

HOUSTON INDUSTRIAL | NORTHWEST

Submarket Spotlight

Q4 2019

Solid industrial market in Northwest Houston. The Northwest submarket has posted positive net absorption in all but four quarters during the past five years with a robust 2.2 million sq. ft. of absorption in Q4 2019, the highest quarterly tally since Q3 2016. The current vacancy rate is 6.7% representing a decrease of 80 basis points quarter-over-quarter. The Northwest submarket contains 170 million sq. ft. of inventory, with Warehouse/Distribution representing 129 million sq. ft. of that total, Manufacturing 25 million sq. ft., and Flex space 16 million sq. ft. Of the 595 million sq. ft. of industrial buildings in Houston, **the largest concentration is in the Northwest submarket, representing 29% of the total stock.**

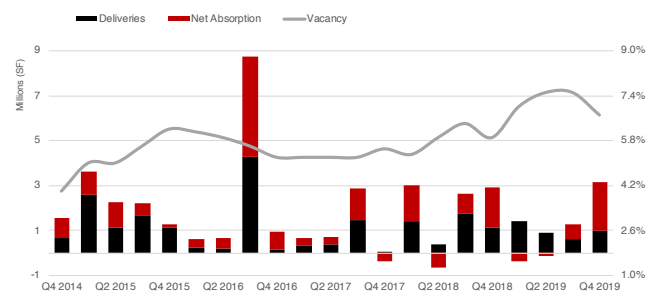
Increased delivery time to consumers. Home Depot recently signed a 20-year, 770,640-sq.-ft. lease for a distribution center in the 106-acre Grand National Business Park Hines is building next to Sam Houston Race Park in the Northwest submarket. The site is planned to be built in two phases, with phase one completed in April 2020. Some of the largest recent leasing activity in the Northwest submarket include the Rooms To Go renewal (373,860 sq. ft.), Builders FirstSource (275,600 sq. ft.), COE Distributing (251,753 sq. ft.), and Amazon.com (238,000 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.), Medline (1.3 million sq. ft.) and Amazon (1 million sq. ft.). The largest industrial project under construction in the Houston area is Medline's 1.3 million sq. ft. build-to-suit off Interstate 10 in Katy, that broke ground during Q4 2019. Home Depot's 770,640-sq.-ft. warehouse/distribution center in Grand National Business Park is second largest in the Northwest submarket. 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. **Work on the \$2.5 billion project to widen Hwy. 290 from Loop 610 to the Waller County line—a total of 38 miles—is down to the last major phase. A large flyover bridge carrying FM 1960 over 290 is expected to be completed in 2020, according to the Texas Department of Transportation.**

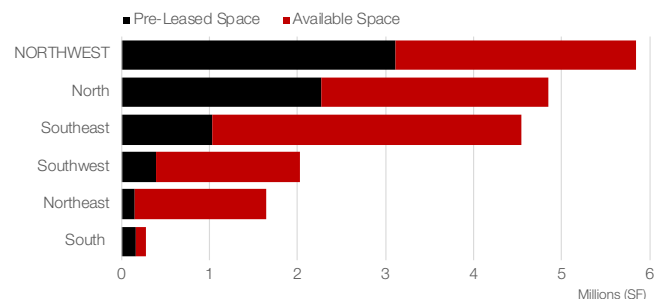
Market Indicators

	Current Qtr Q4 2019	Prior Qtr Q3 2018	Year Ago Q4 2018
Vacancy (%)	6.7	7.5 ↓	5.9 ↑
Net Absorption (SF)	2,157,720	658,875 ↑	1,755,828 ↑
Deliveries (SF)	982,051	619,249 ↑	1,145,314 ↓
Construction (SF)	5,974,804	4,931,287 ↑	2,570,773 ↑
Avg Asking Rent (NNN)	\$0.62	\$0.59 ↑	\$0.59 ↑
Inventory (SF)	169,956,097	168,974,046 ↑	166,050,028 ↑

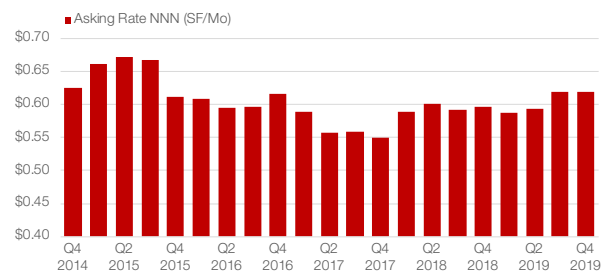
Supply & Demand



Construction by Submarket



Rent



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