



## Industrial Market Report

## Houston - TX

PREPARED BY



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Managing Member



**INDUSTRIAL MARKET REPORT**

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12 Mo Deliveries in SF

**29.7 M**

12 Mo Net Absorption in SF

**12.1 M**

Vacancy Rate

**8.9%**

12 Mo Rent Growth

**-0.6%**

Houston's industrial market has undoubtedly felt the impact of the coronavirus pandemic, yet those negative effects have been uneven. Leasing volumes have remained surprisingly strong, but transaction volume has fallen off a cliff since the onset of the pandemic.

Shifting consumer habits towards online shopping and discount retail, which began prior to the pandemic, accelerated over the past several months. And, together with logistics firms, they seem to have more than made up for any demand gap left by a falloff in energy industry demand, as the energy industry has generally been mired in lower oil prices since late 2014. Also, since the downstream petrochemical construction boom began to wind down in 2017.

Moreover, historically low interest rates are supporting home-buying activity in one of the nation's fastest-growing cities – at a time when millennials are also entering their prime home-buying years. This is also supporting local industrial demand.

Nationally, retail sales are back above pre-pandemic

levels, led by a more than 20% surge in online shopping. Houston likely experienced a similar trend. Although, a major downside risk here is if stimulus money does not continue to flow to U.S. consumers during this contentious election period.

And while the total weight of goods and commodities shipped through the Houston-Galveston Customs District through the first eight months of the year increased more than 10% year-over-year, the total dollar volume of these goods and commodities fell 16%. This was due to the port's top import – crude and refined products – declining in value by more than a third.

Industrial should continue to fare best among major property types, particularly as the surge in online ordering and home delivery makes last-mile distribution and logistics space all the more valued. Yet Houston also has a near-record-breaking amount of industrial spec product under construction. Even prior to the coronavirus pandemic and lower oil prices, CoStar forecasted a significant near-term rise in vacancies due to the supply wave.

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	517,804,937	9.9%	\$6.90	13.8%	(1,810,645)	187,446	7,152,646
Specialized Industrial	116,444,399	3.7%	\$8.05	6.8%	(3,050)	0	815,263
Flex	53,733,880	9.7%	\$10.48	13.6%	(103,317)	18,688	194,184
<b>Market</b>	<b>687,983,216</b>	<b>8.9%</b>	<b>\$7.37</b>	<b>12.6%</b>	<b>(1,917,012)</b>	<b>206,134</b>	<b>8,162,093</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.2%	6.4%	9.1%	9.1%	2004 Q1	4.2%	1999 Q1
Net Absorption SF	12.1 M	8,850,684	11,542,938	19,997,228	2005 Q2	(265,960)	2001 Q2
Deliveries SF	29.7 M	12,019,701	14,762,236	31,242,507	2020 Q4	3,730,187	2011 Q1
Rent Growth	-0.6%	2.0%	1.7%	9.1%	2000 Q2	-1.9%	2010 Q3
Sales Volume	\$451 M	\$585.4M	N/A	\$1.9B	2020 Q1	\$126.5M	1999 Q4

Houston's industrial market absorbed 1.5 million square feet in the third quarter, dropping it to 15th in the nation from its second quarter ranking of fifth.

Meanwhile, leasing volumes this year have held up remarkably well. Over two-thirds of the approximately 1,400 new leases signed so far in 2020 took place since the pandemic began. More than 500 leases were signed since the third quarter began, with over half of those services and logistics firms.

Despite all the talk of a flight to quality in Houston, 94% of the leases signed this year were for 1 to 3 Star product, representing more than two-thirds of the square footage of signed leases signed this year.

However, on average, the 4 & 5 Star leases are larger – over 70,000 SF on average for 4 & 5 Star – versus about a tenth of that size for 1 to 3 Star.

Among the largest new leases, logistics firm S.I. Warehousing Company signed for 250,000 SF at the Monument Business Park in Deer Park in September.

Global residential construction and services firm MiTek leased 155,000 SF at 560 East Richey Road in the North Hardy Toll Road submarket in August.

Logistics firm the Lawless Group leased 140,000 SF at

13323 South Gessner Road in Missouri City in August.

And Beacon Roofing Supply leased 125,000 SF at 1031 Bammel Road in the North Hardy Toll Road Submarket in August.

While net absorption and leasing activity have held up recently, the metro's vacancy rate continues to rise. Houston's vacancy rate stands at 8.9%, up from roughly 6.6% at the end of last year.

Among the largest recent move-ins, Amazon occupied 440,000 SF at Park 249, located just north of Beltway 8 and 249, in August.

And Goodman Air Conditioning & Heating moved into more than 310,000 SF at 18140 Kickapoo Road in Waller, Texas, in August.

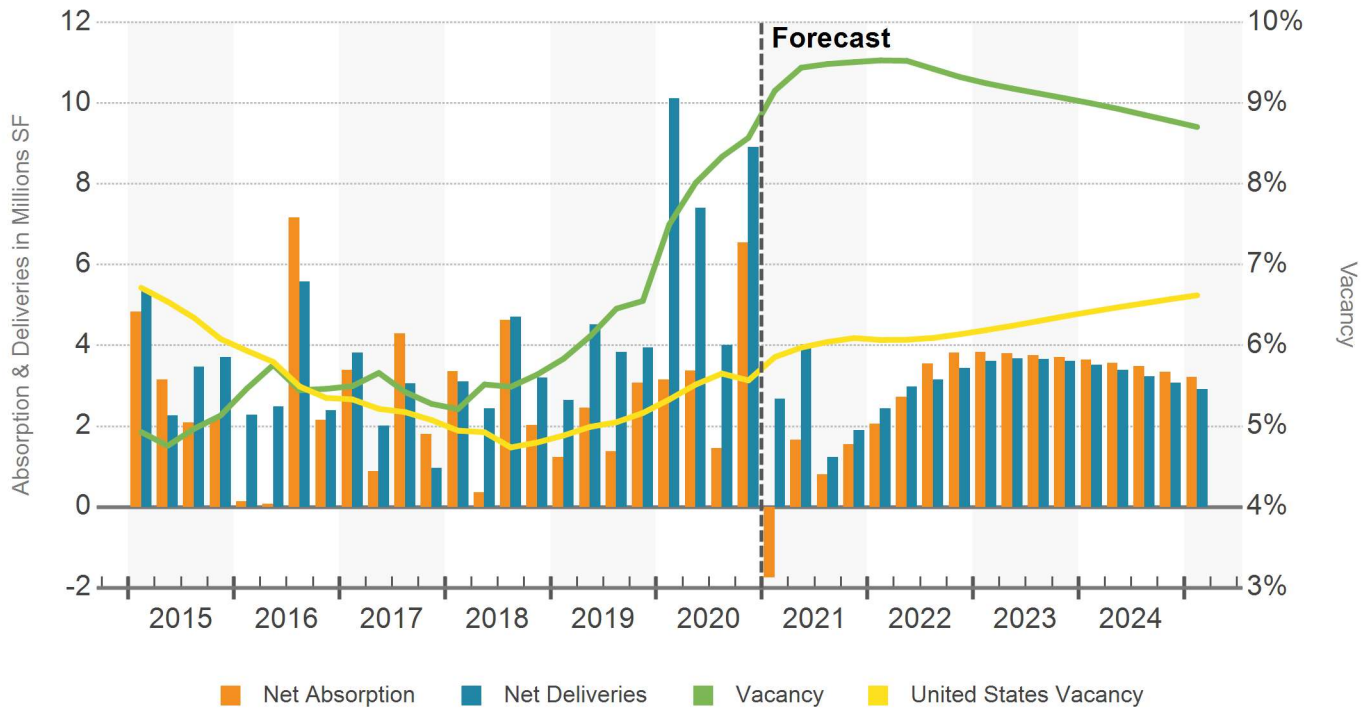
Meanwhile, Home Depot vacated 300,000 SF at Prologis Park Jersey Village in September as part of its move to a new 770,000-SF build-to-suit facility in March at the Grand National Business Park.

Packwell also moved out of 210,000 SF at the Bayport North Industrial Park in Pasadena in September.

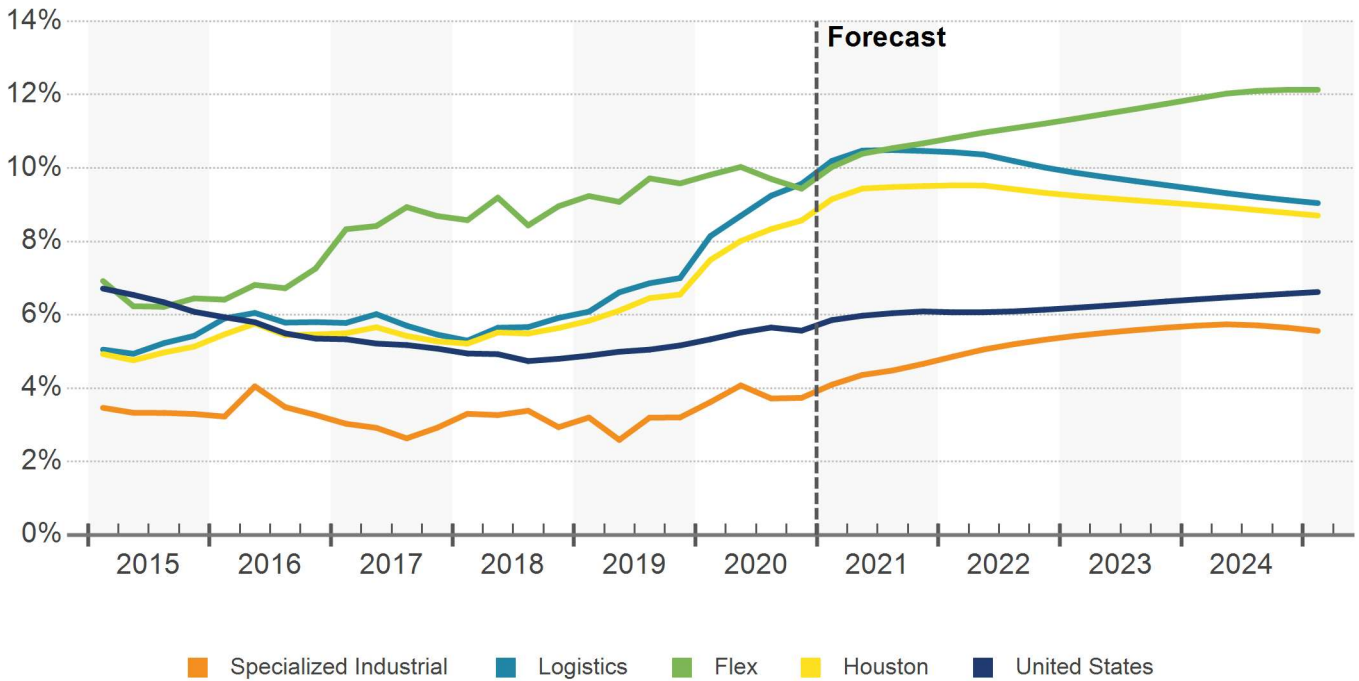
CoStar forecasts that vacancies could exceed 9.5% by the end of next year before beginning a brisk recovery.



