

Lone Star industrial rents up, despite rising vacancy rates

Texas Industrial
Figures Q2 2023

CBRE



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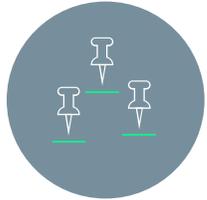




Why Texas?



Texas Triangle



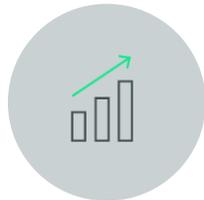
The 35 counties found within the Texas Triangle would create the 15th largest economy in the world.



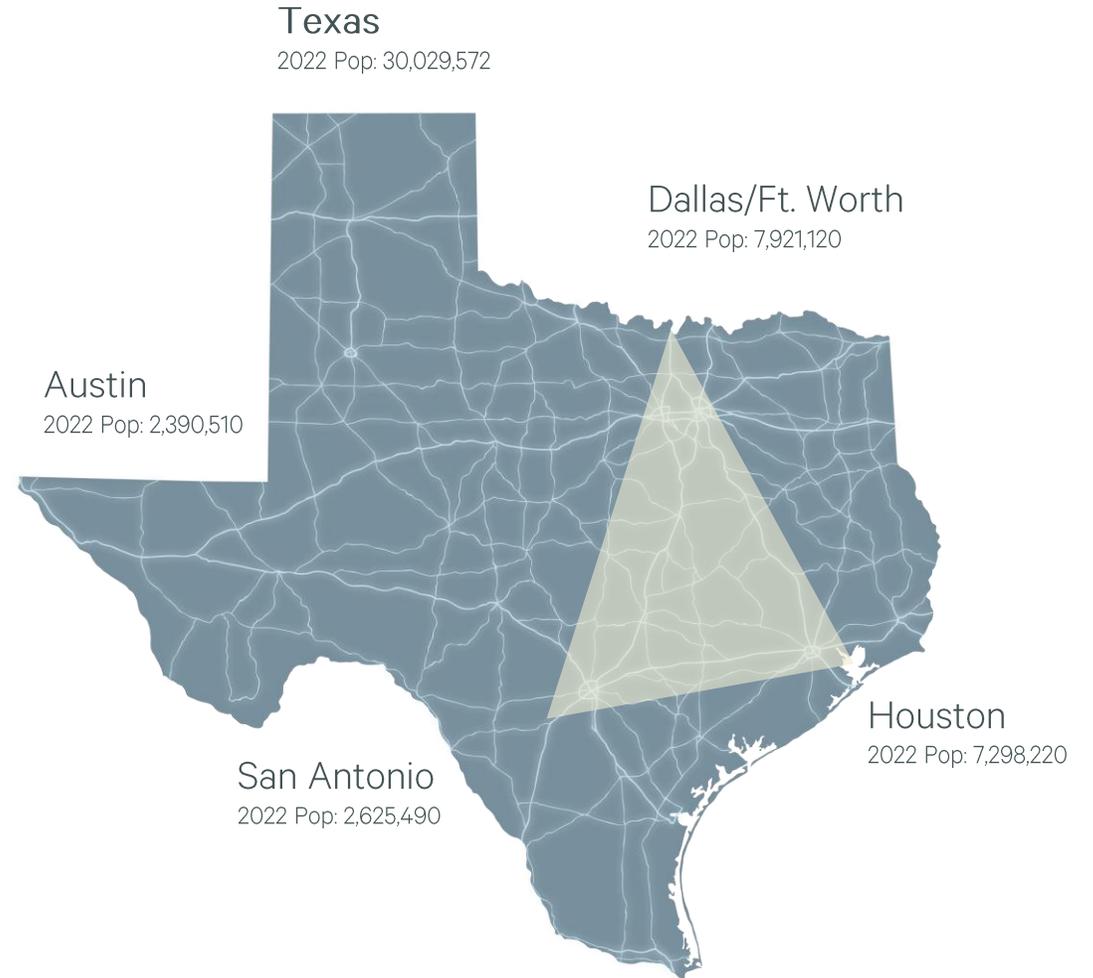
The 2022 economic output of the megaregion was \$1.7T, making it the 4th largest state economy in the nation.



There are roughly 20 million residents in the four large metros within the Texas Triangle. That number is expected to grow by nearly 50% and surpass 29 million by 2040.



The northern apex of the Texas Triangle, Dallas/Fort Worth, is projected to surpass Chicago in population in 2034-2035 to become the third most populous urban region in the United States with a population of 9.4 million.



Texas Ports



Port of Beaumont

The Port of Beaumont is the No. 1 strategic military port in the U.S. and a top 10 port in terms of tonnage. The port is currently undertaking an \$85 million project to reconstruct Main Street Terminal 1, including a \$25 million project to reconstruct a grain dock, and a \$35 million project to construct an additional liquid bulk dock, all of which will improve cargo handling capabilities and bring more business to the Southeast Texas region.



Port of Houston

Port Houston reported its best year in 2022, with container traffic up 14% compared to last year, handling 3,974,901 TEUs. Houston is the largest Texas port with 97% of container market share. The Port ranks 7th in relation to U.S. container ports by total TEU count. In terms of tonnage volume, Port of Houston witnessed a record-breaking year, with numbers up 22% in 2022, reaching just over 55M short tons.



Port Freeport

In October 2022, Volkswagen Group of America announced that Port Freeport will be the company's Gulf Coast hub and accommodate the importation of 140,000 vehicles annually. New facilities are expected to be operational in early 2024. Freeport is also the location of a major Liquid Natural Gas export hub, representing 15% of American LNG export capacity and will return to normal operations soon.



Port of Corpus Christi

The Port of Corpus Christi is a major gateway to international and domestic maritime commerce through its deep-water access to the Gulf of Mexico. A top strategic port for the defense or the United States, the Port of Corpus Christi is a top port in terms of tonnage. Looking to the future, the port is 100% run on renewable energy and is investing in Carbon Capture and Storage (CCS) technology.

Ports & Gulf Intracoastal Waterway

- The Gulf Intracoastal Waterway (GIWW) runs approximately 1,100 miles from Texas to Florida
- This inland water transportation system was designed for barge transit, and in the year 2020, 75 million tons of cargo were moved in the Texas portion alone, equating to at least three million truckloads
- Texas' stretch of the GIWW makes up roughly 30% of the entire route, covering the Gulf coastline and connecting the state's 12 deep-draft ports and eight shallow-draft public ports
- Chemicals & Related Products and Petroleum & Petroleum Products account for almost 90% of the tonnage for the Texas portion



Source: Texas Department of Transportation, 2022

Texas Airports

Bush Intercontinental

George Bush Intercontinental Airport (IAH) has 880,000 sq. ft. of cargo space, with the ability to handle up to 454,000 tons. According to Houston Airports, as of December 2022, international cargo at IAH was up 1.9% YOY, reaching 16,434 metric tons. Bush Intercontinental ranks as one of the top U.S. airports for international air cargo traffic.

DFW International Airport

Dallas/Fort Worth International Airport (DFW) was established in 1973 and quickly became a massive economic engine for North Texas. The airport generates \$37 billion in economic impact for the region each year. DFW is the second busiest airport in the world, for total operations. Twenty-two cargo airlines connect the airport with major hubs worldwide, naming DFW a superhub for international cargo.

Alliance Fort Worth Airport

Cargo movement at Alliance Fort Worth Airport (AFW) grew 45.34% in 2021, according to the FAA. This was the second-highest growth rate among the top 20 cargo airports in the U.S. Only New York JFK had a larger growth rate.

Austin-Bergstrom

Austin-Bergstrom International Airport (AUS) air cargo totaled over 285 million pounds from January 2022 to November 2022, a 34% increase compared to the same time frame in 2021. Facilities at AUS include four cargo buildings totaling approximately 245,500 sq. ft. An additional 90,000 sq. ft. facility is currently under construction. AUS also has two buildings totaling 57,000 sq. ft. for handling belly freight.

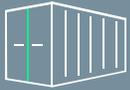
San Antonio International

During December 2022, a total of 24,664,145 pounds of domestic and international air cargo moved through San Antonio International Airport (SAT), bringing total air cargo movement to over 268 million pounds in 2022. Over 200,000 sq. ft. of warehousing space is utilized by both passenger airlines carrying cargo and dedicated all-cargo airlines.

El Paso International

During the first two months of 2023, a total of 31,058,000 pounds of domestic and international air cargo passed through the El Paso International Airport (ELP). February 2023 enplaned cargo grew by 23% compared to February 2022. ELP includes two 144,000 square foot air cargo buildings, over 34 acres of aircraft parking and 6.4 miles of roadways.

Texas Inland Ports



AllianceTexas

AllianceTexas is a global logistics hub complete with a cargo airport and BNSF intermodal center. Alliance qualifies for triple freeport tax credits and is designated as a foreign trade zone (FTZ).

