



# Industrial Market Report Houston Market

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## 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.

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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 certi-

cate 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 5.8%

### Net Absorption Positive 1,963,952 SF in the Quarter

The Houston Industrial market ended the third quarter 2018 with a vacancy rate of 5.8%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 1,963,952 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter at 1,633,485 square feet. Rental rates ended the third quarter at \$7.33, an increase over the previous quarter. A total of 48 buildings delivered to the market in the quarter totaling 4,203,736 square feet, with 11,169,277 square feet still under construction at the end of the quarter.

### Absorption

Net absorption for the overall Houston Industrial market was positive 1,963,952 square feet in the third quarter 2018. That compares to positive 919,005 square feet in the second quarter 2018, positive 3,043,889 square feet in the first quarter 2018, and positive 932,624 square feet in the fourth quarter 2017.

The Flex building market recorded net absorption of positive 43,380 square feet in the third quarter 2018, compared to negative 183,394 square feet in the second quarter 2018, positive 59,029 in the first quarter 2018, and positive 114,856 in the fourth quarter 2017.

The Warehouse building market recorded net absorption of positive 1,920,572 square feet in the third quarter 2018 compared to positive 1,102,399 square feet in the second quarter 2018, positive 2,984,860 in the first quarter 2018, and positive 817,768 in the fourth quarter 2017.

### Vacancy

The Industrial vacancy rate in the Houston market area increased to 5.8% at the end of the third quarter 2018. The vacancy rate was 5.4% at the end of the second quarter 2018, 5.3% at the end of the first quarter 2018 and fourth quarter 2017.

Flex projects reported a vacancy rate of 9.5% at the end of the third quarter 2018, 9.5% at the end of the second quarter 2018, 9.0% at the end of the first quarter 2018, and 9.1% at the end of the fourth quarter 2017.

Warehouse projects reported a vacancy rate of 5.4% at the end of the third quarter 2018, 5.0% at the end of second quarter 2018, 4.9% at the end of the first quarter 2018 and the fourth quarter 2017.

### Largest Lease Signings

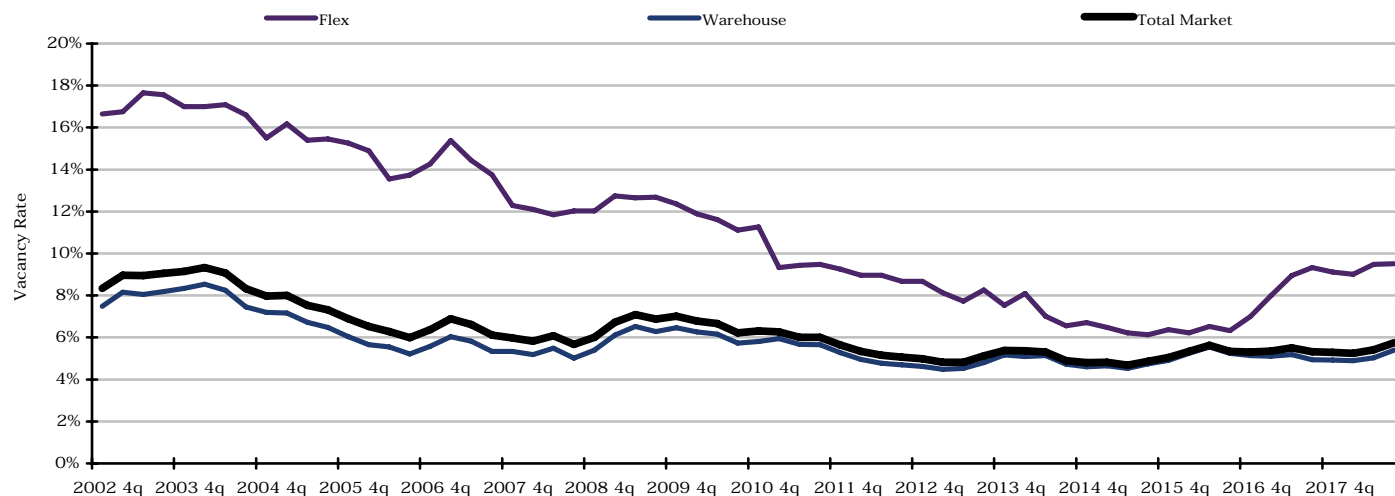
The largest lease signings occurring in 2018 included: the 411,442-square-foot lease signed by Goodman Manufacturing at 6751 N. Eldridge Pky in the Northwest Corridor market; the 289,000-square-foot deal signed by Forward Air Solutions at 18727 Kenswick Dr. in the North Corridor market; and the 257,835-square-foot lease signed by Unis, LLC at 10535 Red Bluff Rd in the Southeast Corridor market.

### Sublease Vacancy

The amount of vacant sublease space in the Houston market decreased to 1,633,485 square feet by the end of the third quarter 2018, from 1,792,185 square feet at the end of the second quarter 2018. There was 1,690,679 square feet vacant at the end of the first quarter 2018 and 1,624,664 square feet at the end of the fourth quarter 2017.

## Vacancy Rates by Building Type

1999-2018



Source: CoStar Property®

Houston's Flex projects reported vacant sublease space of 184,472 square feet at the end of third quarter 2018, down from the 219,872 square feet reported at the end of the second quarter 2018. There were 184,123 square feet of sublease space vacant at the end of the first quarter 2018, and 129,913 square feet at the end of the fourth quarter 2017.

Warehouse projects reported decreased vacant sublease space from the second quarter 2018 to the third quarter 2018. Sublease vacancy went from 1,572,313 square feet to 1,449,013 square feet during that time. There was 1,506,556 square feet at the end of the first quarter 2018, and 1,494,751 square feet at the end of the fourth quarter 2017.

## Rental Rates

The average quoted asking rental rate for available Industrial space was \$7.33 per square foot per year at the end of the third quarter 2018 in the Houston market area. This represented a 1.7% increase in quoted rental rates from the end of the second quarter 2018, when rents were reported at \$7.21 per square foot.

The average quoted rate within the Flex sector was \$9.92 per square foot at the end of the third quarter 2018, while Warehouse rates stood at \$7.00. At the end of the second quarter 2018, Flex rates were \$9.96 per square foot, and Warehouse rates were \$6.88.

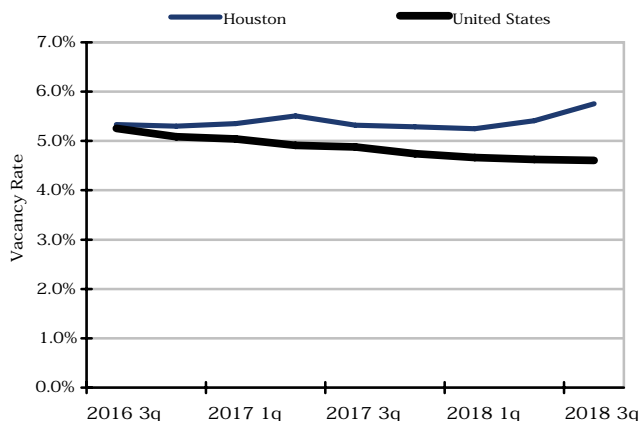
## Deliveries and Construction

During the third quarter 2018, 48 buildings totaling 4,203,736 square feet were completed in the Houston market area. This compares to 31 buildings totaling 1,606,649 square feet that were completed in the second quarter 2018, 49 buildings totaling 2,996,443 square feet completed in the first quarter 2018, and 711,476 square feet in 19 buildings completed in the fourth quarter 2017.

There were 11,169,277 square feet of Industrial space under construction at the end of the third quarter 2018.

## U.S. Vacancy Comparison

Past 9 Quarters



Source: CoStar Property®

Some of the notable 2018 deliveries include: 31819 Highway 90 E, a 1,016,000-square-foot facility that delivered in first quarter 2018 and is now fully occupied by Amazon, and 7777 Sutton Rd, a 712,740-square-foot building that delivered in first quarter 2018 and is now fully occupied.

The largest projects underway at the end of third quarter 2018 were 14809 Woodham Dr, a 727,600-square-foot building that is fully leased, and 18250 Highway 59 N, a 677,040-square-foot facility that is fully leased.

## Inventory

Total Industrial inventory in the Houston market area amounted to 616,187,554 square feet in 19,968 buildings as of the end of the third quarter 2018. The Flex sector consisted of 52,899,868 square feet in 2,186 projects. The Warehouse sector consisted of 563,287,686 square feet in 17,782 buildings. Within the Industrial market there were 3,468 owner-occupied buildings accounting for 156,730,977 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 second quarter 2018 in terms of dollar volume compared to the first quarter of 2018.

In the second quarter, 12 industrial transactions closed with a total volume of \$87,159,000. The 12 buildings totaled 1,184,943 square feet and the average price per square foot equated to \$73.56 per square foot. That compares to nine transactions totaling \$91,220,500 in the first quarter. The total square footage was 900,092 for an average price per square foot of \$101.35.

Total year-to-date industrial building sales activity in 2018 is down compared to the previous year. In the first six months of 2018, the market saw 21 industrial sales transactions with a total volume of \$178,379,500. The price per square foot has averaged \$85.55 this year. In the first six months of 2017, the market posted 54 transactions with a total volume of \$542,409,654. The price per square foot averaged \$74.34.

Cap rates have been lower in 2018, averaging 6.82%, compared to the first six months of last year when they averaged 6.98%.

One of the largest transactions that has occurred within the last four quarters in the Houston market is the sale of Houston Central Industries in Houston. This 226,596-square-foot industrial building sold for \$44,500,000, or \$196.38 per square foot. The property sold on 8/23/2017, at a 6.30% cap rate.

Reports compiled by: Vickie Clayton, CoStar Senior Research Manager and the Houston Research Team

## Houston Industrial Market



Markets

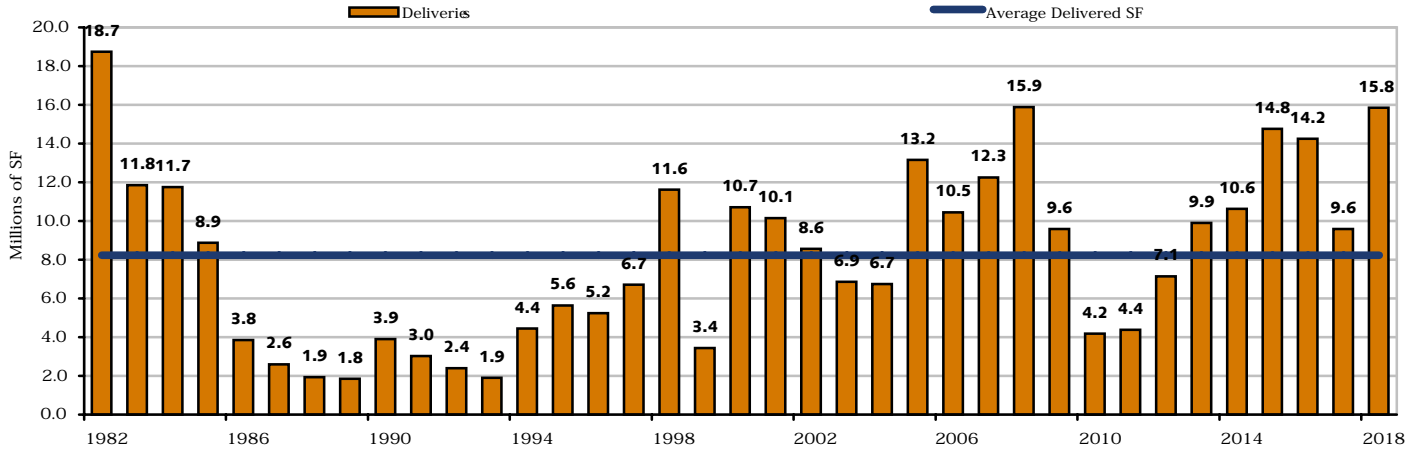
## CoStar Submarket Clusters &amp; Submarkets

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



## Historical Deliveries 1982 - 2018



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

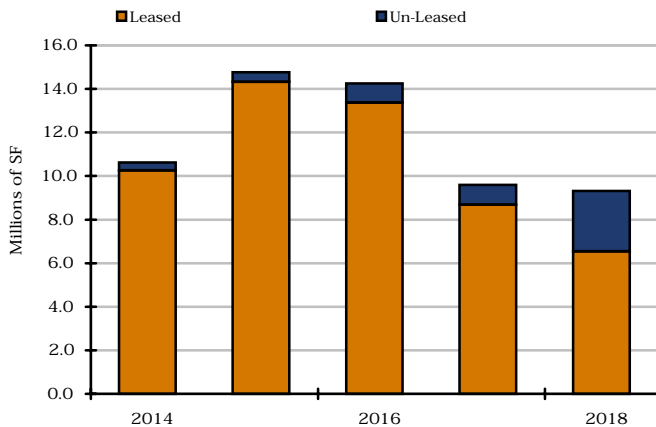
## CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Northwest Corridor Ind	62	3,460,468	1,259,856	36.4%	34,292	55,814
North Corridor Ind	22	2,936,459	1,523,089	51.9%	27,948	133,475
Southeast Corridor Ind	22	2,629,010	533,262	20.3%	37,306	119,500
Southwest Corridor Ind	14	1,073,885	644,315	60.0%	27,201	76,706
Northeast Corridor Ind	5	1,003,690	683,690	68.1%	35,073	200,738
Southern Corridor Ind	3	65,765	61,831	94.0%	24,700	21,922
San Jacinto County Ind	0	0	0	0.0%	7,792	0
CBD Ind	0	0	0	0.0%	28,561	0
Austin County Ind	0	0	0	0.0%	48,300	0
Liberty County Ind	0	0	0	0.0%	22,822	0
<b>Totals</b>	<b>128</b>	<b>11,169,277</b>	<b>4,706,043</b>	<b>42.1%</b>	<b>30,859</b>	<b>87,260</b>

Source: CoStar Property®

## Recent Deliveries

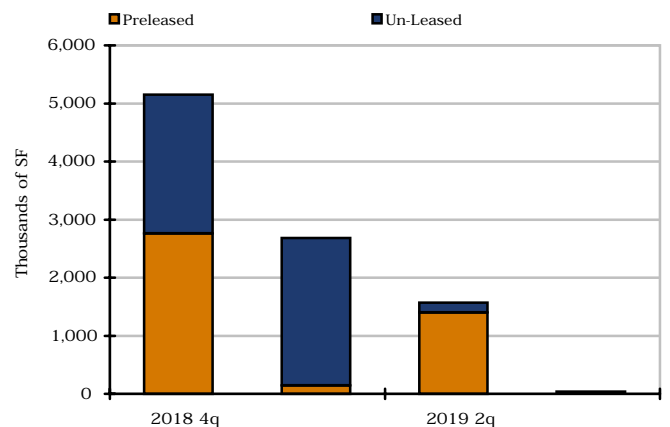
Leased & Un-Leased SF in Deliveries Since 2014



