

# Houston



## Quick Stats

**15.7**

Msf of industrial space under construction

**7.9%**

Direct vacancy in Houston's industrial market

**4.1**

Msf of industrial space delivered during third quarter

**5,300**

Jobs added during the month of August 2020

**8.1%**

August 2020 unemployment rate in Houston, down from 9.5% in July 2020

The industrial market trends in Houston echo the trends across the country, outperforming other commercial segments. Despite the lingering challenges spurred by the pandemic and oil price lows that energy and oil field services firms face, continual activity at the Port of Houston during third quarter has been a welcome sight among supply-chain disruptions.

Online shopping remains strong, benefiting Houston's industrial sector and creating demand for both new distribution centers and consumer product warehouses. Large national retailers are busy constructing and completing new facilities in the region, and Amazon's expansion continues with third-quarter occupancy of two new properties and two additional sites underway.

The local employment picture appeared to revive in August as the Texas Workforce Commission reported 5,300 jobs had been added in August. However, 4,300 of those workers joined the federal payroll as temporary workers for the 2020 Census, according to an analysis by the Greater Houston Partnership (GHP). Job growth would

have been flat without the once-a-decade Census workers, and those jobs will dissipate after three-months; however, the GHP says the job losses will be offset by educational jobs as school districts and colleges gear up for the fall semester.

The unemployment rate improved to 8.1%, down from 9.5% in July and from the record high 14.2% in April. The GHP estimates that as of mid-August, Houston has recovered one-third of the jobs lost during the pandemic. Retail, finance, professional/scientific/technical services and administrative support services have recouped 60% or more of the jobs initially lost.

Other sectors have been slower to recover. Wholesale trade, transportation, real estate, educational services and hotels have recouped less than 20% of their losses. The GHP reported sectors that continue to lose jobs include oil and gas, information and manufacturing while government losses are seasonal related to education and will be recouped in the fall.

## Absorption & Demand

Direct net absorption represented about

one-third of the previous quarter, recording 1.1 msf during the third quarter and extending a multi-year positive trend.

The largest property completed and occupied is retailer American Furniture Warehouse's 498,700-sf distribution center in Katy, the second location to open in the area.

**1.1 msf**  
POSITIVE  
ABSORPTION

Activity has picked up after coming to a near halt during second quarter as businesses were paused. The Northwest sector recorded the highest absorption, 1,536,324 sf, during the third quarter, followed by positive absorption in the South, North and Northeast sectors. The remaining three sectors recorded negative absorption, with the Southeast's negative 504,056 sf due in part to Packwell vacating 207,425 sf at 4311 Malone and Supply Chain Management's 137,000-sf move from 3007 State Highway 225.

Industrial leasing activity slowed to 3.7 msf during the third quarter, a 1.2-msf decrease from second quarter but a 57% drop from the 6.6 msf recorded during first quarter. Three of the larger leases signed during the third quarter were DHL's renewal of 254,160 sf at 8833 Citypark Loop in the Northeast, MiTek's 156,505-sf deal at 560 Richey Road in the North and Lawless Group's new lease of 141,440 sf in Beltway Crossing Business Park's Building 2 at 13323 Gessner Road in the Southwest.

## Vacancy & Availability

Leasing inactivity in the large number of unoccupied deliveries have contributed to the bump in the direct vacancy rate to 7.9% from 7.5% last quarter and from 5.9% year over year. Vacancy rates increased this quarter for warehouse/distribution space to 8.9% from 8.4% last quarter and from 6.4% year over year. Both manufacturing and flex space remained constant, with manufacturing space at 3% and flex at 9.4% in both third and second quarter. Of the submarkets,

the South sector is boasting the lowest vacancy of 4.4% while the Southeast is currently posting the highest vacancy of 9.4%.

Deliveries continued to slow during third quarter when compared to the record-breaking first quarter, with 28 properties totaling 4.1 msf added to the existing market. This pace is 40% less than the 6.6 msf completed last quarter. The 125 deliveries year-to-date total about 20 msf, with all properties collectively 39.3% occupied and 42.9% vacant at third quarter. With still one quarter to go, that 20 msf represents the most industrial square footage delivered during one year within the metro Houston's history.

Available space is also up; this category includes all space that could be leased but may or may not be vacant. Overall direct availability is at 13%, up from 11.3% last quarter and up from 8.8% during the same period last year.

Available sublease space decreased about 50,000 sf during third quarter after recording a record-level 5.9 msf during second quarter. Two sectors are offering more than 1 msf: the North sector has 1.9 msf available and the Northwest has 1.4 msf available.

## Construction

Although decreasing for the last three quarters, Houston's construction pipeline remains larger than many cities after posting record numbers in fourth quarter 2019. Third quarter's 15.7 msf in 68 buildings represents a dip from second quarter's 16.3 msf in 84 buildings. The metro has been cited for its large new supply, averaging 14 msf of construction during the last six years.

Four of the five largest projects underway are build-to-suit (BTS) representing 5.1 msf. Ross Distribution Center in the Southwest is the largest BTS project at 2.2 msf and is scheduled for completion in

September 2021. Hunt Southwest broke ground during the third quarter on the area's largest spec development, a 1-msf project in Cedar Port Industrial Park near Port Houston. The new project, Cedar Port Trade Center, has a March 2021 completion date.

Four of the seven submarkets have more than 2 msf each underway, with the Southeast reporting 4.2 msf and the Southwest 4.1 msf, together representing 53% of the total. The

Northwest sector has 3.7 msf and the North has 2.4 msf underway.

**15.7 msf**  
UNDER  
CONSTRUCTION

## Asking Rents

The overall asking average rental rate for industrial space during third quarter remained constant at \$7.49 per square foot (psf) triple net (NNN), which is the highest rate recorded. Rents first rose to above \$7.00 in mid-2018 and have remained stable but rising slightly the last two quarters. Concession packages are being offered more frequently during the last year and creating lower effective rates. Landlords are providing up to 10-month rent abatements on long-term deals along with allowances covering the major cost of tenant improvements.

Properties in the two sectors asking the highest triple-net rents are those in the Southwest at \$9.10 psf and the North at \$8.49 psf. Warehouse/distribution space is currently averaging \$6.88 psf with flex space at \$10.97 psf and manufacturing space at \$7.00 psf.



