

Houston Industrial Monthly Market Snapshot | November 2022

Distribution and third-party logistics firms are driving Houston's industrial tenant demand.

Market Highlights

An analysis of activity during the ten months of the year—October 2022 compared to October 2021.

Houston industrial vacancy at 5.7%

Ten months into 2022, the Houston industrial market vacancy is at 5.7%, dropping 90 basis points from 6.6% last year. Availability is at 10.5%, increasing 110 basis points from 9.4% in October 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The Houston industrial market has recorded 42 million sq. ft. of leasing activity, comprised of new leases and renewals, while net absorption (move-ins minus move-outs) is at 24.2 million sq. ft., down 8.6% year-over-year from 26.5 million-sq.-ft. October 2022 marks the second-highest amount of leasing activity and second-highest net absorption in January through October on record, with last year ranking the highest. The Houston metro NNN average asking monthly rent is \$0.71 per sq. ft., up from \$0.65 last year, a 9.7% increase.

Leasing activity in 2022

Notable transactions contributing to the above-average activity so far 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; Broadrange Logistics signing a deal for 648,720 sq. ft. in Generation Park; and CyrusOne leasing 640,000 sq. ft. in CyrusOne West III.

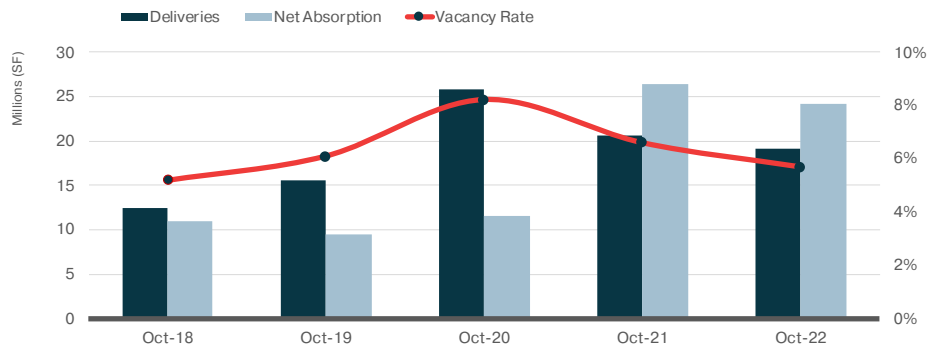
Port Houston posts another strong month

In September, Port Houston handled 353,525 TEUs, an increase of 26% compared to September of last year. This is the second-highest month ever for containers at Port Houston, following only August 2022. The increase in volume is largely due to demand for imported goods and a more efficient gateway, and loaded import container volume was up 31% in September over the same month last year. Overall, container volume is up 18% year-to-date at Port Houston's terminals and is already nearing the 3M mark this year.

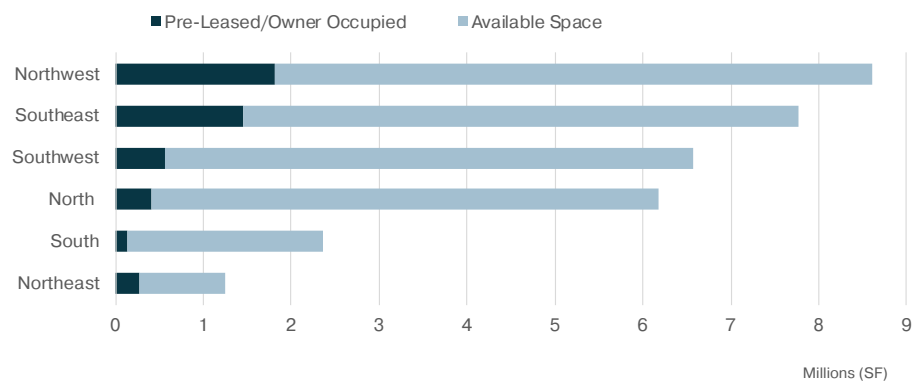
Market Activity

	October 2022	vs	October 2021
Vacancy	5.7%	↓	6.6%
Availability	10.5%	↑	9.4%
Under Construction SF	32,734,325	↑	19,566,366
NNN Avg Asking Rent/MO	\$0.71	↑	\$0.65
Net Absorption SF YTD	24,197,316	↓	26,466,357
Leasing Activity SF YTD	42,001,369	↓	43,729,950
Deliveries SF YTD	19,067,416	↓	20,626,532

Supply & Demand | October - Year Over Year



Construction | October - Year To Date



LETA WAUSON

DIRECTOR OF RESEARCH

leta.wauson@partnersrealestate.com
tel 713 275 9618

partners
PARTNERSREALESTATE.COM

Independently written, researched, edited, and produced in-house by Partners.