AllianceTexas transport modes:

- Air
- Rail
- Ground



Inland Port of Dallas

The Inland Port of Dallas is a 7,500-acre area in Southern Dallas County. Three major interstates, I-35, I-45 and I-20 converge in the area. The Inland Port of Dallas is also home to a major Union Pacific intermodal facility.

Inland Port of Dallas transport modes:

- Rail
- Ground



Port San Antonio

Port San Antonio is one of two intermodal logistics centers in Texas. Spanning 1,900 acres, Port SA is home to several industries including aerospace, cybersecurity, defense, logistics, manufacturing, and applied technologies.

Port San Antonio transport modes:

- Air
- Rail
- Ground



Triple Freeport Tax Credits

Eligible warehoused goods can qualify for property tax exemptions if the inventory leaves Texas within 175 days from the date it is imported into or acquired in the state.

3 entities offering tax exemptions:

- County
- City
- School District

Texas-Mexico Trade

Mexico is Texas' **#1 trade partner**

Trade with Mexico supports **over 466K jobs** in Texas

Texas' trade with Mexico is **larger than** U.S. trade with the U.K., Spain and Brazil combined

Source: Secretaría de Relaciones Exteriores

Total Annual Texas-Mexico



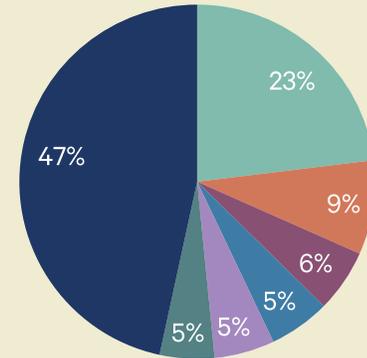
Source: U.S. Census Bureau

YTD May 2023 Texas-Mexico Trade by Product

\$113.2 billion

Texas Exports to Mexico
(Origin of Movement)

\$53.8 billion

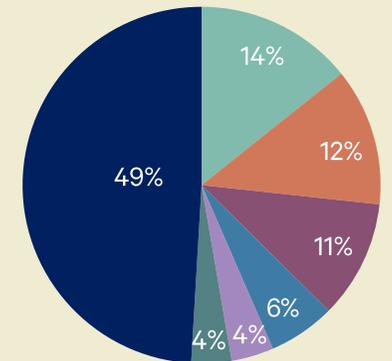


- Petroleum & Coal Products
- Semiconductors & Electronic Components
- Computer Equipment
- Motor Vehicle Parts
- Oil & Gas
- Basic Chemicals
- Other

Source: U.S. Census Bureau

Texas Imports from Mexico
(State of Destination)

\$59.4 billion



- Computer Equipment
- Motor Vehicle Parts
- Motor Vehicles
- Oil & Gas
- Electrical Equipment
- Communications Equipment
- Other

Texas-Mexico Ports

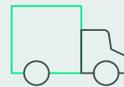


Port of Brownsville

Brownsville has both land ports and the only deep-water seaport on the U.S.-Mexico border. Seaport facilities include 13 cargo docks and 6 liquid cargo docks while the land ports support both commercial and non-commercial traffic.

YTD May 2023 U.S.-Mexico Trade Crossing Through

- Exports: \$5.1 billion
- Imports: \$3.9 billion
- 3% of U.S.-MX trade (9th largest)



Port of Hidalgo

The Port of Hidalgo's Pharr-Reynosa International bridge handles both commercial and non-commercial traffic. The bridge has the second largest fruit and vegetable crossing in the country. Facilities include cold storage inspection bays.

YTD May 2023 U.S.-Mexico Trade Crossing Through

- Exports: \$7.3 billion
- Imports: \$11.7 billion
- 6% of U.S.-MX trade (4th largest)



Port of Laredo

The Port of Laredo is the busiest commercial port on the U.S.-Mexico border and the 3rd busiest among all U.S. sea, air, and land ports. Laredo has five ports of entry: a rail bridge, two commercial bridges, and three non-commercial bridges.

YTD May 2023 U.S.-Mexico Trade Crossing Through

- Exports: \$50.9 billion
- Imports: \$77.6 billion
- 40% of U.S.-MX trade (largest)



Port of El Paso

El Paso has two ports of entry that handle northbound and southbound commercial and non-commercial traffic. The Port of El Paso is the 2nd busiest commercial port on the U.S.-Mexican border and among one of the busiest in the nation.

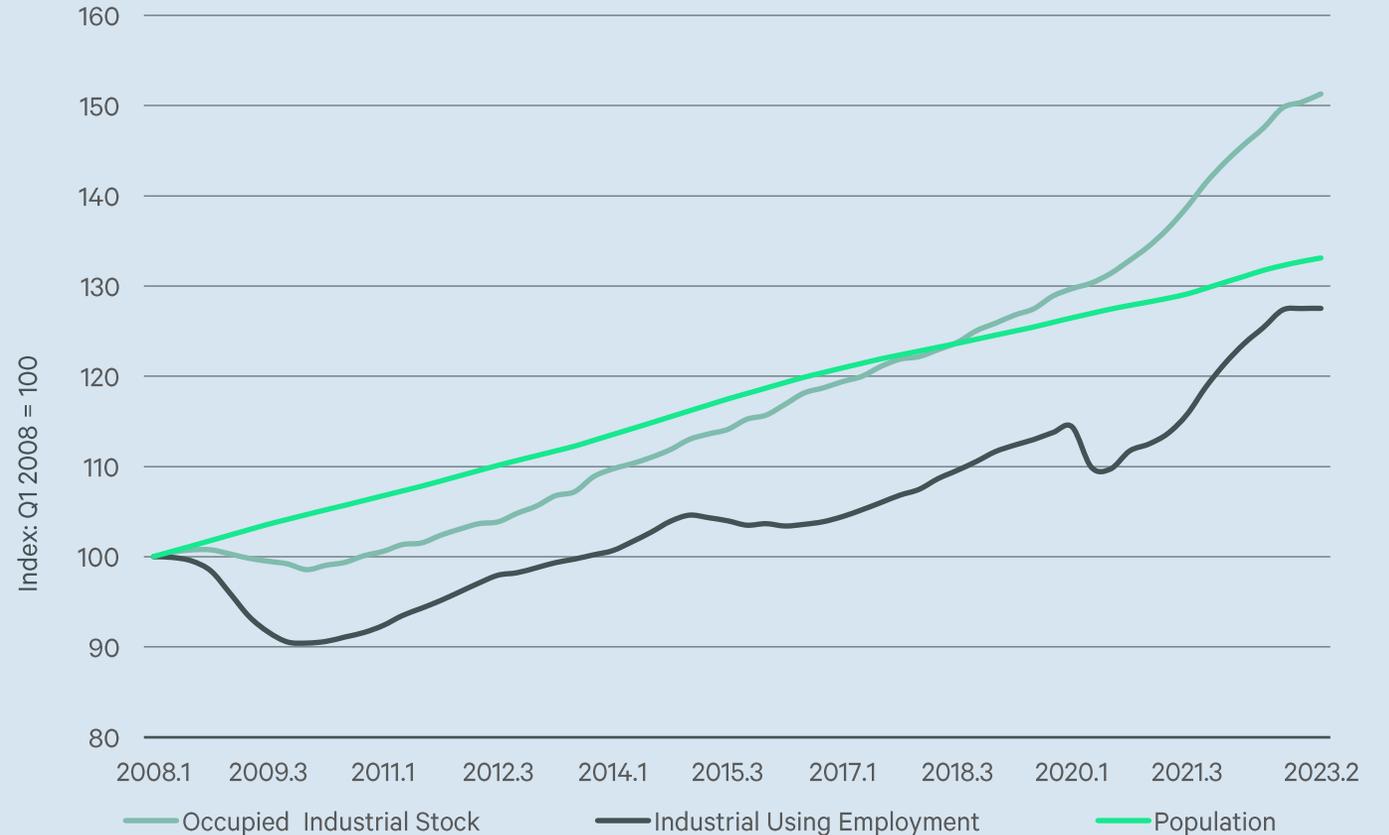
YTD May 2023 U.S.-Mexico Trade Crossing Through

- Exports: \$17.3 billion
- Imports: \$24.2 billion
- 13% of U.S.-MX trade (2nd largest)

Growth Drives Occupied Warehouse Stock

The population of the large Texas markets has steadily grown from 16.1 million to over 21.5 million since 2008, 32.7% growth that outpaced the U.S. This population growth has consisted of both natural increase and in-migration. As the population has expanded in these markets, the amount of transportation and warehousing jobs has also increased at an accelerated rate. In response to this demand, the amount of occupied warehouse space has grown substantially – expanding by 648 million sq. ft. since 2008.

Texas Large Markets: Population, Industrial Using Jobs with Occupied Industrial Stock Growth



Note: Q1 2023 job numbers are preliminary.

