

HOUSTON RETAIL MONTHLY MARKET SNAPSHOT | MAY 2022

Houston Retail leasing and rental rates smash records.

MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST FOUR MONTHS OF THE YEAR—APRIL 2022 COMPARED TO APRIL 2021.

VACANCY RATE AT 5.6%

Four months into 2022, overall vacancy in the Houston retail market has tightened to 5.6%, dropping 70 basis points from this time last year at 6.3%. Availability is at 6.3%, down 90 basis points from 7.2% in April 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The first four months of the year mark the highest amount of leasing activity in January through April on record for the Houston retail market. 3.5 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 1.7 million sq. ft., up almost 25% year-over-year from 1.4 million sq. ft. Recent notable transactions include Academy Sports + Outdoors lease for 58,095 sq. ft. in South Cross Center in the Inner Loop University submarket; and Vettrus signed a lease for 50,526 sq. ft. in Mainland Crossing in Texas City.

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 \$19.35 per sq. ft., up 3.5% from \$18.70 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.

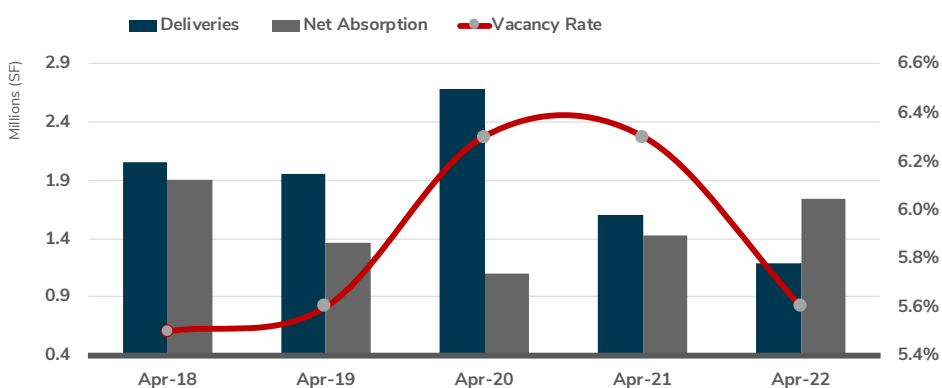
RETAIL AND ROOFTOPS

The Houston real estate market had a strong performance in April. However, for the first time in 2022, sales volume failed to beat last year's historic pace as record-high prices, rising interest rates, and limited inventory weighed on homebuyers. According to the Houston Association of Realtors' April 2022 Market Update, single-family home sales were statistically flat, registering a fractional 0.2% decline with 9,079 units sold compared to 9,100 in April of 2021. On a year-to-date basis, however, the market has kept the momentum of what has so far been a strong year – running 7.4% ahead of 2021's record-setting volume.

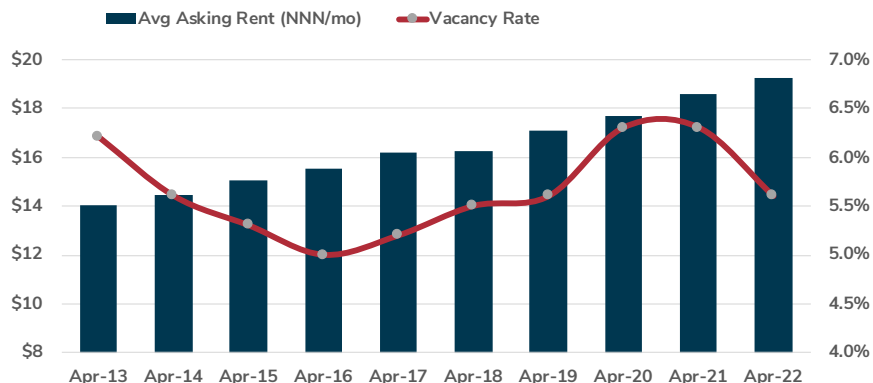
MARKET ACTIVITY

	APRIL 2022	vs	APRIL 2021
Vacancy	5.6%	↓	6.3%
Availability	6.3%	↓	7.2%
Under Construction SF	3,668,611	↑	3,074,966
NNN Avg Asking Rent	\$19.35	↑	\$18.70
Net Absorption SF YTD	1,739,150	↑	1,427,044
Leasing Activity SF YTD	3,547,968	↑	2,384,037
Deliveries SF YTD	1,188,642	↓	1,607,979

SUPPLY & DEMAND | APRIL - YEAR OVER YEAR



RENT & VACANCY | APRIL - YEAR OVER YEAR



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