

# Houston Retail

## Monthly Market Snapshot | September 2022

Houston Retail asking rents at an all-time high due to strong economic growth and steady development pipeline.

### Market Highlights

An analysis of activity during the first eight months of the year—August 2022 compared to August 2021.

#### Vacancy rate at 5.3%

Eight months into 2022, overall vacancy in the Houston retail market has tightened to 5.3%, dropping 80 basis points from this time last year's 6.1%. Availability is at 6.1%, down 80 basis points from 6.9% in August 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The eight months of 2022 mark the highest amount of leasing activity in January through August on record for the Houston retail market since 2016. 6 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 3.6 million sq. ft., up 11% year over year.

#### Average retail NNN asking rents at all-time highs

Positive trends in leasing and absorption have driven average retail asking rents higher. The Houston metro NNN average asking rent is \$19.50 per sq. ft., up 3% from \$18.95 last year. Strengthened by the region's strong demographic growth and a steady development pipeline, rent growth is expected to improve further through the near-term forecast so long as the local economic recovery continues.

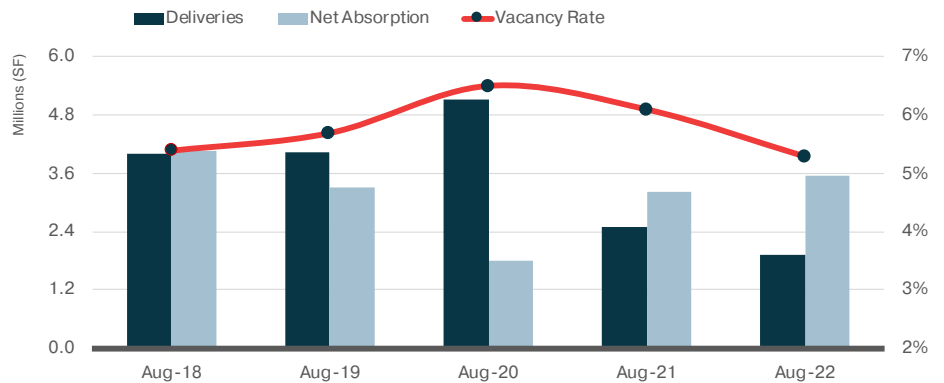
#### Houston housing market closer to pre-pandemic conditions

With prospective homebuyers facing record prices, rising interest rates, a limited supply of homes on the market, and general consumer inflation—home sales experienced their fourth consecutive monthly decline in July. According to the Houston Association of Realtors July 2022 Market Update, single-family home sales dropped 17.1%, with 8,370 units sold compared to 10,102 in July 2021. That is the lowest one-month sales volume since January 2022. The market is trailing 2021's record-setting pace by 1.3% on a year-to-date basis.

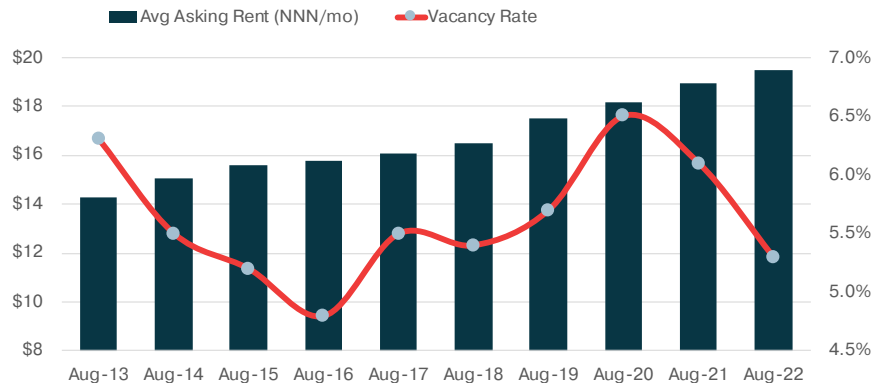
### Market Activity

	August 2022	vs	August 2021
Vacancy	5.3%	↓	6.1%
Availability	6.1%	↓	6.9%
Under Construction SF	4,167,097	↓	4,491,473
NNN Avg Asking Rent/MO	\$19.50	↑	\$18.95
Net Absorption SF YTD	3,562,060	↑	3,205,941
Leasing Activity SF YTD	5,961,564	↑	5,282,856
Deliveries SF YTD	1,915,971	↓	2,482,163

### Supply & Demand | August - Year Over Year



### Construction | August - Year To Date



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