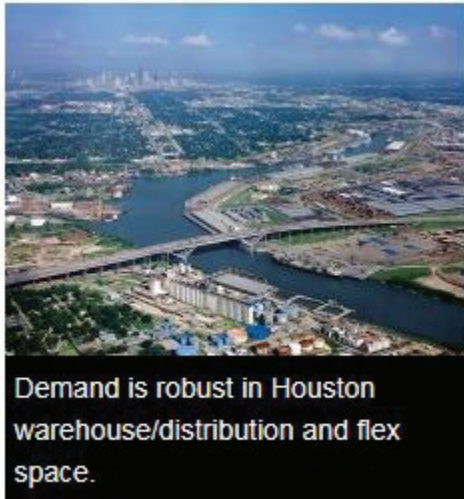




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Industrial Demand to Remain Strong in 2014

By Analee Bivins Micheletti | Houston



Demand is robust in Houston warehouse/distribution and flex space.

Photo: Port of Houston Authority

HOUSTON—The Houston industrial market closed the year with robust absorption and continues to see healthy construction and investment activity. Delta Associates is predicting the market will maintain demand well into 2014.

According to a year-end report from Delta Associates and Transwestern, the overall Houston industrial market recorded 2.6 million square feet of absorption in the fourth quarter bringing the 2013 year-end total to 7.4 million square feet. Demand is particularly heavy in warehouse/distribution and flex space due to a growing retail segment and robust activity in the Port of Houston.

“Houston’s industrial market has some of the highest occupancy rates in the nation. With growing activity at the Port of Houston

we see this scarcity of vacancy pushing up values for distribution buildings in a significant way in 2014,” says Mark Sikes, principal in the Houston-based Deal Sikes & Associates valuation firm.

The overall Houston industrial vacancy rate declined to 4.3% at year-end 2013, decreasing from 4.4% a year ago. Due to the healthy demand, asking rents increased by 3.2% closing 2013 at \$5.93 per square foot. Although some uncertainty remains about macroeconomic factors, the energy industry and increasing trade with Asia due to the Panama Canal expansion indicates “the Houston industrial market is among the best-positioned in the country for future rent growth,” said Delta Associates.

Investor demand for Houston industrial properties remains healthy and will continue to strengthen in 2014. Urban Land Institute (ULI) and PwC ranked Houston No. 2 behind only Miami as the best place in the country to invest in industrial properties in their Emerging Trends in Real Estate 2014 report. UIL cites employment gains in manufacturing and corporate relocations as short term economic drivers and in long term “expansion in energy, healthy-relation and distribution industries will propel above average economic growth.”

Join us at the Ontario Convention Center for this half-day conference where our town hall panel will cover the market trends and provide an outlook for what to expect in 2014. Hear from our development panel on where the best opportunities lie and from our industrial experts on what’s hot in this dynamic sector – at RealShare INLAND EMPIRE on January 28th.