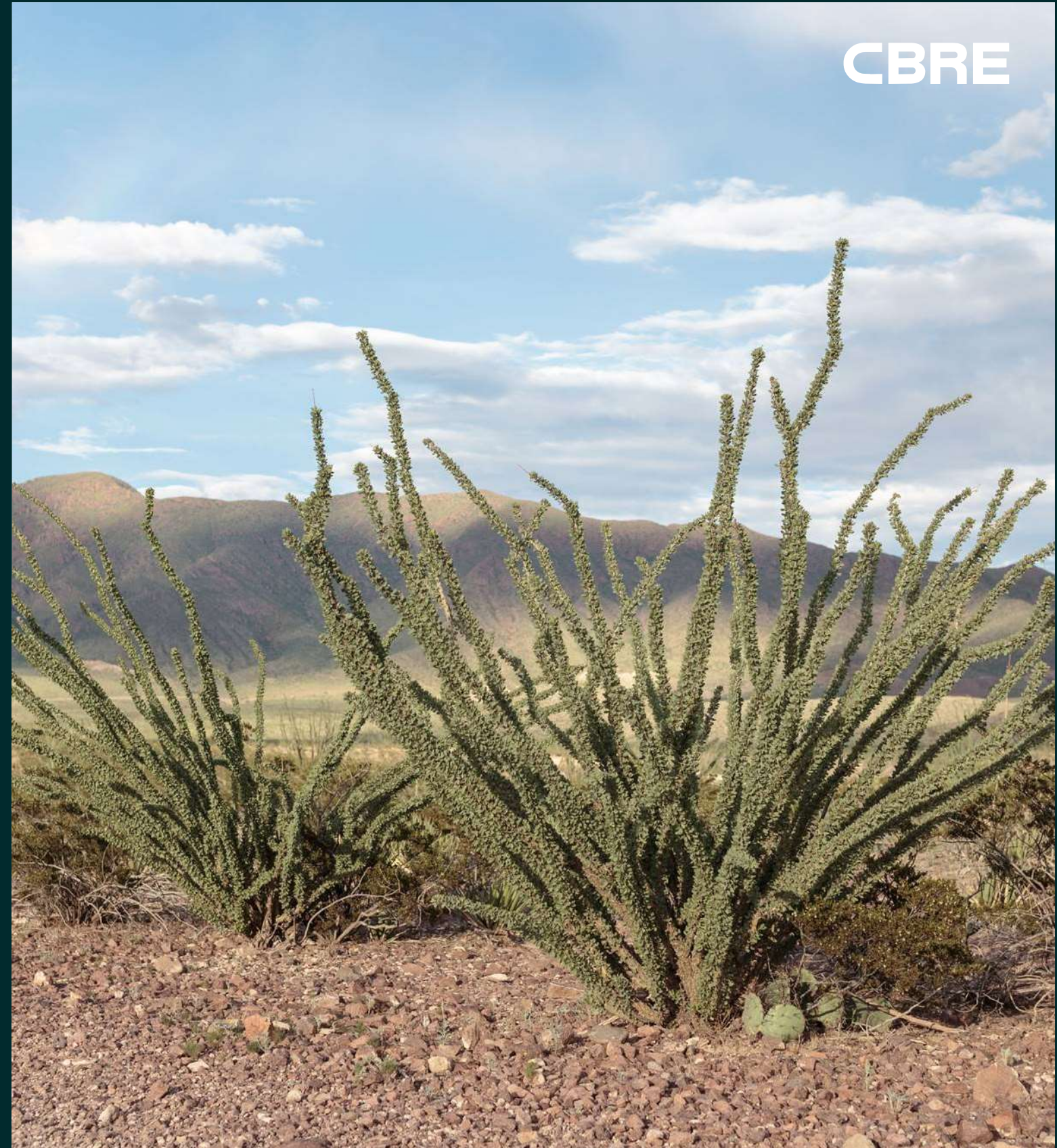


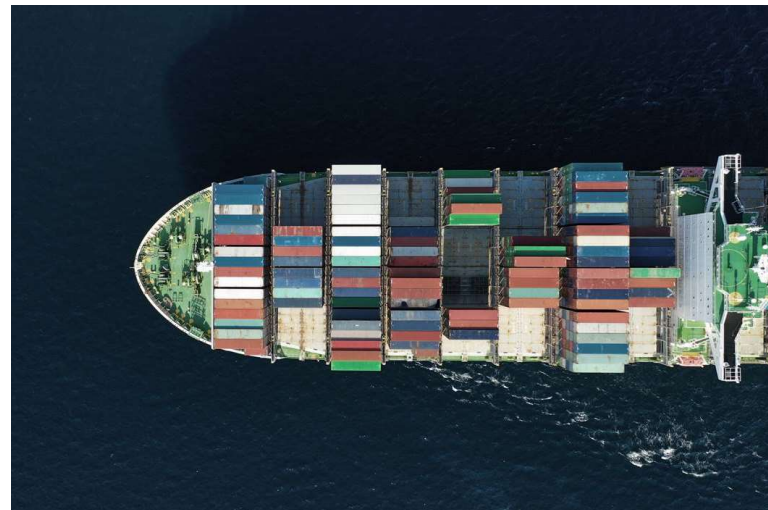
Vacancy rises as more
new supply hits markets.
Industrial leasing activity
and demand remain strong.

Texas Industrial
Figures Q1 2024



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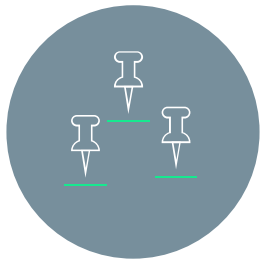




Why Texas?



Texas Triangle



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



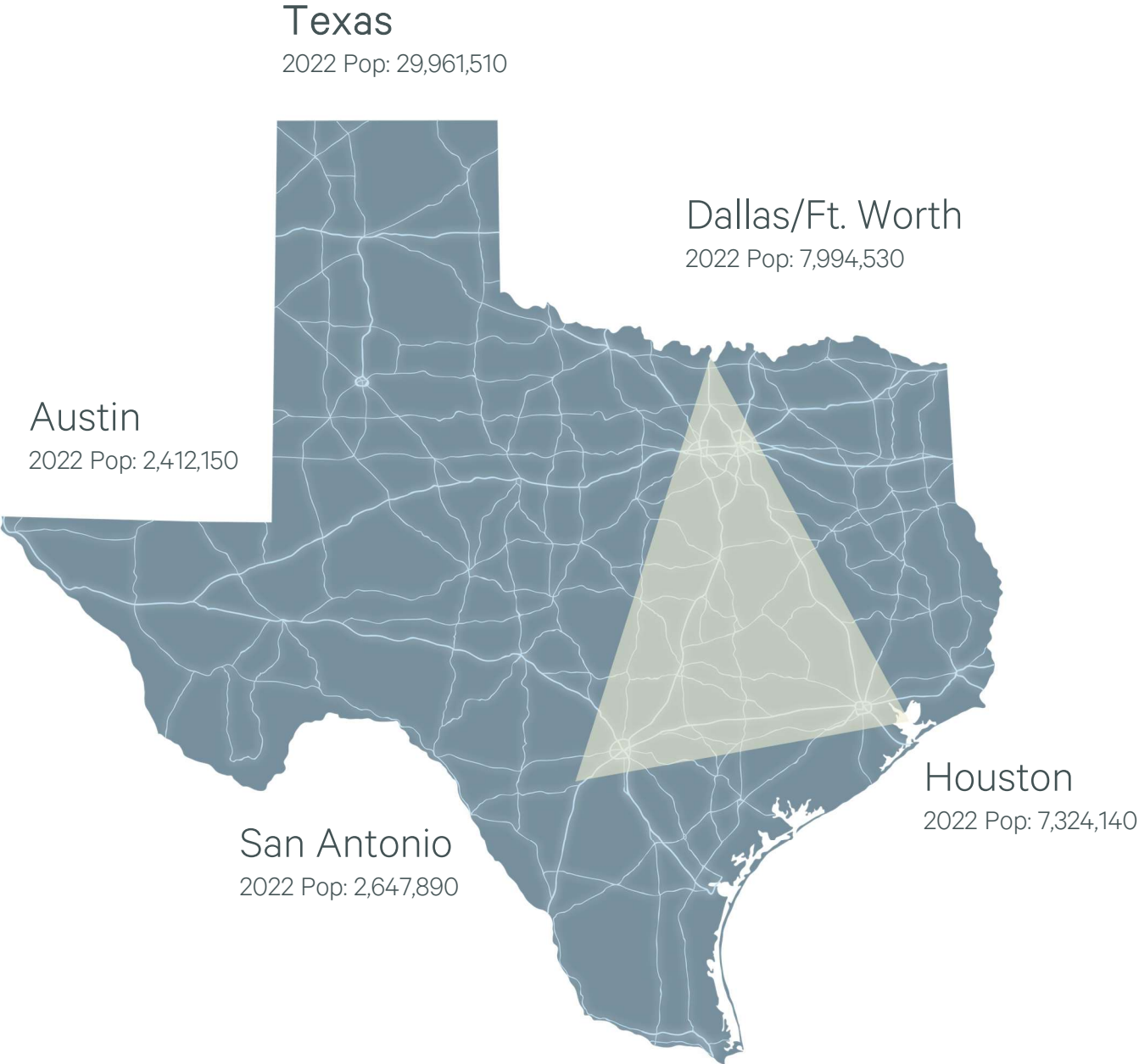
The 2022 economic output of the megaregion was \$1.5T, making it the 4th largest state economy in the nation.



There are roughly 20.4 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 nearing completion of 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 region.



Port of Houston

Port Houston reported its 2nd best year in 2023, handling 3,824,600 TEUs. Houston is the largest Texas port with 97% of container market share. The Port ranks 5th in relation to U.S. container ports by total TEU count. In terms of tonnage volume, Port of Houston witnessed another significant year, reaching just over 50M short tons in 2023.



