

# HOUSTON RETAIL MONTHLY MARKET SNAPSHOT | MARCH 2022

Steady Houston retail market drives leasing and rents to record highs.

## MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST TWO MONTHS OF THE YEAR—FEBRUARY 2022 COMPARED TO FEBRUARY 2021.

### VACANCY RATE AT 5.8%

Two months into 2022, overall vacancy in the Houston retail market has tightened to 5.8%, dropping 70 basis points from this time last year at 6.5%. Availability is at 6.5%, down 80 basis points from 7.3% in February 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The first two months of the year mark the highest amount of leasing activity in January and February on record for the Houston retail market. 1.7 million sq. ft. of leasing activity comprised of both new leases and renewals was recorded, while net absorption (move-ins minus move-outs) is at 952,000 sq. ft., up almost 75% year-over-year from 545,000 sq. ft. Recent notable transactions include Vetrus signing a lease for 50,526 sq. ft. in Mainland Crossing in Texas City, and Sheffield Liquidation inking a deal for 40,000 sq. ft. in Crosby Crossing in Crosby.

### AVERAGE RETAIL NNN ASKING RENTS AT ALL-TIME HIGH

Positive trends in leasing and absorption have driven average retail asking rents higher. The Houston metro NNN average asking rent is at an all-time high of \$19.25 per sq. ft., up 3.7% from \$18.56 this time last year. Strengthened by the region's strong demographic growth and combined with a steady development pipeline, rent growth is expected to improve further through the near-term forecast so long as the local economic recovery continues.

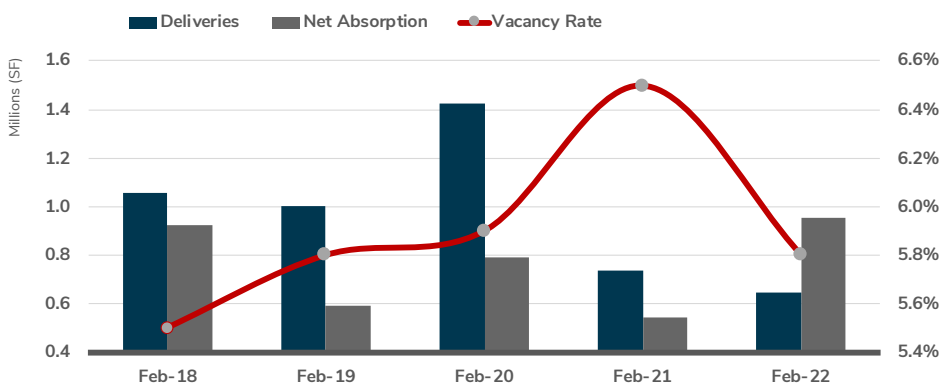
### RETAIL AND ROOFTOPS

The Houston real estate market completed its second month of the new year in positive territory, despite soaring prices and vanishing inventory. According to the Houston Association of Realtors' February 2022 Market Update, single-family home sales jumped 22.9% with 7,372 units sold compared to 5,997 in February of 2021. Compared to the last "normal" February in 2020, and to last February when the deadly Texas freeze halted real estate activity – sales volume was up 23.3%. With fewer housing options available for purchase, consumers placed heavy demand on single-family rental homes in February.

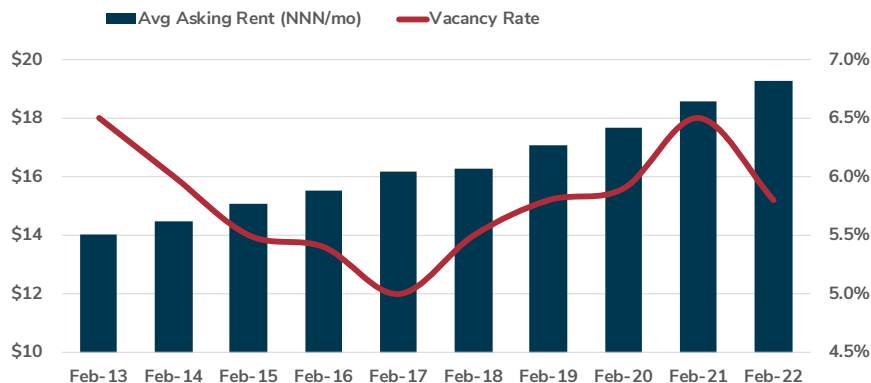
## MARKET ACTIVITY

	FEBRUARY 2022	vs	FEBRUARY 2021
Vacancy	5.8%	↓	6.5%
Availability	6.5%	↓	7.3%
Under Construction SF	3,584,611	▲	3,321,069
NNN Avg Asking Rent	\$19.25	▲	\$18.56
Net Absorption SF YTD	951,870	▲	545,073
Leasing Activity SF YTD	1,712,953	▲	1,149,871
Deliveries SF YTD	647,362	↓	734,244

## SUPPLY & DEMAND | FEBRUARY - YEAR OVER YEAR



## RENT & VACANCY | FEBRUARY - YEAR OVER YEAR



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