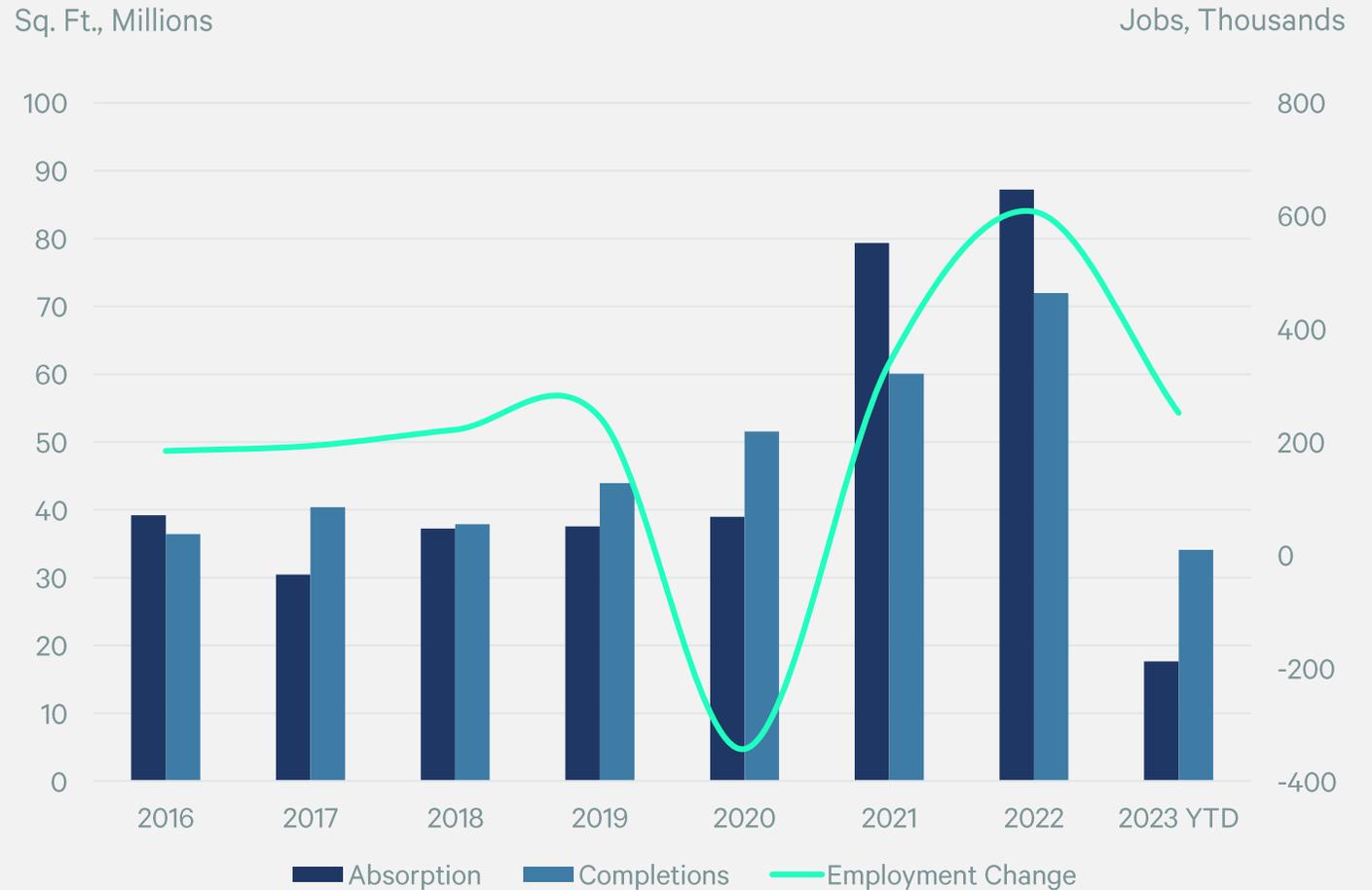
Sources: Oxford Economics, CBRE Economic Advisors; CBRE Research, Q1 2023.

Job Growth, Deliveries & Absorption

The steady increase in transportation and warehousing jobs since 2015 has fueled industrial construction deliveries, and absorption in the large Texas markets. With the onset of the global pandemic in 2020 demand for e-commerce and warehousing escalated which drove an increase in related jobs, industrial construction and absorption. The five large Texas markets have gone from 28 million sq. ft. of absorption in 2015 to over 87 million sq. ft. in 2022. Texas surpassed the 2021 record-breaking totals, setting the bar even higher.

According to preliminary analysis from Oxford Economics, year-over-year employment growth was about 252,000 jobs as of the first quarter of 2023. Completions meanwhile totaled 34.1 million sq. ft. Market observers anticipate good demand this year, although more inline with longer term levels that have been seen over the past two years as reverberations from the pandemic continue to subside.

Texas Large Markets: Industrial Net Absorption and Deliveries with Year-Over-Year Job Change



Sources: Oxford Economics, CBRE Research, Q1 2023.

Growth Industries

Texas had over 5.4 million students enrolled in public and charter schools in the 2021-2022 academic year. Of the 1.6 million high school students in the state, 130,734 are enrolled in the Texas College and Career Readiness School Models (CCRSM). These programs blend high school and college coursework to help historically underserved and at-risk students develop technical skills, earn college credentials and degrees, and pursue in-demand career paths. Early College High Schools (ECHS) allow students to earn a high school diploma, an associate degree or up to 60 college credit hours. Pathways in Technology Early College High Schools (P-TECH) are innovative open-enrollment high schools that allow students least likely to attend college an opportunity to receive both a high school diploma and a credential and/or an associate degree. Texas Science, Technology, Engineering and Mathematics (T-STEM) Academies are open-enrollment academies that provide dual credit, cross-curricular STEM instruction, accelerated courses, academic and social support for students and college readiness. The CCRSM programs align with the needs of the regional workforce and guide students to high-demand and high-earning jobs.

Education



- According to U.S. News Best National University Rankings, **6 of the top 100 schools** nationwide are located in Texas
- 4.4 million people (22% of the Texas population 25 and older) have **earned a bachelor's degree**
- Texas ranked **2nd most diverse** state in America, following California
- Houston, Dallas & Arlington scored within **the top 10 most diverse cities** in the United States

Healthcare System



- The Texas Medical Center, located in Houston, TX represents the **largest medical city** in the world, as well as the world's **largest children's hospital** & world's **largest cancer hospital**
- Eight out of the **25 largest employers** in Texas are either hospitals or research facilities
- UT Southwestern ranked as the **top health care institution globally** for published research in 2022 (third consecutive year)

Technology Hub



- **SpaceX** has plans to send the first Starship spacecraft into orbit in December from the Boca Chica launch site
- In July 2021, Blue Origin launched its **first crewed flight** from the Van Horn, Texas site
- **Tesla** opened the Austin, TX based Gigafactory in April 2022, which is the **Cybertruck** production facility
- Due to favorable regulations and long highway stretches between cities, Texas has become an **ideal location** for autonomous vehicle testing

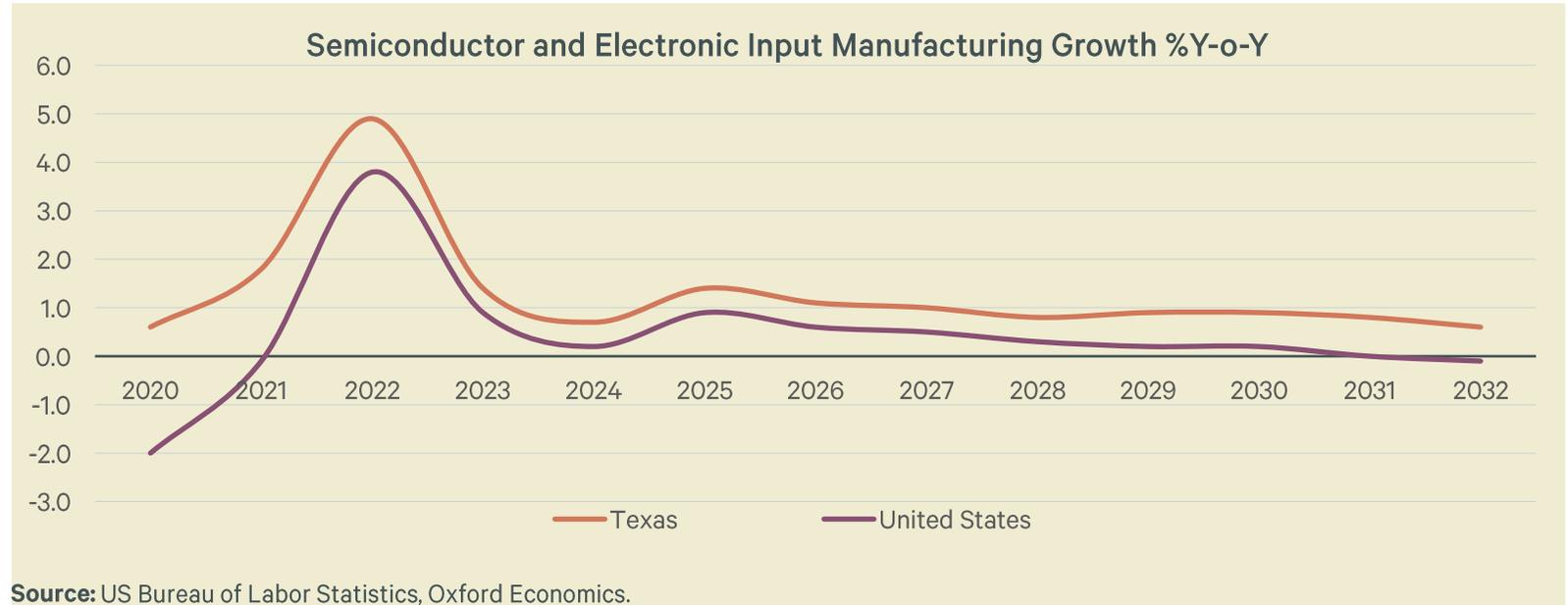
WHY TEXAS?