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, February 2024 cargo at IAH was up 10.9% YOY, reaching 16,500 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

Alliance Fort Worth Airport (AFW) had an annual total of 2.5 billion pounds of domestic and international cargo movement in 2022. This is a 4.45% increase compared to 2021.

Austin-Bergstrom

Austin-Bergstrom International Airport (AUS) air cargo totaled over 283 million pounds in 2023. From January 2024 through February 2024, cargo totaled over 47 million pounds. 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

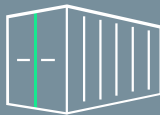
San Antonio International

During 2023, a total of 241,167,238 pounds of domestic and international air cargo moved through San Antonio International Airport (SAT). From January 2024 through February 2024, cargo totaled over 36.9 million. Over 200,000sq. ft. of warehousing space is utilized by both passenger airlines carrying cargo and dedicated all-cargo airlines.

El Paso International

During 2023, a total of 101,420 tons of domestic and international air cargo moved through the El Paso International Airport (ELP). This is a 3.1% increase compared to 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

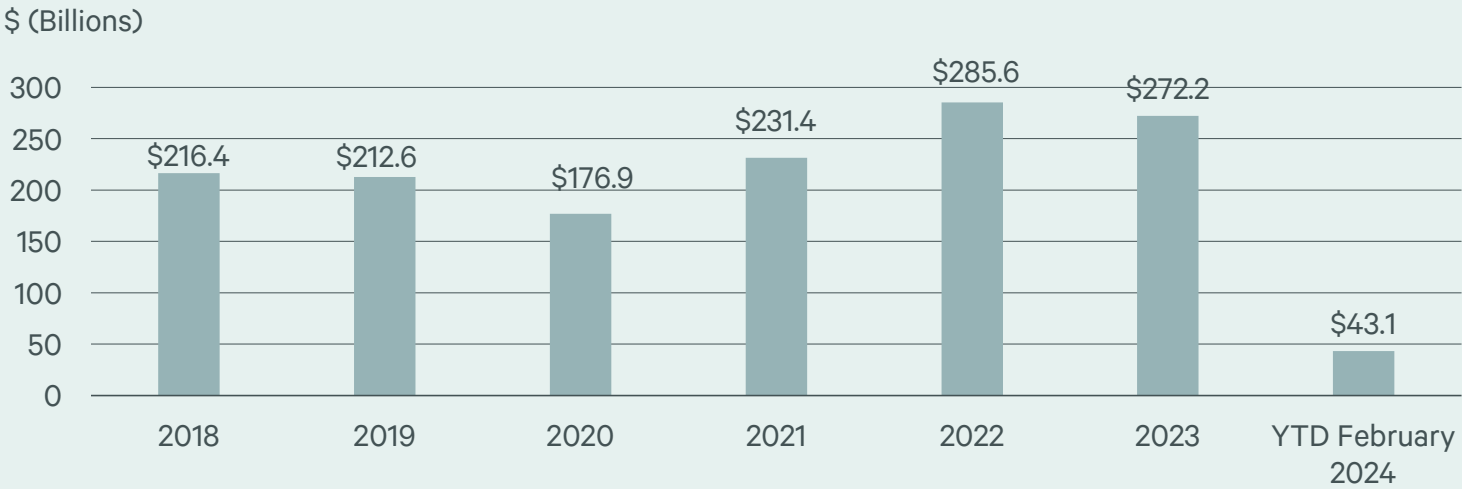
Mexico is Texas' **#1** trade partner

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



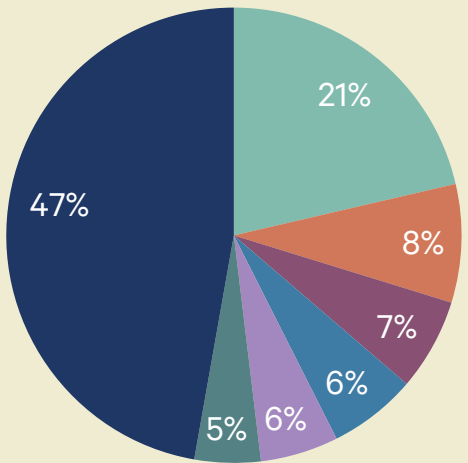
Source: U.S. Census Bureau, April 2024.

YTD February 2024 Texas-Mexico Trade by Product

\$43.1 billion

Texas Exports to Mexico (Origin of Movement)

\$20.1 billion

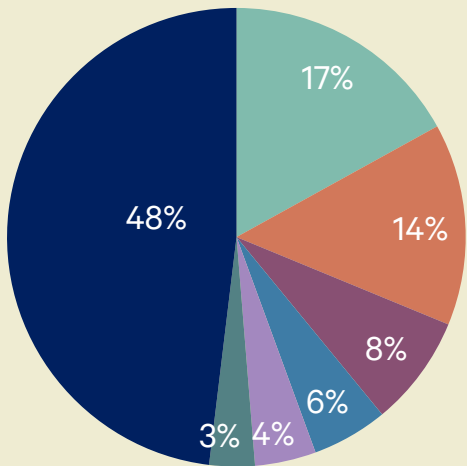


- Petroleum & Coal Products
- Semiconductors & Electronic Components
- Computer Equipment
- Oil & Gas
- Motor Vehicle Parts
- Basic Chemicals
- Other

Source: U.S. Census Bureau, April 2024.

Texas Imports from Mexico (State of Destination)

\$23.0 billion



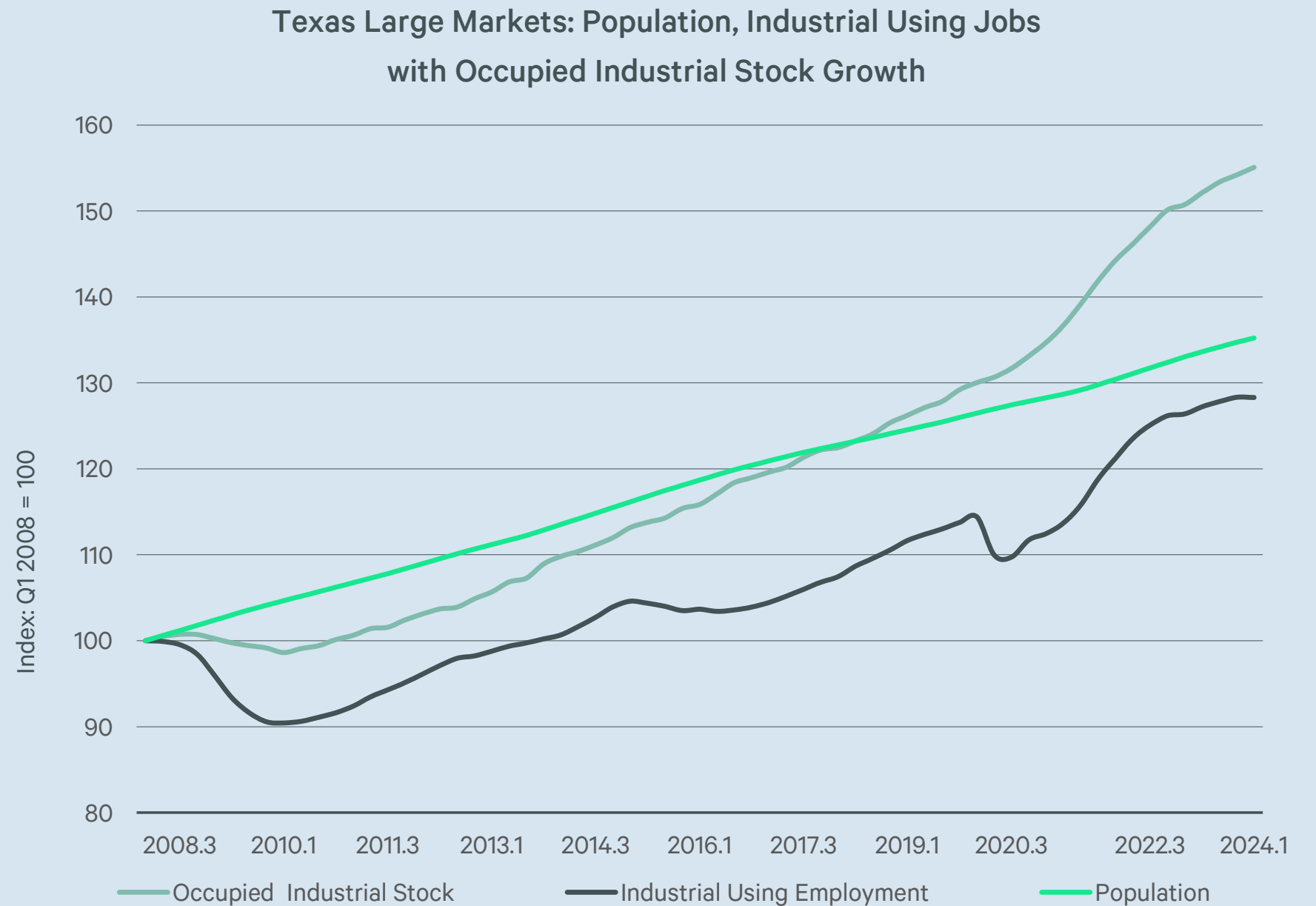
- Computer Equipment
- Motor Vehicle Parts
- Motor Vehicles
- Oil & Gas
- Electrical Equipment
- Communications Equipment
- Other

Texas-Mexico Ports

				
Port of Brownsville	Port of Hidalgo	Port of Eagle Pass	Port of El Paso	Port of Laredo
<p>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.</p>	<p>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.</p>	<p>The Port of Eagle Pass handles northbound and southbound commercial and non-commercial traffic. The Port of Eagle Pass is among one of the fastest growing ports in terms of total trade on the U.S.-Mexican border.</p>	<p>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.</p>	<p>The Port of Laredo was the busiest commercial port among all U.S. sea, air, and land ports in 2023. Laredo has five ports of entry: a rail bridge, two commercial bridges, and three non-commercial bridges.</p>
<p>YTD Feb 2024 U.S.-Mexico Trade Crossing Through</p> <ul style="list-style-type: none">— Exports: \$1.8 billion— Imports: \$1.6 billion— 3% of U.S.-MX trade (9th largest)	<p>YTD Feb 2024 U.S.-Mexico Trade Crossing Through</p> <ul style="list-style-type: none">— Exports: \$2.7 billion— Imports: \$4.8 billion— 6% of U.S.-MX trade (4th largest)	<p>YTD Feb 2024 U.S.-Mexico Trade Crossing Through</p> <ul style="list-style-type: none">— Exports: \$2.0 billion— Imports: \$5.4 billion— 6% of U.S.-MX trade (5th largest)	<p>YTD Feb 2024 U.S.-Mexico Trade Crossing Through</p> <ul style="list-style-type: none">— Exports: \$7.1 billion— Imports: \$9.4 billion— 13% of U.S.-MX trade (2nd largest)	<p>YTD Feb 2024 U.S.-Mexico Trade Crossing Through</p> <ul style="list-style-type: none">— Exports: \$20.7 billion— Imports: \$30.3 billion— 39% of U.S.-MX trade (largest)

Growth Drives Occupied Warehouse Stock

The population of the large Texas markets has steadily grown from 16.1 million in 2008 to over 21.9 million, 34.7% 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 711.5 million sq. ft. since 2008.



