

HOUSTON INDUSTRIAL | NORTH Submarket Spotlight

Q3 2019

Solid industrial market in North Houston. The North submarket contains 105 million sq. ft. of inventory, with Warehouse/Distribution representing 81 million sq. ft. of that total, Manufacturing 13 million sq. ft., and Flex space 10 million sq. ft. Of the 590 million sq. ft. of industrial buildings in Houston, **the second largest concentration is in the North submarket, representing 17.8% of the total stock.** The North submarket has posted positive net absorption in all but three quarters during the past five years, and vacancies have remained steady, averaging 7.5% during the same time period.

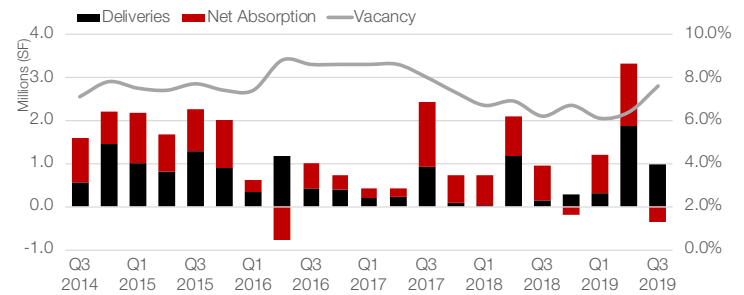
Strong logistical location. The North submarket has experienced an inventory expansion since the oil downturn in 2014, adding 210 industrial properties totaling an additional 14.0 million sq. ft. representing 15.5% growth. And development is still increasing with 6.0 million sq. ft. underway, one-third of the total amount of industrial construction in the Houston metro. The largest industrial occupiers in the submarket include USPS Distribution (914,000 sq. ft.), Amazon (855,000 sq. ft.), and International Association of Drilling Contractors (851,000 sq. ft.). With the ongoing demand for warehouse and distribution space, the largest projects under construction include Coca-Cola Southwest Beverages \$250 million, 1 million-sq.-ft. facility; Kennedy Greens South Business Park with 524,160 sq. ft.; and the 392,480-sq.-ft. Fairway North Logistics Park. Tenants at all of these facilities will benefit from the strong logistical location and connectivity to all areas of Houston, and connectivity to DFW, Austin, San Antonio and Port Houston.

Major retailer inks distribution lease. TJ Maxx leased 96,597 sq. ft. at 600 Fallbrook Drive in Pinto Business Park in a deal that is further evidence of the submarket's accessibility to major interstates and Houston's growing population. The department store chain, selling at prices generally lower than other major similar stores, is scheduled to move into the park in December 2019. The lease is in 501,349-sq.-ft. Fallbrook 1 building joining other tenants, Kitchen Cabinet Distributors and VS America. Hines has been developing Pinto Business Park since 2014. When it is complete, the 971-acre business park will accommodate up to 7 million sq. ft. of industrial, manufacturing and corporate campus space.

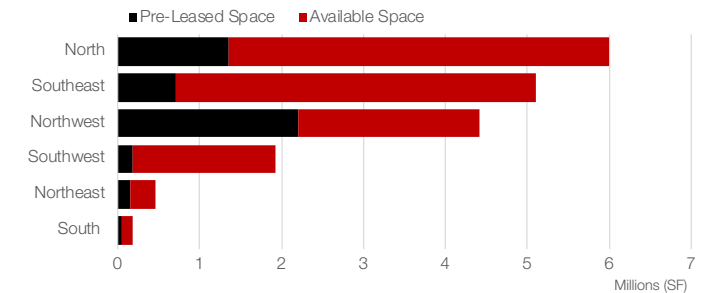
Market Indicators

	Current Qtr Q3 2019	Prior Qtr Q2 2019	Year Ago Q3 2018
Vacancy (%)	7.6	6.4 ▲	6.2 ▲
Net Absorption (SF)	-354,888	1,461,038 ▼	798,697 ▼
Deliveries (SF)	984,624	1,873,409 ▼	144,525 ▲
Construction (SF)	5,979,743	5,094,111 ▲	4,159,552 ▲
Avg Asking Rent/ (MO/NNN)	\$0.67	\$0.64 ▲	\$0.64 ▲
Inventory (SF)	104,764,287	103,779,663 ▲	101,305,033 ▲

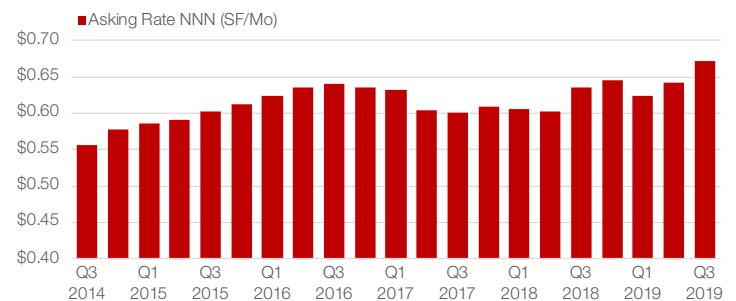
Supply & Demand



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