

Houston Retail

Monthly Market Snapshot | December 2022

Key retail indicators point in the right direction as Houston's post-pandemic rebound continues.

Market Highlights

An analysis of activity during the eleven months of the year—November 2022 compared to November 2021.

Vacancy rate at 5.3%

Eleven months into 2022, overall vacancy in the Houston retail market has tightened to 5.3%, dropping 50 basis points from this time last year at 5.8. Availability is at 6.1%, down 50 basis points from 6.6% in November 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The eleven months of 2022 mark the highest amount of leasing activity in January through November since 2016 for the Houston retail market. 8.1 million sq. ft. of leasing activity comprised of both new leases and renewals was recorded, up 7.1% from 7.5 million sq. ft. In 2021, net absorption (move-ins minus move-outs) is at 4.7 million sq. ft., up 1.7% 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 \$19.53 per sq. ft., up 2.5% from \$19.06 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.

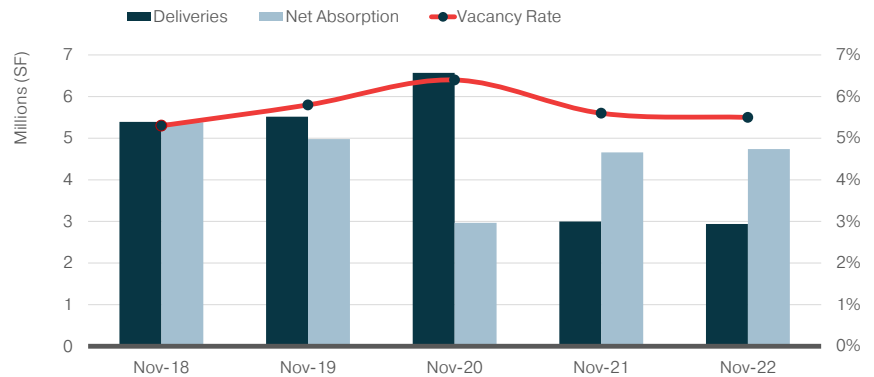
Economic influences put pressure on Houston housing

Elevated interest rates and prices, low inventory, inflation, and the holidays slowed sales in the Greater Houston area in November, marking the eighth consecutive month of declining sales. Single-family home sales fell 30.4%, with 5,827 units sold compared to 8,374 in November 2021. That marks the sharpest monthly sales decline of 2022. However, when compared to the last November before the pandemic – November of 2019 – sales were down 8.4%. On a year-to-date basis, the market trails 2021's record-setting volume by 8.8%, according to the Houston Association of Realtors'.

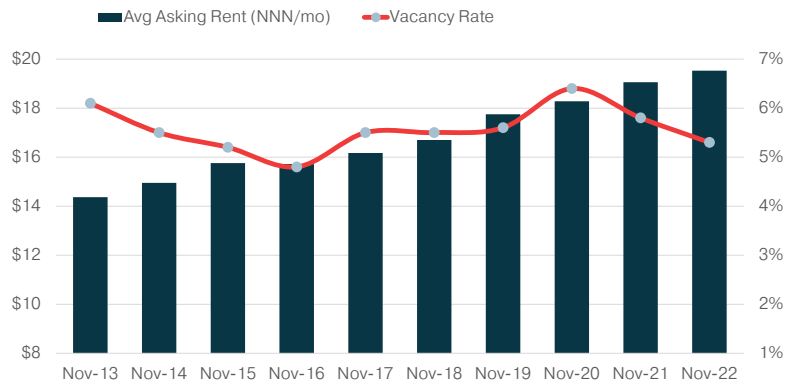
Market Activity

	November 2022	vs	November 2021
Vacancy	5.3%	↓	5.8%
Availability	6.1%	↓	6.6%
Under Construction SF	4,260,673	↓	4,864,189
NNN Avg Asking Rent/MO	\$19.53	↑	\$19.06
Net Absorption SF YTD	4,740,302	↑	4,660,170
Leasing Activity SF YTD	8,073,060	↑	7,537,370
Deliveries SF YTD	2,937,552	↓	2,997,871

Supply & Demand | November - Year Over Year



Rent & Vacancy | November - Year Over Year



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