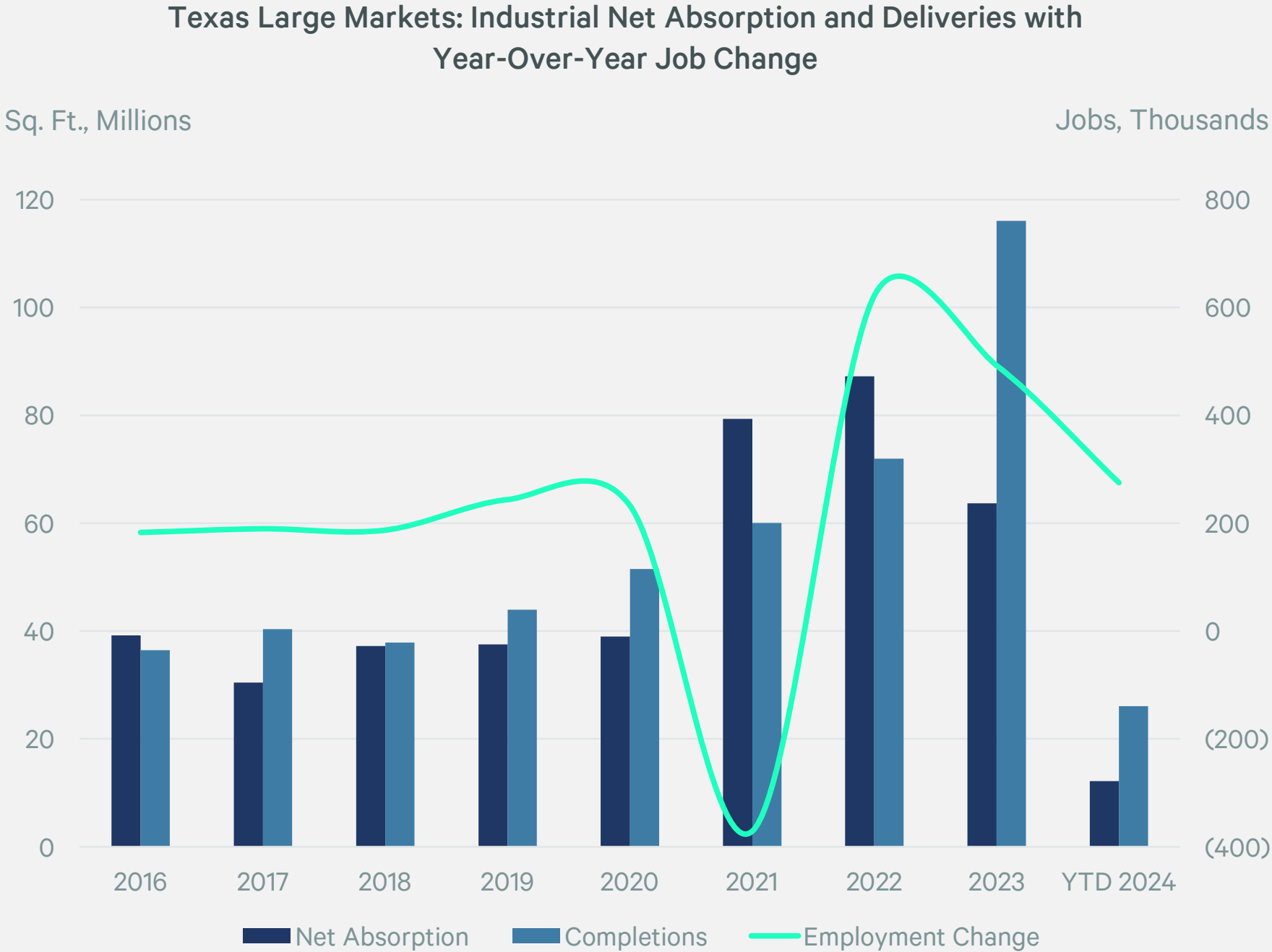
Note: Q1 2024 job and population numbers are preliminary.

Sources: Oxford Economics, CBRE Economic Advisors; CBRE Research, Q1 2024.

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 39.2 million sq. ft. of absorption in 2016 to over 63.7 million sq. ft. in 2023.

According to preliminary analysis from Oxford Economics, year-over-year employment growth was about 275,000 jobs for Q1 2024. Completions totaled 26.1 million sq. ft. Demand for industrial space is anticipated to remain strong 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.



Note: Q1 2024 employment numbers are preliminary.
Sources: Oxford Economics, CBRE Research, Q1 2024.

Growth Industries

Texas had over 5.5 million students enrolled in public and charter schools in the 2022-2023 academic year. Of the 1.6 million high school students in the state, 127,447 were 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



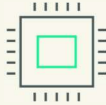
- According to U.S. News Best National University Rankings, **6 of the top 100 schools** nationwide are located in Texas
- 4.4 million people (22% of the Texas population 25 and older) have **earned a bachelor's degree**
- Texas ranked **2nd most diverse** state in America, following California
- Houston,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

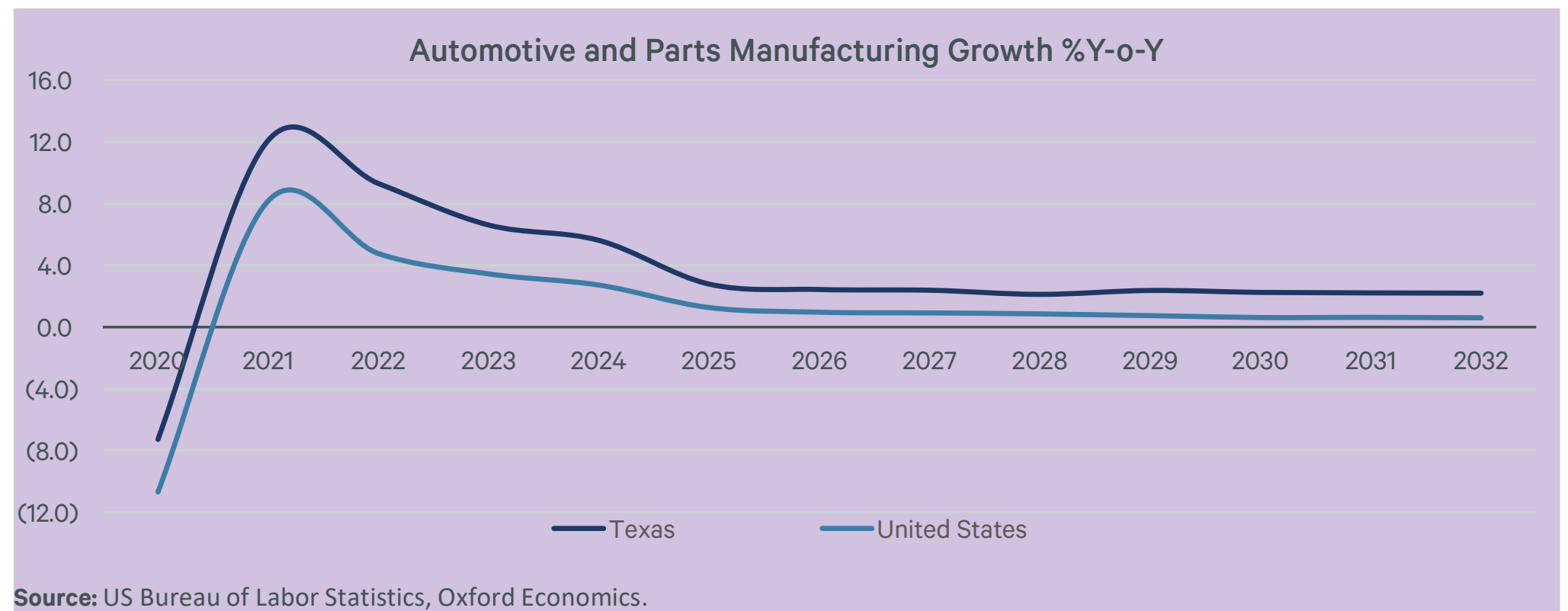
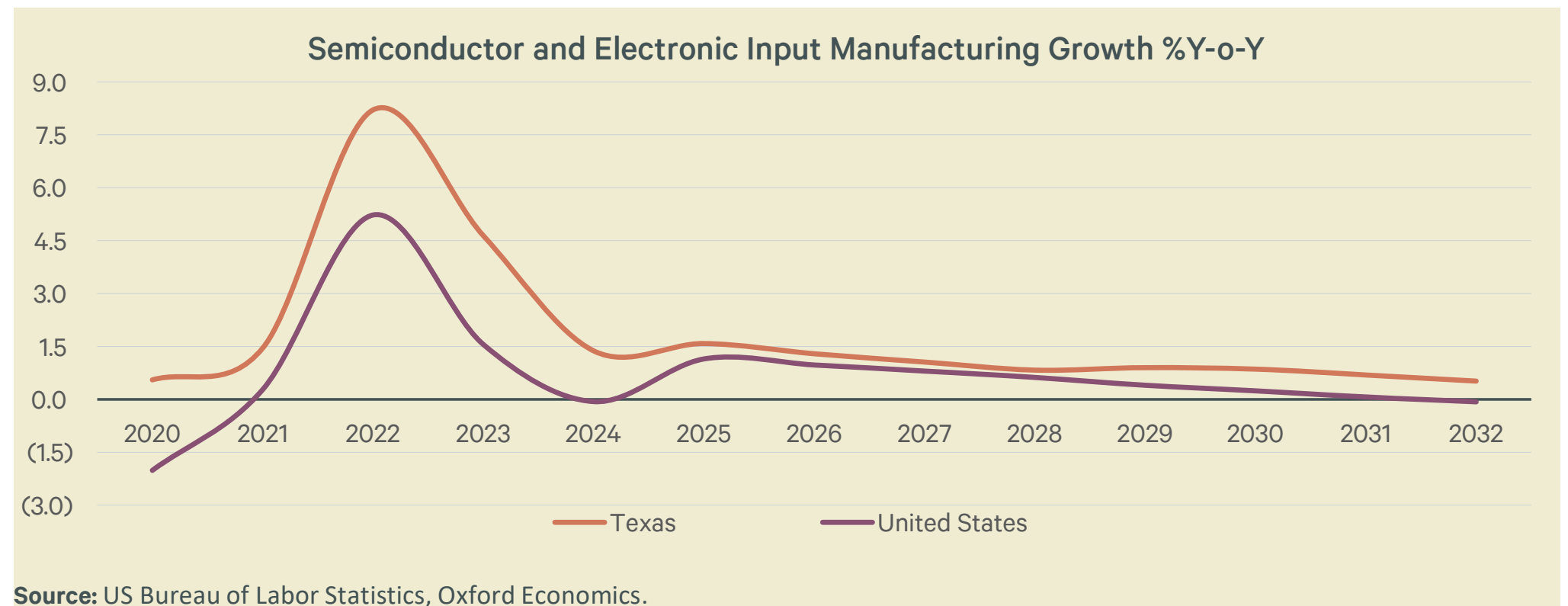
WHY TEXAS?