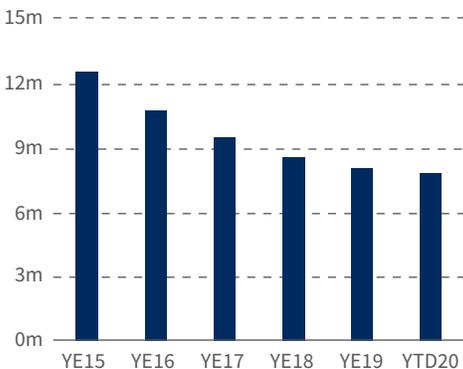
## Asking Rents



## Vacancy Rates



## Net Absorption



## Third-Quarter 2020 Highlights

- Retailer **American Furniture Warehouse** represented the largest single absorption recorded for the quarter as it completed and occupied its second area location in a new 498,700-sf showroom and warehouse in Katy. Other national retailers such as **Dollar Tree** and **Five Below** occupied their large distribution centers in late second quarter, Dollar Tree in Richmond and Five Below in Conroe.
- **Amazon** expanded its presence in the area as it occupied a 443,520-sf warehouse at 16225 Tomball Parkway in the Northwest and a 200,400 building at 3031 S. Sam Houston Parkway in the South. The online giant also has two buildings with more than 800,000 sf each under construction, one in the Northwest and one in the Southwest.
- **Goodman Air Conditioning and Heating** moved into 312,640 sf at 18140 Kickapoo Road near 290 in Northwest Houston.
- Three of the larger leases signed during the third quarter were **DHL's** renewal of 254,160 sf at 8833 Citypark Loop in the Northeast, **MiTek's** 156,505-sf deal at 560 E. Richey Road in the North and **Lawless Group's** new lease of 141,440 sf in Beltway Crossing Business Park's Building 2 at 13323 S. Gessner Road in the Southwest.
- Construction levels have tapered off to 15.7 msf after recording record-level totals during the last four quarters, but new projects continue to break ground. Hunt Southwest has started a 1-msf project in Cedar Port Industrial Park near Port Houston. **Cedar Port Trade Center** currently offers the largest amount of speculative space in the metro.
- Completions decreased during third quarter as 26 properties delivered 4.1 msf, almost 40% less than the 6.6 msf delivered last quarter. The 125 deliveries year-to-date represent 20 msf, which are collectively 39.3% occupied and 42.9% vacant. This record-level, year-to-date, square-footage total tops the list for the most industrial square footage delivered during one year in Houston's history.

## Trends to Watch

With its central location within the U.S. and the Americas, Houston is an important industrial base. The following are regional updates for key economic indicators.



### Oil

The WTI price of oil was up to \$40 in late September, recording record-level lows earlier in the year due to an oil trade war coupled with effects from the pandemic.



### Employment

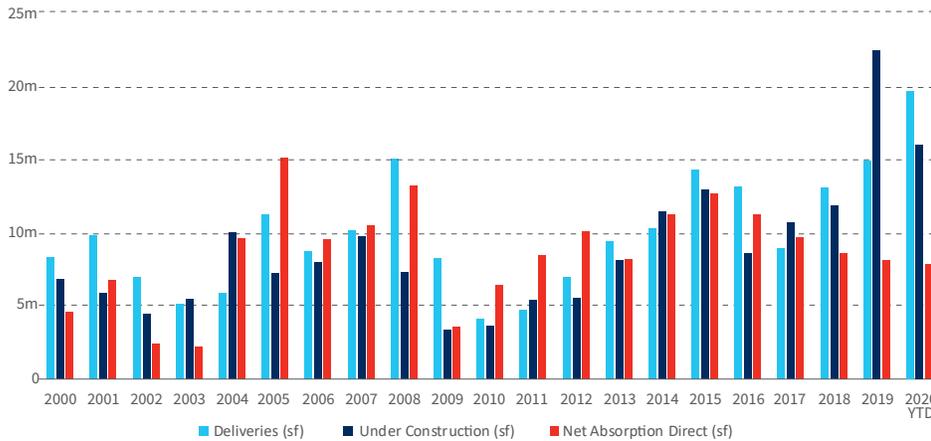
Employment continues to improve, registering 8.1% during August 2020, down from the unprecedented 14.2% rate in April, as businesses recover from the effects of COVID-19 and the oil crisis.



### Purchasing

The Purchasing Manager's Index (PMI) registered 47.9 in July 2020, down from 49.5 in June but higher than the record low 34.6 in April, which was the lowest reading in the history of the series.

## Supply &amp; Demand



## Select Third-Quarter Under Construction

Building Name	Building Address	Building Size (sf)	% Preleased	Projected Delivery	Submarket
Ross Distribution Center	31207 Kingsland Boulevard	2,165,000	100%	September 2021	Southwest
Medline	29895 Highway 90	1,300,000	77%	October 2020	Northwest
Cedar Port Trade Center	4633 Borusan Road	1,021,440	0%	March 2021	Southeast
Amazon	10507 Harlem Road	850,000	100%	August 2021	Southwest
Amazon (Clay 99 Business Park)	22525 Clay Road	806,000	100%	January 2021	Northwest
Empire West Business Park Building 3	100 Empire Boulevard	750,775	0%	March 2021	Northwest
Generation Park	10100 W. Lake Houston Parkway	648,720	0%	March 2021	Northeast
Cedar Port DC1	5400 E. Grand Parkway	638,760	0%	April 2021	Southeast
1919 FM 565 Road	1919 FM 565 Road	604,800	100%	October 2020	Southeast
Park 505 at Hardy	505 Aldine Bender Road	534,000	0%	June 2021	North
Monument Business Park Building B	739 Independence Parkway	414,900	0%	October 2020	Southeast

Source: CoStar

## Select Third-Quarter Deliveries

Building Name	Building Address	Building Size (sf)	% Preleased	Tenant	Submarket
Bay Area Business Park Building 10	10629 Red Bluff Road	784,000	0%	TBD	Southeast
Boulevard Oaks Business Park Building 8	Fuqua & Beltway 8	532,440	0%	TBD	Southwest
American Furniture Warehouse	500 Pin Oak Road	498,700	100%	American Furniture Warehouse	Northwest
Monument Business Park Building B	739 Independence Parkway	414,900	0%	TBD	Southeast
Park 249 Building 1	16225 Tomball Parkway	443,520	100%	Amazon	Northwest
Ella West Crossing	606 West Road	221,393	0%	TBD	North
SouthPoint Business Park	3031 S. Sam Houston Parkway East	200,400	100%	Amazon	South
CityPark Logistics Center Building 2	S. Sam Houston Parkway East	176,319	0%	TBD	Southwest
Boulevard Oaks Business Park Building 5	Fuqua & Beltway 8	160,380	0%	TBD	Southwest