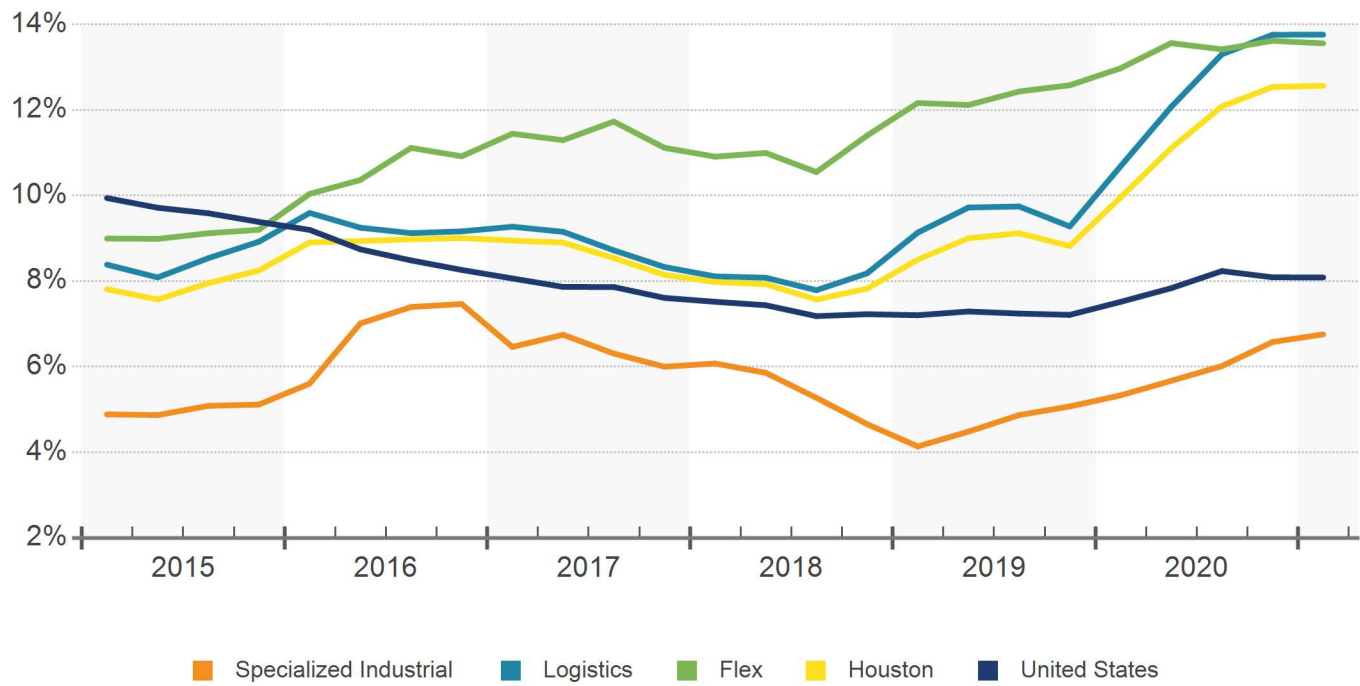
### NET ABSORPTION, NET DELIVERIES & VACANCY



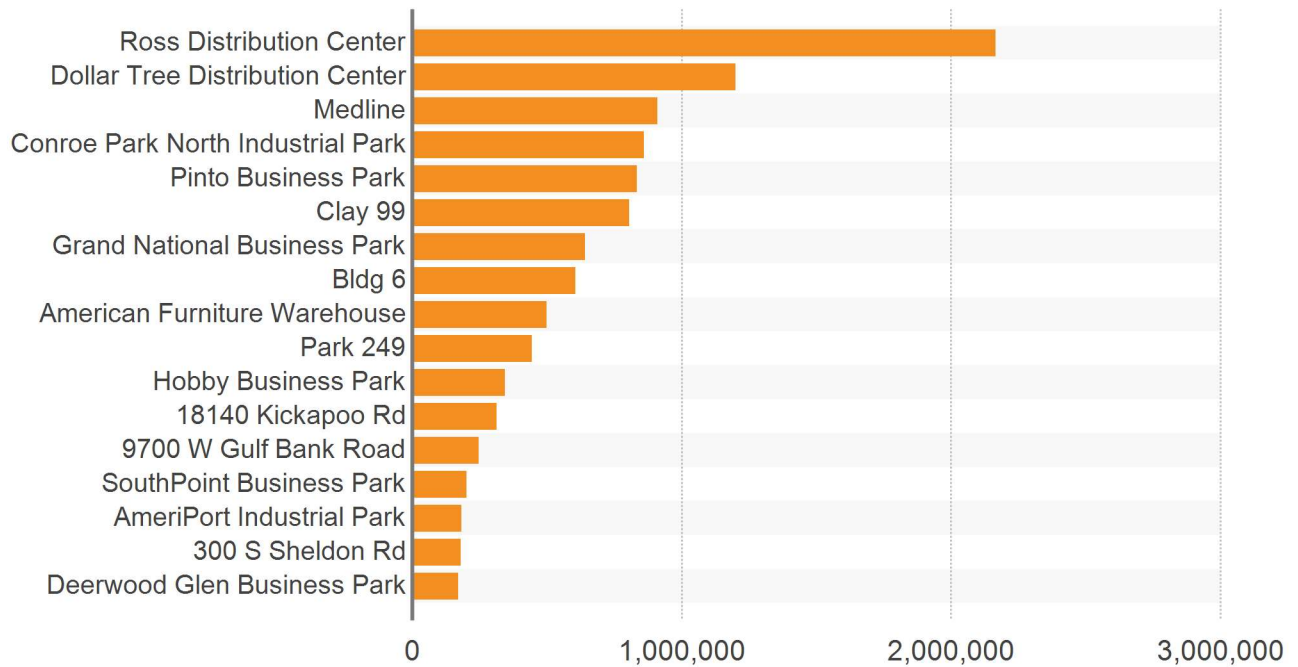
### VACANCY RATE



AVAILABILITY RATE



### 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Ross Distribution Center	Sugar Land Ind	2,165,000	0	0	0	0	0	2,165,000
Dollar Tree Distribution Center	Southwest Far Ind	1,200,000	0	0	0	0	0	1,200,000
Medline	Northwest Outliers Ind	1,300,000	390,000	0	0	0	0	910,000
Conroe Park North Industrial Park	The Woodlands/Conr...	860,000	0	0	0	0	0	860,000
Pinto Business Park	North Fwy/Tomball P...	1,000,000	0	0	0	0	0	833,333
Clay 99	Northwest Outliers Ind	805,601	0	0	0	0	0	805,601
Grand National Business Park	Hwy 290/Tomball Pk...	770,640	0	0	0	0	0	642,199
Bldg 6	East-Southeast Far Ind	604,800	0	0	0	0	0	604,800
American Furniture Warehouse	Northwest Outliers Ind	498,700	0	0	0	0	0	498,700
Park 249	Hwy 290/Tomball Pk...	443,520	0	0	0	0	0	443,520
Hobby Business Park	South Hwy 35 Ind	345,100	0	0	0	0	0	345,100
18140 Kickapoo Rd	Northwest Hwy 6 Ind	479,806	0	0	0	0	0	312,640
9700 W Gulf Bank Road	Hwy 290/Tomball Pk...	245,319	0	0	0	0	0	245,319
SouthPoint Business Park	South Hwy 35 Ind	200,400	0	0	0	0	0	200,400
AmeriPort Industrial Park	East-Southeast Far Ind	218,553	0	0	0	0	0	182,127
300 S Sheldon Rd	East I-10 Outer Loop...	180,000	0	0	0	0	0	180,000
Deerwood Glen Business Park	East-Southeast Far Ind	308,225	102,975	0	0	0	0	171,041
<b>Subtotal Primary Competitors</b>		<b>11,625,664</b>	<b>492,975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,599,780</b>
Remaining Houston Market		676,357,552	60,511,384	(1,917,012)	0	0	0	1,492,039
<b>Total Houston Market</b>		<b>687,983,216</b>	<b>61,004,359</b>	<b>(1,917,012)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,091,819</b>

## TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
E Industrial Pky	The Woodlands/Conroe	1,500,000	Q4 20	Lowe's	-	-
2303 Hurricane Ln	Southwest Far	1,081,292	Q4 20	Amazon	-	-
22525 Clay Rd	Northwest Outliers	805,601	Q1 20	Amazon	-	-
10629 Red Bluff Rd	East-Southeast Far	784,000	Q4 20	Dunavant Distribution Group	-	Stream Realty Partners...
8800 Citypark Loop *	Northeast Hwy 90	663,821	Q1 20	Warehouse Services, Inc.	-	Colliers International
16225 Tomball Pky	Hwy 290/Tomball Pky	443,520	Q1 20	Amazon	Cushman & Wakefield	Cushman & Wakefield
4600 Underwood Rd	East-Southeast Far	402,648	Q4 20	Costway	CBRE	CBRE
4501 Blalock Rd *	Northwest Inner Loop	401,280	Q4 20	H-E-B	-	JLL
18140 Kickapoo Rd	Northwest Hwy 6	312,640	Q1 20	Goodman Air Conditionin...	-	Sealy & Company
8833 Citypark Loop *	Northeast Hwy 90	254,160	Q3 20	DHL	-	-
625 Independence Pky	East-Southeast Far	252,203	Q3 20	S.I. Warehousing Company	Cushman & Wakefield	Boyd Commercial, LLC...
1755 Federal Rd	East I-10 Outer Loop	210,000	Q4 20	-	-	NAI James E. Hanson,...
10507 Ella Blvd	North Fwy/Tomball Pky	200,803	Q4 20	PSS Industrial Group	JLL	Cushman & Wakefield
Fuqua & Beltway 8	Southwest Far	186,710	Q4 20	Maxim Auto Corp	-	Cushman & Wakefield
4300 Malone Dr	East-Southeast Far	183,289	Q2 20	China Manufacturers Allia...	Stream Realty Partn...	Carson Companies
1111-1113 Gillingham Ln *	Sugar Land	171,019	Q3 20	Quality Packaging	-	Stream Realty Partners...
500 Industrial Blvd	Sugar Land	163,582	Q4 20	Boise Cascade Building M...	-	Cushman & Wakefield
10611 Red Bluff Rd	East-Southeast Far	160,160	Q4 20	Crown Transportation	-	Stream Realty Partners...
21803 Cypress Slough Dr	North Hardy Toll Road	157,805	Q1 21	-	-	Colliers International
560 E Richey Rd	North Hardy Toll Road	156,505	Q3 20	MITek	-	CBRE;Prologis, Inc.
4330 Underwood Rd *	East-Southeast Far	144,000	Q4 20	Triton Cargo	-	CBRE;Prologis, Inc.
13323 S Gessner Rd	Hwy 59/Hwy 90 (Alt)	141,440	Q3 20	Lawless Group	Cresa	Stream Realty Partners...
9400 Telge Rd	Northwest Outliers	137,960	Q1 20	Eastern Metal Supply Texas	-	-
10619 Red Bluff Rd	East-Southeast Far	137,280	Q1 20	Dunavant Distribution Group	Colliers International	Stream Realty Partners...
6500 Brittmoore Rd	Northwest Inner Loop	137,200	Q4 20	-	-	Lee & Associates
703 Logistics Dr S	East-Southeast Far	133,333	Q2 20	A & R Logistics	Colliers International	Colliers International
10101 Bay Area Blvd	East-Southeast Far	132,107	Q3 20	Worley	Savills	The Carson Companies
1031 Bammel Rd	North Hardy Toll Road	125,000	Q3 20	Beacon Roofing Supply Inc.	Mohr Partners, Inc	Black Label Commerci...
8503 Citypark Loop	Northeast Hwy 90	114,492	Q2 20	Vee Express	Savills	CBRE
16605 Air Center Blvd	North Hardy Toll Road	114,400	Q2 20	Nacc Disaster Services	Colliers International	Prologis, Inc.;Stream R...
10619 Red Bluff Rd	East-Southeast Far	114,400	Q2 20	Dunavant Distribution Group	Colliers International	Stream Realty Partners...
301 S Trade Center Pky	The Woodlands/Conroe	113,175	Q2 20	Wildcat PPE	InSite Commercial R...	Lee & Associates
359 Pike Ct	East-Southeast Far	113,000	Q1 20	NDS	-	CBRE
631 Buffalo Lakes Dr	Southwest Far	111,540	Q2 20	House Of Spices	The Good Omen Te...	Boyd Commercial, LLC...
11945 North Fwy	North Fwy/Tomball Pky	109,858	Q3 20	-	-	CBRE
8411 FM 1960 Road *	North Hardy Toll Road	108,576	Q1 20	MVP Logistics	Colliers International	Duke Realty Corporation
8520 S Sam Houston Pky W *	Southwest Far	107,390	Q3 20	Niagara Bottling, LLC	-	Stream Realty Partners...
12202 Cutten Rd	North Fwy/Tomball Pky	105,069	Q3 20	ONUS Global Fulfillment...	Savills	Carson Companies;Str...
30 Esplanade Blvd	North Outer Loop	104,860	Q4 20	Enterprise Order Solutions	-	Cushman & Wakefield;I...
9701 New Decade Dr	East-Southeast Far	102,863	Q3 20	Frederick Trucking	NAI Partners	CBRE

\*Renewal



It is estimated that rents declined over the past two quarters for the first time since the Great Recession. In fact, Houston was one of the few markets nationally that saw rent declines.