Manufacturing

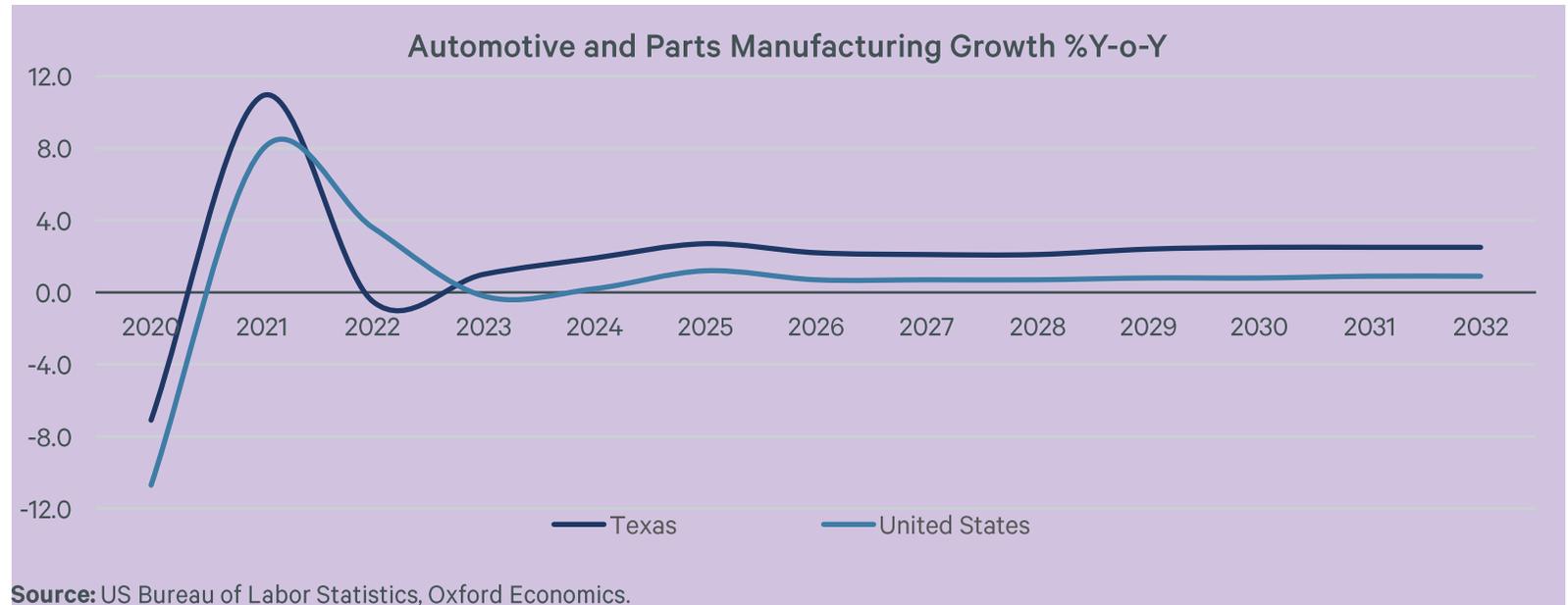
Texas represents a thriving manufacturing economy where nearly 875,000 workers are employed in manufacturing roles across specialized areas including automotive, semiconductors and electronics, and more. Research institutions based in the Lone Star State have fostered a robust high-tech manufacturing sector. Companies choose Texas for the business-friendly environment and skilled labor pool of 922,000 manufacturing workers.

Samsung announced that it will be investing \$17 billion into a new manufacturing facility outside of Taylor, Texas northeast of Austin. This project represents the largest foreign direct investment in Texas on record. The new manufacturing facility will produce advanced logic chips that will power next-generation devices.

In April 2022, Tesla opened its new Gigafactory, and global headquarters, outside of Austin. The facility has 10 million sq. ft. of factory floor space and sits on 2,500 acres. Statewide, over 450 firms employ about 36,000 workers in the automotive manufacturing industry.



Source: US Bureau of Labor Statistics, Oxford Economics.

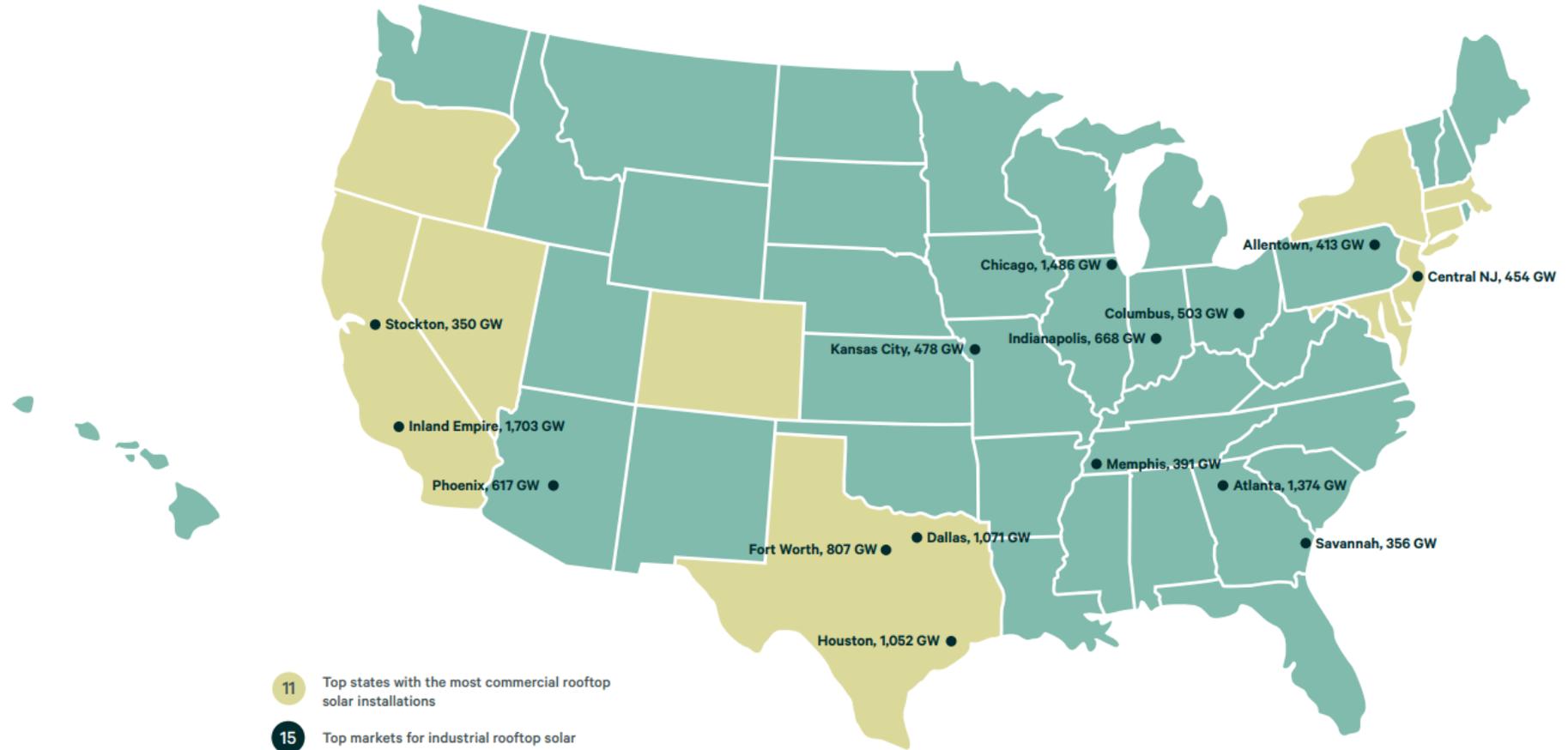


Source: US Bureau of Labor Statistics, Oxford Economics.

Renewable Energy

Texas produces more electricity than any other state, generating almost twice as much as the second-highest electricity-producing state, Florida. In the first quarter of 2022, wind and solar energy accounted for a record 34% of the power dispatched by ERCOT (Electric Reliability Council of Texas), the transmission system operator that distributes most of the state's electricity. Texas produces about 26% of all U.S. wind-powered electricity generation.