Source: CoStar Property®

## Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

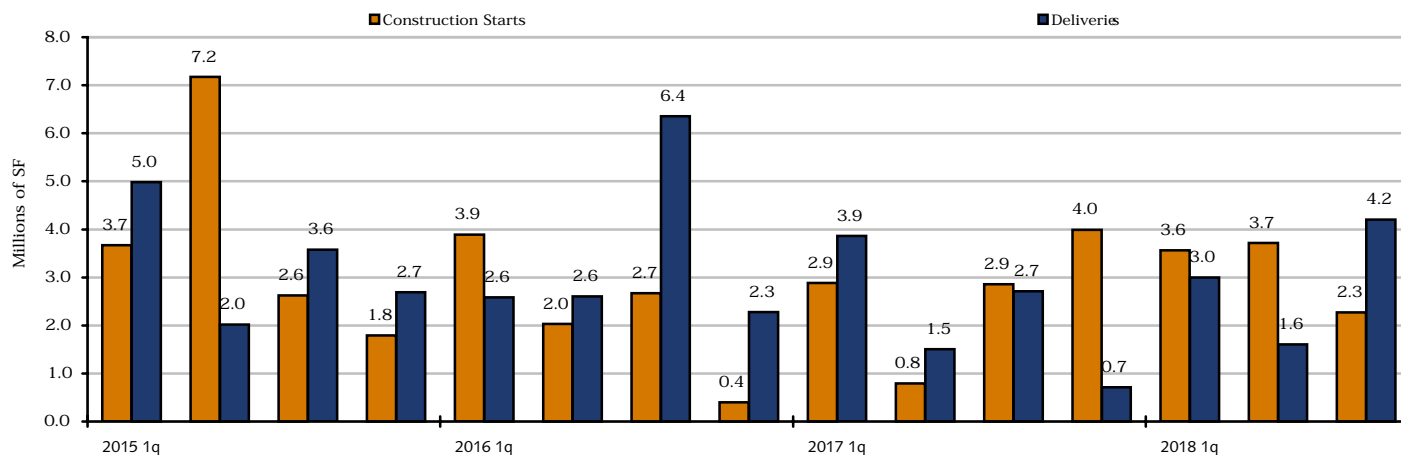
# Houston Industrial Market



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	131	1,646,832	844,984	51.3%	\$10.50	482,047	1,164,785
50,000 SF - 99,999 SF	2	146,464	146,464	100.0%	\$7.81	0	146,464
100,000 SF - 249,999 SF	10	1,720,315	1,098,366	63.8%	\$6.75	143,500	1,576,815
250,000 SF - 499,999 SF	5	1,700,744	1,615,693	95.0%	\$5.39	257,835	1,442,909
>= 500,000 SF	6	4,103,891	2,829,746	69.0%	\$4.80	2,930,100	1,173,791

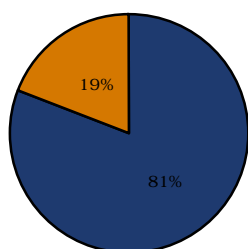
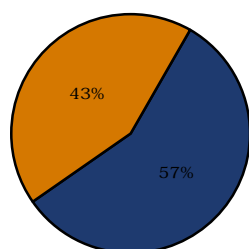
Source: CoStar Property®

## Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2018 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

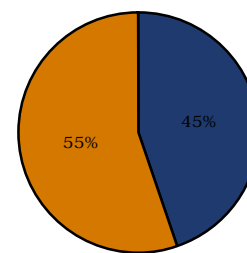
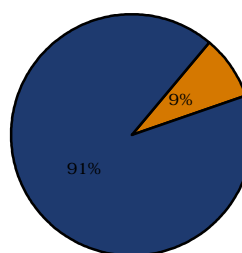
Source: CoStar Property®

## Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

## Select Year-to-Date Deliveries

Based on Project Square Footage

<p><b>1. 31819 Highway 90 E</b></p> <p>Submarket: <b>Northwest Corridor Industrial Market</b>  RBA: <b>1,016,000</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Duke Realty Corporation</b>  Developer: <b>Duke Realty Corporation</b></p>	<p><b>2. 7777 Sutton Rd</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>712,740</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>N/A</b>  Developer: <b>N/A</b></p>	<p><b>3. 525 Cane Island Pky</b></p> <p>Submarket: <b>Northwest Corridor Industrial Market</b>  RBA: <b>673,785</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>Fourth Quarter 2017</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>NAI Partners</b>  Developer: <b>Oakmont Industrial Group</b></p>
<p><b>4. 10433 Ella Blvd</b></p> <p>Submarket: <b>North Corridor Industrial Market</b>  RBA: <b>601,000</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>Hines Securities, Inc.</b>  Developer: <b>Hines Securities, Inc.</b></p>	<p><b>5. 1302 Wharton Weems Blvd</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>600,360</b>  Occupied: <b>0%</b>  Quoted Rate: <b>\$4.80</b>  Grnd Brk Date: <b>Fourth Quarter 2017</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>Colliers International</b>  Developer: <b>Liberty Property Trust</b></p>	<p><b>6. 7601 Sutton Rd</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>500,006</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Second Quarter 2017</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>Avera Companies</b>  Developer: <b>Avera Companies</b></p>
<p><b>7. 6751 N Eldridge Pky</b></p> <p>Submarket: <b>Northwest Corridor Industrial Market</b>  RBA: <b>411,442</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>Stream Realty Partners, LP</b>  Developer: <b>N/A</b></p>	<p><b>8. 4925 Underwood Rd - Bldg 2</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>369,755</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>First Quarter 2018</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>Avera Companies</b>  Developer: <b>Avera Companies</b></p>	<p><b>9. 20510 Hempstead Rd - Building 3</b></p> <p>Submarket: <b>Northwest Corridor Industrial Market</b>  RBA: <b>368,432</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Fourth Quarter 2017</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>Duke Realty Corporation</b>  Developer: <b>Duke Realty Corporation</b></p>
<p><b>10. Port 10 Logistics Center - Building 1</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>294,323</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>First Quarter 2018</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>JLL</b>  Developer: <b>Satterfield &amp; Pontikes</b></p>	<p><b>11. 11833 Cutten Road</b></p> <p>Submarket: <b>North Corridor Industrial Market</b>  RBA: <b>293,280</b>  Occupied: <b>71%</b>  Quoted Rate: <b>\$5.04</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>NAI Partners</b>  Developer: <b>Clay Development</b></p>	<p><b>12. 10535 Red Bluff Rd</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>257,835</b>  Occupied: <b>100%</b>  Quoted Rate: <b>\$12.60</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Cushman &amp; Wakefield</b>  Developer: <b>Johnson Development</b></p>
<p><b>13. 615 E Sam Houston Pky - Bldg D</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>232,960</b>  Occupied: <b>64%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>Third Quarter 2018</b>  Leasing Co: <b>NAI Partners</b>  Developer: <b>Clay Development</b></p>	<p><b>14. 22533 NW Lake Dr</b></p> <p>Submarket: <b>Northwest Corridor Industrial Market</b>  RBA: <b>231,839</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>The Carson Companies</b>  Developer: <b>The Carson Companies</b></p>	<p><b>15. 9703 Highway 225</b></p> <p>Submarket: <b>Southeast Corridor Industrial Market</b>  RBA: <b>222,210</b>  Occupied: <b>66%</b>  Quoted Rate: <b>\$5.28</b>  Grnd Brk Date: <b>Second Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>Cushman &amp; Wakefield</b>  Developer: <b>Angler Construction</b></p>

## Houston Industrial Market



Inventory &amp; development

## Select Top Under Construction Properties

Based on Project Square Footage

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. 14803 Woodham Dr</b></p> <hr/> <p>Submarket: <b>North Corridor Industrial Market</b><br/>           RBA: <b>727,600</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Second Quarter 2018</b><br/>           Deliv Date: <b>Second Quarter 2019</b><br/>           Leasing Co: <b>Liberty Property Trust</b><br/>           Developer: <b>N/A</b></p>                            | <p><b>2. 18250 Highway 59 N</b></p> <hr/> <p>Submarket: <b>Northeast Corridor Industrial Market</b><br/>           RBA: <b>677,040</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Second Quarter 2018</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>JLL</b><br/>           Developer: <b>Archway Advisors, LLC</b></p>                             | <p><b>3. 1401 N Rankin Rd</b></p> <hr/> <p>Submarket: <b>North Corridor Industrial Market</b><br/>           RBA: <b>656,658</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Third Quarter 2018</b><br/>           Deliv Date: <b>Second Quarter 2019</b><br/>           Leasing Co: <b>Liberty Property Trust</b><br/>           Developer: <b>Liberty Property Trust</b></p>             |
| <p><b>4. 636 Highway 90</b></p> <hr/> <p>Submarket: <b>Southwest Corridor Industrial Market</b><br/>           RBA: <b>550,000</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2017</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>HPC-Seefried BB, LLC</b><br/>           Developer: <b>Seefried Properties, Inc.</b></p>      | <p><b>5. 4600 Underwood Rd</b></p> <hr/> <p>Submarket: <b>Southeast Corridor Industrial Market</b><br/>           RBA: <b>404,160</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Third Quarter 2018</b><br/>           Deliv Date: <b>First Quarter 2019</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>N/A</b></p>                                            | <p><b>6. 9800 Derrington Rd - Building 6</b></p> <hr/> <p>Submarket: <b>Northwest Corridor Industrial Market</b><br/>           RBA: <b>368,467</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>First Quarter 2018</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>Trammell Crow Company</b></p>        |
| <p><b>7. Greenspoint &amp; Aldine Bender Rd</b></p> <hr/> <p>Submarket: <b>North Corridor Industrial Market</b><br/>           RBA: <b>351,400</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Third Quarter 2018</b><br/>           Deliv Date: <b>Fourth Quarter 2019</b><br/>           Leasing Co: <b>IDI Gazeley</b><br/>           Developer: <b>IDI Gazeley</b></p>         | <p><b>8. 2851 E Pasadena Blvd</b></p> <hr/> <p>Submarket: <b>Southeast Corridor Industrial Market</b><br/>           RBA: <b>349,050</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Second Quarter 2018</b><br/>           Deliv Date: <b>First Quarter 2019</b><br/>           Leasing Co: <b>Colliers International</b><br/>           Developer: <b>Crow Holdings Industrial</b></p> | <p><b>9. 8221 Volta Dr</b></p> <hr/> <p>Submarket: <b>North Corridor Industrial Market</b><br/>           RBA: <b>337,700</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>First Quarter 2018</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>Duke Realty Corporation</b><br/>           Developer: <b>Duke Realty Corporation</b></p>         |
| <p><b>10. 22806 Northwest Lake Dr</b></p> <hr/> <p>Submarket: <b>Northwest Corridor Industrial Market</b><br/>           RBA: <b>320,000</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2017</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>AIV, Inc.</b><br/>           Developer: <b>KDW</b></p>                             | <p><b>11. 9800 Derrington Rd - Building 5</b></p> <hr/> <p>Submarket: <b>Northwest Corridor Industrial Market</b><br/>           RBA: <b>291,606</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>First Quarter 2018</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>Trammell Crow Company</b></p>          | <p><b>12. 2240 N Mason Rd</b></p> <hr/> <p>Submarket: <b>Northwest Corridor Industrial Market</b><br/>           RBA: <b>282,880</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>First Quarter 2018</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>Exeter Property Group, LLC</b><br/>           Developer: <b>Exeter Property Group, LLC</b></p> |
| <p><b>13. 1-10 &amp; Thompson Rd - Building 2</b></p> <hr/> <p>Submarket: <b>Southeast Corridor Industrial Market</b><br/>           RBA: <b>260,148</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Third Quarter 2018</b><br/>           Deliv Date: <b>First Quarter 2019</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>Trammell Crow Company</b></p> | <p><b>14. 11770 N Gessner Rd</b></p> <hr/> <p>Submarket: <b>Northwest Corridor Industrial Market</b><br/>           RBA: <b>257,909</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2017</b><br/>           Deliv Date: <b>Fourth Quarter 2018</b><br/>           Leasing Co: <b>UPS Global</b><br/>           Developer: <b>Alston Construction</b></p>                       | <p><b>15. 28420 West Ten Blvd - Bldg 3</b></p> <hr/> <p>Submarket: <b>Northwest Corridor Industrial Market</b><br/>           RBA: <b>238,000</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Second Quarter 2018</b><br/>           Deliv Date: <b>First Quarter 2019</b><br/>           Leasing Co: <b>Transwestern</b><br/>           Developer: <b>N/A</b></p>                    |



# Houston Industrial Market

Figures at a Glance

## Flex Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County Ind	2	2,654	1,454	1,454	54.8%	(1,454)	0	0	\$0.00
CBD Ind	192	3,793,432	230,960	251,811	6.6%	4,760	0	0	\$14.14
Liberty County Ind	4	29,215	0	0	0.0%	11,300	0	0	\$0.00
North Corridor Ind	454	11,618,411	1,435,157	1,489,100	12.8%	43,516	61,266	242,660	\$9.94
Northeast Corridor Ind	75	828,269	104,697	104,697	12.6%	(34,782)	2,400	0	\$9.39
Northwest Corridor Ind	599	17,546,384	1,629,247	1,710,981	9.8%	(193,168)	0	9,586	\$8.59
San Jacinto County Ind	0	0	0	0	0.0%	0	0	0	\$0.00
Southeast Corridor Ind	235	3,304,879	275,106	275,106	8.3%	(50,648)	0	0	\$11.15
Southern Corridor Ind	132	2,546,085	238,491	238,491	9.4%	137,667	0	0	\$7.69
Southwest Corridor Ind	493	13,230,539	928,630	956,574	7.2%	1,824	0	19,760	\$11.30
<b>Totals</b>	<b>2,186</b>	<b>52,899,868</b>	<b>4,843,742</b>	<b>5,028,214</b>	<b>9.5%</b>	<b>(80,985)</b>	<b>63,666</b>	<b>272,006</b>	<b>\$9.92</b>

Source: CoStar Property®

## Warehouse Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County Ind	32	1,639,543	571,120	571,120	34.8%	7,696	0	0	\$9.98
CBD Ind	1,892	55,727,525	2,477,673	2,512,014	4.5%	(434,389)	0	0	\$6.06
Liberty County Ind	55	1,317,254	349,549	349,549	26.5%	(58,861)	0	0	\$9.42
North Corridor Ind	3,460	97,768,278	5,636,374	6,056,921	6.2%	2,105,215	1,266,625	2,693,799	\$7.61
Northeast Corridor Ind	1,011	37,260,618	1,027,504	1,062,599	2.9%	50,779	201,125	1,003,690	\$5.60
Northwest Corridor Ind	4,428	154,839,825	9,208,850	9,578,656	6.2%	1,463,353	3,303,349	3,450,882	\$7.38
San Jacinto County Ind	6	46,751	0	0	0.0%	0	0	0	\$0.00
Southeast Corridor Ind	2,547	100,479,887	4,990,710	5,381,710	5.4%	2,622,530	3,695,634	2,629,010	\$6.48
Southern Corridor Ind	2,015	50,485,861	1,560,925	1,649,720	3.3%	(101,697)	97,620	65,765	\$6.39
Southwest Corridor Ind	2,336	63,722,144	3,152,410	3,261,839	5.1%	353,205	178,809	1,054,125	\$7.59
<b>Totals</b>	<b>17,782</b>	<b>563,287,686</b>	<b>28,975,115</b>	<b>30,424,128</b>	<b>5.4%</b>	<b>6,007,831</b>	<b>8,743,162</b>	<b>10,897,271</b>	<b>\$7.00</b>

