rate:	7.08%
RBA:	232,800
Date:	6/29/2017
Year Built:	N/A
Buyer:	STAG Industrial, Inc.
Seller:	S.E.T. Industries, L.C.

7. Brookhollow West



Houston

Price:	$22,478,000
Price/SF:	$88.88
Cap Rate:	N/A
RBA:	252,900
Date:	2/22/2018
Year Built:	2007
Buyer:	STAG Industrial, Inc.
Seller:	AIV, Inc.

8. Intrepid Business Park

Houston

Price:	$21,292,500
Price/SF:	$102.00
Cap Rate:	6.75%
RBA:	208,750
Date:	2/27/2018
Year Built:	2015
Buyer:	St. Paul Fire and Marine Insurance Company
Seller:	Triten Real Estate Partners

9. ProDirectional

Conroe

Price:	$13,000,000
Price/SF:	$124.61
Cap Rate:	9.33%
RBA:	104,325
Date:	5/31/2017
Year Built:	2014
Buyer:	Vino Patel Real Estate
Seller:	Clay Development & Construction

Source: CoStar COMPS®

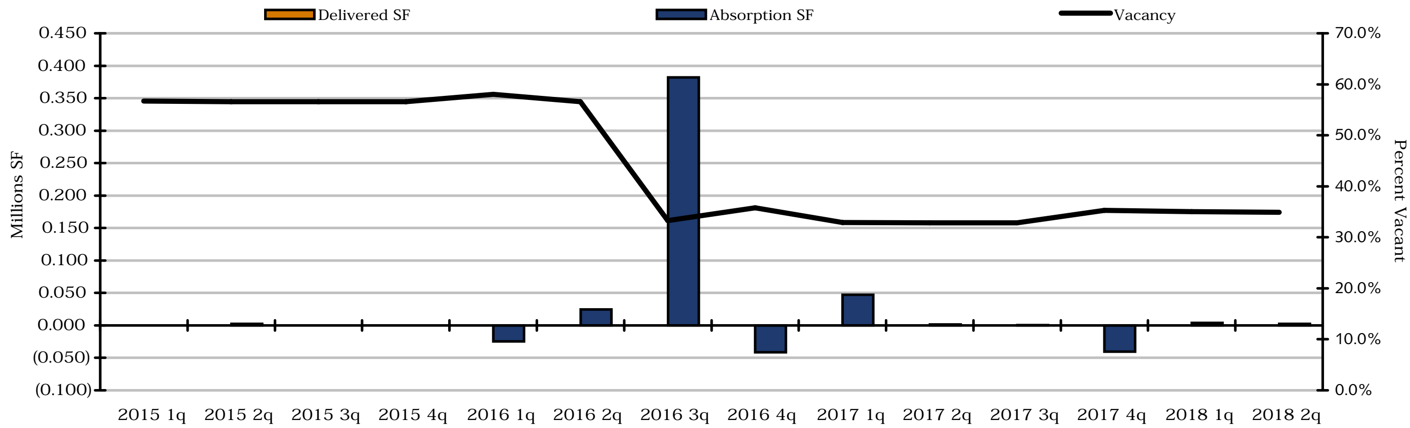
Houston Industrial Market

Austin County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

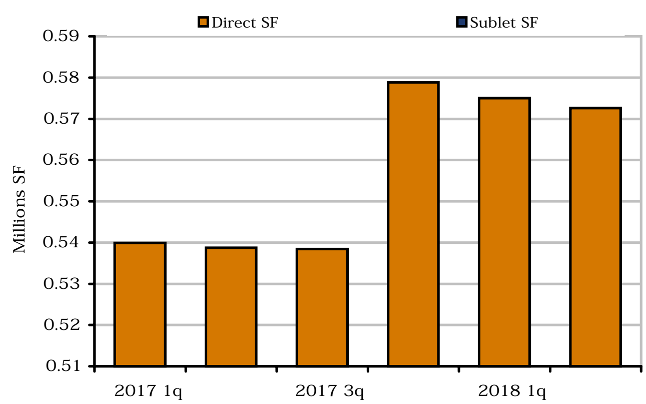
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

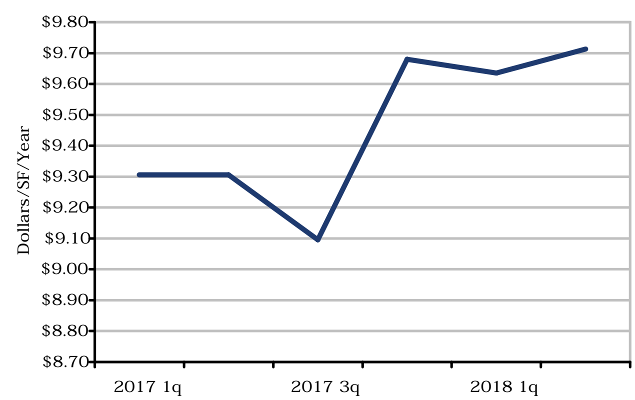
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	33	1,640,743	572,616	34.9%	2,400	0	0	0	0	$9.71
2018 1q	33	1,640,743	575,016	35.0%	3,800	0	0	0	0	$9.63
2017 4q	33	1,640,743	578,816	35.3%	(40,400)	0	0	0	0	$9.68
2017 3q	33	1,640,743	538,416	32.8%	300	0	0	0	0	$9.10
2017 2q	33	1,640,743	538,716	32.8%	1,200	0	0	0	0	$9.31
2017 1q	33	1,640,743	539,916	32.9%	47,404	0	0	0	0	$9.31
2016 4q	33	1,640,743	587,320	35.8%	(41,200)	0	0	0	0	$4.80
2016 3q	33	1,640,743	546,120	33.3%	381,915	0	0	0	0	$4.80
2016 2q	33	1,640,743	928,035	56.6%	24,500	0	0	0	0	$0.00
2016 1q	33	1,640,743	952,535	58.1%	(24,500)	0	0	0	0	$0.00
2015 4q	33	1,640,743	928,035	56.6%	0	0	0	0	0	$0.00
2015 3q	33	1,640,743	928,035	56.6%	0	0	0	0	0	$0.00
2015 2q	33	1,640,743	928,035	56.6%	2,400	0	0	0	0	$0.00
2015 1q	33	1,640,743	930,435	56.7%	0	0	0	0	0	$0.00
2014 4q	33	1,640,743	930,435	56.7%	0	0	0	0	0	$0.00
2014 3q	33	1,640,743	930,435	56.7%	3,400	0	0	0	0	$0.00

