



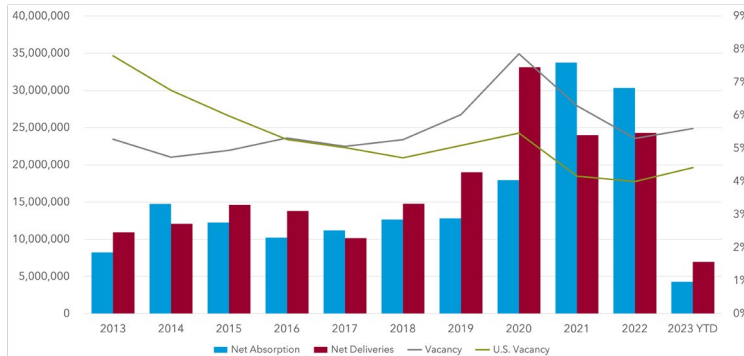
INDUSTRIAL MARKET OVERVIEW

JUSTIN TUNNELL, *Principal*

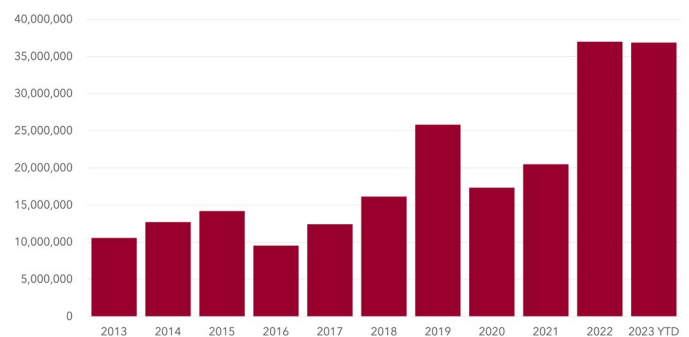
The Houston region continues to experience healthy consumer spending coupled with strong population growth which all contributes to the high demand for distribution space and the recent increase for manufacturing facilities. 3PLogistics, retailers and food/beverage services are the driving force behind Houston's distribution growth. The citywide industrial market delivered over 6.9 million SF of new inventory, inked 5.7 million SF of new leases, and absorption landed at 4.3 million SF during Q1 2023. The Southeast (Port of Houston) submarket tops construction activity at 7.2 million SF, followed by Northwest submarket at 5.6 million SF, and the North (Airport) submarket with 5.0 million SF. Demand for distribution space remains strong, tracking almost 30 million SF of requirements circling the market.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	29,468,670	30,341,851	33,143,599	43,041,909	37,547,459
▲ Vacancy Rate	5.6%	5.3%	5.5%	5.3%	6.1%
▲ Avg NNN Asking Rate PSF	\$8.58	\$8.45	\$8.38	\$8.32	\$8.19
▼ SF Under Construction	36,869,455	36,992,938	33,638,664	29,392,961	24,523,773
▲ Inventory SF	773,172,903	766,189,918	760,674,229	750,567,721	745,667,458

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5803 Old Highway 146 Seabrook, TX	454,600 SF	\$49,500,000 \$108.79 PSF	ARES Corporation Transwestern	Class A
10625 Telge Road Houston, TX	160,054 SF	Undisclosed	SEG Land Holdings Inc. Norman Shoenfeld	Class C
4414 Hollister Houston, TX	234,215 SF	\$24,600,000 \$105.03 PSF	Lonestar Electric Supply Frontera Capital Partners	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Highway 90 & Purple Sage Rd, Bldg 2 Houston, TX	373,150 SF	Granite	WEIDA Freight System	Logistics
112 Empire Boulevard, Bldg 4 Houston, TX	333,330 SF	Stream	HEB	Retailer
McCarthy & Plummer Street Houston, TX	332,064 SF	Northpoint	Richardson	Logistics

