

# HOUSTON INDUSTRIAL | KATY/BROOKSHIRE

## Submarket Spotlight

Q2 2020

**Katy/Brookshire big box market.** There is a noteworthy concentration of large build-to-suit distribution and speculative logistics developments in the Katy/Brookshire area along I-10. The area's proximity to Katy, Cinco Ranch, Bridgeland, Richmond, Rosenberg, and Sugar Land means tenants can access rooftop and population growth in some of the fastest-growing suburban areas in the United States. As developers seem to have run out of available land closer to the urban core, they are venturing further out to the west. And as industrial users continue their flight to quality, this area has become additionally attractive as it is networked by major thoroughfares Interstate 10, the Grand Parkway, and Texas State Highway 290.

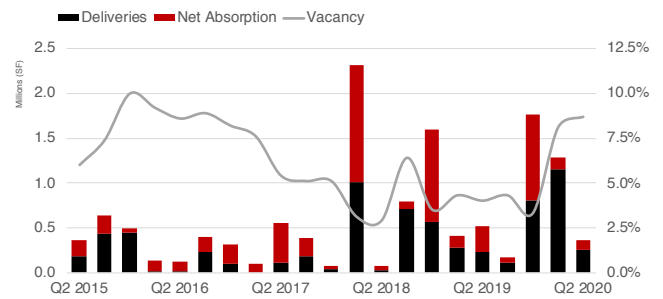
**Record-breaking amount of construction.** Houston has experienced record-breaking amounts of industrial product under construction with the current amount at 16.3 million sq. ft.—6.2 million sq. ft. of that in the Katy/Brookshire area alone. The coronavirus pandemic may lead to project delays or a slowdown in groundbreakings over the next few months, as owners, lenders, and developers come to terms with the changing economic environment both locally and nationally. During the pandemic, Empire West Business Park broke ground on a 300-acre industrial development located 30 miles west of Houston, in Brookshire that include three speculative buildings, totaling 1 million sq. ft., that are under construction. The expected completion date is spring of 2021. Multiple other spec development projects have been announced but not broken ground.

**Core national industrial market.** Distribution centers in the Katy/Brookshire area, located within the Northwest submarket, can also serve the Austin and San Antonio markets, framing it as an essential national industrial market. Some of the largest industrial occupiers in the area include Academy Sports & Outdoors (1.5 million sq. ft. in Katy), Medline (1.3 million sq. ft. in Katy), Ross Dress For Less (1.3 million sq. ft. in Brookshire), Amazon (1.2 million sq. ft. in Brookshire), Igloo (915,000 sq. ft. in Katy), Costco Wholesale (860,000 sq. ft. in Katy), and Goya (630,000 sq. ft. in Brookshire).

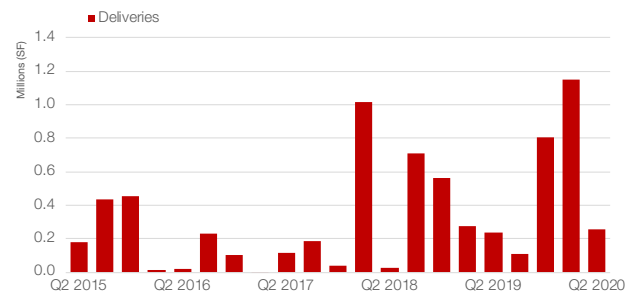
### Market Indicators

	Current Qtr Q2 2020	Prior Qtr Q1 2020	Year Ago Q2 2019
Vacancy (%)	8.7	8.1	4.0
Net Absorption (SF)	104,715	140,139	279,649
Deliveries (SF)	254,850	1,149,747	236,234
Construction (SF)	6,181,269	5,117,982	1,705,441
Avg Asking Rent (NNN)	\$0.80	\$0.74	\$0.70
Inventory (SF)	20,649,670	20,394,820	18,324,979

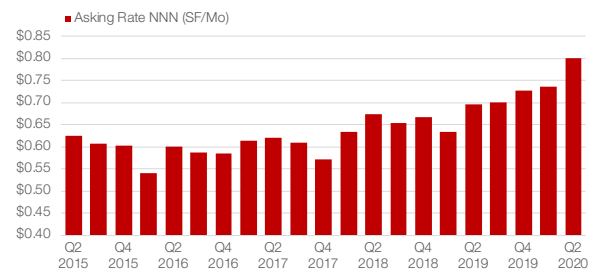
### Supply & Demand



### Deliveries



### Rent



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