According to a recent study by CBRE Econometric Advisors that looked at industrial real estate as a platform for solar photovoltaic (PV) systems, three of the top 15 markets for solar growth opportunity were in Texas. CBRE EA identified 937 buildings that could support 2,930 GW of electricity per year, the most of any other state.



WHY TEXAS?

Oil & Gas Energy

- The 20 sectors that comprise the Texas Oil and Gas Industry employ a total of 422,122 people
- In 2021, 99% of the state's oil and natural gas royalties were deposited into the Texas Permanent University Fund and the Texas Permanent School Fund

 +\$979 million
Texas Permanent
University Fund in 2021

 +\$1.1 billion
Texas Permanent
School Fund in 2021

Texas ranked **#1** in:

- Crude oil & natural gas producing state
- Most crude oil refineries and refining capacity
- Electricity production
- Largest energy-consuming state in U.S.

In 2021, Texas accounted for...

43%

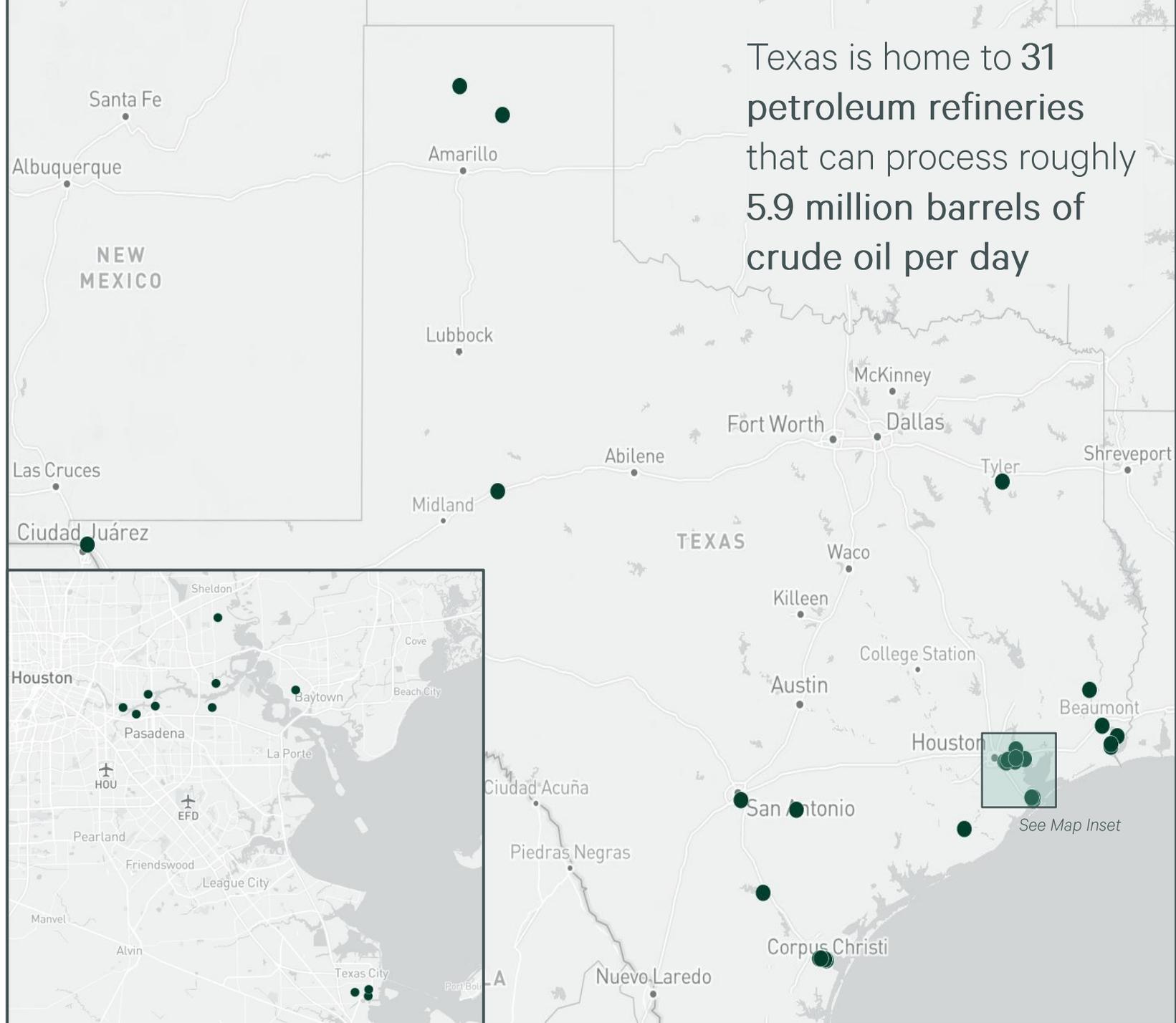
Nation's crude oil
production

32%

United States
refining capacity

25%

Nation's natural
gas production



Texas is home to **31 petroleum refineries** that can process roughly **5.9 million barrels of crude oil per day**

See Map Inset

WHY TEXAS?

Fortune 500 Companies in Texas

Texas is currently home to 54 Fortune 500 headquarters. This number is only expected to increase in 2023, as many firms look to relocate to the Lone Star state.



<p>● HOUSTON</p>	
<p>● DALLAS/ FORT WORTH</p>	
<p>● AUSTIN</p>	
<p>● SAN ANTONIO</p>	
<p>● MIDLAND</p>	

What is the Cost of Industrial Space in Texas?

Average achieved NNN annual starting rent by size range including all classes, trailing 12 months



	Under 25,000 Sq. Ft.	25,000 – 50,000 Sq. Ft.	50,000 – 100,000 Sq. Ft.	100,000 – 250,000 Sq. Ft.	250,000 – 500,000 Sq. Ft.	500,000 Sq. Ft. +
DALLAS	\$10.07	\$8.14	\$8.46	\$7.50	\$6.30	\$4.90
HOUSTON	\$9.43	\$7.63	\$6.21	\$6.26	\$6.25	\$5.16
AUSTIN	\$13.93	\$13.21	\$10.35	\$12.30	\$7.25	Data Not Available
SAN ANTONIO	\$10.55	\$9.44	\$12.57	\$6.05	\$5.00	Data Not Available
EL PASO	\$8.31	\$7.78	\$7.15	\$7.23	\$7.26	Data Not Available

INCENTIVES



Texas offers a pro-business climate with no corporate or personal income tax at the state level, additional billions in tax relief for businesses, and the Texas Enterprise (deal-closing) Fund. Industrial occupiers take advantage of Freeport Exemptions in certain taxing jurisdictions, offering property tax relief on goods remaining in the state only 175 days. The Lone Star State leads the nation with 33 foreign trade zones (FTZs). FTZs allow goods to flow while avoiding formal customs, import quotas and other restrictions. Throughout 2021, Texas received over \$100 billion worth of merchandise and exported \$25 billion-\$50 billion.

Over the past 5 years (2018-Aug. 2022) Texas has abated \$10.9 billion in property for the entire state which translates to an estimated \$582.7 million in tax savings over that period. Of the \$10.9 billion, the Gulf Coast Region Texas has abated \$3.4 billion in property which translates to an estimated \$184.5 million in tax savings over the past 5 years (2018-Aug. 2022).

Source: CBRE Research, Q2 2023.

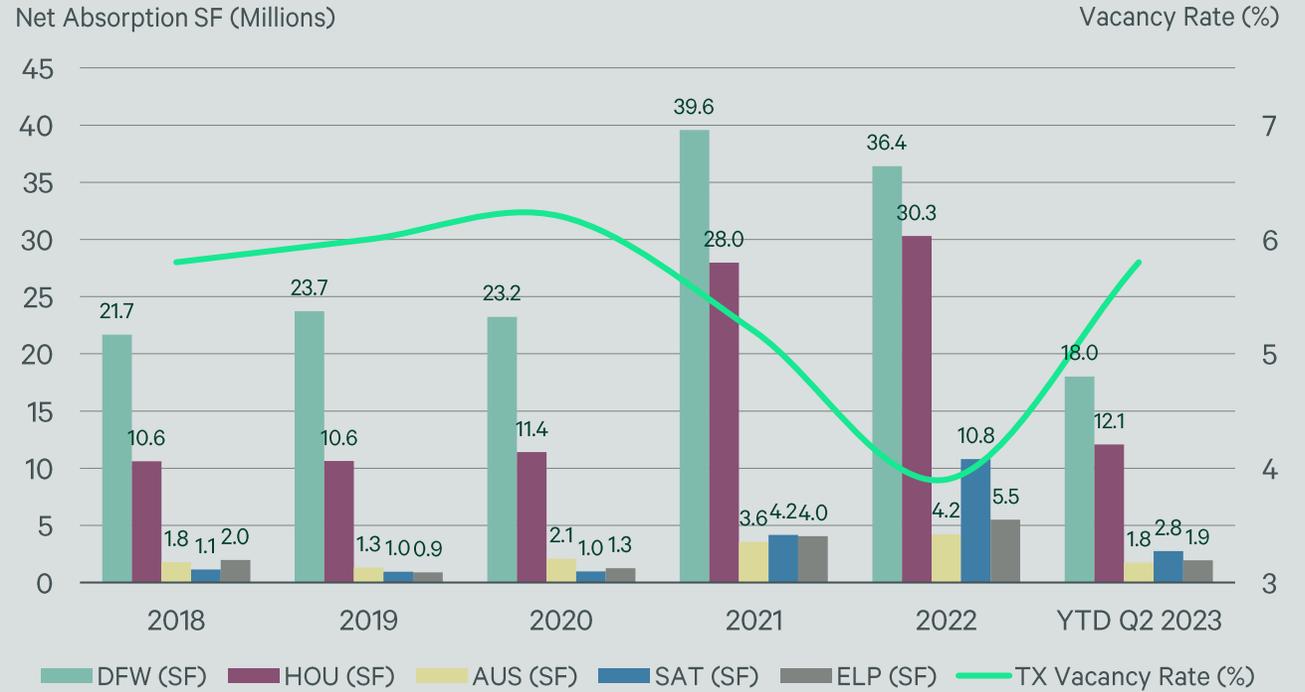
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Market Summaries



While empty deliveries drove up the vacancy rate, absorption remains strong

Net Absorption by Market and Texas Vacancy Rate



Source: CBRE Research, Q2 2023.