Source: CoStar Property®

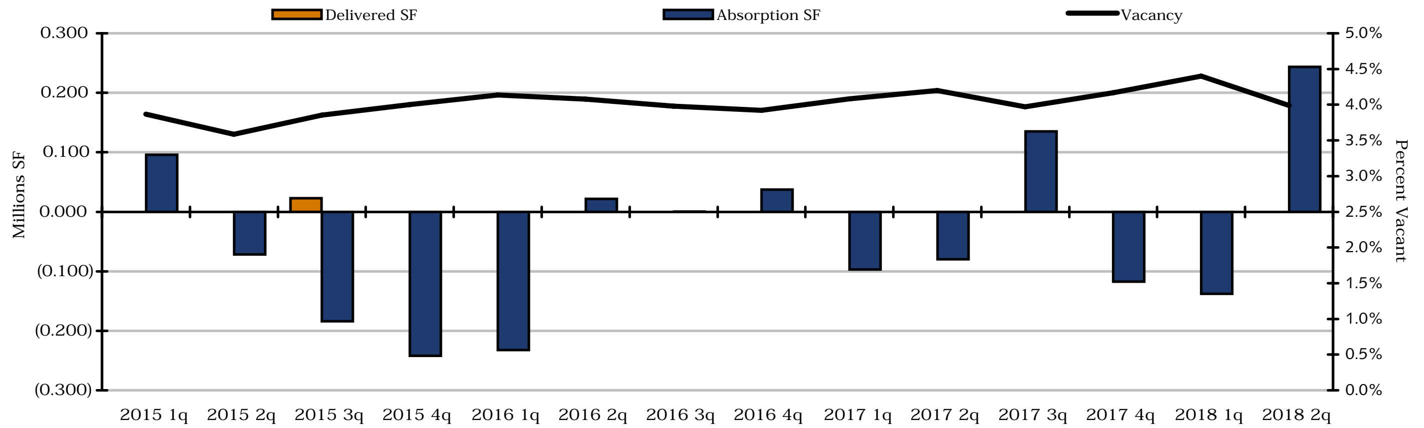
Houston Industrial Market

CBD Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

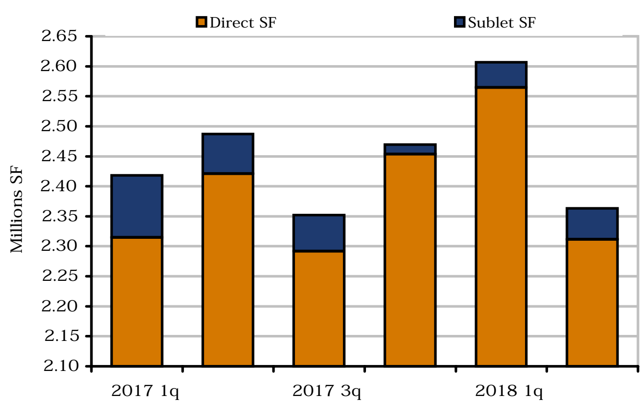
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

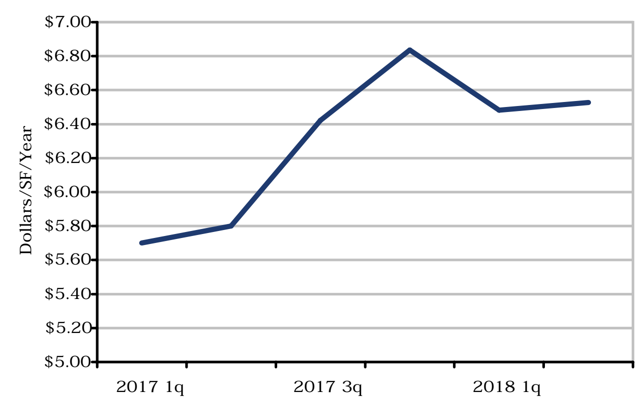
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	2,075	59,239,943	2,363,402	4.0%	243,568	0	0	1	14,250	$6.53
2018 1q	2,075	59,239,943	2,606,970	4.4%	(137,620)	0	0	1	14,250	$6.48
2017 4q	2,074	59,226,943	2,469,350	4.2%	(117,305)	0	0	1	14,250	$6.84
2017 3q	2,074	59,226,943	2,352,045	4.0%	134,927	0	0	1	14,250	$6.42
2017 2q	2,074	59,226,943	2,486,972	4.2%	(79,612)	0	0	1	14,250	$5.80
2017 1q	2,076	59,238,047	2,418,464	4.1%	(96,869)	0	0	1	14,250	$5.70
2016 4q	2,076	59,238,047	2,321,595	3.9%	37,187	0	0	0	0	$5.78
2016 3q	2,075	59,236,447	2,357,182	4.0%	223	0	0	1	1,600	$5.28
2016 2q	2,076	59,296,947	2,417,905	4.1%	21,585	0	0	2	5,100	$5.06
2016 1q	2,077	59,311,947	2,454,490	4.1%	(232,422)	0	0	1	3,500	$4.89
2015 4q	2,080	59,469,656	2,379,777	4.0%	(241,767)	0	0	0	0	$5.00
2015 3q	2,085	59,628,929	2,297,283	3.9%	(184,237)	1	22,800	0	0	$4.95
2015 2q	2,088	59,655,197	2,139,314	3.6%	(71,775)	0	0	1	22,800	$4.79
2015 1q	2,093	59,903,643	2,315,985	3.9%	95,996	0	0	0	0	$4.98
2014 4q	2,096	59,955,984	2,464,322	4.1%	211,166	1	22,000	0	0	$4.68
2014 3q	2,096	59,964,844	2,684,348	4.5%	126,915	0	0	1	22,000	$4.74

Source: CoStar Property®

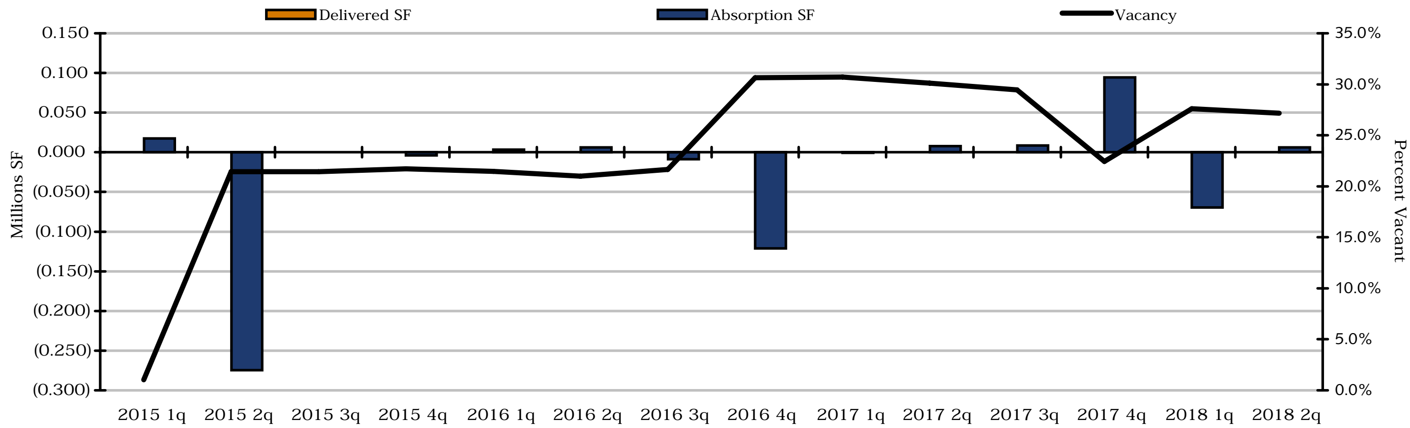
Houston Industrial Market

Liberty County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

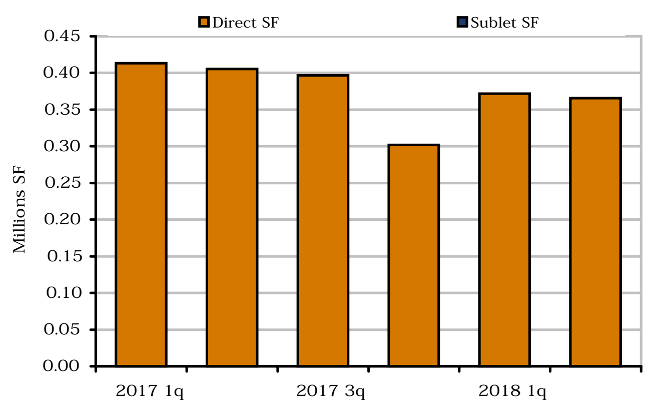
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