Source: CoStar Property®

## Total Industrial Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County Ind	34	1,642,197	572,574	572,574	34.9%	6,242	0	0	\$9.98
CBD Ind	2,084	59,520,957	2,708,633	2,763,825	4.6%	(429,629)	0	0	\$6.71
Liberty County Ind	59	1,346,469	349,549	349,549	26.0%	(47,561)	0	0	\$9.42
North Corridor Ind	3,914	109,386,689	7,071,531	7,546,021	6.9%	2,148,731	1,327,891	2,936,459	\$7.98
Northeast Corridor Ind	1,086	38,088,887	1,132,201	1,167,296	3.1%	15,997	203,525	1,003,690	\$5.72
Northwest Corridor Ind	5,027	172,386,209	10,838,097	11,289,637	6.5%	1,270,185	3,303,349	3,460,468	\$7.58
San Jacinto County Ind	6	46,751	0	0	0.0%	0	0	0	\$0.00
Southeast Corridor Ind	2,782	103,784,766	5,265,816	5,656,816	5.5%	2,571,882	3,695,634	2,629,010	\$6.69
Southern Corridor Ind	2,147	53,031,946	1,799,416	1,888,211	3.6%	35,970	97,620	65,765	\$6.47
Southwest Corridor Ind	2,829	76,952,683	4,081,040	4,218,413	5.5%	355,029	178,809	1,073,885	\$8.09
<b>Totals</b>	<b>19,968</b>	<b>616,187,554</b>	<b>33,818,857</b>	<b>35,452,342</b>	<b>5.8%</b>	<b>5,926,846</b>	<b>8,806,828</b>	<b>11,169,277</b>	<b>\$7.33</b>

Source: CoStar Property®

## Houston Industrial Market



Figures at a Glance

## Flex Submarket Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County Ind	2	2,654	1,454	1,454	54.8%	(1,454)	0	0	\$0.00
CBD-NW Inner Loop In.	71	2,064,858	141,730	162,581	7.9%	(4,264)	0	0	\$12.97
Downtown Houston Inc	37	614,789	68,763	68,763	11.2%	(24,763)	0	0	\$7.90
East I-10 Outer Loop.	4	15,741	0	0	0.0%	0	0	0	\$5.76
East-Southeast Far I.	210	2,904,407	271,186	271,186	9.3%	(57,728)	0	0	\$11.21
Hwy 290/Tomball Pky	45	1,672,341	107,731	107,731	6.4%	9,443	0	0	\$8.82
Hwy 59/Hwy 90 (Alt)	136	2,874,365	141,301	147,301	5.1%	40,994	0	0	\$7.66
Liberty County Ind	4	29,215	0	0	0.0%	11,300	0	0	\$0.00
North Fwy/Tomball Pk.	112	4,079,441	438,179	451,044	11.1%	77,890	15,000	0	\$9.11
North Hardy Toll Roa.	101	3,380,475	358,429	384,690	11.4%	(68,439)	0	200,000	\$8.42
North Inner Loop Ind	6	44,176	3,000	3,000	6.8%	(3,000)	0	0	\$0.00
North Outer Loop Ind	60	1,381,859	174,293	174,293	12.6%	(8,693)	0	0	\$7.15
Northeast Hwy 321 In.	16	200,661	20,586	20,586	10.3%	(956)	2,400	0	\$10.92
Northeast Hwy 90 Ind	46	443,463	59,175	59,175	13.3%	(34,700)	0	0	\$8.40
Northeast I-10 Ind	8	128,047	24,936	24,936	19.5%	(1,916)	0	0	\$14.40
Northeast Inner Loop.	5	56,098	0	0	0.0%	2,790	0	0	\$0.00
Northwest Hwy 6 Ind	36	1,398,507	267,886	267,886	19.2%	(7,412)	0	0	\$4.72
Northwest Inner Loop.	278	9,248,949	854,409	928,993	10.0%	(125,759)	0	0	\$10.16
Northwest Near Ind	81	1,661,249	131,122	135,272	8.1%	(33,794)	0	0	\$11.38
Northwest Outliers I.	87	2,075,908	185,459	185,459	8.9%	(18,202)	0	9,586	\$10.04
San Jacinto County I.	0	0	0	0	0.0%	0	0	0	\$0.00
South Hwy 35 Ind	90	1,679,594	64,102	64,102	3.8%	21,615	0	0	\$8.32
South Inner Loop Ind	42	866,491	174,389	174,389	20.1%	116,052	0	0	\$7.27
Southeast Outer Loop.	21	384,731	3,920	3,920	1.0%	7,080	0	0	\$0.00
Southwest Far Ind	84	2,396,434	292,424	293,738	12.3%	(27,856)	0	3,181	\$13.36
Southwest Inner Loop.	78	1,069,609	17,467	17,467	1.6%	36,787	0	0	\$24.76
Southwest Outer Loop.	162	4,222,729	307,517	313,508	7.4%	(8,507)	0	0	\$10.70
Sugar Land Ind	111	3,737,011	187,388	202,027	5.4%	(2,807)	0	16,579	\$12.64
The Woodlands/Conroe	181	2,776,636	464,256	479,073	17.3%	42,758	46,266	42,660	\$12.28
West Outer Loop Ind	72	1,489,430	82,640	85,640	5.7%	(17,444)	0	0	\$8.03
<b>Totals</b>	<b>2,186</b>	<b>52,899,868</b>	<b>4,843,742</b>	<b>5,028,214</b>	<b>9.5%</b>	<b>(80,985)</b>	<b>63,666</b>	<b>272,006</b>	<b>\$9.92</b>

Source: CoStar Property®



# Houston Industrial Market

Figures at a Glance

## Warehouse Submarket Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County Ind	32	1,639,543	571,120	571,120	34.8%	7,696	0	0	\$9.98
CBD-NW Inner Loop In.	460	10,862,254	683,765	688,669	6.3%	(274,901)	0	0	\$9.28
Downtown Houston Inc	870	32,311,031	1,142,321	1,171,758	3.6%	101,996	0	0	\$5.86
East I-10 Outer Loop.	206	13,768,404	327,728	327,728	2.4%	(72,582)	0	10,000	\$9.97
East-Southeast Far I.	1,943	69,004,352	4,228,878	4,619,878	6.7%	2,624,776	3,695,634	2,619,010	\$5.74
Hwy 290/Tomball Pky	605	22,439,256	1,579,707	1,606,761	7.2%	(449,540)	126,869	1,320,416	\$7.44
Hwy 59/Hwy 90 (Alt)	902	22,621,734	1,305,221	1,371,847	6.1%	23,443	23,160	610,000	\$7.09
Liberty County Ind	55	1,317,254	349,549	349,549	26.5%	(58,861)	0	0	\$9.42
North Fwy/Tomball Pk.	812	23,665,388	2,148,190	2,287,163	9.7%	789,596	1,011,665	512,270	\$7.06
North Hardy Toll Roa.	732	32,338,453	1,835,599	1,956,389	6.0%	663,708	73,900	1,759,583	\$7.70
North Inner Loop Ind	190	5,267,984	303,067	303,067	5.8%	(49,622)	0	0	\$3.92
North Outer Loop Ind	1,017	23,272,555	557,616	621,916	2.7%	434,186	15,600	354,236	\$7.60
Northeast Hwy 321 In.	91	1,594,519	12,300	12,300	0.8%	73,905	16,475	0	\$7.27
Northeast Hwy 90 Ind	577	19,581,721	485,730	492,130	2.5%	140,185	184,650	997,040	\$6.30
Northeast I-10 Ind	162	4,314,738	45,836	52,031	1.2%	94,876	0	6,650	\$4.95
Northeast Inner Loop.	181	11,769,640	483,638	506,138	4.3%	(258,187)	0	0	\$4.59
Northwest Hwy 6 Ind	346	10,949,495	609,416	609,416	5.6%	543,388	491,177	210,140	\$7.71
Northwest Inner Loop.	1,493	54,121,725	2,699,903	2,795,907	5.2%	(435,234)	19,000	42,166	\$7.01
Northwest Near Ind	748	18,444,372	836,494	881,694	4.8%	44,295	154,661	0	\$7.15
Northwest Outliers I.	488	23,002,446	1,786,342	1,822,690	7.9%	1,583,044	1,967,500	1,848,160	\$7.86
San Jacinto County I.	6	46,751	0	0	0.0%	0	0	0	\$0.00
South Hwy 35 Ind	1,653	37,972,688	1,197,428	1,265,928	3.3%	(114,471)	97,620	65,765	\$5.98
South Inner Loop Ind	362	12,513,173	363,497	383,792	3.1%	12,774	0	0	\$8.72
Southeast Outer Loop.	398	17,707,131	434,104	434,104	2.5%	70,336	0	0	\$9.12
Southwest Far Ind	502	11,876,152	708,652	716,455	6.0%	263,665	105,636	439,625	\$8.15
Southwest Inner Loop.	372	7,286,256	348,520	348,520	4.8%	(211,862)	0	0	\$7.31
Southwest Outer Loop.	536	10,734,736	596,318	596,318	5.6%	12,342	22,373	4,500	\$8.48
Sugar Land Ind	396	18,489,522	542,219	577,219	3.1%	53,755	27,640	0	\$7.40
The Woodlands/Conroe	899	18,491,882	1,094,969	1,191,453	6.4%	217,725	165,460	67,710	\$8.14
West Outer Loop Ind	748	25,882,531	1,696,988	1,862,188	7.2%	177,400	544,142	30,000	\$7.39
<b>Totals</b>	<b>17,782</b>	<b>563,287,686</b>	<b>28,975,115</b>	<b>30,424,128</b>	<b>5.4%</b>	<b>6,007,831</b>	<b>8,743,162</b>	<b>10,897,271</b>	<b>\$7.00</b>

Source: CoStar Property®

## Houston Industrial Market



Figures at a Glance

## Total Industrial Submarket Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County Ind	34	1,642,197	572,574	572,574	34.9%	6,242	0	0	\$9.98
CBD-NW Inner Loop In.	531	12,927,112	825,495	851,250	6.6%	(279,165)	0	0	\$10.37
Downtown Houston Inc	907	32,925,820	1,211,084	1,240,521	3.8%	77,233	0	0	\$5.93
East I-10 Outer Loop.	210	13,784,145	327,728	327,728	2.4%	(72,582)	0	10,000	\$9.94
East-Southeast Far I.	2,153	71,908,759	4,500,064	4,891,064	6.8%	2,567,048	3,695,634	2,619,010	\$6.04
Hwy 290/Tomball Pky	650	24,111,597	1,687,438	1,714,492	7.1%	(440,097)	126,869	1,320,416	\$7.52
Hwy 59/Hwy 90 (Alt) .	1,038	25,496,099	1,446,522	1,519,148	6.0%	64,437	23,160	610,000	\$7.13
Liberty County Ind	59	1,346,469	349,549	349,549	26.0%	(47,561)	0	0	\$9.42
North Fwy/Tomball Pk.	924	27,744,829	2,586,369	2,738,207	9.9%	867,486	1,026,665	512,270	\$7.25
North Hardy Toll Roa.	833	35,718,928	2,194,028	2,341,079	6.6%	595,269	73,900	1,959,583	\$7.88
North Inner Loop Ind	196	5,312,160	306,067	306,067	5.8%	(52,622)	0	0	\$3.92
North Outer Loop Ind	1,077	24,654,414	731,909	796,209	3.2%	425,493	15,600	354,236	\$7.58
Northeast Hwy 321 In.	107	1,795,180	32,886	32,886	1.8%	72,949	18,875	0	\$7.74
Northeast Hwy 90 Ind	623	20,025,184	544,905	551,305	2.8%	105,485	184,650	997,040	\$6.39
Northeast I-10 Ind	170	4,442,785	70,772	76,967	1.7%	92,960	0	6,650	\$5.08
Northeast Inner Loop.	186	11,825,738	483,638	506,138	4.3%	(255,397)	0	0	\$4.59
Northwest Hwy 6 Ind	382	12,348,002	877,302	877,302	7.1%	535,976	491,177	210,140	\$6.97
Northwest Inner Loop.	1,771	63,370,674	3,554,312	3,724,900	5.9%	(560,993)	19,000	42,166	\$7.76
Northwest Near Ind	829	20,105,621	967,616	1,016,966	5.1%	10,501	154,661	0	\$7.37
Northwest Outliers I.	575	25,078,354	1,971,801	2,008,149	8.0%	1,564,842	1,967,500	1,857,746	\$8.12
San Jacinto County I.	6	46,751	0	0	0.0%	0	0	0	\$0.00
South Hwy 35 Ind	1,743	39,652,282	1,261,530	1,330,030	3.4%	(92,856)	97,620	65,765	\$6.05
South Inner Loop Ind	404	13,379,664	537,886	558,181	4.2%	128,826	0	0	\$8.43
Southeast Outer Loop.	419	18,091,862	438,024	438,024	2.4%	77,416	0	0	\$9.12
Southwest Far Ind	586	14,272,586	1,001,076	1,010,193	7.1%	235,809	105,636	442,806	\$8.99
Southwest Inner Loop.	450	8,355,865	365,987	365,987	4.4%	(175,075)	0	0	\$10.33
Southwest Outer Loop.	698	14,957,465	903,835	909,826	6.1%	3,835	22,373	4,500	\$9.12
Sugar Land Ind	507	22,226,533	729,607	779,246	3.5%	50,948	27,640	16,579	\$7.92
The Woodlands/Conroe	1,080	21,268,518	1,559,225	1,670,526	7.9%	260,483	211,726	110,370	\$8.99
West Outer Loop Ind	820	27,371,961	1,779,628	1,947,828	7.1%	159,956	544,142	30,000	\$7.46
<b>Totals</b>	<b>19,968</b>	<b>616,187,554</b>	<b>33,818,857</b>	<b>35,452,342</b>	<b>5.8%</b>	<b>5,926,846</b>	<b>8,806,828</b>	<b>11,169,277</b>	<b>\$7.33</b>

Source: CoStar Property®





# Houston Industrial Market

Figures at a Glance

## Flex Market Statistics

Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	2,186	52,899,868	4,843,742	5,028,214	9.5%	43,380	1	15,000	9	272,006	\$9.92
2018 2q	2,184	52,841,668	4,793,522	5,013,394	9.5%	(183,394)	2	46,266	7	291,791	\$9.96
2018 1q	2,181	52,765,402	4,569,611	4,753,734	9.0%	59,029	1	2,400	6	137,647	\$9.96
2017 4q	2,179	52,750,002	4,680,450	4,810,363	9.1%	114,856	1	2,000	5	88,447	\$9.92
2017 3q	2,178	52,748,002	4,741,363	4,923,219	9.3%	(59,677)	3	157,000	2	4,400	\$9.38
2017 2q	2,175	52,591,002	4,480,731	4,706,542	8.9%	(297,284)	7	142,804	4	159,000	\$9.60
2017 1q	2,168	52,362,410	3,982,399	4,180,666	8.0%	(402,600)	4	120,560	12	421,804	\$9.53
2016	2,164	52,241,850	3,453,022	3,657,506	7.0%	5,124	18	464,615	13	513,614	\$9.89
2015	2,145	51,884,359	3,137,683	3,305,139	6.4%	268,164	11	171,132	16	402,221	\$10.33
2014	2,135	51,788,422	3,374,635	3,477,366	6.7%	967,096	16	608,745	12	154,812	\$9.93
2013	2,116	51,203,184	3,786,725	3,859,224	7.5%	1,208,229	16	601,128	9	202,556	\$9.60
2012	2,096	50,514,697	4,242,839	4,378,966	8.7%	769,453	11	339,678	14	578,595	\$9.26
2011	2,078	49,995,175	4,517,180	4,628,897	9.3%	1,197,778	9	157,857	12	364,583	\$8.51
2010	2,064	49,779,022	5,524,299	5,610,522	11.3%	654,668	8	102,085	10	129,729	\$8.62
2009	2,052	49,653,707	6,024,034	6,139,875	12.4%	899,604	25	1,109,011	10	117,005	\$9.65
2008	2,024	48,443,476	5,659,000	5,829,248	12.0%	1,282,682	45	937,880	27	1,201,981	\$10.62

