



# Industrial Market Report Houston Market

PREPARED BY



Stan Voelkel  
Managing Member



**INDUSTRIAL MARKET REPORT**

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12 Mo Deliveries in SF

**16.6 M**

12 Mo Net Absorption in SF

**8 M**

Vacancy Rate

**6.3%**

12 Mo Rent Growth

**2.2%**

Houston's industrial market continues to ride the wave of e-commerce and plastics industry growth, although sluggish demand from the upstream energy sector has provided a counterbalance to prevent the local industrial market from overheating.

Houston has grown in prominence from a market reliant on energy-related industrial demand (particularly for crane-served upstream oil and gas and fabricated metals manufacturing tenants) to a true regional distribution center serving its growing population base. As of 19Q2, it ranked in the top 10 among U.S. metros in terms of trailing 12-month net absorption and inventory size. The northwestern and southeastern parts of the metro remain the strongest areas for Houston's industrial growth, as the northwest is located close to Houston's growing population base and the southeast is located near the Port of Houston.

E-commerce and logistics activity in Houston is strong. Amazon completed a 1-million-SF facility in early 2018,

and Amazon and FedEx each completed distribution facilities exceeding 800,000 SF in late 2017. All three of these buildings are located on the west side of town, and more build-to-suits are in the pipeline. Several of the metro's largest leases signed over the past two years have been in logistics facilities, including IKEA (1,000,000 SF), Ravagos Americas (712,000 SF), Emser Tile (600,000 SF), Best Buy (550,000 SF), and Vinmar International (500,000 SF).

Houston's industrial market in 2018 and into 2019 has been marked by large portfolio trades, a trend repeated nationally, as large institutional investors remain under-allocated to the industrial property type. Industrial vacancies have compressed faster than the other property types this cycle, as a paradigm shift to e-commerce caused a surge in industrial demand in most major U.S. metros, and Houston was no exception. With high investor demand for industrial properties, cap rates on Houston industrial transactions also compressed to a record low 6.6% on average in 2018.

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	472,321,120	6.8%	\$6.86	11.4%	(143,482)	631,851	12,910,421
Specialized Industrial	109,680,337	2.3%	\$7.99	4.4%	33,859	0	1,286,390
Flex	53,099,466	10.3%	\$10.17	13.7%	(266,544)	0	354,420
<b>Market</b>	<b>635,100,923</b>	<b>6.3%</b>	<b>\$7.33</b>	<b>10.4%</b>	<b>(376,167)</b>	<b>631,851</b>	<b>14,551,231</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.9%	6.3%	7.2%	9.3%	2004 Q1	4.3%	1999 Q1
Net Absorption SF	8 M	8,909,214	9,842,022	19,358,338	2005 Q2	(296,645)	2003 Q3
Deliveries SF	16.6 M	10,460,654	13,475,045	17,204,336	2019 Q2	3,337,311	2011 Q1
Rent Growth	2.2%	2.1%	1.4%	9.2%	2000 Q2	-2.1%	2010 Q3
Sales Volume	\$1.2 B	\$476.3M	N/A	\$1.4B	2019 Q1	\$126.4M	1999 Q4

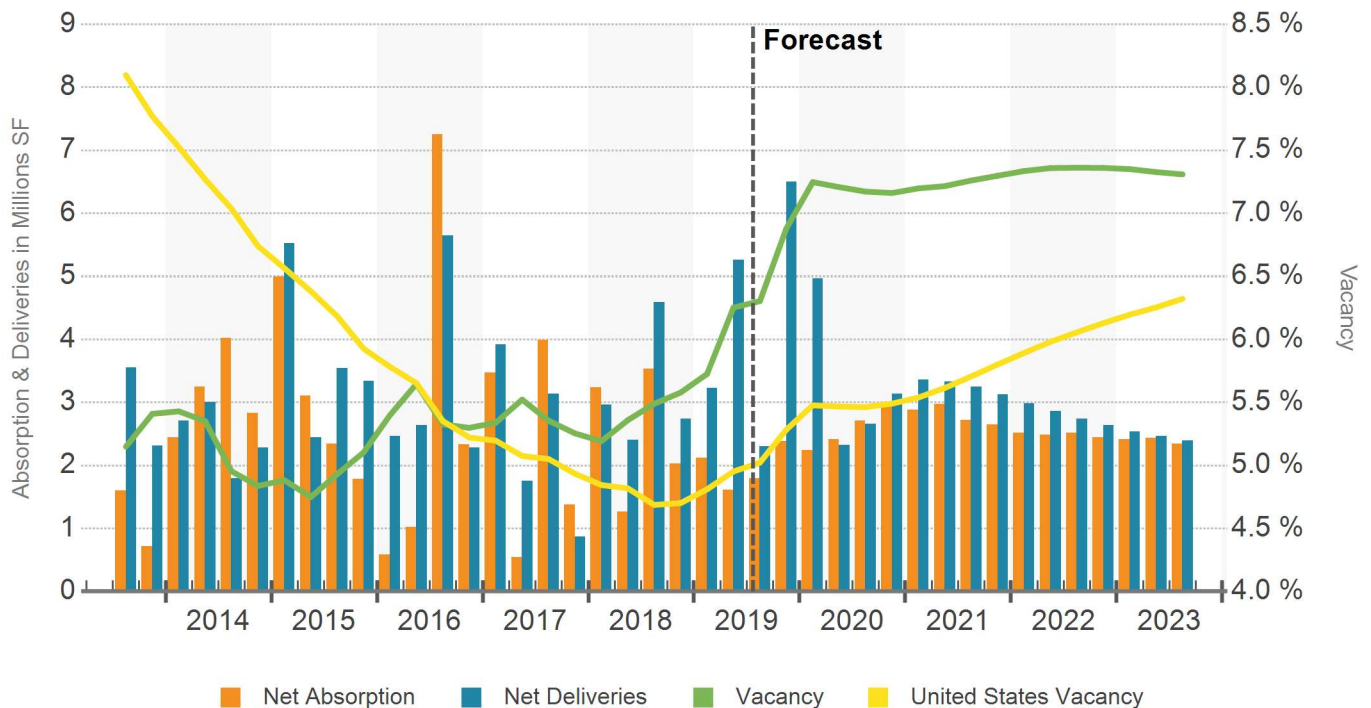
Houston's structurally low vacancy rate of 6.3% is below the 20-year historical average and is in line with its peer set, although it exceeded the U.S. average by approximately 100 basis points in 19Q2. The vacancy rate is also up more than 100 basis points after the height of the shale boom in mid-2015. Meanwhile, strong trailing 12-month net absorption of approximately 8,000,000 SF ranked Houston in the top 10 U.S. industrial markets as of 19Q2. E-commerce growth has created significant demand for industrial space in Houston this cycle. Strong demand from port-related trade and exports, particularly petrochemicals and plastics, also continues to create the need for Houston industrial real estate.

Meanwhile, the vacancy rate continued to inch up in 19Q2 as new supply continued to outpace demand.

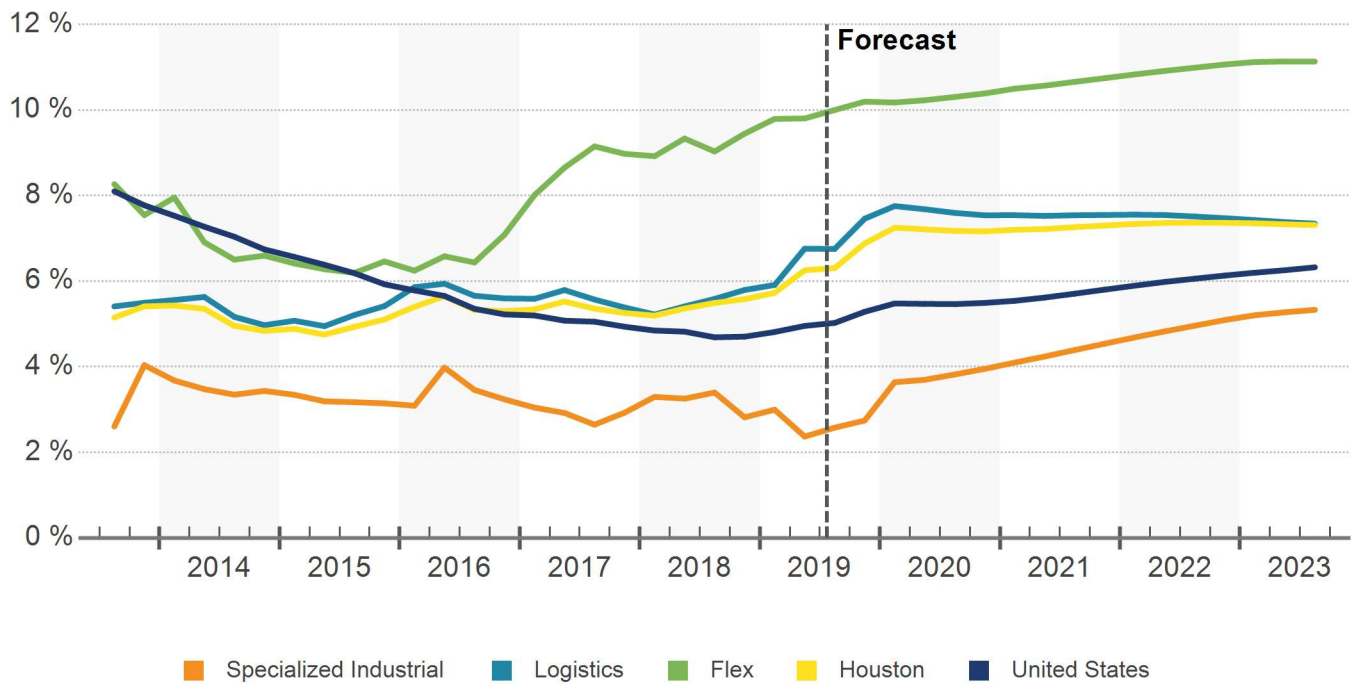
The largest leases signed year-to-date as of 19Q2 include Home Depot, for 771,000 SF in Hines' Grand National Business Park in the Hwy 290/Tomball Pky Submarket for 20 years; Plantgistix, for 337,000 SF in National Property Holdings LP's rail-served Cedar Crossing Industrial Park in Baytown; and Builders FirstSource, for 284,000 SF in Invesco's 11711 Clay Road building in the Northwest Inner Loop Submarket.

CoStar forecasts Houston's industrial vacancy rate to remain below 8% from 2020-25.

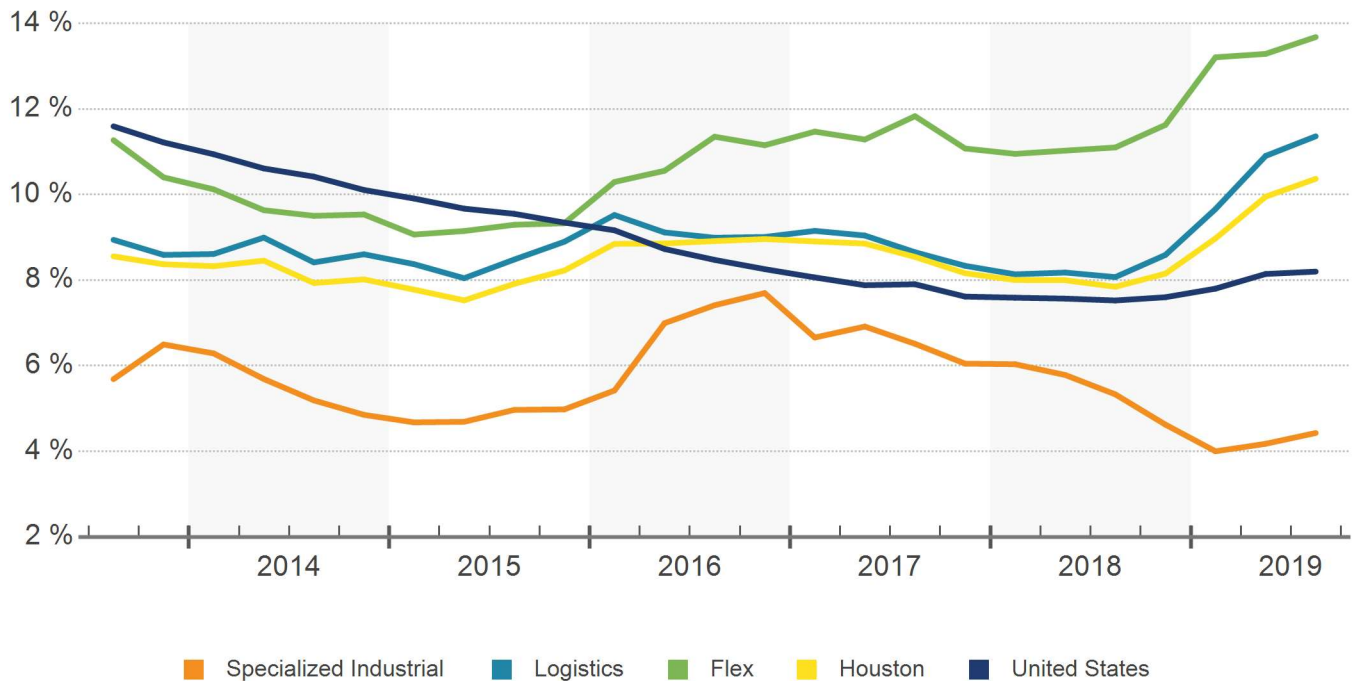
### NET ABSORPTION, NET DELIVERIES & VACANCY