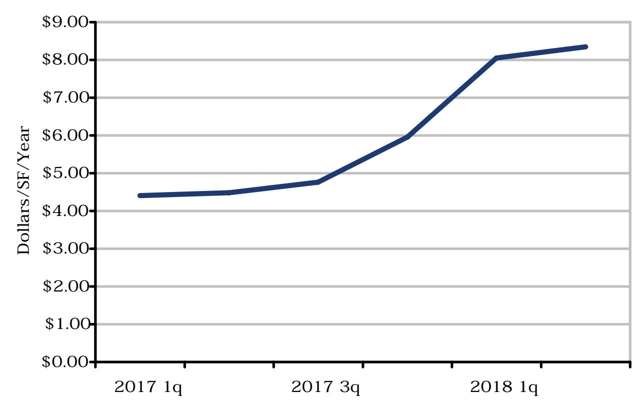
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	59	1,346,469	365,649	27.2%	6,080	0	0	0	0	$8.35
2018 1q	59	1,346,469	371,729	27.6%	(69,741)	0	0	0	0	$8.05
2017 4q	59	1,346,469	301,988	22.4%	94,600	0	0	0	0	$5.96
2017 3q	59	1,346,469	396,588	29.5%	8,770	0	0	0	0	$4.76
2017 2q	59	1,346,469	405,358	30.1%	7,931	0	0	0	0	$4.48
2017 1q	59	1,346,469	413,289	30.7%	(478)	0	0	0	0	$4.40
2016 4q	59	1,346,469	412,811	30.7%	(121,300)	0	0	0	0	$4.48
2016 3q	59	1,346,469	291,511	21.7%	(8,700)	0	0	0	0	$9.14
2016 2q	59	1,346,469	282,811	21.0%	6,216	0	0	0	0	$9.54
2016 1q	59	1,346,469	289,027	21.5%	3,200	0	0	0	0	$9.54
2015 4q	59	1,346,469	292,227	21.7%	(3,816)	0	0	0	0	$11.46
2015 3q	59	1,346,469	288,411	21.4%	0	0	0	0	0	$11.49
2015 2q	59	1,346,469	288,411	21.4%	(274,500)	0	0	0	0	$3.76
2015 1q	59	1,346,469	13,911	1.0%	17,400	0	0	0	0	$3.76
2014 4q	59	1,346,469	31,311	2.3%	17,488	0	0	0	0	$3.76
2014 3q	59	1,346,469	48,799	3.6%	5,800	0	0	0	0	$4.59

Source: CoStar Property®

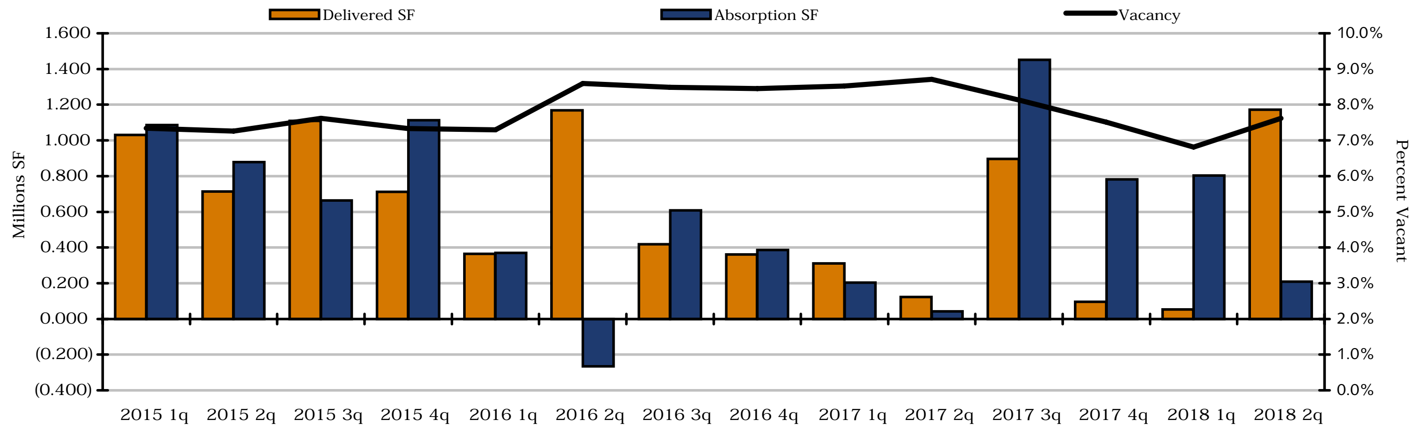
Houston Industrial Market

North Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

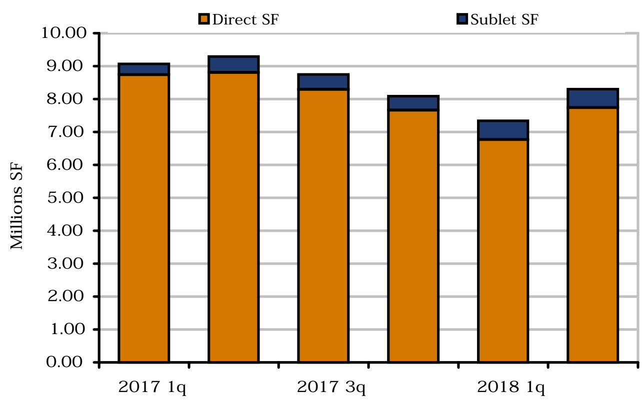
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