Source: CoStar Property®

## Warehouse Market Statistics

Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	17,782	563,287,686	28,975,115	30,424,128	5.4%	1,920,572	47	4,188,736	119	10,897,271	\$7.00
2018 2q	17,723	558,996,958	26,506,046	28,078,359	5.0%	1,102,399	29	1,560,383	146	12,811,934	\$6.88
2018 1q	17,681	557,084,762	25,762,006	27,268,562	4.9%	2,984,860	48	2,994,043	155	10,853,097	\$6.63
2017 4q	17,631	554,063,444	25,764,628	27,259,379	4.9%	817,768	18	709,476	147	10,336,742	\$6.72
2017 3q	17,608	553,320,347	26,183,828	27,314,275	4.9%	4,164,275	23	2,554,800	110	7,143,626	\$6.43
2017 2q	17,574	550,313,296	27,361,741	28,491,274	5.2%	1,029,480	36	1,361,537	83	6,844,455	\$6.40
2017 1q	17,528	548,802,435	26,866,728	27,990,118	5.1%	3,742,365	63	3,744,017	109	7,295,863	\$6.50
2016	17,466	545,076,018	26,771,849	28,006,066	5.1%	10,597,047	141	13,352,980	116	8,185,099	\$6.37
2015	17,306	532,631,277	25,661,759	26,158,372	4.9%	11,474,966	236	13,098,648	104	13,125,821	\$6.22
2014	17,048	518,912,619	23,702,877	23,914,680	4.6%	10,870,390	161	7,875,024	201	11,381,921	\$5.72
2013	16,893	510,518,647	25,891,181	26,391,098	5.2%	5,432,259	129	7,792,536	133	7,728,151	\$5.40
2012	16,726	501,890,581	22,856,295	23,195,291	4.6%	9,315,029	107	4,638,935	93	4,363,024	\$5.15
2011	16,569	495,492,543	25,492,219	26,112,282	5.3%	6,387,340	89	3,059,506	99	4,822,362	\$5.01
2010	16,443	491,509,530	27,950,737	28,516,609	5.8%	6,990,058	73	2,922,588	96	3,293,830	\$4.95
2009	16,325	487,529,775	30,921,499	31,526,912	6.5%	2,179,320	104	6,768,724	89	3,196,788	\$5.10
2008	16,158	479,711,334	25,059,506	25,887,791	5.4%	13,468,106	204	11,524,104	135	7,216,483	\$5.37

Source: CoStar Property®

## Total Industrial Market Statistics

Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	19,968	616,187,554	33,818,857	35,452,342	5.8%	1,963,952	48	4,203,736	128	11,169,277	\$7.33
2018 2q	19,907	611,838,626	31,299,568	33,091,753	5.4%	919,005	31	1,606,649	153	13,103,725	\$7.21
2018 1q	19,862	609,850,164	30,331,617	32,022,296	5.3%	3,043,889	49	2,996,443	161	10,990,744	\$6.93
2017 4q	19,810	606,813,446	30,445,078	32,069,742	5.3%	932,624	19	711,476	152	10,425,189	\$7.02
2017 3q	19,786	606,068,349	30,925,191	32,237,494	5.3%	4,104,598	26	2,711,800	112	7,148,026	\$6.70
2017 2q	19,749	602,904,298	31,842,472	33,197,816	5.5%	732,196	43	1,504,341	87	7,003,455	\$6.70
2017 1q	19,696	601,164,845	30,849,127	32,170,784	5.4%	3,339,765	67	3,864,577	121	7,717,667	\$6.79
2016	19,630	597,317,868	30,224,871	31,663,572	5.3%	10,602,171	159	13,817,595	129	8,698,713	\$6.69
2015	19,451	584,515,636	28,799,442	29,463,511	5.0%	11,743,130	247	13,269,780	120	13,528,042	\$6.61
2014	19,183	570,701,041	27,077,512	27,392,046	4.8%	11,837,486	177	8,483,769	213	11,536,733	\$6.11
2013	19,009	561,721,831	29,677,906	30,250,322	5.4%	6,640,488	145	8,393,664	142	7,930,707	\$5.80
2012	18,822	552,405,278	27,099,134	27,574,257	5.0%	10,084,482	118	4,978,613	107	4,941,619	\$5.57
2011	18,647	545,487,718	30,009,399	30,741,179	5.6%	7,585,118	98	3,217,363	111	5,186,945	\$5.37
2010	18,507	541,288,552	33,475,036	34,127,131	6.3%	7,644,726	81	3,024,673	106	3,423,559	\$5.35
2009	18,377	537,183,482	36,945,533	37,666,787	7.0%	3,078,924	129	7,877,735	99	3,313,793	\$5.71
2008	18,182	528,154,810	30,718,506	31,717,039	6.0%	14,750,788	249	12,461,984	162	8,418,464	\$6.29

Source: CoStar Property®

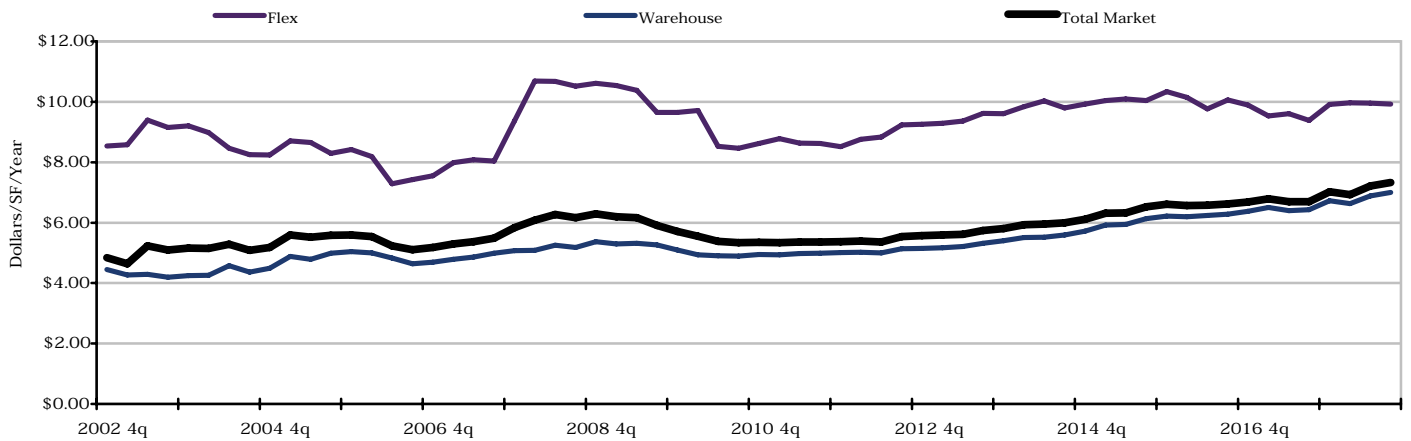
# Houston Industrial Market



Leasing Activity

## Historical Rental Rates

Based on Quoted Rental Rates



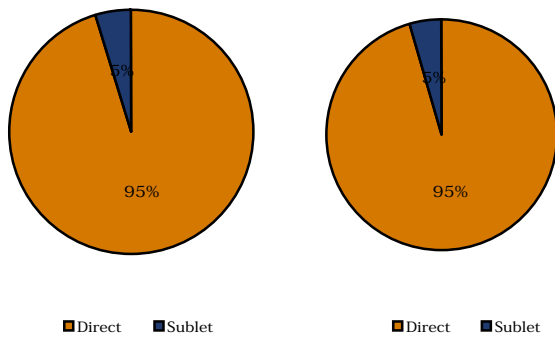
Source: CoStar Property®

## Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Houston

United States



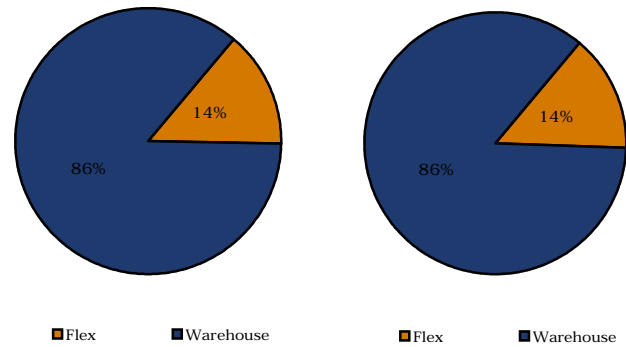
Source: CoStar Property®

## Vacancy by Building Type

Percent of All Vacant Space by Building Type

Houston

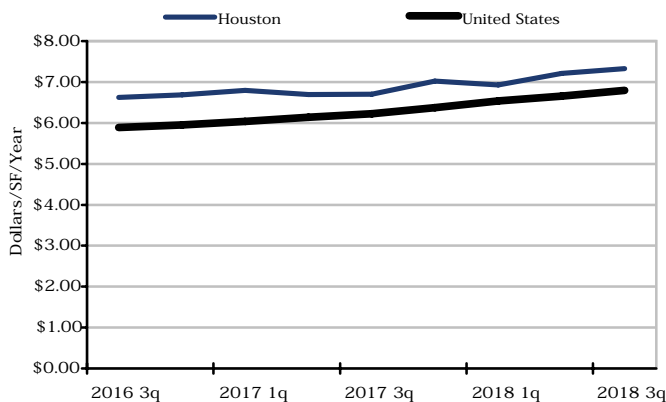
United States



Source: CoStar Property®

## U.S. Rental Rate Comparison

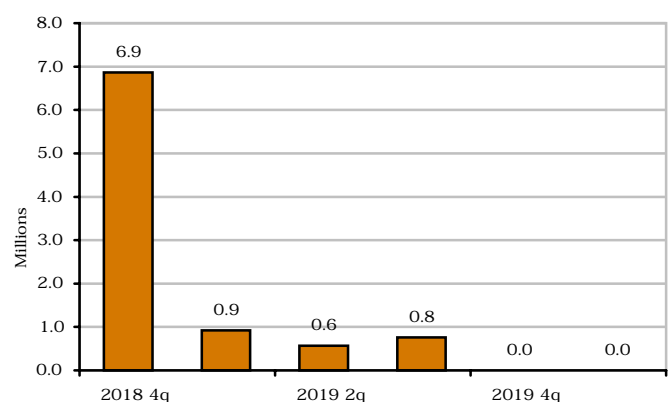
Based on Average Quoted Rental Rates



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*



Source: CoStar Property®

\* Includes Under Construction Space

## 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	6751 N. Eldridge Pky	West Outer Loop Ind	411,442	3rd	Goodman Manufacturing	N/A	Stream Realty Partners, LP
2	18727 Kenswick Dr.	North Hardy Toll Road Ind	289,000	3rd	Forward Air Solutions	Fischer & Company	Lee & Associates; CBRE
3	2240 N. Mason Rd. - Bldg 2	Northwest Outliers Ind	282,880	2nd	N/A	N/A	Exeter Property Group
4	10535 Red Bluff Rd.	East-Southeast Far Ind	257,835	1st	Unis, LLC	N/A	Cushman & Wakefield
5	12101 McLain Rd. - Bldg 2	Hwy 59/Hwy 90 (Alt) Ind	217,440	2nd	Lowes	N/A	Colliers International
6	8900 Railroad Dr.*	Northeast Hwy 90 Ind	210,850	3rd	Global Stainless Supply	JLL	Holt Lunsford Commercial, Inc.
7	800 Koomey Rd.	Northwest Outliers Ind	186,306	2nd	B&H Bag Company	N/A	N/A
8	9033 Spikewood Dr.	Northeast Hwy 90 Ind	170,017	1st	N/A	N/A	Stream Realty Partners, LP
9	600 Fallbrook Dr.	North Fwy/Tomball Pky Ind	165,790	2nd	Kitchen Cabinet Distributors	N/A	Cushman & Wakefield
10	20510 Hempstead Rd.	Northwest Hwy 6 Ind	161,162	2nd	Corp. Support	N/A	Duke Realty Corporation
11	24310 State Highway 249*	North Fwy/Tomball Pky Ind	154,000	1st	Accelerated Process Systems	Direct Deal	Lee & Associates
12	615 E. Sam Houston Pky-Bldg D	East-Southeast Far Ind	150,000	3rd	Smart Warehousing LLC	Lee & Associates	NAI Partners
13	9033 Spikewood Dr.	Northeast Hwy 90 Ind	140,965	3rd	N/A	N/A	Stream Realty Partners, LP
14	404 N Witter St.	East-Southeast Far Ind	140,782	2nd	Freight Management Logistics	Cushman & Wakefield	Colliers International
15	2333 Clinton Dr.	East I-10 Outer Loop Ind	138,921	1st	Richardson Steel	Direct Deal	Moody Ramin
16	1902 Cypress Station Dr. - Bldg 2	North Fwy/Tomball Pky Ind	124,385	1st	Baker Hughes	N/A	Stream Realty Partners, LP
17	11833 Cutten Rd.	North Fwy/Tomball Pky Ind	122,200	3rd	Western Post USA	NAI Partners	Cushman & Wakefield
18	3000 Brittmoore Rd. - Building 2	Northwest Inner Loop Ind	107,600	1st	N/A	N/A	Enclave Partners
19	15414 International Plaza Dr.	North Hardy Toll Road Ind	107,000	2nd	Evoqua Water Technologies	N/A	InSite Commercial Real Estate
20	415 N Wayside Dr.	Downtown Houston Ind	105,480	1st	Watco Companies	N/A	Texas Development Company
21	20510 Hempstead Rd. - Bldg 3	Northwest Hwy 6 Ind	103,635	3rd	Corp. Support (RTIC)	N/A	Duke Realty Corporation
22	504 Bestway Dr.	Southwest Far Ind	100,000	1st	Byco	N/A	Fincher Companies
23	10570 Bissonnet St. - Bldg 1	Sugar Land Ind	99,000	2nd	Smart Industrial	N/A	InSite Commercial Real Estate
24	6000 S. Loop Fwy E.	South Hwy 35 Ind	94,000	1st	N/A	N/A	Boyd Commercial, LLC; CORFAC
25	8000 Market St.	Southeast Outer Loop Ind	93,600	2nd	Balflex USA	N/A	Cushman & Wakefield
26	401 W. Crosstimbers St.*	Northwest Near Ind	91,841	2nd	AT&T	N/A	Bridge Commercial Real Estate
27	4310 N Sam Houston Pky - Bldg 27	North Hardy Toll Road Ind	91,800	2nd	Innovex	N/A	Stream Realty Partners, LP
28	11220 Ella Blvd. - Bldg 5	North Fwy/Tomball Pky Ind	90,864	1st	Mattress One	N/A	Liberty Property Trust
29	7140 W. Sam Houston Pky N. - Bldg A	Hwy 290/Tomball Pky Ind	90,000	1st	AIV, Inc.	N/A	N/A
30	431 E. Airtex Dr.	North Hardy Toll Road Ind	89,896	3rd	Express Bolt & Gasket	Provista Tenant Advisors	Colliers International
31	850 Sens Rd.	East-Southeast Far Ind	89,440	1st	Leader Global Technologies	N/A	Cushman & Wakefield
32	5203 Aeropark Dr.	North Outer Loop Ind	88,000	3rd	Romper Pumps	N/A	Lee & Associates
33	11250 Tanner Rd.	West Outer Loop Ind	88,000	3rd	MMD Equipment	Sky Enterprises Realty	Colliers International
34	9900 Sam Houston Center Dr.	Hwy 290/Tomball Pky Ind	86,381	2nd	Relevant	N/A	Transwestern
35	11833 Cutten Rd.	North Fwy/Tomball Pky Ind	85,540	3rd	N/A	N/A	Cushman & Wakefield
36	971 N Sam Houston Parkway E.	North Hardy Toll Road Ind	83,200	1st	Schenker, Inc.	N/A	Stream Realty Partners, LP
37	6818 FM 2855 Rd.	Northwest Outliers Ind	82,960	3rd	Cam International	Transwestern	Colliers International
38	4545 Eastpark Dr.	Northeast Inner Loop Ind	81,295	3rd	N/A	N/A	Moody Ramin
39	5615 W Fuqua - Bldg D	Southwest Far Ind	78,685	3rd	N/A	N/A	Cushman & Wakefield
40	2015 Turning Basin Dr	Southeast Outer Loop Ind	77,702	2nd	N/A	N/A	JLL