Dallas/Fort Worth

Marketwide Overview

North Texas is a hub for businesses and job seekers, boasting two major airports, three railroads, and four interstates. Interstate 35, also known as the "NAFTA Highway," provides direct access to Mexican manufacturing centers and is the backbone of the Texas-Mexico Automotive Supercluster. DFW Airport is the second busiest in the world and offers connections to 32 major cargo markets globally.

Major logistics hub

3PLs drove demand in Q2 2023. Of the 5.7 million sq. ft. in leasing activity tracked by CBRE Research over the quarter, 1.9 million sq. ft., or 32.4%, of activity was attributable to 3PLs. Food and beverage accounted for 1.2 million sq. ft., or 21.3%. Rounding out the top three sectors, retail trade accounted for almost 1 million sq. ft., or 17.2%, of leasing activity during the second quarter. CBRE Research is currently tracking 34 tenant requirements totaling over 14.9 million sq. ft. active in the market. This amount is in line with long-term tenant demand observed in Dallas/Fort Worth.

Construction

For the second quarter in two years, developers delivered more product than they kicked off with 17.2 million sq. ft. delivered and 7.1 million sq. ft. in new starts. Consequently, the total amount of under construction dropped from 62.9 million sq. ft. underway to 51.6 million sq. ft. in active construction. The preleased rate for under construction product decreased 470 bps from 22.1% and was 17.4% at the end of Q2 2023.

▲ 6.4%

Vacancy Rate

▲ 9.2M

SF Net Absorption

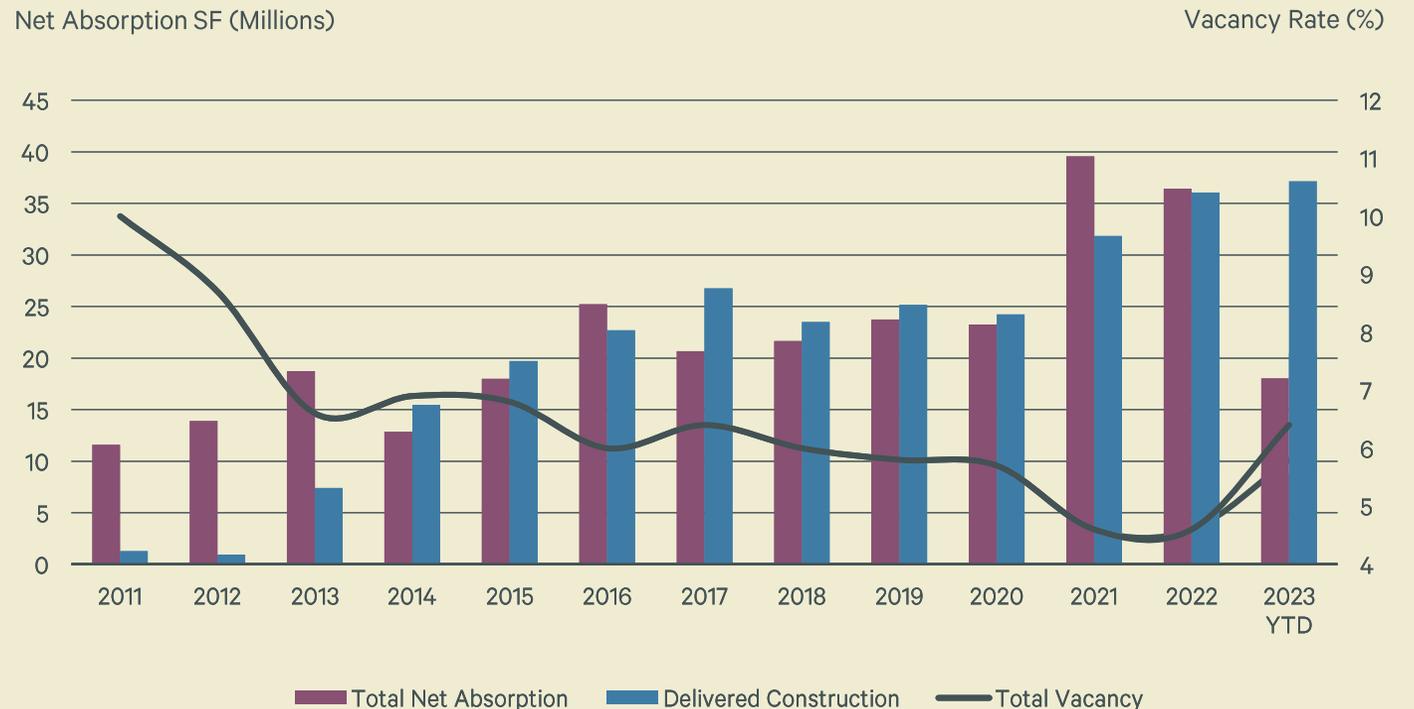
▼ 51.6M

SF Under Construction

▼ 17.2M

SF Delivered Construction

Dallas/Fort Worth Industrial Market (Annual)



Source: CBRE Research, Q2 2023.

Houston

Marketwide Overview

The Houston industrial market notched another consecutive quarter of healthy fundamentals, although overall market conditions were a mixed bag this quarter. The market experienced a deceleration in the development pipeline and total leasing volume but posted a lofty 7.2 million sq. ft. of absorption. Year-to-date, occupancy gains are above 12.0 million sq. ft. across the market. Construction starts and deliveries slowed quarter-over-quarter, pointing to a tightening of the development pipeline. The change in pace was driven in part by both increased cost of capital and construction costs, impacting the bottom lines of developers and occupiers.

Absorption

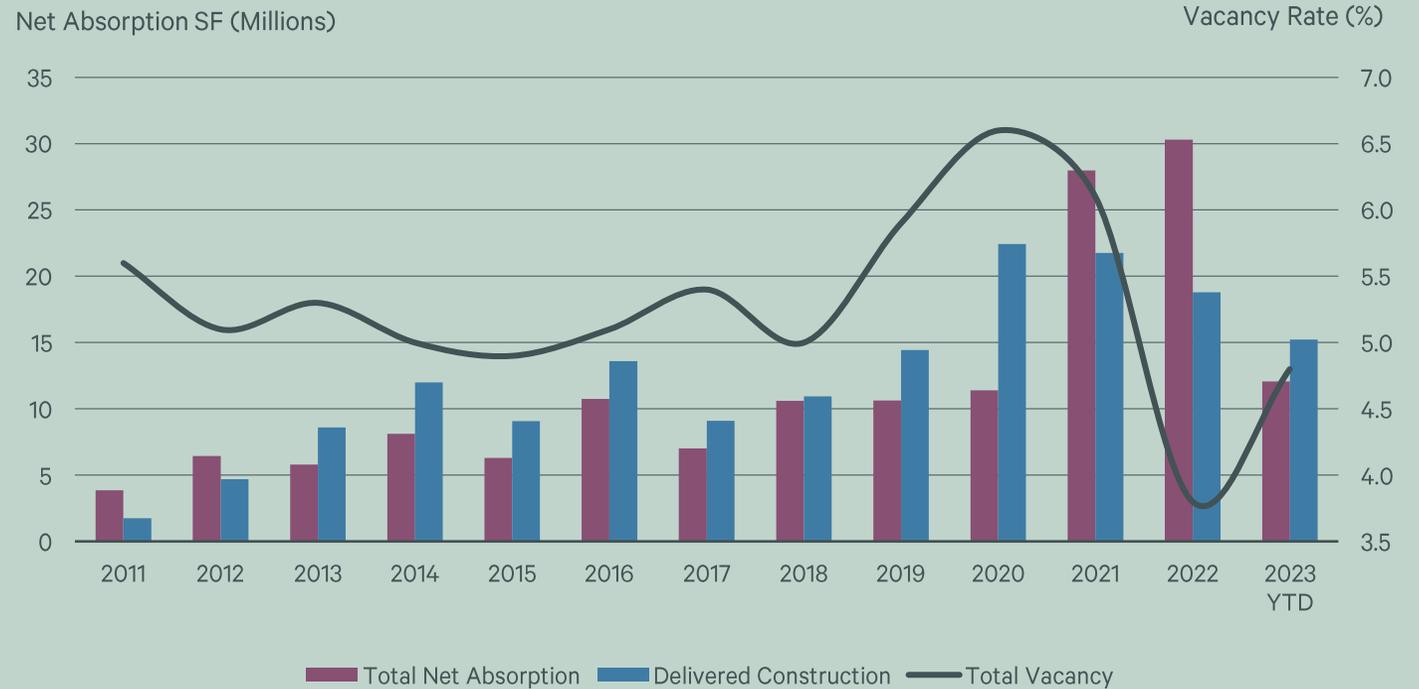
Occupancy growth continued across the Houston industrial market this quarter, with just over 7.2 million sq. ft. of positive net absorption. Of Houston's seven submarkets, the Southeast was in lead again for total net absorption, reporting more than 2.7 million sq. ft. in Q2 2023. Two of the three largest Q2 contributors were in the Southeast – Quantix at AmeriPort for 1.2 million sq. ft., and Safavieh for 599,510 sq. ft. (originally set to be over 1.0 million sq. ft.). In the Northwest, Macy's at Interchange 249 commenced on their build-to-suit for 908,853 sq. ft.