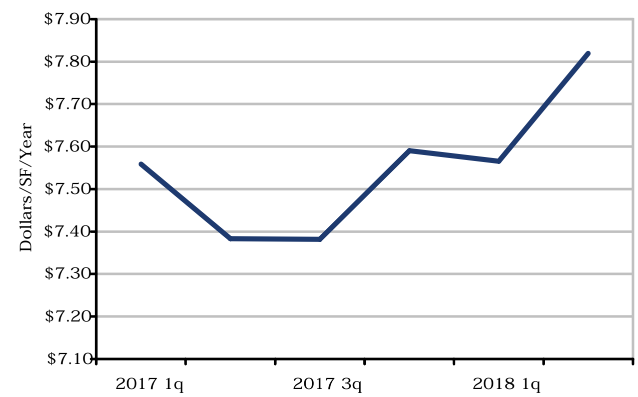
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	3,875	108,893,050	8,298,500	7.6%	208,413	10	1,171,446	23	2,031,141	$7.82
2018 1q	3,865	107,721,604	7,335,467	6.8%	803,691	10	53,506	26	1,910,977	$7.57
2017 4q	3,855	107,668,098	8,085,652	7.5%	782,225	8	96,195	25	1,318,883	$7.59
2017 3q	3,845	107,543,703	8,743,482	8.1%	1,451,147	6	897,200	26	1,129,717	$7.38
2017 2q	3,838	106,640,503	9,291,429	8.7%	41,789	7	123,496	20	1,041,452	$7.38
2017 1q	3,826	106,374,207	9,066,922	8.5%	204,250	21	311,135	27	1,257,448	$7.56
2016 4q	3,805	106,063,072	8,960,037	8.4%	386,737	11	360,800	36	1,441,788	$7.53
2016 3q	3,794	105,687,497	8,971,199	8.5%	608,088	14	417,592	39	1,618,827	$7.52
2016 2q	3,774	105,148,986	9,040,776	8.6%	(266,464)	10	1,167,696	49	1,195,296	$7.42
2016 1q	3,761	103,962,490	7,587,816	7.3%	370,566	16	365,094	47	2,150,222	$7.37
2015 4q	3,745	103,597,396	7,593,288	7.3%	1,112,834	22	712,458	43	1,786,493	$7.31
2015 3q	3,716	102,720,338	7,829,064	7.6%	663,038	16	1,110,256	53	1,731,992	$7.28
2015 2q	3,700	101,610,082	7,381,846	7.3%	877,803	23	713,344	56	2,599,872	$7.22
2015 1q	3,668	100,743,548	7,393,115	7.3%	1,085,385	44	1,029,940	61	2,601,876	$7.19
2014 4q	3,625	99,830,004	7,564,956	7.6%	688,823	15	1,038,055	89	2,890,473	$6.92
2014 3q	3,607	98,425,344	6,849,119	7.0%	826,931	8	235,852	75	3,358,262	$6.70

Source: CoStar Property®

CoStar

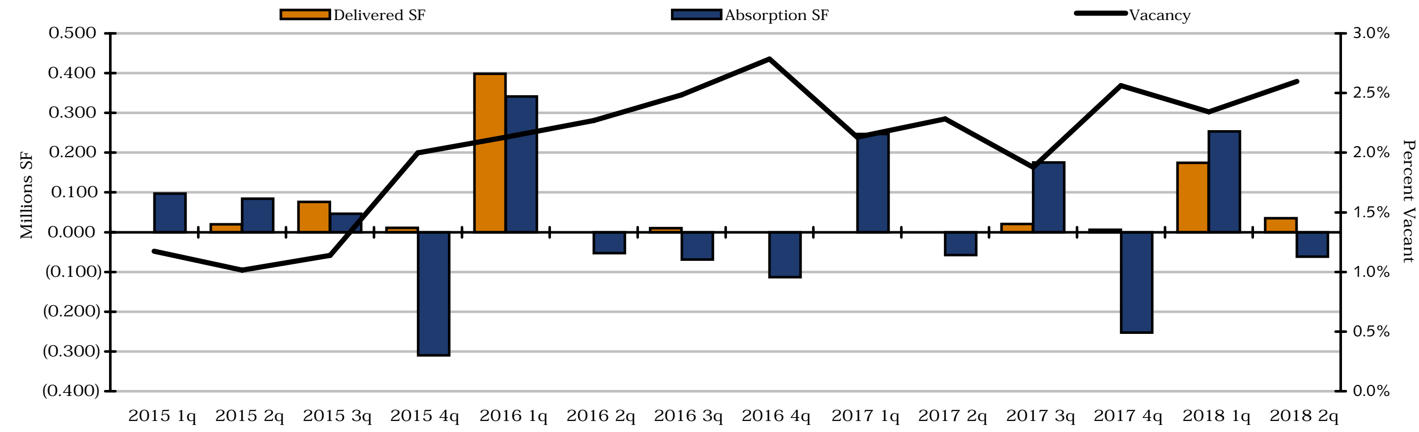
Houston Industrial Market

Northeast Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

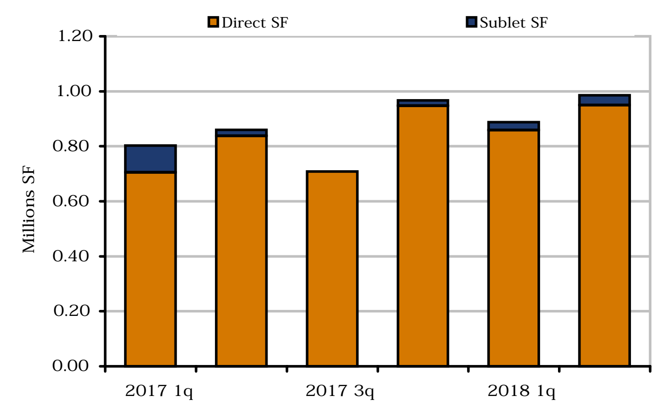
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

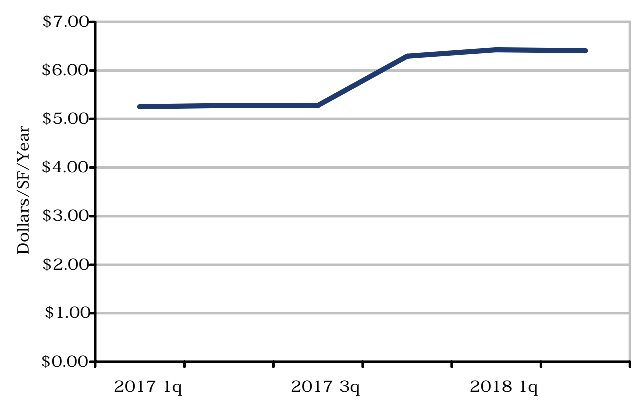
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	1,081	37,946,547	985,178	2.6%	(61,967)	3	35,329	5	1,003,690	$6.41
2018 1q	1,078	37,911,218	887,882	2.3%	253,582	4	174,525	4	41,979	$6.43
2017 4q	1,074	37,736,693	966,939	2.6%	(252,832)	1	6,075	6	203,525	$6.29
2017 3q	1,073	37,730,618	708,032	1.9%	175,488	3	20,500	6	201,600	$5.28
2017 2q	1,069	37,707,418	860,320	2.3%	(57,498)	0	0	8	213,925	$5.28
2017 1q	1,069	37,707,418	802,822	2.1%	246,965	0	0	5	43,350	$5.25
2016 4q	1,069	37,707,418	1,049,787	2.8%	(113,463)	0	0	1	20,150	$5.03
2016 3q	1,069	37,707,418	936,324	2.5%	(68,783)	1	10,175	0	0	$4.89
2016 2q	1,067	37,695,643	855,766	2.3%	(53,016)	0	0	2	11,775	$4.53
2016 1q	1,067	37,695,643	802,750	2.1%	341,193	3	398,650	2	11,775	$4.58
2015 4q	1,064	37,296,993	745,293	2.0%	(309,838)	1	11,200	3	398,650	$4.61
2015 3q	1,063	37,285,793	424,255	1.1%	45,995	1	76,370	4	409,850	$4.58
2015 2q	1,061	37,193,423	377,880	1.0%	84,356	1	20,000	6	502,220	$4.67
2015 1q	1,059	37,167,423	436,236	1.2%	97,492	0	0	7	517,020	$5.05
2014 4q	1,059	37,167,423	533,728	1.4%	91,402	1	20,026	3	102,370	$5.01
2014 3q	1,058	37,147,397	605,104	1.6%	359,306	0	0	2	40,026	$4.98