Source: CoStar Property®

\* Renewal

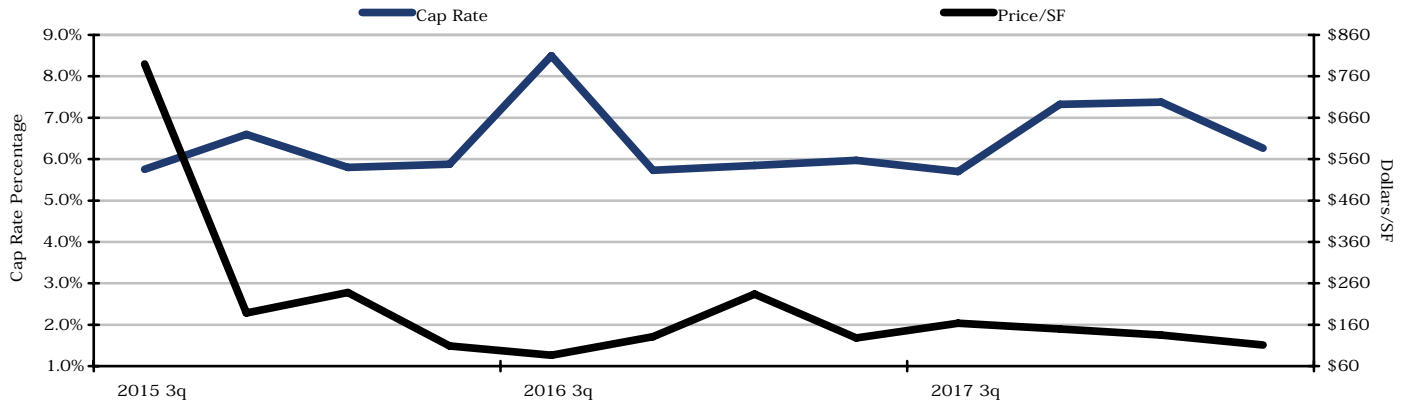
# Houston Industrial Market



Sales Activity

## The Optimist Sales Index

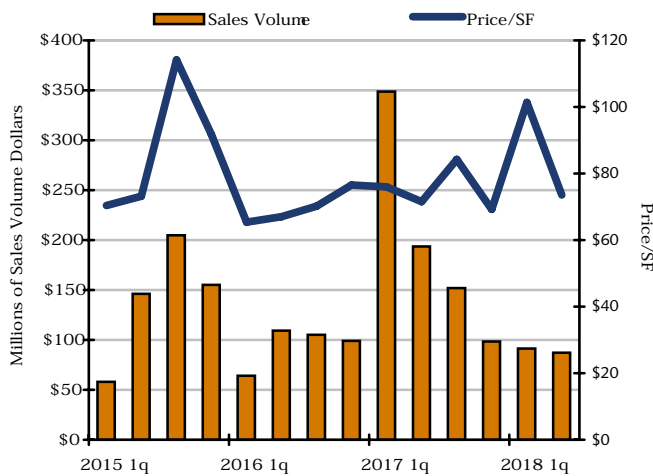
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



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

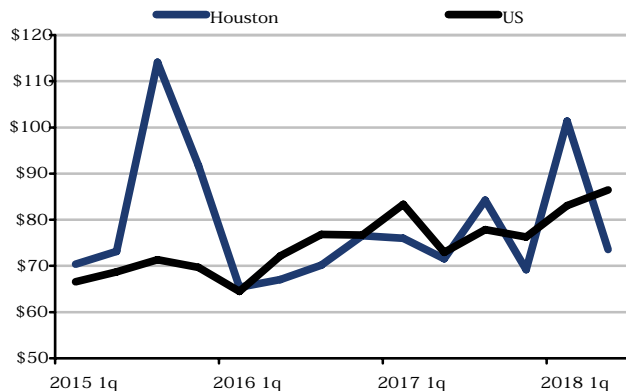
Based on Industrial Bldg Sales From July 2017 - June 2018

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	45	551,572	\$47,490,628	\$ 86.10	9.40%
25K-99K SF	42	1,902,276	\$131,041,899	\$ 68.89	8.08%
100K-249K SF	6	878,620	\$83,723,500	\$ 95.29	6.53%
>250K SF	7	2,259,290	\$192,425,000	\$ 85.17	5.10%

Source: CoStar COMPS®

## U.S. Price/SF Comparison

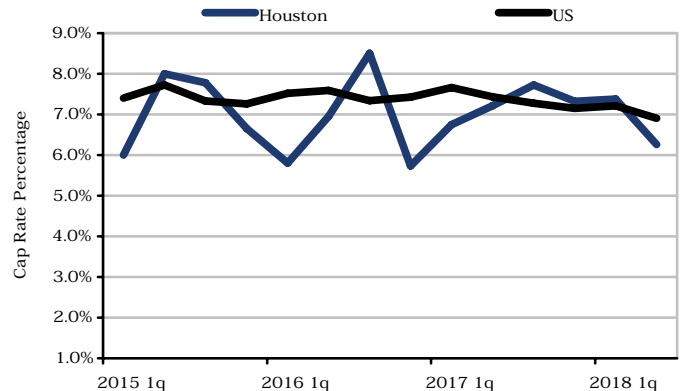
Based on Industrial Building Sales of 15,000 SF and Larger



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 July 2017 Through September 2018

1. 7080 Express Ln



## 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.**

2. 10634 Tanner Rd



## 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**

3. 10653 W Airport Blvd



## Stafford

Price: **\$37,500,000**  
 Price/SF: **\$106.55**  
 Cap Rate: **N/A**  
 RBA: **351,960**  
 Date: **4/9/2018**  
 Year Built: **2016**  
 Buyer: **Black Creek Group**  
 Seller: **Crow Holdings Industrial**

4. 8844 N Sam Houston Pky W



## Houston

Price: **\$36,500,000**  
 Price/SF: **\$138.98**  
 Cap Rate: **N/A**  
 RBA: **262,630**  
 Date: **1/24/2018**  
 Year Built: **2013**  
 Buyer: **Sealy & Company**  
 Seller: **Levey**

5. 16548 Donwick Dr



## Conroe

Price: **\$27,170,000**  
 Price/SF: **\$107.88**  
 Cap Rate: **N/A**  
 RBA: **251,850**  
 Date: **6/29/2018**  
 Year Built: **1982**  
 Buyer: **STAG Industrial, Inc.**  
 Seller: **Donwick Drive**

6. 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.**

7. 7049 Brookhollow West Dr



## 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. 5747 Brittmoore Rd



## 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**  
 Seller: **Triten Real Estate Partners**

9. 335-369 Tristar Dr



## Webster

Price: **\$11,650,000**  
 Price/SF: **\$180.70**  
 Cap Rate: **N/A**  
 RBA: **64,470**  
 Date: **12/18/2017**  
 Year Built: **1980**  
 Buyer: **Randip Nibber**  
 Seller: **Lonestar Construction**

# Houston Industrial Market

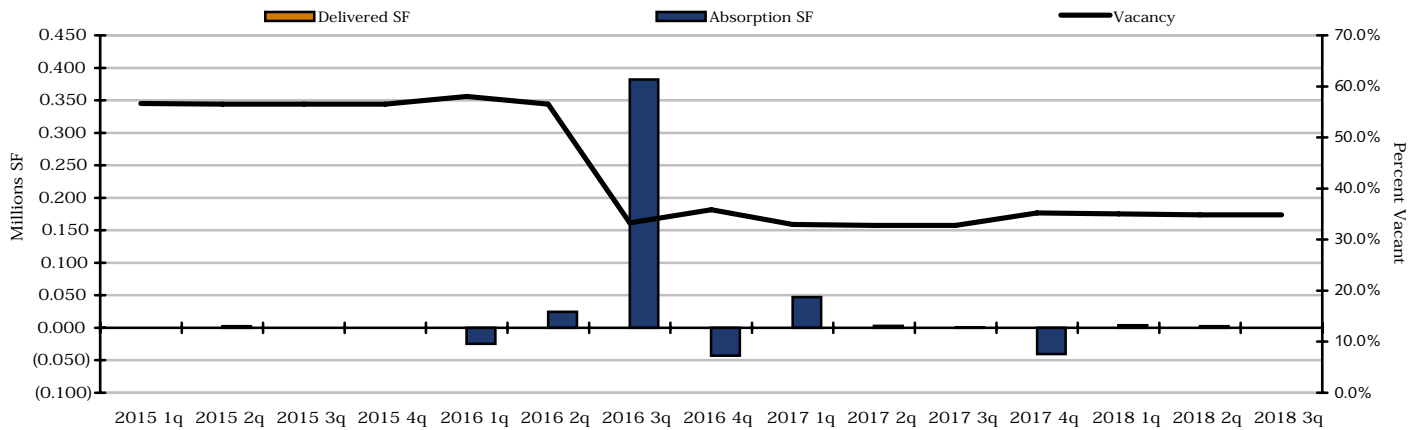


## Austin County Market

### MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

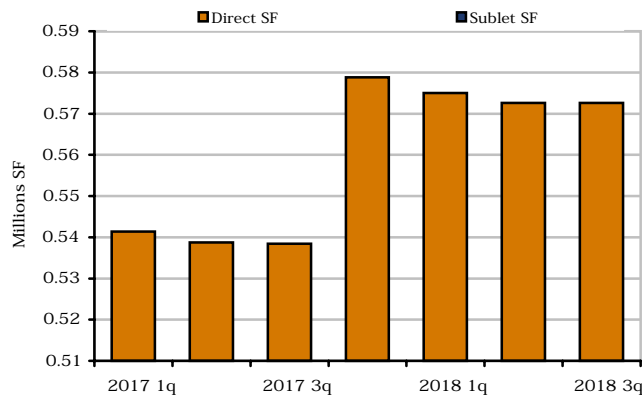
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

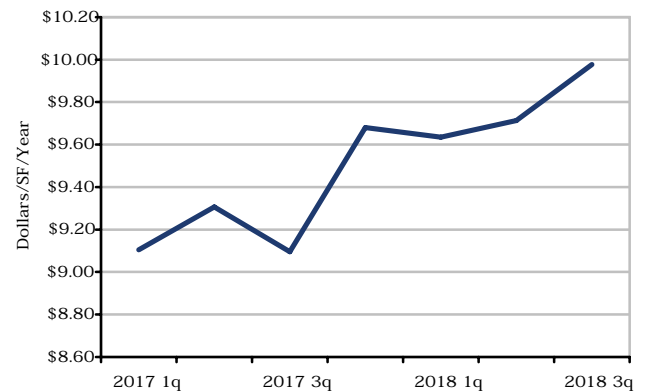
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	34	1,642,197	572,574	34.9%	42	0	0	0	0	\$9.98
2018 2q	34	1,642,197	572,616	34.9%	2,400	0	0	0	0	\$9.71
2018 1q	34	1,642,197	575,016	35.0%	3,800	0	0	0	0	\$9.63
2017 4q	34	1,642,197	578,816	35.2%	(40,400)	0	0	0	0	\$9.68
2017 3q	34	1,642,197	538,416	32.8%	300	0	0	0	0	\$9.10
2017 2q	34	1,642,197	538,716	32.8%	2,700	0	0	0	0	\$9.31
2017 1q	34	1,642,197	541,416	33.0%	47,404	0	0	0	0	\$9.11
2016 4q	34	1,642,197	588,820	35.9%	(42,700)	0	0	0	0	\$4.55
2016 3q	34	1,642,197	546,120	33.3%	381,915	0	0	0	0	\$4.80
2016 2q	34	1,642,197	928,035	56.5%	24,500	0	0	0	0	\$0.00
2016 1q	34	1,642,197	952,535	58.0%	(24,500)	0	0	0	0	\$0.00
2015 4q	34	1,642,197	928,035	56.5%	0	0	0	0	0	\$0.00
2015 3q	34	1,642,197	928,035	56.5%	0	0	0	0	0	\$0.00
2015 2q	34	1,642,197	928,035	56.5%	2,400	0	0	0	0	\$0.00
2015 1q	34	1,642,197	930,435	56.7%	0	0	0	0	0	\$0.00
2014 4q	34	1,642,197	930,435	56.7%	0	0	0	0	0	\$0.00

Source: CoStar Property®



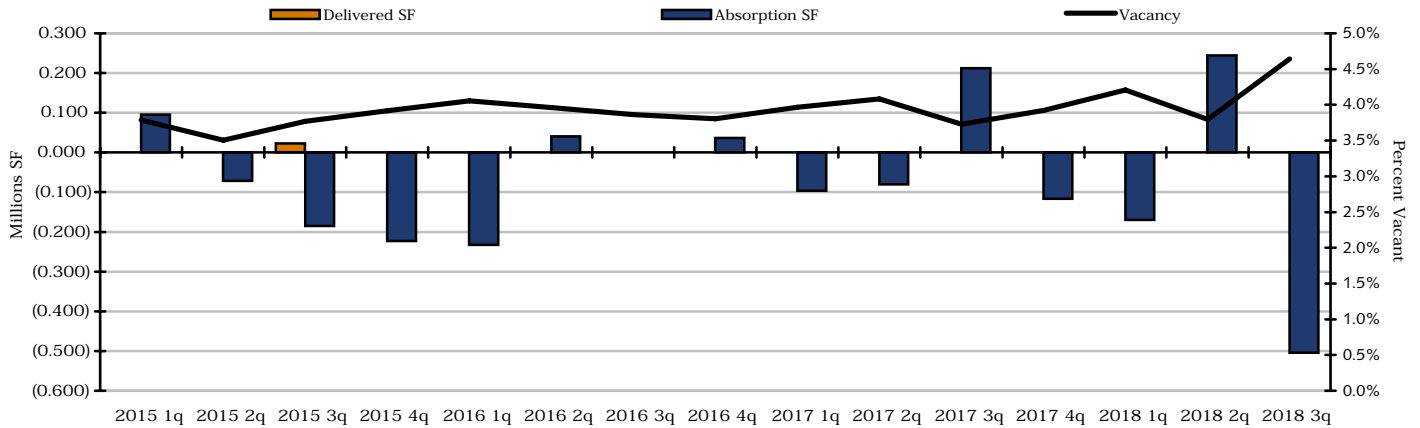
# Houston Industrial Market

## CBD Market

### MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

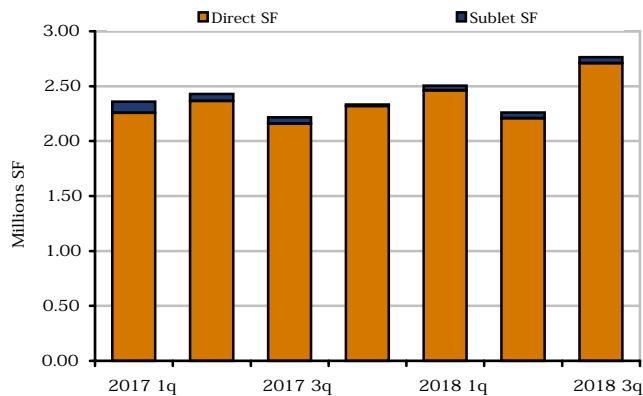
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