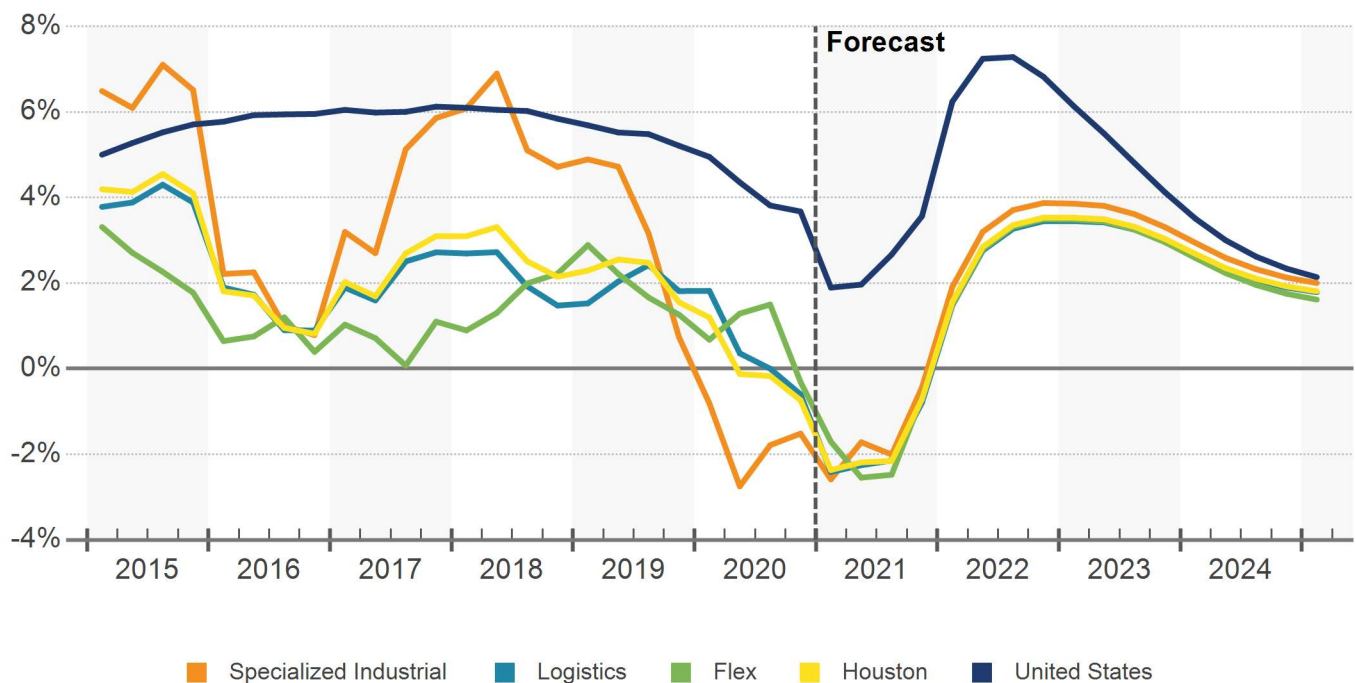
Houston industrial rents declined by 0.5% over the past year. Out of the 390 markets that CoStar tracks, this ranks Houston 384th. This is likely due to the recent surge in new construction, which has far outpaced demand over the past few quarters. By contrast, industrial rents grew 3.4% nationally.

Rent declines were felt across the board in Houston, with all but five submarkets posting rent declines over the past 12 months. Submarkets that experienced the largest rent corrections also experienced a large amount of new deliveries and low absorption as a percentage relative to their inventory.

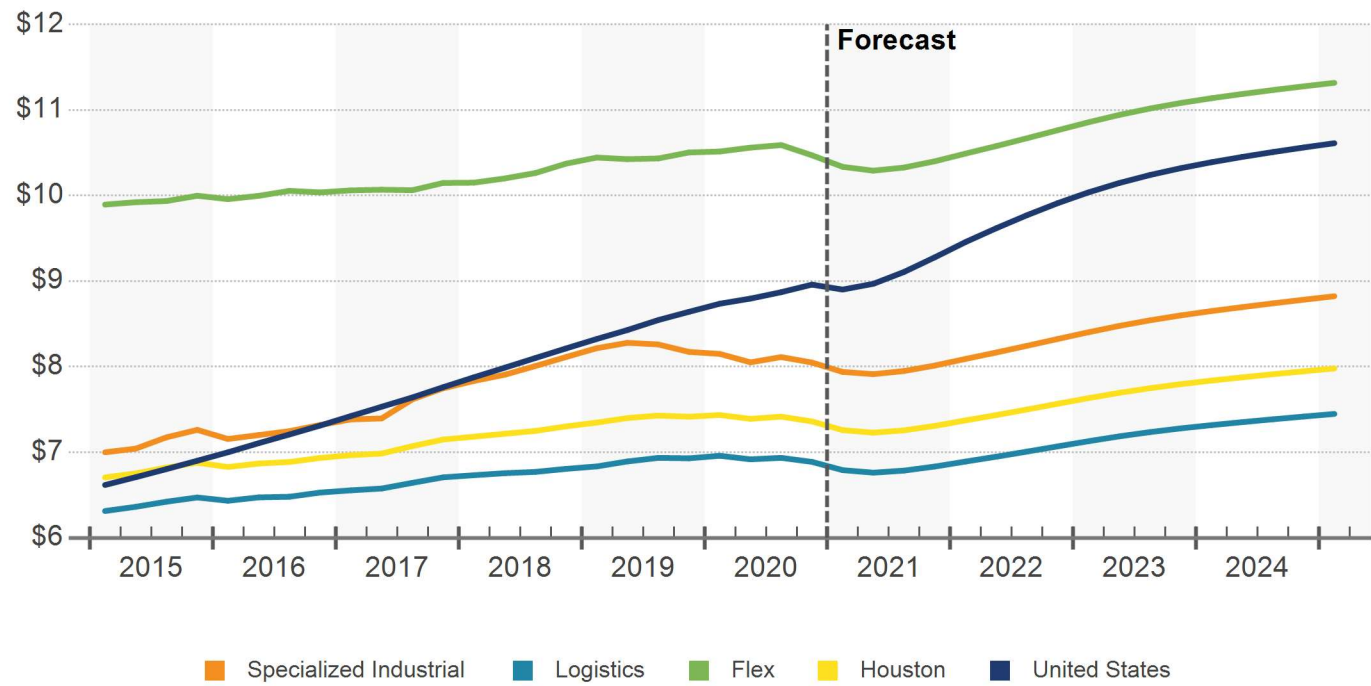
Otherwise, rent growth in Houston had been steady ever since the global financial crisis and even through the recent oil downturn. This is indicative of how globally and nationally oriented Houston's economy and particularly its industrial sector have become. Even in 2016, during the darkest hour of the oil downturn, the U.S. economy was humming along, which kept job growth flat instead of drastically negative. And, as a result, consumers kept spending. At the same time, historically low natural gas prices spurred a boom in the petrochemical industry. With job losses this year at their worst levels since the Great Depression, this year feels different, however.

Rent growth, albeit positive over the past year for many Houston submarkets, appeared to be slowing even prior to the coronavirus pandemic and recent oil price crash, given the onslaught of new spec supply.

### MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



The main reason for Houston's rising vacancy rate is its surging speculative construction pipeline. About 29.0 million SF delivered over the past year in Houston, second only to Dallas-Fort Worth. And the metro still has 8.2 million square feet under construction today, which ranks fifth in the U.S.

Some of the largest developments under construction are in Houston's outlying counties, particularly Waller and Chambers. And of the new projects that delivered or are under construction in 2020, more than three-quarters of them are rated 4 & 5 Star. This raises some concerns, since most of the leasing activity this year has occurred in 1 to 3 Star product. Thus, it is likely that developers overshot speculative demand for 4 & 5 Star recently prior to the pandemic.

Most of the new construction is occurring around the Beltway 8 and Grand Parkway loops, much of it in the Northwest and Southeast.

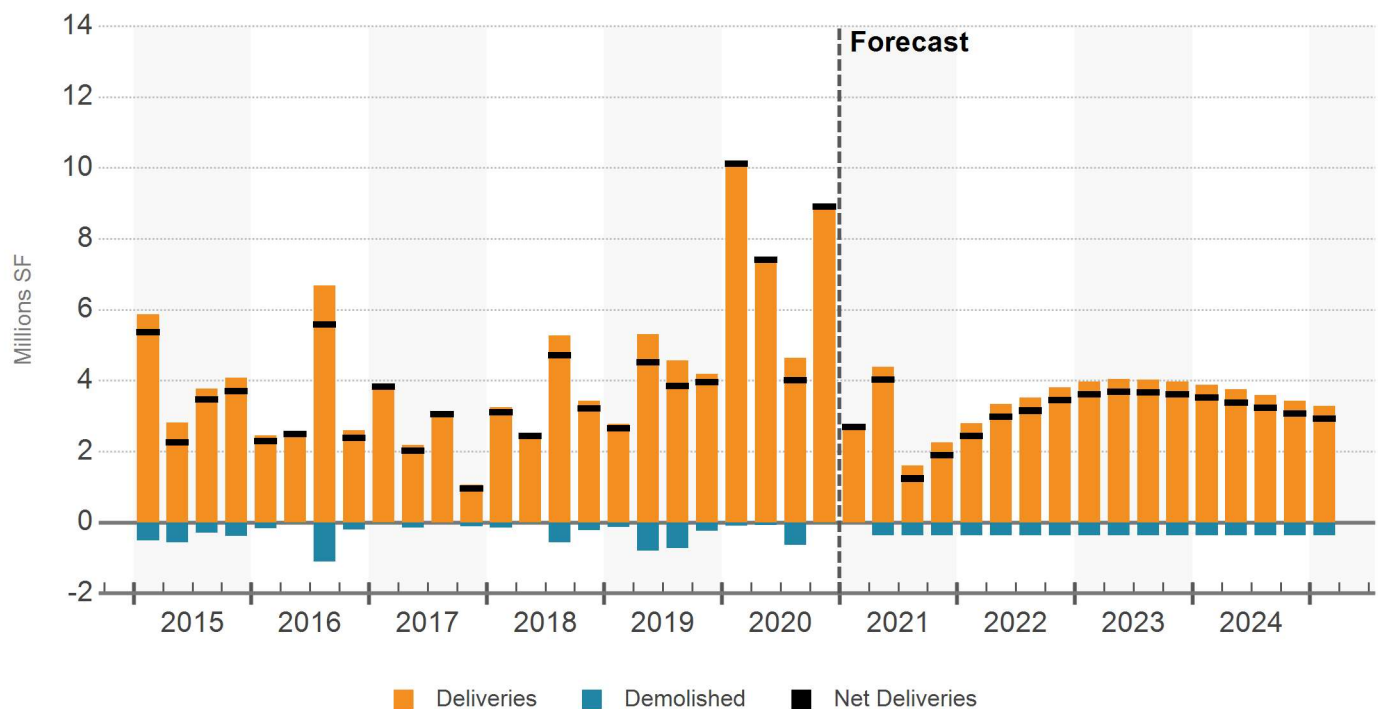
Half of Sugar Land's construction inventory is comprised of Ross Stores' 2.2 million-SF distribution center in Brookshire, which is expected to deliver by the end of this year.

Clay Development & Construction is also finishing work on a 1.3-million-SF distribution facility for Medline in Brookshire across Interstate 10 in the Northwest Outliers Submarket.

And Stream Realty will be delivering 1 million SF of spec distribution space down the street from the Medline facility at the Empire West Business Park in three phases through the end of next year.

Hunt Southwest is also developing a 1 million SF spec development under one roof at the Cedar Port Industrial Park in Baytown, in the East-Southeast Far Submarket. Upon completion, it will reportedly be the largest spec building under one roof ever to deliver in Houston.

### DELIVERIES & DEMOLITIONS



### SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Sugar Land	26	2,034	1,240	60.9%	4	46,608	78,245	5
2	East-Southeast Far	5	1,085	1	0.1%	8	36,559	217,099	3
3	Northwest Outliers	4	1,061	0	0%	9	45,969	265,264	2
4	The Woodlands/Conroe	13	743	657	88.4%	1	19,844	57,138	7
5	North Hardy Toll Road	7	641	125	19.5%	5	44,771	91,562	4
6	Northwest Hwy 6	16	623	23	3.6%	7	27,167	38,959	9
7	Hwy 59/Hwy 90 (Alt)	12	539	25	4.6%	6	25,820	44,916	8
8	North Outer Loop	1	534	0	0%	9	23,961	534,000	1
9	South Hwy 35	4	240	207	86.3%	2	22,063	60,000	6
10	North Fwy/Tomball Pky	9	193	133	69.0%	3	32,846	21,418	10
	All Other	10	468	299	63.7%		32,280	46,834	
<b>Totals</b>		<b>107</b>	<b>8,162</b>	<b>2,708</b>	<b>33.2%</b>		<b>31,643</b>	<b>76,281</b>	

