



# 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

**26.1 M**

12 Mo Net Absorption in SF

**13.7 M**

Vacancy Rate

**9.0%**

12 Mo Rent Growth

**-0.9%**

The industrial sector continues to stand the test of time and prove that it can weather even the most disruptive of events. After a blow to leasing and transaction activity in the second and third quarters throughout the onset of the pandemic, both rebounded quite dramatically in the fourth quarter.

Demand is being driven by e-commerce providers, logistics companies, building material retailers, and discount stores. Shifting consumer habits towards online shopping and discount retail, which began prior to the pandemic, accelerated last year. 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. The need to work from home and socially distance has also made the idea of suburban living more attractive for many.

Yet Houston is experiencing record-breaking new

supply, leading to rising vacancies and some of the lowest rent growth metrics in the country. This poses a challenge to new spec product developers, although it is a boon for tenants.

Houston remains one of the nation's fastest-growing cities in terms of population. And its employment base was less negatively impacted by the pandemic than several gateway markets. This should continue to spur leasing and transaction activity in the Bayou City.

Downside risks to both the national and the metro-level forecast include a longer-than-expected recovery from COVID-19, as mass vaccinations roll out in the first part of 2021.

And while demand for Houston industrial real estate remains strong, a heavy speculative pipeline is weighing on rents and especially owners of new speculative space.

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	523,120,519	10.0%	\$7.00	12.9%	(1,120,807)	10,800	13,545,218
Specialized Industrial	117,556,412	3.9%	\$7.75	6.7%	45,881	0	855,575
Flex	54,461,726	10.1%	\$10.65	13.5%	18,225	0	279,862
<b>Market</b>	<b>695,138,657</b>	<b>9.0%</b>	<b>\$7.41</b>	<b>11.9%</b>	<b>(1,056,701)</b>	<b>10,800</b>	<b>14,680,655</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.4%	6.4%	8.6%	9.1%	2004 Q1	4.2%	1999 Q1
Net Absorption SF	13.7 M	9,068,331	13,001,270	20,604,415	2005 Q2	527	2001 Q2
Deliveries SF	26.1 M	12,309,355	14,574,231	33,633,978	2020 Q4	3,619,187	2011 Q1
Rent Growth	-0.9%	2.0%	2.0%	9.2%	2000 Q2	-1.9%	2010 Q3
Sales Volume	\$598 M	\$590.2M	N/A	\$1.9B	2020 Q1	\$126.5M	1999 Q4



Leasing volumes grew by 6% in 2020 despite the pandemic. Even after briefly dipping in the second quarter, leasing activity skyrocketed from a low of 1 million SF in April to a record high of over 4 million SF in December.

Houston's industrial market also absorbed 6.6 million SF in the fourth quarter of 2020, which was the second-best quarter on record for Houston industrial demand. Overall, Houston absorbed over 14 million SF last year, the fifth-best year on record.

Despite witnessing diverse and record-breaking leasing activity throughout the year, vacancies increased significantly from 5% in 2018 to 9.0% in 21Q1. This was due to an unprecedented amount of speculative supply that delivered in 2020, outstripping such demand. Houston had the highest vacancy rate out of the top 30 U.S. markets as of year-end 2020. Nationally average industrial vacancies were about 5%.

With the delivery of additional product in the pipeline over the course of the next year, vacancies are projected to plateau just shy of 10% by 2022 before beginning a steady decline back towards today's level. This will largely depend on the speed of vaccination efforts and the strength of economic recovery. It also appears that Houston's industrial pipeline is slowing. Yet an abundance of affordable land and a relatively easy entitlement process mean that new speculative supply could continue to come on line in the coming years, despite record high vacancies, as developers capitalize on new ground-up developments.

As far as major leases, Amazon signed on for more than 2.3 million SF in 2020 across Houston. Together, these leases represented 12% of Houston's total industrial leasing volume in 2020. In several markets, particularly smaller ones, Amazon comprised a much higher concentration of leasing activity. Nationally, Amazon's leasing volume of 83 million SF in 2020 represented approximately 10% of U.S. industrial leasing volume. Certainly, though, this illuminates Amazon's outsized impact in the nation's industrial market and underscores the valid concerns some may feel regarding a market's reliance on such activity continuing. Yet Amazon's growth trajectory remains bright, and its expansion efforts are poised to continue. U.S. e-commerce sales jumped by 30% year over year as of September 2020, according to the Census Bureau, as pandemic-related lockdowns and social distancing measures encouraged more online buying. Amazon's stock price has doubled since mid-

March of last year. And the company accounted for more than a quarter of all U.S. e-commerce sales in 2020.

But it would be a mistake to overlook other tenant segments boosting demand throughout Houston. Several other large tenants leased space last year, including many 3PLs.

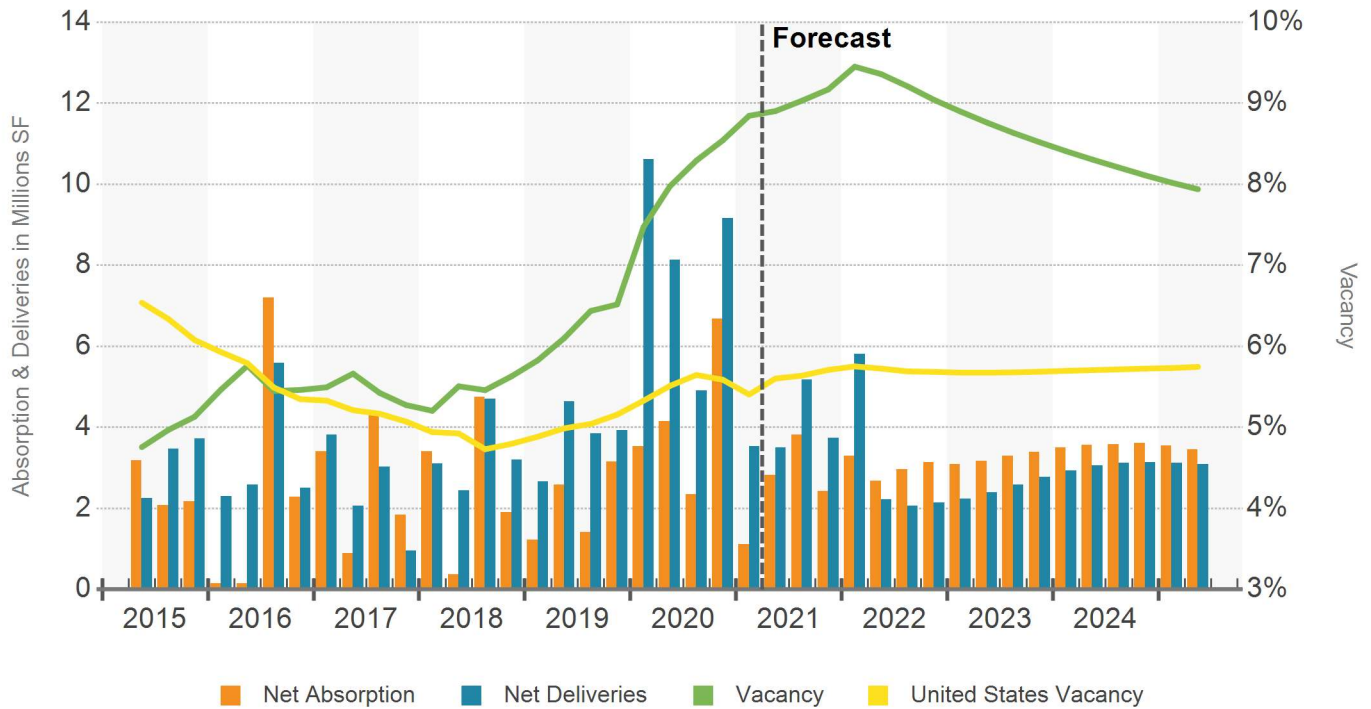
Lowe's leased 1.5 million SF at a build-to-suit at Clayco's EMC Industrial Park in the far northeast community of New Caney. New Caney is located in Montgomery County, one of the fastest-growing counties in the U.S. in terms of population growth. According to a recent report by RCLCO, Houston ranked as the top-selling master-planned community market in the U.S. in 2020. And it's worth noting that Lowe's, competitor Home Depot, and other building materials retailers significantly increased their footprints in Houston last year.

Other logistics-oriented firms continue to expand their operations throughout Houston, as well. Dunavant Distribution Group leased a combined 1 million SF in Principal and Stream's Bay Area Business Park in Pasadena near the Port of Houston. Dunavant, which offers global freight forwarding, warehousing, intermodal, and logistics services, expanded its footprint significantly in 2020 to keep up with customer demand. The company's clients range from plastic resin manufacturers to lumber companies and more. The Houston Ship Channel, which is the largest petrochemical complex in the Western Hemisphere, has seen booming plastics production in recent years. The area recently welcomed more than \$50 billion in new petrochemical projects between 2015 and 2017, as oil and gas prices plummeted. While lower prices are a pain for upstream producers, they are a boon for downstream refiners and chemical manufacturers, as oil and gas are their largest feedstocks.

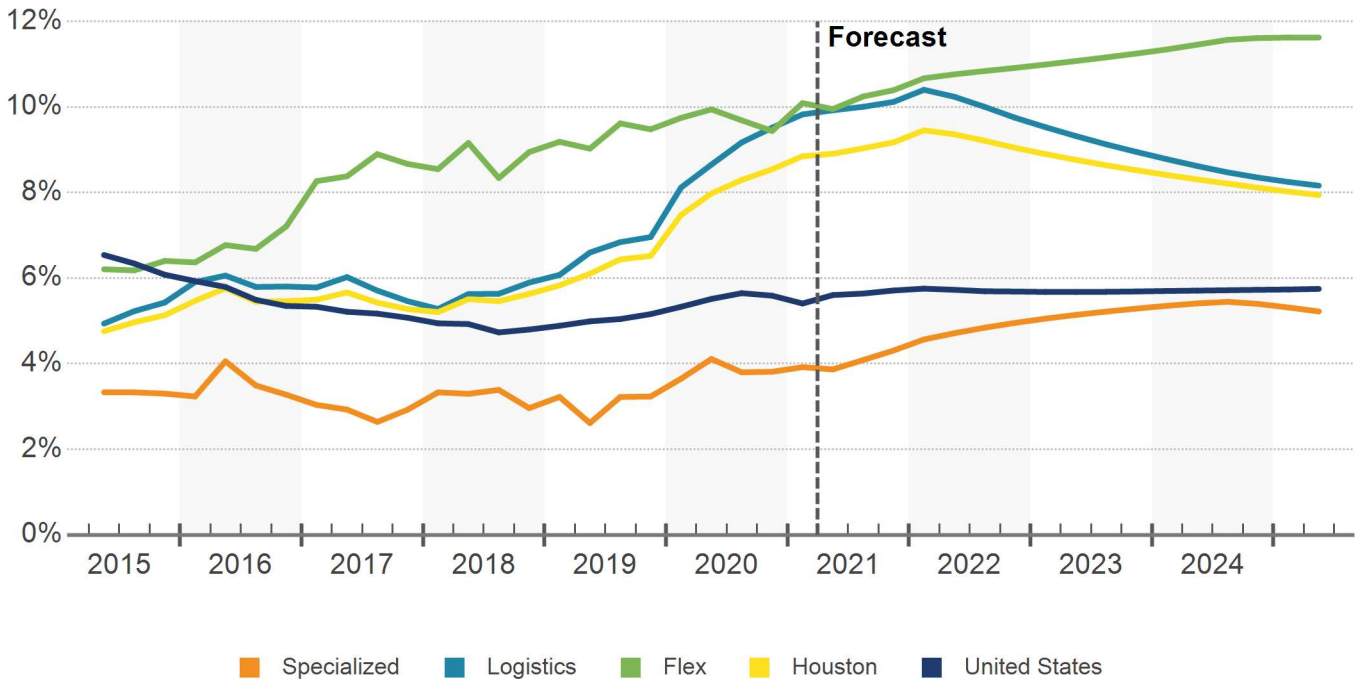
Among the largest move-ins last year, Ross Dress for Less and Dollar Tree moved into a combined 3.3 million SF of build-to-suit space in Brookshire and Rosenberg respectively.

Meanwhile Grocers Supply demolished its Texas Medical Center-area distribution center and moved further north. The family that owns Grocers Supply, the Levits, plan to develop the underlying land with Hines into mixed-use lab space. And Home Depot vacated 300,000 SF elsewhere in the metro as part of a shift towards newer buildings.