Source: CoStar

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Properties

For more information, please contact:

Patsy Fretwell  
Research Manager  
713.993.7151  
patsy.fretwell@avisonyoung.com

Sandra Hill  
Marketing Coordinator  
713.993.7840  
sandra.hill@avisonyoung.com

Erin Potts  
Marketing Coordinator  
713.993.7164  
erin.potts@avisonyoung.com

Third Quarter 2020



# Houston Industrial Market Statistics & Heat Maps

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	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Availability Rate Total (%)	Available Sublease (sf)	Q3 2020 Net Absorption (sf)			YTD 2020 Net Absorption (sf)			Average Asking Rents Direct (NNN)	YTD 2020 Leasing Activity (sf)	YTD 2020 Deliveries (sf)	Under Const. (sf)
									Direct	Sublease	Total	Direct	Sublease	Total				
<b>Manufacturing</b>																		
CBD/Inner Loop	111	9,845,785	220,476	2.2%	2.2%	6.2%	6.2%	0	96,953	0	96,953	-72,009	0	-72,009	\$10.20	30,962	0	0
North	188	16,552,160	326,566	2.0%	2.0%	3.5%	5.2%	275,306	46,970	0	46,970	1,181,325	94,800	1,276,125	\$8.12	344,900	1,339,072	63,800
Northeast	111	9,424,895	90,120	1.0%	1.2%	3.1%	3.4%	21,675	0	0	0	0	-21,675	-21,675	\$9.67	51,816	40,200	0
Northwest	256	28,171,682	1,162,591	4.1%	4.2%	6.2%	6.6%	101,931	867,807	0	867,807	920,902	0	893,026	\$6.56	209,097	673,298	60,000
South	137	9,972,528	337,008	3.4%	3.4%	4.7%	4.9%	24,150	-28,136	0	-28,136	68,964	0	68,964	\$7.95	257,342	0	95,150
Southeast	174	19,613,979	517,463	2.6%	3.4%	4.3%	5.2%	182,000	-39,860	0	-39,860	-265,660	-150,000	-415,660	\$6.09	47,950	22,650	148,784
Southwest	111	8,472,467	404,614	4.8%	4.8%	8.2%	8.2%	0	-28,664	0	-28,664	-106,374	0	-106,374	\$5.99	44,100	0	0
<b>Totals</b>	<b>1,088</b>	<b>102,053,496</b>	<b>3,058,838</b>	<b>3.0%</b>	<b>3.2%</b>	<b>5.1%</b>	<b>5.7%</b>	<b>605,062</b>	<b>915,070</b>	<b>0</b>	<b>915,070</b>	<b>1,727,148</b>	<b>-76,875</b>	<b>1,622,397</b>	<b>\$7.00</b>	<b>986,167</b>	<b>2,075,220</b>	<b>367,734</b>
<b>Flex</b>																		
CBD/Inner Loop	54	2,592,606	87,384	3.4%	3.4%	9.5%	9.6%	1,950	-7,294	-1,950	-9,244	12,540	-1,950	10,590	\$27.94	53,714	0	0
North	187	9,403,909	1,262,468	13.4%	13.6%	15.8%	21.3%	520,409	-9,511	0	-9,511	-101,150	7,484	-96,888	\$11.12	309,583	70,050	0
Northeast	10	428,694	13,900	3.2%	3.2%	6.0%	6.0%	0	-2,429	0	-2,429	21,651	0	21,651	\$8.62	29,554	0	0
Northwest	297	14,247,025	1,315,288	9.2%	9.7%	12.9%	14.1%	171,497	54,546	-18,277	36,269	-24,256	-16,867	-28,054	\$9.12	468,189	20,000	30,000
South	36	2,018,766	200,082	9.9%	9.9%	11.9%	12.3%	7,435	14,569	0	14,569	-50,249	0	-45,662	\$10.74	84,615	0	0
Southeast	49	2,130,768	108,751	5.1%	5.1%	7.1%	7.1%	0	3,586	0	3,586	44,463	0	44,463	\$10.39	18,925	0	0
Southwest	211	10,087,797	865,946	8.6%	8.8%	11.9%	12.0%	18,032	-51,687	-3,500	-55,187	-25,765	-8,231	-44,814	\$12.25	253,111	0	125,734
<b>Totals</b>	<b>844</b>	<b>40,909,565</b>	<b>3,853,819</b>	<b>9.4%</b>	<b>9.7%</b>	<b>12.7%</b>	<b>14.4%</b>	<b>719,323</b>	<b>1,780</b>	<b>-23,727</b>	<b>-21,947</b>	<b>-122,766</b>	<b>-19,564</b>	<b>-138,714</b>	<b>\$10.97</b>	<b>1,217,691</b>	<b>90,050</b>	<b>155,734</b>

Vacancy in Avison Young's industrial market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger classified as either industrial or flex.