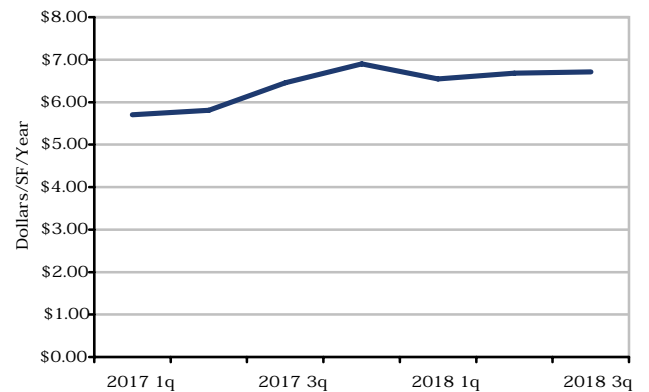
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	2,084	59,520,957	2,763,825	4.6%	(504,077)	0	0	0	0	\$6.71
2018 2q	2,084	59,520,957	2,259,748	3.8%	244,068	0	0	0	0	\$6.68
2018 1q	2,084	59,520,957	2,503,816	4.2%	(169,620)	0	0	0	0	\$6.55
2017 4q	2,083	59,507,957	2,334,196	3.9%	(116,559)	0	0	0	0	\$6.90
2017 3q	2,083	59,507,957	2,217,637	3.7%	212,272	0	0	0	0	\$6.45
2017 2q	2,083	59,507,957	2,429,909	4.1%	(80,458)	0	0	0	0	\$5.81
2017 1q	2,085	59,519,061	2,360,555	4.0%	(96,209)	0	0	0	0	\$5.70
2016 4q	2,085	59,519,061	2,264,346	3.8%	36,687	0	0	0	0	\$5.78
2016 3q	2,084	59,517,461	2,299,433	3.9%	209	0	0	1	1,600	\$5.28
2016 2q	2,085	59,577,961	2,360,142	4.0%	40,485	0	0	2	5,100	\$5.07
2016 1q	2,086	59,592,961	2,415,627	4.1%	(232,422)	0	0	1	3,500	\$4.90
2015 4q	2,089	59,750,670	2,340,914	3.9%	(222,897)	0	0	0	0	\$5.01
2015 3q	2,093	59,891,073	2,258,420	3.8%	(184,737)	1	22,800	1	18,870	\$4.96
2015 2q	2,096	59,917,341	2,099,951	3.5%	(71,275)	0	0	2	41,670	\$4.80
2015 1q	2,101	60,165,787	2,277,122	3.8%	95,396	0	0	0	0	\$4.98
2014 4q	2,104	60,218,128	2,424,859	4.0%	212,266	1	22,000	0	0	\$4.69

Source: CoStar Property®

# Houston Industrial Market

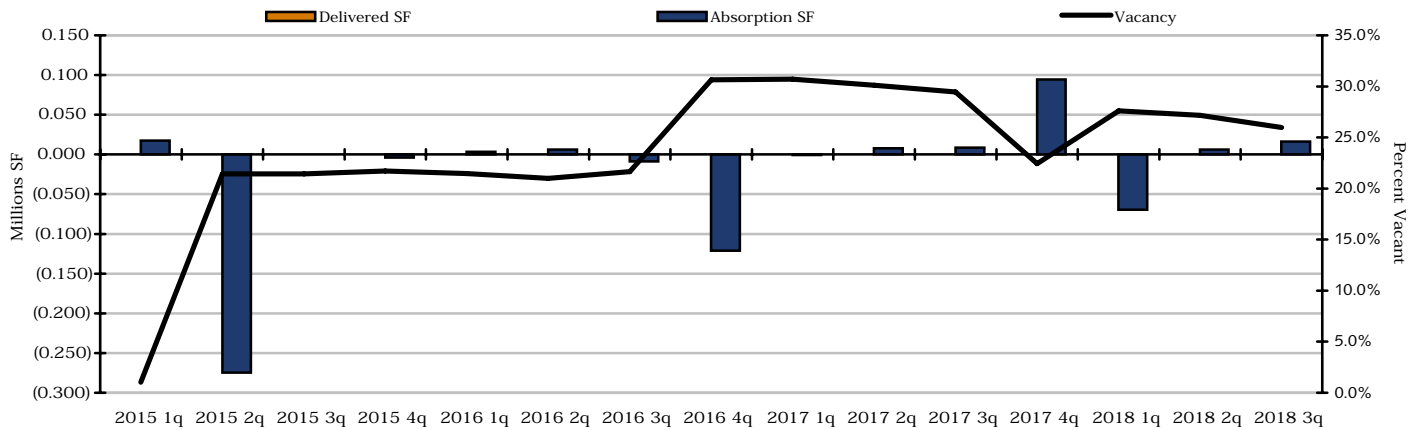


## Liberty County Market

MARKET HIGHLIGHTS - Flex & Warehouse

### Deliveries, Absorption & Vacancy

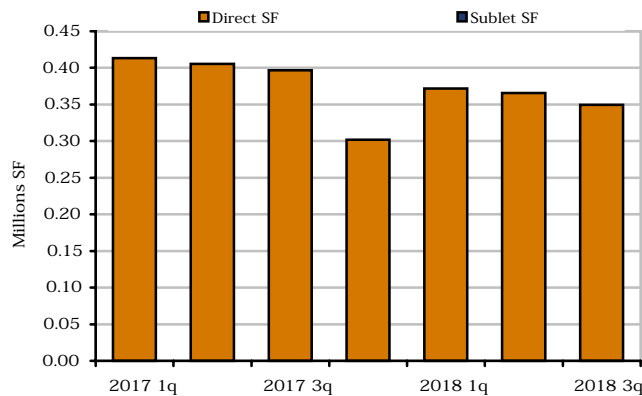
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Vacant Space

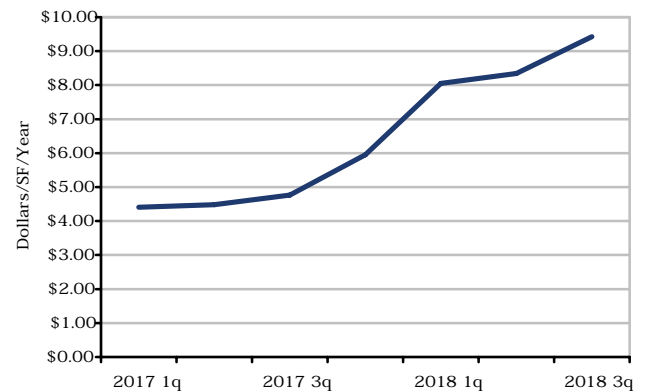
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	59	1,346,469	349,549	26.0%	16,100	0	0	0	0	\$9.42
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

Source: CoStar Property®





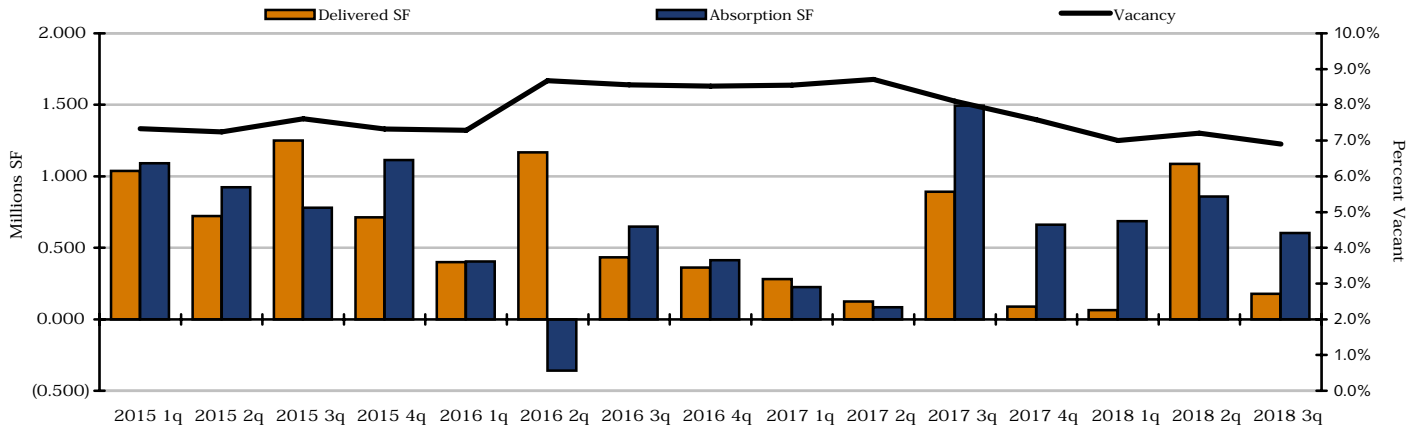
# Houston Industrial Market

## North Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

### Deliveries, Absorption & Vacancy

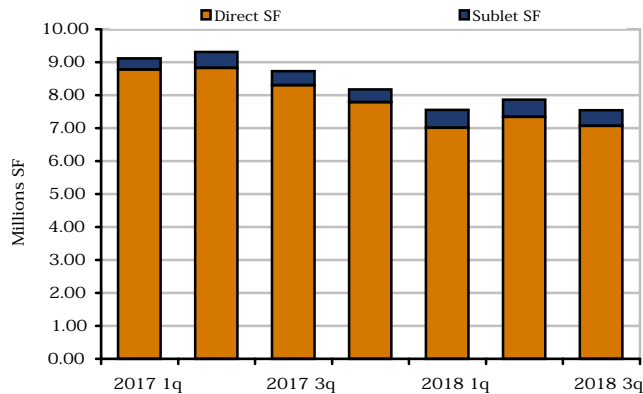
Historical Analysis, Flex and Warehouse



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 Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	3,914	109,386,689	7,546,021	6.9%	603,026	10	177,760	22	2,936,459	\$7.98
2018 2q	3,894	109,104,129	7,866,487	7.2%	859,385	13	1,086,746	33	2,085,801	\$7.80
2018 1q	3,879	107,930,359	7,552,102	7.0%	686,320	12	63,385	41	1,967,961	\$7.55
2017 4q	3,867	107,866,974	8,175,037	7.6%	662,350	7	88,195	34	1,491,386	\$7.59
2017 3q	3,859	107,759,579	8,729,992	8.1%	1,493,594	5	893,200	28	1,188,620	\$7.36
2017 2q	3,851	106,845,879	9,309,886	8.7%	83,689	7	123,496	20	1,048,831	\$7.35
2017 1q	3,837	106,565,583	9,113,279	8.6%	224,417	20	281,135	28	1,272,327	\$7.53
2016 4q	3,817	106,284,448	9,056,561	8.5%	412,900	11	360,800	36	1,422,667	\$7.51
2016 3q	3,805	105,878,873	9,063,886	8.6%	648,260	14	433,102	39	1,645,706	\$7.50
2016 2q	3,784	105,305,880	9,139,153	8.7%	(357,964)	10	1,167,696	49	1,226,657	\$7.40
2016 1q	3,770	104,112,184	7,587,493	7.3%	403,584	16	399,725	49	2,191,904	\$7.35
2015 4q	3,754	103,712,459	7,591,352	7.3%	1,114,702	22	712,458	44	1,843,834	\$7.29
2015 3q	3,725	102,835,401	7,828,996	7.6%	780,889	16	1,249,256	53	1,766,623	\$7.26
2015 2q	3,708	101,583,024	7,357,508	7.2%	923,053	24	723,094	57	2,741,993	\$7.20
2015 1q	3,675	100,687,690	7,385,227	7.3%	1,091,285	45	1,037,140	62	2,769,676	\$7.16
2014 4q	3,631	99,766,946	7,555,768	7.6%	719,661	14	812,695	90	2,916,723	\$6.89

Source: CoStar Property®

# Houston Industrial Market

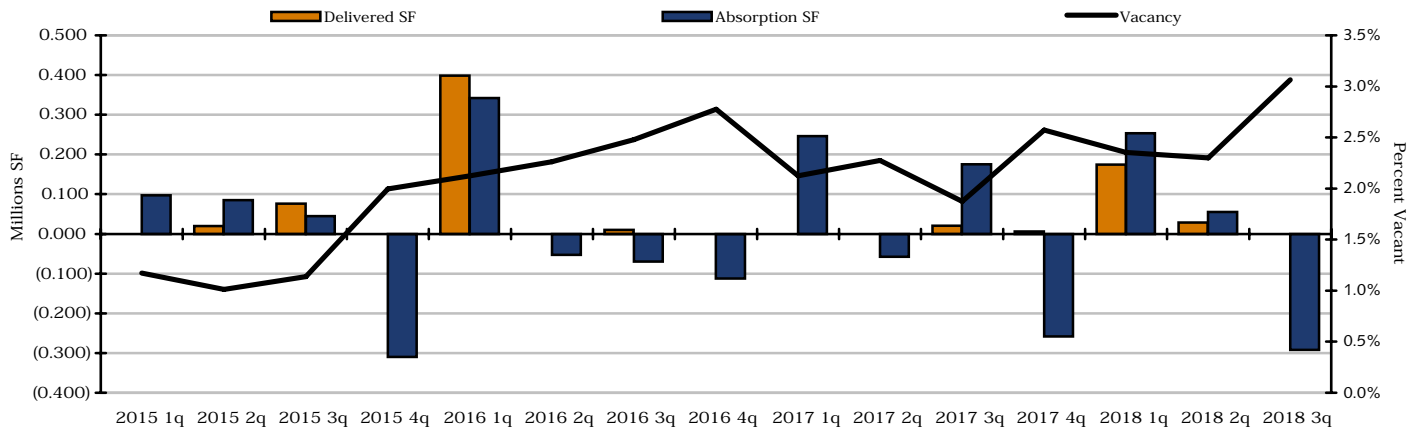


## Northeast Corridor Market

### MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

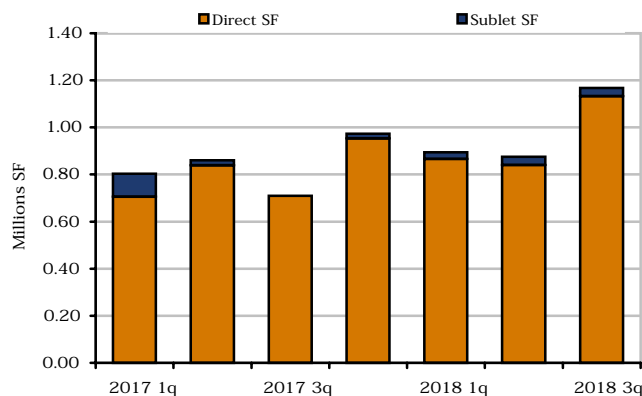
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

