

HOUSTON INDUSTRIAL Monthly Market Snapshot

DECEMBER 2017

Market Highlights

Market and sales activity. The vacancy rate stood at 5.6% nearing the end of the fourth quarter, with year-to-date net absorption at 5.74 million sq. ft. and deliveries at 8.49 million sq. ft. The amount of space under construction during 2017 has remained steady, currently standing at 6.12 million sq. ft., with about 30% of that space occupied.

Real Capital Analytics reports year-to-date industrial sales volume in the Houston area at \$1,308.8 billion, resulting in a year-over-year change of 107%. The buyer composition is made up of 34% private, 32% institutional, 16% public listed/REITs, 10% cross-border, and 7% user/other. A recent example of assurance in the market is the acquisition by Brennan Investment Group of Fairway Park Business Center, a five-building 135,571-sq.-ft. industrial/warehouse park at 2523 Fairway Park Dr. from Sealy Corp.

Hard-to-find bulk distribution space breaks ground. Northwest Logistics Center, a 411,442-sq.-ft. distribution center on a 26-acre site at 6751 N. Eldridge Parkway, near Highway 290 and Beltway 8 has kicked off construction. The project is scheduled to deliver in June 2018.

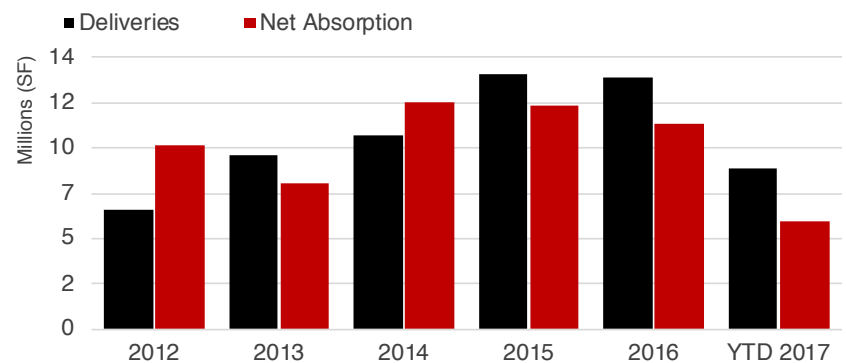
Updated developments in Cedar Port Industrial Park. Set to commence operations in 2018 are IKEA's two 500,000-sq.-ft. rail-served warehouses (one warehouse occupied in 2017, and the second is underway); Ravago's opening of a 700,000-sq.-ft. warehouse and administration office; and Vinmar International's 500,000-sq.-ft. rail-served facility launching in the second half of 2018.

Houston Purchasing Managers Index. The PMI registered 49.3 in October, up from 48.6 in September. Readings above 50 signal economic expansion over the next three to four months, and below 50 signal contraction. After 10 consecutive months of expansion, Hurricane Harvey pushed the PMI below 50 in August. The October reading suggests the region is approaching recovery from the storm.

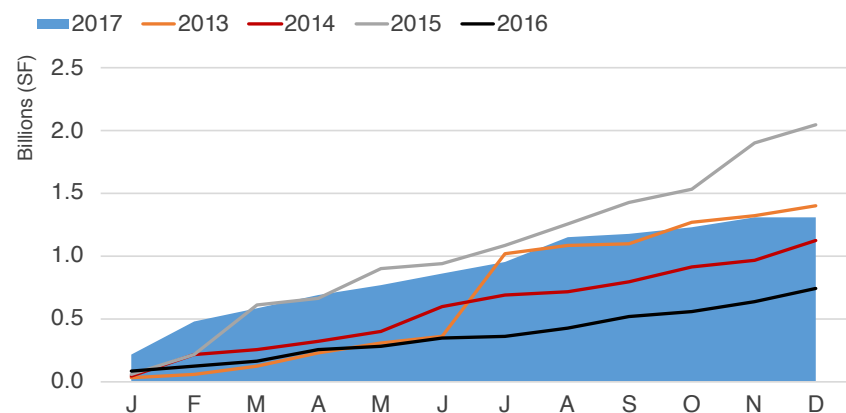
Market Activity

	YTD 2017
Vacancy	5.6%
Availability	9.2%
Net Absorption (SF)	5,749,357
Leasing Activity (SF)	21,506,798
Deliveries (SF)	8,492,831
Under Construction (SF)	6,123,287
Avg Asking NNN Rent (PSF)	\$6.76

Supply & Demand



Cumulative Monthly Sales Volume



Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIPartners

HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com