

Houston Industrial Monthly Market Snapshot | December 2022

Industrial demand drivers in Houston include the major Port Houston, U.S.-leading population growth, along with a massive manufacturing sector and petrochemical industry.

Market Highlights

An analysis of activity during the eleven months of the year—November 2022 compared to November 2021.

Houston industrial vacancy at 5.4%

Eleven months into 2022, the Houston industrial market vacancy is at 5.4%, dropping 110 basis points from 6.5% last year. Availability is at 10.3%, increasing 90 basis points from 9.4% in November 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The Houston industrial market has recorded 47 million sq. ft. of leasing activity, comprised of new leases and renewals, while net absorption (move-ins minus move-outs) is at 27 million sq. ft., down 9.4% year-over-year from 29.8 million-sq.-ft. November 2022 marks the second-highest amount of leasing activity and second-highest net absorption in January through November on record, with last year ranking the highest. The Houston metro NNN average asking monthly rent is \$0.71 per sq. ft., up from \$0.64 last year, a 10.3% increase.

Leasing activity in 2022

Notable transactions contributing to the above-average activity in 2022 include Macy's 908,853-sq.-ft. relocation of its distribution and fulfillment center to the proposed Interchange 249 business park; Warehouse Services 663,821 sq. ft. renewal in Citypark East Industrial; CyrusOne leasing 640,000 sq. ft. in CyrusOne West III; and Meiborg signing a deal for 392,480 sq. ft. in Fairway North Logistics Park in the North Hardy Toll Road submarket.

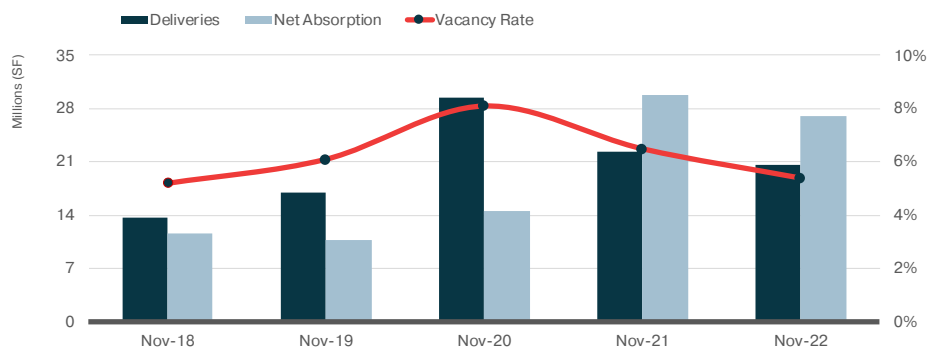
No signs of cargo slow-down at Port Houston

Total tonnage across Port Houston's facilities was up 18% in October and 25% for the year compared to last year. Goods with significant monthly increases included bagged goods, up 239%, and plywood, up 73%. Auto imports were up 61% for the month of October 2022 and 9% year-to-date. Steel imports were down this month for the first time since June 2021. Steel volume has been strong this year, and annual steel tonnage could reach the highest quantities seen at Port Houston in more than five years.

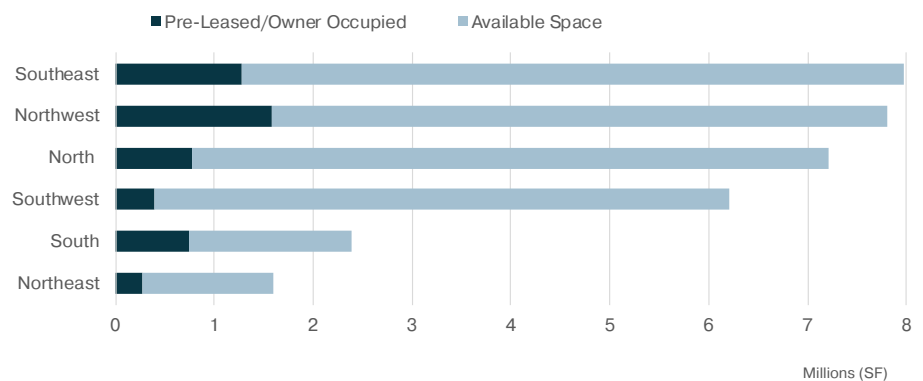
Market Activity

	November 2022	vs	November 2021
Vacancy	5.4%	↓	6.5%
Availability	10.3%	↑	9.4%
Under Construction SF	33,772,939	↑	19,159,902
NNN Avg Asking Rent/MO	\$0.71	↑	\$0.64
Net Absorption SF YTD	27,042,681	↓	29,842,901
Leasing Activity SF YTD	46,763,043	↓	47,155,605
Deliveries SF YTD	20,522,434	↓	22,357,795

Supply & Demand | November - Year Over Year



Construction | November - Year To Date



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