BUILDING FOR WHAT COMES NEXT

PORT HOUSTON'S CONTINUED INVESTMENT, EXPANDING TRADE NETWORK, AND INDUSTRIAL MOMENTUM ARE POSITIONING SOUTHEAST HOUSTON FOR ITS NEXT PHASE OF GROWTH.



PORT HOUSTON | MARKET REPORT **Q3** *2026*

LEE & ASSOCIATES

Q3

INDEX

OVERVIEW 04

PORT HOUSTON INFRASTRUCTURE PROJECT 06

PORT HOUSTON TEUs 08

OVERALL MARKET STATISTICS 10

MAJOR U.S. PORT UPDATE 12

MAJOR U.S. PORT COMPARISON 14

TEXAS PORTS – THE BIG PICT URE 15

TEXAS PORTS – CARGO & INDUSTRIAL REAL ESTATE 16

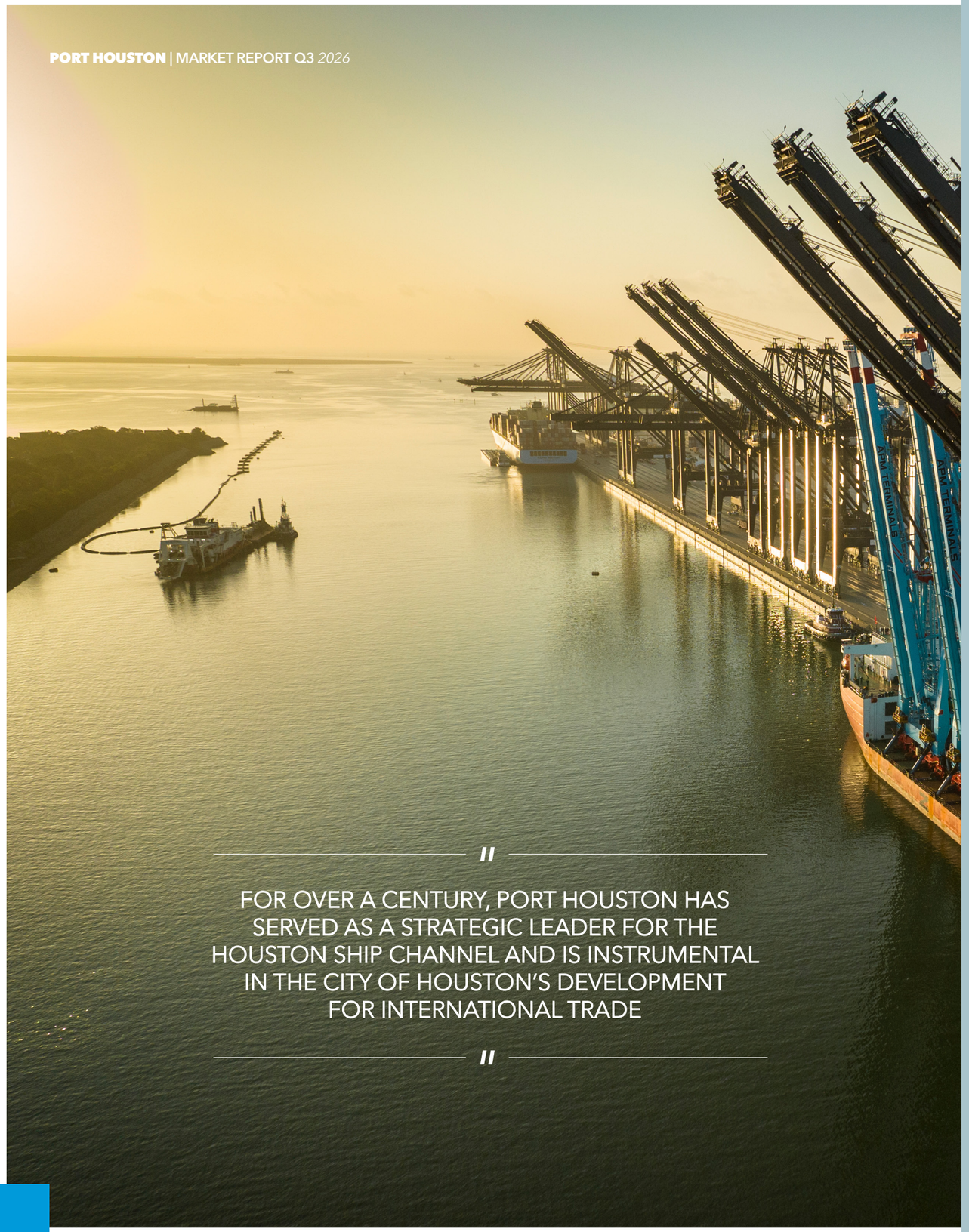
INTERNATIONAL IMPORT TRADE 17

INTERNATIONAL EXPORT TRADE 18

FOREIGN TRADE ZONE 20

KEY TAKEAWAYS FOR INDUSTRIAL REAL ESTATE 21

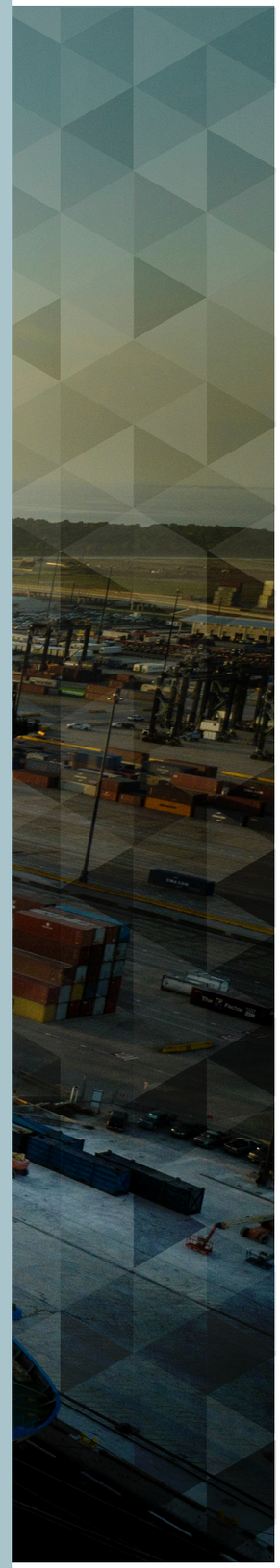
ABOUT LEE & ASSOCIATES 22



"

FOR OVER A CENTURY, PORT HOUSTON HAS SERVED AS A STRATEGIC LEADER FOR THE HOUSTON SHIP CHANNEL AND IS INSTRUMENTAL IN THE CITY OF HOUSTON'S DEVELOPMENT FOR INTERNATIONAL TRADE

"



OVERVIEW

PORT HOUSTON: DRIVING INDUSTRIAL AND LOGISTICS DEMAND

Port Houston continues to serve as a critical gateway for international trade and one of Southeast Houston's most important long-term industrial demand drivers. Its scale, multimodal connectivity, diverse cargo base, and continued infrastructure investment support logistics, distribution, manufacturing, energy, and import and export activity throughout the region.

CHANNEL CAPACITY AND TRADE ACTIVITY

The 52-mile Houston Ship Channel remains the foundation of Houston's maritime economy and the nation's largest port complex by waterborne tonnage. Trade activity remained strong through Q3 2026, with Houston Ship Channel exports increasing 21% year over year through July and total tonnage increasing 15%. Crude oil exports were up 40% year to date, while Houston accounted for 31% of U.S. waterborne exports of crude oil and refined products. Port Houston's public terminals also demonstrated continued stability.

Through August, total container volume reached approximately 3.0 million TEUs, up 1% year over year, while loaded container imports increased 5%. August steel tonnage increased 49% year over year, driven primarily by imports, demonstrating the diversity of cargo moving through the Port.