Manufacturing

Texas represents a thriving manufacturing economy where over 960,000 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 manufacturing workers.

In early 2022, Samsung broke ground on a new \$17 billion 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. Samsung plans to begin operations at the new facility by the second half of 2024.

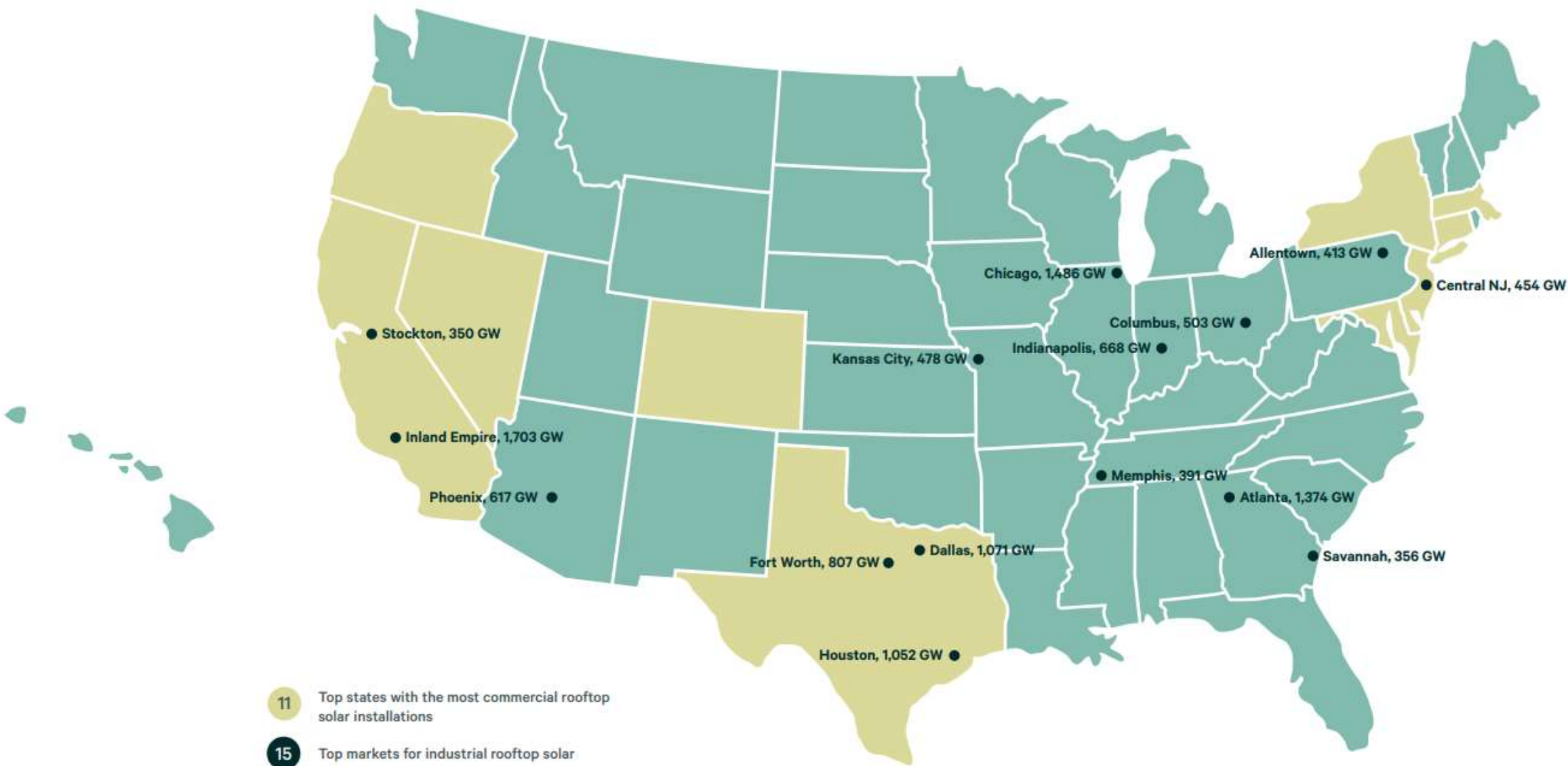
In April 2022, Tesla opened its new Gigafactory, and global headquarters, outside of Austin. The facility has 10 million sq. ft. of factory floor space and sits on 2,500 acres. Statewide, over 600 firms employ about 50,000 workers in the automotive manufacturing industry.



Renewable Energy

Texas produces more electricity than any other state, generating almost twice as much as the second-highest electricity-producing state, Florida. In 2023, wind energy accounted for of 25.2% of the power dispatched by ERCOT (Electric Reliability Council of Texas), the transmission system operator that distributes most of the state’s electricity. In 2022,Texas produced 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 over 480,000 people
- In 2023, 99% of the state's oil and natural gas royalties were deposited into the Texas Permanent University Fund and the Texas Permanent School Fund



\$1.8 billion

Texas Permanent
University Fund in 2023



\$1.8billion

Texas Permanent
School Fund in 2023

Texas ranked

#1

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

In 2023, Texas accounted for...

42%

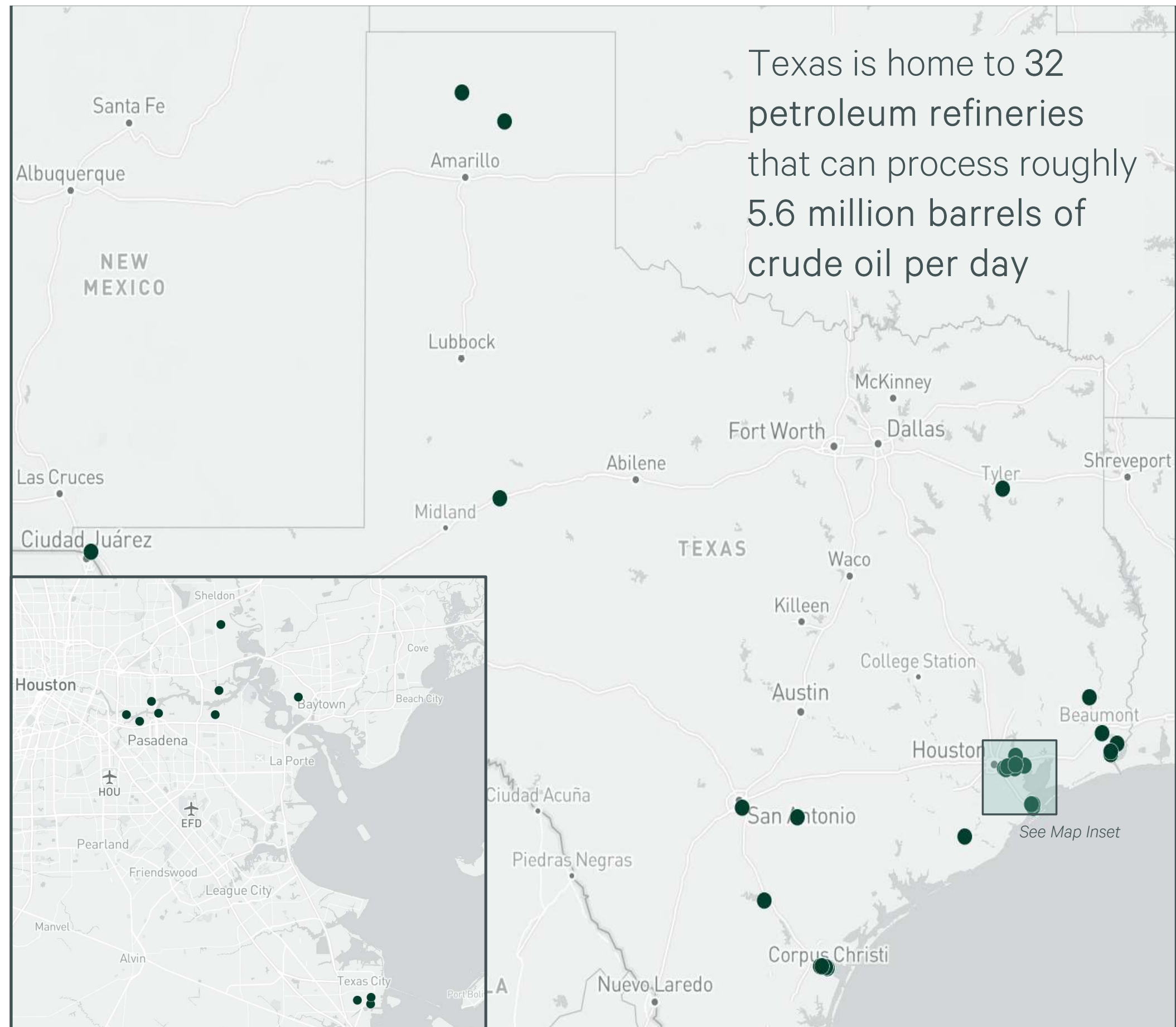
Nation's crude oil
production

34%

United States
refining capacity

28%

Nation's natural
gas production



WHY TEXAS?

