

HOUSTON INDUSTRIAL | NORTHWEST

Submarket Spotlight

Q1 2019

Market continues to expand. The Northwest submarket has posted positive net absorption in all but three quarters during the past five years, and the first quarter of 2019 was one of the three, due in part to new inventory delivering with vacant space. The previous quarter had posted a robust 1.7 million sq. ft. of absorption. Vacancies have been gradually rising, although only averaging 5.4% since 2014. The Northwest submarket contains 167 million sq. ft. of inventory, with Warehouse/Distribution representing 126 million sq. ft. of that total, Manufacturing 24 million sq. ft., and Flex space 17 million sq. ft. Of the more than 579 million sq. ft. of industrial buildings in Houston, **the largest concentration is in the Northwest submarket, representing 29% of the total stock.**

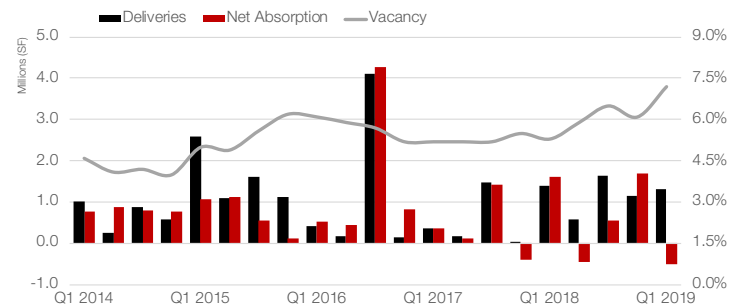
Speeding up delivery to consumers. Home Depot recently signed a 20-year, 770,640-sq.-ft. lease for a distribution center in the 106-acre Grand National Business Park Hines is building next to Sam Houston Race Park in the Northwest submarket. The company announced plans to speed up deliveries to one day, or even hours in some cases. The site is planned to be built in two phases, with phase one completed in April 2020. Some of the largest recent leases in the Northwest submarket include Builders FirstSource (275,600 sq. ft.), Norlyn Enterprises (134,897 sq. ft.), and Spectrum Brands (126,899 sq. ft.).

Core national industrial market. Distribution centers in northwest Houston can also serve the Austin and San Antonio markets, framing it as an essential national industrial market. The largest industrial occupiers in the submarket include Daikin North America (3.9 million sq. ft.), Academy Sports and Outdoors (1.5 million sq. ft.), Dril-Quip (1.3 million sq. ft.), and Amazon (1 million sq. ft.). Ever growing, the largest projects under construction include 433,200-sq.-ft. Clay 99 Building 5; 203,060-sq.-ft. Highland Grove Industrial Park Building 5; and the 198,905-sq.-ft. First Grand Parkway Commerce Center Building 2. The immense infrastructure improvement to Highway 290 warrants the long-term continual growth of the Northwest submarket and serves as an incentive for expanding commercial and residential development along the corridor. **The final component of the \$2.5 billion project to widen the 38-mile stretch of Hwy. 290 from Loop 610 to the Waller County line—a large flyover bridge carrying FM 1960 over 290—is expected to be in place by the end of 2019, according to the Texas Department of Transportation.**

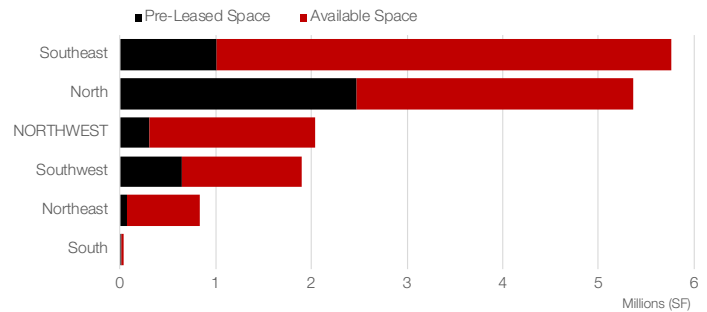
Market Indicators

	Current Qtr Q1 2019	Prior Qtr Q4 2018	Year Ago Q1 2018
Vacancy (%)	7.2	6.1	5.3
Net Absorption (SF)	-504,058	1,701,424	1,604,918
Deliveries (SF)	1,313,499	1,145,314	1,380,075
Construction (SF)	2,039,375	2,394,723	4,305,413
Avg Asking Rent (NNN)	\$0.59	\$0.59	\$0.55
Inventory (SF)	166,817,477	165,503,978	162,152,625

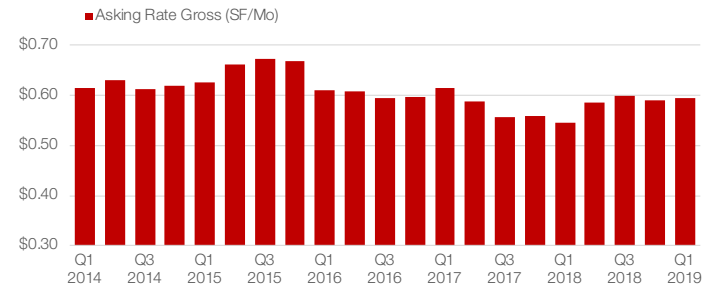
Supply & Demand



Construction by Submarket



Rent



Leta Wauson
Director of Research

leta.wauson@naipartners.com
tel 713 275 9618

NAIPartners

HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com