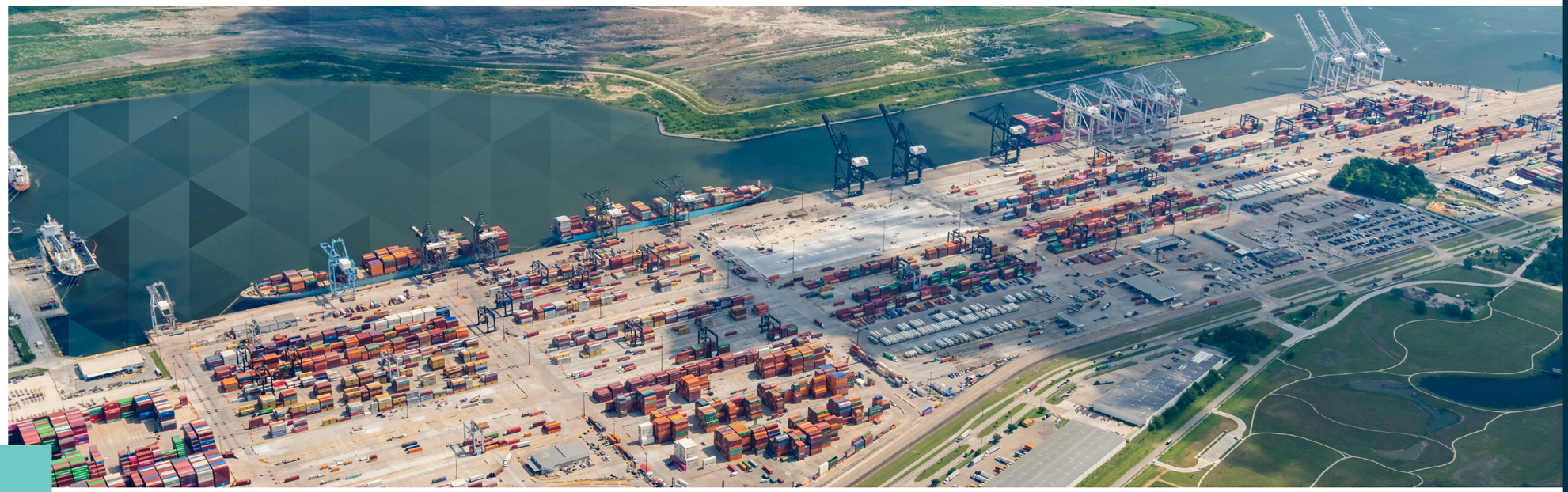
ECONOMIC IMPACT

The Houston Ship Channel's economic reach extends well beyond the Port itself. A new 2026 economic-impact study found that marine cargo activity through the public and private facilities along the Channel supported approximately $986.9 billion in annual U.S. economic value and 3.53 million jobs in 2025. In Texas, that activity supported approximately $537.7 billion in economic value and 1.89 million jobs.

MARKET CONDITIONS

Port-driven activity continued to anchor Southeast Houston's industrial market during Q3 2026. The submarket recorded approximately 3.4 million square feet of leasing activity and 3.7 million square feet of net absorption, while direct vacancy improved to 7.6%. Southeast Houston accounted for approximately 41% of citywide quarterly leasing, demonstrating the continued importance of the Port corridor to Houston's industrial market.
Continued investment in the Houston Ship Channel, container terminals, and surrounding infrastructure, combined with steady cargo activity and strong industrial demand, continues to reinforce Southeast Houston's position as one of the nation's most strategically important logistics corridors.

PORT HOUSTON'S GROWTH CONTINUES TO TRANSLATE DIRECTLY INTO INDUSTRIAL DEMAND, POSITIONING SOUTHEAST HOUSTON AS ONE OF THE MOST STRATEGICALLY IMPORTANT LOGISTICS CORRIDORS IN THE U.S.



PORT HOUSTON

+ $986.9 BILLION
Annual U.S. economic value

+ 3.53 MILLION
U.S. jobs supported

+ $537.7 BILLION
Annual Texas economic value

+ 1.89 MILLION
Texas jobs supported

HOUSTON SHIP CHANNEL

+ 52 MILES
Houston Ship Channel

+ 40%
Crude oil exports YTD

+ 31%U.S.
Waterborne crude oil and refined-product exports

+ 15%
YTD total tonnage through July

SOURCE: Port Houston

"PORT HOUSTON CONTINUES TO CREATE OPPORTUNITIES THROUGHOUT SOUTHEAST HOUSTON. WE'RE SEEING STEADY CARGO ACTIVITY, CONTINUED INFRASTRUCTURE INVESTMENT, AND STRONG DEMAND FROM COMPANIES THAT WANT TO BE CLOSE TO THE PORT. THAT COMBINATION KEEPS THIS CORRIDOR ACTIVE AND WELL POSITIONED FOR CONTINUED GROWTH"

JUSTIN TUNNELL, SIOR
PRINCIPAL

PORT HOUSTON INFRASTRUCTURE

PROJECT 11 – PROJECT 12 HOUSTON SHIP CHANNEL: BUILDING FOR THE NEXT PHASE

PROJECT 11 REACHES A MAJOR MILESTONE

Project 11, the Houston Ship Channel Expansion, has reached a significant milestone with Port Houston's portions of the project now complete. The expansion represents one of the region's most important infrastructure investments, improving navigation, vessel efficiency, and the long-term capacity of the Houston Ship Channel.

The expanded Channel strengthens Port Houston's ability to accommodate larger vessels and provides greater operating flexibility for container, energy, bulk, and other maritime users. These improvements reinforce the infrastructure supporting Houston's role as one of the nation's leading trade, energy, and industrial gateways.

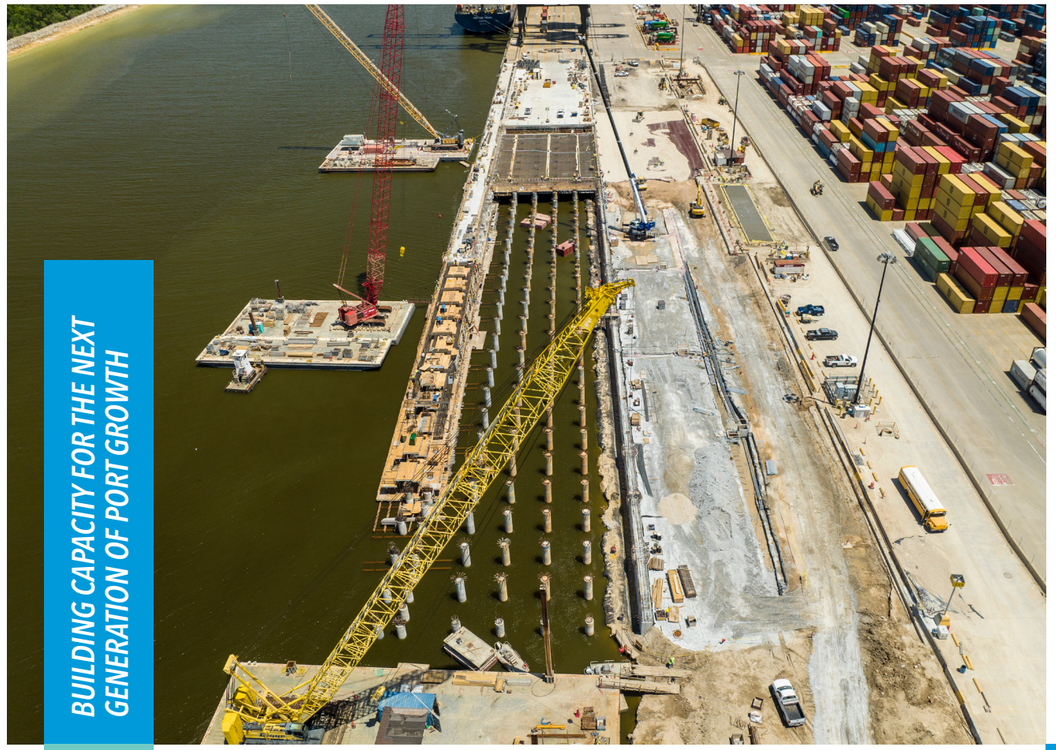
PROJECT 12 LOOKING AHEAD

Planning for the next generation of Houston Ship Channel improvements is already underway. Project 12 remains in the early evaluation stage, following federal authorization to study additional Channel improvements.

