

# HOUSTON INDUSTRIAL MONTHLY MARKET SNAPSHOT | DECEMBER 2021

Historical year of activity for Houston Industrial market showing no signs of slowing down

## MARKET HIGHLIGHTS

### PRESSURE ON DEVELOPERS TO DELIVER NEW PROPERTIES

Industrial net absorption (23.6 million sq. ft.) outpaced deliveries (16.5 million sq. ft.) through November of 2021 in the Houston metro. The amount of net absorption (move ins minus move outs) has continued to outpace the amount of square feet delivered—the first time this has happened from January through November since 2017. With 16.5 million sq. ft. delivered since the beginning of the year, 21.9 million sq. ft. under construction, and another 23 million sq. ft. proposed through 2022, the demand for industrial real estate does not look like it will be slowing down any time soon.

### VACANCY RATE AT 7.3%

Even with an increasing supply of industrial space, vacancy continues to tighten. The current vacancy rate is at 7.3%, dropping 120 basis points year-over-year, marking the lowest rate seen since Q4 2019. An unrelenting surge in imports from retailers restocking reduced inventories has emphasized the need for additional construction. Overall industrial net absorption is at a record level, increasing to 23.6 million sq. ft. so far this year—the highest level of demand ever recorded during January through November.

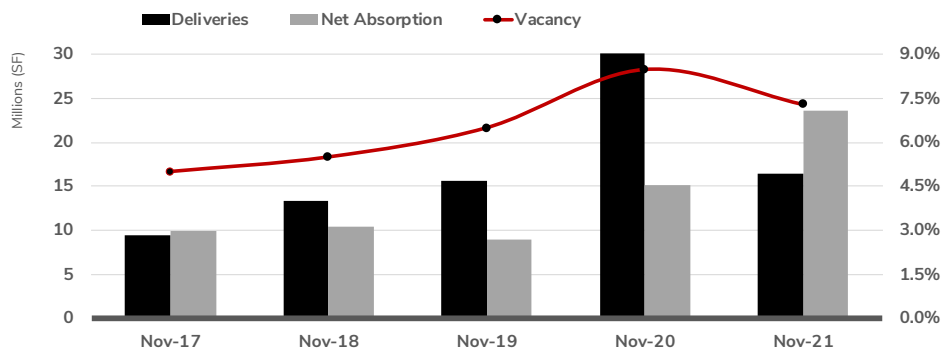
### LEASING CONTINUES TO BREAK-RECORD

The volume of signed lease transactions year-to-date through November also set an all-time record, with 40.6 million sq. ft. of activity—up from the prior period at 29 million sq. ft. Houston industrial leasing volume was up 40% January through November of 2021 compared with the same period last year. In total, over 2,000 building lease transactions were signed over the eleven-month period. The largest leases in 2021 include Ferguson for 750,775 sq. ft. at the Empire West Business Park; Living Spaces Furniture Co. for 685,400 sq. ft. at the Air 59 Logistics Center in Humble; and WebstaurantStore for 643,940 sq. ft. at 4725 E. Grand Parkway S. in Baytown—a transaction arranged by NAI Partners.

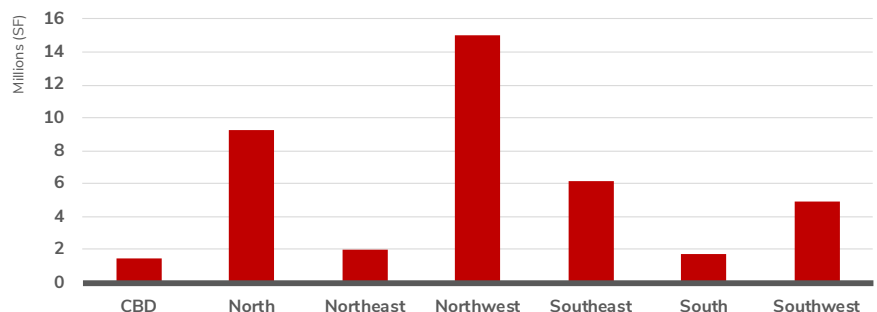
## MARKET ACTIVITY

	NOVEMBER 2021	vs	NOVEMBER 2020
Vacancy	7.3%	↓	8.5%
Availability	10.9%	↓	12.5%
Under Construction SF	21,892,254	↑	13,873,771
NNN Avg Asking Rent/MO	\$0.64	↑	\$0.63
Net Absorption SF YTD	23,583,295	↑	15,107,809
Leasing Activity SF YTD	40,583,583	↑	29,030,549
Deliveries SF YTD	16,452,660	↓	30,111,177

## SUPPLY & DEMAND | NOVEMBER - YEAR OVER YEAR



## LEASING ACTIVITY | NOVEMBER 2021 - YEAR-TO-DATE



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