



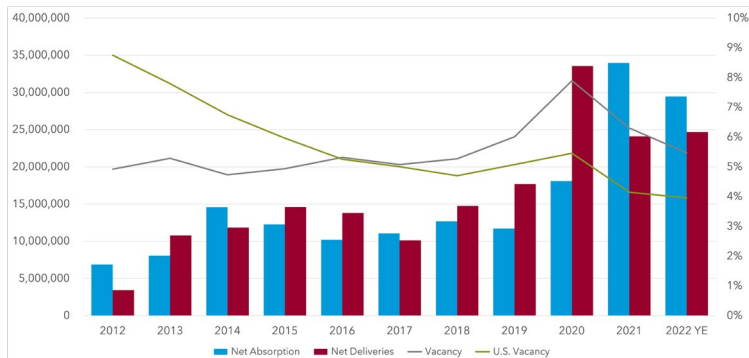
### INDUSTRIAL MARKET OVERVIEW

JUSTIN TUNNELL, *Principal*

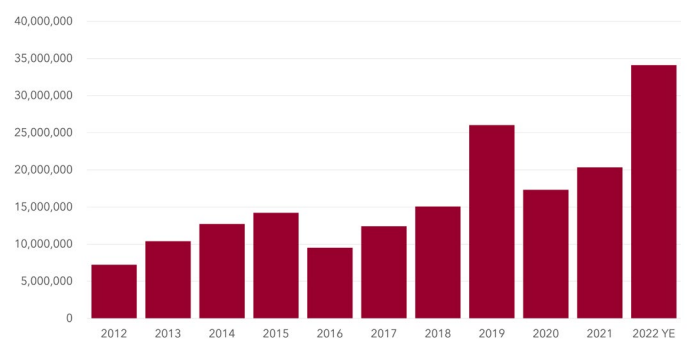
The industrial sector continued its record absorption driven mostly by multiple million-square-foot leases signed in the last quarter of the year. The increase in under construction properties continues to illustrate the positive outlook and strong demand for quality industrial product with 34M SF currently in the pipeline. Houston's Q4 Industrial vacancy rate remained historically low at 5.48% which was well below Q4 2021 at 6.30%. Metrics favored the premise of 2022 being a record-breaking year. The organization is currently tracking 27M SF of active requirements, of which 8M is between 100k-250k SF, another 8M between 250k-500k SF and 6.6M > 500k SF. Strong demand is predicted to continue in the first quarter of 2023.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Net Absorption SF	29,471,446	33,418,941	43,721,996	38,498,996	33,957,872
▼ Vacancy Rate	5.48%	5.50%	5.30%	5.90%	6.30%
▲ Avg NNN Asking Rate PSF	\$8.46	\$8.39	\$8.32	\$8.18	\$8.09
▲ SF Under Construction	34,100,037	32,529,254	29,703,777	25,536,561	20,340,824
▲ Inventory SF	763,782,136	757,952,649	748,342,124	742,795,741	739,101,176

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4331 Underwood Road Pasadena, TX	600,000 SF	\$41,416,224 \$69.03 PSF	Prologis, LP Duke Realty Corporation	Class A
13001 Bay Area Boulevard Pasadena, TX	598,000 SF	\$41,278,170 \$69.03 PSF	Prologis, LP Duke Realty Corporation	Class A
16740 East Hardy Road Houston, TX	544,877 SF	Undisclosed	Niazi Management, Inc. Adam & Malik Development	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7505 Fisher Road Houston, TX	1,218,956 SF	TGS Cedar Port	Undisclosed	Retail Distribution
111 Empire Boulevard Houston, TX	1,039,060 SF	Stream Realty Partners	Undisclosed	Manufacturing
1519 Woods Road, Building 1 Houston, TX	836,120 SF	CBRE	Undisclosed	Manufacturing

