



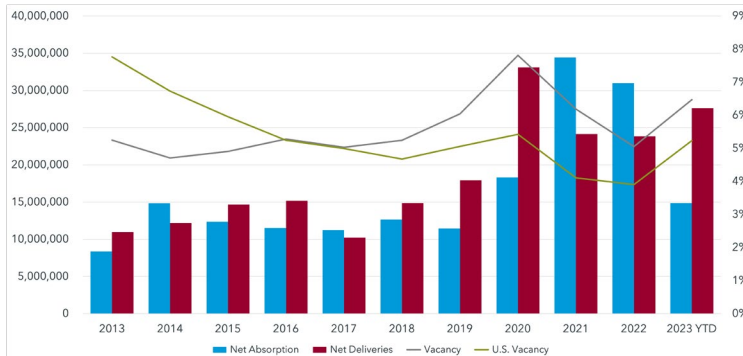
INDUSTRIAL MARKET OVERVIEW

PRESTON YAGGI, SIOR, CCIM, *Principal*

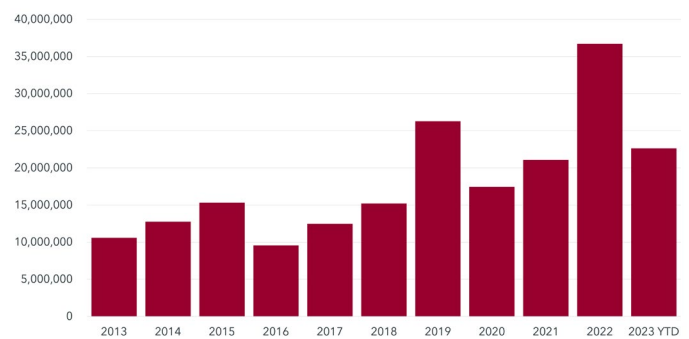
Consumer durables and 3PLs were at the top of the list for the most absorption of industrial distribution space. Notable lease transactions in Q3 2023, were Builder's First Source's 843K sf in the Northwest submarket, Cargill's 511K sf in the Southeast submarket, and Daikin's 500K sf in the Northwest submarket. We are anticipating demand to continue along the lines of the past 2 quarters for Q4 2024. Tenants will continue to remain cautious in the upcoming quarter and we may see some slight rate bumps as deliveries for new space slow down. Overall, the outlook for Houston remains healthy compared to some other major metros and we expect a bold finish to end the year.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	22,682,645	24,029,889	31,168,611	30,982,218	33,873,576
▲ Vacancy Rate	6.3%	6.1%	5.3%	5.1%	5.3%
▲ Avg NNN Asking Rate PSF	\$8.82	\$8.72	\$8.65	\$8.51	\$8.43
▼ SF Under Construction	22,667,867	30,813,479	35,100,409	36,713,148	33,381,423
▲ Inventory SF	799,475,749	790,308,718	780,395,845	771,888,655	766,782,862

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
8718 Fairbanks North Houston* Houston, TX	1,012,037 SF	Undisclosed	Dalfen Industrial Investment & Development Ventures	Class A
10900 Cash Road Stafford, TX	231,822 SF	Undisclosed	Tribocor Technologies, Inc. Satakek USA, Inc.	Class A
581-599 Garden Oaks Boulevard Houston, TX	125,349 SF	Undisclosed	Undisclosed Undisclosed	Class B

*Part of 4-property portfolio

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2701 Magnet Street Houston, TX	112,049 SF	Lone Star Investment Advisors	Undisclosed	Undisclosed
10415 Papalote Street Houston, TX	111,200 SF	Prologis, Inc.	Darryl Flood Relocation & Logistics	Logistics
9010 West Little York Street Houston, TX	91,200 SF	Norges Bank Investment Mgmt	Favorite Brands	Wholesaler

