ERES

Q2 | 2025

MARKET RECAP

WEST TEXAS

INDUSTRIAL

Midland's industrial market remained stable through the second quarter of 2025. As of the end of Q2, the vacancy rate was 6.3%, down 70 basis points from Q1. The quarter saw net absorption of 64,232 SF with no new deliveries—a dynamic that continues to support tightening fundamentals. While construction remains modest, 15 properties totaling approximately 115K SF are currently underway, accounting for just 0.6% of total inventory, with 15.2% preleased.

Rents in Midland were relatively flat quarter-over-quarter, standing at $17.29/SF, reflecting a -0.2% year-over-year change. Flex space outperformed with an average of $19.27/SF, while logistics averaged $17.11/SF and specialized industrial was at $17.97/SF. Over the past year, Midland has reported 72 total industrial sales, with pricing averaging $123.73/SF and a market cap rate of 9.2%

In Odessa, Q2 showed similar momentum. The vacancy rate declined to 7.3%, a drop of 60 basis points from Q1. Net absorption totaled 105,914 SF for the quarter, again with no new construction deliveries. Approximately 36,200 SF of industrial space is currently under construction—significantly below the market's 10-year average, keeping supply in check.

Average market rent in Odessa rose slightly to $13.45/SF, marking a 0.1% increase year-over-year. Flex properties saw the largest gain, with Q2 asking rents rising to $13.77/SF (up 2.5% QoQ). In Midland, year-over-year industrial sales volume stands at $22.4M across 43 transactions, with an average market price of $82.64/SF and a 9.1% cap rate.

Both Midland and Odessa continue to demonstrate measured growth, strong leasing activity, and healthy pricing fundamentals, with minimal speculative development and solid user demand driving a stable industrial environment as we move into the second half of 2025.

	ODESSA	MIDLAND	COMBINED AVERAGE
EXISTING INVENTORY (SF)	14.5 MIL	20.9 MIL	17.7 MIL
UNDER CONSTRUCTION (SF)	36,200	115,000	75,600
12 MO NET ABSORPTION (SF)	158,858	687,455	423,157
VACANCY RATE	7.30%	6.30%	6.80%
MARKET ASKING RENT / SF	$13.45	$17.29	$15.37
MARKET ASKING RENT GROWTH	0.10%	-0.30%	-0.10%
12 MO SALES VOLUME	$41.8 MIL	$22.4 MIL	$32.1 MIL
MARKET SALE PRICE / SF	$82.00	$123.00	$102.50

*All data points sourced from CoStar 2025
**Texas is a non-disclosure state. Therefore, data points may vary by source and fluctuate over time.

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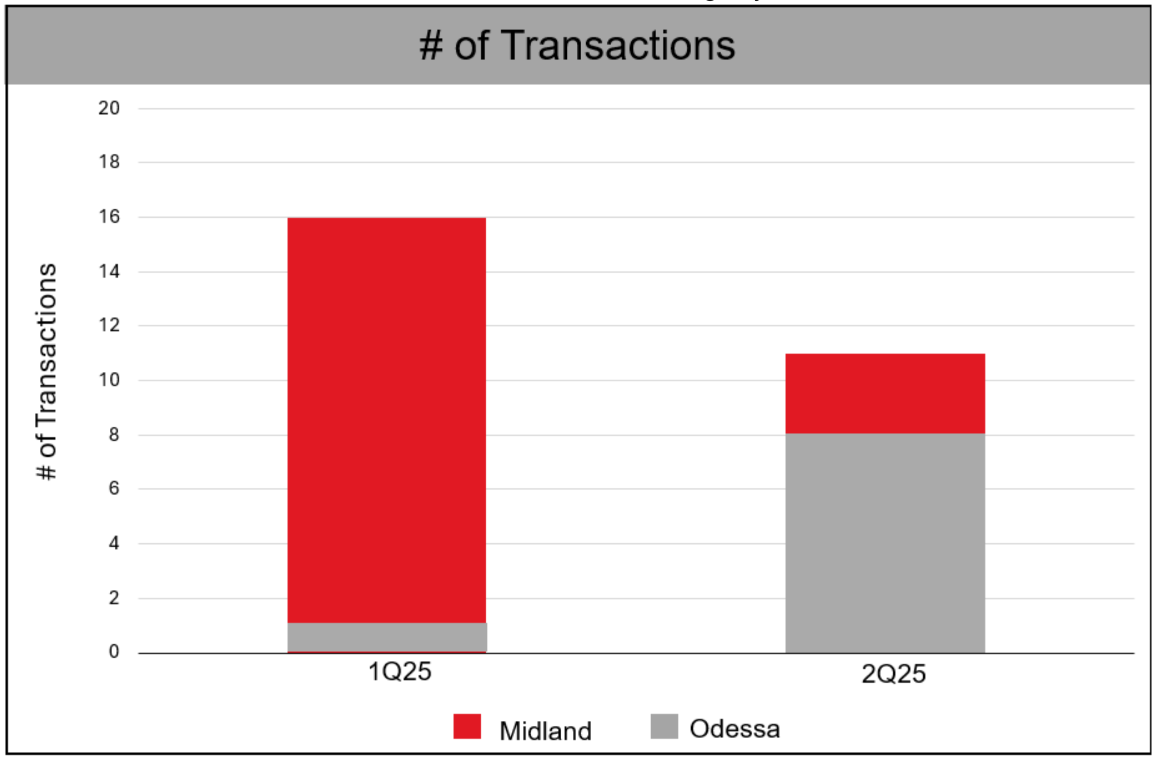
MARKET RECAP

WEST TEXAS

LAND

The West Texas land market held steady through Q2 2025, with both Midland and Odessa showcasing distinct trends. Midland recorded 11 closed land transactions during the quarter, with activity spread across a range of parcel sizes and locations. Among these, one notable transaction stood out: a 95.77-acre parcel that changed hands at a premium price point, signaling strong demand for large-scale, strategically positioned land. While Texas is a non-disclosure state—meaning not all pricing is publicly reported—available data indicates that sellers in Midland achieved competitive results, with an average sale-to-list price ratio of 93.3%. This quarter's activity points to steady buyer interest, even for listings that have spent significant time on the market.

Meanwhile, Odessa's land market was quieter in volume but strong in pricing performance. Only two closed transactions were recorded in Q2, totaling $1.3 million in sales volume, but both achieved a 96.3% sale-to-list ratio, reinforcing buyer confidence in the value of local land assets. The average price per acre was $202,030, with a median that climbed to $299,580, more than double that of Midland. Parcel sizes were smaller, averaging around 3.24 acres, with pricing indicating a premium for location, accessibility, and development-readiness.



Odessa also had more limited inventory under contract or pending compared to Midland, which reported 12 additional listings either pending or available. Pricing among these ranged from $7,199 to over $538K per acre, with a median list price per acre of $69,864. The variance reflects a broad spectrum of offerings, from infill opportunities to large-scale development tracts.

ERES currently represents multiple land listings across both markets, including 3 parcels in Midland which are part of a larger 7-parcel tract along the rapidly-developing I-20 corridor. Collectively, these lots meet the typical requirements for hotel development and provide an ideal investment or development opportunity for the right buyer.

ERES is well-positioned to support buyers and investors looking to establish or expand their presence in one of the nation's most resilient economic corridors. For more information, reach out to our brokerage team for a full list of active opportunities.

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