Port Houston and the U.S. Army Corps of Engineers have approved a cost-share agreement to begin a navigation feasibility study. The proposed project would focus primarily on additional Channel deepening, with the goal of improving vessel economies of scale and supporting future maritime growth. No study timeline has been established.

TERMINAL INVESTMENT CONTINUES

Infrastructure investment is also continuing at Port Houston's public terminals. During Q3 2026, the Port advanced reconstruction of Wharves 5 and 6 at Barbours Cut Terminal to accommodate larger cranes and vessels, while additional Bayport and Barbours Cut expansion projects continued to move forward. Four additional ship-to-shore cranes were also commissioned at Bayport, bringing the terminal's operating fleet to 21 ship-to-shore cranes.



BUILDING CAPACITY FOR THE NEXT GENERATION OF PORT GROWTH

WHY THIS MATTERS FOR INDUSTRIAL REAL ESTATE

Continued investment in Channel and terminal capacity strengthens the infrastructure supporting Southeast Houston's logistics, distribution, manufacturing, and port-oriented industrial users.

As Port Houston prepares for future cargo growth, expanded maritime capacity and terminal efficiency should continue to reinforce long-term industrial demand throughout the Southeast corridor.

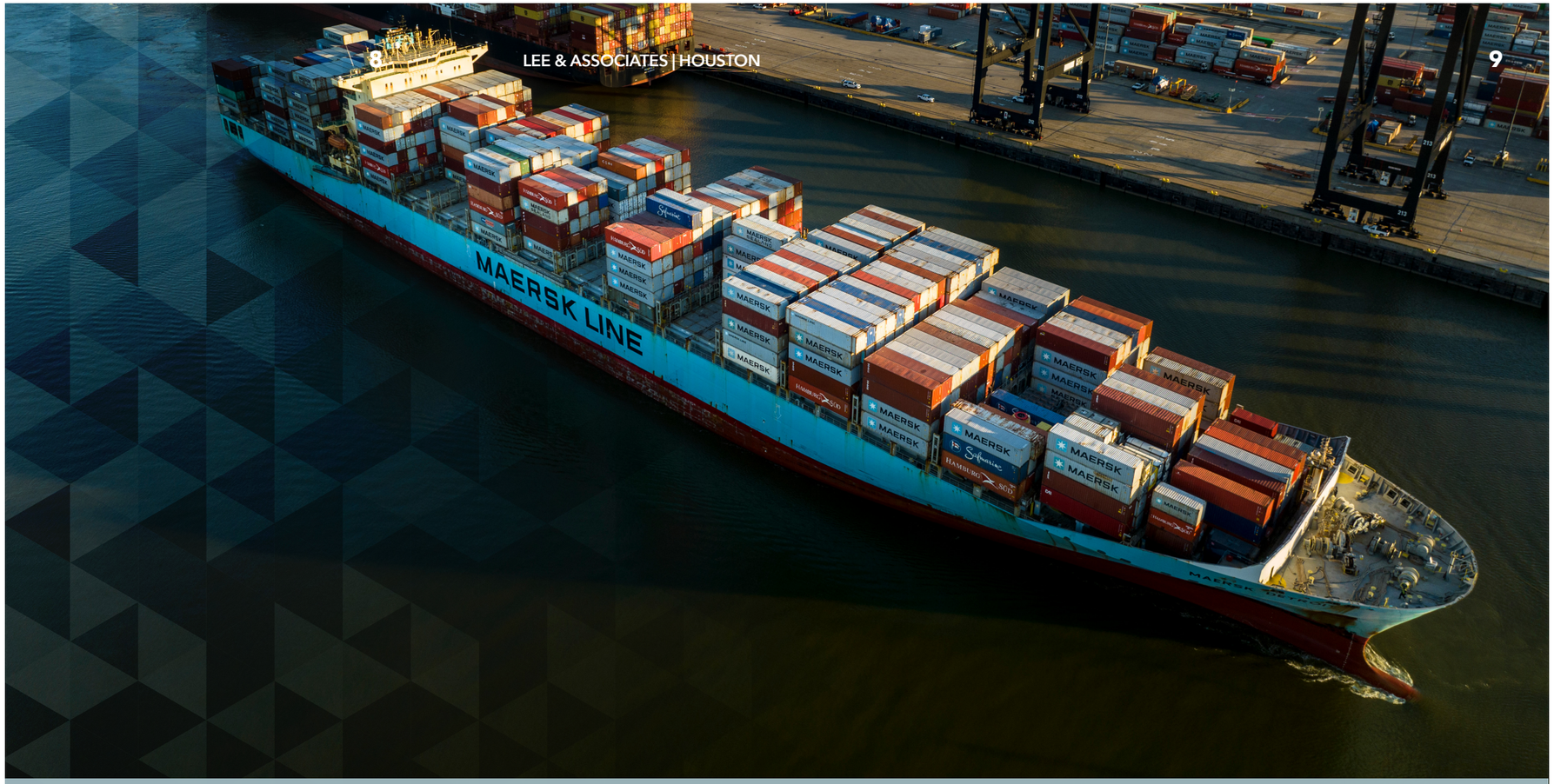
PORT HOUSTON TEUs

Port Houston continued to demonstrate consistent container activity through August 2026, handling 373,756 TEUs during the month, up 1% year over year. Through the first eight months of 2026, total container volume reached nearly 3.0 million TEUs, also increasing 1% compared with the same period in 2025.

Import activity continues to provide momentum. Loaded container imports increased 5% year to date, supported by machinery and electronics, retail consumer goods, furniture, automotive products, and apparel. East Asia remained an important source of import growth, increasing 12% and accounting for 57% of loaded container imports. Loaded exports declined 1% year to date, resulting in a relatively balanced overall container environment.

Port Houston's international connectivity also continues to expand. In September, the Port welcomed the first vessel in Crowley's new weekly container service connecting Houston with Central America, providing shippers with additional access to key international markets.

Looking ahead, Port Houston's diversified cargo base, expanding trade connections, and continued investment in terminal and Channel infrastructure provide a strong foundation for future container activity. For Southeast Houston's industrial market, consistent cargo volumes continue to support demand from logistics, distribution, manufacturing, and other port-oriented users.