# Under Construction Properties

Houston Industrial

Properties

Square Feet

Percent of Inventory

Released

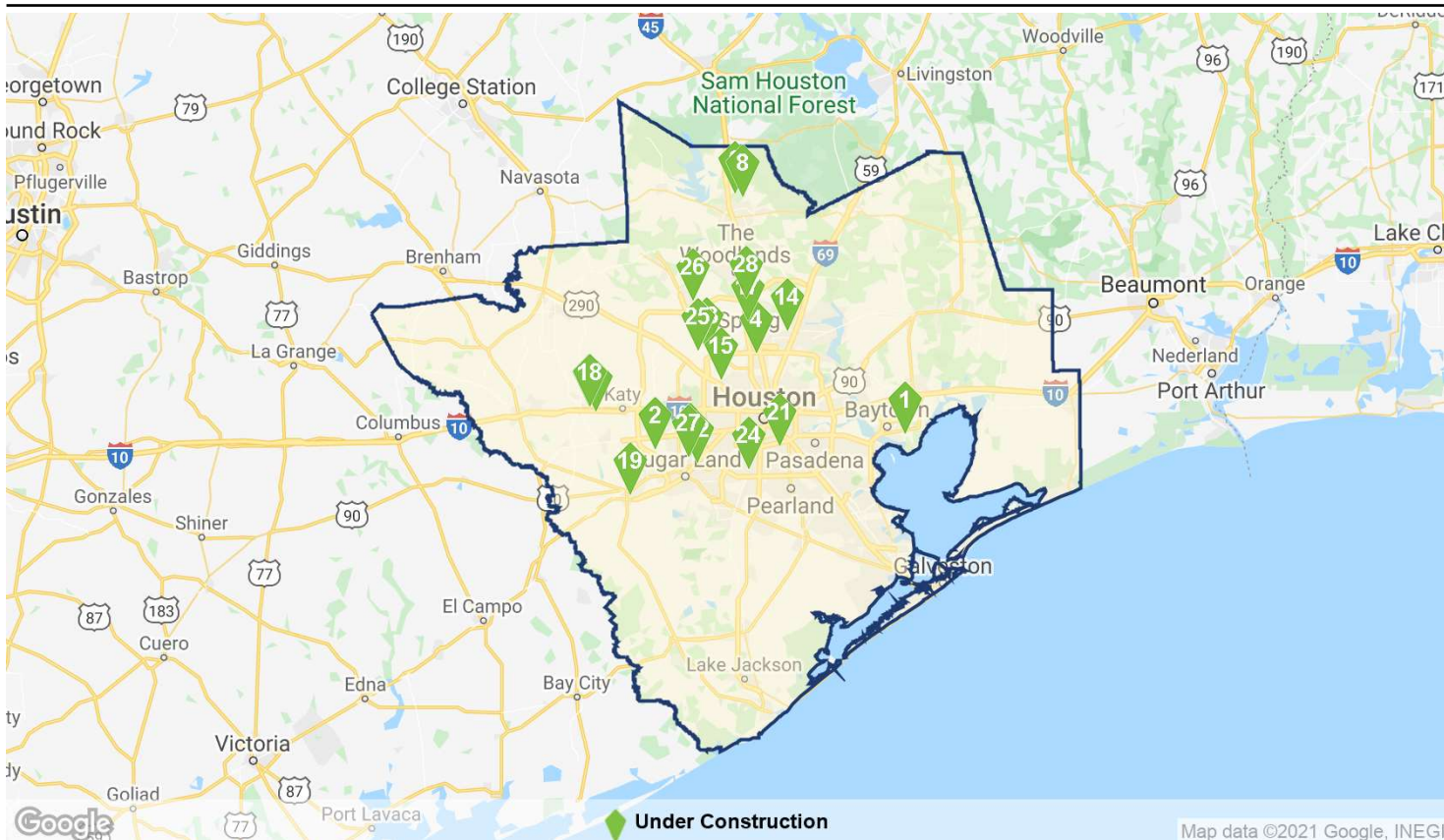
107

8,162,093

1.3%

33.2%

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Cedar Port Trade Center</b> 4633 Borusan Rd	★★★★★	1,021,440	1	Jul 2020	Mar 2021	Hunt Southwest Real Estate Hunt Southwest Real Estate
2 <b>Amazon</b> 10507 Harlem Rd	★★★★★	850,000	1	May 2020	Apr 2021	Trammell Crow Company Amazon
3 <b>Empire West 3</b> 100 Empire Blvd	★★★★★	750,775	1	Jun 2020	Feb 2021	Stream Realty Partners, LP Stream Realty Partners, LP
4 <b>Park 505 at Hardy</b> 505 Aldine Bender Rd	★★★★☆	534,000	1	Sep 2020	Jun 2021	Investment & Development Ventu... Investment & Development Ventu...
5 <b>Jordan Ranch Distributi...</b> 1006 Jordan Ranch Blvd	★★★★☆	498,231	1	Oct 2020	Mar 2021	Phelan Development Company Phelan Development Company
6 <b>Texas Tissue</b> 1101 Conroe West Park Dr	★★★★☆	402,300	1	Sep 2020	May 2021	Pinchal & Company Pinchal & Company
7 <b>Phasel-Bldg B</b> 8903 Warehouse Center Dr	★★★★☆	296,106	-	May 2020	Feb 2021	Logistics Property Co Logistics Property Company, LLC



# Under Construction Properties

Houston Industrial

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>VGXI, Inc.</b> Technology Dr	★★★★★	240,000	1	Nov 2020	Mar 2022	Conroe Industrial Development C... Conroe Industrial Development C...
9 <b>11325 Cash Rd</b>	★★★★★	228,900	1	May 2020	Mar 2021	Transwestern Development Com... Transwestern Real Estate Services
10 <b>Building 2</b> 12520 W Airport Blvd	★★★★★	199,978	1	Jul 2020	Mar 2021	Transwestern Development Com... Transwestern Real Estate Services
11 <b>Building 2</b> 10020 FM 1960 Rd W	★★★★★	192,240	1	Sep 2020	Mar 2021	Jackson-Shaw Company Jackson-Shaw Company
12 <b>Empire West 1</b> 32045 US Hwy 90 BUS	★★★★★	163,144	1	Jun 2020	Feb 2021	Stream Realty Partners, LP Stream Realty Partners, LP
13 <b>11311 N Gessner Rd</b>	★★★★★	141,360	1	Dec 2020	Oct 2021	National Property Holdings LP National Property Holdings LP
14 <b>Phase I-Bldg A</b> 8903 Warehouse Center Dr	★★★★★	138,351	1	May 2020	Feb 2021	Logistics Property Co Logistics Property Company, LLC
15 <b>6415 Langfield Rd</b>	★★★★★	134,800	1	Sep 2020	May 2021	- -
16 <b>Building 1</b> 12510 W Airport Blvd	★★★★★	126,829	1	Jul 2020	Mar 2021	Transwestern Development Com... Transwestern Real Estate Services
17 <b>Building G</b> 1031 Bammel Rd	★★★★★	125,000	1	Sep 2020	Jul 2021	Black Label Commercial Group Black Label Commercial Group
18 <b>Empire West 2</b> 31895 US Hwy 90 BUS	★★★★★	122,138	1	Jun 2020	Feb 2021	Stream Realty Partners, LP Stream Realty Partners, LP
19 <b>Wet Sounds</b> 2785 Louise St	★★★★★	115,000	1	Oct 2020	Dec 2021	KDW Wet Sounds Inc
20 <b>Building 1</b> 10030 FM 1960 Rd W	★★★★★	114,392	1	Sep 2020	Mar 2021	Jackson-Shaw Company Jackson-Shaw Company
21 <b>A &amp; C Plastics</b> 6135 Northdale St	★★★★★	112,000	2	Jun 2020	Feb 2021	A & C Plastics, Inc. A & C Plastics, Inc.
22 <b>11329 Cash Rd</b>	★★★★★	105,300	1	Aug 2020	Mar 2021	Transwestern Development Com... Transwestern Development Com...
23 <b>Building 3</b> 10040 FM 1960 Rd W	★★★★★	97,976	1	Sep 2020	Mar 2021	Jackson-Shaw Company Jackson-Shaw Company
24 <b>322 Alameda Genoa Rd</b>	★★★★★	95,150	1	Mar 2020	Feb 2021	- AlSCO
25 <b>Building 4</b> 10010 FM 1960 Rd W	★★★★★	71,986	1	Sep 2020	Mar 2021	Jackson-Shaw Company Jackson-Shaw Company
26 <b>JDR Cable Systems</b> 2012 S Persimmon St	★★★★★	65,000	1	Jul 2020	Mar 2021	KDW -
27 <b>1350 Industrial Blvd</b>	★★★★★	50,004	1	Apr 2020	Feb 2021	- Alan Chaveleh
28 <b>Building 4</b> 27335 W Hardy Rd	★★★★★	49,000	1	May 2020	Feb 2021	Ryoak Real Estate Group -

In the third quarter, large portfolio trades were precariously absent in the Houston market. Prior to the pandemic, large-scale national trades involving several million square feet of Houston assets were common. As with the rest of the country, the coronavirus pandemic has rattled the financial markets and added ambiguity when pricing active transactions. During past periods of volatility, investors and lenders took pause to reassess pricing. This is likely already the case in Houston, as buyers revise underwriting assumptions.

Houston posted record transaction volume in the first quarter – in which an estimated \$1.8 billion in trades took place. Much of this was the result of Houston's share of national portfolio deals, like Blackstone's acquisition of Global Logistic Properties' U.S. portfolio and Prologis' acquisition of Liberty Property Trust, which both featured Houston-based industrial assets. In the subsequent two quarters, transaction volume fell by more than half over the same period last year.

Among the largest trades in the third quarter, Houston-based Mexcor acquired a 245,000-SF flex building in September from investor Russell Gordy that was formerly part of the HP campus in Cypress. While no price was disclosed, CoStar estimates that the buyer paid \$13.5 million, or \$55/SF, at a 6.8% cap rate.

And in July, Stonelake Capital Partners acquired a 238,000-SF building at the West Ten Business Park from Transwestern, which is fully leased to Amazon, for an undisclosed price. CoStar estimates the buyer paid \$14.3 million, or \$60/SF, at a 6.3% cap rate.

In September, Portland, Oregon-based Grid Property Management acquired the four-property Conroe Business Park totaling nearly 190,000 SF from locally based Owen Properties for an undisclosed price. CoStar estimates the buyer paid \$16.2 million, or \$86/SF at an 8.1% cap rate.

Also, in September, locally based Adkisson Development Group acquired a nearly 160,000-SF building at 6500 Brittmoore Road, near Beltway 8 and 290, from locally based Letourneau Technologies Drilling for an undisclosed price. CoStar estimates the buyer paid \$9.6 million, or \$60/SF at a 6.5% cap rate.

These were mostly smaller deals between private buyers, which indicates that deals are getting done at the

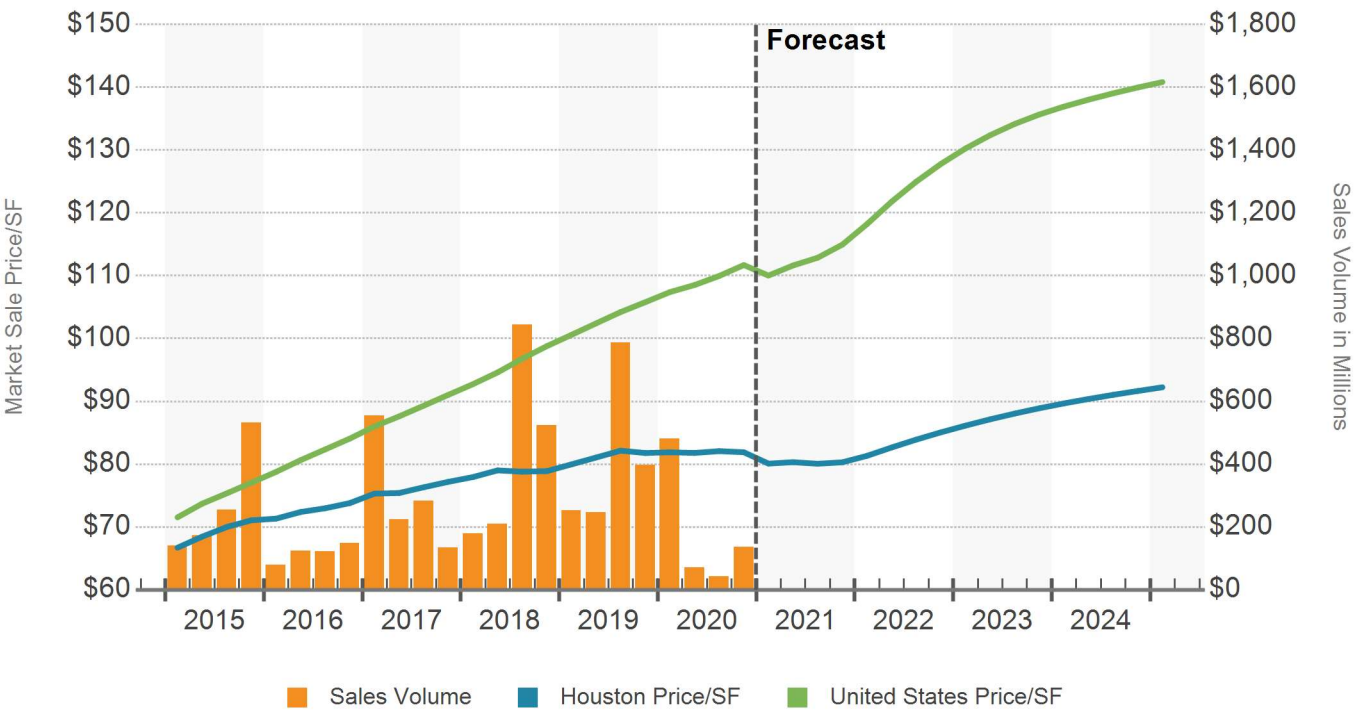
local level even with larger, national players taking a pause.