Vacancy

For Houston industrial, minor increases were reported for both vacancy and availability quarter-over-quarter. Up by 40-basis-point (bps), total vacancy came in at 4.8% while availability reported an increase of 60 bps at 7.0% compared to Q1 2023. New construction, rather than tenant move-outs, drove the bump in vacancy rates - 7.4 million sq. ft. delivered in Q2 2023, of which was 32.4% preleased. Vacancy rates were elevated in the North and West submarkets relative to other submarkets, at 6.1% and 16.0%, reflecting a healthy spec delivery pipeline.



Houston Industrial Market (Annual)



Source: CBRE Research, Q1 2023.

Austin

Marketwide Overview

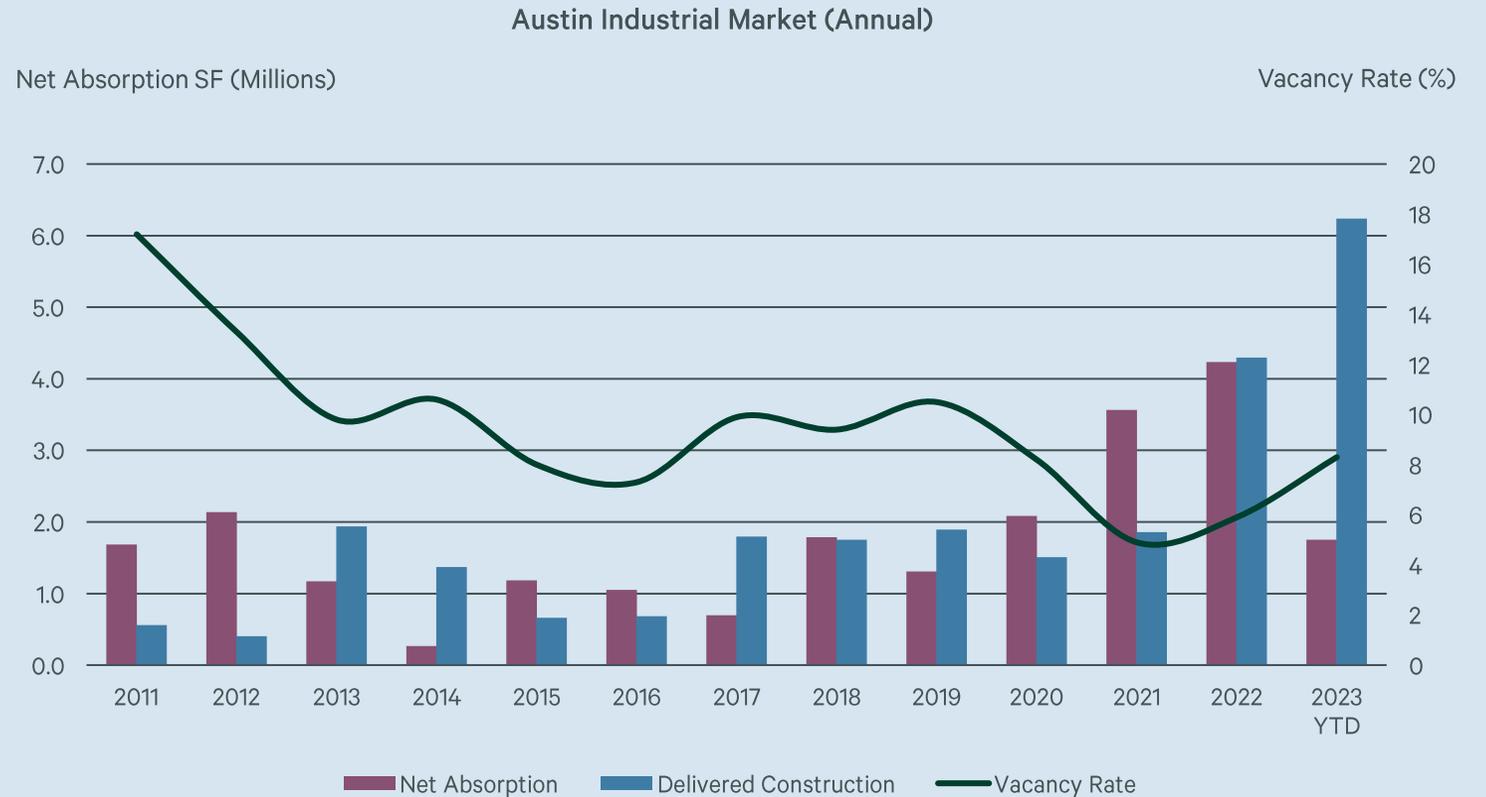
Q2 2023 marks the 36th consecutive quarter of positive demand for the Austin industrial market. While Austin has not traditionally been considered a bulk warehouse market, trends that have spurred demand in larger distribution markets have also resulted in increased demand as companies look to realign their logistics networks and deepen coverage of last-mile delivery. Furthermore, Austin's location along I-35, which forms the spine of an auto manufacturing megaregion that spans from the Bajío in Mexico to North Texas, makes for an excellent location for OEM suppliers up and down this major transportation artery. On CBRE's most recent U.S. Investor Intention Survey for 2023, Austin was ranked as the second most preferred market for real estate investment.

Asking Rates

Surveyed industrial asking rates increased slightly to \$11.37 per sq. ft. NNN, a 1.4% increase quarter-over-quarter. Concessions remained minimal throughout the market.

Development Pipeline

Product under construction began to taper in Q2 as major developments started to come online, with a whopping 4.5 million sq. ft. delivered market wide. 30.2% of delivered space was pre-leased. Research tracked 15 million sq. ft. in projects under construction at the end of the quarter, which was 35.1% pre-leased. The most active submarkets with product underway continue to be clustered in the northeast and southern ends of the market.



Source: CBRE Research, Q1 2023.

San Antonio

Marketwide Overview

Demand for bulk user product continued to drive market fundamentals in the first half of 2023. Developers continue to respond to heightened demand, although at a slightly slower pace than previous quarters with four new projects breaking ground in Q2 for a combined total of 785,266 sq. ft., with a remaining 34 projects underway.

Asking Rates & Vacancy

The market wide average asking rental rate decreased by \$0.23 quarter-over-quarter. A lack of premium available supply in the market will often cause average asking rents to fluctuate. Vacancy for warehouse/distribution space remained flat market wide, while Flex/R&D vacancy dropped by 90 basis points. Though several buildings delivered vacant, leasing activity typically accelerates within the first few months of completion.

Development Pipeline

Supply underway continued to grow as CBRE Research tracked just under seven million sq. ft. in projects at the end of Q2 2023, including 5.3 million sq. ft of speculative distribution space. Developers added four bulk projects totaling 785,266 sq. ft. to the construction pipeline this quarter, bringing the total number of developments under construction to 38 at the end of Q2 2023. Of the 38 projects under construction, 29 are over 100,000 sq. ft. Approximately 15% of the space underway is pre-leased.

Deliveries tapered in Q2 with only six buildings totaling 467,580 sq. ft. completing construction by the end of the quarter, all of which are speculative and for distribution/logistics use.

▲ 4.8%

Vacancy Rate

▼ 559,302

SF Net Absorption

▲ 7.0M

SF Under Construction

▼ 467,580

SF Delivered Construction

San Antonio Industrial Market (Annual)

Net Absorption SF (Millions)

Vacancy Rate (%)



Source: CBRE Research, Q1 2023.