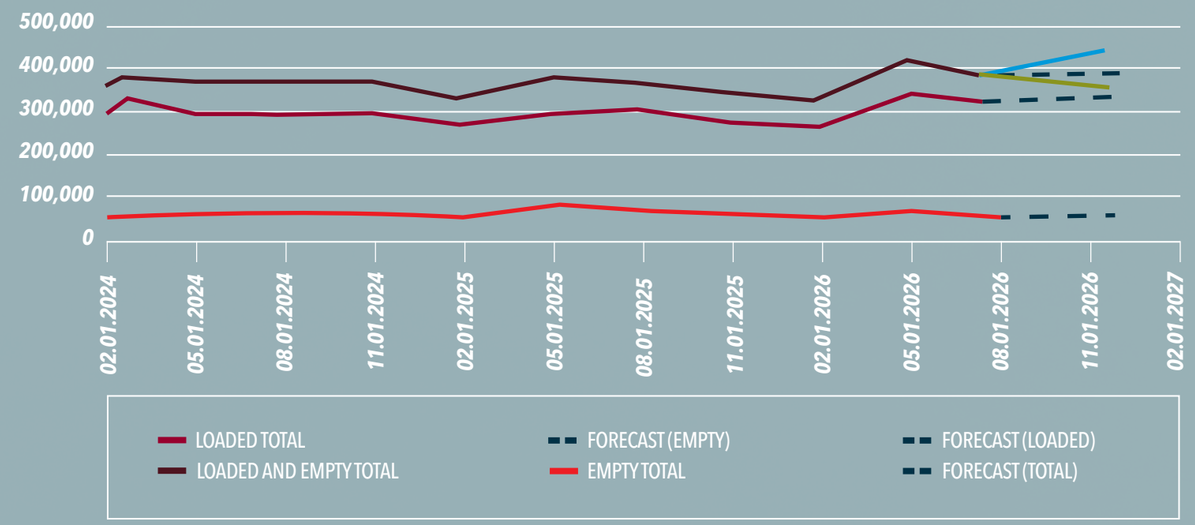
NEARLY 3.0M TEUs YTD

+1% YOY

LOADED IMPORTS

+5% YTD

TEUs THROUGH AUGUST 2026 WITH LEE & ASSOCIATES RESEARCH FORECAST

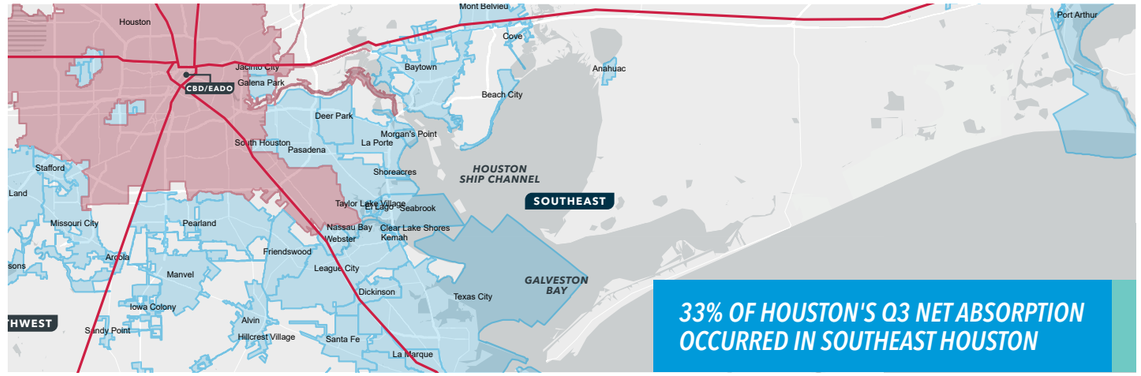


SOURCE: Port Houston | Lee & Associates - Houston Research

OVERALL SUBMARKET STATISTICS

WHAT COULD IMPACT PORT-DRIVEN DEMAND

+ **Global trade policy, tariffs, and geopolitical conditions affecting cargo flows**
+ **Timing and composition of future Port Houston infrastructure investment**
+ **Lease-up of recently delivered speculative space and future development activity**
+ **Changes in global supply chains, shipping routes, and manufacturing investment**



SUBMARKET	INVENTORY (SF)	DIRECT VACANCY RATE	WEIGHTED NNN ASKING RATE (PSF)	CURRENT QUARTER LEASING ACTIVITY (SF)	YTD LEASING ACTIVITY (SF)	CURRENT QUARTER NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	CURRENT QUARTER DELIVERIES (SF)	% PRE-LEASED DELIVERIES	CONSTRUCTION PIPELINE (SF)
SOUTHEAST	87,584,025	7.6%	$0.68	3,439,769	6,449,228	3,745,113	5,780,027	1,215,317	69.2%	2,714,463
DISTRIBUTION TOTALS	382,398,269	5.2%	$0.71	10,395,781	24,244,996	8,735,655	23,143,416	5,859,500	42.2%	13,533,248

SOURCE: Lee & Associates - Houston Research

SOUTHEAST SUBMARKET

Southeast Houston delivered an exceptional quarter during Q3 2026, reinforcing its position as one of the region's most important industrial and logistics corridors. Total distribution inventory reached approximately 87.6 million square feet, while direct vacancy declined sharply to 7.6%, down from 11.3% in Q2 2026. The improvement reflects substantial tenant activity and continued absorption of recently delivered speculative space.

Quarterly leasing activity reached approximately 3.4 million square feet, bringing year-to-date leasing to 6.4 million square feet. Net absorption totaled approximately 3.7 million square feet during Q3 2026, the highest of any Houston industrial distribution submarket, while year-to-date absorption reached approximately 5.8 million square feet. Major transactions, including Tesla's two leases totaling more than 2.0 million square feet, contributed significantly to the quarter's performance.

Development remains active but increasingly measured. Approximately 1.2 million square feet delivered during Q3 2026, with 69.2% preleased, while another 2.7 million square feet remains under construction. The combination of improving vacancy, substantial absorption, and continued development demonstrates the depth of demand within the Port Houston corridor.

CITYWIDE MARKET

Houston's industrial distribution market also strengthened during Q3 2026. Direct vacancy declined to 5.2%, while quarterly net absorption reached approximately 8.7 million square feet. Year-to-date absorption reached 23.1 million square feet. Year-to-date absorption now slightly exceeds the 21.4 million square feet delivered through the first nine months of 2026.

Leasing activity totaled approximately 8.3 million square feet during Q3 2026 and 24.7 million square feet year to date. At the same time, the construction pipeline moderated to approximately 13.5 million square feet, reflecting a more selective development environment as recently completed space continues to lease.

Southeast Houston played an outsized role in these citywide results, accounting for approximately 33% of Q3 2026 leasing activity and 43% of quarterly net absorption. Its performance reinforces the connection between Port Houston, major transportation infrastructure, and Houston's broader industrial demand.

MAJOR U.S. PORT UPDATE

Major U.S. container ports posted mixed results during August 2026 as cargo activity varied considerably across the nation's largest gateways. Port Houston handled 373,756 TEUs, increasing 1% year over year, while several major East and West Coast ports recorded declines.

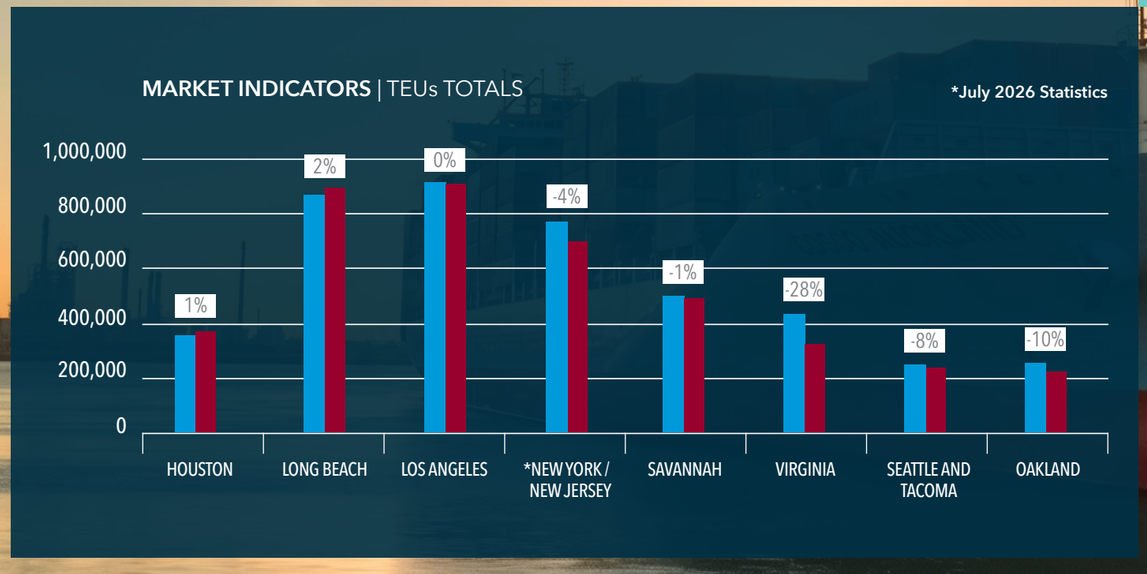
Among the ports tracked, Long Beach posted the strongest year-over-year growth at 2%, while Los Angeles remained essentially flat. New York/New Jersey declined approximately 4%, Savannah decreased 1%, Seattle/Tacoma fell 8%, and Oakland declined approximately 10%. Virginia recorded the largest decrease at approximately 28%.

