

HOUSTON INDUSTRIAL Monthly Market Snapshot

AUGUST 2020

Market Highlights

Vacancy at 8.3%. Overall vacancy is at 8.3%, up from this time last year at 6.4%, due in part to the 10.6 million sq. ft. of vacant space delivered to the market so far in 2020—60% of the total 17.6 million sq. ft. completed. Of the 17.1 million sq. ft. currently under construction, 60% of that space is available for lease. The vacancy rate for Class A properties is at 17.6%, up from 11.2% this time last year. The Houston industrial market has recorded 12.9 million sq. ft. of leasing activity—which is comprised of both new leases and renewals—while net absorption (move-ins minus move-outs) is at 6.7 million sq. ft., up from 4.2 million sq. ft. in July 2019. The asking price for industrial properties is currently at an average monthly rate of \$0.64 per sq. ft., up from this time last year at \$0.61 per sq. ft., due primarily to the new product added to the market.

Kalera to be the first tenant at Parc Air 59.

The vertical farming company, which grows lettuces by stacking them in LED-lit warehouses, has signed an 83,436-sq.-ft. lease in the new Parc Air 59 at 7159 Rankin Road in Humble. The 279,500-sq.-ft. development is 18 miles north of downtown Houston in the northeast submarket. The facility will be Kalera's largest hydroponic farm yet, producing nearly 5 million pounds of artisan lettuces a year as part of an approach to grow food close to where it is consumed in a high-tech, earth-friendly method. It is scheduled to open in spring 2021 employing 55 to 70 people.

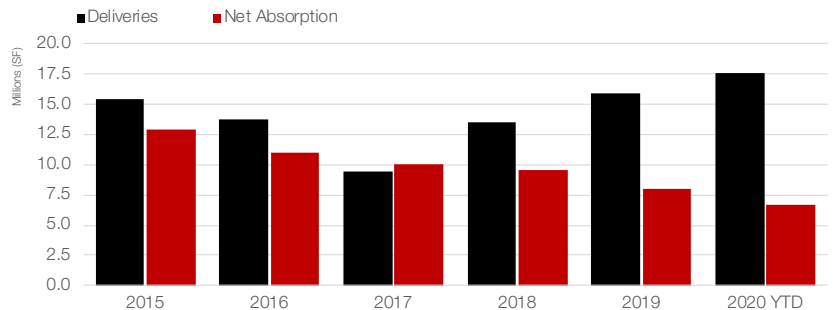
Port Houston growth impacted by COVID-19.

Container activity at Port Houston, the largest container port on the United States Gulf Coast, continued slowing in June due to the coronavirus outbreak, down 16%. Container activity for the entire first half of the year is down 2% compared to 2019, which was a record year. Total tonnage for June was down 7%, with steel, breakbulk and autos all down compared to June of last year, although grain and bulk cargo trade lanes showed increases.

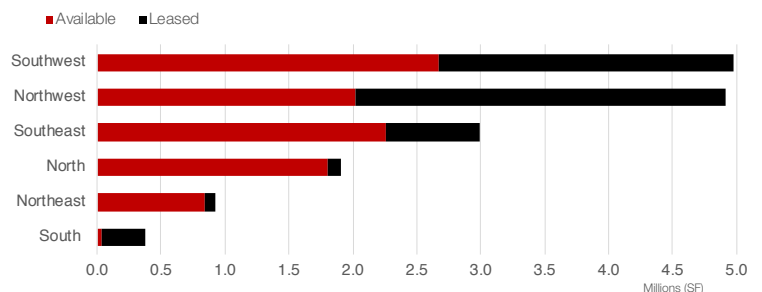
Market Activity

	Year-to-Date July 2020		Year-to-Date July 2019
Vacancy	8.3%	↑	6.4%
Availability	13.0%	↑	9.4%
Net Absorption (SF)	6,726,741	↑	4,240,448
Leasing Activity (SF)	12,909,847	↓	18,816,869
Deliveries (SF)	17,543,515	↑	9,156,780
Under Construction (SF)	16,104,316	↑	16,015,339
NNN Avg Asking Rent (PSF)	\$0.64	↑	\$0.61

Supply & Demand



Construction Activity



Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIPartners

HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com