



# Q1 | 2023

## MARKET SNAPSHOT

### MIDLAND & ODESSA, TX



**29,000,000**

TOTAL  
INVENTORY (SF)



**8.05%**

AVERAGE  
VACANCY RATE



**740,000**

NET ABSORPTION  
(SF | 12 MONTHS)



**\$14.92**

ASKING RENTAL  
RATE



**\$102.00**

AVERAGE SALE  
PRICE/SF



**\$68,700,000**

AVERAGE VOLUME  
(12 MTHS)



**7.45%**

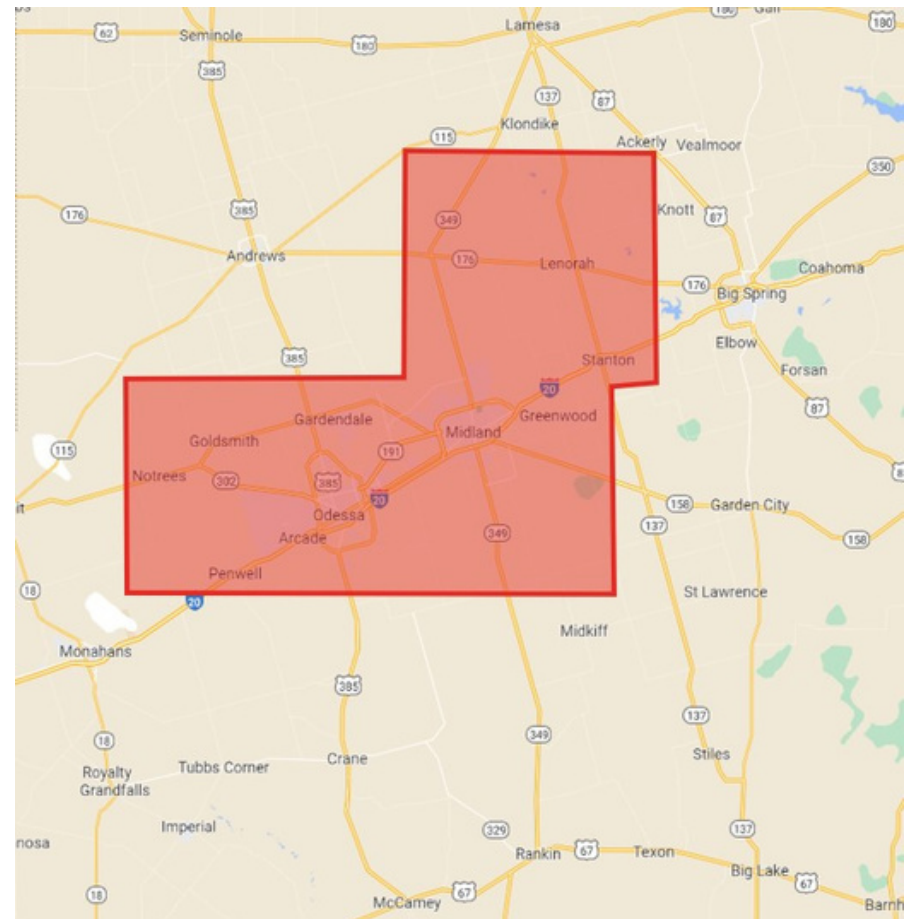
AVERAGE CAP  
RATE

## THE INDUSTRIAL MARKET IN MIDLAND & ODESSA, TX

Rental rates are on the rise in the Midland and Odessa industrial markets as inventory dwindles and development slows. Average lease rates sit at \$14.92 PSF, while the national average rests around \$7.15 PSF (Commercedge.com). Currently there is only 147,150 SF reported under construction in the region (66.15% of which are already preleased). While many new developments don't get reported centrally, that is an extremely low number that speaks to the lack of new product coming to the market. Though demand has also slowed, the market has remained steady.

Over the past 12 months, the reported average sale price is \$92.00 PSF with a higher than national average cap rate at 7.45%. This combination of factors has led many tenants to explore renewal options in existing facilities. Sellers do face a more difficult market with the increase in interest rates, and may need to look at discounted cash buyers. With more attractive cap rates, there could be an opportunity here from the cash buy side.

As owners and tenants alike recognize that it may take some time for the market to rev back up, proper maintenance of facilities has become more important than ever. Working with a skilled facilities management team is a great way to ensure that assets retain maximum value. Contact ERES today to learn more about how we can support your investment.



\*All Data Points Sourced from CoStar 2023

To learn more, contact David Pearson in our Midland office.

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