For Houston, the more important story is consistency rather than short-term volatility.

Port Houston's August increase follows continued stability in container volumes throughout 2026, with total container activity reaching nearly 3.0 million TEUs through August and increasing approximately 1% year over year. Loaded imports increased 5% year to date, providing additional support to overall container activity.

Houston's diversified cargo base also differentiates the region from container-only comparisons. Beyond containers, the Houston Ship Channel continues to handle significant energy, petrochemical, steel, bulk, and manufacturing-related cargo, reinforcing its broader role within U.S. trade and industrial supply chains.

Looking ahead, changing trade policies, geopolitical conditions, and shipping patterns may continue to create monthly volatility across U.S. ports. Port Houston's diversified cargo base, expanding infrastructure, and Gulf Coast location provide a strong foundation for continued trade activity and long-term industrial demand throughout Southeast Houston.



SOURCE: Port Houston, various U.S. Port Data

PORT HOUSTON +1% YOY | Stable Amid Mixed Performance Across Major U.S. Gateways

PORT HOUSTON ACTIVITY UPDATE

Port Houston continued to demonstrate steady container activity through August 2026, processing 373,756 TEUs during the month, up 1% from August 2025. Year-to-date container volume reached approximately 3.0 million TEUs, also increasing 1% year over year. Loaded imports remained a key source of momentum, increasing 5% year to date, while loaded exports declined 1%.

Cargo performance was mixed across major categories, highlighting the diversity of Port Houston's trade base. Steel emerged as a significant Q3 2026 story, with total steel tonnage increasing 49% year over year in August 2026 to 529,084 tons, driven primarily by a 54% increase in steel imports. General cargo increased 22% year to date, while total tonnage at Port Houston's public terminals remained essentially unchanged through August.

At the broader Houston Ship Channel level, trade activity remained strong. Total tonnage increased 15% year to date through July 2026, led by a 21% increase in exports. Crude oil exports increased 40% year to date, reinforcing the Channel's importance to Houston's energy and industrial economy.

For industrial real estate, the continued mix of container, energy, steel, and general cargo activity reinforces Southeast Houston's role as a diversified logistics and industrial corridor. Port Houston's ability to serve multiple cargo categories provides demand support beyond container volumes alone.

AUG 2026 - TEUs

IMPORT	189,151
EXPORT	184,605
TOTAL	373,756

Port Houston continued to demonstrate steady container activity through August 2026.

MARKET SIGNALS

+ Load container imports remain a source of growth while loaded exports are relatively stable
+ Steel trade continues to reflect global market volatility
+ Container activity remains balanced across imports and exports

IMPORT TONNAGE PERFORMANCE

+ Aug 2025/Aug 2026
+ General -13%
+ Steel +54%
+ Dry Bulk +100%
+ Liquid Bulk +13%
+ Container +6%

TOTAL IMPORT +32%

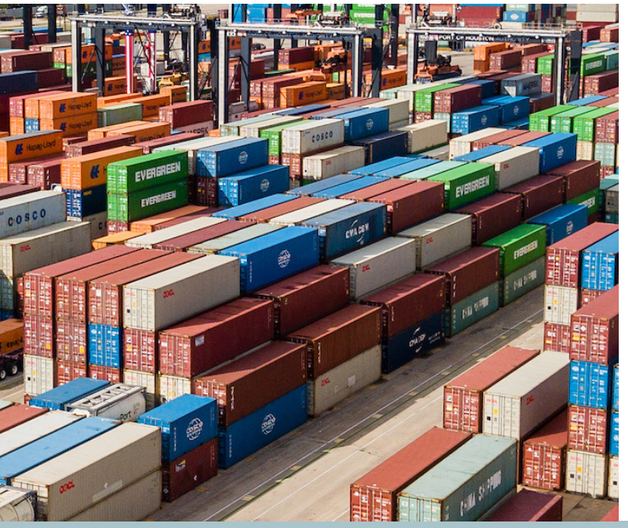
EXPORT TONNAGE PERFORMANCE

+ Aug 2025/Aug 2026
+ General -74%
+ Steel -9%
+ Dry Bulk -80%
+ Liquid Bulk -1%
+ Container +1%

TOTAL EXPORT -32.6%

SOURCE: Port Houston

MAJOR U.S. PORT COMPARISON



Through July 2026, total Houston Ship Channel tonnage increased 15% year over year, while exports increased 21%. This diversified cargo base provides Houston with multiple sources of trade activity and reinforces the region's role within U.S. supply chains. Port Houston's Gulf Coast location, expanding infrastructure, and access to Houston's manufacturing, energy, and population base continue to differentiate the market from many traditional container gateways.

LOOKING AHEAD

U.S. port activity is likely to remain uneven as trade policy, geopolitical conditions, seasonal import patterns, and global supply-chain decisions continue to influence cargo flows. For Houston, continued investment in the Houston Ship Channel and public terminals, combined with a diversified cargo base and expanding international connections, provides a strong foundation for long-term trade activity.

For Southeast Houston's industrial market, this combination supports continued demand from logistics, distribution, manufacturing, energy, and other port-oriented users while reinforcing the corridor's strategic importance within the broader U.S. supply chain.

MAJOR U.S. PORT TRENDS

Container activity across major U.S. ports became increasingly mixed during Q3 2026 as shifting trade patterns, tariff uncertainty, and changing import timing influenced cargo volumes. While several of the nation's largest gateways reported year-over-year declines in August, Port Houston continued to demonstrate relative stability, with container volume increasing 1% year over year.

Houston's performance is particularly notable given the diversity of cargo moving through the region. Unlike a comparison based solely on container volume, the Houston Ship Channel supports a much broader trade network encompassing containers, energy products, petrochemicals, steel, bulk commodities, and manufacturing-related cargo.

HOUSTON SHIP CHANNEL TONNAGE
+15% YTD

EXPORT TONNAGE
+21% YTD

TEXAS PORTS

THE BIG PICTURE

Texas leads the nation in waterborne cargo, with 23 maritime ports handling nearly 750 million tons annually.

Texas' maritime system is one of the nation's most significant trade and transportation networks, connecting the state's energy, manufacturing, agricultural, and consumer markets with destinations around the world. Collectively, Texas' 23 maritime ports handle nearly 750 million tons of cargo annually, more than any other state.