Fortune 500 Companies in Texas

Texas is currently home to 55 Fortune 500 headquarters. This number is only expected to increase as many firms look to relocate to the Lone Star State.



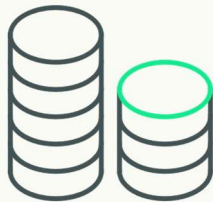
<div>● HOUSTON</div>	<div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div><div></div></div> <div><div></div><div></div></div> <div><div></div><div>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

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	\$10.87	\$9.17	\$7.34	\$8.16	\$6.45	\$4.58
HOUSTON	\$13.55	\$10.49	\$9.97	\$7.82	\$11.41	\$7.43
AUSTIN	\$19.62	\$13.50	Data Not Available	Data Not Available	Data Not Available	Data Not Available
SAN ANTONIO	\$11.99	\$10.75	Data Not Available	Data Not Available	Data Not Available	Data Not Available
EL PASO	\$9.56	\$9.10	\$9.03	\$9.00	\$8.09	Data Not Available

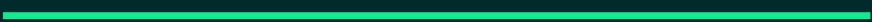


INCENTIVES

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 2022, Texas received over \$141 billion worth of merchandise and exported over \$144 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, Q1 2024.



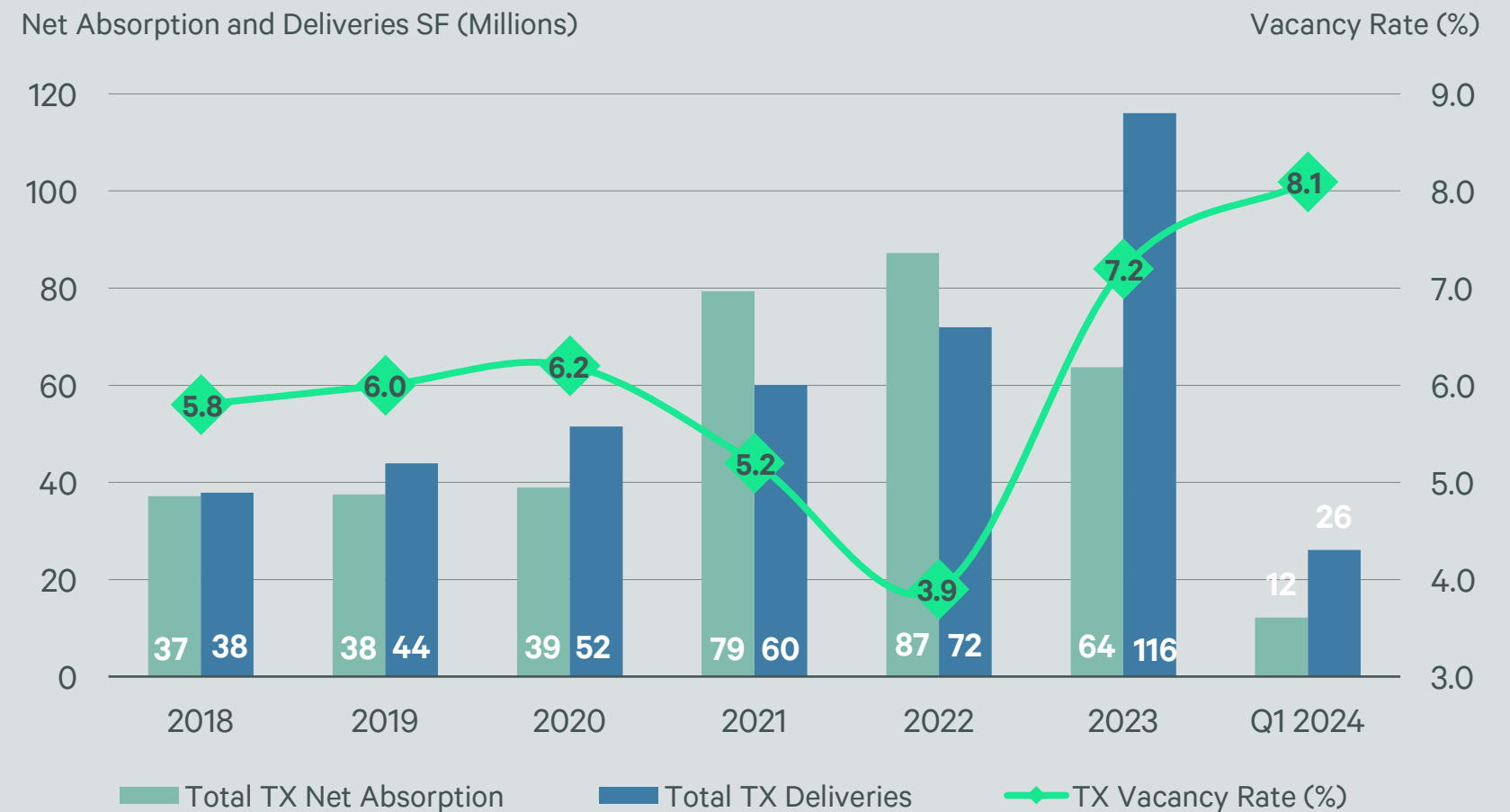
Market Summaries



Vacancy pushed up by new supply, absorption remains positive.

Q1 2024 deliveries were just under the record amounts of new supply delivered in the previous quarters, pushing the Texas vacancy rate to 8.1% at the end of Q1 2024. However, quarterly absorption was positive and remained relatively on trend across markets.

Texas Net Absorption, Vacancy Rate, and Deliveries



Note: Texas figures comprised of Dallas/Fort Worth, Houston, Austin, San Antonio, and El Paso markets.
Source: CBRE Research, Q1 2024.

Dallas/Fort Worth

Marketwide Overview

The first quarter of 2024 marked the 54th consecutive quarter, or nearly fourteen years, of positive net absorption for the Dallas/Fort Worth industrial market as 4.0 million sq. ft. of net absorption was tracked over the quarter. Vacant deliveries were 765,800 sq. ft. higher than the amount of sq. ft. absorbed and the vacancy rate increased by 140 basis points to end the quarter at 9.5%, a peak in comparison to previous quarters. Although a copious amount of deliveries remain vacant, significant leases signed will take occupancy within the upcoming months of 2024 as tenant demand continues to stay strong within Dallas/Fort Worth.

Leasing Activity and Demand

Manufacturing drove demand in Q1 2024. Of the 7.7 million sq. ft. in leasing activity tracked by CBRE Research over the quarter, 4.4 million sq. ft., or 56.6%, was attributable to manufacturing. Other sectors, included 1.3 million sq. ft., or 17.1%. Rounding out the top three sectors, 3PLs accounted for 1.2 million sq. ft., or 14.9%, of leasing activity during the first quarter. CBRE Research is currently tracking 32 tenant requirements totaling over 16 million sq. ft. active in the market. This amount is in line with long-term tenant demand observed in Dallas/Fort Worth.

Construction

For five consecutive quarters, developers delivered more product than they kicked off with 14.7 million sq. ft. delivered and 1.8 million sq. ft. in new starts. Consequently, the total amount of under construction dropped from 30.0 million sq. ft. to 18.0 million sq. ft. in active construction. The preleased rate for under construction product decreased from 31.8% to 15.1% at the end of Q1 2024.

