



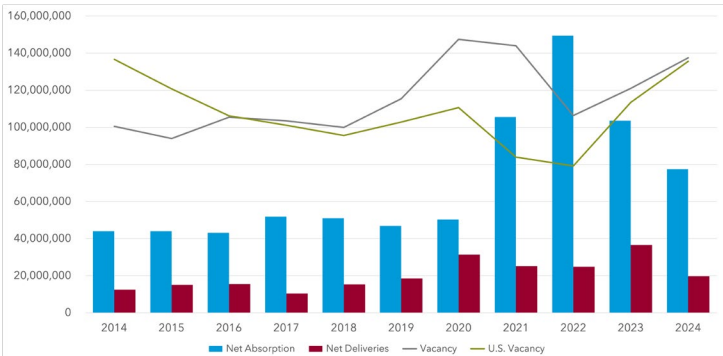
### INDUSTRIAL MARKET OVERVIEW

MARY DOETTERL, *Research Manager*

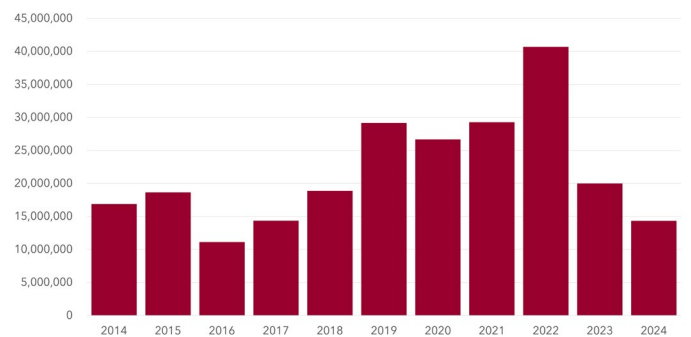
Houston's industrial distribution market closed 2024 on a strong note, with low vacancy rates and historically high asking prices. Continued economic investments are driving demand across multiple submarkets, even as new developments have slowed. Strong leasing activity in Q4 2024 sets the stage for ongoing positive absorption trends into 2025. The outlook remains optimistic, fueled by demand from third-party logistics (3PL) and sectors like advanced manufacturing and semiconductor production. Houston's robust population growth, job creation, and strategic location near Port Houston reinforce its role as a critical logistics hub, ensuring a positive economic forecast for the industrial distribution sector.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Net Absorption SF	19,356,667	20,537,839	19,572,257	18,027,135	20,893,538
▼ Vacancy Rate	6.6%	6.7%	7.2%	7.0%	6.7%
▼ Avg NNN Asking Rate PSF	\$9.10	\$9.12	\$9.06	\$9.05	\$9.00
◀ ▶ Sale Price PSF	\$96	\$96	\$95	\$95	\$96
◀ ▶ Cap Rate	8.0%	8.0%	8.0%	7.8%	7.7%
▼ Under Construction SF	13,783,825	14,803,949	12,316,882	16,248,233	19,512,820
▲ Inventory SF	837,267,822	835,028,507	831,021,930	823,707,887	817,497,262

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
Independence Logistics Park (7 Bldgs) Houston, TX	2,756,767 SF	Undisclosed	SREIT Underwood Industrial Park Stonepeak	Class A+
Fairway North Logistics Park (3 Bldgs) Houston, TX	741,600 SF	Undisclosed	Kohlberg Kravis Roberts & Co. LP Lovett Industrial	Class A+
South Main Street 12631 Houston, TX	368,099 SF	Undisclosed	12631 South Main Street Owner LP JSC/Whiteman Peterson Post Oak	Class A+

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Port 99 Distribution Center Houston, TX	1,027,490SF	Provident Realty Advisors, Inc.	Undisclosed	Undisclosed
20710 Hempstead Road Houston, TX	357,887SF	Prologis, Inc.	McKesson Corporation	Healthcare Svcs and Info Technology
7491 Rankin Road Houston, TX	307,400SF	Phelan-Bennett LLC	Marsden Services LLC	Janitorial, Security, Mech, Emergency Resp

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com