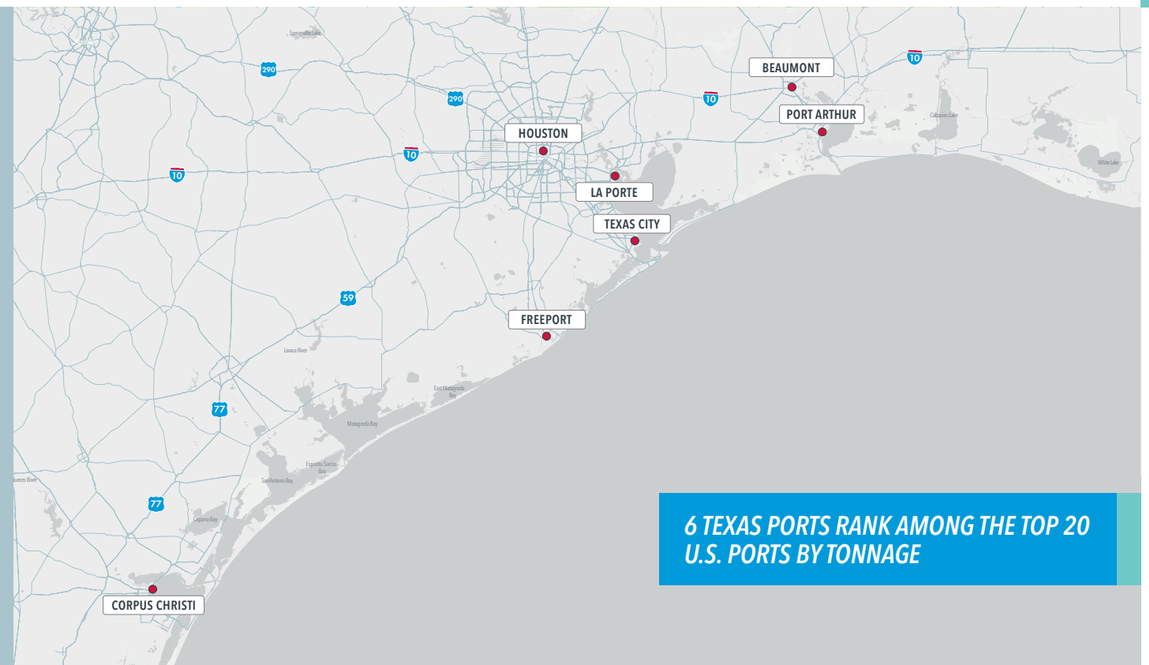
Six Texas ports rank among the top 20 U.S. ports by total tonnage: Houston, Corpus Christi, Beaumont, Port Arthur, Texas City, and Port Freeport. Houston, Corpus Christi, and Beaumont rank among the nation's top five, demonstrating the extraordinary concentration of maritime activity along the Texas Gulf Coast.
While these ports share access to the Gulf Coast, their cargo profiles and economic roles differ considerably. Houston combines container activity with energy, petrochemical, manufacturing, steel, and general cargo; Corpus Christi is a major crude oil and energy-export gateway; and Beaumont, Port Arthur, Texas City, and Freeport support significant energy, petrochemical, bulk, breakbulk, and industrial cargo activity.

Together, the ports form a complementary maritime network supporting industrial activity throughout Texas rather than a collection of identical competing gateways.

23
Texas Maritime Ports

750M Tons
Annual Waterborne Cargo

6
Texas Ports Among U.S. Top 20 by Tonnage



6 TEXAS PORTS RANK AMONG THE TOP 20 U.S. PORTS BY TONNAGE

TEXAS PORTS

CARGO AND INDUSTRIAL REAL ESTATE

Texas ports serve distinct but complementary roles within the state's maritime economy, supporting industrial real estate demand across energy, petrochemicals, manufacturing, logistics, storage, and distribution.

Different Ports. Different Cargo. Different Real Estate.

Texas' major ports are not interchangeable. Each serves a different combination of industries and cargo types, creating distinct industrial real estate requirements along the Gulf Coast.

PORT HOUSTON

Containers | Petrochemicals | Energy | Steel | Manufacturing

Houston's unusually diverse cargo base supports one of the broadest industrial real estate ecosystems among Texas ports. Containerized imports and exports support distribution and cross-dock facilities, while petrochemical, energy, steel, and manufacturing activity generates demand for manufacturing facilities, storage, outdoor yards, rail-served properties, terminals, and other specialized industrial uses.

PORT CORPUS CHRISTI

Crude Oil | Refined Products | Energy

Corpus Christi's maritime economy is heavily oriented toward energy exports. In 2024, the port handled approximately 61% of Texas maritime crude-oil exports, illustrating its importance within the state's energy supply chain. Energy-related cargo supports terminals, tank storage, pipelines, industrial land, and other specialized infrastructure.

PORT BEAUMONT + PORT ARTHUR

Energy | Petrochemicals | Bulk | Breakbulk

The Beaumont and Port Arthur region supports a concentration of refining, petrochemical, energy, bulk, and industrial activity. Their cargo profiles create demand for heavy industrial facilities, manufacturing, storage, terminal operations, rail-served sites, and industrial land.

PORT FREEPORT

LNG | Petrochemicals | Containers | Industrial Cargo

Port Freeport supports a diverse mix of energy, petrochemical, container, and industrial cargo. Its location and cargo mix support manufacturing, logistics, storage, and other port-related industrial requirements.

TEXAS CITY + GALVESTON

Energy | Bulk | Vehicles | General Cargo | Cruise

These ports further diversify the Texas maritime network. Texas City is closely connected to the region's refining and petrochemical complex, while Galveston handles a broader mix that includes vehicles, general cargo, and a significant cruise business.

WHAT THIS MEANS FOR CRE

Texas' ports create multiple industrial real estate demand drivers rather than a single port-related property type.



PORT HOUSTON'S ADVANTAGE IS DIVERSITY

Unlike a port primarily driven by one commodity group, Houston combines containers, energy, petrochemicals, manufacturing, steel, and general cargo, creating multiple sources of industrial demand throughout Southeast Houston.

Port Houston's diversified cargo profile is evident in current activity: through August, loaded container imports increased 5% year to date, August steel tonnage increased 49% year over year, and Houston Ship Channel crude oil exports increased 40% year to date.

INTERNATIONAL IMPORT TRADE

IMPORT DYNAMICS

East Asia continued to lead import growth, with loaded container imports from the region increasing 12% year to date and accounting for approximately 57% of Port Houston's loaded container imports.

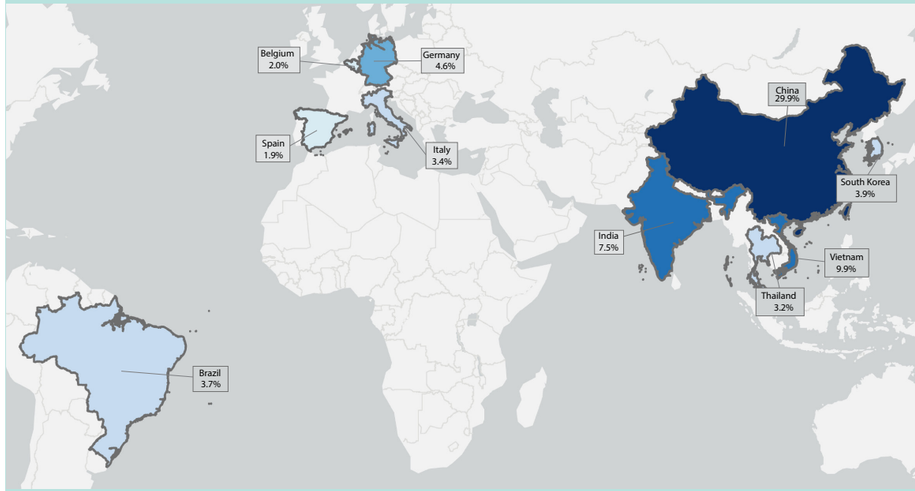
Machinery and electronics, resins and plastics, chemicals and minerals, and consumer goods were among the major categories contributing to import growth.

Steel also emerged as an important Q3 2026 import story. Steel imports increased 54% year over year in August to 502,965 tons, producing the strongest month for steel activity since August 2025. While steel imports remained down 11% year to date, the August increase represents a notable improvement in recent activity.

WHAT THIS MEANS FOR INDUSTRIAL REAL ESTATE

The continued flow of imported machinery, electronics, consumer goods, steel, and other industrial products supports a broad range of real estate requirements throughout Southeast Houston. Distribution facilities, cross-dock buildings, manufacturing space, transload operations, storage yards, and other port-oriented properties all benefit from the movement of goods between Port Houston and the broader regional market.

Port Houston's diverse import base also helps reduce reliance on any single commodity or trade partner, supporting the long-term importance of Southeast Houston within regional and national supply chains.



COUNTRY SHARE OF IMPORTS	
2.0-2.9%	Belgium, Spain
3.0-3.9%	Germany, South Korea, Brazil, Italy, Thailand
4.0-5.9%	India
6.0-7.9%	Vietnam
8.0%+	China

INTERNATIONAL EXPORT TRADE

Although total Houston Ship Channel export tonnage increased 21% year over year, performance varied by cargo category. Energy exports accounted for much of the growth, while loaded container exports remained relatively stable.