In February, Prologis acquired Liberty Property Trust for \$13 billion, including the assumption of debt. The acquisition encompassed 70 buildings in Houston, totaling more than 10.3 million SF. CoStar estimates that the Houston properties traded for an allocated value of \$1.1 billion, at a weighted \$102/SF and a 5.9% cap rate. The portfolio included new build-to-suits for Grocers Supply (728,000 SF) and Conn's HomePlus (657,000 SF), along with a variety of 2 to 5 Star warehouse, distribution, and manufacturing facilities. Key submarkets included Northwest Inner Loop, North Hardy Toll Road, East-Southeast Far, and Hwy 290/Tomball Pky—along with other properties spanning the metro. The national transaction included the following: a 108-million-SF logistics operating portfolio, 4.9 million SF of logistics development in progress, 1,748 acres of land for future logistics development with build-out potential of 20.5 million SF, and a 3.8-million-SF office operating and development portfolio. The portfolio of properties expands Prologis' presence in both the United States and the United Kingdom.

Moreover, Prologis' acquisition of Industrial Property Trust (IPT), a subsidiary of Black Creek Group, in January accounted for an additional 23 properties sold in Houston, totaling more than 2.7 million SF. These properties sold for an allocated value of \$227.6 million. And key submarkets included the Northwest Inner Loop, West Outer Loop, and Northwest Near. The national transaction consisted of 236 properties located across 24 geographic areas and 37.5 million SF of industrial holdings, which were reported to be 96% leased at time of close.

And in September 2019, Blackstone acquired 36 properties in Houston totaling nearly 4.7 million SF from Global Logistics Properties for an estimated price of \$345.8 million, or \$73.60/SF, at a 6.2% cap rate. This occurred as part of the largest combined private real estate transaction in history, when Blackstone Real Estate Partners Fund acquired 115 million SF for \$13.4 billion and Blackstone Real Estate Income Trust acquired 64 million SF for \$5.3 billion. The Houston properties comprised a mix of urban and suburban distribution, warehouse, and manufacturing facilities ranging in quality from 2 to 4 Star.

SALES VOLUME & MARKET SALE PRICE PER SF



# Sales Past 12 Months

Houston Industrial

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

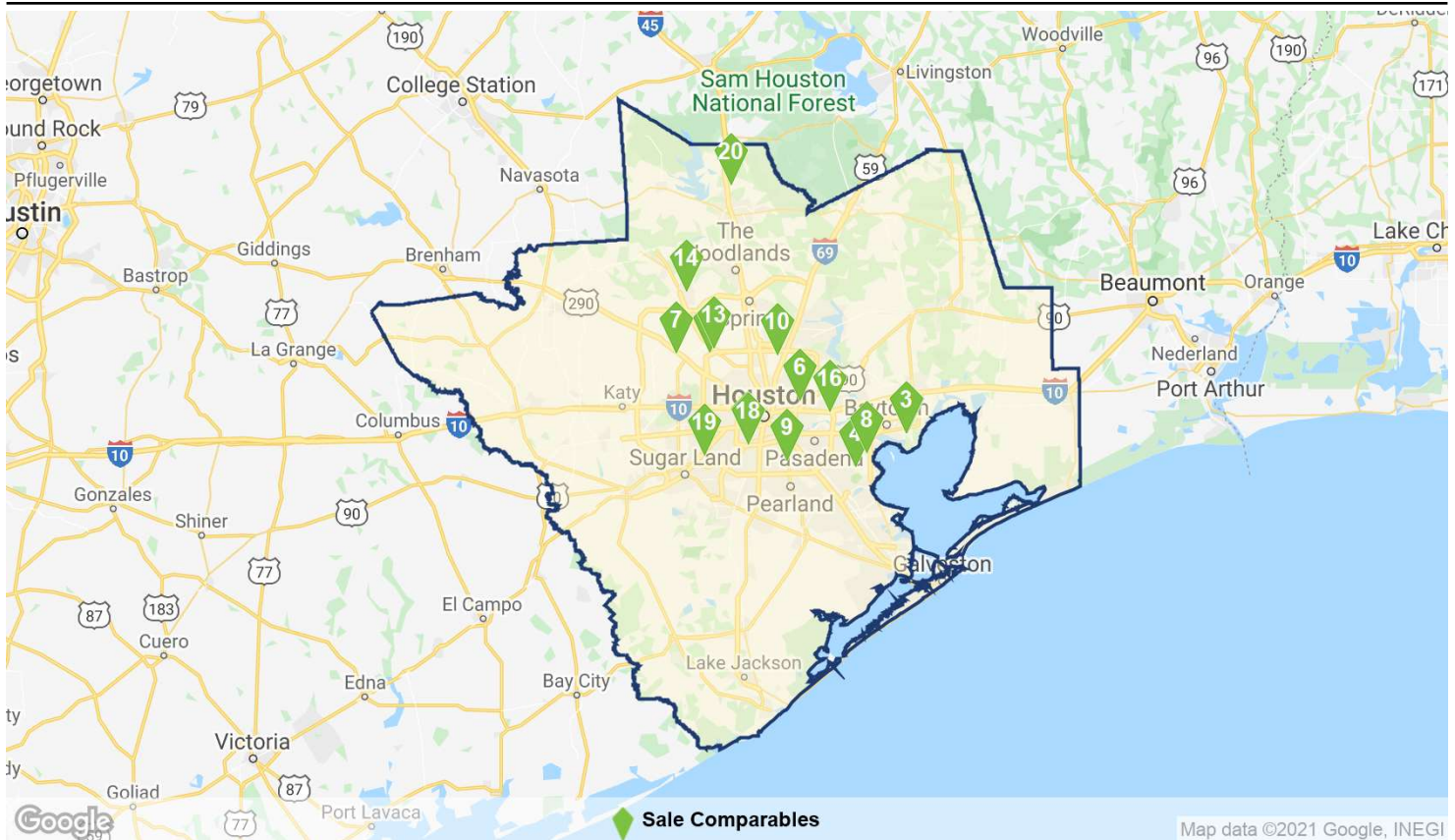
1,011

7.4%

\$87

14.2%

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$48,262	\$3,188,384	\$950,000	\$72,594,374
Price/SF	\$12	\$87	\$90	\$252
Cap Rate	2.4%	7.4%	7.9%	11.8%
Time Since Sale in Months	0.0	6.4	6.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	800	37,042	12,000	1,016,000
Ceiling Height	6'	20'3"	19'	60'
Docks	0	5	0	162
Vacancy Rate At Sale	0%	14.2%	0%	100%
Year Built	1882	1988	1984	2020
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.3	★ ★ ★ ★ ★	★ ★ ★ ★ ★

# Sales Past 12 Months

Houston Industrial

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
<b>1</b> Home Depot 7703 Sam Houston Pky W	★★★★★	2020	770,640	0%	12/3/2020	\$72,594,374	\$94	-
<b>2</b> Building II 4830 Borusan Rd	★★★★★	2017	501,020	0%	3/20/2020	\$59,262,095	\$118	-
<b>3</b> Building I 4762 Borusan Rd	★★★★★	2017	495,462	0%	3/20/2020	\$58,604,679	\$118	-
<b>4</b> Bayport South Business... 10565 Red Bluff Rd	★★★★★	2019	248,240	0%	6/25/2020	\$20,949,000	\$84	-
<b>5</b> Building 2 10700 Telge Rd	★★★★★	1983	133,023	0%	6/16/2020	\$15,616,646	\$117	-
<b>6</b> 10203 Wallisville Rd	★★★★★	1998	201,128	0%	2/28/2020	\$12,870,706	\$67	-
<b>7</b> Building 1 10700 Telge Rd	★★★★★	1998	96,991	47.2%	6/16/2020	\$9,883,354	\$102	-
<b>8</b> 1301 S 16th St	★★★★★	2020	109,080	100%	12/21/2020	\$8,750,000	\$80	-
<b>9</b> 7441 E Orem Dr	★★★★★	2009	80,625	0%	1/31/2020	\$8,000,000	\$99	-
<b>10</b> 14000 Vickery Dr	★★★★★	2012	110,000	0%	10/20/2020	\$7,750,000	\$70	8.0%
<b>11</b> Building D-1 8901-8933 Interchange Dr	★★★★★	1981	49,822	16.3%	3/2/2020	\$6,758,702	\$136	-
<b>12</b> Kirby Interchange Buildi... 8900-8928 Kirby Dr	★★★★★	1983	42,694	13.1%	3/2/2020	\$5,694,883	\$133	-
<b>13</b> 16001 SH 249	★★★★★	1978	110,379	0%	3/11/2020	\$5,325,000	\$48	-
<b>14</b> South Live Oak Industria... 202-204 S Live Oak St	★★★★★	2006	41,080	0%	4/9/2020	\$5,150,000	\$125	2.4%
<b>15</b> Building E 8934-8964 Kirby Dr	★★★★★	1983	69,595	7.5%	3/2/2020	\$4,699,417	\$68	-
<b>16</b> Jacintoport Industrial - B... 14830 Talcott St	★★★★★	1970	56,875	100%	12/10/2020	\$4,600,000	\$81	-
<b>17</b> Kirby Interchange - Build... 8864-8888 Interchange Dr	★★★★★	1980	33,600	44.9%	3/2/2020	\$4,519,964	\$135	-
<b>18</b> Kirby Interchange Buildi... 8955-8981 Interchange Dr	★★★★★	1981	31,771	16.6%	3/2/2020	\$4,400,051	\$138	-
<b>19</b> Seismic Equipment Solu... 10000 W Airport Blvd	★★★★★	1980	49,100	0%	2/11/2020	\$3,998,000	\$81	-
<b>20</b> 10399 Silver Springs Rd	★★★★★	1980	218,934	0%	11/30/2020	\$3,868,656	\$18	-



Efforts to contain the spread of the coronavirus disrupted years of robust employment gains in Houston. The statewide stay-at-home order and social distancing brought economic activity to a near standstill in 20Q2 and more than 330,000 jobs were shed during that quarter. These events had an outsized impact on leisure and hospitality and trade, transportation, and utilities, but no sector was immune to losses. Since May, more than 200,000 jobs have been created. Houston is still on the road to recovery. The recovery depends on an improving health situation, and the baseline forecast anticipates that employment will return to pre-pandemic levels by mid-2022.

The Houston metropolitan area is the fifth largest in the U.S. and consistently ranks among the top metros for job growth in the country. Prior to the coronavirus pandemic, ample job opportunities had spurred significant population growth, adding more than 1.1 million new residents from 2010 to 2019. Only Dallas-Fort Worth and Phoenix bested the Houston metropolitan area in terms of population growth in 2019. And in terms of counties, Houston's Harris County had the second-largest population increase over the first nine years of the decade, adding more than 620,000 people, trailing only Phoenix's Maricopa County. The Houston metropolitan added an estimated 89,994 new residents, 58% due to the natural increase (births minus deaths), 34% due to international migration, and 8% due to domestic migration, according to U.S. Census Bureau data. Since 2000, Houston has added an impressive 2.3 million residents, equal to the size of Austin. Houston also has one of the youngest populations in the nation. U.S. Census Bureau data shows that Houston's median age is 33 years old, compared with the U.S. median age of 38.

For Houston, lower crude oil prices pile on another layer of economic uncertainty for its exploration, production, and oil field services companies, the region's largest

employers. Oil and gas companies have cut more than 60% of capex spending this year. On April 20th, oil prices fell as low as negative \$40/barrel—the first time oil prices have turned negative—due to storage fears in the U.S. Since then, though, oil prices have recovered, somewhat, to the low-\$30s/barrel. But even these prices are unsustainable for an industry that needs \$46/barrel to \$52/barrel to drill new wells.

Fortunately, Houston has shifted away from being solely an oil and gas city and persistently continues to diversify its economy in industries like the life sciences (it is home to the world's largest medical center), giving the city a bit of a cushion. Houston's public and private sectors today are united in the goal of growing its global life sciences profile. At the center of these blue ocean projects are two key real estate developments in the works to encourage growth in these sectors: The Ion and TMC3. Rice University is transforming a 270,000-SF former Sears department store in Houston's Midtown neighborhood into The Ion, the hub of a proposed 16-acre innovation district that the mayor hopes will boost the city's technological appeal. California-based energy giant Chevron Corp. is the first company to sign a lease in The Ion. And the TMC3 project was officially announced in April 2018 as the cornerstone of the Texas Medical Center's plan to establish Texas as the "Third Coast" for life sciences and biotechnology research to compete directly with Cambridge, Massachusetts, and Mission Bay in San Francisco. TMC3 is expected to create roughly 26,000 jobs and generate \$5.2 billion in economic benefits in Houston. In addition, there are several million SF of new life sciences-oriented mixed-use projects planned along a two-mile stretch of Holcombe Boulevard in the Texas Medical Center.