▲ 9.5%

Vacancy Rate

▼ 4M

SF Net Absorption

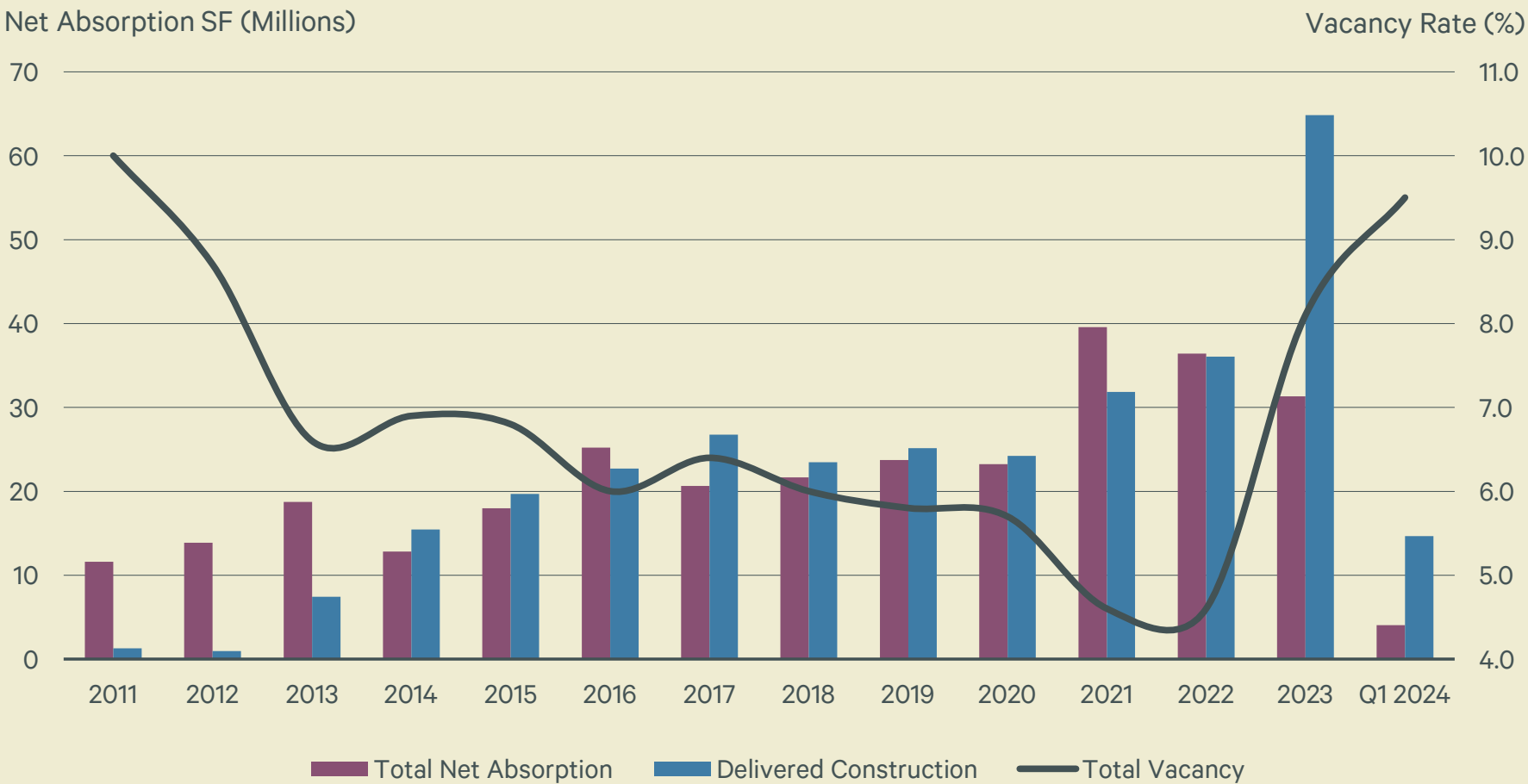
▼ 18.0M

SF Under Construction

▼ 14.7M

SF Delivered Construction

Dallas/Fort Worth Industrial Market (Annual)



Source: CBRE Research, Q1 2024.

Houston

Marketwide Overview

Houston had a promising start to the first quarter of 2024, with net absorption of 4.4 million sq. ft and 6.3 million sq. ft. of newly delivered inventory. Construction initiations moved at a modest pace, with groundbreakings totaling just under 3.0 million sq. ft. this quarter. Although there has been momentum in construction starts, the total amount of construction underway is down 57.4% year-over-year.

Absorption

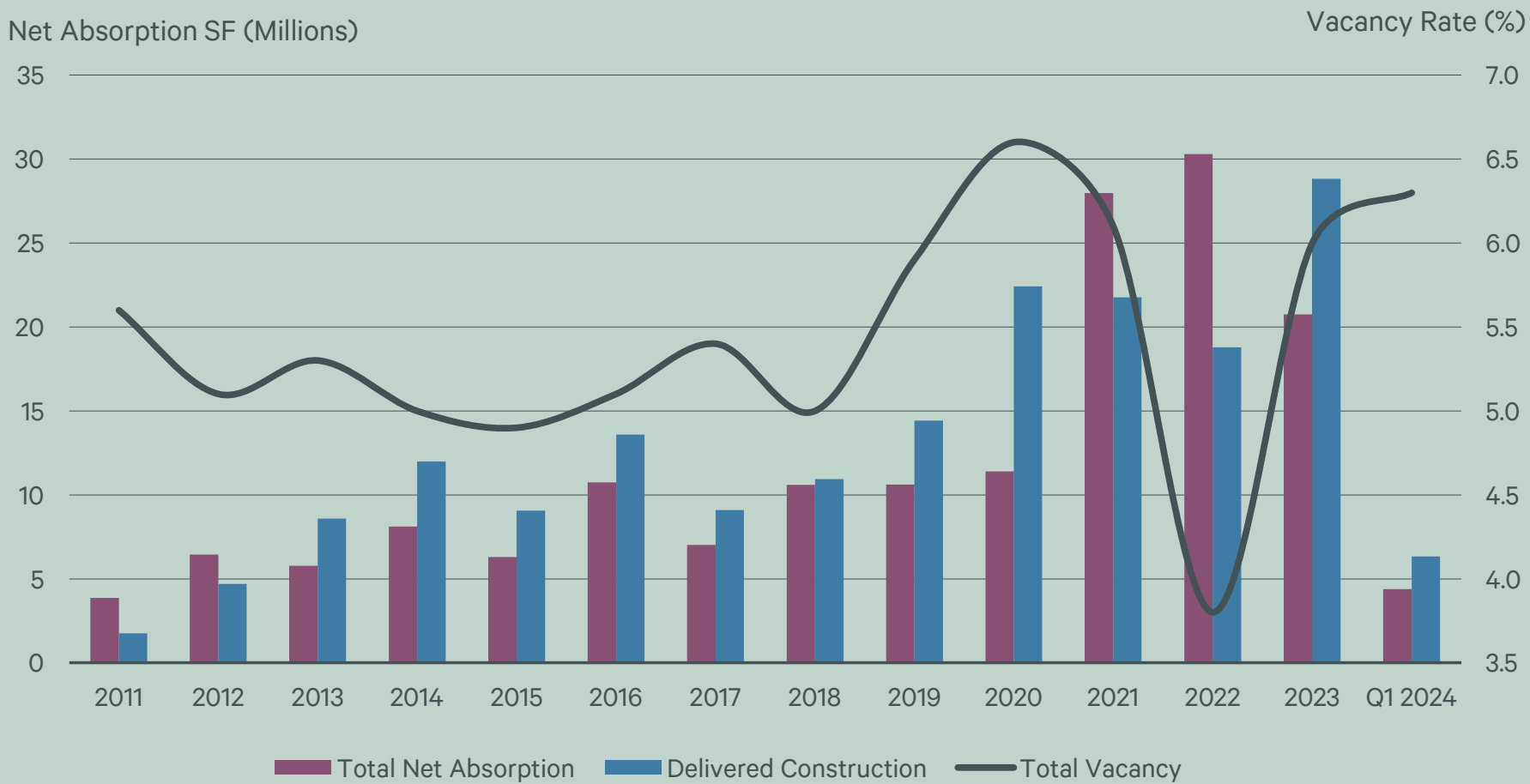
Houston concluded the quarter with slightly over 4.4 million sq. ft. of positive net absorption. Notable occupancies from the quarter included Target’s move into its one million-sq.-ft. built-to-suit project located along West Lake Houston Parkway off the Northeast Beltway, and Distribution Alternatives 855,610-sq.-ft. occupancy at Kingsland Ranch Logistics Park in West Houston. Deals ranging between 500,000-700,000 sq. ft. are becoming increasingly common across various user types, including full service fulfillment centers, renewable energy, power generation, and food manufacturing.

Vacancy

The market saw an increase in vacancy and availability, which is largely attributed to industrial projects delivering unleased. As of Q1 2024, 63.9% of total deliveries were unleased. The quarter ended with a vacancy rate of 6.3%, up by 30 basis points (bps) from last quarter. Market-wide availability also rose to 8.3%, reflecting a 20-bps increase from Q4 2023. The Southeast and Southwest submarkets contributed to the slight increase in vacancy and availability due to projects delivering unleased. The Southeast submarket recorded 1.4 million sq. ft. of delivered product with no deals inked, while the Southwest submarket recorded 1.3 million sq. ft. of completions, with nearly 66.0% unleased.



Houston Industrial Market (Annual)



Source: CBRE Research, Q1 2024.

Austin

Marketwide Overview

Net absorption topped 2.5 million sq. ft. in Q1 2024, nearly doubling historic absorption records for the first quarter. 20.3% of net absorption is attributable to SpaceX occupying its newly constructed 512,512-sq.-ft. facility in Bastrop County. Q1 2024 marks the 39th consecutive quarter of positive net demand for the Austin industrial market. Austin’s location along I-35, which forms the spine of an auto manufacturing megaregion that spans from the Bajio in Mexico to North Texas, makes for an excellent location for original equipment manufacturer (OEM) suppliers up and down this major transportation artery.

Asking Rates

Surveyed industrial asking rates increased to \$13.29 per sq. ft. NNN, up 1.2% from \$13.13 per sq. ft. at the end of Q4 2023. Distribution / Logistics rents increased by 12.4% quarter-over-quarter to \$12.62 per sq. ft., while Flex/R&D rates dropped 13.2% to \$15.17 per sq. ft. The decline in Flex/R&D rates is primarily due to limited availability in Q1 among Class A Flex/R&D spaces; the majority of surveyed asking rents reflect Class B and Class C availabilities, which command lower rates than like kind Class A assets.

Development Pipeline

Product under construction increased to 16.0 million sq. ft., with roughly 3.1 million sq. ft. delivered in the first quarter. 38.8% of product underway is pre-leased, while 48.3% of delivered product was leased upon completion. Of the 23 buildings delivered in Q1 2024, five were built-to-suit. Construction starts nearly tripled in the first quarter relative to Q4 2023, with eight developments totaling 2.1 million sq. ft. added to the pipeline.