Source: CoStar Property®

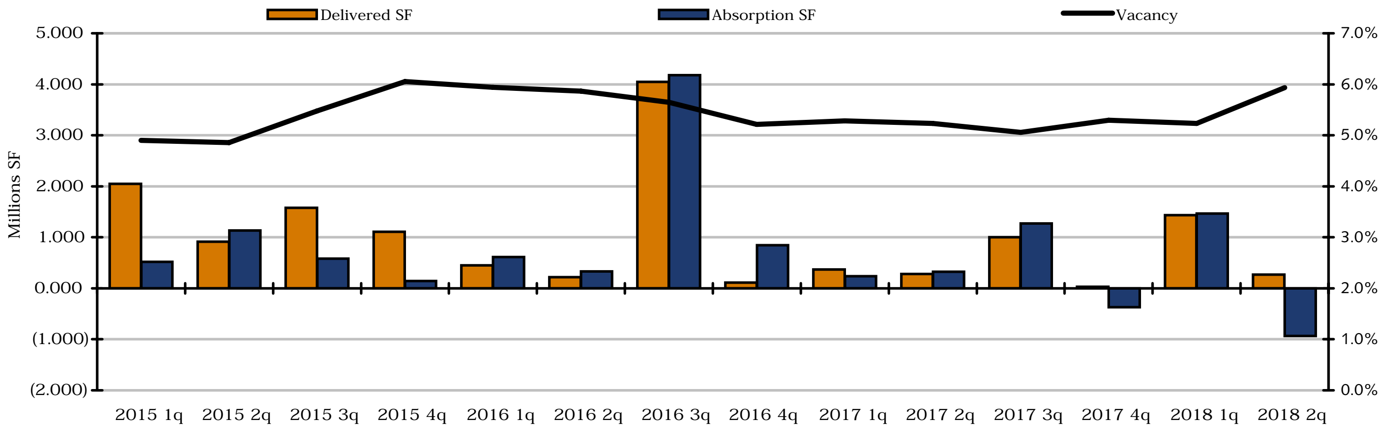
Houston Industrial Market

Northwest Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

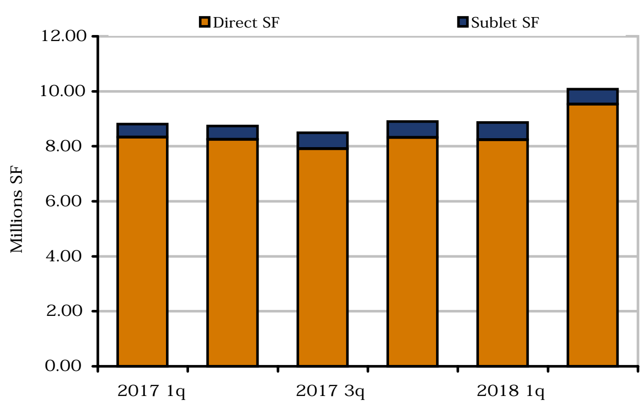
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

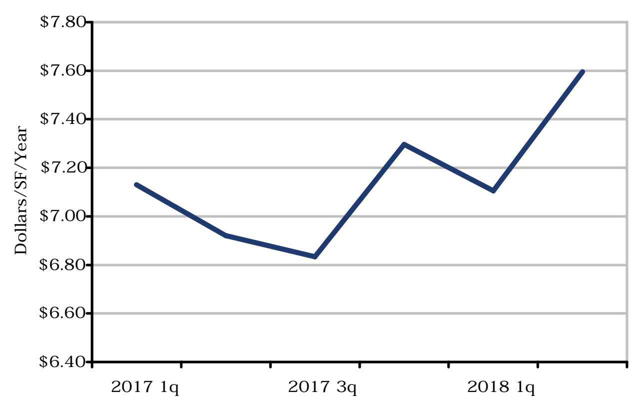
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	4,972	169,790,426	10,076,043	5.9%	(932,289)	7	267,938	66	4,419,115	$7.60
2018 1q	4,964	169,515,338	8,868,666	5.2%	1,464,463	14	1,436,575	56	3,759,968	$7.10
2017 4q	4,949	168,058,988	8,896,554	5.3%	(370,934)	3	30,191	52	3,827,845	$7.30
2017 3q	4,946	168,047,072	8,493,929	5.1%	1,271,957	10	1,003,450	28	2,192,529	$6.83
2017 2q	4,932	167,000,970	8,739,559	5.2%	325,558	24	283,864	27	2,272,438	$6.92
2017 1q	4,909	166,764,593	8,808,965	5.3%	235,372	23	366,752	47	2,492,691	$7.13
2016 4q	4,886	166,397,841	8,677,585	5.2%	845,494	8	112,179	44	1,551,276	$6.90
2016 3q	4,875	166,257,734	9,382,972	5.6%	4,178,687	12	4,047,691	54	1,686,212	$6.92
2016 2q	4,862	162,206,834	9,510,759	5.9%	329,379	6	221,468	46	5,461,161	$6.98
2016 1q	4,856	161,985,366	9,618,670	5.9%	611,707	14	448,469	28	5,227,107	$7.09
2015 4q	4,842	161,536,897	9,781,908	6.1%	144,118	8	1,109,311	22	4,505,972	$7.27
2015 3q	4,831	160,396,186	8,785,315	5.5%	578,905	24	1,580,332	23	5,465,855	$7.26
2015 2q	4,804	158,745,142	7,713,176	4.9%	1,136,457	15	913,413	44	6,945,105	$7.26
2015 1q	4,785	157,624,272	7,728,763	4.9%	519,240	39	2,050,466	54	3,487,075	$7.08
2014 4q	4,746	155,573,806	6,197,537	4.0%	783,602	11	567,492	79	4,935,799	$6.99
2014 3q	4,734	154,983,314	6,390,647	4.1%	797,536	21	927,301	64	3,686,985	$6.90