	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Availability Rate Total (%)	Available Sublease (sf)	Q3 2020 Net Absorption (sf)			YTD 2020 Net Absorption (sf)			Average Asking Rents Direct (NNN)	YTD 2020 Leasing Activity (sf)	YTD 2020 Deliveries (sf)	Under Const. (sf)
									Direct	Sublease	Total	Direct	Sublease	Total				
<b>Warehouse/Distribution</b>																		
CBD/Inner Loop	543	33,644,400	1,860,972	5.5%	5.7%	12.1%	12.4%	83,430	-280,056	0	-280,056	-552,648	0	-640,648	\$5.34	285,992	0	0
North	1,042	76,110,113	7,738,705	10.2%	10.4%	17.4%	18.9%	1,145,609	44,466	27,122	71,588	1,191,804	62,522	1,355,576	\$7.80	2,524,596	3,368,614	2,363,168
Northeast	345	26,161,001	1,909,778	7.3%	7.5%	13.1%	13.7%	164,012	80,300	-36,258	44,042	469,090	-31,258	437,832	\$5.43	2,234,807	473,500	648,720
Northwest	1,585	114,768,262	10,075,793	8.8%	9.2%	13.4%	14.3%	1,163,140	613,973	29,589	643,562	1,389,646	-58,010	1,384,194	\$7.21	3,862,309	5,300,341	3,636,607
South	479	28,652,377	1,243,471	4.3%	5.1%	8.7%	10.1%	467,368	223,275	0	223,275	740,538	32,128	755,166	\$5.25	387,815	403,504	533,016
Southeast	739	79,760,879	8,878,582	11.1%	11.2%	17.1%	17.9%	657,419	-467,782	0	-467,782	1,227,557	0	1,251,885	\$6.82	1,825,784	3,994,616	4,010,922
Southwest	718	50,550,459	4,944,403	9.8%	9.8%	13.8%	14.7%	465,689	-17,779	53,589	35,810	1,778,400	59,899	1,835,858	\$7.83	1,935,451	4,267,377	3,984,841
<b>Totals</b>	<b>5,451</b>	<b>409,647,491</b>	<b>36,651,704</b>	<b>8.9%</b>	<b>9.2%</b>	<b>14.5%</b>	<b>15.4%</b>	<b>4,146,667</b>	<b>196,397</b>	<b>74,042</b>	<b>270,439</b>	<b>6,244,387</b>	<b>65,281</b>	<b>6,379,863</b>	<b>\$6.88</b>	<b>13,056,754</b>	<b>17,807,952</b>	<b>15,177,274</b>
<b>Totals by Submarket</b>																		
CBD/Inner Loop	708	46,082,791	2,168,832	4.7%	4.8%	10.7%	10.9%	85,380	-190,397	-1,950	-192,347	-612,117	-1,950	-702,067	\$6.20	370,668	0	0
North	1,417	102,066,182	9,327,739	9.1%	9.3%	15.1%	16.9%	1,941,324	81,925	27,122	109,047	2,271,979	164,806	2,534,813	\$8.49	3,179,079	4,777,736	2,426,968
Northeast	466	36,014,590	2,013,798	5.6%	5.8%	10.5%	11.0%	185,687	77,871	-36,258	41,613	490,741	-52,933	437,808	\$6.03	2,316,177	513,700	648,720
Northwest	2,138	157,186,969	12,553,672	8.0%	8.4%	12.1%	12.9%	1,436,568	1,536,326	11,312	1,547,638	2,286,292	-74,877	2,249,166	\$7.40	4,539,595	5,993,639	3,726,607
South	652	40,643,671	1,780,561	4.4%	4.9%	7.9%	9.0%	498,953	209,708	0	209,708	759,253	32,128	778,468	\$5.93	729,772	403,504	628,166
Southeast	962	101,505,626	9,504,796	9.4%	9.6%	14.5%	15.3%	839,419	-504,056	0	-504,056	1,006,360	-150,000	880,688	\$6.80	1,892,659	4,017,266	4,159,706
Southwest	1,040	69,110,723	6,214,963	9.0%	9.1%	12.9%	13.6%	483,721	-98,130	50,089	-48,041	1,646,261	51,668	1,684,670	\$9.10	2,232,662	4,267,377	4,110,575
<b>Overall Totals</b>	<b>7,383</b>	<b>552,610,552</b>	<b>43,564,361</b>	<b>7.9%</b>	<b>8.1%</b>	<b>13.0%</b>	<b>14.0%</b>	<b>5,471,052</b>	<b>1,113,247</b>	<b>50,315</b>	<b>1,163,562</b>	<b>7,848,769</b>	<b>-31,158</b>	<b>7,863,546</b>	<b>\$7.49</b>	<b>15,260,612</b>	<b>19,973,222</b>	<b>15,700,742</b>

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									Direct	Sublease	Total	Direct	Sublease	Total				
<b>CBD/Inner Loop</b>																		
Manufacturing	111	9,845,785	220,476	2.2%	2.2%	6.2%	6.2%	0	96,953	0	96,953	-72,009	0	-72,009	\$10.20	30,962	0	0
Flex	54	2,592,606	87,384	3.4%	3.4%	9.5%	9.6%	1,950	-7,294	-1,950	-9,244	12,540	-1,950	10,590	\$27.94	53,714	0	0
Distribution/Warehouse	543	33,644,400	1,860,972	5.5%	5.7%	12.1%	12.4%	83,430	-280,056	0	-280,056	-552,648	0	-640,648	\$5.34	285,992	0	0
<b>Totals</b>	<b>708</b>	<b>46,082,791</b>	<b>2,168,832</b>	<b>4.7%</b>	<b>4.8%</b>	<b>10.7%</b>	<b>10.9%</b>	<b>85,380</b>	<b>-190,397</b>	<b>-1,950</b>	<b>-192,347</b>	<b>-612,117</b>	<b>-1,950</b>	<b>-702,067</b>	<b>\$6.20</b>	<b>370,668</b>	<b>0</b>	<b>0</b>
<b>North</b>																		
Manufacturing	188	16,552,160	326,566	2.0%	2.0%	3.5%	5.2%	275,306	46,970	0	46,970	1,181,325	94,800	1,276,125	\$8.12	344,900	1,339,072	63,800
Flex	187	9,403,909	1,262,468	13.4%	13.6%	15.8%	21.3%	520,409	-9,511	0	-9,511	-101,150	7,484	-96,888	\$11.12	309,583	70,050	0
Distribution/Warehouse	1,042	76,110,113	7,738,705	10.2%	10.4%	17.4%	18.9%	1,145,609	44,466	27,122	71,588	1,191,804	62,522	1,355,576	\$7.80	2,524,596	3,368,614	2,363,168
<b>Totals</b>	<b>1,417</b>	<b>102,066,182</b>	<b>9,327,739</b>	<b>9.1%</b>	<b>9.3%</b>	<b>15.1%</b>	<b>16.9%</b>	<b>1,941,324</b>	<b>81,925</b>	<b>27,122</b>	<b>109,047</b>	<b>2,271,979</b>	<b>164,806</b>	<b>2,534,813</b>	<b>\$8.49</b>	<b>3,179,079</b>	<b>4,777,736</b>	<b>2,426,968</b>
<b>Northeast</b>																		
Manufacturing	111	9,424,895	90,120	1.0%	1.2%	3.1%	3.4%	21,675	0	0	0	0	-21,675	-21,675	\$9.67	51,816	40,200	0
Flex	10	428,694	13,900	3.2%	3.2%	6.0%	6.0%	0	-2,429	0	-2,429	21,651	0	21,651	\$8.62	29,554	0	0
Distribution/Warehouse	345	26,161,001	1,909,778	7.3%	7.5%	13.1%	13.7%	164,012	80,300	-36,258	44,042	469,090	-31,258	437,832	\$5.43	2,234,807	473,500	648,720
<b>Totals</b>	<b>466</b>	<b>36,014,590</b>	<b>2,013,798</b>	<b>5.6%</b>	<b>5.8%</b>	<b>10.5%</b>	<b>11.0%</b>	<b>185,687</b>	<b>77,871</b>	<b>-36,258</b>	<b>41,613</b>	<b>490,741</b>	<b>-52,933</b>	<b>437,808</b>	<b>\$6.03</b>	<b>2,316,177</b>	<b>513,700</b>	<b>648,720</b>
<b>Northwest</b>																		
Manufacturing	256	28,171,682	1,162,591	4.1%	4.2%	6.2%	6.6%	101,931	867,807	0	867,807	920,902	0	893,026	\$6.56	209,097	673,298	60,000
Flex	297	14,247,025	1,315,288	9.2%	9.7%	12.9%	14.1%	171,497	54,546	-18,277	36,269	-24,256	-16,867	-28,054	\$9.12	468,189	20,000	30,000
Distribution/Warehouse	1,585	114,768,262	10,075,793	8.8%	9.2%	13.4%	14.3%	1,163,140	613,973	29,589	643,562	1,389,646	-58,010	1,384,194	\$7.21	3,862,309	5,300,341	3,636,607
<b>Totals</b>	<b>2,138</b>	<b>157,186,969</b>	<b>12,553,672</b>	<b>8.0%</b>	<b>8.4%</b>	<b>12.1%</b>	<b>12.9%</b>	<b>1,436,568</b>	<b>1,536,326</b>	<b>11,312</b>	<b>1,547,638</b>	<b>2,286,292</b>	<b>-74,877</b>	<b>2,249,166</b>	<b>\$7.40</b>	<b>4,539,595</b>	<b>5,993,639</b>	<b>3,726,607</b>