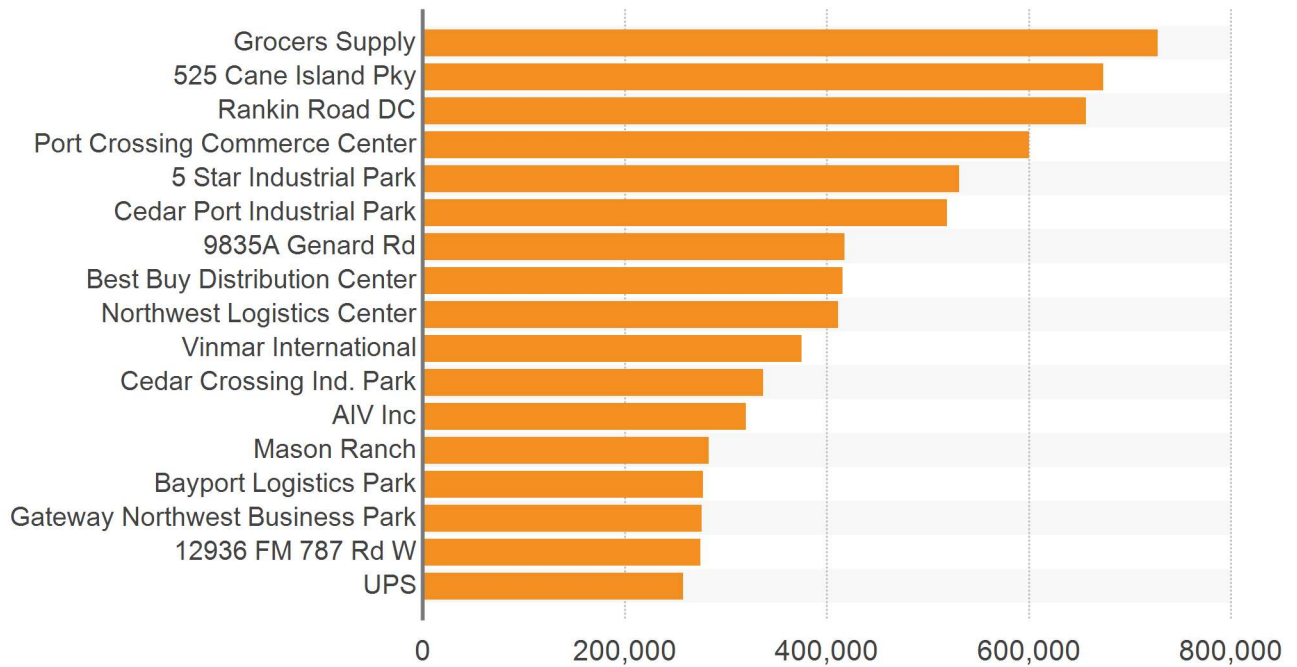
### VACANCY RATE



### 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
Grocers Supply	North Hardy Toll Roa...	727,600	0	0	727,600	0	0	727,600
525 Cane Island Pky	Northwest Outliers Ind	673,785	0	0	0	0	0	673,785
Rankin Road DC	North Hardy Toll Roa...	656,658	0	0	656,658	0	0	656,658
Port Crossing Commerce Center	East-Southeast Far Ind	600,360	0	472,564	127,796	0	0	600,360
5 Star Industrial Park	Austin County Ind	928,035	0	531,120	0	0	0	531,120
Cedar Port Industrial Park	East-Southeast Far Ind	519,224	0	0	519,224	0	0	519,224
9835A Genard Rd	Northwest Inner Loo...	417,350	0	0	0	0	0	417,350
Best Buy Distribution Center	Hwy 59/Hwy 90 (Alt)...	554,536	0	0	0	0	0	415,902
Northwest Logistics Center	West Outer Loop Ind	411,442	0	0	0	0	0	411,442
Vinmar International	East-Southeast Far Ind	500,006	0	0	0	0	0	375,004
Cedar Crossing Ind. Park	East-Southeast Far Ind	337,040	0	337,040	0	0	0	337,040
AIV Inc	Northwest Outliers Ind	320,000	0	320,000	0	0	0	320,000
Mason Ranch	Northwest Outliers Ind	282,880	0	0	0	0	0	282,880
Bayport Logistics Park	East-Southeast Far Ind	369,755	0	0	0	0	0	277,316
Gateway Northwest Business Park	Northwest Hwy 6 Ind	368,432	0	0	0	0	0	276,324
12936 FM 787 Rd W	Liberty County Ind	275,000	0	0	0	0	0	275,000
UPS	Hwy 290/Tomball Pk...	257,909	0	0	0	0	0	257,909
<b>Subtotal Primary Competitors</b>		<b>8,200,012</b>	<b>0</b>	<b>1,660,724</b>	<b>2,031,278</b>	<b>0</b>	<b>0</b>	<b>7,354,914</b>
Remaining Houston Market		626,900,911	40,141,743	454,475	(425,292)	(376,167)	0	668,659
<b>Total Houston Market</b>		<b>635,100,923</b>	<b>40,141,743</b>	<b>2,115,199</b>	<b>1,605,986</b>	<b>(376,167)</b>	<b>0</b>	<b>8,023,573</b>

### TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Fallbrook Dr	Hwy 290/Tomball Pky	770,640	Q1 19	Home Depot	-	Cushman & Wakefield
1401 N Rankin Rd	North Hardy Toll Road	656,658	Q3 18	Conn's HomePlus	Newmark Knight Frank	-
1302 Wharton Weems Blvd	East-Southeast Far	472,564	Q3 18	Valvoline	JLL	Colliers International;Li...
6751 N Eldridge Pky	West Outer Loop	411,442	Q3 18	Goodman Manufacturing	Stream Realty Partn...	Stream Realty Partners...
4800 W Greens Rd *	North Fwy/Tomball Pky	351,672	Q4 18	Cameron International Corp	Lee & Associates	-
5623 AmeriPort Pky	East-Southeast Far	337,040	Q1 19	Plantgistix	Avison Young	Boyd Commercial, LLC...
11711 Clay Rd	Northwest Inner Loop	275,600	Q1 19	Builders FirstSource	-	Transwestern
18727 Kenswick Dr	North Hardy Toll Road	248,750	Q3 18	Forward Air Solutions	Fischer & Company	CBRE;Lee & Associates
10565 Red Bluff Rd	East-Southeast Far	248,240	Q4 18	Unis	-	Cushman & Wakefield
7677 Pinemont Dr *	Northwest Inner Loop	240,000	Q4 18	Essendant	-	Madison Marquette
22533 NW Lake Dr	Northwest Outliers	231,839	Q3 18	Goodman Distribution, Inc.	Stream Realty Partn...	Carson Companies
1100 Broadway Ave	East-Southeast Far	194,293	Q4 18	-	-	Cushman & Wakefield
9000 Railwood Dr *	Northeast Hwy 90	171,000	Q2 19	Distribution International	JLL	Stream Realty Partners...
221 Portwall St	Northeast Inner Loop	162,178	Q3 19	-	-	Carson Companies
Diplomatic Plaza Dr	North Hardy Toll Road	160,000	Q4 18	Agility Project Logistics	-	InSite Commercial Real...
6410 Langfield Rd	Northwest Near	154,661	Q3 19	-	-	Carson Companies
8701 Miller Rd	Northeast Hwy 90	150,000	Q2 19	Edgen Murray	-	Raintree Commercial
359 Old Underwood Rd	East-Southeast Far	150,000	Q2 19	-	-	CBRE
615 E Sam Houston Pky	East-Southeast Far	149,760	Q3 18	Smart Warehousing LLC	Lee & Associates	NAI Partners
3401-3403 Navigation Blvd	Downtown Houston	148,200	Q4 18	-	-	Avison Young
530-540 Portwall St	Northeast Inner Loop	144,620	Q3 18	World	-	Warehouse Associates
9601-9649 W Wingfoot Rd	Northwest Inner Loop	144,421	Q4 18	-	-	CBRE
13127 Trinity St	Hwy 59/Hwy 90 (Alt)	137,536	Q3 18	Cameron Newco	Lee & Associates	-
9770 New Century Dr *	East-Southeast Far	137,500	Q4 18	Packwell	CBRE	Cushman & Wakefield
3007 Highway 225 *	East-Southeast Far	137,000	Q4 18	Supply Chain Management	Colliers International	Transwestern
9800 Derrington Rd	Hwy 290/Tomball Pky	134,897	Q1 19	Norlyn Enterprises	Caldwell Companies...	CBRE
1302 Wharton Weems Blvd	East-Southeast Far	127,796	Q1 19	MRC Global Inc.	Cushman & Wakefield	Colliers International;Li...
6535 Guhn Rd	Northwest Near	126,899	Q1 19	Spectrum Brands	-	Stream Realty Partners...
15450 Diplomatic Plaza Dr	North Hardy Toll Road	125,120	Q1 19	Marmedsa USA LLC	-	InSite Commercial Real...
5661 Brittmooore Rd	West Outer Loop	124,951	Q1 19	Aztec Events & Tents	-	Boyd Commercial, LLC...
11833 Cutten Rd	North Fwy/Tomball Pky	122,200	Q3 18	Western Post USA	NAI Partners	Cushman & Wakefield
8760 Clay Rd	Northwest Inner Loop	121,795	Q2 19	-	-	Stream Realty Partners...
18870 Eastex Fwy N	Northeast Hwy 90	120,000	Q1 19	Calumet	-	Cushman & Wakefield
4732 Darien St	Northeast Inner Loop	118,578	Q1 19	Mauser Packaging Solutions	-	Boyd Commercial, LLC...
971 N Sam Houston Parkway E	North Hardy Toll Road	118,100	Q2 19	DB Schenker, Inc.	-	Stream Realty Partners...
5700-5750 Campbell Rd	Northwest Inner Loop	112,193	Q4 18	T T Stone Outlet	-	Sealy & Company
4660 World Houston Pky *	North Hardy Toll Road	110,000	Q3 18	United States Postal Service	CBRE	InSite Commercial Real...
22008 N Berwick Dr	Northwest Outliers	110,000	Q1 19	Inhance Technologies	JLL	Duke Realty Corporation
14810 North Fwy	North Hardy Toll Road	109,386	Q3 19	-	-	Colliers International
8802-8824 Fallbrook Dr	Hwy 290/Tomball Pky	105,711	Q2 19	Csat Solutions	Newmark Knight Frank	Cushman & Wakefield;...

\*Renewal

Houston ranks middle-of-the-pack among major U.S. metros in terms of asking rents, likely due to an abundance of land, a lack of zoning, and a comparatively easy entitlement/permitting process that combine to create relatively low barriers to entry for new industrial development in Houston.

