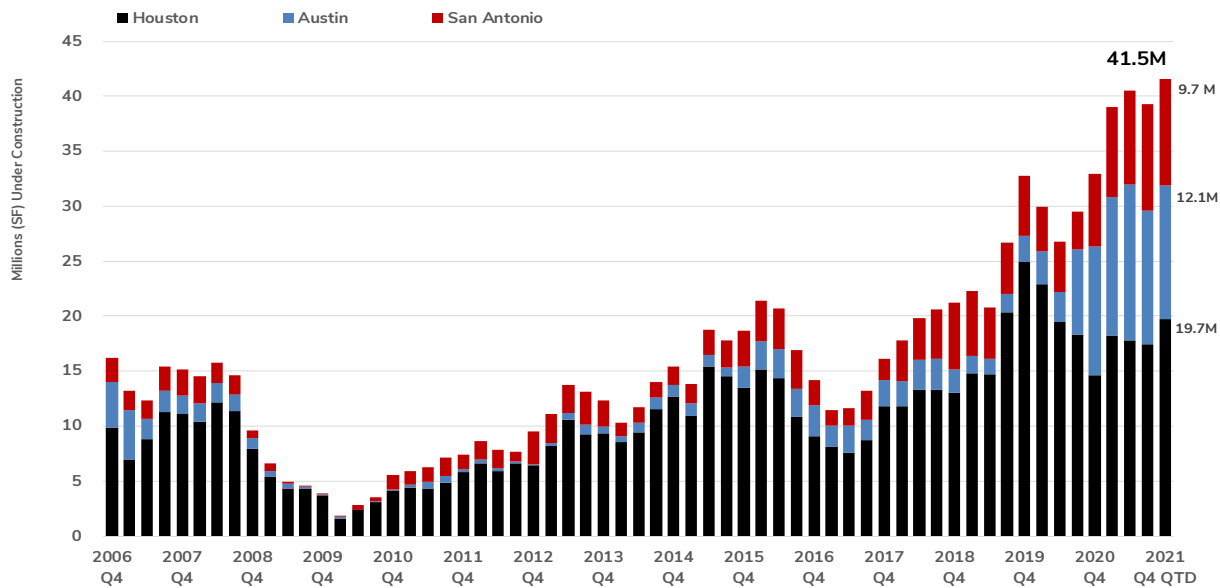


Industrial construction reaches all-time high



KEY TAKEAWAYS

Houston: Houston ranks among the top 10 markets for industrial space under construction at 19.7 million sq. ft. as of Q4 2021, with half of that amount already spoken for.

2021 has also seen more than 22 million sq. ft. of net absorption, a record year for demand. Developers are working to keep up with demand stimulated by growth in ecommerce and home building, population growth and increasing global energy demand as many economies start recovering from the worst of the pandemic.

Of the 121 industrial and flex properties 10,000 sq. ft. and over in the pipeline, Houston's industrial hotspot that serves the Port of Houston accounts for 30% of projects currently under construction with the largest, the 1.5 million-sq.-ft. build-to-suit for Floor & Décor at Cedar Port, the largest master-planned rail-and-barge serviced industrial park in the USA.

Austin: Tesla's new 4.5 million-sq.-ft. Gigafactory represents almost 40% of Austin's industrial construction. Tesla's relocation to Austin has also prompted Simwon, a supplier of body parts to Tesla, to open a 492,000-sq.-ft. manufacturing facility in Kyle, located in the Hays County Submarket.

There are several other build-to-suits underway, including

another Amazon distribution facility in San Marcos, a large facility for semiconductor manufacturer Applied Materials, as well as a research and development building for defense contractor BAE.

Less than 25% of the more than 12 million sq. ft. of space currently under construction remains available for lease.

San Antonio: There is 9.7 million sq. ft. under construction in the San Antonio metro, including Amazon building or pre-leasing half of the total amount. The growing advanced manufacturing group in San Antonio's South Submarket, anchored by Toyota Motor Manufacturing Texas and Navistar, accounts for a significant percentage of the other half.

The volume of signed lease transactions year-to-date nearing the end of November hit an all-time record at 11.5 million sq. ft.—most likely to surpass the prior period's 11.8 million sq. ft. In total, 135 new and renewal building lease transactions of more than 10,000 sq. ft. have been signed year-to-date.

With 1.8 million sq. ft. delivered since the beginning of the year, 9.7 million sq. ft. under construction, and another 5 million sq. ft. planned through 2022, the demand for industrial real estate continues unabated.