

HOUSTON INDUSTRIAL Monthly Market Snapshot

JUNE 2019

Market Highlights

17 million sq. ft. of record-breaking construction underway. Overall vacancy is at 6.1%, up from this time last year at 5.4%, due in part to the 3.8 million sq. ft. of vacant space delivered to the market so far in 2019—about 48% of the total 8.0 million sq. ft. completed. The vacancy rate for Class A properties is at 9.0%, up from 6.6% this time last year. Year-to-date net absorption is at 4.5 million sq. ft., up from 2.5 million sq. ft., an 81.5% increase year-over-year. While the asking rents for industrial properties has steadily grown over the past few years, it is currently at an average monthly rate of \$0.60 with slight fluctuations during the time in between.

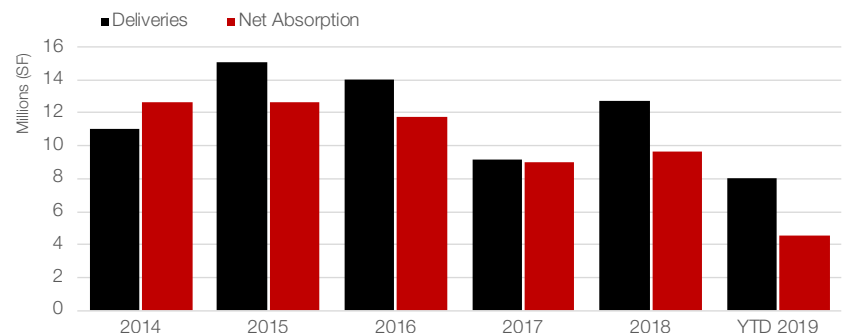
Port Houston driving force behind industrial market. In a May press release from Port Houston, total tonnage has increased by 9% for the year, including an 11% increase in loaded container tonnage. Total container twenty-foot equivalent units (TEUs) has grown 13% for the year, including year-over-year growth of 15% in April. Steel imports through all Port Authority facilities also show ongoing strength, growing 31% compared to the same period last year. In addition, a significant driver of growth is the much-anticipated surge in resin exports. Year-to-date, Port Houston's resin exports grew 38% in total, and polyethylene exports increased a remarkable 62%.

Employment stands at highest point on record. Metro Houston created 79,800 jobs, a 2.6% increase, in the 12 months ending May 2019, according to the Texas Workforce Commission. Employment now stands at 3,163,600, the highest point on record. The sectors adding the most jobs over the past 12 months were professional, scientific, and technical services (18,000); durable goods manufacturing (13,300); and health care (9,100). Houston's not seasonally adjusted unemployment rate was 3.2% in May, unchanged from April, below the nation at 3.4% but above that of Texas at 2.9%.

Market Activity

	Year-to-Date June	
	2019	2018
Vacancy	6.1%	5.4%
Availability	10.7%	8.8%
Net Absorption (SF)	4,527,938	2,494,415
Leasing Activity (SF)	9,833,421	10,486,891
Deliveries (SF)	8,016,272	4,271,794
Under Construction (SF)	17,015,339	11,705,196
NNN Avg Asking Rent (PSF)	\$0.60	\$0.57

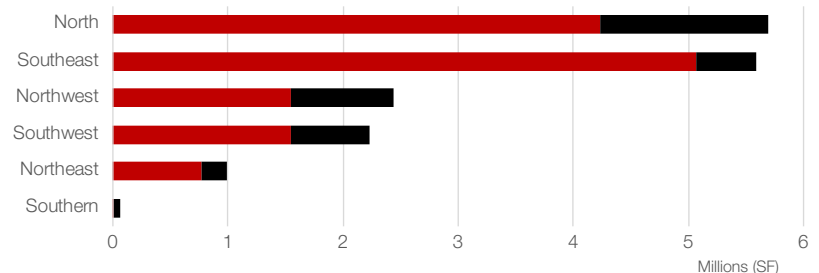
Supply & Demand



Construction Activity

Total Under Construction 17,015,339 sq. ft.

Available (Red) Leased (Black)



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