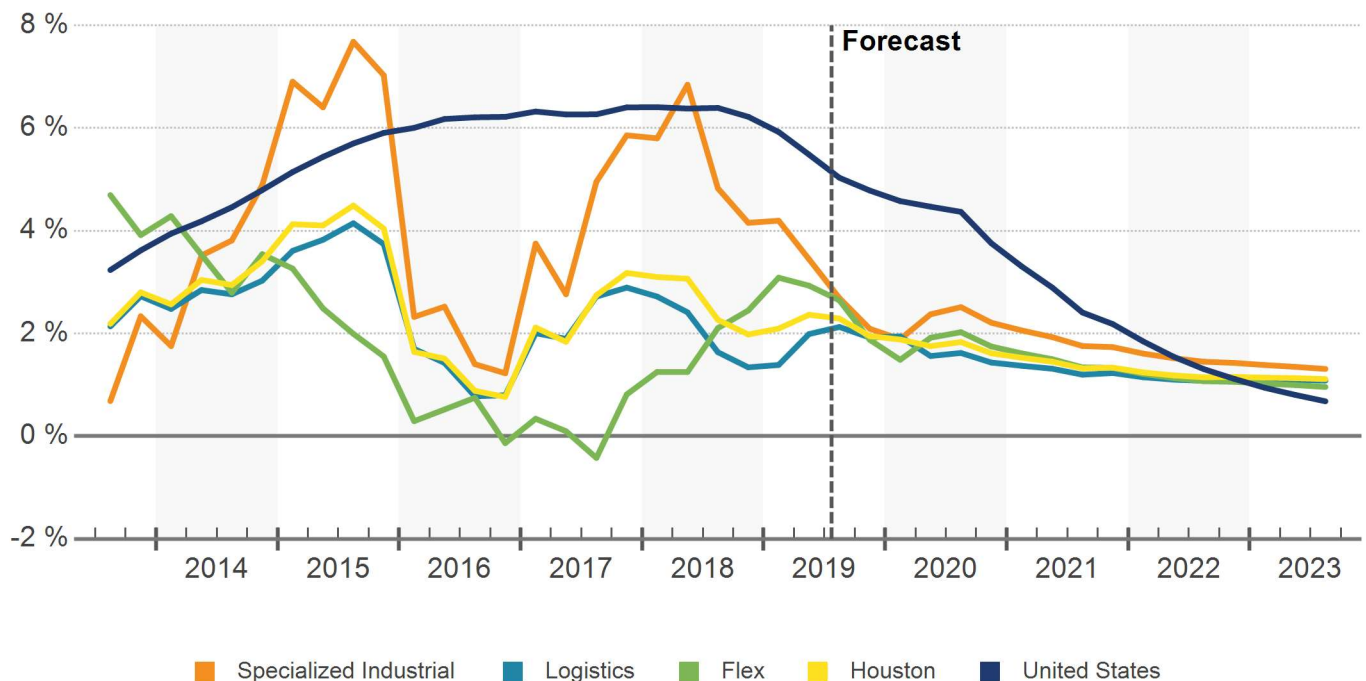
Asking rents have grown by approximately 2.2% this year. Cumulatively, rents have grown more than 20% this cycle. Much of this growth can be attributed to the early part of the cycle between 2011 and 2015, when cumulative gains exceeded 15%. Growth slowed thereafter during the oil downturn. It regained its footing in 2017, in tandem with an economic recovery in the energy space and a surge in e-commerce activity nationally.

Rising land costs, rising interest rates, and competition among developers for alternative uses as Houston's population grows outward could constrain industrial development and thus lead to stronger rent increases in the future. Developers have managed to keep supply

and demand for industrial space relatively in check, as evidenced by a large amount of new build-to-suits. Save for a significant slowdown in the global economy, since Houston's industrial demand seems to have largely decoupled from the oil and gas industry, it appears that Houston's industrial market has a lot of runway.

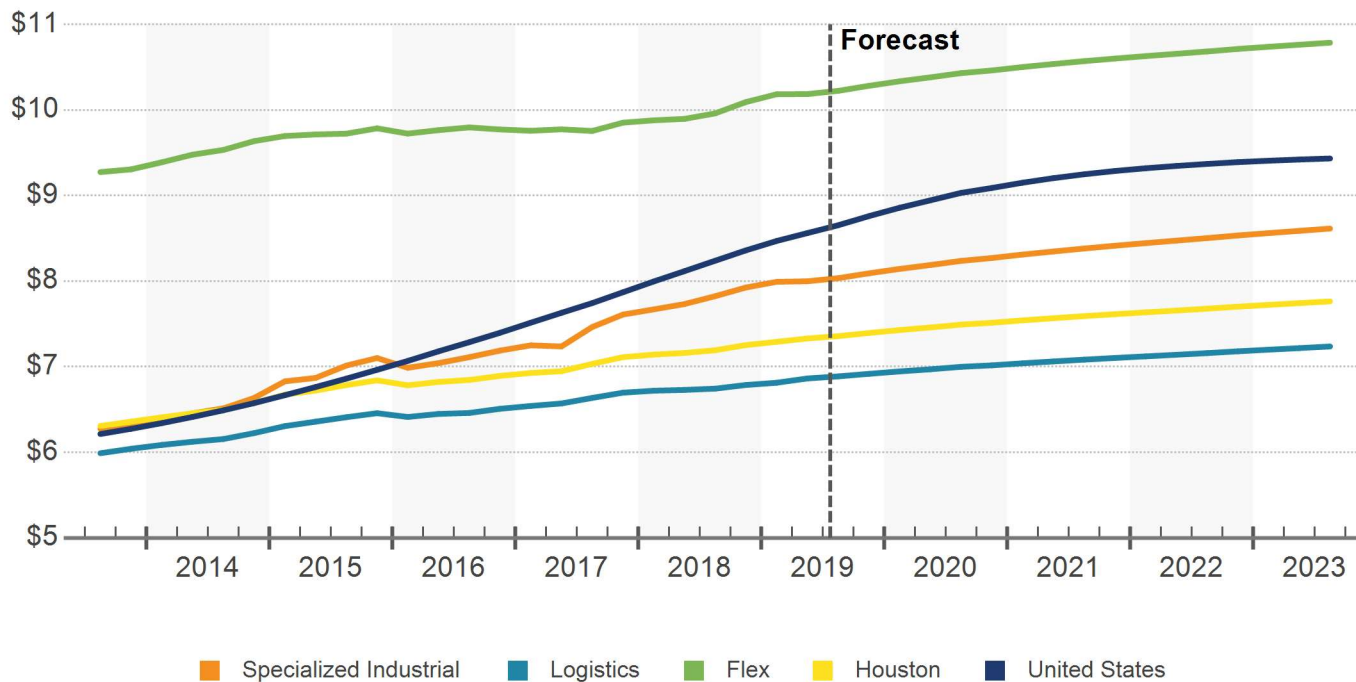
The submarkets experiencing with the highest rents as of 19Q2 included Southwest Inner Loop (approximately \$9.55/SF), Northeast Hwy 321 (\$9.50/SF), and The Woodlands/Conroe (\$9.40/SF). And submarkets that had some of the lowest included Northeast Inner Loop (\$5.20/SF), Southeast Outer Loop (\$5.40/SF), and Downtown Houston (\$5.50/SF). The great variability in rental rate and rental rate growth projections seems to be directly related to both submarket vacancy and land values. And the submarkets mentioned above—at both the low and high ends of the rent spectrum—are also generally smaller submarkets that are statistically outliers. The larger submarkets, where a lot of development and leasing activity are occurring, are neither too hot nor too cold in terms of rent growth.

### MARKET RENT GROWTH (YOY)





### MARKET RENT PER SQUARE FOOT



There was approximately 14,600,000 SF of industrial buildings under construction as of 19Q2, which was a record for the metro, ranking it in third among US metros after Dallas-Fort Worth and the Inland Empire.

Deliveries continue to outstrip demand, particularly speculative developments. As a result, the vacancy rate could continue to climb steadily, despite generally positive tailwinds in the industrial sector. Those include Houston's stable and recovering economy and e-commerce growth.

And the majority of new development continues to be concentrated in the southeastern and northwestern corners of the metro. Submarkets experiencing the most new development include East-Southeast Far (5 million SF), North Hardy Toll Road (3.5 million SF), and Northwest Outliers (2 million SF).

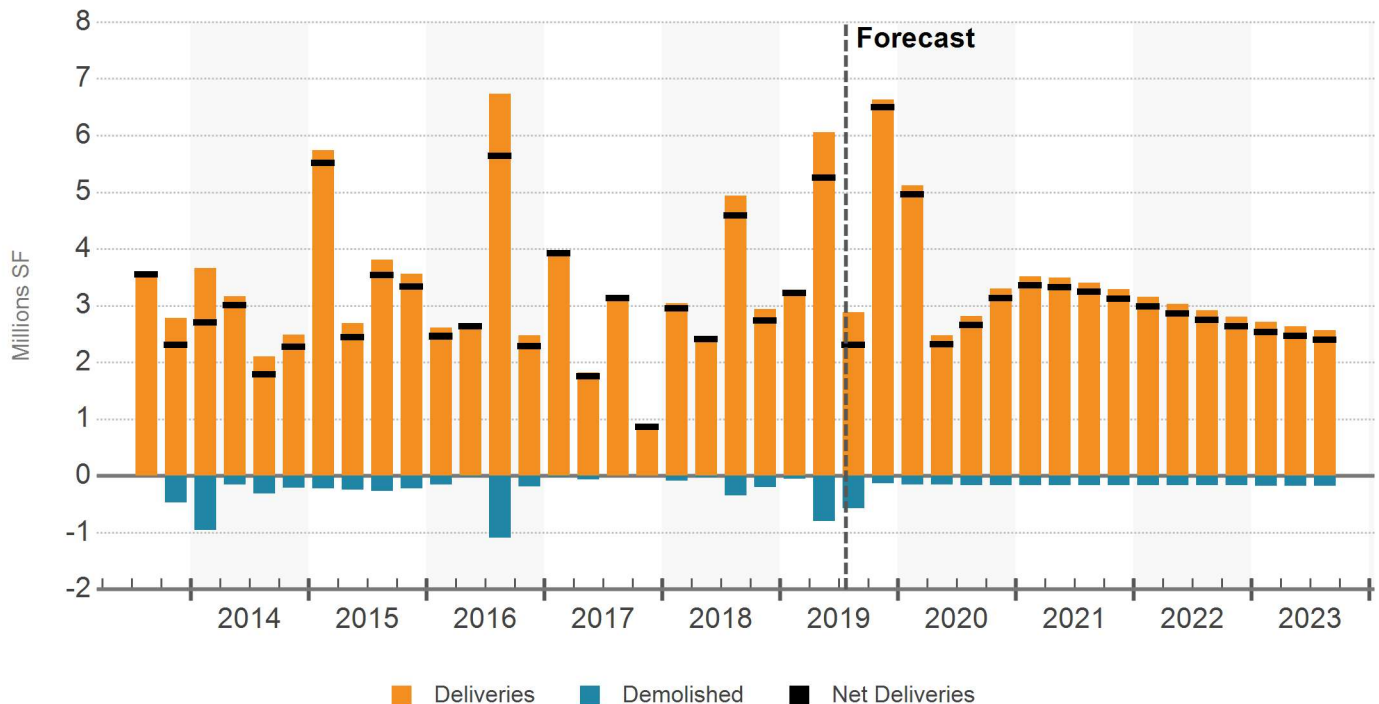
Some of the largest new developments include a mix of build-to-suits and speculative development: Hines' 1-million-SF manufacturing facility for The Coca-Cola Company in the North Fwy/Tomball Pky Submarket; Costco Wholesale's 860,000-SF facility in Katy; Stream Realty Partners' 4 Star, 784,000-SF spec development

at 10629 Red Bluff Road – Phase III in Pasadena; and Archway Advisors and USAA's 4 Star, 685,000-SF spec development at the Air 59 Logistics Center in Humble.

Large logistics companies serving the plastics industry are also absorbing space at a quick pace. These include the 712,000-SF build-to-suit for Ravago Americas and the 500,000-SF build-to-suit for Vinmar International that both delivered in 2018 in the East-Southeast Far Submarket.

The Houston industrial market has expanded rapidly this cycle. In total, more than 80 million SF has delivered, which has expanded the metro's inventory by nearly 20%. The largest facility built this cycle was the 4-million-SF Daikin HVAC manufacturing and distribution campus in the Northwest Hwy 6 Submarket. It delivered in mid-2016 at a cost of over \$500 million and employs more than 5,000 people. It is purported to be the world's largest HVAC manufacturing facility. Besides the Daikin campus, two of the largest facilities built this cycle occurred in Brookshire, Texas, west of Houston: the 1.5-million-SF Rooms to Go distribution center in 2010 and the 1-million-SF Amazon distribution center in 2018.

