



2023 - 2024

RECAP & PROJECTIONS

WEST TEXAS

INDUSTRIAL

Industrial in West Texas began 2023 with high rental rates that were nearly double the national average. There were also few reported projects in the pipeline, average PSF sale prices and higher than average cap rates of 7.45%. As we edge towards 2024, nearly 130,000 SF of industrial has been delivered in Odessa (mostly warehouse and distribution space) and 180,000 SF in Midland (the majority of which is dedicated to logistics facilities). Average vacancy rates across the region have dropped to 6.75%, with an encouraging net absorption rate over the past 12 months of approximately 391,500 SF. Asking rental rates continue to climb, albeit slowly. They currently sit at around \$15.30 per SF (only a slight increase since the start of the year), still nearly double that of the national average.

A total of 207,830 SF across 21 industrial sites is under construction in Midland, 48.5% of which is preleased. That number drops to only 67,300 SF across 4 properties in Odessa. With a low inventory and slowing construction, vacancy rates will likely flatline, while prices continue their upward trajectory.

	ODESSA	MIDLAND	COMBINED AVERAGE
AVERAGE SALE PRICE:	\$255,000	\$399,000	327,000
AVERAGE PARCEL SIZE:	5.10 AC	4.77 AC	4.90 AC
AVERAGE PRICE/ACRE	\$65,000	\$86,800	\$75,900
AVERAGE DAYS ON MARKET	190	286	238
SALE PRICE VS. ASKING PRICE	95.38%	92.08%	93.73%
TOTAL VOLUME (TRANSACTIONS)	21	126	147
TOTAL VOLUME (\$)	\$6,005,144	\$37,911,859	\$43,917,003

*All data points sourced from CoStar 2023



DAVID PEARSON
MANAGING BROKER

 david.pearson@erescompanies.com

 +1 432.664.2745

 10800 State Hwy 191 | Suite 3 | Midland, TX

 www.erescompanies.com

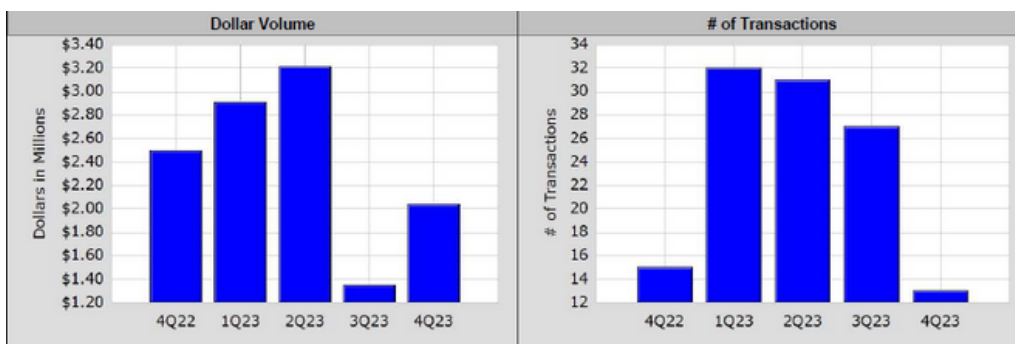
WEST TEXAS

LAND

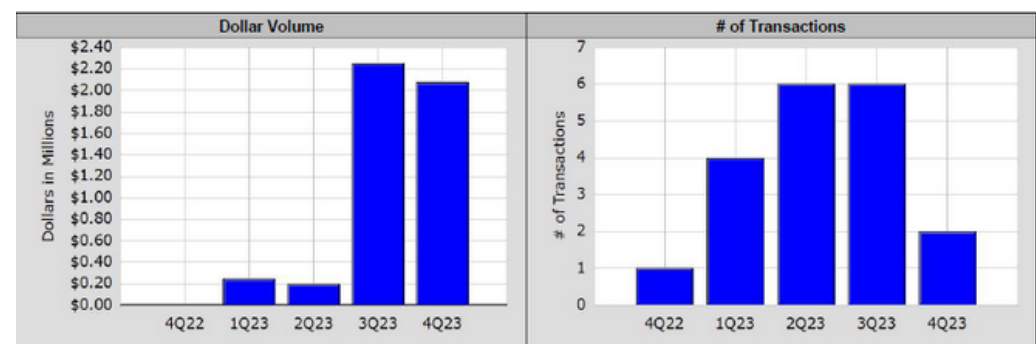
Throughout 2023, land sales in the Midland & Odessa markets remained steady, with sellers averaging a 2.7% increase on their original asking prices by midyear. While this percentage has dropped slightly, sellers are still seeing around a 94% sale price to asking price ratio. Midland reported the bulk of their transactional volume during the first half of the year and has leveled off as we approach 2024. All told, \$37,911,859 across 126 transactions was reported in the region with the average price/AC currently sitting at nearly \$87K. Odessa, however, experienced a significant uptick in transactional volume during Q3 and Q4 and recorded 21 reported transactions totaling \$6,005,144 throughout the year an average of \$65K per AC. Though land listings are averaging 230+/- days on market, this number is expected to decrease as the New Year approaches and interest rates begin to level off.

Overall, further growth is expected across the Permian Basin, as energy companies continue to expand their industrial footprints here. ERES predicts consistency in land values and sales for the foreseeable future.

MIDLAND, TX



ODESSA, TX



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