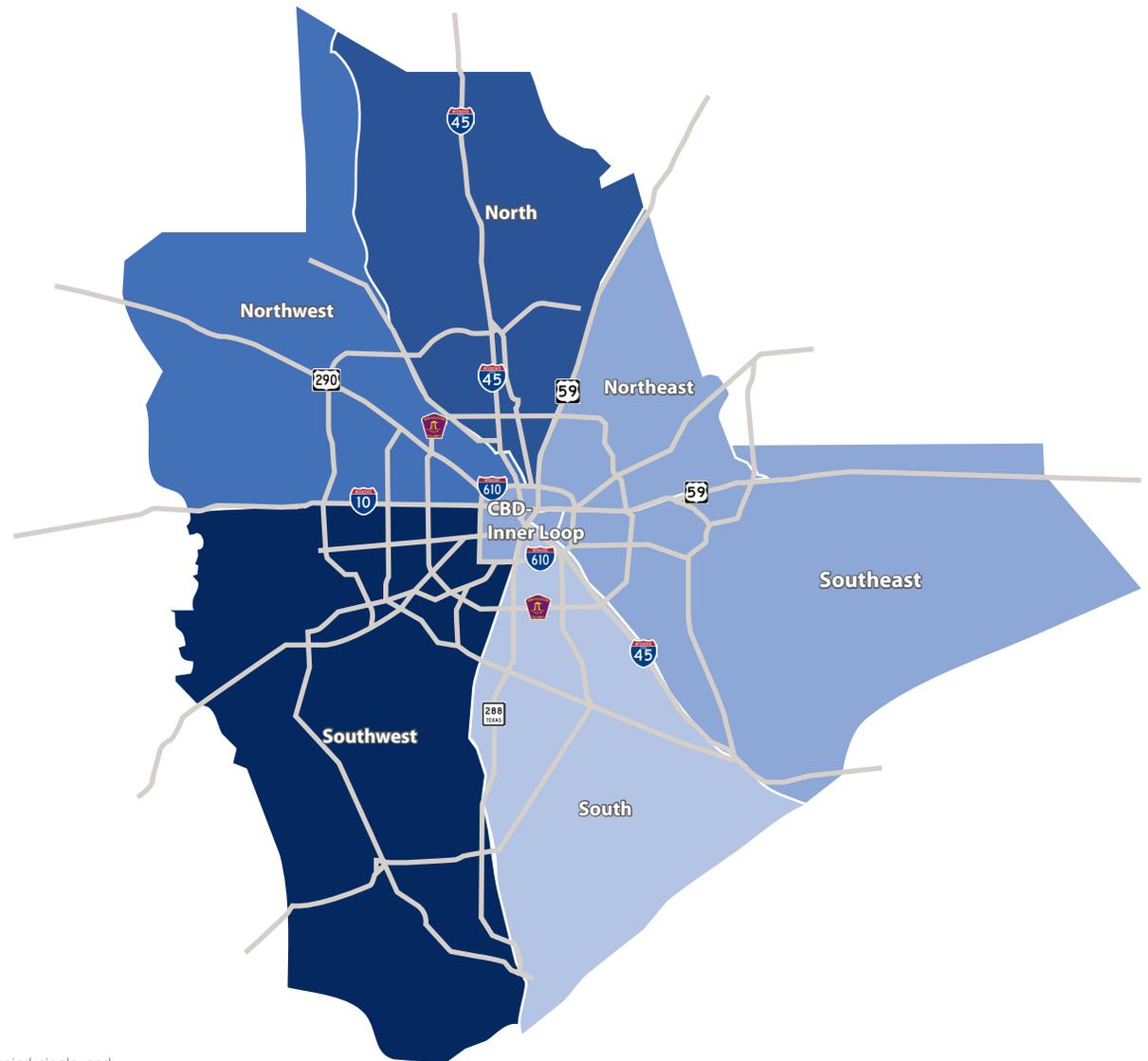
Vacancy in Avison Young's industrial market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger classified as either industrial or flex.

