

HOUSTON INDUSTRIAL Monthly Market Snapshot

SEPTEMBER 2017

Market Highlights

Ecommerce is here to stay. New supply delivered during 2017 totals 5.7 million sq. ft., with another 5.7 million under construction. Year-to-date net absorption stands at 2.7 million sq. ft., nudging vacancy down to 5.7%. Supply continues to stay in front of demand, as it has for the last several years. The driving factor behind this is technology, ecommerce, and the understanding that users need to be as close to the customer as possible.

Confidence in the local market. RCA data reports year-to-date industrial sales volume in the Houston area totaling \$984 million, resulting in a year-over-year change of 127%. The buyer composition is made up of 36% private, 38% institutional, 12% public listed/REITs, and 10% cross-border. A recent example of confidence in the local market is the acquisition by Colony Capital REIT of Bayou Bend Business Park, a two-property 382,505-sq.-ft. warehouse/distribution park at 8520 S Sam Houston Pkwy. W. from Thackeray Partners.

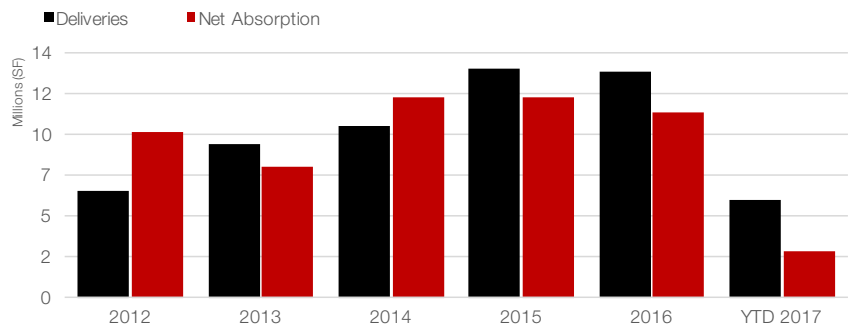
Port Houston recovery. Port Houston's recovery from Hurricane Harvey began on September 1 as Barbours Cut and Bayport Container Terminals handled five thousand gate transactions. Vessel activity and gate operations continued seamlessly through that weekend. Since then, fourteen container vessels have been serviced at Barbours Cut and Bayport terminals, handling three thousand additional gate transactions.

Houston Airport System back up and running. Bush, Hobby and Ellington airports all remained open for humanitarian, recovery and military flights throughout the duration of emergency operations for Hurricane Harvey. All major airlines are ramping back up to their standard schedules less than two weeks after the storm. Jet fuel prices jumped as refineries in the region affected by the hurricane shut down, but prices should decline as Houston recovers.

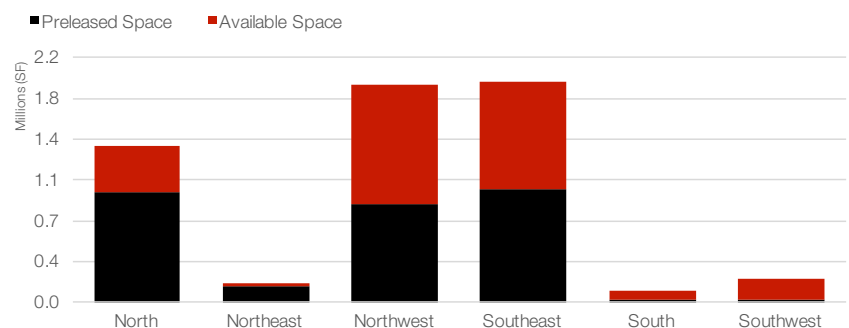
Market Activity

	YTD 2017
Vacancy Direct	5.4%
Vacancy w/Sublease	5.7%
Available Direct	8.8%
Available w/Sublease	9.6%
Net Absorption (SF)	2,743,904
Leasing Activity (SF)	13,648,385
Deliveries (SF)	5,754,223
Under Construction (SF)	5,740,838
Avg Asking NNN Rent (PSF)	\$6.73

Supply & Demand



Under Construction



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