Source: CoStar Property®

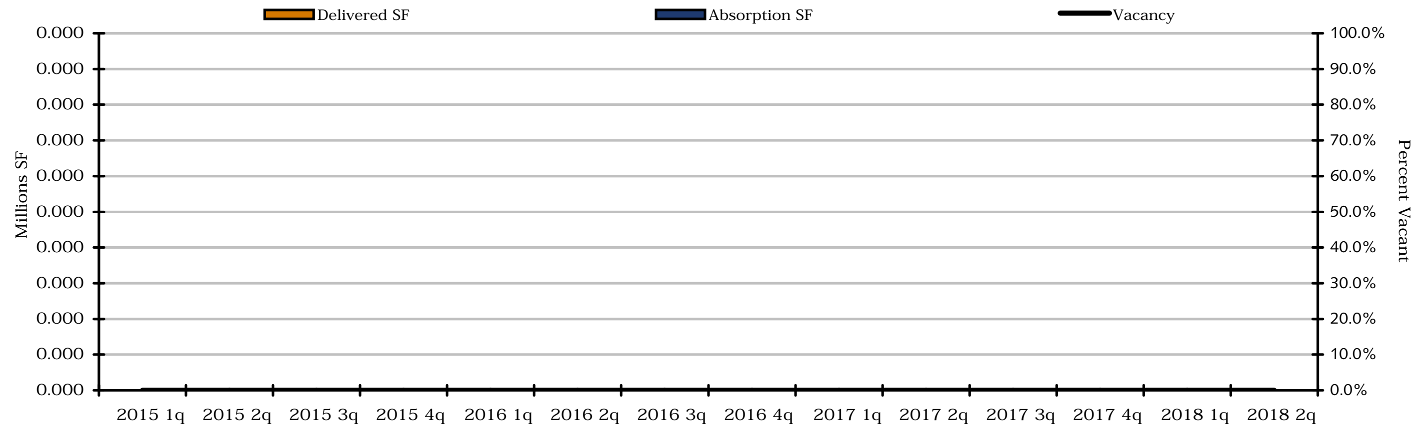
Houston Industrial Market

San Jacinto County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

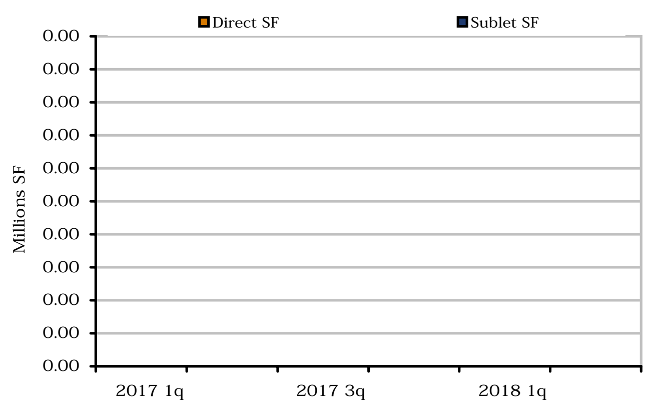
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

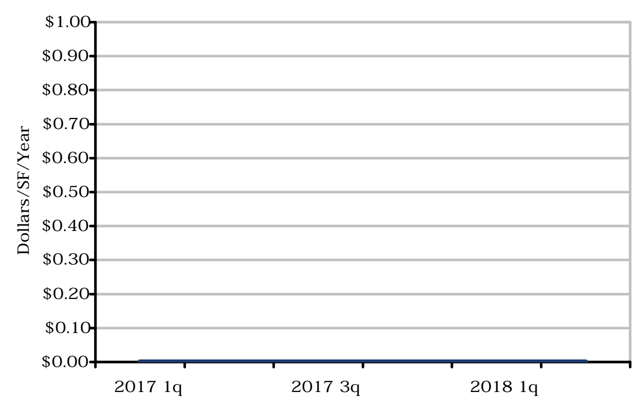
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
Period	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2018 1q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2017 4q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2017 3q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2017 2q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2017 1q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2016 4q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2016 3q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2016 2q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2016 1q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2015 4q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2015 3q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2015 2q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2015 1q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2014 4q	5	40,459	0	0.0%	0	0	0	0	0	$0.00
2014 3q	5	40,459	0	0.0%	0	0	0	0	0	$0.00

Source: CoStar Property®

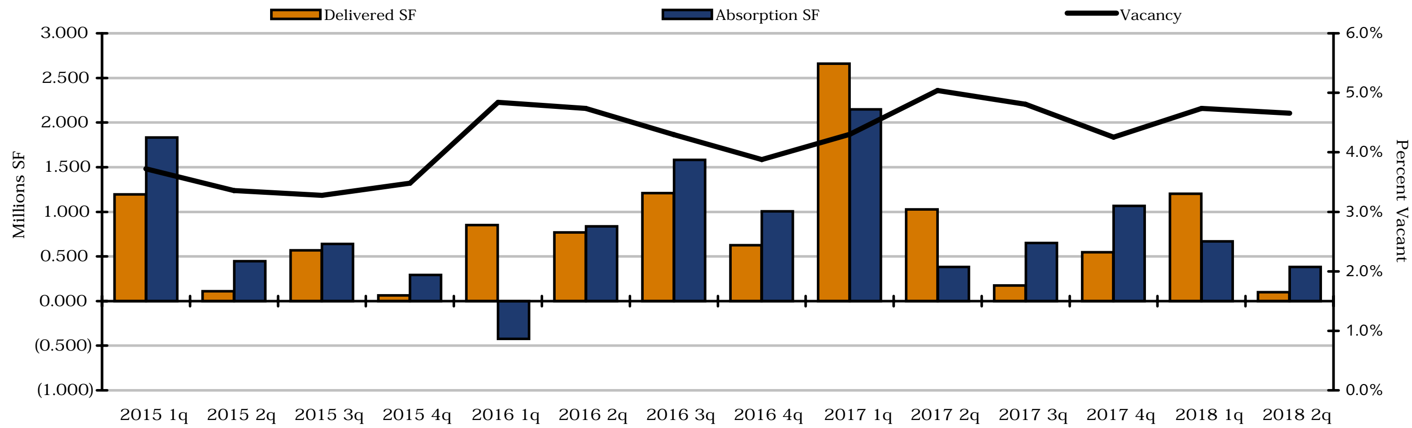
Houston Industrial Market

Southeast Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

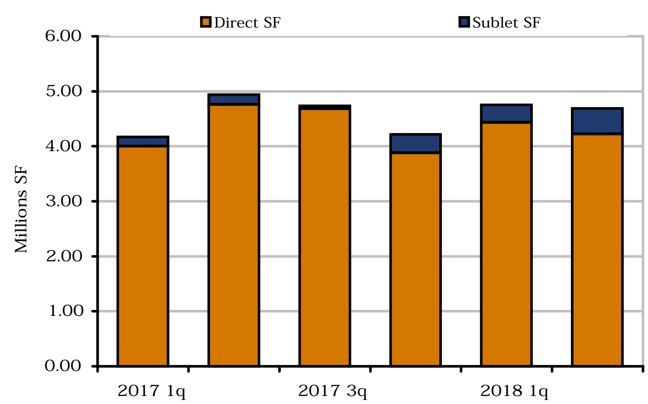
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

