

HOUSTON RETAIL MONTHLY MARKET SNAPSHOT | AUGUST 2022

Houston Retail market posts highest amount of leasing activity in 6 years.

MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST SEVEN MONTHS OF THE YEAR—JULY 2022 COMPARED TO JULY 2021.

VACANCY RATE AT 5.4%

Over halfway through 2022, overall vacancy in the Houston retail market has tightened to 5.4%, dropping 60 basis points from this time last year's 6.0%. Availability is at 6.3%, down 70 basis points from 7.0% in July 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The first seven months of the year mark the highest amount of leasing activity in January through July on record for the Houston retail market since 2016. 5.4 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 3.0 million sq. ft., up 12% year over year. Notable transactions during 2022 include Floor & Décor signing a lease for 108,525 sq. ft. at 17211 N. I-45 in the FM 1960/I-45 submarket; Best Buy inking a deal for 58,421 sq. ft. in Willowbrook Plaza; Academy Sports + Outdoors signing a lease for 58,095 sq. ft. in South Cross Center in the Inner Loop University submarket; and Mega Furniture Galleries committing to 52,990 sq. ft. in Southview Square in the Near Southeast submarket.

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 at \$19.38 per sq. ft., up 2.3% 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.

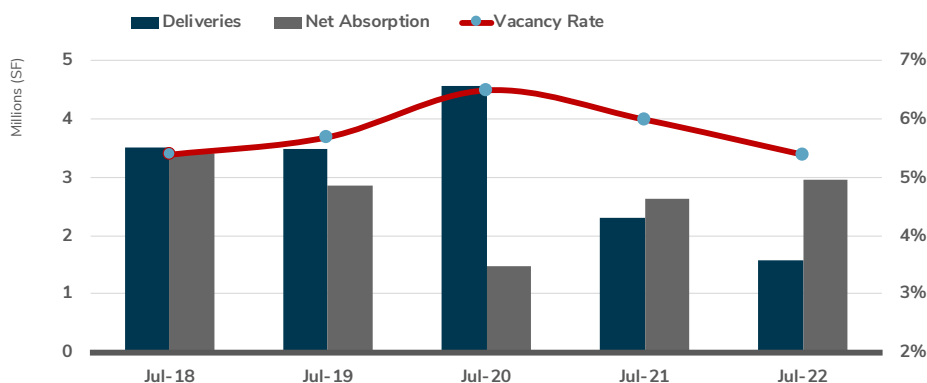
RETAIL AND ROOFTOPS

Home sales experienced their first significant decline of 2022, reflecting a perfect storm that had been developing for months: reduced inventory, record-high prices, and, more recently, rising interest rates on top of growing inflation. According to the Houston Association of Realtors June 2022 Market Update, single-family home sales fell 8.6%, marking the third consecutive monthly year-over-year decline with 9,728 units sold compared to 10,649 in June of 2021. However, the market is still running 1.7% ahead of 2021's record-setting volume.

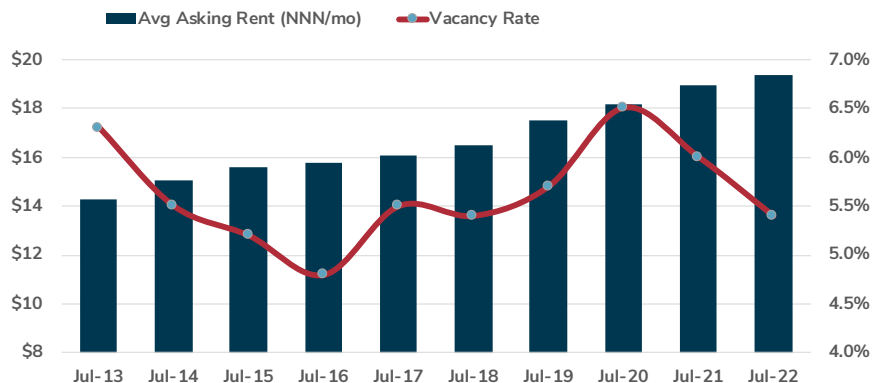
MARKET ACTIVITY

	JULY 2022	vs	JULY 2021
Vacancy	5.5%	↓	6.3%
Availability	6.5%	↓	7.2%
Under Construction SF	4,364,021	↑	3,825,423
NNN Avg Asking Rent	\$19.37	↑	\$18.66
Net Absorption SF YTD	2,044,693	↑	2,025,235
Leasing Activity SF YTD	3,921,872	↑	3,100,186
Deliveries SF YTD	1,317,161	↓	2,117,661

SUPPLY & DEMAND | JULY - YEAR OVER YEAR



RENT & VACANCY | JULY - YEAR OVER YEAR



LETA WAUSON

DIRECTOR OF RESEARCH
leta.wauson@naipartners.com
tel 713 275 9618

partners
REAL ESTATE COMPANY
www.naipartners.com

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IN-HOUSE BY PARTNERS REAL ESTATE COMPANY