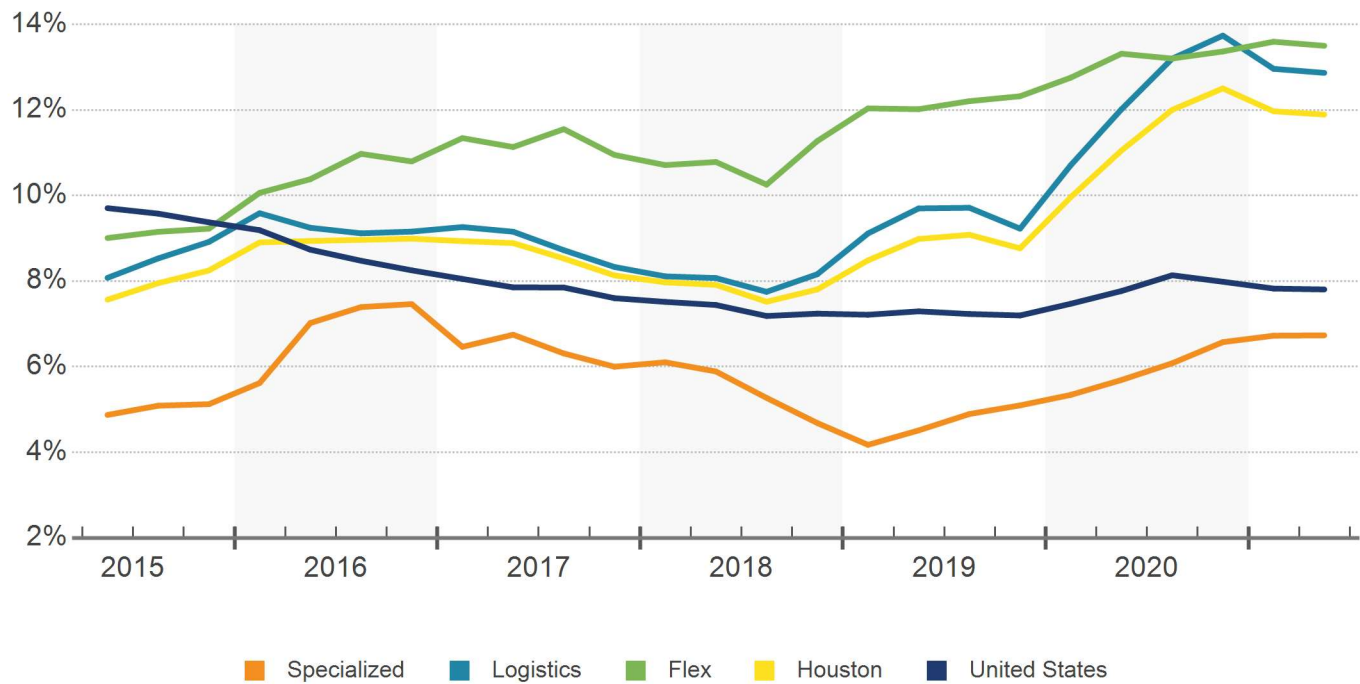
### NET ABSORPTION, NET DELIVERIES & VACANCY



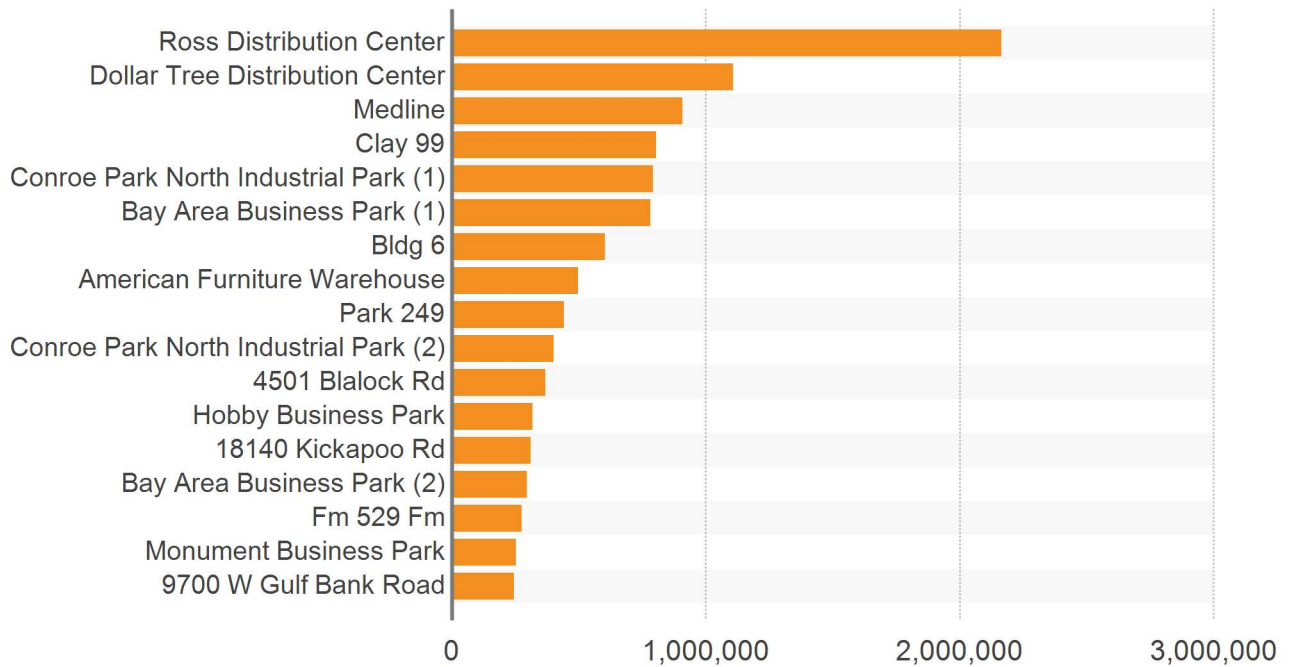
### VACANCY RATE



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	1,107,691
Medline	Northwest Outliers Ind	1,300,000	390,000	0	0	0	0	910,000
Clay 99	Northwest Outliers Ind	805,601	0	0	0	0	0	805,601
Conroe Park North Industrial Par...	The Woodlands/Conr...	860,000	0	0	0	0	0	793,845
Bay Area Business Park (1)	East-Southeast Far Ind	784,000	0	784,000	0	0	0	784,000
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
Conroe Park North Industrial Par...	The Woodlands/Conr...	402,300	0	402,300	0	0	0	402,300
4501 Blalock Rd	Northwest Inner Loo...	401,280	0	0	0	0	0	370,411
Hobby Business Park	South Hwy 35 Ind	345,100	0	0	0	0	0	318,553
18140 Kickapoo Rd	Northwest Hwy 6 Ind	479,806	0	0	0	0	0	312,640
Bay Area Business Park (2)	East-Southeast Far Ind	297,440	0	137,280	0	0	0	297,400
Fm 529 Fm	Northwest Outliers Ind	300,000	0	0	0	0	0	276,922
Monument Business Park	East-Southeast Far Ind	414,900	162,697	0	0	0	0	252,203
9700 W Gulf Bank Road	Hwy 290/Tomball Pk...	245,319	0	0	0	0	0	245,319
<b>Subtotal Primary Competitors</b>		<b>11,547,766</b>	<b>552,697</b>	<b>1,323,580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,588,905</b>
Remaining Houston Market		683,590,891	62,006,513	(205,638)	(1,056,701)	0	0	2,308,505
<b>Total Houston Market</b>		<b>695,138,657</b>	<b>62,559,210</b>	<b>1,117,942</b>	<b>(1,056,701)</b>	<b>0</b>	<b>0</b>	<b>12,897,410</b>

## TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
18901 E Industrial Pky	The Woodlands/Conroe	1,500,000	Q4 20	Lowe's	-	-
2303 Hurricane Ln	Southwest Far	1,081,292	Q4 20	Amazon	Cushman & Wakefield	-
10629 Red Bluff Rd	East-Southeast Far	784,000	Q4 20	Dunavant Distribution Group	-	Stream Realty Partners...
1006 Jordan Ranch Blvd	Sugar Land	498,231	Q1 21	Rooms to Go	-	JLL
4600 Underwood Rd	East-Southeast Far	402,648	Q4 20	Costway	CBRE	CBRE
9155 Derrington Rd	Hwy 290/Tomball Pky	368,467	Q1 21	Amazon	-	CBRE
5880 W Fuqua St	Southwest Far	347,730	Q1 21	4PX Express USA	-	Cushman & Wakefield
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...
611 S Cravens Rd	Southwest Far	239,124	Q1 21	Awesung	-	Transwestern Real Est...
Northcrest Dr	The Woodlands/Conroe	219,000	Q3 20	Amazon	-	-
8711 Citypark Loop	Northeast Hwy 90	218,015	Q1 21	Vee Express	Savills	CBRE
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
713 NorthPark Central Dr *	North Hardy Toll Road	199,176	Q3 20	Abaco Drilling Technologies	-	Transwestern Real Est...
645 Independence Pky	East-Southeast Far	194,610	Q4 20	DNA Motoring	-	Boyd Commercial, LLC...
5880 W Fuqua St	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
4975 Gulf Fwy	South Hwy 35	180,000	Q1 21	Amazon	-	-
1111-1113 Gillingham Ln *	Sugar Land	171,019	Q3 20	Quality Packaging	-	Stream Realty Partners...
9201-9349 Baythorne Dr *	Northwest Inner Loop	170,537	Q3 20	Polytex Fibers Corporation	Avison Young	-
1407 Gillingham Ln	Sugar Land	166,970	Q1 21	Soft-Tex	Colliers International	Cushman & Wakefield
500 Industrial Blvd	Sugar Land	163,582	Q4 20	Boise Cascade Building M...	-	Cushman & Wakefield
32045 US Hwy 90 BUS	Northwest Outliers	163,144	Q1 21	Tramontina USA, Inc.	-	Stream Realty Partners...
10611 Red Bluff Rd	East-Southeast Far	160,160	Q4 20	Crown Transportation	-	Stream Realty Partners...
1901 Wharton Weems Blvd	East-Southeast Far	159,793	Q1 21	Averitt Express Inc	-	Colliers International;Pr...
5215 Campbell Rd	Northwest Inner Loop	157,887	Q1 21	-	-	Stream Realty Partners...
22003 Cypress Slough Dr	North Hardy Toll Road	157,805	Q1 21	Source Logistics	Newmark Knight Frank	Colliers International
560 E Richey Rd	North Hardy Toll Road	156,505	Q3 20	MiTek	-	CBRE;Prologis, Inc.
13323 S Gessner Rd	Hwy 59/Hwy 90 (Alt)	141,440	Q3 20	Lawless Group	Cresa	Stream Realty Partners...
Interstate 59	Northeast Hwy 321	141,360	Q3 20	Amazon	-	-
11311 N Gessner Rd	Hwy 290/Tomball Pky	141,360	Q3 20	Amazon	-	-
10611 Red Bluff Rd	East-Southeast Far	137,280	Q1 21	Amazon	-	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
11945 North Fwy	North Fwy/Tomball Pky	132,300	Q3 20	Hellmann Logistics	Cushman & Wakefield	CBRE
15894 Diplomatic Plaza Dr	North Hardy Toll Road	128,500	Q1 21	Air Express International...	CBRE	InSite Commercial Real...
1031 Bammel Rd	North Hardy Toll Road	125,000	Q2 20	Beacon Roofing Supply Inc.	Mohr Partners Intern...	Black Label Commerci...
10507 Ella Blvd	North Fwy/Tomball Pky	121,226	Q1 21	Thermaflex	-	Cushman & Wakefield
10619 Red Bluff Rd	East-Southeast Far	114,400	Q2 20	Dunavant Distribution Group	Colliers International	Stream Realty Partners...

\*Renewal



Last year marked the first year that rents declined in a decade since the Great Recession. This likely had to do more with the onslaught of new speculative supply than the pandemic.

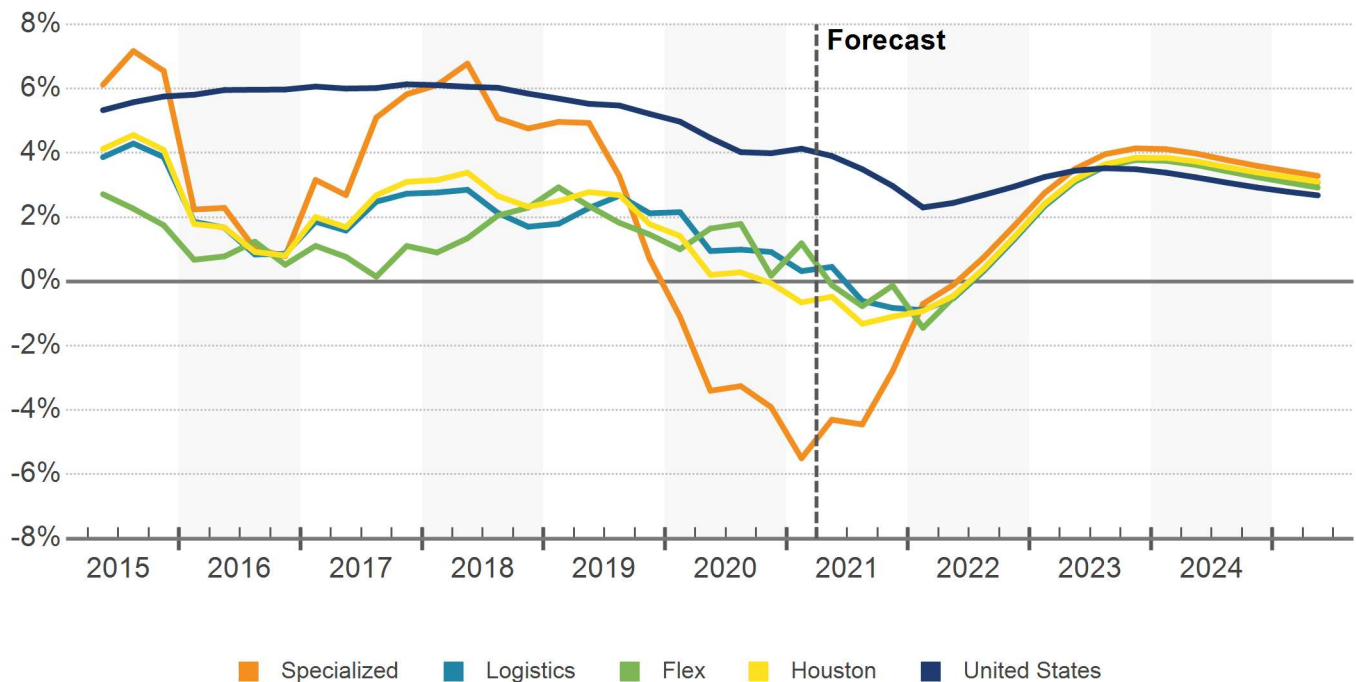
Houston industrial rents declined by -0.5% over the past year. Out of the 390 markets that CoStar tracks, this placed Houston last. Houston also has the dubious distinction of being one of only three industrial markets in the U.S. that saw rent declines over the past year, along with Minneapolis and Rapid City, South Dakota. By contrast, industrial rents grew 3.7% nationally.