	Bldgs.	Inventory (sf)	Vacant Direct (sf)	Vacancy Rate Direct (%)	Vacancy Rate Total (%)	Availability Rate Direct (%)	Availability Rate Total (%)	Available Sublease (sf)	Q3 2020 Net Absorption (sf)			YTD 2020 Net Absorption (sf)			Average Asking Rents Direct (NNN)	YTD 2020 Leasing Activity (sf)	YTD 2020 Deliveries (sf)	Under Const. (sf)
									Direct	Sublease	Total	Direct	Sublease	Total				
<b>South</b>																		
Manufacturing	137	9,972,528	337,008	3.4%	3.4%	4.7%	4.9%	24,150	-28,136	0	-28,136	68,964	0	68,964	\$7.95	257,342	0	95,150
Flex	36	2,018,766	200,082	9.9%	9.9%	11.9%	12.3%	7,435	14,569	0	14,569	-50,249	0	-45,662	\$10.74	84,615	0	0
Distribution/Warehouse	479	28,652,377	1,243,471	4.3%	5.1%	8.7%	10.1%	467,368	223,275	0	223,275	740,538	32,128	755,166	\$5.25	387,815	403,504	533,016
<b>Totals</b>	<b>652</b>	<b>40,643,671</b>	<b>1,780,561</b>	<b>4.4%</b>	<b>4.9%</b>	<b>7.9%</b>	<b>9.0%</b>	<b>498,953</b>	<b>209,708</b>	<b>0</b>	<b>209,708</b>	<b>759,253</b>	<b>32,128</b>	<b>778,468</b>	<b>\$5.93</b>	<b>729,772</b>	<b>403,504</b>	<b>628,166</b>
<b>Southeast</b>																		
Manufacturing	174	19,613,979	517,463	2.6%	3.4%	4.3%	5.2%	182,000	-39,860	0	-39,860	-265,660	-150,000	-415,660	\$6.09	47,950	22,650	148,784
Flex	49	2,130,768	108,751	5.1%	5.1%	7.1%	7.1%	0	3,586	0	3,586	44,463	0	44,463	\$10.39	18,925	0	0
Distribution/Warehouse	739	79,760,879	8,878,582	11.1%	11.2%	17.1%	17.9%	657,419	-467,782	0	-467,782	1,227,557	0	1,251,885	\$6.82	1,825,784	3,994,616	4,010,922
<b>Totals</b>	<b>962</b>	<b>101,505,626</b>	<b>9,504,796</b>	<b>9.4%</b>	<b>9.6%</b>	<b>14.5%</b>	<b>15.3%</b>	<b>839,419</b>	<b>-504,056</b>	<b>0</b>	<b>-504,056</b>	<b>1,006,360</b>	<b>-150,000</b>	<b>880,688</b>	<b>\$6.80</b>	<b>1,892,659</b>	<b>4,017,266</b>	<b>4,159,706</b>
<b>Southwest</b>																		
Manufacturing	111	8,472,467	404,614	4.8%	4.8%	8.2%	8.2%	0	-28,664	0	-28,664	-106,374	0	-106,374	\$5.99	44,100	0	0
Flex	211	10,087,797	865,946	8.6%	8.8%	11.9%	12.0%	18,032	-51,687	-3,500	-55,187	-25,765	-8,231	-44,814	\$12.25	253,111	0	125,734
Distribution/Warehouse	718	50,550,459	4,944,403	9.8%	9.8%	13.8%	14.7%	465,689	-17,779	53,589	35,810	1,778,400	59,899	1,835,858	\$7.83	1,935,451	4,267,377	3,984,841
<b>Totals</b>	<b>1,040</b>	<b>69,110,723</b>	<b>6,214,963</b>	<b>9.0%</b>	<b>9.1%</b>	<b>12.9%</b>	<b>13.6%</b>	<b>483,721</b>	<b>-98,130</b>	<b>50,089</b>	<b>-48,041</b>	<b>1,646,261</b>	<b>51,668</b>	<b>1,684,670</b>	<b>\$9.10</b>	<b>2,232,662</b>	<b>4,267,377</b>	<b>4,110,575</b>
<b>Totals by Type</b>																		
Manufacturing	1,088	102,053,496	3,058,838	3.0%	3.2%	5.1%	5.7%	605,062	915,070	0	915,070	1,727,148	-76,875	1,622,397	\$7.00	986,167	2,075,220	367,734
Flex	844	40,909,565	3,853,819	9.4%	9.7%	12.7%	14.4%	719,323	1,780	-23,727	-21,947	-122,766	-19,564	-138,714	\$10.97	1,217,691	90,050	155,734
Distribution/Warehouse	5,451	409,647,491	36,651,704	8.9%	9.2%	14.5%	15.4%	4,146,667	196,397	74,042	270,439	6,244,387	65,281	6,379,863	\$6.88	13,056,754	17,807,952	15,177,274
<b>Overall Totals</b>	<b>7,383</b>	<b>552,610,552</b>	<b>43,564,361</b>	<b>7.9%</b>	<b>8.1%</b>	<b>13.0%</b>	<b>14.0%</b>	<b>5,471,052</b>	<b>1,113,247</b>	<b>50,315</b>	<b>1,163,562</b>	<b>7,848,769</b>	<b>-31,158</b>	<b>7,863,546</b>	<b>\$7.49</b>	<b>15,260,612</b>	<b>19,973,222</b>	<b>15,700,742</b>

Vacancy in Avison Young's industrial market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger classified as either industrial or flex.

Average NNN Asking Rent Direct (All Types) = \$7.49 | Third Quarter 2020

Submarket	Average NNN Asking Rents Direct
Southwest	\$9.10
North	\$8.49
Northwest	\$7.40
Southeast	\$6.80
CBD/Inner Loop	\$6.20
Northeast	\$6.03
South	\$5.93
<b>Overall Average</b>	<b>\$7.49</b>