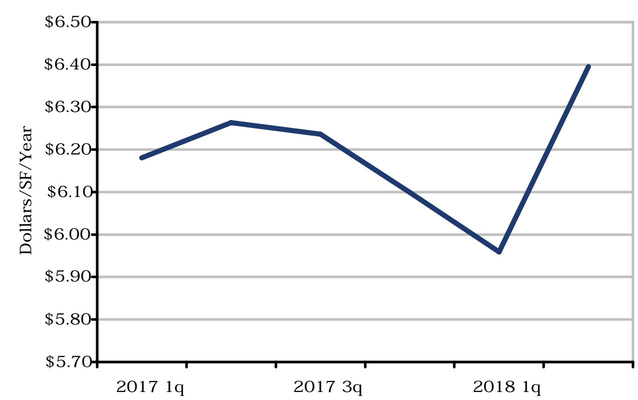
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	2,739	100,597,851	4,687,541	4.7%	383,856	2	98,440	31	4,523,805	$6.40
2018 1q	2,736	100,277,201	4,750,747	4.7%	669,477	6	1,203,642	30	3,943,451	$5.96
2017 4q	2,729	99,066,059	4,216,582	4.3%	1,067,130	5	547,372	25	3,794,635	$6.10
2017 3q	2,724	98,518,687	4,736,340	4.8%	651,214	3	174,000	22	3,287,130	$6.24
2017 2q	2,720	98,070,208	4,939,075	5.0%	383,816	9	1,027,281	16	2,638,364	$6.26
2017 1q	2,707	96,916,074	4,168,757	4.3%	2,145,930	13	2,660,568	25	3,051,895	$6.18
2016 4q	2,694	94,255,506	3,654,119	3.9%	1,005,729	5	624,160	29	4,476,542	$6.15
2016 3q	2,687	93,618,396	4,022,738	4.3%	1,580,532	9	1,207,900	27	4,910,114	$6.12
2016 2q	2,677	92,393,996	4,378,870	4.7%	838,094	6	768,160	31	5,067,639	$6.00
2016 1q	2,669	91,609,386	4,432,354	4.8%	(424,873)	11	850,204	29	5,258,525	$5.98
2015 4q	2,658	90,759,182	3,157,277	3.5%	293,094	3	65,307	31	4,918,709	$6.12
2015 3q	2,652	90,266,998	2,958,187	3.3%	640,128	6	569,327	25	4,402,908	$5.75
2015 2q	2,643	89,679,821	3,011,138	3.4%	445,593	2	110,380	23	3,224,280	$5.33
2015 1q	2,640	89,554,441	3,331,351	3.7%	1,832,071	11	1,196,188	16	1,915,314	$5.28
2014 4q	2,630	88,405,943	4,014,924	4.5%	817,450	2	76,000	18	1,671,325	$5.13
2014 3q	2,626	88,309,515	4,735,946	5.4%	1,378,748	1	400,000	15	1,549,476	$5.00

Source: CoStar Property®

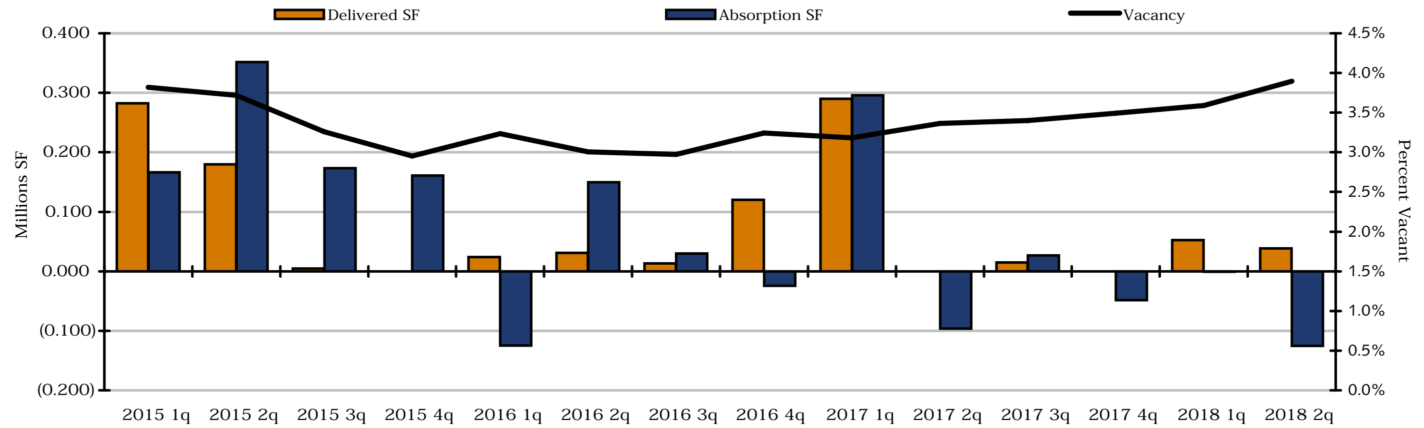
Houston Industrial Market

Southern Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

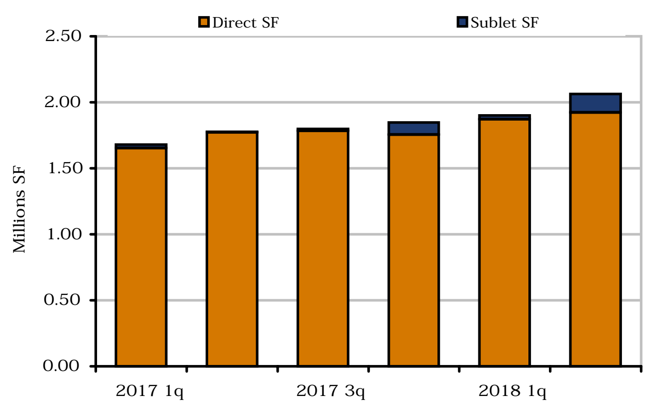
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

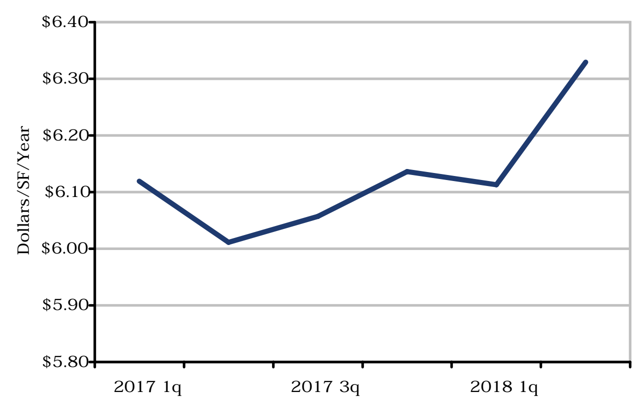
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	2,138	52,954,591	2,063,376	3.9%	(125,129)	1	38,500	5	82,365	$6.33
2018 1q	2,137	52,916,091	1,899,747	3.6%	(970)	2	52,520	4	75,100	$6.11
2017 4q	2,135	52,863,571	1,846,257	3.5%	(48,491)	0	0	4	97,620	$6.14
2017 3q	2,135	52,863,571	1,797,766	3.4%	26,648	1	15,000	4	97,620	$6.06
2017 2q	2,133	52,815,478	1,776,321	3.4%	(96,431)	0	0	4	100,613	$6.01
2017 1q	2,133	52,815,478	1,679,890	3.2%	295,905	4	289,922	2	41,520	$6.12
2016 4q	2,130	52,543,156	1,703,473	3.2%	(24,268)	2	120,000	5	316,442	$6.02
2016 3q	2,128	52,423,156	1,559,205	3.0%	29,905	2	13,100	6	409,922	$5.84
2016 2q	2,126	52,410,056	1,576,010	3.0%	149,884	2	31,020	6	407,900	$5.81
2016 1q	2,124	52,379,036	1,694,874	3.2%	(124,863)	2	24,000	3	241,020	$5.84
2015 4q	2,122	52,355,036	1,546,011	3.0%	160,844	0	0	5	265,020	$5.81
2015 3q	2,122	52,355,036	1,706,855	3.3%	173,062	1	4,890	3	28,500	$6.04
2015 2q	2,121	52,425,146	1,950,027	3.7%	351,575	1	180,000	2	14,890	$5.62
2015 1q	2,118	52,113,896	1,990,352	3.8%	166,171	6	282,613	5	326,140	$5.62
2014 4q	2,113	51,833,875	1,876,502	3.6%	30,308	3	28,435	9	593,863	$5.63
2014 3q	2,112	51,912,440	1,985,375	3.8%	175,153	1	90,067	9	577,123	$5.54