Rent declines were felt across the board in Houston, with just one submarket, South Highway 35, experiencing

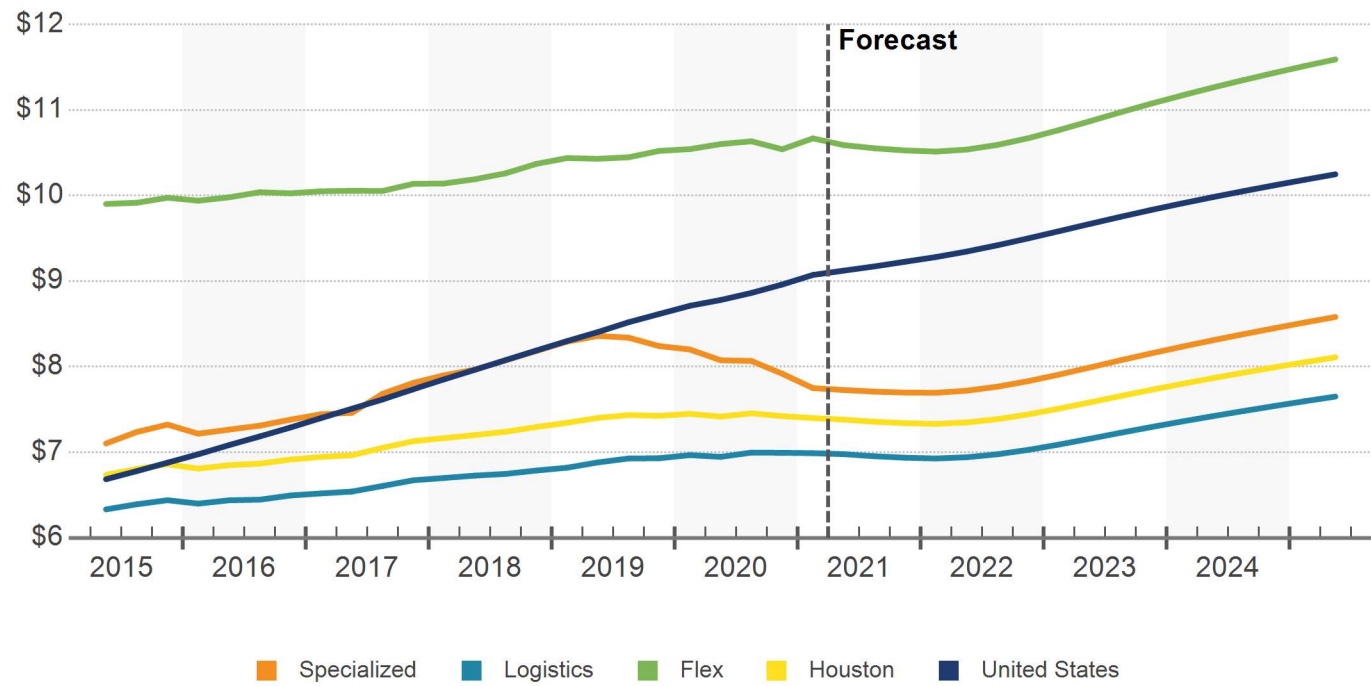
positive rent growth over the past 12 months. And South Highway 35 possessed the largest spread between net absorption and new deliveries in 2020.

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.

### MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



The fourth quarter of 2020 was the second highest on record for net deliveries, with 9 million SF coming on line. Certainly, 2020 was a historic year for new deliveries. About 25.1 million SF delivered over the past year in Houston, heads and shoulders over any year in the past. The previous record year was 2008 with 17 million SF in deliveries. Houston ranked second only to Dallas-Fort Worth for new product that delivered last year.

And the metro still has 14.7 million SF under construction today, which ranks in the top five in the U.S.

On a percentage basis, Sugar Land's new development represents 8% of its stock. Overall, Sugar Land also has by far the most under construction on a nominal basis, with nearly 3 million SF as of 21Q1.

Among the largest projects, Stream has more than 1 million SF of speculative supply under construction at the Empire West Business Park in Brookshire.

Hunt Southwest is also under construction with 1 million SF at Cedar Port in Baytown. This is the largest speculative project under one roof in Houston's history.

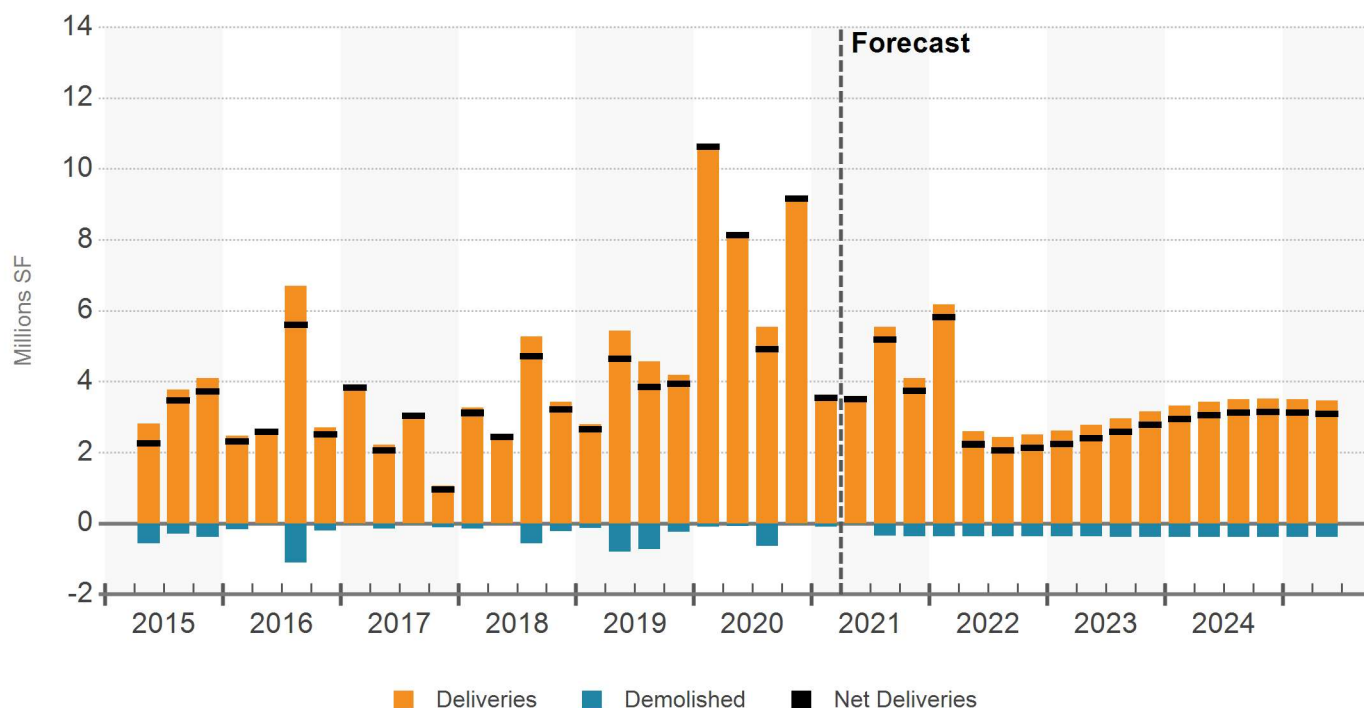
Sugar Land's new development is being led by Trammell Crow's 850,000-SF build-to-suit for Amazon, along with Phelan Development's 500,000-SF spec Jordan Distribution Center.

IDC is also under construction with more than half a million SF of spec space at the Park 505 at Hardy development in the North Outer Loop Submarket.

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 were under construction in 2020, more than three-quarters are rated 4 & 5 Star. This raises some concerns, since most of the leasing activity last year occurred in 1 to 3 Star product. Thus, it is likely that developers overshot speculative demand for 4 & 5 Star space 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.

### 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	The Woodlands/Conroe	17	3,185	3,099	97.3%	1	19,923	187,378	2
2	Sugar Land	16	2,984	1,693	56.7%	4	45,982	186,477	3
3	East-Southeast Far	18	2,831	1,605	56.7%	5	36,346	157,282	5
4	Southwest Far	11	1,963	1,263	64.3%	3	28,556	178,428	4
5	Hwy 290/Tomball Pky	4	1,170	915	78.1%	2	41,577	292,566	1
6	Hwy 59/Hwy 90 (Alt)	14	1,146	73	6.3%	8	26,192	81,831	8
7	Northwest Hwy 6	6	494	0	0%	9	26,967	82,266	7
8	South Hwy 35	5	478	0	0%	9	22,145	95,642	6
9	North Fwy/Tomball Pky	21	255	67	26.4%	7	29,882	12,127	10
10	Northwest Outliers	5	109	52	47.8%	6	47,335	21,840	9
	All Other	7	66	8	12.2%		32,098	9,464	
Totals		124	14,681	8,774	59.8%		31,507	118,392	



# Under Construction Properties

Houston Industrial

Properties

Square Feet

Percent of Inventory

Released

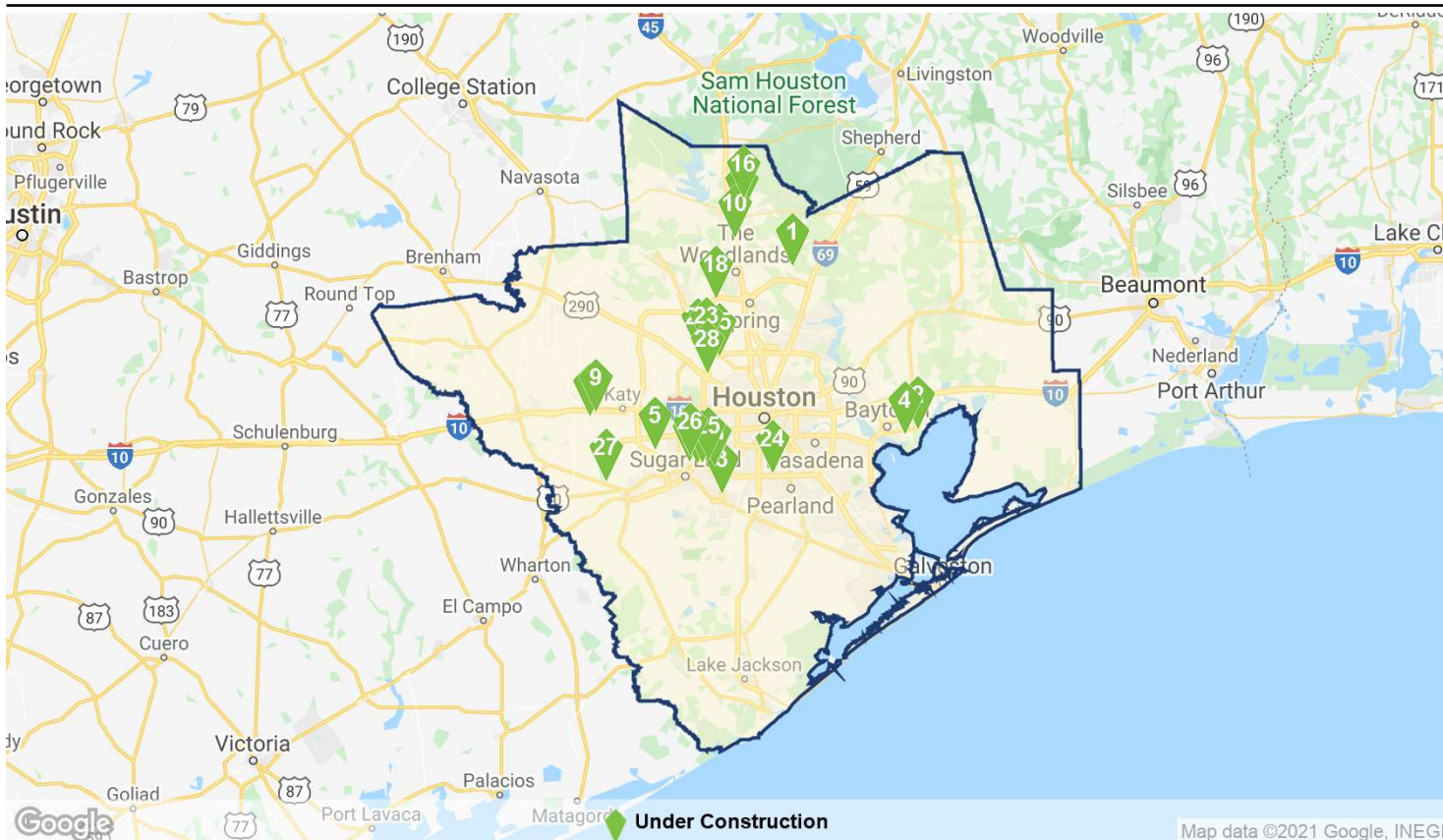
124

14,680,655

2.3%

59.8%

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Lowe's Distribution Center</b> 18901 E Industrial Pky	★★★★★	1,500,000	1	Jan 2021	Aug 2021	Clayco Inc. Clayco Inc.
2 <b>Floor &amp; Decor</b> Fisher Rd	★★★★★	1,500,000	1	Mar 2021	Dec 2021	Floor & Decor Floor & Decor
3 <b>Amazon</b> 2303 Hurricane Ln	★★★★★	1,081,292	-	Oct 2020	Dec 2021	Lovett Commercial -
4 <b>Cedar Port Trade Center</b> 4633 Borusan Rd	★★★★★	1,021,440	1	Jul 2020	May 2021	Hunt Southwest Real Estate Hunt Southwest Real Estate
5 <b>Amazon</b> 10507 Harlem Rd	★★★★★	850,000	1	May 2020	May 2021	Trammell Crow Company Amazon
6 <b>The Uplands Twinwood...</b> Twinwood Pky & Woods Rd	★★★★★	737,630	1	Feb 2021	Sep 2021	Clay Development & Construction Clay Development & Construction
7 <b>Home Depot</b> 11333 N Gessner Rd	★★★★★	657,600	1	Mar 2021	Dec 2021	National Property Holdings LP -

# Under Construction Properties

Houston Industrial

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>Home Depot</b> 1776 E Davis St	★★★★★	612,000	1	Oct 2020	Oct 2021	Trammell Crow Company Trammell Crow Company
9 <b>Jordan Ranch Distributi...</b> 1006 Jordan Ranch Blvd	★★★★★	498,231	1	Oct 2020	Jul 2021	Phelan Development Company Phelan Development Company
10 <b>American Furniture War...</b> River Plantation Dr	★★★★★	492,262	1	Oct 2020	Feb 2022	American Furniture Warehouse American Furniture Warehouse
11 <b>Building 11</b> 611 Highway 90 A	★★★★★	440,014	1	Oct 2020	Jun 2021	- -
12 <b>Bldg 1</b> 500 Industrial Blvd	★★★★★	326,812	1	Nov 2020	Aug 2021	Lovett Commercial Lovett Commercial
13 <b>Building 2</b> 13223 Murphy Rd	★★★★★	311,205	1	Jan 2021	Aug 2021	Crow Holdings Industrial Crow Holdings
14 <b>Building 1</b> 4851-4861 Sam Houston...	★★★★★	305,016	1	Mar 2020	May 2021	Investment & Development Ventu... Investment & Development Ventu...
15 <b>Seton Lake Logistics Ce...</b> 14611 Tomball Pky	★★★★★	255,704	1	Mar 2021	Oct 2021	Trammell Crow Company Clarion Partners
16 <b>VGXI, Inc.</b> Technology Dr	★★★★★	240,000	1	Nov 2020	Mar 2022	Conroe Industrial Development C... Conroe Industrial Development C...
17 <b>11325 Cash Rd</b>	★★★★★	228,900	1	May 2020	Jun 2021	Transwestern Development Com... Transwestern Real Estate Services
18 <b>Amazon</b> Northcrest Dr	★★★★★	219,000	1	Mar 2021	Oct 2021	Lovett Commercial Lovett Commercial
19 <b>Building 2</b> 12510 W Airport Blvd	★★★★★	199,978	1	Jul 2020	Jun 2021	Transwestern Development Com... Transwestern Real Estate Services
20 <b>Building 2</b> 10020 FM 1960 Rd W	★★★★★	192,240	1	Sep 2020	May 2021	Jackson-Shaw Company Jackson-Shaw Company
21 <b>Building 12</b> 702 S Cravens	★★★★★	177,474	1	Oct 2020	Aug 2021	- -
22 <b>Building 3</b> 13223 Murphy Rd	★★★★★	156,726	1	Jan 2021	Aug 2021	Crow Holdings Industrial Crow Holdings
23 <b>Amazon</b> 11311 N Gessner Rd	★★★★★	141,360	1	Dec 2020	Oct 2021	National Property Holdings LP National Property Holdings LP
24 <b>Building 2</b> 4851-4861 Sam Houston...	★★★★★	131,553	1	Mar 2020	May 2021	Investment & Development Ventu... Investment & Development Ventu...
25 <b>12733 Stafford Rd</b>	★★★★★	130,366	1	Dec 2020	Jul 2021	- Vigavi Realty LLC
26 <b>Building 1</b> 12520 W Airport Blvd	★★★★★	126,829	1	Jul 2020	Jun 2021	Transwestern Development Com... Transwestern Real Estate Services
27 <b>3310 Texas 36</b>	★★★★★	123,000	2	Jul 2020	May 2021	- Frito-Lay North America, Inc.
28 <b>9700 W Gulf Bank Rd</b>	★★★★★	115,600	1	Mar 2021	Sep 2021	Transwestern Real Estate Services Armstrong Relocation & Company

Prior to the onset of the pandemic, the first quarter of 2020 set a record for transaction volume thanks to national portfolio deals. By year end, Houston experienced over \$3 billion in transaction volume, as it did in the prior two years.