### 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	North Fwy/Tomball Pky	17	3,019	1,192	39.5%	3	29,853	177,589	4
2	East-Southeast Far	18	2,412	532	22.0%	5	34,655	134,026	5
3	Northwest Outliers	32	2,177	935	42.9%	2	43,635	68,046	6
4	North Hardy Toll Road	22	1,363	180	13.2%	7	45,008	61,948	7
5	Northeast Hwy 90	6	1,206	231	19.2%	6	31,769	200,917	2
6	Hwy 59/Hwy 90 (Alt)	20	1,155	20	1.7%	9	25,018	57,731	8
7	Southwest Far	20	870	407	46.8%	1	25,420	43,484	9
8	Southeast Outer Loop	2	702	0	0%	10	42,571	351,148	1
9	North Outer Loop	2	374	23	6.0%	8	22,790	186,950	3
10	The Woodlands/Conroe	31	358	133	37.1%	4	18,890	11,546	10
	All Other	36	916	304	33.2%		30,991	25,431	
<b>Totals</b>		<b>206</b>	<b>14,551</b>	<b>3,956</b>	<b>27.2%</b>		<b>30,984</b>	<b>70,637</b>	

# Under Construction Properties

Houston Industrial

Properties

**206**

Square Feet

**14,551,231**

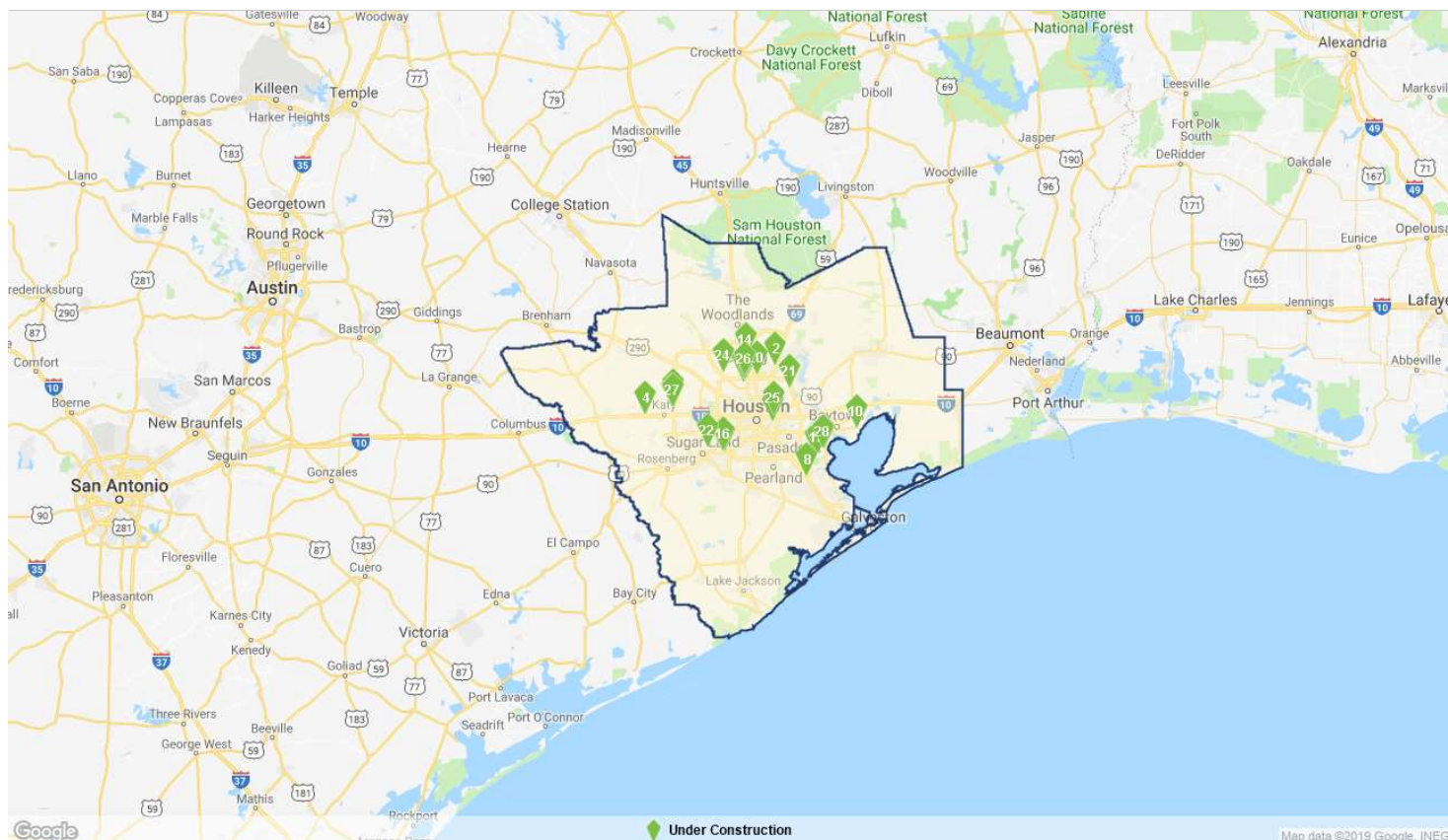
Percent of Inventory

**2.5%**

Released

**27.2%**

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Coca-Cola Southwest Be...</b> Fallbrook Dr	★★★★★	1,000,000	1	Sep-2018	Feb-2020	Hines The Coca-Cola Company
2 <b>Air 59 Logistics Center</b> Hwy 59 & Will Clayton Pky	★★★★☆	685,400	1	Mar-2019	Nov-2019	USAA Real Estate Archway Properties
3 <b>10591 Red Bluff Rd</b>	★★★★☆	643,000	1	Jun-2019	Apr-2020	Panattoni Development Company Panattoni Development Company...
4 <b>Costco Wholesale Distri...</b> Hwy 90	★★★★☆	548,519	1	Apr-2019	Oct-2019	Costco Wholesale Corporation Costco Wholesale Corporation
5 <b>Building 3</b> 8230 Stedman St	★★★☆☆	526,094	1	Jul-2019	Feb-2020	NorthPoint Development -
6 <b>3900 Peek Rd</b>	★★★★★	433,200	1	Jun-2019	Feb-2020	Duke Realty Corporation Duke Realty Corporation
7 <b>Ella Logistics Center</b> Beltway 8 & I-45 N	★★★★☆	358,567	1	Jun-2019	Jan-2020	Hines Hines

# Under Construction Properties

Houston Industrial

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>American Furniture War...</b> I-45 N	★ ★ ★ ★ ☆	355,000	1	Mar-2019	Sep-2019	- American Furniture Warehouse
9 <b>Building 9</b> 631 Buffalo Lakes Dr	★ ★ ★ ★ ★	352,769	1	Oct-2018	Aug-2019	Trammell Crow Company Trammell Crow Company
10 <b>Building 4</b> Hwy 99 & Fisher Rd	★ ★ ★ ☆ ☆	352,559	1	Apr-2019	Jan-2020	Clay Development & Construction -
11 <b>Building G</b> 30 Esplanade Blvd	★ ★ ★ ★ ☆	351,400	1	Aug-2018	Oct-2019	IDI Logistics -
12 <b>Waypoint - Building 1</b> 411 Cravens Rd	★ ★ ★ ★ ☆	290,373	1	Mar-2019	Sep-2019	4M Investments Clarion Partners
13 <b>Building 2</b> Cypress Slough Dr	★ ★ ★ ★ ☆	258,000	1	Apr-2019	Dec-2019	Davis Commercial Development Davis Commercial Development
14 <b>Building 1</b> Cypress Slough Dr	★ ★ ★ ★ ☆	258,000	1	Apr-2019	Dec-2019	Davis Commercial Development Davis Commercial Development
15 <b>B1</b> 1901 Wharton Weems Blvd	★ ★ ★ ★ ☆	252,924	1	Nov-2018	Sep-2019	Liberty Property Trust Liberty Property Trust
16 <b>Waypoint - Building 2</b> 9333 S Sam Houston Pky W	★ ★ ★ ★ ☆	248,930	1	Mar-2019	Sep-2019	4M Investments Clarion Partners
17 <b>10575 Red Bluff</b>	★ ★ ★ ★ ☆	248,240	1	Jan-2019	Aug-2019	Johnson Development Associate... Johnson Development Associate...
18 <b>Park 8</b> 11945 North Fwy	★ ★ ★ ★ ☆	242,760	1	Mar-2019	Nov-2019	Avera Companies Avera Companies
19 <b>10484 Greens Crossing...</b>	★ ★ ★ ★ ☆	239,814	1	Oct-2018	Aug-2019	Johnson Development Associate... Johnson Development Associate...
20 <b>15789 Aldine Westfield Rd</b>	★ ★ ★ ★ ☆	219,578	1	Jan-2019	Nov-2019	Exeter Property Group Exeter Property Group
21 <b>Sheldon Business Park</b> Beltway 8 & N Lake Houst...	★ ★ ★ ★ ☆	214,300	1	Jun-2019	Nov-2019	Clay Development & Construction -
22 <b>Phase III</b> 12682 Cardinal Meadow Dr	★ ★ ★ ★ ☆	200,000	-	Jul-2018	Aug-2019	KDW Accredo Packaging
23 <b>Building 2</b> Grand Parkway & Morton...	★ ★ ★ ☆ ☆	198,905	1	Jan-2019	Dec-2019	First Industrial First Industrial
24 <b>Carson 249</b> 12202 Cutten Rd	★ ★ ★ ★ ☆	194,369	1	Jan-2019	Aug-2019	- Carson Companies
25 <b>8404 East Fwy</b>	★ ★ ★ ★ ★	176,201	1	May-2019	Oct-2019	Phelan Development Company Phelan Development Company
26 <b>Layne Crossing</b> 11142 Beltline Rd	★ ★ ★ ★ ☆	173,795	1	Nov-2018	Dec-2019	Crow Holdings Crow Holdings
27 <b>Building 1</b> Grand Parkway & Morton...	★ ★ ★ ☆ ☆	173,045	1	Jan-2019	Dec-2019	First Industrial First Industrial
28 <b>A2</b> 1912 S 16th St	★ ★ ★ ★ ☆	164,385	1	Nov-2018	Sep-2019	Liberty Property Trust Liberty Property Trust

Industrial transaction activity in Houston remains red-hot, similar to what is being experienced in several large U.S. metros. A staggering 1,300 industrial transactions took place in 2018. Institutional buyers now make up the majority of the buyer pool, at 38% in 2018, versus 33% for REIT/Public, 15% private, and 8% private equity. A majority of deals occurred for product at the lower end of the quality spectrum. The average rating for deals that traded in 2018 was 2 Star, and the average year built was 1988. Nearly two-thirds of the deals that traded were rated 1 & 2 Star, versus 23% 3 Star and only 8% 4 & 5 Star. And nearly 20% of transactions took place in just two Houston submarkets: East-Southeast Far (near the Port of Houston) and Northwest Inner Loop (a hotbed of logistics activity near the growing population center).

Houston ranked in the top 20 among U.S. metros for trailing 12-month industrial investment sales volume as of 19Q2, with \$16 billion in confirmed trades. However, this figure should be taken with a grain of salt, as Texas is a non-disclosure state, and this amount is likely much higher.

Of the 35 largest trades in Houston this past year, 25 (approximately three-fourths) were part of portfolio deals. This comes as institutional investors are seeking to increase their industrial allocations in a major way across the U.S. by acquiring portfolios. They are targeting the positive tailwinds that have driven gains across the sector, namely the growth in e-commerce. And Houston, as the U.S.'s fifth-largest metro/fourth-largest city, has seen a corresponding uptick in industrial

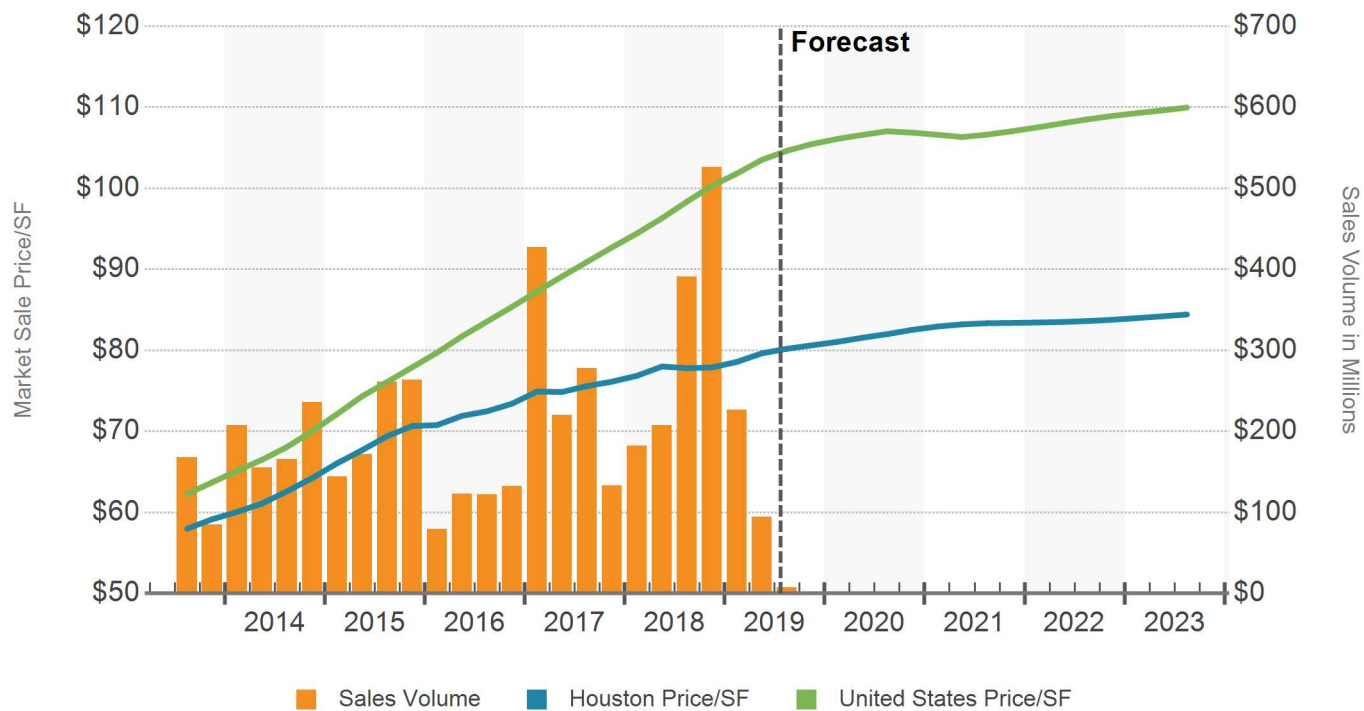
space demand.