▲ 8.7%

Vacancy Rate

▲ 2.6M

SF Net Absorption

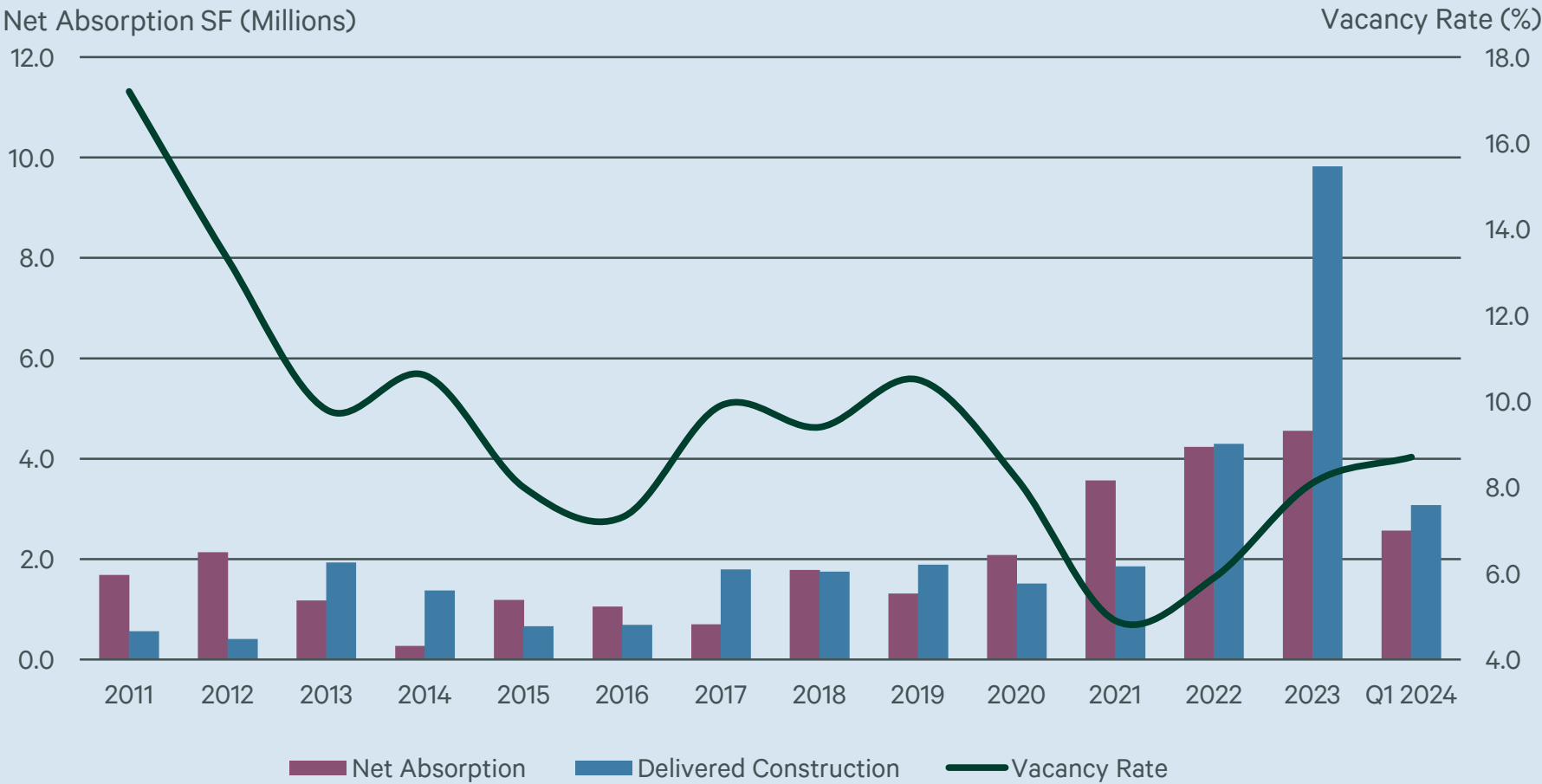
▲ 16.0M

SF Under Construction

▲ 3.1M

SF Delivered Construction

Austin Industrial Market (Annual)



Source: CBRE Research, Q1 2024.

San Antonio

Marketwide Overview

Q1 2024 marked the 30th consecutive quarter of positive net absorption for the San Antonio Industrial market with 352,659 sq. ft. Positive net absorption, through the completion and delivery of owner-user development projects, occurred in the Northeast and South submarkets.

Asking Rates & Vacancy

On a quarter-over-quarter basis, market-wide average asking rents increased 1.2% to \$8.43 per sq. ft. in Q1 2024. Warehouse/distribution rents decreased by 4.9% quarter over quarter to \$7.30, and Flex/R&D rents increased 11.6% to \$11.61 per sq. ft. Market-wide vacancy grew by 20 bps from 7.5% in Q4 2023 to 7.7% in Q1 2024. Vacancy increased most notably in Flex/R&D properties, increasing by 110 bps to 5.7%. Flex/R&D space accounted for 61,429 sq. ft. of negative absorption in Q1 2024, concentrated among Class B and C spaces in the North Central and Northeast submarkets. Warehouse/distribution vacancy was nearly flat, ticking upward by 10 bps to 9.4%, and Manufacturing vacancy remained minimal at 1.8%.

Development Pipeline

Developers have responded to elevated demand for bulk user space by delivering 21.7 million sq. ft. of industrial product to the market from 2020 to present. After a record-breaking 8.1 million sq. ft. delivered in 2023, Q1 2024 deliveries tapered to 517,305 sq. ft., comprised entirely of three owner-user properties. Developers broke ground on ten new buildings totaling 2.6 million sq. ft. during the first quarter; 84.4% of the net rentable area breaking ground was speculative space. The total construction pipeline comprises 5.4 million sq. ft., which was 17.0% pre-leased at the close of Q1 2024.

▲ 7.7%

Vacancy Rate

▼ 352,659

SF Net Absorption

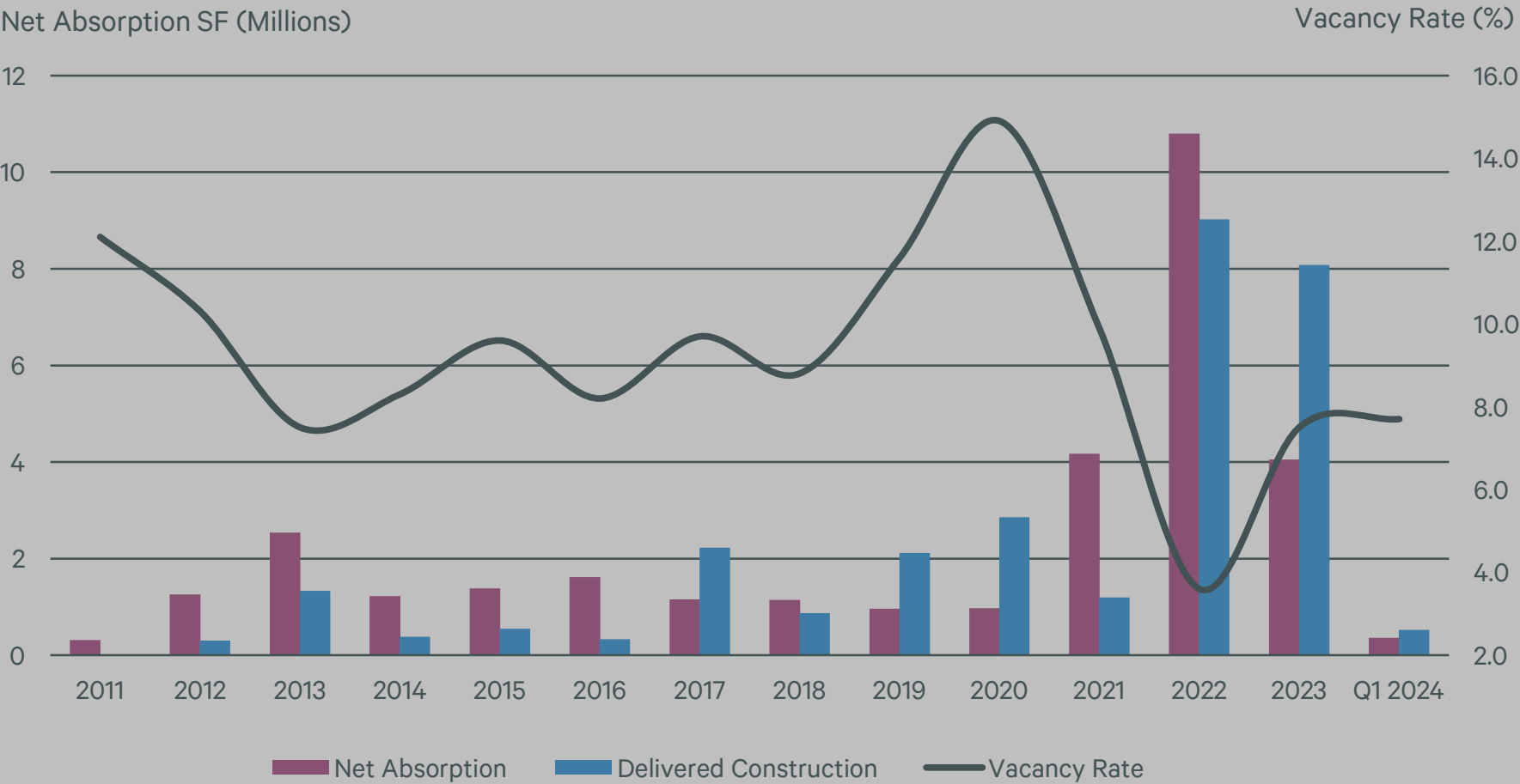
▲ 5.4M

SF Under Construction

▼ 517,305

SF Delivered Construction

San Antonio Industrial Market (Annual)



Source: CBRE Research, Q1 2024.

El Paso

Marketwide Overview

The El Paso Industrial Market opened the year with above average net absorption and strong leasing activity. The completion of pre-leased speculative space and the lease up of recently delivered speculative space was a significant contributor to net absorption during the quarter. The market-wide asking rent continued on a nearly uninterrupted five-year upward trend, reaching a new high. Demand for industrial space also remained far above the historical average, outpacing vacant space in the market. We have also seen a peak of the under construction pipeline, which will decline throughout the year.