Houston saw a dip in transactions in the second and third quarters during the period of price discovery before volumes rocketed back in the fourth quarter. The end of the year saw a return to large portfolio deals.

Hines sold its Boulevard Oaks industrial park assets to Boston-based TA Realty in November. CoStar estimates the sale at approximately \$115 million, or \$100/SF, at a 6.4% cap rate.

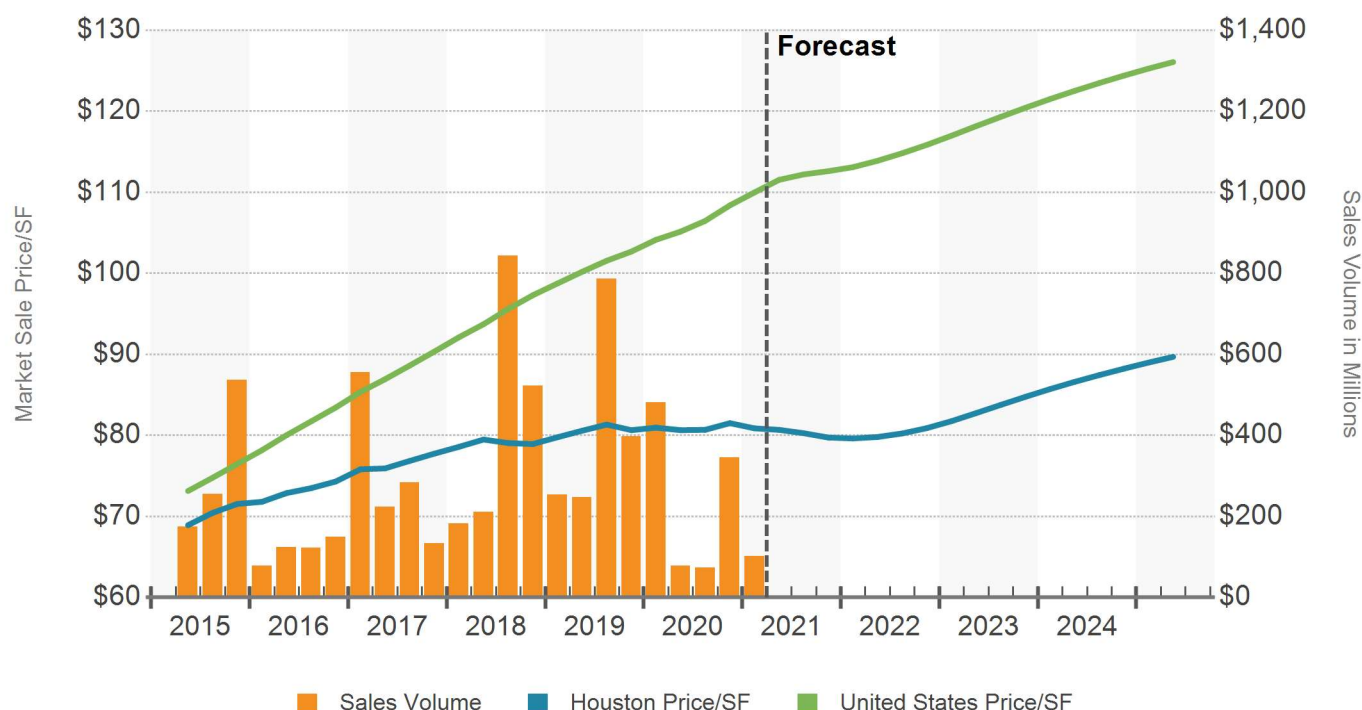
And in December, Stonelake sold more than 1 million SF of properties in Houston as part of a Texas portfolio sale to San Diego-based Westcore Properties. CoStar estimates that sale at approximately \$60 million, or \$56/SF, at a 6.3% cap rate.

Among the largest trades in the first quarter, two were part of national acquisitions by San Francisco-based Prologis. During the first two months of the year, Prologis acquired more than 13 million SF in Houston, representing a third of the total footprint sold last year and about 10 times the next-largest buyer, Exeter.

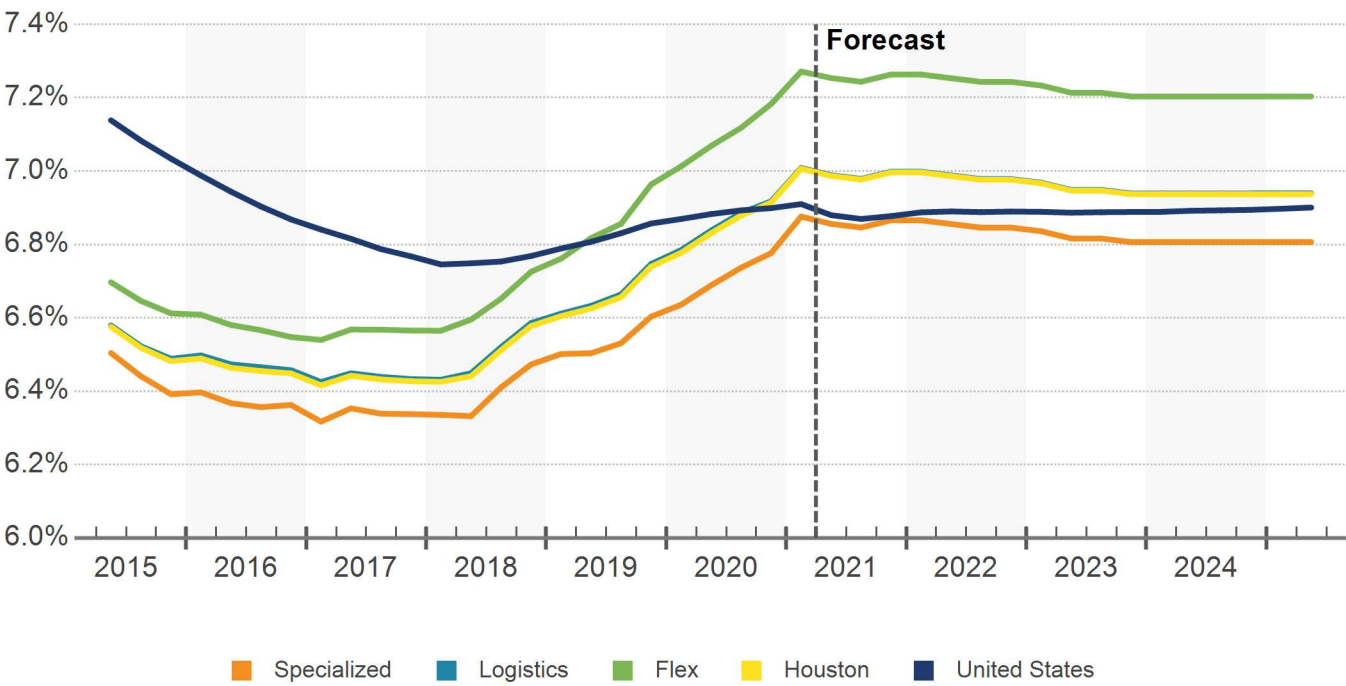
As part of its January 2020 portfolio acquisition of Liberty Property Trust, CoStar estimates that Prologis acquired nearly a billion dollars' worth of industrial properties in Houston, including the Grocers Supply and Conn's build-to-suits in the North Hardy Toll Road Submarket, along with several other industrial parks. The acquisition encompassed 70 buildings in Houston, totaling more than 10 million SF. CoStar estimates that the Houston properties traded at a weighted \$102/SF and a 5.9% cap rate. The portfolio included 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.

And in February, Prologis acquired Denver-based Black Creek Group's Industrial Property Trust portfolio. This included another \$200 million worth of properties across Houston, accounting for an additional 23 properties sold in Houston, totaling more than 2.7 million SF. 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.

### SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE





## Sales Past 12 Months

## Houston Industrial

## Sale Comparables

**Avg. Cap Rate**

**Avg. Price/SF**

### Avg. Vacancy At Sale

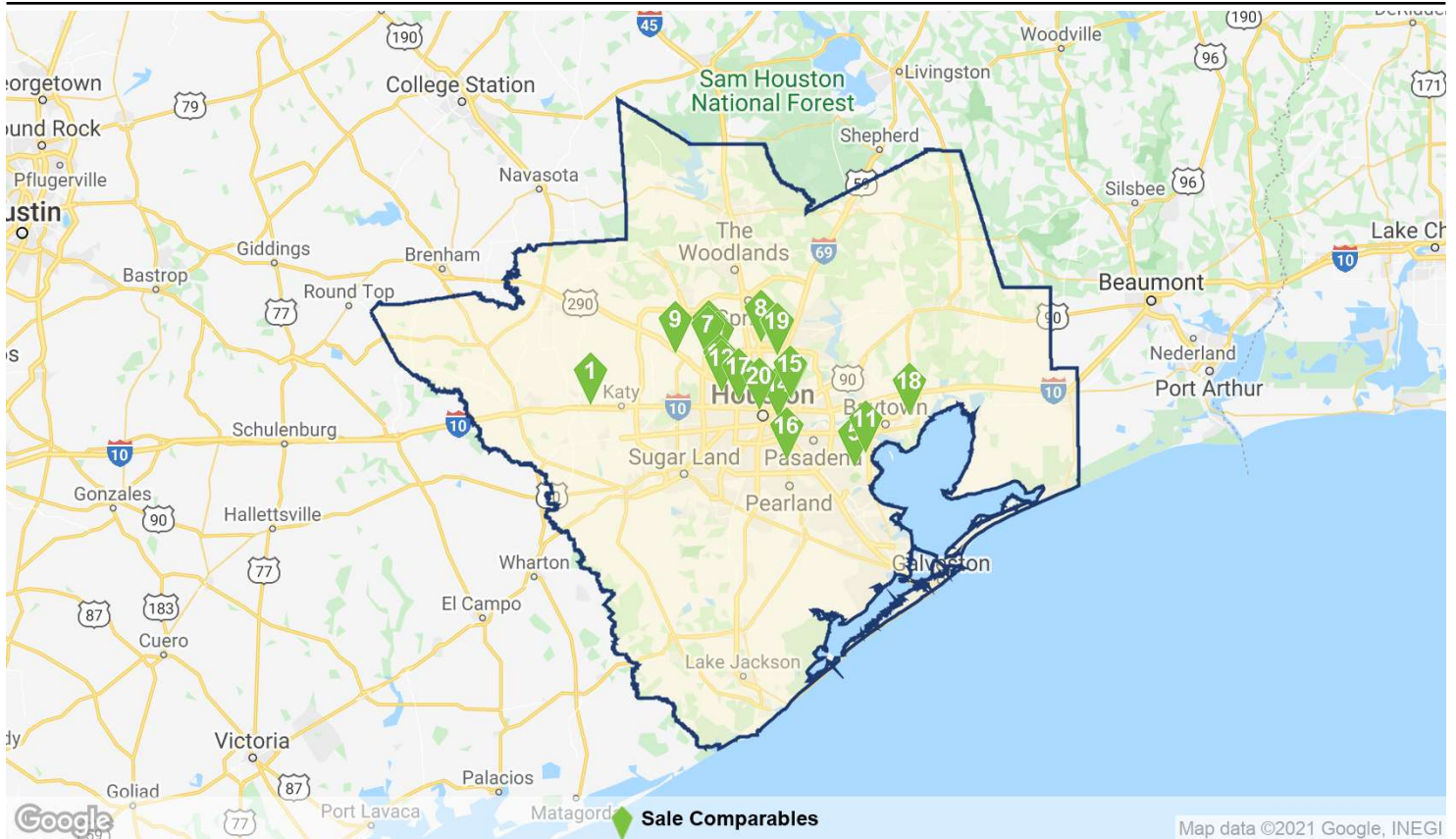
970

**7.0%**

**\$83**

# 14.6%

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$65,000	\$4,051,742	\$1,300,000	\$108,000,000
Price/SF	\$14	\$83	\$85	\$306
Cap Rate	2.4%	7.0%	7.1%	11.8%
Time Since Sale in Months	0.0	5.8	5.7	12.0
Property Attributes	Low	Average	Median	High
Building SF	400	33,590	10,860	1,016,000
Ceiling Height	6'	20'4"	19'	60'
Docks	0	3	0	190
Vacancy Rate At Sale	0%	14.6%	0%	100%
Year Built	1882	1987	1984	2022
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
1 Amazon Distribution Ce... 31819 Highway 90 E	★★★★★	2018	1,016,000	0%	12/18/2020	\$108,000,000	\$106	-
2 Home Depot 7703 Sam Houston Pky W	★★★★★	2020	770,640	0%	12/3/2020	\$72,594,374	\$94	-
3 8017 Breen Dr	★★★★★	2015	383,750	0%	12/18/2020	\$56,791,000	\$148	5.5%
4 8800 Citypark Loop 8800 Citypark Loop	★★★★★	1994	663,821	0%	2/18/2021	\$42,000,000	\$63	-
5 Bayport South Business... 10565 Red Bluff Rd	★★★★★	2019	248,240	0%	6/25/2020	\$20,949,000	\$84	-
6 Building 2 10700 Telge Rd	★★★★★	1983	133,023	0%	6/16/2020	\$15,616,646	\$117	-
7 9419 Windfern Rd	★★★★★	2014	104,086	0%	2/23/2021	\$11,351,922	\$109	-
8 Central Green Distributio... 16330 Air Center Blvd	★★★★★	1998	79,579	0%	12/23/2020	\$10,500,000	\$132	-
9 Building 1 10700 Telge Rd	★★★★★	1998	96,991	47.2%	6/16/2020	\$9,883,354	\$102	-
10 12614 Hempstead Hwy	★★★★★	1975	151,260	0%	9/11/2020	\$9,550,000	\$63	-
11 1301 S 16th St	★★★★★	2020	109,080	100%	12/21/2020	\$8,750,000	\$80	-
12 Kempwood Industrial 8100 Kempwood Dr	★★★★★	1975	219,489	58.1%	2/25/2021	\$8,000,000	\$36	-
13 14000 Vickery Dr	★★★★★	2012	109,968	0%	10/20/2020	\$7,750,000	\$70	8.0%
14 Building 1 6023 Navigation Blvd	★★★★★	1920	156,531	0%	12/22/2020	\$6,468,113	\$41	-
15 Six Ten East Park 8207 N Loop Fwy E	★★★★★	2000	76,800	0%	7/1/2020	\$5,881,878	\$77	-
16 9300 Telephone Rd	★★★★★	1979	41,200	0%	12/30/2020	\$5,850,000	\$142	-
17 1440 Greengrass Dr	★★★★★	1969	138,581	0%	9/3/2020	\$5,800,000	\$42	-
18 7500 Fm 1405 Rd	★★★★★	2001	18,000	0%	1/6/2021	\$5,500,000	\$306	-
19 14134 Vickery Dr	★★★★★	2013	70,000	0%	6/8/2020	\$5,300,000	\$76	-
20 1610 Dart St	★★★★★	1990	17,575	0%	12/22/2020	\$5,268,800	\$300	-

Houston will continue to feel the impact of the coronavirus pandemic on its economy, and the metro is still on the road to recovery. Houston employment fell by more than 360,000 jobs from February to April 2020, surpassing the job losses from the '80s oil bust (+226,000) and the Great Recession (+120,000). As a result, the unemployment rate jumped to more than 14% in April 2020. Through February, the market has added back only about a third of those lost jobs. The unemployment rate remains stubbornly high – at above 8% – and significantly above the 3.8% seen during February 2020. 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 prior to the pandemic consistently ranked among the top metros for job growth in the country. Ample job opportunities had spurred significant population growth and more than 1.1 million new residents were added 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 cut more than 60% of capex spending this past 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-\$60s/barrel.

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.

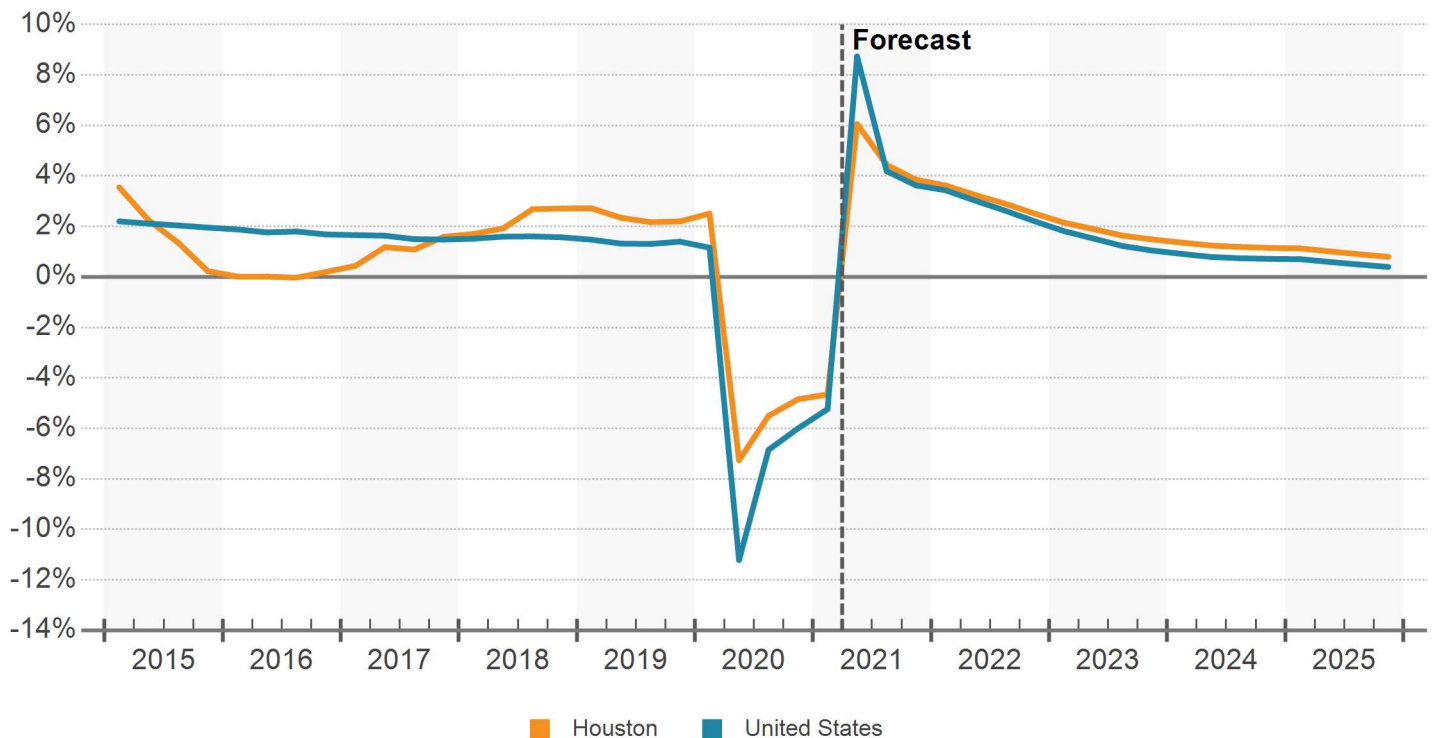
Owing to its affordability, warm climate, low taxes, and pro-business environment, Houston, like many major Sun Belt cities, is well-positioned for future growth and remains resilient.

### HOUSTON EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	223	0.8	-4.05%	-2.93%	0.12%	0.60%	1.30%	0.42%
Trade, Transportation and Utilities	618	1.1	-2.38%	-2.06%	1.51%	0.86%	1.10%	0.56%
Retail Trade	298	0.9	-1.42%	-2.15%	1.08%	0.40%	0.99%	0.69%
Financial Activities	168	0.9	-1.70%	-0.84%	1.88%	1.30%	1.27%	0.74%
Government	394	0.9	-4.47%	-5.08%	0.38%	-0.34%	1.30%	1.00%
Natural Resources, Mining and Construction	295	1.7	-6.84%	-2.52%	1.36%	2.64%	1.89%	1.06%
Education and Health Services	409	0.8	-1.95%	-2.73%	2.77%	1.61%	2.01%	1.76%
Professional and Business Services	520	1.2	-0.11%	-3.20%	2.90%	1.87%	1.45%	1.56%
Information	30	0.5	-6.98%	-4.63%	-0.67%	0.22%	1.65%	1.92%
Leisure and Hospitality	299	1.0	-10.49%	-14.15%	2.27%	0.46%	4.01%	4.12%
Other Services	109	0.9	-8.91%	-5.16%	1.32%	0.36%	2.82%	1.34%
<b>Total Employment</b>	<b>3,066</b>	<b>1.0</b>	<b>-3.89%</b>	<b>-4.27%</b>	<b>1.67%</b>	<b>0.95%</b>	<b>1.77%</b>	<b>1.41%</b>