El Paso

Marketwide Overview

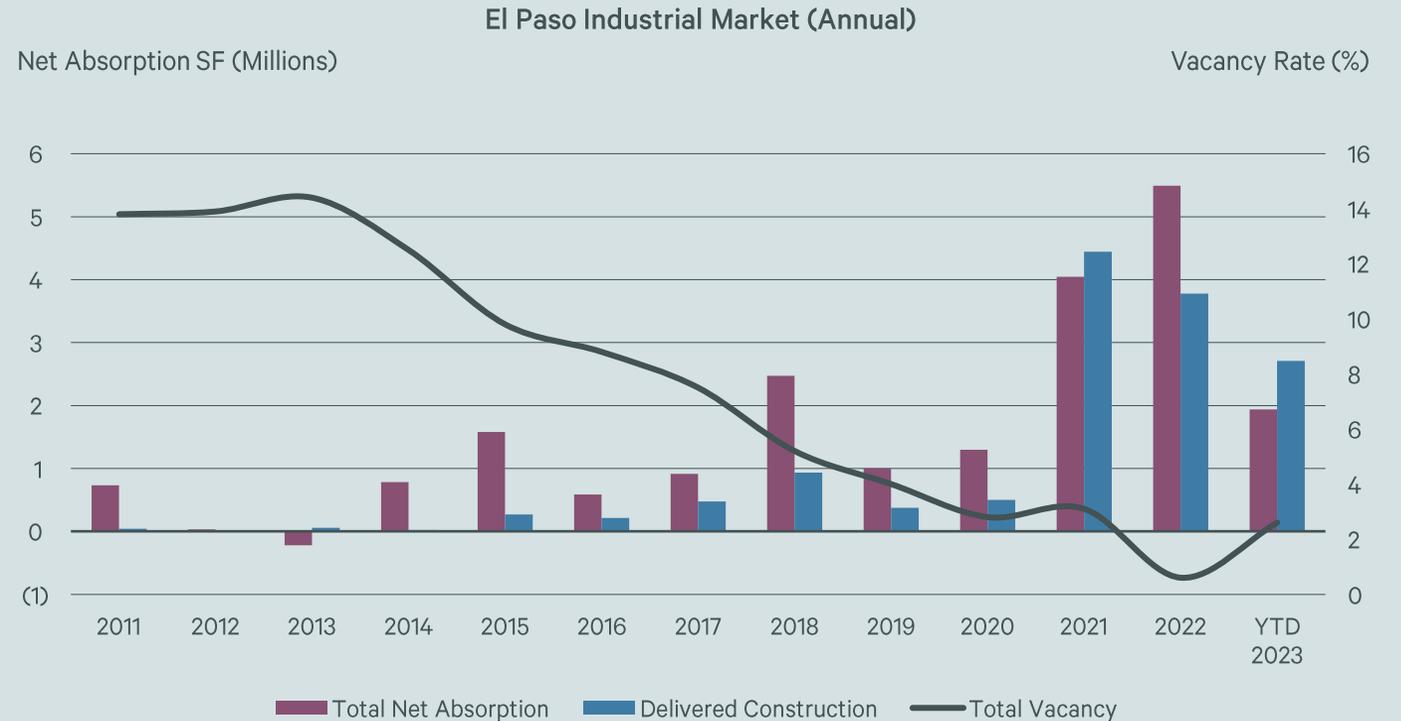
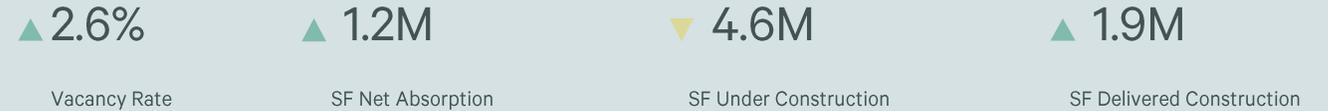
The El Paso Industrial Market continued to see steady leasing activity and strong absorption. Bolstered by the completion of pre-leased speculative space, absorption rose to new quarterly and mid-year record highs. Growth in asking rents picked up following the delivery of much needed new, vacant speculative space. Demand for industrial space remained far above the historical average as tenants seek to gain or expand on the advantages of the border market. As the market remains tight and leasing of existing space continues, tenants will continue to look at the construction pipeline to find future space.

Absorption

Q2 2023 closed with 1,197,633 sq. ft. of net absorption, the largest Q2 net absorption and the third largest quarterly net absorption recorded since CBRE began tracking the market. Mid-year net absorption marked a new record high of 1.9 million sq. ft., 650,000 sq. ft. more than the previous record set in 2022. The delivery of three pre-leased speculative (spec) projects contributed just under 1.0 million sq. ft. to the quarter's net absorption.

Leasing Activity

Q2 2023 registered ten new leases and 11 renewals totaling over 1.5 million sq. ft. of activity. Class A product accounted for four transactions, two leases and two renewals, totaling 875,000 sq. ft. of activity. Class A activity included the pre-lease of a spec project that remained under construction at the end of Q2 2023. Fourteen transactions, six leases and eight renewals totaling 570,000 sq. ft. of activity, came from Class B product.



Source: CBRE Research, Q2 2023.



Why CBRE?





WHY CBRE?

CBRE Texas

79

CBRE Texas Industrial
Brokers

\$25B

CBRE Texas Industrial
Team 2022 Leasing
Consideration

259MSF

Transactions Completed in 2022 by
CBRE Texas Industrial Team



CBRE National Partners | South-Central Team

The leader in industrial and logistics expertise, CBRE National Partners, leverages the strongest national platform, the deepest capital markets network and the #1 global real estate services firm to maximize potential for our clients.

5-Year Transaction Activity

\$15.3 Billion

Total Sales Volume

167.1 Million

Square Feet

176

Transactions



Texas Market Summary Stats



Texas Historical Market Statistics

	2016	2017	2018	2019	2020	2021	2022	YTD Q2 2023
DALLAS								
Absorption (Net, SF)	25,230,434	20,662,463	21,218,361	23,732,744	23,241,992	39,574,683	36,415,358	18,019,140
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.48	0.46	0.49	0.52	0.57	0.63	0.73	0.76
Delivered Construction (SF)	21,615,907	26,771,821	23,373,467	25,149,751	24,246,064	30,797,384	36,069,145	37,733,485
Vacancy Rate (%)	6.0	6.4	6.0	5.8	5.7	4.6	4.6	6.4
HOUSTON								
Absorption (Net, SF)	10,746,008	7,014,323	10,606,134	10,550,411	11,399,584	27,984,953	30,302,889	12,064,923
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.60	0.61	0.62	0.62	0.59	0.65	0.77	0.79
Delivered Construction (SF)	13,599,898	9,102,389	10,944,886	14,418,700	22,415,873	21,760,670	18,791,638	15,224,805
Vacancy Rate (%)	5.1	5.4	5.0	5.9	6.6	6.1	3.8	4.8
AUSTIN								
Absorption (Net, SF)	1,049,539	698,608	1,785,512	1,307,789	2,083,654	3,566,600	4,234,462	1,752,672
Overall Asking Rent (Gross Avg. Mthly \$/SF)	1.13	1.13	1.16	1.10	1.13	1.20	1.26	1.24
Delivered Construction (SF)	685,660	1,797,561	1,751,178	1,891,737	1,508,249	1,857,838	4,297,257	4,830,049
Vacancy Rate (%)	7.3	9.9	9.4	10.5	8.2	4.9	5.9	8.3

	2016	2017	2018	2019	2020	2021	2022	YTD Q2 2023
SAN ANTONIO								
Absorption (Net, SF)	1,613,099	1,148,879	1,142,432	956,507	969,387	4,172,569	10,800,594	2,751,977
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.65	0.65	0.69	0.67	0.66	0.76	0.79	0.81
Delivered Construction (SF)	324,812	2,229,095	864,234	2,116,011	2,857,981	1,190,939	9,024,290	3,740,301
Vacancy Rate (%)	8.2	9.7	8.8	11.6	14.9	9.9	4.4	4.8
EL PASO								
Absorption (Net, SF)	584,511	914,849	2,469,427	999,990	1,294,813	4,044,804	5,489,125	1,939,386
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.45	0.46	0.49	0.54	0.56	0.62	0.77	0.87
Delivered Construction (SF)	215,000	475,000	934,407	373,509	499,528	4,443,060	3,778,102	2,707,298
Vacancy Rate (%)	8.8	7.5	5.2	4.0	2.8	3.1	0.6	2.6
TEXAS TOTAL								
Absorption (Net, SF)	39,223,591	30,439,122	37,221,866	37,547,441	38,989,430	79,343,609	87,242,428	36,528,098
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.54	0.54	0.57	0.57	0.58	0.65	0.86	0.89
Delivered Construction (SF)	36,441,277	40,375,866	37,868,172	43,949,708	51,527,695	60,049,891	71,960,432	64,235,929
Vacancy Rate (%)	7.1	7.8	6.9	7.6	7.6	5.7	3.9	5.8

Source: CBRE Research, Q2 2023.

Thank you

CBRE

FOR MORE INFORMATION

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