Source: CoStar Property®

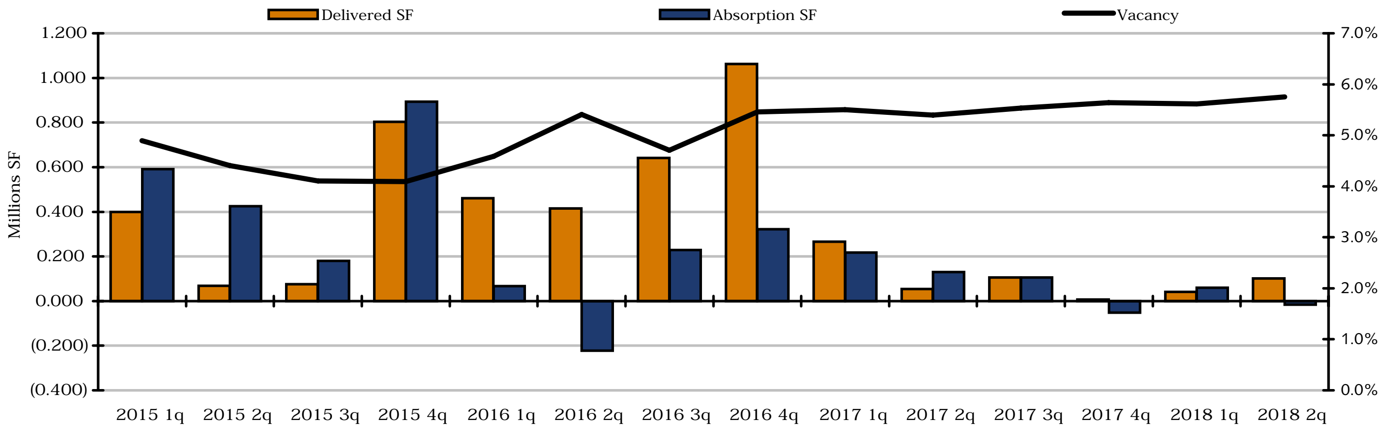
Houston Industrial Market

Southwest Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

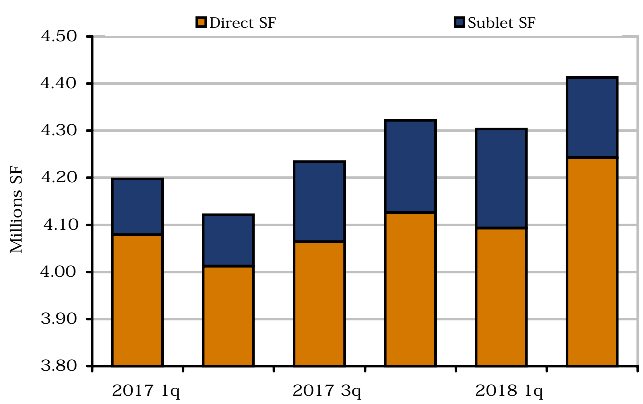
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

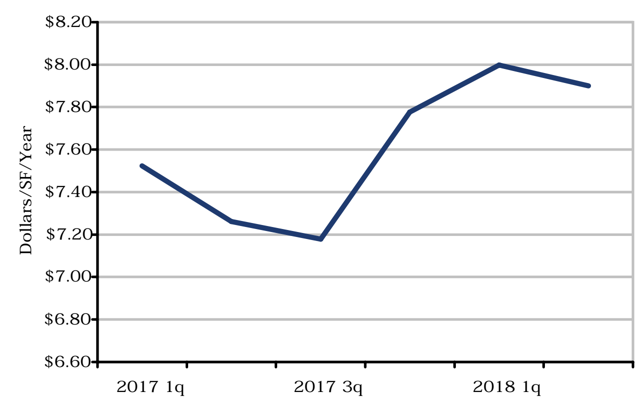
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2018 2q	2,809	76,729,186	4,412,670	5.8%	(15,901)	9	101,635	6	604,019	$7.90
2018 1q	2,800	76,636,051	4,303,634	5.6%	59,704	5	41,146	15	698,756	$8.00
2017 4q	2,795	76,594,905	4,322,192	5.6%	(51,851)	2	6,550	17	704,087	$7.78
2017 3q	2,791	76,559,069	4,234,505	5.5%	105,385	2	106,000	16	157,442	$7.18
2017 2q	2,788	76,340,569	4,121,390	5.4%	129,383	2	53,500	6	241,572	$7.26
2017 1q	2,786	76,287,069	4,197,273	5.5%	217,321	7	266,200	8	295,072	$7.52
2016 4q	2,779	76,020,869	4,148,394	5.5%	322,580	9	1,061,869	12	432,236	$7.47
2016 3q	2,768	75,084,519	3,534,624	4.7%	229,166	7	641,261	20	1,458,750	$7.32
2016 2q	2,762	75,399,258	4,078,529	5.4%	(221,679)	4	415,335	24	2,079,945	$7.29
2016 1q	2,758	74,983,923	3,441,515	4.6%	67,154	5	460,631	19	1,888,271	$7.25
2015 4q	2,753	74,523,292	3,048,038	4.1%	892,809	10	803,328	15	1,595,857	$7.14
2015 3q	2,742	73,602,243	3,019,798	4.1%	180,280	3	75,750	24	2,331,304	$7.04
2015 2q	2,740	73,648,170	3,246,005	4.4%	425,773	1	68,370	21	1,911,078	$6.95
2015 1q	2,739	73,579,800	3,603,408	4.9%	591,736	5	399,850	14	1,202,166	$7.01
2014 4q	2,734	73,179,950	3,795,294	5.2%	45,799	3	134,989	11	1,290,516	$6.97
2014 3q	2,727	72,951,024	3,612,167	5.0%	169,622	0	0	13	1,068,766	$6.91

Source: CoStar Property®