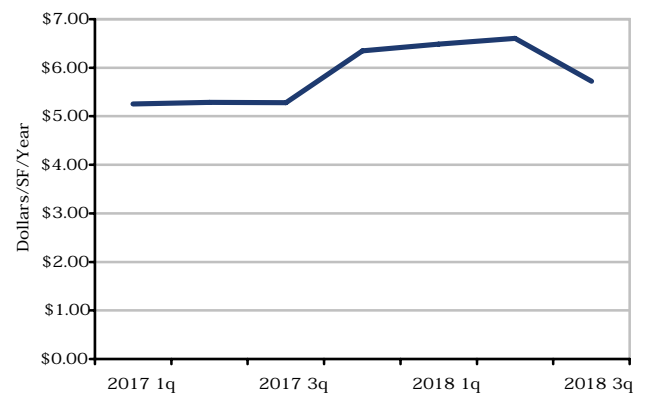
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	1,086	38,088,887	1,167,296	3.1%	(292,028)	0	0	5	1,003,690	\$5.72
2018 2q	1,085	38,064,500	875,268	2.3%	54,943	2	29,000	5	1,003,690	\$6.61
2018 1q	1,082	38,029,171	894,882	2.4%	253,082	4	174,525	4	41,979	\$6.49
2017 4q	1,078	37,854,646	973,439	2.6%	(258,332)	1	6,075	6	203,525	\$6.35
2017 3q	1,077	37,848,571	709,032	1.9%	174,988	3	20,500	6	201,600	\$5.28
2017 2q	1,073	37,825,371	860,820	2.3%	(57,498)	0	0	8	213,925	\$5.28
2017 1q	1,073	37,825,371	803,322	2.1%	246,465	0	0	5	43,350	\$5.25
2016 4q	1,073	37,825,371	1,049,787	2.8%	(112,463)	0	0	1	20,150	\$5.03
2016 3q	1,073	37,825,371	937,324	2.5%	(69,783)	1	10,175	0	0	\$4.90
2016 2q	1,071	37,813,596	855,766	2.3%	(53,016)	0	0	2	11,775	\$4.53
2016 1q	1,071	37,813,596	802,750	2.1%	342,193	3	398,650	2	11,775	\$4.58
2015 4q	1,068	37,414,946	746,293	2.0%	(309,838)	0	0	3	398,650	\$4.61
2015 3q	1,067	37,403,746	425,255	1.1%	44,995	1	76,370	4	409,850	\$4.59
2015 2q	1,065	37,311,376	377,880	1.0%	85,356	1	20,000	6	502,220	\$4.67
2015 1q	1,063	37,285,376	437,236	1.2%	97,492	0	0	7	517,020	\$5.05
2014 4q	1,063	37,285,376	534,728	1.4%	91,402	1	20,026	3	102,370	\$5.01

Source: CoStar Property®



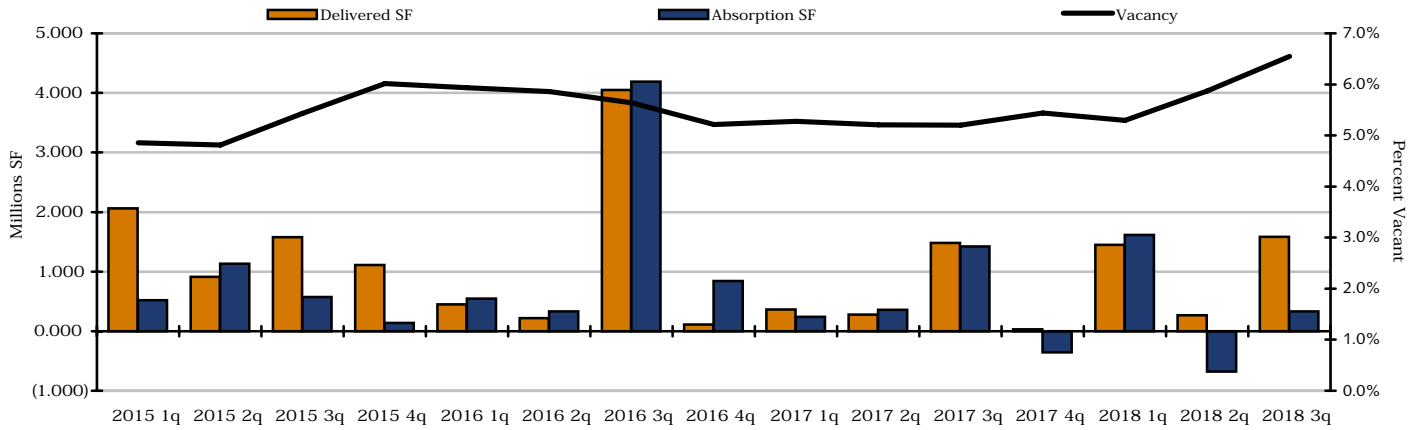
# Houston Industrial Market

## Northwest Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

### Deliveries, Absorption & Vacancy

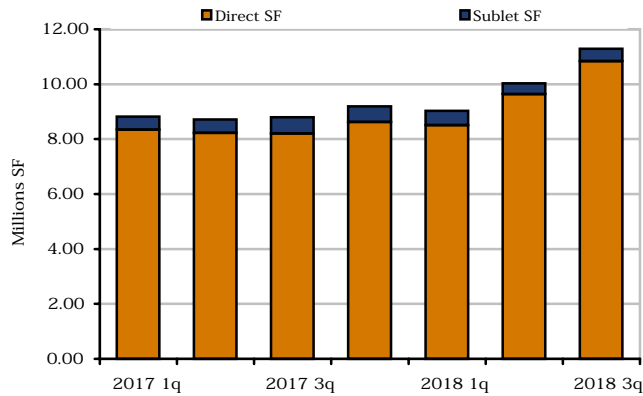
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Vacant Space

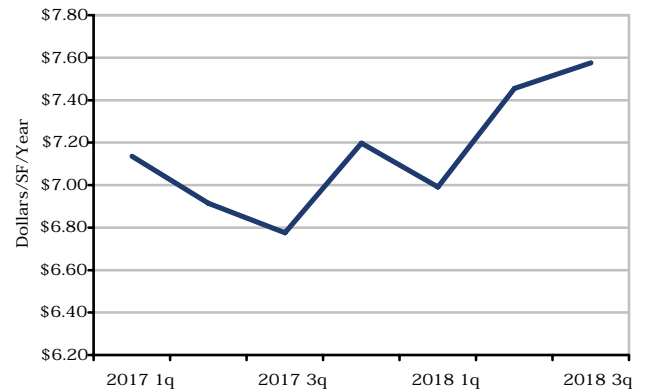
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	5,027	172,386,209	11,289,637	6.5%	329,575	19	1,584,986	62	3,460,468	\$7.58
2018 2q	5,008	170,801,223	10,034,226	5.9%	(676,170)	7	267,938	67	4,691,040	\$7.46
2018 1q	4,993	170,469,535	9,026,368	5.3%	1,616,780	17	1,450,425	64	4,074,727	\$6.99
2017 4q	4,975	168,999,335	9,192,723	5.4%	(357,234)	3	30,191	64	4,161,004	\$7.20
2017 3q	4,971	168,976,319	8,792,698	5.2%	1,424,057	11	1,481,850	34	2,228,279	\$6.78
2017 2q	4,956	167,458,697	8,718,908	5.2%	358,189	24	279,364	31	2,765,858	\$6.91
2017 1q	4,932	167,221,320	8,819,945	5.3%	242,172	23	366,752	49	2,965,211	\$7.14
2016 4q	4,909	166,854,568	8,695,365	5.2%	841,314	8	112,179	46	2,030,676	\$6.90
2016 3q	4,899	166,726,461	9,408,572	5.6%	4,190,334	12	4,047,691	54	2,148,112	\$6.92
2016 2q	4,885	162,660,964	9,533,409	5.9%	331,979	6	221,468	46	5,459,258	\$6.98
2016 1q	4,879	162,439,496	9,643,920	5.9%	547,302	14	448,469	29	5,241,704	\$7.09
2015 4q	4,865	161,991,027	9,742,753	6.0%	141,418	8	1,109,311	22	4,505,972	\$7.28
2015 3q	4,854	160,850,316	8,743,460	5.4%	574,605	24	1,580,332	23	5,465,855	\$7.27
2015 2q	4,827	159,199,272	7,667,021	4.8%	1,135,157	15	913,413	44	6,945,105	\$7.26
2015 1q	4,808	158,078,402	7,681,308	4.9%	521,208	40	2,062,434	54	3,487,075	\$7.09
2014 4q	4,768	156,015,968	6,140,082	3.9%	796,502	11	567,492	80	4,947,767	\$6.99

Source: CoStar Property®

# Houston Industrial Market

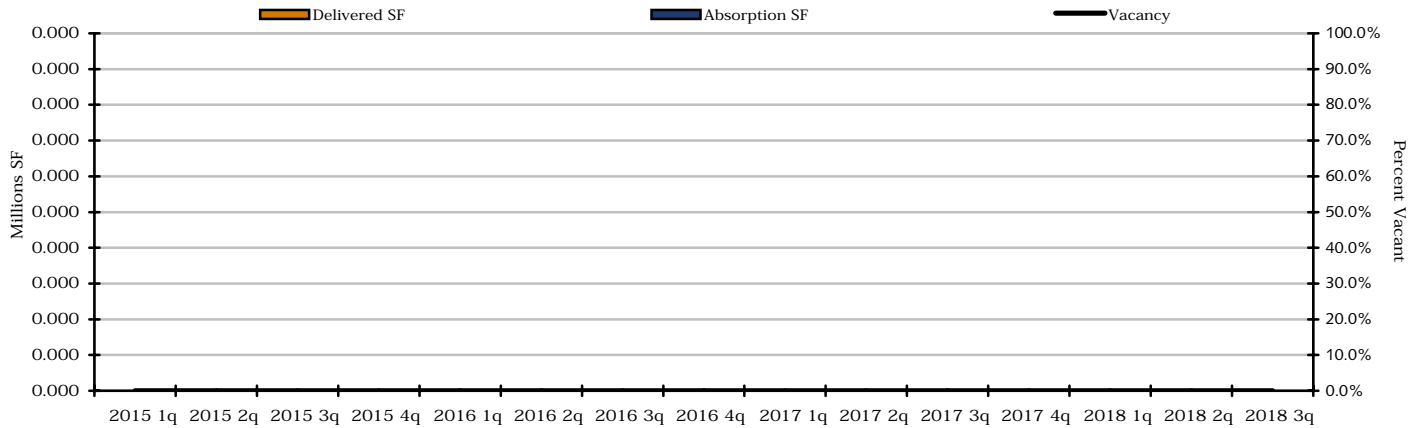


## San Jacinto County Market

MARKET HIGHLIGHTS - Flex & Warehouse

### Deliveries, Absorption & Vacancy

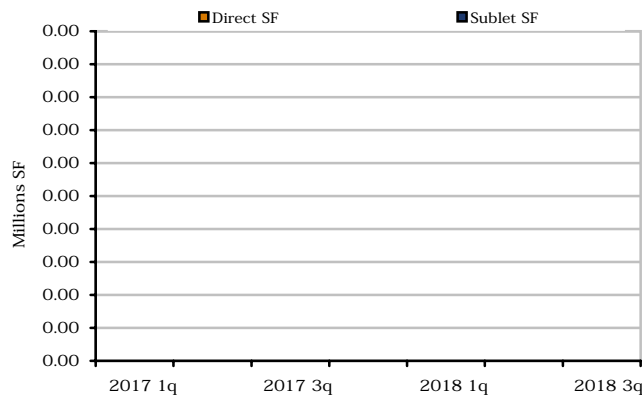
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Vacant Space

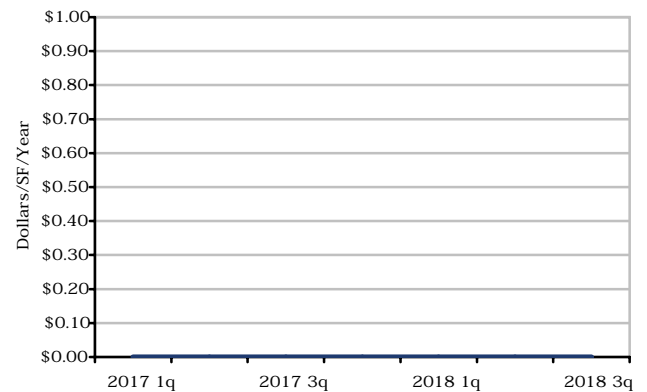
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2018 2q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2018 1q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2017 4q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2017 3q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2017 2q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2017 1q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2016 4q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2016 3q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2016 2q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2016 1q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2015 4q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2015 3q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2015 2q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2015 1q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00
2014 4q	6	46,751	0	0.0%	0	0	0	0	0	\$0.00

Source: CoStar Property®



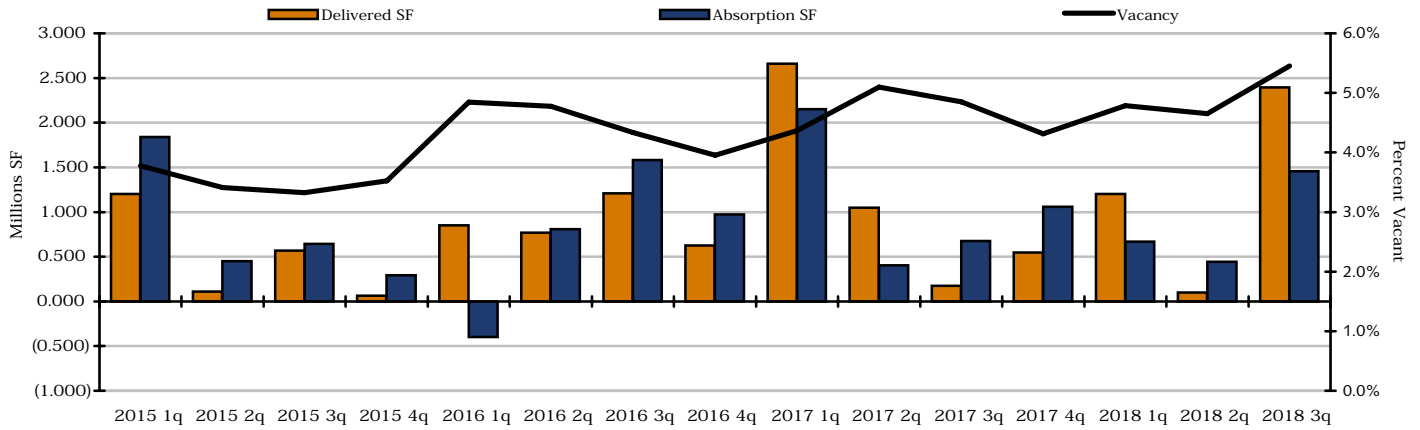
# Houston Industrial Market

## Southeast Corridor Market

### MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

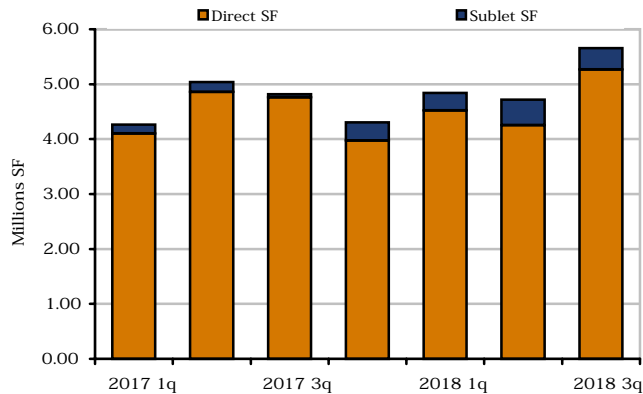
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