Source: Oxford Economics  
LQ = Location Quotient

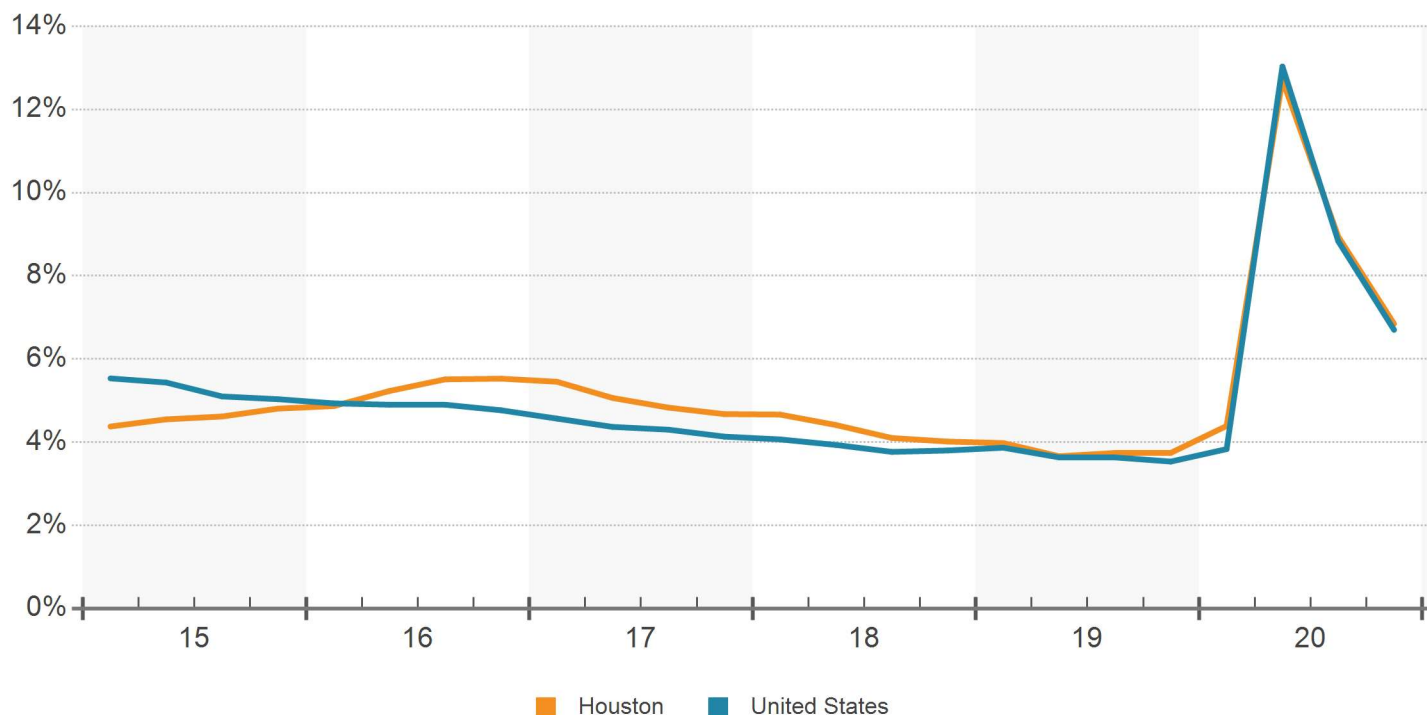
### YEAR OVER YEAR JOB GROWTH



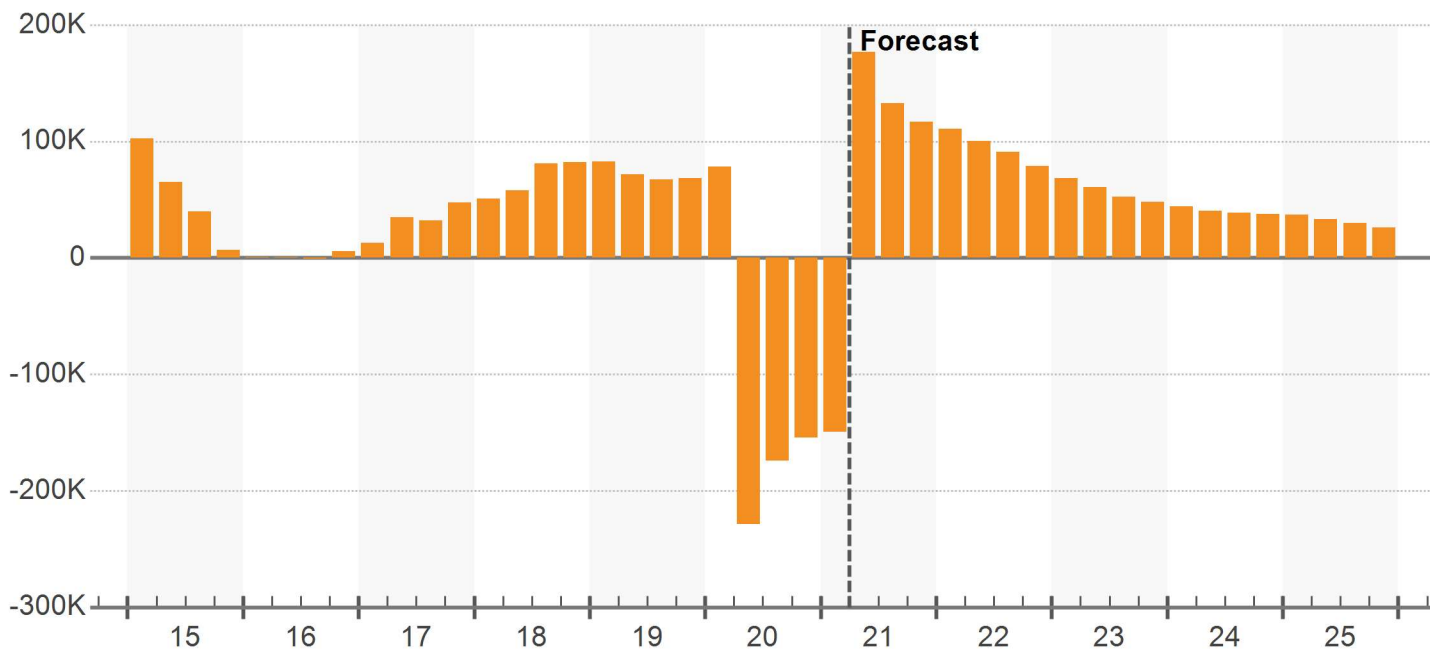
Source: Oxford Economics



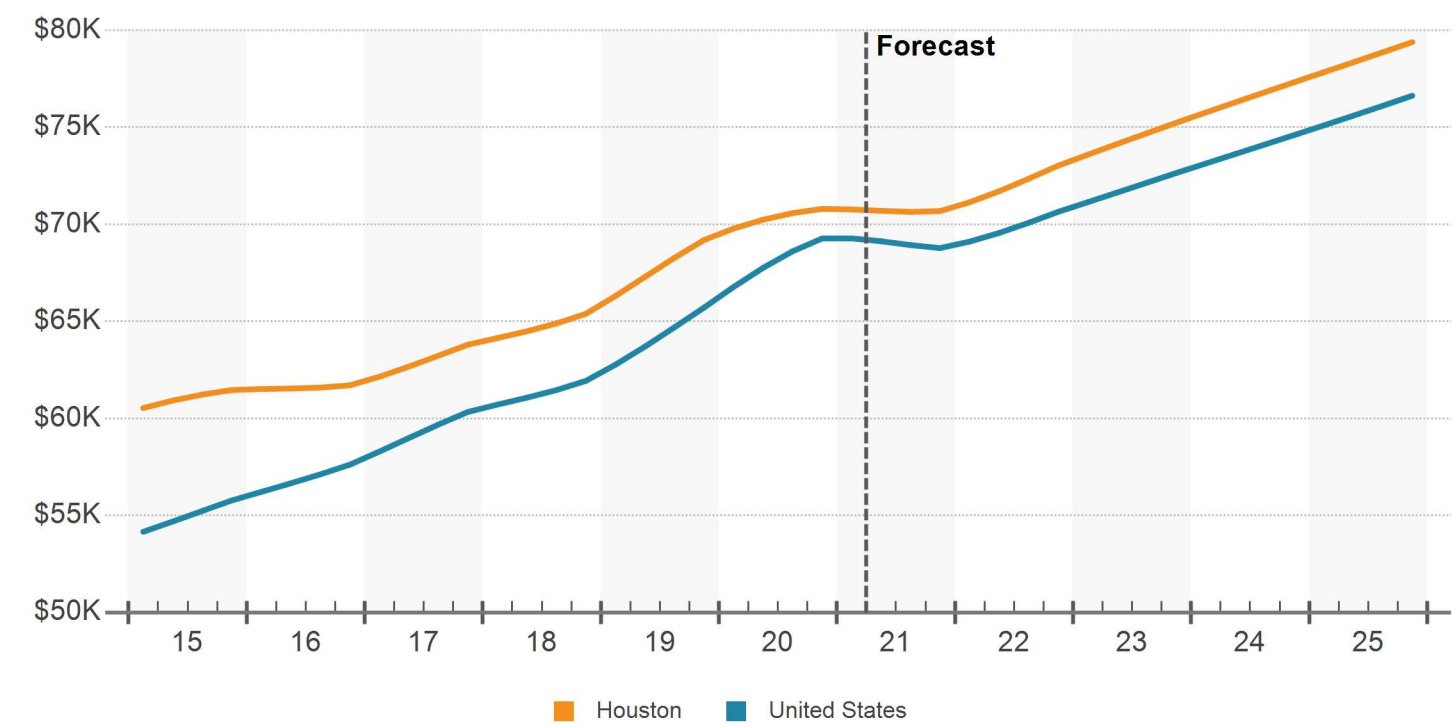
### UNEMPLOYMENT RATE (%)



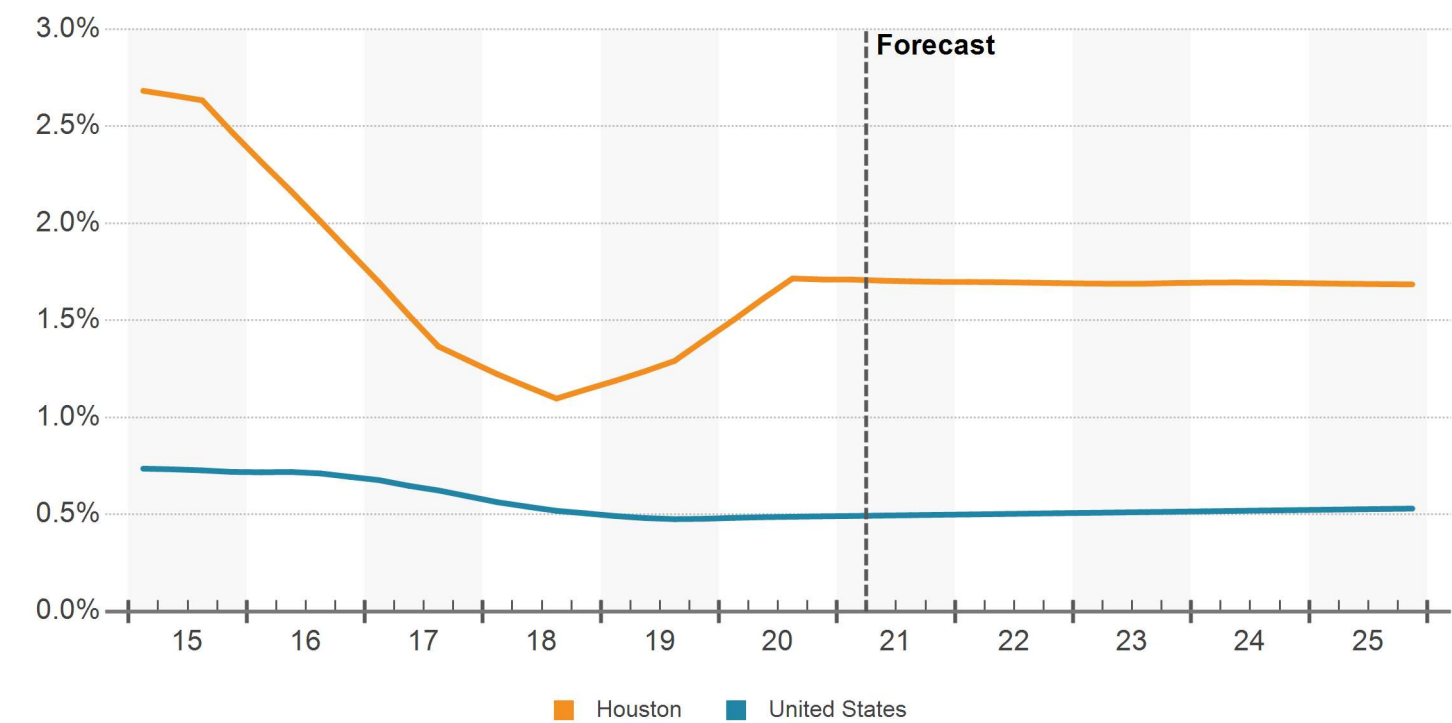
### NET EMPLOYMENT CHANGE (YOY)



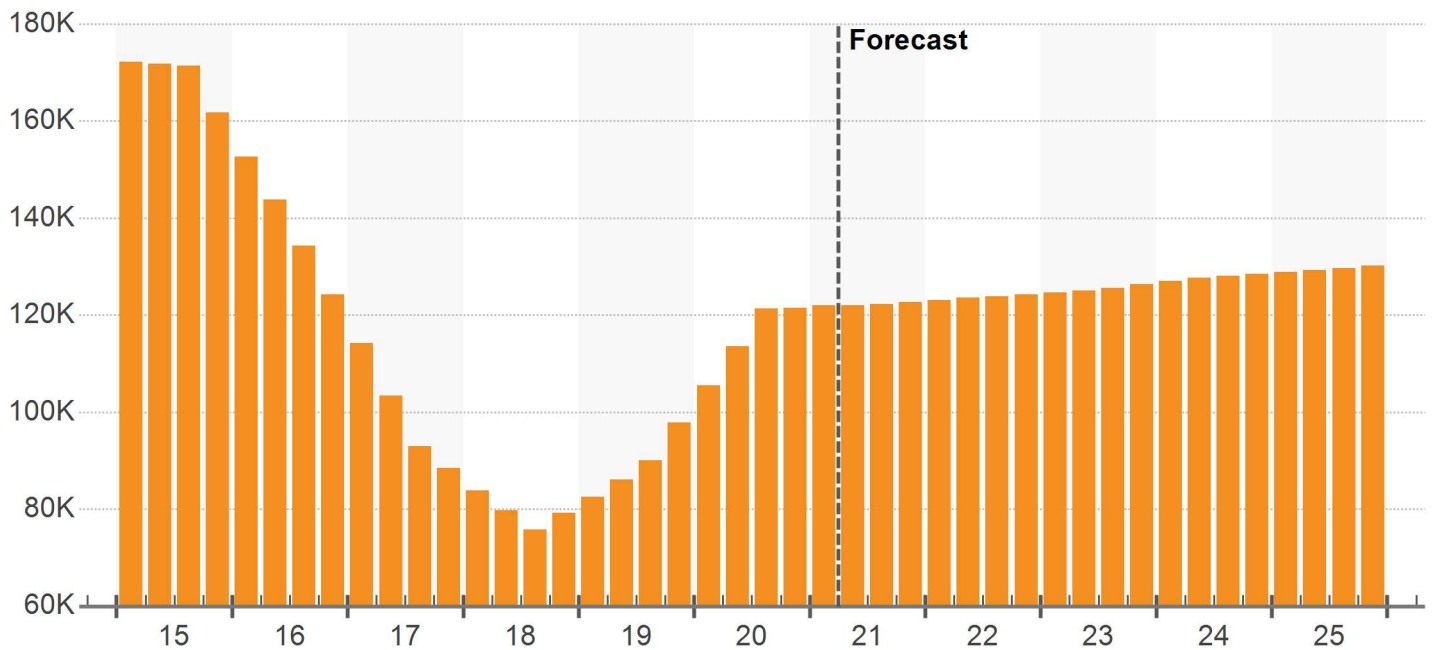
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



### NET POPULATION CHANGE (YOY)

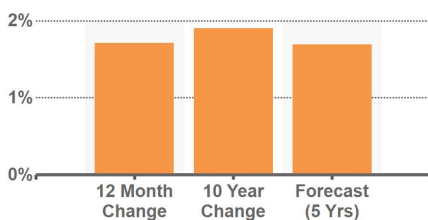


### DEMOGRAPHIC TRENDS

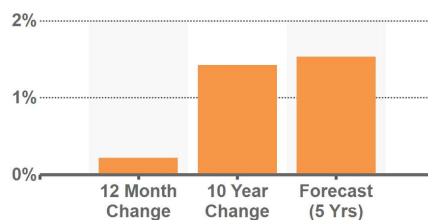
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	7,254,588	330,864,938	1.7%	0.5%	1.9%	0.6%	1.7%	0.5%
Households	2,472,117	123,657,008	1.7%	0.4%	1.8%	0.7%	1.7%	0.5%
Median Household Income	\$70,763	\$69,265	1.4%	3.6%	2.7%	3.3%	2.5%	2.2%
Labor Force	3,446,894	161,000,000	0.2%	-1.6%	1.4%	0.5%	1.5%	0.8%
Unemployment	6.8%	6.7%	1.8%	2.2%	-0.1%	-0.2%	-	-