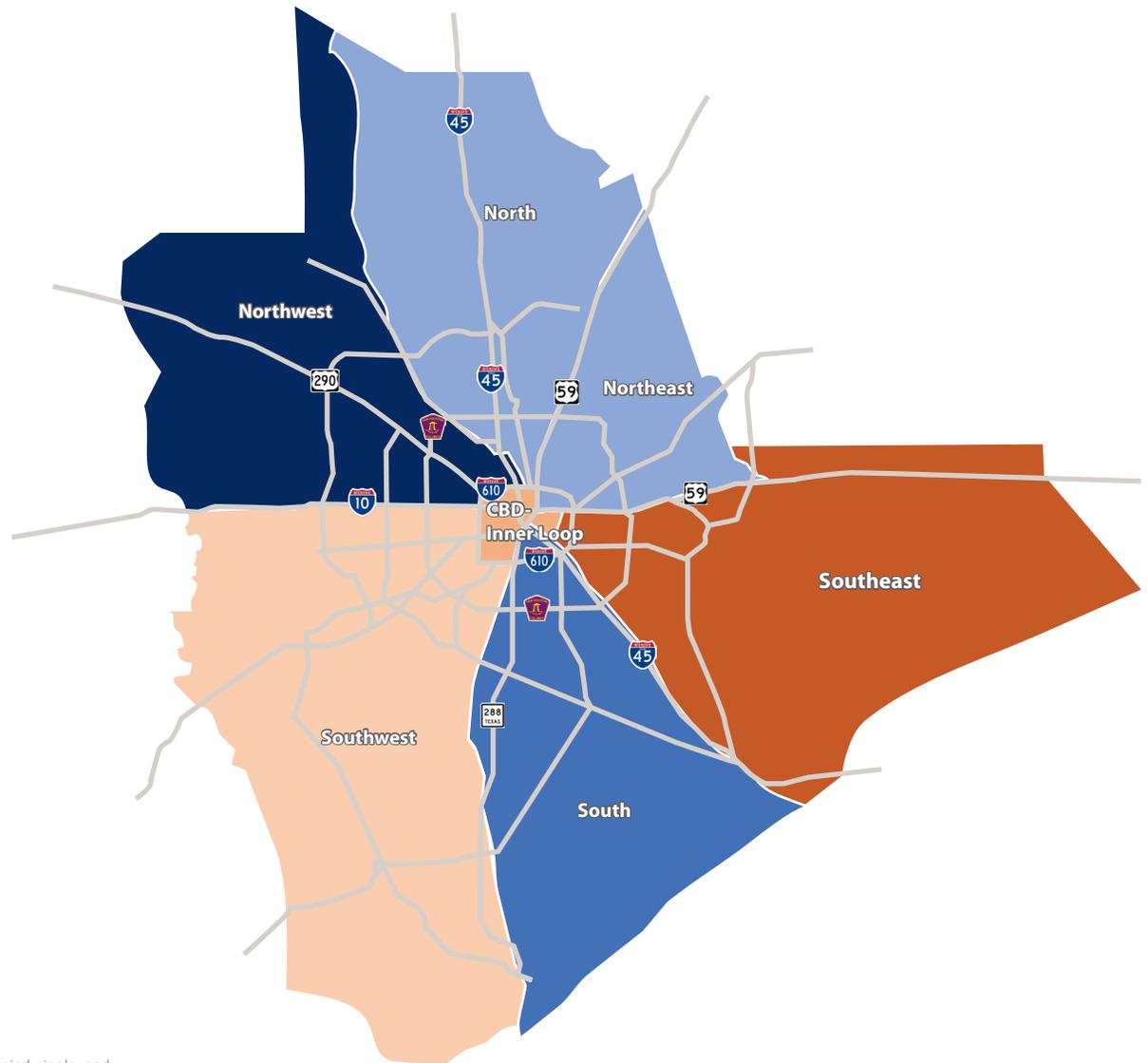


Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

Net Absorption Direct = 1,113,247 sf | Third Quarter 2020

Submarket	Net Absorption Direct (sf)
Northwest	1,536,326
South	209,708
North	81,925
Northeast	77,871
Southwest	-98,130
CBD/Inner Loop	-190,397
Southeast	-504,056
<b>Overall Totals</b>	<b>1,113,247</b>

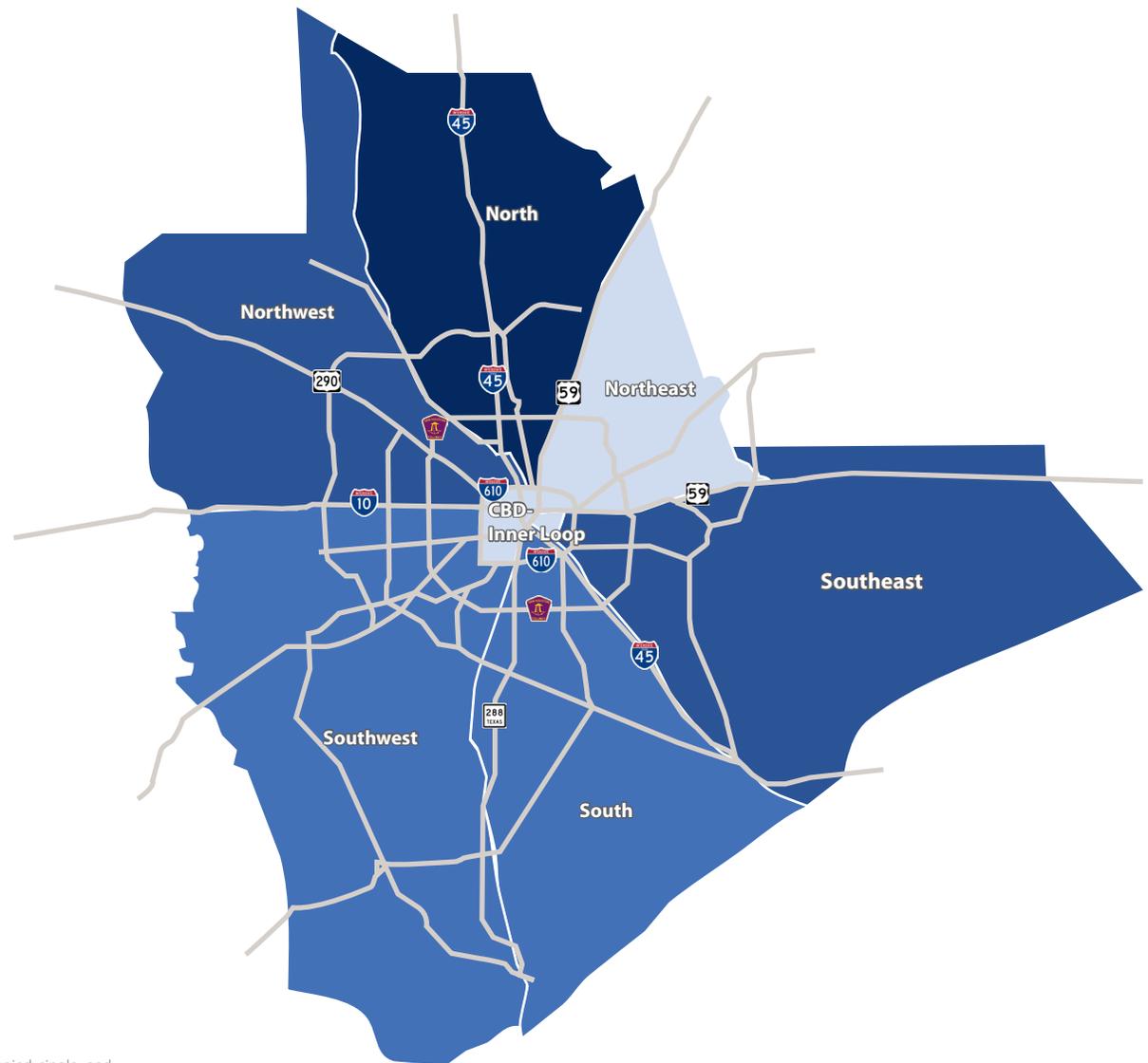
■ Blue Values (+ Absorption) ■ Orange Values (- Absorption)



Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

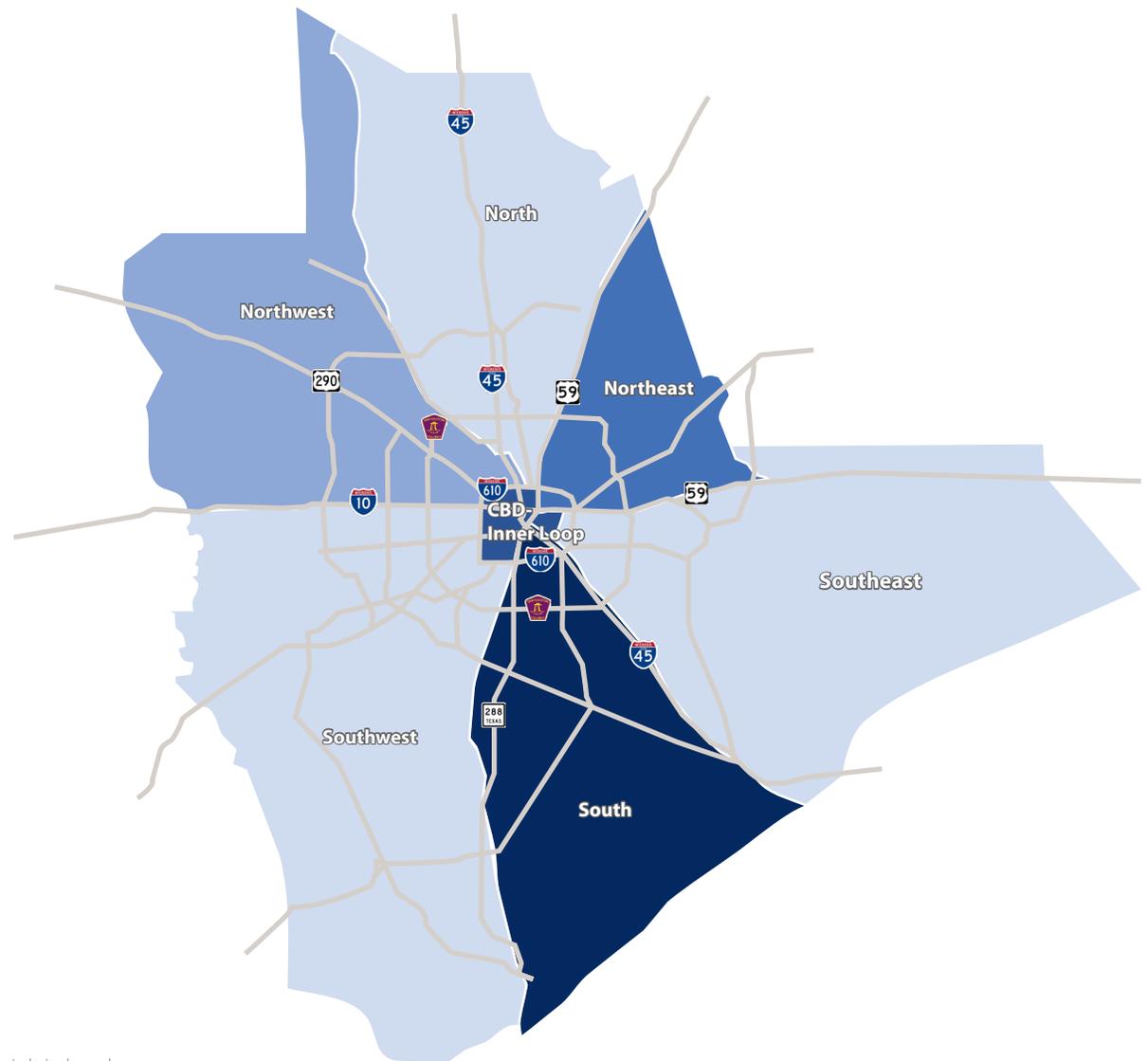
Available Sublease Space = 5,471,052 sf | Third Quarter 2020

Submarket	Available Sublease Space (sf)
North	1,941,324
Northwest	1,436,568
Southeast	839,419
South	498,953
Southwest	483,721
Northeast	185,687
CBD/Inner Loop	85,380
<b>Overall Totals</b>	<b>5,471,052</b>



Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

Submarket	Vacancy Rate Direct (%)
South	4.4%
CBD/Inner Loop	4.7%
Northeast	5.6%
Northwest	8.0%
Southwest	9.0%
North	9.1%
Southeast	9.4%
<b>Overall Average</b>	<b>7.9%</b>



Vacancy in Avison Young's market report refers to vacant available square footage in owner-occupied, single- and multi-tenant buildings 20,000 square feet or larger and classified as general-purpose and either class A, B or C.

# Houston Industrial Market Statistics & Heat Maps

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For more information, please contact:

Patsy Fretwell  
Research Manager  
713.993.7151  
[patsy.fretwell@avisonyoung.com](mailto:patsy.fretwell@avisonyoung.com)

Sandra Hill  
Marketing Coordinator  
713.993.7840  
[sandra.hill@avisonyoung.com](mailto:sandra.hill@avisonyoung.com)

Erin Potts  
Marketing Coordinator  
713.993.7164  
[erin.potts@avisonyoung.com](mailto:erin.potts@avisonyoung.com)