In November 2018, Montreal-based Ivanhoé Cambridge acquired U.S. logistics company IDI Logistics and all of its assets from a Brookfield-sponsored real estate fund for \$3.5 billion. This included eight properties in Houston at the Central Green Corporate Center and the North Houston Logistics Center (all 3 and 4 Star space built in the 2000s). Two months after this acquisition, Ivanhoé Cambridge entered into a 50-50 joint venture partnership with Toronto-based Oxford Property Group for these assets. This acquisition represented Oxford's first logistics acquisition in the United States.

The Blackstone Group completed the acquisition of Gramercy Property Trust (GPT) in October 2018 in a deal valued at \$7.6 billion. As of June 2018, GPT reported owning 355 properties totaling 81,134,150 SF. The portfolio was reported at 96.7% occupancy. The estimated cap rate based on net income annualized was 5.61%. This trade included eight properties in Houston totaling nearly 800,000 SF.

Prologis' acquisition of DCT Industrial in August 2018 accounted for 29 trades in Houston and totaled 459 properties across the United States for \$8.5 billion. The subject properties were overall 97.1% occupied at the time of sale, and the overall in-place cap rate was reported at 4.6%. The buyer assumed a total of \$1.8 billion of debt, \$850 million of which was paid off at closing, with multiple lenders.

### SALES VOLUME & MARKET SALE PRICE PER SF



# Sales Past 12 Months

Houston Industrial

Sale Comparables

**1,230**

Avg. Cap Rate

**6.9%**

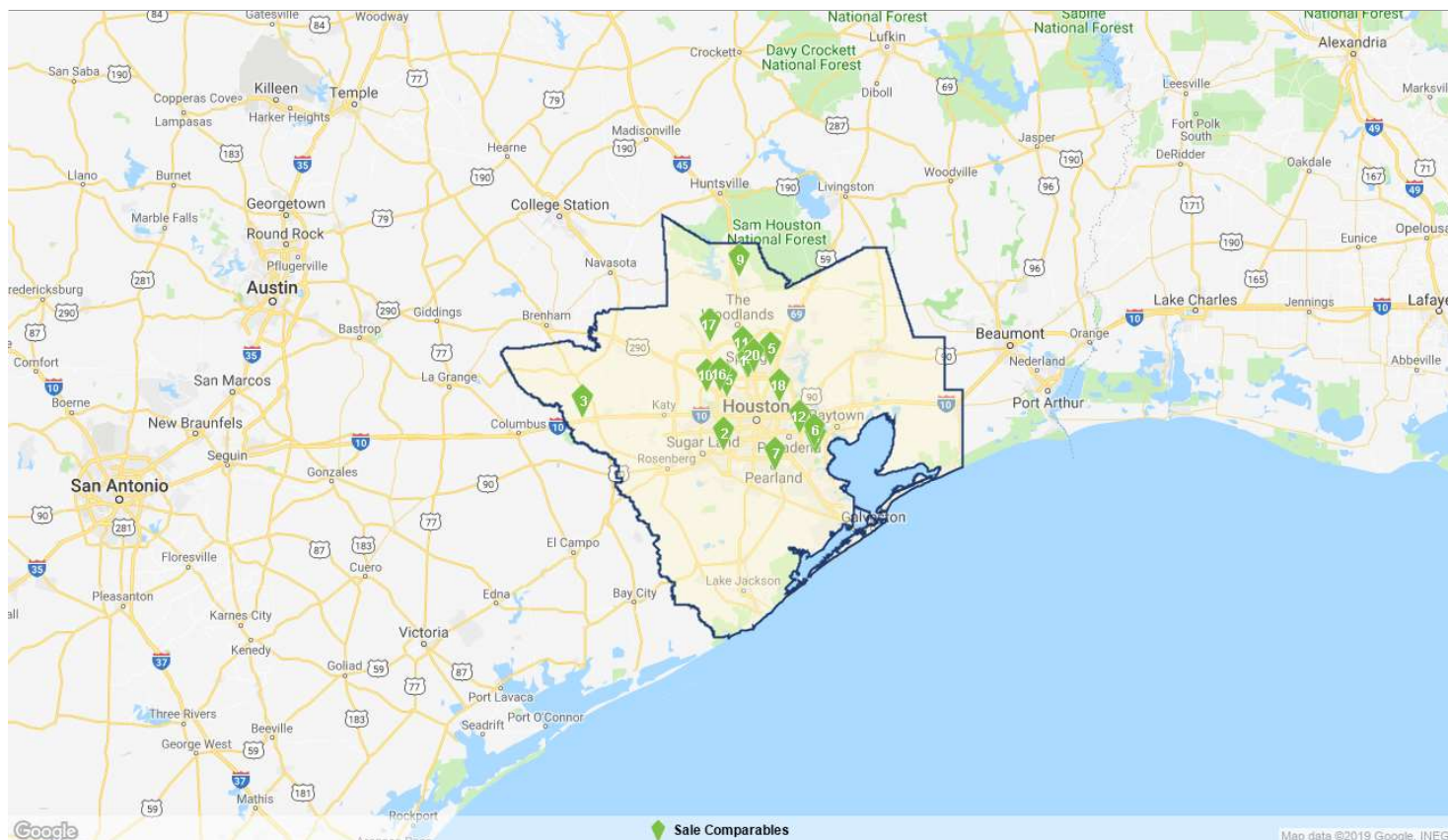
Avg. Price/SF

**\$77**

Avg. Vacancy At Sale

**14.7%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$16,461	\$3,765,168	\$1,135,503	\$61,619,859
Price Per SF	\$0.14	\$77	\$78	\$600
Cap Rate	4.0%	6.9%	6.8%	22.0%
Time Since Sale in Months	0.0	6.7	7.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,066	33,838	12,740	928,035
Ceiling Height	8'	20'3"	19'3"	75'
Docks	0	6	0	330
Vacancy Rate At Sale	0%	14.7%	0%	100%
Year Built	1891	1989	1984	2019
Star Rating	★☆☆☆☆	★★★☆☆ 2.2	★★★★☆	★★★★★



# 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> Alamo Crossing Comme... 7909 Northcourt Rd	★★★★★	2001	644,848	0%	9/28/2018	\$61,619,859	\$96	-	
<b>2</b> Best Buy Distribution Ce... 636 Highway 90	★★★★★	2018	554,536	0%	11/1/2018	\$48,000,000	\$87	-	
<b>3</b> 5000 Interstate 10	★★★★★	-	928,035	57.2%	12/14/2018	\$45,000,000	\$48	-	
<b>4</b> UNIS 10535 Red Bluff Rd	★★★★★	2018	257,835	0%	8/20/2018	\$36,950,000	\$143	5.5%	
<b>5</b> Forward Air Solutions 18727 Kenswick Dr	★★★★★	2015	248,750	0%	3/27/2019	\$29,549,000	\$119	-	
<b>6</b> Building 2 4925 Underwood Rd	★★★★★	2018	369,755	0%	10/12/2018	\$28,328,869	\$77	4.8%	
<b>7</b> 3730 S Main St	★★★★★	2017	225,000	0%	9/5/2018	\$27,300,000	\$121	-	
<b>8</b> Building G 30 Esplanade Blvd	★★★★★	2019	351,400	100%	11/30/2018	\$27,281,925	\$78	-	
<b>9</b> FedEx Freight 3400 Pollok Dr	★★★★★	2018	75,351	13.3%	12/19/2018	\$25,739,730	\$342	5.9%	
<b>10</b> Northwest Logistics Cen... 6751 N Eldridge Pky	★★★★★	2018	411,442	100%	8/3/2018	\$25,710,000	\$62	-	
<b>11</b> Building 2 1902 Cypress Station Dr	★★★★★	2015	284,170	0%	12/31/2018	\$25,215,526	\$89	4.9%	
<b>12</b> Energy Commerce, Bldg D 615 E Sam Houston Pky	★★★★★	2018	232,960	100%	12/18/2018	\$22,804,106	\$98	-	
<b>13</b> Building D 101 Esplanade Blvd	★★★★★	2008	244,864	0%	11/30/2018	\$19,010,704	\$78	-	
<b>14</b> Building E 121 Esplanade Blvd	★★★★★	2014	244,550	100%	11/30/2018	\$18,986,326	\$78	-	
<b>15</b> Alamo Crossing Comme... 7885 Northcourt Rd	★★★★★	2002	160,000	12.5%	9/28/2018	\$15,257,932	\$95	-	
<b>16</b> Brookhollow West Busin... 9777 W Gulf Bank Rd	★★★★★	1977	251,569	11.9%	12/17/2018	\$13,920,000	\$55	6.5%	
<b>17</b> 22311 Huffsmith-Kohrvill...	★★★★★	1978	25,000	0%	6/25/2019	\$13,687,276	\$547	-	
<b>18</b> Majestic Steel USA 9302 Ley Rd	★★★★★	1999	128,136	0%	4/29/2019	\$13,600,000	\$106	6.1%	
<b>19</b> 16501 Central Green Bou... 16501 Central Green Blvd	★★★★★	2013	129,143	0%	11/30/2018	\$13,444,070	\$104	-	
<b>20</b> Building 7 16507 Central Green Blvd	★★★★★	2014	129,143	0%	11/30/2018	\$13,444,070	\$104	-	

Houston rebounded from the energy slump and the ravages of Hurricane Harvey to add some 73,300 jobs in 2018. This was a bit lower than the city's annual pace of job gains during the boom years but still ranked Houston in the top three U.S. metros for new job gains last year, along with New York and Dallas-Fort Worth.

These gains, while average for the metro, suggest that Houston's economy can thrive even with lower oil prices than were experienced at the height of the oil boom. This optimism is tempered by oil prices languishing in the low-\$50s/barrell as of June 2019, mostly due to domestic oversupply. About half of Houston's gross metropolitan product is tied to the strength of the national economy, and about half is tied to the strength of the energy industry. Growth in the healthcare industry remains

strong, as Houston is home to the Texas Medical Center, the largest medical complex in the world. The healthcare sector is also growing in line with Houston's strong population growth.

Between July 2017 and July 2018, Houston added 94,417 new residents, ranking it third behind Dallas-Fort Worth and Phoenix. Moreover, the diversified professional and business services sector continues to add jobs, as does the manufacturing sector, particularly in fabricated metals and petrochemicals.

