



# HOUSTON

Houston's 2020 commercial real estate market outlook is positive with a few challenges in the office sector. The metro's economy continues to recover from a lackluster energy market amid a general slowdown of global trading; nonetheless, job growth should remain positive through 2020. Despite global trade stagnation, Port Houston, a major economic driver, reports increasing volume and value, which should carry over into 2020 to remain among the top ports in foreign and domestic tonnage.

## EXECUTIVE SUMMARY

- Positive job growth, low unemployment and increased population contribute to Houston's healthy economy.
- The metro's industrial market is experiencing record construction levels with land prices prompting "out migration" from parts of the city.
- Major retailers are expanding e-commerce operations into larger warehouse and distribution centers due to the area's growing consumer base.
- Following a global trend, developers are incorporating new technology into buildings as tenants seek both efficiency and amenities to recruit and retain top talent.
- Innovation and technology are increasingly important economic drivers as Houston's research community expands in the healthcare and aerospace industries.

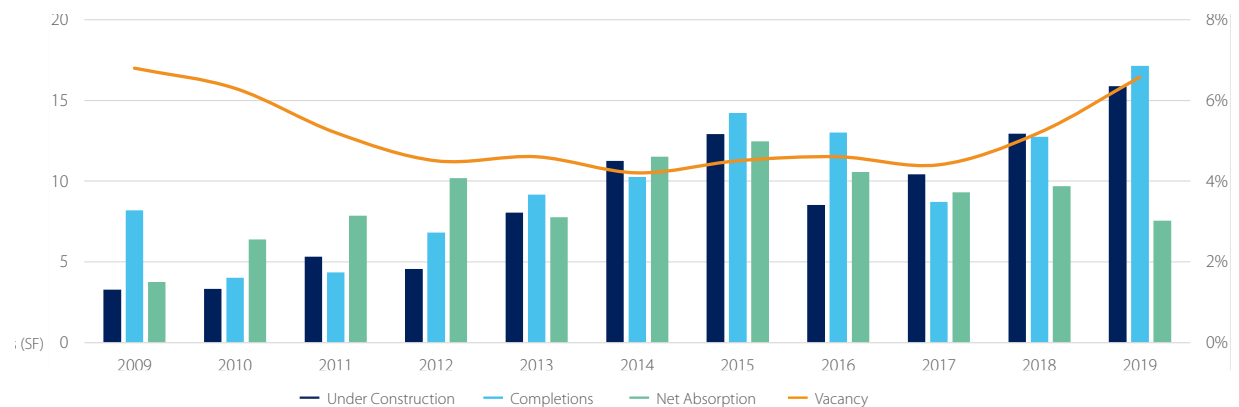
## KEY MARKET METRICS – 2020 EXPECTATIONS

Annual growth rates, estimated for year-end 2020 vs year-end 2019.



	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	→	↑	↑
Vacant Space	↑	↓	↑
Construction Levels	→	↑	↑
Leasing Volume	↑	↑	↑
Investment Volume	↑↑	↑↑	↑↑

## INDUSTRIAL SUPPLY AND DEMAND



Source: CoStar Realty Information, Inc.