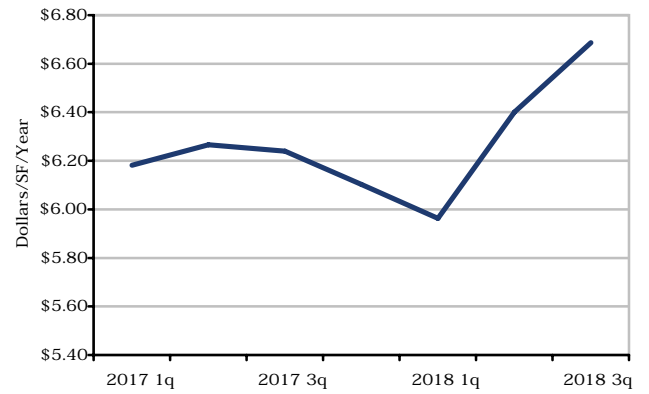
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	2,782	103,784,766	5,656,816	5.5%	1,458,335	15	2,393,552	22	2,629,010	\$6.69
2018 2q	2,766	101,385,209	4,715,594	4.7%	443,870	2	98,440	33	4,207,185	\$6.40
2018 1q	2,763	101,064,559	4,838,814	4.8%	669,677	6	1,203,642	33	4,126,831	\$5.96
2017 4q	2,756	99,853,417	4,304,849	4.3%	1,057,830	5	547,372	25	3,761,377	\$6.10
2017 3q	2,751	99,306,045	4,815,307	4.8%	677,114	3	174,000	22	3,253,872	\$6.24
2017 2q	2,746	98,851,266	5,037,642	5.1%	403,516	10	1,047,981	17	2,611,406	\$6.27
2017 1q	2,732	97,676,432	4,266,324	4.4%	2,150,730	13	2,660,568	28	3,095,637	\$6.18
2016 4q	2,719	95,015,864	3,756,486	4.0%	973,645	5	624,160	29	4,476,542	\$6.16
2016 3q	2,712	94,378,754	4,093,021	4.3%	1,582,232	9	1,207,900	27	4,910,114	\$6.13
2016 2q	2,702	93,154,354	4,450,853	4.8%	808,866	6	768,160	31	5,067,639	\$6.01
2016 1q	2,694	92,369,744	4,475,109	4.8%	(398,785)	11	850,204	29	5,258,525	\$5.98
2015 4q	2,683	91,519,540	3,226,120	3.5%	294,294	3	65,307	31	4,918,709	\$6.13
2015 3q	2,677	91,027,356	3,028,230	3.3%	643,428	6	569,327	25	4,402,908	\$5.76
2015 2q	2,668	90,440,179	3,084,481	3.4%	450,193	2	110,380	23	3,224,280	\$5.34
2015 1q	2,665	90,314,799	3,409,294	3.8%	1,838,640	12	1,203,357	16	1,915,314	\$5.28
2014 4q	2,654	89,159,132	4,092,267	4.6%	776,070	2	76,000	19	1,678,494	\$5.14

Source: CoStar Property®

# Houston Industrial Market

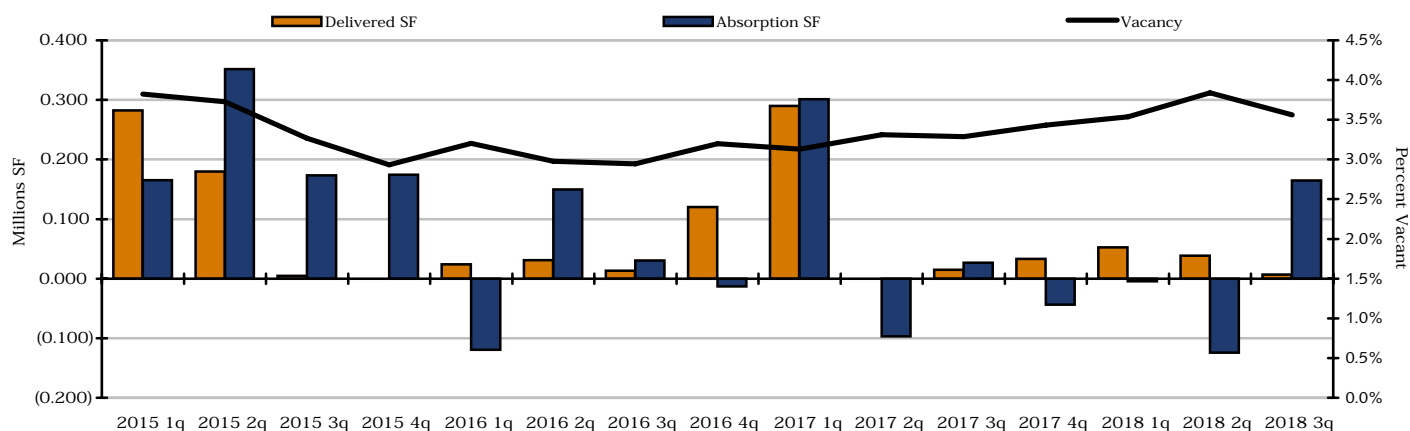


## Southern Corridor Market

### MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

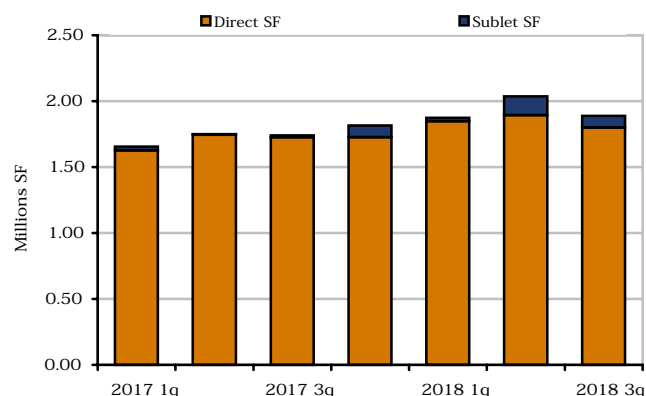
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

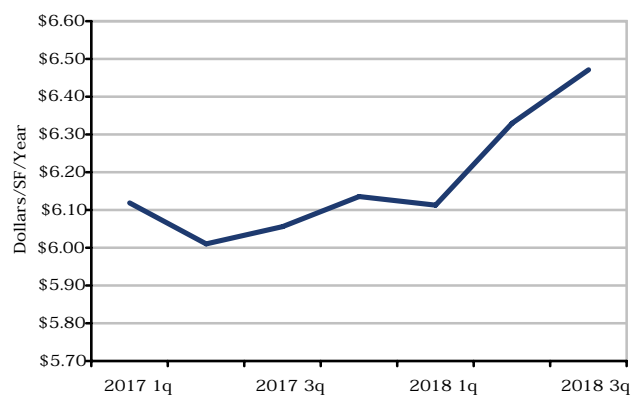
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	2,147	53,031,946	1,888,211	3.6%	164,646	1	6,600	3	65,765	\$6.47
2018 2q	2,145	53,015,346	2,036,257	3.8%	(124,406)	1	38,500	5	82,365	\$6.33
2018 1q	2,144	52,976,846	1,873,351	3.5%	(4,270)	2	52,520	5	85,100	\$6.11
2017 4q	2,142	52,924,326	1,816,561	3.4%	(43,891)	1	33,093	4	97,620	\$6.14
2017 3q	2,141	52,891,233	1,739,577	3.3%	26,588	1	15,000	5	130,713	\$6.06
2017 2q	2,140	52,876,233	1,751,165	3.3%	(96,635)	0	0	4	100,613	\$6.01
2017 1q	2,140	52,876,233	1,654,530	3.1%	301,415	4	289,922	2	41,520	\$6.12
2016 4q	2,137	52,603,911	1,683,623	3.2%	(13,253)	2	120,000	5	316,442	\$6.02
2016 3q	2,134	52,478,046	1,544,505	2.9%	30,205	2	13,100	7	415,787	\$5.84
2016 2q	2,132	52,464,946	1,561,610	3.0%	149,484	2	31,020	7	413,765	\$5.81
2016 1q	2,130	52,433,926	1,680,074	3.2%	(119,163)	2	24,000	3	241,020	\$5.84
2015 4q	2,128	52,409,926	1,536,911	2.9%	174,644	0	0	5	265,020	\$5.81
2015 3q	2,128	52,409,926	1,711,555	3.3%	173,162	1	4,890	3	28,500	\$6.04
2015 2q	2,127	52,480,036	1,954,827	3.7%	351,675	1	180,000	2	14,890	\$5.62
2015 1q	2,124	52,168,786	1,995,252	3.8%	165,271	6	282,613	5	326,140	\$5.62
2014 4q	2,119	51,888,765	1,880,502	3.6%	30,308	3	28,435	9	593,863	\$5.63

Source: CoStar Property®



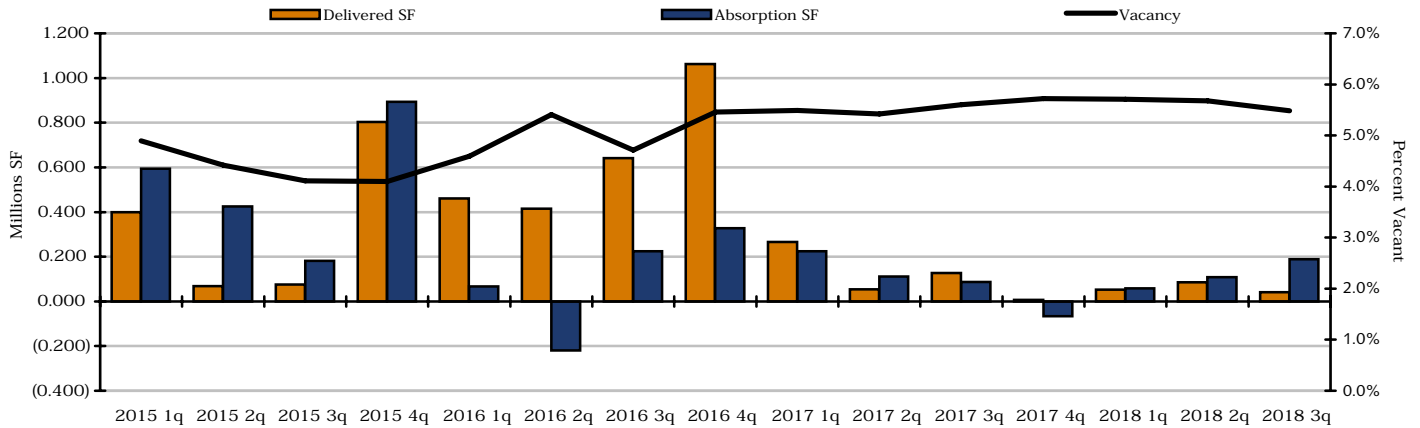
# Houston Industrial Market

## Southwest Corridor Market

MARKET HIGHLIGHTS - Flex & Warehouse

### Deliveries, Absorption & Vacancy

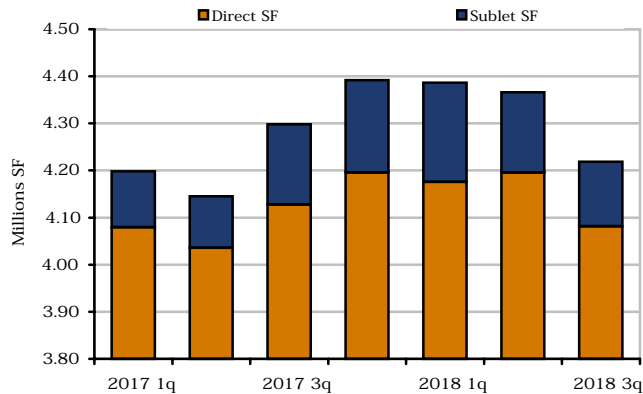
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Vacant Space

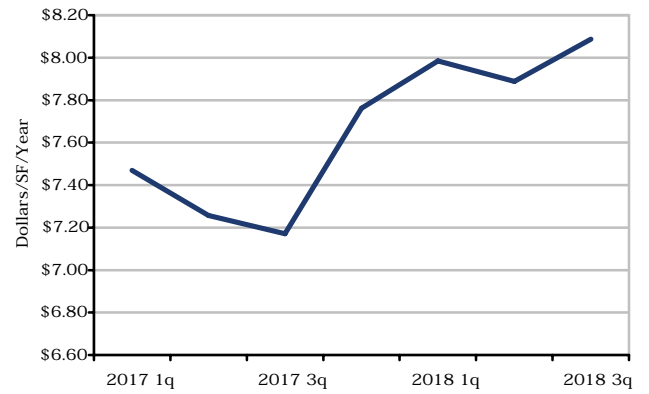
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 3q	2,829	76,952,683	4,218,413	5.5%	188,333	3	40,838	14	1,073,885	\$8.09
2018 2q	2,826	76,911,845	4,365,908	5.7%	108,835	6	86,025	10	1,033,644	\$7.89
2018 1q	2,818	76,823,320	4,386,218	5.7%	57,861	8	51,946	14	694,146	\$7.98
2017 4q	2,810	76,771,374	4,392,133	5.7%	(65,740)	2	6,550	19	710,277	\$7.76
2017 3q	2,805	76,743,228	4,298,247	5.6%	86,915	3	127,250	17	144,942	\$7.17
2017 2q	2,801	76,503,478	4,145,412	5.4%	110,762	2	53,500	7	262,822	\$7.26
2017 1q	2,798	76,445,428	4,198,124	5.5%	223,849	7	266,200	9	299,622	\$7.47
2016 4q	2,791	76,179,228	4,155,773	5.5%	327,501	9	1,061,869	12	432,236	\$7.44
2016 3q	2,780	75,242,878	3,546,924	4.7%	225,234	7	641,261	20	1,458,750	\$7.28
2016 2q	2,774	75,557,617	4,086,897	5.4%	(219,279)	4	415,335	24	2,079,945	\$7.29
2016 1q	2,770	75,142,282	3,452,283	4.6%	67,254	5	460,631	19	1,888,271	\$7.26
2015 4q	2,765	74,681,651	3,058,906	4.1%	893,641	10	803,328	15	1,595,857	\$7.14
2015 3q	2,754	73,760,602	3,031,498	4.1%	181,180	3	75,750	24	2,331,304	\$7.04
2015 2q	2,752	73,806,529	3,258,605	4.4%	425,073	1	68,370	21	1,911,078	\$6.95
2015 1q	2,750	73,731,159	3,608,308	4.9%	593,636	5	399,850	15	1,209,166	\$7.01
2014 4q	2,745	73,331,309	3,802,094	5.2%	45,399	3	134,989	12	1,297,516	\$6.97

Source: CoStar Property®