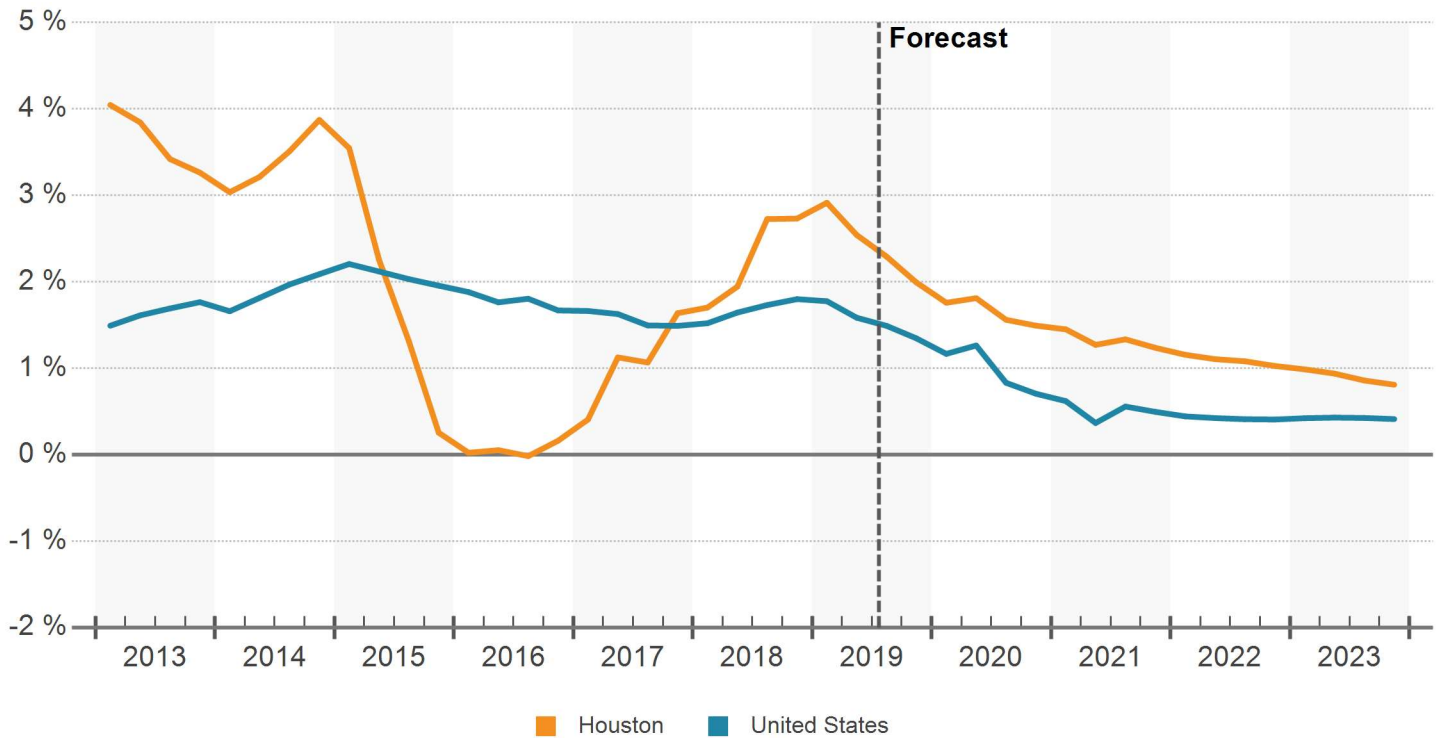
CoStar's Base Case, which incorporates Oxford Economics' Moderate Upside scenario, assumes that Houston will add approximately 70,000 jobs this year, then slow to about 50,000 jobs thereafter.

### 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	240	0.9	5.21%	1.39%	0.68%	0.85%	0.55%	0.00%
Trade, Transportation and Utilities	629	1.1	1.07%	0.86%	1.80%	1.15%	1.25%	0.48%
Retail Trade	304	0.9	-1.24%	-0.17%	1.41%	0.84%	0.89%	0.38%
Financial Activities	169	0.9	1.52%	1.00%	1.69%	1.00%	1.24%	0.35%
Government	410	0.9	1.81%	0.44%	0.96%	-0.02%	1.12%	0.76%
Natural Resources, Mining and Construction	311	1.8	3.13%	3.14%	1.41%	2.09%	0.57%	0.26%
Education and Health Services	404	0.8	2.86%	2.28%	3.18%	2.12%	0.91%	0.55%
Professional and Business Services	515	1.2	3.63%	2.26%	3.16%	2.62%	1.89%	0.99%
Information	31	0.5	-2.05%	-0.90%	-1.14%	0.01%	0.10%	0.56%
Leisure and Hospitality	329	0.9	1.00%	2.51%	3.43%	2.50%	1.34%	0.61%
Other Services	119	1.0	5.80%	1.30%	2.21%	0.98%	0.77%	0.30%
<b>Total Employment</b>	<b>3,159</b>	<b>1.0</b>	<b>2.48%</b>	<b>1.56%</b>	<b>2.06%</b>	<b>1.43%</b>	<b>1.16%</b>	<b>0.56%</b>

Source: Oxford Economics  
LQ = Location Quotient

### YEAR OVER YEAR JOB GROWTH



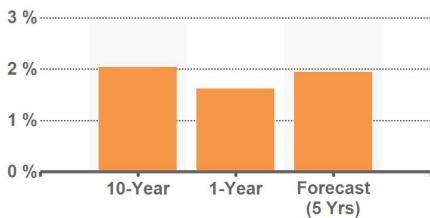
Source: Oxford Economics

### DEMOGRAPHIC TRENDS

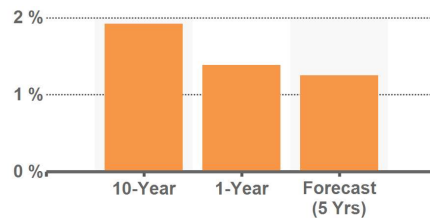
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	7,097,810	329,121,781	1.6%	0.6%	2.0%	0.7%	1.9%	0.7%
Households	2,383,571	121,209,266	1.5%	0.5%	1.9%	0.6%	1.8%	0.6%
Median Household Income	\$67,548	\$63,614	3.4%	3.3%	2.0%	2.2%	4.6%	4.4%
Labor Force	3,439,760	163,327,891	1.4%	0.9%	1.9%	0.6%	1.3%	0.6%
Unemployment	3.8%	3.6%	-0.5%	-0.3%	-0.4%	-0.6%	-	-

Source: Oxford Economics

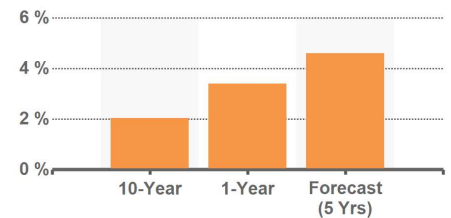
### POPULATION GROWTH



### LABOR FORCE GROWTH



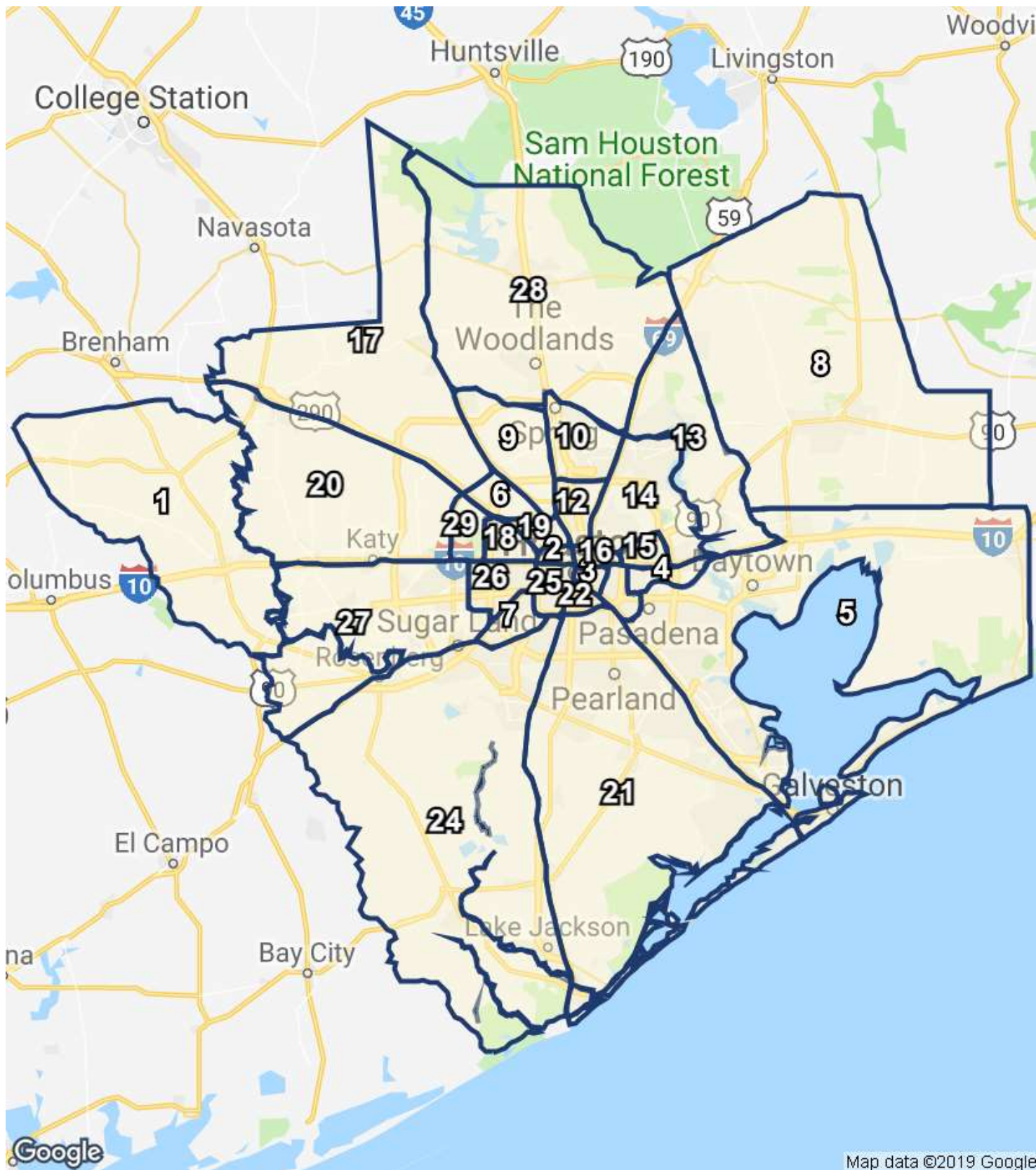
### INCOME GROWTH



Source: Oxford Economics

# Submarkets

## HOUSTON SUBMARKETS



Map data ©2019 Google

### 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	37	2,114	0.3%	27	1	128	6.0%	13	0	-	-	-
2	CBD-NW Inner Loop	521	12,690	2.0%	22	0	0	0%	-	0	-	-	-
3	Downtown Houston	908	31,933	5.0%	5	0	0	0%	-	0	-	-	-
4	East I-10 Outer Loop	218	14,059	2.2%	19	1	10	0.1%	18	0	-	-	-
5	East-Southeast Far	2,225	77,108	12.1%	1	41	6,070	7.9%	1	18	2,412	3.1%	2
6	Hwy 290/Tomball Pky	673	25,798	4.1%	10	13	1,402	5.4%	4	3	44	0.2%	15
7	Hwy 59/Hwy 90 (Alt)	1,047	26,194	4.1%	9	5	476	1.8%	9	20	1,155	4.4%	6
8	Liberty County	67	1,420	0.2%	29	0	0	0%	-	0	-	-	-
9	North Fwy/Tomball Pky	953	28,450	4.5%	6	10	603	2.1%	6	17	3,019	10.6%	1
10	North Hardy Toll Road	858	38,617	6.1%	4	14	2,054	5.3%	3	22	1,363	3.5%	4
11	North Inner Loop	197	5,323	0.8%	25	0	0	0%	-	0	-	-	-
12	North Outer Loop	1,092	24,886	3.9%	11	2	117	0.5%	14	2	374	1.5%	9
13	Northeast Hwy 321	113	1,851	0.3%	28	0	0	0%	-	0	-	-	-
14	Northeast Hwy 90	650	20,650	3.3%	14	8	478	2.3%	8	6	1,206	5.8%	5
15	Northeast I-10	171	4,447	0.7%	26	0	0	0%	-	1	11	0.2%	18
16	Northeast Inner Loop	193	12,310	1.9%	23	0	0	0%	-	0	-	-	-
17	Northwest Hwy 6	432	13,081	2.1%	21	31	529	4.0%	7	12	309	2.4%	12
18	Northwest Inner Loop	1,794	64,410	10.1%	2	4	116	0.2%	15	1	22	0%	17
19	Northwest Near	829	20,168	3.2%	15	1	10	0%	19	4	32	0.2%	16
20	Northwest Outliers	636	27,752	4.4%	7	32	2,374	8.6%	2	32	2,177	7.8%	3
21	South Hwy 35	1,785	40,163	6.3%	3	7	111	0.3%	16	3	60	0.1%	14
22	South Inner Loop	409	13,313	2.1%	20	0	0	0%	-	0	-	-	-
23	Southeast Outer Loop	424	18,050	2.8%	16	0	0	0%	-	2	702	3.9%	8
24	Southwest Far	612	15,557	2.4%	17	11	1,096	7.0%	5	20	870	5.6%	7
25	Southwest Inner Loop	452	7,505	1.2%	24	0	0	0%	-	0	-	-	-
26	Southwest Outer Loop	697	14,923	2.3%	18	2	14	0.1%	17	1	5	0%	19
27	Sugar Land	517	22,768	3.6%	12	4	188	0.8%	12	8	344	1.5%	11
28	The Woodlands/Conroe	1,164	21,988	3.5%	13	34	381	1.7%	11	31	358	1.6%	10
29	West Outer Loop	824	27,572	4.3%	8	13	447	1.6%	10	3	88	0.3%	13