Source: Oxford Economics

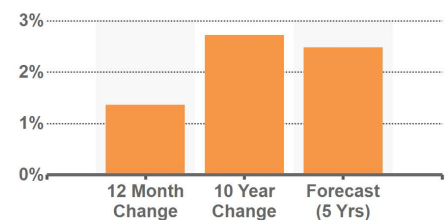
### POPULATION GROWTH



### LABOR FORCE GROWTH



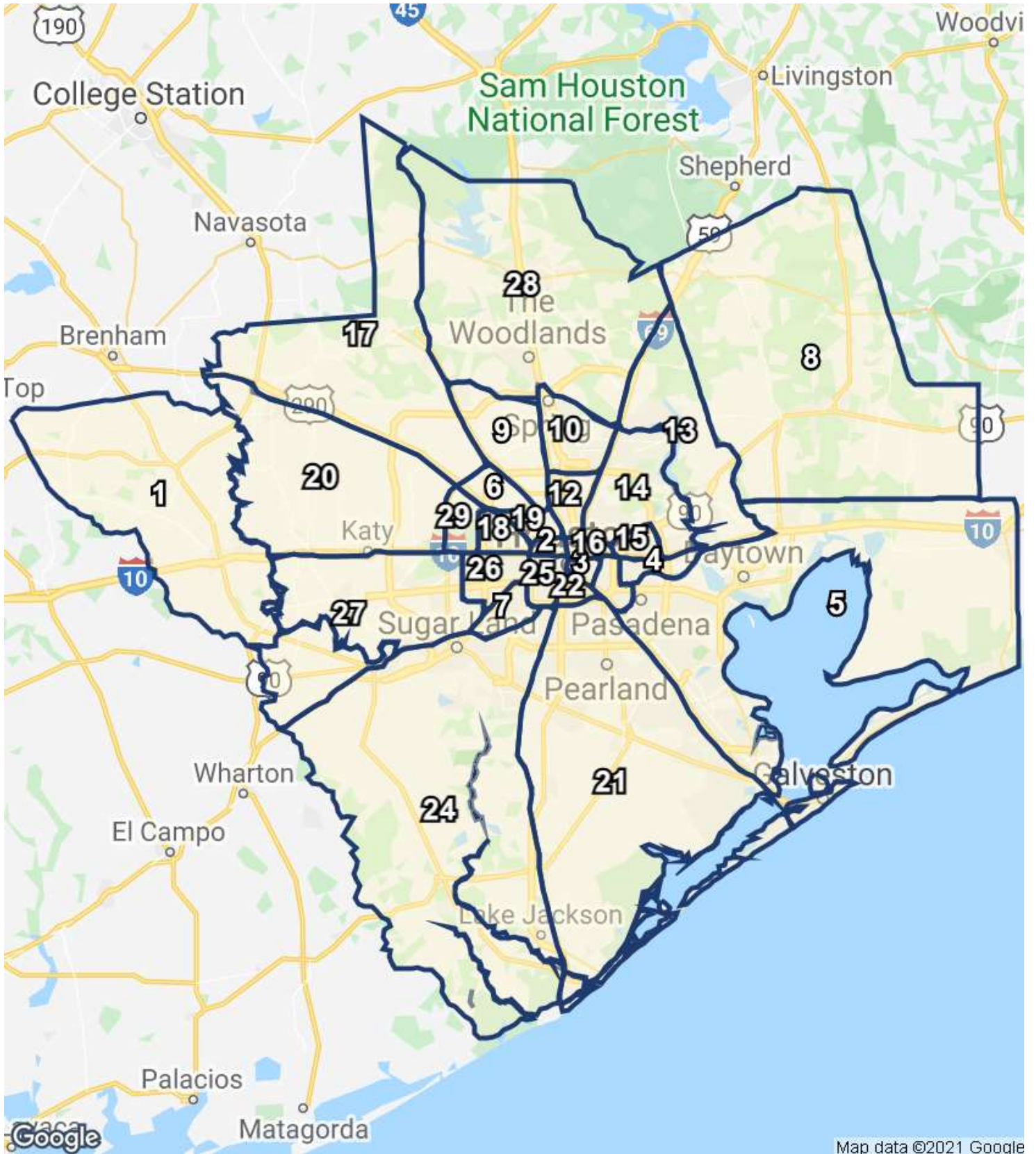
### INCOME GROWTH



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	12,477	1.8%	22	0	0	0%	-	0	-	-	-
3	Downtown Houston	897	32,061	4.6%	7	0	0	0%	-	0	-	-	-
4	East I-10 Outer Loop	265	15,209	2.2%	18	2	396	2.6%	14	0	-	-	-
5	East-Southeast Far	2,431	88,358	12.7%	1	45	4,527	5.1%	2	18	2,831	3.2%	3
6	Hwy 290/Tomball Pky	715	29,728	4.3%	8	8	1,451	4.9%	7	4	1,170	3.9%	5
7	Hwy 59/Hwy 90 (Alt)	1,082	28,340	4.1%	10	13	621	2.2%	12	14	1,146	4.0%	6
8	Liberty County	76	2,022	0.3%	28	0	0	0%	-	0	-	-	-
9	North Fwy/Tomball Pky	1,229	36,725	5.3%	5	152	2,809	7.6%	3	21	255	0.7%	9
10	North Hardy Toll Road	934	41,940	6.0%	3	22	1,381	3.3%	8	2	24	0.1%	12
11	North Inner Loop	205	5,646	0.8%	25	0	0	0%	-	0	-	-	-
12	North Outer Loop	1,127	27,374	3.9%	11	10	1,102	4.0%	9	0	-	-	-
13	Northeast Hwy 321	123	1,926	0.3%	29	1	6	0.3%	19	0	-	-	-
14	Northeast Hwy 90	707	23,940	3.4%	14	4	969	4.0%	10	0	-	-	-
15	Northeast I-10	190	4,569	0.7%	26	0	0	0%	-	0	-	-	-
16	Northeast Inner Loop	196	12,252	1.8%	23	1	2	0%	20	0	-	-	-
17	Northwest Hwy 6	545	14,697	2.1%	20	27	487	3.3%	13	6	494	3.4%	7
18	Northwest Inner Loop	1,824	64,081	9.2%	2	1	22	0%	18	0	-	-	-
19	Northwest Near	842	20,300	2.9%	15	1	135	0.7%	15	0	-	-	-
20	Northwest Outliers	756	35,785	5.1%	6	44	4,913	13.7%	1	5	109	0.3%	10
21	South Hwy 35	1,875	41,521	6.0%	4	9	633	1.5%	11	5	478	1.2%	8
22	South Inner Loop	418	12,656	1.8%	21	0	0	0%	-	0	-	-	-
23	Southeast Outer Loop	447	18,261	2.6%	17	0	0	0%	-	1	11	0.1%	13
24	Southwest Far	687	19,618	2.8%	16	12	2,374	12.1%	5	11	1,963	10.0%	4
25	Southwest Inner Loop	437	6,820	1.0%	24	0	0	0%	-	0	-	-	-
26	Southwest Outer Loop	706	14,740	2.1%	19	1	23	0.2%	17	0	-	-	-
27	Sugar Land	562	25,842	3.7%	13	16	2,457	9.5%	4	16	2,984	11.5%	2
28	The Woodlands/Conroe	1,352	26,936	3.9%	12	30	1,591	5.9%	6	17	3,185	11.8%	1
29	West Outer Loop	869	28,951	4.2%	9	4	31	0.1%	16	4	31	0.1%	11

### SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$5.14	29	-14.8%	29	3.6%	26
2	CBD-NW Inner Loop	\$8.02	7	-0.5%	9	4.1%	21
3	Downtown Houston	\$5.48	26	-1.2%	21	6.2%	5
4	East I-10 Outer Loop	\$6.11	24	-2.3%	28	4.9%	18
5	East-Southeast Far	\$7.24	17	-0.8%	16	5.9%	8
6	Hwy 290/Tomball Pky	\$7.54	13	-0.6%	11	5.9%	7
7	Hwy 59/Hwy 90 (Alt)	\$7.68	12	-0.4%	5	5.9%	9
8	Liberty County	\$6.84	22	-0.8%	17	5.9%	10
9	North Fwy/Tomball Pky	\$7.94	8	-0.7%	14	10.5%	1
10	North Hardy Toll Road	\$7.45	14	-0.4%	7	6.4%	4
11	North Inner Loop	\$5.67	25	-1.6%	25	4.0%	23
12	North Outer Loop	\$6.99	20	-0.7%	15	5.8%	11
13	Northeast Hwy 321	\$9.62	1	-0.9%	19	4.0%	24
14	Northeast Hwy 90	\$7.17	18	-1.6%	26	5.6%	13
15	Northeast I-10	\$7.10	19	-0.8%	18	8.8%	2
16	Northeast Inner Loop	\$5.18	28	-1.4%	24	6.5%	3
17	Northwest Hwy 6	\$8.71	5	-2.0%	27	3.4%	27
18	Northwest Inner Loop	\$7.27	15	-0.4%	4	4.7%	19
19	Northwest Near	\$6.97	21	-0.5%	10	5.5%	14
20	Northwest Outliers	\$8.44	6	-0.6%	13	4.6%	20
21	South Hwy 35	\$7.25	16	4.7%	1	5.3%	15
22	South Inner Loop	\$6.24	23	-0.4%	6	5.8%	12
23	Southeast Outer Loop	\$5.42	27	-1.4%	22	6.1%	6
24	Southwest Far	\$7.84	10	-0.3%	3	5.0%	17
25	Southwest Inner Loop	\$9.54	2	-0.5%	8	3.7%	25
26	Southwest Outer Loop	\$9.39	3	-0.3%	2	1.3%	28
27	Sugar Land	\$7.88	9	-0.6%	12	4.0%	22
28	The Woodlands/Conroe	\$9.27	4	-1.2%	20	-7.1%	29
29	West Outer Loop	\$7.70	11	-1.4%	23	5.0%	16

### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Austin County	229,582	9.7%	18	(33,586)	-1.4%	18	-
2	CBD-NW Inner Loop	678,033	5.4%	9	132,343	1.1%	12	-
3	Downtown Houston	1,574,333	4.9%	8	(343,866)	-1.1%	26	-
4	East I-10 Outer Loop	1,489,414	9.8%	19	(647,343)	-4.3%	29	-
5	East-Southeast Far	9,055,776	10.2%	21	2,189,295	2.5%	4	1.1
6	Hwy 290/Tomball Pky	4,654,009	15.7%	29	142,147	0.5%	11	5.4
7	Hwy 59/Hwy 90 (Alt)	2,245,268	7.9%	15	525,593	1.9%	9	1.1
8	Liberty County	60,800	3.0%	3	33,962	1.7%	14	-
9	North Fwy/Tomball Pky	4,090,047	11.1%	24	2,803,175	7.6%	2	0.7
10	North Hardy Toll Road	5,829,003	13.9%	27	(614,646)	-1.5%	28	-
11	North Inner Loop	209,323	3.7%	4	(41,720)	-0.7%	19	-
12	North Outer Loop	2,769,515	10.1%	20	283,085	1.0%	10	3.4
13	Northeast Hwy 321	51,433	2.7%	1	10,891	0.6%	16	0.6
14	Northeast Hwy 90	2,746,377	11.5%	25	(13,285)	-0.1%	17	-
15	Northeast I-10	137,020	3.0%	2	(83,903)	-1.8%	20	-
16	Northeast Inner Loop	772,962	6.3%	10	(276,499)	-2.3%	24	-
17	Northwest Hwy 6	1,286,719	8.8%	17	641,271	4.4%	8	0.4
18	Northwest Inner Loop	5,256,575	8.2%	16	(151,637)	-0.2%	22	-
19	Northwest Near	879,357	4.3%	7	27,957	0.1%	15	4.8
20	Northwest Outliers	5,014,815	14.0%	28	2,876,869	8.0%	1	1.5
21	South Hwy 35	1,663,109	4.0%	6	1,159,349	2.8%	7	0.5
22	South Inner Loop	989,452	7.8%	14	(529,612)	-4.2%	27	-
23	Southeast Outer Loop	1,890,205	10.4%	22	(298,128)	-1.6%	25	-
24	Southwest Far	2,479,510	12.6%	26	1,604,902	8.2%	5	0.8
25	Southwest Inner Loop	706,743	10.4%	23	(91,914)	-1.3%	21	-
26	Southwest Outer Loop	1,101,462	7.5%	13	50,844	0.3%	13	-
27	Sugar Land	1,003,591	3.9%	5	2,205,649	8.5%	3	1.1
28	The Woodlands/Conroe	1,856,511	6.9%	12	1,571,606	5.8%	6	0.4
29	West Outer Loop	1,838,266	6.3%	11	(235,384)	-0.8%	23	-

### OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	754,238,286	12,230,662	1.6%	13,621,722	1.8%	0.9
2024	742,007,624	12,229,935	1.7%	14,247,191	1.9%	0.9
2023	729,777,689	9,993,603	1.4%	12,938,363	1.8%	0.8
2022	719,784,086	12,234,393	1.7%	12,067,386	1.7%	1.0
2021	707,549,693	15,959,151	2.3%	10,168,609	1.4%	1.6
YTD	695,138,657	3,548,115	0.5%	61,241	0%	57.9
2020	691,590,542	32,811,554	5.0%	16,683,640	2.4%	2.0
2019	658,778,988	15,324,317	2.4%	8,368,673	1.3%	1.8
2018	643,454,671	15,822,316	2.5%	10,420,061	1.6%	1.5
2017	627,632,355	9,974,539	1.6%	10,412,864	1.7%	1.0
2016	617,657,816	12,976,398	2.1%	9,764,139	1.6%	1.3
2015	604,681,418	14,871,123	2.5%	12,312,580	2.0%	1.2
2014	589,810,295	10,308,794	1.8%	13,371,955	2.3%	0.8
2013	579,501,501	8,291,333	1.5%	4,761,212	0.8%	1.7
2012	571,210,168	3,187,292	0.6%	6,654,223	1.2%	0.5
2011	568,022,876	4,644,882	0.8%	7,831,626	1.4%	0.6
2010	563,377,994	4,589,600	0.8%	7,774,980	1.4%	0.6
2009	558,788,394	8,713,760	1.6%	3,281,604	0.6%	2.7

### SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	121,189,661	792,961	0.7%	1,128,278	0.9%	0.7
2024	120,396,700	795,288	0.7%	625,338	0.5%	1.3
2023	119,601,412	627,148	0.5%	200,636	0.2%	3.1
2022	118,974,264	1,212,227	1.0%	396,089	0.3%	3.1
2021	117,762,037	703,075	0.6%	91,854	0.1%	7.7
YTD	117,556,412	497,450	0.4%	397,710	0.3%	1.3
2020	117,058,962	2,738,730	2.4%	1,977,443	1.7%	1.4
2019	114,320,232	615,368	0.5%	288,063	0.3%	2.1
2018	113,704,864	822,948	0.7%	710,969	0.6%	1.2
2017	112,881,916	400,182	0.4%	782,504	0.7%	0.5
2016	112,481,734	4,075,334	3.8%	3,968,921	3.5%	1.0
2015	108,406,400	1,451,934	1.4%	1,695,301	1.6%	0.9
2014	106,954,466	(193,704)	-0.2%	708,742	0.7%	-
2013	107,148,170	1,873,640	1.8%	(112,026)	-0.1%	-
2012	105,274,530	(709,861)	-0.7%	(207,503)	-0.2%	-
2011	105,984,391	969,531	0.9%	605,314	0.6%	1.6
2010	105,014,860	381,010	0.4%	356,730	0.3%	1.1
2009	104,633,850	1,034,374	1.0%	125,937	0.1%	8.2



### LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	577,981,837	11,329,889	2.0%	12,403,832	2.1%	0.9
2024	566,651,948	11,325,255	2.0%	13,720,196	2.4%	0.8
2023	555,326,693	9,292,052	1.7%	12,851,735	2.3%	0.7
2022	546,034,641	10,952,276	2.0%	11,889,440	2.2%	0.9
2021	535,082,365	14,833,995	2.9%	10,204,872	1.9%	1.5
YTD	523,120,519	2,872,149	0.6%	(161,648)	0%	-
2020	520,248,370	29,715,734	6.1%	14,452,965	2.8%	2.1
2019	490,532,636	14,417,428	3.0%	8,101,948	1.7%	1.8
2018	476,115,208	14,757,164	3.2%	9,692,001	2.0%	1.5
2017	461,358,044	9,087,755	2.0%	9,957,696	2.2%	0.9
2016	452,270,289	8,551,635	1.9%	5,897,024	1.3%	1.5
2015	443,718,654	13,425,238	3.1%	10,486,324	2.4%	1.3
2014	430,293,416	9,848,386	2.3%	11,531,731	2.7%	0.9
2013	420,445,030	5,547,269	1.3%	3,453,246	0.8%	1.6
2012	414,897,761	3,398,426	0.8%	6,014,066	1.4%	0.6
2011	411,499,335	3,466,404	0.8%	6,072,738	1.5%	0.6
2010	408,032,931	4,100,167	1.0%	6,740,675	1.7%	0.6
2009	403,932,764	6,353,341	1.6%	2,601,011	0.6%	2.4

### FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	55,066,788	107,812	0.2%	89,612	0.2%	1.2
2024	54,958,976	109,392	0.2%	(98,343)	-0.2%	-
2023	54,849,584	74,403	0.1%	(114,008)	-0.2%	-
2022	54,775,181	69,890	0.1%	(218,143)	-0.4%	-
2021	54,705,291	422,081	0.8%	(128,117)	-0.2%	-
YTD	54,461,726	178,516	0.3%	(174,821)	-0.3%	-
2020	54,283,210	357,090	0.7%	253,232	0.5%	1.4
2019	53,926,120	291,521	0.5%	(21,338)	0%	-
2018	53,634,599	242,204	0.5%	17,091	0%	14.2
2017	53,392,395	486,602	0.9%	(327,336)	-0.6%	-
2016	52,905,793	349,429	0.7%	(101,806)	-0.2%	-
2015	52,556,364	(6,049)	0%	130,955	0.2%	-
2014	52,562,413	654,112	1.3%	1,131,482	2.2%	0.6
2013	51,908,301	870,424	1.7%	1,419,992	2.7%	0.6
2012	51,037,877	498,727	1.0%	847,660	1.7%	0.6
2011	50,539,150	208,947	0.4%	1,153,574	2.3%	0.2
2010	50,330,203	108,423	0.2%	677,575	1.3%	0.2
2009	50,221,780	1,326,045	2.7%	554,656	1.1%	2.4

### OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$8.22	136	2.8%	10.6%	58,822,425	7.8%	-0.3%
2024	\$7.99	132	3.4%	7.6%	60,185,252	8.1%	-0.4%
2023	\$7.73	128	3.8%	4.1%	62,176,864	8.5%	-0.5%
2022	\$7.44	123	1.4%	0.2%	65,092,659	9.0%	-0.1%
2021	\$7.34	121	-1.1%	-1.2%	64,893,793	9.2%	0.6%
YTD	\$7.41	122	-0.2%	-0.3%	62,559,210	9.0%	0.5%
2020	\$7.42	123	-0.1%	-0.1%	59,079,836	8.5%	2.0%
2019	\$7.43	123	1.8%	0%	42,939,570	6.5%	0.9%
2018	\$7.30	121	2.3%	-1.8%	36,232,510	5.6%	0.4%
2017	\$7.13	118	3.1%	-4.0%	33,120,399	5.3%	-0.2%
2016	\$6.92	114	0.8%	-6.9%	33,741,479	5.5%	0.3%
2015	\$6.86	113	4.1%	-7.6%	31,033,044	5.1%	0.2%
2014	\$6.59	109	3.4%	-11.3%	28,825,260	4.9%	-0.6%
2013	\$6.37	105	2.7%	-14.2%	31,946,038	5.5%	0.5%
2012	\$6.20	103	2.4%	-16.4%	28,853,844	5.1%	-0.6%
2011	\$6.06	100	2.0%	-18.4%	32,329,471	5.7%	-0.6%
2010	\$5.94	98	-1.1%	-20.0%	35,516,214	6.3%	-0.6%
2009	\$6.01	99	-0.7%	-19.1%	38,701,594	6.9%	0.9%

### SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$8.70	138	3.0%	5.6%	6,166,886	5.1%	-0.3%
2024	\$8.45	134	3.6%	2.5%	6,498,176	5.4%	0.1%
2023	\$8.16	129	4.1%	-1.0%	6,324,207	5.3%	0.3%
2022	\$7.83	124	1.7%	-5.0%	5,893,705	5.0%	0.6%
2021	\$7.70	122	-2.8%	-6.6%	5,073,465	4.3%	0.5%
YTD	\$7.75	123	-2.1%	-5.9%	4,561,064	3.9%	0.1%
2020	\$7.92	126	-3.9%	-3.9%	4,461,324	3.8%	0.6%
2019	\$8.24	131	0.7%	0%	3,695,847	3.2%	0.3%
2018	\$8.18	130	4.8%	-0.7%	3,368,542	3.0%	0%
2017	\$7.81	124	5.8%	-5.2%	3,302,763	2.9%	-0.4%
2016	\$7.38	117	0.8%	-10.4%	3,685,085	3.3%	0%
2015	\$7.32	116	6.6%	-11.1%	3,578,672	3.3%	-0.3%
2014	\$6.87	109	4.7%	-16.6%	3,822,039	3.6%	-0.8%
2013	\$6.57	104	2.5%	-20.3%	4,724,485	4.4%	1.8%
2012	\$6.41	102	2.0%	-22.3%	2,738,819	2.6%	-0.5%
2011	\$6.28	100	1.8%	-23.8%	3,241,177	3.1%	0.3%
2010	\$6.17	98	-1.0%	-25.2%	2,876,960	2.7%	0%
2009	\$6.23	99	-1.1%	-24.4%	2,852,680	2.7%	0.8%

### LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$7.75	136	2.8%	10.8%	46,253,455	8.0%	-0.3%
2024	\$7.54	132	3.4%	7.8%	47,307,041	8.3%	-0.6%
2023	\$7.29	128	3.8%	4.3%	49,683,993	8.9%	-0.8%
2022	\$7.03	123	1.3%	0.5%	53,222,595	9.7%	-0.4%
2021	\$6.94	122	-0.8%	-0.8%	54,136,120	10.1%	0.6%
YTD	\$7.00	123	0.1%	0.1%	52,521,974	10.0%	0.5%
2020	\$6.99	123	0.9%	0%	49,495,677	9.5%	2.6%
2019	\$6.93	121	2.1%	-0.9%	34,133,759	7.0%	1.1%
2018	\$6.79	119	1.7%	-3.0%	28,066,863	5.9%	0.4%
2017	\$6.67	117	2.7%	-4.6%	25,190,583	5.5%	-0.3%
2016	\$6.50	114	0.9%	-7.1%	26,243,279	5.8%	0.4%
2015	\$6.44	113	3.9%	-7.9%	24,090,017	5.4%	0.4%
2014	\$6.20	109	3.1%	-11.4%	21,501,862	5.0%	-0.5%
2013	\$6.01	105	2.6%	-14.0%	23,240,732	5.5%	0.3%
2012	\$5.86	103	2.2%	-16.2%	21,574,209	5.2%	-0.7%
2011	\$5.74	101	2.2%	-18.0%	24,198,545	5.9%	-0.7%
2010	\$5.61	98	-1.1%	-19.8%	26,804,878	6.6%	-0.7%
2009	\$5.68	99	-0.5%	-18.8%	29,445,386	7.3%	0.8%

### FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	\$11.73	132	2.6%	11.3%	6,402,084	11.6%	0%
2024	\$11.43	129	3.2%	8.5%	6,380,035	11.6%	0.4%
2023	\$11.07	125	3.8%	5.0%	6,168,664	11.2%	0.3%
2022	\$10.67	120	1.4%	1.2%	5,976,359	10.9%	0.5%
2021	\$10.53	119	-0.1%	-0.1%	5,684,208	10.4%	1.0%
YTD	\$10.65	120	1.1%	1.1%	5,476,172	10.1%	0.6%
2020	\$10.54	119	0.2%	0%	5,122,835	9.4%	0%
2019	\$10.52	119	1.5%	-0.2%	5,109,964	9.5%	0.5%
2018	\$10.37	117	2.3%	-1.6%	4,797,105	8.9%	0.3%
2017	\$10.14	114	1.1%	-3.8%	4,627,053	8.7%	1.5%
2016	\$10.03	113	0.5%	-4.9%	3,813,115	7.2%	0.8%
2015	\$9.97	112	1.7%	-5.4%	3,364,355	6.4%	-0.3%
2014	\$9.80	110	3.4%	-7.0%	3,501,359	6.7%	-1.0%
2013	\$9.48	107	3.6%	-10.1%	3,980,821	7.7%	-1.2%
2012	\$9.15	103	4.7%	-13.2%	4,540,816	8.9%	-0.8%
2011	\$8.74	98	1.2%	-17.1%	4,889,749	9.7%	-1.9%
2010	\$8.64	97	-1.2%	-18.1%	5,834,376	11.6%	-1.2%
2009	\$8.74	99	-1.5%	-17.1%	6,403,528	12.8%	1.2%

### 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	-	-	-	-	-	-	\$91.02	179	6.9%
2024	-	-	-	-	-	-	\$88.24	173	6.9%
2023	-	-	-	-	-	-	\$84.77	166	6.9%
2022	-	-	-	-	-	-	\$80.91	159	7.0%
2021	-	-	-	-	-	-	\$79.74	156	7.0%
YTD	224	\$102.2M	1.4%	\$3,783,854	\$71.52	7.7%	\$80.85	159	7.0%
2020	1,105	\$979.9M	6.1%	\$4,993,806	\$85.56	7.6%	\$81.52	160	6.9%
2019	1,205	\$1.7B	5.9%	\$4,853,705	\$89.81	7.6%	\$80.66	158	6.7%
2018	1,310	\$1.8B	7.0%	\$5,345,221	\$80.99	8.0%	\$78.94	155	6.6%
2017	1,223	\$1.2B	5.7%	\$3,983,590	\$75.65	7.5%	\$77.75	153	6.4%
2016	923	\$473.5M	3.7%	\$3,029,527	\$69.65	8.1%	\$74.32	146	6.4%
2015	1,038	\$1.1B	5.9%	\$5,476,524	\$87.98	8.4%	\$71.55	140	6.5%
2014	986	\$760.7M	4.8%	\$3,067,220	\$65.86	8.4%	\$65.21	128	6.8%
2013	832	\$478M	5.2%	\$2,542,289	\$51.78	8.6%	\$60.24	118	7.0%
2012	887	\$577.7M	4.4%	\$2,078,192	\$56.37	8.4%	\$57.00	112	7.2%
2011	587	\$410.3M	3.4%	\$2,869,262	\$43.64	8.6%	\$53.53	105	7.5%
2010	378	\$260.8M	2.6%	\$2,120,307	\$47.76	9.2%	\$50.04	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	-	-	-	-	-	-	\$85.84	187	6.8%
2024	-	-	-	-	-	-	\$83.06	181	6.8%
2023	-	-	-	-	-	-	\$79.62	173	6.8%
2022	-	-	-	-	-	-	\$75.76	165	6.8%
2021	-	-	-	-	-	-	\$74.42	162	6.9%
YTD	23	\$14.7M	1.3%	\$4,915,433	\$55.62	-	\$75.30	164	6.9%
2020	95	\$57M	3.5%	\$3,801,333	\$72.63	5.0%	\$76.14	166	6.8%
2019	120	\$166.4M	5.7%	\$5,366,534	\$93.09	5.8%	\$75.39	164	6.6%
2018	131	\$133.7M	5.2%	\$4,455,688	\$59.62	8.6%	\$73.09	159	6.5%
2017	129	\$133.2M	4.7%	\$4,295,790	\$95.83	5.4%	\$71.53	156	6.3%
2016	101	\$36.5M	3.6%	\$3,645,088	\$59.64	8.7%	\$68.23	149	6.4%
2015	92	\$179.3M	4.4%	\$12,808,437	\$153.82	8.5%	\$65.75	143	6.4%
2014	106	\$58.8M	3.0%	\$3,458,113	\$59.95	7.4%	\$59.75	130	6.7%
2013	94	\$33.2M	2.8%	\$2,077,490	\$69.75	7.6%	\$54.64	119	7.0%
2012	91	\$80.3M	3.0%	\$4,013,705	\$90.04	7.8%	\$52.01	113	7.1%
2011	55	\$18M	1.7%	\$1,386,090	\$35.16	-	\$48.66	106	7.4%
2010	43	\$52.1M	2.4%	\$3,720,928	\$47.39	7.8%	\$45.42	99	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.

### 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	-	-	-	-	-	-	\$89.71	178	6.9%
2024	-	-	-	-	-	-	\$86.98	172	6.9%
2023	-	-	-	-	-	-	\$83.58	166	6.9%
2022	-	-	-	-	-	-	\$79.82	158	7.0%
2021	-	-	-	-	-	-	\$78.72	156	7.0%
YTD	175	\$82.8M	1.4%	\$3,941,321	\$74.83	6.8%	\$79.82	158	7.0%
2020	831	\$830.8M	6.6%	\$5,969,190	\$84.50	7.9%	\$80.45	159	6.9%
2019	916	\$1.2B	5.8%	\$5,069,394	\$85.27	7.9%	\$79.48	158	6.7%
2018	1,006	\$1.5B	7.4%	\$5,825,804	\$81.73	7.4%	\$77.76	154	6.6%
2017	937	\$901.4M	5.8%	\$4,417,142	\$73.84	7.7%	\$76.70	152	6.4%
2016	699	\$389.9M	3.7%	\$3,302,831	\$72.11	8.1%	\$73.25	145	6.5%
2015	828	\$784M	6.3%	\$5,025,385	\$77.55	8.4%	\$70.58	140	6.5%
2014	753	\$625.3M	5.2%	\$3,256,512	\$64.54	8.5%	\$64.33	128	6.8%
2013	647	\$393.5M	5.8%	\$2,572,020	\$48.12	8.6%	\$59.51	118	7.0%
2012	650	\$392.6M	4.5%	\$1,962,921	\$50.61	8.2%	\$56.23	111	7.2%
2011	424	\$319.7M	3.8%	\$3,437,954	\$39.96	8.4%	\$52.89	105	7.5%
2010	291	\$183.5M	2.5%	\$1,891,266	\$47.10	8.9%	\$49.44	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	-	-	-	-	-	-	\$115.34	171	7.2%
2024	-	-	-	-	-	-	\$112.01	166	7.2%
2023	-	-	-	-	-	-	\$107.74	160	7.2%
2022	-	-	-	-	-	-	\$102.92	153	7.2%
2021	-	-	-	-	-	-	\$101.49	151	7.3%
YTD	26	\$4.7M	1.9%	\$1,550,000	\$81.33	10.3%	\$103.20	153	7.3%
2020	179	\$92M	6.2%	\$2,191,632	\$110.22	7.2%	\$103.82	154	7.2%
2019	169	\$270.8M	7.4%	\$3,868,602	\$115.62	7.8%	\$103.73	154	7.0%
2018	173	\$128.1M	7.0%	\$3,039,889	\$110.79	10.7%	\$103.39	154	6.7%
2017	157	\$160.8M	7.6%	\$2,474,008	\$72.97	8.3%	\$101.79	151	6.6%
2016	123	\$47.1M	3.9%	\$1,657,899	\$60.44	7.8%	\$98.17	146	6.5%
2015	118	\$143M	6.0%	\$4,468,111	\$110.04	8.7%	\$93.75	139	6.6%
2014	127	\$76.6M	5.5%	\$1,964,935	\$86.94	9.6%	\$85.82	128	6.9%
2013	91	\$51.2M	4.8%	\$2,694,286	\$88.98	9.0%	\$79.59	118	7.1%
2012	146	\$104.9M	6.9%	\$1,808,259	\$65.54	9.8%	\$75.53	112	7.3%
2011	108	\$72.6M	4.4%	\$1,960,963	\$81.55	9.5%	\$70.40	105	7.6%
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.