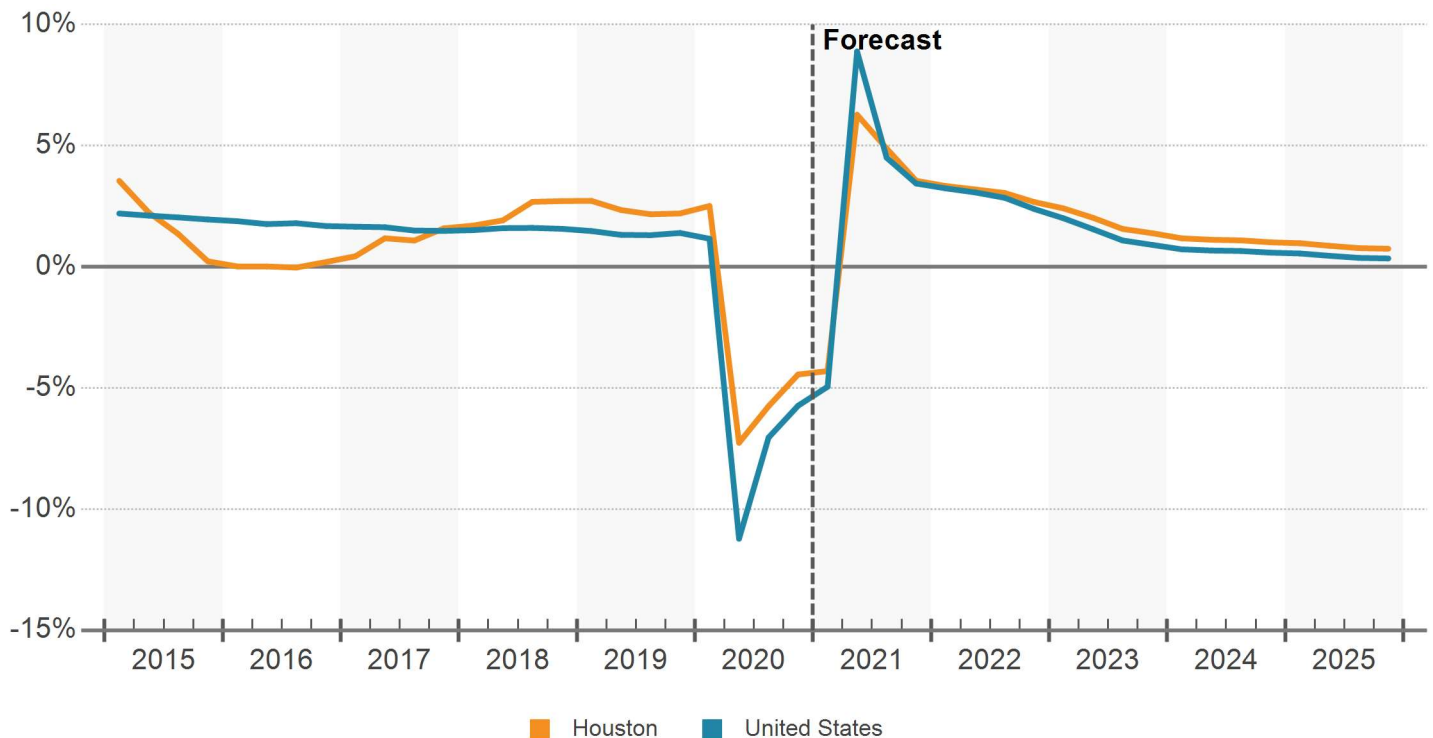
Owing to its affordability, warm climate, low taxes, and pro-business environment, Houston, like many major Sun Belt cities, is well-positioned for future growth and remains resilient.

### HOUSTON EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	222	0.8	-5.62%	-3.61%	0.19%	0.66%	1.40%	0.43%
Trade, Transportation and Utilities	619	1.1	-2.06%	-3.17%	1.61%	0.86%	1.06%	0.67%
Retail Trade	299	0.9	-1.29%	-2.77%	1.22%	0.48%	0.88%	0.64%
Financial Activities	168	0.9	-1.29%	-1.26%	1.90%	1.25%	1.22%	0.75%
Government	398	0.9	-3.59%	-4.10%	0.45%	-0.24%	1.17%	0.81%
Natural Resources, Mining and Construction	291	1.7	-9.23%	-3.28%	1.23%	2.55%	2.18%	1.14%
Education and Health Services	404	0.8	-1.98%	-4.00%	2.66%	1.55%	2.23%	1.91%
Professional and Business Services	516	1.2	-0.51%	-4.53%	2.98%	1.88%	1.51%	1.64%
Information	30	0.5	-8.79%	-5.93%	-0.81%	0.07%	1.98%	2.12%
Leisure and Hospitality	293	1.0	-13.47%	-19.85%	2.12%	0.19%	4.29%	4.63%
Other Services	109	0.9	-7.54%	-6.93%	1.37%	0.30%	2.72%	1.42%
<b>Total Employment</b>	<b>3,051</b>	<b>1.0</b>	<b>-4.42%</b>	<b>-5.60%</b>	<b>1.67%</b>	<b>0.92%</b>	<b>1.84%</b>	<b>1.50%</b>

Source: Oxford Economics  
LQ = Location Quotient

### YEAR OVER YEAR JOB GROWTH



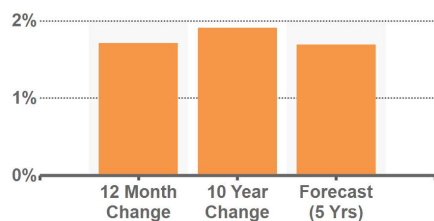
Source: Oxford Economics

### DEMOGRAPHIC TRENDS

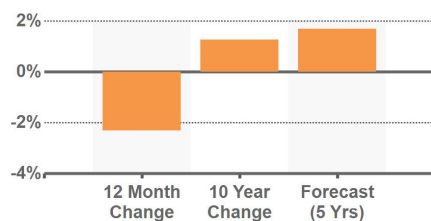
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	7,226,789	330,492,656	1.7%	0.5%	1.9%	0.6%	1.7%	0.5%
Households	2,462,928	123,536,016	1.7%	0.4%	1.8%	0.7%	1.7%	0.5%
Median Household Income	\$69,192	\$67,412	3.4%	5.8%	2.5%	3.0%	2.5%	2.1%
Labor Force	3,386,201	161,496,156	-2.3%	-1.7%	1.3%	0.5%	1.7%	0.7%
Unemployment	8.0%	9.0%	4.2%	5.4%	0%	0%	-	-

Source: Oxford Economics

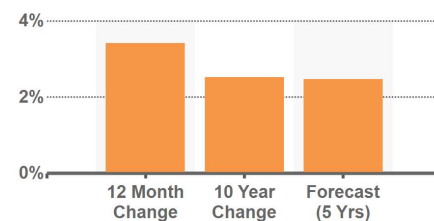
#### POPULATION GROWTH



#### LABOR FORCE GROWTH



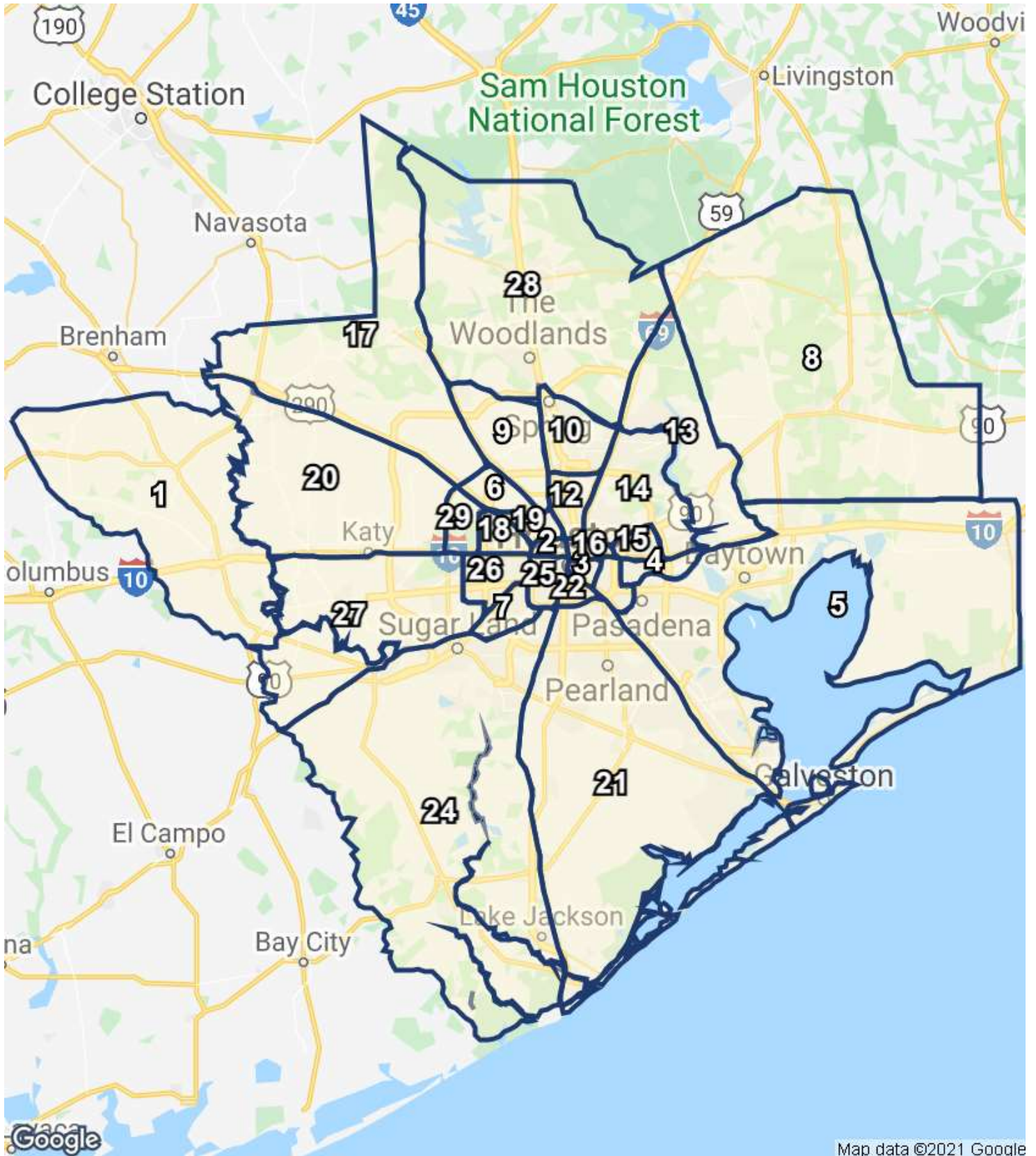
#### INCOME GROWTH



Source: Oxford Economics

## Submarkets

## HOUSTON SUBMARKETS





### SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Austin County	44	2,364	0.3%	27	0	0	0%	-	0	-	-	-
2	CBD-NW Inner Loop	522	12,493	1.8%	22	0	0	0%	-	0	-	-	-
3	Downtown Houston	901	32,260	4.7%	7	0	0	0%	-	0	-	-	-
4	East I-10 Outer Loop	262	15,009	2.2%	18	2	396	2.6%	14	0	-	-	-
5	East-Southeast Far	2,404	87,888	12.8%	1	52	5,773	6.6%	1	5	1,085	1.2%	2
6	Hwy 290/Tomball Pky	714	29,672	4.3%	8	21	2,978	10.0%	3	1	141	0.5%	11
7	Hwy 59/Hwy 90 (Alt)	1,081	27,912	4.1%	10	16	1,216	4.4%	9	12	539	1.9%	7
8	Liberty County	76	2,022	0.3%	28	0	0	0%	-	0	-	-	-
9	North Fwy/Tomball Pky	1,044	34,292	5.0%	6	31	2,852	8.3%	4	9	193	0.6%	10
10	North Hardy Toll Road	921	41,234	6.0%	3	21	1,242	3.0%	8	7	641	1.6%	5
11	North Inner Loop	203	5,642	0.8%	25	0	0	0%	-	0	-	-	-
12	North Outer Loop	1,118	26,788	3.9%	11	10	1,013	3.8%	11	1	534	2.0%	8
13	Northeast Hwy 321	119	1,912	0.3%	29	0	0	0%	-	0	-	-	-
14	Northeast Hwy 90	699	23,735	3.4%	14	8	1,141	4.8%	10	0	-	-	-
15	Northeast I-10	189	4,549	0.7%	26	0	0	0%	-	0	-	-	-
16	Northeast Inner Loop	193	12,246	1.8%	23	0	0	0%	-	0	-	-	-
17	Northwest Hwy 6	532	14,453	2.1%	20	35	546	3.8%	13	16	623	4.3%	6
18	Northwest Inner Loop	1,819	64,101	9.3%	2	3	163	0.3%	16	0	-	-	-
19	Northwest Near	840	20,139	2.9%	15	0	0	0%	-	1	135	0.7%	12
20	Northwest Outliers	754	34,660	5.0%	5	59	4,694	13.5%	2	4	1,061	3.1%	3
21	South Hwy 35	1,868	41,214	6.0%	4	10	558	1.4%	12	4	240	0.6%	9
22	South Inner Loop	418	12,649	1.8%	21	0	0	0%	-	0	-	-	-
23	Southeast Outer Loop	443	18,178	2.6%	17	1	147	0.8%	17	0	-	-	-
24	Southwest Far	683	19,613	2.9%	16	24	2,710	13.8%	5	2	125	0.6%	13
25	Southwest Inner Loop	439	6,825	1.0%	24	0	0	0%	-	0	-	-	-
26	Southwest Outer Loop	702	14,713	2.1%	19	1	25	0.2%	18	0	-	-	-
27	Sugar Land	563	26,241	3.8%	13	21	2,683	10.2%	6	26	2,034	7.8%	1
28	The Woodlands/Conroe	1,329	26,372	3.8%	12	34	1,393	5.3%	7	13	743	2.8%	4
29	West Outer Loop	862	28,809	4.2%	9	5	220	0.8%	15	6	68	0.2%	14



### SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$6.80	23	-1.0%	16	0.4%	4
2	CBD-NW Inner Loop	\$7.96	7	-0.7%	8	-4.4%	29
3	Downtown Houston	\$5.47	27	-1.1%	22	-1.4%	21
4	East I-10 Outer Loop	\$6.04	25	-1.2%	29	-1.0%	15
5	East-Southeast Far	\$7.25	16	-1.2%	26	-1.7%	24
6	Hwy 290/Tomball Pky	\$7.47	13	-1.2%	28	-2.2%	27
7	Hwy 59/Hwy 90 (Alt)	\$7.68	12	-0.8%	13	-2.5%	28
8	Liberty County	\$6.85	22	-1.1%	21	0.1%	6
9	North Fwy/Tomball Pky	\$7.79	10	-1.1%	18	-0.2%	8
10	North Hardy Toll Road	\$7.38	14	-1.1%	20	-1.6%	23
11	North Inner Loop	\$5.72	26	-0.7%	7	-0.5%	10
12	North Outer Loop	\$6.88	21	-0.9%	14	-1.1%	19
13	Northeast Hwy 321	\$9.61	2	-0.8%	10	0%	7
14	Northeast Hwy 90	\$7.26	15	-1.2%	27	-1.0%	16
15	Northeast I-10	\$6.97	19	-0.9%	15	-1.0%	17
16	Northeast Inner Loop	\$5.19	29	-1.1%	25	-2.1%	26
17	Northwest Hwy 6	\$8.81	5	-0.7%	4	-0.2%	9
18	Northwest Inner Loop	\$7.18	18	-0.8%	11	-0.6%	12
19	Northwest Near	\$6.93	20	-0.8%	12	-1.0%	18
20	Northwest Outliers	\$8.26	6	-1.1%	19	-1.8%	25
21	South Hwy 35	\$7.25	17	5.2%	1	84.5%	1
22	South Inner Loop	\$6.24	24	-0.4%	2	0.7%	3
23	Southeast Outer Loop	\$5.47	28	-1.0%	17	-1.5%	22
24	Southwest Far	\$7.83	9	-0.6%	3	-0.9%	13
25	Southwest Inner Loop	\$9.62	1	-0.7%	6	0.2%	5
26	Southwest Outer Loop	\$9.29	4	-0.8%	9	1.8%	2
27	Sugar Land	\$7.94	8	-1.1%	24	-0.9%	14
28	The Woodlands/Conroe	\$9.36	3	-0.7%	5	-0.6%	11
29	West Outer Loop	\$7.71	11	-1.1%	23	-1.3%	20

### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Austin County	191,000	8.1%	17	4,954	0.2%	15	-
2	CBD-NW Inner Loop	647,388	5.2%	9	(56,218)	-0.4%	18	-
3	Downtown Houston	1,629,843	5.1%	8	(479,443)	-1.5%	27	-
4	East I-10 Outer Loop	1,466,109	9.8%	20	(595,506)	-4.0%	28	-
5	East-Southeast Far	10,530,243	12.0%	26	1,276,343	1.5%	5	3.7
6	Hwy 290/Tomball Pky	4,610,822	15.5%	29	1,169,775	3.9%	7	1.3
7	Hwy 59/Hwy 90 (Alt)	2,230,583	8.0%	16	555,503	2.0%	10	1.0
8	Liberty County	57,000	2.8%	3	49,733	2.5%	14	-
9	North Fwy/Tomball Pky	4,531,784	13.2%	27	1,738,914	5.1%	4	0.8
10	North Hardy Toll Road	4,730,614	11.5%	25	(354,594)	-0.9%	25	-
11	North Inner Loop	187,628	3.3%	4	(32,929)	-0.6%	17	-
12	North Outer Loop	2,253,640	8.4%	18	366,072	1.4%	11	1.6
13	Northeast Hwy 321	44,180	2.3%	2	(531)	0%	16	-
14	Northeast Hwy 90	2,631,971	11.1%	24	302,563	1.3%	12	3.2
15	Northeast I-10	89,929	2.0%	1	123,718	2.7%	13	-
16	Northeast Inner Loop	724,384	5.9%	10	(190,303)	-1.6%	21	-
17	Northwest Hwy 6	1,146,627	7.9%	15	771,202	5.3%	9	0.5
18	Northwest Inner Loop	5,000,394	7.8%	13	(321,148)	-0.5%	24	-
19	Northwest Near	979,531	4.9%	7	(137,862)	-0.7%	20	-
20	Northwest Outliers	3,690,392	10.6%	23	3,037,562	8.8%	1	1.2
21	South Hwy 35	1,646,555	4.0%	6	1,123,399	2.7%	8	0.4
22	South Inner Loop	1,078,844	8.5%	19	(706,266)	-5.6%	29	-
23	Southeast Outer Loop	1,783,444	9.8%	21	(393,172)	-2.2%	26	-
24	Southwest Far	2,679,586	13.7%	28	1,841,014	9.4%	3	1.3
25	Southwest Inner Loop	715,345	10.5%	22	(312,871)	-4.6%	23	-
26	Southwest Outer Loop	1,158,495	7.9%	14	(81,836)	-0.6%	19	-
27	Sugar Land	1,012,893	3.9%	5	2,401,871	9.2%	2	1.0
28	The Woodlands/Conroe	1,818,391	6.9%	12	1,245,707	4.7%	6	0.9
29	West Outer Loop	1,736,744	6.0%	11	(253,832)	-0.9%	22	-

### OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	748,246,262	10,891,976	1.5%	12,037,273	1.6%	0.9
2024	737,354,286	13,195,503	1.8%	14,031,578	1.9%	0.9
2023	724,158,783	14,557,879	2.1%	15,092,682	2.1%	1.0
2022	709,600,904	12,007,196	1.7%	12,152,727	1.7%	1.0
2021	697,593,708	9,826,675	1.4%	2,269,669	0.3%	4.3
YTD	687,983,216	216,183	0%	(1,917,012)	-0.3%	-
2020	687,767,033	30,725,083	4.7%	14,533,662	2.1%	2.1
2019	657,041,950	15,173,715	2.4%	8,110,361	1.2%	1.9
2018	641,868,235	15,812,882	2.5%	10,362,009	1.6%	1.5
2017	626,055,353	9,951,696	1.6%	10,373,908	1.7%	1.0
2016	616,103,657	12,728,231	2.1%	9,537,894	1.5%	1.3
2015	603,375,426	14,819,556	2.5%	12,243,608	2.0%	1.2
2014	588,555,870	10,303,310	1.8%	13,265,356	2.3%	0.8
2013	578,252,560	8,118,942	1.4%	4,588,507	0.8%	1.8
2012	570,133,618	3,094,516	0.5%	6,575,483	1.2%	0.5
2011	567,039,102	4,588,555	0.8%	7,768,196	1.4%	0.6
2010	562,450,547	4,607,556	0.8%	7,798,606	1.4%	0.6
2009	557,842,991	8,697,465	1.6%	3,271,804	0.6%	2.7

### SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	121,329,920	879,495	0.7%	1,286,029	1.1%	0.7
2024	120,450,425	1,035,138	0.9%	974,101	0.8%	1.1
2023	119,415,287	1,121,471	0.9%	667,723	0.6%	1.7
2022	118,293,816	1,130,818	1.0%	298,485	0.3%	3.8
2021	117,162,998	718,599	0.6%	(394,005)	-0.3%	-
YTD	116,444,399	0	0%	(3,050)	0%	-
2020	116,444,399	2,474,710	2.2%	1,778,323	1.5%	1.4
2019	113,969,689	615,368	0.5%	295,013	0.3%	2.1
2018	113,354,321	822,848	0.7%	733,989	0.6%	1.1
2017	112,531,473	400,932	0.4%	780,004	0.7%	0.5
2016	112,130,541	4,070,316	3.8%	3,970,622	3.5%	1.0
2015	108,060,225	1,435,359	1.3%	1,673,726	1.5%	0.9
2014	106,624,866	(200,204)	-0.2%	696,442	0.7%	-
2013	106,825,070	1,873,640	1.8%	(113,226)	-0.1%	-
2012	104,951,430	(709,861)	-0.7%	(200,203)	-0.2%	-
2011	105,661,291	969,531	0.9%	600,414	0.6%	1.6
2010	104,691,760	494,010	0.5%	464,630	0.4%	1.1
2009	104,197,750	921,374	0.9%	20,476	0%	45.0

### LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	572,225,622	9,854,300	1.8%	10,612,086	1.9%	0.9
2024	562,371,322	11,967,230	2.2%	13,096,779	2.3%	0.9
2023	550,404,092	13,222,543	2.5%	14,529,932	2.6%	0.9
2022	537,181,549	10,705,344	2.0%	11,993,840	2.2%	0.9
2021	526,476,205	8,868,763	1.7%	3,112,976	0.6%	2.8
YTD	517,804,937	197,495	0%	(1,810,645)	-0.3%	-
2020	517,607,442	27,958,947	5.7%	12,505,725	2.4%	2.2
2019	489,648,495	14,266,826	3.0%	7,882,276	1.6%	1.8
2018	475,381,669	14,754,616	3.2%	9,602,719	2.0%	1.5
2017	460,627,053	9,065,026	2.0%	9,907,695	2.2%	0.9
2016	451,562,027	8,310,961	1.9%	5,669,078	1.3%	1.5
2015	443,251,066	13,382,656	3.1%	10,463,310	2.4%	1.3
2014	429,868,410	9,851,494	2.3%	11,418,914	2.7%	0.9
2013	420,016,916	5,530,878	1.3%	3,458,131	0.8%	1.6
2012	414,486,038	3,308,050	0.8%	5,933,826	1.4%	0.6
2011	411,177,988	3,420,077	0.8%	6,027,258	1.5%	0.6
2010	407,757,911	3,995,867	1.0%	6,682,578	1.6%	0.6
2009	403,762,044	6,332,246	1.6%	2,545,739	0.6%	2.5

### FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	54,690,720	158,181	0.3%	139,158	0.3%	1.1
2024	54,532,539	193,135	0.4%	(39,302)	-0.1%	-
2023	54,339,404	213,865	0.4%	(104,973)	-0.2%	-
2022	54,125,539	171,034	0.3%	(139,598)	-0.3%	-
2021	53,954,505	239,313	0.4%	(449,302)	-0.8%	-
YTD	53,733,880	18,688	0%	(103,317)	-0.2%	-
2020	53,715,192	291,426	0.5%	249,614	0.5%	1.2
2019	53,423,766	291,521	0.5%	(66,928)	-0.1%	-
2018	53,132,245	235,418	0.4%	25,301	0%	9.3
2017	52,896,827	485,738	0.9%	(313,791)	-0.6%	-
2016	52,411,089	346,954	0.7%	(101,806)	-0.2%	-
2015	52,064,135	1,541	0%	106,572	0.2%	0
2014	52,062,594	652,020	1.3%	1,150,000	2.2%	0.6
2013	51,410,574	714,424	1.4%	1,243,602	2.4%	0.6
2012	50,696,150	496,327	1.0%	841,860	1.7%	0.6
2011	50,199,823	198,947	0.4%	1,140,524	2.3%	0.2
2010	50,000,876	117,679	0.2%	651,398	1.3%	0.2
2009	49,883,197	1,443,845	3.0%	705,589	1.4%	2.0

### OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$8.07	133	1.6%	8.8%	63,570,635	8.5%	-0.3%
2024	\$7.95	131	1.9%	7.2%	64,736,266	8.8%	-0.3%
2023	\$7.80	129	3.0%	5.1%	65,599,546	9.1%	-0.3%
2022	\$7.57	125	3.5%	2.0%	66,161,664	9.3%	-0.2%
2021	\$7.31	121	-0.7%	-1.4%	66,321,778	9.5%	0.9%
YTD	\$7.37	122	0.2%	-0.6%	61,004,359	8.9%	0.3%
2020	\$7.36	121	-0.7%	-0.7%	58,941,743	8.6%	2.0%
2019	\$7.42	122	1.6%	0%	43,042,970	6.6%	0.9%
2018	\$7.30	120	2.1%	-1.5%	36,202,408	5.6%	0.4%
2017	\$7.15	118	3.1%	-3.6%	33,035,803	5.3%	-0.2%
2016	\$6.93	114	0.8%	-6.5%	33,659,106	5.5%	0.3%
2015	\$6.88	113	4.1%	-7.2%	30,967,199	5.1%	0.2%
2014	\$6.61	109	3.4%	-10.9%	28,741,700	4.9%	-0.6%
2013	\$6.39	105	2.7%	-13.9%	31,788,562	5.5%	0.5%
2012	\$6.22	103	2.4%	-16.1%	28,696,054	5.0%	-0.6%
2011	\$6.07	100	2.0%	-18.1%	32,177,021	5.7%	-0.6%
2010	\$5.95	98	-1.1%	-19.7%	35,356,661	6.3%	-0.6%
2009	\$6.02	99	-0.7%	-18.8%	38,547,711	6.9%	0.9%

### SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$8.94	143	1.7%	9.3%	6,394,897	5.3%	-0.4%
2024	\$8.78	140	2.1%	7.5%	6,803,638	5.6%	0%
2023	\$8.60	138	3.3%	5.2%	6,744,893	5.6%	0.3%
2022	\$8.32	133	3.9%	1.9%	6,293,452	5.3%	0.7%
2021	\$8.01	128	-0.4%	-1.9%	5,462,153	4.7%	0.9%
YTD	\$8.05	129	0%	-1.5%	4,352,254	3.7%	0%
2020	\$8.05	129	-1.5%	-1.5%	4,349,204	3.7%	0.5%
2019	\$8.17	131	0.7%	0%	3,648,627	3.2%	0.3%
2018	\$8.11	130	4.7%	-0.7%	3,328,272	2.9%	0%
2017	\$7.75	124	5.9%	-5.2%	3,285,613	2.9%	-0.3%
2016	\$7.32	117	0.8%	-10.4%	3,664,685	3.3%	0%
2015	\$7.26	116	6.5%	-11.1%	3,562,072	3.3%	-0.3%
2014	\$6.82	109	4.6%	-16.6%	3,800,439	3.6%	-0.8%
2013	\$6.52	104	2.5%	-20.3%	4,697,085	4.4%	1.8%
2012	\$6.36	102	1.9%	-22.2%	2,710,219	2.6%	-0.5%
2011	\$6.23	100	1.8%	-23.7%	3,219,877	3.0%	0.3%
2010	\$6.12	98	-1.0%	-25.1%	2,850,760	2.7%	0%
2009	\$6.19	99	-1.1%	-24.3%	2,821,380	2.7%	0.8%



### LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$7.53	131	1.5%	8.7%	50,542,257	8.8%	-0.3%
2024	\$7.42	129	1.9%	7.0%	51,316,644	9.1%	-0.4%
2023	\$7.28	127	3.0%	5.0%	52,469,471	9.5%	-0.5%
2022	\$7.07	123	3.4%	2.0%	53,800,245	10.0%	-0.5%
2021	\$6.83	119	-0.8%	-1.4%	55,101,653	10.5%	0.9%
YTD	\$6.90	120	0.2%	-0.4%	51,460,931	9.9%	0.4%
2020	\$6.89	120	-0.6%	-0.6%	49,523,370	9.6%	2.6%
2019	\$6.93	121	1.8%	0%	34,275,999	7.0%	1.1%
2018	\$6.81	119	1.5%	-1.8%	28,114,241	5.9%	0.5%
2017	\$6.71	117	2.7%	-3.2%	25,152,137	5.5%	-0.3%
2016	\$6.53	114	0.9%	-5.8%	26,189,111	5.8%	0.4%
2015	\$6.47	113	3.9%	-6.6%	24,048,577	5.4%	0.4%
2014	\$6.23	109	3.2%	-10.1%	21,479,680	5.0%	-0.5%
2013	\$6.04	105	2.6%	-12.9%	23,131,916	5.5%	0.3%
2012	\$5.89	103	2.1%	-15.1%	21,486,669	5.2%	-0.7%
2011	\$5.76	101	2.2%	-16.8%	24,112,445	5.9%	-0.7%
2010	\$5.64	98	-1.1%	-18.7%	26,719,625	6.6%	-0.7%
2009	\$5.70	100	-0.5%	-17.7%	29,406,336	7.3%	0.8%

### FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$11.43	128	1.3%	8.8%	6,633,481	12.1%	0%
2024	\$11.27	127	1.8%	7.4%	6,615,984	12.1%	0.4%
2023	\$11.08	124	3.0%	5.5%	6,385,182	11.8%	0.5%
2022	\$10.76	121	3.5%	2.5%	6,067,967	11.2%	0.5%
2021	\$10.40	117	-0.7%	-1.0%	5,757,972	10.7%	1.2%
YTD	\$10.48	118	0.1%	-0.2%	5,191,174	9.7%	0.2%
2020	\$10.47	118	-0.3%	-0.3%	5,069,169	9.4%	-0.1%
2019	\$10.50	118	1.3%	0%	5,118,344	9.6%	0.6%
2018	\$10.37	116	2.2%	-1.2%	4,759,895	9.0%	0.3%
2017	\$10.15	114	1.1%	-3.4%	4,598,053	8.7%	1.4%
2016	\$10.04	113	0.4%	-4.4%	3,805,310	7.3%	0.8%
2015	\$10.00	112	1.8%	-4.8%	3,356,550	6.4%	-0.2%
2014	\$9.82	110	3.4%	-6.5%	3,461,581	6.6%	-1.1%
2013	\$9.50	107	3.6%	-9.6%	3,959,561	7.7%	-1.2%
2012	\$9.17	103	4.7%	-12.7%	4,499,166	8.9%	-0.8%
2011	\$8.76	98	1.1%	-16.6%	4,844,699	9.7%	-1.9%
2010	\$8.66	97	-1.3%	-17.6%	5,786,276	11.6%	-1.1%
2009	\$8.77	99	-1.5%	-16.5%	6,319,995	12.7%	1.1%

### OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$93.76	185	6.4%
2024	-	-	-	-	-	-	\$91.65	181	6.4%
2023	-	-	-	-	-	-	\$88.90	175	6.4%
2022	-	-	-	-	-	-	\$85.06	168	6.5%
2021	-	-	-	-	-	-	\$80.30	158	6.6%
YTD	21	\$1.2M	0.2%	\$598,500	\$83.71	-	\$81.95	162	6.7%
2020	1,052	\$729.4M	5.7%	\$4,335,379	\$82.25	7.7%	\$81.90	161	6.7%
2019	1,206	\$1.7B	5.9%	\$4,851,220	\$89.77	7.6%	\$81.78	161	6.5%
2018	1,311	\$1.8B	7.0%	\$5,335,458	\$80.84	8.0%	\$78.90	156	6.5%
2017	1,223	\$1.2B	5.8%	\$3,980,872	\$75.60	7.5%	\$77.19	152	6.4%
2016	925	\$474.1M	3.7%	\$3,029,527	\$69.73	8.1%	\$73.81	146	6.4%
2015	1,037	\$1.1B	5.9%	\$5,481,852	\$87.83	8.4%	\$71.07	140	6.4%
2014	986	\$762.9M	4.8%	\$3,076,127	\$66.05	8.4%	\$64.77	128	6.7%
2013	835	\$500M	5.3%	\$2,617,830	\$50.98	8.6%	\$59.80	118	7.0%
2012	887	\$577.7M	4.4%	\$2,078,192	\$56.37	8.4%	\$56.83	112	7.1%
2011	587	\$410.1M	3.4%	\$2,867,815	\$43.54	8.6%	\$53.38	105	7.4%
2010	378	\$260.8M	2.6%	\$2,120,307	\$47.76	9.2%	\$49.85	98	7.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### SPECIALIZED INDUSTRIAL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$89.12	195	6.3%
2024	-	-	-	-	-	-	\$86.95	191	6.3%
2023	-	-	-	-	-	-	\$84.16	184	6.3%
2022	-	-	-	-	-	-	\$80.31	176	6.3%
2021	-	-	-	-	-	-	\$75.52	166	6.5%
YTD	2	\$0.00	0.5%	-	-	-	\$76.74	168	6.6%
2020	86	\$39M	2.8%	\$3,546,363	\$74.60	5.0%	\$76.67	168	6.6%
2019	119	\$165.5M	5.6%	\$5,338,719	\$92.61	5.8%	\$76.42	168	6.4%
2018	130	\$133.7M	5.2%	\$4,455,688	\$59.62	8.6%	\$73.02	160	6.4%
2017	128	\$133.2M	4.7%	\$4,295,790	\$95.83	5.4%	\$71.18	156	6.3%
2016	101	\$36.5M	3.7%	\$3,645,088	\$59.64	8.7%	\$67.97	149	6.3%
2015	92	\$179.3M	4.4%	\$12,808,437	\$153.82	8.5%	\$65.52	144	6.3%
2014	106	\$59M	3.0%	\$3,471,631	\$60.19	7.4%	\$59.50	130	6.7%
2013	94	\$33.2M	2.8%	\$2,077,490	\$69.75	7.6%	\$54.39	119	6.9%
2012	91	\$80.3M	3.0%	\$4,013,705	\$90.04	7.8%	\$51.86	114	7.1%
2011	55	\$18M	1.6%	\$1,386,090	\$35.16	-	\$48.53	106	7.4%
2010	43	\$52.1M	2.3%	\$3,720,928	\$47.39	7.8%	\$45.23	99	7.7%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### LOGISTICS SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$92.06	184	6.4%
2024	-	-	-	-	-	-	\$90.00	179	6.4%
2023	-	-	-	-	-	-	\$87.32	174	6.4%
2022	-	-	-	-	-	-	\$83.59	167	6.5%
2021	-	-	-	-	-	-	\$78.97	157	6.6%
YTD	18	\$1.2M	0.1%	\$598,500	\$83.71	-	\$80.66	161	6.7%
2020	794	\$599.4M	6.4%	\$5,157,458	\$79.73	8.1%	\$80.61	161	6.7%
2019	917	\$1.2B	5.8%	\$5,069,394	\$85.28	7.9%	\$80.50	160	6.5%
2018	1,006	\$1.5B	7.4%	\$5,813,307	\$81.54	7.4%	\$77.64	155	6.5%
2017	937	\$900.6M	5.8%	\$4,413,278	\$73.77	7.7%	\$76.03	152	6.4%
2016	700	\$390M	3.7%	\$3,303,422	\$72.12	8.1%	\$72.63	145	6.4%
2015	827	\$779.6M	6.3%	\$5,029,546	\$77.34	8.3%	\$70.00	140	6.5%
2014	754	\$627.1M	5.2%	\$3,266,059	\$64.73	8.5%	\$63.80	127	6.8%
2013	651	\$415.6M	6.0%	\$2,663,937	\$47.46	8.6%	\$58.99	118	7.0%
2012	650	\$392.6M	4.5%	\$1,962,926	\$50.61	8.2%	\$56.03	112	7.1%
2011	424	\$319.5M	3.8%	\$3,435,728	\$39.86	8.4%	\$52.73	105	7.4%
2010	291	\$183.5M	2.5%	\$1,891,266	\$47.10	8.9%	\$49.24	98	7.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### FLEX SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	\$120.57	179	6.6%
2024	-	-	-	-	-	-	\$118.14	176	6.6%
2023	-	-	-	-	-	-	\$114.81	171	6.7%
2022	-	-	-	-	-	-	\$109.97	163	6.7%
2021	-	-	-	-	-	-	\$103.92	154	6.8%
YTD	1	\$0.00	0%	-	-	-	\$106.08	158	6.9%
2020	172	\$91.1M	6.1%	\$2,221,184	\$110.03	7.2%	\$105.99	158	6.9%
2019	170	\$270.8M	7.4%	\$3,868,602	\$115.62	7.8%	\$106.06	158	6.7%
2018	175	\$128.1M	7.2%	\$3,039,889	\$110.79	10.7%	\$104.16	155	6.6%
2017	158	\$160.8M	7.6%	\$2,473,589	\$72.96	8.3%	\$101.82	151	6.5%
2016	124	\$47.6M	3.9%	\$1,655,408	\$61.02	7.8%	\$98.20	146	6.5%
2015	118	\$143M	6.0%	\$4,467,333	\$110.02	8.7%	\$93.79	139	6.6%
2014	126	\$76.8M	5.5%	\$1,968,678	\$87.04	9.6%	\$85.85	128	6.9%
2013	90	\$51.2M	4.7%	\$2,694,286	\$88.98	9.0%	\$79.57	118	7.1%
2012	146	\$104.9M	7.0%	\$1,808,243	\$65.54	9.8%	\$75.57	112	7.2%
2011	108	\$72.6M	4.5%	\$1,960,963	\$81.55	9.5%	\$70.43	105	7.5%
2010	44	\$25.3M	3.8%	\$2,104,334	\$54.23	11.0%	\$66.05	98	7.9%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.