### SUBMARKET RENT

No.	Submarket	Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$8.12	7	0.9%	29	-1.8%	27
2	CBD-NW Inner Loop	\$7.95	9	2.6%	2	0.1%	2
3	Downtown Houston	\$5.47	27	3.0%	1	-1.7%	26
4	East I-10 Outer Loop	\$5.88	25	2.4%	3	-1.2%	23
5	East-Southeast Far	\$7.30	16	2.4%	5	-0.5%	9
6	Hwy 290/Tomball Pky	\$7.67	14	2.2%	13	-1.4%	25
7	Hwy 59/Hwy 90 (Alt)	\$7.72	12	2.1%	16	0%	3
8	Liberty County	\$7.12	19	2.0%	27	-1.0%	21
9	North Fwy/Tomball Pky	\$7.84	10	2.3%	9	-1.1%	22
10	North Hardy Toll Road	\$7.46	15	2.0%	24	-2.1%	28
11	North Inner Loop	\$5.69	26	2.1%	19	-0.8%	19
12	North Outer Loop	\$6.93	20	2.1%	17	-0.7%	13
13	Northeast Hwy 321	\$9.49	2	2.1%	20	-0.8%	18
14	Northeast Hwy 90	\$7.24	17	2.2%	12	-0.8%	17
15	Northeast I-10	\$6.84	22	2.1%	21	-0.8%	16
16	Northeast Inner Loop	\$5.13	29	2.1%	18	-0.9%	20
17	Northwest Hwy 6	\$8.35	6	2.3%	7	-1.3%	24
18	Northwest Inner Loop	\$7.14	18	2.2%	15	-0.5%	8
19	Northwest Near	\$6.84	21	2.0%	26	-0.4%	5
20	Northwest Outliers	\$8.49	5	2.0%	23	-0.5%	10
21	South Hwy 35	\$6.74	23	2.0%	22	-3.1%	29
22	South Inner Loop	\$6.35	24	2.2%	11	-0.3%	4
23	Southeast Outer Loop	\$5.31	28	1.0%	28	-0.7%	14
24	Southwest Far	\$8.08	8	2.4%	4	2.4%	1
25	Southwest Inner Loop	\$9.49	1	2.3%	6	-0.6%	11
26	Southwest Outer Loop	\$9.20	4	2.3%	8	-0.4%	6
27	Sugar Land	\$7.80	11	2.2%	14	-0.4%	7
28	The Woodlands/Conroe	\$9.37	3	2.0%	25	-0.8%	15
29	West Outer Loop	\$7.72	13	2.2%	10	-0.7%	12

### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Austin County	1,454	0.1%	1	701,277	33.2%	5	0.2
2	CBD-NW Inner Loop	669,870	5.3%	14	(416,440)	-3.3%	25	-
3	Downtown Houston	1,123,112	3.5%	5	(418,241)	-1.3%	26	-
4	East I-10 Outer Loop	499,264	3.6%	6	(93,869)	-0.7%	19	-
5	East-Southeast Far	5,528,514	7.2%	21	4,262,468	5.5%	1	1.0
6	Hwy 290/Tomball Pky	2,726,752	10.6%	28	3,552	0%	15	379.3
7	Hwy 59/Hwy 90 (Alt)	918,322	3.5%	4	1,055,060	4.0%	4	0.1
8	Liberty County	113,239	8.0%	23	261,960	18.5%	10	-
9	North Fwy/Tomball Pky	2,772,306	9.7%	27	529,561	1.9%	6	1.0
10	North Hardy Toll Road	2,525,617	6.5%	18	2,061,658	5.3%	2	1.0
11	North Inner Loop	378,000	7.1%	19	(2,706)	-0.1%	16	-
12	North Outer Loop	1,067,668	4.3%	8	(183,896)	-0.7%	22	-
13	Northeast Hwy 321	37,936	2.0%	2	34,238	1.9%	13	-
14	Northeast Hwy 90	956,658	4.6%	10	(11,679)	-0.1%	17	-
15	Northeast I-10	233,203	5.2%	13	(163,890)	-3.7%	21	-
16	Northeast Inner Loop	794,226	6.5%	17	(402,175)	-3.3%	24	-
17	Northwest Hwy 6	1,123,060	8.6%	25	279,371	2.1%	9	0.7
18	Northwest Inner Loop	4,662,635	7.2%	22	(652,243)	-1.0%	28	-
19	Northwest Near	1,084,451	5.4%	15	22,214	0.1%	14	-
20	Northwest Outliers	2,398,424	8.6%	26	1,728,985	6.2%	3	1.1
21	South Hwy 35	1,860,359	4.6%	9	(435,344)	-1.1%	27	-
22	South Inner Loop	828,847	6.2%	16	(285,569)	-2.1%	23	-
23	Southeast Outer Loop	430,298	2.4%	3	231,951	1.3%	11	-
24	Southwest Far	1,712,921	11.0%	29	399,591	2.6%	7	2.5
25	Southwest Inner Loop	280,376	3.7%	7	(816,780)	-10.9%	29	-
26	Southwest Outer Loop	1,059,948	7.1%	20	(26,538)	-0.2%	18	-
27	Sugar Land	1,073,893	4.7%	11	(149,717)	-0.7%	20	-
28	The Woodlands/Conroe	1,854,846	8.4%	24	112,230	0.5%	12	2.5
29	West Outer Loop	1,425,544	5.2%	12	398,545	1.4%	8	0.2

### OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	690,883,559	9,726,178	1.4%	9,628,964	1.4%	1.0
2022	681,157,381	11,218,748	1.7%	9,951,865	1.5%	1.1
2021	669,938,633	13,047,708	2.0%	11,216,620	1.7%	1.2
2020	656,890,925	13,074,759	2.0%	10,342,821	1.6%	1.3
2019	643,816,166	17,370,350	2.8%	7,889,442	1.2%	2.2
YTD	635,100,923	8,655,107	1.4%	3,345,018	0.5%	2.6
2018	626,445,816	12,723,878	2.1%	10,057,343	1.6%	1.3
2017	613,721,938	9,672,238	1.6%	9,363,844	1.5%	1.0
2016	604,049,700	13,017,748	2.2%	11,178,607	1.9%	1.2
2015	591,031,952	14,839,707	2.6%	12,223,106	2.1%	1.2
2014	576,192,245	9,778,662	1.7%	12,542,005	2.2%	0.8
2013	566,413,583	9,555,481	1.7%	6,963,051	1.2%	1.4
2012	556,858,102	7,384,832	1.3%	10,552,193	1.9%	0.7
2011	549,473,270	4,710,216	0.9%	8,207,085	1.5%	0.6
2010	544,763,054	4,612,886	0.9%	7,948,793	1.5%	0.6
2009	540,150,168	9,363,966	1.8%	3,319,780	0.6%	2.8
2008	530,786,202	16,201,159	3.1%	14,824,995	2.8%	1.1
2007	514,585,043	11,324,200	2.3%	12,871,160	2.5%	0.9

### SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	113,661,021	637,980	0.6%	311,975	0.3%	2.0
2022	113,023,041	735,841	0.7%	76,128	0.1%	9.7
2021	112,287,200	854,181	0.8%	161,791	0.1%	5.3
2020	111,433,019	1,497,830	1.4%	112,744	0.1%	13.3
2019	109,935,189	(37,714)	0%	46,920	0%	-
YTD	109,680,337	(292,566)	-0.3%	243,288	0.2%	-
2018	109,972,903	887,914	0.8%	980,146	0.9%	0.9
2017	109,084,989	154,432	0.1%	488,616	0.4%	0.3
2016	108,930,557	4,180,314	4.0%	3,947,888	3.6%	1.1
2015	104,750,243	652,004	0.6%	932,992	0.9%	0.7
2014	104,098,239	(83,683)	-0.1%	546,860	0.5%	-
2013	104,181,922	1,541,469	1.5%	(153,872)	-0.1%	-
2012	102,640,453	993,618	1.0%	1,465,361	1.4%	0.7
2011	101,646,835	936,482	0.9%	608,988	0.6%	1.5
2010	100,710,353	474,464	0.5%	390,443	0.4%	1.2
2009	100,235,889	775,498	0.8%	(68,968)	-0.1%	-
2008	99,460,391	786,765	0.8%	1,757,392	1.8%	0.4
2007	98,673,626	645,861	0.7%	690,422	0.7%	0.9



### LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	522,749,388	8,846,733	1.7%	9,119,962	1.7%	1.0
2022	513,902,655	10,204,342	2.0%	9,802,603	1.9%	1.0
2021	503,698,313	11,845,292	2.4%	10,934,700	2.2%	1.1
2020	491,853,021	11,383,980	2.4%	10,157,993	2.1%	1.1
2019	480,469,041	16,828,468	3.6%	7,721,253	1.6%	2.2
YTD	472,321,120	8,680,547	1.9%	3,322,583	0.7%	2.6
2018	463,640,573	11,607,019	2.6%	9,121,762	2.0%	1.3
2017	452,033,554	8,972,274	2.0%	9,361,188	2.1%	1.0
2016	443,061,280	8,451,513	1.9%	7,196,112	1.6%	1.2
2015	434,609,767	13,964,716	3.3%	11,011,413	2.5%	1.3
2014	420,645,051	9,353,607	2.3%	11,038,140	2.6%	0.8
2013	411,291,444	7,330,403	1.8%	5,921,048	1.4%	1.2
2012	403,961,041	5,871,192	1.5%	8,279,264	2.0%	0.7
2011	398,089,849	3,545,481	0.9%	6,383,206	1.6%	0.6
2010	394,544,368	4,023,107	1.0%	6,896,800	1.7%	0.6
2009	390,521,261	7,065,615	1.8%	2,301,074	0.6%	3.1
2008	383,455,646	14,072,308	3.8%	11,855,306	3.1%	1.2
2007	369,383,338	9,588,475	2.7%	10,282,135	2.8%	0.9

### FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	54,473,150	241,465	0.4%	197,027	0.4%	1.2
2022	54,231,685	278,565	0.5%	73,134	0.1%	3.8
2021	53,953,120	348,235	0.6%	120,129	0.2%	2.9
2020	53,604,885	192,949	0.4%	72,084	0.1%	2.7
2019	53,411,936	579,596	1.1%	121,269	0.2%	4.8
YTD	53,099,466	267,126	0.5%	(220,853)	-0.4%	-
2018	52,832,340	228,945	0.4%	(44,565)	-0.1%	-
2017	52,603,395	545,532	1.0%	(485,960)	-0.9%	-
2016	52,057,863	385,921	0.7%	34,607	0.1%	11.2
2015	51,671,942	222,987	0.4%	278,701	0.5%	0.8
2014	51,448,955	508,738	1.0%	957,005	1.9%	0.5
2013	50,940,217	683,609	1.4%	1,195,875	2.3%	0.6
2012	50,256,608	520,022	1.0%	807,568	1.6%	0.6
2011	49,736,586	228,253	0.5%	1,214,891	2.4%	0.2
2010	49,508,333	115,315	0.2%	661,550	1.3%	0.2
2009	49,393,018	1,522,853	3.2%	1,087,674	2.2%	1.4
2008	47,870,165	1,342,086	2.9%	1,212,297	2.5%	1.1
2007	46,528,079	1,089,864	2.4%	1,898,603	4.1%	0.6

### OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$7.78	129	1.1%	7.3%	50,208,982	7.3%	-0.1%
2022	\$7.70	128	1.2%	6.2%	50,137,992	7.4%	0.1%
2021	\$7.61	126	1.3%	5.0%	48,893,074	7.3%	0.1%
2020	\$7.51	124	1.6%	3.6%	47,042,861	7.2%	0.3%
2019	\$7.39	122	1.9%	1.9%	44,292,162	6.9%	1.3%
YTD	\$7.33	121	1.0%	1.0%	40,141,743	6.3%	0.7%
2018	\$7.25	120	2.0%	0%	34,945,954	5.6%	0.3%
2017	\$7.11	118	3.2%	-1.9%	32,248,306	5.3%	0%
2016	\$6.89	114	0.8%	-5.0%	32,006,721	5.3%	0.2%
2015	\$6.84	113	4.0%	-5.7%	30,167,580	5.1%	0.3%
2014	\$6.57	109	3.4%	-9.3%	27,876,256	4.8%	-0.6%
2013	\$6.36	105	2.8%	-12.3%	30,640,335	5.4%	0.4%
2012	\$6.19	102	2.5%	-14.7%	28,047,905	5.0%	-0.6%
2011	\$6.04	100	1.9%	-16.8%	31,215,266	5.7%	-0.7%
2010	\$5.92	98	-1.3%	-18.4%	34,712,135	6.4%	-0.7%
2009	\$6.00	99	-0.7%	-17.3%	38,048,042	7.0%	1.0%
2008	\$6.04	100	1.7%	-16.7%	32,003,856	6.0%	0.1%
2007	\$5.94	98	4.4%	-18.2%	30,627,692	6.0%	-0.4%

### SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$8.64	142	1.2%	9.0%	6,078,150	5.3%	0.3%
2022	\$8.53	140	1.4%	7.7%	5,753,754	5.1%	0.6%
2021	\$8.41	138	1.7%	6.2%	5,095,067	4.5%	0.6%
2020	\$8.27	136	2.2%	4.3%	4,401,187	3.9%	1.2%
2019	\$8.09	133	2.1%	2.1%	3,014,967	2.7%	-0.1%
YTD	\$7.99	131	0.8%	0.8%	2,563,641	2.3%	-0.5%
2018	\$7.93	130	4.2%	0%	3,099,495	2.8%	-0.1%
2017	\$7.61	125	5.9%	-4.0%	3,191,727	2.9%	-0.3%
2016	\$7.19	118	1.2%	-9.3%	3,525,911	3.2%	0.1%
2015	\$7.10	117	7.0%	-10.4%	3,293,485	3.1%	-0.3%
2014	\$6.63	109	4.9%	-16.3%	3,574,473	3.4%	-0.6%
2013	\$6.33	104	2.3%	-20.2%	4,205,016	4.0%	1.6%
2012	\$6.18	102	2.1%	-22.0%	2,509,675	2.4%	-0.5%
2011	\$6.05	100	2.4%	-23.6%	2,981,418	2.9%	0.3%
2010	\$5.91	97	-1.9%	-25.4%	2,653,924	2.6%	0.1%
2009	\$6.02	99	-1.0%	-24.0%	2,569,903	2.6%	0.8%
2008	\$6.08	100	1.4%	-23.3%	1,725,437	1.7%	-1.0%
2007	\$6.00	99	5.5%	-24.3%	2,696,064	2.7%	-0.1%

### LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$7.25	127	1.0%	6.9%	38,089,550	7.3%	-0.2%
2022	\$7.18	125	1.1%	5.8%	38,385,538	7.5%	-0.1%
2021	\$7.10	124	1.2%	4.7%	38,002,385	7.5%	0%
2020	\$7.02	122	1.4%	3.4%	37,075,096	7.5%	0.1%
2019	\$6.92	121	1.9%	1.9%	35,833,306	7.5%	1.7%
YTD	\$6.86	120	1.1%	1.1%	32,107,871	6.8%	1.0%
2018	\$6.79	118	1.3%	0%	26,856,707	5.8%	0.4%
2017	\$6.70	117	2.9%	-1.3%	24,336,487	5.4%	-0.2%
2016	\$6.51	114	0.8%	-4.1%	24,792,210	5.6%	0.2%
2015	\$6.46	113	3.7%	-4.9%	23,536,809	5.4%	0.4%
2014	\$6.22	109	3.0%	-8.3%	20,908,783	5.0%	-0.5%
2013	\$6.04	105	2.7%	-11.0%	22,594,052	5.5%	0.2%
2012	\$5.88	103	2.2%	-13.3%	21,184,697	5.2%	-0.7%
2011	\$5.76	101	2.0%	-15.2%	23,592,769	5.9%	-0.8%
2010	\$5.65	99	-1.1%	-16.8%	26,430,494	6.7%	-0.8%
2009	\$5.71	100	-0.3%	-15.9%	29,304,187	7.5%	1.1%
2008	\$5.73	100	1.8%	-15.6%	24,539,646	6.4%	0.4%
2007	\$5.63	98	4.1%	-17.1%	22,322,644	6.0%	-0.4%

### FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$10.81	123	0.9%	7.1%	6,041,282	11.1%	0%
2022	\$10.71	122	1.1%	6.1%	5,998,700	11.1%	0.3%
2021	\$10.60	121	1.3%	5.0%	5,795,622	10.7%	0.4%
2020	\$10.46	119	1.7%	3.7%	5,566,578	10.4%	0.2%
2019	\$10.28	117	1.9%	1.9%	5,443,889	10.2%	0.7%
YTD	\$10.17	116	0.8%	0.8%	5,470,231	10.3%	0.9%
2018	\$10.09	115	2.4%	0%	4,989,752	9.4%	0.5%
2017	\$9.85	112	0.8%	-2.4%	4,720,092	9.0%	1.9%
2016	\$9.77	111	-0.1%	-3.2%	3,688,600	7.1%	0.6%
2015	\$9.78	111	1.6%	-3.0%	3,337,286	6.5%	-0.1%
2014	\$9.64	110	3.5%	-4.5%	3,393,000	6.6%	-0.9%
2013	\$9.31	106	3.9%	-7.8%	3,841,267	7.5%	-1.1%
2012	\$8.95	102	5.0%	-11.3%	4,353,533	8.7%	-0.7%
2011	\$8.53	97	0.9%	-15.5%	4,641,079	9.3%	-2.0%
2010	\$8.45	96	-1.4%	-16.2%	5,627,717	11.4%	-1.1%
2009	\$8.57	98	-2.3%	-15.0%	6,173,952	12.5%	0.5%
2008	\$8.78	100	1.7%	-13.0%	5,738,773	12.0%	-0.1%
2007	\$8.63	98	4.7%	-14.5%	5,608,984	12.1%	-2.1%

### 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
2023	-	-	-	-	-	-	\$84.68	170	6.8%
2022	-	-	-	-	-	-	\$83.78	168	6.7%
2021	-	-	-	-	-	-	\$83.39	167	6.6%
2020	-	-	-	-	-	-	\$82.53	166	6.6%
2019	-	-	-	-	-	-	\$80.63	162	6.6%
YTD	569	\$328.4 M	2.2%	\$2,345,364	\$78.61	7.8%	\$79.77	160	6.6%
2018	1,303	\$1,306 M	7.0%	\$4,455,981	\$77.82	6.6%	\$77.90	156	6.6%
2017	1,230	\$1,059 M	5.9%	\$3,848,140	\$75.80	7.6%	\$76.15	153	6.4%
2016	916	\$456.6 M	3.8%	\$3,034,421	\$69.74	7.5%	\$73.43	147	6.4%
2015	1,033	\$840.9 M	5.9%	\$4,889,126	\$93.54	6.8%	\$70.67	142	6.5%
2014	983	\$763.9 M	4.7%	\$3,080,416	\$66.38	8.0%	\$64.24	129	6.8%
2013	826	\$475.2 M	5.2%	\$2,554,973	\$52.87	7.3%	\$59.16	119	7.0%
2012	875	\$582.8 M	4.6%	\$2,088,779	\$56.32	8.3%	\$56.41	113	7.2%
2011	580	\$410.2 M	3.4%	\$2,868,694	\$43.72	8.3%	\$52.68	106	7.5%
2010	380	\$240.2 M	2.7%	\$1,952,580	\$47.75	9.0%	\$49.27	99	7.8%
2009	321	\$191.1 M	1.5%	\$1,589,418	\$54.56	9.0%	\$46.65	94	8.2%
2008	484	\$396.2 M	2.8%	\$1,529,702	\$53.06	8.7%	\$49.83	100	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.

### 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
2023	-	-	-	-	-	-	\$80.47	178	6.6%
2022	-	-	-	-	-	-	\$79.49	176	6.6%
2021	-	-	-	-	-	-	\$78.94	175	6.5%
2020	-	-	-	-	-	-	\$77.83	173	6.5%
2019	-	-	-	-	-	-	\$75.58	168	6.5%
YTD	54	\$61.5 M	1.8%	\$4,391,403	\$97.88	5.7%	\$74.47	165	6.5%
2018	125	\$123.2 M	5.3%	\$4,564,258	\$58.54	7.4%	\$72.18	160	6.5%
2017	128	\$132.2 M	4.9%	\$4,407,317	\$96.48	5.4%	\$70.33	156	6.4%
2016	102	\$36.5 M	3.8%	\$3,645,088	\$59.44	8.6%	\$68.01	151	6.3%
2015	90	\$177.7 M	4.5%	\$13,666,086	\$154.58	7.7%	\$65.58	145	6.4%
2014	104	\$37.7 M	2.9%	\$2,515,485	\$47.74	8.0%	\$59.40	132	6.7%
2013	92	\$30.9 M	2.7%	\$1,934,365	\$70.06	7.6%	\$54.11	120	7.0%
2012	83	\$48.9 M	2.8%	\$2,717,622	\$63.27	8.7%	\$51.74	115	7.1%
2011	52	\$18.6 M	1.7%	\$1,331,419	\$36.36	9.2%	\$48.17	107	7.4%
2010	44	\$41.8 M	2.1%	\$3,211,852	\$49.56	8.9%	\$45.02	100	7.8%
2009	40	\$25.6 M	1.3%	\$1,279,505	\$36.72	11.9%	\$42.49	94	8.2%
2008	58	\$65.4 M	2.0%	\$2,043,965	\$58.69	7.8%	\$45.10	100	7.9%

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(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
2023	-	-	-	-	-	-	\$82.80	169	6.8%
2022	-	-	-	-	-	-	\$81.92	167	6.7%
2021	-	-	-	-	-	-	\$81.58	166	6.6%
2020	-	-	-	-	-	-	\$80.81	165	6.6%
2019	-	-	-	-	-	-	\$79.07	161	6.6%
YTD	429	\$239.6 M	2.1%	\$2,198,437	\$75.03	8.1%	\$78.30	160	6.6%
2018	1,006	\$1,110 M	7.4%	\$4,868,454	\$80.06	6.4%	\$76.51	156	6.6%
2017	941	\$812.2 M	5.9%	\$4,341,824	\$74.39	6.8%	\$74.78	152	6.5%
2016	695	\$385.8 M	3.7%	\$3,323,740	\$73.41	7.5%	\$71.98	147	6.5%
2015	829	\$556.6 M	6.3%	\$4,122,722	\$79.71	6.9%	\$69.32	141	6.5%
2014	755	\$636.1 M	5.1%	\$3,245,648	\$66.04	7.9%	\$63.03	128	6.8%
2013	650	\$401.9 M	5.9%	\$2,644,285	\$50.13	7.3%	\$58.14	119	7.0%
2012	645	\$423.9 M	4.7%	\$2,098,435	\$53.96	8.2%	\$55.43	113	7.2%
2011	426	\$319.6 M	3.8%	\$3,436,588	\$39.95	8.4%	\$51.81	106	7.5%
2010	291	\$172.7 M	2.7%	\$1,744,948	\$46.36	8.9%	\$48.44	99	7.8%
2009	229	\$149.2 M	1.4%	\$1,751,294	\$63.30	8.3%	\$45.90	94	8.2%
2008	338	\$286.1 M	2.7%	\$1,452,102	\$49.18	9.0%	\$49.05	100	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.

### 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
2023	-	-	-	-	-	-	\$110.77	166	6.9%
2022	-	-	-	-	-	-	\$109.77	164	6.9%
2021	-	-	-	-	-	-	\$109.35	164	6.8%
2020	-	-	-	-	-	-	\$108.22	162	6.7%
2019	-	-	-	-	-	-	\$105.57	158	6.7%
YTD	86	\$27.2 M	3.8%	\$1,602,455	\$76.72	7.9%	\$104.28	156	6.8%
2018	172	\$72.8 M	7.2%	\$1,904,211	\$89.56	7.5%	\$102.68	154	6.7%
2017	161	\$114.1 M	7.8%	\$1,967,206	\$68.04	9.4%	\$100.86	151	6.5%
2016	119	\$34.4 M	4.0%	\$1,381,600	\$50.68	7.3%	\$98.10	147	6.5%
2015	114	\$106.7 M	5.9%	\$4,445,959	\$124.24	6.1%	\$93.69	140	6.6%
2014	124	\$90.1 M	5.5%	\$2,434,160	\$82.96	8.6%	\$85.53	128	6.9%
2013	84	\$42.3 M	4.2%	\$2,352,434	\$79.95	7.2%	\$79.06	118	7.1%
2012	147	\$110.0 M	7.1%	\$1,863,867	\$63.94	8.5%	\$75.17	112	7.2%
2011	102	\$72.0 M	4.1%	\$1,999,462	\$82.77	8.1%	\$70.14	105	7.5%
2010	45	\$25.7 M	3.9%	\$2,333,035	\$55.65	10.0%	\$65.79	98	7.9%
2009	52	\$16.3 M	2.8%	\$1,085,336	\$36.32	9.0%	\$62.26	93	8.3%
2008	88	\$44.7 M	4.8%	\$1,490,727	\$83.41	8.1%	\$66.82	100	8.0%

(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.