ENERGY EXPORTS DRIVE GROWTH

Energy remains the dominant Q3 export story. Crude oil exports through the Houston Ship Channel increased 40% year to date, while Houston accounted for approximately 31% of U.S. waterborne exports of crude oil and refined products and more than 21% of total U.S. waterborne export tonnage. These figures reinforce the Houston Ship Channel's role as one of the country's most important energy export gateways.

The strength in energy exports also demonstrates why Houston's maritime economy extends well beyond container activity. The Channel serves an integrated network of refineries, petrochemical facilities, manufacturers, terminals, pipelines, storage facilities, and transportation providers that connect Houston producers with markets around the world.

CONTAINER EXPORTS

Container exports presented a different picture. Through August 2026, loaded container exports totaled approximately 1.06 million TEUs, down 1% year over year, compared with the stronger growth occurring in loaded imports.

That distinction is important. We don't want to imply that every export category is booming simply because total Houston Ship Channel export tonnage is up 21%. Energy is driving much of the tonnage growth, while container exports remain relatively stable.

WHAT THIS MEANS FOR INDUSTRIAL REAL ESTATE

Houston's export network supports a broad range of industrial real estate demand extending beyond traditional distribution facilities.

Manufacturing plants, petrochemical facilities, storage and terminal operations, rail-served properties, outdoor storage, logistics facilities, and other port-oriented industrial uses all benefit from access to the Houston Ship Channel.

Continued export growth reinforces Southeast Houston's strategic position as the connection point between the region's industrial production base and global markets.

TERMINAL MODERNIZATION, AND OPERATIONAL EFFICIENCY REINFORCE PORT HOUSTON'S LONG-TERM COMPETITIVE POSITION WHILE SUPPORTING RELIABLE CARGO MOVEMENT THROUGHOUT THE GULF COAST



FOREIGN TRADE ZONE

A Foreign Trade Zone (FTZ) is a designated area that U.S. Customs and Border Protection treats as outside U.S. customs territory for tariff and duty purposes. This designation provides companies engaged in international trade with greater operational flexibility and potential cost advantages, supporting trade, logistics, and manufacturing activity within the U.S.

KEY BENEFITS

+ Merchandise may enter the zone without formal customs entry
+ Duties and certain federal taxes are assessed only when goods enter U.S. commerce
+ No duties are paid on goods that are re-exported
+ Potential relief from select quotas and trade restrictions, depending on product type

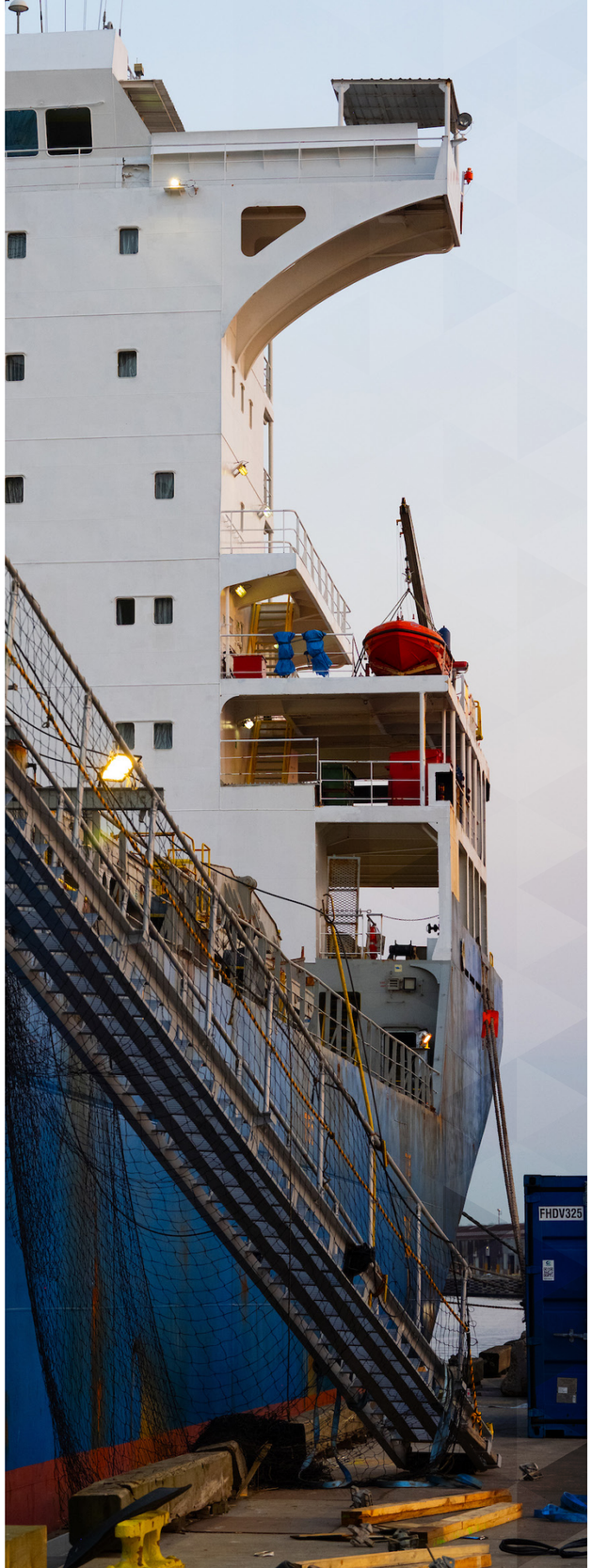
PORT HOUSTON FTZ 84

FTZ 84 encompasses Port Houston and is one of the largest FTZ networks in the United States, supporting logistics, distribution, manufacturing, petrochemical, and energy industries.
Companies operating within FTZ 84 benefit from:

+ Duty and tariff efficiencies, including elimination of duties on re-exported goods
+ Streamlined customs processing and improved inventory control
+ Direct access to the Houston Ship Channel and strong regional connectivity via highway, rail, and air cargo networks

HOW IT WORKS

+ Goods entering an FTZ are not immediately subject to U.S. customs duties
+ Duties are paid only when goods leave the zone and enter U.S. commerce
+ Goods exported directly from the FTZ are not subject to U.S. duties



KEY TAKEAWAYS FOR INDUSTRIAL REAL ESTATE

PORT-DRIVEN DEMAND REMAINS A MAJOR FORCE IN SOUTHEAST HOUSTON

Southeast Houston recorded approximately 3.7 million square feet of net absorption during Q3 2026, representing roughly 43% of Houston's quarterly distribution absorption, while direct vacancy improved to 7.6%.

PORT HOUSTON'S DIVERSE CARGO BASE SUPPORTS MULTIPLE INDUSTRIAL SECTORS

Stable container activity, strengthening steel imports, and growing energy exports support demand from distribution, logistics, manufacturing, storage, transportation, and other port-oriented industrial users. Loaded container imports increased 5% YTD, August steel imports increased 54% year over year, and Houston Ship Channel crude oil exports increased 40% YTD.

INFRASTRUCTURE INVESTMENT IS PREPARING THE PORT FOR FUTURE GROWTH

With Port Houston's portions of Project 11 complete, planning for Project 12 underway, and continued investment at Bayport and Barbours Cut, Houston is expanding both waterside and landside infrastructure to support future trade activity.

THE HOUSTON SHIP CHANNEL'S ECONOMIC REACH EXTENDS FAR BEYOND THE PORT

Marine cargo activity along the Houston Ship Channel supported approximately $986.9 billion in annual U.S. economic value and 3.53 million jobs in 2025, reinforcing the scale of the industrial ecosystem connected to Houston's maritime economy.

IMPORT AND EXPORT ACTIVITY IS CREATING DIFFERENT REAL ESTATE DEMAND DRIVERS

Loaded container imports increased 5% year to date, supporting distribution and consumer-oriented logistics demand, while Houston Ship Channel export tonnage increased 21%, led by strong energy exports. Together, these trade flows support a broad mix of warehouse, manufacturing, storage, terminal, and transportation-related real estate requirements.

