

# HOUSTON INDUSTRIAL Monthly Market Snapshot

AUGUST 2017

## Market Highlights

**Advantageous position for growth potential.** New supply delivered during 2017 stands at 5.5 million sq. ft., with overall net absorption at 2.1 million sq. ft., pushing vacancy up to 5.8% year-to-date. Although it has been tight, supply has outpaced demand since Q3 2014, when the oil downturn became evident in the Houston area. Since that time, construction activity has been gradually decreasing, assisting in balancing the scales. The current amount of space under construction is close to 4.8 million sq. ft., with 65% preleased, further supporting stabilization and the opportunity for growth.

**Rally for Houston job growth.** The Houston area economy added 56,100 new jobs over the 12-month period ending June 30, one of the strongest reports since job growth began to dwindle in 2015, according to the Texas Workforce Commission. Houston now has a new record high of 3,058,900 individuals employed.

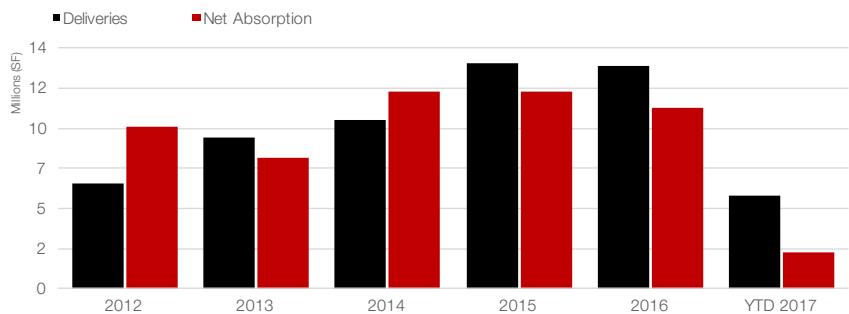
**Port Houston container volume on the rise.** The Port Commission's second quarter report stated that it handled almost 20 million tons of cargo this year, an increase of 13% from the same period last year. In addition, container volumes increased by 14% year-over-year, and more than 1.7 million tons of steel crossed Port Houston wharves, reflecting a year-to-date increase of nearly 50%.

**Amazon opens first Houston-area fulfillment center.** The 855,000-sq.-ft. facility opened in July and includes a warehouse and distribution space on 71 acres at the 971-acre Pinto Business Park site, located at I-45 and Beltway 8. The center opened with 800 employees, but it will hire 2,500 full-time workers when fully staffed. A second Houston-area fulfillment center is currently under construction in Katy.

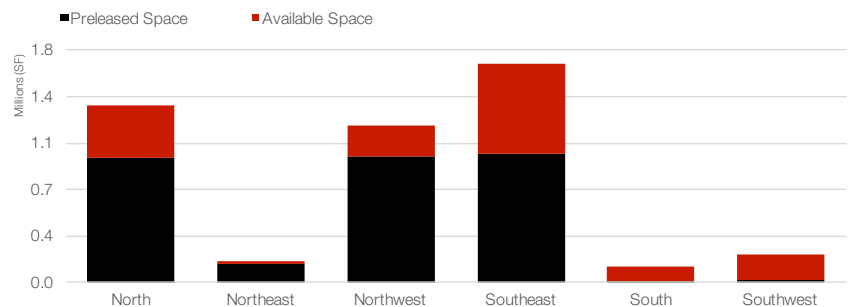
## Market Activity

|                           | YTD 2017   |
|---------------------------|------------|
| Vacancy Direct            | 5.5%       |
| Vacancy w/Sublease        | 5.8%       |
| Available Direct          | 8.7%       |
| Available w/Sublease      | 9.4%       |
| Net Absorption (SF)       | 2,147,878  |
| Leasing Activity (SF)     | 12,405,492 |
| Deliveries (SF)           | 5,555,453  |
| Under Construction (SF)   | 4,787,551  |
| Avg Asking NNN Rent (PSF) | \$6.80     |

## Supply & Demand



## Under Construction



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