Absorption

Q1 2024 closed with 858,752 sq. ft. of net absorption, more than double the Q4 2023 figure and a year-over-year increase of 117,000 sq. ft. Of the nearly 1.5 million sq. ft. of gross absorption in Q1 2024, 720,000 sq. ft. came through the delivery of three pre-leased speculative (spec) projects and one build-to-suit (BTS) project.

Leasing Activity

Q1 2024 registered five new leases, an expansion, a sublease, and five renewals totaling 1.8 million sq. ft. of activity. New leases made up 1.1 million sq. ft. of activity. Class A product accounted for four new leases, a sublease, and three renewals, totaling 1.6 million sq. ft. of activity. Class A activity included a BTS lease, which began construction during the quarter and the lease of a spec space that was delivered vacant in Q2 2023.

▲ 4.5%

Vacancy Rate

▲ 858,752

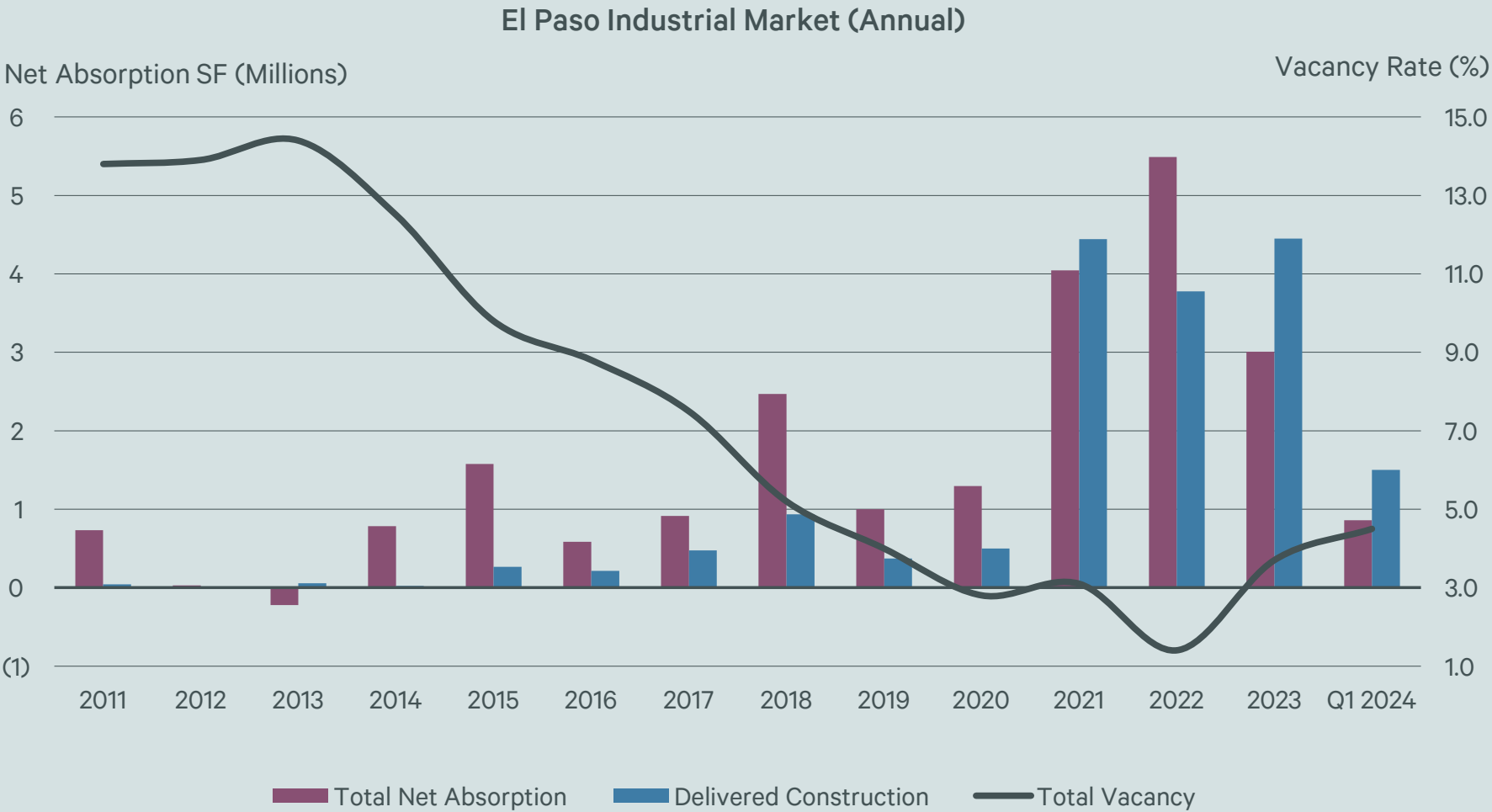
SF Net Absorption

▼ 4.9M

SF Under Construction

▲ 1.5M

SF Delivered Construction



Source: CBRE Research, Q1 2024.



Why CBRE?





WHY CBRE?

CBRE Texas

79

CBRE Texas Industrial
Brokers

\$2.3B

CBRE Texas Industrial
Team 2023 Leasing
Consideration

41.4MSF

Leasing Transactions Completed
in 2023 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

\$14.6 Billion

Total Sales Volume

159 Million

Square Feet

183

Transactions

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Texas Market Summary Stats



Texas Historical Market Statistics

	2017	2018	2019	2020	2021	2022	2023	Q1 2024
DALLAS								
Absorption (Net, SF)	20,662,463	21,218,361	23,732,744	23,241,992	39,574,683	36,415,358	31,355,334	4,020,180
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.46	0.49	0.52	0.57	0.63	0.73	0.92	0.93
Delivered Construction (SF)	26,771,821	23,373,467	25,149,751	24,246,064	30,797,384	36,069,145	64,852,501	14,680,008
Vacancy Rate (%)	6.4	6.0	5.8	5.7	4.6	4.6	8.1	9.5
HOUSTON								
Absorption (Net, SF)	7,014,323	10,606,134	10,550,411	11,399,584	27,984,953	30,302,889	20,747,594	4,372,091
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.61	0.62	0.62	0.59	0.65	0.77	0.80	0.80
Delivered Construction (SF)	9,102,389	10,944,886	14,418,700	22,415,873	21,760,670	18,791,638	28,826,276	6,327,737
Vacancy Rate (%)	5.4	5.0	5.9	6.6	6.1	3.8	6.0	6.3
AUSTIN								
Absorption (Net, SF)	698,608	1,785,512	1,307,789	2,083,654	3,566,600	4,234,462	4,558,090	2,568,166
Overall Asking Rent (Gross Avg. Mthly \$/SF)	1.13	1.16	1.10	1.13	1.20	1.26	1.34	1.34
Delivered Construction (SF)	1,797,561	1,751,178	1,891,737	1,508,249	1,857,838	4,297,257	9,823,636	3,074,943
Vacancy Rate (%)	9.9	9.4	10.5	8.2	4.9	5.9	8.1	8.7

Source: CBRE Research, Q4 2023.

	2017	2018	2019	2020	2021	2022	2023	Q1 2024
SAN ANTONIO								
Absorption (Net, SF)	1,148,879	1,142,432	956,507	969,387	4,172,569	10,800,594	4,051,137	352,659
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.65	0.69	0.67	0.66	0.76	0.79	0.91	0.88
Delivered Construction (SF)	2,229,095	864,234	2,116,011	2,857,981	1,190,939	9,024,290	8,081,283	517,305
Vacancy Rate (%)	9.7	8.8	11.6	14.9	9.9	4.4	7.5	7.7
EL PASO								
Absorption (Net, SF)	914,849	2,469,427	999,990	1,294,813	4,044,804	5,489,125	3,006,905	858,752
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.46	0.49	0.54	0.56	0.62	0.77	0.85	0.87
Delivered Construction (SF)	475,000	934,407	373,509	499,528	4,443,060	3,778,102	4,451,086	1,503,758
Vacancy Rate (%)	7.5	5.2	4.0	2.8	3.1	1.4	3.7	4.5
TEXAS TOTAL								
Absorption (Net, SF)	30,439,122	37,221,866	37,547,441	38,989,430	79,343,609	87,242,428	63,719,060	12,171,848
Overall Asking Rent (Gross Avg. Mthly \$/SF)	0.54	0.57	0.57	0.58	0.65	0.86	0.91	0.91
Delivered Construction (SF)	40,375,866	37,868,172	43,949,708	51,527,695	60,049,891	71,960,432	116,034,782	26,103,751
Vacancy Rate (%)	7.8	6.9	7.6	7.6	5.7	3.9	7.2	8.1

Thank you



FOR MORE INFORMATION

Elisabeth Downs

Sr. Field Research Analyst
Tel. 915 313 8818
elisabeth.downs@cbre.com

Kim Thaker

Field Research Analyst
Tel. 650 714 8707
kim.thaker@cbre.com

Paige Suvalsky

Field Research Manager
Tel. 210 253 6019
paige.suvalsky@cbre.com

Fatima Ghayour

Sr. Field Research Analyst
Tel. 713 577 3841
Fatima.Ghayour@cbre.com

Kathryn Ziegler

Field Research Analyst
Tel. 214 979 6186
kathryn.ziegler@cbre.com

Savannah Tufts

Field Research Manager
Tel. 713 577 1687
savannah.tufts@cbre.com

Michael Valleskey

Associate Research Director
Tel. 713 577 1692
michael.valleskey@cbre.com

TEXAS OFFICES

Dallas

2100 McKinney Ave, Suite 700
Dallas, TX 75201

Fort Worth

301 Commerce St, Suite 700
Fort Worth, TX 76102

Houston

2800 Post Oak Blvd, Suite 500
Houston, TX 77056

San Antonio

1803 Broadway, Suite 825
San Antonio, TX 78215

Austin

500 W 2nd St, Suite 1700
Austin, TX 78701

El Paso

221 N Kansas, Suite 2100
El Paso, TX 79901

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