PORT HOUSTON'S STABILITY STANDS OUT IN A VOLATILE TRADE ENVIRONMENT

Port Houston handled nearly 3.0 million TEUs through August 2026, up 1% year over year, while several major U.S. container gateways recorded year-over-year declines. Houston's diversified cargo base and expanding international connections provide additional resilience as global trade patterns continue to shift.

ABOUT LEE & ASSOCIATES

INDUSTRIAL ADVISORS

MIKE SPEARS, SIOR, CCIM
MANAGING PRINCIPAL
MASON ALSBROOKS, SIOR, CCIM
EXECUTIVE PRINCIPAL
THOMAS LEGER, SIOR
EXECUTIVE PRINCIPAL
PRESTON YAGGI, SIOR, CCIM
EXECUTIVE PRINCIPAL
CHASE CRIBBS, SIOR
PRINCIPAL
RICHARD GLASS, SIOR
PRINCIPAL
JUSTIN TUNNELL, SIOR
PRINCIPAL
PATRICK WOLFORD, SIOR, CCIM
PRINCIPAL
STEPHEN KUPER
VICE PRESIDENT
CLINT HANKLA
SENIOR DIRECTOR
AUSTIN DABBS
DIRECTOR
MATTHEW CLAY
DIRECTOR
TROY COLLINS
DIRECTOR
ANDRES CREXIELL
DIRECTOR
JASON ENGLISH
DIRECTOR
JOHN GAZZOLA
DIRECTOR
JEFF KUPER
DIRECTOR
THOMAS MONAGHAN
DIRECTOR
STUART PETERSON
DIRECTOR

CONRAD CHAMBERS
ASSOCIATE
MATT JORGENSEN
ASSOCIATE
TANNER KINCANNON
ASSOCIATE
ANDREW MCGUIRE
ASSOCIATE
MARKO MILOSAVLJEVIC
ASSOCIATE
FELIPE RODRIGUEZ
ASSOCIATE
CHASE TAYLOR
ASSOCIATE

OFFICE ADVISORS

CHRIS LEWIS, SIOR
MANAGING PRINCIPAL
BILL INSULL, CCIM
PRINCIPAL
DREW LEWIS
PRINCIPAL
TRAVIS TAYLOR
PRINCIPAL
BLAKE R. VIRGILIO, SIOR, CCIM
PRINCIPAL
WADE BOWLIN
EXECUTIVE VICE PRESIDENT
COURTNEY BUCKOUT
DIRECTOR
BLAINE SINCLAIR
DIRECTOR
JEFF CHARBONNEAU
ASSOCIATE
ERIK JORGENSEN
ASSOCIATE
MAX WELCH
ASSOCIATE

RETAIL ADVISORS

BRANDI DEES
SENIOR VICE PRESIDENT
MCKAILY CARPENTER
ASSOCIATE

CAPITAL MARKET ADVISORS

JASON DANNATT
CHRIS DANNATT
TOBY KETTLE

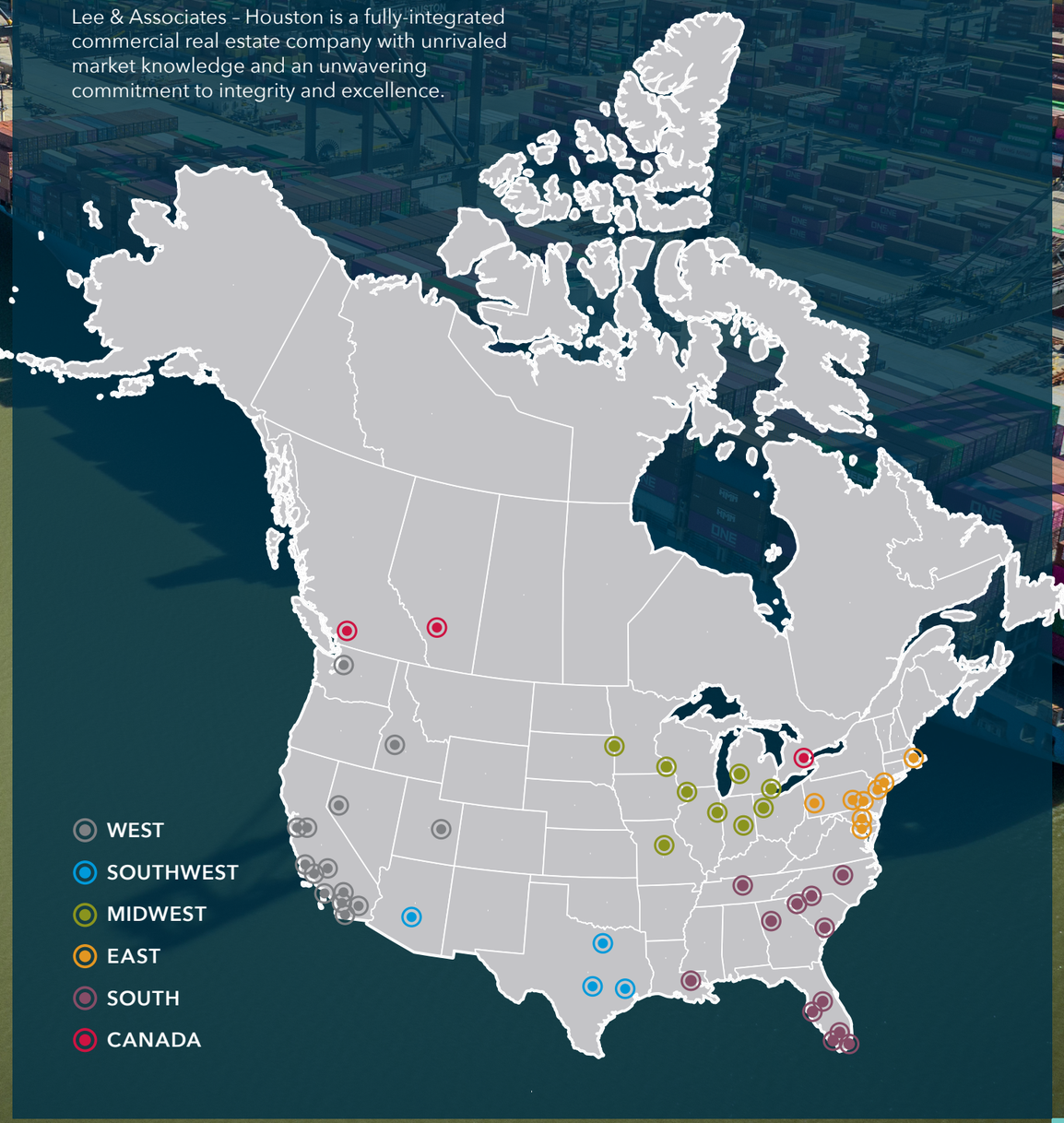
LOCAL EXPERTISE. INTERNATIONAL REACH.

With offices in 85+ markets across North America, Lee & Associates has the ability to deliver first-class services to our clients both locally and internationally.

THE LEE ADVANTAGE

Lee & Associates – Houston is a fully-integrated commercial real estate company with unrivaled market knowledge and an unwavering commitment to integrity and excellence.

Our business-minded brokers specialize in office, industrial, and land real estate investments. The brokerage is uniquely qualified to support our clients' real estate needs in Houston, across Texas, and throughout the U.S.





RESEARCH TEAM

+ MARY DOETTERL | DIRECTOR
MDOETTERL@LEE-ASSOCIATES.COM
+ ELIZABETH WANG | SENIOR RESEARCH ANALYST
+ NATHAN KRUEGER | RESEARCH ANALYST
+ KATIE MARTINEZ | JUNIOR RESEARCH ANALYST

10497 Town and Country Way, Suite 700
Houston, TX 77024
WWW.LEE-ASSOCIATES.COM/HOUSTON

LEE & ASSOCIATES

Q3